

# Indian Hotel Industry Overview & Opportunities



Australian Government  
Australian Trade Commission

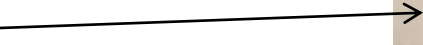


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# Contents

- Key facts
- Advantage India
- Market overview
- Emerging Trends
- Investments
- Key initiatives
- Opportunities
- About HICSA 2011
- Hotel development mission
- AUSTRADE

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# INDIA – Travel and Tourism

## KEY FACTS AT A GLANCE

- Contribution of travel and tourism to GDP expected to rise from AUD 120 bn in year 2010 to AUD 350 bn by year 2020
- Average growth of 8.5% over the next 10 years in this sector
- Export earnings from international visitors to grow to AUD 36 bn by 2010
- Investment estimated to touch AUD 120 bn by year 2020.
- India has a world ranking of 12<sup>th</sup> in terms of actual market size and is 4<sup>th</sup> in terms of growth forecast

Source : WTTC, Travel & Tourism Economic Impact 2010, INDIA

# Advantage India

- The [WTO \(World Travel Organization\)](#) predicts that India will receive 25 million tourists by year 2015.
- Stable and consistent growth projected
- India currently has over 200,000 hotel rooms spread across hotel categories and guest-houses and is still facing a shortfall of over 100,000 rooms ([Source: FHRAI](#))
- India to become a major hub for medical tourism, with revenues from the industry estimated to grow to US\$ 2.2 billion by 2012,  
*SOURCE - Confederation of Indian Industry (CII) and McKinsey*
- India will add almost 114,000 hotel guest rooms to its inventory over the next five years. ([Source: HVS](#))

# Market Overview

- High annual growth rates
- The Indian hotel industry - Direct beneficiary of the growth in the economy and the tourism industry
- Companies moving up the value chain to management contracts and co-branding of properties
- Reforms in aviation sector have helped fuel growth
- Liberalization in the regulatory framework in India
- Increased visibility of India due to business and sporting events



## Emerging Trends

- Huge spurt in International Brands
- The emerging market – Budget & Business Hotels
- Better infrastructure and air connectivity
- More international brands and large domestic players entering the fray
- Shift of focus away from the metros into Tier I and Tier II cities

(Source : Dept. of Tourism, Government of India Annual Report 2009 – 2010)



## Investments

- Indian Hotels Company (Taj Group) plans to construct 50 budget hotels under the Ginger brand in the next four years.
- East India Hotels plans to develop 750 additional hotel rooms under the Trident brand in the next 2.5 years.
- Carlson plans to increase its presence in India to 78 hotels by 2012, from 28 in 2009.
- Marriott plans to open 30 hotels in India in the next three years.
- Hyatt Group has plans to open 15 new hotels in by 2015

Source : [Rediff Business website](#), [The Hindu website](#), [HospitalitybizIndia.com](#),

Leading hotel brands in various stages of commencement of operations in India,

- MGM Mirage Hospitality, Amari from Thailand, Fairmont Raffles Hotels, Golden Tulip Hotels, Movenpick Hotels and Resorts, Corinthia Hotel Group from Europe, Hilton, Starwood, Choice, International, Accor

Source [www.india-insights.co.uk](http://www.india-insights.co.uk)

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## Key Initiatives

- 29 Mega Tourism projects across 22 Indian states
- Focus on basic infrastructure
- Conservation and eco sensitive plans
- Focus on private sector
- Looking beyond traditional tourism avenues into areas such as
  - Rural tourism
  - Eco tourism
  - Medical tourism
  - Adventure tourism
  - Cruise and Heliport tourism

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# Opportunities

## Investment in smaller cities

- Hospitality chains looking upcountry
- Emerging need for a suitable project mix
- International hospitality chains are expected to acquire local players to increase their presence in the country.
- More room for strategic alliances and partnerships
- All players are looking at faster turn around times
- GREEN Technology is the in thing

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## Opportunities...contd.

### **Diversification into new segments**

- All hospitality chains local and international are now diversifying into new product segments,
- IHCL has already launched budget hotels in India, while Accor has announced similar plans

### **Quality and Scalability**

- Higher impetus on scalability
- High quality expectations and need for more innovation and eco-friendly solutions are also driving hotel operators to look for options elsewhere

# Key Challenges

## Internal

- Intercultural differences (negotiation, “foreigners are different”)
- Work standards and ethics (attitude, follow up, time and task management etc’)
- Infrastructure (roads, traffic)
- Safety and Security
- Skilled manpower shortage, quality of final product
- Planning and execution, (lack of co-ordination, sequence of work)
- Availability of products and cost associate (need to import materials V. local brands)

## Regulatory

- Bureaucracy and transparency (no set standard of requirements, visa regulations, Provident Fund)
- No audit body or procedure
- No uniformity in taxes between one state to another
- No uniformity in rules & regulations between one state to another
- No master plan

## External

- Inflation
- Impact of terrorism / security



**India's definitive trade event for the hospitality industry.**

### **About HICSA**

Hotel Investment Conference South-Asia (HICSA) is the platform for industry participants to exchange ideas and discuss the future of the industry.

### **Participation**

Participation in HICSA is valued as much for its networking opportunities and high-level contacts, as for its content-rich sessions

### **Networking**

Organised on the sidelines of the main event, there are two networking dinners where the who is who of industry would be present and is the place to be to make contacts and understand the business in India.

For more information and to register as a delegate, visit [www.hicsaconference.com](http://www.hicsaconference.com)

# The Hotel Development Mission

- The stops
  - Bangalore
  - Mumbai
  - Pune
  - Lavasa

**ITC Royal Gardenia – LEED Platinum Rated Green Building**



- The activities
  - Tailored one-one-one meetings
  - Product /corporate presentations
  - Networking events

**An artists impression of Lavasa post development**





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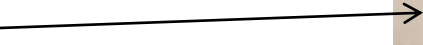
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