

## INTRODUCTION

Hotel Industry in India has witnessed tremendous boom in recent years. Hotel Industry is inextricably linked to the tourism industry and the growth in the Indian tourism industry has fuelled the growth of Indian hotel industry. The thriving economy and increased business opportunities in India have acted as a boon for Indian hotel industry. The arrival of low cost airlines and the associated price wars have given domestic tourists a host of options. The **'Incredible India'** destination campaign and the recently launched **'Atithi Devo Bhavah' (ADB) campaign** have also helped in the growth of domestic and international tourism and consequently the hotel industry.

According to a report, Hotel Industry in India currently has supply of 110,000 rooms and there is a shortage of 150,000 rooms fuelling hotel room rates across India. According to estimates demand is going to exceed supply by at least 100% over the next 2 years. Five-star hotels in metro cities allot same room, more than once a day to different guests, receiving almost 24-hour rates from both guests against 6-8 hours usage. With demand-supply disparity, hotel rates in India are likely to rise by 25% annually and occupancy by 80%, over the next two years. This will affect the competitiveness of India as a cost-effective tourist destination.

To overcome, this shortage Indian hotel industry is adding about 60,000 quality rooms, currently in different stages of planning and development, which should be ready by 2012. Hotel Industry in India is also set to get a fillip with Delhi hosting 2010 Commonwealth Games. The future scenario of Indian hotel industry looks extremely rosy. It is expected that the budget and mid-market hotel segment will witness huge growth and expansion while the luxury segment will continue to perform extremely well over the next few years.

## OVERVIEW OF HOSPITALITY INDUSTRY

- Hospitality is about serving the guests to provide them with "feel-good-effect".
- "Athithi devo bhavha" (Guest is God) has been one of central tenets of Indian culture since times immemorial.

- Today hospitality sector is one of the fastest growing sectors in India and is expected to grow at the rate of 8% between 2007 and 2016.

Nowadays the travel and tourism industry is also included in hospitality sector. The boom in travel and tourism has led to the further development of hospitality industry

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## **HOTEL INDUSTRY IN INDIA**

- India is a destination for hotel chains looking for growth.
- 'Hotel Industry in India' is eroding its competitiveness as a cost effective destination.
- 'Indian **Hotel Industry**' is adding about 60,000 quality rooms, currently in different stages of planning and development and should be ready by 2012.
- MNC Hotel Industry giants are flocking India and forging Joint Ventures to earn their share of pie in the race.
- The manpower requirements of the hotel industry will increase from 7 million in 2002 to 15 million by 2010.

## **FEATURES**

- The industry is more dependent on metropolitan cities as they account for 75% to 80% of the revenues, with Delhi and Mumbai being on top.
- The ARR and OC are the two most critical factors that determine profitability. ARR depends on location, brand image, star rating, quality of facilities and services offered. The OC depends on other seasonal factors.
- India is an ideal destination for tourists. Approximately 4.4 million tourists visit India every year.
- In the hotel sector, a number of multinationals have strengthened their presence. Moreover, Indian hotel chains are also expanding internationally.

## **CLASSIFICATION OF HOTELS**

### **1. Based on location**

**City center:** Generally located in the heart of city within a short distance from business center, shopping arcade. Rates are normally high due to their location advantages. They have high traffic on weekdays and the occupancy is high. **Example: Taj** , Mumbai

**Motels:** They are located primarily on highways, they provide lodging to highway travelers and also provide ample parking space. The length of stay is usually overnight.

**Suburban hotels:** They generally have high traffic on weekend. It is ideal for budget travelers. In this type of hotel rates are moderately low.

**Floating hotels:** As name implies these hotels are established on luxury liners or ship.

It is located on river, sea or big lakes. In cruise ships, rooms are generally small and all furniture is fixed down. It has long stay

**Airport hotels:** These hotels are set up near by the airport. They have transit guest who stay over between flights

**Resort hotels:** They are also termed as health resort or beach hill resort and so depending on their position and location. They cater a person who wants to relax, enjoy themselves at hill station. Most resort work to full capacity during peak season. Sales and revenue fluctuate from season to season.

**Boatels:** A house boat hotels is referred as boatels. The shikaras of Kashmir and **kettuvallam of Kerala** are houseboats in India which offers luxurious accommodation to travelers

**Rotels:** These novel variants are hotel on wheel. Our very own "palace on wheels" and "Deccan Odessey" is trains providing a luxurious hotel atmosphere. Their interior is done like hotel room. They are normally used by small group of travelers.

## 2. Based on Size of Property

**Small hotel:** hotel with 100 rooms and less may be termed as small hotels.

**Medium sized hotel:** hotel which has 100-300 rooms is known as medium sized hotel.

**Large hotels:** hotel which have more than 300 rooms are termed as large hotels.

**Mega hotels:** are those hotels with more than 1000 rooms.

**Chain hotels:** these are the group that has hotels in many numbers of locations in India and international venues.

## 3. Based on the Level of Service

**Economy/ Budget hotels:** These hotels meet the basic need of the guest by providing comfortable and clean room for a comfortable stay.

**Mid market hotels:** It is suite hotel that offers small living room with appropriate furniture and small bed room with king sized bed.

**Luxury hotels:** These offer world class service providing restaurant and lounges, meeting rooms, dining facilities. These guest rooms contains furnishing, artwork etc. prime market for these hotels are celebrities, business executives and high ranking political figures. Example: Hyatt Regency, New Delhi.

## 4. Based on the Length of Stay

**Transient Hotel:** These are the hotel where guest stays for a day or even less, they are usually

five star hotels. The occupancy rate is usually very high. These hotels are situated near airport.

**Residential hotels:** These are the hotel where guest can stay for a minimum period of one month and up to a year. The rent can be paid on monthly or quarterly basis. They provide sitting room, bed room and kitchenette.

**Semi residential hotels:** These hotels incorporate features of both transient and residential hotel.

## 5. Based on Theme

**Heritage hotel:** In this hotel a guest is graciously welcomed, offered room that have their own history, serve traditional cuisine and are entertained by folk artist. These hotels put their best efforts to give the glimpse of their region. **Example: Jai Mahal** palace in Jaipur.

**Ecotels :** these are environment friendly hotels these hotel use eco friendly items in the room. **Example:** Orchid Mumbai is Asia first and most popular five star ecotel.

**Boutique hotels:** This hotel provides exceptional accommodation, furniture in a themed and stylish manner and caters to corporate travelers. **Example:** In India the park Bangalore is a boutique hotel.

**Spas:** is a resort which provide therapeutic bath and massage along with other features of luxury hotels in India Ananda spa in Himalaya are the most popular Spa.

## 6. Based on Target Market

**Convention hotels:** These hotels have large convention complex and cater to people attending a convention, conference

**Example: Le meridien,** Cochin, is a hotel with largest convention center in south India.

**Resort hotels:** These leisure hotels are mainly for vacationers who want to relax and enjoy with their family. The occupancy varies as per season. These are spread out in vast areas so many resorts have solar powered carts for the transport of guest.

**Suite hotels:** These hotel offer rooms that may include compact kitchenette. They cater to people who are relocating act as like lawyers, executives who are away from home for a long business stay

**Commercial hotel:** They are situated in the heart of the city in busy commercial areas so as to get good and high business. They cater mostly businessmen.

**Casino hotels:** Hotel with predominantly gambling facilities comes under this category, they have guest room and food and operation too. These hotels tend to cater leisure and vacation

travelers. Gambling activities at some casino hotels operate 24 hours a day and 365 days a year.

Example: Las Vegas in United State is Famous for Casino hotels.

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## **MAJOR DEPARTMENTS OF HOTEL**

### **FRONT OFFICE:**

The main function of this department is to give warm welcome to the guest. It helps to create good image in front of the guest. This is the first department where guest comes in contact with. It generates the **maximum revenue** for the hotel as it sells room to the guests. This also includes sub departments like reservation, Bell desk, and Information desk.

### **FOOD AND BEVERAGE SERVICE:**

It is a department which serves food and beverage to the guest in a very attractive and pleasing manner, which creates good impression on the guest. There are several kind of food and beverage outlet like restaurants, Bars, Coffee shops, take away banquets etc. It is **second most revenue** producing department of the hotel.

### **HOUSEKEEPING:**

This department is responsible for cleaning and maintaining hotel premises which include public area, guest rooms, lobby, swimming pool area etc. It works for guest satisfaction through keeping the environment clean and hygiene. Horticulture is one of the most important features of housekeeping department which deals with different types of flower arrangement and maintaining the garden.

### **FOOD PRODUCTION**

It is a department with deals with the preparation of different types of food items. It is not a visible department to the guest because it usually works in the back area. Different cuisine has their own kitchen and specialized chef to work on it according to their skills. Bakery departments comes under this which include preparation of desserts, breads etc.

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## **THE CHALLENGES TO FACE**

- The lack of adequate infrastructure development.
- There is still need to improve rail and road connections as well as general infrastructure like power and water.
- Shortage of skilled employees
- Intense competition and image of India

## **COMPETITION**

- The country has been flooded by some of the world's leading **hotel** brands. New brands such as Amanda, Satinwoods, Banana Tree, Hampton Inns are planning to enter the Indian hospitality **industry** in joint ventures with domestic **hotel**.
- Unitech, which is setting up two hotels in Delhi, has already formed a joint venture with Marriott International to run its three new hotels in **India**.
- All other majors including Marriott, Hyatt, Hilton, Accor, Four Seasons etc are briskly reinforcing their presence in **India**.

## SWOT ANALYSIS

### Ø STRENGTHS

- India's rich culture heritage
- Government support
- Increase in the market share

### Ø WEAKNESSES

- Poor support infrastructure
- Slow implementation
- Susceptible to political events

### Ø OPPORTUNITIES

- Rising income
- Open sky benefits
- New business opportunities

### Ø THREATS

- Fluctuations in international tourist arrivals
- Increasing competition

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## INDIAN HOTEL COMPANIES LOOK OVERSEAS

The movement is not one-way. Cash-rich Indian **hotel** companies have been acquiring properties overseas.

The Tata group's Indian Hotels Company is in the process of acquiring Boston-based luxury

**hotel** the Ritz-Carlton for around \$170 million dollars (around 765 crore rupees). Due diligence is likely to be completed soon.

Indian Hotels is looking to strengthen its presence in the United States with this acquisition. It has also set up properties in the Middle East, the United Kingdom and Africa.

Its fierce rival, Oberoi group, has also been active overseas with properties in Saudi Arabia, Mauritius, Egypt, Australia and Indonesia, and elsewhere.

## **FUTURE**

- Future Growth in tourism will definitely lead to a boom in hotels and restaurants.
- The industry also expects a boom in spiritual and medical tourism in the domestic sector at a growth rate of 10% to 15% over the next few years.
- It is estimated that the hospitality sector is likely to see US\$ 11.41 billion rise in the next two years.

With around 40 international hotel brands making their presence known in the country by 2020

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