



Rise of the Independents

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THE HOSPITALITY “product” has long since shifted its stance towards promoting experiences in the face of the consumer who yearns for authenticity and personalization. The modern traveler is no longer interested in merely visiting a hotel in a destination for its accommodation and infrastructure. They want to instead immerse themselves completely in the destination to experience its unique lifestyle or cultural aspects.

The discerning, affluent Indian traveler is being influenced by rising consumerism, globalization and increasingly dynamic leisure and business activities. Evolving travel styles and preferences of this consumer have compelled hoteliers to become more creative with their offerings. Because of their focus on authenticity and customization, independent hotels have now become strong contenders for guest loyalty, a status quo largely enjoyed by institutional hotels until recently. Strongly poised tourism economies such as India are now witnessing an uncanny rapidity in new projects led by passionate hotel owners willing to create superlative experiences not offered in the traditional cookie cutter approach.

India’s demographics have been turning in favor of the millennial, with upwards of 50% of the population being under the age of 25. This segment is less affected by budget constraints when choosing hotels because of the rising disposable incomes and double income households. Indian travelers have opted for self-drive adventures in New Zealand, or upskilled themselves through experiences like Muay Thai and culinary lessons in Thailand. Domestically, more are introspecting their own country’s relatively untouched heritage. The new-age global Indian has evolved into a jet-setter, traveling the length and breadth of the world, expecting nothing less than a memorable bespoke experience. The affluent are drawn towards premium specifications, quality amenities and housekeeping service similar to living in a luxury hotel, but with a local touch. For Indians, satisfactory stays are all about breathtaking interiors, customized lifestyle, and something unique within a sanctuary-like exclusivity. They yearn for the same global standards that are available in cities such as Singapore, Dubai, London or New York. Outbound travel is increasing demand for extended stays, for extended vacations, corporate travel or relocation.

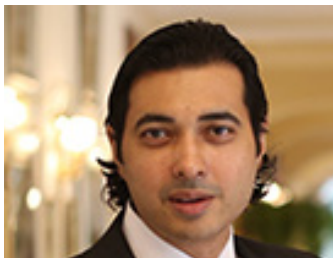
Until the mid-2000’s, typical owner-operator hotel brands were confined to an inward perspective, and focused more on functionality rather than consumer perception. Take the standard room design, which was brought in from mature hospitality hubs such as New York or Paris, which while consistent in delivering a functionally satisfactory room design, lacked in dynamism and personalization. This inward focus worked as long as the consumer demographic was also static in its expectations. As this era of “consistency” and “product standards” transitions to one of personalization, hotels are now moving with the trend by being more local and regional in their appeal. Even if busy travelers are visiting a destination and not sightseeing (largely the case with the evolved business traveler), they want to experience the nuances of the destination even without leaving the hotel, through the service, design, amenities, cuisine, and ambience

Independent hotels are often borne from entrepreneurial ventures with a passion for the art of hospitality, focusing on service and the personal touch rather than providing a simple lodging solution. These hotels are able to deliver the authenticity of a destination, featuring the unique characteristics of specific cultures within their own brand of hospitality that allows discerning travelers to “live like the locals” so they get a true sense of their surroundings. They are also able to offer guests a bespoke style of hospitality services during their stay.

Such factors are set to be key differentiators to capitalize on new demand trends, as the large scale, modern (erstwhile) dominators may not be able to evoke the same experience as their independent counterparts. Indeed, we are seeing a trend of the “big brand names” exploring inorganic growth and acquiring historically relevant properties to stay relevant. This segment is a key focal point for the big players and they are acting fast. An example would be the Autograph Collection by Marriot Hotels, which stands for independent expression. Recently, the InterContinental Hotels Group bought the boutique hotel chain Kimpton Hotels, Hyatt Hotels launched Andaz Hotels, Hilton Hotels & Resorts has Canopy, Moxy, EDITION and AC Hotels.

The gap between hard brands and independent “soft brands” has almost been reduced to a level playing field, even when it comes to day-to-day operations. Initially, traditional owner-operator managed brands had a specific set of standards or benchmarks driven building, sourcing, management and operations. Now, there is increasingly diminishing marketplace complexity. What this means is that, increased access to information, openness of accessibility and clear demand trends have led to the scales tipping in favor of independent hotels. Players are hiring fresh talent, technical expertise and advice from the market, and these are available to all the players in the hospitality space, including independent hoteliers. Aspects across the value chain, be it sourcing technical expertise, talent, sourcing elements such as cutlery, furniture and allied procurement of components, or even software expertise in managing front office tasks have been mobilized in a manner to bring independent hotels to the forefront. This is because they are well positioned to cater to the evolved consumer, as well as more able to adjust their offerings in lieu of their relative flexibility.

About the author



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