MARKET REPORT

HVS Monday Musings: Soft Brands – the New Norm in the Indian Hotel Sector?

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In the last few years, international and domestic hotel chains have launched soft brands in the Indian hotel market, giving owners more flexibility in design and other brand standards. Read on to know more.

In recent years, the Indian hotel sector has seen soft brand launches by domestic and international chains operating in the country, with the shift toward the soft brand model gaining traction post the pandemic. Soft brands typically have more flexible development guidelines that allow independent hotels to join a larger chain while retaining their distinct design and features. The rise in travelers looking for authentic, unique, local experiences and willing to seek alternative lodging to obtain them has pushed hoteliers to respond to these changes by developing unique properties.

Soft brands, however, are not a new concept in the global hotel industry, with independent hotel consortia such as Preferred Hotels & Resorts, Leading Hotels of the World, and Small Luxury Hotels of the World trailblazing this segment. Among the global hotel chains, Choice Hotels (via the Ascend Hotel Collection launched in 2008) and Marriott (via the Autograph Collection in 2010) are often recognized as the first movers in the soft brand segment as we know it today. Since then, several companies around the world have joined this bandwagon. In India, the segment has gained traction in recent years as large hotel chains such as IHCL (SeleQtions), Marriott (Tribute Portfolio), Radisson (Radisson Individuals) and ITC (Memento) launched their soft brands, primarily to facilitate the conversion of independent and boutique hotels that do not conform with their traditional product development standards and guidelines.





The soft brand model is often ideal for hotel owners seeking the perfect blend of independence and brand affiliation, without incurring the high costs of physically converting the property to meet the traditional development standards of a brand. Such brands integrate independent hotels into the system of a major chain without losing their uniqueness or altering the distinct individuality of the properties. Meanwhile, the hotel benefits from the chain's global distribution channels, marketing platforms, cutting-edge booking systems, and, most importantly, guest loyalty, confidence, and trust. Furthermore, the owners retain control of day-to-day operations and strategy, and in some cases, soft branding even allows hotel owners to improve the visibility of the property, resulting in higher occupancy and better financial performance.

From the hotel brand's perspective, soft brands enable them to move away from cookie-cutter hotel properties and introduce unique products ranging from iconic heritage properties and bespoke boutique hotels to contemporary properties with distinct designs, thereby addressing the changing preferences and wants of today's travelers. We expect the soft branding trend to gather steam going forward as conversions or rebranding gains further momentum, with hotel owners and brands considering this win-win proposition to grow post-pandemic. Hotel conversion accounted for 30% of total signings by hotels in 2021 compared to 26% in 2020 and 24% in 2019. With over 60% of quality hotels in India being independently owned, hotel chains have an opportunity to consolidate the segment through soft branding, and it is only a matter of time before every other hotel chain launches their soft brand in the country to elevate their game.