

HVS Monday Musings: Brand Conversions – an Untapped Opportunity in Indian Hotels Sector

February 28, 2021 / By Akash Datta, Dipti Mohan



Hotel rebranding or conversion has been a growing trend in the Indian hotels sector. As a result, over the past five years more than 230 hotels in the country have been converted either from a standalone property to a brand or migrated from one brand to another. However, the rate of conversions has not increased much during this period. Brand conversions still constitute only 20-25% of the total signings in the country.

We expect hotel conversions, particularly standalone hotels joining larger brands, to gain considerable momentum in the next couple of years as both hotel owners and brands consider this proposition to tide over the current downturn.



From the hotel brand company's standpoint, conversion is a lesser risky mode of expansion compared to a greenfield or brownfield project, which have larger gestation period and can be marred by construction delays. In fact, in the last few years, hotel brand companies have created soft brands to facilitate the conversion of independent and boutique hotels that do not conform with their traditional brand standards. Meanwhile, the brand affiliation will help the hotel owner to improve the visibility of the property, resulting in higher occupancy and better financial performance.

Moreover, traveller preferences have evolved in the last one year, with health, cleanliness & hygiene being their top priorities. In this scenario a larger number of travellers now prefer to stay at branded properties as they trust them to be 'safe'. Standardised protocols implemented across their portfolio by different hotel chains give the guests a sense of confidence due to the consistency in hygiene standards.

As a result, independent hotels are likely to join brands to leverage their global distribution channels, marketing platforms, high-tech booking systems, and most importantly brand awareness, brand loyalty, guest confidence and trust. Conversions will be a win-win situation for both the hotel brand companies as well as owners, as it bridges the gap between the brand's expansion plans and the owner's cost concerns in the COVID era. Financial incentives to owners coupled with certain changes in the management agreements can further fuel the growth

Summary

Hotel conversions are expected to increase in India in the next couple of years as both hotel owners and brands consider this win-win proposition to tide over the current downturn.

[Comments](#)

FILED UNDER CATEGORIES

[Hotel Investments & Ownership](#)

[Hotel Brands](#)

[Hotel Companies](#)

[COVID-19](#)

[India](#)

of conversions in the country.

About **Akash Datta**



Akash Datta, HVS Senior Vice President - Consulting and Valuation, leads consulting engagements, encompassing market studies, feasibility studies, strategic planning, valuation, and forecasting. Akash has spent nearly 13 years in the hospitality industry having successfully worked with International Hotel and Consulting firms such as Hilton, JLL and HVS in South Asia and the Middle East. In 2005, Akash started his Consulting career with HVS as an analyst following which he undertook his MBA in International Hospitality Management with concentration in Real Estate Finance from IMHI ESSEC in Paris, France. Known for his industry insights, Akash works with leading companies, private clients, industry groups, and global networks. Contact Akash at +91 989 9517 404 or [\[email protected\]](#).

About **Dipti Mohan**



Dipti Mohan, Associate Vice President - Research with HVS South Asia, is a seasoned knowledge professional with extensive experience in research-based content creation. She has authored several 'point of view' documents such as thought leadership reports, expert opinion articles, white papers, and research reports across industries including hospitality, real estate, infrastructure, cement, and construction. Contact Dipti at [\[email protected\]](#)