



HOSPITALITY

SECTORAL RANK

1

COMPANY
ITC

EXECUTIVE DIRECTOR
NAKUL ANAND

TOTAL SCORE
49.78

REVENUES
Rs 1,074 CRORE

Awake To A Guest's Sleep Needs

THE PRIMARY product that we sell is sleep," declares Nakul Anand, executive director, ITC, and head of the cigarettes-to-paperboard goliath's hospitality and travel businesses. "A business traveller comes to buy sleep from us. I can give you all the bells and whistles but if I haven't invested in giving you good sleep, I have no reason to be in the business."

ITC, he says, has invested in a full-fledged research centre on sleep that is in touch with sleep institutes and doctors. "They study things like rapid eye movement, the peak times to induce sleep and the best sleep induc-

'At ITC, we don't just create restaurants, we create brands'

ers." From chocolates that induce sleep to obsessing over the right fabric and temperatures to maximise comfort, ITC has been trying to improve the quality of its core product — sleep. Not surprising that it tops the chart on this count. Indeed, on five of the seven counts that earns a company respect — innovativeness, quality of product, people practices, quality of top management and global competitiveness — ITC is ahead of its peers.

However, this time around, it is only by the slenderest of margins that it has hung on to its position as the most respected company in the hotels category (it was the most respected hotelier in 2011 too).

ITC's revenue growth has been muted — from Rs 1,006 crore in 2012, its revenue rose marginally to Rs 1,074 crore in 2013. Nakul Anand blames the economic slowdown (not just domestic but in feeder markets too) and supply-demand skew for this. "If just one additional hotel comes up in a city like Chennai, it increases the supply by 30 per cent, but demand never goes up to that extent," he points out.

Three trends that Anand says ITC has noticed are that people are sleeping two to three hours less on average; the traveller is hard-pressed for time; and wants to be in total control. This is why, he says, the group is increasing its focus on sleep (if you are sleeping just five hours, it better be sound), providing more and more services (from tea to laundry) in the room, so the traveller is self-sufficient and tweaking the rooms so that everything is within easy reach.

This effort has been taken a notch higher, says Anand, at the group's latest launch, the 600-room ITC Grand Chola in Chennai. All controls in the room are on an iPad. For instance, if the doorbell rings, the picture of the person standing outside flashes on the iPad. There is also an anti-stumble light placed discreetly under the bed — the minute the guest gets out of the bed, the light comes on. "These features will now be introduced in other ITC hotels," says Anand.

But while these innovations might have helped the hotel improve its product offerings, the key differentiator in gaining respect, feels Anand, is the responsible luxury positioning that ITC has taken — chasing environmental sustainability with as much zeal as sleep. "Fifty-five per cent of power at all our hotels now comes from renewable sources. We will be moving to 75 per cent soon," says Anand. "There are only 11 luxury hotels in the world that are LEED Platinum and 10 are ours. So, we are the greenest luxury hotel chain in the world," he adds.

The move to reduce its carbon footprint may be winning the approval of its guests, but there are financial benefits too. Typically, utility costs of a hotel in India are 7-8 per cent but these have been rising of late. "Even a 10-20 per cent reduction in energy consumption can amount to a hefty 2-4 per cent of a hotel's GOP (gross operating profits) margin," says a report by HVS, a hospitality consultancy.

Another differentiator for ITC, Anand says, is in its food and beverage (F&B) approach. F&B revenues

at ITC hotels are almost comparable to room revenues. "We don't just create restaurants, we create brands. And the driving principle behind our F&B approach is to create the globe's finest Indian and India's finest global," he says, describing how the chain that has always been known for its Indian cuisine brands (Bukhara, Dum Pukht, Dakshin) has now created global cuisine brands such as Pan Asian, Edo (Japanese) and Ottimo (Italian).

Finally, says Anand, for a good hotel to become a great hotel, the differentiation comes from its people. Attrition rates at ITC, he claims, are a low 7 per cent against an industry average of 20 per cent. "ITC has always believed in growth from within," he says, citing his own example — he started his career as a management trainee in 1979 at the ITC hotel management institute. Each year, 150 students join the institute. "While these are more than sufficient for our intake, we do once in a while infuse talent from outside to bring in new thoughts," he says.

Forty ITC hotels are in development. The aim is to take capacity up from 95 hotels (8,000 rooms) to 150 hotels (13,000 rooms). Occupancy may have fallen at five-star hotels, even as four-stars hold steady, but ITC will chase expansion in both high-end as well as mid-market (Fortune) equally. "More than strategy, we are driven by opportunity here," says Anand. "We believe it's always the location that dictates the choice of hotel and opportunity guides our expansion."

— Chitra Narayanan