

# NOESIS THURSDAY SPOTLIGHT

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## All-Inclusive Resorts: The Land Cruise Experience

The term "all-inclusive" has long been a staple in the hospitality industry, especially within all-inclusive resorts. This concept has captivated travellers for years and remains popular for vacationers seeking a seamless, stress-free experience. In fact, according to STR, more than 9.2 million all-inclusive rooms were booked by travellers in December 2022—roughly 80,000 more than in 2019.

All-inclusive packages are designed to make your vacation truly stress-free. They typically cover accommodations, meals, drinks, amenities, and various activities, making everything 'In the house, on the house'. This model allows you to enjoy the resort's offerings without worrying about additional costs, much like a cruise where everything is conveniently available on-site. This eliminates the hassle of constant spending and mitigates concerns about unexpected expenses during the holiday, providing an ideal option for those desiring a peaceful and rejuvenating getaway.

All-inclusive resorts, initially designed for budget-conscious adult travellers in the 1950s, have evolved to cater to a diverse clientele. They now appeal to families, millennials, and honeymooners. The comprehensive nature of these packages offers excellent value, catering to a wide array of preferences and needs, ensuring everyone feels included and catered to.

From a business perspective, all-inclusive resorts offer significant benefits. They can enhance the average value per guest by bundling all meals and amenities into the initial price. This approach provides a more predictable revenue stream and boosts operational efficiency. With many services pre-booked, resorts can accurately forecast needs such as food and beverages, leading to substantial

cost savings and streamlined operations. This information is crucial for operators to be aware of the business advantages of all-inclusive resorts.

The all-inclusive resort model thrives, offering a win-win scenario for guests and operators. For guests, it provides a worry-free vacation experience akin to a cruise on land. This stress-free aspect is a key draw for vacationers seeking a seamless and worry-free getaway. It presents operators with increased revenue and operational efficiency opportunities, solidifying its enduring appeal in the hospitality industry.

	Advantage to Guest	Advantage to Brand
Prices	<div>Cost-effective – more affordable than buying items individually à la carte</div> <div>Cost certainty</div>	<div>Boosted share of customers’ spending</div> <div>Improved economies of scale</div>
Long booking	<div>Budgeting of vacation</div> <div>For extended stays, the resort offers the flexibility of making payments in instalments throughout the stay. Bespoke procedures ensure guest convenience.</div>	<div>Reliable and accurate planning</div> <div>Decreased seasonal fluctuation</div>
Varied product types –more upscale offerings	<div>Extensive range of products tailored to travel needs (i.e., families, couples, weddings, groups, multi-generational)</div>	<div>More detailed market segmentation</div> <div>Customised operations</div> <div>Capability to sell more expensive products or services</div>
Confined, supervised, and yet expansive property	<div>Assortment of high-quality entertainment, Rooms, and Food &amp; Beverages.</div> <div>Enhanced security</div> <div>Privacy and exclusivity</div>	<div>Greater diversity in products (includes various activities)</div> <div>Minimal operational risk</div>
Higher stabilised occupancy levels	<div>Consistent offering of activities</div> <div>Improved resort ambience</div> <div>Removal of vacation planning stress</div>	<div>Efficient management of revenue</div> <div>Steady cash flow</div>

## Post-Pandemic Trends in All-Inclusive Resorts

In collaboration with Sunwing Travel Group, Marriott International has expanded its Autograph Collection portfolio by adding 19 all-inclusive resorts. This expansion includes introducing renowned brands such as Ritz-Carlton and W Hotels into the all-inclusive market.

Rixos Resort, launched in 2000 in Turkey, saw significant developments in 2020 when Accor acquired a 50% stake in the brand. Accor Hotels integrated 15 Rixos properties into its network, spanning premium resort markets in Turkey, UAE, Egypt, Russia, and Europe. These properties have demonstrated strong performance, with a 70% occupancy rate, an average daily rate (ADR) of \$270, revenue per available room (RevPAR) of \$189, and a gross operating profit (GOP) margin of 46%, according to the Accor Global Development brochure.

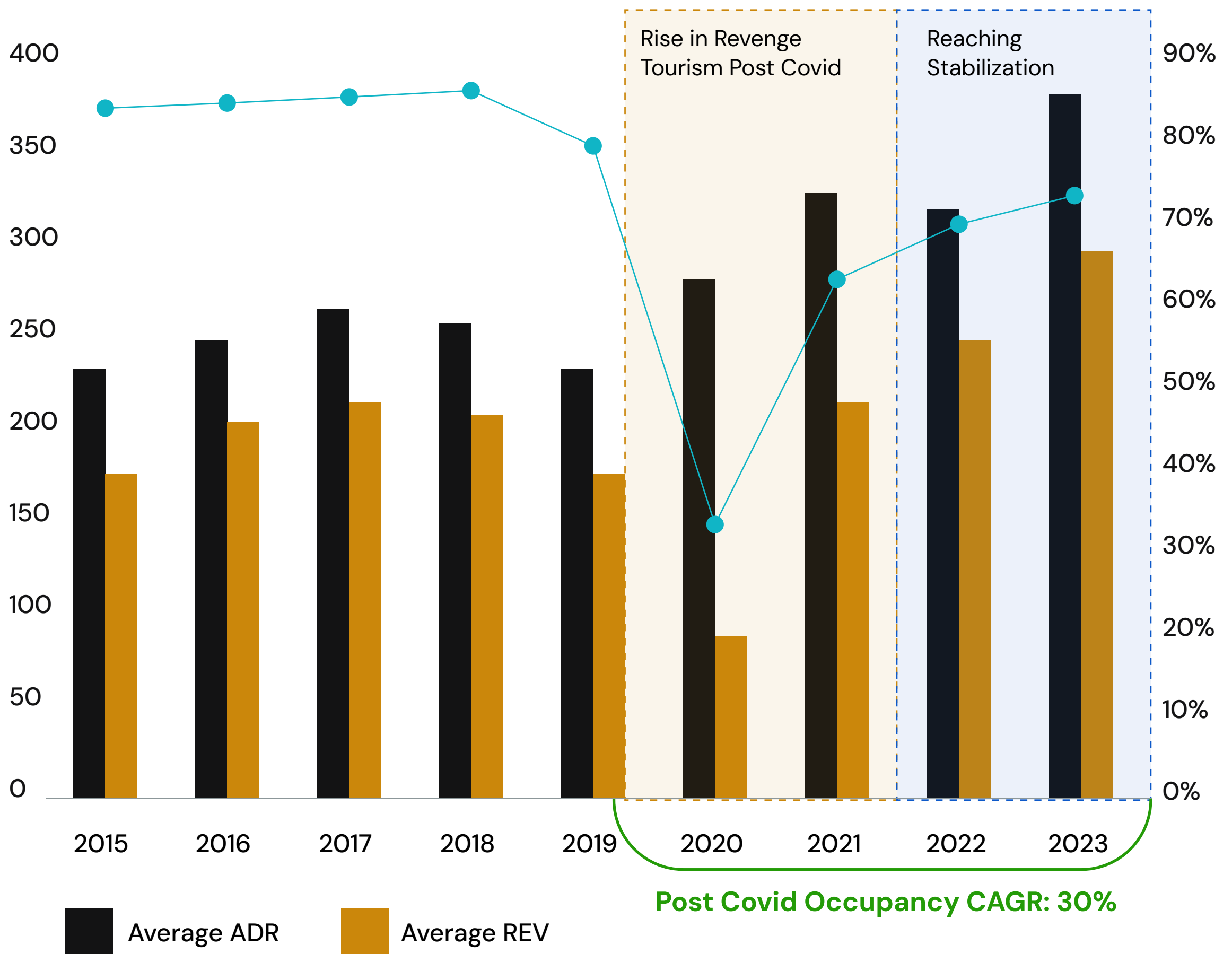
In 2021, Wyndham Hotels & Resorts unveiled a new upper-midscale all-inclusive brand, Wyndham Alltra, through a strategic alliance with Playa Hotels & Resorts. This move marks Wyndham's entry into the all-inclusive segment, further diversifying its portfolio and expanding its reach in the hospitality industry.

## A Case Study of Playa Resorts & Hyatt All-Inclusive Brands:

Playa Resorts is one of the largest all-inclusive brands based in Mexico. Hyatt has various all-inclusive brands, such as Zoetry, Dreams, Secrets, Breathless, Hyatt Vivid, Alua and Sunscape.

During the pandemic, these resorts experienced a surge in occupancy levels. In 2021, occupancy rose by 78% compared to 2020. This shift could be due to a change in travel trends, as numerous individuals choose staycations to relish a peaceful holiday within the resort confines. The CAGR growth in occupancy from 2020 to 2023 was 30%.

## Case Study Resort Trends



Meanwhile, the Average Daily Rate (ADR), which measures the average rental income paid per occupied room, increased significantly by 7% between 2020 and 2023, indicating improved profitability and the potential for higher revenue generation.

Furthermore, the Revenue Per Available Room (RevPAR), a performance metric in the hotel industry calculated by dividing a hotel's total guestroom revenue by the room count and the number of days in the measured period, witnessed a 42% CAGR growth from 2020 to 2023. This suggests that the resort successfully increased its room rates while maintaining or increasing demand.

These figures indicate the resort's robust recovery and growth trajectory post-COVID era.



# Exploring the Limitations of All-Inclusive Resorts

All-inclusive packages undoubtedly offer a seamless and convenient experience for guests, providing them with everything they might desire within the sanctuary of a resort. However, amidst this surface-level convenience, several considerations exist that impact guests and resonate within the local communities of the destination.

One notable constraint of all-inclusive vacation packages is the potential sense of confinement experienced by guests. Prearranged itineraries and limited opportunities for immersion in the local culture within the resort's confines may leave guests yearning for genuine connections. True interactions between guests and locals often necessitate exploration beyond the resort's boundaries. When this vital interaction is absent, the local economy may stagnate, with businesses reliant on tourism potentially missing out on opportunities for growth and the broader community failing to reap the benefits of the resort's revenue.

Moreover, the exclusive dining options offered by all-inclusive resorts may inadvertently limit guests' experiences, depriving them of indulging in the destination's diverse gastronomic delights. By confining themselves to hotel outlets, guests miss out on authentic interactions with locals and the opportunity to explore the area's rich culinary landscape.

All-inclusive packages frequently adhere to standardised experiences, potentially diluting the genuine essence of the destination. This uniformity can disappoint guests seeking authentic cultural immersion. Additionally, the dominance of large hotel chains in offering all-inclusive deals can create a monopolistic environment that undermines the competitiveness of local hotel businesses, thereby affecting the community's economic vitality.

However, it's vital to recognise that all-inclusive packages offer certain advantages to travellers, including transparency in holiday costs. Nevertheless, guests may encounter unforeseen charges for additional services, potentially diminishing the perceived value of the all-inclusive package and leading to dissatisfaction.

Furthermore, the comprehensive amenities and experiences provided in all-inclusive packages necessitate significant investments in staff and resources. The demand for attentive and well-trained employees can result in challenges such as burnout and high turnover rates, posing operational hurdles for hotel management.

Despite these considerations, addressing the limitations of all-inclusive resorts presents an opportunity to cultivate more sustainable and community-focused tourism practices. By doing so, we can create experiences that not only delight guests but also enrich the lives of residents, fostering a symbiotic relationship that benefits all involved.

## **The Expansion of All-Inclusive Resorts to India**

Indian travellers generally value the predictability and transparency of all-inclusive pricing, which covers everything from meals to watersports, ensuring a budget-friendly vacation. These resorts prioritise convenience and comfort, offering various culinary options, beverages, and activities without hidden costs. Catering to various budgets, from affordable luxury to ultra-premium experiences, they redefine luxury with unparalleled service, world-class amenities, and exquisite dining. Ideal for multi-generational families, these resorts provide something for all ages, from kids' clubs and teen centres to spas and water adventures. Moreover, they offer curated experiences, including cultural immersions, culinary delights, water sports, and fitness programs, enabling travellers to explore new interests and create lasting memories.

Expanding All-Inclusive (AI) resorts to India would open new opportunities for projects in urban resort destinations, popular leisure destinations, and unexplored destinations. In essence, introducing all-inclusive resorts would help diversify the Indian hospitality landscape.

**Broadening of Experiences:** India has unexplored locations with abundant cultural heritage, historical landmarks, and varied landscapes. All-inclusive resorts can

enhance travel experiences with packages focused on relaxation, leisure, and entertainment, which, in turn, will help develop these destinations.

**Family-Friendly Services at All-Inclusive Resorts:** Designed for families with activities for all ages. They improve guest convenience by providing all-inclusive packages covering accommodation, meals, and activities. In line with the focus on delivering hassle-free experiences, all-inclusive properties enhance hospitality offerings by providing travellers with organised and stress-free holiday options. Given that family tourists are a significant segment of the Indian Hospitality industry, resorts like this have an excellent opportunity to capture the family tourism market, which is a substantial part of the Indian hospitality industry.

All-inclusive resorts in India would simplify trip planning and budgeting, making travel more accessible. They would enhance the tourism sector in India by attracting a more comprehensive range of tourists, including those who might have been hesitant due to the complexities of travel planning. The resort will offer all-inclusive packages covering accommodations, airport transfer, within-city transportation, and activities, saving time and effort for families and ensuring a stress-free and enjoyable vacation experience.

**– By Anshika Motwani & Strategic Inputs by Noesis Consulting and Valuation Team**

\*This article was edited for grammar, spelling, and tone using AI tools.

