samvad
Hospitality

We Chat
Mr. Kurian Varghese
AVP, Citrus Hotels

Featured Article
CRM and Brand Loyalty

Must Read
The Rise of Ecotels

June 2015

<u>**OUR VISION**</u>

"To nurture thought leaders and practitioners through inventive education"

CORE VALUES

Breakthrough Thinking and Breakthrough Execution

Result Oriented, Process Driven Work Ethic

We Link and Care

Passion

"The illiterate of this century will not be those who cannot read and write, but those who cannot learn, unlearn, and relearn." - Alvin Toffler

At WeSchool, we are deeply inspired by these words of this great American writer and futurist. Undoubtedly, being convinced of the need for a radical change in management education, we decided to tread the path that leads to corporate revolution.

Emerging unarticulated needs and realities need a new approach both in terms of thought as well as action. Cross disciplinary learning, discovering, scrutinizing, prototyping, learning to create and destroy-the mind's eye needs to be nurtured and differently so.

WeSchool has chosen the 'design thinking' approach towards management education. All our efforts and manifestations as a result stem from the integration of design thinking into management education. We dream to create an environment conducive to experiential learning.

Dear Readers,

It gives me great pride to introduce Samvad issues every month. Our Samvad team's efforts seem to be paying off and our readers seem to be hooked onto our magazine. At WeSchool we try to acquire as much knowledge as we can and we try and share it with everyone. I sincerely hope that Samvad will reach new heights with the unmatched enthusiasm and talent of the entire Samvad Team.

**Prof. Dr. Uday Salunkhe,
Group Director**

Here at WeSchool, we believe in the concept of AAA: Acquire Apply and Assimilate. The knowledge that you have acquired over the last couple of months will be applied somewhere down the line. When you carry out a process repeatedly it becomes ingrained in you and eventually tends to come out effortlessly. This is when you have really assimilated all the knowledge that you have gathered.

At WeSchool, we aspire to be the best and to be unique, and we expect nothing but the extraordinary from all those who join our college. From the point of view of our magazine, we look forward to having more readers and having more contributions from our new readers.

Samvad is a platform to share and acquire knowledge and develop ourselves into integrative managers. It is our earnest desire to disseminate our knowledge and experience with not only WeSchool students, but also the society at large.

Prof. Dr. Uday Salunkhe,
Group Director

About Samvad

OUR VISION

"To facilitate exchange of ideas that inspire innovative thought culture"

MISSION

To Dialogue

To Deliberate

To Develop

To Differentiate

As the student magazine of WeSchool, Samvad is greatly inspired by the words of Alvin Toffler backed by a strong vision of facilitating exchange of ideas that inspire innovative thought culture. Samvad is a platform for the next generation leaders to bring forth their perspective on management to the world and gives the readers an opportunity to learn, unlearn and relearn on a continuous basis.

The team of Samvad is driven by a set of strong WeSchool values which enable us to create a dialogue leading to knowledge gaining and sharing, to deliberate on the information, to develop a sense of creativity and differentiate our minds with innovative thoughts of tomorrow; today.

"Hospitality is about making your guests feel like they are at home, even if you wish they were."

Dearest Readers,

It gives me and the entire Samvad Team immense satisfaction to bring to you the latest issue of Samvad on the theme "Hospitality Industry".

Hospitality is as old as the civilizations around the world. The way the guests and travelers were greeted and cared throughout their stay formed important stories and opinions about the places and people. Hospitality is said to be the reflection of the culture and its people. It has always been the most important aspect for boosting the tourism of the place.

Hospitality Industry is vast. From Travel and Tourism to Hotels and Restaurants, from managing luxury services to organizing events many thing form the Hospitality Industry. The industry was estimated to be worth $6.8 trillion in 2013 with forecast to grow at 4.2% to 2022. The various industry verticals offer multiple opportunities in Marketing, Operations, Finance and HR. It's estimated to have 10.2% of the employed class having created 346 million jobs. This industry can be far from being overlooked.

In this issue of Samvad, we bring you excerpts from interview with Mr. Kurian Varghese (AVP, Sales & Marketing, Citrus Hotels) who gave us key insights of Hospitality Industry through his vast experience in this sector. Hope the interview adds lot of value to your reading. We have featured article titled "CRM and Brand Loyalty" that assesses importance of CRM in an industry which is all about customer experience.

We hope with this issue we provide you with different perspectives on this sector.I hope you enjoy reading this issue just as much as we did developing it. Do remember to write back with your valuable feedback and suggestions. We would love to hear from you on what you thought of this issue, and inputs, if any, to make it a more interesting and engaging reading experience. Stay with us for our upcoming issue on "FMCG" .

Until then...

Read Better to Know Better!!!

Best Wishes,

Aman Parakh

Co - Editor

Samvad - *Igniting Thoughts of Tomorrow*

Acknowledgements

Team Samvad would like to extend its heartfelt thanks to certain key members of the WeSchool family for their special efforts towards the making of this magazine.

We deeply appreciate the constant motivation & encouragement that our beloved **Group Director Prof. Dr. Uday Salunkhe** has always given us. His vision & result orientation has been the driving force in creating brilliant leaders and making WeSchool a name to reckon with, not only in India but also globally. His focus on the core values of Passion, We Link & Care, Result Oriented Process Driven Work Ethic and Breakthrough Thinking has formed the foundation of all the activities that we undertake as students of this esteemed institute.

We deeply appreciate the help and support given to us by **Prof. Deepa Dixit**. Her insight and expertise is our driving force to ensure the sustainability of our magazine.

We appreciate **Prof. Indu Mehta** for her help in selecting the best Marketing articles. She is a part of our core Marketing faculty at WeSchool.

The Finance articles were scrutinized by **Prof. Sapna Mallya** and we thank her for choosing the most relevant and informative articles.

We appreciate the efforts of **Prof. Jyoti Kulkarni** for selecting the most interesting articles in General Management domain.

The Human Resources articles were scrutinized by **Prof. Rimmi Joneja.** We thank her for choosing the best articles.

We would like to thank **Ms. Yashodhara Katkar**, General Manager - Liaison, WeSchool and her PR team for helping us to reach out to our readers. Also, we thank **Ms. Prachi Shah** and her team for helping us out in the website updates of Samvad

We are indebted to **Prof. Jalpa Thakker** for all her help and guidance in the making of Samvad. Her insight and suggestions have been of tremendous benefit to us. The Samvad Team would truly be incomplete without her.

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An Interview with Mr. Kurian Varghese

By: Team Samvad

(Associate Vice President - Citrus Hotels)

1. Please share with us your journey in the hospitality industry.

I started my Hospitality career in the year 1996 and so it's an amazing, adventurous and joyful journey of good 19 years. Over the past two decades I have had my hands on basic room sales, working on new markets, new hotel launch (with respect to sales), business development, owner management, international & domestic trade fairs, trainings, regional sales setup etc.

I have travelled throughout the country visiting new markets and have represented hotels at different locations. I have been always in the regional sales set up right from the beginning and now for the past 4.5 years heading the Sales & marketing for Citrus Hotels & Resorts pan India. Hotels get their business broadly from two segments – corporate & Travel Trade. My forte is Travel Trade.

2. What makes the Citrus brand special and has helped you remain consistent in service and quality?

As a hotel brand, our positioning is at the lower end of Luxury. However, we are very different from other brands in our space. Normally, most of the players in this space ignore the F&B side of hospitality. We rather feel that the F&B helps in building the image. We take our F&B quite seriously. This contributes almost 35 to 40 per

cent of our revenue at the unit level. We have a highly standardized F&B, and that is our strength. 70 per cent of our menu at our Coffee Shop – Biso - is standardised. We have a standardised Bar product in 60Ml, a Spa brand in "Paradisi', and 'Skilit', the Rooftop diner. Of course, regular guests to our properties might feel a certain level of monotony in our products, but from a business standpoint, the cost benefit of standardization far outweigh the negatives.

As a hotel company, we take extreme care of our associates and in still in them the brand ethos. We are not claiming to be the best paymasters in the industry, still the attrition level is less than 5 per cent in the company. We do five to six team building exercises for our associates annually, which helps in knowledge sharing, networking, building brand loyalty and above all the bonding. In our company, the real power lies in the units and not in the corporate level.

3. What are the key challenges faced by the hospitality industry in India?

Infrastructure development is still a major concern in our country. We speak about development of many tourist locations but still there are connectivity issues. We should focus on making the tourist or the business traveller reach their destination with minimum possible travel time and should have multiple mode of transport option.

For e.g. well known tourist destination like Manali still needs a stressful travel time of 12-14 hours by road from key locations like Delhi or Chandigarh.

Increasing domestic air fares are another hurdle in tourism promotion. At times a Mumbai – Delhi – Mumbai air fare is much higher than an international destination fare which encourages Indians to travel abroad rather than exploring our own locations. A foreign tourist may spend more travelling within India as compared to what he spends reaching India from his hometown.

As far as hotel projects are concern, India should uniformly follow a single window clearance for licenses and other documental process. A hotelier spends more time to get clearance on the project as compared to the time spent to build the hotel.

4. In the Budget for 2014-15, finance minister Arun Jaitley announced the government's intention to facilitate visa on arrival facility and creation of tourist circuits which in turn resulted rising interests of several foreign hospitality giants. How do you see the future with respect to the competition?

It's a good initiative. As of now this facility is granted to about 77 countries and at 16 different airports in India. However there is a small catch to this. This visa is called 'e-tourist Visa'. In this process a tourist has to apply for the visa online, pay the fee, and upload a photo. The visa is sent to the tourist within 72 hrs. It's actually not issuing of visa upon arrival.

As per the reports from CRISIL, and Bureau of Immigration, the country is witnessing increase in foreign footfalls as compared to last year, though the increase is marginal as of now. Countries like US, UK, Bangladesh are making good use of this facility while arriving to India. The foreign Exchange earnings have grown by about 6.5% over last year (as on May 2015).

While the current system requires the tourist to apply online in advance, I personally feel it will be more beneficial if the visas are granted when the tourist arrives at the Indian airport. This will definitely increase the arrivals. Its followed in many other countries. To keep us in competition with the other destinations we have to be tourist friendly with minimum formalities.

5. What are your views on government initiatives to promote the industry?

As part of governments initiative to promote tourism there are many steps taken as follows:

- E Tourist Visa (applying online from anywhere)
- Upgradation of airports, promotion of low cost airlines
- Safety of women tourist
- Cleanliness & Hygiene
- Highway facilities enroute to tourist places
- Trained language speaking guides

These are definitely encouraging and will put us high on world tourism maps. It is very important that all these initiatives see the light of the day. Good highways, cleanliness & Hygiene are of utmost important. More than anything else government should focus on making the country safe for tourist, especially women.

6. Increase in the no. Of players will create a large supply, how will this affect the ARR (average room rate) and bottom line of the existing players?

I would like to rephrase the term 'affect the ARR'. It should rather to be termed as 'price correction'. With limited options of neat, clean and hygiene accommodation facilities there are destinations which are exorbitantly priced. Hence more inventory in such locations only will get the pricing correct which will indirectly help the tourist to explore more.

Though we have many hotels at all the locations, India is still short of branded inventory in many leading cities or gateway cities. Tourist or professional travelers still look for branded inventories for safe and clean travel. In a city like Delhi the maximum branded inventory is about 13000. Next to this is Mumbai which is about 12000 rooms. This is much less as compared to a cities like New York where the branded inventory is close to 70000, Moscow is about 55000.

More and more branded inventory addition will force the existing players to keep their product updated and upgraded.

7. What are some key travel trends that you foresee?

Expansion of hotels by way of Management contracts is the trend now. Its an asset light model which more and more hotel operators are adopting. This is followed by both Indian and foreign hotel companies.

Like the new start ups even in the hospitality Industry we are seeing new initiatives like OYO rooms, ZO rooms etc. These are online consolidators trying to pick up smaller inventories at multiple locations. The only problem I see in this model is lack of uniformity in product or a mixture of multiple branding. However, customers are benefited by way of getting affordable accommodation.

International travel is increasing majorly due to cost factor. A Trip to Singapore or Dubai is much cheaper than a domestic destination and hence more and more travelers are inclined towards travelling abroad.

In terms of high paying segment, domestic market is the most emerging. They pay better than the foreigners and thus the focus is more towards this segment.

8. What is Citrus expansion plan for next 5 years?

We have a robust pipeline of hotels across India. From four hotels in 2010, we have grown to 15 hotels in the last five years. New hotel developments are in Pench, Nagpur, Alibaugh, and Munnar. Except Alibaugh, all other projects

are underway. We are also considering expansion of our Lonavala hotel. In the management portfolio, we have properties coming up in Hubli , Amritsar and Jodhpur. All these properties are expected to get operational by the end of this year.

We will be making our international foray with our first management contract in Sri Lanka. We are converting the residence of renowned Sri Lankan Architect, Geoffrey Bawa, into a hotel. It's a high-end luxury property, and we have taken it on lease. We also intend to expand our footprint to Dubai as well.

As far as expansion is concerned, we haven't set any targets. We consider every property as an opportunity and consider our owners as our partners. We want to work with owners who have patience as hotels have a gestation period.

9. What would be your suggestions for management graduates looking forward to join the hospitality industry?

I would encourage more and more management graduates to be part of this exciting industry. Its gives an opportunity to get exposed to the world and varied culture. A chance to meet people from different regions. The growth opportunities are immense with more and more international brands makings it presence felt into our country. Gone are the days when hotel management students were the only ones entering into hospitality. Today more and more aspirants from non hotel background make it to the higher levels and doing very well. Don't hesitate even if one has to start from the entry level. It only helps the person to make their roots stronger for a brighter future.

——-O——-

CRM and Brand Loyalty

By: Noha Sinha , MBA– HRM (2014-16), XIMB , Bhubaneswar

Introduction

Since time immemorial, the ancient Indian subcontinent has been a phoenix of pristine culture and tradition. A tradition that has been strongly embedded in its DNA even after thousands of years of cultural diversification. A plethora of tenets of the Indian culture lived up to this day are a result of getting passed on over these years, one of the most important of them being the principal saying 'Atithi Devo Bhava', which means that guest is like a God.

The same concept, this day, has been recognized and inculcated worldwide, in the view of providing best-in-class hospitality to customers by various businesses in fields like Tourism, Aviation, Hotels etc. As these businesses worldwide are growing in number, it matters to them to create a loyal customer base by ensuring customer centricity through state-of-the art Customer Relationship Management (CRM).

The CRM, has become an indispensable part of corporate hospitality today, and we would focus on how the hospitality with CRM has now become a multi-billion dollar industry, with all the opportunities that it offers, the risks involved, and the return on investment expected out of it.

India and the Hospitality Industry

Having said about the historical significance of hospitality in the Indian Culture, let us now focus on how has the concept seeped into the Indian Hospitality Industry, and where is the country going with it. Hospitality sector is a widely growing area in India and the world elsewhere. With the increase in the number of vendors in almost all of the customer facing service lines, the quality of service given to the customers widely depends on what the customer feels about the relationship with his/her vendor, and here is where CRM comes into picture. Though the hospitality is now a part of a lot of businesses, we would look into the growth of one of the fastest proliferating area in India: Tourism. `

Tourism has since long had its unbreakable bonds with hospitality, and the two together form a multi-billion dollar industry in India. The industry is on a rise, generating huge employment every year, becoming one of the significant sources of foreign exchange and a major player in boosting economic activity that helps local and hosting communities.

Statistically speaking, this industry is among the top 15 industries in India that attract the highest Foreign Direct Investment, accounting for around 7.8 billion USD of FDI in the last 15 years according to the data released by department of Industrial Policy and Promotion. The growth rate in foreign exchange earnings has been high, and touching a whopping 7.3% for 2013-2014.
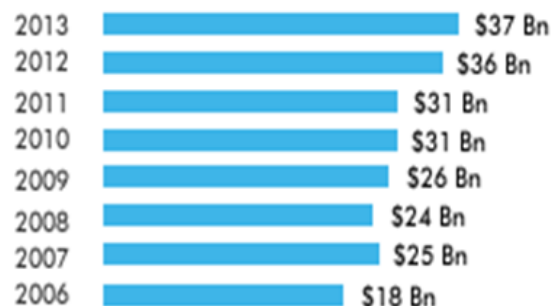

Fig1: Tourism and Hospitality contribution to GDP
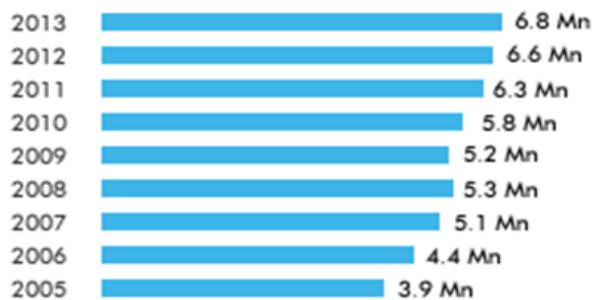
Image Source: Indian Brand Equity Foundation

Fig2: Foreign Tourists arrival

Image Source: Indian Brand Equity Foundation

The CRM Perspective

CRM in essence can be said to be a business strategy of adopting a federated approach to manage the valuable customer relationships. It preaches the propaganda of Customer-centric business philosophy and culture to support the various business functions like sales, marketing and service processes. With the right leadership and organizational culture in place, the CRM applications can enable an effective Customer relationship management that helps the business to achieve brand loyalty from the customers, and also to expand the existing customer base.

With respect to the hospitality industry, the basic product that the businesses have to offer remains much the same. Say in case of tourism and hotels, the hotel rooms across various parallel level hotels would be the same with similar amenities to offer.

The difference that one finds is in the soft offerings that the business makes, such as personal treatment, feedback based approach, and predictive analysis of customer needs.
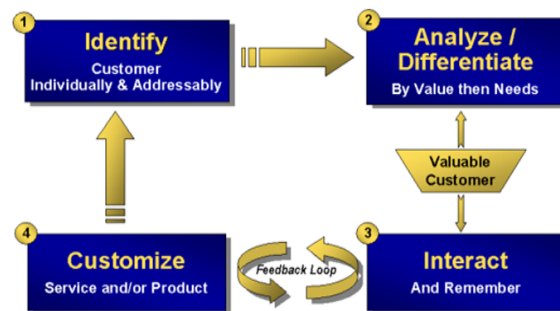
CRM Cycle

Figure 3: Steps in CRM Cycle

Image Source: brendlerassociates.Inc

CRM Categories

The CRM can be broadly divided into three categories: Operational, Analytical and Collaborative.

Operational: It represents the products and services sector and focuses on the customers who have the dependency on business processes that include Sales, Marketing, and Service. Business Process Outsourcing centers, data aggregation systems and websites are few examples.

Collaborative: This includes direct interaction with the customers that is done in order to understand their pain points, their feedbacks and underlines issue reporting. Interaction with the customers can be done through various means, and this is a great approach for improving the services offered.

Analytical: As the name indicates, this is centered around analyzing the data from the customers for various purposes. It general, it is used for the designing and execution of targeted marketing campaigns, optimizing the effectiveness of marketing.
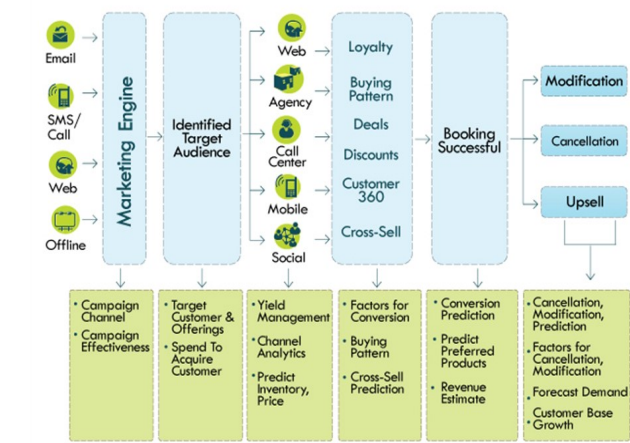

Fig 4: CRM implementation in Hospitality

Image Source: : Happiest Minds

CRM and Brand Loyalty: Key Aspects

Opportunities

CRM principles give immense opportunities in hospitality Industry by giving highly personalized service at each customer touch point which delivers comprehensive view of the guests.

Challenges

The challenges that might hinder in reaping CRM benefits are in the diagram.

Return on Investment

The short term benefits can range from saving of the mailing costs to doing away with an external marketing agency, by using the campaign management solution. The long term benefit would obviously be the creation of a lifetime value to the customers, ensuring their continued support for the brand.

Conclusion

Hospitality, with respect to various businesses today, can now easily be thought of an umbrella term that is helping businesses score over others in the ever-competitive business world.

The technological support from CRM helps to get data from various sources, and centrally process and maintain the same to generate reports that guide the businesses towards decisions such as what works best and what does not. With the intervention of less manpower, it can help to maneuver the businesses towards a thriving future with apt customer satisfaction while having full control and knowledge about the dynamics of the industry, thus helping in building and expanding the customer base, while also ensuring the brand loyalty.

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Hospitality– A Major Employer

By: Jaishree Charan, MHRM (2014-16), XIMB, Bhubaneswar

Hospitality Industry, one of the oldest trade endeavors, is growing at an unprecedented pace in India. It has strongly materialized as one of the key drivers of growth in our country among the service sectors. Contributing significant foreign exchange to the economy, this industry is considered among one of the highly profitable industries today. It is a sun rise industry emerging as a major employer. Being a vast employment generator, it can provide employment to a very wide range of employment seekers. From the unskilled job seekers to the specialized ones, the industry has potential to provide an array of jobs even in the remote parts of the country.

The size of hospitality industry in our country is broadly compartmentalized as a sum of the market shares of two major segments:

- Tourism: The revenue obtained from travel business is covered in this segment. It includes adventure tourism, healthcare and medical tourism, pilgrimage tourism, rural tourism, heritage tourism, ecotourism and wildlife tourism.

- Hotels: This includes revenue acquired from the hotel business including business hotels, resort hotels, conference and convention centers, timeshare hotels, suite hotels, airport hotels, apartment hotels, timeshare hotels, extended stay hotels and casino hotels.

According to data released by the Planning Commission of India, the hospitality industry in India is the second largest employer in country providing ample employment opportunities to a wide range of job seekers. Contributing 6.23 percent to the national GDP and 8.78 percent to

country's total employment, Indian tourism and hospitality sector has risen as a booming industry. By 2015 end, the Indian Hotel Industry is expected to grow up to Rs 230 billion at a CAGR of robust 12.2%. Functional growth, constant transformation and improving standards have helped the hospitality industry gain approval all over India. One of the most remarkable features of hospitality sector in India is it being a vital source of foreign exchange for the country. The statistics released by Department of Industrial Promotion and Policy (DIPP) indicate that the amount of FDI inflow during the last couple of years in Indian hospitality sector was more than USD 600 mil.

Foreign exchange earnings from tourism in India

Total foreign exchange earnings from tourism grew to US$ 18.1 billion in 2013.

FEE FROM TOURISM CAGR 11.7%

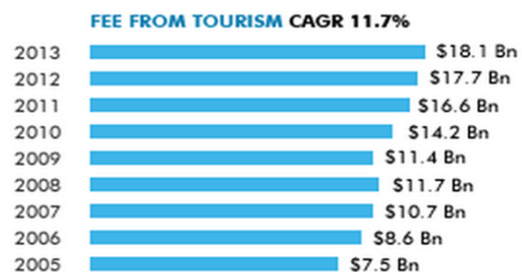| Year	Earnings
2013	$18.1 Bn
2012	$17.7 Bn
2011	$16.6 Bn
2010	$14.2 Bn
2009	$11.4 Bn
2008	$11.7 Bn
2007	$10.7 Bn
2006	$8.6 Bn
2005	$7.5 Bn

Image Source- <http://goo.gl/Rt1uHf>

There are many foreign players in the country's hospitality sector who have marked their presence strongly. These companies include foreign companies like Accor, Banana Tree, Starwood, Amanda, Marriot, Cabana Hotels, Hampton Inns, Premier Travel Inns (PTI), Mandarin Oriental and many more. The Indian companies leading in hospitality industry include Tata Group's Indian Hotels Company (IHCL), East India Hotels, Radisson Hotels, Bharat Hotels, ITC, Hotel Leela ventures and Asia Hotels. Group's Indian Hotels Company

(IHCL), East India Hotels, Radisson Hotels, Bharat Hotels, ITC, Hotel Leela ventures and Asia Hotels.

Employment Generation

The hospitality sector creates more jobs per million rupees of investment than any other sector of the economy. The sector's immense employment generation potential has been highlighted by the World Travel & Tourism Council (WTCC), saying that the country's travel and tourism sector is expected to be the second largest employer globally.

Year	Employment (Lakhs)
2011-12	43.84
2012-13	47.26
2016-17	63.79

Table Source- Author

While the above numbers indicate direct employment provided by the hospitality industry reflecting employment by travel agents, restaurant and leisure employment, hotels, or other passenger transportation services, the total contribution which includes both indirect and induced effect is expected to result in a multiplier impact on the economy resulting in larger employment generation. Applying this multiplier impact, it is inferred that for every job supported by hospitality and tourism sector directly, an additional 0.6 job is supported in the economy considering the induced as well indirect effects of tourism and hospitality. But by the very nature of hospitality as a service industry, the quality of manpower is inevitable for its successful operation and efficient

management. In India, the shortage of skilled manpower poses a serious threat to the booming hospitality sector. There are only 52,000 professionally trained people available against the industry's need for 583,000 which is further expected to go up to 754,000 in coming years according to government.

If the situation persists, the hospitality sector may face two key challenges- 1) Rising cost of employees and 2) Need for hotel companies to increase the capacity of their in-house training programs. The cost of employees has risen by 10-15% and is expected to rise as much 20% year by year. According to industry professionals, there is a wide scope for improving training and reducing the skill gap. The gap between the supply and demand of skilled manpower in the hospitality sector also poses as a potential threat to the long term development of the industry. Despite the availability of various training centers, researches indicate that at both the operational and managerial level there is dearth of qualified professionals. The unorganized hospitality sector in India largely employs untrained manpower. The sustainability of growth of this sector would be ensured by developing effective strategies for the development of host community, tourists and most importantly for the human resource and personnel involved.

Studies indicate that the major chunk of manpower in hospitality industry in India employs people less than 40 years of age and 80% of the employees work in the key hotel functions such as F&B, housekeeping and front office. Across these functions, there is an increasing salary gap between the employees in star hotels as compared to their counterparts in other hotels. The turnover rate for employees in the star category hotels is currently at 11-12% whereas it touched 20% in other hotels. In order to reduce the turnover rates and increase organizational effectiveness, hospitality industry

can employ competency based personality tests to select employees that are service oriented and performance driven between employee performance and customer orientation. Also, competencies such as ability to handle pressure, customer orientation were found to be strong indicators of performance with a degree of correlation of 0.44. Thus, these factors contributed largely to employee performance thereby improving the quality of services. Along with these if personality tests are conducted to complement the traditional screening process, it would result in a highly effective workforce in the hospitality industry.

Researchers have concluded that for functions such as front office roles, F&B and sales there was a high correlation between employee performance and customer orientation. Also, competencies such as ability to handle pressure, customer orientation were found to be strong indicators of performance with a degree of correlation of 0.44. Thus, these factors contributed largely to employee performance thereby improving the quality of services. Along with these if personality tests are conducted to complement the traditional screening process, it would result in a highly effective workforce in the hospitality industry.
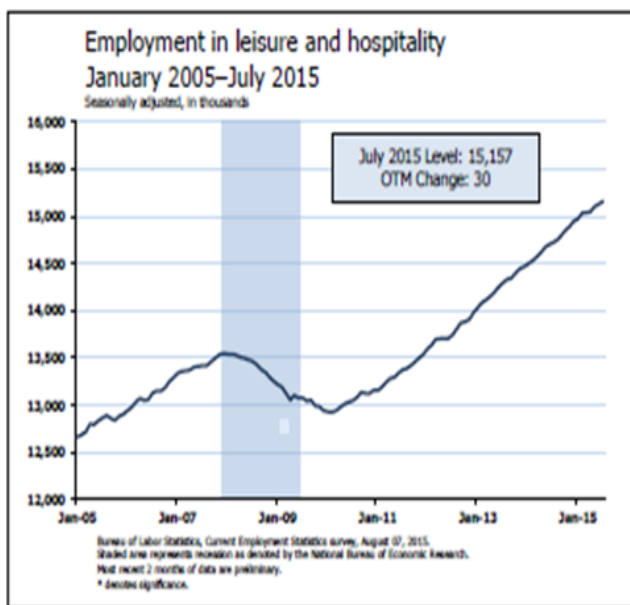

Image Source- <http://goo.gl/foa3FX>

Road Ahead

The growth prospects for India largely depend on the service sector in which hospitality industry would act as key provider of jobs. India's rich geographic, natural, artistic and cultural diversity offers enormous opportunity for the growth of hospitality and tourism industry. The aggressive promotion and marketing measures taken up by the government will also help aid the growth of hospitality sector. ICRA rating agency estimates the expected revenue growth of hospitality industry in India strengthening to 9-11 percent in 2015-16. Focused marketing and promotion efforts, growing recognition of contribution of tourism and hospitality to employment and economy, growing intra-regional cooperation, availability of better infrastructure, effective public private partnerships and liberalization of air transport would lead to better growth of the industry over next decade. Renewing HRD practices at both the micro and macro level would lead to unparalleled growth of the industry.

There is a surge in the number of young Indians joining the hospitality sector workforce. To ensure that they are employable, government has established National Skill Development Corporation, which would act as a nodal agency working in collaboration with private sector. Emphasis is being laid on training through the Indian Institute of Hotel Management (IIHM) and other skill development schemes. NSDC has tied up with around a dozen institutes to provide training and there is renewed focus on skill development by the government. With these growth trends, it is expected that the Indian hospitality industry would attract more than USD 12 billion of inbound investments in the next couple of years.

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Dynamic Packaging

By: Nikhil Kumar, PGDM (2014-16), WeSchool, Mumbai

"People don't take trips, trips take people."

– John Steinbeck.

This saying of yesteryears might just succeed in ringing a bell, and flooding the mind with childhood memories of our parents, and the years gone by. One such sight is what most folk have had, at least once in their lives, the sight of a mother and father, huddled over a telephone, listening intently, to the man popularly known as "the agent". The smaller the town, the more probable it would be, that every time your family thought of taking a trip, the same man, managed the booking of your tickets, your hotels, your itinerary, and so on.

How we would sweat and toil over making our lives match with that of the holiday package offered by our travel agency, buttering up bosses, teachers, and the lot. We would change our dates, our hotels and our conveniences, to suit the package offering at times.

But then came the internet, and with it came websites like "trivago", "expedia" and so on. And now, the world knew, that even if it was a one way trip to hell, you could probably buy it online at discounts unheard of as compared to those offered at brick-and-mortar agencies, but you could also choose the way you wanted to get there. Complete transparency and control, returned to the user, within a decade of high innovation.

The beginning of the age where bookings of "e-holidays", were not an alien phenomenon, after all, it just meant that everything from the flight, to the route, to the hotel, and even the menu, could be controlled from a screen, thousands of miles away. Thus was born "dynamic packaging", a brilliant concept, explained most simply as, "the shot in the arm the internet gave to the travel industry".

By definition, "dynamic packaging" means, travel technology used in package holiday bookings enabling consumers to build their own unique package flights, accommodation, and car rental instead of purchasing a pre-defined package. Dynamic packages differ from traditional package tours in that the pricing is always based on current availability, escorted group tours are rarely included, and trip-specific add-ons such as airport parking and show tickets are often available.

Dynamic packages are similar to them in that often the air, hotel, and car rates are available only as part of a package or only from a specific seller. It utilizes the automated recombination of travel components based on the inclusion of rules that not only dictate the content of the package but also conditional pricing rules based on various conditions such as the trip characteristics, suppliers contributing components, the channel of distribution, and terms of sale. Dynamic packages are primarily sold online. But an increasing number of websites are using telephonic communications to retail their packages, which stands testament to the lucrativeness of the idea.

Dynamic packaging needs to be dynamic at several levels, to be referred to as such. Firstly, inventory is sourced in real time conditions, which means the packaging solution will source flights, accommodation and car rental components for the package in real-time. Secondly, these components are dynamically combined into packages. Thirdly, the package is dynamically priced and is usually given an opaque total price. This may ring alarms bells in the minds of some consumers, because price transparency is also an important yardstick on the basis of which the new-age consumer often bases his choices for service consumption.

Dynamic packaging thus serves as the unifying factor between business/service information and consumer behaviour, since it aggregates information from both ends, and relies on the customers previous experiences to deliver customized solutions, thus relying heavily on predictive analytics as one of its main weapons.

To get a clearer idea of what we are talking about, let us use the "Mcdonalds v/s Subway" example.

e.g: 'Mcdonalds', one of the worlds leading fast food chains, operates on the principles of product consistency, low lead time, and lean staffing. It has a typical menu, where dishes aren't really changed about, when the ingredients arrive at the kitchen, they are loaded into temporary stores, and are injected into operation ad-hoc, by a limited amount of people. The amount of customization that is possible on a persons order in mcdonalds is also very limited, "cheese", is probably the only word the customer has to say, apart from the name of his chosen delicacy. But then it is a fast solution to the ever present problem of hunger and the demand for 'quick service'. This is an antithesis to what the concept of "Dynamic Packaging" is all about.

'Subway', on the other hand is a fine redition of our concept in a culinary context. All ingredients are fresh, often stocks are replenished in front of your eyes, multiple times in a day, the menu has both the modes, "standard recipes", or just "make your own sub", where everything from the type of bread, to the meat, to the dressing, to the vegetables and individual sauces can be tailor made into a unique combination to suit your palate. Customization at every level of the formation of the product, delivered to you in the same quick manner that all fast food restaurants do.
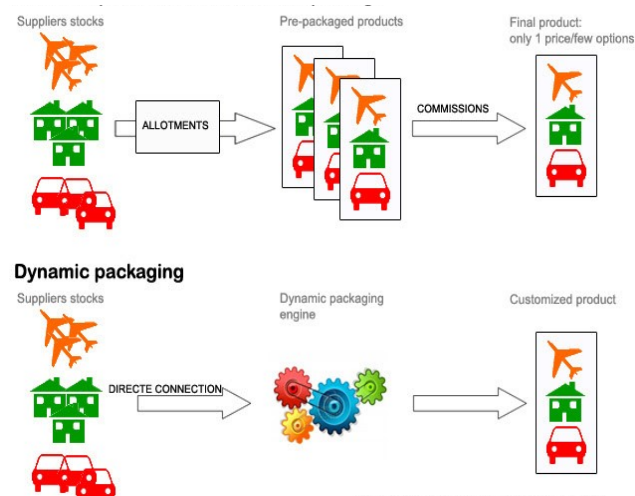

Image Source - www.kraukoblog.com

This is exactly what dynamic packaging enables, a free consumer, connected to an even more free world. No longer will they visit "Kalka" enroute to Shimla (representative example) just because it's on the "itinerary", they would rather just skip it out, since according to them, there is really nothing to see there, or do there. Afterall, Google hides very less from the modern consumer, and reviews and travel blogs tell them all about the place, before they even get there. So why should they adjust? They would now choose an added destination or journey fragment, with the time and money saved, resulting in more smiles. They would also choose whether they would prefer to ride uber or ola or meru, or a local tourist cab provider, within the city/region they visit, and further, they would even customize their very meals taken on a daily basis as part of the tour.

Considering that in the not so distant past this service was not available to a large mass of people, this could be considered as a classic implementation of "long tail" strategy by the many tourism related websites in the world, and in India.
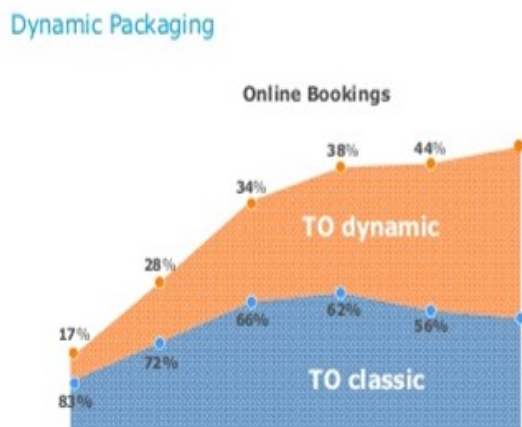
Dynamic Packaging

Image Source : Traveltainment.net

To a world where mobility is increasing multi-fold, and the landscape of service providers is ever growing, dynamic packages serve to connect not only large multinationals conglomerates with the customer, but also the local tea stalls around the small high altitude lakes of Ladakh, as nothing serves the cause of visibility more than word of mouth, and customer to customer recommendations. If your neighbour visited something cool in Ladakh, why don't you do it as well? Just use a travel website which has such packages and take control of your journey and your destination, and travel without any hassle, wherever you want to go, the way you want to go.

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Hospitality Industry: Opportunity with Hidden Challenges

By: Prajakta Ninale , PGDM(2014-16) , WeSchool, Mumbai

In recent years, Indian tourism and hospitality industry has emerged as one of the fastest growing industries in terms of capital invested, foreign exchange earnings and employment generation. It helps the developing countries like India in generating foreign exchange earnings and resolving the problem of employment of its ever-growing population as it is considered as highly labour intensive service industry, where the employment investment ratio is higher than any other industry.

India has an excellent opportunity to benefit from the recent government initiatives such as e-visa facility, electronic travel authorization (ETA) expect a doubling in the FTA in India. In the light of such a scenario, the placement of hotel industry in the lowest slab of GST would be a welcome move as the industry is already suffering from high real estate costs, insufficient skilled labour, multiple taxation, increased competition and higher buyer bargaining power.

In 2014, the industry contributed Rs7.64 trillion and 36.7 million jobs to the Indian economy. By the end of 2015, the travel and tourism sector will contribute Rs8.22 trillion or 7% of India's gross domestic product (GDP) and 37.4 million jobs—almost 9% of total employment.
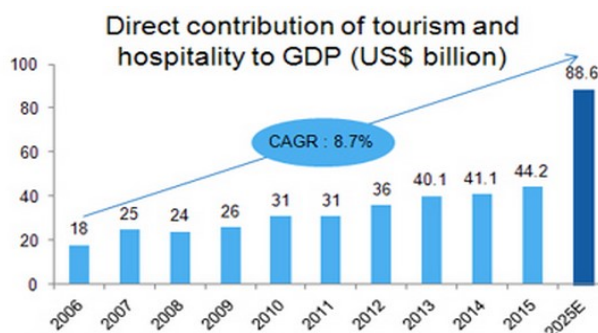

Image Source : World travel and Tourism Economic Impact 2015

The Goods and services tax bill has come as a pleasant news for the hospitality industry with elimination of multiplicity of taxes such as entertainment tax, Luxury tax, VAT and service Tax provided the effective tax rate is maintained under minimal percentage. Considering global competitive environment in this sector tax regime plays a crucial role in the advancement and growth eventually attracting more global customers and contributing to countries economy.

Leveraging analytical capabilities in hospitality industry

New technologies and innovations have permeated the hospitality industry and upped-the-ante in quality and efficiency for products and service offerings though hospitality has been historically viewed as a slow moving industry recent technology integration and evolving customer needs have created a significant shift; Analytics being a powerful tool in driving intelligent and real time insights provides greater understanding of customers and markets, and that understanding yields better customer targeting, improved pricing, innovative products and superior growth in both revenue and profits.

In this digital era, Analytics plays crucial role in evaluation of the benefits by further leveraging the social media channels as a source of huge data. For instance in case of travel and tourism the shopping experience has evolved through sites like makeMytrip, yatra.com, which converge a variety of data such as location preference, price, customer reviews & what

exactly is customer looking for (adventure, family activities, night life etc.).

Analytics will further allow hoteliers to link these types of feeds with their own internal hotel and guests' data for broader analysis and eventually anticipating customer's needs in advance and will be in a position to take action accordingly.

Key factors influencing growth in India:

- 100% foreign direct investment allowed through automatic route in hotel and tourism sector

- Significant rise in the disposable income

- India being diverse country with 30 world heritage sites, 25 bio-geographic zones and cultural heritage attracts ever increasing number of tourists every year

- Government initiatives such as visa on arrival, further improvement in infrastructure like airports, railways, ports etc.

- Renewed focus on skill development in the travel and tourism sector with the establishment of 21 government run hotel management and catering technology institutes and 14 food craft institutes.

- Introduction of new category of visa – medical visa (M visa), to encourage medical tourism in India.

- Diverse portfolio of niche tourism products – eco-tourism, cruises, film, medical, adventure, sports, religious and rural tourism.

Image Source : www.fairtrade.travel

Key financial challenges:

The tourism industry is cyclical in nature and highly susceptible to macro-environmental changes. Hospitality industry is amongst the first to get impacted by an adverse environment and also the last to recuperate. Apart from these challenges this industry also faces issues such as Fluctuating sales volume, Reliance on discretionary income, multifaceted industry, Labour & Capital intensive which eventually have greater impact on the profitability. Graph below depicts impact of various situations on the occupancy rate (OR) and the average room rate (ARR) of hospitality industry.
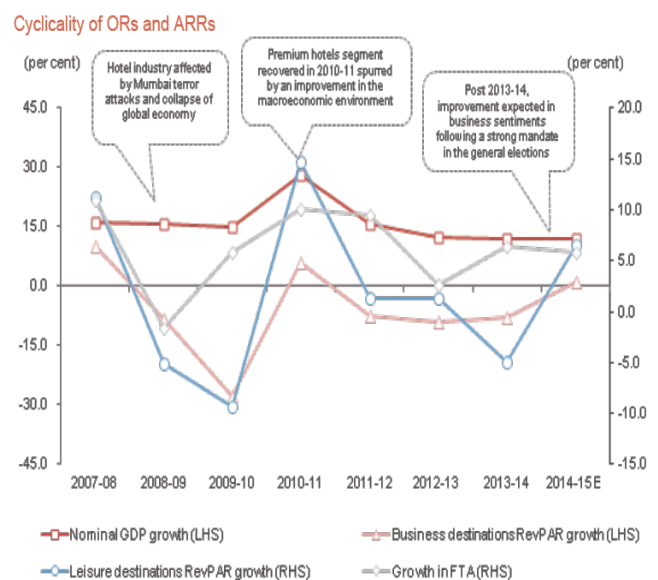

Image Source : www.crisilresearch.com

Summarily, the Indian government with lot of initiatives trying to open new opportunities in this segment, certainly is more optimistic about the growth aspect of this sector as whole. However, anticipation of customers' requirements and reacting accordingly with effective cost management will drive the success in long run.

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The Rise Of Ecotels

By: Jatin Nigam & Ruchita Sen, MBA (2014-16), NMIMS, Mumbai

Tourism has become a prominent industry in India. Foreign tourist arrivals increased by 10% in 2014. Increased expenditure on advertising campaigns such as 'Atithi Devo Bhava' and 'Incredible India' has paid rich dividends. This booming tourism industry had a cascading effect on India's hospitality sector. According to a report by the World Travel & Tourism Council, the Indian tourism industry is expected to generate economic activity worth $121.4 billion and the hospitality sector possesses the potential to earn $24 billion in foreign exchange by 2015. The long term outlook on India's hospitality business remains positive for both the business and leisure segments because of the expected growth in the economy and the consequent rise in disposable incomes.

As the concept of Ecotels and green hotels gains popularity worldwide, hoteliers in India are also adopting green practices and are setting up environment friendly hotels. As per Accor Asia Pacific Business Traveler Survey 2011, 66% Indian travelers preferred staying in eco-friendly hotels, with 62% even ready to pay an additional 10% for hotels having a better commitment towards environment.

An Ecotel hotel is defined as an accommodation or a hotel that has made significant environmental improvements to its structure so as to minimize its impact on the environment. Traditionally, because of their location in jungles, such hotels were presented as Eco Lodges. Today, this term has been widened to include properties situated in less natural locations that are investing in improving their "green credentials".

Obtaining an Ecotel Certification for a hotel implies that the hotel is totally environment friendly and follows balance of the environment at every stage of their lifecycle starting with the first phase - the design and construction. The hotel uses building materials ensuring adherence to ecological norms. The Ecotel in its next stage uses features and equipments that save energy, water and other resources. Adding to this is the revision in policies and procedures based on the green initiatives considered by the hotel. Lastly, effective implementation by the management and communication to its stakeholders – employees, customers, media, suppliers and shareholders is paramount for an Ecotel to conquer excellence and gain respect in the industry.

Each hotel applying for the Certification needs to fulfill some criteria and regulations set by the authorities before receiving the Five Globe Certification Award.

Criteria for Ecotel Certification

Ecotel Certification has its basis in five key areas of environmentalism and each one of them has been designated with a Globe Award. As a result, all these areas have been termed as the 'Cornerstones of Environmental Responsibility'. These 5 Globe Awards are:

1. **Energy Management**: Hotel has to be constructed and designed in such a way so as to maximize energy conservation. For example, using minimum amount of lighting for employees as well as guests.

2. **Water Management**: Effective and efficient conservation of water should exist at all levels in all departments. Water has to be recycled and utilized as a critical resource. Employees and guests should also contribute in the water   conservation efforts of the hotel.

3. **Waste Management:** The hotel should effectively manage and recycle waste wherever it is generated. A proper system should be in place for adequate collection, recycling and disposal of waste.
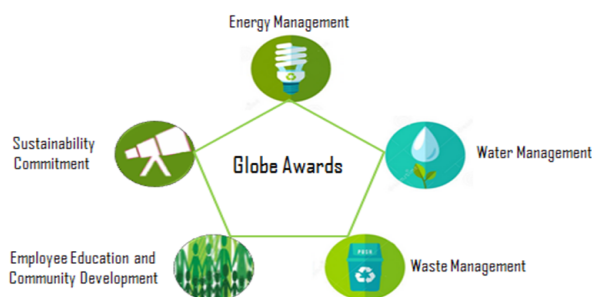

Image Source : Author

4. **Employee Education and Community Development:** The hotel should make appropriate training arrangements for its employees at all levels to acquaint them with eco-friendly routines.
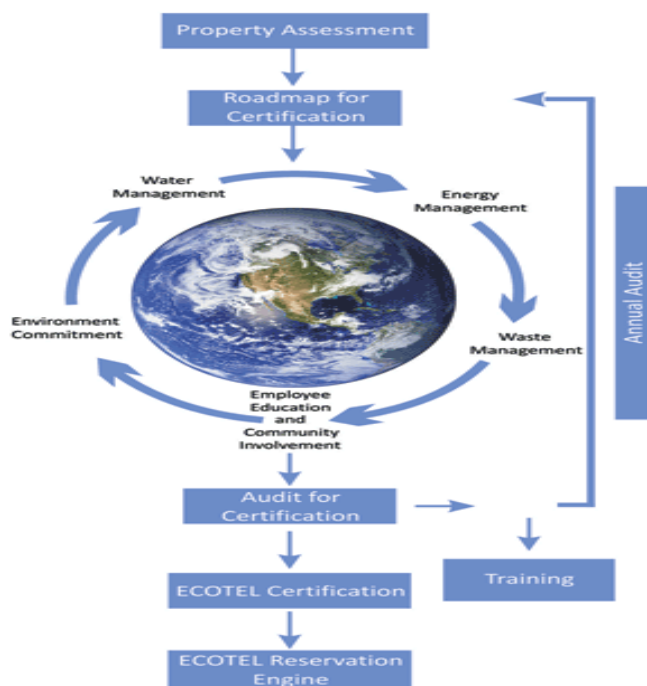

Image Source : http://www.hvs.com/article/

Parameter	Normal Hotels	Ecotels
Definition and Meaning	A hotel is a paid accommodation usually for a short period of time	Ecotel Hotels with their environmentally significant structures, are also described as 'Hallmarks of Environment Sensitive Hotels'
Key Objective	Maximization of profits with consumer satisfaction	Building a healthier environment besides maximization of profits and consumer satisfaction
Products Used	Branded products are preferred	Environment friendly products are chosen that cause minimum harm to the environment
Waste Materials Disposal	Waste thrown as garbage	Adequate collection of waste is followed by its segregation as wet and dry garbage which later get recycled
Hotel Construc-tion	Posh looking	Ecological norms are followed
Effect on the Environ-ment	Directly or indirectly harm the environment	These are eco-friendly hotels and help in maintaining the ecological balance.

5. Sustainability Commitment: The hotel's mission statement must highlight its dedication towards the environment.

A green hotel generally costs 15% more than a normal hotel during its construction phase. It incorporates facilities like the Sewage Treatment Plant, Compost, equipments and features like CFLs, Low Flow aerators, Fly ash bricks, double glazed glasses increasing the capital expenditure costs. However, the long term cost effectiveness make environment-friendly hotels an attractive bet.

The ROI (return on investment) depending on the hotel ranges from half a year to about 10 years. But, the savings are significant as the operational expenses are majorly reduced even with the fixed costs relatively higher resulting in better profit margins. Consider the Ecotel 'Meluha the Fern' in Mumbai – it yearly conserves about 68 MWH just by installing a Thermal Latent Heat Tank to the air conditioning unit, saving approximately Rs 9 Lakhs for the annual income statement. The total reduction in their operating expenses is 3.7%. Also, the smarter waste management technique of incorporating usage of jute baskets, stirrer sticks has helped the Ecotel Rodas save about Rs 1.9 Lakh per year.

Apart from the financial incentives, the Ecotels enjoy a host of benefits – incorporation of green materials/procedures in their value chain, better visibility and image promotion, higher staff morale and better hold of operating processes. The target customers include eco-tourists, concerned business travelers, and business leaders of companies following green initiatives. This effectively makes the positioning of the hotel easier to formulate and implement. Positioning as a leader in ecological conservation, many Ecotels have attracted huge interest from potential customers and received higher brand visibility.

However, there are critics to this proposition too. The non-certified hotels consider themselves equally discerning and claim adherence to green standards. Many consider the certification as a mere tool for strategic marketing.

Now, the real question arises –

Do Ecotels really care for the environment or is it just a marketing gimmick for them?

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Call for Articles

We invite articles for the July 2015 Issue of Samvad.

The Theme for the next month: July 2015 - **"FMCG"**

The articles can be from Finance, Marketing, Human Resources, Operations or General Management domains.

Submission Guidelines:

• Word limit: 1000 words or a maximum of 4 pages with relevant images.

• Cover page should include your name, institute name, course details & contact no.

• The references for the images used in the article should be mentioned clearly and explicitly below the images.

• Send in your article in .doc or .docx format, Font size: 12, Font: Constantia, Line spacing: 1.05' to **samvad.we@gmail.com. Deadline for submission of articles : 27'th July, 2015**

• Please name your file as: <YourName>_<title>_<section name e.g. Marketing/Finance>

• Subject line: <YourName>_<Course>_<Year>_<Institute Name>

• Ensure that there is no plagiarism and all references are clearly mentioned.

• Like our Fb pg: Samvad.WeSchool.Student.Magazine.

Samvad Blog

As said by Ann Morough Lindburg, "Good communication is as stimulating as black coffee and just as hard to sleep after." Samvad, which means 'to converse' in Hindi, is exactly the motive of our team Samvad. Our readers and writers are of utmost importance to us at Samvad. We don't like to interact with you only once when the issue is released. So, we thought, what next? Then came the idea of a blog - the ideal platform for meaningful discussion on a more regular basis. Hence, we present to you 'The Samvad Blog'. The Samvad Blog, as the name suggests is a blog dedicated to sharing of information, insights and opinions that allow exchange of some valuable ideas by stimulating your intellectual senses. It will include some interesting reads on management gurus, book reviews, and relevant articles among many other varieties of food for thought.

http://samvadwe.blogspot.in/

Don't forget to comment with your opinions. Always have a healthy debate we say! As progression lies not in agreement, but debate!

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