

**SECTOR:  
RETAIL, LIFESTYLE & LOGISTICS**

**SECTOR OVERVIEW:  
June 2012**

**CONTACTS:  
Retail, Lifestyle & Logistics**

The Indian hospitality sector is on the cusp of a radical transformation. The mid-market hotel segment which has been previously neglected till date, has now come firmly into the spotlight and looks set to become a real force to reckon with.

Driven by growth factors including an increasingly sophisticated and cosmopolitan consumer market with greater disposable incomes, a high influx of expatriates in India, economic liberalization, and progressive reforms in the aviation sector (notwithstanding recent turmoil), the Indian tourism industry as a whole has received a real boost in the past few years. This has subsequently triggered a huge demand for accommodation at all levels ranging from high-end luxury hotels to 1 & 2 star budget hotels. In the process, major weaknesses crippling the Indian hospitality sector have been exposed - in particular, the considerable dearth of hotels in its mid-market segment.

Traditionally the hotel sector has been characterized by either 5 star luxury hotels or 1 & 2 star budget hotels with nothing in between. However as the number of middle-income families going on domestic vacations and business travellers on a tight budget keep rising, international hoteliers are rushing in to capture the mid-market segment bridging the gap between luxury and budget hotels in India.

One can even argue that the current economic downturn has fuelled the requirements for more mid-market accommodation to be made available to both domestic and international visitors alike.

This report will attempt to provide an in-depth analysis of the myriad aspects of India's exploding hospitality sector, track influential trends and highlight new areas of opportunity.

**UK Business Perceptions of Asia – Survey**

UK Trade & Investment (UKTI) is running a short survey to understand how UK companies perceive Asian markets and the benefits and challenges of doing business there. We want to know the concerns or issues

**Tara  
Panjwani**

Email: [tara.panjwani@ukibc.com](mailto:tara.panjwani@ukibc.com)  
Tel: +44 (0)20 7592 3841

**SECTOR:  
RETAIL, LIFESTYLE & LOGISTICS**



you have when doing business in, or considering business in Asia. Your feedback will help us understand what more can be done to help UK companies succeed in Asia. The findings will be presented to Ministers and senior business people at the Asia Task Force meeting on 11 July 2012.

The survey will take around 3 minutes to complete.

To take part in our survey, please click on the link below.

<http://www.surveymonkey.com/s/NL7HMGR>

A summary of these results will be published on the Asia Task Force pages

at <http://www.ukti.gov.uk/export/countries/asiapacific/foreast/china/asiataskforce.html> and on UKTI social media channels in July.

**BUSINESS OPPORTUNITY**

**The Indian Tourism sector**

In the last decade and particularly since 2005, the Indian tourism sector has emerged as a significant player in the Indian economy. One of the most vital export industries in the country, it currently accounts for 6% of the country's GDP and employs up to 10% of the nation's population across its various subsectors such as transport, hotels, restaurants, entertainment venues, heritage and cultural sites. Tourism also makes a direct contribution to the economy with linkages to agriculture, horticulture, handicrafts and construction.

The World Travel & Tourism Council predicts that the Indian travel industry will grow in double digits over the next 10 years and, by 2020, travel and tourism investment is estimated to reach US\$ 109.3 billion or 7.7 per cent of total investment.



Between 2005 and 2011, tourist visits to India increased by an astonishing 25% resulting in a 12% increase in foreign exchange revenue into the national exchequer.

Not only has the number of foreign tourist arrivals (FTAs) increased, but travel time of this segment has increased to three-five days for business travel and from five days to seven-10 days for leisure travel.

This rise in international tourist activity can be mainly

**SECTOR:  
RETAIL, LIFESTYLE & LOGISTICS**



attributed to India's relatively strong GDP performance, increased foreign investment, development of infrastructure – better road, rail and air connectivity as well as the growing popularity of India as a destination for medical tourism, rural tourism, heritage tours and adventure tourism.

Domestic travel is also booming year on year propelled by the growing number of middle income families which have expanded to comprise almost 50% (approx 563 million) of the population. According to the latest figures released by the Indian Bureau of Immigration, domestic journeys were as high as 700 million at the end of 2010. At the same time, the Indian outbound market has multiplied from 4.42 million in 2001 to over 12 million in 2010.

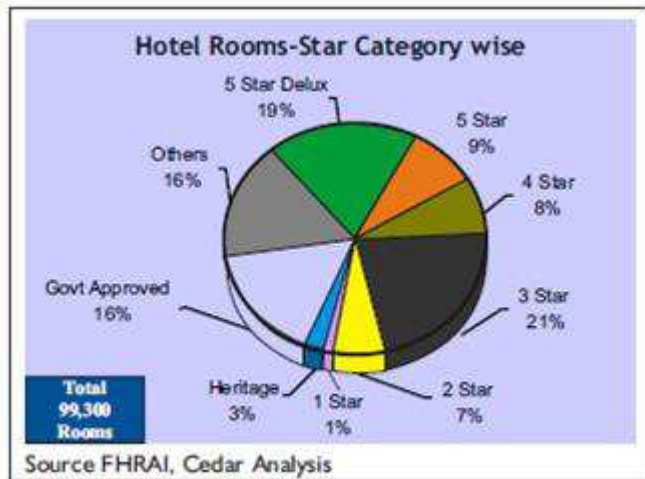
An increase in disposable incomes of this consumer segment has led to discretionary spending on items such as leisure activities and services, and has acted as a catalyst for the development of mid market resorts and hotels all over the country.

### **The Indian Hospitality industry**

The mid market segment comprises 3 and 4 star hotels, which cater to the average foreign and domestic leisure traveler. This segment also caters to the middle level business travelers since it offers most of the essential services of luxury hotels without the high costs and the deluxe amenities - thus bridging the gap between premium and budget hotels.

Till date, the concept of mid-market hotels was relatively new to India – past organized growth was primarily dominated by the luxury segment comprising 5 star and 5 star deluxe properties. Consequently there were few 3 and 4 star hotels across the country. In actual fact, the luxury segment constitutes less than a third of the current room inventory in the country as highlighted in the figure below.

**SECTOR:  
RETAIL, LIFESTYLE & LOGISTICS**



However, all this is about to change in response to the robust economic growth over the past few years which has escalated the demand for 3 and 4 star hotels, from those who want all the trappings of a luxury hotel but at an affordable price.

A recent survey by the Confederation of Indian Industry and PricewaterhouseCoopers also identified the mid-market and budget segments as growth areas. "With companies continuing to be more cost-conscious, and leisure travellers looking for value-for-money options that do not compromise on quality, there is a clear gap in the mid-scale market," said Chris Moloney, chief operating officer, South West Asia, Intercontinental Hotels Group (IHG).

The Federation of Hotel and Restaurant Associations of India states that India currently has approximately 200,000 hotel rooms spread across different hotel categories and is still facing a shortfall of approximately 150,000 rooms, most of which are economy hotels. Currently these mid market hotels comprise only 15% of the Indian hotel industry while in the US and UK, they form 43% and 35 % respectively. "The room supply structure in India is like an inverted pyramid," says Patu Keswani, founder of the indigenous Lemon Tree brand of mid-market hotels. "There are many more five-star rooms, though rising demand is in the mid scale sector." His view is echoed by P.R. Srinivas, senior consultant, research and advisory firm Deloitte who states that "there is a huge demand-supply gap in the Indian market. And with increasing opportunities even in tier-II and tier-III markets, I am optimistic that by 2015 all the international brands will be in India offering services at different price points."

Although major cities like Bangalore, Hyderabad, Chennai, Pune, Gurgaon and the suburbs of Mumbai are attracting the most international investment and have the largest development pipelines of midscale projects, leading hotel operators like Starwood, Hilton, Taj and Intercontinental (IHG), and new economy brands such as

**SECTOR:  
RETAIL, LIFESTYLE & LOGISTICS**



Lemon Tree and Red Fox are increasingly eschewing the metros to establish their presence in secondary and tertiary cities such as Jaipur, Chandigarh, Aurangabad and Indore to name a few. As compared to their larger counterparts, smaller cities offer the added advantage of lower real estate costs, better availability of land and greater efficiency. Thus presenting a very attractive and profitable proposition for international chains to launch their value brands in these locations.

**Regulatory Environment & Government Measures/Incentives & Policies**

According to India's Consolidated FDI Policy, 100% foreign investment is allowed under the automatic route in the hotel and tourism industry. In addition, The Ministry of Tourism has announced the following incentives to stimulate the hotel sector:

- Advised the state governments/union territory administrations to follow tourism friendly policies like allotting land sites on revenue sharing basis;
- Granting extra Floor Space Index (FSI)/Floor Area Ratio (FAR) for hotels;
- Creation of land banks;
- single window approach for promoting hotel projects;
- Five-year tax holiday for two, three and four-star category new hotels located in all UNESCO declared 'World Heritage Sites;' (except Mumbai and Delhi) which start operating between April 1, 2008 to March 31, 2013;
- An investment linked deduction under Section 35 AD of the Income Tax Act extended for new hotels of two-star category and above anywhere in India to facilitate the growth of tourist accommodation in the country;
- The Reserve Bank of India has de-linked credit for hotel projects from Commercial Real Estate (CRE), thereby enabling hotel projects to avail credit at relaxed norms and reduced interest rates; and
- External Commercial Borrowing (ECB) norms relaxed by the ministry of finance to solve the liquidity crunch being faced by the hotel industry for setting up new hotel projects.

A report last year by HVS, a consulting and services organisation focused on the hospitality sector, also credits the sudden rush of international hotel chains into India to favourable government policies, as well as improved roads and airport infrastructure. "The Reserve Bank of India's ruling, that loans for hotel construction will not be classified as commercial real estate, (and) the relaxation in external commercial borrowing norms have helped the sector," it notes.

**Broader reforms pertaining to the tourism sector as a whole are as follows:**

**SECTOR:  
RETAIL, LIFESTYLE & LOGISTICS**



- Identification of 29 mega tourism projects (of national importance) to be rolled out on a PPP basis across 22 states;
- More than 50% of the Ministry's expenditure is being set aside for development of quality tourism infrastructure at various tourist destinations and circuits in the States and Union Territories;
- Focus on new initiatives such as medical tourism, sports and adventure tourism, religious circuit, wildlife safaris, rural tourism, eco tourism, cruise tourism and wellness tourism. Under the schemes to promote rural tourism in the country, the thrust is for better infrastructure at the rural tourism sites so that socio-economic benefits percolate down to the rural community. A maximum of Rs. 50.00 lakh is sanctioned for each project under this scheme for development of tourism related infrastructure;
- The globally recognized "Incredible India" brand, now supported by the Ministry's new Explore Rural India subbrand, has significantly improved visitor traffic to India; and
- Tourist visa on arrival (T-VoA) for the citizens of Finland, Japan, Luxembourg, New Zealand and Singapore.

**More needs to be done**

This multifaceted approach including the rationalisation of taxes is a positive step that will benefit not only the country's hospitality industry but its tourism sector as a whole. However, in order to successfully attract the necessary investment by private sector players and ensure sustainable growth, additional concrete measures such as uniformity of state and municipal taxes, single window clearances, and lower bureaucracy need to be put in place, and implemented effectively.

**INVESTMENT UPDATE**

The Indian hotel industry is witnessing a huge spurt of foreign investment and international brands entering the foray who are betting big on its mid market segment.

200 New Mid-Market Hotels Expected - Majority by International Chains
<b>Current Mid-Market Players Increasing Capacities</b>
<b>Choice Hospitality:</b> Introducing Sleep-Inn brands across 10 cities
<b>Fortune Park:</b> Entering Gurgaon with 84 rooms, expects 50 hotels by 2010
<b>Lemon Tree:</b> 25 hotels in next 7 years
<b>New Entrants in Mid-Market Segment</b>
<b>IBIS Accor group:</b> 25 Locations including Gurgaon, Jaipur and Pune
<b>Holiday Inn Express:</b> Expansion across Mini Metro Cities
<b>Courtyard Marriott group:</b> Plans to open Chennai & Mumbai Suburb
<b>Golden Tulip:</b> 40-50 Tulip Inns & 15-20 Golden Tulip hotels
<b>Shangri-La:</b> 8-10 Traders brand hotels
<b>Hilton:</b> Considering DoubleTree, Hampton Inn & Hilton Garden

Source: Cedar Research

Marriott International currently operates 11 properties across the country and plans to expand its network to 100 hotels over the next five-years. ITC Hotels also have projected its plan to open 25 new hotels under the Fortune brand over the course of next 12-18 months. Keys Hotels, a brand of Berggruen Hotels, is setting up a leading chain of mid market hotels, resorts and service apartments

**SECTOR:  
RETAIL, LIFESTYLE & LOGISTICS**



across India and plans to open and manage 40 hotels over the next five years. The Taj Group's Ginger Hotels also plans to open 60 to 70 budget hotels in 23 locations across the country.

**Intercontinental Hotels Group plans to open 19 Holiday Inn Express hotels in India by 2016.**

In April this year, the Intercontinental Hotels Group, or IHG, the world's largest hotel group by number of rooms, signed a 20-year management contract with Duet India Hotels to launch 19 Holiday Inn Express hotels in India by 2016. IHG's Holiday Inn Express Hotel chain is specifically tailored for the mid-market segment and is one of the fastest growing brands in the world, opening 2 hotels a week on average globally. Duet India Hotels, the hotel investment arm of global asset manager Duet Group, has set aside around \$145 million (Rs 650 crore) for the project. IHG, which will run the hotels and formulate expansion plans, will put in \$30 million for a 24% stake in the venture. Considering that seven of the 12 hotels IHG currently runs in India are in the luxury segment, the deal reflects the changed strategy of the brand.

"We haven't always made the right choices in India and our brands have suffered," says Chris Moloney, Chief Operating Officer, South West Asia, IHG. The first two Holiday Inn Express hotels will come up in Ahmedabad and Goa next year. The hotel behemoth will open luxury hotels in India, too, but 75 per cent of its future projects in India are tailored for the mid-market. It has been ramping up infrastructure, opening sales offices and business support centres in Mumbai and New Delhi to leverage facilities to build centralised services for its expanding mid-market chain.

"In a limited service proposition, consistency is key. No surprises. Most domestic travellers are looking for accommodation that is contemporary, secure and clean," says Moloney of IHG.

"They don't want bellmen escorting them to their rooms. They don't want other fancy elements provided by luxury hotels. They just want to stay, get on with their business and move on."

IHG is not alone. A range of leading global hotel chains have planned massive investments in India's midmarket segment - hotels with a room tariff of around \$100 (Rs 4,500) per night in the next four years.

**Starwood will open three Aloft hotels this year**

Starwood Hotels and Resorts Worldwide, which owns brands like Le Meridien and Sheraton, intends to set up 100 hotels in India by 2015. It already has 32, most of them five- star brands like The Luxury Collection, Le Meridien and W, but its current thrust is overwhelmingly on its midmarket brands like Aloft or Four Points by Sheraton. "India is our fastest-growing market after China," says Frits Van Paasschen, President and CEO, Starwood Hotels. "We see our plans as long-term opportunities over the next decade to grow our businesses here." Seven hotels were scheduled for launch this year of which five are mid-market. 3 Aloft brand hotels are being built in Ahmedabad, Coimbatore and Chandigarh while the remaining two are Four Points hotels located in Visakhapatnam and Pune.

**Accor will open two Novotels this year**

Accor, another top global hotel chain, which at present has nine hotels in India under the brands Mercure, Ibis and Novotel,

SECTOR:  
**RETAIL, LIFESTYLE & LOGISTICS**

plans to raise the number to 90 by 2015. Although some of its five-star brands will also make their debut in India this year, Accor is pushing its budget and mid-market brands, Ibis and Novotel much harder. Seven new Ibis hotels will open this year, and 13 more Novotel hotels in the next three years. It has also set up an investment fund with global travel services firm Interglobe to further its India programme.

**Zinc InVision will open its first Glow Studio in Noida this August**

Yet another entrant is Zinc InVision Hospitality, a joint venture between InVision Hospitality, a Thailand-based hospitality management and consultancy firm, and Zinc Holdings, the Singapore-based investment arm of Cinnovation CG, belonging to Nepal's Chaudhary Group.

While Zinc Holdings holds substantial shares in the Taj Safari properties in India, the joint entity is now venturing separately into the country as well, bringing - as expected - not its upscale brands like Soma and Zinc Journey, but its mid-market ones Zinc City and Glow Studios.

Zinc InVision is targeting places like Amritsar, Chandigarh, Haridwar, Noida and Mohali, information technology hubs and special economic zones. It projects revenues of \$16 million by 2013. The first Glow Studio will open in Noida in August. "The luxury market is getting saturated," says Rahul Chaudhary, Executive Director, Zinc InVision. "We are very clear about the tariff bracket in which we want to be. It has to be \$100 or even less in any market in India we go to."

**Premier Inn plan to build 75 hotels across India over the next eight years**

Premier Inn, the UK's biggest hotel brand and part of LSE-listed Whitbread, plans to invest around Rs. 4,000 crore in India within the next eight years to build around 75 hotels in different parts of the country.

While there are currently two Premier Inn hotels in India – in Bangalore and New Delhi – their ambitious target is to open 8 hotels every year for the next 8-10 years in cities such as Pune, Goa and Chennai. The first five hotels would offer around 650 rooms, with an equity investment of Rs. 300 crore which will be done through the company's UK parent. Speaking about their expansion strategy, Aly Shariff, managing director, Premier Inn South Asia (India, Sri Lanka and Maldives) said: "We have completed phase one (of India operations) and would now be entering phase two where we will also explore management contracts," said Shariff. Whitbread had, in 2010, acquired stake in its Indian joint venture partner Emaar MGF. The company now plans to enter Mumbai and is understood to be in talks for the venture. Going forward, the firm would also look at operating third party assets, through the management contract route, and would therefore gradually move from an asset heavy to an asset light model.



Hoteliers acknowledge that pricing will be crucial to their success. They all intend to stay close to the golden mean of Rs 4,500 per night charge matching any rise in tariff with additional amenities like pools, lounges and bars.



**SECTOR:  
RETAIL, LIFESTYLE & LOGISTICS**



**Trends**

**Tier 2 and Tier 3 destinations**

The next phase of growth in India will be driven by Tier 2 and Tier 3 cities such as Pune, Hyderabad, Ahmedabad, Jaipur, Goa and Chandigarh which offer tremendous untapped potential. The emergence of these secondary and tertiary cities has led to an aggressive escalation in hotel development activity, which was previously concentrated in the main metros of Delhi, Mumbai and Bangalore.

These emerging cities are also a tremendous source of outbound tourists. With a view to capturing these new markets, international tourism boards have recently embarked on roadshows in these destinations. At last count, over 40 international tourism boards were present in India, competing with each other to gain the most market share.

**Introduction of homestays as new vacation options**

Mahindra Holidays and Resorts have introduced a pioneering new venture – Mahindra Homestays to tap into the rising demand for creative vacation options by its middle class clients.

They have set up Mahindra Homestays across the country in popular hill stations in Himachal Pradesh, Ladakh, and Kashmir in the north and in places like Coorg, Ooty and Kunnur in the south. They expect to see a gain of 30-40% from this new business line.

The company is also looking at entering into partnerships with various stakeholders to promote their homestay options including state tourism boards, foreign travel trade and inbound tour operators. The company is also in the process of refurbishing its website and adding user-friendly features in order to make navigation easier for travelers and have seen their website hits double.

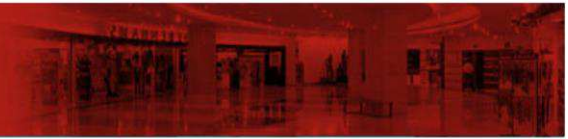
Vimla Dorairaju, business head, Mahindra Homestays said, “Keeping in mind the travel habits of Indians we are introducing new categories of homestay options. It is a trend that is catching up in the Indian market lately. We are also looking at introducing weekend breaks which are closer to cities. We have been leveraging on social media and have benefitted immensely. Last year we sold 7,000 room nights and this year we are expecting to see 30-40 per cent growth in business. Almost every week we add new destinations to our offerings.”

**Timeshare option**

Another new entrant in the marketplace which holds particular appeal for the new breed of middle class vacationers is the timeshare property which has been expanding at an annual pace of 18% in the last four years and is predicted to grow by as much as 25% in the next couple of years.

Timeshare is the right to the use of a property such as a vacation resort or condominium units. Multiple investors hold rights

**SECTOR:**  
**RETAIL, LIFESTYLE & LOGISTICS**



to the property, being allotted a period of time in which they may use it. In India, people pay anything between Rs. 2 lakh and Rs. 9 lakh to use a timeshare property for around a week in a year for 25 years.

Indian developers have been quick to make the most of this new opportunity and plan to invest in excess of Rs. 1,500 crore in building timeshare properties this fiscal year. “The industry is expected to see an addition of around 2,000 to 3,000 rooms this fiscal year, increasing the total room inventory by almost 25%, because a lot of new companies are entering timeshare,” said Ramesh Ramanathan, managing director of Sterling Holiday Resorts (India) Ltd.

Currently, Mahindra Holidays and Resorts and Sterling dominate India’s timeshare market with 60 resorts and 3,400 rooms combined, but the past few months have seen an influx of smaller players such as Jaipur-based Tree House Resorts and Summer Plaza in Panchgani (Maharashtra) which has started its operations with an estimated investment between Rs. 700 crore and Rs. 800 crore a year. Radhika Shastri, managing director of RCI India Pvt. Ltd, said “Other than the large companies already in this industry, many individual resorts are also entering into timeshare, attracted by the compelling opportunity to increase occupancy and generate and retain loyal customers.” According to industry estimates, the shared ownership industry in India features more than 100 resorts offering timeshare and has between 8,000 and 10,000 rooms, with 350,000 timeshare owners entitled to use them. Globally, the share vacation industry stands at \$13.1 billion (around Rs. 68,775 crore today) with 9.3 million timeshare owners, according to RCI.

### Technology trends

This relationship between technology and hospitality will only grow stronger in the years ahead. The growth of the internet has played a key role in globalising the sales efforts as well as the marketing opportunities for the hotel industry.

Web based travel businesses such as Hotels.com, Expedia.com, Travelocity.com as well as a few home-grown Indian websites like MakeMyTrip.com and Yatra.com have been gaining momentum.

- Technology is being increasingly used almost in every aspect of Indian hotel operations to increase efficiency and provide a better service. For example, guests’ security has become a major priority and hotels are implementing innovative measures to ensure their safety. Keys Hotels launched women-only floors in India with video phones in each room to ensure that the women travellers feel secured and enjoy the hospitality and amenities without any apprehension. The use of the electronic key card by the residential guests has not only enhanced the security measure but has also become a facilitator in access to guest floors, elevators and recreational facilities.
- Besides direct hotel reservations, the central reservation systems (CRS) and global distribution systems (GDS) are gaining popularity as the primary channels of sales for hotel room nights. Till recently, the majority of India’s

**SECTOR:**  
**RETAIL, LIFESTYLE & LOGISTICS**



standalone and small hotels were unable to afford online distribution platforms like GDS but now they maybe able to get on board through a cheaper, stripped-down interface that's currently being tested by InterGlobe Technology Quotient Pvt. Ltd (ITQ), a global distribution system provider that also runs low-cost airline IndiGo. If successful, this new technology will result in a 30% increase in the number of hotels which can be booked online through a global distribution system. Currently, fewer than 10% of the hotel rooms in India can be booked through online and offline travel agents. "The big marketing opportunity lies in the consolidation of the hotel industry in this space. We have major hotel chains on GDS, which have around 20,000-30,000 rooms," said Singh. "But there are 400,000 or 500,000 rooms sitting untapped from hotels that are small but good. And this number is growing rapidly," he said.

- Smaller hotels are also adopting local distribution systems catering to the domestic market because these are cheaper than a GDS, said Ankur Bhatia, executive director of Bird Group, a travel conglomerate that owns Amadeus India Pvt. Ltd. Amadeus runs one of the top GDS systems and has a 60% share of India's travel technology market. "Global distribution systems have only content coming in from major hotel chains but not from standalone hotels. It might not be the right platform for them," said Bhatia. "However, the domestic standalone and small hotels are increasingly using local distribution systems, which cater to the domestic market for hotels, travel insurers and telecom providers for calling cards."

## OPPORTUNITIES

High double-digit growth in the mid-market segment has opened up a plethora of opportunities for entry into this sector and early movers stand to gain a clear advantage. In addition to opportunities for hotel companies, other areas in need of investment include recruitment, training and retention of manpower; travel websites and ecommerce software; travel and tour agencies, construction companies; furniture, fittings and interiors; landscape design; marketing, branding and PR; restaurants and catering services; car hire services and wellness products including spas and fitness studios to name a few.

The key to success is a function of determining the right target market, selecting the right locations, building a sustainable and high quality customer service model and structuring a viable financial plan.

In addition to the above critical success factors, it is imperative to get an in-depth understanding of the market and build the right relationships with key industry players in order to access and make the most of the various opportunities. Trade organisations like the UK India Business Council (UKIBC), UK Trade and Investment (UKTI), Federation of Indian Chambers of Commerce and Industry (FICCI) and Confederation of Indian Industries (CII) are well placed to assist UK firms in this process through their networking seminars, by facilitating introductions to stake holders, providing good business

**SECTOR:  
RETAIL, LIFESTYLE & LOGISTICS**



advice and helping with their India market visits. In addition, interested parties are recommended to attend industry trade fairs such as India Travel Expo, International Foodservice India and Hexpo as well as hospitality and tourism focused events like TiLEzone ([www.tileweb.org](http://www.tileweb.org)) to name a few.

**Challenges**

Despite the recent proliferation of economy hotels, there continues to exist a severe shortage of mid-scale rooms – 18,750 at the last count. There is an urgent requirement of over 100,000 additional value rooms across key Indian cities in the next five years to keep up with expanding business and leisure travel.

Other key challenges that the industry faces today are still often inadequate infrastructure, regulatory barriers, political uncertainty, rising inflation, environmental pollution and most importantly, severe deficiency of skilled manpower. Demand for trained personnel in India's maturing hospitality industry is so great that each student passing out of a quality hotel management institute is offered a job by five/six hotel companies at a time. Payrolls and compensation packages are skyrocketing as these firms jostle against each other to secure the right candidate. The major reason for such a shortfall in skilled talent is due to the lack of quality hotel education institutions in India.

**Conclusion**

It is the dawn of a new era for the nascent yet rapidly evolving Indian hospitality sector. Changing lifestyles, changing perceptions and rising disposable incomes of the emerging middle class consumers have rejuvenated the experience economy as a whole, accelerating demand for branded budget and economy accommodation options in particular. Leading hotel brands are vying with each other to come up with innovative strategies to leverage the untapped potential of the midscale market and maximize their returns.

Challenges abound across the spectrum but despite its inherent problems, the Indian hotel industry continues to go from strength to strength throwing up exciting new opportunities for UK leisure and hospitality firms looking to go global. UK companies need to act quickly to gain a firm foothold and make the most of this dynamic market.

References

<http://www.india-reports.com/Tourism-wk/index.aspx>

<http://www.india-reports.com/Home-Lifestyle-wk/index-home-lifestyle-wkly.aspx>

<http://www.indiaincorporated.com/index/item/525-special-feature-india-and-its-travel-boom.html>

<http://www.hindustantimes.com/business-news/CorporateNews/Premier-Inn-to-build-75-hotels-for-Rs-4-000-cr/Article1-834480.aspx>

Premier Inn, the UK's biggest hotel brand and part of LSE-listed Whitbread, plans to invest around Rs. 4,000 crore in India within the next eight years to build around 75 hotels !!

<http://www.indiaincorporated.com/index/item/410-book-review-indian-powerbrands.html>

<http://www.prlog.org/11777260-luxury-travel-boom-indian-luxury-trains-upbeat-on-global-trends.html>

**SECTOR:**  
**RETAIL, LIFESTYLE & LOGISTICS**



<http://www.prlog.org/11881200-maharajas-express-brand-new-indian-panorama-tour-from-october.html>

[http://articles.economictimes.indiatimes.com/2012-02-12/news/31052253\\_1\\_mid-market-hotels-budget-hotels-mid-market-segment](http://articles.economictimes.indiatimes.com/2012-02-12/news/31052253_1_mid-market-hotels-budget-hotels-mid-market-segment)

<http://businesstoday.intoday.in/story/international-hotels-investing-in-indian-hotel-biz/1/16102.html>

[http://www.cci.in/pdf/surveys\\_reports/tourism-hotel-industry.pdf](http://www.cci.in/pdf/surveys_reports/tourism-hotel-industry.pdf)

[http://articles.economictimes.indiatimes.com/2012-05-04/news/31572886\\_1\\_aahoa-public-information-infrastructure-sam-pitroda](http://articles.economictimes.indiatimes.com/2012-05-04/news/31572886_1_aahoa-public-information-infrastructure-sam-pitroda)

<http://www.agcnetworks.com/industry/hospitality/hospital-industry-in-india.htm>

<http://www.expresshospitality.com/20111215/management03.shtml>

<http://tourism.gov.in/TourismDivision/AboutDivision.aspx?Name=Market%20Research%20and%20Statistics>

<http://www.blognblogger.com/2012/05/youngsters-have-an-ascending-carrier-in-the-travel-and-tourism-industry-in-india/>

<http://www.expresshospitality.com/>

<http://www.livemint.com/2012/05/01225609/Vacation-ownership-sees-small.html>

<http://www.livemint.com/2012/05/16214017/Growing-breed-of-value-hotels.html>

<http://www.cedar-consulting.com/pdf/Revised%20Emerging%20Indian%20Mid-Market%20Hotel%20Opportunity%2020-03-2007.pdf>