

The Indian hospitality market is growing in all segments

“India is in the middle of enabling travel for the common man in India, making sure we have not just hotels, but flights and experiences around India that we never had before. And this takes decades to really, truly get mature, but early results are so promising,” feels Jesper Palmqvist, senior director for Asia Pacific at STR.

The market in India is ever expanding and there is a sense of buoyancy which Palmqvist said he was really happy to see.

“I love looking at countries—that have gone through having only classic legacy stuff, and then start to transition—that have political stability, that have put in billions in infrastructure investment and then you start to see the effects,” he said.

Hotel rates were going up—unlike pre-pandemic—and people were super excited about it, but Palmqvist said this was also a good time to look at five year plans.

Speaking about India as a market, he said, “What stands out for the India market is the growth that is happening here. You were so early out of the gates, and there is growth in every segment, every class. When I look at all the other countries, most of them have growth, but they are behind on this one. Very few countries—and I would put Indonesia in that bucket— are now seeing strong returns around the country for 18 months”.

He felt it was also important now to look at regional markets in the country—you could no longer treat India as a homogeneous single market.

Speaking of the country as a source market for hospitality across the region which he oversees, Palmqvist said the early gainers of the Indian traveller—places like Phuket, Bali and Vietnam definitely see the potential.

“Indian outbound is a great customer. They're not Koreans in terms of receipts and spend per power, but they're better than many of them, better than the Scandinavian backpacks. This is a long term, slow, half speed, kind of growth that Bali has seen over two years now—up to 8-9 percent of their overall arrivals during the last peak season is from India, never had that before,” he said adding, “it’s a perfect displacement of a new source market because it’s never going to end. It will take time, but it will get there.”

There needed to be more connectivity from Indian second tier markets to these international destinations, not just from the hub, to tap the true potential of the Indian source market, he said.