A Study on Customer Perception on GST in Hotel Industry with Reference to Hyderabad City

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ABSTRACT

The study looks into how the introduction of the Goods and Services Tax (GST) has affected the hotel sector in Hyderabad. With the introduction of GST on July 1, 2017, India's intricate indirect tax system was supplanted, representing a major economic transformation. Respondents' thoughts on the impact of GST on taxation, profit margins, and customer perception in the hotel sector were gathered for this empirical study. 133 people were surveyed using structured interviews and secondary sources such as books and internet, covering 5 hotels with different star ratings. The results show that the GST has had a substantial effect on the sector, providing insight into customers' attitudes and the wider commercial ramifications.

Key Words: Goods and Services Tax (GST), Hyderabad's Hotel Industry, Food and Service, and Customer Perception

INTRODUCTION

The fiscal powers of the Centre and the States were clearly defined under the Indian Constitution before to the introduction of the GST, with the Centre taxing the manufacture of goods (except from some products like alcohol) and the States taxing the sales of goods. The originating States collected the taxes on interstate sales, which were levied by the Centre. Service tax was only levied by the Centre, and additional customs charges were used to offset sales tax and domestic excise taxes. In order to allow the Centre and States to charge this tax concurrently, the implementation of the GST necessitated a constitutional amendment. This was made possible by the 2014 Constitution (122nd Amendment) Bill, which established dual GST (central GST; CGST and state GST; SGST), with integrated GST (IGST) levied by the central government on interstate trade. The Union Finance Minister, State Finance Ministers, and additional officials made up the GST Council.

REVIEW OF LITERATURE

Ripleen Kaur & Dr. Jaspreet Dahiya (2024) According to Ripleen Kaur and Dr. Jaspreet Dahiya (2024), the GST benefits the hotel sector by streamlining procedures and providing opportunities for reorganizing the tax structure. Penalties, e-filing, input tax credits, and GST refunds are important services that affect hotel performance. All sorts of hotels in Delhi have consistently high levels of customer satisfaction with GST services.

Sunil Kumar Das (2023) According to Sunil Kumar Das (2023), GST replaces several indirect taxes and has a substantial impact on the quickly expanding food service and restaurant industry. The GST rate structure supports cloud kitchens and the food delivery industry while helping small restaurants—in spite of resistance from high-tariff hoteliers. Improving the way that consumers view GST is essential to its effective implementation.

Mrs. Hetal Rajgor, Dr. Pushpendu Rakshit, and Dr. Manoj Sain (2023) talk about how the COVID-19 pandemic has affected the hospitality industry in Navi Mumbai as a result of the GST, emphasizing higher tax collection goals and quicker refunds. They highlight the impact of the epidemic on many industries and government adaption initiatives as they suggest using AI to enhance tax administration.

Dr. Komal P. Patel and Dr. Vikas Arora (2023 In their study, "GST's impact on India's hotel industry," Dr. Komal P. Patel and Vikas Arora (2023) conclude that the tax law has a favorable effect, particularly for food and beverage enterprises, as it streamlines tax procedures and enhances budget management, customer satisfaction, and trust.

A.N. Hansari (2022) In her investigation of how customers view GST in Kochi eateries, A.N. Hansari (2022) recommends frequent awareness campaigns to stop exploitation and lowers or absorbs GST rates for business owners rather than passing them along to patrons.

H.A. Rohan (2022) After researching patron opinions of GST in Pune eateries, H.A. Rohan (2022) came to the conclusion that continuous education efforts regarding GST rates are necessary to stop exploitation. In addition, he recommended that GST rates be lowered or that company owners bear the expenses themselves rather than charging customers for them.

S.R. Singh (2021) When S.R. Singh (2021) looked into how the GST affected the restaurant industry in India, he found varied results. Lower tariff hotels profit from a 5% GST, which has a favourable effect on their company, while higher tariff restaurants (room prices above ₹7,500) are subject to an 18% tax, which is regressive and discourages eating out.

RESEARCH PROBLEM

To analyse consumer views of the Goods and Service Tax's (GST) effects on Hyderabad City's hotel industry and pinpoint the factors driving those opinions.

OBJECTIVES OF THE STUDY

1. To evaluate the benefits and drawbacks of GST on Hyderabad City's hotel industry.

2. To examine how consumers in the hotel industry perceive the Goods and Services Tax (GST).

3. To assess the possible advantages and effects of the recently enacted tax system on the lodging sector and its clients.

NEED FOR THE STUDY

The study's motivation is the significance of comprehending how the Goods and Services Tax (GST) has affected the hotel industry and how customers perceive prices, food quality, service quality, and tax filing procedures. The study intends to offer insights into the overall impact of GST on customer satisfaction and behaviour within the Hyderabad hotel industry by examining these particular areas.

SCOPE OF THE STUDY

The purpose of the study is to find out how customers view the effects of GST on the hotel industry, with an emphasis on how price perceptions are affected by GST rates. The hospitality sector is made up of several different industries, including housing, event planning, theme parks, transportation, cruise lines, and tourism segments. It includes a wide range of enterprises that provide lodging, food and beverage, entertainment, gambling, and related services. The study intends to provide insights into the consequences of GST on price dynamics and overall consumer experiences by examining customer perceptions within this complex business.

SOURCES OF DATA PRIMARY DATA

An organized series of questionnaires serves as the main source of data for this investigation.

Questionnaire.

It is a research tool designed to gather data from respondents and consists of a set of questions and additional prompts. There are two sections to the questionnaire. Demographic information such as age, gender, marital status, income, length of stay in hotels, and factors influencing hotel preference are included in Part-A. Questions about the GST implementation and its effects on consumers are included in Part-B.

SECONDARY DATA

The following websites are the sources of secondary data: industry websites, internet-based hotel industry platforms.

The goal of gathering secondary data is to ascertain the company's address, the amenities it provides, and the hotel properties' physical attributes.

SAMPLING SIZE

Client Survey

Primary Research Approach: Data Source Take a look Questionnaires as Research Instruments

How to get in touch: Individual Sample Quantity:

5 hotels (secondary) and 133 respondents (primary).

- Novotel Hyderabad Convention Centre

- Le Meridian Hyderabad

- The Park Hyderabad

- The Golkonda Hotel

- Red Fox Hotel Hyderabad

TOOLS AND TECHNIQUES

Correlation: The degree to which changes in one variable are related to changes in another is measured by correlation. There is no discernible relationship between the variables when there is zero correlation; both variables move in the same direction when there is a positive correlation, and opposing directions when there is a negative correlation.

Regression: A statistical technique for examining the relationship between two or more variables is regression analysis. It facilitates comprehension of the relationship between in one variable and changes in another.

LIMITATIONS OF THE STUDY

- The study is limited to Hyderabad, due to the personal network which may not represent the entire population of India.

- The findings may not be generalized to other regions of India

Industry Profile

1. Novotel Hyderabad Convention Centre.

Novotel in the heart of the city's commercial district, right next to the Hyderabad International Convention Centre, Novotel Hyderabad Convention Centre enjoys a prime position that more than fifty travellers value. Its eating options include the contemporary casual restaurant FOOD EXCHANGE, the poolside bar LA Cantina, the live music venue The Bar, and the European-style restaurant Le Cafe. Highlights of the property include two pools, a spa, a fitness centre, boardrooms, banquet spaces, and complimentary parking. The facility guarantees comfort and convenience with its 288 rooms and suites, each furnished with amenities like minibars, high-speed Wi-Fi, and round-the-clock room service. Trinity Lutheran Church, a place of spiritual comfort, commercial centres, and the conference centre are all nearby attractions.

2. Le Meridian Hyderabad

Remarkably close to major attractions such as the Financial District, HITEC City, and the Hyderabad International Convention Centre—praised by more than 50 guests—is the Le Meridian Hyderabad, which is tucked away in Gachibowli. There are several dining options: Jade for Asian food and handcrafted drinks, Turquoise for European and Asian cuisine, Latitude for freshly baked dishes, Jasper-Grill and Bar for rooftop poolside dining, and Club Lounge for wine and cocktails. Highlights of the property include an event area, free parking, free Wi-Fi, a spa, and a fitness centre on the rooftop. The facility guarantees a comfortable stay with its 241 tastefully decorated rooms and suites, each with amenities including air conditioning, a minibar, and room service available around-the-clock. The art and crafts village of Shilparamam is one of the nearby attractions.

3. The Park Hyderabad

Over 75 travellers have praised The Park Hyderabad, which is situated in the busy Somajiguda and is a traveller's favourite because of its convenient position close to Banjara Hills. There are plenty of dining alternatives, including the poolside Aqua for drinks, the in-house bars Sicca, Kismet, and Carbon, the varied cuisines offered by Verandah, and Hyderabadi specialties served by Aish. Highlights of the property include a rooftop infinity pool, free breakfast, free Wi-Fi, and a front desk manned around-the-clock. Guests can enjoy contemporary facilities and breathtaking views from 263 beautifully designed rooms and apartments. Lumbini Park, Golconda Fort, Charminar, Chowmahalla Palace, and Kalakriti Art Gallery are also easily accessible nearby attractions. Furthermore, the GVK mall is conveniently situated 2.3 km away.

4. The Golkonda Hotel

The Golkonda Hotel is conveniently located on the Mehdipatnam-Banjara Hills Road, close to Secunderabad Junction and Begumpet Airport, and is tucked away in Hyderabad's Venkatadri Colony. The facility offers a variety of eating alternatives, including Jewel of Nizam for superb Hyderabadi dining, Zanzibar and Upper Deck for refreshing cocktails, and Melange for multi-cuisine pleasures. Over 550 travellers have praised the property for its outstanding location. A dazzling pool, well-equipped event spaces, free Wi-Fi, and on-site parking are some of the property's highlights. Guests get a comfortable stay with opulent lodging options such Premium Rooms, Premium Suites, Klub Rooms, Paigha Suites, and Nizam Suites, all of which include contemporary facilities. Adjacent landmarks like Charminar, NTR Gardens, and Nizam's Museum provide many of chances for exploration and learning.

5. Red Fox Hotel Hyderabad

Situated right in the middle of Madhapur's IT district, the Red Fox Hotel is well-positioned to access major landmarks and business buildings. Its prime location has garnered praise from more than 300 guests. Situated barely 5 km away, the high-tech metropolis of Gachibowli is home to residential neighbourhoods, shopping centres, and popular attractions including Golconda Fort (15 km) and Cyber Towers (1 km). There are several different places to eat, including Fox's Den lounge bar, which offers a laid-back ambiance for beverages, and Clever Fox Café, which serves a wide variety of cuisines. Highlights of the hotel include an internet kiosk, a fitness centre, a conference room, and a front desk staffed around-the-clock. Guests can enjoy contemporary conveniences and comfortable stays in any of the 121 well-appointed rooms, which include Standard Rooms, Superior accommodations, Executive Suites, and accommodations that are universally accessible.

DATA ANALYSIS

Table 5.1: Age of the respondents

Age of Respondents	No. of Respondents	(%) of Respondents
20-25 years	75	56.4
26-30 years	27	20.3
31-35 years	23	17.3
36-40 years	4	3
Above 40 years	4	3
Total	133	100

Table 5.2: Gender of the Respondents

Gender of Respondents	No. of Respondents	(%) of Respondents
Male	69	51.9
Female	64	48.1
Total	133	100

Table 5.3: Marital status of the Respondents

Marital status of Respondents	No. of Respondents	(%) of Respondents
Married	57	42.9
Unmarried	76	57.1
Total	133	100

Table 5.4: Annual income of the Respondents

Income of Respondents	No. of Respondents	(%) of Respondents
Below 5 lakhs	53	39.8
5 lakhs to 10 lakhs	45	33.8
10 lakhs to 15 lakhs	25	18.8
Above 15 lakhs	10	7.5
Total	133	100

Table 5.5: Stay in hotels (Monthly)

Stay in Hotel (Monthly)	No. of Respondents	(%) of Respondents
Once in a Month	58	43.6
5-10 Times a Month	56	42.1
More than 10 Times a Month	19	14.3

Table 5.6: Factor influence choice of hotel

Parameters	No. of Respondents	(%) of Respondents
Price	28	21.1
Location	52	39.1

Reviews	31	23.3
Facilities	22	16.5
Total	133	100

Table 5.7: The new tax structure could raise menu prices

Parameters	Frequency	Percentage
Strongly Disagree	37	27.82
Disagree	24	18.05
Neutral	15	11.28
Agree	34	25.56
Strongly Agree	23	17.29
Total	133	100

Table 5.8: Experience with GST's effect on dining in Hyderabad

Parameters	Frequency	Percentage
Strongly Disagree	36	27.07
Disagree	30	22.56
Neutral	24	18.05
Agree	16	12.03
Strongly Agree	27	20.30
Total	133	100

1. Correlation between Respondents Income and new tax structure could raise menu prices for customers.

Correlations		Annual Income	Increase menu prices
Annual Income	Pearson Correlation	1	-0.151
	Sig. (2-tailed)		0.083
	N	133	133
Increase menu prices	Pearson Correlation	-0.151	1
	Sig. (2-tailed)	0.083	
	N	133	133

Confidence Intervals				
	Pearson Correlation	Sig. (2-tailed)	95% Confidence Intervals (2-tailed)[a]	
			Lower	Upper
Annual Income	-0.151	0.083	-0.313	0.020

- Increase menu prices				
a. Estimation is based on Fisher's r-to-z transformation.				

Inference: Based on the correlation analysis conducted using SPSS, the correlation analysis reveals a weak negative relationship between Annual Income and Increase in menu prices. The correlation coefficient between the two variables is determined to be -0.151. This correlation value indicates that the variables have a slight inverse relationship, meaning higher income individuals are slightly less inclined to believe that the new tax structure will raise menu prices. therefore, we can infer that the respondents who have a high income tend to have a negative experience of the raise of prices in hotel.

2. Regression Analysis on Age of the Respondents (Independent Variables)

Overall experience with GST's effect on dining (dependent variable)

Correlations			
		Hotel Experience	AGE
Pearson Correlation	Hotel Experience	1.000	-0.181
	AGE	-0.181	1.000
Sig. (1-tailed)	Hotel Experience		0.019
	AGE	0.019	
N	Hotel Experience	133	133
	AGE	133	133

Model Summary									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.181ᵃ	0.033	0.025	1.464	0.033	4.415	1	131	0.038
a. Predictors: (Constant), AGE									

Inference: The correlation between AGE and Hotel Experience is weak but statistically significant. The regression model shows that AGE is a significant predictor of Hotel Experience, although it explains only a small portion of the variance (3.3%). The regression coefficients indicate a weak negative relationship between AGE and Hotel Experience, and this relationship is statistically significant.

In conclusion, the analysis suggests that AGE has a small but statistically significant negative impact on Hotel Experience. As people get older, their hotel experience tends to decrease slightly. However, AGE alone does not explain much of the variability in Hotel Experience, indicating that other factors are likely more influential.

3. Regression Analysis on Income of the Respondents (Independent Variables)

Overall experience with GST's effect on dining (dependent variable)

Correlations			
		Hotel Experience	Annual Income
Pearson Correlation	Hotel Experience	1.000	-0.092
	Annual Income	-0.092	1.000
Sig. (1-tailed)	Hotel Experience		0.147
	Annual Income	0.147	
N	Hotel Experience	133	133
	Annual Income	133	133

Model Summary									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.092ª	0.008	0.001	1.482	0.008	1.109	1	131	0.294
a. Predictors: (Constant), Annual Income									

Inference: The correlation between Annual Income and Hotel Experience is very weak and not statistically significant. The regression model shows that Annual Income is not a significant predictor of Hotel Experience, explaining only 0.8% of the variance in Hotel Experience. The regression coefficients indicate a weak negative relationship, but this relationship is not statistically significant.

In conclusion, the analysis suggests that Annual Income does not have a significant impact on Hotel Experience. The weak correlation and non-significant regression results indicate that other factors are likely more important in determining Hotel Experience.

FINDINDS

1. The majority of the respondents are in between the age group of 20-25 years and very least respondents are under 36-40 & Above 40 and a few respondents are in between the age group of 26-30 years.

2. The majority of the respondents are Male, with 51.9% of responses and 48.1% of respondents are Female.

3. Most of the respondents are Unmarried, with 57.1% of responses and 42.9% of respondents are Married people.

4. Most of the respondents are Private employees, whereas least number of respondents are home makers. Some of the respondents are students and a few are government employees.

5. According to the study, most of the respondents earn Below 5lakhs per Year, followed by respondents earning 5lakhs to 10lakhs per year and a few respondents earn in the range of 10lakhs to 15lakhs per year. The least number of employees are earning more than Above 15lakhs per year.

6. The majority of respondents stay in hotels once a month (43.6%), with a slightly smaller group staying 5-10 times a month (42.1%). The least frequent category is staying more than 10 times a month (14.3%).

7. The majority of the respondents live in Hyderabad, quite a few respondents live in other states.

8. The majority of respondents indicated that location influences their choice of hotel the most. Reviews are the next most influential factor, followed by price. Facilities are the least influential parameter among the respondents.

9. The majority of respondents strongly disagree that GST implementation made Hyderabad hotel rates more transparent. A smaller group agrees with the statement, followed by those who strongly agree. Some respondents are neutral, while the least number of respondents disagree.

10. The majority of respondents agree that GST has made input tax credit claiming easier for Hyderabad hotels. This is closely followed by those who disagree. A smaller group strongly disagrees, while equal numbers of respondents are neutral or strongly agree.

11. The majority of respondents strongly agree that Hyderabad hotels face higher taxes under GST. A significant number of respondents disagree, followed closely by those who strongly disagree. Fewer respondents are neutral, and the least number agree.

12. The majority of respondents agree that GST has simplified the process of filing taxes for hotels in Hyderabad. This is closely followed by those who disagree. Smaller groups of respondents strongly disagree or are neutral, with the least number strongly agreeing.

13. The responses suggest that there is no strong inclination to dine out more due to GST. A significant portion either strongly disagree or disagree, while others are neutral. Similarly, there are respondents who agree or strongly agree, but they are not the majority.

CONCLUSION

To conclude, this study provides a comprehensive analysis of the perceptions and experiences of hotel and restaurant patrons in Hyderabad regarding the impact of GST on the hospitality industry.

The study highlights that location is the most critical factor influencing hotel choice, followed by reviews and price. GST implementation is widely perceived to have complicated hotel pricing transparency, with a majority strongly disagreeing that it has made rates more transparent. However, there is a mixed response regarding the ease of claiming input tax credits and the simplification of the tax filing process due to GST.

Overall, while some respondents acknowledge benefits such as simplified tax processes, a significant portion perceives negative impacts on pricing transparency, affordability, and the overall dining experience. The hospitality industry in Hyderabad appears to be navigating a complex landscape of mixed sentiments and varied experiences related to GST implementation. These insights suggest a need for ongoing adjustments and possibly policy refinements to better align with consumer expectations and improve the industry's adaptability and competitiveness.

RECOMMENDATIONS

- The respondents recommended that there be an easy-to-understand transition provision that is transparent, easy to use, and seamless.

- Companies require targeted initiatives, enhanced services, or greater communication. Asking unhappy consumers directly for their opinions could yield insightful information for future development.

- In order to combat this image, restaurants can think about using more obvious and alluring discount techniques. Furthermore, restaurants may be able to better serve their patrons' requirements and raise customer satisfaction levels by interacting with them to learn about their expectations regarding discounts. To guarantee that consumers are charged the correct GST, restaurants should undergo routine inspections.

- To help the middle class and lower-class populations, we ought to suggest cutting the cost of food and lodging.

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