

# Hyatt's grand vision for India

The American hotel major has a long-term growth plan for the country and aims to have its core brands represented in key cities.

A report by **Annamma Oommen**

**T**he Chicago-based \$6.5 billion Global Hyatt Corporation (GHC) is seriously looking at expanding its bouquet of brands in India. And the recent maiden visit of Mark S Hoplamazian, president and chief executive officer, GHC, to the country is an indication of this.

The 43-year-old CEO, travelled across major cities like Delhi, Hyderabad, Bangalore and Pune, and was struck by the rapid pace of hotel development in the country. Twenty-five years after the US hospitality major, one of the world's premier hotel companies, entered the Indian market (though GHC was formed in 2004, the Hyatt chain has been operating globally for 50 years) Hoplamazian is ready to step on the accelerator with projects planned from across the Hyatt brands.

Most major global hospitality chains such as Hyatt, Hilton, Accor, Starwood and Marriott are expanding across India and focusing on the upscale segment of the market especially in major cities or resort destinations. But attention is now also being given to bridge the gap in the mid-market and the budget sector.

Hoplamazian does not rule out India getting an Andaz (meaning personal style) brand property, Hyatt's newest addition to its global brand portfolio. The Andaz brand will express the personal style of the customer and the personality of the destination. It will be as environmentally friendly as possible, through various features that would in-



**HYATT REGENCY, KOLKATA:** The Chicago-based group is enhancing its presence in India

clude serving organic food and beverages and focusing on energy efficiency.

Part of the company's global plans include launching several hotels under the new brand this year, with properties already slated for New York and London, and others under discussion in places like Beijing and Moscow. "Our launch of Andaz is based on demand expressed by both consumers and developers for a product and experience that they have not found within the industry," says Anirban Sengupta, director, marketing, Hyatt India.

In developing the brand, Global Hyatt Corporation, owned by the Pritzker family of Chicago, is working with top archi-

itects and interior designers around the world to create environments that express the personal style of the customer and the personality of the destination.

"I feel that Hyatt is uniquely suited to bring this new brand to life because 'style', 'authenticity' and 'great service without attitude' are attributes that are a part of Hyatt's culture and heritage," explains Sengupta. The first Andaz will be in London, where the Great Eastern Hotel will be re-branded and repositioned following completion of a renovation in September.

The big bet though that the chief is putting is on the growing mid market segment, which in US parlance is known as the 'full facility limited service' called Hyatt Place. In fact, the hospitality chain recently bought over Summer Field Suites, an existing chain in the US and converted them into Hyatt Places.

"For Hyatt, the Place was a logical extension to our business," notes Hoplamazian. The ARR (average room rate) for a Place in the US is around \$100-plus and has been a growth area for the chain, world-wide. Hyatt Place was "inspired by the changing landscape of contemporary, multi-tasking business travellers, who have successfully adapted to today's '24/7 lifestyle,' merging personal and professional activities and balancing a mix of comfortable and functional amenities."

For India, Hoplamazian has identified 80 locations in Tier II and III markets. Incidentally, outside the US, India would

be the first location where Hyatt would launch the Place. Construction for all the Hyatt Place properties will be greenfield sites and the first one is expected to be ready in the next 18-24 months. While the US model follows a 130-room average, Hoplamazian says India will have smaller properties with 100-150 rooms, more localised and vary by market.

As part of its expansion plans, Mumbai, Pune and Goa will have more than one Hyatt hotel. Mumbai could see a Park Hyatt in association with the Dynamix Balwas Group and Trinity Capital.

Hyatt India has finalised 12 new projects across the Park, Regency and Grand Hyatt brands, and in another five years, is determined to have the Hyatt

coming in the metro cities.

“Our strategy is to be present in key cities and have our core brands represented in all of them,” points out Hoplamazian. “India has less first class five star hotels than say New York or Shanghai. We are very optimistic about the Indian market having a sustained period of growth as the investment is in human capital. Therefore, we are looking at the long term and planning our growth on a five-year vision.”

Though currently the BRIC (Brazil, Russia, India, and China) countries are not contributing significantly to the Hyatt kitty, the rate of development and growth in the next few years will see this grow substantially, says Hoplamazian.

rate of about \$200-\$250 at its hotels and resorts in India. Global Hyatt is one of the world’s top operators of full-service luxury hotels and resorts with more than 700 locations in some 40 countries.

Its core Hyatt Regency brand offers hospitality services targeted primarily to business travellers and upscale vacationers. The firm also operates properties under the names Grand Hyatt, Park Hyatt, Hyatt Place, Hyatt Summerfield Suites, Hyatt Resorts, and Andaz.

The domestic tourism industry has been buoyant for the past couple of years. The luxury hotel business is expected to grow at about 15-20 per cent annually over the next three years, say



Mark Hoplamazian



**PARK HYATT, GOA:** The past 12 months have been particularly good for Hyatt

brand name across at least 25 more properties. It currently has five hotels across India – the Grand Hyatt in Mumbai, the Hyatt Regency in Mumbai, Delhi and Kolkata, and Park Hyatt in Goa. These hotels have been established through the management route over the last 25 years.

Following the success of its first investment in the Grand Hyatt (which is around 50 per cent) Hoplamazian is looking at a mix of management contracts and equity investments. A lot of these properties would be looking at the new Central Business Districts (CBDs)

Hyatt group of hotels was the first to adopt the single currency single pricing route in January 2005, much before the Reserve Bank of India had warned domestic hotel companies against dollar mode of payment from Non Resident Indians and foreign tourists. Currently due to the intense dollar-rupee fluctuation, hotel companies are looking at adopting the single currency route by October this year.

The past 12 months have been particularly good for Hyatt, when the group enjoyed an average growth of 15 per cent in occupancy and an average room

industry sources.

Interestingly, the industry in India has outperformed counterparts in most other Asian countries. With revPAR (revenue per available room) growth of 35 per cent for the last several months, Delhi has the second highest revPAR in Asia – behind only Tokyo. India’s main cities, Chennai, Kolkata and Mumbai, are all seeing double-digit revPAR growth driven by average room rate increases.

Not surprising then that GHC and its chief, Hoplamazian, are bullish about India. 🌈