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Real-time distribution: Facilitating the red carpet to customers

Consumer confidence is growing by leaps and bounds in taking the online search for information about hotels to the ultimate booking and online transaction, in India. **Akansha Pandey** dives deep to find out the latest trends in inventory distribution of hotels and how online distribution technology providers are helping hotels to leverage and make the booking experience seamless for new age customers through diverse platforms. **Page 10**



Amidst Sacks of 'Hunar', 'Rozgar' Seems a Distant Dream!

Though the government seems spendthrift in pursuit of its vision of skilling India, the much aspired scheme which claims to 'create employable skills' seems to be on choppy waters on implementation grounds. An exclusive survey and study by **Paras Ram Qadri** brings forth certain loopholes that have been defeating the very purpose of 'Hunar Se Rozgar Tak' initiative. **Page 12**

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Blanket Hospitality Ventures

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Executive Chef,
The Taj Mahal Hotel, New Delhi

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Real-time distribution: Facilitating the red carpet to customers

Consumer confidence is growing by leaps and bounds in taking the online search for information about hotels to the ultimate booking and online transaction, in India. Akansha Pandey dives deep to find out the latest trends in inventory distribution of hotels and how online distribution technology providers are helping hotels to leverage and make the booking experience seamless for new age customers through diverse platforms.

The number of people booking hotel rooms online is estimated to touch 8.4 million in India by 2016 and generate revenue of USD 1.8 billion, says a Google India survey. The number of e-commerce transaction of hotels is expected to grow 2.5 times over the next two years. The survey revealed that the online hotel booking industry will grow from the current USD 0.8 billion to USD 1.8 billion over the next two years in India.

The number of online searches using smartphones has increased by 30 times between 2011 and 2014, showing increased penetration of smartphones in India. In general, the number of online transactions using e-commerce in India is expected to grow from the current 40 million to 100 million in 2016, and 250 million in 2020, which means a sizeable population transacting online and the numbers are really exciting. While year-on-year growth in hotel searches using all devices is 37 per cent, the growth in searches using smartphones in India is 147 per cent.

With the high mobile and internet penetration in the region, Asia Pacific (APAC) travellers are prone to taking last minute travel decisions. Leveraging on experiential marketing and dynamic rates to appeal to this segment of travellers, hoteliers can take optimum advantage if they have access to real-time business analytics that give them a complete view of their channel performance, booking source, occupancy, performance of marketing programmes, revenue patterns and consumer trends.

Hotel distribution is increasingly becoming a data driven business in Asia Pacific as well as globally. The senior management in hotels have a business need for real-time data that can help them take quick strategic decisions. Revenue driving decisions such as distribution-mix, room rates and promotional offers can no longer be made in isolation. Distribution intelligence application that allows integration of data and provides analytics will grow in demand.

TRENDS

The rising use of smart phones, iphones and apps are quite evident in hotel bookings, globally as well as in India. It is incumbent upon the service providers, i.e., distribution technology providers, to catch this new breed of technology savvy customers and create platforms to make the online experience seamless for them. There are times when 50 per cent of the hotel booking happens through mobiles, across markets, said Amit Agarwal, Senior Marketing Manager – India and South East Asia, Hotels.com. Hotels.com's free mobile app has more than 40 million downloads worldwide. Globally, 20 per cent to 25 per cent bookings are happening through mobiles now, out of which 60 per cent to 70 per cent are last minute bookings, Agarwal said, adding that Hotels.com has responded well with this changing trend and has 25,000 deals on offer



AMIT AGARWAL,
Senior Marketing Manager,
Hotels.com



BINU MATHEWS,
Chief Executive Officer,
IDS Next Business Solutions



MIKE KISTNER,
Chief Executive Officer,
RezNext Global Solutions

for last minute bookings. Hotels.com has developed a cutting edge 'wearable' technology, which has become a hit globally. People having iPhone watches get direct update on deals and promotions on their watches. Hotels.com is the first hotel booking platform to offer this, Agarwal said.

Commeasure, a fairly new entrant into distribution technology space, has plans to roll out two new mobile apps in the next couple of months. According to Amit Saberwal, Founder, Commeasure, the objective is to enable smaller chains and owner-run hotels which 'lack in resources' to invest in technology to seamlessly distribute their inventory. Commeasure, a cloud-based solution, encourages these hotels to sell directly in their own brand website and through other online channels and at the same time ensure that customers who come online have a seamless experience while booking products online. "Our fundamental focus is on the consumer. We help in acquiring, tracking, engaging, and distributing products to consumers and ensure that they have a seamless experience in the process," said Saberwal.

Easy access to the internet has transformed customer behaviour. From across social circles to reviews found online, customers now check multiple sources before they decide on the right hotel. Hence for hotels, their reputation, brand image, availability, rates, packages and promotions offered on the online world is of utmost importance, stresses Mike Kistner, Chief Executive Officer, RezNext Global Solutions.

Potential travellers are no longer booking the first hotel they come across. They are researching extensively, comparing rates online, reviewing feedback from other guests at the hotel and booking hotel rooms through the platform that offers them the best rate, claims Binu Mathews, Chief Executive Officer, IDS Next Business Solutions.

Besides, the last minute room booking on mobile is also becoming increasingly popular. Hotels thus need to add the channel into their room distribution

portfolio, he feels. With a last minute room booking app, hotels can sell until the last room and thus grow occupancy and revenue, significantly. Mathews elaborated saying, "The mid-size hotel segment is doing well in India as major demand is coming from travellers of Tier-I and Tier-II cities, which are price sensitive and want value for money."

Talking about the latest trends, Zubin Bilimoria, Managing Director, Profitroom – Indian Subcontinent, said that he saw rapid growth in direct booking channels as hoteliers appreciate the most profitable direct bookings and thus have started to invest in online marketing. He sees this trend in both segments - leisure and business hotels across the country.

Travel is the biggest segment in e-commerce, accounting for over 61 per cent of market share. Udai Singh Solanki, Chief Technology Officer, eRevMax expects that with the growing popularity of leisure holidays among the middle-class, the budget and mid-segment would see the maximum growth in terms of business. Currently, the top performing cities are Delhi, Mumbai and Bengaluru followed by Kolkata, Hyderabad, Ahmedabad and Chennai, he

Djubo.com Co-founder, Tarun Gulati explains that the concept of travelling is changing at a very fast pace in India. People are expanding their travel horizons like never before, the discovery and booking of which is being fuelled by the internet. "Travel is now becoming more spontaneous for Indians based on either their immediate business requirement or an impulse holiday with friends or family. To suffice their travels needs, they are moving beyond the traditionally dictated perception of choosing brand hotels for stay. This has proved to be a major opportunity for smaller independent properties to capitalise on," averred Gulati.

ACCEPTANCE & ITS RESPONSE

Although still few hoteliers are manually managing their online reservation



TARUN GULATI,
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UDAI SINGH SOLANKI,
Chief Technology Officer, eRevMax



ZUBIN BILIMORIA,
Managing Director - Indian
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process, but those Indian hotels which have adopted real-time distribution technology have witnessed accelerated growth thereby improving visibility and surging the average room occupancy. Chocolate Hotels and Resorts, a business hotel chain in India improved bookings through their website by 10 per cent resulting in a five per cent growth in direct booking revenues. Likewise, Infantry Hotel, has seen an increase in bookings by 99 per cent immediately after going live on the real-time distribution model along with significant improvement in their occupancy too, said Kistner.

It is very important for hoteliers to establish a data-driven culture at their organisation that will empower them to take quick and informed revenue decisions. According to Kistner, their clients have experienced an eight to 30 per cent growth in online booking revenues with their real-time intelligent distribution platform.

The Indian hotel industry has always been a competitive one. However, the tech products aimed at creating differentiation were developed and aimed at the larger brand hotels, leaving the adoption of such technology quite out of the reach of smaller independent hotels. Today there are a lot of software out there to aid smaller properties and finally we are witnessing hoteliers adopting technology to not only market them efficiently, but to improve every aspect of business from booking confirmations to room holdings, room queries, payment follow-ups, online channel partner management to booking engine management, to deliver superior guest experiences, asserts Gulati from Djubo.com.

Bilimoria from Profitroom believes that the Indian hoteliers are extending more importance to technology adoption in their revenue management. Profitroom's hotel partners have witnessed an average of 42 per cent or more incremental business from what they received via their previous providers. Additionally Profitroom has also provided a service known as 'Performance

Marketing' which has helped hoteliers in improving their online visibility and also optimising their rates, packages and available inventory by a Revenue Specialist assigned at Profitroom.

The growing popularity of Online Travel Agents (OTAs) has given hotels across segments an opportunity to improve their exposure and online revenue, said Solanki from eRevMax. "According to a FHRAI survey, use of revenue management solutions has been the second most popular technology trend for the hotel industry. In Tier-I and Tier II cities, between 30-60 per cent hotels with online presence have been using revenue management/channel management system. The luxury and chain hotels are the early adapters of technology. Mid-scale hotels are also using online distribution and channel management solutions to optimise online revenue. However, smaller hotels are still behind when it comes to adapting technology automation due to cost and lack of awareness," elaborated Solanki.

The five-star category has always been leveraging hospitality technology without hesitation as for them guest satisfaction is of paramount importance, highlighted Mathews from IDS Next Business Solutions adding that more recently, the budget hotel segment is also leveraging technology to automate processes, free staff from mundane tasks and grow revenue.

"The mid-market segment may have been slow, but has been increasingly adopting technology especially to connect and engage with guest such as online reputation management, revenue management, business intelligence, web booking engine, last-minute room booking app and more. Technology helps hotels strategise more carefully on how to approach their target audience, monitor the engagement in a planned manner, respond quickly to their guests' demands, and up-sell and cross-sell services to increase their revenue," avers Mathews.

India is an important growth market for Hotels.com globally. They have been registering robust year-on-year growth in the market, reveals Agarwal. The confidence of the customers to buy hotel products online is growing, he feels.



AMIT SABERWAL,
Founder, Commeasure

CHALLENGES

The biggest concern is the lack of right education available to hoteliers to understand hotel distribution, stated Bilimoria. Distribution in India is dominated by OTAs, but now it's time to get the direct business back, he feels. The opportunity is to help hoteliers select the right solutions that work for them and not where they have to make systems work for them, asserts Bilimoria.

Agreeing with this, Gulati from Djubo.com avers that the biggest constraint is to make the hoteliers, especially the independent ones aware about these robust channel management solutions, its benefits, how it functions and furthermore how it can help them to maximise their revenues and reduce their dependence on OTAs and travel agents to focus on direct bookings. While OTAs cannot be ignored for sure, but the increase in the number of OTAs provides an opportunity to be present on a multitude of these channels using technology, he asserts.

The Indian hotel distribution market is quite complex and most of the mid-segment hotels in India still rely on the traditional distribution methods due to lack of knowledge about the latest distribution technologies, adds Saberwal from Commeasure. Besides, hoteliers in India are highly dependent on the OTAs and travel agents for driving the bookings due to which they lose out on 20-25 per cent of their room revenue.

Solanki from eRevMax added that the industry is largely is dominated by family-run, independent properties. The major worry is the sub-optimal presence of budget and small hotels in the online space due to lack of technology expertise and awareness. For technology providers to make solutions easily accessible and available to small hoteliers is a task.

Many hoteliers are still manually managing their online reservation process, stresses Kistner. Updating bookings, modifications and cancellations into the hotel's PMS and pushing rates and inventory to each channel can be time-consuming and prone to errors. This can result in over/under-booking situations that can not only result in a revenue loss for the hotel but also result in negative reviews," he asserts.

On the other hand, Mathews stated that the bottleneck before a hotel is to be found when a potential guest is searching for them online. Here, a hotel needs to be on as many distribution channels as possible and offer the most competitive rates as well, he said.