Prof. Parvadhavardhini Gopalakrishnan
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Manipal University, Manipal – 576 104
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Globalisation of Hotel Industry

Prof. Parvadhavardhini: Principal, Welcomgroup Graduate School of Hotel Administration, Manipal University, India
Globalization (or globalisation) is the process of international integration arising from the interchange of world views, products, ideas, and other aspects of culture.


-Albrow, Martin and Elizabeth King (eds.) (1990).
INTERNATIONAL TOURISM 2012

International tourist arrivals (ITA): 1,035 million
International tourism receipts (ITR): US$ 1,075 billion (bn)

Source: UNWTO Tourism Highlights, 2013

Prof. Parvadhavardhini : Principal, Welcomgroup Graduate School of Hotel Administration, Manipal University, India
Demographics

Prof. Parvadhavardhini : Principal, Welcomgroup Graduate School of Hotel Administration, Manipal University, India
India’s median age vis-a-vis other countries (in years)

<table>
<thead>
<tr>
<th>Country</th>
<th>Median Age</th>
</tr>
</thead>
<tbody>
<tr>
<td>India</td>
<td>26.2</td>
</tr>
<tr>
<td>World</td>
<td>28.4</td>
</tr>
<tr>
<td>Brazil</td>
<td>29.3</td>
</tr>
<tr>
<td>China</td>
<td>35.5</td>
</tr>
<tr>
<td>Russia</td>
<td>38.7</td>
</tr>
<tr>
<td>US</td>
<td>36.9</td>
</tr>
<tr>
<td>Germany</td>
<td>44.9</td>
</tr>
</tbody>
</table>

Source: CIA World Fact Book

Prof. Parvadhavardhini: Principal, Welcomgroup Graduate School of Hotel Administration, Manipal University, India
Distribution of population by religion:
- Hindu: 81%
- Sikh: 2%
- Muslim: 2%
- Christian: 2%
- Others: 13%

Distribution of population by language:
- Hindi: 41%
- Urdu: 14%
- Bengali: 7%
- Gujarati: 7%
- Kannada: 6%
- Malayalam: 5%
- Telugu: 5%
- Marathi: 4%
- Tamil: 3%
- Others: 2%

Source: CIA World Fact book
Distribution of population by education:

- School till standard four: 19%
- School till standard nine: 10%
- Senior/higher secondary: 6%
- College (but not graduate): 2%
- Graduate: 2%
- Postgraduate: 4%
- Illiterate: 2%
- Literate (but not formal): 19%
- Executive: 34%

Source: CMIE, MOSPI

Distribution of population by occupation:

- Skilled worker: 36%
- Businessman: 12%
- Petty trader: 13%
- Student: 10%
- Executive: 18%
- Not working: 8%
- Unskilled worker: 2%
- Retired: 1%

Source: CMIE, MOSPI
Tourism Statistics

Prof. Parvadhavardhini : Principal, Welcomgroup Graduate School of Hotel Administration, Manipal University, India
Top 20 Destinations by International Tourist Arrivals
2000 and 2010 (in millions)

- Spain: 46.4 (2010) vs 52.7 (2000)
- Italy: 43.6 (2010) vs 41.2 (2000)
- Turkey: 9.6 (2010) vs 27.0 (2000)
- Austria: 18.0 (2010) vs 22.0 (2000)
- Poland: 12.6 (2010) vs 17.4 (2000)

Source: Organisation mondiale du tourisme

Top 20 Destinations by International Tourism Receipts
2000 and 2010 (in US$ billions)

- Spain: 52.5 (2010) vs 30.0 (2000)
- Germany: 34.7 (2010) vs 18.7 (2000)
- Hong Kong: 23.0 (2010) vs 5.9 (2000)

Source: Organisation mondiale du tourisme

Prof. Parvadhavardhini: Principal, Welcomgroup Graduate School of Hotel Administration, Manipal University, India
## International Tourist Arrivals

<table>
<thead>
<tr>
<th>Rank</th>
<th>Country</th>
<th>Series¹</th>
<th>2011</th>
<th>2012*</th>
<th>11/10</th>
<th>12*/11</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>France</td>
<td>TF</td>
<td>81.6</td>
<td>83.0</td>
<td>5.0</td>
<td>1.8</td>
</tr>
<tr>
<td>2</td>
<td>United States</td>
<td>TF</td>
<td>62.7</td>
<td>67.0</td>
<td>4.9</td>
<td>6.8</td>
</tr>
<tr>
<td>3</td>
<td>China</td>
<td>TF</td>
<td>57.6</td>
<td>57.7</td>
<td>3.4</td>
<td>0.3</td>
</tr>
<tr>
<td>4</td>
<td>Spain</td>
<td>TF</td>
<td>56.2</td>
<td>57.7</td>
<td>6.6</td>
<td>2.7</td>
</tr>
<tr>
<td>5</td>
<td>Italy</td>
<td>TF</td>
<td>46.1</td>
<td>46.4</td>
<td>5.7</td>
<td>0.5</td>
</tr>
<tr>
<td>6</td>
<td>Turkey</td>
<td>TF</td>
<td>34.7</td>
<td>35.7</td>
<td>10.5</td>
<td>3.0</td>
</tr>
<tr>
<td>7</td>
<td>Germany</td>
<td>TCE</td>
<td>28.4</td>
<td>30.4</td>
<td>5.5</td>
<td>7.3</td>
</tr>
<tr>
<td>8</td>
<td>United Kingdom</td>
<td>TF</td>
<td>29.3</td>
<td>29.3</td>
<td>3.6</td>
<td>-0.1</td>
</tr>
<tr>
<td>9</td>
<td>Russian Federation</td>
<td>TF</td>
<td>22.7</td>
<td>25.7</td>
<td>11.9</td>
<td>13.4</td>
</tr>
<tr>
<td>10</td>
<td>Malaysia</td>
<td>TF</td>
<td>24.7</td>
<td>25.0</td>
<td>0.6</td>
<td>1.3</td>
</tr>
</tbody>
</table>

Source: World Tourism Organization (UNWTO)

TF: International tourist arrivals at frontiers (excluding same-day visitors); VF: International visitor arrivals at frontiers (tourists and same-day visitors); THS: International tourist arrivals at hotels and similar establishments; TCE: International tourist arrivals at collective tourism establishments.

Prof. Parvadhavardhini : Principal, Welcomgroup Graduate School of Hotel Administration, Manipal University, India
<table>
<thead>
<tr>
<th>Rank</th>
<th>Country</th>
<th>2011 Billion</th>
<th>2012* Billion</th>
<th>Change (%)</th>
<th>Change (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>United States</td>
<td>115.6</td>
<td>126.2</td>
<td>11.7</td>
<td>9.2</td>
</tr>
<tr>
<td>2</td>
<td>Spain</td>
<td>59.9</td>
<td>55.9</td>
<td>14.0</td>
<td>-6.6</td>
</tr>
<tr>
<td>3</td>
<td>France</td>
<td>54.5</td>
<td>53.7</td>
<td>16.2</td>
<td>-1.5</td>
</tr>
<tr>
<td>4</td>
<td>China</td>
<td>48.5</td>
<td>50.0</td>
<td>5.8</td>
<td>3.2</td>
</tr>
<tr>
<td>5</td>
<td>Macao (China)</td>
<td>38.5</td>
<td>43.7</td>
<td>38.3</td>
<td>13.7</td>
</tr>
<tr>
<td>6</td>
<td>Italy</td>
<td>43.0</td>
<td>41.2</td>
<td>10.9</td>
<td>-4.2</td>
</tr>
<tr>
<td>7</td>
<td>Germany</td>
<td>38.9</td>
<td>38.1</td>
<td>12.1</td>
<td>-1.9</td>
</tr>
<tr>
<td>8</td>
<td>United Kingdom</td>
<td>35.1</td>
<td>36.4</td>
<td>8.2</td>
<td>3.7</td>
</tr>
<tr>
<td>9</td>
<td>Hong Kong (China)</td>
<td>27.7</td>
<td>32.1</td>
<td>24.6</td>
<td>16.0</td>
</tr>
<tr>
<td>10</td>
<td>Australia</td>
<td>31.5</td>
<td>31.5</td>
<td>8.1</td>
<td>0.2</td>
</tr>
</tbody>
</table>

(Data as collected by UNWTO June 2013)
Month-wise Foreign Tourist Arrivals in India, 2011-2013 (till June)

Source: Bureau of Immigration, Govt. of India (for 2011 & 2012)
Ministry of Tourism, Govt. of India (for 2013)

Prof. Parvadhavardhini: Principal, Welcomgroup Graduate School of Hotel Administration, Manipal University, India
Percentage share of Top 10 Countries for FTAs in India in 2012

- USA: 15.81%
- UK: 11.98%
- Bangladesh: 7.40%
- Sri Lanka: 4.52%
- Canada: 3.89%
- Germany: 3.88%
- France: 3.66%
- Japan: 3.34%
- Australia: 3.07%
- Malaysia: 2.98%
- Others: 39.47%

Source: Bureau of Immigration, Govt. of India (2012)
Economy

Prof. Parvadhavardhini : Principal, Welcomgroup Graduate School of Hotel Administration, Manipal University, India
Hotel market cycle 2013 – North Asia and India

- RevPAR growth slowing
  - Hong Kong, Macau
- RevPAR falling
  - Guangzhou
- RevPAR rising
  - Seoul, Taipei, Beijing, Osaka, Tokyo, Okinawa
- RevPAR decline slowing
  - New Delhi, Mumbai, Bangalore, Shanghai

Source: Jones Lang LaSalle
Prof. Parvadhavardhini: Principal, Welcomgroup Graduate School of Hotel Administration, Manipal University, India

Hotel market cycle 2013 – North America

- RevPAR growth slowing
- RevPAR falling
- RevPAR rising
- RevPAR decline slowing

Source: Jones Lang LaSalle
Indian Hospitality Cycle

Source: HVS Report and Industry Inputs

Prof. Parvadhavardhini: Principal, Welcomgroup Graduate School of Hotel Administration, Manipal University, India
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Canada</td>
<td>1.1</td>
<td>-2.8</td>
<td>3.2</td>
<td>2.6</td>
<td>2.1</td>
<td>1.9</td>
<td>2.5</td>
</tr>
<tr>
<td>United States</td>
<td>-0.3</td>
<td>-3.1</td>
<td>2.4</td>
<td>1.8</td>
<td>2.1</td>
<td>1.9</td>
<td>2.8</td>
</tr>
<tr>
<td>France</td>
<td>-0.2</td>
<td>-3.1</td>
<td>1.6</td>
<td>1.7</td>
<td>0.1</td>
<td>0.0</td>
<td>0.5</td>
</tr>
<tr>
<td>Germany</td>
<td>0.8</td>
<td>-5.1</td>
<td>4.0</td>
<td>3.1</td>
<td>1.0</td>
<td>0.9</td>
<td>1.1</td>
</tr>
<tr>
<td>U.K.</td>
<td>-1.0</td>
<td>-4.0</td>
<td>1.8</td>
<td>0.9</td>
<td>-0.1</td>
<td>1.1</td>
<td>1.5</td>
</tr>
<tr>
<td>Netherlands</td>
<td>1.8</td>
<td>-3.7</td>
<td>1.6</td>
<td>1.1</td>
<td>-1.0</td>
<td>-0.4</td>
<td>0.5</td>
</tr>
<tr>
<td>Spain</td>
<td>0.9</td>
<td>-3.7</td>
<td>-0.3</td>
<td>0.4</td>
<td>-1.3</td>
<td>-1.5</td>
<td>-0.7</td>
</tr>
<tr>
<td>China PRC</td>
<td>9.6%</td>
<td>9.2%</td>
<td>10.5%</td>
<td>9.3%</td>
<td>7.6%</td>
<td>(7.8%)</td>
<td>8.3%</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>2.1%</td>
<td>-2.5%</td>
<td>6.8%</td>
<td>4.9%</td>
<td>1.8%</td>
<td>3.7%</td>
<td>4.6%</td>
</tr>
<tr>
<td>India</td>
<td>4.9%</td>
<td>7.1%</td>
<td>9.6%</td>
<td>6.9%</td>
<td>5.1%</td>
<td>(5.8%)</td>
<td>6.9%</td>
</tr>
<tr>
<td>Japan</td>
<td>-1.1%</td>
<td>-5.5%</td>
<td>4.6%</td>
<td>-0.7%</td>
<td>1.7%</td>
<td>0.3%</td>
<td>2.0%</td>
</tr>
<tr>
<td>South Korea</td>
<td>2.3%</td>
<td>0.3%</td>
<td>6.3%</td>
<td>3.6%</td>
<td>2.1%</td>
<td>2.0%</td>
<td>3.6%</td>
</tr>
<tr>
<td>Taiwan</td>
<td>0.7%</td>
<td>-1.8%</td>
<td>10.7%</td>
<td>4.0%</td>
<td>1.2%</td>
<td>3.3%</td>
<td>4.4%</td>
</tr>
<tr>
<td>Singapore</td>
<td>1.7%</td>
<td>-1.0%</td>
<td>14.8%</td>
<td>4.9%</td>
<td>2.0%</td>
<td>2.9%</td>
<td>4.0%</td>
</tr>
<tr>
<td>Australia</td>
<td>2.5%</td>
<td>1.4%</td>
<td>2.5%</td>
<td>2.1%</td>
<td>3.4%</td>
<td>2.3%</td>
<td>2.9%</td>
</tr>
<tr>
<td>New Zealand</td>
<td>-0.6%</td>
<td>-0.2%</td>
<td>0.9%</td>
<td>0.5%</td>
<td>1.8%</td>
<td>2.7%</td>
<td>2.8%</td>
</tr>
</tbody>
</table>

Source: HIS Global Insight

Prof. Parvadhavardhini : Principal, Welcomgroup Graduate School of Hotel Administration, Manipal University, India
Hotel / Restaurant Share to GDP

Source: CSO & FICCI Research

Prof. Parvadhavardhini : Principal, Welcomgroup Graduate School of Hotel Administration, Manipal University, India
Month-wise Foreign Exchange Earnings from Tourism in India, 2011-2013 (till June)

Source: Ministry of Tourism, Govt. of India
Country wise FDI inflows

Source: Lok Sabha (figures are in $ million)

Prof. Parvadhavardhini: Principal, Welcomgroup Graduate School of Hotel Administration, Manipal University, India
SECTOR-WISE DISTRIBUTION OF FDI EQUITY INFLOWS
(Cumulative, between April 2000 to February 2011)

Source: Department of Industrial Policy and Promotion, Govt. of India (2013)

Prof. Parvadhavardhini : Principal, Welcomgroup Graduate School of Hotel Administration, Manipal University, India
Top Cities by FDI

Source: Lok Sabha (figures are in $ million)

Prof. Parvadhavardhini : Principal, Welcomgroup Graduate School of Hotel Administration, Manipal University, India
Market Scenario
Number of Hotels in India

Source: Various Issues of India Tourism Statistics, Market Research Division, M/o Tourism
http://mospi.nic.in/mospi_new/upload/SYB2013/index1.html

Prof. Parvadhavardhini : Principal, Welcomgroup Graduate School of Hotel Administration, Manipal University, India
Domestic Hotel Brands by Existing Inventory

- The Park
- Concept Hospitality
- ITDC
- The Leela
- Royal Orchid
- Lemon Tree
- ElH (Oberoi)
- Sarovar
- ITC Hotels
- IHC (Taj)

Source: HICSA 2013
International Hotel Brands by Existing Inventory

Source: HICSA 2013
## India Market Performance for 2012

<table>
<thead>
<tr>
<th>Market</th>
<th>Occupancy (%)</th>
<th>ADR* (in Rs)</th>
<th>RevPAR** (in Rs)</th>
<th>Supply (Rooms available)</th>
<th>Demand (Rooms sold)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>This Year</td>
<td>% Chg</td>
<td>This Year</td>
<td>% Chg</td>
<td>This Year</td>
</tr>
<tr>
<td>Delhi</td>
<td>62.3</td>
<td>-0.7</td>
<td>7,576.92</td>
<td>-6.8</td>
<td>4,721.42</td>
</tr>
<tr>
<td>Mumbai</td>
<td>62.5</td>
<td>-2.2</td>
<td>7,961.86</td>
<td>-4.3</td>
<td>4,977.14</td>
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<tr>
<td>Chennai</td>
<td>59.4</td>
<td>-9.5</td>
<td>5,938.98</td>
<td>-2.4</td>
<td>3,530.15</td>
</tr>
<tr>
<td>Jaipur</td>
<td>56.0</td>
<td>2.3</td>
<td>4,913.34</td>
<td>-2.4</td>
<td>2,749.86</td>
</tr>
<tr>
<td>Goa</td>
<td>66.8</td>
<td>-1.0</td>
<td>6,605.37</td>
<td>5.1</td>
<td>4,410.38</td>
</tr>
<tr>
<td>Kolkata</td>
<td>71.0</td>
<td>0.6</td>
<td>6,316.58</td>
<td>1.9</td>
<td>4,483.27</td>
</tr>
</tbody>
</table>

* Average daily rate.  ** Revenue per available room  Source: STR Global
Source of Revenue

Source: Indian Hotel Industry Survey 2011-2012 by FHRAI and HVS

Prof. Parvadhavardhini: Principal, Welcomgroup Graduate School of Hotel Administration, Manipal University, India
Government Policies

Prof. Parvadhavardhini : Principal, Welcomgroup Graduate School of Hotel Administration, Manipal University, India
- Export Promotion Capital
- Goods Scheme (EPCG)
- Served from India Scheme
- Export house status
- Foreign investment
- Foreign collaboration
- New industrial policy
Expansion Plans

Prof. Parvadhavardhini: Principal, Welcomgroup Graduate School of Hotel Administration, Manipal University, India
## Expansion plans of global hotel majors in India

<table>
<thead>
<tr>
<th>Brands present in India</th>
<th>Existing hotels</th>
<th>Planned hotels (Est.)</th>
<th>By</th>
<th>Some of the development partners for India</th>
<th>Expansion Category</th>
<th>New brands being launched in India</th>
</tr>
</thead>
<tbody>
<tr>
<td>InterContinental Hotels Group</td>
<td>12</td>
<td>~150</td>
<td>2020</td>
<td>Deut Hotels (with equity infusion), Nama Hotels</td>
<td>Mid market</td>
<td>Holiday Inn express</td>
</tr>
<tr>
<td>Wyndham Hotels</td>
<td>14</td>
<td>~60-70</td>
<td>2017</td>
<td>Chatwal group, non-exclusive</td>
<td>Mid</td>
<td>Howard Johnson</td>
</tr>
<tr>
<td>Marriott International</td>
<td>18</td>
<td>~80-100</td>
<td>2015</td>
<td>SAMHI Hotels Private Limited—a hotel and investment company</td>
<td>Across segments</td>
<td>Fairfield, Ritz</td>
</tr>
<tr>
<td>Hilton Worldwide</td>
<td>8</td>
<td>~50-60</td>
<td>2016</td>
<td>Eros Resorts &amp; Hotels</td>
<td>Luxury/premium and mid market</td>
<td>Hilton’s full-service brands-Hilton and Double Tree, as well as its mid-market, focused-service Hilton Garden Inn and Hampton. The company also plans to introduce its luxury Conrad and Waldorf Astoria brands</td>
</tr>
<tr>
<td>Accor Group</td>
<td>13</td>
<td>~90-100</td>
<td>2015</td>
<td>Exclusive agreement with Interglobe Enterprises Limited (with equity infusion) for Ibis properties. Formule 1 properties to be owned by Accor. Non exclusive agreements with Shree Naman developers and Brigade group</td>
<td>Luxury, mid scale and budget</td>
<td>Formule 1, Sofitel and Pullman</td>
</tr>
<tr>
<td>Choice Hotels International</td>
<td>27</td>
<td>~100</td>
<td>Next 5-7 yrs</td>
<td>Royal Indian Raj International Corporation (RIRIC)</td>
<td>Mid market</td>
<td>Sleep Inn, Cambria Suites, Econo Lodge</td>
</tr>
</tbody>
</table>

Source: Industry and ICRA Estimates
## Expansion plans of global hotel majors in India contd..

<table>
<thead>
<tr>
<th>Brands present in India</th>
<th>Existing hotels</th>
<th>Planned hotels (Est.)</th>
<th>By</th>
<th>Some of the development partners for India</th>
<th>Expansion Category</th>
<th>New brands being launched in India</th>
</tr>
</thead>
<tbody>
<tr>
<td>Best Western international</td>
<td>Best Western, Best Western Plus</td>
<td>34</td>
<td>46</td>
<td>2017</td>
<td>-</td>
<td>3/4 and 5 star</td>
</tr>
<tr>
<td>Carlson group</td>
<td>Radisson Blu, Country Inn &amp; Suites, Park Inn, Park Plaza</td>
<td>46</td>
<td>100 hotels (20% of the group’s contracted pipeline)</td>
<td>2015</td>
<td>Country Development and Management Services (CDMS), a joint venture between Carlson and Chanakya Hotels; Real estate firm Pioneer Urban Land and Infrastructure</td>
<td>Mid market and premium</td>
</tr>
<tr>
<td>Hyatt Hotels Corporation</td>
<td>Hyatt Regency, Grand Hyatt, Park Hyatt</td>
<td>8</td>
<td>50</td>
<td>-</td>
<td>-</td>
<td>Premium</td>
</tr>
</tbody>
</table>

**Source: Industry and ICRA Estimates**
Insights from CEO’s

Prof. Parvadhavardhini : Principal, Welcomgroup Graduate School of Hotel Administration, Manipal University, India
Prof. Parvadhavardhini: Principal, Welcomgroup Graduate School of Hotel Administration, Manipal University, India

Source: PWC Survey (2012)

Hospitality Insights from Indian CEO’s desk
“UK, USA and Germany account for as much as 55% to 60% of the business in most of the premium hotels in India. These source markets have begun to put out and we have got to realise that, but what is a very positive thing and I think most hotels chains should do is that we must have a clear look east policy.

Nakul Anand,
Executive Director,
ITC Hotels

“Any business that is derived and cyclical in nature must be able to vary its costs according to the cycle that it is in. Therefore, you must creatively look to see how much of your cost you can keep as variable. At any point of time, a good measure of success is the variable to fixed cost ratio.”

Prof. Parvadhavardhini : Principal, Welcomgroup Graduate School of Hotel Administration, Manipal University, India
The domestic market is still not that badly affected but may get so if there is any major problem with time as the effect of the global economic situation is going to have an impact on India sooner or later.

Apurv Kumar,
Joint Managing Director,
Clarks Group of Hotels
“Business travel primarily focusses at the mega cities. But if you look at Bangalore it has got 8% growth in a year. As the secondary and tertiary cities develop, there is an opportunity for expanding business from business travellers, and MICE is a natural by-product of this.”

Chris Moloney, Chief Operating Officer South West Asia, InterContinental Hotel Group
What we are experiencing today is MICE being very strong and see immense growth, its a big part of our success story. But, challenge in India is the infrastructure. When we look at major MICE destinations like Singapore, Sydney, Hongkong, and even Dubai, etc. the government has created phenomenal infrastructure to attract global MICE players. Because of less developed infrastructure the MICE business goes out of India.

Rajeev Menon, Area Vice President - India, Malaysia, Maldives and Australia, Marriott International
"Higher disposable income is driving domestic tourism. In terms of promotion, all the options available today can be seen online and it is very convenient for customers to access the available options. This has made a huge difference to the industry."

Chander Baljee,
Chairman and Managing Director,
Royal Orchid

Prof. Parvadhavardhini: Principal, Welcomgroup Graduate School of Hotel Administration, Manipal University, India
All categories are under served at this point of time. Though there are fewer cities where you can have five-star hotels but much larger number of cities with greater potential for budget category hotels in India.

Anil Madhok, Managing Director, Sarovar Hotels & Resorts
"The sector shall continue to grow, this sector has a very stable life and long term outlook as the asset itself takes 3 years to develop and 2-3 years to mature. Hence from vision to end it takes a good five years."

Vikram Kamat, Executive Director, Kamat Hotels (India) Limited
Currently the market is very competitive with India being the focus for almost all the major hospitality companies. Certain market especially Tier 1 cities will see a lot of new hotels openings in the next two to three years which will slow down RevPAR growth in the short term.

K B Kachru, Executive Vice President, South Asia, Carlson Hotels, Asia Pacific
The share of population and the on-going development in the country itself leads to potentially a long-term growth. The middle class is emerging strong, so there will be growth in the mid-market and budget segments. As more international travellers arrive in India, all segments will witness growth, and most importantly the upscale or 5 star segment.

Deepika Arora, Vice - President, International Development, Indian Ocean Wyndham Worldwide
The mid-market and the budget hotels in India have the maximum potential given the domestic demand from business and tourism sources. Luxury hotels call for a huge investment (per project) and have longer gestation periods, as compared to mid-scale budget hotels given the investments involved in projects. However, overall investment is likely to be maximum in the mid-scale hotels.

Vilas Pawar, Chief Executive Officer, Choice Hotels
Degree of synergies and centralization depends upon the brands you are using. The higher or unique the experience the more decentralization is needed. The more you are in mid-market the more efficiency you can drive from centralization.

Chris Moloney, Chief Operating Officer, South West Asia, InterContinental Hotel Group
Synergy exploitation should be by brands, independent of geography. Over the next one to two years it will be more geography driven and after that it will be more brand focus.

Rahul Pandit, Chief Operating Officer, Lemon Tree Hotels
"The battle for market share in future will not be just fought over the guest it will be fought over talent. Hotel companies to attract talent would become the big differentiator. Hospitality is a business with people at the centre of it. Every hotel moment is an experience."

Dilip Puri,
Managing Director (India)
and Regional V.P. - South Asia,
Starwood Hotels & Resorts
Companies are also taking the initiative of opening institutes and hotel management programmes due to acute shortage of quality training centres. There is a big gap in this segment, with dearth of good colleges and lack of quality training.

Sudhir Sinha,
President and Chief Operating Officer, Best Western
"There is a talent war in the industry. The churn rate in front office in many hotels can be as high as 100% and employee retention becomes important. We take efforts to create a healthy and fun work environment starting right from induction program with activities like giving them a make over, team building and work culture oriented events."

Sanjay Sethi, Managing Director and CEO, Berggruen Hotels Private Limited
The biggest challenge the industry faces is the approval or licenses process in India. These vary from state to state and there are approximately 80 permissions needed to set up a hotel in India. Though the government initiated formation of a committee to facilitate this process it never really took off.

Vivek Nair, Vice Chairman and Managing Director, Leela Palaces, Hotels and Resorts
THE PROBLEM

With the downturn, occupancy remains low

Operating costs have risen 20 to 40 per cent in the last three years

Land prices are up, stymieing expansion plans

THE WAY OUT

Invest in the mid-market and budget categories, where reaching break-even point is relatively quick

Try new business models such as mixed-use development, or build two hotels catering to different categories in the same complex

Cut down on costs through better design and better utilisation of manpower