

HVS Monday Musings: Should Localization be the New Standard in the Indian Hotel Industry?

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Is it time for the Indian hotel industry to pursue a well-defined localization strategy, given changing consumer preferences and market dynamics? Continue reading to learn more.

Over the years, several multinational companies ranging from Coca-Cola to Netflix have successfully adopted product localization to expand and grow in a particular region or country, tailoring their products and services or creating new ones to meet the local consumer's needs. For instance, Uber has tailored its mobility services based on the country of operation, providing boat rental in Egypt, motorbike taxis in Thailand, and auto rikshaws in India. Within the hotel industry, IHG is a successful example of a localization strategy done the right way. While expanding into a difficult market like China, the company recognized that localization is more than just translating content into different languages and employing a domestic workforce and introduced a new local brand, HUALUXE. This brand was developed with the Chinese traveler in mind and highlighted the special Chinese hospitality, customs, and cultural experiences, helping enhance the company's competitiveness in the market. Reports indicate that post the pandemic, HUALUXE hotels recovered much faster than other international brands operating in the country.

While the trend for localization in the Indian hospitality industry has been around for years, it has been more prevalent in the restaurant industry where global chains like McDonald's, KFC, and Domino's customized and localized their menu to meet the Indian consumer's preferences. Barring their marketing and advertising strategies, the hotel industry has largely pursued standardization, so that their properties look and feel the same irrespective of location. However, with the rise in travelers looking for authentic, unique, local experiences and willing to seek alternative lodging to obtain them, the era of standardization seems to be ending.





Hoteliers are responding to these changes by developing unique properties and incorporating local design, art, cuisines, etc. at the property. Large hotel chains such as IHCL (SeleQtions), Marriott (Tribute Portfolio), Radisson (Radisson Individuals), and ITC Hotels (Mementos and Storii) have launched soft brands, to move away from cookie-cutter hotel properties and provide differentiated products ranging from iconic heritage properties and bespoke boutique hotels to contemporary properties with distinct designs and features. However, having soft brands alone is insufficient. Hotel chains should integrate localization strategies into every aspect of their operations, beginning with the "Namaste," which the sector has long struggled to institutionalize. A higher level of localization in products and services should be standard practice, now that domestic tourism is emerging as the sector's savior and international travelers are also seeking out distinctive local experiences. Local customs, cuisine, events, and culture ought to be incorporated into the hotel's offerings. For instance, it's odd that masala tea, which is the preferred beverage for a majority of Indians, is often not an option in the in-room tea provisions. Strangely the industry continues to favor English breakfast tea over the local favorite. There are several such aspects that the industry should evaluate and implement.

Localization not only helps hotel companies to stand out from the competition but also expands their clientele without eroding the value of their other properties in the same micro-market and fosters greater guest loyalty. Going forward, the secret to remaining competitive in a developing hospitality market like India will be to have a clearly defined localization strategy.