

# Hospitality sector readies for sunshine after long winter

## Led by weddings, hotels see surge in bookings across segments

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After braving three waves of the pandemic that brought sporadic changes in occupancy, average daily rates, and uncertainty, firms in the hospitality sector are now looking to make the most of an uptick in the business cycle, and the approaching summer.

With restrictions easing and curbs removed, hotels are seeing robust bookings across segments—including weddings, leisure, and business travel—particularly from small and medium enterprises. This will help them get back to pre-Covid levels by the first half of financial year 2022-23 (FY23), points out Patu Keswani, chairman and managing director of Lemon Tree Hotels.

Social and corporate events will lead the recovery, said Vineet Verma, director, Brigade Hospitality, the asset owner for Sheraton, Four Points, Holiday Inn,

among other brands, in Bengaluru. “With 50 plus wedding dates this year, we anticipate this segment to be extremely busy along with a lot of pharmaceuticals, associations, and corporates sending queries and working towards closures for events,” said Verma.

Lemon Tree has seen retail bookings (done by individuals independently) reach 1.5 times the pre-Covid level. However, business from large corporations is still only half of what it was then, said Keswani, but expects it to improve from April. Meanwhile, bookings from small and medium enterprises have already reached 80 per cent of pre-Covid level.

“High value domestic leisure business, a segment that has been driving the retail business, will get re-distributed,” he added, attributing the trend to a pent-up demand for outbound travel.

Manav Thadani, co-founder, Hotelivate—a consulting firm, agreed. “Prices had gone through



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■ High value domestic leisure segment to see moderation in growth

the roof. We expect it to drop by at least 20-25 per cent as Indians resume choosing international holiday destinations over domestic ones,” he said.

This spike in demand is making firms optimistic. Sangeeta Mohan, director, asset management at SAMHI Hotels, says group cancellations of January have been reinstated for February and March.

“The growth in the corporate, social and retail segments will aid in volumes recovering to pre-Covid levels and temporary rate

dislocation will be corrected within the first half of the year,” said Mohan. She expects RFP (request for proposal) corporate accounts, which typically indicate a quotation for events, to resume from Q2 of 2022.

Interestingly, the rebound after each wave has been getting faster. It took firms almost a year to recover from the first wave and the ensuing lockdown. But it took just six months to bounce back after the second wave, and four weeks after the Omicron wave.

Puneet Dhawan, senior vice president—operations, Accor India and South Asia, said there’s a positive upward trend in occupancies and bookings. “With guests indulging in last-minute, spontaneous travel, the booking window has significantly reduced,” said Dhawan. Corporate bookings and weddings have seen a notable uptick, he said.

To be sure, the sector, which is linked to air travel, is drawing comfort from higher air traffic projection. The Centre for Asia Pacific Aviation (CAPA) India, in a report, has indicated that 2022 is expected to see a surge of 52 per cent in domestic and 60 per cent in international air traffic.

Zubin Saxena, managing director and vice-president operations—South Asia, Radisson Hotel Groups, expects the revenue per available room to reach pre-Covid levels by Q1 of 2023.

“Given the relaxed curbs on social gatherings, we expect this demand to continue in the coming months,” said Saxena. Radisson has also seen a 10 per cent increase in February compared to January.