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‘Hospitality will see new customers checking in’

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The Indian hospitality sector that is expected to see revenue losses of $6-14 billion , as per estimates by consulting major Hotelivate, will at best achieve 30 per cent occupancy rates this fiscal. It will get to pre-Covid levels in the next 18-24 months. However, the silver lining is that the industry is expecting to see an evolution with customers of a new kind. And it can prepare to serve customers with much more efficiency; tweak the food and beverages model and tap into ancillary revenue opportunities. These were some of the key takeaways from the *Business-Line Knowledge Series* webinar that focussed on the hospitality industry.

The discussion was moderated by Chitra Narayanan, Editorial Consultant, *BusinessLine*.

Rattan Keswani, Deputy MD, Lemon Tree Hotels said, “I don’t expect anybody would have done at best more than a 30 per cent occupancy this fiscal and at whatever RevPars (revenue per available room) they did, if they manage to keep it within a minus 10 per cent to minus 12 per cent of that, we would have come out of it okay.”

On the demand expectation, he was forthright. “We thought we would see green shoots of recovery in bookings in early August, but we are not seeing that. A fair amount of travel is being booked by online portals but its short travel.”

He said recovery will depend on safety and comfort zone about people starting to fly.

When quizzed on whether the hospitality industry needs to think beyond occupancies and F&B to generate revenue much like the airline industry, JB Singh, President and CEO of Interglobe Hotels said, “Room revenue is the core revenue of the hospitality industry and that will always remain so. It has not looked at ancillary revenues in a decisive manner whereas in the airline industry, it is almost a $100-billion revenue stream. Airlines like Ryan clock almost 26 per cent of ancillary revenue. It is de-constructing your current business model and adding a charge to that. I am very confident that the industry will go through that process.”

(Clockwise from left): Chitra Narayanan, Editorial Consultant, BusinessLine; JB Singh, President & CEO, Interglobe Hotels; Dilip Puri, Founder, Indian School of Hospitality and former MD, Starwood Hotels and Resorts, South Asia; Rattan Keswani, Deputy MD, Lemon Tree Hotels, and Nirupa Shankar, Executive Director, Brigade Enterprises, at the webinar on hospitality sector, on Friday

‘Headroom for growth’

He said, there are other things that the industry needs to focus on.

“The industry is overcapitalised to start with; creating supply is a challenge and the current demand drivers are not enough. At the best time, the industry collectively was averaging an ARR (average room rate) of around ₹6,500 across the country, which is sub-$100. Clearly there is massive headroom for growth.”

Pointing out that it is all about survival now, Nirupa Shankar, Executive Director, Brigade Enterprises, said, “Hotels that are able to get the quarantine business or the Vande Bharat mission business are able to get 38-40 per cent occupancy, but rates have taken a big beating and are down 40-50 per cent, creating massive RevPar impact. We are trying to prepare for the next two years for the market to return to what it was, by adopting cost-saving measures..”

On careers in hospitality becoming less attractive with huge job losses in the industry, Dilip Puri, founder, Indian School of Hospitality, and former MD, Starwood Hotels and Resorts, South Asia, said, “those who get into hospitality management today are in the best position than those in the industry, because they will learn and be equipped with skills that will be needed in the future.