

NOESIS THURSDAY SPOTLIGHT

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The Modern Club: Blue Ocean for Hospitality Companies

Originating during the British Raj, clubs have long been synonymous with privilege, leisure, and social status. Known as 'gymkhanas,' these exclusive establishments offered a range of amenities from dining and sports facilities to social spaces. While iconic clubs like the Bombay Gymkhana continue to embody this heritage, the concept has evolved significantly.

Driven by a growing appetite for exclusive experiences, private clubs are experiencing a resurgence. India's 'members-only club' industry is booming, with an estimated CAGR of 17.8%. This trend is significantly impacting the hospitality sector, where classic country clubs are being reimaged to cater to modern tastes. As the affluent class expands, so does the demand for spaces that seamlessly blend networking opportunities, relaxation, and entertainment.



The hospitality industry is well-placed to benefit from the increasing popularity of exclusive club spaces. By leveraging existing infrastructure and expertise, hotels can develop specialised club areas to attract a diverse clientele. This trend has seen established hospitality leaders launch their flagship clubs, such as Chambers (IHCL), Privie (ITC), Belvedere (Oberoi), and Modernist (Four Seasons). Simultaneously, independent brands like Soho House and BVLD have also successfully entered the market.

Another prominent trend has emerged to create exclusive member-only clubs targeting high-net-worth individuals and C-suite executives. Access to these clubs is typically restricted to members and their guests through invitation or referral. Quorum and Indus are prominent examples of this exclusive club model, primarily concentrated in metropolitan areas.

Furthermore, a collaboration between hospitality brand partners and residential buildings is emerging to manage exclusive club spaces. Prime examples of this model include the Blu Estate Club in Worli by Indiabulls Residential, and The Imperial Club in the iconic Twin Towers of Tardeo, both operated by The Leela.



These partnerships not only generate additional revenue streams but also enhance the overall guest experience. Hospitality firms can explore various business models, including fixed-fee management. Additionally, these collaborations offer opportunities to expand brand visibility through diverse channels.

While traditional clubs have historically been associated with exclusivity, there is a growing demand for accessible club experiences. By developing inclusive models that cater to a broader demographic, hotels can tap into a vast, untapped market.

The following sections will explore strategies for creating successful club models. By understanding these key elements, hotels can position themselves as leaders in the evolving club landscape.

An aerial photograph of a golf course at dusk or dawn. A clubhouse with a red-tiled roof and several outdoor seating areas with umbrellas is visible on the left. A paved path or road runs diagonally across the middle, bordered by a low stone wall. In the background, a calm lake reflects the sky. The overall scene is peaceful and well-maintained.

SPORTS AND WELLNESS:

A New Frontier for the Hospitality Industry

A global surge in health and wellness consciousness, catalyzed by the COVID-19 pandemic, has stimulated a robust demand for innovative fitness and wellness offerings. India has mirrored this trend, experiencing a sharp increase in sports participation and a consequent need for advanced sports infrastructure. The Indian sports and fitness market is poised for significant growth, projected to expand at a CAGR of 8.6% during 2021-2026.

Additionally, sports and hospitality have always had a powerful synergy, a good example would be the collaboration of Accor and FIFA 2022 to manage accommodations. The growth is also translated to the global sports hospitality market, which refers to the provision, accommodation, dining and entertainment to attendees of sports events, which is projected to surge from \$17.45 billion in 2023 to \$79.10 billion by 2031, at a CAGR of 20.8%. The proliferation of sports leagues and events, such as the NBA, IPL, and Champions League, has further amplified the demand for sports infrastructure.



While Tier 1 cities boast world-class club facilities like Willingdon, Indira Sports Complex, and the National Sports Club of India, a significant gap exists in Tier 2 and Tier 3 regions. Hotels are uniquely positioned to fill this void by becoming premier sports and wellness destinations. Integrating state-of-the-art fitness centres, diverse sports facilities, and comprehensive wellness programs can transform hotels into hubs for health-conscious travellers and residents. Strategic partnerships with renowned sports academies, such as Prakash Padukone's Badminton Academy, Mary Kom Regional Boxing Foundation, and Sehwag Cricket Academy, can further enhance a hotel's brand reputation and attract a new clientele.

Tier 2 and Tier 3 cities represent a vast, untapped market with an increasing middle class seeking elevated lifestyle experiences. With over 100 crore Indians residing in Tier 3 cities and 40 crore in metros, these regions offer significant growth potential. By providing world-class sports infrastructure and wellness amenities, hotels can cater to the rising aspirations of this demographic and establish themselves as market leaders. Leveraging their existing infrastructure to create club-like environments can empower local communities by offering access to premium facilities and amenities.

Hotels will also derive significant benefits from this strategy. Clubs have proven to be lucrative revenue generators through membership fees and renewals while also increasing foot traffic. Furthermore, by entering into management contracts with clubs, hotel brands have successfully expanded their reach beyond traditional hospitality services. This approach allows guests to engage with the brand in a new context while simultaneously elevating the brand's reputation through association with high-quality club operations.

Whether it's a club operating within a hotel or a hotel-brand-managed club in a residential building, both entities can benefit significantly. One of the most immediate advantages is the opportunity to generate substantial revenue. By offering early bird membership discounts, the club can attract a considerable member base thereby injecting much-needed capital into the project. This financial influx can be instrumental in covering, means of project finance capital, pre-opening expenses and ensuring a smooth launch.

Furthermore, the early acquisition of members helps create a buzz around the upcoming venture, building anticipation and generating organic marketing through word-of-mouth. This early momentum can be crucial in establishing a strong foundation for the club and attracting additional members once it officially opens.





GOLF:

A Catalyst for Growth in the Hospitality Industry

Golf has evolved from a mere sport to a powerful economic driver in India. Its intrinsic business model has proven to be a catalyst for growth in allied industries such as tourism and real estate. According to research golf course development may accord premium by up to 20% to 30% for real estate projects around golf courses.

A rise in disposable income of the middle class, enhanced media exposure of domestic & international sports and higher internet penetration have contributed to the need for organised golf facilities and infrastructure that support the need for this rising demand.

Almost every club has seen numbers spike and a good indicator of this is the rush for new enrolments across the country. Currently, India's limited number of 135 registered golf clubs are struggling to cope with the demand. A good example is the Hyderabad Golf Association which charges close to Rs 60 lakh for a full membership and has a waiting list. New entrants like Ahmedabad are now proving that the list will just go long.

The hospitality industry stands to significantly capitalize on the burgeoning demand for exclusive club experiences. While hospitality brands like Radisson in Srinagar, ITC Grand Bharat in Gurgaon and The Lalit Golf & Spa in Goa have demonstrated the potential of this market, a clear void exists for comprehensive and organized players. Hotels can strategically leverage this opportunity by introducing exclusive club memberships or adopting management contracts for golf courses and other recreational facilities.



Primary Target group by type of Golf Tourist

- PRINCIPAL GOLFERS -**
Tourist who primarily travel around the world for golf
- SECONDARY GOLFERS -**
Tourist who play golf as a secondary activity whilst on holiday or on a business trip
- SPECTATORS -**
Those who attend tournaments as spectators, or visit golf attractions

The growth of golf tourism can be attributed to the increasing specialization of tour operators in catering to golfers' specific needs. While India's golf tourism sector is still developing, the rising number of visitors from golf-playing countries presents a significant opportunity. This trend positions India for substantial growth in this market segment.

The integration of golf courses into hotel complexes or hotels opting for a management contract offers a compelling opportunity for the hospitality industry. This strategic move can attract a lucrative segment of tourists, particularly business executives who often combine leisure with work. By leveraging their existing infrastructure and expertise, hotels can create world-class golf experiences and ensure occupancy during off-peak seasons, helping hotels maintain occupancy rates.

Given the current demand-supply imbalance in the golf industry in India, organized hospitality players are advantageously placed to capitalize on this opportunity by expanding their footprint into the untapped market of managing golf courses.

By venturing into golf course management, hospitality brands can capitalize on the inherent luxury and prestige associated with the sport. Golf has traditionally been linked to high-end lifestyles, and by aligning their brand with this image, hotels can elevate their overall positioning.

This strategic move represents a significant opportunity for diversification. While the hospitality industry is well-established, the golf course management sector remains relatively untapped. By entering this new market, hotels can explore additional revenue streams and mitigate risks associated with relying solely on traditional accommodations.

Furthermore, managing golf courses allows hotels to tap into a specific demographic of affluent golf enthusiasts. By catering to their preferences and needs, hotels can cultivate a loyal customer base and strengthen their brand loyalty.



Conclusion

The hospitality industry's susceptibility to market fluctuations necessitates a diversified and adaptable approach. Incorporating strategies such as private club development and management contracts can bolster resilience and expand customer bases. By seamlessly integrating hospitality, clubs, sports, and wellness, hotels can create distinctive, enriching experiences that captivate discerning consumers.

The younger demographic's inclination towards sports and active lifestyles represent a significant opportunity. Hotels can capitalize on this trend by developing state-of-the-art sports facilities and partnering with renowned academies. This strategic shift positions hotels as lifestyle destinations rather than mere accommodations.

The future of hospitality demands a holistic approach that extends beyond traditional lodging. By embracing the club concept and its various iterations, hotels can unlock new revenue streams, foster brand loyalty, and solidify their position as premier destinations for both travellers and local communities.

Ultimately, the success of hotels will hinge on their ability to anticipate and respond to evolving guest preferences, creating experiences that are both memorable and profitable.

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Sources– Indian Golf Tourism Association, Hotelier India, Business Wire,



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