

# What's Trending in Hospitality: Sustainability, Digitization, Healthy Lifestyles



hoteliers'2024  
conclave

**In a session moderated by Nakul Anand, former Director, ITC Limited, participants included Manisha Saxena, DG-Tourism, Government of India; Jyotsana Suri, CMD, Lalit Hotels; Vikram Oberoi, MD, Oberoi Hotels; and Sanjay Sethi, CEO, Chalet Hotels.**

**N**AKUL ANAND: When values change, it causes a systemic shift. And we've got to redefine our operating models. We've got to redefine everything that we are working on across all touch points. What are the three major changes that we saw post the pandemic?

First wealth is the new health. People now opt for health span over lifespan. Not only wanting to live longer, but they want to make these years count longer.

Sustainability, I can't be well in a planet that is unwell, and carbon dioxide is the currency of the future. Correct me if I'm wrong, I think 9 to 12% of total greenhouse gas emissions come from our industry. As of today, we generate or emit 5.2 gigatons. We need to bring this down to 3.1 if we are to be in line with the Paris Convention or COP 15, it looks like we think to do business as usual, we'll be at 6.2. In other words, as per COP 21, we need to bring about a 90% reduction. There is, of course, people say that 60% of the consumers, one report shows 94% of Indians would like to stay in hotels that are sustainable. But I must say there is a big gap in the say and do gap, what people say and what happens.

Last, but not the least, is the exploitation of digitalization, which is the third trend to enhance efficiency and consumer expectations. There's AI enabled personalization and decision making. There's marketing through consumer insights. There's redefining and determining consumer relations through direct digital communication. In other words, we need to reimagine all touch points to see what can be broken online. A derivative of these three trends, is what's going to happen to food and beverage.

I foresee a future for food and beverage 20 years from now, which is very different as the world becomes more and more aware of sustainability, the realization dawns that one third emissions come from food and beverage. And if we have to limit global warming to 1.5 degrees without significant changes in the way we eat our food nothing is going to happen. We waste 30% of our food waste emits methane, which is 20 times more harmful than carbon dioxide. It is a well-known fact that livestock production is responsible for 14.5% of greenhouse gases. Just to give you a global trend, some of the world's most famous restaurants have all become vegetarian.

Having said that, of the three trends, Sanjay, which one would you like to choose first and see what your company is doing about it? Would you like to speak about sustainability? Would you like to say how health is being woven into the fabric of your service design? Or would you like to speak about digitalization?

**SANJAY SETHI:** I think there's been a tectonic change in the mindset of us as people on the wellness side, and how the priorities have changed on taking care of yourself, living a better life and living the now has become just so, so critical.

Number one, people are expecting more social spaces in our products, and therefore, the ability to be able to interact with guests that had known they don't know before. So socializing is going to be a critical part. I think the millennium and the Gen Z mindset is also very typical, where they're happy to be alone in a crowd. So, we need to cater



“I foresee a future for food and beverage 20 years from now, which is very different as the world becomes more and more aware of sustainability, the realization dawns that one third emissions come from food and beverage. Just to give you a global trend, some of the world's most famous restaurants have all become vegetarian.”

**Nakul Anand**

to that part of it also. And of course, technology enablement is going to be critical from that perspective. But wellness is clearly going to be the big-ticket item. And these covers eating and restful sleep. It covers being able to do the necessary exercises and staying fit.

**NAKUL ANAND:** What's your take on this Vikram?

**VIKRAM OBEROI:** I think when we look at whether it's our guests, our colleagues who work in our hotels, sustainability, and we look at our future, whether it's for our country or for the planet, I think sustainability is something that we will need to pay greater attention to. And I'll take one step back. I think if we can move as a nation and be an example to the world on sustainability becoming a green economy, I think there's tremendous benefit for new job creation, for a better planet, for a better country. Now, what we are doing on sustainability, it's an important criteria for our guests. It's an important criteria for our colleagues.

And we are looking increasingly towards renewable sources of energy, whether that's solar or wind. We are introducing solar plants either on or off on hotel sites where we have land, and these are substantial where we can contribute. For example, in Gurgaon, our two hotels are 100% solar, in Udaipur, the Trident is about 60, just under 70% solar. And our endeavour is to continue this trend. I hope state governments introduce legislation that encourages private enterprise, whether it's in hospitality, otherwise, to engage and adopt renewable energy. It's important for our guests, it's important for our colleagues, and it's important for our planet.

**JYOTSANA SURI:** So if I can just take up sustainability as well, and we've missed digitization, but we can talk a little bit about that as

well. Sustainability, yes, is just not just about sustaining the planet, but it's also about sustaining ourselves. And what we learned in the pandemic was that we were sitting at the bottom of the well. So we need to be very cognizant of how we conserve our cash and how we are prepared for any such liability that came to all of us, when we were in the pandemic. Solar energy, for sure. We are all very, very keen to adopt as much solar energy as we can. Minimize wastage is one of our core values. We take pride in conserving water and of course recycling our water. And of course, wastage is not accepted at all.

We don't have any dust bins in our cafeteria because we do not encourage anyone to put any food into the dust bin. However, another element that I'll just quickly pick up is that workforce is becoming more and more difficult to get. And what we've done is that we've actually gone the inclusive way. We have in our fold, about 12, I said I don't call them survivors, I call them acid warriors. We have 150 people who are differently abled working for us. We have 200 people from the transgender L-G-B-T-Q-I community working





“We are looking increasingly towards renewable sources of energy, whether that’s solar or wind. We are introducing solar plants either on or off on hotel sites where we have land, and these are substantial where we can contribute. For example, in Gurgaon, our two hotels are 100% solar, in Udaipur, the Trident is about 60, just under 70% solar. And our endeavour is to continue this trend.”

### Vikram Oberoi

for us. And believe you me, they really put their best foot forward. So, all of these things collectively help the sustainable formula that we are all looking for.

**NAKUL ANAND:** Every speaker this morning has spoken about sustainability, and one of the key things about sustainability is renewable energy. Now the wheeling laws are a state related subject. We are struggling as an industry to do that. There are places, Delhi, for instance, we haven’t been able to get it. I know very few hotels have been able to sort of wheel energy into it. In every particular state, what we are confronting that we are the cash cow because we are the largest guzzlers of energy, and we pay commercial tariffs. Therefore, governments are very reluctant to give us the permission to bypass that system and our own energy, et cetera. We look for rational law. We look for some support from the ministry. How can you refuse my application? If I am ready to invest in energy, which the whole country, the whole world is talking about, and you are not ready to give it to me. I’m investing, I’m not asking you for capital investment. All I’m saying is, give me an alternative source of energy. You cannot refuse it. To me, it is my fundamental right? And yet, for years we’ve struggled. Even court orders have not been listened to. We have not got anywhere.



**MANISHA SAXENA:** Every state has its own laws. There are some states which just don’t have any laws pertaining to generation of solar energy. But a lot of states have this INESCO???? scheme where you don’t even have to invest. There are solar service providers, some states have a cap on it, some don’t. Specific instances with state governments, I would be happy to sit together, resolve with them. And with the Ministry of Renewable Energy, we have a very dynamic secretary in the Ministry of Renewable Energy.

So please let me know the specific instances because these things are best solved as a specific case. But yes, on the policy front, we would be happy to do a policy paper because government approach is what we are looking at in terms of development of tourism.

**NAKUL ANAND:** And sorry to reiterate this point, but we all talk of sustainability. We’ve heard about sustainability, we’ve heard about ban of single use plastic. We heard about recycling of water become water positive, et cetera. None of these have the carbon footprint that energy has. And that is not in our hands. We are ready to get invest into it, but we need the approvals.

With that, I move to tourism. I think Manisha ji spoke about tourism. She spoke about Swadesh Darshan 2.0. We are aware of the PRASAD scheme. We appreciate the efforts that were done in the G 20 signing of Travel for Life, and how tourism goals were linked to SDGs and the document that was produced. A number of other mentions that have taken place in terms of Mr. Kant mentioned the convention centres that are coming. No wonder India has set for itself a target of 2047 of \$1 trillion in tourism receipts. 1 million international tourists and 50 billion in domestic tourists may seem a dream, but it isn’t. These figures are founded, and I’ve personally been involved in some of these calculation.

These are founded on a very strong foundation. If I was to look at this, there was a fear post pandemic that business travel would not return. It is now expected globally, and more so in Asia Pacific. By the end of 2024, business travel would’ve surpassed 2019 levels. The Indian economy has showed remarkable resilience. Our estimated growth is 6.5 to 7%. We are well on our way to becoming the third largest economy overtaking Japan and Germany by 2027-28. Our optimism is confirmed by WTTC that estimates that 8.4% is what India will grow in tourism over the coming decade, generating some 19.4 million jobs. If I may quote a report, the Spring 2023 India Development update by the World Bank notes that India stood out as the fastest growing major economies, the second highest in G 20, and double the average for emerging economies. Therefore, I think that we are in line to realize our dream of a



hundred million tourists.

I now address each of the panelists and request them that if there's one aspect of tourism that they would request the ministry to take forward as our messenger and that we should work on, what would that be?

**SANJAY SETHI:** I'm going to focus on business travel. Especially the inbound foreign business travellers. I think my one-point agenda today, would be to urge increase in inbound flight seats for long haul flights. I think that's going to make a tremendous difference to our hotels and the inbound tourists.

**VIKRAM OBEROI:** I'll again go back to Mr. Amitabh Kant. I think what Incredible India did for promoting India as a destination in our key source markets was tremendous. And I think we really need to have an Incredible, incredible India 2. Mr. Kant talked about digitization and revamping that if we are to reach a hundred million foreign tourist arrivals in India, which is the goal you mentioned, then I think really promoting India in those destinations.

I'd also say it's really not the number, but also the quality. So, to me, whether it's a hundred million or not, but it's really the quality of tourism we get into our country is also equally important. So, the unintended benefits of promoting India, if people come to our country, they'll go back as an ambassador of the country. They look at investing in our country, which will help drive our economy, help drive employment, help drive growth in hotels. So, there are many, many benefits of doing this. We must do this in order to really succeed as a global tourism destination.

**NAKUL ANAND:** In other words, what you're saying is quality is important. I think it also addresses the issue of over tourism. And I think Mr. Kant, mentioned the same thing, the average realization for tourists is important.

**JYOTSANA SURI:** I think to boost that if the ministry of tourism could do some free visas. You know, there are neighbouring countries and you probably have a lot of examples of them, yourself Nakul, where free visas are given. And that really is a big draw. It's a big puller.

**NAKUL ANAND:** Was in Thailand day before yesterday, the crowds that were there at the airport, every flight from India was full. And it took a minute to clear the immigration because there's no question of even a visa on arrival.

**JYOTSANA SURI:** That's right. So, Thailand is one of the best examples that we can see people who have been travelling to Thailand recently are saying exactly the same. It's not for the visa that anyone's waiting for, it's just that the crowds are so immense. So, I think India could really



“I think there's been a tectonic change in the mindset of us as people on the wellness side, and how the priorities have changed on taking care of yourself, living a better life and living the now has become just so, so critical. Wellness is clearly going to be the big-ticket item. And these covers eating and restful sleep. It covers being able to do the necessary exercises and staying fit.”

### Sanjay Sethi

benefit if we were able to give free visas, to some countries, particularly from where we do have potential of foreign tourist arrivals.

**MANISHA SAXENA:** I wish it was that simple, but certainly this is something that we can look at. There has been a proposal for a Buddhist visa so that people who come to India can also travel to like other places where Buddhist sites are there. I'm sure this is something which we really need to consider. But I really don't know from an internal security point of view.

It is something that we can't take a chance with, but I think what we can do is have more targeted marketing for places and for areas of tourism, which are not so sought after. So, while everybody goes to Delhi, Goa and Kerala, how many people are going to the wildlife reserves? And there are some fantastic hotels there. It's not even that there are no properties. Look at Khajuraho. It has everything going for it, and yet the facilities there are not even utilized to 10%. So, I think there needs to be some targeted marketing. And one very important aspect of the targeted marketing would be business and leisure together. So, while people are travelling to India for business, we really need to have all those events mapped. What kind of people from which countries, what are their interests and what we can offer them





“I’ll just quickly pick up is that workforce is becoming more and more difficult to get. And what we’ve done is that we’ve actually gone the inclusive way. We have in our fold, about 12, I said I don’t call them survivors, I call them acid warriors. We have 150 people who are differently abled working for us. We have 200 people from the transgender L-G-B-T-Q-I community working for us. all of these things collectively help the sustainable formula that we are all looking for.”

### Jyotsana Suri

in advance? You are coming to India, you are attending a conference in Place A; this is what you can do. You are coming to Bangalore for a conference. You can go to Nandi Hills, you can go to Mysore, you can go to Coorg, et cetera. So those are the things that a person when he’s coming this side is able to plan in advance, what leisure activities they are ready to do, and probably even bring their families. I think that is one aspect that has been really not so well looked after in our entire planning. I was in Chennai looking at where the Port Trust has built a new cruise terminal building. And I was told that cruises come there, they are there, they’re docked there for entire 24 hours, but hardly 15% people come out because they don’t know what to do.

And if this is the case with Chennai, with Mahabalipuram and others all being within a driving distance and such beautiful drives, then I really don’t know what to say. Again, it comes to that micro level planning, and that is important because when an event is happening, we really need to see who the target clientele are.

The other thing is that while we have beautiful luxury hotels, what is the situation in the budget segment and what is the situa-



tion for the backpacker traveller? It is so difficult to find a clean bed and a clean bathroom for the backpacker tourist. And the way travelling is becoming a trend with the new generation, I think it is very important to cater to the needs of the backpacker, because today’s backpacker is going to be the luxury traveller tomorrow, and you really need to put a good impression on them.

And as travel is becoming more and more aspirational, we really need to look at the budget hotel segment also and make sure that the quality there. It may not have a luxurious sensibility, but a clean bed and a clean toilet is all people ask for.

So I think those are the things which we need to look at. I would also point out at, again, the G20, which I missed during my address. 60 venues, 200 conferences happened, and there has been a lot of capacity building at these venues. And when we talk of events, why just business events?



We could have art events, we could have literature events. People in these sectors are looking for newer places to visit, and these are the events we should be pitching for, however big or small they are, and take them to all the beautiful locales of our northeast India, to the coastal areas, to the islands also where volumes will not be so much, but the niche crowd and the high-end spending tourists would be much more.

**NAKUL ANAND:** So, would I be right in concluding that your ask from the private sector is to get into more budget hotels? Am I right?

**MANISHA SAXENA:** My ask would be to have capacity building for all kinds of hotels so that the staff there knows exactly what is the definition of a clean bed and a clean toilet and the luxury hotels should actually help the budget segment to arrive at that benchmark of quality.

**NAKUL ANAND:** Two additions to this ma'am, one is that land for budget hotels is not any cheaper than land for a five star hotel, right? Is there a way that land can be incentivized to encourage this? And we couldn't agree with you because at the end of the day, everybody would look at ROI and economics. If land cannot be subsidized, would there be other facilities that make the hotel project more viable, such as a higher FSI? Just the thought that I'm leaving with you.

**MANISHA SAXENA:** Yes, that again, brings us back to the industry status for tourism and the associated incentives, which again, as I told you is work in progress.

**NAKUL ANAND:** And, I come back again, I did mention that Puneet had mentioned infrastructure, which is the single largest ask of the industry. If you look forward, and we have got to think, we are talking of 2047. We are not too many years away, we are talking of a hundred million tourists, right? Which is 10 times what we are doing today, which means considering we are doing 70% occupancy today as a country average, we've got to create 10 times more hotels. If we were to look at 1.5 million branded hotels that we have, we have to have 15 million branded hotels. Where is the money for this going to come from? We are not asking for money from the government. All we are asking is that infrastructure status allows us lower interest and larger moratoriums, right and that is an industry ask that has been there for a long time. We will never achieve our hundred million tourists because we will not have the capacity. And capacity takes five to six years to build. We need to start this now.



“If you look forward, and we have got to think, we are talking of 2047. We are not too many years away, we are talking of a hundred million tourists, right? Which is 10 times what we are doing today, which means considering we are doing 70% occupancy today as a country average, we've got to create 10 times more hotels. Where is the money for this going to come from? We are not asking for money from the government. All we are asking is that infrastructure status”

### **Nakul Anand**

**MANISHA SAXENA:** My first and foremost thought would be that I think there is definitely a mismatch between demand and supply because there are state governments who want to lease out the lands that are being held by them. There are a whole lot of new roads being built to a whole lot of new destinations, which will need that kind of infrastructure. And I think as the Ministry, we would love to have that mismatch addressed. In fact, we were supposed to have a global tourism investment summit, which somehow kept getting delayed. But it is still very much a proposal and the industry status again, I would say that yes, you keep bringing me back to it again and again and again, but I would still continue to say that it is work in progress. We are working on it, and I hope to see some action soon.

**SANJAY SETHI:** I think like almost all public companies, the rise in market capital has been very rapid over the last one year or so. And Chalet's journey of 1 billion to 2 billion has taken only 10 months. And it's sort of similar with other hotel companies in the country today. Our vision is a lot more than that, obviously, but I think what differentiates us with most of the hotel companies is the model that we work on, which is a more investment heavy





model. So, we are investment heavy, we like large box hotels. We like deep markets and that's why we go and invest; and the other is the freedom of the brand because we as hotel owners have the opportunity of deciding where we want to be, the size and type of hotel that we want, and then we have the freedom of what brand works best for that particular hotel. And we are completely flexible on that. And I think the third thing that we've been able to do very well is sort of learn best practices from across the brands and hotels and institutionalize them in the Chalet portfolio. For instance, I think the learning is about guest expectation has been very sharp for us, and we are able to roll out very quickly what the guest truly wants and not necessarily what we perceive as luxury or service in our minds.

**VIKRAM OBEROI:** When we look at growth, we look at our guests and we look at our colleagues, and of course we look at shareholder value. And for all those three reasons, it's important to drive growth within EIH and its associated companies. For our guests we would like to, ideally for them to stay with us when they travel rather than anybody else. For our colleagues, we want to give them a career and growth, so that they can grow in hospitality, contribute in hospitality and grow their careers. And of course, there's a strong correlation between growth and value creation. So, for all these three reasons, growth is important.

The other thing I want say is that we don't want to look at growth for the sake of growth, but it's really quality growth. We would like to grow with management contracts and with

our own hotels. EIH touchwood has a very, very strong balance sheet, as does our other publicly listed company, EIH Associated, zero debt with large amounts of cash. So, we will invest in hotels. We will partner with others to grow both for the Oberoi and the Trident brands. And our vision is to open 50 new hotels, big and small across our country and overseas by 2030. So that's broadly our growth plans.

**NAKUL ANAND:** What are the three or four interesting developments, which are under construction?

**VIKRAM OBEROI:** So, we have a palace outside of Khajuraho, the Rajgarh Palace. We're opening another managed hotel with our partners who own our two Gurgaon hotels in Madhya Pradesh as well. That's going to be a 22 luxury jungle resort. We have a beautiful site in Bangalore, which is a mixed-use development. We can develop about 1.2 million square feet. So, we're working on that. We have another site in Goa. And in addition to this, we're pursuing various initiatives around going through management contracts with equity in both without equity in terms of simple, straightforward management contracts.

**NAKUL ANAND:** Dr Suri, expansion plans for the Lalit Hotels?

**JYOTSANA SURI:** So, we have to complete a hotel in Sabarmati, which is on the river. It's a beautiful hotel facing the river. We are foraying into the religious sector. So we have a beautiful piece of land in Chirtakoot following the Ram Trail. So, we are going into a religious sector completely, and we will be opening smaller hotels, not very large, small inventories, so that they can be well managed and they would be in the mid segment. So, the growth, other than the Ahmedabad Hotel, which is luxury five Star, the others are going to be in mid segment hotels, which we call the Lalit Traveller. We are also expanding our footprint by taking on management contracts. We have a company on board who's helping us to identify all these management contracts. So sooner than later, that would also be something that we would be looking at.

**VIKRAM OBEROI:** Additionally, I may add we are opening a, we in fact now midst of designing a hotel, which is a small hotel, an Oberoi luxury hotel in Gandikota in Andhra Pradesh. And this is a most beautiful place for other hoteliers. It's really the Indian Grand Canyon. And the reason I'm highlighting this is that perhaps others in this room would like to look at that opportunity if we can really partner with others to develop



the destination. There's a huge benefit for, for all of us, and it's really an unspoiled destination. I also didn't mention we're opening a hotel in Tirupathi, a wonderful site that would be a Trident.

And our Trident has undergone a change. Our Tridents were for foreign series and group travel. That's now not our prime focus. Our prime guest is the Indian traveler today, who has an increased propensity to spend, who spends more time in the hotel. We're also putting another Trident in Vizag as well.

EIH has the OCLD we run a learning program, but I think the opportunities for people in our country, or for young people in our country, in terms of careers, is tremendous, which is a real positive. But the challenge for our industry is to answer the question, how do we attract the same level of talent we were able to attract 20-25 years ago.

**NAKUL ANAND:** Do you feel there's a gap?

**VIKRAM OBEROI:** If I look at, you know I've been doing OCLD interviews now for a number of years. I look at many of people sitting in this room who have either come from the OBEROI programme or from the Taj programme and others. And I think just the sheer logic, that today there are so many opportunities that are available in India, we would be foolish to think that we are the only choice. And I don't believe we're the only choice. We used to, for example, at OCLD years ago, get many more people who were not from IHMs who had graduated from, from other academic programmes and joined OCLD. That's significantly changed. So really, my question is what do we need to do to attract the best and the brightest talent into our industry? Because that is going to determine our future as well.

**NAKUL ANAND:** I could not agree more with you. And before I conclude and wrap up this session, ma'am, are there any destinations that you believe that the private sector is not looking at, which you believe would be a priority?

**MANISHA SAXENA:** I would say that any number of destinations, but top of mind recall would be Hampi. Gandikota of course, Mr. Oberoi said that they have a hotel coming up. There are a lot of religious destinations where the whole mindset is that people will just go, have darshan, and come back. I think those are the places we really need to look at. I think all the 42 World heritage sites are the destinations of the future.



“There are a lot of religious destinations where the whole mindset is that people will just go, have darshan, and come back. I think those are the places we really need to look at. I think all the 42 World heritage sites are the destinations of the future. The other thing would be the Northeast, because I have worked in the Northeast and the biggest challenge is absence of a branded hotel.”

### **MANISHA SAXENA**

Of course, Agra is one of them. Delhi is one of them. But other than that, the other world heritage sites really need to be looked at and we need to develop. The other thing would be the Northeast, because I have worked in the Northeast and the biggest challenge is absence of a branded hotel. In Mizoram, while I was principal secretary of tourism, it was our endeavour to get at least one branded hotel and we were working on it. But that again, there are a whole lot of challenges. So, I think these are the demand and supply mismatches, which we need to look into.

**NAKUL ANAND:** One last question. We discussed during the last budget about the 50 destinations that were to be identified. And we had very clearly laid out the criteria as to how states could bid for those destinations and how those destinations would be shortlisted. How far are we into that?

**MANISHA SAXENA:** The list is available, the master plans are ready, and you'll be happy to know that the master plans also look at potential areas of private partnership for hotels, for other infrastructure, amusement parks, et cetera. That has very much happened. So, we have got more than a hundred proposals from states and we are looking at them. And 50 destinations out of that would also be the ones that we would go with. **DI**