

# HVS Monday Musings: Indian Hospitality Sector – Crystal Gazing Into 2023

January 1, 2023 / By Mandeep S Lamba , Dipti Mohan



The Indian hospitality sector is expected to see accelerated growth in 2023, in spite of ongoing global headwinds and the uncertainty brought on by the occasional COVID-scare. This will be driven primarily by buoyant domestic demand, the gradual revival of inbound travel, and the Indian government's renewed emphasis on the expansion of the tourism industry, which is expected to contribute US\$250 billion to the country's GDP by 2030. The government also intends to release the National Tourism Policy soon to promote sustainable and inclusive tourism growth in the country. The hotel sector should develop strategies to take advantage of the short- and long-term opportunities that are emerging as the Indian tourism industry gains momentum.

Here are the top trends to watch as we turn the page into the new year.

**Advantages of India's G20 Presidency:** Over 200 G20 meetings are expected to be held across 55 destinations in the country during India's G20 presidency till November 2023. The Indian hotel sector stands to gain significantly from this development, as there will be substantial incremental demand for hotels in the cities where the meetings will be held.

Additionally, the G20 meetings are also expected to help inbound tourism to recover the lost ground as the Ministry of Tourism intends to take advantage of this chance to promote India as a "major tourism destination". Necessary initiatives, such as visa reforms and traveler-friendly immigration facilities at airports, are also expected to be implemented to make travel to the country easier for inbound visitors. The G20 presidency has coincided with India's efforts to establish itself as a global MICE destination, and the smooth organization and completion of these high-profile 200+ meetings will support those efforts.

**Rise of New-age Wellness Resorts:** Experiential and immersive travel experiences such as Yoga, workouts, biking, nature trails, and trekking retreats, with gastronomic delicacies from very elaborate curated health food menu options, meditation with global fitness and wellness gurus along with local community involvement are going to be a newer area for resort development very different from the current label of wellness resorts. A case in point is the newly launched SIRO brand by Kerzner which also operates the luxury One & Only brand.

**Bleisure Travel Will Become Even More Popular:** Bleisure travel is expected to become a priority for business travelers and will gain further momentum as international business travelers and high-profile MICE events return to the country. As a result, it is critical that the hotel sector, particularly traditional business hotels, recognize the opportunity and create special packages and offerings by incorporating more leisure elements into the experience to attract corporate guests looking to extend their trip. Providing customized experiences to meet the evolving needs of the business traveler will give them reasons to stay longer, helping the hotel sector to generate more revenue and guest loyalty.

## Summary

As we turn the page into the new year, let's take a look at the top trends that are likely to shape the Indian hospitality sector in 2023. Read on to know more.

[Comments](#)

## FILED UNDER CATEGORIES

Hotel Operations

Travel & Tourism

Hotel Brands

Hotel Companies

Hotel Management

India





Source: **Freepik**

**Personalization will Increase:** In response to shifting guest expectations, particularly in the upper upscale and luxury segments, hotel companies will move away from standardized hotel offerings. Additionally, the adoption of smart technology will enable hotels to anticipate and personalize guest experiences based on the combined data from their prior visits. As a result, personalization will increase in all areas of the guest experience, from marketing promotions to service offering to in-room experiences, giving guests memorable experiences and helping hoteliers differentiate themselves from the competition.

**Growth of Medical Tourism:** The relaxation of international travel restrictions and the falling rupee is expected to increase medical tourism in India. As per the Invest India website, the country aims to become the world's top medical tourism destination, tripling its revenue to US\$13 billion in four years. During the pandemic, hotels and healthcare facilities, the two key stakeholders in this growing segment, successfully collaborated to provide quarantine services. The two sectors should now build on this success to provide medical travelers with a seamless medical tourism experience. Developing dedicated hospital-hotel mixed-use projects and patient hotels designed to meet the needs of medical travelers, as is common in Scandinavian countries, could be a profitable business model in the future and help the country realize its true medical tourism potential.

**Reimagining F&B by partnering with branded restaurants:** Hoteliers should reimagine F&B by leasing spaces to standalone marquee restaurant brands on a revenue-share model, which can be beneficial for both parties. Restaurant operators can benefit from the hotel's captive clientele, location benefits, and brand image, while hotels get an opportunity to elevate the customer experience by becoming a 'destination' for both hotel guests and locals, resulting in higher F&B revenues and profitability.

**Net-zero Hotels will be the Next Step in Sustainability:** Despite increased efforts, the Indian hotel industry's sustainability initiatives are still limited to hotel operations. Simply removing single-use plastics and reducing housekeeping is no longer sufficient to attract the growing number of environmentally conscious tourists. Hotels are often criticized for their conspicuous consumption, so a concerted effort to reduce consumption and waste across the board is needed, which will also help change public perception of the industry. So, the industry should now consider incorporating green technologies and resources into construction so that hotels have net-zero energy consumption from the start of their life cycle. Net-zero hotels can help to make travel more environmentally friendly by allowing guests to enjoy luxuries without feeling guilty.

Finally, hotels will also consider employing gig workers and multi-skilling hotel employees to address the staffing issues in the sector, which have increased post the pandemic. Employing gig workers can help manage staffing needs during busy and lean periods, optimize staff-to-room ratios, and reduce hiring and training costs. Meanwhile, multi-skilling will allow employers to optimize labor costs, improve efficiency, and increase operational flexibility, while also increasing employee loyalty and motivation, which can help companies retain their human capital in today's fiercely competitive environment.

## About **Mandeep S Lamba**



Mandeep S. Lamba, President – South Asia, oversees the HVS global hospitality practice for South Asia. He has spent over 30 years in the hospitality industry of which the last 19 have been in CEO positions. Having worked with leading International and domestic Hotel Companies such as IHG, Radisson & ITC Hotels, he also set up joint venture companies with Dawnay Day Group UK and Onyx Hospitality, Thailand to own and operate hotels in India giving him a broader exposure to the hospitality business.

An established industry leader, Mandeep has won several awards and recognitions in India and abroad for his accomplishments and contribution to the hospitality industry. He is a Certified Hospitality Administrator from the American Hotels Association (CHA), a member of the Royal Institute of Chartered Surveyors, UK (MRICS) and a member of the Tourism Council of CII (Northern India). His views are often solicited for television and print media as a spokesperson for the hospitality & tourism sector.

Prior to joining HVS in 2018, Mandeep was the Managing Director, Hotels & Hospitality Group for JLL.

Contact Mandeep at +91 981 1306 161 or [\[email protected\]](#)

## About **Dipti Mohan**



Dipti Mohan, Vice President - Research with HVS South Asia, is a seasoned knowledge professional with extensive experience in research-based content creation. She has authored several 'point of view' documents such as thought leadership reports, expert opinion articles, white papers, and research reports across industries including hospitality, real estate, infrastructure, cement, and construction. Contact Dipti at [\[email protected\]](#).