

The new format paradigm: How hotel chains have recalibrated their portfolios (2019-2024)

The past five years have been one of the most transformational periods in modern hotel history. From the disruptive shock of the Covid-19 pandemic to structural shifts in traveler demographics and booking behavior, hotel chains have been compelled to rethink their portfolio strategies. The result is a rapid proliferation of new hotel formats—boutique, lifestyle, conversion-friendly, and niche resorts—that are redefining both development economics and operational performance.

Boutique Hospitality: Privacy as a Premium

Once niche, boutique hotels have moved to the center of growth strategies for leading chains. With 20–80 key footprints, design-led architecture, and immersive local positioning, boutique hotels deliver higher yields and faster recovery cycles than conventional upscale brands.

India Examples:

- ama by IHCL – Luxury homestays and villas for UHNW leisure demand.
- Storii by ITC Hotels – Small-format, culturally integrated boutique hotels.
- Zinc by The Fern – Eco-conscious midscale boutique brand.
- Brij Hotels by Clarks – Heritage-driven boutique experiences in offbeat destinations.

Performance Metrics:

- ADR premiums: 20–25% above independents in the same micro-markets.
- Recovery cycles: 12–15 months faster than urban upscale hotels post-pandemic.

- Payback period: 4–5 years versus 6–8 years for large-format developments.

👉 For investors, boutique hotels combine lower development costs per key with higher per-room profitability, making them a high-yield play.

Conversion-Friendly Soft Brands: Speed to Market

Soft brands have become the fastest expansion vehicle for global and Indian chains, offering owners the dual advantage of flexibility and scale. Properties retain their individuality while benefiting from chain distribution, loyalty ecosystems, and operational expertise.

India Examples:

- SeleQtions by IHCL – Aggressively expanded post-2020, curating character-rich hotels.
- Radisson Individuals – Driving Tier II/III city penetration with rapid conversions.

Economic Impact:

- Conversions made up 27% of new signings in India (2023).
- ADR uplift of 15–30% in the first 12–18 months post-conversion.
- Capex savings of 30–40% versus greenfield projects.
- Time-to-market compressed by 12–18 months, accelerating cash flow.

👉 For owners, conversion-friendly models improve IRR by reducing both capital outlay and ramp-up risk.

Lifestyle Hotels: Winning the Millennial & Gen Z Wallet

Chains are increasingly building lifestyle-focused sub-brands to meet the preferences of younger, experience-driven travelers. These brands emphasize

communal spaces, cultural integration, and digital-first convenience, while also unlocking stronger F&B and experiential revenue.

Global Brands Entering India:

- Moxy (Marriott) – Lobby-as-bar concept with compact, high-efficiency rooms.
- Mama Shelter (Accor) – Playful, design-forward spaces for families and social travelers.
- Tribe (Accor) – Affordable lifestyle brand with upscale design sensibilities.

👉 Lifestyle hotels expand non-room revenues and strengthen GOP margins by monetizing public spaces more effectively.

Resorts: From Seasonal to Year-Round Engines

The pandemic catalyzed a structural shift in leisure travel, remote working, and wellness-led tourism. Resorts, once seasonal, are now achieving more balanced year-round occupancies.

India Market Data:

- Average Length of Stay (ALOS): 2.1 nights pre-Covid → 3.4 nights post-Covid.
- Wellness resorts: 15% higher occupancies than pre-pandemic benchmarks.

👉 Resorts are now stabilizing faster, with stronger productivity and earlier breakeven.

Outlook: Format as a Financial Instrument

The last five years have proven that brand format is as decisive as location and management quality in determining hotel performance. For investors, the future will be defined by:

- Asset-light expansion models.
- Conversion-driven monetization with faster ramp-up.
- Premium-yield boutique and lifestyle formats as the new growth engines.

In today's market, format is no longer just a creative flourish—it is a strategic financial instrument shaping returns, valuations, and long-term competitiveness.