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ECONOMIC FEASIBILITY AND WEALTH FACTORS IMPACT ON ' 3 STAR HOTEL' CONSUMER ATTITUDE IN HYDERABAD

Dr. Ch. Munendar Reddy
Associate Professor–MBA Department, MRM Institute of Management, Ibrahimpatnam, RangaReddy, Telangana, India

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A hotel feasibility study is a decision-grade assessment of whether a proposed hotel concept is viable in a specific market and at a specific site. It translates demand, competitive supply, cost structure and operating assumptions into a multi-year forecast covering occupancy, average daily rate (ADR), revenue per available room (RevPAR), expenses and cash flow. A feasibility study is most valuable before significant capital is spent. Ideally, it comes after site selection but before design, permitting or financing commitments. Completing it early makes costly course corrections less likely and gives every stakeholder a shared, evidence-based foundation to move forward from. A great location and a strong vision can spark a hotel project, but they rarely secure financing. What convinces lenders and investors is a hotel feasibility study, a rigorous, evidence-based assessment that examines market demand, competitive supply, projected revenue and site-specific risks to give stakeholders the confidence they need to commit capital. Without it, even the most promising project remains just an idea on paper. A feasibility analysis typically triggers the study and the study produces the report. Each stage builds on the last, creating a continuous evidence trail from initial concept to capital commitment.

KEY WORDS: *Safe Stay, Income Level, Reliable Service, Cleanliness*

INTRODUCTION

Three star hotels aim towards meeting guest expectations and providing pleasant stay. These hotels are often located near major express-ways, airports, business areas, convenient for shopping trips etc. They thereby provide their short term guests with a brief, efficient but comfortable stay. The lodging has a banquet room, rooms accessible for lease, suite rooms. The visitors have 24 hours admittance to the inn without the need of a key. The proprietor or staff is at least accessible by means of call for occupants all through day/night. The café in the hotel generally stay open at least 6 days per week, serving bar bites, breakfast or more. Inns which don't offer supper should be situated nearby eateries which do.

Among various service sectors, Tourism and Hospitality is the second largest contributor to the national GDP and employment growth after IT sector. The hotel industry is riding on the back of the country's resilient growth story with demand rising from domestic travelers who have more disposable income and a rising middle class. The global luxury hotel market size was USD 93.43 billion in 2020. Over 90% of the hotel rooms in India fall in the category of economy, budget and mid-market segments and serve mostly Indian travelers. However, the Covid-19 pandemic has had a unprecedented devastating impact on the economy in general and the tourism and hospitality sector in particular The Reserve Bank of India has recognized luxury hotels witnessing a negative demand shock across the globe. The market is projected to grow from USD 119.55 billion in 2021 to USD 238.49 billion in 2028 at a CAGR of 10.4% in the 2021-2028 period and this rise is attributable to this market's demand and growth returning to pre-pandemic levels once the pandemic.

The hospitality market in India for 2023/24 presents several noteworthy developments. Luxury and leisure destinations continue to be significant revenue drivers. Mumbai, New Delhi, and Bengaluru dominate the landscape, benefiting from a strong mix of M.I.C.E. and corporate travel. These cities show high room revenue per key, indicative of premium pricing and strong occupancy rates. Mumbai saw a substantial increase in room revenue, growing by over 61% year-on-year, solidifying its lead as the top city for room revenue.

Emerging leisure markets such as Rishikesh, Udaipur, and Ranthambore have posted impressive growth. Rishikesh, in particular, leads the leisure segment with the highest room revenue per key (₹35.71 lakh), reflecting growing de-mand for getaway destinations and religious tourism. Udaipur, with ₹30.51 lakh per key, highlights its position as a destination for luxury travellers, driven by high-end resorts and experiences.

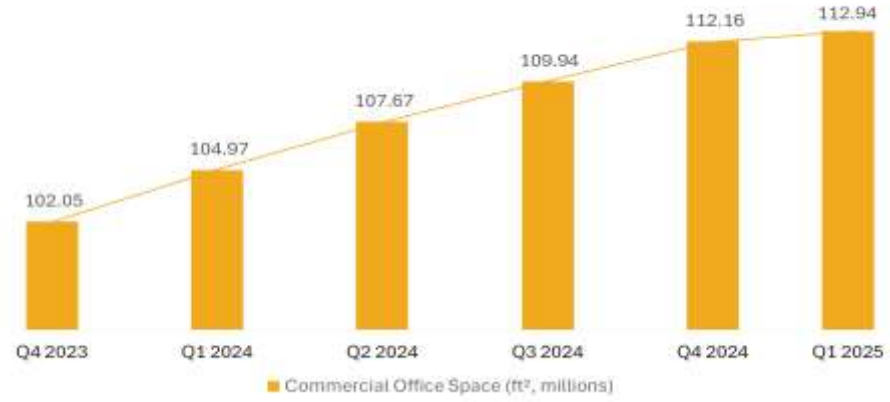
Table 1: Metro cities wise Hospitality Trends

		2022/23			
City	Hotels	Inventory	RevPAR	Room Revenue	Room Revenue/Key
Srinagar	11	590	8,231	1,77,26,00,000	30,04,407
Udaipur	26	2,109	7,993	6,04,01,00,000	28,63,964
Mumbai	68	13,579	7,409	36,15,43,00,000	26,62,516
Goa	81	8,452	7,191	21,30,24,00,000	25,20,398
Mussoorie	14	893	6,792	2,21,38,00,000	24,79,059
New Delhi	70	14,859	6,074	32,74,85,00,000	22,03,950
Shimla	14	782	5,841	1,60,96,00,000	20,58,312
Varanasi	10	560	5,465	1,08,90,00,000	19,44,643
Hyderabad	41	7,370	4,820	12,96,48,00,000	17,59,132
Chandigarh	17	1,866	4,986	3,20,14,00,000	17,15,648
Bengaluru	98	15,364	4,628	25,73,39,00,000	16,74,948

Source: 2024: Indian Hospitality Trends & Opportunities, Pg: 33

Hyderabad saw 11.9% Q2 2024 RevPAR growth over Q2 2023, followed by Delhi and Bengaluru with 11.8% and 10.4%. Hotels throughout India are doing well, thus investors are investing money into this asset class. Greenfield projects and running assets are popular in business and leisure areas. In Q2 2024, corporate roomnight demand fell due to the summer, although average daily rates (ADR) rose compared to Q2 2023.

Figure 1: Hyderabad Commercial Office Space (ft², millions)



The forthcoming festival season, rising domestic business travel, and the resumption of MICE events, weddings, and other social gatherings bode well for the industry in the next quarters.

Literature

Milica Josimovi´c 1 , Dragan Co´ckalo (2025) The share of hospitality in this regard is significant, both in terms of revenue generation and workforce engagement . The importance of hospitality is reflected not only in its direct contribution to national economies through income generation and unemployment reduction but also in its role in diversifying national economies and reducing dependency on exploitative sectors of primary and secondary industries. This is particularly significant for developing countries aiming to promote more equitable economic development and the growth of rural and marginalized regions, thereby preventing migration from these areas and improving the living standards of the local population

Jaaffar et al. (2023) say effective hotel management innovates to please customers and make their stay memorable. These innovative hotel management methods may improve customer satisfaction: (1) Advanced Technology: An online booking system, mobile check-in/check-out app, or electronic smart locks may improve efficiency and guest convenience. Personalised Service: Guest preference based service. Favourite food, drinks, hotel preferences, and special requests may improve the experience. (3). The Internet of Things (IoT) may enhance hotel comfort and efficiency. Visitors may control room features using smart temperature sensors,

automatic lighting, and other IoT devices. (4). Upgraded Room Ser-vice:

John W. O'Neill and Qu Xiao (2006) examined the causes and effects of a hotel's brand, which influences its value. Market value and brand impact are analyzed from an investor to owner perspective. The impact was studied using ANCOVA. This was the first scientific study of hotel brand effects on market pricing, according to the authors. The findings show that brand connections strongly impact hotel values.

Objectives

1. To correlate the customer economical condition to perceived service sform hotel.
2. To identify the income and demographical impact on customer satisfaction level in 3- star hotels.
3. To assess whether wealth factors have any such impact on customer satisfaction in Hotels.

Hypothesis

H_{01}: Income does not affect their perspectives on Competence and Courtesy in Hotel service satisfaction.
H_{02}: Occupation does not affect hotel perceived service and expectation in Hyderabad.
H_{03}: Marital status does not affect Competence and Courtesy Inclination views.

Sample

ITC Kakatiya, Western Ashoka, and Katriya Hotels are among the 10 "Five Star & Three Star Hotels" in Hyderabad that have been in operation for 15 years. A total of 520 3-star Hotel customers data was considered for the study analysis.

Sampling Technique

Convience sampling was used to obtain data from 10 reputable Hyderabad fiveand three-star hotels. Convenience sampling draws a sample from the nearby population. Davis, Fred, and Venkatesh (2000). People-focused evaluation of five-star hotel HR procedures. Hyderabad is the location for the empirical investigation to test the hypothetical model.

Source of Data

The research included primary and secondary sources, including a structured questionnaire. The research investigates five-star hotel hu-man resource management methods, including policies and processes, recruiting and selection, training and development, job design and specifications, quality concerns, communication systems, compensation systems, and more. Human resource management in hotels is studied using data from five-star hotels in Hyderabad. Hotel personnel received structured questionnaires.

Data Analysis

H_{01}: Income does not affect their perspectives on Competence and Courtesy in Hotel service satisfaction.

Table 2 : Cross tab values of Income & Courtesy Service

Crosstab							
Income		4.Competence and Courtesy Inclination					Total
		SD	D	N	A	SA	
20000-35000	Count	1	2	9	34	31	77
	% within Income	1.3%	2.6%	11.7%	44.2%	40.3%	100.0%
35001-50000	Count	1	10	17	56	49	133
	% within Income	0.8%	7.5%	12.8%	42.1%	36.8%	100.0%
50001-75000	Count	0	2	18	65	42	127
	% within Income	0.0%	1.6%	14.2%	51.2%	33.1%	100.0%
75001 &Above	Count	2	10	27	81	63	183
	% within Income	1.1%	5.5%	14.8%	44.3%	34.4%	100.0%
Total	Count	4	24	71	236	185	520
	% within Income	0.8%	4.6%	13.7%	45.4%	35.6%	100.0%

Table 2.1 : Chi Square values of Income & Courtesy Inclination

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	10.083[a]	12	.609
Likelihood Ratio	11.547	12	.483
Linear-by-Linear Association	.745	1	.388
N of Valid Cases	520		
a. 5 cells (25.0%) have expected count less than 5. The minimum expected count is .59.			

Chi square is not significant (sig. value is 0.609>0.05) in the table above, hence null hypothesis is not rejected. Thus, money does not affect their perspectives on Competence and Courtesy Inclination. It indicates money does not affect Competence and Courtesy Inclination.

H_{02}: Occupation does not affect hotel perceived service and expectation in Hyderabad.

Table 3: Cross tab values of Occupation & Courtesy Inclination

Crosstab								
			4.Competence and Courtesy Inclination					Total
			SD	D	N	A	SA	
Occupation	Private sector	Count	2	8	20	75	61	166
		% within Occup.	1.2%	4.8%	12.0%	45.2%	36.7%	100.0%
	Business	Count	0	5	21	71	53	150
		% within Occup.	0.0%	3.3%	14.0%	47.3%	35.3%	100.0%
	Govt. / Public sector	Count	1	5	10	32	39	87
		% within Occup.	1.1%	5.7%	11.5%	36.8%	44.8%	100.0%
	Professional	Count	0	1	6	30	7	44
		% within Occup.	0.0%	2.3%	13.6%	68.2%	15.9%	100.0%
	Retired	Count	1	5	5	14	16	41
		% within Occup.	2.4%	12.2%	12.2%	34.1%	39.0%	100.0%
	Student	Count	0	0	9	14	9	32
		% within Occup.	0.0%	0.0%	28.1%	43.8%	28.1%	100.0%
Total		Count	4	24	71	236	185	520
		% within Occup.	0.8%	4.6%	13.7%	45.4%	35.6%	100.0%

Table 3.1: Chi Square values of Occupation & Courtesy Inclination

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	32.611[a]	20	.037
Likelihood Ratio	33.281	20	.031
Linear-by-Linear Association	1.661	1	.197
N of Valid Cases	520		
a. 11 cells (36.7%) have expected count less than 5. The minimum expected count is .25.			

Table shows substantial chi-square value (sig. value = 0.037< 0.05), rejecting null hypothesis. It suggests employment strongly influences Competence and Courtesy Inclination viewpoints. It indicates profession affects competence and courtesy.

H_{03}: Marital status does not affect Competence and Courtesy Inclination views.

Table 4 : Cross tab values of Marital Status & Courtesy Inclination

Crosstab								
			4.Competence and Courtesy Inclination					Total
			SD	D	N	A	SA	
M.Status	Married	Count	2	12	38	131	101	284
		% within M.Status	0.7%	4.2%	13.4%	46.1%	35.6%	100.0%
	Unmarried	Count	2	12	33	105	84	236
		% within M.Status	0.8%	5.1%	14.0%	44.5%	35.6%	100.0%
Total		Count	4	24	71	236	185	520
		% within M.Status	0.8%	4.6%	13.7%	45.4%	35.6%	100.0%

Table 4.1 : Chi Square values of Marital Status &Courtesy Inclination

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	.351[a]	4	.986
Likelihood Ratio	.350	4	.986
Linear-by-Linear Association	.130	1	.719
N of Valid Cases	520		
a. 2 cells (20.0%) have expected count less than 5. The minimum expected count is 1.82.			

Chi square is not significant (sig. value is 0.986>0.05) in the table above, hence null hypothesis is not rejected. Thus, marital status does not affect Competence and Courtesy Inclination views. Competence and Courtesy Inclination is not marital status-dependent.

Discussion Results

Hyderabad is quickly emerging as a hub for medical tourism, driven by competitive pricing, excellent air connectivity, and high-quality healthcare services. Each month, the city sees an influx of about 1,000 international visitors seeking medical care, primarily from African countries, the Middle East, and Southeast Asia. Private healthcare providers have expanded into new areas like Gachibowli, Nanakramguda, and Madhapur, fueling the city's status as a major medical destination. In addition, the state government's establishment of the country's largest medical devices park at Sultanpur has further reinforced Hyderabad's position as a healthcare leader. As a pharma and life sciences hub of the world, Hyderabad is poised to grow to a US$ 100 billion business generator by 2030.

As the city transforms into a dominant IT and corporate powerhouse centered around HITEC City and Gachibowli, consumer preferences are splitting. The expanding middle class demands "value-driven luxury," squeezing traditional 3-star properties between high-end midscale chains and premium economy alternatives. 3-star hotels in Hyderabad can no longer survive merely by being a "cheap bed." To remain economically viable, operators must deploy modern operational models—such as modular construction or automated check-in systems—to deliver the upscale, reliable experiences that wealthy, modern professionals expect. The findings of the study yielded significant findings various dimensions. In the Tangibility construct, guests rated the hotel's physical appearance and cleanliness lower than expected, while the hotel website exceeded expectations. (Mishra, A. B. et al., 2023) Responsiveness analysis showed that concerns were promptly addressed, but transportation services fell short. Assurance-related findings indicated inconsistent staff behavior, though policies and procedures communication exceeded expectations.

The results of this investigation show that there are significant differences between the expectations of customers and their actual experiences in terms of tangibility, dependability, responsiveness, assurance, and empathy. The findings point out areas where 3-star hotels in Hyderabad may improve in order to raise visitor satisfaction and fulfil or surpass customer expectations.

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