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BITB launches independent conclave: India Tourism Summit takes off

BITB has been conceived as an industry platform for a diverse exchange at different levels. There is the traditional B2B level, the new-age B2B level and we are also developing meaningful B2C within certain target groups like the golfing community, wedding planners etc. We also have another platform within BITB, which is the Conclaves. This is built around bringing senior leadership to provide serious thought processes on trending issues in the marketplace. We successfully ran 6 BITB Conclaves at the first edition of the BITB expo in October 2016.

BITB Conclaves also run as independent events with a sharp focus of their own. We recently concluded one such Conclave, the India Tourism Summit in March 2017. We are seeing it as a quarterly commitment. So, from January to March, in the last week of March we did the India Tourism Summit. In the second quarter, April to June, we are doing Indian Outbound Summit. In the third quarter, we will be co-planning the BITB Conclaves along with the BITB expo in September and then the last one for the year in December. In that pattern, the commitment of BITB to providing a meaningful platform for industry continues.

At India Tourism Summit and at future BITB Conclaves, as we were able to do at the BITB Conclaves running parallel to the BITB expo, our first endeavour is to do something new, trending, and something meaningful, and bring in a new angle for what tourism can be for India.

At the India Tourism Summit, we brought new idea and new sets of speakers. Even if there was an existing player who has spoken at other industry platforms, we approached him differently to say something differently. And in many ways, the fruit of the pudding is in the eating. So, if you take up a hospitality panel discussion, the panellists were quick to accept that never before had they been asked to participate in a discussion on how they could drive India's tourism. It is normally always the other way around. Here they were being asked to do more. Another key session on 'Joining the Dots' aimed at understanding how to bring cohesiveness in the efforts taken by various ministries for augmenting tourism and travel in the country. Through serious engagement with industry leaders, we also took stock of issues hampering regional connectivity and growth of aviation sector in India. Make in India in tourism was also discussed at length, among other sectors. In this issue, we bring you highlights of the India Tourism Summit. Also, there is detailed coverage of the recently concluded HICSA in Mumbai.

Navin Berry

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SK MISRA

Chairman, ITRHD

In recent years, there has been a growing recognition that this impact need not be limited to well-known circuits or golden triangles but can also result in tremendous gains for rural areas as well.

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V K DUGGAL

Former Governor, Manipur

The outreach of tourism is total. It pans into each and every area, be it employment, or economic activity. Economic activity at the smaller scale, the medium scale, and at the large scale. It touches every person's life in some form or the other.

”



AMITABH KANT

CEO, NITI Aayog

All the requirements for tourism are available now. There is no rational reason why India's tourism should not grow in the coming years. The only thing in infrastructure that you actually lack is great MICE centres.

”



ASHOK LAVASA

Finance Secretary of India

An issue which plagues the tourism sector which we have still not been able to resolve is the issue of multiplicity of authorities which are dealing with various issues. This becomes a barrier to integrated growth of infrastructure and tourism.

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DEEP KALRA

Founder and CEO, Makemytrip

I think it is working well but it is very early days. Time will tell. The proof of the pudding is in the eating. I think the tricky part will come when the headiness goes away. It is the honeymoon period. When the stock settles down, and it will, people will start saying that the rosy picture is not that rosy. Things will get tough.

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TOURISMFIRST is owned, published and printed by Navin Berry and printed at Anupam Art Printers, 6/14, Industrial Area, Kirti Nagar, New Delhi - 110 015. It is published from 36-37, 3rd Floor, Indra Palace, H-Block, Connaught Place, New Delhi - 110 001. Tel: 011-43784444. **Total pages 56**

Tourism, new-age drivers must be viewed in its holistic expression and differently

At the recently concluded India Tourism Summit in New Delhi, the following view was shared in the opening remarks. These are reproduced for a larger dissemination.

By **NAVIN BERRY**

There are a lot of summits happening all over the time in the country, in various disciplines and endeavours, but somewhere, tourism was getting a miss. We thought it was a good idea that tourism should have a summit of its own, but the challenge for us was to do something differently. Lot of people within the industry seem to tire off with too many events, too many discussions – and somewhere, the drift has become that nothing will ever change, and therefore our idea was to attempt bringing that change! We did a seminar, the first one possibly in the country, way back in 1976, at the Claridges in New Delhi and it was called ‘the seminar on tourism policy’. I do not have a copy of it; we did bring out a booklet on the recommendations. I wish I had a copy. And, I feel some of those recommendations mentioned then, way back in 1976, still stand true. One of our then delegates, who is around, but not at this event, Inder Sharma, will perhaps recall this. But coming back to now, the expanding contours of what we have called new-age tourism and how these will drive things differently?

To begin with, I am not clear, and I think many of us are not clear, as to what is tourism, and when we use this word tourism, what do we mean by it? Many a times, I meet people at social gatherings and they say that India's tourism is booming – and I come and meet tour operators and some other members of the industry, they are complaining that tourism is down by 20-30%. So, one starts wondering where is this dichotomy happening that while tourism is booming, some people are saying that it is down by 20-30%.

Going back to the basics, as the UNWTO has described tourism which is meant to



NAVIN BERRY
CHIEF EDITOR, CROSS SECTION MEDIA

be the gospel where every country defines tourism. Regardless of the purpose of visit, any international traveller coming to your country is regarded as a tourist. We have tended to think, historically, over the years, that the tourist is somebody who is only coming for sightseeing, who is being serviced by a tour operator, and he is going to be visiting monuments and will go shopping. So, that is the narrow sense of tourism as we have seen over the years.

However, when we see the world picture, just as much, tourism is all forms of travel, and these are collectively dubbed tourism.

In recent years, events such as Jaipur Literary Festival have started drawing ten to fifteen thousand people, and they are all coming for the Literary Festival. Many of them are coming from overseas; many of them are coming from within the country. But somewhere in our understanding of tourism, we have yet not begun to include many of these impulses to tourism. We are also looking at, to my mind, at tourism as a mindset. It is something very holistic.

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To each country, its own reasons why people travel to it. In the case of China, just as much as in India, the proportion of ethnic Chinese is very high. Again, the number of Hong Kong Chinese coming to visit the mainland is also very high. Their proportion of business travellers is also very high.

In the case of India, we have tended, at least within the industry, that tourism is only leisure Inbound group travel. But today I see a lot of emphasis, and I am sure we all see that, new-age drivers to tourism, there are new impulses to tourism. There are a lot of people coming to India for education, as

many of our cities have become university cities. And these students provide a reason for their families to keep visiting the country. Like we do visit many cities in UK and USA, where Indian students are studying. People are coming for events. In recent years, events such as Jaipur Literary Festival have started drawing ten to fifteen thousand people, and they are all coming for the Literary Festival. Many of them are coming from overseas; many of them are coming from within the country. But somewhere in our understanding of tourism, we have yet not begun to include many of these impulses to tourism. We are also looking at, to my mind, at tourism as a mindset. It is something very holistic. It is something as a concept. Are we ready for tourism? It does not mean do we have a hotel, or do we have an airport; but rather whether we have a sense of completeness to a destination, be it is a city or a country.

I think tourism is increasingly going to mean a state of mind, a state of readiness in a given destination. That given destination must have its law and order intact. It must have a sense of security. There must a sense of wholeness to that city. I think a lot of us in the recent past who have been complaining that we need infrastructure, but actually saying we need a sense of wholeness to that destination so that we can get more tourists. I think visitors are coming, but they are not necessarily tourists in our traditional sense of coming for sightseeing, or for monuments, and therefore being serviced by a tour operator.

So, there are these challenges. There is the online challenge. The reach of India has increased manifold, with the penetration of international online companies. The rates and the outreach will only grow, giving rise to many more travellers from across the globe. **TFE**

BITB honours visionary leaders and organisations for their impact on tourism in India



Vimala Bissel, Founder, FabIndia receives the award from SK Misra, in presence of Nikhil Sahni, V K Duggal and Navin Berry.



Arun Arora, GM, Institutional Sales and Gaurav Jain, Head of Corporate, Institutional and Fleet Sales, Maruti Suzuki India receive the award from V K Duggal.



Dr. A K Tyagi receives the award for Haldiram from Nikhil Sahni, in presence of V K Duggal.



Pushpa Bector, Executive VP and Head, DLF Premium Malls receives the award for DLF Mall of India from SK Misra, in presence of Nikhil Sahni, V K Duggal and Navin Berry.

Tourism in rural India can address social and financial problems: S K Misra

S K Misra, Chairman, ITRHD, in his keynote address shared his experiences of how proper planning and coordination, coupled with strong local involvement could alter the sagging fortunes of villages. He batted for better infrastructure in nation's hinterland and urged the government to examine the feasibility of 'SMART villages' concept, at least on a pilot basis before nationwide implementation. Excerpts from his insightful address:

By **TF BUREAU**

“We have been focussing on the beaten track for too long and it is time that we moved in different directions. When we talk of the rural sector or rural development our first thoughts go back to Gandhi and I would like to start with a quote by him. “Just as the Universe is contained in its cells, so is India contained in its villages.”

This is as true today as it was in Gandhi's time. Ask any Indian where he or she came from and chances are that you'll be given the name of an ancestral village even if the speaker has been residing in a city for 3 generations. Unfortunately, adequate attention has not been given to the challenges of meeting the needs of the rural areas. Only recently have we started to see increasing political recognition of the fact that India's overall development is linked with extent to which the rural sector is brought under the mainstream and is able to contribute substantially to the national economy.

Rural areas face daunting challenges

Those of us who work and live in our modern, urban areas, hardly realise, that 700 million of our fellow citizens still reside in rural areas or that there are more than 600,000 villages and countless small settlements scattered throughout our 29 states and 7 union territories. And in spite of the romanticised nostalgia that many of us feel for our rural origins and despite the beauty of the areas itself, more than 30% of the rural population suffers from poverty and an estimated 15 million rural families are both poor and landless. This has led to urban areas getting more and more clogged as rural citizens flee their traditional habitat in search of what they hope will be a better life in the city. Ironically as they are escaping the lack of civil infrastructure, the mass exodus is helping to add to the woes of the cities which are increasingly suffering from pollution, shortages of resources and facilities like housing, development of slums and sanitary conditions etc. In the process not only does the gap between the rural and the urban sectors widen but problems increase on both the sides.

Rural areas suffer greatly from this migration. Traditional crafts are decimated as their skilled practitioners leave for urban employment that waste their finely-honed talents but at least provides a more dependable income. In village after village, the younger generation leaves in search of greener pastures and the age-old attachment to the soil gives way to frustration and despondency.

In turning to employment in industrial units, construction and low-level service jobs in the city, the transplanted villager not only loses a sense of identity and confidence but often begins to suffer health problems. One study in-fact has concluded that the migration in to urban areas is associated with an increase in obesity and diabetes, which drive other risk factors. It should be obvious therefore, that there is urgent need to come to grips with the urban-rural divide as it threatens to reach alarming proportions. Some corrective measures have been adopted by the government in recent years but those of us who work in villages, do not see any significant change for the better.

Time to examine 'SMART village'

What is really needed is a direct, co-ordinated and comprehensive approach to rural problems. For instance, the smart cities program that has been launched by the government with much fan-fare is a very commendable initiative. At the same time a 'SMART village' project must also be launched, even on a pilot basis, to begin with. It would inspire confidence amongst the residents, lead to community involvement and overall regeneration. We all recognise the great impact that tourism can have on development.

In recent years, there has been a growing recognition that this impact need not be limited to well-known circuits or golden triangles but can also result in tremendous gains for rural areas as well. Both international and domestic tourists are increasingly looking for experiences of ultimate luxury and the authentic experience of the rural life has a growing appeal. Our rural areas may suffer from poverty and lack of many things but are often extremely rich in one particular asset, that is heritage. In the rural context, heritage does not mean only monuments and architecture but encompasses crafts, music, performing arts, cuisines, rituals, history, natural environment, agriculture, lifestyle and other resources, both tangible and intangible. There is much talk of alternate and rural tourism but the ground reality is that most of the potential remains unexplored.

There is a need for an overall change in our mindset. At present, rural tourism does not figure actively in state tourism policy. It does find mention in the policy document of the Government of India but what has been the result? Most of these initiatives in this direction are emerging from the private sector with only a small number of exceptions by some state governments. One such private initiative demonstrates the potential and needs to be mentioned. Pandurang Taware, founder of Maharashtra's Agri Tourism Development Corporation (ATDC), and can be regarded as a true pioneer in the field. Established in one village, Baramati, in 2005, ATDC has in the short time grown to encompass 500 trained farmers and 152 agri-tourism locations in the state.

The concept of agri-tourism indicates agriculture and traditional culture with a pollution free environment thus providing a personal experience of the rural lifestyle. ATDC offers visitors the opportunity to experience local agriculture practices while also becoming acquainted with an authentic rural lifestyle, local music, food, dances, rituals, festivals and arts and crafts. It is a way for Urban Indians to discover their real or symbolic roots as well as a way for foreigners to experience another reality. If the lessons learnt from this brilliant initiative are to be applied on a broader canvas there is need for a comprehensive and well-co-ordinated policy taking various stakeholders on-board.

A holistic approach, local involvement needed

Holistic approaches need to be developed ranging from infrastructure, training programs, finding local leadership that can add to the catalyst for change, the involvement of women and, of course, financing. Tourism automatically brings in economic benefits to society, primarily in regards to increased development but also in opening up economic potential for related activities in the area. Today these benefits are mostly accrued to urban areas and well known tourist areas. If a deep thrust can be given to promoting and developing tourism in rural areas, it can be one of the most effective instruments of rural re-generation. Although, many private individuals are taking up the challenges on their own initiatives, developing a truly comprehensive and nationwide movement requires a supportive, effective and meaningful co-ordination between many agencies concerned including the central government, central government ministries and state government departments of rural development. In addition, panchayats and other local bodies need to be involved. There is a vast vacuum waiting but if we can evolve our rural communities and tourism activities on a large scale, it will be a win-win situation for both the tourist industry and for the millions living in the villages.



SK MISRA
CHAIRMAN, ITRHD

The role of government should primarily be that of a facilitator. Insuring a steady flow of funds where required, developing policy initiatives, organising training programs, developing infrastructure, particularly in regard to connectivity, drainage, assured power supply and adequate publicity and finances to keep the momentum going. Once the basic requirements have been met and the momentum established, local residents will take up the task with great enthusiasm.

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The role of government should primarily be that of a facilitator. Insuring a steady flow of funds where required, developing policy initiatives, organising training programs, developing infrastructure, particularly in regard to connectivity, drainage, assured power supply and adequate publicity and finances to keep the momentum going. Once the basic requirements have been met and the momentum established, local residents will take up the task with great enthusiasm. If basic facilities are ensured, tourists who desire to see the authentic India will start coming in much larger numbers. Repeat visits and new clients will be acquired by word of mouth. In addition to the revenue and employment generated by local hosts, many other direct and in-direct benefits and opportunities will accrue. The rich resources of our diverse rural areas can cater a variety of special interests, be it religious, anthropological, agricultural and so forth. Farm tourism constitutes a special category of its own.

Tourism and social implications

With increased income, better living conditions, easy accessibility, urban centres for marketing products and availing of other products, the incentive to move from their rural homes will no longer exist. In the long run, rural tourism can make a significant contribution to arresting migration, making the villages attractive to their residents and might even result in some reverse migration. India is hundreds and thousands of villages and promotion of tourism in rural areas should necessarily be selective. Each and every village will not qualify. Those villages that are unique in some aspect and offer basic level of infrastructure will be more suited. The basic requirements of success would be having something for the visitors to see, experience, do or buy. Another aspect is to have clean, hygienic and comfortable places to stay and eat with basic sanitary facilities. In my view the most essential elements in planning for rural destinations would include the following:

- ▶ Creativity and innovation are essential.
- ▶ Activities, attraction and adventure can encourage visitors to stay longer.
- ▶ Culture and heritage are the strongest magnus.
- ▶ Partnership and collaboration are essential if rural areas are to benefit.

Establishing a rural tourism network will have a synergistic effect, benefiting all players. Once tourists start coming, local initiative combined with governmental support will ensure further augmentation of facilities, traction and activities including the development of social development measures in the fields of health, education

and employment. Proximity to existing tourist destinations will be an added advantage as most foreign tourists with limited time at their disposal and perhaps a limited budget also would be attracted to spend an extra day or two to get an authentic experience, if they can do so easily. The catalytic effect of tourism over the course of time makes itself felt and this should subsequently be a motivating factor for policy makers. Of course, one should not expect wonders as results will not flow overnight. Development, particularly of the infrastructure, takes time. When the concerned villages take on a different colour, it will not go unnoticed and will motivate neighbouring villages to create attractions so that they also avail of the benefits. This spin off effect will bring in more villages in the fold. The experience of many foreign countries, both developed and developing, points in the same direction.

New technologies could aid our efforts

Tourism and rural development can be seen as two sides of the same coin. There is urgent need however for all stake holders to join hands and evolve strategies that remove bottlenecks and roadblocks and create new avenues for long terms sustainable tourism.

Co-ordination is the key to success in any major activity but in the field of tourism sadly, it has not achieved the desired results despite constant talks and recommendations being made regarding the need for a co-ordinating body at the highest level.

It is certainly not impossible to achieve this provided we have the right people at the right place who are sufficiently motivated to move away from the beaten track.

The scenario today is not what it was even 10 years back. We have many positive factors in our favour, especially new technologies and digital revolution that allows us to communicate freely across the globe. Looking to the future, in states that have not taken up the initiative, a small number of pilot projects will demonstrate the potential. These will need to be well planned with inputs from relevant agencies such as agricultural universities, banking agencies, NGOs and concerned corporates. They need to include training programs, infrastructure development, adequate and timely funding as well as simplification. Tours of selected group of farmers and other successful projects could provide inspiration. To give greater focus to this concept, each state government may consider a rural tourism development corporation with a co-ordination group comprising other relevant groups and agencies and a specially designated officer from the Ministry of Tourism. **TF**



Tourism, wellness and hospitality key sectors for 'Make in India': Atul Chaturvedi

A multi-pronged effort to make processes simpler, infrastructure more robust and approach more in tune with global times was already underway, iterated Atul Chaturvedi, Joint Secretary, DIPP. He detailed how the government was proactively addressing key lacunae by working on removing bottlenecks. Excerpts of his speech:



ATUL CHATURVEDI
JOINT SECRETARY, DIPP

There are a number of things that are happening on this front. There are 21 new cities, six industrial corridors, and top of that corridor is the Delhi-Mumbai industrial corridor, in the offing. All these are being planned to ensure that we provide plug-and-play kind of a facility to the investor. Delhi-Mumbai industrial corridor is the biggest infrastructure project happening anywhere in the world. It is a '110 billion US dollars' investment opportunity.

On making processes simpler
'Make in India' is basically a pillar of a new and resurgent India and there are several new things that we are looking at. At the top of the agenda is obviously new processes. We are looking at processes that are coming in the way to making any investment, and how do we do away with those hurdles. Therefore, the whole aspect of ease of doing business becomes very important.

A number of things have been taken up at the national level and at the state level. Amitabh Kant mentioned about state rankings and 'name and shame' and how it is going to change the ground situation with reference to ease of doing business is something we are looking at.

Second is the new sectors. As I mentioned that in Make in India we are looking at 25 new sectors and

body, World Bank or any other international organisation, they have been talking about India being one of the most open economies of the world.

A new approach

Third is the new approach. We are looking at several other things, other than Make in India. The PM is talking about Digital India, Skill India and how these things go together to make the right kind of investment to motivate investors, who come and make in India. These national initiatives are an important aspect of a new approach to make in India.

Infrastructure

There are a number of things that are happening on this front. There are 21 new cities, six industrial corridors, and top of that corridor is the Delhi-Mumbai industrial corridor, in the offing. All these are being planned to ensure that we provide plug-and-play kind of a facility to the investor.

FDI and rewriting FDI policies is a key component of the 'Make in India' initiative. India is one of the most open economies.

'Make in India' was conceived when the government realised that how complex and complicated we had made India with reference to doing business and making any investment in India. The story with reference to manufacturing was missing and how do we bring that into focus was the idea behind 'Make in India'.

Therefore, 25 focus sectors were thought off and, among those 25 sectors, tourism and wellness were also two sectors. Whatever is being done with the help of all the sectoral ministries and departments, with the help of state governments and private industry, is towards tourism, wellness and hospitality sectors.

how do we bring about right kind of investments, policies and processes. How do we become a part of the global chain and how do we supply to world? So we are trying to bring in the right technology and processes.

FDI and re-writing of the FDI policies is a key part of the 'Make in India' initiative. That is why world over, whether it is a UN

Delhi-Mumbai industrial corridor is the biggest infrastructure project happening anywhere in the world. It is a 110 billion US dollars' investment opportunity. That is the kind of investment that is going to happen in this particular corridor. The SMART cities projects, which consists of around 100 cities, has also being launched simultaneously. **TIF**

MAUREEN LEIBL, Director, Muse India Heritage Concepts

Carefully organised and developed museums and monuments can have a massive impact on tourism

"The need to re-energize our museums is widely acknowledged but it is a major issue that requires serious discussion and inputs from many people more qualified than I am. However, I can unequivocally confirm that museums throughout the world have a strong impact on tourism and a quick search on Google will give dozens of studies and research papers giving back up documentation and statistics. I will quote just one source here, the national museum director's council of the UK, which has said that, tourism is an important part of the UK economy and the 5th largest industry in the UK. Museums and galleries are key drivers of British tourism and play a significant role in attracting visitors and in building the British brand overseas.

I should mention here that in Jodhpur, where I do most of my work, we are seeing such an increase in domestic visitors. Domestic tourism seems to be a growing thing here and in fact just recently I was looking at our visitor's book and I found some very interesting comments from some domestic tourists. One person said "My wife and I travelled all over the world. We love to visit museums and monuments and

after today I can hold my head up high because we have a monument that can match any other in the world." Another young man who was an NRI said that "I have lived in America for so many years and have always been ashamed when people ask me about museums in India. After coming to Mehrangarh fort, I now know what I can talk about."

This is the impact that carefully organised and developed museums and monuments can really have. I think on this issue, it might be very good to organise a museums and tourism summit in India in the future. To give our cultural policy specific road maps that can be followed to increase the role and impact of our museums in general as well as there still unexploited potential to effect tourism. On the subject of souvenirs, I can speak with more authority. This small company that I established in the late 1990s, Muse India Heritage Concepts, focuses on projects that fall under the category of cultural commerce, primarily museum shops. Shops have been staple of the museum experience in most parts of the world for a long time but when I became involved in this in the late 90s, it was an unknown concept in India." **TIF**



MAUREEN LEIBL

I think on this issue, it might be very good to organise a museums and tourism summit in India in the future. To give our cultural policy specific road maps that can be followed to increase the role and impact of our museums in general as well as there still unexploited potential to effect tourism.

STEVE BORGIA, Co-founder, EcoTourism Society of India

It is all about one big dream for a beautiful idea called India and we need to do it together. Let us unleash India

“We keep talking about India as a very incredible country but it is also very unlimited. Many worlds in one country. I established my first rural tourism project after my stint in UN and I found a whole world in one village. After 20 years, we are talking about Make In India but things have already been getting made here so maybe we need to rename the campaign, 'Remake In India'. We speak in about 2000 languages; write in 50; introduced the art of counting to the world; introduced air-mail to the world 12 years after the British introduced postal services, and a whole lot to come.

Development can destroy, too! Ancient cultures, practices, lifestyle, history etc. are being a part of people and land even today. There are cultures, 450-500 years old, which are practiced year after year without a break in many villages. India travelled, created monuments, festivals and experiences as old as the human civilisation. India is the only country that can sell emotion today. I hope the revolution continues and I think it is time we go in for a second revolution because without a revolution nothing happens in our country and I think the day should start today. What really went wrong? I think things went terribly wrong in the last 100 years. We have smashed monuments, stolen artefacts, threatened regions, lost villages, lost cultures and so forth. 3 years ago, I took a group of my friends from Rajasthan to a place called Chettinad, Tamil Nadu, and showed them a typical house in the village.

Today the mansion which is a typical house over there lies in ruins. The doors have gone to Singapore, Mumbai and Delhi. The windows have gone. You can re-cycle and use every bit of these houses.

Development too destroys. You want to broaden a road, kick 100 temples, break statues, cut trees but innovation from our side can reverse such destructions after protest. There is a beautiful temple, nearly 150 years old, on the Tanjore belt. The temple got broken and the statues were thrown away. I protested and took the concerned people to court but could not stop. Finally, I had to buy those statues and put them in one of my palace hotels. The Madras Central Prison, an 1837, 7 tonne gate. Produced in Birmingham and shipped all the way to India by the British. Just because my CM was locked there for a day, she decided that prison shall not stay. She broke the prison and gave it to a dealer. I had to buy the door and now it is in my museum in Mahabalipuram. Similarly, one of the best palaces ever built in the southern part of India, called the Mint palace, crafted in Shekhawati by Rajasthani sculptors. Each stone brought to Chennai and set by Chettinad craftsman. A four-story beautiful palace. Somebody needed that pathway to gain entrance for a shopping mall they were building and the palace was broken. I got a stay but could not stop it, came to Supreme Court and lost. Finally, I had to end up buying that palace, remove it stone by stone and carry it 400 kms. away and it was kept in my garden. I did not know what to do. Finally, we erected it in the village and it has now become



STEVE BORGIA

Tourism in India is not about what you see but how you see it. Infrastructure and service are the areas which need to be looked into. If you believe this can happen then let us setup a responsible tourism promotion council. A pan-India organisation, headed by area experts supported by a bureaucrat. It is all about one big dream for a beautiful idea called India and we need to do it together.

the lobby of one of my hotels. So, there is a reversion process. There are dark buildings, condemned and broken. You do not care for them and they go bad and finally it is deemed non-liveable and broken.

Yercaud, we say there is no water. The amount of construction the place has seen, of-course there will be no water. Then it is deemed not good for human living and is thrown. Labour goes away, coffee plantations die. So, what we did is that I created a hotel inside a 100-acre coffee plantation without cutting a single tree. The hotel had 100 rooms, was located in a hill station, has a beautiful water treatment plant and a sewage treatment plant. Now I have water in that single hotel to irrigate 600 acres of the coffee plantation. We produce the best

coffee called Tipperary and I export it to England. The Tipperary coffee has a premium right from the days of the East India Company. The hotel got awarded the 6th best idea for greening the world, by fortune magazine, and the 3rd best idea, incidentally, was the Amazon forest. Thanks to rural poverty, many villages have been abandoned. So, I picked up 3 beautiful villages, restored them and launched something called The Rural Tourism Society of India, way back in 1990. When I came back from the UN and was wondering what to do in India, I found a big opportunity and today that hotel has 125 rooms. All those villages have been converted in to a beautiful hotel. Not only the per capita income went up two times and now they say it is a village in a

hotel. Now, we have to look at selling products where you can hear, touch and feel India.

Responsible Tourism Promotion Council could address the lacuna

The tourists must be taken as close as possible and given experiences like these. We need to give them immersion experiences. Teach them to ride bullock carts, give them licences to ride bullock carts; teach them to drink coconut water with palm leaves; give them native food but give them excellent stay quality. We need to take the style to total nativity. If we can manage to achieve these things, then finally people will want to listen to our story. All that we need is a story to tell, history to connect and a wiz-kid to sell. In the good old days, there was no wi-fi, no brochures and yet the whole world came here. They took so much, yet we have so much to offer. Now, India is a natural niche market. The past is a product and it will be the future. Add responsibility to it and India will be an unprecedented country which is unique, interesting and having a price advantage. Take tourism to under developed regions and sustainable tourism will automatically come in. Tourism in India is not about what you see but how you see it. Infrastructure and service are the areas which need to be looked into. If you believe this can happen then let us setup a responsible tourism promotion council. A pan-India organisation, headed by area experts supported by a bureaucrat. It is all about one big dream for a beautiful idea called India and we need to do it together. Let us unleash India.”

RAKESH MATHUR, Former President, ITC WelcomHeritage & EC Member, Indian Heritage Hoteliers Assc

Tourism in India is essentially about heritage. But what have we done about it?

“Let me tell you that I only discovered my country after I joined welcome heritage. I used to be flying in and out of big cities and it was only later that I went and saw what this country is all about and what is the fabulous resource of heritage that we have. Tourism to India is essentially about heritage. But what have we done about it? How many people over here know that in the state of Assam, between Guwahati and a town called Margherita, there are about 18 golf courses in 21 tea estates with about 18 beautiful country homes which are all dying a slow death. These are all heritage homes built during the early 20th century. Similarly, I can give you an example of places like Jageshwar or places like Patal Bhuvaneshwar. Heritage homes in these cities are selling space to display election posters because they do not have the resources to maintain them. This is an actual fact. Therefore, there is a disease somewhere we need to address urgently.

I will stick to heritage hotels as a lot has been said about rural tourism etc. as you cannot de-link all these. Heritage hotels are mostly essentially located in rural areas. Nothing can be maintained or sustained till it is financially productive or profitable. Let us start with that premise. What are the problems of heritage hotels? The answer is very basic and there is no rocket science over here. Let me begin with the problems and then I will also sug-

gest some quick solutions. Firstly, the cost of restoration and conversion is so high. I think everybody understands that these buildings were made hundreds of years ago, and therefore the entire infrastructure, if it needs to be revived, the cost is much more expensive than setting up a new hotel.

The second problem is that the title deeds are not clear. Most of these heritage assets belong to what we call royalty and they were responsible for giving title deeds to others. In many cases, they did not give title deeds even to themselves. So, they actually have no papers, this is an actual fact. Now, where do you get these title deeds from? And if you do not have the title deeds, you are not eligible for any loans. Change of land use. We have had cases where because some properties are being converted to hotels, the governments are insisting that you apply for CLU from domestic to commercial. Now, these are large land banks. The moment you say that you have to pay commercial fees for change of land use, it becomes totally unviable and unproductive. Most of them are rural based and because of issues like lack of infrastructure, electricity, water problems, sewage problems, drainage problems and of course lack of skilled man power in rural areas.

There is a very interesting, small but very significant thing that we have been talking about for the last so many years. The bars and the restaurants in these hotels are not commercial. They do not have a



RAKESH MATHUR

We need to give them considerations in thing like CLU and bar licenses and so on and so forth. We need a consistent luxury tax policy across all states. We need to create an equity fund through some special purpose vehicle of about 100 crores whereby they can get investment support as I said a lot of them cannot entitle themselves to loans.

walk-in customer. It does not make any sense for a hotel owner in a village to pay license fee as per commercial bar rates. Lack of resources to market individual holdings just because they do not fit global norms and of course lack of individual resources to impact the environment. What are the solutions? I think we need to constitute a national heritage hotels and tourism promotion board to formulate policy along with the Indian heritage hotel association and it should be common to all the states because currently policies vary from state to state. We need to package incentives and subsidies to incentivise them to revive their properties

and give them tax holidays. We need to give them considerations in thing like CLU and bar licenses and so on and so forth. We need a consistent luxury tax policy across all states. We need to create an equity fund through some special purpose vehicle of about 100 crores whereby they can get investment support as I said a lot of them cannot entitle themselves to loans.

Since we spoke about domestic tourism being important, most heritage hotels are connected through roads and every time you build a new highway, it becomes a high street with building on both sides. No modern, western or

enlightened country allows buildings on highways and travelling on these roads is dangerous. We need to make road travel a lot safer in these places. The railways for some reason reduced the number of first class cabins and bogies. Can we not introduce a nice air conditioned tourist chair car in every train across the country to encourage the discerning traveller to go to these places? And of-course we need to do something to introduce skill training institutes in these areas which will lead to local employment generation. As far as marketing is concerned, we need a central fund to promote heritage hotels. You can use the heritage hotels association as a nodal body. We have just come up with a concept of the Indian heritage festival and mart where I think we need government support. This is a very different concept where the buyer instead of coming to a stall where the owner is sitting and trying to sell experiential tourism, we are taking the buyer to hotels where they can actually experience. We have created 27 circuits and I would request that something be done to promote this kind of an initiative.

Lastly, I want to add one more point, that a lot of heritage buildings and cities are occupied by the government and are dying a slow death. We should do something to convert them in to heritage tourism assets. You can build new offices and convert these in to some kind of tourism asset including hotels.”

Andhra presents its case as the Best kept Secret among Indian destinations

Srikant Nagulapalli, Secretary Tourism, Andhra Pradesh was recently at India Tourism Summit as the partner state. He made a presentation on how the new state of Andhra, for all your familiarity with it, was offering green field opportunities for hotel investment. Below is an excerpt from his presentation.

By ANAGAT CHOUDHARY

“**A**ndhra Pradesh is a new state with an old name. The state is about 1,000 kms long on the east coast of India and is closest to South-East Asia. After the bifurcation of the state, we have identified tourism as one of the major drivers of the state economy and accordingly certain policy frame work and targets have been set for implementing the tourism policy. The state has targeted about 8% of the GDP share as far as tourism is concerned with about a million jobs in the next 10 years.

Pro-active policies and a government that understands the importance of tourism

A very good tourism incentive policy has been put in place which is ranked the best in the country by WTTC 2 years ago. The state has also been ranked number one in ease of doing business this year. We have a very pro-active CM, Chandrababu Naidu, and the kind of importance that is given to the tourism industry is immense. In the last 2 years, we have seen about two thousand new hotel rooms added and we still have a lot of shortage of hotel rooms because all the 5-star hotel rooms got left behind in Hyderabad. Unfortunately, we did not get a share of those hotels so we have to build these hotel rooms afresh.

Investment promotion and creating associations top agenda

The tourism policy currently focuses primarily on increasing footfalls and we have a target of about 50 lakh footfalls by 2029. We are already in the top four in terms of domestic arrivals and this is primarily because of religious tourism. Andhra Pradesh has the highest footfalls in terms of the temples. We have the best managed temples in the country. The current focus of the policy is on investment promotion and unfortunately, when the state got bifurcated we never had any tour operators. So, we are now in the process of creating associations for tour operators in Vizag, Amravati, Tirupati and Anantpur with each of these areas linked to an international airport. We have a lot of incentives which are being given to these tour operators to

participate in domestic as well as international markets as part of creating the demand for the products that they have. This state is divided into about 5 hubs with 30 priority destinations. When we are attending most of these national or international markets, the feedback that we are getting from them is that they would like to come here for the culture and heritage of the state. So that is what we intend to convert into products and sell. When we were a united state we never felt the need to promote or market our tourism assets but after the bifurcation we saw that we have very beautiful assets in terms of having the largest tiger reserve in the country in Srisailem, which very few people are aware of, we have a location in Karnool which is one of the two places where human beings have evolved over the last 2 lakh years.

Vizag a growing MICE destination

Many such products exist but we have major challenges in terms of the international airport, e-visa and things like that. Apart from that the new capital is also becoming a destination for many of the international tourists, especially Amravati because of its 2500 years old history. This is the 5th time that location is becoming the capital of a political entity. That is a place from where Buddhism got exported from our country to the Far East. Incidentally this story was narrated by the Japanese Prime Minister to our Chief Minister when he met him first, three years ago. Vizag is again fast becoming a MICE destination where we are having a lot of business travellers that are coming in. These travellers are tending to stay back for a couple of extra days and extending the stay. We have a lot of opportunity there in creating good tourism products or enhancing the value of the existing products. We currently have a pipeline of about 14,000 crores investment which has been signed up by way of about 113 MoUs and each of these MoUs we track on an



SRIKANT NAGULAPALLI
SECRETARY TOURISM, ANDHRA PRADESH

This year we have targeted about 1500 crores with the focus being on hotel resorts and water sports because of the large number of water bodies and very long coast line... The state has identified 2 locations as special tourism zones where we have, taking from the recent budget announces, worked on the basic concepts. That is another area where a lot of investors have expressed interest.

”

almost weekly basis with escort officers. This year we have targeted about 1500 crores with the focus being on hotel resorts and water sports because of the large number of water bodies and very long coast line. A number of water sport operators are setting up their shop in Andhra Pradesh. In the last 1 year itself we have 15 locations where these facilities are being setup. Vijayawada and Amravati, we have the Krishna river where we have one of the largest islands in fresh waters. These are almost 4,500 acres of islands located between two cities. This is another location where a lot of investors have visited in the last 2-3 months and are setting up about 10 locations to create a route for operating jetties. Another focus area that we have is Konaseema which is similar to the back waters in Kerala. Probably quite different in terms of the culture, food and heritage. That is another location that we will be focussing on in the near future.

Special Tourist Zones in the offing

The state has identified 2 locations as special tourism zones where we have, taking from the recent budget announces, worked on the basic concepts. That is another area where a lot of investors have expressed interest. We have some properties of tourism development corporation which we are more or less privatising and almost 50% of the privatisation has been completed. We intend to withdraw from these properties and move the tourism development corporation to different areas. Also, a large number of PPP projects are being undertaken. We have identified around 60 land parcels and most of them are available on our website. The project ideas, information and memorandum for the same are on the website as well. Apart from this, in the next 4-5 months, we will be setting up a unique anti-submarine aircraft museum. ” **TIF**

RAJEEV KOHLI, Joint Managing Director, Creative Travels

Government must talk to us as equals, throw away archaic policies

On what it would take for an Indian tour operator to acquire a global footprint

When PM Modi launched his Make in India program, we in the tourism industry were very excited but now 3 years later, we sit in a position of extreme disillusionment, despair and apprehension for our future. We as an industry have always approached the government as a partner in their efforts. Make in India has made us proud as a nation. The concept is wonderful and the passion evokes thrills. But for tourism, it has unfortunately offered little opportunity or hope for any turnaround. The government touts double digit increases in tourism arrivals but anyone has studied economics or statistics will know that numbers are not absolute and can tell any tale one wishes to spin. Where it is a fact that absolute arrivals have increased, digging deeper into the details shows that our key source markets are in a spiralling decline.

Dichotomy between government intentions and actions

Growth has come from the likes of Sri Lanka, Nepal and Bangladesh.

These are source markets that add little value to the real stakeholders and sellers of travel in our country and little to our coffers. The Make in India policy wants to encourage the inflow of investment into India. Yet, the only industry that probably has the highest net retention of dollars in the economy has the weakest administrative support. We have allowed international companies to come in to India to setup their footprints and to acquire or eradicate Indian players. Multi-nationals have filled in the coffers of online portals that have deliberately embarked on a mission to remove local competition through predatory pricing or unfair practices. We have done a lot for foreigners to come and invest yet, I as an Indian player have no support to expand my footprint overseas. We recognise competition, we welcome investment but we ask that we as Indian players have the same right to do what others can do across the world.

India an expensive destination to sell

We have many brilliant profession-

als who can take Indian tourism further, only if we had the support and guidance to do so. The Make in India policy wants to increase employment yet, I find our industry is retrenching manpower. The government wishes to grow tourism, they want us to achieve the vision of twenty million arrivals, our targets keep on increasing and yet the environment we are operating in, as an industry, has not changed.

International travel partners also say that India is a fascinating country and culture yet, we are a painful and expensive destination to sell. We no longer excite sellers of travel overseas. For Make in India to make a difference in our lives, the government needs to be prepared to talk to us as equals, not talk down to us. We need to collectively be prepared to throw away all archaic policies of our tourism administration and start from scratch. Times have changed and what has not worked for a decade is unlikely to work in the future. We need to be prepared for change. The private sector has embraced change and wants more. Is the government prepared



RAJEEV KOHLI

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to match our pace? The private sector can do only so much with its limited resources. It is time to treat us as equals and take our passion for our country as the power to drive the Indian economy and the Make in India program. We are the only sector

that can generate the amount of employment needed to eradicate poverty. We are the only sector in the Indian economy that can add significant growth to our foreign exchange reserves. We are the only sector that can truly make the lion roar. **TIF**



Industry must become more vocal and active in taking the lead: Amitabh Kant

Amitabh Kant, CEO, Niti Aayog minced no words, alleging that the industry was failing in pushing the government on the tourism front. Calling the industry passive and silent, he pointed out how government's inadequate destination marketing was not been highlighted by the industry. Excerpts of his discussion with Navin Berry, Chief Editor, Cross Section Media follows:

By **PRIYAANKA BERRY**

NB: Do you see the possibility of a marketing fund for the industry?

AK: I think it is a very good idea and you should take this forward. My view is that in the tourism sector the government doesn't perform and the private sector only talks. You must walk the talk and when you do that the government will meet you half way through.

If you don't do this, you will have the demise of tourism because the government is incapable of doing consistent and professional marketing over a long period of time. If you want to create a brand, it should be done by the private sector. A lot of capacity is now being created in terms of hotels, infrastructure and rooms, now you need about a 100x of professional marketing than what is happening right now. You need a huge penetration of brand India across markets and across the digital world. India must become the top most recall market amongst travellers which is not there right now. So you have created infrastructure and you have created rooms, now you have to ensure that the demand grows rapidly and that these rooms are filled and you create even more hotel rooms in the next lot.

NB: From the days when you were in the Ministry say 17 years ago, now the whole canvas has changed many

I think the industry must have a greater voice to tell the government that it is miserably failing in doing destination marketing.

fold. The current department of tourism is virtually at the same level as it was during your time. It hasn't grown in terms of numbers of people or professionalism. Do you something mega happening on this front with consultants or an enlarged tourism ministry?

AK: The new General Financial Rules in government allows you a lot of freedom. In DIPP, I had taken on a lot of outside professional bodies that assisted and supported me in a vast range of areas. Here, in NITI Aayog, I have hired a lot of young professionals and a lot of consultants. These are young people from Harvard, Wharton and Oxford, they bring in all the life into NITI Aayog and they are the ones driving things. Same thing I did in DIPP; I had World Bank, KPMG working with me. It is good to stay lean and thin as a body but it should have the ability and flexibility to work with the best professionals from around the world which the present rules permit. So, I don't know why this is not being done.

NB: How do see travel and tourism panning out?

AK: See I am not a great believer in the numbers game. So, I won't say that from 8 million you want to go to 15 million or so on but I am

a great believer in earnings. You should target in terms of earnings to achieve a 5x growth in the next 3 years. It is also possible to enhance your per capita earnings. Its hugely possible to give a big thrust. Not in terms of numbers but in terms of value. Because now you have opened up the gates for electronic tourist visas. That is a huge move forward.

All the requirements for tourism are available now. There is no rational reason why India's tourism should not grow in the coming years. The only thing in infrastructure that you actually lack is great MICE centres. You need more convention centres. Which we have initiated. We are creating one of the biggest convention centres in Dwarka that is 5 mins from the airport and connected with 2 metros. Also, Pragati Maidan is being redone. MICE tourism will take a quantum jump. We at NITI Aayog are in the stage of planning for opening up the islands. We are doing 5 in Lakshadweep and 5 in Andaman and the next phase will have 20 more. The concept is a sustainable

and holistic development. The other thing is to relax the CRZ in a manner to develop beach destinations. Rest is all marketing and incentivizing the private sector to contribute to the resources. With GST, tourism should be at the lowest level. If you want tourism to be a job creator, then it should be at the lowest level.

NB: You mentioned the 160 countries where we have the E-Visas, has it produced the required numbers already or you expect it to take longer or are there other things that we need to do along with the roll out that are not happening?

AK: The government has put out the policy framework. There might be some teething problems and those can be sorted out. Any facility is as good as or as bad as you market it. People around the world are not aware that you have an electronic visa facility. You need to market it aggressively. For this lack of awareness, I blame the private sector more that I blame the government.

NB: We all know you are the creator of Incredible India which ran beautifully for first 3-5 years and now it has gone into a bit of a dormant phase. What would



AMITABH KANT
CEO, NITI AAYOG

you do if today you were given charge of Incredible India as a campaign, as a means of education and bringing in more numbers?

AK: I never look back but only look ahead. Today I feel the private sector doesn't make adequate sound. You should make a hue and cry. The priority of the government is growth with job creation. The multiplier impact of tourism is so immense and there is no other sector that can create such jobs. We haven't tapped the job creation potential of the tourism sector at all. My view is that there are 5 key areas where tourism needs to focus on. One is marketing and promotion of E-Visas; improve the quality of infrastructure; you need to open up the MICE market and open up the beaches which have a huge potential; you need great amount professional and world class marketing in all areas; you need to focus on skill development and ensure that in GST you have the lowest level of taxes.

NB: Many a times you said that you blame the industry for not doing certain things. Many of us including me think at times that the industry should take up a bigger challenge as a whole rather than their individual projects.

AK: I think the industry must have a greater voice to tell the government that it is miserably failing in doing destination marketing. As group and as an industry I never hear your voice that the government isn't doing enough. I have been Secretary DIPP and I have interacted with every single industry; the tourism industry is the most passive and silent.

NB: The sense I have always got is that whenever the industry is looking to meet the government it is regarding some tax reduction or the like. We have not gone seeking any broader picture.

AK: I am a great well-wisher of the travel and tourism sector. It has huge potential for growth and growth in jobs. You need to work with many more states. You need 10-12 champion states in travel and tourism which is missing. After Rajasthan and Kerala, I thought you would have many more state which would create jobs through tourism. You need to work with Chief Ministers. Government has given 42% allocation to the states. The states have to make this their number 1 priority.

NB: On this, my suspicion is that the government machinery is terribly vulnerable to the incumbent in power. You have a Secretary, he goes and the whole policy and priority is changed. There is no consistency in terms of endeavour, in terms of policy and objectives. Kerala success story is also due to continuity in thought process.

AK: Kerala has continuity all throughout. You need to have continuity. The Kerala private sector is very vibrant unlike in Delhi. Their dynamism we don't see here. See the Kerala Travel Mart – supported by the government but totally driven by the private sector.

NB: Do you think something like this is possible on the national level?

AK: Yes, absolutely, why not? 

Today I feel the private sector doesn't make adequate sound. You should make a hue and cry. The priority of the government is growth with job creation. The multiplier impact of tourism is so immense and there is no other sector that can create such jobs. We haven't tapped the job creation potential of the tourism sector at all. My view is that there are 5 key areas where tourism needs to focus on.

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Multiplicity of authority barrier to growth of integrated infrastructure: Ashok Lavasa

In probably a first in recent years, the Finance Secretary of India speaks to the tourism industry at India Tourism Summit that took place last month in Delhi, on his take of Indian tourism as an industry. In the present government, he has already served three key portfolios. He was secretary, Civil Aviation and then the Environment Secretary and in both these sectors there was a fair amount of work done that has or will impact tourism going forward.

By PRIYAANKA BERRY

“I would like to make a few observations on the role and importance of tourism in the current context. We always refer to travel and tourism, and I was asking myself what is the distinction between a traveller and a tourist and I felt that perhaps a traveller is someone who wants to go from one place to another but a tourist is someone who wants to spend time, he wants to discover that place and understand different cultures and lifestyles.

The way the world is moving today, particularly the wave which people are calling anti-globalization, I ask how is it going to impact tourism? And I felt that what is happening in the world, the protectionist tendencies can provide a great opportunity for tourism. It is the tourism industry that can create a tourist attraction out of a wall and it is the tourism industry that can create a tourist attraction even out of wall that is damaged. The brilliance and the creativity of the tourism industry is about packaging and taking a product to the world in a manner that they find it attractive and want to experience.

Now there are a number of statistics to show how tourism is

contributing to the economic growth in countries and this shows that tourism is a sector that has a direct impact on economic growth and on employment generation and an indirect and induced impact which is far greater than the direct impact. In the current context where global tourism has been growing about 3.9% or so, the Indian tourism industry is forecast to grow at a much higher rate and this is what people also say about the general growth about the Indian economy as well. The way tourism growth has taken place in India, whether it is in terms of investments, or growth in arrival of foreign tourists, it is in the multiplication of domestic tourism, where India has grown immensely. Whatever be our grievance about the slow pace of growth but I would feel that India has grown a lot. I recall



ASHOK LAVASA
FINANCE SECRETARY OF INDIA

We have still not been able to resolve the issue of multiplicity of authorities which are dealing with various issues. This becomes a barrier to integrated growth of infrastructure and tourism. Perhaps countries where a lot of progress in tourism has been made, my sense is that many of the local authorities are responsible for managing tourist attractions. In India, the situation is not that. It is not just the Taj that is to be preserved only but also how you get there and the entire experience around it.

Atithi Devo Bhava has to seep into our citizens' sensibility and sensitively and only can we hope that India becomes a major destination.

in 1993, when I was in tourism and even the earlier days when people like Mr. Misra were in tourism, India was still talking of a million foreign tourist arrivals per year and now there are months in which you get almost that number. Along with this, there are some challenges which have come and we need to address those. For example, take the case of river rafting. 20 years ago, people hardly considered going for river rafting but now adventure tourism has grown in a rapid way and this has brought issues such as safety and environment to the fore. Now, unless we address these issues we will not have a holistic development of tourism.

The way tourism industry would grow is not only by direct intervention but you must look at the entire approach of the government. Such as *Swachh Bharat Abhiyan*, to improve the image of India. Another thing to emphasise is that resources that India has, finance is only one of the resources, others are heritage

and natural resources. How are you able to not only present these resources but also preserve them is very critical. Without preserving, we are looking at a very myopic approach.

The beauty of tourism is in its ability to connect with the local population. If there is a disconnect between what you are providing to an outsider who is visiting that place and the quality of the life in the area where that resource is located, the wider the disconnect the more problems you will have in promoting tourism. It is the responsibility of the government and the tourism industry to narrow this disconnect.

There is no better industry than tourism which is all inclusive and this slogan that we use of *Atithi Devo Bhava*, if it is going to remain just a spiritual statement, it will not help at all. I think this has to seep into civil consciousness. How do you make your citizens tourist friendly and not citizens who will scribble on noticeboards, or worse

remove signages. *Atithi Devo Bhava* has to seep into our citizens' sensibility and sensitively and only can we hope that India becomes a major destination. I would like to emphasize on the role that family plays in teaching its own children in being good citizens.

While it is very good to attract foreign tourists and I am all for it, but I think that no country in the has grown if it has not provided for the domestic travel and if it has not looked after the budget traveller.

Another issue which plagues the tourism sector which we have still not been able to resolve is the issue of multiplicity of authorities which are dealing with various issues. This becomes a barrier to integrated growth of infrastructure and tourism. Perhaps countries where a lot of progress in tourism has been made, my sense is that many of the local authorities are

responsible for managing tourist attractions. In India, the situation is not that. It is not just the Taj that is to be preserved only but also how you get there and the entire experience around it.

If you look at the allocation of the Ministry of Tourism and think that is the only investment that the government is making to promote tourism that would be a slightly unfair way of looking at it because of the holistic way of looking at it. You should keep in mind the various other programmes that the government runs and investments it makes and policies and schemes that are handled by other ministries that contribute to the development of tourism. Even if you limit yourself to the allocation to tourism, this year for example, there is a 16% growth in allocation to tourism. This is a big step which the government has taken.

I do believe that whether you see tourism an industry or not but there is a lot of industry in tourism. **TIF**

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A mechanism for joint secretary level inter-ministerial interaction critical: V K Duggal

V K Duggal, after an extensive discussion with panelists, recommended some measures for 'Joining the Dots'. Excerpts:

On Tourism
The outreach of tourism is total. It pans into each and every area, be it employment, or economic activity. Economic activity at the smaller scale, the medium scale, and at the large scale. It touches every person's life in some form or the other.

On need for regular inter-ministerial meet to sensitize bureaucrats about the needs of tourism industry
All ministries are connected to tourism. I think Joint Secretary level interaction can be extremely productive. They have more time and understanding of the whole thing. They can push it in their ministries.

On heritage tourism
One thing is fairly certain. When it comes to organising large events in the country, we have attained enough expertise. Some practical issues have been raised. Where museums are concerned, I think there is a general level of satisfaction. Where monuments are concerned, it is not only, within the precincts of the monument, it is the approach to, and the environment of the monument which also has to be looked at.

Challenges and the way forward:

► **Formal structure for Joint Secretary level interaction:** There is a need to create a structure so that such an interaction takes place on a regular basis on a functional level. A meeting of various joint secretaries, chaired by Secretary (Tourism)

► **Multiplicity of authorities:** It comes into play. That is the problem we will have to address.

► **Liberalised policy on commercial usage of monuments:** Sensible and desirable level of liberalised policy where the commercial use of your ancient heritage is concerned. Not only palaces of Maharajahs who are converting them into hotels, but monuments as well. It creates publicity and you are forced to keep it clean.

► **Coordination among ministries:** There is a need for coordination between Ministry of Tourism and other ministries which can play a significant role in growth of tourism in the country.

► **Turf battle or ministerial priorities:** Challenges remain. It could be priorities of those ministries and departments; it could be turf battle. **TIF**



V K DUGGAL
FORMER GOVERNOR, MANIPUR

There is a need for sensible and desirable level of liberalised policy where the commercial use of your ancient heritage is concerned. Not only palaces of Maharajahs who are converting them into hotels, but monuments as well. It creates publicity and you are forced to keep it clean. There is a need for coordination between Ministry of Tourism and other ministries which can play a significant role in growth of tourism in the country.



Promoting indigenous sports will help tourism and culture: Rajvir Singh, JS, Ministry of Sports

Rajvir Singh highlights the untapped potential of indigenous games in attracting domestic and international tourists.

Unfortunately, we are not doing much to promote sports. Sports, in most of the leading countries, and I was reading their curriculum, is a mandatory activity in the school – and half of the European countries teach sports, some as competitive and some as participative, and team sport is compulsory in Europe and the USA. Not many of our school children play team sports. It is very important. I quote a report that by 2030, India will have its one-third of population affected by lifestyle diseases.

In Europe, when people go for tourism activities, they will take their bicycles along with them. Not many in India, I believe, do it. We have a lot of fun sports in India, indigenous, all across the country and they are dying a slow death.

Sports tourism in the modern sense can attract a lot of people, if we package it properly. The Ministry of Sports has been holding many events. But it was for the first time, and we in the sixty-eighth year of our republic, a conference of Ministers of culture, sports and tourism, of states and the centre, was held in Kachchh at the behest of the Prime Minister. It was done to promote sports, and through that culture, as well as, tourism.

I was Deputy Secretary, Agriculture in 2004, looking after a division called

coordination. In one department, if there are 11 divisions, people do not know what the other division is actually doing. Not many people would be knowing that FIFA Junior World Cup is being held in India. 24 teams will be participating in that event, and it will be held across six different venues. Delhi, of course, is one of them. Goa is already a tourist destination. Others are Kochi, Mumbai, Goa and Guwahati. We will also write to the Secretary, Culture and tourism, as well, that we are hosting and these are venues. We will also be organising 'Himalayan Region Games'. We were planning of holding them in the last week of April, but now they have been rescheduled for November. I wrote to 11 Himalayan states, and countries, consisting of Nepal, Afghanistan, Bhutan, Myanmar and Thailand – which will be participating, about the Games.

There are many indigenous sports, like Jallikattu in Tamil Nadu. It is a popular sport. We need to encourage such activities. A calendar of these events can be drawn up by the department of sports. We have not done that till now. The snake boat race in Kerala, bullock cart race in Tamil Nadu, buffalo race which has been banned in Karnataka, and you must have heard of the Rai Kilapur Rural Olympics. It attracts millions of people, including from abroad. A calendar of these



RAJVIR SINGH
JOINT SECRETARY, MINISTRY OF SPORTS

There are many indigenous sports, like Jallikattu in Tamil Nadu. It is a popular sport. We need to encourage such activities. A calendar of these events can be drawn up by the department of sports. We have not done that till now. The snake boat race in Kerala, bullock cart race in Tamil Nadu, buffalo race which has been banned in Karnataka, and the Rai Kilapur Rural Olympics. It attracts millions of people, including from abroad.



events can be drawn and sports can become a vehicle to grow itself, as well as facilitate growth in other sectors.
Sports is going to grow as a real-time

event, on a real-time basis, as a real-time entertainment industry in times to come. So, we need to promote sports and through that tourism and culture. **TIF**

AYUSH addressing lack of credibility, accreditation of yoga schools, says Ajeet Sharan

Phoney Yoga instructors, ill-managed centres and complicated visa processes have all curtailed the growth of Ayurveda, wellness and yoga tourism in the country. Secretary AYUSH shared some important steps undertaken by the ministry to bring more standardization and quality in offerings. Excerpts from his address:

AYUSH, for those who are not really aware about, is an acronym for Ayurveda, Yunani, Siddha, homeopathy and naturopathy. I will focus on Ayurveda and Yoga, because to my mind they have the biggest tourism potential, and to my mind we have not yet scratched the surface. Starting with yoga, of course, after the International Day of Yoga's announcement two years back, there is tremendous interest in yoga, and in coming to India to learn yoga. We have a large number of people coming from across the world. They are not novices, mind you, and they come from far a place as Peru and Chile in South America.

So, are we prepared to receive these people who come here to learn yoga? Absolutely not. There are many issues. **Visa hurdles:** Till recently, they could not come to India on tourist visa, and if they were coming on a student visa, they had to come through structured, approved, and accredited programs. So, there was no way for people to fudge and come for tourist destinations, and, clandestinely, come in a way, try and enrol in a yoga program.

With great difficult, we have managed to get yoga as one of the purposes for obtaining a tourist visa. Here again, if one has to stay for more than six months which many of these tourists do, because they are serious yoga students, they have to go back to Nepal, or Bhutan to get their visa renewed. We have tried that with the home ministry, but I do not know why they cannot get that renewed in India – and it gives a bad name. At one level, we are trying to get them to learn yoga, and on another level, we are trying to make things so much difficult for them.

Lack of credibility and need for classification: A person sitting in San Francisco signs up for a yoga program based on the website of that centre, and when they come here they find just a hole in the wall. Rishikesh alone has over 200 yoga centres. Rishikesh and Mysore are



AJEET SHARAN
SECRETARY, AYUSH, INDIAN SCHOOL OF MEDICINE

two of the biggest centres for yoga learning in the country, but there is absolutely no infrastructure there.

Tourists feel cheated and file a police complaint. It leaves a bad taste in everybody's mouth. So, we are initiating a centre for accreditation of yoga centres. It is not going to be easy. We need cooperation from state governments'. Maybe, draw a leaf out of what Kerala has done in terms of classification of Panchkarma centres. There they have classified them among Platinum, Gold, Silver etc. based on some kind of categorization. I think it will go a long way in improving the credibility of the system, as far as learning yoga is concerned.

Certification of yoga teachers: Till recently, we had no way of categorising

whether the yoga teacher was good or bad. Yoga learning was happening in the most unstructured manner. Most teachers had a Sanskrit background, or at most an eight-month diploma from some place, and they call themselves teachers. There was no way of knowing the level of proficiency of the teacher. Fortunately, it has been sorted out. We have together a system of certification of yoga instructors. It is a four-level certification where Ministry of AYUSH, along with the Quality Council of India have put together this in place. There is a process of online registration, followed by an online exam. Till date, I think we have certified about 2000 yoga teachers – level one and two. Very soon, in the next six months, this level should cross 15,000. Swami Ramdev

Rishikesh alone has over 200 yoga centres. Rishikesh and Mysore are two of the biggest centres for yoga learning in the country, but there is absolutely no infrastructure there. Tourists feel cheated and file a police complaint. It leaves a bad taste in everybody's mouth. So, we are initiating a centre for accreditation of yoga centres. It is not going to be easy. We need cooperation from state governments.

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has a target of one lakh. I am fairly certain that he will achieve the target of having one lakh certified yoga instructors.

We have written to states to include yoga certification as a mandatory requirement when they have to employ a yoga teacher. This common certification will be a much better thing.

Similarly, we are going ahead with the accreditation of large yoga schools – where people come for a more structured program. We have certified Sri Sri Centre in Bengaluru. I think there are about 15-20 major yoga centres in the country, and in the course of the next few months we will be able to accredit these yoga centres.

Ayurveda:

There are similar issues. I think in terms of value addition proposition, probably, Ayurveda has much more to contribute, even more than yoga, because people come here for two things: for wellness, and for serious medical treatment. A large number of patients come over for Ayurvedic treatment and, unfortunately, these are people who have lost hope of recovery from all other systems, and this is their last resort.

Issue, unfortunately, is more here on the supply side. There are only eight NABH accredited Ayurveda hospitals in the country. There are a few hospitals that are accredited, and those are also concentrated in the south which can provide serious treatment. But the potential is huge. People from across the world can come here and seek treatment for diseases.

Wellness:

It is a very big segment. I recently visited a hospital in Trivandrum. It had a capacity of 180 rooms. I was, probably, the only Indian visitor there. There were visitors from Europe, and staying there for a minimum of 15 days. That is the kind of contribution Ayurvedic tourism can make for the country.

So, potential is huge. Challenges are there, but they can be addressed by cooperation with state governments. **TIF**

Bharat Mala has significant ramifications for tourism; focus on wayside amenities, says Leela Nandan

Apart from boosting existing road networks, the ministry intends to create last-mile connectivity, and coastal connectivity through an ambitious project – Bharat Mala. Also in the pipeline is construction of a number of wayside amenities on 33 locations, across 9 states in the country through the PPP model. Excerpts of her address:

While I was in tourism, I recollect the number of meetings we used to seek with Road Transport and Highways Ministry, simply to push two-three key issues which are core to the entire debate about tourism. One is infrastructure, connectivity, especially last-mile connectivity to destinations and monuments. The other was the need for wayside amenities, because of all the transportation happening through roads.

Bharat Mala has taken a holistic overview on infra augmentation

On the one, I will tell you that the argument is same as it was all those years ago. When we look at the entire business of identifying National Highways for upgradation and expansion, we really look at the term called PCU – passenger carry units. So, the volume of traffic is something that determines how they will be expanded and upgraded, and there is a lot of engagement with state governments. That was the case earlier. It continues now. So, I feel that we need to keep doing advocacy with states, and within the states it has to be PWD and transport department. These are the departments

within state governments which will interact and bring proposals, and make sure that these proposals are mainstreamed in the ministry's plans. That notwithstanding, we are embarking upon an ambitious national program called Bharat Mala – where we are trying to take into account coastal connectivity, ports and border connectivity.

So, tourism does find a significant mention in our Bharat Mala plans. Hence, it is all the more required that there is interaction with state governments, so that the ones which are urgently required to be upgraded are posed to the central government.

Wayside amenities:

I am happy to share that the Ministry has come out with a very pro-active policy, having identified 33 locations, across nine states in the country which are along National Highways. Wayside amenities will be developed on the PPP model, so that either there are combined wayside amenities for cars and buses, or only for truckers, or only for cars. These would include restrooms, eating facilities and Wi-Fi etc. This policy has been approved and rolled out. These 33 places will be put-out for bidding very soon. We hope that



LEELA NANDAN
JOINT SECRETARY, ROAD TRANSPORT AND HIGHWAYS

I am happy to share that the Ministry has come out with a very pro-active policy, having identified 33 locations, across nine states in the country which are along National Highways. Wayside amenities will be developed on the PPP model, so that either there are combined wayside amenities for cars and buses, or only for truckers, or only for cars. These would include restrooms, eating facilities and Wi-Fi etc.

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amenities will come up very soon, and we hope that tour operators and individual tourists will benefit from this pro-active stance of the Ministry.

We really need to be connecting on a regular basis. 'Joining of Dots' should

not be confined to this dialogue, but should continue beyond it, so that issues that have emerged after this discussion is taken forward by us in our respective ministries, and we can factor them in our plans. **TIF**

Government serious on expansion of aviation infrastructure and connectivity: Arun Kumar

The Ministry of Civil Aviation has plans of adding more teeth to air-connectivity, especially in tier-2 and tier-3 cities. While congestion at available airports is an issue, it is an international phenomenon and new airports are being added to address it, he said.

I will talk about two types of tourism that we can envisage – domestic and international. On the domestic front, our job is to join the dots. Provide the ecosystem, environment that people can fly. So, encouraging airlines and building more airports are some of the things that we are currently doing. The domestic traffic growth in India, at the moment, is around 25%, except for the blip in the month of February when it came down to 17%, for 21 months it was growing at 25%. In the last five years, 60 million to 110 million is the growth in numbers, making us one of the largest domestic markets in the world.

most liberal regimes in the world, and we have allowed our country to be connected with the world, as much as possible. Emirates, Qatar and all the other big airline companies are flying 9-10 destinations into the USA and in India while the USA is geographically three times bigger than India. **Policy of 18 destinations:** It is also a sound policy initiative for promoting tourism. We allowed this to SAARC and ASEAN countries, and here the growth has been phenomenal. Singapore and Bangkok have been connected to these 18 destinations. If you remove a couple of airports from these 18 destinations, other are our top airports,



ARUN KUMAR
JOINT SECRETARY, MINISTRY OF CIVIL AVIATION

We have been building airports. Kapil Kaul remains very concerned about the constraints facing Indian airports, but I will just submit that all the big airports, all over the world, are constrained. In fact, in Europe, they have pricing based on the congestion level at the airport. Delhi airport is getting congested, but with the UP elections getting over, we expect another airport to come in Delhi as well. Mumbai will have another airport in 4-5 years.

The cabinet has sanctioned 4,500 crores for promoting smaller airports which could include places like Pondicherry and Jaisalmer.

On the international front, our numbers have also swollen to 55 million. If you add the two, it makes it to 175 million – sixth or seventh largest market in the world.

like Ahmedabad, Goa, Lucknow and Jaipur. They are all having tourism, and helped us connecting destinations like Gaya and Varanasi.

Policies on the international front:
Open Sky: Open Sky means no limitation on traffic rights, and any number of flights can be mounted on both sides. We have offered it to around sixty countries. I am happy to share that we have, so far, signed Open Sky agreement with 14 countries. Spain, Netherlands, Serbia, Sri Lanka and Greece are some of them. We already have Open Sky agreement with the USA and the UK.

India's bilateral traffic regime is one of the

As far as I am concerned, there is a case for expanding this list. It could be Madurai, Coimbatore, or any other destination. It can be examined. Basically, we are facilitating flying from SAARC and ASEAN countries.

Other than that, we have significant connectivity with the Middle East. There too, we have very liberal bilaterals; we have given more than a lakh seat to the UAE.

So, we have very liberal bilateral regime, but it has hurt us a little, in terms of not allowing our hubs to grow.

On the domestic front
It has been phenomenal. We have been building airports. Kapil Kaul remains very concerned about the constraints facing Indian airports, but I will just submit that all the big airports, all over the world, are constrained. In fact, in Europe, they have pricing based on the congestion level at the airport. Delhi airport is getting congested, but with the UP elections getting over, we expect another airport to come in Delhi as

well. Mumbai will have another airport in 4-5 years.
The cabinet has sanctioned 4,500 crores for promoting smaller airports which could include places like Pondicherry and Jaisalmer etc. So, we are connecting the dots; we are building the infrastructure. Our airlines are robust. We are adding 50-60 aircrafts every year. So, we have huge capacity and I guess we, on our part, will try our best and do our best for tourism. **TIF**

MoUD will demonstrate success in SMART cities mission before replicating the model: Kumar Vinay Pratap

SMART CITIES mission is an expensive exercise and has its limitations. Therefore, the ministry plans to execute projects and demonstrate success before implementing them on a larger scale. Excerpts of Kumar Vinay Pratap's speech at the gathering:

I am going to talk about three flagship missions undertaken by the MoUD: Swaccha Bharat Mission, SMART CITIES mission, and HRIDAY (Heritage Development and Augmentation Yojana). All these missions have an externality, in terms of returns that they will produce for tourism. We have not directly consulted Ministry of Tourism, or the tourism industry while drawing these missions.
There are a lot of misgivings about the SMART cities mission. The mission was

developed as a SMART city.
So, the idea is to start small, demonstrate success, and replicate within the city and across cities within the nation.
As I said, you develop these areas with developed country infrastructure, because it is very important to demonstrate success. We spend a lot of money, but do not get much in return. So, there has been a new thinking in this regard.
In terms of connection to tourism in SMART cities, each of the SMART city



KUMAR VINAY PRATAP
JOINT SECRETARY, MINISTRY OF URBAN DEVELOPMENT

There are a lot of misgivings about the SMART cities mission. The mission was brought in 2015, its tenure is till 2020, and the government of India is putting in rupees 50000 crores on the mission. That is a very small sum with regard to the requirement. Like the government is planning on developing 100 SMART CITIES. 60 have been declared till now, but the areas of cities are very small, because it costs a lot of money.

Several national programs have major implications on tourism. Swaccha Bharat Abhiyaan touches every part of the country.

HRIDAY mission is directly related to tourism. 12 cities have been selected to improve infrastructure and access to the heritage sites – and, obviously, there will be returns in terms of tourism.

brought in 2015, its tenure is till 2020, and the government of India is putting in rupees 50000 crores on the mission. That is a very small sum with regard to the requirement. Like the government is planning on developing 100 SMART CITIES. 60 have been declared till now, but the areas of cities are very small, because it costs a lot of money. For Delhi, area under NDMC is being

proposal for these 60 cities that we have received have proposals about developing the core city area. For example, the proposal of NDMC talks about the making Connaught Place pedestrian only. It would be a no-vehicle area, and come up around March 2018.

Swaccha Bharat Mission:
It was launched in 2014. The idea is that

our cities are not too clean. So, we have to bring about better measures for solid waste management; waste to energy projects, and waste to compost; and to make our cities open defecation free. That is a major issue in India. We are the open defecation capital of the world. So, it extends to all 4041 towns and cities which have been declared in India. Unlike the SMART city mission, it covers the entire canvas. We have had some success. Maharashtra and Gujarat have already

been declared open defecation free.
It requires a lot of behavioural changes. You can put in money, but unless people realise it themselves, these changes will not happen.
HRIDAY Mission:
Directly related to tourism, 12 cities have been selected to improve infrastructure and access to the heritage sites – and, obviously, there will be returns in terms of tourism. **TIF**

ASI planning to restore and conserve all monuments under its ambit, says P L Sahu

The Ministry of Culture is planning to conserve and restore over 3,600 monuments falling under its jurisdiction. In a bid to ensure global standards, it has undertaken several projects under the public-private partnership model. P L Sahu, Joint Secretary, Ministry of Culture addressed the gathering, informing the audience about ministry's initiatives and how it would positively impact travel and tourism in the country. Excerpts of his speech follows:

On the thriving examples of community development in the country.

I want to begin with talking about a meeting that was held a couple of months back in Kutch. The meeting was attended by about 300 officials from the state government, the central government, ministers of state as well as central governments, who came together to have a coordinated approach for tourism. The beauty of this confluence is that the tourism ministry brought out the report of the summit which was shared with everybody and time was given to every ministry from, both state and centre, to work out a strategy for development of tourism.

I personally went to Kutch twice and I can vouch for the fact that it is one of the best examples of community development. My first visit, I saw for myself the poverty in that part of the country. Now, if you go there you can see for yourself that there is a thriving 150 crore business running there.

On the ministry's vision to preserve and

We have introduced the system of 100 Adarsh Monuments where world class facilities will be provided.

promote Indian cultural heritage

Coming back to culture, the vision of the culture ministry is to preserve, conserve and promote our cultural heritage. To use the cultural legacy of the country for soft power, diplomacy and of course, to promote culture, both tangible and intangible. I will restrict myself to the tangible cultural heritage of the country because it directly impacts the tourism sector. By tangible I mean the great and ancient monuments that we have which are maintained by the Archaeological Survey of India and the museums, where the tourism footfall is quite large. Taking in to account some of the statistics, we have roughly 50-60

million people visiting the monuments in the country and roughly 20 million tourists visiting the museums. We have 7 museums as well as about 44 site museums of the ASI, we have about 25 science centres and all of these make for about 20 million visitor footfalls.

On the work undertaken by the ministry to see through the vision of preserving and promoting Indian Culture

Talking about what we do in the ministry to promote art and culture, as mentioned before I will stick to the tangible part, particularly the work of the Archaeological Survey and the museums. If you look at our cultural heritage, the outstanding universal values of the cultural heritage of India, we have 35 cultural and natural sites in India today which have the world heritage tag given by UNESCO. Looking at 2007-2012, not a single heritage site of India was actually inscribed and if you now look at 2014 onwards, 12 of these sites are now inscribed. This also

includes the intangible heritage culture. For example, Yoga has now been inscribed. So, out of the 35 cultural heritage centres or sites in India, we have about 27 cultural sites and about 8 natural sites, for which we take support from the ministry of environment and forests and process the files for giving them the cultural heritage tag. What we have done actually in the ministry in the past couple of years is that we tried to improve the legal framework on which we can work as well as founding a national committee which includes the best available experts to work with and we asked the experts to create dossiers. So, we are working really hard to



P L SAHU
JOINT SECRETARY, MINISTRY OF CULTURE

On the monuments side, we have now started adopting some of the best practices available in the world today. We are using the Public-Private Partnership model to do conservation work. Some of these sites that this model has been implemented in have seen footfalls grow as much as 20%. There are many other things on which we are working. The government has allocated 350 crores to protect and create boundaries around the monuments.

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convert more and more of these sites in to global sites.

World's best practices and PPP model to better conserve heritage

On the monuments side, we have now started adopting some of the best practices available in the world today. We are using the Public-Private Partnership model to do conservation work. Some of these sites that this model has been implemented in have seen footfalls grow as much as 20%. There are many other things on which we are working. The government has allocated 350 crores to protect and create boundaries around the monuments. We have just made a must-see portal where information about the best state as well as ASI protected monuments is available for tourists. We have introduced e-ticket

facilities as well as cashless facilities at the monuments. We have around 116 ticketed monuments in the country. There are 17 festivals of India which we organise abroad which is a record in itself.

This year to showcase our art and culture we organised Sanskriti Mahotsava and Bharat Rang Mahotsava by the National School of Drama. We are going to hold the 7th edition of the Theatre Olympics in the country which is a huge achievement in the global forum. We have introduced the system of 100 Adarsh Monuments where world class facilities will be provided. India has about 3 lack monuments in the country and the ASI just has 3,686 of those monuments under its protection. We are coming up with a scheme to restore or conserve all of these monuments. **THE**

Delegates come together for a comprehensive overview on tourism, network on the sidelines





Speaking at the Indian Tourism Summit 2017, panellists discussed a host of issues facing the aviation industry. They, at length, examined the role of aviation in making tourism seamless. There seemed an underlying converge on the need for boosting infrastructure and catering to market demand, rather than creating it.

Aviation: Seamless in sync with Tourism

Numbers look good if supply-side constraints like bilaterals, infra can be addressed: Kapil Kaul

By ANAGAT CHOUDHARY

On the forecast of the travel and tourism sector decreasing the disparity between inbound and outbound.

Foreign nationals coming in to India in 2006 were 4.4 million and the outbound was 8.4 million. These numbers went up to 6.3 million and 13.99 million, respectively, in 2011.

In 2016, there were 8.89 million inbound tourists and about 20 million outbound ones. The forecast is 13.2 million inbound tourists and 33.2 million outbound tourists by 2021. The 10-year forecast, which is for 2026, is 17.3 million inbound and about 50.8 million outbound tourists. This is where the growth number are and these are extremely significant. There are supply side constraints so if we remove obstacles like bilaterals, infrastructure etc. These number look quite exciting. These are unconstrained forecasts so they assume only incremental liberalisation of bilaterals. Our thought is that bilaterals are not going to be expanded, as much as we would like so, that could create some impact on the growth numbers. Airlines will be better able to plan and deploy capacity and launch more convenient routes if the ministry of tourism can report statistics.

It is a big issue, statistics by country of residence or nationality. If you look at the February 2017 numbers, we were doing a forecast for the next 5 years, re-looking at these numbers, the growth numbers from tourism is about 13.7%, but when you build around and take Bangladesh and Pakistan out, the number is 6-7%. So, if you take a 13%

forecast and one point five or two multiples, you get high twenties. But the number would be different if you do 6-7%. So, that is the importance of data and if you have to get reliable forecasting done, we have requested the ministry to ensure that the statistics can be reported by country of residence as well as nationality. Planning will also be assisted by monthly foreign visitor arrival data which can be split in to air and non-air so that it becomes extremely focussed in terms of understanding how traffic flows are coming. This is primarily the selected trends for outbound markets in India, South-East Asia and the UAE. South-East Asia and the UAE are the two most popular outbound destinations.

The USA is the leading long-haul destination. Let us look at what is the growth curve for the outbound markets from India on selected markets in 2016. Some of the markets like Australia, Eastern Europe are the fastest growing markets. Obviously, the base is smaller so their growth effect is larger. These two are followed by Africa, Canada and Western Europe and when we talk about Western Europe, it excludes UK.

These numbers will be different from some of the tourism arrivals in these countries because there is traffic which goes by land and that is something that could be factored in but these are the outbound numbers from India. I would like to quickly share the inbound numbers. We could not qualify the 2016 numbers so here are some of the 2015 numbers. The US, UK and Western Europe are the key contributors to foreign investors and together account for 40% of visitations or visitor arrivals. West Asia is



KAPIL KAUL
CEO – SOUTH ASIA, CAPA

I would like to emphasise this and we are doing some research and understanding the visitations that come in from China and Australia. These are two big markets where in the next 5-7 years we will see a significant growth but obviously, India receives very less Chinese travellers largely because of strategic visa and other issues but that is going to change. Chinese visitors that go to Sri Lanka and Maldives are in much higher number.

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the fastest growing in-bound region but the emerging action is in the East. I would like to emphasise this and we are doing some research and understanding the visitations that come in from China and Australia. These are two big markets where in the next 5-7 years we will see a significant growth but obviously, India receives very less Chinese

travellers largely because of strategic visa and other issues but that is going to change. Chinese visitors that go to Sri Lanka and Maldives are in much higher number. So, if you have to look at the inbound paradigm, the look east strategy, making visas affordable and getting wealthy Chinese to come to India would be interesting. **TIF**

Intend to make IGI an aviation hub; Terminal 1D to be operational in 2 years, says Rommel Valles



ROMMEL VALLES
HEAD, STAKEHOLDER MANAGEMENT, GMR AIRPORTS, GMR GROUP

Our airline marketing team does in-depth homework so they are well aware even to the extent of the kind of aircraft they want to fly. For us, whether it is inbound or outbound, we are very happy as long as customers use the airports. We are very keen on making Delhi a hub for airlines because we now have a national carrier which has operations out of Delhi.

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On the state of infrastructure of the Delhi Airport

At the moment, there is renovation happening at the airport. By the year 2026, we expect a 100 - million passengers using the Delhi Airport. Right now, the capacity is only for 60 million passengers. With the expansion of Terminal 1, we are re-visiting the master plan and in Terminal 1-D, we

are extending the departures as well as the arrivals. The renovation is expected to be done with in another 2 years' time.

With the expansion of Terminal 1, we are re-visiting the master plan.

are extending the departures as well as the arrivals. The renovation is expected to be done with in another 2 years' time.

We are very happy with tourism whether it be inbound or outbound. In view of the inbound we have an airline marketing team that attends the road conferences where we connect with a number of airlines. We do our homework and tell them about India and Delhi and the possibilities of coming in to Delhi. Our airline marketing team does in-depth

On plans for Aerocity

Basically, we have 5,100 acres of land and 5% of that can be developed. So, the first 45 acres are developed and we have the hotels around there. I believe the next 45 acres are also going to be developed and they are looking at bits. At one time, there were rumours that they were talking of a hospital over there but I do not think that is true. It is basically going to be leisure travel related development wherein the F&B sector is going to come up. **TIF**

Tourism and aviation are unalienable; AI has ramped up connectivity, says Pankaj Srivastava

On subdued growth in outbound due to insufficient capacity

First of all, let me just talk about what airlines can do for tourism. I would like to put it across in one line by saying that what blood does for the body, airlines do for tourism. I mean to say that we are the connecting tissue. We connect people from biggest parts, whether it is international

much smaller than the inbound, that is because we have not factored in the huge domestic traffic within India. If you look at those domestic tourism figures, our domestic tourism is far ahead of the inbound. Air India has recognised the fact that connectivity is vital for development of tourism, besides the economy and the VFR traffic. With that in mind, what we have

Vienna with effect from April of 2016 and before we started our flights, Austrian Airlines had their flights from the last 20 years in this country. But the model that the airline was using was that they carried passengers from India to Vienna and only 20% of that was actually bound for Austria and the rest were bound onwards. This did not do much good for Austrian tourism. So, when Austria decided



PANKAJ SRIVASTAVA
COMMERCIAL DIRECTOR, AIR INDIA

Air India has recognised the fact that connectivity is vital for development of tourism, besides the economy and the VFR traffic. With that in mind, what we have done is that in the past about 3 years, we have connected as many as eleven international destinations on our network.

When Austria decided to pull out of this market, we stepped in and we started flights to Vienna which were operating thrice a week.

or domestic, to their destinations. That is why the importance of airlines come in the development of tourism. With regard to the outbound, I must say that though outbound figures are looking

done is that in the past about 3 years, we have connected as many as eleven international destinations on our network. I will give you an example of a flight into Austria. We started flying to

to pull out of this market, we stepped in and we started flights to Vienna which were operating thrice a week. We have been carrying a 90% load factor on these flights since day 1. Out of all

the passengers that are going in, 85% of the passengers are bound for tourism purposes in Austria

and countries around Austria. This has given a lot of impetus to Western and Central Europe. **TIF**

Our focus is now on catering to the demand rather than creating supply: S. Biswas



S. BISWAS
ED (ARCH), AIRPORTS AUTHORITY OF INDIA

Wherever there is a gap, we are working on filling it up. However, there is a demand from the airlines, we are going to meet it. What has been happening is that in the past we have developed airports which have never been used. So, now our focus has changed to developing what is already there.

On the shortage of infrastructure and the infrastructure development plan in terms of increasing capacity

The AAI (Airport Authority of India) has already developed 94 airports till date out of which 72 are airports with scheduled operations. There are 22 airports which have been developed but there no flights operating out of them. Our focus is that wherever there are capacity constraints in terms of things like terminal building capacity, we are going ahead with development of these things. We are developing interactions with the airlines as well to find out what are their requirements so that we can meet the expectations and we have allocated ₹70,500 crores for a period of the next 5 years for various developments.

For example, we are going to invest around ₹2,100 crores for upgrading the terminal building at the Chennai Airport. Similarly, we are doing the same with many other airports in the country. We have facilities and infrastructure which are not getting connected by the airlines due to their own reasons. Under the Regional Connectivity Scheme, the government has said that 50 new airports are set to be connected. Within 6 months, we are going to connect 45 airports out of which around

18 airports will be airports out of which no flights were operating earlier. The remaining 27 airports already have the infrastructure and now will become operational. Hopefully we will be able to cater to these needs because the government mandate is that by December 2018, 50 airports have to be operational through regional connectivity. We are going to get more than half a dozen new airline players to come up and be associated with the RCS (Regional connectivity scheme).

If you look at Agra, there are no airlines operating there right now. Fortunately, we are going to now get connected thanks to the RCS. If we talk about Jaipur, we are going to develop a terminal building which has seven times the capacity of the current terminal building. Our profile has been changed. Wherever there is a gap, we are working on filling it up. However, there is a demand from the airlines, we are going to meet it. What has been happening is that in the past we have developed airports which have never been used. So, now our focus has changed to developing what is already there. New airports will come as and when the need arises or the airline's demand. Under the RCS, it is the airlines which need to come forward and let us know their requirements. **TIF**

AirAsia has made travel more affordable in the region: Suresh Nair, GM, India & South Asia, Air Asia Berhad

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On the massive Air Asia network being built around countries and how it is impacting the outbound and inbound.

I usually do not discuss my products in such gatherings and tend to focus more on the topic but in this case, there are a couple things I would want to share. AirAsia is maybe the top most airline in the world which is really catering to the tourist market, specifically the leisure travel market. From our networks across APAC, you can see sectors on which we have really built up business. The way we have built up boosts inbound as well as outbound. We started from all these smaller towns and built up the business there. Now, we are the only carrier flying in to Goa from the east. Now the tourist traffic if you see, many of them are going from one beach to another beach.

In terms of the composition of our traffic, I would say that it is an 80-20 outbound to inbound percentage and we have the ability to make that increase.



SURESH NAIR
GM, INDIA & SOUTH ASIA, AIR ASIA BERHAD

In terms of the composition of our traffic, I would say that it is an 80-20 outbound to inbound percentage and we have the ability to make that increase. As and when the Indian market also opens up, there will be more facilities.

As and when the Indian market also opens up, there will be more facilities. We have seen that markets, where we have put in capacity, have grown to take up that capacity. What we have done is that we have opened up various markets in this

region and made inbound travel affordable. We offer our low fares all over the network. We had an India month across the network last year. Our in-flight magazine, called 360, promotes different destination across our entire network. **TIF**



Inadequate airport infra challenge in boosting regional connectivity: Ankur Bhatia

While the supply side is expected to remain robust in the coming years, with a large number of new aircrafts to be rolled out, inadequate airport infrastructure will be a bigger concern in India's bid to boost its air connectivity into tier-2 and tier-3 cities. Kapil Kaul in conversation with Ankur Bhatia. Excerpts from the discussion.

By PRIYAANKA BERRY

KK: When you look at the whole tourism landscape and how to make it competitive, one of the key things will be to make sure that connectivity is well spread across the country covering all the key destinations. The need is for affordable, safe and regular connectivity and to make that happen there are a lot of initiatives that the government has taken since 2004. We had the first regional policy that came into effect in about 2004, where the government gave a lot of concessions to the airlines. Unfortunately, in a period of about 10 years, a lot of airlines started and had to fold-up because of viability challenge. In the last two-three years, if there is anything that this government has really focussed on aggressively is the need to build regional connectivity. The National Civil Aviation Policy which is approved by the government has a tremendous emphasis on regional connectivity and it focusses on the need to make to make it viable.

person takes multiple flights we are looking at about 30-40 million people going in the air in the country for domestic routes. The population who has the potential and can afford to fly is approximately 300 million people. This is the middle class which is actually growing 10% on a year on year basis. The reason that they do not fly is because the places they want to fly to are not connected by air. So, they use a train or go by road. There is a gap here. If you look at mature economies across the world, like intra-Europe and intra-US, the number of air passengers are much greater in the regional connectivity space.

Unfortunately for India, we have not been able to take off just yet. There are many reasons for this. Airlines have started flying just because they have availability of aircrafts and they haven't done a feasibility of those aircrafts on those specific routes. We did some calculations for the regional space where you are looking at average aircraft capacity of 70-80 passengers, India requires as of today about a 1000 planes just to take care of the existing demand right now for regional connectivity.

The problem which I see from an aviation point of view is that our airport



ANKUR BHATIA
EXECUTIVE DIRECTOR, BIRD GROUP

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I think you will agree with me that the aviation model for low cost carrier is not a passenger model but a financial model and I think that is true for all the successful low cost carriers across the globe.

Capitalization is not an issue with regard to regional airlines.

Why has regional connectivity in India failed to take off? Is it a business model issues, or a viability issues, or undercapitalised of airlines when they start? Do companies misread the market? Is it policy and infrastructure? Today we have just under 50 aircrafts in the regional space and there is no Regional Aircraft Order. If India has to get its connectivity competitiveness in place, we need to ensure that the dependence on top 10-15 airports which holds 80% of the market needs to be taken off. I heard during the Summit some of the regional hotels and heritage hotels. If we can't get regular and reliable connectivity to these hotels I think tourism, both domestic and international is not going to take off. It's going to hurt regional integration and it going to hurt almost every aspect of economy.

We speak with Ankur Bhatia, Executive Director, Bird Group on the challenges and nuances of regional connectivity in India. He has immense knowledge on the whole landscape of travel and tourism in the country.

AB: The number of people we fly in the Indian skies is approximately 100-110 million, of which you do individuality, that is one

infrastructure is not ready to take these 1000 planes and I think that is the biggest hurdle and drawback. This is true both for metros like Delhi and Mumbai and also for the regionals airports such as Chandigarh, Lucknow and Amritsar. A lot of them are on the brink of capacity in terms of parking and slots. There is a huge issue in terms of infrastructure that is there. If we want to leap-frog in aviation and if we want to get to the point of flying 400 million people I think what is very important is that we push and get those numbers coming in from regional aviation.

KK: If we go one by one and list out the aspects that are important from the prospect of making it viable. If we look at a business mode, is an 80 seater model viable?

AB: From an entrepreneur point of view, when you look at this model I think the only thing which does not attract you is that you will fly 3 times over to reach that number of 180 passengers as you would flying a A320 or a 737. Having said that, with GST coming in, the issue of over tax ATF would get sorted out, but it is volume game. Unless you don't have those volumes you will not be able to make money on this network. Again, re-emphasizing that when you want

to put in 50 planes in a year, can those planes be accommodated at the existing airports? If you were to do a model which is small such as 5-15 planes, I don't think you make money on that. That is more putting a brand out here. It is not viable unless you are ramping up to at least 200-300 planes in the next 4-5 years.

KK: I wanted to understand that you work with all the OEMs and the leasing companies, one of the biggest problems is getting an aircraft on lease. How do we sort out this acquisition problem?

AB: I think you will agree with me that the aviation model for low cost carrier is not a passenger model but a financial model and I think that is true for all the successful low cost carriers across the globe. Similarly, when you talk to manufactures and you talk of those volumes, India is where you can get those volumes, you will be able to get to that financial leasing or sale and lease back model. Again, the question is that you can't scale up like what you would do in a national airline to go to 100 planes because you require three times more passengers to get that. One option is to activate alternative airport, there is Juhu, Safdarjung Airport etc which would be less costly to get started with.

KK: I wanted to talk about undercapitalization. One of the biggest problems is that airlines in India start with very little money and then they close. What do you think would be a minimum capitalisation that is required to make a regional airline work?

AB : If you look at the business model in terms of financing there are various models available. There are international airlines as credible partners. But of course you can't start an airlines with 10-15 crores. Depending on what agreements you can have with the manufacturers, that is critical input that will impact the capitalization and once that is sorted out, I don't think this is a bottleneck.

KK: You think the regulatory environment is from a safety, security and policy making perspective more aligned to making a regional airline work?

AB: From my point of view as a trade person and also from CII, we have been pushing governments to look at regional and that is the way forward. Yes, there is a focus but unfortunately unless they put in the money where it is required in upgrading the infrastructure we will have a tough game to play.

KK: Are you still interested to look at it?

AB: Of course, as long as there is viability. We understand the business and do everything else except fly planes. We are at all the big airports, we have the largest distribution network in the country responsible for 60% of all distribution in the marketplace, we are the largest ground handling company with our Partner. This will always remain interesting in my life, because I don't think unless and until we upgrade these airports how this becomes a viable business model.



New drivers of new-age tourism

We are talking about new drivers of tourism and of course we can spend a few weeks trying to identify those new drivers, as there are so many important ones, will function the other way round, where the need for employment

SUMAN BILLA , Joint Secretary, Ministry of Tourism

Close to clinching with the ministry of environment and forest, looking at a 20 metres offset from the beach subject to a coastal management plan

“Just to put it in perspective, if you look at the numbers, which are always a good place to start from, we do about 8 million plus international inbound into India. And if you look at a city state like Dubai, it does close to 13 million. If you look at those numbers, I think it is a shame that a country like India, with all of the variety that we have and the tourism products that we have, we only manage to attract about 8 million. I think that there is absolutely no doubt that we are going to grow and that we are going to grow robustly and there is big potential because we are at the bottom of the barrel and there is only one way to travel, which is up. So, when we travel up what we need to be clear about is the route that we are going to take. One, I think we need to be responsible to our communities, our environment and everything else because assuming that growth is a given, we need to chart out a path that is harmonious with the society and with the environment at large. The second is, if we need to grow, the growth is not going to come from one segment alone. The growth has to come from several areas and all of those engines that we have whether it is heritage whether you are talking about medical whether it is wellness, wildlife, adventure, all of these engines need to fire in concert to make that number happen.

If we have to move up from attracting 0.68% of international tourist arrivals in to India to 1% by 2020 and double it to 2% by 2025, I think we need to just focus. I think we need to get it across the border and get moving. This is not a difficult task because I think the biggest challenge that we have is that we need to find that lever to unleash the potential of the entrepreneur. I remember about 20 years ago, nobody could have thought that India would be doing so well in the power sector. We thought we would always be a power deficit country but several states today are power surplus. The key really lies in how we structure a system where the entrepreneur is able to open up, play and bring in business to the country.

So, the first thing we need to

look at is to look at the structure within which the ministry operates and that is something that we have been talking about for some time. In the ministry itself, we have the policy making and the executive functions which are both rolled in to one. So, perhaps there is a great case to have the executive functions, keep that nimble, get the private sector and let them have a seat at the table to kind of see as to how we can really push the agenda on a time bound basis rather than to get encumbered in a bureaucratic process. And the second big thing that is really staring at us in the face is the development in the digital space. Not many people know and at several times when I meet tour operators, they come and tell me that business is not happening. It is not that business is not happening because India is not slowing down as all the numbers are to the contrary. What you should be looking at is look at how your digital counterparts are doing because anything that can be commoditised, is getting commoditised whether it is hotel rooms, whether it is flight tickets or whether it is activities, everything is getting commoditised, bundled together, sold and cross sold at very attractive prices. So, unless we are able to look at what the digital space is doing and how it is transforming the business and unless most of us are able to walk that path and adapt to that change, I think there is going to be a lot of redundancy in the sector and that is something we need to work on.

Another element is even in the way that we approach our traditional marketing and campaigning. Print is almost dead and TV is getting there and I think digital is the new way to go because for a country like India, where we have a number of products, it is very difficult to put it all together in to a thirty second montage on a film or say, in a single photograph in a newspaper. So, I think the way to do it is actually to do a digital campaign where you are able to track people onto yourself and target them based upon their interests. The other is social media and I think it is really transforming the way we do things because



SUMAN BILLA

people today are not really worried about what they own, it is not the possession but the experiences that people have and I think that is transforming. All of us need to make that change onto communicating well with the world on what it is that we are all doing.

Fourth and important is, if you look at the way the number are, we get 0.68% of the world's tourist arrivals but if you look at the revenue that we generate, it is almost 1.7%. So, your earning is oversized in comparison to the number of tourists that you get. What does this mean? It means two things. One, we are getting tourists which are either at the very high end, who are doing the palace hotels, bubble tourism, chauffeur driven cars etc. or we are getting the backpackers and the youngsters who are the lower end of the spectrum. I think there is a huge market in the middle.

People who travel with their families to stay in 100\$ per night kind of hotels and that is a piece that we are completely missing out on. If we have to grow our numbers robustly and in the long term, in a way that makes sense substantively, we will have to target this segment. There are two things here. One is the way we finance our debt and how speculative that can be. And the other is land reservation itself because a hotel can never compare with any other real estate

development in terms of returns. Unless you assume that a hotel is necessary for the development of a city because it is intrinsic to it and then you reserve the land as such, you are never going to be able to get more hotels. We definitely need more in that 100\$ bracket.

One of the things that we have done is the electronic tourist visa and I think that is phenomenal. We have eased the system as it were and that is that unlocking that pin-point. The other one that is going to come up big time is going to be the GST because whatever happens, if we are going to be pitched anywhere between 26-32% of tax as of today, I think that you are going to be hugely uncompetitive anywhere because the moment anybody realises that a quarter of what you are going to pay is going to go for taxes, it makes it unviable, especially for large movements like MICE etc.

MICE is going to be a big driver because I think on the MICE front there are two things we need to know. One, there is a study by ITB which says that 52% of all travel is happening because of MICE and two, we have a lot of world class facilities in MICE and I think the facilities that we have can actually hold over 90% of the conferences that happen in the world. So, there are two things that can be done here. One, we have a convention promotion bureau but we need

Only few of the beaches are developed and the problem with developing beaches is that you have CRZ regulations, which means that you are 200 metres away from the high tide line. So, one of the things that we have been working on, and are close to clinching with the ministry of environment and forest, is that we might be looking at a 20 metres offset from the beach subject to a coastal management plan.

to take a more active position in getting some of the best and the biggest conventions in to the country. If we get ten of them in the next 3 years, I think that will by itself set the ball rolling. The second thing that we need to do is to create a corpus or a challenge fund. If somebody is going and bidding, how do we sweeten the deal on a matching basis maybe with the states and the centre to make that happen.

The other change that is coming, and I am jumping the gun here a little bit, is that one of the elements that we have beautiful beaches in peninsular India which are hugely unexploited. Only a few of the beaches are developed and the problem with developing beaches is that you have CRZ regulations, which means that you are 200 metres away from the high tide line, effectively you are watching the sea through your binoculars. So, one of the things that we have been working on, and are close to clinching with the ministry of environment and forest, is that we might be looking at a 20 metres offset from the beach subject to a coastal management plan. We are going to be looking at a 20 metres offset for the islands as well. That is going to open up a huge opportunity for developments on the beaches and islands.

Lastly, one big mover that is now happening is the bread and breakfast piece because we are around 200 classified hotel rooms short in this country. If we have to actually make good that supply side loss and if you are growing at 10-11% every year, you need to be building up the supply side and I think there is a huge vacuum there. How much ever you promote your hotel industry it is going to take time for them to measure up. What we need to do is to look at the bed and breakfast and the homestay piece which are very critical. A lot of online aggregators have done a salutary work in getting these things going. There is a need for accrediting home stays across the country on a singular unified guideline and secondly accrediting the aggregators themselves. To my mind these are some of the big drivers that are going to play out in the next few years.” **TF**



many. The scope is really vast. And one amongst the so many drivers of tourism, the potential of employment generation, which is a really important generation is now going to catapult tourism. Reported by Anagat Choudhary

CHETAN KAPOOR, Research Head, Phocuswright India

Mobile is the breeding ground for innovation; companies are doing everything to go up or down the funnel

“To begin with, a lot of the audience must be wondering what a research company is doing at an event filled with policy makers and stakeholders? The more I thought about it, the appropriate answer to that is, sometimes when a lot of you are focussed on your day to day tasks, you tend to have the blinders on and as a result miss out on the bigger picture and the larger opportunities. Even some of the trends that are out there which could potentially impact or even influence your businesses. What I was looking to present here is some of the findings that we have captured as part of the various industry surveys that we do. The point is to ultimately bring it down to figure out what are some of the top drivers increasingly for the travel and tourism industry.

The market place that we are a part of globally is worth 1.3 trillion dollars and it includes all of the flights, accommodations, ground transfers, cruises and even other forms of in-destination activities as well. Within this 1.3 trillion dollars, the Indian travel market is worth around 30 billion dollars. It is a fragment of the global travel opportunity but one of the fastest growing travel markets in the world. How do we come to some of this data? Every year Phocuswright works with hundreds of companies, tourism boards, travel companies etc. and we feel industry surveys as well as consumer surveys to come across some of the data points.

Firstly, we need to take a step back and look at the world that we are in. There is a lot of uncertainty around our travel industry which also while it is uncertain for some markets, it is an opportunity for others. If you look at events like the Syrian refugee crises, Brexit, multiple terror attacks across Europe, while these events have definitely affected travel and tourism to some degree in those markets, on the other side we also have events or decisions which further deter travel to certain markets as well. In this scenario, Asia and even India in itself is not insulated but at the same time, we are at a relatively sound footing and thus that is where some of

our advantages lie.

Around certain decisions in the US, we did a quick dip-stick survey of European travellers, one of the key source markets of tourism in America, about their decision now to travel to the US, post elections and surprisingly anywhere between a fifth to a third of European travellers are less likely to visit the country at this point. This market in itself becomes an opportunity for other destinations to tap on. Speaking of outbound travel, a lot of the industry stakeholders look at GDP per capita as a strong indicator of travellers in those markets looking to travel and particularly outbound. Over the last 3-4 years we have done several consumer surveys across Asia and we have discovered various appetites for outbound



CHETAN KAPOOR

During our last consumer survey for India, we realised that close to 60% of Indian travellers are now using search engines to search for travel. One in two are shopping on websites focussed on travel and ultimately one in two travellers are now buying travel online. When you look at this whole funnel, what we increasingly also see that the lines are blurring.

When you look at the universe of mobile users in India, it is predominantly young millennials.

travel. Of-course, domestic travel is primary and almost all travellers do domestic travel but markets such as Australia, Malaysia and China, almost one in two travellers is now going outbound and that truly is the opportunity that India could also tap in to. Specific to Indian travellers going outbound, one in every three Indian online traveller is now going outbound as well and that is opportunity for other DMO's to tap in to as well.

The second trend is what we call the funnel revolution. If you look at the typical search shop by pattern, it is more or less like a funnel. A lot of inspiration and intent happens at the top and as shoppers convert in to researching and ultimately go in to buying, they typically go through these kind of websites, if not entirely through them. During our last consumer survey for India, we realised that close to 60% of Indian travellers are now using search engines to search for travel. One in two are shopping on websites focussed on travel and ultimately one in two travellers are

now buying travel online. When you look at this whole funnel, what we increasingly also see that the lines are blurring. Websites with a lot of intent and inspiration are heading to the bottom of the tunnel towards booking and a lot of booking websites are trying to move up the funnel trying to capture more of this audience. This is bringing in a new form of competition within digital travel and that is something that the industry needs to watch out for as well. Let us take a look at the state of mobile.

Of-course India, similar to China, is a very mobile driven market but when you look at the universe of mobile users, it is predominantly young millennials. We did a survey in the US to see which age group is more comfortable with shopping and ultimately booking on mobile and it is no surprise that the younger audience, primarily millennials, reflect that behaviour and it is similar here in India as well. Broadly when you look at APAC and try to talk about tapping in to

some of the fast-growing markets, be it inbound or outbound, companies need to go where the travellers are and by that I mean mobile. So, when you look at how consumers are booking or rather the percentage of travel being booked online, while China is already ahead of the rest of the world with almost one in two digital bookings now happening on mobile, India is just around touching a quarter of that.

What we cannot also ignore and particularly around the travel funnel is Google's move. Google is now moving closer to the bottom of the funnel. One of the reasons why they are doing it is that because they are challenged by the whole eco-system. As consumers or even the industry moves from desktop to mobile and within mobile the whole universe changes to apps, chat-bots, AI and more guarded networks, the question still remains that what would you do if you were forced to find out new means to capture and rather retain your customers? Google in one of its ways in addition to bringing on flights and hotels as part of meta-search online is also moving in to destination inspiration content. One of the products that they have released in the recent past is Google destination where they are partnering with companies to curate some of the

content around the destination and therein ultimately lead to more quality shoppers going through the sites. Even when you are within destinations, Google is now trying to be a part of it through Google trips. When we speak of the things to do ultimately a destination is as good as the products and the activities that it has to offer. Historically the tours and activities market has been overwhelmingly offline and very fragmented but when you look at it from outside in, it is actually very significant.

We recently concluded a global study around tours and activities and now truly place this category as the third biggest travel segment after flights and hotels. As we know a lot of these activities are booked in-destination be it shopping or purchasing tickets to local activities or even going on an excursion. A lot of these bookings increasingly, especially amongst the FIT audience, happen at the destination itself but at the same time this is changing. You have got some of the travel industries biggest names now trying to make in-destination activities bookable online which is further going to streamline some of these experiences and also, how travel companies are going to offer them as part of the post booking experiences. Of course, I will like to add that Airbnb is also launching trips including in Delhi. As a conclusion, while there is a lot of uncertainty in certain parts of the world, it is opportunity for the other markets. Funnel revolution is all about how the digital travel search or buy behaviour is changing and companies are trying to do everything and trying to move up as well as down the funnel. Mobile of-course is something that cannot be ignored, especially with the advent of artificial intelligence and chat-bots which will further add to personalisation in to pre, as well as post travel booking. Google, again, stirring up the pot and rattling the snake and trying to create products to remain relevant. And lastly, activities which have started to be essential elements for building destination brands. These are some of the top drivers when you look from outside in.” **TFE**

SANJAY KOTHARI, Chairman, Public Enterprises Selection Board

Industry must create jobs to assume the stature it longs and deserves

“I left tourism in 2012 and this probably is the first session that I am attending after having left. What I find really amusing and interesting is we dealt with all these subjects while I was a part of the industry and we continue to deal with the same subjects today, with the same enthusiasm and vigour. We are a population of 132 crores and 65% of the population is below 35 years of age. This is a big challenge for the country. This is a liability that can become an asset provided we train the youth and we train

four years of constant efforts from France and Mexico, specially the Mexican president. The resolution said that tourism contributes 9% to GDP, is the fastest growing economic activity and creates 8% employment, with each job in the tourism sector estimated to create up to two jobs in other sectors. The resolution went on to read that ‘we therefore encourage that the G20 recognises the role of travel and tourism as a vehicle for job creation, economic growth and development and commit to travel facilitation as a conduit for job

Looking at the Indian scenario, at present we have 10 million youngsters becoming eligible for jobs.

them professionally. Looking at some other figures, if you have heard the budget speech, tourism was given impetus because it has employment generation potential. Let me take you back to 2012. From 2008-12, at the UNWTO forum, we were trying that somehow tourism can find a place in G20, which is one of the most powerful bodies in the world. In that G20, a resolution got passed at Merida with three to

creation and global growth.’

Looking at the Indian scenario, at present we have 10 million youngsters becoming eligible for jobs. This means that there is an urgent need to create 10 million jobs. On the face of it we have the H1B1 Visa problem and companies laying off people. At present Zomato laid off 10% of their employees whereas OLA laid off around 700 people from



SANJAY KOTHARI

The second biggest manpower requirement in this country is for vehicle drivers. Drivers could be trained and this job would provide huge benefits to the trade and the general public. There are so many restaurants in the country. A lot of people are doing part time jobs as waiters but very few of them are trained professionals. Why can we not train these people in bulk?

its workforce. There is yet another forecast which is coming which says that 64,900 people are about to be laid off in the next five years. Now, the figures in the first six months of 2016 were very dismal. If one wants to associate with the ministries, one must create employment and prove their worth. If we look at the whole scenario, direct employment in 2009-10, in India, was 4.37% whereas indirect

employment was 5.8%.

There are a number of jobs in the industry which the government will have to look at. Guides, for example. We are terribly short of guides in the country but are fighting cases within the ministry, with the trade as well as with the courts almost everywhere in the country. Why cannot all the stakeholders just sit together and resolve this issue?

The second biggest manpower requirement in this country is for vehicle drivers. Drivers could be trained and this job would provide huge benefits to the trade and the general public. There are so many restaurants in the country. A lot of people are doing part time jobs as waiters but very few of them are trained professionals. Why can we not train these people in bulk? There are so many such areas that can be looked in to. In my last job, I have been going to villages. When I went to a village I was surprised to hear people telling me that they had no jobs as the men had all migrated to the cities and the women had no work. Why can we not create jobs for such people? If you want to be heard and want your sector to be important, you have to create jobs. What Y2K bought was IT professionals followed by drivers and then housekeepers. Passing the buck from X to Y would be the easiest solution but allow me to tell you that whatever I have learned in tourism, is being used by me vis-à-vis my CSR in the public-sector undertaking. If somehow, we can create employment potential in our villages, the dream that this country will be one of the most powerful economies by 2030, will come true. **THE**

RAJA NATESAN, CEO, UniGlobe Travels, South Asia

Drivers of change must align themselves together to create effective and efficient outcomes

From what I know, the last 10-15 years we have been pretty much asking the same set of questions in terms of the drivers, in terms of what is happening in the corporate space, in terms of whether it is going to be the demise of the travel agent, are we actually growing or not and so forth. I want to therefore take a fundamental step back and ask the question as to why there is change in terms of anything? I am not even restricting myself to corporate travel or even travel or even anything else that happens in the world at large. I just want all of us to go right back to the millennia when humans actually lived in caves. Right from that point in time there has constantly been this

need to be superior. If one were to just recall history, it all started with superiority shown in terms of real muscle. Then it went to what I would call military might. Then it goes onto commercial might which is followed by information. At some point in time, information will hopefully translate in to knowledge and beyond that in to wisdom but as of now everybody seems to be quite happy in the assurance that everybody has access to truck-loads of information, if I can call it that. That in itself seems to be somehow driving a certain amount of change. If you look at the driver for change in the corporate world, maybe even fifteen years ago the corporate world would look at the travel agencies and be delighted to



RAJA NATESAN

In India, the difference is in the way that it is accepted here. In the last 10 years we have still been talking about how good it was 30 years ago, there is still talk about why there isn't a unified front in order to get everybody together on the same page. There are 20 different forums talking 20 different languages. There is an inability to quickly adapt to what is new technology. And most importantly, decisions seem to be taken with a short-term view.

of driving efficiency, in every one of these spaces.

Strategically, drivers of change have to all pull in one direction so that they result in efficiency and effectiveness for everyone involved. So, the question that I want to ask is that, are the present drivers of change more opportunistic than strategic? I find that there is a fundamental difference in the way big drivers of change have been accepted in the western world compared to the way they have been accepted in the eastern world, specifically India. If there are new technologies and changes in the western market, very quickly the players tend to re-group and accept that this is not something that is going to change and therefore as a group they pretty much pull in one



T&E sees an increase in budget in the Asian region

Surveys shows that the markets in the Asian region are increasing their T&E budget for the coming year.

Results of a survey conducted by East & Partners Asia Corporate Travel & Entertainment Programme for the first quarter of 2017 have shown a positive outlook for most corporates which fall under the T&E market. Most of the countries in Asia under the T&E market have shown an increase in their T&E budget. A number of upcoming Southeast Asian Corporates are believed to be increasing their budget in the coming year. India and China have come up as have come up with the highest increases in their T&E budgets. The budget increase as not come as a surprise for these countries as they are fast becoming global leaders in terms of business travel. Conferences and Event are the primary spend in the total budget across the entire region. Markets across the region have increased their spend on Normal Business Travel and a decrease in the spend on Conferences and Events over the last quarter.

get a booking done in 30 minutes. Today the same scenario has been completely reversed, where even with all kinds of technology, it is still not enough for a travel agency. In-fact even an online travel company finds it extremely difficult to find any kind of loyalty as far as a customer is concerned.

Why is it that despite there being technological revolutions, and I am talking about revolution in every aspect of the travel industry including corporate space, we do not have the driver pull in one direction? It seems to be more of a diffusion rather than driving together. For this I just want to take a simple example from corporate travel itself. If you look at just corporate travel and you can expand it to whatever universe, including the government, there are typically five players in the corporate travel space. There is of course the traveller himself, then there is the corporate travel

agency, there is the corporate admin manager who looks after all the needs of a corporate traveller, then there is the CFO and there is the supplier. Now if you just look at technology driving all these five different players in the corporate space, you will find that the needs of each of these corporate players is different. So, what the traveller needs is very different from what the travel manager is trying to get the traveller which is very different from what the CFO needs and so on. This is clearly not all pulling in the same direction and it is happening despite there being phenomenal revolutions in terms

Drivers of big change must take a long-term view and adopt new technologies to remain relevant.

direction. In India, the difference is in the way that it is accepted here. In the last 10 years we have still been talking about how good it was 30 years ago, there is still talk about why there isn't a unified front in order to get everybody together on the same page. There are 20 different forums talking 20 different languages. There is an inability to quickly adapt to what is new technology. And most importantly, decisions seem to be taken with a short-term view. Whenever there is a driver of big change, it is essential that one look at how it will become the long-term view as well. **THE**

GB SRITHAR, Regional Director, South Asia & Middle East, Singapore Tourism

over the course of the last 5 decades or more, our role has also been shaped by the demands of the time

It is wonderful to have an opportunity to be present at such a summit where there are some deep questions being asked of the industry. The comments that I am making are precisely as a friend offering our experiences managing the tourism affairs in Singapore.

So, actually Singapore Tourism Board started as Singapore Tourist Promotion Board in the year 1964. For those who are aware of Singapore's history, you will realise that Singapore became independent in 1965. So, we

Our vision for Singapore is a 'vibrant and inspiring destination' that we are proud of. Our mission is to 'shape a dynamic tourism landscape for Singapore in partnership with industry and community.' Singapore tourism's role is that we have multiple roles. We are promoters which promote the country. We are regulators who regulate the hotel industry and the travel agents. We also have a planning role where we are champions for the tourism industry, so we plan for the long-term development of the



GB SRITHAR

We have been fortunate in that regard as a lot of initiatives taken up by us bring in the partners on-board. We do not own the product but we work closely with them. These partnerships are one of the main reasons why today our Singapore tourism board advertisements or promotions always carry our Singapore stake holders. The stake holders over here being hotels, attractions, MICE facilities etc.

We have been focussed on public-private partnership from day one of our inception.

actually had the Singapore Tourist Promotion Board organised by the government of the day, realising the potential of tourism as a very important and economically contributing agency. We are a statutory board, sitting under the ministry of tourism and industry and we consider ourselves an economic development agency. If you look at our vision and mission statements, I think they encapsulate our spirit.

country's tourism. We do precinct development where we go in and talk to various associations like Little India Shopkeeper's Association and the China Town Business Association and we work in partnership with them to develop what we call place management. Another role that we play is industry development. It is about employability of the people who are coming in to the industry. We look at

how to manage a sector that can continuously give better opportunities and employment to graduates out of universities. Finally, we do an operations role as well. Sometimes we do organise major events like F1.

So, I think over the course of the last 5 decades or more, our role has also been shaped by the demands of the time. When we started, we were basically promoting Singapore as a brand. At the beginning, as we were in the

middle of South East Asia, we were 'Surprising Singapore.' We wanted to welcome tourists coming in to the country and feel that Singapore had its own identity. After this we became, 'New Asia Singapore', as that was a time when Asia was becoming very important. This was followed by 'Uniquely Singapore' and now our current branding is 'Your Singapore'. You can say that as a brand we have evolved over-time and what we have been very focussed on since day 1 has been

the private public partnership.

We have been fortunate in that regard as a lot of initiatives taken up by us bring in the partners on-board. We do not own the product but we work closely with them. These partnerships are one of the main reasons why today our Singapore tourism board advertisements or promotions always carry our Singapore stake holders. The stake holders over here being hotels, attractions, MICE facilities etc. These are some of the stakeholders we work most closely with. How we are structured is that we are under the ministry of trade and industry but we also have an independent board composition where the members are, except for my CEO, brought in to the board for their expertise. Whether it be a particular field or a particular region. They sit on the board giving guidance and passing the plans that are brought to the table. The board of directors has a very important role apart from the Ministry of Trade and Industries, to shape the direction and plans of the Singapore Tourism Board. We have a mix array of people from various verticals who are able to give inputs from their knowledge of running industries and giving some direction to some of the plans that the board comes up with. **TIF**

NIKHIL SAHNI, Group President, Government Banking & National Head - Branch Banking, YES BANK

Hospitality industry must be given infrastructure status for banks to be able to finance projects

The only circuit in India which is of relevance globally is the golden triangle. I do not think that we have really developed that sector. The government from its own side has launched the Videsh Darshan scheme with an allocation of around 1500 crores. So why have these not taken off? I will give you a very small example. The Buddhist tourism circuit in India is perfect but maybe one of the reasons it does not work is because it is spread across 2 states. Co-operative federalism over here can really help. I will give an example from

Europe. I had an opportunity to visit a country called Ireland where I visited Dublin. When I reached the Dublin airport, I was aware of the history between Northern Ireland and Republic Ireland and that they were arch enemies. What I noticed, despite that, was that one can, by purchasing a very simple and non-expensive licence and travel directly to Belfast. Two different countries, who are not on the best of terms, decided to make it simple because they understood that this is what tourists will get to do. The middle segment in India



NIKHIL SAHNI

Unfortunately, as a banking community, we find it very difficult to finance these hotels as they do not have infrastructure status. Today a hotel to claim infrastructure status must be 200 crores in size. This is ridiculous as you will not have a lot of projects worth 200 crores. This industry needs to be given infrastructure status at the earliest so that banks can come up and finance these projects.

frankly quite surprising to me as I do not understand what it is that we include in amusement parks. In the US for 319 million people, which is one-fourth the size of our country whose 65% of the population is below 35, they have 400 amusement parks. We possibly do not have a mega-amusement park policy. For creation of circuits there need to be creation of activity and I do not know why we have not looked at this as an option. Singapore happens to have looked at it brilliantly as every time one visits that country, there is something new to look forward to. Similar is the case with Dubai and Abu-Dhabi. I was absolutely astonished to see a completely indoor amusement park in Abu-Dhabi which is promoted by the Ferrari World located there. I think this is something that needs

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is looking for options and they are looking for ideas as well as activities. Activities was mentioned as a very essential aspect. I think in terms of centre-state coordination and partnership between states, I am yet to see a lot of developments. I have not heard about too many partnerships between states and maybe it is time that there is a tourism partnership which also contributes to the overall development of the country at large. I think that is something that will specifically contribute to the developments of circuits.

Given the growth in tourism that India is looking at, the country requires nearly 1,80,000 rooms. The idea is that a large chunk of these rooms need to be in tier-2 and tier-3 towns and are mid-market hotels. Unfortunately, as a banking community, we find it very difficult to finance these hotels as they do not have infrastructure status. Today a

hotel to claim infrastructure status must be 200 crores in size. This is ridiculous as you will not have a lot of projects worth 200 crores. This industry needs to be given infrastructure status at the earliest so that banks can come up and finance these projects. Banks would be very happy to finance these projects if there is a suitable and long enough time-frame allowed for the borrowing entity to pay.

Dubai has a Bollywood amusement park. Which brings me to the amusement park concept. A country of 132 crore people only has 120 amusement parks which was

A country of 132 crore people only has 120 amusement parks which is frankly quite surprising to me.

to be looked at from a policy perspective because if you develop activity, that is when you will be able to give a boost to tourism so my request or rather advice would be that we should at least look at a mega-amusement park policy and encourage investment. Everyone in the world is looking at India and with this kind of growth they would be interested to see if we have a policy and we quickly need to strike a deal, get someone in and all sorts of issues like connectivity, seasonality etc. that tend to come up should be looked in to and resolved. **TIF**

Ensuring operational success of the merger is the real challenge: Deep Kalra

Deep Kalra, Founder and CEO, MMT was at his candid best. In an exclusive one-on-one with Chetan Kapoor, Research Analyst, Phocuswright, he opened up on the big merger – which has taken the online marketplace by storm. While stocks have soared to record high, indicating that the financial world has taken to the merger, the larger challenge, to his understanding, is going to be ensuring the operational success in the coming months, a task more complicated than generally perceived.



DEEP KALRA
FOUNDER AND CEO, MAKEMYTRIP

It took a long time, but by October we stitched a deal. Finally, we had a deal where we got a 100% of Golbibo, 100% of RedBus, close to 100 million dollars from them to balance of the cash on the balance sheet. In return, they got 40% of MMT – which is, obviously, very precious. The market has given it big thumbs up. It is 3 billion dollars plus now. We do not get carried away with market cap, but I am just saying from a financial point of view that we have got a thumbs up.

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are most reliable, we are the best and because they have a good experience with us. That is how great brands are built. But when someone is discounting 80 cents to a dollar, by 20-30%, people change their preferences. That is the reality of life. In travel space, they say, the three most important things are price, price, and price. They know we are selling someone else's product, except for the holiday package that we put together. When people get the same deal at a cheaper rate, your most loyal customer move, and that was painful. So, finally we said let us try to project and look out for the next 2-3 years to understand how it is going to look out. I did have a chat with the CEO of Naspers, and it did not really go anywhere. Then, I think, fate has a way as well. We were lumped together, all the OTAs, in the infamous service tax case. I was meeting Ashish of Golbibo in court, and at least that is one area you are on the same side for something.

It took a long time, but by October we stitched a deal. Finally, we had a deal where we got a 100% of Golbibo, 100% of RedBus, close

everyone into this. So, I spent a good couple of hours painting a picture of what we can do together, because now we are not fighting that daily street fight; we are not spending all our energies and all our money in the daily street fights and battles with our competitors. So, let us build something which is special. Let us build products that have not been seen anywhere else in the world. Let us not fall in the trap of copying. Let us not talk about Artificial Intelligence (AI), let us do AI. Let us do incredible personalisation, so that everyone who comes to us will see a different interface on the basis of what you have done in the past. All of these things, interesting stuff are in the works. If you have done anything with us, even if it is one click, forget purchase, I know something about you and you have a mobile app, I know where you are. I know what you have done; what you are interested in, and why should I serve you the same interface as someone else.

Anyways, we got people aligned. We agreed on a set of projects that are interesting for us, but said that 18 people will not be enough. So, we invited the next 200 people and we have got them involved with real projects, not theoretical. The brief I gave was what would you do in this team if you did not have to fight your competitor day in and day out. What would you do to build something special for 2020 when you have all the resources, as we had all the money. I said, let us think about that make company

By **SHASHANK SHEKHAR**

CK: How do you see the blending of both companies, cultures and supply-technology to begin with?

DK: You have gone for the jugular right away. The rationale behind this merger is fairly straight forward. It became painfully clear to me, and to some of my colleagues, too, that the heavy discounting war was going on for a long period of time. It does not happen too much on the airlines side, because airlines are very specific that you cannot discount their product which is a good thing. I like that. I like to play fair and square, because we have seen the gain in those kinds of markets.

In the hotel space, you take away chains like The Taj and others, who are also equally particular about their pricing, and they should be as they are great brands and they do not want their brand to be diluted, but only 10% of the hotel inventory in the country is chains which are established. There are newer chains coming up, which I am sure we will talk about. The rest of the inventory in the country, thankfully for us, is actually very fragmented, and is individual and independent properties. Now, those are the places where OTAs like us can add a lot of value, and I do not think that most of these properties are really bothered about whether you are discounting or not, so long as you are doing it from your own pocket. They want to see their rooms get filled.

It became painfully clear that this discounting was not going to stop. We were not the first aggressor. We never discounted, actually, in airfares. We have built a decent market share; we are 17% of the domestic market as MakeMyTrip alone, of everyone flying. Flights works quite smoothly. It has an easy interface. Everything works well, because airlines are high-tech.

When it comes to hotels, the price war was started largely by Golbibo. They played to their advantage – which is they had very deep pockets and they were private. They were 100% owned by Naspers and Tencent, together. When you are private, you are not really answerable to the market on a quarterly basis. So, you can do whatever you think is right, and we are seeing this in every segment. People say they only see this on the internet and they say it is not fair. I say, even though, we are not doing it, all is fair in love and war. And this is war. Whether it is corporate war or whatever. You are not doing anything illegal. You have got the money and you are doing it. What is the difference between this and what Jio is doing right now.

You talk to Airtel and the painful statement that Gopal Vittal put out recently, he said please put your money in Fixed Deposit, instead of putting your money in Telecom right now. You will get 1% return on capital. That is what it is right now. It has become so hard. Of course, they have made money in the past, but the reality is that Jio is playing with financial muscle. And, they spent somewhere around, people say, 10 billion dollars, or 15 billion on capex. They are saying that they are going to exercise that muscle.

I can tell you that no other market in the world, except India and Japan where a public company CEO can go ahead and bet the bank. Literally! And no one will ask a question. It is only here. You cannot do that in North America. You cannot do that in Europe. People ask a hundred questions. Why are you doing this? Again, that is the way this game is played. So, once it became clear, and I did validate it that these guys were not giving up – and we competed. I think after three quarters, and for three quarters we did not discount at all. We said we are not discounting on hotels; we are not discounting on our profits. We have got to go, and we are answerable to the market; we are on path to profitability; we had made 10 million dollars in 2012. Kingfisher pushed us back in the red. We had come out, breaking even on a quarterly basis. I was stuck to that path, but the market did not like it. MMT is listed in the US on NASDAQ; they did not like it. They said your hotel pre-eminent position is being challenged. I am being very frank on this because it is quite interesting to unravel all of this. We said we are way ahead in the airlines space, but the reality is that hotel is where the game is, in our OTA space. The most valuable OTA in the world is the group called PRICE-LINE which owns Booking.com, Agoda and others. They only sell hotel rooms effectively. One metasearch company called Kayak is worth 85 billion dollars. Expedia is not even 20 billion now. People do not know that. So, it is a big gap. CTRIP is worth 25 billion dollars which is in China, and has a very similar model like ours which is multi-service.

We decided to compete and we bled for the next 3-4 quarters. We spent a lot of money. We raised 180 million dollars from CTRIP last January. It is a lot of money, almost 1000 crores. We started spending that, but it was going nowhere. It was painful. We said you cannot build a great business like this. We want to solve customer's issues. We want people to come to us not because we are the cheapest, but we want them to come to us again and again, because we

We have got to make it work from an operational point of view. That is the real challenge. I underestimated some of the challenges pertaining to mergers and acquisitions.

to 100 million dollars from them to balance of the cash on the balance sheet. In return, they got 40% of MMT – which is, obviously, very precious. The market has given it big thumbs up. It is 3 billion dollars plus now. We do not get carried away with market cap, but I am just saying from a financial point of view that we have got a thumbs up. We have got to make it work from an operational point of view. That is the real challenge. It has been two months since we have got the approval.

CK: What are some of the early steps that you have taken as part of your integration?

DK: I underestimated some of the challenges pertaining to mergers and acquisitions. It is not easy. It is very tricky, especially when you want to retain people. For every individual, no matter what level he or she is at, their universe is in them. They do not get the other mumbo-jumbo, except for some very senior people who get the big picture.

We get that and that is why we got professional help. We have got an ex-partner at McKenzie. She is helping us with the process.

My point was that I needed to align everyone to the bigger picture, and the bigger picture here was what can we do together. Why is this merger important for them? For Naspers, it is great. For my shareholders, too, it is great. The value has gone up by three times. But why does it matter to the individual. I tried to get into their shoes. It is not the same why it matters to me as a shareholder; why it matters to those who have a good amount of stock, so we have 350-400 people who have some stock in the company. That part helps, but that only helps till your stock is doing well. After a while, they get very savvy about it. They say, that is done, but a thinking professional does not come to work because how much they are earning. I do not think so. I think it is a by-product. We come to work because we enjoy it.

So, it had to be exciting. I spent a lot of time with Ashish and Rajesh, painting a bigger picture, a bigger canvas of what we can do together. Why should not we become larger, global, even put a market cap to it. Whatever! And I said I am going to really immerse

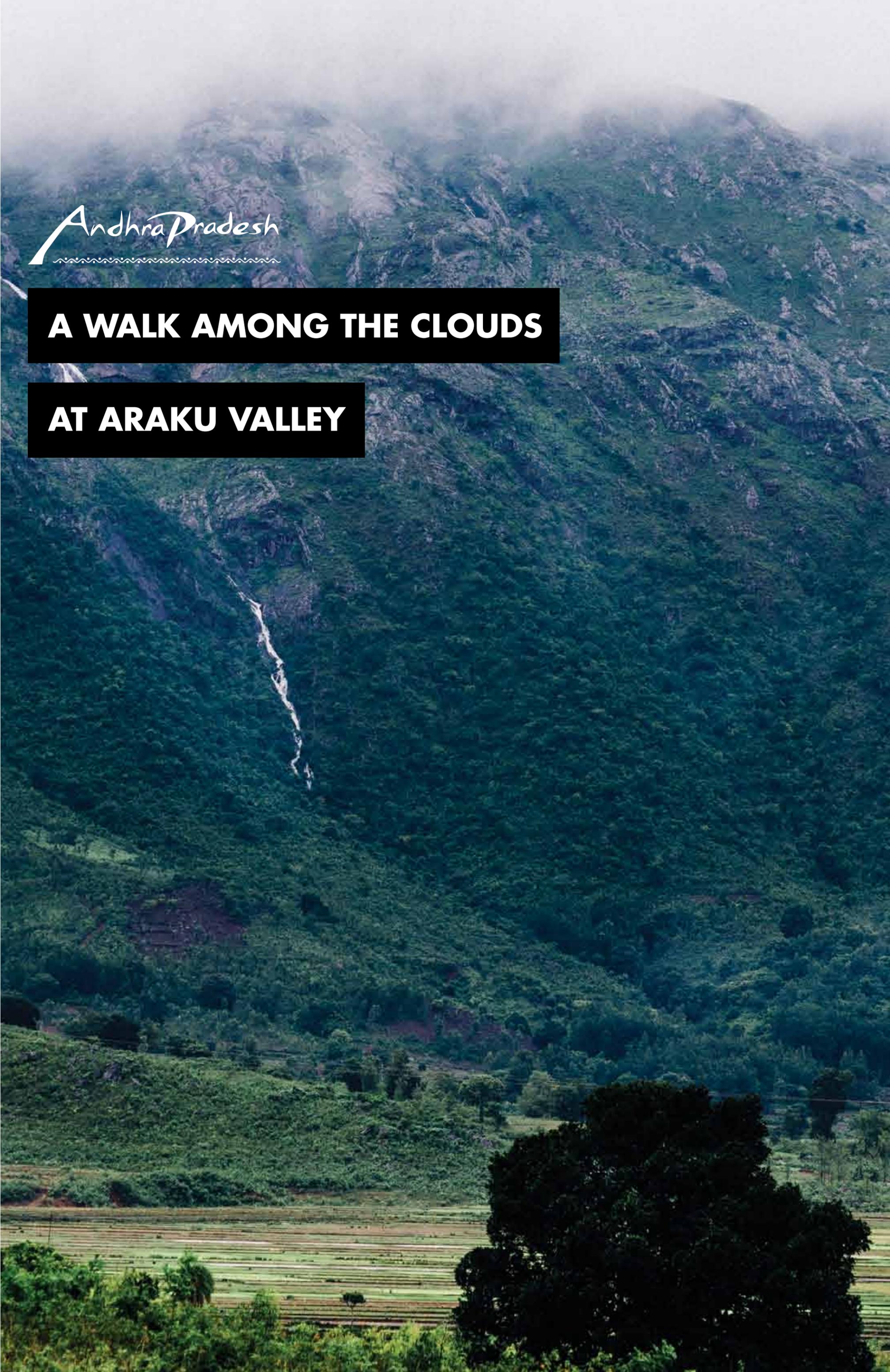
cross-functional teams.

I am very aware of the fact that everyone will not be there. I told the leaders that I will be pleasantly shocked if all 18 of us are in the room after one year. Some of them will check out and I wanted them to know that it was perfectly ok. Company is larger than an individual, but you will be wishing away a great opportunity. You are secure. So, address the security issue. There is no insecurity and each one of you is in the company. Then we identified top 100 people from each company and ringfenced them, or handcuffed them, whatever you want to call it. Provided them more stock option, etc. And we have been very open about it. Now, let us build something special. Then I said do not get caught up with one thing that is what happens to my job title and who do I report to. Something has to change. I started from the top. Except me, everyone was going through some change in title; both Ashish and Rajesh are giving up their fiefdoms. Both were running their companies, and now they are going to have a narrower, but deeper, double brand.

So, I think it is working well but it is very early days. Time will tell. The proof of the pudding is in the eating. I think the tricky part will come when the headiness goes away. It is the honeymoon period. When the stock settles down, and it will, people will start saying that the rosy picture is not that rosy. Things will get tough. There will be someone else coming down the line. We know that there are great companies which are waiting to come in there.

We are very pragmatic, I can tell you. And, if there is an elephant in the room, I am going to be the first one to call it out. There is no point in saying that let us talk about something else. That is the elephant in the room. We spent many hours talking about reporting styles.

The conclusion I came to is that we make a fuss about the company culture. We are very proud of our culture. We have been one of the best companies to work, like Inter-Globe – in the top ten. It is a great place to be for a young company. Feels great, but let me tell you that every company feels that their culture is great. **TF**



Andhra Pradesh

A WALK AMONG THE CLOUDS

AT ARAKU VALLEY



Hospitality as driver

K.B. KACHRU, Principal Advisor, Carlson Rezidor India

Focussing on mid-markets is necessary to build numbers



K.B. KACHRU

Industry must take some responsibility, so should the government. They must also take some responsibility and there has to be a close working relationship between the two. There were some other examples given in previous sessions and I was amazed. There is a place between Guwahati and some town called Margherita, I am not very familiar with it, I believe in those 19 kilometres there are 19 golf courses, and nobody has heard of them.

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MANAV THADANI, Chairman, HVS - APAC

Domestic leisure travel fuelling numbers, trend set to continue



MANAV THADANI

I am an owner as well. I think owners will spend money where they think they will get returns on what they are investing in. I think one interesting phenomenon for India, and since we are at the tourism summit, I have to say that leisure travel in India, overall, is up – and it is being fuelled by domestic tourism to a larger extent than international which is a very good thing, because international numbers are very low.

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On change in the hospitality landscape in Goa and elsewhere, and an overview on the mid-market

First of all, it must be complimented that this panel is not discussing usual things, like taxes and licenses, and the problems that we have been discussing for the last twenty years. Probably, I have been hanging around for a longer time, but we are discussing real things. We are focussing on where we ought to be; what should we do, and what are the challenges.

Talking about Goa, markets are changing and even for an international company, for us and others like Marriott, are focusing on tier-2 and tier-3 leisure destinations. We have four hotels in Goa and all of them are mid-market, mid-market upscale hotels. We are not there in the luxury segment at all. I feel, if you really want numbers, we want to move from eight million to sixteen million, then we have to focus in the mid-market and upscale. I mean that is the market to focus on, if we really want numbers. Otherwise, we will just go to the absolute upper niche and we will be struggling at the budget line.

It is predicted, I read a report somewhere, that in the next five years there would be forty percent growth in the mid-market segment vis-à-vis the luxury segment – which is only pegged at 6.5%.

We have to start accepting and acknowledging that there is a shift towards the mid-market and unless we focus on this market, I do not think we will get our numbers.

On the possibility of looking at the bigger picture of the unorganised sector, and how they can be brought mainstream

I have no doubt that there would be a posi-

tive shift towards the organised, but to say that the segment will be over, my answer is no. That is not going to happen. I would like to stretch it a little bit. I think going back to your stance of the need for a mid-market, we need to start focussing on what we need to do to really move up the economy segment, upper-end of the economy and the mid-market segment.

On ADRs

There is no justification why our ADR is not improving in line with what is happening. Deep Kalra, I think, explained the whole thing on a much bigger canvas. He said that hotels are their target area where they are making more money than airlines, because they are discounting. So, I think taking cue from what Sanjay said, I think it is high time that we consolidate and start behaving, at least, in the direction of getting more mature in this field.

On industry taking the responsibility of promoting international inbound

Industry must take some responsibility, so should the government. They must also take some responsibility and there has to be a close working relationship between the two. There were some other examples given in previous sessions and I was amazed. There is a place between Guwahati and some town called Margherita, I am not very familiar with it, I believe in those 19 kilometres there are 19 golf courses, and nobody has heard of them. We do not know. Nobody has marketed them. The state government has a role. The central government has a role, and whatever the industry can do. But if you expect only hotel companies to come and promote India, I am afraid I am being blunt, I do not think it is going to happen. It can happen by being together.”

On AsiaPac. How hotels are doing in the neighbouring countries; their business, ARR and more:

First of all, comparing India to the Asian continent, I think that similarities are there in many countries right now. I do follow some of the other countries. Singapore, Thailand and Indonesia are all struggling in ways similar to India – where occupancies have been doing very well, but the rate movement has not really happened. I think other than Japan and Philippines which are having good years, I do not know the details as to why they are having good years, but just the basic overriding numbers are strong in those markets. I think most other markets have somewhat struggled. Closer to home, why we thought things will do well and why they have not is partly is occupancies have done well.

In the past when rates started crossing 70%, rates used to go up by 10-12%. Rates used to go up by double-digits. Today, many markets when they have crossed that 70% threshold, and in some cases even mid to high seventies, the growth rate is not in the double-digit bracket. It is happening, but in single-digits. Very few markets are seeing that. So, in terms of RevPAR, you should have still grown in double-digits in many other markets. But there are markets where that has not happened. It has been very uneven, and that is the disappointment, I think, with owners. There was a lot of expectation that it would happen and it has not really taken place.

On whether owners are receptive to the idea of spending money on destination marketing

I am an owner as well. I think owners will spend money where they think they will get returns on what they are investing on. I think one interesting phenomenon for India, and since we are at the tourism summit, I have to say that leisure travel in India, overall, is up – and it is being fuelled

by domestic tourism to a larger extent than international which is a very good thing, because international numbers are very low. So, if you ask Rohit (fellow panellist) and he has got some leisure hotels that are heritage properties – those are doing very well. If you ask the Oberoi's, those hotels in the leisure segment are doing very well, compared to ten years ago where leisure markets used to struggle, and business hotels used to do well. Today, it is practically reversed. If you have got a good property at a good location, in terms of leisure, and you are providing that experiential travel, those hotels are doing very well.

Domestic tourism has got into every market. Jaipur may not be as interesting to may as Coorg, or a hotel outside of Delhi, but it all about accessibility.

On Goa

Goa is an evergreen market. You have got so many rooms coming in, and you can build ten more hotels; you would want to go to Goa and try the new hotel out.

On pushing tourism

Recently, I was a part of the government council, actually it was headed by Amitabh Kant, and he invited few of us and one of the suggestions that came forward was that, of course you have the Incredible India 2.0 which is being launched and how can that money be spent, but one of the suggestions that was bought was that why can every guest pay ten rupees – I am just putting a number – every time he checks in a hotel, and you put that into a corpus. So, money spent by people staying in Delhi will be collected and utilized in Delhi. The government can then match that fund to promote a particular destination. It has happened in many other global cities, whether it Singapore, whether it is New York city.”



DILIP PURI, Founder, Indian School of Hospitality

Skill development in the hospitality industry will impact the larger service sector



DILIP PURI

We do not foster that spirit of innovation, creativity and entrepreneurship in the way we run our curriculums, at least in hospitality. That is my sense of where we are today. I think bringing that in will foster that spirit again. Entrepreneurship, innovation and bringing these people into our industry will make and create products and experiences which will better attract the tourism market, and that is another role I see hospitality playing. Today, when we speak about hospitality as an industry, I think it encompasses all other allied businesses – think aviation, cruise liners, retail and luxury.

Hospitality per se, from an education perspective, training perspective, brings about the best in terms of customer service front-facing businesses – which is now not restricted to hotels.

”

On how the unorganised sector can become a part of the larger framework

I think they are already getting organised. I mean think what social media does. What TripAdvisor does. Today, whether you are staying in a guesthouse or you are staying in an OYO, or you are staying in a five-star luxury, the opportunity for the customer to share those experiences to determine whether people will go back to that guesthouse or that hotel is in itself a certain amount of quality and standardization. If you are going and booking a guest house, and still review whether someone has stayed there, if it is not good you will not stay there.

So, if you are talking about the unorganised sector, that sector is self-organising. You take the example of OYO. OYO is aggregating that sector. OYO and other such players. And, this is the example all over the world. Today, after many years of legislation, AirBnB is almost regulated like a hotel company in the United States. The big companies fought saying why would the lodging tax be different for this kind of hotel accommodation. So, my answer to the question is that organising is self-organising. It does not necessarily need massive amounts of regulation to be able to do that. And, this sector is organising itself better with better guarantee of quality experiences. You will see more and more tourists at the lower end of the market, the backpackers if you like, use these types of products.

And, that is the answer to our discussion that how can the industry support tourism without necessarily having too much regulation, and kind of self-regulating itself in a way.

On the need for the organised sector to handhold the unorganised sector in becoming more corporate in nature

They do not need big chains and big hotels to help them do that. I think, as you see improvements in quality of skilling the workforce, and it begins to happen, you will not see the need for big hotels and chains to step in and handhold the smaller guy. The smaller guy lands up doing probably a more profitable job of running his business, because he is running it himself. He is closer to his customer, but I would like to believe that the sector in the future, for our country, will be a far more significant player in courting tourists, domestic and

international, and in growth of tourism than us big brands.

On the need for skilled manpower and where it will come from

To be clear, what I am setting out to do is in more higher education space, bringing in more international quality into our hospitality and education. But to answer the question, it is already happening. There is a genuine belief that the 'Skill India' mission can become a bandwagon for people to upscale and provide the talent needed at the level. That is where the employment is going to come from, because these millions and millions of guesthouses and hotel rooms in tier-2,3,4 and 5 markets, they all need a better quality of skill talent then they certainly have. So, I think there is already a move towards that. And people who are truly entrepreneurial in their spirit, setting up a small business or a guest house can be really lucrative for an entrepreneur. I have, in my research, found out that students want to come and do a four-year program in hospitality not to work in hotels, but to become entrepreneurs. We do not foster that spirit of innovation, creativity and entrepreneurship in the way we run our curriculums, at least in hospitality. That is my sense of where we are today. I think bringing that in will foster that spirit again. Entrepreneurship, innovation and bringing these people into our industry will make and create products and experiences which will better attract the tourism market, and that is another role I see hospitality playing.

On the trend of trained hospitality professionals taking to other sectors, and whether that trend has ceased off late

No, it has not. I do not think it should. Today, when we speak about hospitality as an industry, I think it encompasses all other allied businesses – think aviation, cruise liners, retail and luxury.

Hospitality per se, from an education perspective, training perspective, brings about the best in terms of customer service front-facing businesses – which is now not restricted to hotels. We train and educate, and what I want to do, is not hospitality as we understand it as hotels. It is a whole larger sector in the services industry which I am talking about. ”

One of the key sessions in the recently concluded India Tourism Summit was dedicated to deciphering how the hospitality industry could drive tourism. The role of destination promotion, creating new products, and the need for adequate skill enhancement to take on the challenges emanating in a dynamic marketplace, and more, came under scrutiny by a heavyweight panel which included senior industry leaders. One of the most important takeaways of the session was the need for creating more cohesion between the industry and government to promote destinations – which would in turn drive tourism. Also, in focus was how to hone the art of storytelling for taking India to the global tourism marketplace. We bring you excerpts from the proceedings...

ROHIT KHOSLA, Senior Vice President—Operations, Taj Hotels Resorts and Palaces

We will see room rates heading north as industry heads towards more maturity on ADRs

On leisure and Indian domestic market, and also about the foreign leisure market

As far as the foreign tourist market is concerned, there is a section that continue to travel, and India has a lot of interest in key markets. So, I would not say that foreign tourist market is declining, but what I would say is that domestic tourism and travel is increasing. So, I would not say that we need to be extremely concerned that the numbers are dropping. In fact, the government has taken some great initiatives like e-visa. So, there is a reporting of higher number of tourist arrivals. I would not say that it is going down but domestic is growing far better than international inbound.

there you would find a lot of stress as far as tourism figures and leisure destination figures are concerned, but that is getting supported by MICE and weddings etc. If you look at individual sector, let us say Coorg, or Corbett, or Bekal, or Guwahati. Even if I look at these sectors, we look at these sectors, there is not too much of supply.

We see that where there is not too much of supply, we are doing reasonably well over there, and the figures are looking up.

On whether the trend is same with hotels that are more international footfalls driven, compared to domestic driven

There are certain destinations that have been developed over a period of time, and coming



ROHIT KHOSLA

If you look at individual sector, let us say Coorg, or Corbett, or Bekal, or Guwahati. Even if I look at these sectors, there is not too much of supply. We see that where there is not too much of supply, we are doing reasonably well over there, and the figures are looking up.

Some people like to play the role of follower, but there are people who play leaders.

Coming to what Manav was talking about, we do find that our properties dealing with leisure business are definitely doing better. We are able to drive their rates better than in business locations.

And, I guess a lot of it is to do with the competitive scenario. It is the demand-supply situation, wherein in certain leisure destinations we find that supply is still not that much. Specific destinations tend to drive up. If we look at the Rajasthan sector, we look at Jaipur as a city. Jaipur has had a huge influx of supply, so

back to the topic of motivating hospitality to drive tourism, you are aware that Taj has worked very hard to develop Goa as a destination. It developed the destination and promoted it internationally. There was a lot of international inflow, and that spread over to domestic. Therefore, now what is happening is that while international footfalls are dropping, domestic tourism has increased. Once the destination takes up and becomes prominent, obviously, domestic travellers have higher access to it

and they are able to utilise it, and enjoy the destination more. That is what makes the difference.

On Goa and driving numbers through hospitality

Goa was put on the tourism map through a concerted effort so many years ago, and promoting it in different tourism fairs, such as ITPO, WTM, and all the other international fairs. We started off with getting so many chartered flights, and we all know what has happened to the charter business. We also know what has happened to the business from the countries where the charters used to originate from. There has been a decline those economies, so source markets have dried up. That, however, does not mean that interest in destinations like Goa has

gone down. It is just that economies of travel is not working out for certain people.

If I have to take Rajasthan, that is also a very important tourist destination, or if we take Kerala, the interest over there for international tourism is very high, and hotel companies continue to work with government agencies like FAITH, WTTC, and others to jointly promote 'Incredible India', working with the MoT to develop destinations. We work with state tourism boards as well.

For example, we opened a new hotel in Guwahati, in ITB recently. Assam tourism had a booth and they were promoting the state, with Kaziranga and other destinations, but Taj played a key role over there to say that there are large domestic players who are also setting up

footprints. Therefore, it is important for promoting Assam as a tourist destination in the international market. We are playing our role. We realise that we have made significant investments there, so it becomes important for us to promote the destination.

What it means to be more mature in terms of ADRs

I think we talk about it being fragmented and I totally agree. In fact, there is a very high level of frustration, and Manav echoes my feeling that when you are growing double-digit in terms of volumes and occupancies then why are you scared of taking up your rates. And, I think it is for a couple of industry leaders to take a call and what really happens is that everybody follows. As we go ahead, we will see this happening. I think it already happening. We are already seeing the indications of that – leading hotel companies becoming firm on their rates – and I am quite confident that right now we are at the cusp where the demand was much lesser than the supply, and today we are at a situation where the demand is growing more than the supply. So, obviously, rates will grow, some people try to test the market, and some people like to play the role of follower, but there are people who play leaders. And I think they will influence the market. Give it this year. I think 2017-18 is a year where people will look at the maturity of the market, and look at growing the rates, and I think 2018-19 will be the year which will show you the results that actually the market and the industry has matured. **TFE**

SANJAY SHARMA, Market VP, North India and Nepal, Marriott

We need to start behaving like an unfragmented market; must hone the art of storytelling

On branding exercise and large inventory and how it pans out in increasing tourism numbers in India, domestic and international

The take on this is very simple. Marriott International today is more or less the largest operator in India, not only in terms of brands and also in terms of room count. The sheer fact that we are in every segment of the market is in itself a testimony that we are not looking at only particular segment of the market. The merger with Starwood, by taking over a bigger portfolio of luxury into the Marriott portfolio where in certain markets we had more upper upscale only available, now with thirty brands, and specifically going back to India, with 15-16 brands already operational and few more coming in the near future, we want to create space in every market segment... to bring in more business into the country. To create more tourism for the country, and bring in discipline into the market. I think the need of the hour is that we have been talking too long and bragging ourselves being a fragmented market. The big change that today is needed is that a one big step where we start saying that we are no more a fragmented market. We want to work towards making it a mature market, and a mature market will only happen when there is a certain amount of discipline that comes into the market segments.

Taking cue from what Manav said, as soon as you hit the 70%

occupancy, depending on demand and supply, there is no logic of growing only in single digit, in terms of your ADR. That does not make any business logic, neither as an operator nor as an owner. Why you have a single-digit growth is because you have a fragmented market. It is a rat race. You are not ready to take risks, and you still continue to operate and everyone tries to see that they do not lose their market share.

Do we continue to worry about our market share, or do we continue to worry about our quality? Improving our stature in the market, bringing in more quality for tourism, and improving the tax structure for the government? If rates go up, taxes also go up. The government will have more resources to spend.

On creating a larger canvas of tourism in the country

There is something coming in my mind and I think it is, probably, a little bit interesting for me to put this across. I think we have been too busy creating headlines that we have had so many millions of travellers coming into the country on e-visa. We have created a lot of headlines that we have had sixteen percent growth, and 20 percent growth, in our tourism numbers, but I think in my opinion and a lot of opinion makers that I talk to, we have failed in creating trendlines rather than headlines. We need to start creating trendlines for tourism, and those trend lines come from areas when you have a story to tell.



SANJAY SHARMA

The big change that today is needed is that a one big step where we start saying that we are no more a fragmented market. We want to work towards making it a mature market, and a mature market will only happen when there is a certain amount of discipline that comes into the market segments.

The big change that is needed is that we need to start saying that we are no more a fragmented market.

We are not good storytellers at the moment. We need to become better storytellers. I will give you one small example. There is a very beautiful festival in Punjab which I came across recently in Anantpur Sahib and it is called Hola Mohalla. It is one of the most fascinating events on planet Earth. Unfortunately, even if you go through whole of Punjab, it is not being marketed the way it should have been. Whereas a joint promotion strategy of promoting it as an event and creating a story behind it as an event in every state which happens. The government has been doing regulatorily what they are supposed to be doing, but

may be, we should start thinking of how we can create more events in every state and create a story behind them to try and weave them into a tourism blanket for the country. People go to a particular place for a reason. They go once in a lifetime to go see a monument, but they go again and again to be a part

of an event. This is something which we need to address.

On working in tandem with the government to promote tourism

Let me give you an example of something similar what we are saying that what can be done and what is being done. This unknown turf between Delhi and Gurgaon, a huge investment came, called DIAL – and with a humongous number of rooms, almost 3000 rooms in the plan which will eventually come. There was only one way to co-exist and work along with everyone. What we did along with other partners who are competitors, we created a consortium to drive MICE into DAIL. So, there is a consortium of nine hotels, and everyone wants to be a part of it. Actually, the first big fruit of the consortium was they

marketed together and brought in the largest ever MICE convention happening in April in DIAL. That is the first step. Rohit was mentioning that Taj will market Lucknow. I take a cue from here, election tourism in India is incredible. To me, who would think out of the box? Election tourism in India. **TFE**

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HICSA was back in Mumbai, as parent HVS celebrated its 20 years in India

On the eve of HOSI/HICSA in Mumbai, we caught up with Manav Thadani, as he completed 20 years of HVS in India. Launching this year at HICSA is his newest baby, Hotelivate, the one-stop shop for customised professional solutions.

How many assignments has HVS worked on?

Difficult to quantify as we do consulting, search and other types of assignments. However it is safe to say we average close to 200 different types of assignments per year.

Your most memorable feasibility assignment?

A hotel that unfortunately never got built. Was in the plantations near Coorg and the developer owned 2300 acres of land. We spend two full days on a jeep just identifying locations for the two proposed assets. The hotel unfortunately never got built as the owner decided to develop other locations around the world. Its great to see the Taj Co-org do so well which gives me some personal satisfaction knowing we were right about our recommendations.

A feasibility you are proud of where the hotel has opened?

Many, however we count the Leela Ambiance in Gurgaon as a great hotel and Leela has done a good job of managing the hotel and owner.

An Assignment you wish to forget?

Well actually it was just before I returned to

India and was working in the New York office of HVS. It was a valuation we did during Atlanta Olympic games and I was still learning and I messed up the valuation numbers because I did not know the HVS models well enough and when asked a few tough questions I just froze. Fortunately the person on the other side of the phone was not our client but my boss at that time and now my partner Steve Rushmore and he did not fire me.

Longest engagement of HVS for an assignment?

14 years and still counting... The hotel is at the ground level currently.

Any landmarks or turning points during the launch of HICSA back in 2005.

Finally, on the personal side the launch and success of SAMHI far.

What Next?

Well as you have noticed I loved doing many new start ups over the past two decades. My newest baby is Hotelivate, which is being launched at HICSA this year. We hope to make Hotelivate the hospitality industry's most comprehensive platform for customized professional solutions. Hopefully you will



MANAV THADANI



start hearing more about it in the near future.

Anything else?

I think the strength of HVS has always been its people. We have been fortunate to have brought in and trained some of the best minds in the hospitality industry. I am extremely proud of what are alumni have achieved and am very fortunate to have some of them come back to us as well.

EDITOR'S NOTE

HICSA 2017 coverage

The recently concluded 13th edition of HICSA, held in Mumbai, was attended by around 500 delegates and diverse issues were put under scanner by industry professionals. New-age challenges, emanating from pervasiveness of technology, apart from traditional issues like skill retention and ROIs were deliberated at length.

These 28 pages feature proceedings of those sessions. Unfortunately, chasing a close deadline, video recordings of the proceedings of some sessions could not be obtained in time. The balance sessions will be reported in the next issue of TourismFirst.

Navin Berry

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Ajit Kerkar revisits his success saga with fellow hoteliers and admirers



It was a wave of mixed human emotions. Recalling a saga of success, legendary among Indian hotels, unlikely to be ever lived again. Lifetime Achievement Award for Ajit Kerkar who left the Taj Group some 20 years ago. Emotions of nostalgia, landmark events which saw opening of destinations, in fact, the opening of Destination India to the world. We bring you a few excerpts which capture the essence of last evening.

- ◆ If I was born again I would like to work again for the Tatas. (To a loud applause).
- ◆ For all my success, I must thank first and foremost my colleague and wife, Elizabeth. And my wonderful colleagues like Camelia Panjabi, Pankaj Baliga and so many others.

◆ On Rakesh Sarna, (his successor today): he is a warm person with a right fit for the Taj culture.

◆ On the Taj Group foray into Goa: I was born in Goa and my parents are Goan. At the airport I met the then CM on my way to Chennai. He took me around personally to survey some 80 properties and allowed me to choose the Fort Aguada for our first hotel.

◆ On his one advice to fellow hoteliers, a question that he found tricky to answer: be sincere in your work and continue your hard work and success will follow.

◆ With so much competition today, would they be able to develop in the same manner as he did in his days: it has all changed and it can't happen the same way again. But human innovation and ingenuity will find its way.

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TOURISMFIRST is owned, published and printed by Navin Berry and printed at Anupam Art Printers. 6/14, Industrial Area, Kirti Nagar, New Delhi - 110 015. It is published from 36-37, 3rd Floor, Indra Palace, H-Block, Connaught Place, New Delhi - 110 001. Tel: 011-43784444. **Section 2: Pages 29-56**



Real estate cost correction bodes well, will strengthen supply: Manav Thadani

Manav Thadani, Chairman, HVS-Asia Pacific believes that the blip in real estate prices will have a positive impact on the supply side in the coming years. Sharing his view on the growing trend of mergers and acquisitions, he notes that much of it is being driven by the need for streamlining operations and ensuring financial prudence. Excerpts of his exclusive interview follows:



MANAV THADANI
CHAIRMAN, HVS-ASIA PACIFIC

Well, I think if there is a correction in the real estate prices it is good for the industry. Land valuation in India is much higher than what they are in many other parts of the world. So, if this correction has happened, it is good for us, good for the industry. It will encourage more potential supply to come up, and India will need more hotels in the long-term.

By **SHASHANK SHEKHAR**

Since the last HICSA in 2016, what has been the change in the picture? How much has the industry moved?

A lot has happened in the past twelve months. There have been a fair number of mergers and acquisitions between different companies. The Marriott, of course, acquired Starwood; Carlson got acquired by a Chinese company; closer home, Louvre Hotels acquired Sarovar. So, a lot of mergers and combination of doing certain things together – Taj and Shangri La has teamed up for a marketing alliance.

Interestingly, I may not be able to track what has happened in the last one year. But this is HVS's twentieth year in India, and therefore I did an exercise to see how things have changed in the last twenty years. We got some very interesting data. A lot of expenses have gone up. Forget about NHG and payroll costs, I will give you examples of other expenses that did not exist twenty years ago, which today's owners have to pay for. Internet cost, for instance, did not exist. And, then you have brand standard of certain internet brands which says that you are supposed to have a certain minimum bandwidth. Whether it gets utilised or not, as an owner you are forced to pay for it. Then there are costs associated with security. We did not have any security in hotels twenty years ago. So, whether it is the manpower cost, or the technology cost, it has gone up significantly.

There were no OTAs twenty years ago. Therefore, when one negotiated a contract with the management company, you paid

for a base fee, an incentive fee, and marketing fee and you thought that the hotel or the brand will then take care of everything else. Today, you pay for that, and on top of it the hotel will take out 15-22%, and pay to OTA, for something that they should have been doing. So, what I am trying to get to is that the profitability of running a hotel has gone down – and the brand company, as a brand, is not necessarily doing the job they are supposed to be doing. Expenses have gone up tremendously which is why we see a lot, I would not say disenchantment, but owners are upset and perhaps, rightly so.

Real estate prices have taken a beating post demonetization. How do you see it impacting the hospitality industry, given that the hospitality industry is intrinsically linked to how the real estate moves?

Well, I think if there is a correction in the real estate prices it is good for the industry. Land valuation in India is much higher than what they are in many other parts of the world. So, if this correction has happened, it is good for us, good for the industry. It will encourage more potential supply to come up, and India will need more hotels in the long-term. There is hardly any new supply coming in. Markets are improving, so supply will come in for an industry to remain healthy. So, from that point of view, I am quite happy that there has been a correction in the market.

So, do you think it is a temporary phenomenon, or will it be here for some time?

No, I hope it is more permanent. I mean look

at the cost of a house you buy in Gurgaon and you compare that to the cost of an apartment in any other part of the world, do you think we get world-class infrastructure? We do not. You go to Mumbai. Instead of sea view, you get a slum view. You come to Gurgaon, instead of seeing greenery, you see dust bowls all over the place. So, why are we paying so much? It makes great headlines to say that real estate has been sold at a certain price, but it is actually bad for the economy.

We have government's policy saying 'Make in India', Invest in India, and others, yet we are one of the most of the most expensive places for some of the basic raw material that we have.

You initially talked about mergers and acquisitions. Do you think that this phenomenon is being driven by the fact that a number of hotels are under stress and are finding it difficult to operate in the current milieu?

No. The three examples which I gave you initially, none of the three were under any kind of stress to be taken over. It is happening because as Arne Sorenson of Marriott said that when you consolidate, you can then negotiate better with the OTAs. As the CEO of Marriott said, we would have 200 million dollars of savings by just combining things. The development teams have been combined; a lot of things have been combined. Imagine, if you could reduce 8-10 employees at the corporate level in India. Now, imagine doing that in every country. You can suddenly reduce 800-100 people across the board. It is basically streamlining of operations.

How can the relationship between the owner and the operator be improved? You have mentioned that owners are angry, at least some of them. What is the way forward? How can this conundrum be addressed?

Unfortunately, we are heading in the way, in the USA which is a more mature market, there are third-party operators. They are specialised operators and they do a very good job of operating hotel assets. Brands in the USA do not operate hotels because they do not do a good job of it. They used to do this in India, and they used to do this in Asia, and in many other parts of the developing world, because they make good money off of it. I think, if they do not improve the way they are offering services they are offering to owners, there will be a time when the owners either take upon themselves to operate these hotels, or hopefully someone who will come along and open a third-party management company that will do quite well. I think it is an opportunity for someone to come in and step into.

What is your sense of 2017? How will it pan out for the hospitality industry? GST might just be rolled out.

There was a blip initially, but March has been decent for the hospitality industry. Overall, we are pretty optimistic about the current year for the India perspective.

And what would you base this assertion on?

Well, because India is not too dependent on what happens around the globe. Domestic consumption is strong; the government has recently won assembly elections, meaning reforms will carry on. People will still continue to come to India; business travel will be up. All the indications, if you look at it, airline traffic is up. Record levels have been reached in, I think, January and February. More people are travelling, therefore more people will stay in hotels. I am very optimistic from that point of view. I think there will be a growth; RevPARs might even touch low double-digits, in terms of increases for the current year, in many other cities.

You have asserted on many occasions that the growth in the hospitality industry will be driven by the mid-segment. We understand that rising disposable incomes and increase in online penetration is driving this. But where do we stand in that segment and what is the future like?

I have always, historically, said that budget and mid-segment market will be the main drivers of the business. There is a slight change in my thinking. One thought is that the lines between the budget and mid-market, and the upper mid-market, are all blurring. There is not that much product differentiation between a budget hotel and a mid-market hotel. For example, a Fairfield Marriott and a Courtyard Marriott and the Hyatt place, you talk to all different brands and they will give you their explanation of where they are positioned. Whereas there may not be that much difference between them. I still feel that, overall, that segment will continue to do well, and will be the drivers. In the luxury space, what I am finding out, and I did an article last year – we looked at data points, saying that let us look at the top 25 hotels in India by room rate. From highest to the bottom. 23 out of those 25 hotels were leisure hotels, and it was quite amazing for us. We had never looked at it like that, it was a pure coincidence.

So, when you talk about luxury to me today, I say if you want to build luxury hotels, if you can find a nice location for leisure, go luxury. Because the Indian traveller today is willing to spend money and travel, and rather going overseas which could take more time, they would prefer travelling within the country.

So, it is all good in the coming years as well?

I hope so. Certainly, for the next 2-3 years, there seems to be stability of the government; people are now beginning to talk about five more years for PM Modi. If that happens, the hotel industry should clearly benefit from that.

While there is still some uncertainty as to where the GST will be pegged, we will know how it might affect us, but if it is priced at 18%, what people are generally talking about, I think it will be good for the industry. **TF**



What Makes India Tick: In a challenging environment, finding room for innovation

Moderator, Dilip Puri, Guidance Lead - South Asia, Marriott International, began the first session at HICSA on What Makes India Tick. He covered a variety of subjects in discussion with the panellists which included Arun Nanda, Chairman, Mahindra Holidays and Resorts India; Deep Kalra, Chairman and Group CEO, MakeMyTrip and Peter Kerkar, Group Chief Executive Officer, Cox & Kings. We bring you here excerpts from the session.

By **PRIYAANKA BERRY**

PURI: I am going to start by asking the panel today their views on the latest bomb shell of the liquor ban? Are these the kind of things we should continue to expect going forward? Are these typically aberrations?

NANDA: How can you not blame the government? Because the government could not control drunk driving, the court had to do it. It is retrograde. Instead of stopping something which is wrong, you have stopped the whole system. Per rough estimates, 100,000 people will lose jobs and the state governments will lose at least 75000 crores worth of revenue. We want to stop drunk driving and this doesn't make sense, you can still drink and drive.

KALRA: It is of course regressive but the real problem is more deeply rooted. This shows that tourism is simply not priority. If it was, then it would be plumb posting and not a punishment posting. Secondly, if tourism was priority, how can something like this get passed? Alcohol is not the bed rock of any hotel doing well but if you can't serve alcohol we all know you will lose a lot of tourists. Is this only for vends or for hotels and restaurants as well? There are legitimate businesses and huge investments being hit badly.

KERKAR: Frankly people will still have access to alcohol in any case. For example, in states that are alcohol free, we all know how many people still manage to find access. People will find a way to get around it. It really is short-sighted and irresponsible.

PURI: Mr. Nanda, you are also the Chairman of the Tourism and Hospitality Skill

Council. Tell us a little more about the work happening there?

enough? The answer is no. There is a lot more to be done but I do feel the industry is equally to be blamed. One of my jobs is to get the industry more involved and we have managed this to a certain extent. We are matching skills to requirements in the market and matching biodatas of new graduates. We are also understanding from the industry what skills are required

impetus to travel, tell us what do you see in the landscape pre-merger and where you are now?

KALRA: It's been a long journey and we had been market leaders but we needed to calibrate what we were doing. We decided on joining forces. The merger has worked out very well from a market perspective. The real proof of this pudding will only be told about a year down the line. Mergers are all about people, and we must make it work.

PURI: Peter, how have you seen your space evolve since the OTS's came? Any difference in your strategy and plans?

KERKAR: We are still making money, and do about billion dollars of sales online. It is not like we haven't looked at the online market space. The game that I see the big OTAs playing right now is the last man standing game and first mover advantage is immense. We are playing a different game. We are looking at packaged holidays and customization. We have a differentiator in the complexity of packaging and particularly dynamic packaging. If one of the online companies can manage this, then they will be in a very powerful position. So, I feel we are here to stay and so are the OTAs. **TE**

How can you not blame the government? Because the government could not control drunk driving, the court had to do it. It is retrograde. Instead of stopping something which is wrong, you have stopped the whole system.

Council. Tell us a little more about the work happening there?

NANDA: The numbers we are talking about is roughly 3 million short-fall in skilled employees. After BPO's, hospitality has the highest attrition rates. There is a significant need. Is it being addressed

and focussing on those and pushing those skills. It is you, the hotel industry, who needs this, so if we work together, we will give you what you need.

PURI: We have both the online and offline part of business being represented here. Deep, the big acquisition, the

Ginger promises a 100 strong delegation in two years



Ginger CEO Rahul Pandit, when we asked him if this was his army, confidently asserted that his delegation would be 100 strong in two years time, reflecting the growth envisaged in the Ginger family! Pictured above is the Ginger family with Rakesh Sarna and Chinmai Sharma.



Lobby Grand Hyatt Mumbai



Andaz Aerocity, New Delhi

Andaz is a game changer for Delhi as Grand Hyatt was to Mumbai, says Arun Saraf

On the eve of HICSA, back in Mumbai after two years in New Delhi, owner of Grand Hyatt Mumbai talks of his passion of hoteliering, how he created a new landmark in Mumbai with the opening of this hotel. He believes his recently opened Andaz at Aerocity in New Delhi will also be a game changer for that location and city. Saraf talks in a free-wheeling interview with TourismFirst.

By **NAVIN BERRY**

What is the Andaz story all about? How is it unfolding here in Delhi?

Andaz has a story. Every city and every country is different. We have 401 stories here in Delhi. Every Andaz will have this lounge where we welcome and check in guests; like we do at home. Here we offer you something to drink and bring you up to the room and we try to create rooms as how we see people live in the future. Its all on the Ipad, the booking and it starts with your name or booking reference.

I have heard you use the word eclectic, that is a very special word. Is that what you are using within the Andaz DNA?

Saraf: Absolutely. Andaz is a part of Hyatt, its worldwide group. Andaz has been created as a brand to be much more and having its own personality. It does not have to fall into line with any of the other traditional hotels, be it a Hyatt or a Marriott.

Is it sold on the Hyatt website?

Saraf: It has its own website and is also sold on the Hyatt network. The underlying platform and back up comes from Hyatt. It is a Hyatt brand. But when it is being presented and when it is being used by people it does not have to conform to any other hotel website or character. Each of the Andaz hotels globally have their own character. How all the Andaz properties connect is because they have their own stories, a DNA which is being followed.

Heddo: We call this touch points. Our touch points are different than other Hyatt hotels.

Taking this point further, in our neighbourhood context, how does Andaz stand out at Aerocity?

Heddo: That's very easy. One is the look and feel of it because we don't fall into any classical hotel look. We are very contemporary. It is also different just as you enter the hotel, when you are being welcomed, we don't uniform people. We welcome people in our own personal style. Its entire experience, including the rooms is very different. *(This perhaps is very true. As we found out, this GM is wearing a Nehru jacket, and folds his hands in a namaste, at every other opportunity when he wants to say thank you!)*

You are the largest hotel here?

Saraf: We are the largest hotel in Aerocity, we have the largest room size in Aerocity and we have the largest convention and meeting facilities in Aerocity. However, it is not a matter of being the largest. Largest is only a way of defining yourself in terms of scale. Our largeness comes more in the form of the experience we offer.

But then you have more rooms to fill?

Saraf: Yes. We have 401 hotel rooms and 150 service apartments. This is the largest inventory in Aerocity with the best location. But I don't want to dwell upon being the

largest. Point is that we are definitely more evolved and personalized when it comes to guest experience. We are not a mass hotel. We have discerning guests who choose to come here.

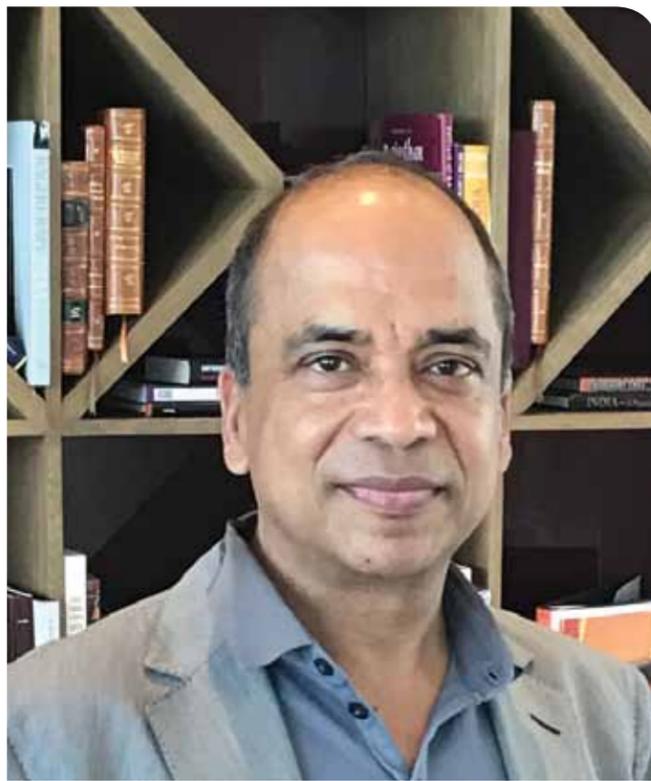
How are the price points at the hotel?

Heddo: Depends on demand. We are leading in comparison to our neighbours.

Saraf: Once this hotel stabilizing in the next 6 months, we will have the highest rate by far.

You have been phenomenal in running the Grand Hyatt in Mumbai with your stamp on it as the driver. How do you intend to put that energy here?

Saraf: This hotel already has energy and I will tell you how. At the end of the day it is the people. When you are an involved owner and you are supporting your people, the energy flows. Now we have 11 hotels across India and Nepal and all these are run by professionals, by people who are really imbibing the value of driving passion in their work, in



ARUN SARAF
MANAGING DIRECTOR, GRAND HYATT MUMBAI

As a hotel owner, I would say that hospitality is a great opportunity but you have got to tread carefully. It is not something that every year there will be a 10% growth. We have to be prepared for slowdowns. Now it is looking up. Be selective and location is paramount. You can create a location but be location centric. Be where people want you to be.

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Aerocity is going to be the centre of India and not only the centre of Delhi. This airport next to us has three runways. It is going to be India's gateway to the world. We don't build hotels for 5 years, we build hotels for 50 years. That is why I have taken the courage to build such a large hotel.

creating memorable experiences.

My point of view is very simple. We have joined hands with Hyatt and they are also my partners in many of my properties. We work together. It is a very cordial and supporting environment where as an owner I understand what is required by my operating team. This generates energy and gives my team a lot of confidence. Grand Hyatt Mumbai has a team that knows there is 100% backing from the owners to do something that provides the cutting edge.

Every time anyone goes to the Grand Hyatt Mumbai, nothing about the property looks even remotely jaded.

Saraf: There are two reasons to this. One obviously, we design hotels that are timeless. And secondly you take care of them. You don't let them run down. Not only Grand Hyatt, you go to my Calcutta property, you will not believe that it is 17 years old. It has been the market leader for the past 5 years. GMs change but they all know that I am fully supporting them. Look at Hyatt Regency Chennai, that is one

property that even Chennai people say, is like our home.

Tell me a totally different scenario, there are stressed assets across the country today, in this scenario you build a grand hotel like this. Why are these assets getting stressed and secondly, we also talked about this the last time Peter Fullton was here, the big challenge is how is Hyatt shaping up in this world of mergers and competition becoming bigger in size? You want to remain boutique and be the best. So how is that culture carrying forward keeping away the distress?

Saraf: Talking about Aerocity, I was the first one to buy this asset from GMR. I came forward and made the deal. Other properties were only sold on the banner that Arun Saraf has bought here and that Hyatt is coming here and then they followed. In my view Aerocity is going to be the centre of India and not only the centre of Delhi. This airport next to us has three runways. It is going to be India's gateway to the world. We

don't build hotels for 5 years, we build hotels for 50 years. That is why I have taken the courage to build such a large hotel.

Where is the stress factor coming in the hotel industry.

Saraf: Juniper and most of my hotels are fairly well settled. Leverage is 1:1. This is a comfortable one. Not aggressive but conservative. Some of my hotels are less. Chennai market, I saw that the leveraging was not working 1:1, we have a .25 debt and .75 equity. Point here is that when you are talking about distress, most of the distress is coming to new developers. They do not have the hotel experience. They have in their enthusiasm and style gone and developed hotels. So what happens, they start making hotels look like their homes and start reflecting their own personalities and they spend more money than they need to spend in that market.

What was the project cost here?

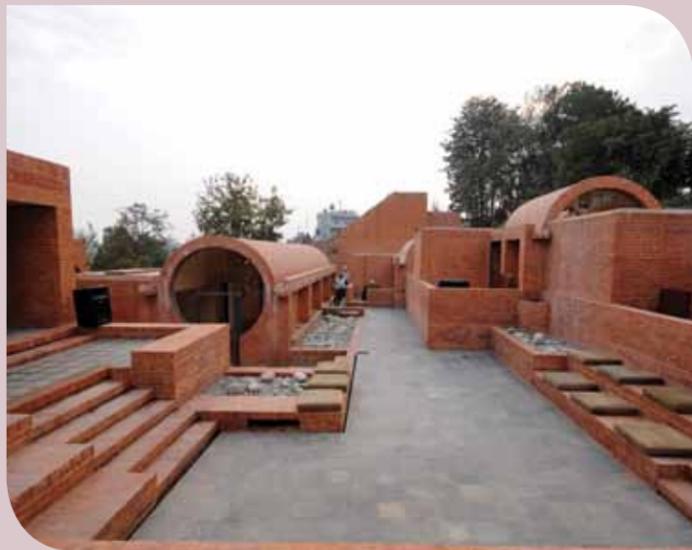
Saraf: Our cost was Rs. 1200 crores and this is all inclusive of land etc. This is a very well built hotel at a very reasonable cost. We don't have extra money, we make every penny count. Within this cost, is the cost of land at Rs 250 crores. And this also includes interest.

That control over cost will keep the hotel going....

Saraf: Yes it will. And will bring us into profits. The distress is if you have the wrong leveraging or if you overspend. And the third point on distress is the sluggishness of the market and over supply. Over supply that has come over the past four to five years and the market has not grown so well. **TF**

Taragaon Museum alongside Hyatt in Kathmandu displays an unprecedented collection of heritage

The Taragaon Museum, put together by the Saraf Foundation, is displaying contributions of artists and intellectuals who have spent decades in the Kathmandu Valley and whose work has never before been collected or recognised.



The Taragaon Museum in Nepal which was opened to public in April 2014, exhibits urban sketches, ethnographic photography, architectural drawings of Nepal's heritage, maps, old landscapes, drawings and etchings. The building project which was initiated by a group of women as a hostel for foreigners, was designed by an Austrian architect, Carl Pruscha. Arun and Namita Saraf, patrons of the Saraf Foundation for Himalayan Traditions and Culture had in 2009 expressed their wish to renovate and preserve the museum and turn it in to a documentation centre to preserve the legacies of the contributors of the museum. The voluntary opening of the museum's doors to foreign aid organisations led to the entry and contribution of a large number of writers, artists, photographers and intellectuals. The museum aims to preserve the work of these contributors which would otherwise be lost. The museum is set on collecting and displaying the contributions of these individuals who have spent around three decades in Nepal, which is unprecedented. The museum also includes a Contemporary Art Gallery, Archiving Centre, Library, Amphitheatre, Café and Shops besides its permanent collection. **TIF**

It is also being said, and very often that India needs another 2 lakhs rooms? How do you reconcile this with the present situation of over supply?

Saraf: Let me explain this. When you look at a macro level and then compare India's size and compare Indian economy to other economies namely China or all of Europe, so you start seeing that they have a larger percentage of hotel rooms. So, we do also need that number. Micro timing may go wrong but in the big picture, the tourism industry is slated to become the biggest. In India, it still has not received enough attention from the government because it was earlier times it was considered to be elitist. Now everyone is travelling and everyone has a price point. The scene has changed.

What is going to be Juniper's foray into mid-market?

Saraf: We do not want to be covering all markets. Juniper and my other companies are focussed on revenue generation and profitability. My aim is not to cover all of India but to cover areas where there is maximum opportunity. We are focussed in our segment. I have three properties in mid-market; there are three which I had acquired for going into the mid-market, but I have converted them to upmarket. I am an opportunist. If there is another opportunity in Mumbai in the mid-market, I will go into this. We have a huge appetite to acquire.

Any plans for Goa?

Saraf: We are building Goa now, before the end of the year we will have a 125 room property in Goa. This is in South Goa, next to Taj Exotica. It is not branded yet internationally.

What would you like to tell others about the Hyatt brand at HICSA?

Saraf: I am always of the view that an operator and a branding company should be available to the owner to become the best. I do not wish to just become a

number out of 10,000 hotels. I rather be part of a smaller global chain. Because then they can give attention to me and the special needs of my property. I still feel hospitality is very individual and personal, so I prefer my operator also has that same DNA. As a world, we are heading towards individually tailored programmes.

Typically, your bookings at the Grand Hyatt, where do they come from?

Saraf: I would say 40% are still driven on MICE and large group bookings through

My aim is not to cover all of India but to cover areas where there is maximum opportunity. We are focussed in our segment. I have three properties in mid-market; there are three which I had acquired for going into the mid-market, but I have converted them to upmarket. I am an opportunist. If there is another opportunity in Mumbai in the mid-market, I will go into this. We have a huge appetite to acquire.

different media. Other media is only a facilitator. 40% is corporates. And the balance 20% is other smaller leisure groups and individuals coming directly. The phenomenon of Grand Hyatt continues. It is the game changer hotel. It redefined hospitality in India in 2003-2004 when we built it. People could not believe that someone could put up such a large hotel. It has 6-7 independent revenue streams. It has the largest ballroom in Mumbai. MICE market has grown so much that we are putting in a new ballroom. We are renovating some parts - we will have two more ballrooms of 500sqm, and 800sqm on the same level.

What special message would you like to share with your colleagues at HICSA?

Saraf: As a hotel owner, I would say that hospitality is a great opportunity but you have got to tread carefully. It is not something that every year there will be a 10% growth. We have to be prepared for slowdowns. Now it is looking up. Be selective and location is paramount. You can create a location but be location centric. Be where people want you to be.

How to increase ADRs? Some are

saying it is the industry itself who is to blame?

Saraf: We are not to blame. We live and work in a free market economy where competition is the real driver of price. When we were competing a lot we had to dropdown the price but now demand is coming back. ADR is now rising. It is gradual. The idea is what the customer wants to pay. The customer now has more choices and he decides.

Would it also mean that between competing properties, no one has the courage to say I will charge more?

Saraf: They will only have the courage when they know that at that price they will sell and

not lose the customer.

On Aerocity, it took all the while that it did. There is some talk about marketing of Aerocity. A few hotels joined hands and went to IMEX. These are not organized efforts though they are well meaning efforts. Do you see room for an established system where per room you put money in a joint marketing fund which is more organized?

This is not something new. It is a global practice. Where all the beneficiaries of tourism come together under the leadership of the state or city government or an organization having support of the whole system. Delhi is prime example to start to marketing ourselves as one, as Delhi. We are marketing ourselves as Andaz and so are our neighbours. Here I would say it would have to be the tourism department of the city or the state that will really have to be led by professionals who understand tourism. I would promote the idea of a tourism board for Delhi city which can be a public private partnership. This board should be the one given the responsibility to promote Delhi globally.

What is holding this back?

Where we are having a problem is the lack of understanding on the part of the government. The government thinking that the hoteliers are all out there to cut each other, which we are not. The GMs of all the hotels at Aerocity got together not only to promote Aerocity but also Delhi and at least as an idea, it was supported by the tourism minister of Delhi. Delhi being the centre for business, centre for tourism and centre for even the national tourism to provide a gateway, it is a great opportunity to create a tourism board of Delhi, promoting Delhi, and setting an example for the rest of the country to form their own boards and emulating that model. **TIF**



The Leaders' Panel at HOSI shares the defining edge that makes for leadership

The Leaders' Panel at HOSI made for an interactive and engaging session with moderator Manav Thadani covering a range of subjects. The Panellists included Ajay Bakaya, Managing Director, Sarovar Hotels and Resorts; Dipak Haksar, Chief Executive Officer Hotels Division, ITC Limited; Kurt Straub, Vice President Operations, Hyatt Hotels Corporation; Neeraj Govil, Area Vice President - South Asia, Marriott International, and Raj Rana, Chief Executive Officer - South Asia, Carlson Rezidor Hotel Group

By PRIYAANKA BERRY

Thadani: Beginning with the discussion, I would like you to complete the sentence -2017 will be a year of what for the hotel industry?

Bakaya: Topic of discussion is definitely currently the liquor ban. Having said that we are expecting sustained growth for all.

Haksar: It will be a good year, we are very optimistic.

Straub: We are looking forward to a fabulous year; let's see what Mr. Modi has for us in the next couple of months.

Govil: For us it is the year of integration more than anything else. We have a lot of brands now and it is about positioning these brands in different markets.

Rana: I think for the industry it is going to be the year of red carpet and red tape. For our own company, we continue to open a hotel every 6 weeks and sign a hotel every 4 weeks. We are happy with that run rate and that run rate is likely to sustain this year.

Thadani: I wonder what the answers would have been in say January or February with owners sitting here. The focus would have been on the budget for the year. Why don't we hear these same buzz words when we are doing budgeting exercises? Why is it that the numbers are always held back? Is there something we can be doing as leaders out here to ensure that the budgeting process is more fair?

Bakaya: I disagree that the budgeting process is conservative or tight. In our case, we have a very strong to and fro on the forecast. When you see the forecast for 75 hotels,

about 10% come back to us and say you are doing something wrong. And we go back to our forecast and amend it. It is not cast in stone. However, I do feel forecasting must be challenging. I remember in large organizations where I worked earlier on, where you owned all your properties, you could afford to be a lot more optimistic because if you didn't reach your targets, heavens didn't collapse. And the company would have a policy saying target 10-15% more than what you think you will achieve so you have a

in terms of all parameters. We have owners also, the investors – we need to give them a return on capital employed and that is very clear.

Thadani: Kurt, I am going to change the question for you a bit. What is the best and worst part of your job? I don't know if this is your first stint into India.

Straub: I have never been to India before. The best part about it is that you meet new people, see new cultures, you see all sorts of new challenges. For me, it's been the 10th

that you see people grow. I have seen a lot of my colleagues and peers grow and take on new roles.

Rana: Of course travelling around the world is good. But I still think the best part of the job, as CEO, is to be able to renew a contract with an owner. I get a real thrill from this. Even after 10-15 years of wear and tear, the team from that hotel did such a capable job that the owner still wants to join hands with you. As far as the worst part is concerned, it is seeing deserving and aspiring talent leave the hotel. Because if you don't have the position for someone who is deserving, if that person to fulfil his or her aspirations has to leave. That is very heart breaking.

Thadani: Raj, do you think hotels in India should focus more on profit management or revenue management?

Rana: They are of course linked. You can make all the revenue in the world but you can't take revenue to the bank. Ultimately, what you take to the bank is the profit you make. I think the profit journey starts with revenue. You also have to factor in good cost control and asset management.

Bakaya: Profit is the key. But you can't do one without the other. If you don't have a top line and you only focus on the expense part, you won't have a great bottom line. I think in the mid-market bracket it is critical that you watch every expense very carefully. How to gainfully employ your people from the minutest job position? Making sure that people that you hire have enough to do and you don't have floaters. A larger hotel can still afford floaters. Next is energy costs, which is a large thing in India. How to optimally manage this?

You can make all the revenue in the world but you can't take revenue to the bank. Ultimately, what you take to the bank is the profit you make. I think the profit journey starts with revenue. You also have to factor in good cost control and asset management.

strong motivational tool for the staff to work towards. When you are working with an owner, he is planning all his cash flows on what you are saying in your forecast and you need to be that much more on the spot than be optimistic.

Haksar: We have a very strong budgeting exercise. Every year in the month of February we go underground, where we go through the macro-economy and look at the markets etc. The budget is actually monitored at the corporate level on a monthly or quarterly basis and that is a very strenuous process

time moving countries; this exploring of places and people is the best part. The worst part, if you can call it that, is that every time you go somewhere new, you basically start afresh. You don't know the people and you don't have things in place. Which again can be a good thing which helps you also build your skills.

Govil: I agree with what Kurt said. I am an inherent hotel junkie. I love staying at hotels, going to the spa, eating at hotels. I love that part of my job and the travel that comes with it. I get to do what I like to do. I enjoy the fact



It is fraternity time with Sunil Ghadiok, Dilip Puri, Suresh Kumar and Dipak Haksar.



We speak with Darshan Rawal, Business Development Head India at O2 Spa, to learn more about this brand and understand what brings them to HICSA 2017.

"We started 9 years ago, and are today one of Asia's largest spa operation companies based out of Hyderabad. We have 109 spas present in India and UAE and our target is to have 200 outlets by the end of this fiscal year. We are launching a retail brand, Ode, a luxury wellness product line and International House of Wellness, a high end tea brand. We are getting into boutique wellness resorts where the spa is the main attraction. We are present as stand-alone spas, large villa spas, at airports, at malls and in highstreets. We are here at HICSA as we are operating spas in approximately 75 hotels across the country and the Gulf and are here to meet the hospitality industry and work in tandem with them".

Hospitality industry must drive 'Brand India', lead the way: Rakesh Sarna

Rakesh Sarna, Managing Director and CEO, Taj Hotels Palaces Resorts Safaris recommends a pro-active role, as a responsible society and as an industry in contributing to building a formidable Brand India. First by addressing the basics of focussing on our people and skill development, and of valuing their role in Brand India. And lastly, of playing an active role in keeping India clean. In presenting the nation in the best light, in the best manner possible.

By **PRIYAANKA BERRY**

“I am here today to take your time, to ask myself some questions – and the fundamental question is: Are we Brand India? I hear a lot of angst about how do we become a great country? I can't help but feel maybe it is time I ask myself what am I doing for this? Do I own Brand India? Am I Brand India?

What is Brand India? It is commonly seen as a campaign to promote India as an emerging market and destination for visitors and investors. My humble question is: Are we mere spectators or are we going to be active participants to build Brand India? It has so many dimensions. Brand India is about making India a country that can hold its head high on a global stage, it is about cleaning up our country and not waiting for the government to do it for us. We are living Brand India? Do we take Brand India seriously each day? Are we raising the self-esteem of our countrymen and of our demographic dividend? They are not literate. They don't have a skill. When you don't have a skill and you are not literate you cannot have a healthy self-esteem.

So, what are we going to do to make Brand India proud? Are we going to get involved? And raise their self-esteem; give them a skill? As an industry that is so keen to provide sincere care to our guests, are we also going to sincerely care about the people who are meant to provide this sincere care? And accept them as who they are. But if we don't have the demographic dividend literate, with a healthy self-esteem, then this culture of servility will not go away

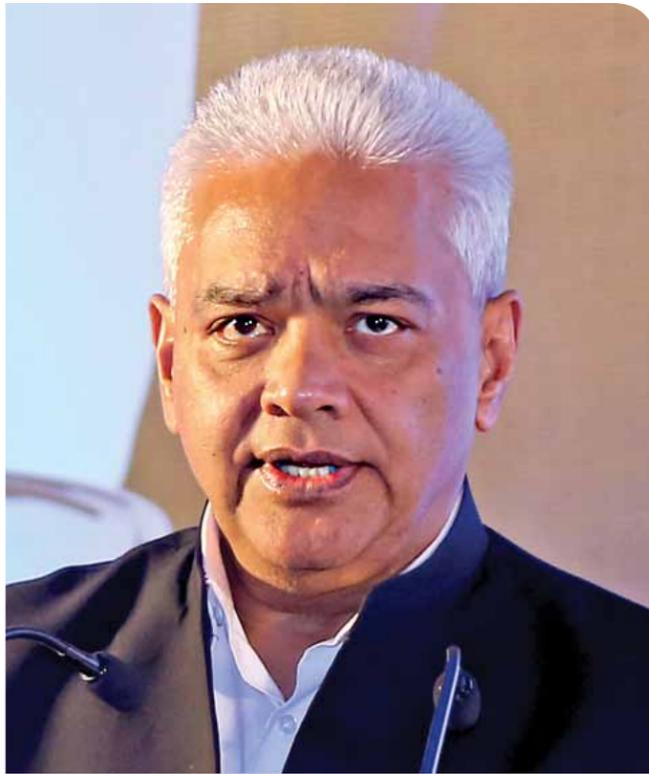
and this is a cancer to our future prosperity.

We can afford the best of marble and crystals and imported foods and goods and the best chefs, but the one critical ingredient in this society and in this industry, in making a wholesome Brand India, is first looking after our own people. People are our true Brand guardians of the hotel industry of India.

People across the globe speak of India as so exotic, the food, the culture, the diversity and the heritage but they always finish off that it's so dirty. This breaks my heart. Is this Brand India? Can we let this be Brand India? Or are we going to say that we will make Brand India, because we own it, because we are Brand India.

If we all get together and take a pledge to clean our country, to give our people a skill and raise their self-esteem, this will define the future of Brand India. This will make Brand India. Let's work on making Brand India powerful.

780 aircrafts are on order to be delivered in the next 36 months. Small problem is that we don't have enough runways, but we will come to it. We can do it. We can have so much potential for intra-India travel. The purchasing power of Indians is increasing every day. This doesn't mean we don't value the foreign guests but let's not just bank on



RAKESH SARNA
MD AND CEO, TAJ HOTELS PALACES RESORTS SAFARIS

Are we raising the self-esteem of our countrymen and of our demographic dividend? They are not literate. They don't have a skill. When you don't have a skill and you are not literate you cannot have a healthy self-esteem. So, what are we going to do to make 'Brand India' proud? Are we going to get involved? And raise their self-esteem; give them a skill? As an industry that is so keen to provide sincere care to our guests, are we also going to sincerely care about the people who are meant to provide this sincere care?

”

that. Let's get the basics right. And those basics are our people and our environment. Just keep the environment clean, as basic as that.

Today, India stands on the cusp of transformational change to good fortunes,

but please don't take Brand India lightly. We as a collective body, we have a responsibility to our future generations to set the right example. We owe it to Mother India to present it in its best grace and beauty. No one can do it but us. **TIF**

Thadani: Neeraj, you said that you were integrating two chains and that it is challenging to say the least. I would imagine that potentially Starwood and Marriott had different cost structures, when you start adding all the hidden cost, that difference can be up to 200-300 base points. ... Now that you have them all under one umbrella, how do you deal with owners who have both your products?

Govil: We have several ownership groups that have brands on both sides. If you were to ask me today that when we merged on 23rd of September, we would be where we are on 31st of March and would we be satisfied with that? I would say, yes. We have made a lot of progress on multiple fronts in terms of integration. What we are doing right now is honouring the current agreements which we inherited as part of the merger. Having said that people do compare the cost structure and want the best. We are looking at what processes we can streamline. We made a considerable amount of progress on the loyalty programme where we linked both on day one itself. We are also working on similar lines across the cost structures. There is a lot of work on procurement, on IT costs etc.

Thadani: Kurt, could you tell us your management style? Do you have a particular way of doing things?

Straub: It is all about care and looking out for people. We can't do it alone and we need our teams to perform. We care for people, so that they can be their best. And it is not only about employees but also our guests. I believe you give guidance, support them and bring them back on track if need be but basically be there as a coach, rather than as a boss.

Thadani: Dipak, you have been with ITC for 4 decades, what do you like most about that company and if could change something, what would that be?

Haksar: Close to 4 decades now. It is very difficult today to say something I would change. ITC as a company really nurtures its talent. People are the most valuable assets. It is the management's responsibility to create a work environment of empowerment and innovation and development of the

individual. ITC looks at talent in a very holistic manner. The entire compensation package ensures that at every stage you are looked after including the medical. The organization goes to any extent to look after people and their families. This keeps people wedded to the organization with a huge amount of loyalty.

Thadani: Neeraj, I think post the merger, now you have 15 operating brands in India. Which brand do you think will lead the combined entities growth in India?

Govil: With the integration now, we have a very good distribution across the segments. We have luxury brands with St Regis, Ritz Carlton, JW Marriott and the W that are well distributed geographically as well. We have a good portfolio in terms of full

Currently, it is the business segment without a doubt. Business travel will determine where our revenues go in the future. A lot of our brands are positioned to cater to the business traveller.

service premium brands, moderate and mid-tier brands. All three segments are very important for us. There is more development today in the resort category of hotels, moderate and mid-tier markets. As we open hotels now, a lot of our hotels are in the tertiary markets while there continue to be openings in Bangalore and Hyderabad and such cities. You will see growth across all three segments for us.

Thadani: What do you think is going to lead business? Is it business, MICE or leisure that will bring room nights to your hotels?

Govil: Currently, it is the business segment, without a doubt. Business travel will determine where our revenues go in the future. A lot of our brands are positioned to cater to the business traveller. Close to 75% of our revenue comes from this segment and it is expected to double by 2025. I do

also see the demand for leisure and resort destination growing. As far as MICE goes, it has tremendous potential, we need to have world class convention centres and we need hotels close to those centres. If what the government is planning in terms of opening large convention facilities in India, if implemented, then this segment will explode as well.

Thadani: Kurt, why do you think customers should chose Andaz at Aerocity over a JW Marriott?

Straub: These are two completely different brands. The Andaz really is for the creative class who is looking for something different and have their own style. Neither is better or worse, they just attract different kinds of guests. Also, the days of the glitter and

glamour are over, so in terms of design, it is important we design hotels for the people that want to see something different. But every hotel type has its space in the market. Aerocity has evolved a lot in the past years and for us it is very exciting to be there. A lot more coming up at Andaz and we are looking to expand the brand in the Indian sub-continent.

Govil: To add to that, I feel there is a lot to be gained from the synergy of the two hotels. The GMs of the two hotels, along with Pullman went and got a lot of MICE business into Aerocity as a destination. So yes, while we may compete at some point for the customer, there is more to be gained in working together.

Thadani: Raj coming to you, Carlson has a reputation, at least in India of being a flexible brand when it comes to dealing with hotel owners. That's probably also the reason you

have over 100 hotels. What is a deal breaker with an owner? Or is everything possible with owners?

Rana: For me flexible is being practical and relevant. And there is slight difference between the two. Flexible is bending backwards in terms of standards, design, etc and we don't do that. But we certainly are practical and relevant. For example, if we are building a hotel in the secondary market, it might be only an 80 room property but knowing that F&B potential is good, you would still allow extensive banquet space. Giving value to the realities of the landscape that is going to make the hotel successful and get a return for the owner, helps us be successful in the overall game.

Thadani: What is the one advice anyone has ever given you that you will never forget?

Bakaya: Always take your work seriously, but never take life too seriously. It's the best advice I ever got.

Haksar: I remember the Chairman when I had newly joined the company saying, you must have integrity – with myself, with my people and be honest with your guests. You can only show empathy if you are a man of integrity and honesty.

Straub: Don't take life too seriously and don't always react to everything you see and hear right away. It is ok not to respond to an email right away, or to say, Manav can I think about this and get back to you. It solves half of the problems on its own. And remember to have some fun when you work!

Govil: I think it important to enjoy what you do and its different things for different people. If our industry is all about people and it is very important that you listen. I say this to all the GMs, very important that you believe in people and that they will get it right provided they get the right environment.

Rana: Two things come to mind – I know you alone can do it but you can't do it alone. It speaks to team work. And the other is from Steve Jobs, that the musician is playing the instrument and I am playing the orchestra. I feel the GM is playing the orchestra and putting things together while all department heads are excellent musicians in their departments. **TIF**



What differentiates a GM from a Super GM

What qualities constitutes a Super GM? The panellists came to an agreement that it is the ability to successfully multi-task, to think one step ahead as well as the personal characteristics and traits of an individual. Excerpts from the session.

By **ANAGAT CHOUDHARY**

ASHISH JAKHANWALA, MD & CEO, SAMHI

Today we are talking about super GMs. So, how do you really talk about a Super GM? Is it about the personality of the individual or is there a process that can be followed and which can be successfully implemented across the spectrum which can help hone Super GMs? Let us have a conversation with our super GMs here about what they think is a Super GM and how is it different from a normal everyday GM?

TRISTAN BEAU DE LOMENIE, GM Delegate, Pullman & Novotel Delhi Aerocity
A Super GM, before anything, is a superman. To me a Super GM is someone like a circus man who can juggle at-least 5 balls. One is the owner, another one is the corporate office, one is the guests, this is followed by the staff and yet another one being the person's own personal life. And yet, the GM has to deliver a profit, has to be aware of what is going on in the market, should have excellent business acumen and have the ability to deliver to the expectations of the company. You either have it or you don't have it. It is your personality, your charisma, your vision, how well you can see one step ahead of the others. It is also about how well you can use the organisation and pool in the

resources to achieve what you want to achieve.

DEVENDRA BHARMA, Executive VP, Oberoi Hotels & Resorts Mumbai

To begin with, you have to be a normal person. I do not think that in order to be a Super GM, one has to be extraordinary. One just needs to have immense passion for this business and it is a growing process. It takes years and years of work, detailing, learning the business and I firmly believe that the mantra should be to learn a new thing everyday. Putting your best forward is the key, it might seem like a basic but is very important. Also, it is very importance to enjoy what you are doing. It seems easier said than done but if one has to enjoy meeting people, interacting with team members and raising the standards. A Super GM must have the ability to leave the past behind, look ahead. The Super GM cannot get used to mediocrity and must raise the bar. It is extremely important to continuously concentrate on your own operations and not just look at the competitor because I think over a period of time you have got to just sense how good you are.

SUNJAE SHARMA, Area Director - Western India, Hyatt Hotels Corporation; GM, Grand Hyatt Mumbai

When we talk about a super GM, we need

to see what are the expectations from this identity? The expectations are from the asset management, the owner, the guests, from your colleagues, the corporate office and from yourself. So, let us take the DNA of all these people and put it in a blender. The one DNA that comes out still does not make a Super GM. A person who has these qualities, is the person who looks at the DNA, picks up the particular residue of what is required in a particular situation and applies it to that situation. Yet, that does not constitute a Super GM. A Super GM is a person who can actually be available to people, to care for them and be there for them and replicate what he has got in the people who are around him. That is what makes a person a Super GM because that is how you spread talent. You need to need to satisfy your moral responsibility of creating and making people like a Super GM.

SANJEEV PAHWA, Sr. VP Operations - South Asia, Carlson Rezidor Hotel Group

Putting it in one line, it would be a charismatic leader, one who is very well informed, takes total ownership and uses common sense. I think if you can do this, most probably you will be able to deliver to expectations and as long as you can deliver to expectations, I think you are a Super GM. I think it is the individual that matters. You could have

the best education, training and background but if it is not in you, then the rest of it will not help. You could be a GM but not a Super GM.

FARHAT JAMAL, Sr. VP Operations - Western India & Africa, Taj Hotels Palaces Resorts Safaris

I think being a General Manager is one of the most difficult jobs that you can have. It is like being a film director. When you are directing a film, you have this whole task in front of you. You have to find actors, talent across the spectrum and then you make a film for the audience to see, which is our guests in our case. How do you make sure that everybody performs and that you get the best out of the team? The Super GM is someone who gets the best out of people. A person who can make sure that the team members are complimenting each other, enjoying what they are doing and giving in their best performances. 89% of our colleagues in hotels are on stage most of the time, they are being watched by people. They need to be great performers and that performance must not come out of being under pressure but passionately doing what they are doing. I think the Super GMs job is to get the best out of these people, identify those stars and make sure that they excel and understand that unless you love your job, you can never be a Super GM. **TF**



The Importance of Loyalty Point Programs

Speaking with Sudhir Gupta, Founder & CEO, TLC Relationship Management, panellists speak on the importance of Loyalty Programs and the strategies needed to ensure that the programs reap the benefits that they are intended for. Excerpts from the discussion.

VIKAS AHUJA, Sr. VP Marketing, The Oberoi Group

Basically, we have two brands, The Trident and The Oberoi. For both these brands, we have got different strategies. For The Trident, we have something called the Trident Privilege that has been up and running for the past 9 years. This is the program that incorporates the three tiers and various options to earn and burn and various scheme divisions. But for The Oberoi brand, we have not had a loyalty program and the rationale for this is that that at the upper end of the country's spectrum, you do not necessarily need a loyalty program. Loyalty at this spectrum is defined by customer experience. Talking about The Oberoi, basically there are two things we look at as a small 10 hotel chain. Being a small hotel chain, one thing that works for us is flexibility. We have been very clear that it is one of our strengths and we have to play to that strength. When I say flexibility, it is simple things. We have rules but we ourselves can break those rules. Waiver of conditions, extension of days and so forth. The fact is that we have this ability and we must use it to our advantage. We, along with experience can also offer personalisation. It is a much larger and holistic experience.

RAJSHREE BAKSHI, VP Marketing,

Taj Hotels Palaces Resorts Safaris

We went through a major change in our loyalty program in 2017. We ran the re-birth campaign which was actually the re-birth of our loyalty program which included perks like no blackout days and no expiry period for points etc. We have recently announced a new plan called the Warmer Welcomes program, which in a way is one of the first. Under this program, two Asian brands, Shangri-la and Taj, are for the first time ever, joining hands and will provide members reciprocal and seamless benefits at a scale never seen before under a hospitality alliance. We focus a lot on brand engagement and brand experiences and we work towards ensuring that not only do we give benefits but a huge amount of experiential benefits which get built in to the program itself. The discussion for this alliance started around 8 months back and one of the things we realised was that the two brands, which have a very strong value system, are complimentary to each other. The second thing was that we were talking about markets which were the fastest growing markets in China. There was a lot of similarities in terms of culture and the entire program has been very complimentary. So, I think these were some of the very important things that we looked at. We looked at markets of dominance and we

realised that they are pre-dominantly Indian. So, we went ahead and started working with them. The program is a new born baby and we are very excited about it but we do believe that this is really going to add a lot of value to both the brands.

KHUSHNOOMA KAPADIA, Area Director Marketing - South Asia, Marriott International
Marriott has been really lucky when it comes to loyalty programs. Now with the combination of three programs under one roof we see 100 million members globally. So, Marriott loyalty programs are very unbeatable as of now and we have seen that customer adoption platforms have grown rapidly. These are exciting times for us post the merger with Starwood Hotels and we have been continuously striving for the harmonisation of the three programs and ensuring that our philosophy of customer first is integrated in to the programs. A lot of work has gone since day one and we are sending out a very strong signal to our members and are taking a very additive approach to merging these three programs without having to face any losses. We have launched a website, members.marriott.com, where people can just log in and access their accounts, transfer their points etc. We were a little apprehensive about this transition but our customers have taken it

really well and in-fact we started seeing traction on the website within minutes of its launch. There has been a lot of buoyancy and positive acceptance. Now the customers can enjoy a huge portfolio of brands and the power of such a past global footprint. 3 programs under one roof provide excellent benefits and an unparalleled customer experience.

ARIF PATEL, VP Sales, Marketing, Distribution & Loyalty - India, AccorHotels
We are the youngest amongst everybody. Every program has its own strength and weaknesses but I think experience is needed. I think as an industry we need a major disruption and when it comes to technology, we still have work to do. We are still catching up and that is an opportunity for everybody. I think apps are a little over rated when it comes to loyalty programs. What is important is to lead the marketplace in experience which is beyond booking hotels. Why can't I as a customer be shown my room via VR technology? If you want the apps to work, there has to be stickiness beyond reason. I am expecting this to happen soon enough and these will be the deciding factors when we talk about taking experience to the next level. It is only platinum customers that are loyal. So what is important here is to improve the engagement. **TF**



The Global CEO panel: Industry leaders talk about their hotels, the road ahead

It was a heavyweight session, involving some of the senior leaders in the hospitality industry space, domestic and international. It is merely an excerpt from the engaging session which saw serious discussion on the road ahead for these hospitality giants, besides them delving into how to maintain distinctive brand identity.

By ANAGAT CHOUDHARY

CHRISTOPHER J NASSETTA, President & CEO, Hilton

I think most people know Hilton in the global context. At this point we have around 8,00,000 rooms and about 1,000 hotels around 105 countries across the globe. We just reached a major milestone in the history of our company by splitting from real estate, which is a huge part of our legacy. We now are a pure consumer branded company, which has been the goal for some period of time. In addition to having some success in getting that done, we have seen record levels of growth having opened a hotel a day on average last year.

MARK HOPLAMAZIAN, President & CEO, Hyatt Hotels Corporation

We have a large base around the world and about 7,000 properties. We are thrilled to be long-time passengers with about 40 years in the industry and are excited about the growth that we see coming in the future. We got 5 hotels in India and we plan to have a lot more. The new Andaz in Delhi just opened up and it is helping us establish a different kind of position as far as contemporary luxury is concerned in that category and location. Overall, it has been a good time for the company and we have had significant growth.

RAKESH SARNA, MD & CEO, Taj Hotels Palaces Resorts Safaris

We have rolled back our brand architecture to a smaller brand. Our focus remains to grow responsibly and we remain India centric. We only go outside the borders of India into areas which are married to our brand, areas where our brand gets the respect and recognition it deserves. We are

have crossed our customer base to markets in South East Asia as well. There is much to do going forward. We have world-class hotels across all brands and need to price our products accordingly and make sure we continue to grow consistently.

VIKRAM OBEROI, MD & CEO, The Oberoi Group

I think what makes us slightly different, is that we have hotels that have loads of guests of the graft kind of luxury segment, both pleasure and business. We operate distinctive hotels which give guests great experience and by doing that what we see is a good number of return customers.

On the best and worst parts of their jobs
CHRISTOPHER J NASSETTA, President and CEO, Hilton

I would say the worst part is that it takes a lot of time away from the family and friends because when you are running a global business which is travel branded, you can imagine that one must travel a lot to run it well. That has a consequence, travelling back to back, and needs a lot of balancing. The best part of my job I would say is the people. Meeting people from the industry everywhere I go, talking about the future of our company; the impacts that we are having on people's lives, and most importantly talking about how the work we do is creating opportunities for our people. So, the best part about what I do is seeing the pride that comes with our association at every level throughout the world and seeing people feel inspired by the work they do, whatever that work may be. It makes me really happy on being part of something that is having such a positive effect.

MARK HOPLAMAZIAN, President and CEO, Hyatt Hotels Corporation

I would say that the best part for me is the hospitality that we receive throughout the world, during the travels that entail our jobs. Specially in India. There is this incredible sense of warmth that I feel every time I come here. There is no other market in the world in which I go to where I end up in people's homes for meals more than I do here. That is really special. The worst part for me is probably the same as what Christopher earlier mentioned. The job tends to take a lot of time away from friends and family.

On the Marriot Starwood Merger

VIKRAM OBEROI, MD and CEO, The Oberoi Group

I think the merger is quite significant and time will tell how things pan out. From our perspective, it is important that we are distinctive and focussed on our guests.

CHRISTOPHER J NASSETTA, President and CEO, Hilton

We tend to concentrate on the portfolio we have and one that continues to expand. Our large strategy is one that is focussed on organic growth and making sure that we are giving the customers products that they want. We have a very customer-centric approach. Continuing to do that and maintaining the existing brands and ensuring that the customers get what they want seems to be working for us, from an organic growth point of view. I think we are leading the industry and our focus is to have the purest brand portfolio out there. We want every one of our brands to be the category leader and that is what we are here to do, whether it is here in India or anywhere else in the world.

On Taj collapsing all its brands and merging them in to one brand

RAKESH SARNA, MD & CEO, Taj Hotels Palaces Resorts Safaris

I believe that you need to choose what game you want to play. The world is large enough for everyone to get a slice of the pie and make an impact on their guests. We have to effectively communicate to our customers that we do not take their faith in our brand lightly. We did a lot of soul searching, introspection and spoke to thousands of people. It became clear very quickly that our core stakeholders which is our guests, colleagues and potential partners, all wanted a single brand. The easy thing would have been to ignore this and continue with what we are doing but we took the difficult path and went in the opposite direction of the industry trend. We strongly believe that now we will be able to attract the kind of numbers we deserve, have discussions with owners who have faith in us and improve ourselves.

On competing with Loyalty Programs

VIKRAM OBEROI, MD and CEO, The Oberoi Group

Actually, we choose not to have loyalty programs. We are a small and niche brand and have a high number of guests who use our hotels regularly. If you see research on the loyalty programs, it actually talks about entitlement. If you are entitled to something it doesn't necessarily lead to loyalty in fact leads to dissatisfaction because my expectations become considerably higher. We approach the situation differently. We believe in achieving loyalty through experience and we do not believe, for us at least, that the answer lies in loyalty programs. **TFE**

Networking on the sidelines



Senior leaders pose for a group photograph. (L-R): Michael Issenberg, Ajay Bakaya, Dinesh Khanna, Rajiv Kaul, Jean Michel Casse and Nikhil Nath



Owner power house: spotlight on growth of home-grown brands, expansion plans

The session focussed on some of the domestic successes, hotel ventures that have, over the years, grown into formidable brands in their own right. Panelists discuss their growth story and what lies ahead for their brands. Excerpts from the session:

By **ANAGAT CHOUDHARY**

ACHIN KHANNA, MD Consulting and Valuation, South Asia, HVS
Usually at HICSA, we spend a lot of time and effort listening to industry leaders from the global brands, from the large Indian brands and very rarely is there an opportunity for us to showcase and highlight some powerhouses and some home-grown hotel companies that are doing phenomenal work in their own right. Yet, for some reason we have not heard their side of the story and I know there are some great business houses here on the stage with us. Our intention was to learn a little bit from them and see what they have been doing in their world of business and how perhaps maybe some of the larger companies could draw a lesson or two from there. So, with that background I am going to request the panellists to give a brief introduction to us about yourself and your organisation and really what it is that you do.

B GOPINATH, COO, The Residency Group of Hotels
The residency is about 25 years old. I should tell you that the time that it came in to the market, we had deluxe 5 star hotels and then there were lodges. That is the time when we entered the market and provided 5 star hotel service at a very reasonable price. We have been around before the whole concept of budget hotels existed. Recently, we had our international foray at Maldives. We have leased an island where we have done a luxury product which was launched sometime in November. We have plans to grow our own brand in various locations pan-India. For us, customer experience and loyalty are the biggest factors which define success. When we started the hotel

and if you compare it to where we stand today, the scenario is completely different. When the brands come in to your city, you cannot compete with them in terms of technology, sales and marketing but as far as the customer experience goes, that can be well defined. You can have your own style of operations. There are some unique things that makes the brand different in that particular market.

GAUTAM BIRUDAVOLU, CEO, GreenPark Hotels
In many ways, we are similar to The Residency Group. We are 25 years old. We started off with a mid-scale brand called GreenPark and now we have 5 hotels across

3 cities. We have over a 100 rooms under management. Apart from the mid-scale segment, we also operate 2 upper mid-scale brands. We also have an institutional management business which runs the operations of the Indian School of Business in Hyderabad. We also manage the facility for HITEC in Hyderabad. We see ourselves growing in two distinct streams of business. One is expanding to other metros in India with the GreenPark brand and also build our facility and institutional management business. We are a zero-debt company. Having said that, I also want to add that as we are a capital heavy industry, borrowing

is inevitable. We intend to grow responsibly and I think that financial discipline is a very strong metric in whatever we do. In retrospect, I would say that we have found very unconventional ways in which we have been disciplined. If one were to just look back at our history, we have made very unconventional choices and very unconventional project specifications. It all boils down to being financially disciplined. A finically mismanaged project cannot be saved by a great market. That is the core of our development philosophy.

GURMEET UBERAI, Director, Shanti Hospitality
Shanti Hospitality is a brand in which the

5 operating Hyatt hotels and have 3 under development. We expect to open up with 350 rooms in about 2 years. In 2012, we went ahead in the mid-market space and operate 3 assets today with 250 keys. We have another 400 keys under development. Ours is a very strong operations company and also operate third party assets. So, typically we are in the hospitality space and are looking at value creation. When we went to deal with Hyatt, the concern that they had was that can a company like ours deliver the guest experience that Hyatt delivers. What we have to do is deliver the guest experience that the Hyatt brand intends to deliver. The truth is that we aspire to be a strong operating company as well. We want to be in the business of operating hotels and that is why mid-scale hotels, and we demonstrated to Hyatt that we are capable of doing a good job, both, with our own as well as third party assets. We have 3 third party assets as we speak.

SOUVAGYA MOHAPATRA, Executive Director & COO, Mayfair Hotels & Resorts
We started a small restaurant called Tandoor in 1982. From there we saw the demand of the rooms and started with 5 rooms. Now we have almost 10 properties in our chain with 500 rooms. We aspire to provide the best occupancy and personalised guest services. We manage our own properties and we have our own project team. We have 4 more hotels in the pipeline. Earlier, we used to be known as regional players and now we have our footprints in 5 states and are growing continuously. We are very fast movers and are always on the lookout for new destinations. We always tap the places we feel or not being tapped to their full potential. Wherever the footfall has been little, or infrastructure missing, we have converted in to destination tourism. **TF**

Our intention was to learn a little bit from them and see what they have been doing in their world of business and how perhaps maybe some of the larger companies could draw a lesson or two from there.

owners have actually aggregated product companies under it. Ananda is one of them. Ananda was opened in 2000 and is a destination spa. We went in to city hotels in 2006 and over 6 years we developed over 6 ISTAs in different cities. We then engaged with the Hyatt group in 2013 and converted the ISTAs to Hyatt because we believe that in going forward with the number of keys that come in to the market, we will have distribution issues. So, either you decide that you want to do thirty to forty hotels and grow the brand, or you decide that you want to actually grow plural brands in different parts of the market space. So, we have now



Catching up during the networking break, seen together from L-R: Rajeev Menon, Neeraj Govil, Ranjit Batra and Ashish Jakhanwala



Chefs compete for the Mystery Box Challenge. Senior chefs from top hotels took part in the competition.



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Mid-segment market is the big emerging space, will drive per capita growth: JB Singh

Any hospitality player intends to find a footing in the mid-market space, it must scale its presence to make itself relevant, says JB Singh, CEO, Interglobe technology quotient. He is of the opinion that the recent spate of M&As are an outcome of consolidation.

You are undoubtedly one of the strongest players in the mid segment. You have introduced concepts like self-service. Do you think that this could be an answer from the hotel industry to some of the disruptors in the market?

We do not look at ourselves as being in the budget segment as much as we look at ourselves as being part of the mid-market segment. I think, more importantly than that, we are today in an area, if you see the quality of our hotels, where our hotels attract all kinds of clients. We have young clients ranging from students traveling, to chief executives of companies. The hotels are built to cater to people who want quality hotels at great value, and quite often, I struggle with which sector we want to place our hotels because we are actually quite unique and different, and are very happy to be in that space. Also, I think there is a lot of confusion anyway between hotel owners and hotel aggregators. These are two different kind of businesses with different business models. As a hotel owner, I do not want to be seen as an aggregator. I think it is the aggregators that want to be seen as hotel owners.

My concern with that is that people must understand if that is the right messaging or not. We are clearly hotel owners. Our investments are in to infrastructure, land and building, providing quality service, quality hotels as well as brand promise on safety, security, hygiene, comfort and so forth. We are a committed hotel player. I think that the uniqueness that we bring is that we are able to sort of give a product which is right now non-existent in the whole space. There is currently no hotel in the area where we are positioned currently that brings in the consistency with which we do, across the country. Our rooms are standardised, our menus are standardised, our quality of service, service levels, brand promise, everything is standardised. Today, we are possibly the only one who is able to execute it that fast and efficiently. Almost in excess of 50 percent of our customers today are repeat customers which is very good retention.

Being a part of a bigger company, you have very deep pockets but a lot of international companies have invested in the market, especially in some of the aggregators, to the extent of having outspent some of the big brands and their cumulative investment in the past decade. Do not you think that this is also a challenge for some of the institutional players who might not have that kind of backing?

I think the two models are completely different and I think it is important to understand that the play the aggregators have is driving volume and revenue through a business model that is completely different. How investors see that is completely up to them. We are more on the assets side of the business. We too have access to funds, in-fact most industry players today have access to funds and they will continue to have access to funds. Today, the hotel segment is massively under penetrated in the country. It will always remain as an area where people would be interested in investing. We get a lot

of interested individuals who are looking at India but I think the key is for people to understand and know their return on investments. We have to just build efficiently and make sure that we are giving all the right quality products.

Coming back to Ibis, could you just tell us what it is that it stands for?

Ibis stands for great quality and great value. You can actually stay at an Ibis which is an absolutely international class hotel, providing an international class experience which begins right from the point of entering the hotel and other aspects like the quality of check-in or the food. Apart from the fit-outs, it is the quality of the staff ultimately makes the main difference in any hotel. Our entire staff is trained at an international level by ACCOR and customer service is a priority for us. All the aspects including the ambience, the music, the quality of our air-conditioning is all top notch. The amount of investment we make in just getting the acoustics in our rooms correct is something I always talk about. These are small areas where people do not tend to spend a lot of time. We on the other hand even spend time on things like branding the beds people sleep on (The Sweet Bed). What I can say is that the service and the product that we offer has been researched so much that it is absolutely relevant to the young, discerning traveller. Someone who has travelled a lot, gets this product in a flash because it has exactly what you need when you travel.

You have been opening multiple outlets to cement your position in the cities that you are placed in. What is the modus operandi? Do you want to establish yourself at the pole position and acquire the mid-market space completely?

The hotel industry is such it just takes so much time to sort of get there but what we believe is that we need to be aware of where the customer is. These cities are no longer just cities, they are metropolises and the demand in these cities is just great and we want to go where the demand is. That tends to work well for us as well as our customers – which is why we want to make sure that we isolate the markets well. We want to be in the markets where immediate demand is available but having said that it is not something that keeps us away from upcoming markets. As much as we will continue to keep investing in markets which have immediate demand, we will also continue to have a lookout for upcoming markets as well, for instance, Coimbatore, Nashik and Jaipur. Broadly speaking we want to be in the high-density markets where the customers are. If we have a presence in the market and we believe in that market, we commit ourselves to the market. This really is great for the industry, the customer and us as well.

Just curious, what about the Northeast?



J B SINGH
CEO, INTERGLOBE TECHNOLOGY QUOTIENT

Any plans for that region?

We believe it is a great market to be in, but India is a very large country. Northeast is a great market to be in, as are so many. We want to have a greater presence in Gujarat, but we already have so much on our plate right now – last year we opened five hotels. At the moment, we are not looking at anything in the region, but we are open to that possibility.

The recently released HVS report says that the leisure segment and the mid-market would be the driver of India's domestic tourism. Why is it that everybody is placing their bets on this segment? Do you see the 5-star segment also being a driving factor given that Indian incomes have been seeing a consistent rise?

I think if somebody is saying that the luxury space does not have a future, then they are completely wrong. Something that is really important here is that the markets get mapped correctly. The luxury segment will definitely continue to grow. I think what will happen is that luxury will get redefined. Hotels will have to stack up to be able to give that level of hardwares, softwares, services etc. to actually be able to position themselves in that segment. Another trend that we may see is how luxury hotels will get stacked up. Large, expensive spaces do not make projects viable. This industry is resource hungry and we have to create assets that are very efficient on resources. How luxury will get built up will probably be need to be looked at.

The big wave will continue to happen in the mid-market space because that is the big emerging space. That is the segment that will actually raise the national per capita, and, therefore, those numbers will be large. So, anybody who wants to play in this space must think of scale to make their presence

The big wave will continue to happen in the mid-market space because that is the big emerging space. That is the segment that will actually raise the national per capita, and, therefore, those numbers will be large. So, anybody who wants to play in this space must think of scale to make their presence felt. I think in India we will see a fair amount of consolidation over time with entrance of new players and we will see scale.

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felt. I think in India we will see a fair amount of consolidation over time with entrance of new players and we will see scale. So, I am not so sure how many people are betting on it. I am sure people believe that the space has a future, which in turn means scale.

What is your take on mergers and acquisitions and why do we see an increasing number of mergers and acquisitions in the hospitality space?

Mergers and acquisitions happen in every industry over time as the industry consolidates itself and moves from single ownership to institutional ownership. You will see it in hospitality, retail, and all other industries. We as a country are consolidated; smaller businesses will become mid-sized businesses. This is typically known as the barbell effect. It means that when you operate on two sides of the industry, so the middle piece starts to drop off. So, to remain relevant, the middle pieces have to go in and join either of the sides. The product definition needs to become very clear. Although, as India is a really big country, it might take some time for this effect to be visible in some of the smaller markets.

What are your expectations of HICSA? What do you think would be some of the pressing issues that will be discussed?

From the top of my head, expectations of these conferences are largely around issues that plagiarise the industry. One issue that is always with us is developmental challenges. I think today the industry's developmental challenges are still not over. Government licensing still continues to be a matter that needs more resolution. Laws pertaining to land records continue to be different in different states. These are some impediments to growing fast. If GDP must grow, then everyone must grow. These are some of the issues which are very worrying. **TIF**



Innovative business models to drive Carlson Rezidor Group in APAC: Thorsten Kirschke

Thorsten Kirschke, President, Asia Pacific, Carlson Rezidor Hotel Group is betting big on Asia Pacific as the region continues to outperform most markets in the world. Having considerably expanded their footprint in China, the group's strategy in India continues to maintain its pole position by boosting its presence in secondary and tertiary markets.

2017 is off on an exciting start as Carlson Rezidor Hotel Group recently became part of China's HNA Tourism Group, the core subsidiary of HNA Group, a Fortune Global 500 company. With over \$90 billion in assets and 200,000 employees, HNA Tourism has deep roots in hospitality, including business in airlines, baggage handling, catering, tour groups and travel agencies. HNA also owns a fleet of 1,250 aircraft that fly more than 90 million passengers annually to 260 international destinations. This vertical integration in hospitality, coupled with the record number of Chinese consumers travelling abroad, will have increased ability to accelerate growth through investments in various areas of development and operations such as IT systems, digital, brand development and acquisitions as well as owning assets around the world. As we continue to grow, we aim to maintain our DNA as a company of being approachable, flexible and easy to do business with.

Asia Pacific continues to be the most promising and energetic region of the world, outperforming most of the world's markets. Carlson Rezidor Hotel Group continues to see a very healthy underlying business performance with a strong growth trajectory. The growth momentum has been steady, which we have benefited from qualitatively and quantitatively. We opened 14 hotels last year, including Park Inn by Radisson Libo, our first Park Inn hotel in China, and Radisson Blu Resort Hua Hin, a stunning beachfront resort in Thailand. We also achieved significant hotel signings, including Radisson RED Kuala Lumpur City Center, marking our entrance into another key gateway city.

Growth opportunities abound in several key hotel accommodation markets where Australia and New Zealand are experiencing record occupancy rates and RevPAR is

expected to increase in the foreseeable future.

In China, the market is experiencing an oversupply and saturation in the mid-term with ultra-luxury brands. For this reason, we see the popularity of humble investments and believe Radisson RED, our upscale and technologically focused brand, makes a perfect fit for the market.

Over in India, we continue as one of the country's leading international hospitality groups and our strategy remains focused on expansion into secondary and tertiary markets. Good traction is seen in the midmarket and upscale brands, of which we believe the Radisson, Park Inn by Radisson and Country Inns & Suites brands are well suited.

These markets are a core expansionary priority and with our well-placed dedicated resources, we are optimistic and in a good position to double our portfolio size in the mid-term with future opportunities in anchor markets as well as portfolio deals identified.

With the industry evolving, it is essential that as a global hospitality brand, we are leveraging the use of technology well. Being at the forefront of the industry, we see the need to find new avenues to bring hotels to "life". With vested interest in building our competitive digital capabilities, digital invest into Virtual Reality (VR) is now used as an additional avenue for us to provide the visual impact to our developers and owners.

The trend of a shifting economy is evident in the hospitality industry and is largely facilitated through technology



THORSTEN KIRSCHKE
PRESIDENT, ASIA PACIFIC, CARLSON REZIDOR HOTEL GROUP

The trend of a shifting economy is evident in the hospitality industry and is largely facilitated through technology and processes. New platforms are content and transaction oriented, as we see the proliferation of social networking platforms crowdsourcing content and de-integrating verticals. Platform models will continue to converge and will potentially be a game changer for hotels as personalization and customer relationship management becomes increasingly important.

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and processes. New platforms are content and transaction oriented, as we see the proliferation of social networking platforms crowdsourcing content and de-integrating verticals. Platform models will continue to converge and will potentially be a game changer for hotels as personalization and customer relationship management becomes increasingly important.

On track to achieving our goal of attaining 200 operating hotels in our Asia Pacific portfolio by 2020, we continue

our strategy of driving owners' Return on Investment (ROI) through improved operating margins while introducing innovative business models that have delivered excellent traction.

As we think globally and optimize integration opportunities, our focus continues in differentiation and agility to accelerate our growth. We will also continue to enhance the guest experience by focusing on our people, nurture talent and promote talent from within. **TF**



The idea of catering to an exclusive market of cuppa aficionados, by specialising in gold coffee and premium coffee is finding many takers, including top five-star hotel brands in the country. 'Devi' is a speciality Gold Coffee company which has focussed on gold and premium coffee, sourced from over 15 states across the country. Having been in business in India since 2011, it has become the leading gourmet coffee-maker in the nation. It is an intricate process of selection, and roasting of coffee beans to maintain quality, before it reaches the consumer, all done here, domestically— adding muscle to 'Make in India'. Internationally, 'Devi' imports coffee from Brazil, Sumatra, Kenya and Ethiopia, giving more options to consumers.



Digivalet is here at HICSA. Guestroom digital solutions, based out of Indore, catering to the world. They have installations in over 12000 rooms worldwide, out of which some 5000+ are in India. They are popular in Dubai, Singapore and are the brand standards for Emaar Hotels. In India, The Oberoi Hotels have begun to use them, at Sukhvilas among others.

Digivalet does not come cheap. A topline package may cost upto US\$4000 but this is a one time cost.

At HICSA, you can meet Ankit Bakliwal, Director Engineering & Client Relations and Ajay Joshi, Regional Director.

Digivalet is a worthy example of Make In India, made for the world!

Millennials set to define and set future trends for the industry, says Nikhil Nath

Speaking at HOSI, Nikhil Nath, Founder and CEO, Knowcross Solutions shared his views about how the industry was going to operate in a seemingly more complicated environment, creating more challenges in operations by 2030, as technology takes centre stage.



NIKHIL NATH

By ANAGAT CHOUDHARY

“One of the things that struck me when I joined this industry was that somehow this industry was getting its lunch eaten and had not opened up to the

fact that the mouse was eating the lunch. The mouse being the OTAs. The industry was aware and did nothing about this. I think it is fair to ask that has this industry really learnt to look at disruption and feel threatened? Do any of you guys feel threatened by Airbnb or an Oyo right now? If not,

then wake up. Pretend you are in 2030 and we are looking at what's going on around us. To start with, India is going to be the 3rd largest economy in the world. That means that it will be three times the size it is today. Imagine the kind of wealth creation that is going to happen between now and then. Depending on which scenario you believe, the number of planes in the sky are going to double if not triple. Tourism, no surprise, is going to double in size. That doubling though, will not be proportionate throughout the world. Asia is going to be one-third of the world market, which is huge.

Speaking about properties, I do not think that it is only about Airbnb alone. I think it is about the power of disruption. Whether it is an Airbnb or an OYO, it certainly shows the power of what disruption can do. Airbnb has more many to spend than any single hotel chain in the world. So, if you project out, Airbnb still ends up on top. By 2030, Airbnb will not be the only player on the field. There are going to be a number of such companies having the same amount of money. Booking hotel rooms is going to get completely automated with the integration of Artificial Intelligence. Technology will ensure that the

entire travel experience, be it booking hotels or flights, will become seamless and customised for individuals. There is not going to be a supermarket of rooms anymore. Hotels are going to price themselves for each individual traveller and they are going to base that on the travellers history.

Another thing that is about to happen is that rooms will not be sold by number of nights. Bookings will get more flexible and we will be able to book rooms for however long we want, in context of the number of hours. I would say that we will have around 8-10 staff members per hotel due to automation. Everything else will be a part of the ecosystem. There will not be any permanent staff but on-demand staff, much like an Uber cab. People will be looking for unique travel experiences and will be looking for these kind of traits as the millennials are about to be richer than any previous generation. Only if you have a unique product will you be able to have some control over your pricing. You will have to re-skill and re-learn in order to keep up with the present generation who are all set to be the leaders of the world. Anyone who has ever said that change is not going to happen has been mistaken.” **TF**



Fortune Hotels: Let Fortune Take You Places

One of the fastest growing hotel chains in the country, Fortune Hotels with 61 signed properties, more than 4500 rooms spread across 50 cities in India, is operating 43 hotels at present. While providing business and leisure travellers a comfortable sojourn, it has won accolades for being the best 'first class full service business hotel' chain.

Wholly-owned subsidiary of ITC Ltd, Fortune Park Hotels Ltd was created to cater to the mid-market to upscale segment in business and leisure destinations. Today, the Fortune brand has made its presence felt across the length and breadth of the country and is widely recognized for the quality of its service. The chain operates through clearly defined sub-brands - Fortune Select, Fortune Park, Fortune Inn and Fortune Resort. From capitals of various states, big and small metros to bustling business towns, it has mapped out a growth plan to cut a wide swathe across the country.

Its strategy rests on competitive pricing and full-service without compromising on quality. Giving a boost to its appeal are convenient locations, well-appointed rooms that are tastefully designed, modern décor, excellent cuisine, efficient service and state-of-the-art facilities.

Fortune brand draws its strength from the proud lineage-ITC Hotels, which is a pioneer in the hospitality industry in India. As it continues its sweeping growth through its well defined sub-brands, the focus of Fortune Hotels is holistic in its development. The properties are being set up in major metros, mini metros, state capitals and business towns. Each hotel is created to suit the business needs of a particular environment leading to a perfect economic fit, and with each property taking its roots in one location it further opens up the possibilities at another level in a neighbouring hub of development. Fortune Hotels has undoubtedly established itself as a leading first class, full service business hotel chain and it plans to maintain this position by following a balanced approach



SURESH KUMAR

towards growth, expansion, brand extensions and providing the same assured quality of product and service across the country.

The last year saw the addition of 2 new hotels to the bouquet of Fortune Hotels – the first hotel in the city of Bhubaneswar - Fortune Park Sishmo and the third Fortune in Goa - Fortune Miramar.

Fortune Park Sishmo, Bhubaneswar
Fortune Park Sishmo has been tastefully designed as a contemporary hotel that offers a wide range of facilities and amenities for the guests. Strategically located in the heart of Bhubaneswar - the temple city of India,

Fortune Hotels has grown exponentially in the past 9-10 years. The company that was established with a clear mandate of being a Hotel Management Company, redefined its vision in 2007, of unfurling a Fortune at every 180 km, to cater to the mid-market to upscale hotel segment. Today, we have come closer to realizing our vision and I feel truly happy and proud to have been a part of this growth.

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Fortune Park Sishmo has easy connectivity to the airport and the railway station. The hotel is very near to the famous temples including Shri Lingaraj Temple and the commercial centre of the city which make it a preferred destination for the leisure as well as business traveller.

The hotel features 72 well-appointed rooms, Orchid – a multi-cuisine restaurant

offering all day dining, Neptune bar & lounge that serves excellent spirits and snacks in a contemporary setting and The Oriental Pavilion – serving the best of Chinese and Thai cuisines. Other offerings at the hotel include high speed Wi-Fi connectivity, swimming pool, well-equipped gymnasium and 24 hour currency exchange. The hotel also offers various options for meeting and banquet requirements for up to 150 guests.

Fortune Miramar, Goa

Located in the heart of Panaji city, Fortune Miramar is aesthetically designed to infuse the Goan vibes in accordance with modern-day

amenities to make for a delightful stay. The hotel features 45 beautifully-furnished rooms and are complete with modern amenities to complement the taste of the new-age traveller. To add to its charm, the property is situated in an advantageous location, just 200 metres from the famous Miramar Beach and well-connected to the airport, local shopping district, casinos, beaches and other areas of interest.

The dining options at the hotel include Orchid – a multi-cuisine restaurant with all day dining, Neptune – bar & lounge and Fortune Deli – offering confectionery and delicious breads. The other offerings at the hotel include a gymnasium, swimming pool and a fully-equipped Board Room for conducting conferences, discussions and brainstorming sessions for up to 10 guests.

Suresh Kumar, Managing Director, Fortune Hotels says, “Fortune Hotels has grown exponentially in the past 9-10 years. The company that was established with a clear mandate of being a Hotel Management Company, redefined its vision in 2007, of unfurling a Fortune at every 180 km, to cater to the mid-market to upscale hotel segment. Today, we have come closer to realizing our vision and I feel truly happy and proud to have been a part of this growth.”

Fortune Hotels has successfully drawn on the strength, resources and talent pool of the ITC Hotels brand to extend these synergies to a wider audience - all at a very attractive price, thus creating 'Affordable Alternative' for the end user. It provides the customer a perfect combination of efficient service and great value, thereby creating the distinctive advantage. **TF**

For details, visit: www.fortunehotels.in

Opportunities and Challenges in India, Ashwini Kakkar in his keynote at HOSI

Speaking at HOSI, Ashwini Kakkar, Executive Vice Chairman, Mercury Travels, gave an industry insiders insight in to the challenges and opportunities available in the Indian scenario.



ASHWINI KAKKAR

By ANAGAT CHOUDHARY

“Let me start in a completely crazy way. Let us look at the world, in the same fashion that the American military looks at it. What kind of impression does the American military have of the world that we live in? They call it a VUCA world. It implies that the world is volatile, uncertain, complex and ambiguous. This is how they define the world. But why do we need to worry about what the American military thinks of us? The news is that large corporates are now starting to come around to that world view and building it in to their strategic plans and building it in to the way that they are now looking at business. And ours is the industry that gets most affected by this VUCA world. We haven't even thought about it consciously but if anybody in the world sneezes, it is the travel and tourism industry that captures a cold. If you look at what is going on, viruses, wars, terrorism etc. all kinds of things are rearing their ugly heads and in

that whole environment, all of us are called upon to manage risks, to solve problems, to plan forward and to look after our customers in any kind of situation as the business moves forward. It is this ability that all of us have which when coupled with an asset-light strategy, is likely to define sustainability of our won properties, companies and of the industry as a whole. Even in this VUCA world, I think we are hugely blessed. Why I think so is because we belong to the fastest growing business opportunity in the world. There are major mega-trends that are around us and we do not consciously think of them but I thought it may be a good idea to just enumerate those mega-trends so that you have a fair idea of what is going on.

The first mega-trend I want to talk about is the billion travellers that we had around the world in 2015. International arrivals were 1 billion passengers in that year. But going forward, while it took centuries to get to that 1 billion number, in the next 10 decades that number is going to reach 2 billion international

arrivals around the world. These figures are going to lead to a business of 10 trillion dollars. Putting this in context, when we understand that the United States economy, every year, is a 14 trillion-dollar economy. So, at a worldwide level, the travel and tourism business is moving in the direction of becoming a 10 trillion-dollar business, per annum. On the domestic front, last year we had 1.1 billion trips across the country. But in the next 10 years, that number is going to reach 2.3 billion domestic trips. Part of the reason why this is also happening is the increase in affluence. While the people who live below the poverty line are decreasing, affluence is rising and the number of households that have substantial incomes will go up from 24 million to 49 million. These are very large numbers, close to 300 million people will join the elite and the affluent.

Looking at some more trends, corporate travel, which is today a 30 billion-dollar business in India, is likely to continue growing at 7.6% per annum compounded over the next 10 years. In-bound, which has currently about 8 million visitors coming in to India, is likely to cross 20 million in the next 10 years. Asia, which today accounts for 21% of global traffic is likely to move from 21% to 33%. One-third of all the arrivals and departures in the world are going to be from Asia. Now talking about the impact of various segments of our industry on our business, I think let me start with the airline industry. India just became the third largest domestic market for airlines in the world. We just displaced Japan by crossing 100 million passengers in 1 year and we are just behind the United States and China. And if you combine the international and domestic traffic, then we are tied at the fourth position with the United Kingdom at 131 million passengers annually. While these numbers are fairly substantive and the growth patterns are very high, it is interesting to know that they are only at 23% of China's traffic and about 12% of the United State's

traffic. Consider that the United States is possibly one-fourth of our population but we are at 12% of that traffic.

If we look at the growth factor in the last few years, I think LTC's have led the way. There is Indigo which has grown at over 40% per annum on a cumulative growth factor and today it controls almost 40% of the market share. If international is to be looked at, Jet Airways has grown at 28% per annum cumulatively and they control a substantial second part of the business both internationally and domestically. What is most interesting from our point of view is the future orders of aircrafts because that effects our business directly. Today all the aircrafts flying in the country number 430. But the number of planes on order are 783 and these planes are going to get delivered within the next two and a half years. Imagine what that is going to do to our hotel business. If you look at Spice Jet and others who are waiting in the wings, there is a plan to order 250 more planes that will get ordered within the next 6-8 months and the government just announced that 33 unused regional airports will be put in to play and flights will start connecting to these centres very quickly.

In the last 20 years the supply side has gone up from 18,000 rooms in 120 hotels to 1,15,000 rooms in 887 hotels. This is good growth but when you compare it to downtown Manhattan, we probably are still at about 40% of that number. These are really small numbers but going forward in the next 4 years, it is hoped that 60,000 more rooms will be added to this huge capacity and a lot of this activity has been happening in tier-1, tier-2 cities. I believe that the industry is now looking at a virtuous cycle of prosperity. For the next few years, we can expect a really positive cycle for our industry. Leisure, which most people decry, produced better areas than 5 star deluxe hotels but unfortunately the occupancies were much lower. This whole growth has been due to a large number of factors and according to me these factors are here to stay.” **TF**

It's luxury at HICSA with Anuraag Bhatnagar

We catch up with Anuraag Bhatnagar to discuss the mood of luxury and how his new portfolio as Multi-Property Vice President – Luxury, Marriott India is shaping up. Under his charge are currently three properties in the country: the Ritz Carlton Bangalore, the St. Regis Mumbai and W Goa.



ANURAAG BHATNAGAR

By PRIYAANKA BERRY

Elaborating further he adds, in the luxury segment, all three operational hotels, we have seen a high double digit growth year on year. The St Regis has seen a growth of almost 20% in RevPar driven by both occupancy and ADR. W Goa has been a game changer. In the first month, it upstaged established hotels in both North and South Goa and W is currently trading at an extremely top position in terms of the RevPar and ADR. It has really taken the luxury segment by storm in the city. And the Ritz Carlton in Bangalore is also showing high double-digit growth year on year.

“I think today India as a market has really evolved into a luxury market, given the aspirational value and the growth of the high-net worth individuals year on year and most importantly the level of awareness and

exposure that the millennials have and the fact that India's outbound is so strong. They experience these products internationally and now they have easy access in India. We are extremely positive and see this continuing in the coming years.

Our clientele is mixed. It is not just the younger generation. But at the St Regis Mumbai for example, four days of the week is the quintessential St Regis guest, but then on the weekends the mood of the hotel changes and we attract a younger audience as we have some of the best night clubs in the city. Likewise, in W Goa, almost 60% of the clientele is from the domestic market and they are paying top of the line rates for the experiences.

All our brands are experiential led. Of course, it is important to get the product and the services right, but what we aspire to is creating and crafting experiences which are driven by rituals and values in each of our

brands. At W, globally we start with the design and architecture of the building. It is a design led brand. It is eclectic, quirky and has a sense edginess which is translated even to our talent. We have a service core value of Whatever Whenever and the W Insider Programme. She is the person who has an intuitive sense of service, who delivers the Whatever Whenever experience. This is beyond a concierge or a butler. We focus on the mood, the lighting and the music. We are probably the only hotel company which has a music programmer on your pay role. At the St Regis we have rituals such as Champagne sabering, afternoon tea and an art programme. The Ritz Carlton is all about serving Ladies and Gentlemen. Our job and the job of my team is to ensure that we live these experiences and bring them to life every day for our guests.

Regarding the client profile, we have seen clients having a different trip persona in different locations. The same guest who will stay at a St Regis on a business trip will chose a W for a vacation to Goa. Overall the luxury clients are not necessarily driven by their net worth either but more by the level of exposure and the desire to want to relive and savour luxury experiences.

In India, we have an advantage that culturally service is part of our DNA and value. This is why our home-grown luxury chains have done exceedingly well and have become benchmarks globally. When we entered the market, we took the advantage of our home-grown talent which already had the luxury trappings and yet had the positive approach and outlook and the genuine desire to serve and please without having the sense of servitude.

Today, our best challenges and opportunities is having the next generation associates serving the next generation guests. Our

departmental heads are mostly millennials, born in the late 80s or 90s. Most of our associates are also in that age group. Also, many of our guests are of the same age. We now have millennials, being led by millennials, serving millennials. Which is fantastic to see because they get it. It makes my job much easier because I may or may not get it but my team gets it. The challenges this comes with are high aspirational desires and sometimes our work life balance is not ideal.

Post integration we have become not just the largest operator globally with 5700 hotels and growing, we have also become the largest luxury operator in the world. This necessitates a different level of attention to detail and a dedicated team to ensure that we live not just our core values but maintain our positioning at the premium luxury operator here.

Speaking further on post integration, I believe the benefits far outweigh the challenges. Initially there was some apprehension but Marriott as a company really cares for its people and they walk the talk. Earlier our biggest challenge was managing the aspirations of our young and restless workforce but now we have enough opportunities. We expect our attrition rate to come down. Secondly there are tremendous benefits in terms of succession and career planning. The integration took place, from a guest point of view with zero disruption. Today you have access to the best of both worlds. We are making more progress than we envisaged and I think just the first quarter results across the globe have been phenomenal.

Up next we have, in the pipeline, we have three other openings which should happen in the next 18-24 months and another 2 openings in 24-36 months. This includes the signed deals we have for the Ritz Carlton Mumbai, Ritz Carlton Pune and Ritz Carlton New Delhi. There is a W coming up in Mumbai.” **TF**

Marriott International to accelerate expansion across India

The hospitality major, combining the strengths of Marriott and Starwood will touch 100 hotels in India by 2018.

Last year when the who's who gathered for the 12th edition of HICSA, there was an air of anticipation for something 'game changing' for the hotel industry, not just in India but worldwide. That historic moment took place on September 23rd, 2016, when the world's two hospitality giants merged to create a mammoth company, with 30 brands and 6,000 plus hotels in 122 countries around the world; from Chicago to Cape Town, Tokyo to Bali.

Closer home, Marriott's current portfolio is equally enviable. 84 operating hotels across 15 brands and 19000 rooms, making it the largest hotel company here too.

India remains an important 'growth engine' in the global growth strategy. This year alone, the company will open close to 10 new hotels thereby inching closer to the 100th hotel mark in early 2018.

With a portfolio of 15 distinct brands in India, there is an opportunity to grow in every segment- luxury, premium or upper upscale and mid-tier or select service segment. And underlying all of these is the power of 3 strong loyalty programs- Marriott Rewards, Starwood Preferred Guest and Ritz Carlton Rewards which provide benefits across the three including reciprocal status and linkage of accounts. Industry observers are waiting eagerly for what is next in the loyalty space and how these programs will be combined, moving forward.

Most customers, owners, and associates will tell you that Marriott has the most distinctive, innovative and lifestyle-oriented brands in their portfolio. from the classic

elegance of a Ritz Carlton to the wellness oriented Westin or the category innovator W hotels, the brands are not differentiated on price point but the lifestyle experiences they offer- a huge advantage in a market cluttered with 'cookie cutter' approach to brands. Additionally, this also allows Marriott to operate multiple brands across segments in the same market or in micro markets within major cities. And this can only mean good business!

With a record RevPar growth for the year 2016, Marriott International expanded in developing markets such as Pushkar, Raipur, Jaipur, Lucknow and Goa to name a few. The company also saw the launch of its 15th brand in the country with the debut of W Goa thereby expanding its luxury portfolio. With close to 10 hotel openings and several new agreements this year alone, Marriott continues to strive at providing unique experiences to all its guests in newer locations – Pushkar, Kolkata, Vishakapatnam to name a few. This year will see some key openings, including the sprawling JW Marriott Jaipur, Marriott Indore, Four Points by Sheraton, Srinagar (first entry into the Valley for the company), Le Meridien Goa and Westin Kolkata. A Sheraton Grand in Whitefield, Bengaluru is on the cards as well. The year will also see debut of Marriott International in Sri Lanka with the opening of Marriott Welligama Resort & Spa later this year. The company opened its first hotel in Nepal with Fairfield by Marriott in Kathmandu. This adds to the South Asia



RAJEEV MENON
CHIEF OPERATING OFFICER, APAC (EX GREATER CHINA), MARRIOTT INC.

Growth and expansion aside, what has been the underlying driving force behind this is the vast workforce and associates. What truly helped the merger, and for some, the best bit has been coming together of talent, excellence and people.

portfolio in Bhutan and Bangladesh.

This growth coincides, and is aided by the growth in the domestic demand and travel, new airline routes and of course a new optimism in the economy post the recent assembly elections. The short-term effect of demonetization is not something hoteliers

are harping upon anymore.

Growth and expansion aside, what has been the underlying driving force behind this is the vast workforce and associates. What truly helped the merger, and for some, the best bit has been coming together of talent, excellence and people. **TFE**

HICSA Awards presented by MakeMyTrip



Luxury/Upper Upscale Resorts Segment: The Oberoi Sukhvilas Resort & Spa, New Chandigarh



Luxury/Upper Upscale Hotels Segment: Taj Santacruz Mumbai



Upscale Hotels Segment: Hyatt Regency Chandigarh



Upper Mid Market Hotels Segment: Hyatt Place Goa/Candolim



Mid Market Hotels Segment: Mercure Hyderabad KCP



Budget/Economy Hotels Segment: Ibis Styles Goa Calangute



Louvre Hotels Group bags HICSA Deal of the Year Award

Louvre Hotels Group bagged the HICSA Deal of the Year Award for successfully acquiring The Sarovar Hotels & Resorts portfolio in India. The acquisition has been a significant development in the Indian hospitality space, adding more weight to Louvre Group's profile in the mid-segment space. The award was received by Saurabh Chawla, Chief Development Officer, Louvre Hotels Group.

Technology has altered hospitality landscape, says Manav Thadani

Manav Thadani, Chairman – Asia Pacific, HVS threw open the 20th edition of HICSA yesterday. In a free-wheeling address to delegates, in the inaugural address in session titled ‘Manav Thadani: Unplugged’, he pointed towards the sea change in the world which has had a direct bearing on the hospitality landscape, aided and catalysed by infusion of technology in our midst.



By SHASHANK SHEKHAR

Calling infusion of technology the biggest change in the marketplace in the past twenty years, Manav Thadani argued that the change caused by technology had created new challenges for the industry to take notice of, and respond to for staying in the game.

“The population has risen in the past twenty years. More importantly, a third of the population in the world today is now online – and this could probably be the single biggest change that we never thought about the fact that brands will further outsource how to fill rooms and give money to OTAs, and other third party members – which has, in many cases, led to depressed bottomline,” he said.

Much had changed in the past twenty years, including the cost of operating a hotel, with newer challenges like addressing security concerns, while incomes had not risen in proportion, he highlighted. “Unfortunately, we have to pay for internet cost which was not there twenty years ago. We have to pay for security that is needed. We did not need that twenty years ago, and also we never thought about the fact that brands will further outsource how to fill rooms and give money to OTAs, and other third party members – which has, in many cases, led to depressed bottomline,” he said.

These changes in the landscape had created anxiety in owners “who were constantly complaining, creating a need for hotel industry to find ways of balancing that relationship, he added.

He asserted that judging the parameters in the past twenty years, the overall picture

was not a rosy one for the industry, and the need for course-correction was essential.

He reflected on how hotels had failed in taking the lead in creating new trends, instead following what had been catching on in the marketplace. “We are always followers. The challenge for the industry would be to take the lead in this. There are sectors that have done far better than us and we have not” he said.

Elucidating his argument, he noted that today’s research was bereft of brochures and depended on blogs, while the traditional travel agent had been replaced by online ones, like TripAdvisor.

Taking stock of international footfalls into India, he placed his wager on China, given the lack of adequate direct connectivity between the two countries was addressed by respective governments. “The day we have more flights your hotels will be full. So, as an organisation, whether it is the WTTC, or any other organisation that are right here, we really need to start pushing the government for more flight infrastructure between India and China, and direct flights, not via Singapore, Hong Kong, or anywhere else.”

Adding that while footfalls from the Middle East, USA and Asia was up, the government needed to allocate resources commensurate to gains that the investment was to generate. “We need to know that as well, because the government is still spending money in France, Germany and Japan, and I do not say that you do not spend the money, but we need to see where that business is coming from, and therefore, we need to allocate resources to the right countries,” said Manav Thadani. **TF**

Travel and Tourism Sector Poised to Outpace Global Economy Yet Again, says David Scowsill

Speaking at HICSA, David Scowsill, President & CEO, World Travel and Tourism Council talked about the profound and ongoing impact that the travel and tourism sector has been having on the global as well as the regional economy.



“We are looking at hospitality as a part of a much wider travel and tourism sector. Globally, our industry is in very good shape. Every year, at the end of March we publish definitive research on the economic impact of our sector across 185 countries and around 25 regions of the world. According to this year’s research, which has just been published, travel and tourism grew by 3.3% in 2016 generating some 7.6 trillion dollars worldwide. This amounts to about 10% of the global GDP when all the indirect induced impacts are considered. We supported a total of 292 million jobs in 2016, which is now one in ten jobs on the planet. Global visitor exports, which is money spent by foreign visitors, accounted for almost 7% of total world exports and 30% in terms of global service exports. This is the 6th year in a row that travel and tourism has outpaced the global economy, demonstrating yet again the resilience of our sector and the enduring desire of people to travel and discover new places. We forecast that travel and tourism will grow around 3.8% in 2017 which will be a higher growth than 2016. The sector is also poised to outpace global economic growth, yet again. All this is despite the growing impact of terrorism, the refugee crisis, economic difficulties and a growing sentiment which some politicians have, to close borders instead of keeping them open. The picture is the same at a regional level. Our research shows that travel and tourism in South Asia supports 48 million jobs or one in eleven of all jobs in this region. It contributes around 252 billion dollars, or 9% to the regions GDP. This is due to another 7% increase in 2017, making South Asia one of the fastest growing regions in the world. A research also shows that globally travel and tourism employees more people than the automotive manufacturing, mining and financial services industries combined. Worldwide, the companies and organisations which make up our sector, employ seven times more than the automotive manufacturing industry, four times more than the banking industry and twice the number of people in financial services. These are extraordinary numbers which demonstrate the huge importance of travel and tourism and why governments need to prioritise maximising the long-term growth of our sector.” **TF**



In the Grand Hyatt lobby yesterday, Navin Berry with K.B. Kachru, HH Udaipur and Shashank Warty.

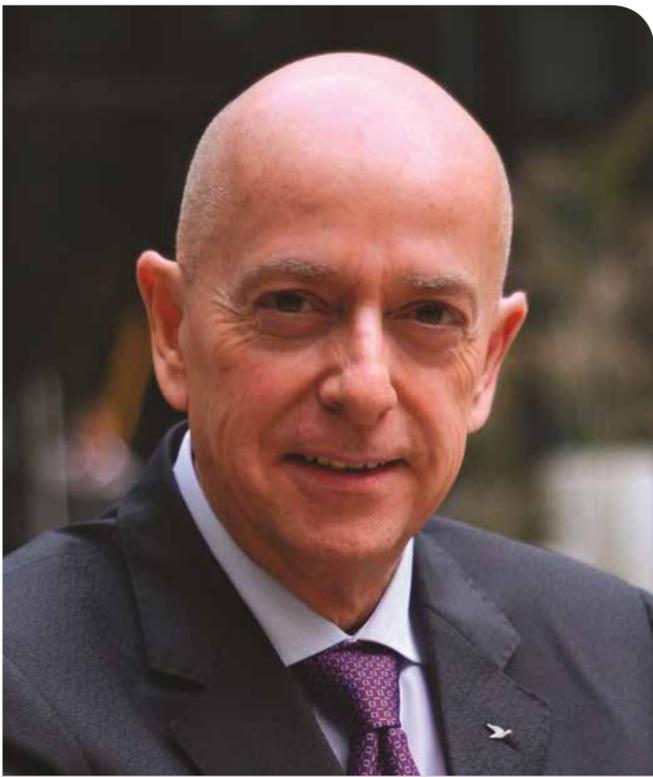


Kapil Chopra and Rajeev Menon pose for our shutterbug.



Densification of strategic markets a cornerstone of our growth strategy: Jean Casse

AccorHotels is adding more teeth to its luxury and upper upscale brands by unveiling its famous Fairmont and Swissôtel Hotels in India. The group will continue to focus on delivering top-notch guest experience and a key part of their guest strategy will remain focussed on robust loyalty programme, says Jean Michel Casse.



JEAN MICHEL CASSE
CEO, INDIA & SOUTH ASIA, ACCORHOTELS GROUP

Through strategic investments, a focused brand strategy and effective business operations, AccorHotels has established itself as a leader in the global luxury hotel market with a dedicated portfolio which includes many of the world's most prestigious luxury, upper upscale and upscale brands. In India, we are excited to add the iconic Fairmont and Swissôtel brands to our network (located in Jaipur and Kolkata respectively). These brands add significantly to our luxury and upper upscale portfolio, complementing the Sofitel Mumbai BKC and the Pullman New Delhi Aerocity.

pristine state of Kerala.

Our focused development strategy for the midscale and economy segments has led to the fruition of a significant number of Novotels with the brand now boasting 14 hotels in India, in locations such as New Delhi, Mumbai, Bangalore, Goa, Pune, and Hyderabad. The Novotel brand also completed a momentous decade in India last year and we are excited with our current roadmap of more openings this year and beyond.

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developments. Combined with the ibis New Delhi Aerocity, we are by far, the largest operator at Aerocity with a total inventory of 1,115 rooms and 3,602 square metres of dedicated meetings space. We continue to drive innovative development formats with the aim of creating superior experiences for our guests, growth for our strategic owners and partners and market leadership for AccorHotels. From a development viewpoint, we have a concerted strategy for all segments which is predicated on increasing our global presence and on continued expansion in emerging markets, particularly India.

Our leadership also extends to the MICE segment in India. AccorHotels has the distinction of being the largest operator of convention centres and meeting spaces in India with over 500,000 square feet under management. We currently manage the Hyderabad International Convention Centre, the Lavasa International Convention Centre and the Novotel Visakhapatnam Varun Beach, the largest all-sea facing convention centre on the East coast of India.

All of us at AccorHotels are focused on delivering compelling guest experiences and an intrinsic part of our guest strategy is focused on loyalty. Le Club AccorHotels is one of the most powerful loyalty programmes in the world with 36 million

We continue our strong growth momentum in 2017 as we expand our network of hotels in the country across a portfolio ranging from international luxury, upscale to midscale and economy brands and are well positioned to cross the 10,000 rooms threshold. 2016 in particular, was a milestone year for us, adding ten hotels and approximately 2,000 rooms to our portfolio. Globally and as a leading operator, AccorHotels now has over 4,000 hotels,

resorts and residences across 95 countries with India as one of our significant growth markets.

Our sizeable network means that we now have a rich offering of our internationally acclaimed brands across segments dotting India's leading tier-one and tier-two locations with the increasing addition of newer cities. We started the year with the opening of the ibis Kochi City Centre which is our 15th ibis hotel in the country and the first AccorHotels' hotel to open in the

AccorHotels is investing \$225 million over a period of five years for a comprehensive digital transformation.

We look forward to welcoming at least another 1,000 team members in 2017.

complementing the Sofitel Mumbai BKC and the Pullman New Delhi Aerocity. Interestingly, the 270-room Pullman which opened in 2015 was the 100th Pullman to open globally, joining 117 Pullman hotels in 31 countries.

We look forward to accelerated growth opportunities for our luxury, upper upscale and upscale family of hotels in India over the next few years. This is an area we are particularly excited about given our lineage of iconic luxury and renowned upscale brands setting the benchmark for the industry.

A cornerstone of our growth strategy in India is the densification of strategic markets for establishing market leadership. A combined room inventory of 1,000 rooms across five hotels in Hyderabad makes us among the largest operators in the city while in Chennai, the planned addition of another four hotels to our existing four will make us the largest operator there. Similarly, Goa is home to the Novotel Goa Resort & Spa, the Novotel Goa Hotel and in 2016, saw the opening of India's first ibis Styles, the ibis Styles Goa Calangute. This strategy also works well at New Delhi Aerocity, Delhi's newest hospitality precinct. Our presence there is led by the dual Pullman and Novotel New Delhi Aerocity

members globally, almost nine million of whom are in the Asia Pacific region. In addition, AccorHotels has access to more than 70 million members of the Huazhu Hotel group's loyalty members in China through our strategic alliance with them.

There is no greater testament than the loyalty of our guests and we are pleased to say that over 50 percent of our business in India comes from Le Club AccorHotels. Knowing and recognising one's guests is a deep-rooted philosophy at AccorHotels.

Leading with digital hospitality is a strategic imperative for us and AccorHotels is investing \$225 million over a period of five years for a comprehensive digital transformation. The cornerstones of our digital strategy are driving operational excellence, boosting hotel revenue, optimizing distribution through more than 100 different channels and most importantly, enhancing guest experience and retention.

Lastly, none of our growth and development would be possible without our more than 7,500 talented employees in India, who are key to our success. We look forward to welcoming at least another 1,000 team members in 2017 to be a part of the AccorHotels family for what promises to be another exciting year ahead! **TF**

Govt awards 128 air routes under UDAN

The government has announced that it is very close to resolving a dispute with The Federation of Indian Airlines over regional connectivity charges. It also announced a list of routes and successful bidders under UDAN.

27 proposals from five airlines to connect 128 routes across the country have been selected by the Aviation ministry under the policy UDAN, to make air travel accessible to the common man. The first flight is set to start next month and these flights will save time and enable the middle class in small towns in India to travel via air. These flights will also connect 31 unserved airports. Each flight will have a Rs2,500 cap for 50% of its seats and the operators will be receiving viability gap funding under the UDAN policy. The five airlines awarded the rights to fly are Air India, SpiceJet, Turbo Megha, Air Odisha and Air Deccan.

Earlier, The Federation of Indian Airlines, which consists of Jet Airways, GoAir, IndiGo and SpiceJet had moved court contesting the government's authority to impose a levy in the nature of tax on air services. The airlines had raised a question on the viability of the scheme and the government was facing difficulties in

generating funds to set up a corpus for UDAN. The aim of the government is to enhance the grass-root adoption of aviation as a transport medium under the UDAN policy. "This is a unique scheme, which is completely market-driven," Jayant Sinha, minister of state for civil aviation, said. "Through a corpus of only Rs 205 crore, we will create around 1.3 million seats, which will kick-start the underdeveloped regional aviation market." They will connect metros such as Delhi, Mumbai, Bengaluru and Hyderabad with 70 small cities including Kanpur, Shimla, Agra, Bathinda, Pathankot, Gwalior, Ludhiana, Bhavnagar, Diu, Jamshedpur and Puducherry. Airports have been asked to provide slots on priority to airlines trying to connect airports with no flights which is a mandate under international rules. Media reports have suggested that Bathinda which is currently served by Air India's regional arm Alliance Air, could be the first destination followed by Shimla. **TF**



Hotelivate to plug in loopholes: to cater end-to-end planning of hotels

By **CYRIL JACOB, Managing Director, PEPA, Hotelivate & Megha Tuli, Co-founder & Executive Director, Hotelivate**

Cost over-runs on hotel projects have been common across the region. However, a look at cost data collected from various hotels built in India over the years reveals a certain homogeneity in construction costs for similar hotel products. Rather than cost over-runs, this points indeed to a poor budgeting process in the initial conceptual and design phase of hotel projects, overoptimistic cost projections, and oversized designs.

Under-budgeting leads to lower return on equity than originally thought and difficulty to service debt. Evidence shows that it also leads to construction delays and poor quality, all further contributing to higher IDC and eventually a Non-Performing Asset or even financial distress. Indeed, with the current practice of starting works before the design is complete, the reckoning of 'cost over-runs' only comes late in the construction process when, in fact, most of the costs have already been built into the areas constructed. This late 'wake-up call' typically leads to hurried re-design of interior spaces, delays in award of works,

idle contractors for lack of drawings, purchase of sub-standard materials and, most importantly, award of works to unqualified contractors at unsustainable rates. Poor quality will affect not only the guest experience and the hotel revenues, but can also drive the hotel energy bill and maintenance costs to unsustainable levels.

Our survey has also revealed another hidden cost in poor hotel planning. Very often, there is a disconnect between the initial market survey and its revenue-mix recommendations and the actual spaces designed. Costs are often cut by reducing the size or the functionality of genuine revenue-generating areas (e.g. meeting rooms) whilst other non-revenue or low revenue generating spaces (e.g. F&B) are over-designed. Operational costs later soar as much as capital costs.

Did you know:

- ▶ Unlike a cost per bay (standard room module), the cost per key will vary depending on the ratio of suites to rooms even though the overall hotel cost remains unchanged.
- ▶ The cost per bay can vary by up to 30% depending on the number of rooms, the size of F&B and public areas, the shape of the land, the local by-laws, and soil conditions.

▶ 70% of construction costs lie in the total area built and hence can't be reduced after the concept design is finalised.

Then, one might wonder, why are so many hotels planned and designed on the simplistic and false principle of a cost per key, which has not been under-written by anyone or confirmed by any technical feasibility study? If the hotel operator is on board early enough, its technical services team will surely draw the owner's attention to the risk of over-building – however, the operator's attention is on GOP whilst the owner's incentive is ROE. A fancy specialty restaurant may marginally improve GOP and the hotel brand, but damage ROE.

Planning and designing the right hotel is difficult enough for a green-field development but it becomes particularly complex for a brown-field or a conversion project. Estimating the cost of works to complete a partly-built hotel or the cost of works associated with the Property Improvement Plan (PIP) of a running property requires a thorough technical due diligence. It is a complex balancing act of the building's technical limitations and the new owner's business objectives.

Case Study

One and a half years into planning a

hotel project, our client came to us with approved plans and drawings. The hotel operator had just come on board and given its mandated checklist of minimum requirements for its mid-market hotel brand. A renowned architect was on the team and the project was primed to go into design development. We were brought in as project advisors and our findings were as below:

- ▶ A gross area per room of 134 sq. m. while mid-market hotels are in the range of 65-75 sq. m. per room;
- ▶ 46% of non-revenue generating areas in the approved plans and designs;
- ▶ Estimated cost per bay of INR 1.1 Cr. whereas a typical mid-market hotel should be around INR 0.60 Cr. per bay;
- ▶ Several functional issues, that include restaurant layout in relation to number of rooms and expected house count, lack of elevators near key outlets, inadequate storage space, and guest and service crossings.

Ultimately, the plans had to be completed redesigned with a fresh and clear project brief in order to make the project feasible. The results were:

- ▶ Public areas were reduced to increase the overall efficiencies in the design. The gross area per bay was reduced to 72 sq. m.
- ▶ Revenue generating areas were increased by 11% by adding meeting rooms and additional grab-and-go F&B options.
- ▶ Budgeted cost per bay was frozen at INR 0.70 Cr. (due to a low room inventory) as a result of reduced public areas. A cost saving of 25% was achieved just by rethinking the area allocation.
- ▶ Functionality issues were corrected based on each specialised consultant's inputs.

Hotel development is complex in nature and solid expertise is needed, most of all in the early stages of planning and development, the lack of which will most definitely result in cost over-runs and ultimately poor financial returns for the project. With this in mind, HOTELIVATE and ASCENTIS have brought together their respective business and technical expertise to offer advice to prospective hotel owners in those critical first months of development, with four major objectives:

- ▶ To confirm the technical feasibility of the hotel programme envisaged in the marketing feasibility and ensure its cost meets the ROI objectives of the business plan;
- ▶ To get the right team of consultants on board to design the hotel;
- ▶ To lead the concept design phase to develop a hotel that not only meets all the objectives of the business plan for costs and revenue-generating areas, but also outperforms its competitors with a superior guest-experience and higher RevPAR;
- ▶ To prepare a Project Execution Plan which will form the baseline for costs, timelines, and quality.

The PEPA services play a critical role in the timely and cost efficient completion of hotel projects. Along with detailed planning and proactive management of risks and opportunities, we build effective relationships with all project stakeholders to leverage their expertise and produce innovative solutions that build value for the project and our client's business. **TFE**

Elevation through Innovation: Why Hotelivate?

By **MANAV THADANI**

As an entrepreneur, one needs to learn to adapt and innovate fairly quickly. Twenty years is a long time and I have had the good fortune to be able to experiment with and establish several new services and businesses in these past two decades. The phrase "ease of doing business" refers to a fairly recent phenomenon in state and government circles. Back in 1997, when we started as HVS, the exact opposite was in place and every hurdle that was available was thrown at us. It took me months to set up a simple business entity and at least two months to get a simple phone line. Fortunately, mobile phones had just arrived. And, although the cost was a formidable Rs. 16 per minute, the facility was at least available, allowing my entrepreneurship to be open for business and grateful for the small mercies of the great Indian bureaucracy.

Fast forward to the present. So much has changed in all spheres of the hospitality industry across the globe. In India, we moved ahead from 120 branded hotels in 1997 to approximately 800 branded hotels today. Words and phrases unheard of back then are now our day-to-day vocabulary and part of our survival kit. Imagine today not knowing phrases or words below because they simply did not exist as they

Airbnb	Wire Transfer	Trip Advisor	Uber
Couch Surfing	Iphone	Whatsapp	Digitisation
Fusion Food	Social Media	GrevPAR	Disruptors
Degastation Menu's	Aggregators	Tablets	OTA's

related to hospitality. (See Table)

One thing that came to me early on in my career was that one must learn to specialize to increase one's success quotient. Globally, HVS was (and is) the largest hospitality consulting firm specializing in hotel valuations and we wanted to replicate its success in India. However, we soon felt the need to dig deeper: HVS started Executive Search in hospitality; then started conferences and suddenly HICSA was born; and Marketing & Communications followed shortly thereafter. Clients started coming to us for things we had never done elsewhere globally. So much so, that an organization even approached us for a feasibility study for a hospital. When we wanted to turn it down, their management responded saying we had the right credentials and even the right name: "Hospital Valuation Services", and that was as good as Hospitality because there were no other specialized or reputable consultants in that field.

Today, we see an opportunity to become a 360-degree solution provider for the hospitality sector.

At **Hotelivate**, we want to provide the best of service: if not in-house then in a tie-up with the best in class. We call this elevation through innovation. At the core of this is our existing relationship with HVS and its current service offerings, namely:

- ▶ Feasibility studies,
- ▶ Valuations,
- ▶ Management & Operator Searches,
- ▶ Asset management and Executive search.

However, we see scope to do a lot more, as demonstrated by our successful innings with the **HOSI** and **HICSA** conferences in India and the **THINC** conferences in Bali, Colombo and Cape Town. We recently also launched Professional Skills Development where we may be tying up with a well-known international partner. Hotelivate has also tied up with two other partners for the following services:

The first; **Hotelivate's Project Execution Planning & Advisory (PEPA)** service is in partnership with **Ascentis** that provides strategic guidance and leadership throughout the initial development

stages of a hotel project. A unique partnership that brings to fore the experience of professionals in the spheres of area & space configuration, design planning, capital budgeting and pre-construction planning. The PEPA service plays a critical role in the timely and cost-efficient completion of hotel projects.

The second; **Hotelivate's Debt Syndication is in partnership with Pankti Management Consultancy** and is focused on debt syndication for Real Estate, Hospitality and Infrastructure projects. The scope of the debt syndication practice includes project finance, working capital finance, mezzanine finance, refinancing and recapitalization activities. Loans are designed and structured to meet the cash flows of the company and the debt servicing capacity of the investor company.

Additionally Hotelivate's partners are looking to explore opportunities for us to potentially become incubators of new businesses linked to hospitality and technology; where we step in to help 'elevate' through innovative ideas and team support. **TFE**

Marriott sees exponential growth in the mid-tier segment in India

Given half of Marriott's total properties are in the mid-segment category, its focus on the segment is amply reflected. It is expected to be a game-changer for the hotel company, and will fill in the gap between India's luxury and budget segment hotels.

The demand for branded, quality lodging in Tier 2 and 3 markets in India offers a great opportunity to hotels companies with mid-tier brands.

Marriott International, post its historic merger with Starwood Hotels & Resorts last September, has in its kitty four distinct brands in the mid-tier segment (or select service segment). These include Courtyard by Marriott, Fairfield By Marriott, Four Points by Sheraton and the savvy Aloft hotels. Together the footprint is 32 hotels and nearly 40 in the pipeline, to open in the next few years. Given that the total footprint of Marriott in India stands at 84 hotels at present, the mid-tier constitutes nearly half of that; reflecting the increased focus on this segment for the company.

Industry experts also agree that most developers favour the mid-tier segment as these are usually quicker to open, moderate in size and scale, have a reduced cost of construction and resonate in markets which are now demanding branded, quality lodging or have

the mid-tier segment that is a 'game changer'. This is the segment that has and continues to script the growth story for Marriott in India.

While India boasts of great domestic brands in the luxury and the budget segment, there exists a gap between luxury hotels and quality mid-tier hotels in the country and Marriott's select service brands fill that gap perfectly with brands like Courtyard by Marriott, Fairfield By Marriott, Aloft and Four Points by Sheraton Hotels strongly positioned in this space.

And for those who feel the mid-tier segment cannot be stylish or glamorous, walk into a Fairfield or an Aloft and you will be surprised. Each brand under the Marriott portfolio has a distinct personality and a unique DNA and caters to a certain psychographic or lifestyle. Gen Y's hotel of choice, Aloft delivers the latest in technological advances, ensuring that today's savvy travellers are always plugged in and connected. Four Points by Sheraton on the



NEERAJ GOVIL
MARKET VP - SOUTH ASIA, MARRIOTT INTERNATIONAL

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so far been 'under-hotelled'. Moreover, these brands also offer distinct lifestyle experiences for stays, meetings and functions and hence are great options for cost-conscious corporates and frequent mid-management business travelers. Even for leisure travelers looking for great value, these hotels are fast becoming the preferred choice. A growing middle class has created demand for affordable avenues for the domestic traveller. The need for affordable quality lodging is fuelling the growth of Hotels in this segment.

For Marriott, while their growth strategy is across all segments, insiders believe it is

other hand, is a brand that understands the needs of the business traveler – an uncomplicated friendly approach to hospitality and service – all at a great value. Courtyard By Marriott, the team will help you put 'more play in your stay' and a Fairfield By Marriott hotel is designed to provide both business and leisure guests with just what they need to make travel uncomplicated and successful. Seen as game-changers, developers in India understand and appreciate the penchant for innovation which makes the brands more competitive and poised to play well in this fast evolving market. **TFE**

Hotel Industry today and what to expect in 2017, Achin shares HVS data

Understanding growth, supply and markets across segments and cities

Achin Khanna, MRICS, Managing Director Consulting and Valuation - South Asia, HVS, takes us on a journey of graphs and charts and across market segments on the industry at large across India and what hotel owners really look at.



ACHIN KHANNA

By PRIYAANKA BERRY

Starting with the big numbers on the 10-year occupancy ADR trend. Safe to say that about 65% occupancy was achieved in the last fiscal. First time in close to a decade we have reached this figure and it is the third or fourth consecutive year that we have seen an occupancy jump across the nation. ADR hasn't moved much yet, but what is important is that it has not declined in the past two years either.

Coming to growth of supply, in 1983 India first crossed its benchmark of 10,000 rooms in the branded and organized sector with 9 operators. In 2009 we crossed 50,000 rooms with 36 operators and by 2016 came to 1,13,622 rooms with 50+ operators across the country. Projection for 2021 is 1,52,000 rooms. While this may seem like a large number, in a global comparison, we are certainly not saturated and

have great scope for growth and increase in numbers.

Inherently our business is cyclical. And currently we are in an upward trend. 2015 onwards we saw trickles of improvement. It is our view that this upcycle could well continue till 2020. Occupancy will grow before the ADRs do in a moderate fashion.

Coming to Indian business destinations, some 54% of the destinations in the country primarily cater to business demand whereas 46% are geared towards leisure. While 20% of the rooms in the country are for leisure and 80% are geared for business demand. We are primarily a corporate commercial

market. We looked at the top 25 hotels by ADR and 23 of 25 are leisure hotels and their occupancy was fine too with a higher RevPar. So, they do make money. The bottom line here is that there are things happening in the leisure segment also. We are also a leisure destination and these hotels are performing well.

How to really define and categorize a 5-star hotel? What is the star classification? There are a lot of parameters one could look at. Such as development cost per key. This is the cost per room to build and does not include the cost of land or cost of borrowing. For an economy hotel, this could range from 18-25 lakhs, for mid-market 45-55 lakhs and over 150 lakhs in

the luxury segment.

Another parameter is gross floor area per key – the total built up area divided by the total number of rooms. Here the economy segment would be 350-450sqft; midmarket 600-700sqft while luxury would be over 1250sqft. Another good yardstick is the rooms to total area ratio. Economy would be 70-75% (there isn't a spa, large banqueting, large F&B options etc); mid-market would be 65-70% while luxury would be 45-50%. Base room size is another good criterion. Economy is 15-18sqm, while mid-market is 24-28sqm and luxury is over 50sqm.

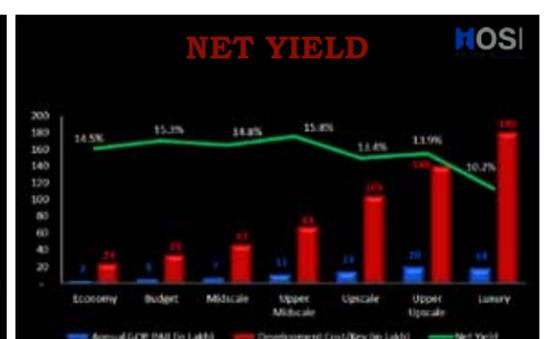
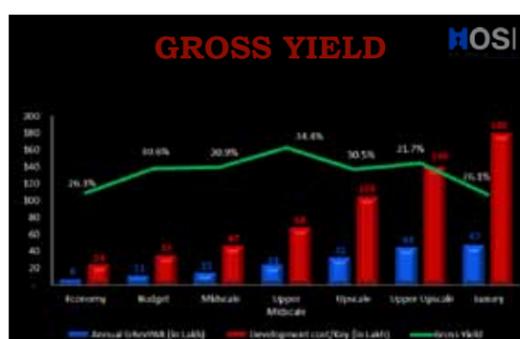
Coming to how hotels have performed by positioning in the last year. What is interesting to note is that occupancy is not that different across segments, it ranges around 63-67% and ARR from 1900 to 10400 (na-

Next we look at market snapshots

City	ADR (2016/17)*	Occupancy (2016/17)*	Existing Supply	Proposed Supply
Bengaluru	5700	69%	11799	3490
Chennai	4775	64%	7787	2312
New Delhi	6600	70%	14,035	2568
Gurugram	6500	69%	5323	1371
Goa	7700	73%	5596	1856
Hyderabad	4800	61%	6262	788
Jaipur	4950	61%	5040	854
Kolkata	5750	69.5%	2701	2053
Mumbai	7800	77.5%	13,054	1625
Pune	4150	68%	6287	1434

*Gross Yield. *Net Yield

tional averages). From a RevPar stand point there is not a whole lot that is differentiating an economy, mid-market, upscale hotel. This is because of our strategy of discounting and rate wars. Value proposition has taken a back seat. The select few who said we will maintain the sanctity and integrity of the ARR are those with higher RevPar and they have not lost their occupancy either. **TFE**





Loyalty for owners or operators: General Managers bat for a balance between the two

One of the key conundrums facing the modern day GMs is whether to place their loyalty towards the brand, or towards their owner. The issue came to fore in the session titled 'GM's dilemma: Loyalty to Owner or Brand. Industry insiders shared their understanding on the tricky issue, invariably conceding that a delicate balance between the two, with focus on realising owner's expectation on financial returns was the way forward.

By SHASHANK SHEKHAR

ANURAG BHATNAGAR, Multi-property Vice President Luxury – India, Marriott International

On reading the management contract and key issues that they flag off

Yes, we do read the contract. One has to understand that management contracts are signed 4-5, sometimes 10 years, before you move into the hotel. It was very relevant at that point of time. Although the relationship is driven and foundation is laid through the management contract, then you will live, breathe, interact with the ownership, but coming to your second part of the question, the dilemma starts, in terms of, brand vs. the GM. I think you are used to not think like the owner.

Management contract for us is, obviously, a guiding light. To us, it is there. I really hope and pray that necessarily we do not have to evoke the management contract. For any General Manager. That is not the best thing to do.

On the process of Pre-opening and its importance

It is where you lay out the foundation of your future. Not only in terms of logistics and finances, but also in terms of getting the brand component right. It is also to ensure that there is a lot of interaction with the ownership, to develop a bond of trust, commitment and transparency.

CHETAN BHATNAGAR, General Manager, Fortune Select Exotica, Navi Mumbai

On whether he finds anything in the

management contract that makes him not sign it. On elements therein.

As mentioned before, the management contract has been drafted many years before, but when you take on a role, you actually sign on a new management contract – which will be signed on the budget – because the management contract part is already been done and delivered, by the owner and the brand. That is where your thinking starts. You do not need to refer too much to the management contract, because that is just the guiding line, in terms of what you are supposed to deliver. When the owner sees you, he expects a lot more than what is just written in the management contract.

SRIDHAR B NAIR, General Manager, The Leela Goa

On reading the management contract and key issues that they flag off. Larger issues related to management contracts.

While I do agree with Anuraag in parts. I was also a part of the team that drafted the management contract and I think the more you put it in print, there is greater understanding and clarity between the owner and operator. So, in that sense, while I do agree that they are more of guidelines, but I think it helps us, helps General Managers, definitely, to make sure that there is no ambiguity in understanding between the owner and the operator – and that can only happen when the management contract is comprehensive and it is as clear as it can be.

On how things have changed since his

hotel has become a managed property

I was very fortunate that right at the time when we started our discussions with prospective owners, I was involved in the process. So, I had a chance to prepare my team. We had discussions with owners to make sure that there was no turbulence, as far as team's morale is concerned, even while the transition was happening. We were very fortunate that the need for the property to maintain its standards, even during the transition, was understood. And, when I got on to preparing my team, one of the biggest challenges was to prepare the team mentally for the sale that was to happen. The transition between the ownership perspective, to the operator perspective. Your perspective changes overnight. Your targets change; people have to be sensitized.

VIKRAM REDDY, Regional Vice President and GM, Four Seasons Hotel Mumbai

On top three conflicts that happen between an owner and an operator which involves the General Manager.

It starts when you are talking to the hotel on returns on their investment, managing their expectations, because owners come with certain expectations. I think we need to manage the expectations of the owner from day one. We need to manage the financial expectations of the owner.

On whether life is easier for him as investors look at the larger picture

I mean, life is never easy in business. You have ups and down. Some cities are easier,

others are more difficult. Things have changed now. In the old days, the development department used to do all the negotiations and the General Manager used to come at the last minute and take over. That has changed now.

On Indian owners and how different they are from the owners in the west

I think in the USA it is pretty much easier, because there you meet them at the beginning of the year, you do your budgets and they see you at the end of the year. That, now, is also changing. Owners have become more savvy in the hotel business. Their expectations are high, and they are more actively involved, but I find that when you engage your owners in a positive manner, it makes your life easy. To give you an example, sometimes, owners come and say whether can you try this new thing in your hotel. In the old days, you could say that we cannot do that, it just does not go with the brand. But today, you cannot do that.

VISHAL JAMUAL, GM, Radisson Blu Resorts & Spa Alibaug

On managing expectations of the owner

Owners are very ambitious. They feel that they know the business well. The first challenge that everyone faces is, obviously, there should not be a case of overpromise and under-delivery, in terms of finances. That is the number one issue. Another challenge for the General Manager is to ensure that brand promises are delivered. When the guest comes, he expects a certain standard which is based on his trust on the brand. **TIF**

And the Winner is JW Marriott Sahar



Mystery Box Challenge, co-branded by EazyDiner, saw some exciting moments with 6 participants and 3 jury members getting together. HVS founder Steve Rushmore along with Camellia Panjabi and Vir Singhvi were the judges. JW Marriott Mumbai Sahar walked away as the meritorious winner.



Our strategies are always focussed around our guests, says Michael Issenberg

Giving insight in to the new age disruptors and their impact on the industry, speaking at HICSA, Michael Issenberg, Chairman & CEO – APAC, AccorHotels, spoke about the current changing trends in the tourism and travel space. He shared his views on how these trends will be the driving force in the sector and are here to stay. Excerpts:



MICHAEL ISSENBERG
CHAIRMAN & CEO, ASIA PACIFIC, ACCORHOTELS

We wanted to make sure that we have the right people focus on that. I want to talk about responding to the rise in China. We made a move in to China was about the future and about outbound travel. It was a 120 million last year and will be 140 million in the not so distant future and will overtake the US as the most important travel market in the world. What we wanted was our brand to be more present in China and so the focus is on making the brand increasingly known.

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sometimes refer to the OTAs as partners, if you will. Being online, OTAs have become more aggressive and taken a bigger piece of the puzzle. The biggest concern about the OTAs is the level of commissions and what it has done to our profits. Rise in mobile, we have all heard about it, and it is important because it has brought our product to the masses. Obviously, now it is so easy to know what is going on in the world and what that is doing is that it is fuelling the demand for tourism. Because if you are planning to go to any city, it is now very easy to research the book, the look and finding out what to do. Private rental, is a very important trend. I think sometimes, some of our competitors do not think the same way and do not look at the private rentals as competitors but if you look at Airbnb and OYO, their growth rate is ferocious. Particularly, if you see some of the key capital cities around the world, the growth of Airbnb has taken away a significant amount of demand. When you are trying to grow average rate in particular, this has a significant impact. So, the growth of private rental is a trend that is going to continue. If

you look at other industries, players like UBER, these are the real digital disruptors. Essentially demand is now going online and that is something that is going to continue because the digital enabler is going to ensure that happens. Then we have the arrival of the tech giants. The reality is that if Google

decides to make a major move in to travel, it would be the biggest disruption that we have had. This is something that might happen and is definitely something we need to be aware about. Let us talk about big data and artificial intelligence. In the last 5 years, there has been more and more information available about all of us and about the travel space. What do we do about that? The power of China and what is going on over there is extraordinary. You hear about the slowdown in growth but I personally do not believe it. Certainly, the travel market is growing exponentially. The other thing that we have to be aware of is from a political sense. The Chinese government tends to use its tourism industry's strengths as a political weapon.

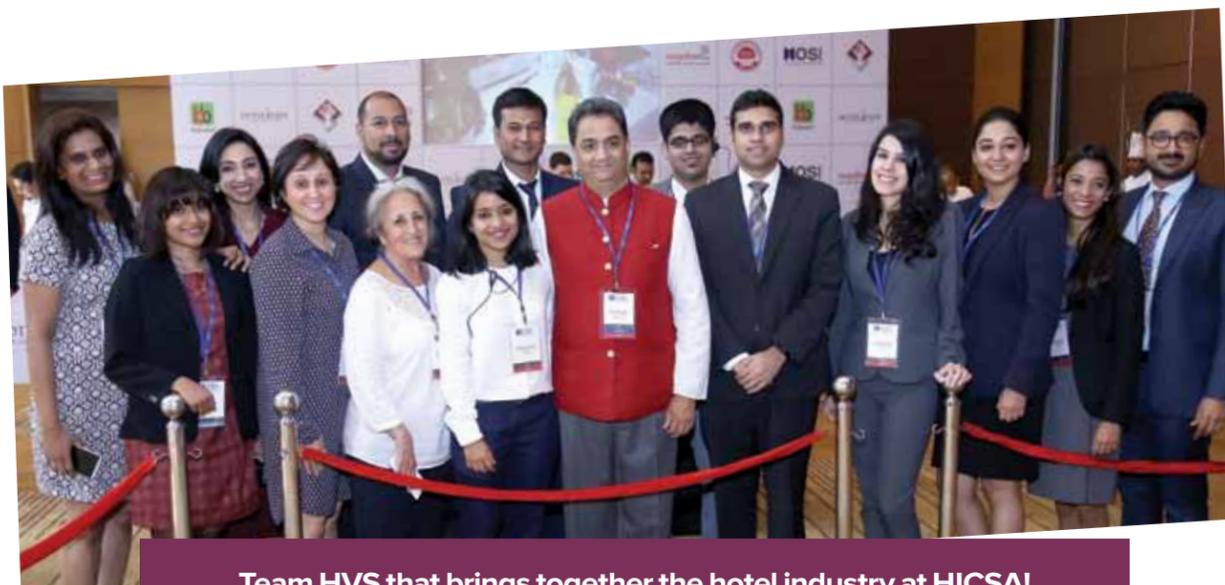
For example, there have been some tensions going on with the Koreans and the Chinese have turned off the tap of tourism to Korea and the impact is dramatic. So, in India, I think one of the great opportunities is the Chinese market which is not really coming here at the moment. Consolidation, no question about it, is going to continue and again coming back to China, I think the Chinese are going to continue playing an important role in what is happening in the industry. Now, the industry has become about experience. What people want when they travel now is that they want something different, they want to experience the local culture, they want to try something new and the next step that we think is actually going to be is transformation.

Beyond experiences, when people travel, they actually want to learn, they want to come back. That is going to be the next revolution in this sector. How have we responded to this? About 3 years ago, we split the company in to two. We wanted laser focus on our hotel services which is franchising, the operations, the branding, the marketing etc. We wanted to make sure that we have the right people focus on that. I want to talk about responding to the rise in China. We made a move in to China was about the future and about outbound travel. It was a 120 million last year and will be 140 million in the not so distant future and will overtake the US as the most important travel market in the world. What we wanted was our brand to be more present in China and so the focus is on making the brand increasingly known. It is just the beginning but the early signs are very encouraging. Coming back to one of the other major trends, OTAs have been driving business directly to our hotels and has helped us in reducing acquisition costs. They have not just helped us in terms of loyalty and reward points but also increasing brand loyalty by targeted marketing. In terms of global operations, what we did is that we took a relatively expensive bet and placed our teams as close to the countries as possible.

We want to multiply globally as much as possible. Our strategies are always focussed around our guests as we realise that they are the main element of our business. We make sure that we are always aware of the needs of our customers along with focussing on our own needs. **TIF**

“E verywhere around the world, tourism is growing faster than the GDP. This is certainly the case in the APAC region, where tourism is growing even faster. If you ask anybody whether they would like more time or more money, most people ask for more time. We are all aware of the growth

of the middle class. When asked about what they would want to do with their time, the answer invariably is travel. That is excellent news for us and indicates the growth of the travel industry. On the other hand, there have certainly been a lot of disruptions in the industry over the last five to ten years. We have heard about the OTAs. We operators



Team HVS that brings together the hotel industry at HICSA!
Pictured together with Manav Thadani by our photographer yesterday. Not everybody is here naturally, as it is always difficult to ensure the entire team in one place for an impromptu photograph.



Carlson poised to lead the next wave of growth in the hospitality sector: Raj Rana

Buoyed by the growth in India's tier-2 and tier-3 markets, Carlson Rezidor has set itself a target of growing its India portfolio to 170 properties by 2020. Much of this growth is stemming from the mid-market and the upscale market. Raj Rana, CEO-South Asia, Carlson Rezidor takes stock of India's opportunities and the group's resolute foray therein.



RAJ RANA
CHIEF EXECUTIVE OFFICER, SOUTH ASIA, CARLSON REZIDOR

India and 40 more in the pipeline. On track to open eight hotels this year, the Group recently launched Radisson Blu Jammu and Radisson Blu Atria Bengaluru in Q1.

Carlson Rezidor is committed to this market and keen to reinforce our leadership position, further extending our brand portfolio and geographic presence. Our goal is to grow the India portfolio to 170 hotels by 2020 with the vision to have a Carlson Rezidor hotel in every major city and landmark hotels in every state capital.

We are focused to the robustness of our hotel pipeline and talent pool. With a strong workforce of about 15,000 committed employees, our growth promises rewarding career opportunities.

To drive organic growth, we are strengthening our presence in state capitals, while also accelerating growth in emerging secondary and tertiary cities. Our current portfolio

is a good mix of franchised and managed hotels. While our core business model is in hotel management, our innovative and scalable development platform encompasses other business models, such as selective franchising, and the hybrid franchising model, which begins as a

management contract and matures into a franchise agreement. This flexible approach and our commitment to aligning with our owners' objectives has opened the door to many new opportunities and new project negotiations in strategic locations.

In addition to signing new build hotels, we have also successfully explored the benefits of conversions, which enables us to establish a strong brand presence efficiently and expeditiously. Given that, India has a cohort

improvement and road connectivity, good opportunities abound for the Country Inns & Suites By Carlson brand.

Radisson RED is an exciting new hotel concept that creates a uniquely engaging, personalized guest experience. This innovative lifestyle elect brand, which is inspired by design, art, music and fashion, will have strong resonance in India, where 64% of our population will be of working age by 2020. Radisson RED is a brand that

Our goal is to grow the India portfolio to 170 hotels by 2020 with the vision to have a Carlson Rezidor hotel in every major city.

of branded hotels, which have agreements that are approaching the end of their life cycle, a surge in conversion opportunities is expected.

We will continue to grow our business with existing strategic partners, and forge new partnerships. Strong demand for mid to upscale hotels are expected in India in the near future. Carlson Rezidor has three well-suited brands to offer - Country Inns & Suites By Carlson, Park Inn By Radisson and Radisson RED. With the government's emphasis on infrastructure

speaks to this tech-savvy, millennial-minded segment. This brand has generated immense interest due to its simplicity and fresh approach. Radisson RED Chandigarh Mohali, India's first Radisson RED new built hotel is expected to open next year.

The opportunities in India are more varied and vast than when we started out 15 years ago and we are excited to be part of the transformational force that is shaping the hospitality landscape of this key market. **TFE**

Carlson Rezidor was one of the first international hospitality groups to enter the India market, and over the last 15 years, we have successfully established a strong nationwide presence. Today, we are the leading international hotel chain in India, with 84 hotels in operation in

Skill retention and sticking to project deadlines chief issues facing the industry

Sunil Ghadiok, CEO, NIDRA Hospitality shared his views on his group, its undertakings and challenges facing the hospitality industry.



SUNIL GHADIOK
CEO, NIDRA HOSPITALITY

"As a management company, we understand brand's culture, specifications, style and ethos, and we completely immerse our people to understand brands at the same level as we do. So, they are able to operate these hotels within all the parameters of the brand, meeting all expectations of the brand itself," said Sunil Ghadiok.

Asserting that as a part of the Shanti Hospitality Group Management Services Company, NIDRA Hospitality Company had made a mark in terms of its ability to manage multi-branded hotels, he pointed towards an array of hotel companies NIDRA Group had been associated with. "As a management company, we are associated with brands like Hyatt, with Hyatt Regency; with Marriott Group, we have Four Points By Sheraton and others. We hope we will make inroads in the AccorHotels Group for managing Grand Mercure and Novotel Hotels," he said.

Noting that, as a management group, they had been growing by leaps and bounds, he explained that the group had its

own hotels which were owned assets, beside taking third-party contracts where they brought in brands, and also managed their hotels for them. "We are currently looking at acquiring more hotels to manage. And, also, exercise some amount of equity participation," he shared.

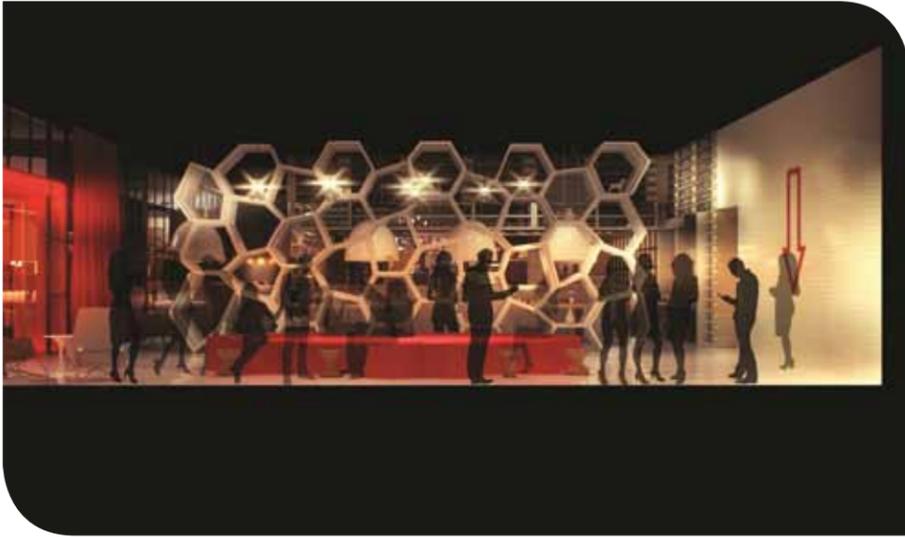
"This is what encompasses NIDRA Hospitality and its entire growth. We are also constantly concentrating on acquisition of good skill, training, and retaining people. Our strength lies in project management and development," he added.

Taking stock of challenges ahead for the industry, he reasoned that skill acquisition and retention was a chief cause of concern.



Shanti Hospitality in Mauritius

"There are only two challenges today. They are related to, and I would say that is the biggest challenge, acquisition and retention of good skills. And, of course, completing the project within the desired and projected time frame," he said. Arguing that if companies were able to address these concerns, he said "I think if these two challenges are met by any company, there is no reason of it to not be successful." **TFE**



Radisson RED's positioning and appeal will attract young and discerning Indian travellers

Andreas Flaig, Executive Vice President, Development, Asia Pacific, Carlson Rezidor believes that Radisson RED has all that it takes to attract young, tech-savvy and adventurous Indian travellers. He asserts that the brand will add strength to the group's presence in India.



ANDREAS FLAIG
EXECUTIVE VP, DEVELOPMENT, ASIA PACIFIC, CARLSON REZIDOR

By 2020, Carlson Rezidor expects to have 60 Radisson RED hotels worldwide. About half of these hotels will be in Asia Pacific and many will be in India. We are confident that Radisson RED's positioning and lifestyle appeal make it the right brand for India's tech-savvy, adventurous and price-conscious younger generation. The brand is a great fit for high-traffic urban markets such as Delhi, Mumbai, Bengaluru, Pune, Hyderabad, Kolkata and Chennai, where demand is well supported by demographics.

many will be in India, where the growing millennial population is one of the largest segments in the country.

Radisson RED is an innovative hospitality concept with a focus on design and the technologies of tomorrow. It addresses changing consumer behavior and delivers a hotel experience that is enhanced by art, music and fashion.

We are confident that Radisson RED's positioning and lifestyle appeal make it the right brand for India's tech-savvy, adventurous and price-conscious younger generation. The brand is a great fit for high-traffic urban markets such as Delhi, Mumbai, Bengaluru, Pune, Hyderabad, Kolkata and Chennai, where demand is well supported by demographics.

And for property owners, Radisson RED offers a lower per-key

with Bestech Hospitalities. Accelerating the growth of the brand in Asia Pacific, Radisson RED Kuala Lumpur City Center was signed last October. The 166-room new built hotel is strategically located in close proximity to the icon Twin Towers in Kuala Lumpur, Malaysia.

We also see great development potential in India for our midscale Park Inn® by Radisson brand, across primary, secondary and tertiary markets. Given the brand's construction cost and development specifications, it is a particularly good fit for secondary and tertiary markets where an infrastructural renaissance is currently taking place.

Accessible and inclusive, Park Inn by Radisson is a bright, bold, fresh, uncomplicated and friendly brand, with unexpected touches of contemporary design. To cater to the preferences of the Indian market, we have fine-tuned the specifics of this otherwise limited-services brand to include an all-day dining restaurant, banqueting options and room service as well. We celebrate the entrance into a new market, Sri Lanka with

Radisson RED is an innovative hospitality concept with a focus on design and the technologies of tomorrow.

We are in the business of curating guest experiences and creating memories that solidify into guest loyalty. Guests come back to stay at our hotels repeatedly because we have successfully delivered compelling propositions.

In a crowded market, we interest and engage increasingly sophisticated consumers through innovation and careful positioning. Today's travelers have complex expectations and as the guardians of a differentiated brand portfolio spanning all major segments, we recognize the need to have the right

brand, addressing the right audience, in the right place.

In anticipation of the rise of the millennial segment, Carlson Rezidor developed the upscale, lifestyle select brand, Radisson RED, which appeals to millennial-minded travelers, across age groups. The Radisson RED brand is certainly gaining traction and we can anticipate several new hotels in top destinations across Asia Pacific emerging in the coming months.

By 2020, Carlson Rezidor expects to have 60 Radisson RED hotels worldwide. About half of these hotels will be in Asia Pacific and

construction cost than traditional upscale hotels. Radisson RED can be developed as a standalone hotel or as part of a mixed-use development, where the hotel can be synergized with the office and retail components. The return per square foot on a Radisson Red is expected to be strong in a mixed-use development. In addition, the brand's multi-functional approach and efficient use of space also reduce operating cost significantly, driving higher margins.

It will not be long before we unveil India's very first Radisson RED hotel, now under development, as part of our collaboration

the groundbreaking ceremony of Park Inn by Radisson Colombo in January this year. The 199-room hotel is scheduled to open in Q2, 2019.

In India, the Group currently has five Park Inn by Radisson hotels under development and seven that are already in operation, including Park Inn by Radisson Bilaspur and Park Inn by Radisson Amritsar.

With Park Inn by Radisson and Radisson RED, Carlson Rezidor is well positioned to meet the changing expectations of the Indian market and to fuel the Group's continued expansion in India. **IRE**

Government further relaxes e-visa norms; medical and business visa included in purview

Starting April 1, the visa regime in India has been further relaxed by the government. The move is aimed at attracting more tourists and business travellers in to the country. Here is a list of changes approved by the cabinet:

- With effect from April 1, e-visa has been sub-divided into 3 categories – e-tourist visa, e-business visa and e-medical visa. Till now, e-visa was only for tourists
- E-visa facility has been extended to nationals of 161 countries for entry through 24 airports (earlier granted through 16 airports) and three ports: Cochin, Goa and

Mangalore.

- The window for application under e-visa scheme has been increased from 30 days to 120 days and duration of stay on e-visa has been increased from 30 days to 60 days with double entry on e-tourist and e-business visa and triple entry on e-medical visa.
- Separate immigration counters and facilitation desks to assist medical tourists have been provided at airports in Delhi, Mumbai, Kolkata, Chennai, Bengaluru and Hyderabad.
- The multiple-entry tourist and business visas for a period of 5

years will now be available to nationals of most of the countries. Upon urgent requests, business visa and medical visa will be granted within 48 hours of application.

- 94 Indian missions having biometric enrolment facilities have started giving 5-year long-term tourist and business visa from March. The remaining missions will provide this facility in due course.
- A new category of visa titled intern (I) visa has been rolled out with effect from March 1, 2017 to a foreigner intending to pursue internship in Indian companies, educational institutions and

NGOs, subject to certain checks and conditions. The period of visa is restricted to the duration of internship programme or one year, whichever is less. The intern visa will be granted immediately after completion of graduation/post-graduation.

- Intern visa, however, will be issued with prior clearance from the home ministry in case of internship in NGOs or internship involving visit to protected and restricted areas.
- Another new category of visa, titled film (F) visa has also been introduced with maximum dura-



tion of one year with multiple entry facility.

- The minimum salary limit of for grant of employment visa, which is presently US \$ 25,000 per annum, has also been modified. This will facilitate foreign nationals engaged as teaching faculty by the central higher educational institutions. **IRE**

JW MARRIOTT HOTEL KOLKATA



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EVENT PROGRAMME

• Thursday, 21st September (Second Half): Trade only.
Inaugural session and open networking session

• Friday, 22nd September:
Morning - Trade only. Afternoon - Trade & Consumer.
Full day Power Conclaves.

• Saturday, 23rd September:
Full day - Trade & Consumer. Full day Power Conclaves.

21-23 September 2017
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