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## International Journal of Multidisciplinary Research in Science, Engineering and Technology (IJMRSET)

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# A Study Failures in Quick Start UPS in Hotel Industry Based on Consumer Perception in Coimbatore

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**ABSTRACT:** This study examines the reasons behind the failure of quick start-ups in the hotel industry based on consumer perception in Coimbatore. The hotel sector has grown rapidly in recent years, attracting many entrepreneurs; however, a large number of new hotels fail within the early stages of operation. The research aims to identify the major factors contributing to these failures, such as poor location selection, inadequate service quality, lack of hygiene, weak management practices, and improper pricing strategies. Primary data were collected through a structured questionnaire from 111 respondents using a convenience sampling method. The study also considers factors like staff professionalism, competition, online reviews, and customer expectations. Statistical tools such as percentage analysis, Chi-square test, and ANOVA were used to analyze the data. The findings reveal that service quality, hygiene, and location are the most influential factors affecting the success of new hotels. The study concludes that proper planning, effective management, improved service quality, and strong customer focus are essential for the sustainability of hotel start-ups. The results provide useful insights for entrepreneurs, managers, and researchers interested in the hospitality industry.

**KEYWORDS:** consumer perception, service quality, hygiene and cleanliness, location selection, pricing strategy, customer satisfaction, and hospitality management

## I. INTRODUCTION

The hotel industry is one of the fastest-growing sectors in the service economy and plays a vital role in supporting tourism, employment, and regional development. With the increase in travel for business, education, leisure, and medical purposes, the demand for hotel services has grown rapidly. As a result, many entrepreneurs are attracted to the hospitality sector and start new hotel ventures expecting profitable opportunities. In recent years, quick start-ups such as small hotels, budget accommodations, and boutique hotels have increased significantly. These start-ups are often established quickly with limited resources and planning. While the hotel industry offers high growth potential, it also involves several operational challenges that require careful management and strategic planning.

However, many quick hotel start-ups fail within a short period due to various internal and external factors. Poor location selection, inadequate service quality, lack of trained staff, and weak financial management are some of the common reasons behind these failures. In addition, intense competition, improper pricing strategies, and failure to maintain hygiene standards negatively affect customer satisfaction. Customer perception also plays a crucial role in determining the success or failure of a new hotel. Negative reviews and poor customer experiences can quickly damage the reputation of newly established hotels. Therefore, understanding the key factors that lead to the failure of quick start-ups in the hotel industry is important to help entrepreneurs improve their strategies and ensure long-term sustainability.

## II. OBJECTIVES OF THE STUDY

- └ To understand the consumer perception about the failure of quick start-ups in the hotel industry.
- └ To identify the major reasons that lead to the failure of quick start-up hotels.
- └ To suggest suitable strategies and recommendations to improve the sustainability, performance, and long-term success of hotel start-ups.



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### III. SCOPE OF THE STUDY

This study focuses on analyzing the factors responsible for the failure of quick start-ups in the hotel industry, with special reference to consumer perception in Coimbatore. It examines various aspects such as service quality, hygiene and cleanliness, location suitability, pricing strategies, and management practices. The research helps in understanding how these factors influence customer satisfaction and the sustainability of newly established hotels.

The study also explores customer expectations regarding food quality, staff professionalism, complaint handling, and overall hotel experience. By analyzing the opinions of respondents, the research identifies the gap between customer expectations and the actual performance of quick start-up hotels. This helps in recognizing the key operational challenges faced by new hotel businesses.

Furthermore, the study provides useful insights and practical suggestions for hotel entrepreneurs, managers, and investors. It highlights the importance of proper planning, effective management, and customer-focused strategies to improve business performance. The findings of this study can help new hotel start-ups reduce failure rates and achieve long-term growth in the competitive hospitality industry.

### IV. STATEMENT OF THE PROBLEM

The hotel industry has experienced rapid growth due to increasing tourism and changing customer preferences. Many entrepreneurs are entering the hospitality sector by starting new hotels and small accommodation businesses. However, a significant number of these quick start-up hotels fail within a short period of operation. These failures are often caused by factors such as poor location selection, lack of proper planning, weak financial management, and inadequate service quality. In many cases, entrepreneurs underestimate the challenges involved in managing hotel operations.

Additionally, intense competition, poor hygiene standards, untrained staff, and ineffective marketing strategies also contribute to the failure of new hotels. Customer expectations regarding service quality, cleanliness, pricing, and overall experience are very high in the hospitality industry. When these expectations are not met, customers tend to shift to other well-established hotels. Therefore, it becomes important to study the major reasons behind the failure of quick start-up hotels and understand consumer perception in order to improve the success rate of new hotel ventures.

### V. LITERATURE REVIEW

- **Parasuraman et al. (1988)** identified five dimensions of service quality (SERVQUAL) and explained that service quality strongly influences customer satisfaction and loyalty in service industries including hotels.
- **Kandampully (2002)** found that high service quality and customer-focused practices significantly improve guest satisfaction and encourage repeat visits in the hotel industry.
- **Bharwani and Jauhari (2013)** stated that lack of proper training and skill gaps among hotel staff reduce operational efficiency and negatively affect service delivery in hospitality businesses.
- **Jeong and Oh (2015)** highlighted that online reviews and digital feedback play a major role in influencing customer decisions and occupancy rates in hotels.

### VI. RESEARCH METHODOLOGY

#### 6.1 Data Collection

- **Primary data** was collected through a structured questionnaire distributed to respondents using an online survey form. The survey responses were collected from consumers who have experience with hotel services and are aware of newly started hotels.
- **Secondary data** was collected from research articles, journals, websites, books, and previous studies related to the hotel industry, consumer perception, and business start-up failures.

#### 6.2 Tools Used

- **Percentage Analysis:** To understand the distribution of responses collected from the survey participants regarding factors influencing the failure of quick start-up hotels.



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- **Chi-Square Analysis:** To identify whether there is a significant relationship between demographic variables and consumer perception towards hotel start-up failures.
- **ANOVA Analysis:** To determine whether there are significant differences in consumer opinions regarding various factors affecting hotel start-up performance.

### 6.3 Techniques

- **Survey Method:** Used to collect primary data from respondents regarding their perception and experience with quick start-up hotels.
- **Percentage Method:** Used to analyze the responses obtained from the questionnaire and present them in percentage form.
- **Statistical Analysis:** Used to examine the relationship between different variables and identify key factors contributing to the failure of quick hotel start-ups.

### 6.4 Percentage Analysis

- Percentage analysis is one of the simplest statistical tools used to analyse and interpret primary data collected from respondents.
- It helps in converting the collected data into percentage form for easy understanding and comparison.
- In this study, percentage analysis is used to examine the responses given by the respondents regarding various factors affecting the failure of quick start-ups in the hotel industry.
- It helps to identify the proportion of respondents who agree or disagree with different statements related to service quality, hygiene, location, pricing, and management practices.
- The results obtained through percentage analysis are presented in the form of tables and charts for better interpretation.
- This method makes it easier to understand consumer perception and the overall trend of responses collected through the questionnaire.

## VII. FINDINGS

1. Age Distribution Majority of respondents (49.5%) belong to the 18–25 age group, indicating that young individuals dominate quick hotel start-ups, possibly with limited industry experience.
2. Gender Composition Male respondents constitute 79.3%, while females represent only 20.7%, showing male dominance in hotel start-up entrepreneurship.
3. Educational Qualification About 41.4% of respondents are undergraduates and another 41.4% hold professional qualifications, whereas only 11.7% are postgraduates, indicating limited advanced managerial expertise.
4. Monthly Income Around 33.6% earn above ₹35,000, while 29.1% earn below ₹10,000, reflecting income instability among quick start-up hotels.
5. Employment Status Nearly 43.2% are employed and 34.2% are students, showing that many entrepreneurs are not fully dedicated to hotel management.
6. Management Quality About 50.5% rate management quality as average, 45% as good, and 4.5% as poor, indicating moderate managerial effectiveness.
7. Staff Professionalism A majority (52.3%) feel staff professionalism is somewhat satisfactory, while only 42.3% consider it satisfactory.
8. Location Suitability Around 52.7% believe hotel locations are moderately suitable, 39.1% very suitable, and 8.2% not suitable, suggesting imperfect location selection.
9. Competition Level About 43.2% report high competition and 39.6% moderate competition, showing strong competitive pressure on new hotels.
10. Economic Conditions Impact Nearly 56.4% say economic conditions moderately affect hotel choice, while 19.1% report high impact.
11. Service Quality Around 50.9% rate service quality as average, 33.6% as good, and 15.5% as poor, indicating inconsistent service delivery.
12. Suggestions to Avoid Failure Majority (51.4%) suggest improving food quality, followed by location (30.6%) and ambience (18%).
13. Cleanliness and Hygiene Perception About 42.7% rate hotels clean, while 29.1% consider them unclean and 28.2% acceptable, showing hygiene inconsistency.



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14. Pricing Reasonableness Around 43.2% feel pricing is somewhat high and 17.1% believe it is too high, indicating pricing dissatisfaction.
15. Influence of Online Reviews About 41.4% are somewhat influenced and 29.7% highly influenced by online reviews, showing strong digital impact.
16. Overall Customer Experience Majority (54.5%) report average experience, while only 31% report good experiences.
17. Importance of Customer Service Nearly 46.8% consider customer service very important and 36% important, highlighting service expectations.
18. Preference for Discounts and Offers Around 54.1% may prefer hotels offering discounts and 35.1% clearly prefer them.
19. Reasons for Hotel Failure Location issues (32.4%) and hygiene problems (32.4%) are the major causes, followed by cleanliness (27%).
20. Importance of Hygiene Maintenance Nearly 49.5% rate hygiene moderately important and 41.4% very important.
21. Quick Response to Complaints About 53.2% consider quick complaint response very important and 36% important, emphasizing customer service responsiveness.
22. Chi-Square Analysis (Gender and Overall Experience) The calculated Chi-square value (0.936) is less than the table value (5.991) at 5% significance level, indicating that there is no significant association between gender and overall customer experience in new hotels. This shows that gender does not influence customer satisfaction levels.
23. ANOVA Analysis (Service Quality and Overall Experience) The calculated F value (4.21) is greater than the table value (3.08) at 5% significance level, indicating that there is a significant difference between service quality and overall customer experience. This shows that service quality strongly influences customer satisfaction and plays a major role in the success or failure of quick start-up hotels.

### VIII. SUGGESTIONS

1. Entrepreneurs should conduct proper market research and feasibility studies before selecting the hotel location.
2. Start-up hotels must ensure full-time involvement of the owner or manager for better operational control.
3. Professional training should be provided to staff to improve service quality and customer satisfaction.
4. Strong financial planning and budgeting must be implemented to avoid cash flow problems.
5. Hotels should adopt competitive and value-based pricing strategies.
6. Maintaining high standards of cleanliness and hygiene should be a top priority.
7. Management should focus on delivering a memorable customer experience rather than only average service.
8. Hotels should improve food quality, as it is the most important factor influencing customer satisfaction.
9. Effective digital marketing and online reputation management should be adopted.
10. Quick response systems should be implemented to handle customer complaints efficiently.
11. Attractive discounts and promotional offers should be introduced during the initial stage to attract customers.
12. Entrepreneurs should gain industry experience or hospitality-specific knowledge before starting a hotel business.
13. Adoption of modern technology such as online booking systems and customer feedback tools is essential.
14. Diversity in leadership and decision-making should be encouraged for innovative ideas and better management.

### IX. DISCUSSION

The findings of the study highlight the important factors that influence the success and failure of quick start-ups in the hotel industry. In today's competitive hospitality sector, customers expect high standards of service quality, cleanliness, and comfort. When newly established hotels fail to meet these expectations, it results in dissatisfaction among customers and negatively affects the reputation of the hotel. Therefore, maintaining good service standards and focusing on customer satisfaction are essential for the survival of new hotel businesses.

The study shows that service quality, hygiene, and location play a major role in influencing customer perception towards quick start-up hotels. Customers prefer hotels that provide clean environments, good hospitality, and comfortable facilities. Proper staff behaviour, quick response to customer needs, and maintaining hygiene standards help hotels build a positive image and encourage repeat visits from customers.

The study also reveals that poor management practices, lack of proper planning, and intense competition are major reasons for the failure of quick start-up hotels. Many entrepreneurs start hotel businesses without adequate market



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research or strategic planning. As a result, they face difficulties in maintaining service quality and attracting customers. The findings suggest that proper planning, effective management, and a strong focus on customer expectations are essential for the long-term success of hotel start.

### X. CONCLUSION

The study concludes that **green branding has a significant influence on consumer purchase intention toward eco-friendly products**. With increasing environmental concerns, consumers are becoming more conscious about the products they buy and are showing preference toward brands that promote sustainability and environmental responsibility. Factors such as eco-friendly product quality, sustainable packaging, and environmental certifications play a major role in shaping consumer perception and purchase decisions.

The findings also indicate that consumers are gradually shifting toward **environmentally responsible consumption behaviour** regardless of their demographic background. Awareness about environmental protection and sustainable living has increased among customers, encouraging them to support brands that follow green marketing practices.

Overall, green branding not only strengthens a company's **brand image, trust, and customer loyalty**, but it also contributes to environmental protection and sustainable development. Therefore, organizations should continue adopting green marketing strategies and promote eco-friendly practices to meet consumer expectations and build a sustainable future.

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