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COMPANIES P2

HOTELS SHED COVID BAGGAGE, READY TO CHECK IN GUESTS



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Hotels shed Covid baggage, ready to check in guests

SHALLY SETH MOHILE
New Delhi, 30 September

The mood at the Hotel Investment Conference-South Asia, an annual hospitality industry conference, was rather upbeat. But hotel brand operators and owners remained cautiously optimistic about the outlook and living with the hope that a third wave of the Covid-19 pandemic doesn't become a reality. Having survived an unprecedented zero-revenue situation, the two-day conference, organised by hospitality consulting firm Hotelivate, was peppered with anecdotes and best practices adopted by hotels.

It's the first in-person large format event since the outbreak of the pandemic, signalling hotels are ready to get back to business.

With public spaces reopening after being shuttered for the most part of the last 18 months after an extensive vaccination drive, hotels are bracing for the return of business travellers. Most hotels have seen

average occupancies at a blended level (business and leisure) inch up to 60-70 per cent of pre-pandemic levels. But average daily rates have remained depressed and will take another six to eight months to reach pre-pandemic levels.

"The September quarter has been better than expected. Leisure has been driving business and the revenue per available room (RevPAR) has been higher than what it was in pre-Covid times," said Puneet Chhatwal, managing director (MD) and chief executive officer (CEO), Indian Hotels Company.

"If hotels in the metros get back to even 80-90 per cent of RevPAR seen during the pre-Covid phase, we will cross 100 per cent. It is because RevPAR at leisure destinations is 100-250 per cent of what it used to be in 2018-19," said Chhatwal.

A similar sentiment was echoed by others. "In terms of occupancy, we are almost there. But the rates are still half of what they were before the outbreak of the pandemic," said Sudeep Jain, MD, Southwest Asia,



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InterContinental Hotels Group.

Rating agency CARE Ratings expects the average room rate to see an uptick of 7-10 per cent year-on-year in 2021-22, but still 30-35 per cent down from pre-Covid levels. The average room rate normalcy may only be achieved after recovery in occupancies, it said in a recent research report.

Even as recovery has kicked in, leveraged balance sheets remain an overhang for most hospitality companies. The pandemic-induced lockdown forced hotels to rethink their business model and revisit practices and realign cost structure, said delegates who attended Thursday's conference. Most firms have stepped up

the use of digital to save on costs and enhance efficiency.

Lemon Tree Hotels, for instance, has engaged Boston Consulting Group for digitising its front-end and back-end, said Patu Keswani, MD, Lemon Tree Hotels, during a panel discussion. To tide over tough times, hotels have had to downsize the workforce. Lemon Tree Hotels, for instance, now has 5,500 employees, against an earlier 8,500.

Restricted travel and shuttered hotels also hit online travel agents. "The June quarter was brutal," said Deep Kalra, founder and CEO, MakeMyTrip, adding, "The toughest one to cut was people's cost. We had to let go of 10 per cent of cost."

According to Priya Paul, chairperson of Apeejay Surrendra Park Hotels, even as normalcy has started returning, hotels are unlikely to get back to the old ways of doing business and will retain the best practices they have adopted.

"Domestic travel will remain the mainstay for hotels in the foreseeable future," added Paul.