Impact Of Social Media And Future Prospects On The Hospitality Industry In India: A Comprehensive Analysis

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Abstract: This study has been undertaken to investigate the determinants of stock returns in Karachi Stock Exchange (KSE) using two assets pricing models the classical Capital Asset Pricing Model and Arbitrage Pricing Theory model. To test the CAPM market return is used and macroeconomic variables are used to test the APT. The macroeconomic variables include inflation, oil prices, interest rate and exchange rate. For the very purpose monthly time series data has been arranged from Jan 2010 to Dec 2014. The analytical framework contains.

Index Terms - Component, formatting, style, styling, insert.

I. INTRODUCTION

Abstract:

This comprehensive analysis explores the impact of social media on the hospitality industry in India and its future prospects. Social media platforms have become central in shaping visitor experiences, managing hotel reputations, and enhancing customer engagement. User-generated content on these platforms holds significant trust among consumers, often influencing their decisions more than official hotel information. The study emphasizes the importance of hotels actively participating in social media to connect with potential customers and monitor guest feedback. The Indian hospitality sector is adapting to provide high-quality services at competitive prices, with many hotels establishing dedicated social media management teams. Social media not only attracts new customers but also boosts customer loyalty, satisfaction, and word-of-mouth marketing. The paper highlights the impact of social media on hotel reputation through content generation, aggregation, and consumption, emphasizing the role of user-generated content. Furthermore, the study discusses how social media is an essential tool for marketing in the hospitality industry.
industry. It facilitates two-way communication with customers, contributing to brand building, public relations, and customer service. While measuring the return on investment in social media remains a challenge, many companies are increasingly using these platforms to promote their businesses. The paper also outlines specific ways in which social media benefits the hospitality sector, such as sharing information about hotel facilities, engaging customers through gamification, enabling just-in-time marketing, extending concierge services, and managing service recovery. User-generated content emerges as a powerful tool in hospitality marketing, as it showcases hotel facilities, builds trust, and raises brand awareness. Additionally, the research delves into the challenges and opportunities in the Indian hospitality sector, drawing from a report by CARE Ratings. It examines existing inventory, upcoming supply, and the performance of major markets in India, highlighting growth in occupancy rates, average room rates, and revenue per available room. In conclusion, social media continues to shape the Indian hospitality industry, offering opportunities for growth and engagement. As the sector evolves, maintaining a strong online presence and leveraging social media will be essential for sustained success in this competitive landscape.

**Keywords:** Social Media, Hospitality Industry, India, User-Generated Content, Hotel Reputation, Marketing, Customer Engagement, Occupancy Rates, Revenue per Available Room

**INTRODUCTION**

The hospitality industry in India stands at a crossroads, profoundly influenced by the digital age and the ubiquitous presence of social media. As travelers and tourists increasingly turn to online platforms to plan their journeys and share their experiences, the impact of social media on the sector has become undeniable. This comprehensive analysis delves into the intricate relationship between social media and the hospitality industry in India, providing a comprehensive examination of its multifaceted effects and the promising prospects it holds for the future.

In a period where user-generated content rules supreme, social networking platforms have evolved into vibrant centres that not only enable visitors to share their experiences but also function as crucial channels for hotels to assess their market standing. The viewpoints and evaluations of fellow explorers on these platforms possess a degree of reliance and impact that frequently exceeds official data presented by lodging establishments. In this circumstance, energetically participating with social media platforms is not simply a choice but a vital tactic for the hospitality sector to connect with potential patrons, amplify brand standing, and stimulate income.

The Indian hospitality industry has been swift to adjust to this digital evolution, with numerous hotels establishing specialised social media administration teams to guarantee consistent brand portrayal. The utilisation of social media not only entices fresh customers but also nurtures client allegiance, enhances contentment levels, and magnifies buzz marketing. This document scrupulously investigates the profound influence of social media on hotel reputation, highlighting the significance of user-created material through content creation, compilation, and consumption. Furthermore, social media has surpassed its function as a mere means of communication and transformed into an essential device for advertising in the hospitality sector. Whether utilised for promotional endeavours, brand establishment, public connections, or client assistance, social media is now an essential component of the business procedure. While measuring the return on investment in social media remains a difficulty, it is apparent that an increasing number of businesses are utilising these platforms to advertise their products and interact with their audience.

This investigation additionally examines the manners in which social media advantages the hospitality industry, incorporating the dissemination of vital data about lodging amenities, groundbreaking customer involvement methods, timely advertising, the expansion of attendant services, and efficient service recuperation strategies. User-generated content arises as a formidable marketing instrument, exhibiting hotel amenities, fostering confidence, and elevating brand recognition through the unedited perspective of contented patrons. Moreover, this examination relies on an all-encompassing document by CARE Ratings to clarify the obstacles and possibilities in the Indian lodging industry. It examines current stock, forthcoming supply patterns, and the performance of key markets nationwide, illuminating the expansion in occupancy levels, mean room prices, and income per accessible room.
SOCIAL MEDIA & HOSPITALITY INDUSTRY

There are a number of ways in which visitors, employees, and management might be affected by the parameters of social networking platforms. These sites provide a central hub from which ratings may be generated, tracked, and analysed in order to assess a company's standing in the market. In fact, consumers trust user-generated material on the internet more than they do information attributable to the hospitality establishment itself (Kwok & Yu, 2013). Using social media to connect with prospective customers is a great way for the hospitality industry to save money. Without investing in new technology or software, participating in these sites gives companies immediate access to engaged people. When a visitor chooses to join a social networking site, submit a testimonial, retell an event, or download material, the opinion of the posts will likely have an impact on the other users of the site. a lot more so than information found on a website devoted to a single firm or a single sector of the economy. (Ghosh & Sen, 2023).

Blogging is another widely used method of online communication and networking. The travel and tourism industry must now deal with the fallout from the fact that blogs may have both good and bad effects if they are not properly handled (Kim, Li, & Brymer, 2016). Web 2.0 is predicated on the idea that anybody may share media online for others to react to and comment on. UGC, or material contributed by users, has gained prominence thanks to Web 2.0. UGC is created by compiling information from a variety of online sources(Levy, Duan, & Boo, 2013).

Keeping a close eye on the comments that are made in relation to your company is a great way to take advantage of this trend. Social media interaction between hotels and their visitors has been shown to increase revenue, customer loyalty, and word-of-mouth advertising for lodging establishments. No review, no matter how favourable or negative, should be ignored since the hotel stands to lose just as much as it gains from guests' praise, ideas, and data monitoring if it ignores legitimate complaints(Navdeep, 2017).

India's hospitality sector is becoming more forward-thinking as it seeks to provide high-end services at reasonable prices. Most hotels now employ dedicated social media management teams to oversee all of their online profiles and ensure that their brand is consistently represented. New consumers may be attracted, existing ones engaged, satisfaction boosted, and retention boosted all thanks to social media. To illustrate how social media might affect a hotel's reputation:

**Content Generation**

For the hotel customers, stay in the experience and they tend to share experience regarding physical facilities (room, amenities provided) and level of service.
Content Aggregation

Travelers tend to update their experiences through Facebook, Twitter, and Yelp, etc. in real-time regarding their stay, visit the restaurant. The study has shown that 46% of customers post their reviews online. This generates a large amount of content on social channels.

Content Consumption

Reviews and posts of the customers tend to work as word of mouth for the hotels. Most of the customers depend upon word of mouth for selecting any hotel. 86% of the people trust recommendations of family and friends and 68% of the people depend on online reviews.

SOCIAL MEDIA & MARKETING

Today, social media is an essential element of every company process that involves two-way communication with customers. Whether it's for company promotion, brand building, public relations, or customer service, social media is an indispensable tool (Kumar & Shekhar, 2020). Before diving in, though, a common concern among companies is how to gauge social media's return on investment. (Ruparel, Bhardwaj, Seth, & Choubisa, 2023) concludes that 90% of marketers are utilising social media to sell their firms, and that 65% of those marketers have just recently begun or are in the early stages of their social media marketing campaigns. More than half of active social media users log in for more than six hours every week, and 12.5 percent log in for more than twenty. According to the current trends, businesses that have just recently begun utilising social media spend much less time on it than those who have been using it for a longer period of time. Most companies see an increase in foot traffic as the greatest advantage, followed by new business partnerships, higher search engine results, and additional lead generation opportunities.

Use of social media in hospitality industry

Figure 2 How Social Media Works for Travel Players

Sharing Information

In their numerous social media platforms, hotels will offer a variety of information with their guests. You may use Youtube to build a video library of the hotel, as well as a guided tour of the facilities that are offered and the attractions that are located in the surrounding area. In addition to this interview with industry professionals, members of the staff and consumers may be videotaped and published to YouTube. (Mukhopadhyay, Pandey, & Rishi, 2023) Flickr and Pinterest are two online photo sharing platforms that enable users to contribute photographs of the many regions of hotels and the communities that surround them. Facebook is a platform that may be utilised to disseminate the most recent information on the hotel's contents and deals. The primary benefit of sharing information via social media is that it reduces the amount
of traffic that is sent towards contact centres, results in improved user experiences, and assists users in making choices.

**Online Customer Engagement**

Hotels may engage clients online by generating buzz about the business via the use of gamification methods and competitions. These strategies can be used on social media platforms, consumers who actively participate in online activities are more likely to remain loyal to a business, which in turn leads to the creation of a feeling of community among those consumers. By providing users with a sense of competitive excitement, gamification tactics may enhance user engagement.

**Just In Time Marketing**

With the assistance of social media, hotels are able to practise just-in-time marketing, which consists of extending market offers and offerings to consumers in real-time. These market deals and offerings are personalised and contextualised to customers. Applications hosted locally are utilised extensively in the sector in order to promote products and services to clients in a manner that is relevant to the customers' present need. *(Kapiki, 2012)*

**Extending Concierge Services**

Instead of requesting assistance just at the reception desk, users of social media platforms like Twitter have the option to do so from anywhere in the building. Information may be obtained via the use of concierge services. Concierge services offered by hotels allow guests to submit queries on Facebook, where they will promptly obtain answers that are relevant to their inquiries *(Qalati, Yuan, Khan, & Anwar, 2021)*.

**Service Recovery**

The various social media platforms are often utilised as a forum for users to discuss unfavourable experiences or provide criticism. If appropriate action is not taken or recognised in a timely manner, the sharing of these unfavourable experiences might harm a hotel's image. When a service recovery effort is successful, and the customers feel better as a result, customer loyalty improves *(Kaushal & Srivastava, 2021)*.

**User-Generated Content Boost Hospitality Marketing**

How frequently do you go through your Facebook or Instagram feeds to look at pictures of your family and friends on vacation? They are inadvertently advertising their stays every time they tweet about the resort or upload a picture on social media featuring the hotel they are currently staying at. User-generated content is a sort of digital word-of-mouth advertising that might appear in the form of photographs, videos, tweets, blog entries, or status updates. In its most basic form, it may be seen as the act of brand promotion carried out by an unpaid contributor, also known as a fan. User-generated content (UGC) is a potent instrument that may be used by the hotel industry to strengthen their marketing efforts. Improving marketing for hospitality businesses may be accomplished using social media in the following ways:

**Showcase Hotel Facilities and Offerings**

Fans who share images from their stays at your hotel provide their social circle an exclusive view into the accommodations, such as their suites, as well as the common areas and amenities, such as the fitness centre and the swimming pool. They are providing their viewers a preview of what it might be like to stay at your resort when they snap a selfie of themselves poolside with a drink in their hand and post it on social media.

The extra services offered by a hotel or anything that sets them apart from other resorts are often brought to the attention of audiences by means of user-generated content. They learn through the postings of others that you may provide childcare services or that your business is friendly to pets and that they may bring their pets with them. Even if many of these things may already be stated on your website and brochures, it is a very different experience for consumers when they witness these extra services being enjoyed by real guests.
Build Trust and Brand Awareness

Customers would rather see "raw" images of hotels than ones that have been overly retouched or staged, such as those that can be found on the websites of various companies.

The Nielsen Consumer confidence Index found that 92 percent of consumers place a higher level of confidence in user-generated content than they do in conventional advertising. Because of this, social media managers are fast to employ user-generated content (UGC) in the social media marketing they do. The use of this tactic is an effective method for gaining the audience’s confidence. It gives the impression that you are just interested in promoting yourself and your products when all of the content on your social media platforms is owned media. Marketing conducted directly between individuals continues to be the most effective kind of marketing. Your followers will get a peek of genuine individuals who have tried your goods and services and given their approval if you include user-generated content (UGC) in your content (Benaraba et al., 2022).

Challenges and opportunities in the Indian hospitality sector

CARE Ratings, a leading credit rating agency in India, has recently published an insightful and comprehensive report that delves into the current state of the Indian hotel industry. This highly anticipated report provides a detailed analysis and evaluation of various factors impacting the industry, shedding light on the challenges and opportunities that lie ahead for hoteliers in the country. With its vast experience and expertise in assessing the creditworthiness of companies across sectors, CARE Ratings has meticulously examined the performance and outlook of the Indian hotel industry. The report offers a comprehensive overview of Below, I have provided a detailed explanation of some of the key takeaways that can be derived from the report (Munar, 2012).

Existing Inventory

The luxury hotel sector of India's hospitality business is highly organised and mostly congregated in a select number of significant cities. As of the end of the fiscal year 2018, it is anticipated that the total number of 'keys' (rooms) in the top 11 important cities covered by CARE Ratings was 92,537. Out of this total, around 53 percent of the available hotel rooms are clustered in the areas of Mumbai, the National Capital Region, and Bengaluru (Law, Ye, & Chan, 2022).

Table 1 Existing inventory (major cities and across categories-only branded)

<table>
<thead>
<tr>
<th>Sl. no.</th>
<th>City</th>
<th>2018-19</th>
<th>2019-20</th>
<th>2020-21</th>
<th>Growth</th>
<th>CAGR</th>
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<tbody>
<tr>
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<td>22159</td>
<td>5.6%</td>
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</tr>
<tr>
<td>2</td>
<td>Mumbai</td>
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<td>13494</td>
<td>13726</td>
<td>1.7%</td>
<td>1.4%</td>
</tr>
<tr>
<td>3</td>
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<td>8536</td>
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<td>8.2%</td>
</tr>
<tr>
<td>4</td>
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<td>6330</td>
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</tr>
<tr>
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</tr>
<tr>
<td>6</td>
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</tr>
<tr>
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</tr>
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</table>
In the fiscal year 2021, the existing room supply for the country experienced a significant growth of 7.5% year-on-year. This remarkable expansion resulted in a total of 128,163 rooms available as of 31 March 2021. This increase in room supply signifies a positive trend in the country's hospitality industry, indicating a growing demand for accommodation options. With this substantial growth, the country's tourism sector is poised to benefit from an enhanced capacity to cater to the needs of both domestic and international travellers (Dwivedi et al., 2021). The addition of these rooms provides a wider range of choices for individuals seeking comfortable and convenient lodging, contributing to the overall development and competitiveness of the country's hospitality sector. This analysis takes into account the addition of a staggering 8,944 brand new rooms that were introduced into various markets throughout the year. Additionally, it also encompasses the expansion and growth of existing properties, further contributing to the overall landscape of the industry. (Mueller & Kaufmann, 2001)

Upcoming supply

The future supply landscape—the availability and distribution of resources and goods—is always changing. Many external influences might affect project timelines and progress. External pressures like economic volatility and regulatory changes might delay and complicate project openings and completion. Thus, parties engaged in planning and executing these projects must stay watchful and flexible to traverse the complex and dynamic future supply environment. The intended room supply pipeline changed significantly over time, which is intriguing. The pipeline has 114,466 rooms in FY08, the most in 10 years. The industry has a good development trajectory throughout that time. As we reached FY21, the pipeline contracted. The planned supply dropped to 49,380 rooms. This pipeline size drop indicates a major industry and market change. The differing data between FY08 and FY21 show how the hotel sector fluctuates and what variables affect its growth. It is fascinating to see how the intended supply pipeline has changed over time, reflecting hospitality stakeholders’ desires, economic situations, and strategic choices. This pipeline size change affects room supply and hotel developers, investors, and passengers. These trends and their causes may illuminate the sector and inform future plans and choices. (Tandon, Ertz, & Bansal, 2021)

<table>
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<th>3199</th>
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<td>119219</td>
<td>128163</td>
<td>7.5%</td>
<td>6.3%</td>
</tr>
</tbody>
</table>

(Source: Hotelivate)
Table 2 Proposed branded hotel Rooms across Major Cities and Categories (FY21 – FY23)

<table>
<thead>
<tr>
<th>City</th>
<th>Existing supply (FY21)</th>
<th>Proposed supply*</th>
<th>Increase in Future supply</th>
<th>Luxury</th>
<th>Upscale</th>
<th>Upper-midmarket</th>
<th>Midmarket</th>
<th>Budget</th>
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<td>0.0%</td>
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<td>65.0%</td>
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<tr>
<td>Ahmedabad</td>
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<td>1343</td>
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<td>28.0%</td>
<td>22.8%</td>
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<tr>
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</tr>
<tr>
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<td>Pune</td>
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<td>31.3%</td>
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<tr>
<td>Total</td>
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<td>49380</td>
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<td>9.1%</td>
<td>17.9%</td>
<td>31.3%</td>
<td>22.8%</td>
<td>18.9%</td>
</tr>
</tbody>
</table>

(Note; *proposed Supply includes 7,210 rooms which have been open for less than six months, and therefore, not included in the existing supply. Source: industry, Hotelivate)

PERFORMANCE OF MAJOR MARKETS IN INDIA (11 CITIES)

The overall average occupancy rates (ORs) in 11 of India's most important cities saw a rise of around 180 basis points year on year during FY21. ORs climbed from 64.8 percent in FY17 to 66.6 percent in FY21 as a result of increasing demand from business and leisure travellers both domestically and internationally. However, because of the intense competition that was present in the market at the same time, the average room rates (ARRs) climbed by just approximately 1.6 percent over that same period to a total of Rs 5,759 per day. As a result of this development in ORs and ARRs, the all-India RevPAR performance of key markets was able to achieve a growth of about 4.4 percent compared to the previous fiscal year and a total of Rs 3,837 per day at the end of the fiscal year 21. This rate has not been attained since the fiscal year 2011 (FY11) (Kumar, Konar, & Balasubramanian, 2020).

Occupancy rates (OR)

The ORs for five-star hotels had the most rapid rise during FY21, increasing by around 240 basis points year on year. This was followed by three-star hotels, which reported a rise of around two hundred basis points, and four-star hotels, which registered a growth of approximately one hundred eighty basis points during FY21. However, five-star D hotels observed a smaller increase of just one hundred ten basis points
year over year. During the course of the year, occupancy rates at two-star hotels, on the other hand, fell by almost 10 basis points on average.

**Average Room Rates (ARR)**

In spite of the fact that their occupancy rates went down, two-star hotels saw the highest year-over-year rise in terms of their average room rates during the fiscal year 21. This growth was around 8.5 percent. After that came three-star hotels, which saw their revenue increase by around five percent year over year in FY21. The average room prices at four-star and five-star D hotels also saw an increase of three percent year on year. During the course of the year, five-star hotels, on the other hand, saw the slowest growth of the category at around 1.8 percent year over year. This may be attributable to the progressive escalation of commercial activity in Tier II and Tier III cities as well as greater domestic travel. Additionally, this may be linked to the steady escalation of commercial activity in Tier I cities.

**RevPAR**

In FY21, the average revenue per available room (RevPAR) increased year over year across all star categories, with the three-star category seeing the highest growth rate of 8.2 percent over the course of the year. With the exception of two-star hotels, the increase in RevPAR across all star categories may be attributable to both the occupancy rate and the average rate of each room.

![Graph of ARR, RevPAR and OR (FY17) and ARR, RevPAR and OR (FY21)](image_url)

(Source Hotelivate)

For the following five years (FY21 to FY23), the anticipated future inventory in 11 key markets (across categories – solely branded) is anticipated to be reduced, coming in at around 49,380 rooms. As a result, we anticipate that the hospitality sector will be able to maintain the average room rates (ARRs) moving ahead and expand at a pace that is anywhere from 1.5 to 4.5 percent on an annual basis. This is because an increase in demand has been brought about by an improvement in economic activity. In addition, we anticipate that the occupancy rate will gradually increase to an average of around 68–70 percent by the end of FY24, which is an increase from the 66.6 percent recorded in FY21.

**CONCLUSION**

Social media has had a profound impact on the hospitality industry in India, and its influence is expected to continue shaping the sector's future prospects. Social media platforms provide a powerful tool for hotels and businesses to connect with customers, generate user-generated content, and engage in real-time marketing efforts. The importance of monitoring and responding to customer feedback on these platforms cannot be overstated, as it can significantly impact a hotel's reputation and performance. Moreover, the Indian hospitality industry is witnessing significant growth, with an increase in room supply, indicating a positive trend in response to rising demand. However, the future supply landscape remains dynamic and subject to various external influences. Overall, the industry's performance in major Indian markets is showing promising signs, with increased occupancy rates, average room rates, and revenue per available room. As
the sector continues to evolve, maintaining a strong online presence and leveraging social media will be crucial for sustained growth and success in the competitive hospitality landscape.

REFERENCES


