

HVS Monday Musings: Alternative Accommodation – Threat or Opportunity for Indian Hotel Sector?

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The pandemic has accelerated the growth of the alternative accommodations segment, which is disrupting the Indian hotel sector. Tired of being locked up in their homes for months, several domestic leisure travelers took road trips to motorable destinations, preferring to stay at vacation rentals, villas, or homestays instead of hotels for their first vacation after the pandemic because they provided more privacy and a private bio-bubble.

Even after all travel restrictions were lifted, many people still preferred alternative accommodations over hotels because they gave them the best of both worlds – privacy, security, flexibility, personalization, and convenience of a private lodging combined with the pleasures and comfort of a hotel, especially for those traveling in small groups or with families and pets. These evolving preferences have fuelled the growth of alternative accommodation in India during the last couple of years. Moreover, with the advent of the ‘work-from-anywhere’ environment, alternative accommodations at motorable destinations offering long-stay packages were able to capture customer share away from traditional hotels, thus, intensifying the competition between hotels and alternative accommodations. This has encouraged hoteliers to drive change and innovation to raise their game by incorporating some aspects of alternative accommodation that attract guests, such as authentic local experience, highly personalized services, and privacy.



Realizing that alternative accommodation is not a passing fad but is here to stay, new players, including hotel brands, are entering this segment, which remains highly unorganized in India, with very few branded hospitality players. IHCL, for instance, introduced the brand amā Stays & Trails to foray into the country’s fast-growing homestays market; and in the last two years has increased its portfolio in this segment to 80 properties at 40 destinations. Similarly, leading international hotel companies have already diversified into the vacation rental space globally and it is only a matter of time before they do so in India as well. However, the industry has only scratched the tip of the iceberg because the potential is enormous – from bed and breakfast facilities, homestays, villa rentals, and hostels to caravans and houseboats, among so many others – this segment has a lot more to offer to travelers and can help the Indian travel industry reach greater heights.

Summary

Post-COVID, travelers' interest in alternative accommodation products such as homestays and villa rentals has increased, intensifying the competition between hotels and alternative accommodations. Continue reading to learn more.

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Alternative accommodations can create a new revenue stream for hotel chains, helping them to attract new-age travelers seeking unique, highly personalized, and authentic travel experiences. Moreover, it provides them a financially attractive investment model, particularly for expansion in underserved leisure destinations, due to lower overhead costs and higher profitability than a hotel, which will also help in the holistic development and growth of the destination itself.

About **Mandeep S Lamba**



Mandeep S. Lamba, President – South Asia, oversees the HVS global hospitality practice for South Asia. He has spent over 30 years in the hospitality industry of which the last 19 have been in CEO positions. Having worked with leading International and domestic Hotel Companies such as IHG, Radisson & ITC Hotels, he also set up joint venture companies with Dawnay Day Group UK and Onyx Hospitality, Thailand to own and operate hotels in India giving him a broader exposure to the hospitality business.

An established industry leader, Mandeep has won several awards and recognitions in India and abroad for his accomplishments and contribution to the hospitality industry. He is a Certified Hospitality Administrator from the American Hotels Association (CHA), a member of the Royal Institute of Chartered Surveyors, UK (MRICS) and a member of the Tourism Council of CII (Northern India). His views are often solicited for television and print media as a spokesperson for the hospitality & tourism sector.

Prior to joining HVS in 2018, Mandeep was the Managing Director, Hotels & Hospitality Group for JLL.

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