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Consumer Behaviour in The Hospitality Industry With Big Data Analytics

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ABSTRACT

The enormous development of social media and consumer generated content on the Internet had inspired the development of the so called Big Data Analytics to understand and solve practical problems this study aims to explore and demonstrate the utility of Big Data Analytics to better understand the consumer behaviour input service and investigates the decision making process of hospitality customers. The study increases the understanding of the complexity of customers' decisions and how much hedonism behind this decision is and it also demonstrates how marketers appeal to hedonistic characteristics of individual to sell the goods and services. This article finds out what big data is why it has become so important and various ways it can be strengthened for the benefit of hospitality company.

Keywords like Hedonism and Irrationality need to be considered because they appear more and more in sense of consumer behaviour.



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Keywords: Hospitality, Consumer behaviour, motivation, decision making, marketing, hedonism, Consumption and big data analytics.

Introduction

Hotel and other companies that exist within the hospitality industry are increasingly getting to hold with the concept of big data, and the numerous ways it can help them to generate more revenue and deliver better experience for customer. Nowadays in a smart digital world where application has to support essential work flows the emerging research areas in big data can explore the means to provide big benefits and great potential from a customer service perspective. A large amount of data produced from structured semi structured and unstructured sources which makes very difficult to manage information about customer usage and behaviour these data have to be extracted transform and loaded to study patterns related to customer behaviour and their interactions. Companies can improve the overall performance by using the customers feedback survey results from big data. It shows them where they stand today in the competitive market to improve lasting relationship programs that influence big data need to think about more tactical ways about making the customer loyalty and relationship.

REVIEW OF LITERATURE

Nada Elgendy and Ahmed Elragal (2014) in his article highlighted that, big data analytics can be applied to leverage business change and enhance decision making, by applying advanced analytic techniques on big data, and disclose concealed insights and valuable knowledge



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(Schiffman and Kanuk, 1991) in his article found that, consumer behaviour potentially deals with all of the ways people may act in their role as consumers, but in application it tends to center upon behaviours related to searching, buying and using products and services.

(Johns 2002) in his research investigated that, Customers may be divided into different categories, generally market segments and are recognized by geodemographic characteristics and assumed to have common attitudes and behaviour.

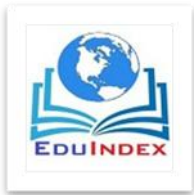
Solomon (2006) supports with his definition that, It is the study of the processes involved when individuals or groups select, purchase, use or dispose of products, services, ideas, or experience to satisfy needs and desire.'

OBJECTIVES OF THE STUDY

1. To study the utility of Big data analytics in understanding the behaviour and the decision making process of hospitality customers.
2. To discuss what big data is, why it has become important and various ways it can be strengthened for the benefit of Hospitality industry.

METHODOLOGY

The present study is purely based on secondary data obtained from reviews carried on by various researches and websites, journals, books, newspapers on the current topic.



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What is Big Data?

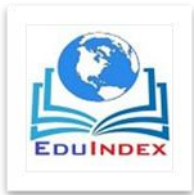
Big data is described extremely as large sets of data that come into a business on a day-to-day basis. The data can be extremely varied and may come from a wide range of different sources, within hospitality management, these data sets are most commonly associated with customer behaviour and interactions.

“Big data is too large in volume to be processed as classed data via traditional data processing methods. Crucially, it can be used within the fields of both predictive and behavioural analytics, and can help companies to identify key trends or patterns, which can then inform their business practices.

Big data analytics is accumulated by means of Software and tools such as data mining, Hadoop, text mining and predictive analytics. Four V's of big data circles are Volume, Variety, Velocity and Veracity.

Usage of Big data analytics:

Big data analytics is used to discover hidden patterns, market trends and consumer preferences, for the benefit of organizational decision making. Companies are keen to expand their traditional data sets with social media data, browser logs as well as text analytics and sensor data to get a more complete picture of their customers. Some examples of industries that use big data analytics include the hospitality industry, health care companies, public service agencies, and retail businesses. Examples of Big data users are Hotels which uses big data to generate timely



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hotel marketing campaigns based on E-weather, airline and web shopping data. Netflix which uses what is known as the recommendation algorithm to suggest TV shows and movies based on user's preferences. Amazon's technology is based on collaborative filtering and it gathers data on every one of its customers while they use the site. Google is of course an expert in big data. They have developed many open source tools and technologies that are widely used in big data eco system.

Five Ways Big Data Can Benefit the Hospitality Industry

1. Revenue Management

Hotels can use big data to assist them with a revenue management strategy with the combination of the data gathered by them and with the online information. In particular, it allow them to carry out predictive analysis, allowing hotel owners to more accurately anticipate levels of demand for hotel rooms. Examples of the kind of data that may be useful here include past occupancy rates, current bookings on the system and various key performance metrics, as well as external data, such as information about when school holidays are, or when local events are happening. If the big data has been strongly used to predict demand, the hospitality industry can take steps to optimise room rates, maximize revenue and profit



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2. Targeted Marketing

Hotel guests are extremely varied, ranging from business travellers to families, and from those operating on a budget. Big data not only helps in managing finance of a hotel but also helps those in the hotel industry to more effectively target their marketing content.

Big data provides hotel industry the ability to recognize the best opportunities for their particular business, which can include both location and time-specific marketing, and allow hotels to reach customers at the time advertising will be most relevant to them, or in the place where they are most likely to want to see it.

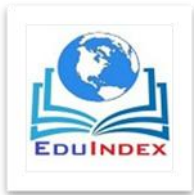
3. Customer Experience

Big data can help hotel industry by providing the information of service usage data, feedback from customers on social media, reviews posted on websites, and other related information and spotlight the significant trends in terms of customer opinions, learning about their strengths and weaknesses in the process.

However, it allows hotels to understand what customers like and where improvement is needed.

4. Additional Services

Hotels have a variety of interactions with both current and potential customers, providing an opportunity to gather large amounts of data. When collected and analysed carefully, the data can



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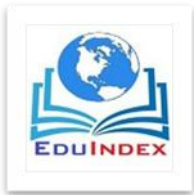
be extremely revealing, providing information about not only the services that customer use, but also the services that they request or ask about.

This can help hotel owners to make decision about new services to introduce, as well as services that are no longer required. For example, a hotel might go for renovating their gym, if customers are regularly asking about machines they do not have. Big data can also be used to inform decisions related to partnerships with other businesses, with possible examples including OTAs, local taxi firms, and nearby bars or restaurants.

5. Competition Scouting

Finally big data can also be used to get a clearer idea of competitor and to see what other companies operating in the hospitality sector are offering their customers, in the internet age, there are a vast array of place to go to learn customer opinion, including review sites, social media, internet forums and travel publications. All of this data can potentially be gathered and processed to find the trends that matter.

With the help of Big data analytics a hotel can not only capitalise on its rivals 'shortcoming, but also to learn about where its rivals are actually outperforming them. For example, If the competitor is being regularly praised for their restaurant menu. or alternatively , they may be regularly criticised for their customer service.



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Why do we and how do we make our decisions?

Customers are constantly faced with the need to make decisions about products and services. Some of these decisions are very important and involve great effort, whereas we make others nearly automatic basis, some are hedonistic others just not logical. The decision-making task is further complicated because of the sheer number of decisions we need to make in a marketplace environment (Solomon 2006) Wilkie (1994) goes in the same direction and suggests that implicit in the idea of a decision process is an element of staging or procedure, and argues that this view has become the dominant perspective on consumer behavior in the last twenty years. As such it is assumed that the decision process involves a series of key stages.

Most studies on consumer behaviour refer to five stages in the decision making process:

1. Identification of needs
2. Information gathering
3. Evaluation of alternatives
4. Process of choice
5. Post purchase processing

In all our decisions, we make, every day, we run through this process, deliberately or not, we do it. For solomon (2006) the first step is called 'Problem recognition.' A problem occurs whenever the consumer sees a significant difference between his or her current state of affairs and some desired need is identified. If a need is aroused, the consumer wishes to satisfy it. psychological

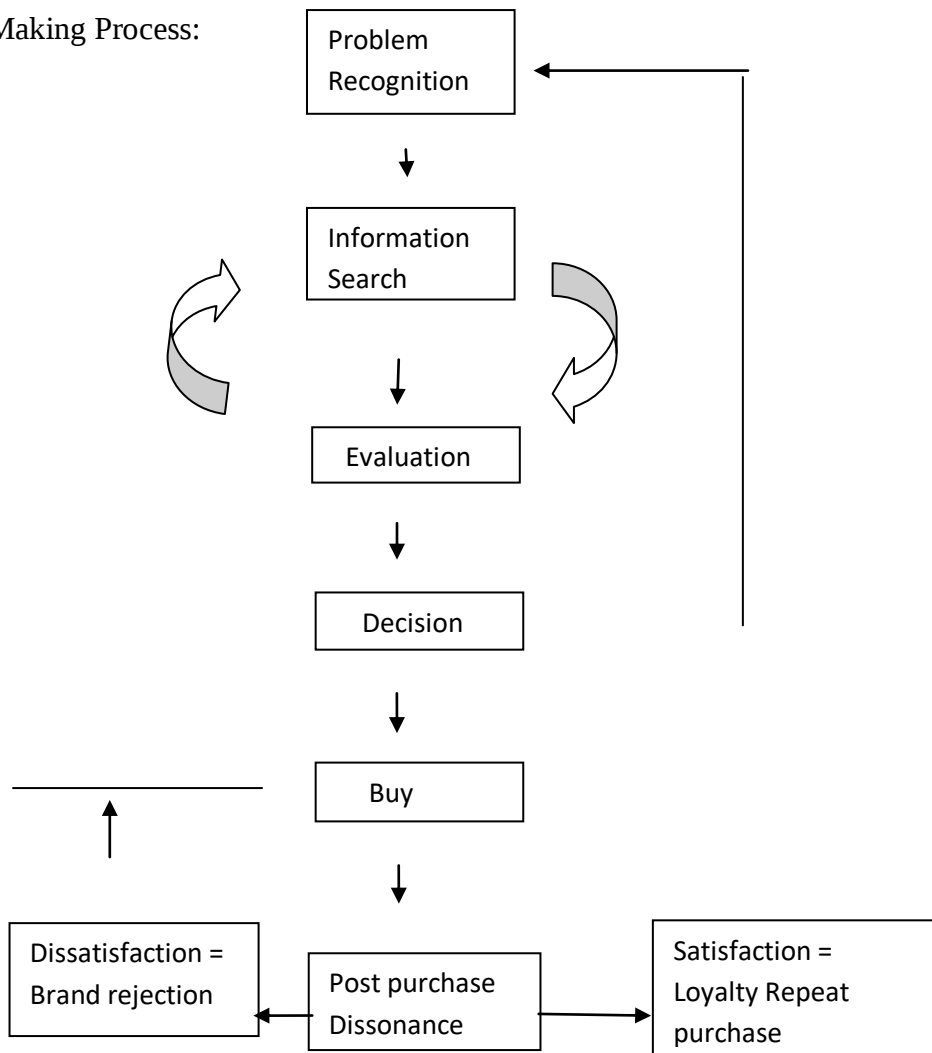


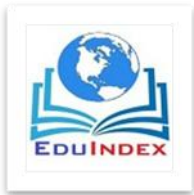
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perspective we speak about motivation. In other words the buyers' decision process starts when they recognize a need that can be satisfied by acquiring, in the hospitality industry, it could be the services offered by a restaurant. Smith (1998) created as often used models of the Decision Making Process:





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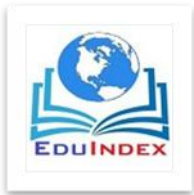
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A simple model of the Decision making process Smith P.A.1998 Marketing communication an integrated Approach Kogan page. pp92.

Smith's model of the Decision Making Process

The dictionary of Psychology describes motivation as an extremely important but definitional elusive term. While Williams (2002) defines it as 'a general term for any part of the hypothetical Psychological process which involves the experiencing of needs drives, and the behaviour that leads to the goals which satisfy them.' Evens et al. (2006) described motivation as the driving force within individuals that moves them to take a particular action. Motivated behaviour is characterized by substantial activity which is directed towards the attainment of a goal or objective. But Williams (2002) argues that it is important to realise that motivation is only one of the element that contributes the consumer behaviour. We may be highly motivated to consume a McDonald's hamburger, however, if there is not one in our locality or if it is closed when we are motivated to consume, motivation cannot lead to behaviour. Pizam and Mansfield (1999 quoted in Crouch et.al 2004) asserted that motivation is one of the factors that influence consumer behaviour but that other factors such as perception, learning, personality and attitudes should be taken into account.

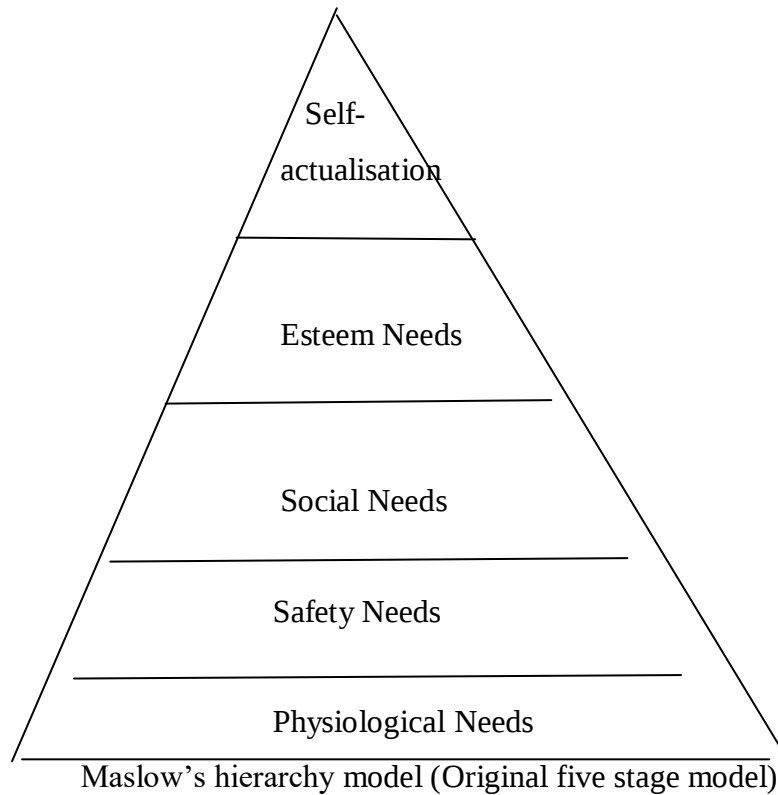
If we speak about motivation, we have to mention **Maslow's hierarchy of needs**. Perhaps most widely cited theory of motivating. Maslow's proposition is that needs at one level must be at least partially satisfied before those at the next level become important. Maslow argues that if an individual is deprived in terms of satisfying a need, this dominates their behaviour until the need is met.



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On the basis of Maslow's hierarchy of need', Williams (2002) linked in the hospitality industry.
If we think of the needs of a 'hospitality consumer' the hierarchy could look like this:

Level 1: Physiological needs – accommodation, food, drink

Level 2: safety needs – securities



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Level 3 : Self – esteem – luxury goods, 5 star plus, butler service

Level 4: social - members only clubs

Level 5: self- actualization - conferences, seminars

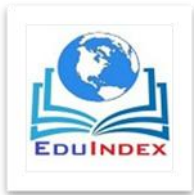
LIMITATIONS OF THE STUDY

Many customers may operate across devices and it is very difficult to tell for any given touch point sequence how distributed the way actually resides. Data can be collected only for online customer but not for offline customers who do direct cash transactions sometimes.

Representation of information are difficult to understand by domain experts. The companies are not able to do big learning from customer data sometimes the tools used to gather big data sets for customers are imprecise and more research needs to be done. Customer data is threatened by the need for data privacy. Big data methods are still prone to data violation and contravention.

SUGGESTIONS

In the digital age, customer behaviour can change quickly. Consumers get an onslaught of information that can create swift course changes in their various journeys. Social media is a prime source of information that can drive new behaviour. So it is essential to constantly revisit your behaviour analytics, testing your assumptions and re-training the models based on new data. Also most efficient machine learning tools for big data can be adopted to continuously improve customer approaches in ways analysts may not identify during data discovery.



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CONCLUSION:

Big data shows a great opportunity for all customers and hospitality industry. It helps the organizations devise the finest marketing strategies for every target segment depending on their preferences and activities. Study of consumer behaviour in hospitality industry helps in planning and executing marketing strategies, in adopting consumer orientation, in predicting consumer response and in fulfilling responsibilities towards the society. The study throws light on the importance of big data analytics and various ways it can be strengthened for the benefit of hospitality companies.

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