

A vibrant photograph of a resort poolside area. In the foreground, a clear blue swimming pool with a tiled edge is visible. The middle ground features a paved deck with several lounge chairs, some with white cushions, and several thatched umbrellas. A blue umbrella is also visible. In the background, there is a two-story building with a white facade and a red-tiled roof, surrounded by numerous tall palm trees under a bright blue sky with light clouds.

MARC

# MARC Insights – Hospitality Industry Overview

2023



# Do you want to know more about the Hospitality Industry?

MARC's Research expertise can help you unlock full potential of your business by gaining deeper insights on your target market, understand your customer requirements better, know your competition's actions and performance and hence derive the most optimum customer value proposition to make your business a success!

# Hospitality Industry In India

Hospitality Industry comprises mainly of:



Food and Beverage



Travel and tourism



Recreation



Hotels

India is recognized as a destination for **spiritual tourism** and attracts tourists for healing and rejuvenation. India offers geographical diversity, attractive beaches, 37 World Heritage sites, 10 bio-geographic zones, 80 national parks, and 441 sanctuaries.

An increasing number of international sports events, trade fairs, and exhibitions are expected to contribute to the inflows of international tourists and domestic tourist movement.

Hotels can be further segmented into:

By type:

Chain hotels

Independent hotels

By Segment:

Luxury

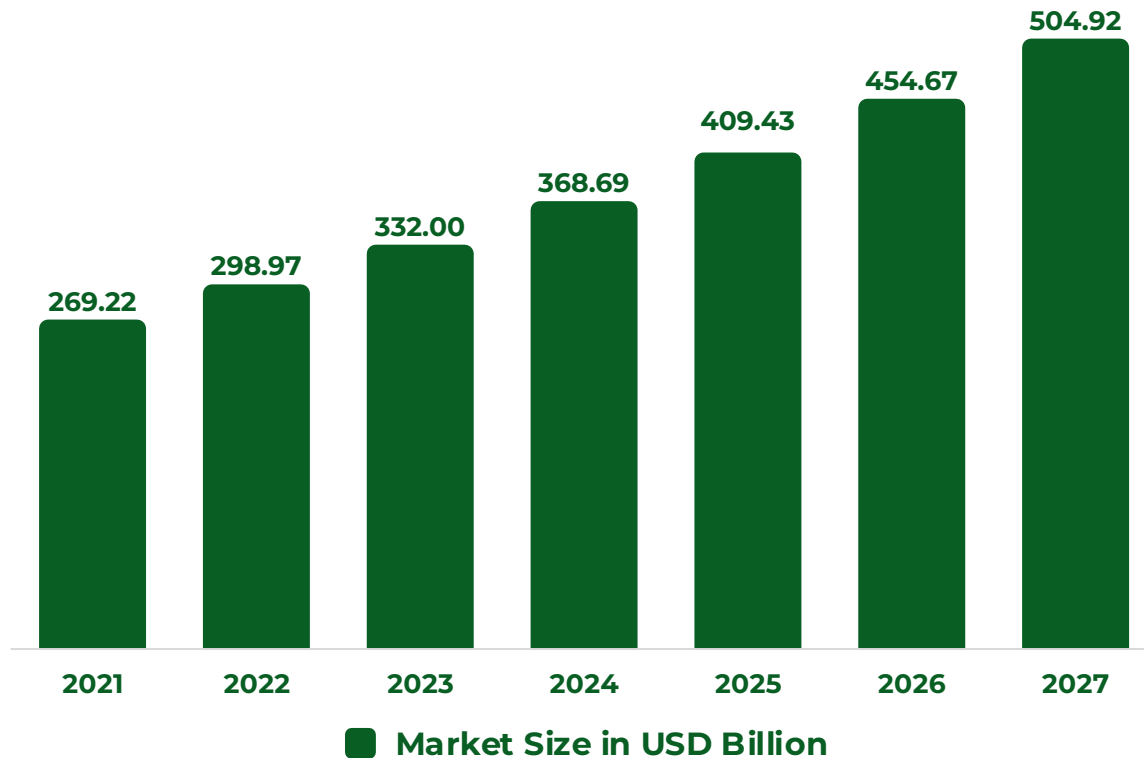
Upscale

Midscale

Economy

# Food & Beverage Industry In India

## Industry Growth



About two-thirds of India's retail market and 3% of its GDP are produced by the food and beverage sector. With a CAGR of 11.05%, the Indian food and beverage market is projected to grow to over US\$ 504.92 billion by 2027.

## Growth Drivers:

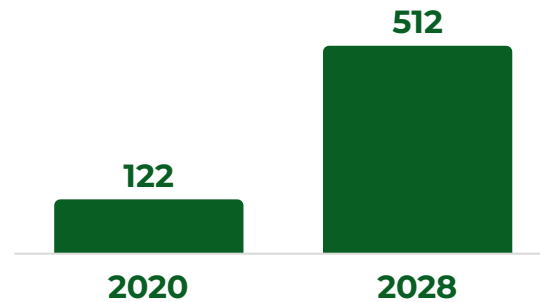
- Rapid urbanisation
  - Growing working age population in India
  - Changing lifestyle and food habits of the surging generation
  - Increasing Household consumption rate
- 
- F&B in hotels across India is becoming a key revenue driver and contributing anywhere between 35 and 50 per cent to overall revenues.
  - Hotels try to maintain their food costs at around 25 percent but additional costs such as labour and heat, light, power (HLP) increase the spends.

# Tourism Statistics

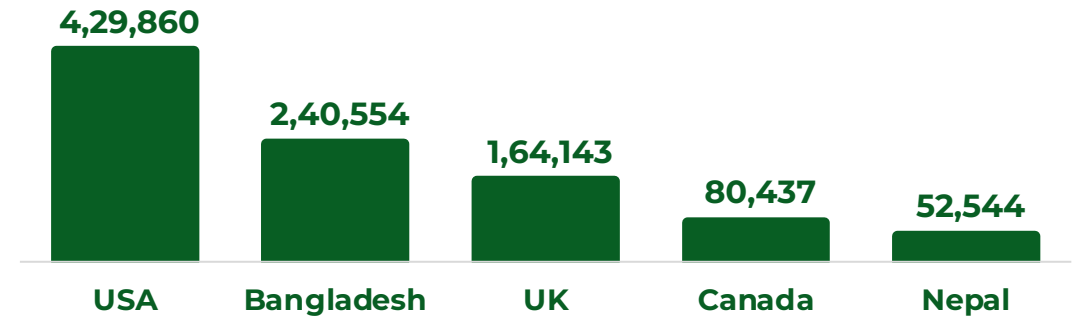
## Rising contribution to India's GDP (USD Billion)

The GDP growth of Indian travel and tourism industry is expected to record an annual growth rate of **10.35%** between 2019 and 2028 to reach **US\$ 512 billion** in 2028.

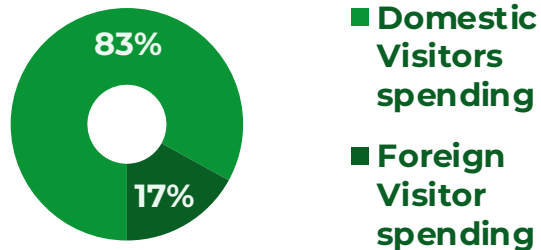
Source: <https://www.ibef.org/>



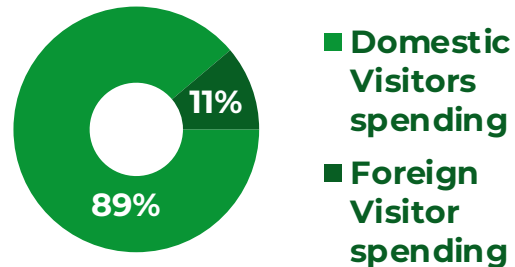
## Foreign Tourist Arrivals in India from Top 5 countries in 2021



## Share of tourists by expenditure (2019)



## Expected share of tourists by expenditure (2028)



Domestic travel is anticipated to increase to **US\$ 405.8 billion** by **2028**

## Total number of Tourist Arrivals in 2017-2021

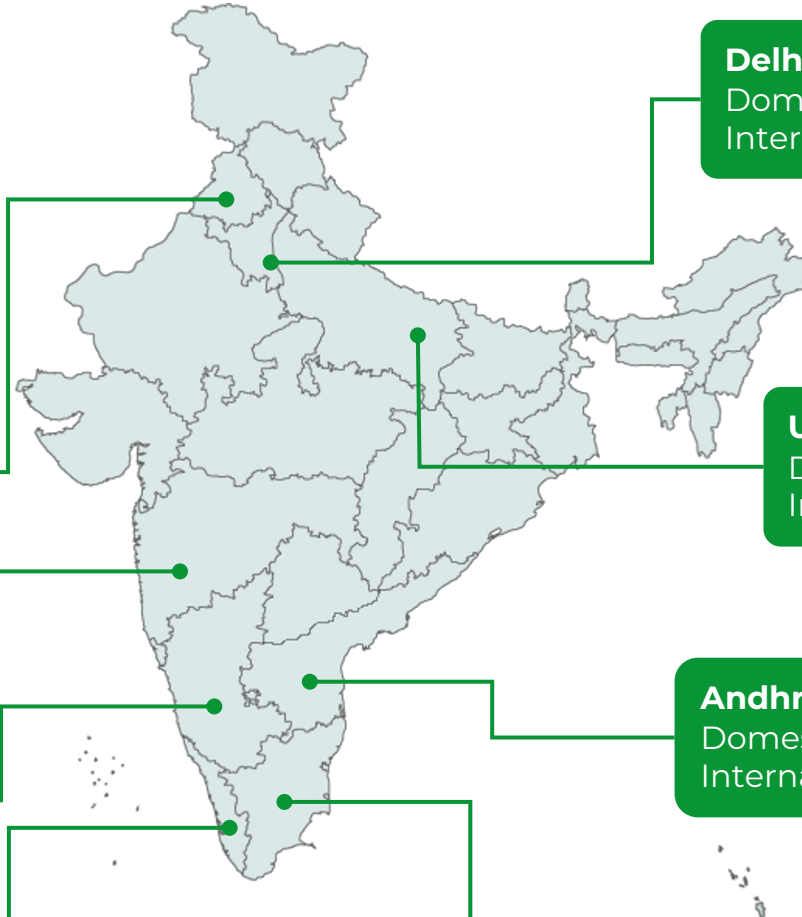
Year	Domestic Tourist Arrival (DTA)	Foreign Tourist Arrival (FTA)
2017	1,657.54 M	10.04 M
2018	1,853.78 M	10.56 M
2019	2,321.98 M	10.93 M
2020	610.21 M	2.74 M
2021	677.63 M	1.52 M

Source: India Tourism Statistics Report, 2022

# Leading states in terms of tourism

## \*Percentage Share Of Tourists By States 2021

Domestic Tourists	Foreign Tourists
Tamil Nadu (17.02%)	Punjab (29.22%)
Uttar Pradesh (16.19%)	Maharashtra (17.60%)
Andhra Pradesh (13.77%)	Delhi (9.50%)
Karnataka (12%)	Karnataka (6.87%)
Maharashtra (6.43%)	Kerela (5.74%)



**Delhi**  
 Domestic - 10.6 Million Tourists  
 International – 1 Lakh Tourists

**Uttar Pradesh**  
 Domestic – 109.7 Million Tourists  
 International – 44 Thousand Tourists

**Andhra Pradesh**  
 Domestic - 93.2 Million Tourists  
 International – 27 Thousand Tourists

**Tamil Nadu**  
 Domestic - 115.3 Million Tourists  
 International – 57 Thousand Tourists

**Punjab**  
 Domestic – 26.6 Million Tourists  
 International – 3 Lakh Tourists

**Maharashtra**  
 Domestic - 43.5 Million Tourists  
 International – 1.8 Lakh Tourists

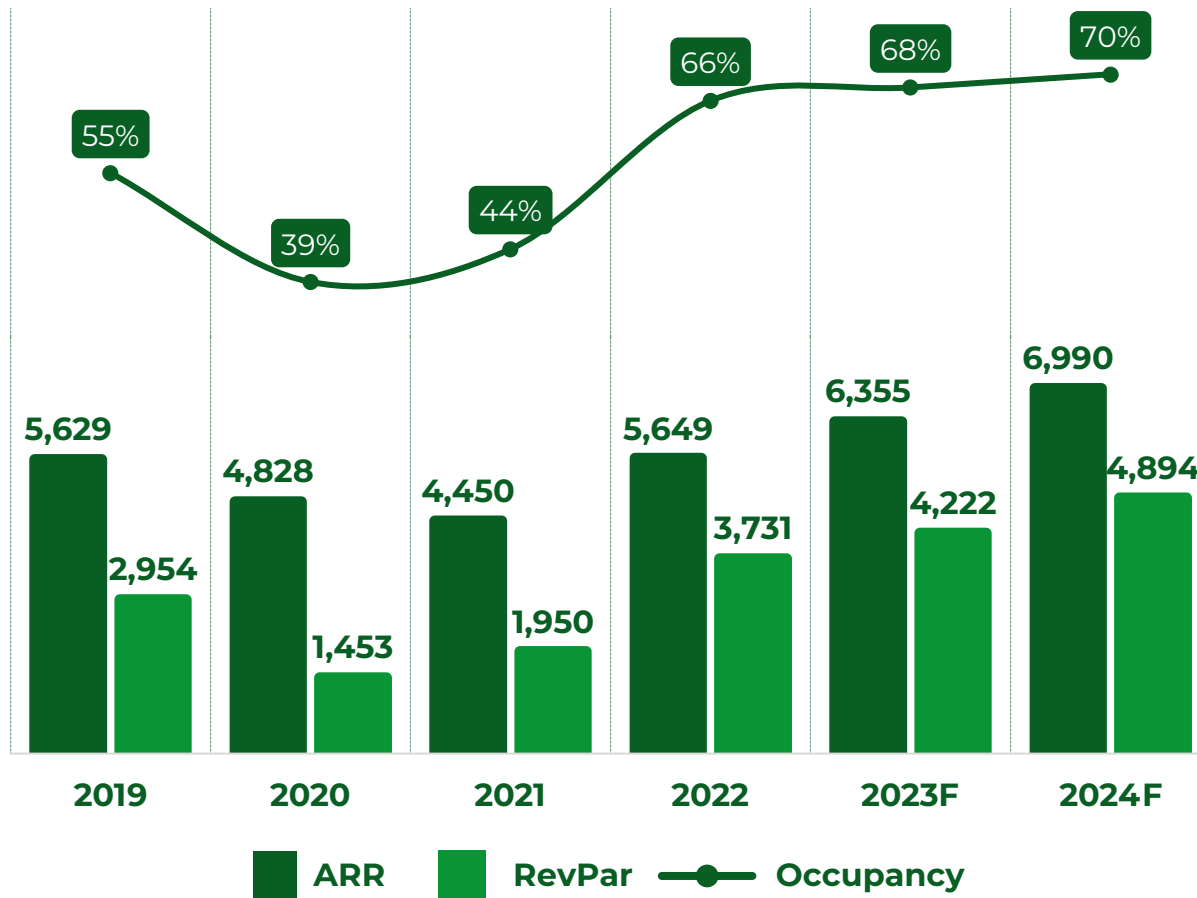
**Karnataka**  
 Domestic – 81.3 Million Tourists  
 International – 72 Thousand Tourists

**Kerela**  
 Domestic – 7.5 Million Tourists  
 International - 60 Thousand Tourists

\*2021 data is estimated by applying all India growth rate for 2021/19 on 2019 data.  
 Source: India Tourism Statistics 2022, Government Of India.

# Hotel Industry Overview

## Industry KPIs



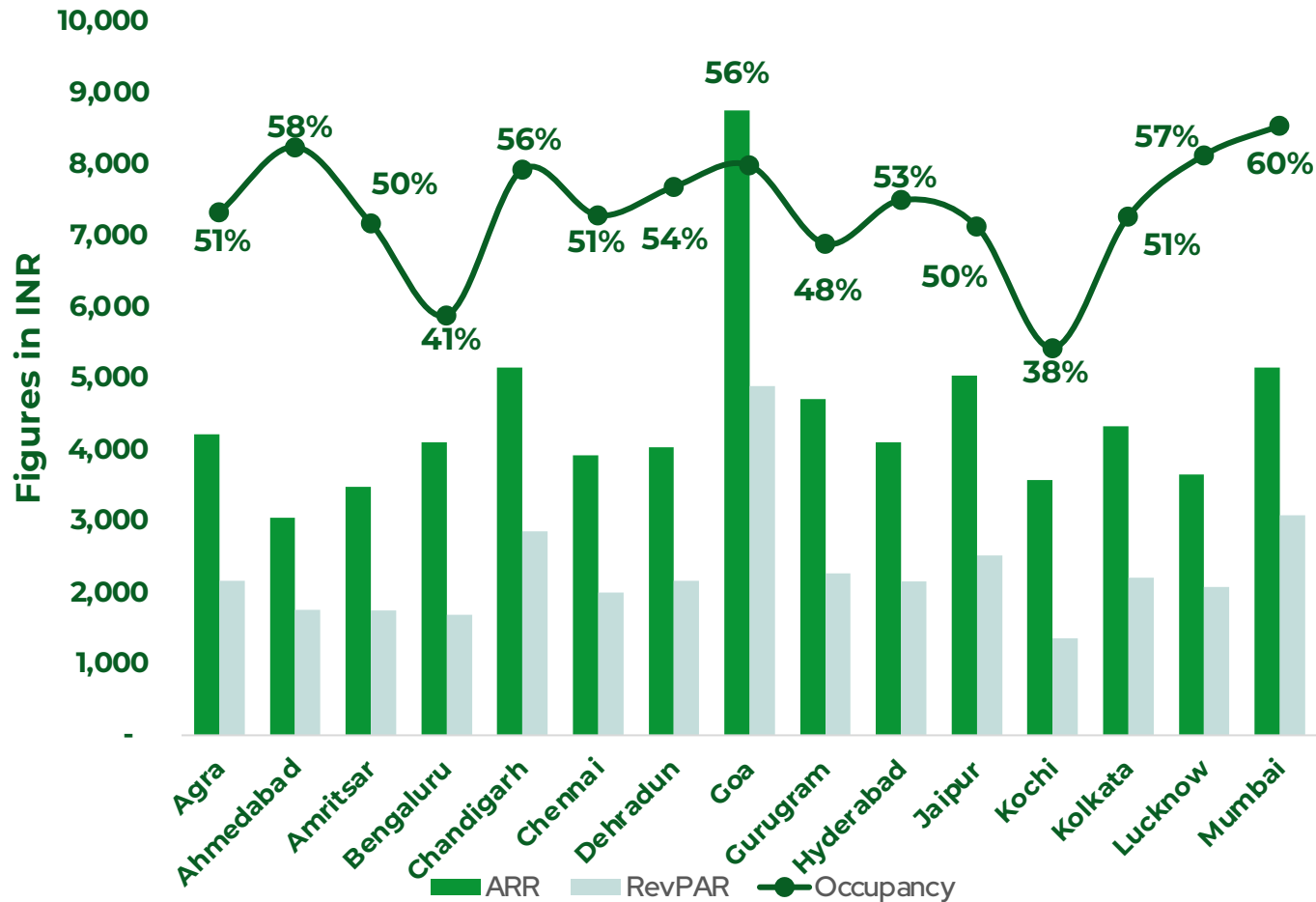
- **FY22** has been a promising year for the sector wherein the revival in the **Occupancy** and **RevPAR's** has led to green shoots for the industry players.
- The decline in Covid cases, resumption of international flights from March 2022, and strong leisure and wedding demand are the positive factors that should lead to **growth** in **Occupancy** and **ARRs** in **FY23**.

**9.1%**  
**CAGR**

India Hotels Market revenue was **US \$24.7 Bn** in **2020** and is expected to reach **US\$ 45.44 Bn** by **2027** at a **CAGR 9.1%** through out the forecast period.

# Regional Performance Of Hotels

By Major Cities FY21 -22



Major cities	ARR	RevPAR
Agra	4,220	2,165
Ahmedabad	3,048	1,759
Amritsar	3,479	1,746
Bengaluru	4,101	1,690
Chandigarh	5,157	2,862
Chennai	3,919	1,999
Dehradun	4,032	2,169
Goa	8,756	4,895
Gurugram	4,709	2,270
Hyderabad	4,102	2,154
Jaipur	5,043	2,516
Kochi	3,573	1,358
Kolkata	4,330	2,204
Lucknow	3,654	2,079
Mumbai	5,153	3,081



# Growth Drivers & Major Players

## Reasons For Growth of the Industry

- Within the hospitality industry, hotel performance across most major cities in India saw significant growth in 2022. The hospitality sector in India holds significant potential to grow for both the national and international players.
- Business travellers are gradually increasing in number, owing to the rapid growth of the IT sector in India and the emergence of several global companies.
- The Indian government eased its hospitality-related investment policy to allow 100% foreign direct investment in the country's tourism construction projects, hotel and resort developments, and establishment of recreational facilities.
- There has been a resolution passed in the Lok Sabha for 80 new airports by 2025 as a part of the government's 'Ude Desh ka Aam Naagrik' scheme which will create a demand for 25,000 more hotel rooms in Indian market and boost the hospitality sector.
- The GST council's rate cut on from 28% to 18% for upscale hotels, and from 18% to 12% for mid-scale is expected to be a major growth driver for hotel industry in India in coming years.
- The government has announced major investments to improve the country's road and rail networks, as well as plans to privatise airports in Tier 2 and Tier 3 cities, which will help improve regional and last-mile connectivity to India's previously unexplored and under-served tourist destinations.

International hotel chains are increasing their presence in India, and it accounts for 50% share in the tourism and hospitality sector of India in the year 2022.

Marriott International

14.26 %

IHCL

11.57 %

Radisson  
Hotel Group

8.03 %

ITC Hotels

7.07 %

Accor

6.61 %

# Key Trends

## Staycation



Stay-at-home vacations that include a variety of activities that can be done in the comfort of one's own home. It may include transportation to and from local excursions, dining, and attractions.

## Workation



Working vacations are becoming a popular corporate travel trend as employees strive for a work-life balance. Employees are more likely to have a chance to explore new places while fulfilling day-to-day obligations.

## Co-working Spaces



It is a shared area that can accommodate employees from many companies or a group of independent individuals. The growth rate of the co-working space market is 14.8%, with an estimated value of \$24 Billion by end of this decade.

## Subscription Based Models



Subscription-based revenue model, which became popular during the rise of remote working, has made its way to the big brands, which are offering remote workers flexibility to travel to different hotel locations of the brand, without any additional charges

# Technological Trends In Hospitality Industry



## Online booking and reservations

Many hotels, resorts, and vacation rental properties now have their own websites and online booking systems, allowing customers to easily book and pay for their stays.



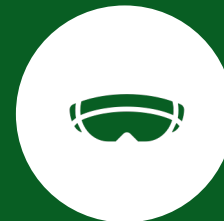
## Room automation

Some hotels and resorts have implemented technology that allows guests to control lighting, temperature, and other aspects of their room using a mobile app or in-room tablet.



## Automated check-in and check-out

Some hotels and resorts have implemented self-service kiosks or mobile check-in options, allowing guests to check in and out of their rooms without interacting with front-desk staff.



## VR and AR:

Some hotels and resorts are using virtual and augmented reality technology to give customers a virtual tour of the property before they book a place, or to enhance the guest experience during their stay.

# MARC Forecast

## 1. Revival Of The Hospitality Industry

Domestic leisure travel growth

Govt. push towards infra

Resumption of business travel

Weddings and social events

## 2. Sustainability Trends In Hospitality

Using renewable energy

Reducing waste

Eco friendly materials at Weddings and social events

## 3. Focus on the millennial generation

# 440 Million

Millennials are around **34%** which is **440 million** of the country's population.

# 75%

Millennials will become the primary breadwinners and will account for **75%** of the workforce by **2030**.

Most millennials are tech savvy, well connected with the internet and use OTAs to book or plan their vacation.

Their to do list include recreational activities like adventure sports, nature trails, local experiences.

Many reputed hotels have jumped on the bandwagon adapting to the millennial customer's needs and creating customised experiences.

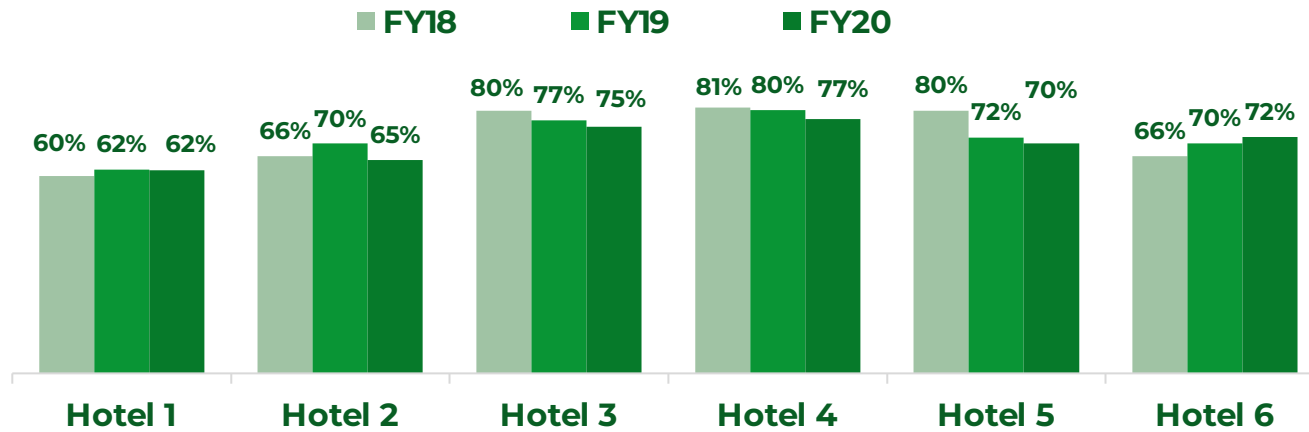
Ever wondered  
if your business  
is performing up  
to its full  
potential or if its  
in-tune with the  
industry?

MARC's detailed and comprehensive analysis of your business performance, as well as of your competitors and their strategies and how your own business is performing against the industry benchmarks, all of this with MARC's personalized recommendations.

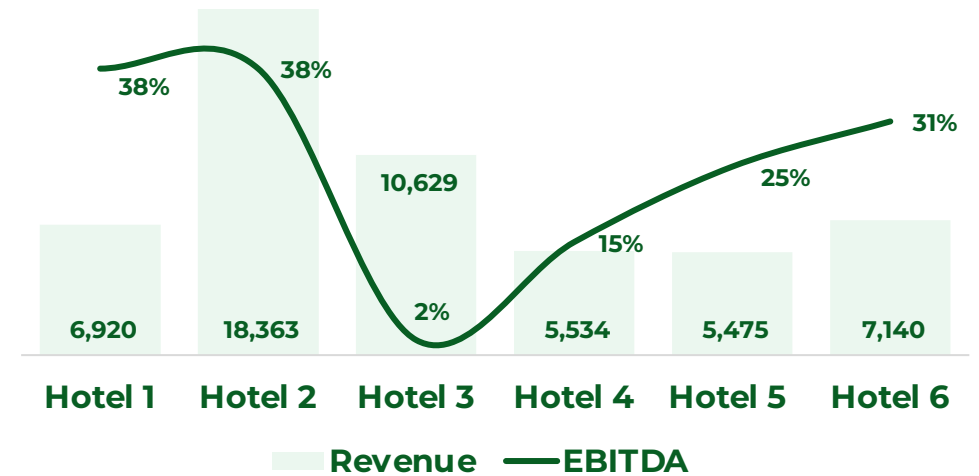
**Note:** Financial figures used in the following section of the report are for representational purposes and are used to represent MARC's capabilities.

# Competitor Analysis

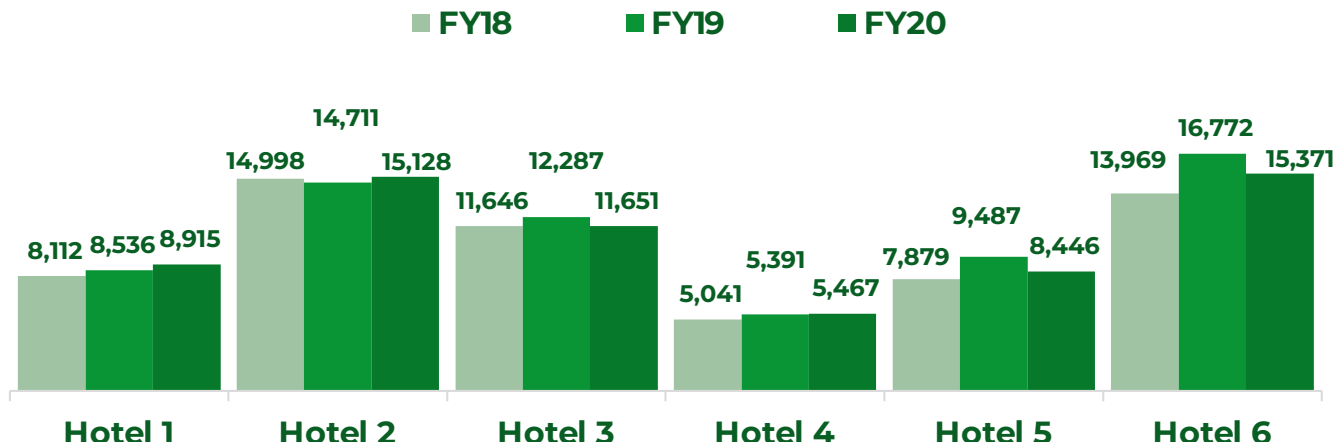
## Occupancy



## Profitability Analysis (INR in lakhs)



## Average Room Revenue



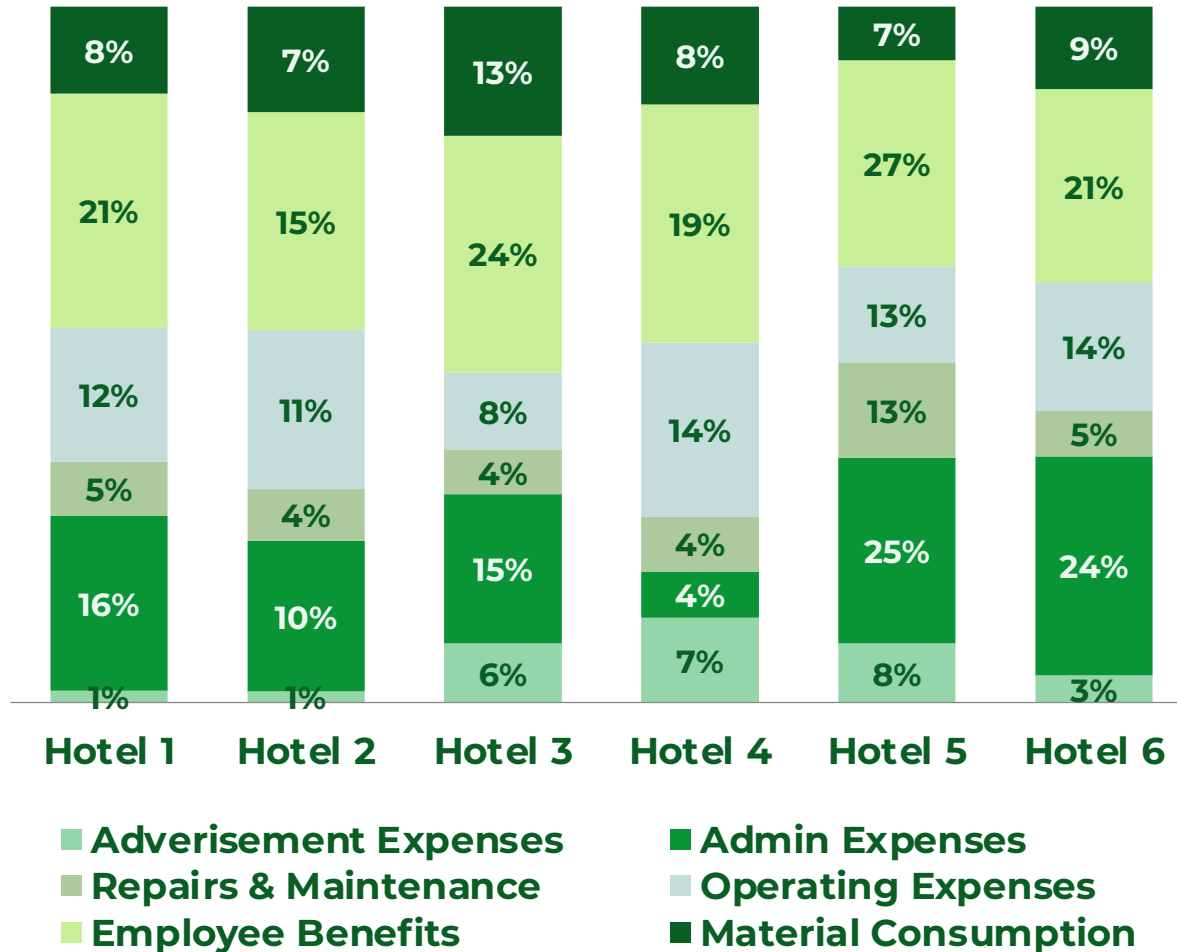
- It has been observed that the occupancy of all 6 hotels is in the range of 60% to 80% from FY18 to FY20 though ARR of hotel 4 is very less as compared to that of rest of the hotels with hotel 6 achieving the highest ARR of 16,772 in FY20.
- The EBITDA of hotel 3 stood the lowest at 2% while EBITDA of hotel 1 & 2 stood at 38% individually despite there being a drastic difference in their total revenue.

# KPIs in comparison

Particulars	Hotel 1	Hotel 2	Hotel 3	Hotel 4	Hotel 5	Hotel 6
<b>ARR</b>	<b>8,915</b>	<b>15,128</b>	<b>11,651</b>	<b>5,467</b>	<b>8,446</b>	<b>16,772</b>
<b>APC</b>	<b>936</b>	<b>1,314</b>	<b>909</b>	<b>862</b>	<b>683</b>	<b>1,356</b>
<b>Occupancy</b>	<b>62%</b>	<b>65%</b>	<b>75%</b>	<b>77%</b>	<b>70%</b>	<b>70%</b>
<b>MPI</b>	<b>90%</b>	<b>95%</b>	<b>109%</b>	<b>113%</b>	<b>102%</b>	<b>102%</b>
<b>Room Inventory</b>	<b>207 Rooms</b>	<b>313 Rooms</b>	<b>190 Rooms</b>	<b>172 Rooms</b>	<b>153 Rooms</b>	<b>121 Rooms</b>

Source: Market research & MARC Analysis

# Cost Analysis



On an average for the period under review, which is FY18, FY19 & FY20

- Material consumption for **Hotel 3** stood at **13%** being the highest amongst all the properties, however **Hotel 2** has a lower material consumption of **7%**.
- Employee Benefits for **Hotel 5** stood at **27%** being the highest amongst all the properties, however **Hotel 4** has a lower Employee Benefits of **19%**.
- Operating Expense for **Hotel 4** and **Hotel 5** stood at **14%** being the highest amongst all the properties, however **Hotel 3** had a lower Operating Expense of **8%**.
- Repairs & Maintenance Expense for **Hotel 5** stood at **13%** being the highest amongst all the properties.
- Admin Expense for **Hotel 5** stood at **25%** being the highest amongst all the properties.
- Advertisement Expenses for **Hotel 4** and **Hotel 5** at **7%** and **8%** respectively being the highest amongst all the properties.

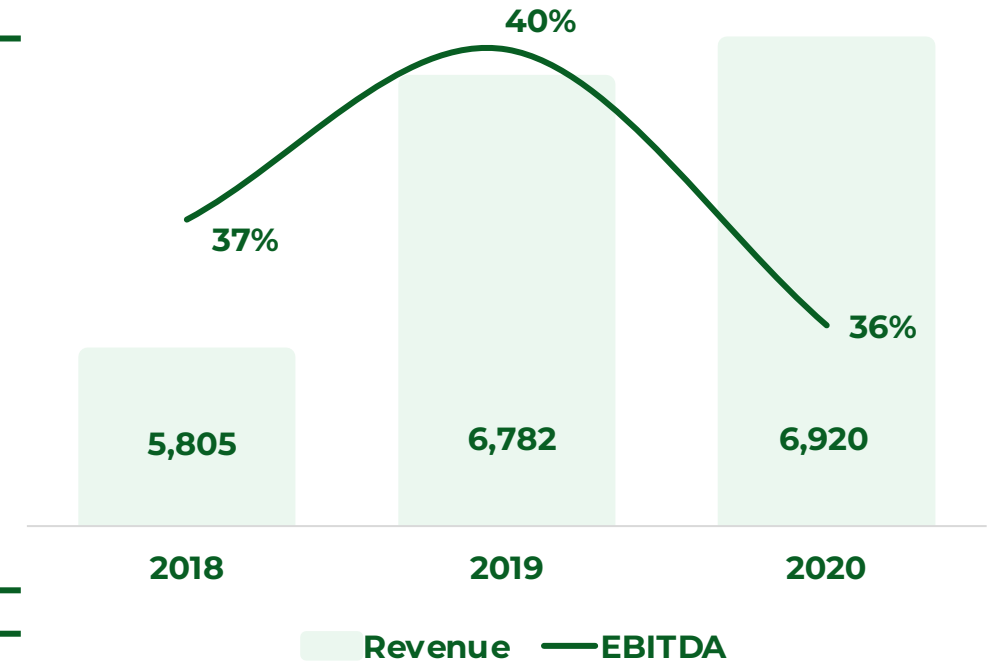


# Profit & Loss Snapshot

## P&L Snapshot (Hotel 1)

Particulars (in Lakhs)	Actuals			Common Size		
	FY18	FY19	FY20	FY18	FY19	FY20
Revenue from Operations	5,636	6,476	6,606	100%	100%	100%
Other Operating Income	168	306	314	3%	5%	5%
<b>Revenue from Operations</b>	<b>5,805</b>	<b>6,782</b>	<b>6,920</b>	<b>103%</b>	<b>105%</b>	<b>105%</b>
Expenses						
Material Consumption	446	544	528	8%	8%	8%
Employee Benefits	1,299	1,386	1,384	23%	21%	21%
Operating Expenses	761	800	766	14%	12%	12%
Repairs & Maintenance	338	350	251	6%	5%	4%
Admin Expenses	711	913	1,463	13%	14%	22%
Advertisement Expenses	77	87	43	1%	1%	1%
<b>Total Expenses</b>	<b>3,634</b>	<b>4,081</b>	<b>4,437</b>	<b>64%</b>	<b>63%</b>	<b>67%</b>
<b>EDITDA</b>	<b>2,170</b>	<b>2,701</b>	<b>2,482</b>	<b>39%</b>	<b>42%</b>	<b>38%</b>

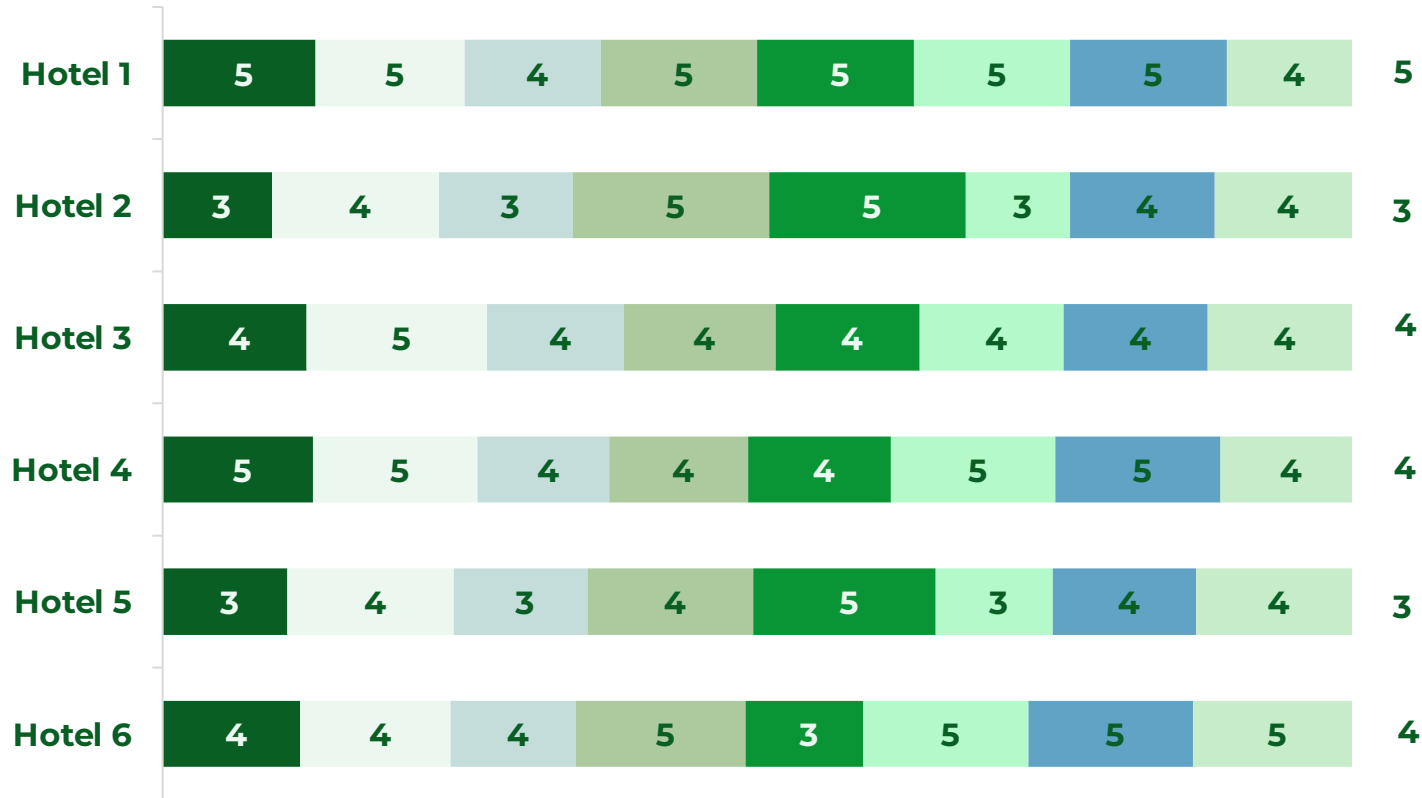
## Revenue – EBITDA Comparison (Hotel 1)



- Revenue from Operations showed an upward trend from FY18 to FY20 with major contribution coming from room income i.e 60% on an average from FY18 to FY20 and F&B income contributing 35% on average from FY18 to FY20 to the total revenue.
- Administrative cost as a percentage to revenue increased from 12.3% in FY18 to 21.1% to FY20 mainly due to an increase in administrative expense – variables from 5.8% in FY18 to 6.7% in FY20.
- Despite the revenue from operations showing an upwards trend, the EBITDA as a percentage to revenue has decreased marginally from 37% in FY18 to 35% in FY20.

# Mystery Shopper

## Mystery Shopper Assessment

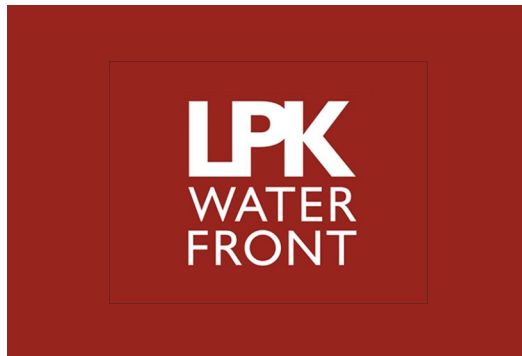


- First Impressions
- General Area
- Rooms
- Banquetes / Lawns
- Communication
- Security and Covid -19 norms
- Restaurants
- Conference Hall or Board Room

Based on personal visits, below are the ratings for the properties on various criteria.

- As seen above, **Hotel 1** received the highest rating.
- The properties with an average rating include **Hotel 2, Hotel 5**. This is mainly due to lesser ratings in the criteria of **First Impressions, Rooms, and the Restaurants.**

# Our clientele





## Contact

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