

CHAPTER I

INTRODUCTION

1.1 Rationale of the Study

Tourism is becoming one of the world's most important economic sectors and one of the most dynamic as well. Worldwide, with more than 260 million employees and annual investments in capital projects of more than US\$ 800 billion, it ranks along construction and petrochemicals as one of the world's biggest industries. It is estimated that tourism accounts for about 10.7 per cent of the world's GDP in recent years (World Tourism Organisation, 2005). The Figure below shows the tourist arrivals in Southeast Asian countries during 2002-2004.

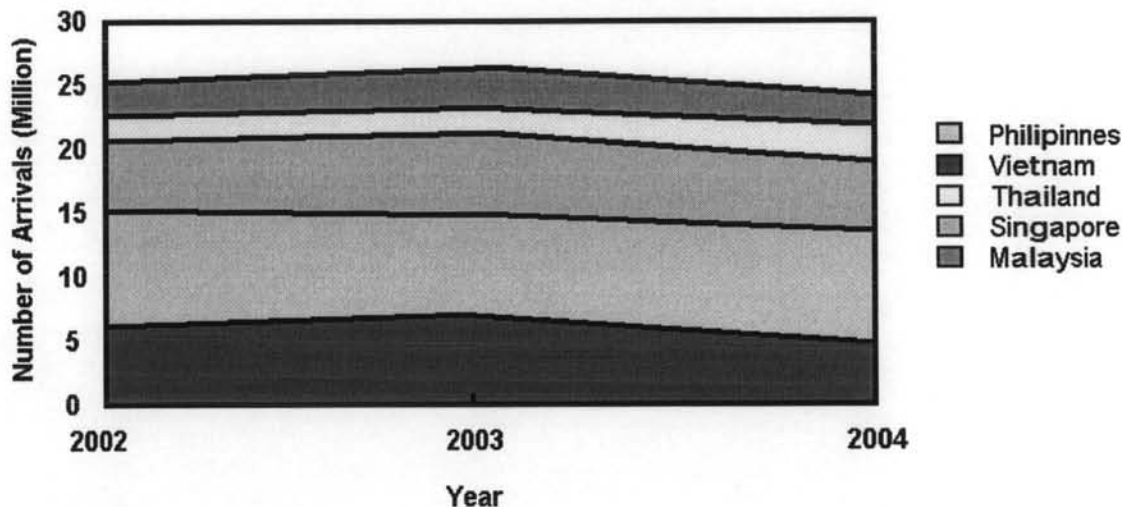


Figure 1.1: Yearly Tourist Arrivals in some of South East Asian Countries

Source: Tourism Authority of Thailand (TAT), 2005

Since Thailand opened its door to international tourism during last twenty years (please see Appendix A for more information), the tourism industry has developed rapidly to become one of the most country's largest earners of foreigner currency. This influences a

need of an improvement in tourism-related industries as hospitality industry, transportation, telecommunication and many others as well. Thailand economic policy is based on a market-oriented approach. In moving towards a market economy, Thailand has liberalised domestic and external trade, promoting the role of the private sector and opening up to foreign investment. Due to the change in the economic policy, some industries drastically improve while some still fail. However, hotel and tourism industry still contributes the economy of the country by generating a large amount of foreign exchange in a short period. Therefore, it is expected to be the most developing one in Thailand. In order to obtain the maximum benefits from this industry, it is vital to provide attractive and friendly services to customers.

The hotel and tourism is the critical industry especially for developing countries, since it attracts foreign investment and generates income, creates job opportunities, develops human resources and reduces poverty. In Thailand, hotel and tourism is the booming industry as a foreign exchange earner for last decade. For the tourists who have been to Thailand, it seems to be a paradise to discover, explore and experience the mystical charms of the east in all its diversity-rich archaeological sites, glittering pagodas, a wealth of culture, colourful festivals and arts.

Hotel industry in Thailand is growing to cope with the increase demand of international tourists. Not only the luxurious accommodations needed, but also the quality of service offered by hotels. In this regard, hotels are emphasising on developing their reservation to serve better the customers.

1.2 Statement of Problem

ABC hotel has encountered the accommodation occupancy rate radically decreased and associated with the customer satisfaction due to the several problems shown as following:

- Overbooking and high rate of cancellation – ABC hotel is a family-business with a high degree of centralisation management system. The management had not paid attention to modify its outdated policies of booking, no cancellation policy nor no-show penalty, which could lead to the loss of revenue.
- Lack of technological knowledge – ABC hotel has recently purchased and employed the all-new database programme (“Fidelio”) in reservation department in order to replace the old-fashioned style of archiving which was a paper-base method. However, after launching this programme, this programme is still new to ABC hotel’s employees to understand and utilise it properly since the management has not adequately trained their staffs. According to the mentioned situation, inevitably, errors and delays are occurred due to lack of knowledge and experience to run the programme in an appropriate manner.
- Less channel to increase bookings – This is one of the critical concerns of ABC hotel since it did not have its own online reservation system via Website for customers. Thus, hotel guests had found difficulties in bookings, especially foreign guests. Overseas guests could make reservations via travel agencies, phones and faxes only.

In addition, the highly competitive in the lodging industry has been arising among the current hotels and new hotel developments. Inevitably, ABC hotel has to amend its management and policies to meet the current situations which can reduce the risks of cancellation and overbooking. Moreover, ABC hotel needs to support its employees to cope with new technologies like database by offering training programmes for them, as well as, to develop its own Internet Website to easily access in order to compete with the other rivals.

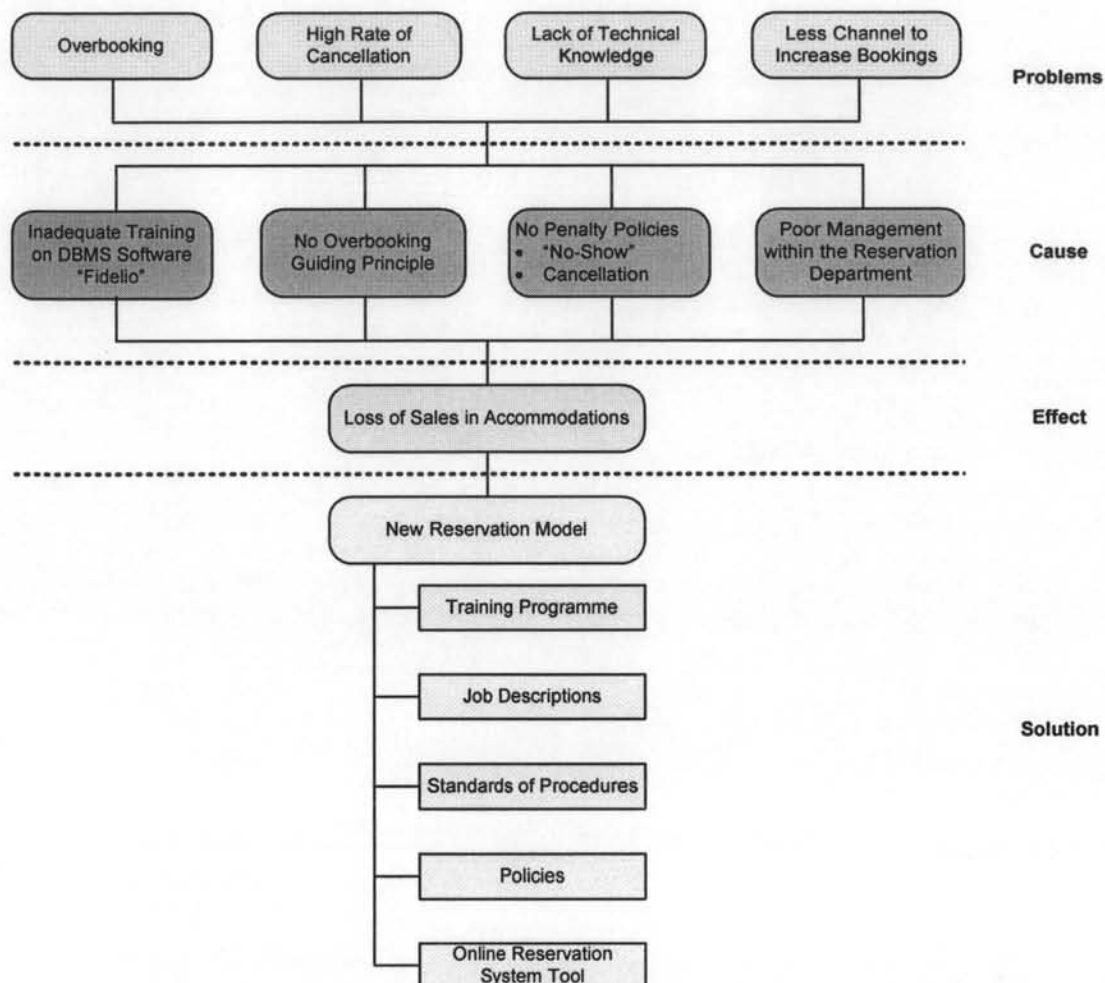


Figure 1.2: Cause-and-Effect Diagram of the Study

1.3 Objectives of the Study

In accordance with the statement of the problem, the study aims to achieve the main objective which is to increase the managing capacity regarding higher sale in accommodations. While the secondary objectives of this research are shown below as following:

- 1) To improve customer satisfaction in reservation system.
- 2) To increase the accommodation sales of the hotel.

- 3) To develop the hotel reservation system by introducing the all new online reservation system.

1.4 Scope and Limitations of the Study

This research is only limited to the current problems of ABC hotel, a medium-size family-business hotel. The author concerns the problems within ABC hotel's reservation system and accommodation sales only. Hence, the related problems can be briefly described as the following:

- The hotel have purchased the new database software, "Fidelio", and already employed it. However, most of hotel's employees are inexperienced in this new database;
- ABC hotel has maintained outdated policies without amending them to solve the hotel's loss in revenue (high-rate of cancellation, as well as, overbooking).

Thus the limitations of this research are shown as following:

- 1) To study the factors which impact the loss of sales of the hotel due to current problems related to reservation department.
- 2) To propose the new conceptual model based on the statistical data to the management levels in order to recover and gain the customer satisfaction and sales.
- 3) To study the customer satisfaction survey result as well as the efficiency and effectiveness of reservation staffs by using questionnaires.
- 4) To evaluate the effectiveness of results of the proposed conceptual model.

In addition, since lodging industry is considered as one of highly competitive businesses, there is neither detailed information nor empirical study available for the research since these details are concealed by the hotel management. Hence, the statistical information particularly in the hotelier is rarely available. The entire data findings were based

generally on the survey in place. Besides, the essential information is kept confident within the organisation.

1.5 Research Methodology

The methods that will be applied to this research are shown below:

- 1) Study relevant literatures, journals, Internet, and research studies.
- 2) Proper collecting data and investigate current reservation systems of the hotel.
- 3) Interpret all the gathered information and analysis of research findings.
- 4) Design and develop the most appropriate conceptual model that match with the current situation of the hotel.
- 5) Implement a useful reservation model for the hotel that related to practical activities and ensure effective and efficient service of the hotel.
- 6) Evaluate a useful reservation model by using statistical analysis (SPSS programme).
- 7) Evaluate the new hotel reservation policies by comparing sales (accommodation) between before and after implementation.
- 8) Summarise the study with conclusion and recommendations.
- 9) Thesis examination.

Step	2006												2007							
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	
1. Study relevant literatures	■	■																		
2. investigate current reservation systems of the hotel.		■	■	■																
3. Interpret all the gathered information and analysis			■	■	■															
4. Design the conceptual model				■	■	■														
5. Implement a useful reservation model						■	■	■	■											
6. Evaluate a useful reservation model									■	■	■	■	■							
7. Evaluate the new hotel reservation policies									■	■	■	■	■	■	■	■	■	■	■	
8. Summarise the study																		■	■	
9. Thesis examination																			■	

Figure 1.3: Research Schedule

1.6 Expected Results

This research proposes the methodology to integrate process to the existing reservation system in order to effectively use of training programme, job descriptions, standards of procedures, and reservation policies in relation to the new hotel's quality development guideline and the top management strategic plan. The expected benefits are as follows:

- Introducing the all new online reservation system via Website to ABC hotel;
- Improving customer satisfaction in booking aspect;
- Minimising in loss from overbooking problem;
- Gaining in sales due to the change of policies; and
- Offering the management level and employees of hotel to work as teamwork.

1.7 Definition of Terms

Communication: Communication can be defined as the process of meaningful interaction among living beings. It is the act of passing information and the process by which meanings are exchanged so as to produce understanding (Fielding, 2005).

Computer Reservations System: CRS is a computerised system used to store and retrieve information and conduct transactions related to travel. Originally designed and operated by airlines, they were later extended to travel agents as a sales channel; major CRS operations that book and sell tickets for multiple airlines are known as Global Distribution Systems (GDSs). Airlines have divested most of their direct holdings to dedicated Global Distribution System companies, and many systems are now accessible to consumers through Internet gateways for hotel, rental cars, and other services as well as airline tickets (Haerian *et al.*, 2006).

Customer Royalty: Customer royalty is a physical and emotional commitment given by customers in exchange for their needs being met (Bailey and Leland, 2001).

Customer Satisfaction: How closely experience with products or services meets or exceeds customer's expectation (Pride and Ferrell, 2008).

Database: A collection of data organised and designed for easy access e.g. a collection of customer names and addresses (Pearlson and Saunders, 2005).

Demographic Factors: Consists of age, gender, marital status, education level, occupation, income. Demographic or personal characteristics are most often used as the basis for market segmentation, and also affect the extent to which a person uses products or services in a specific category (Pride and Ferrell, 2008).

Expectations: A baseline against which product or service performance is compared (Nolan and Swan, 1985). In the context of customer satisfaction, expectations are generally said to be disconfirmed (Schurter and Towers, 2006).

Management: management comprises planning, organising, resourcing, leading or directing, and controlling an organisation (a group of one or more people or entities) or effort for the purpose of accomplishing a goal. Resourcing encompasses the deployment and manipulation of human resources, financial resources, technological resources, and natural resources (David, 2006).

Satisfaction: A person's feelings of pleasure or disappointment resulting from comparing products or services perceived performance in relation to his/her expectations (Kotler and Keller, 2006).

Service: Represents any activity, offered to a customer that is simultaneously consumed as it is produced. Characterising a service encounter is difficult due to its intangibility, given that the service encompasses process, delivery, and outcome (Kotler and Keller, 2006).

Training: The term training refers to the acquisition of knowledge, skills, and competencies as a result of the teaching of vocational or practical skills and knowledge that relate to specific useful competencies (DeCenzo and Robbins, 2006).

Word of Mouth: Word of mouth refers to consumer word-of-mouth transmission that consists of informal communication directed at other consumers about the ownership, characteristics of particular goods and services or their sellers (Westbrook, 1987).

Frequency: A mathematic distribution whose objective is to obtain a count number of responses associated with different values of one variable and express this count number in percentage terms (DeCoursey, 2003).

Descriptive: A statistic test of MEAN values which is used to indicate the level of attitudes toward objectives (DeCoursey, 2003).

Cross-Tabulation (Crosstab): A statistical techniques that describe two or more variables simultaneously and results in tables that reflect the joint distribution of these variables (Murdoch and Barnes, 1986).

One Sample t-Test: The statistic method which evaluate the level of attitude values when the standard deviation id unknown (Ledoltoer and Burrill, 1999).

1.8 Research Layout

Chapter 1: Introduction

This chapter describes the introduction of the study in this thesis including statement of problem, objectives, scope of the study, research methodology, expected benefits, and organisation of the report.

Chapter 2: Theoretical Considerations and Literature Reviews

The second chapter provides the brief reviews of the related literatures which are operations management approaches; business management approaches; information system/technology approaches.

Chapter 3: Overview of the Company

The case study of this research is explained in this chapter, including the data collected from the in-depth interview and hotel's appraisal that reflects the hotel's situation.

Chapter 4: Design and Implementation

In this chapter, the design of implementation model, the procedure of training and development, and the application of the reservation system approach to ABC hotel are explained.

Chapter 5: Data Results and Statistical Analysis

This chapter illustrates the results of the research. Current problems are identified whereas comments derived from the outcomes of the research are also presented.

Chapter 6: Conclusion and Recommendations

This final chapter gives a brief summary of major findings. Suggestions and guidelines for the future organisation of hotels are also discussed.

1.9 Research Framework

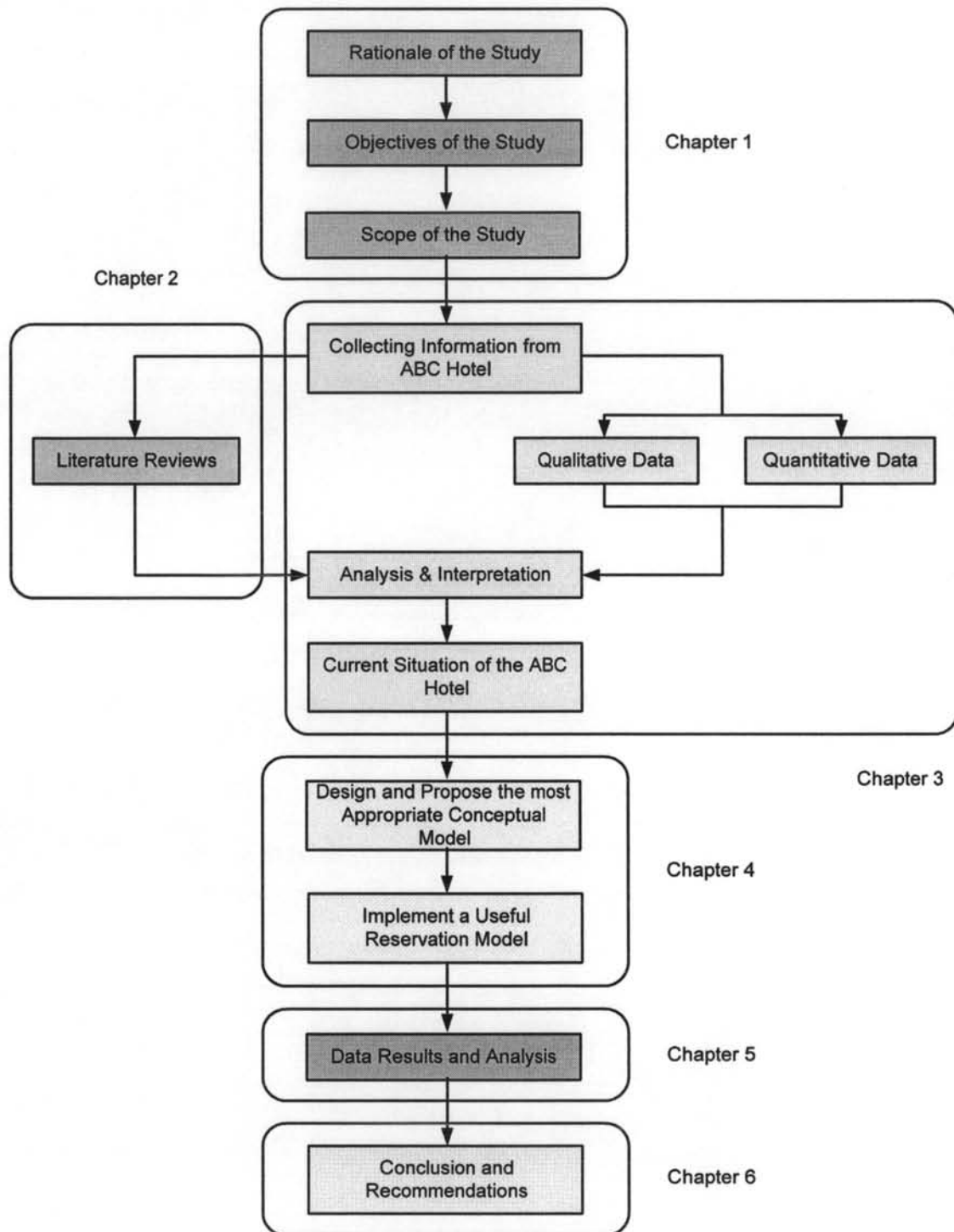


Figure 1.4: Conceptual Framework of the Study