

Alternative Travel Accommodations: An analysis of the answers these provide and the questions they raise

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Abstract:

Given the increasing focus on the tourism sector in India, the quantum of tourists visiting India has increased many fold. So also, the types of places and purposes behind the visits have also grown in variety. Therefore, it is only axiomatic that there is an increase in the demand for services related to tourism industry. Of prime concern to any tourist is the accommodation. Accommodation has many aspects associated with it, like accessibility, quality of food served there, etc. At the same time, there is growing awareness regarding the carbon footprint of the tourism activities, affect on local population, sustainability of the industry, etc. In light of all of these, alternative travel accommodations have emerged with USPs such as environmentally sustainable, customised, exotic locations, etc which are spread across the price range for every type of customer. These alternative travel accommodation have now leveraged the digital revolution to provide for both mass tourism and niche tourism. The ambiguous regulatory framework, lack of standardisation, etc are the prominent stumbling blocks for alternative travel accommodations. These accommodations have multiple spin offs one of which is saving intangible traditional heritages. These have also contributed to sustainability of the livelihoods of the traditional communities and their way of life. This paper looks at the reasons fuelling the growth of alternative travel accommodations, the challenges being faced and the effects thereof.

(Keywords: alternative, tourism, accommodation, sustainability, challenges, digital)

Introduction:

Despite its incredible growth rate, Indian economy has been facing unprecedented challenges in the recent past. One of the most important is the jobless growth that is afflicting it. Further, the international trade wars and the difficult world trade situation has stressed our macro-economic balance sheet. The increasing automation and mechanisation has only worsened the situation for the unskilled and semi-skilled citizens. Then there is the challenge posed by climate change. Tourism sector is one such sector that can help address some of the macro-economic, climatic and social challenges being faced by our nation.

In such a scenario, Government of India has started promoting tourism in a big way. And various State Governments have also joined the band wagon with their own efforts to promote tourism. This has led to a substantial growth in the tourism in India. It is a time when the alternative travel accommodation industry is reaping rich dividends because of a variety of reasons. And the externalities of the such growth have been impressive too. There are certain challenges which are preventing the unleashing of the full potential of alternative travel accommodation, which need to be overcome, primarily through policy level intervention.

Review of literature:

There is no clear cut definition of alternative travel accommodations. However, they are understood broadly to be outside what are traditionally called hotels. Canwell and Sutherland, 2003¹ have broadly categorised alternative travel accommodations in to the following three types: commercial homes, guest houses and service apartments. These definitions provide us with a workable classification with which the existing and upcoming infrastructure can be analysed. Commercial homes are what are most commonly seen as being run in private homes by family/families staying in the home. Guest houses have small limited number room capacity and limited services facility. These are usually staffed with semi-skilled or even unskilled persons. Finally, the service apartments are those that provide all facilities in the apartment itself. These

¹ Canwell, D., & Sutherland, J. (2003). *Leisure and Tourism*, Cheltenham: Nelson Thornes

facilities make the service apartments self-contained. however, the Government of India “Guidelines for Approval and Registration of Incredible India Bed & Breakfast/ Homestay Establishments”² does not recognise this classification. It has silver and gold classification, which are differentiated by the facilities offered by the home-stays/guest houses.

In their study of alternative travel accommodations titled “Factors of influence in choosing alternative accommodation: A study with reference to Pondicherry, a coastal heritage town” by Gunasekran N and Viktor Anandkumar³, four important factors were identified as the reasons why people choose alternative travel accommodations. The most important one of these was the homely atmosphere, followed by value for money. The other 2 were local touch and guest-host relationship. Homely atmosphere basically implied the flexibility in the various factors coupled with a more casual and informal setting. This is something that people do not find in traditional hotels. Local touch is closely associated with the homely atmosphere because of the authentic experience that a family run guest house can provide is difficult to get in a traditional hotel. Value for money and guest-host relationship are basically monetary and personal relationship based variables respectively. However, Gunasekran N and Viktor Anandkumar's study is silent on the impact of digital revolution on the alternative travel accommodation industry. The current paper attempts to analyse the role played by digital revolution in the way the fate of alternative travel accommodations is being played out.

Government of India’s “Guidelines for Approval and Registration of Incredible India Bed & Breakfast/ Homestay Establishments” identify only two motivation that promote such establishments: the opportunity to experience Indian customs and traditions, and cuisine. This is a very narrow understanding of the factors behind people offering and choosing alternative travel accommodations.

² <http://tourism.gov.in/sites/default/files/chapter/7.pdf>

³ https://ac.els-cdn.com/S1877042812036348/1-s2.0-S1877042812036348-main.pdf?_tid=17bcace3-c904-4c99-b323-686789aad13e&acdnat=1551020085_85d9b7c574625793f8902a81ae2634ab

Apart from the above mentioned factors, the motivations of the service providers is also important to look at. These have been mentioned in numerous studies wherein the perceptions of the service providers with respect to the demand of the tourists was found to be a key factor. The perception could be related to a variety of factors like closeness to nature, the authentic experience, etc. However, the existing literature does not highlight the push factors related to the growth of alternative travel accommodations.

The existing literature also does not examine in depth the challenges that these alternative travel accommodations run in to given the peculiar nature of their business. The existing literature does not touch upon the externalities of the growth of the alternative travel accommodations. This study attempts to fill these gaps in the existing knowledge regarding the alternative travel accommodations.

Factors fueling growth of alternative travel accommodations

As per the Government of India, as of 2018, there was a shortage of at least 2,00,000 (two lakh) hotel rooms in India even at the current level of tourism in India.⁴ To put that figure in perspective, the total existing number of hotel rooms in India is estimated to be around 2,00,000 (two lakh) hotel rooms. According to Federation of Hotel & Restaurant Associations of India (FHRAI) 62nd Annual Report⁵, the total number of rooms available with its members stood at 1,66,920 as of March 31st, 2018. Further, the top six cities were likely to add merely 50,000 new hotel rooms over a period of 5-6 years starting 2012, as per a research by Cushman and Wakefield in association with Confederation of Indian Industry⁶. This shows that such a massive expansion is not feasible in the near future. This leaves a lot of potential for the alternative travel

⁴ <https://www.thehindubusinessline.com/companies/homing-in-on-alternative-accommodation-for-tourists/article9660583.ece>

⁵ https://www.fhrai.com/Files/AnnualReport/1914281507_62nd.Annual.Report.2017.18.pdf

⁶ Report on “Indian Hospitality Story 2012 & Beyond” accessed

at https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=12&cad=rja&uact=8&ved=2ahUKewiY-pCShtXgAhVOWH0KHZVgAmAQFjALegQICBAC&url=http%3A%2F%2Fci.in%2FWebCMS%2FUpload%2FHospitality%2520release%2520sept%25202012%2520.docx&usg=AOvVaw0iLyWD8W6LkBFzoD1_pQJk at the time of writing this paper

accommodation providers to tap. This is one of the key factors promoting the growth of Alternative Travel Accommodations.

This shortage of hotel rooms must be looked at from the prism of growing international and domestic tourism in India. Government of India has set an ambitious target of 20 million foreign tourist arrivals by 2020, up from 10 million foreign tourist arrivals in 2017. The Incredible India 2.0 is a step towards achieving this target. This growth has led to an increase in tourist arrivals already and has in turn given an impetus to the alternative travel accommodations industry. Further, India has figured at the top of the ten nations that are to be the fastest growing destinations for leisure travel spending between 2016 and 2026⁷. This is when the growing domestic tourists are not even accounted for yet. Domestic tourists are estimated to be 1,652 million in 2017⁸. 74% of the domestic trips are usually for visiting family (NSSO 2008-09). However, religious, medical, leisure and business related domestic travel account for around 21% of the domestic travel, which is a huge number. This makes alternative travel accommodations an important cog in the wheel of tourism in India.

Further, Government of India's "Guidelines for Approval and Registration of Incredible India Bed & Breakfast/ Homestay Establishments"⁹ is an attempt to ensure standardisation of the facilities offered at alternative travel accommodations. This is a conscious recognition of the important and definitive role that is being played by the alternative travel accommodation industry in India and its untapped potential. This has helped remove the regulatory uncertainty to some extent and thus has led to an increase in the number of good quality alternative travel accommodations in India.

Accreditation of even the existing alternative travel accommodations under the above mentioned regulatory framework leads to an increase in the credibility of the establishment which translates in to increased occupancy.

⁷ World Travel & Tourism Council, *Economic Impact Research: New League Summary*, 2016, <https://www.wttc.org/-/media/files/reports/economic%20impact%20research/2016%20documents/newleaguetablesummary156.pdf>

⁸ http://tourism.gov.in/sites/default/files/Other/ITS_Glance_2018_Eng_Version_for_Mail.pdf

⁹ <http://tourism.gov.in/sites/default/files/chapter/7.pdf>

A significant boost to alternative travel accommodations has come from the digital revolution. OYO Rooms is just one example how small alternative travel accommodation providers are being linked with prospective customers with a global reach. The digital marketing through ratings, feedbacks and reviews has supplemented the traditional word of mouth publicity for such establishments. It has enabled the alternative travel accommodation industry to offer niche products like jungle lodges, house boats, machans, etc.

Another important factor promoting the growth of Alternative Travel Accommodations is that at certain places, the only permissible option is an alternative travel accommodation.

For example, hotels are not permitted in the No Development Zone in Coastal Regulation Zone as per the Coastal Regulation Zone Notification 2018. However, fishermen homes may be permitted. In such homes, alternative travel accommodations are thriving. Similarly, tribal homes in forest areas may be allowed which can then double up as alternative travel accommodations providing unique experiential travel opportunities. These exotic and extraordinary experiential tourism avenues promote the alternative travel accommodations.

Not just the CRZ notification, but even the regulatory requirements for residential buildings are less as compared to commercial ones, for example, the setbacks for commercial buildings are more than that for residential buildings, the floor area ratio allowed is more for residential buildings, etc. this makes it a better option to build a home with facilities to rent out rooms for additional income for the family. Even regulatory requirements under Goods and Services Tax are avoided by the alternative travel accommodations because of the largely unorganized nature of the sub-sector and the low annual turnover.

All these factors mentioned above translate into lower capital expenditure and operational costs which in turn are reflected in the cost-effectiveness of the Alternative travel accommodations. And cost effectiveness is an important factor in today's tourism industry because while earlier, tourists used to be from the rich and wealthy strata of society, but now more and more tourists are from the growing middle class of developing nations like India and China. For these tourists, cost effectiveness is often a critical determinant.

Cost effectiveness is also a result of the fact that Alternative travel Accommodations leverage upon the fact that tourism is often a seasonal industry. For example, the tourism to wild life sanctuaries is often prohibited during monsoons and during the breeding period of the wild

animals. An example of this is Gir National Park. Bathing in sea and water sports activities are also often prohibited in the areas where monsoon makes the seas rough. An example is Diu district where bathing and water sports are banned between June and September each year. These Alternative Travel Accommodations provide for the seasonal variations by hiring and laying off staff as per demand.

The above factors are in addition to the factors identified by the previous studies. The relative significance for decision making by the various stake holders varies from place to place, and there is no uniform rule that can be derived for the same.

Challenges faced by Alternative Travel Accommodations sector

The most significant challenge faced by the sector is the persisting regulatory ambiguity with respect to many state and city specific regulations. For example, permitting a commercial home in a residential area may be against the regional and zonal planning rules of a district/urban areas.

A lot of associated regulations like Coastal Zone Regulation, Environmental Protection Act, etc are silent on the permissibility of such activities in such areas. This leaves the sector vulnerable to the whims and fancies of the local administration or enforcement agency.

The issues raised by the silence of regulatory framework are compounded by the unscientific and arbitrary nature of policy making. For example, home stays are allowed to have only six rooms/12 beds at the maximum. Now, the scientific rationale for restricting it to 12 beds is unclear. Or why should ancient monuments be covered under the Coastal Regulation Zone notification when the same are already protected under the Ancient Monuments and Archaeological Sites and Remains Act, 1958 is again unclear.

These regulatory challenges snowball into other sectoral factors like the availability of credit to the sector. Formal channels are averse to lending to such establishments because of the regulatory ambiguity and uncertainty around the projects.

Regulatory challenges are a catch-22 situation. If the regulations are strengthened, then the USPs of alternative travel accommodation would not survive. There would not be anything which would differentiate them from the hotel industry other than the size of the institution, possibly.

But the viability of such institutions would be questionable in face of arduous regulatory requirements.

Other challenges arise from the lack of quality assurance and the difficulty in setting benchmarks for such a diverse sector. This challenge has to be overcome by self-regulation of the sector by local sectoral leaders and effective use of digital solutions.

Benefits of Alternative Travel Accommodations sector

Alternative Travel Accommodations provide for unique, flexible, cost-effective, authentic, localized, experiential tourism opportunities. These players are critical if India is to achieve its goal of 20 million foreign tourist arrivals by 2020.

Apart from the economic benefits, one of the most significant positive externalities of the Alternative Tourism Accommodations is the preservation of the traditions and intangible heritage of the localities. Alternative Travel Accommodations enable employment of relatively less skilled persons from the local areas. This reduces out migration of such youth. It also provides for additional income for the locals. For example, staying with tribal in their villages gives them the economic support needed to improve their lives. The tribal youth then practice their tribal skills and art which thus survive in today's mechanized, automated and digitized world.

These closely knit societies are also known to be amongst the safest for tourists. One major challenge faced by India is the safety of tourists. This can be overcome by the Alternate Travel Accommodations. This is also one of the factors which underlie the "home-like" atmosphere that the customers of Alternative Travel Accommodation look for.

Conclusion

With the right kind of policies and practices in place, Alternative Travel Accommodations can be the thrusts which can propel India towards its goal of 20 million foreign tourist arrivals. Not only that, it is estimated that if India achieves this figure, net foreign earnings from foreign tourist arrivals would rise by around \$20 billion and would also lead to 1 million jobs being

created over and above those existing at present¹⁰. It would help India address the challenge of jobless growth and help it negotiate the turbulent waters of international trade with reduced damage.

Nevertheless, Alternate Travel Accommodations and growing tourism in India are forming a virtuous cycle which fuel each other's' growth and prosperity. Building upon our strengths and removing our weaknesses, Alternate Travel Accommodations in the digital era are poised to be the wave that shall propel India to the top of the tourism destinations in the world n the coming time.

¹⁰ http://www3.weforum.org/docs/White_Paper_Incredible_India_2_0_final_.pdf