Micro- Stay Hotels In India: An Approach to Hotel Revenue Optimization

Dr. Nita Choudhary*

Abstract

Micro-stay hotels have paved the path for hospitality industry to meet the budding demands of millennial travelers and accommodate the market for mid-scale and small-scale hotels. Micro-stays are small sized properties about half the size of a traditional hotel room that provide high-quality furnishing and amenities in a room, meets the unique demands of each travel destination through locally encouraged restaurants and bars. These hotels also cater to the needs of business and group travelers, pilgrims and students, by easing the process of booking and payment for inter-connected rooms. This paper takes a peek into the emerging concept of micro-stay segment that is acting as a solution for hotels to augment revenue, by selling vacant rooms multiple times in a day. The paper throws light on the product characteristics; segmentation, targeting and positioning; advantages and challenges of micro-stay segment. The paper also conceptualizes the framework of micro-stay, emphasizing the driving forces and their impact on QOL, segment growth and competitive advantage.

Key Words: Competitive advantage; Customer satisfaction; Micro-stay; Quality of Life; Segmentation, Targeting and positioning; Sustainable management.

Introduction

Service sector plays an important role in the economic development of India, contributing about 53.66% to the Indian GDP. With the growing robust customer demand, increasing disposable income, increasing middle class, lucrative opportunities, diverse attractions, and the hospitality sector is experiencing a vigorous growth and make for 7.5 per cent of the country's GDP (Malhotra, 2017). As per KPMG report, the Indian hospitality sector is expected to grow at 16.1 per cent CAGR to accomplish Rs 2,796.9 thousand crores in 2022. As per the Travel & Tourism Competitiveness Report 2019, published by the World Economic Forum, India was ranked 34th. The Indian hospitality sector incorporates myriad activities, within the services sector and is considered as a key job provider both directly and indirectly (Malhotra, 2017). Infrastructure development, guest satisfaction and diverse culture are inevitable to the growth of the Indian hospitality sector. India has made its way into medical, wellness, eco tourism, religious tourism, and micro stay hotels.

India is one of the most culturally diverse countries in the world, having diverse music and folklore, dance, art, culture, language, locations, cuisine, giving a boost to the travelers from all around the world. India's culture is very well suited for tourism; however there is a need for generating flexibility in Hotel bookings.

The conception of providing hotel room to customers/guests on the basis of hours is called micro-stay. This was once considered a niche service, offering short, non-overnight stays in hotel rooms, and is now expanding around the world. It is partially based on the concept of capsule hotels, and is also referred to as short-stay, day-stay, or capsule stay in other countries. This concept is now an emerging and pioneering trend in India. This emerging concept has been proven to be a win-win option both for travellers and hotels, and researchers are considering this as an 'out-of-the-box' marketing tool. StayUncle, LuvStay, Slicerooms, Frotels.com, Fellastay, and BreviStay are some of the popular examples of micro-stay hotels in India.

Literature Review

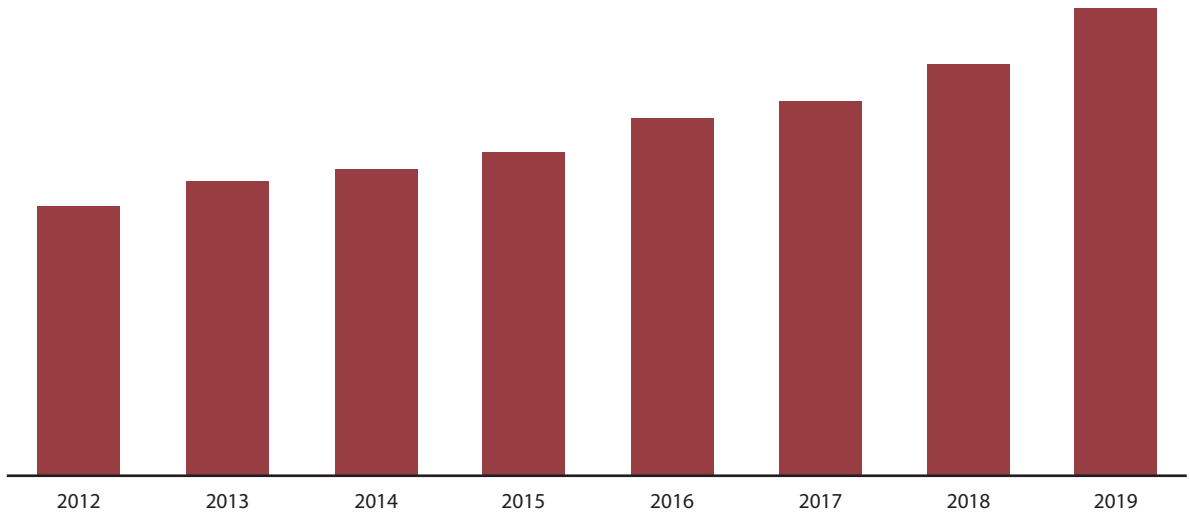
Recent developments of Hospitality Industry in India

The Indian hospitality and tourism industry is expected to reach a massive INR 1,210.8 Billion, by the end of 2023 (Jain, 2020). In the year 2017, India had more than 10 million foreign tourists and experiences a growth rate of 14%, compared to year 2016 and the number was double compared to the

* Faculty, International Institute of Hotel Management, Bangalore. Email – xiss12@gmail.com

years 2009 and 2010. As per India's Travel and Tourism Competitiveness Index, India was ranked 34 out of 136 countries in 2019 and 10th out of 136 countries in the group of price competitiveness. This means that India is at a good position to attract tourists all over the world ("Hospitality industry, 2020).

Figure 1: Foreign tourist arrival in India from 2012 - 2019



Source: *Mordor Intelligence*

Segmentation Insights

Micro-stay - a niche/ unbranded segment comprises of more than 70% of the total hotel rooms. The micro-stay hotels are expected to experience the growth rate of 7.36% in the year 2018 to 14.80% in the year 2024. Moreover, this niche segment, contributes about 5% of the total hotel industry, with respect to room supply.

As per the city-wise supply of rooms, tier I cities like New Delhi and Mumbai accounted for highest number of rooms, followed by Bengaluru and Chennai. Together they accounted for 30% of the total market share in India. Smaller cities and town, accounts about 27% of the hotel industry, where the market is subjugated by unbranded, niche and unorganized hotels.

Government Initiatives

- Indian government has initiated the schemes like SWADESH DARSHAN (Integrated Development of Tourist Circuits around Specific Themes), PRASHAD (National Mission on Pilgrimage Rejuvenation and Spiritual, Heritage Augmentation Drive) and E-Visa to promote the inflow of tourists in the country.
- Ministry of Civil Aviation has come up with schemes, UDAN - Ude Desh ka Aam Nagrik and NABH Nirman, under vision 2040, to augment guests from the remote areas of the country.
- Ministry of Railways is improving rail infrastructure throughout the country to make traveling simpler and safe ("Assessment", 2020).

History of Micro-stay

The concept of a short/micro stay hotel is not novice. The concept first originated in Japan with the name "capsule hotels", that have been providing petite sleeping spaces for businessmen who worked or partied post their work hours. Day-use rooms offered in Europe and America started gaining significance during the economic downturn, with smaller number of people traveling. Now micro-stays are sprawling in India as well and day rates, in hotel paradigm, have become micro-stays (Weed, 2013). BYHOURS was founded in 2012 in Spain, as a booking platform for hotels offering micro-stays (Thompson, 2016)

Majority of OTAs like by hours, Dayrooms, Day use, OYO, Yatra, MiStay and Hotels ByDay are providing these hourly-based booking options. Big hotels are also providing meeting spaces with all the itineraries in place. Hotels are making effective use of their physical assets.

Micro-stay market in India

The concept of micro-stay is going to be next innovative segment in hospitality industry, and it is going to benefit not only travelers but also provides hotels a new business line with a new customer segment. There exist an untapped gap in the hotel market for the short term use of rooms, the solution to which, the customers are cleverly demanding to make the lives comfortable and efficient (Thompson,

2016). For eg. StayUncle, LuvStay and BreviStay, were able to achieve breakeven point within a few months of their operations, and have been profitable since their advent. For example, StayUncle, earned $2 million revenue annually at a rate of 3-40%, and BreviStay achieved sales worth Rs 3 crore in 2019, at a growth rate of 15% (Arora, 2020).

The average hotel occupancy rate is at around 65% in India, thereby the unoccupied hotel rooms comprise about $6 billion of untapped opportunity for hotels in terms of ARR (Naik, 2019). Hotels have almost of 50 - 60% occupancy rate in the day time and can bank upon the opportunity to earn additional income by reselling rooms multiple times in a day. Hotels now have an option to decide their inventory open and close, not only by date, but also by time.

Indian market is experimenting with the concept of micro-stay. OTAs like OYO, Yatra, MiStay are letting guests book hotels on an hourly basis. Hotels like Ginger are specifically targeting the business travelers, providing discounts and amenities like free Wi-Fi, and allowing them to check-in and check-out between 7 A.M to 7 P.M. These players are making use of product differentiation strategies to keep up to the pace of competition. For e.g., StayUncle, have introduced love kits in the collaborator hotel rooms, to augment customer satisfaction and is planning to target homosexual couples too.

Product characteristics

Although any classic hotel operator share the purpose of selling a hotel room with all amenities for fixed check in/ check out, micro-stays on the other hand, attempt to provide 'short period of comfort', user experience and convenient rooms.

Size and capacity

Most of the micro hotel rooms occupy less than 200 square feet, while some are even less than 100 square feet (Chiasson, 2019). The customers get a comfortable, suitable room without any additional space. Even if some guest needs to spend the night, he can select an airport-adjacent micro hotel for a daytime comfort. Numerous micro stays have extra storage and business solutions than a normal hotel room for better competitive advantage. Customers do not have to search desperately for a place to charge the phone, plug in the device, stack the bag, or tending kids. Micro hotels are all inclusive of smart design, smart storage, and ample guest experience.

For example, MiStay, is presently operating in 100 cities and has about 1500 hotel partners (Naik, 2019). The partners of the company include premium hotel brands like The Park, Radisson, Holiday Inn, Lemon Tree, Mango Hotels, Mint Hotels, and Treebo among others (Sangwan, 2019).

Site prerequisites

A micro-stay hotel should meet the following site prerequisites-

- Nearness to airports (ones with scheduled flights) and railways;
- Public transport accessibility;
- Nearness to restaurants, shops and cafés;
- Road access and parking facilities (ones with own vehicle)

Room amenities

Micro-stay hotel designers venture to foresee the specific requirements of their guests. To achieve this objective, the rooms are designed to house guest requirements, leading to better utilization of space.

The micro-stay hotel provides capsule units, that incorporate mattress, pillow, comforter, sheets, towels, bathroom items, under-bed storage, a flip-down desk, a closet system, a small refrigerator, modular furniture and Wi-Fi. The exclusive hotel also offers double bed rooms, even a bed and loft room.

Every micro-stay hotels offer a safety deposit box for valuables, mobiles and laptop. Additionally, there are storage spaces designed for massive items like suitcases, under the bed storage, and hangers. Micro-stay offers meeting and work spaces, along with printers, whiteboards, stationery, and Xbox game systems for business travelers

Public spaces – Micro-stay hotels emphasize public spaces to incorporate interface between guests and local culture experience. These spaces include fitness rooms, gyms, cafés, lounges, pools, bars and restaurants. Food and beverage facilities are given uppermost priority in the micro-stay hotels and the level of service differs based on guest tastes and preferences.

Revenue aspects

Micro-stay helps hotels to make more revenue as they are able to sell the rooms more than once a day. Micro stays attract more travelers, pilgrims, students and visitors to hotels, who wish to spend their time in a nap, shower or freshen up. This can help travelers to shun unnecessary waiting time at airports, railway stations or bus stands. Providing guests with short and comfortable stays is going to increase room occupancies, generate more profits and get the rooms utilized in a better way. Customers too are benefitted from this concept, as it saves their money, while meeting their objective.

Micro-stays give the opportunity to the hotels for optimum utilization of their inventory, enhanced occupancy, thereby increasing their revenue. In India, a majority of rooms goes unoccupied, with an average occupancy rate approximately at 60 - 65%. Thus the unsold hotel rooms comprise about $6 billion of the

untapped revenue opportunity for hotels. A novel demand can be created through micro-stay, enabling travelers to book and pay for the hours they have stayed. Micro-stay can augment ARRs, with a very apparent trend of check-in /check-out. Hotels can achieve more than 100 percent occupancy by using this concept.

Current gap in the literature

Following literature gaps are noticed in the study:-

i. Micro-stay is an emerging concept. Still there is a misconception among the hotel aggregators that the hourly basis rooms can be utilized for wrong purpose. This affects the revenue generation of the hotel.

ii. Micro-stays are collaborated with max 3.5 rating hotels which comprises of 70% market leaving behind untapped 30% of the market share that is occupied by the big players like Taj, Oberai, Sarovar, Radisson etc. Luxury and space constraint may be looked into for future research

iii. Targeting customer base is still a big challenge and also the ease of booking and cancellation of the rooms should be improved further.

iv. Making use of social media as a promotional tool can be enhanced further. Aggressive promotional tool to be used.

v. Software development and its integration in the existing hotel system needs be explored

Objectives of the study

The study incorporates the following objectives

1) To study the advantages and challenges faced by micro-stay hotels.

2) To analyze product characteristics; Segmentation, Targeting and Positioning (STP) of micro-stay hotels.

3) To construct conceptual framework of Micro-stay model.

Methodology

The author has referred to secondary sources to derive fundamental concepts and framework of micro-stay. Since limited resources were available on this concept, mainly in the form of expert views, newspaper and online sources; the author attempted to link all the given information into already established theories of marketing (Segmentation-Targeting-Positioning, Customer satisfaction, competitive advantage), external factors (Social, economic, technological, community participation). All the established theories were correlated to form a conceptual model of micro-sty segment to gain in-depth insight into this emerging concept around the world.

Scope of the present study

The study confines itself to micro-stay hotels that operate in the entire country - its characteristics; the advantages, challenges and drivers of micro-stays in India.

Findings and Discussions

Advantages of micro-stay hotel

Table 1: Advantages of micro-stay hotel

Sl. No.	Parameters	Advantages
1.	Flexibility	•Facilitates booking for few hours or even an hour •Facilitates last minute and hassle free booking. •Hassle free check-in/check-out •Ideal for travelers, millennial, businessmen, unmarried couples. •Right option to relax for a while.
2.	Privay	•Provides reliable and secure space
3.	Cost effective	•Resolves the issue of overpaying for a short stay effectively. •Paying on hourly basis
4.	Nationwide accessibility	•MiStay has hotels in 90 + cities in India including all the major cities (Neha, 2019).
5.	Wide range	•MiStay comprises a wide range of hotels, with about 900+ hotels in more than 90 cities in India (Neha, 2019).
6.	Affordability	•Provides hotel like facilities. •24 * 7 service facilities •Increased occupancy
7.	Revenue	•Boosts revenue by selling a room multiple times in a day •Increase in RevPAR •Selling unused space and time

Source: *Calculated by the author*

Challenges faced by Micro-stay hotels

While the concept of micro stay is still emerging in the Indian market, the opinions of people are divided. Few people are happy with this mobile facility of accommodation, but others are still apprehensive to adapt to the concept of pay by the hour hotels (Singh, 2020)

- **Health related issues** – Certain micro-stay rooms are not a good alternative for claustrophobic travelers, due to limited space. While most of the rooms are bright and airy, there are some obvious exceptions. Customers should be careful enough before spending and do a thorough research on internet for rooms.
- **Sharing options** - The most crucial aspect of a micro stay room is to share it with others. It's always better to select for larger room, if available. Occasionally, guests look for hotels with a lounge or bar, to spend extra time, if needed.
- **Perception** – The concept of micro-stay can be perceived in the wrong way or even exploited, which may taint the reputation and brand of a hotel.

Analysis

Segmentation, Targeting and Positioning

Both geographic and demographic segmentation is important because micro-stay needs to know which customers to target. For example, Cleartrip has launched "Quickeys", that provides last minute hotel deals (Rai, 2012). As per this service, hotel rooms can be booked for the same day or the next day. The rooms can be booked even late night as 11pm and can be check-in on the same day. There is no limitation on the length of stay, and there are lots of discounts and offers for customers.

Table2: Customer segmentation and profiling

Demographic segments	Profile
Layover travelers	Travelers with long journeys, needs rest for a while and can opt for micro-stay. Travelers can avoid the unnecessary waiting time at an airport or a railway station, by utilizing micro-stay.
Tourists	Tourists visiting other places or coming from different places, hardly get time to spend in hotel rooms. They are busy in sightseeing and exploring various places during the day. Tourists can book hotel for the night, rest, and move on to the next destination.
Business travelers	They travel for long hours and look for a place to refresh and have a small nap, before moving on for business meeting or presentation. Micro-stay can solve the purpose of business travelers. SliceRooms.com is the hotel website, to offer this service to cater to the business travel segment and pilgrims segment.
Religious tourists	Pilgrims opting for continuous transportation need a hotel room for freshening up and moving to the temple or religious place.
Cultural tourists	Cultural tourists travel to explore cultures, customs, festivals etc. For them too micro-stay is a viable option.
Backpackers and trekkers	They need a nap to give themselves some rest and refreshment, and then proceed on their next adventurous journeys.
Students	Students travel to different places for competitive exams and for attending workshops or seminars. They have a limited budget and they need a room to just relax and rest before exams.

Source: *Author*

Targeting the customer

Micro stay is a rational option for travelers, who travel to and fro to different cities for business meetings, exams or pilgrims etc. and have to return on the same day. The target customers are business travelers, trekkers, layover travelers, students; tourists etc. and content marketing plays a crucial role in popularizing the concept among the customers.

Differentiation in the amenities offered by micro-stay, are based on the concept of market segmentation that a hotel tries to target. For eg. budget micro-stay hotels like Brevistay, mainly targets the business traveler as a part of its strategy, and the amenities offered by it are limited to bed, bathroom, and storage facility. Brands like Mistay, StayUncle, offers additional facilities such as larger bed, extra space, hand-held steamers, and extra furniture. Finally, others aim to generate micro rooms that cater to the needs of families and groups travelers, by offering 30% interconnected rooms.

Micro-stay concept is based on consumer benefits (In terms of time, accessibility and cost) and pricing

positioning strategy, to attract customers from varied segment of the society. Considered as one of the emerging 'Out of the box' marketing tool, micro-stay is unarguably a powerful marketing strategic option for hotels, as they can attract many guests to their hotels, thereby increasing their revenue.

Conceptual framework of Micro-stay Model

Tourism industry has become one of the leading industries of the world and is still growing at an increasing pace. Tourism has been identified as an effective contributor to improve the income level of the community and has the potential to improve the quality of life (Andereck & Nyaupane, 2011). With the growing popularity of micro-stay in India, it is an effective and powerful marketing tool to bank upon.

The model presented below, shows the various drivers of micro-stay sector and their impact on industry growth, Quality of Life (QOL) and competitive advantage. The model presents how the micro-stay business embarks on the path, which leads from drivers, inputs to the sustainability of community-based tourism in the form of management of resources. The model included in the study was conceptualized in January, 2020; after considering the research gap in literature studied.

The conceptual model will answer the following questions

- What are the various driving forces, augmenting the flow of micro-stay?
- What will be the impact of driving forces on aspects such as QOL, Industry growth, and competitive advantage?
- How the objective of Sustainability can be achieved by management of resources

Variables

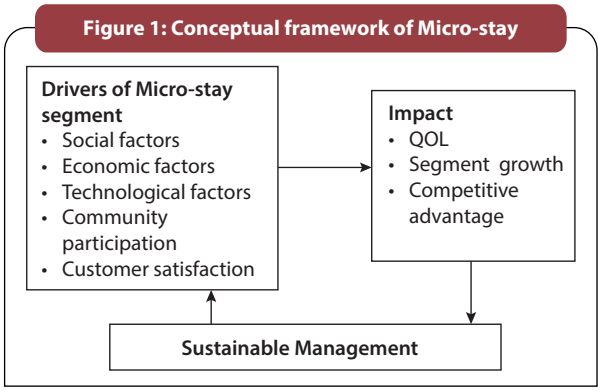
Dependent variables - Social factors, Economic factors, Technological factors, Community participation, and Customer satisfaction, are the dependent variables considered in this study.

Independent variables - Industry growth, Quality of Life (QOL), competitive advantage and Sustainable Management, are the independent variables considered in this study.

Drivers of Micro-stay segment

Social - Five-star hotel chains in India were the lone ones to practice discriminatory policies against unmarried or same-sex couples, for the longest time. Their excessive prices pose considerable limitations for couples looking for privacy, cost-effectiveness and comfort. There were limited opportunities available for couples looking for privacy for a limited period of time. After exploring demand for this untapped

Figure 1: Conceptual framework of Micro-stay



market, hotel chains like StayUncle, MiStay, LuvStay and BreviStay have explored the options with a myrias of services to offer. Pre-marital sex between agreeing adults, once a taboo in the past, is no longer suspected by the hospitality industry now. Besides couples, the micro-stay segment has targeted frequent travellers, pilgrims or tourists, students who wants to spend few hours, before restarting their journey.

For instance, Brevistay works toward breaking the redundant culture and stereotypes that prevail in society about hotels. Lemon Tree Hotels, Ginger Hotels and Keys Hotels are offering micro-stay directly, through their websites. Other hotel chains like Pride Hotel, Mango Hotel, and Sarovar Hotel are also offering micro-stay services.

Economic – The concept of micro stay facilitates the hotel to utilize the unutilized room and earn extra revenue for the room. In general, the budgeted ARR is projected as 70% to 80% of the published tariff ARR ("Micro Stay", 2017). In addition to that, the sale of rooms at 30% of the published tariff will be added revenue, thereby augmenting the projected ARR. This will not only benefit customers but also the hotel chains. Customers can save 70% of the total cost with short stay hotels when compared to regular hotels that charge on a daily basis.

StayUncle, LuvStay and BreviStay achieved breakeven point, within a few months of their venture, and were profitable ever since. For example StayUncle, earns $2 million revenue, at an annual rate of 3 – 40 %, and BreviStay achieved a growth rate of 15% (Arora, 2020).

Technological – Technology has brought about a change in hospitality industry by enhancing the service quality, progressing efficiencies, gain competitive advantage, maintaining relationships with customers, and augmenting profitability. Micro-stay hotels also work on the concept of other hotels in terms of technology. Micro-stay rooms is a richly crafted design that makes optimum use of space along with providing latest technology, such as wing chairs, recliners, chaise lounge, bunker bed, wife, charging points etc.

In micro-stay hotels, technology plays an important role in enhancing the guest's connectivity to the appliances in a room. The ability to adjust temperature, lights, and curtains or turn on the TV at the fingertips limits the total movement required in the room. Having large windows and mirrors are general feature across boutique and lifestyle brands, because they create a fantasy of openness to compensate the limited space. Similarly, radiant light fixtures allow guests to switch between different settings to create their ideal milieu. Finally, technology augments how connected a guest is to their room atmosphere.

Community participation – As per Chakraborty, (2019), community participation in tourism industry can influence the knowledge, insights and capabilities among the different members by sharing of ideas, thereby resulting in a robust understanding of the problems and more innovative policies and sustainability. Micro-stay hotels runs on the 'Spontaneous' typology of Community participation. The word 'spontaneous' means an ideal mode of community participation, where people can handle their problems without government's or other external agencies' support. There is an active, informal, direct and authentic participation of people in this model.

Customer satisfaction – Customer satisfaction is the key impetus for any organization to survive in the present competition. Service providers have to comprehend their customer's preferences and devise their services to maximize customer satisfaction (Amin and DilPazil 2015). Micro-stay hotels is an answer to a cost-effective way of adding comfort and very effectively addresses the issue of overpaying for a short stay, by offering hospitality services for a few hours. It offers an exclusive blend of flexibility, adaptability, and affordability. It is not only reliable and secure space but also add to the comfort and satisfaction of guests at every step. Check-in/check-out flexibility is a unique way to personalize the guest's stay, establish integrity, and gain incremental acquisitions.

Product differentiation remains the driving force of customer satisfaction and micro-stay segment is no unusual. For example, StayUncle has introduced Love Kits in their partner hotels, to improve customer satisfaction. It is also foraying to cater to same-sex couples.

Another advantage offered by micro-stay segment is spontaneous booking. According to eHotelier, about 67% of short-term bookings were made within 24 hours notice. Guests are taking advantage of mobile technology to enjoy great deals on these quick stays at local accommodations. For instance, ByHours.com, a booking platform and mobile app; offers a complete booking solution for visitors, in sets of 3, 6 and 12 hour periods, and also provides users with the handiness of being able to select their own check in/out times.

Impact on micro-stay segment from various forces

Quality of Life (QOL) - Quality of life (QOL) is of great importance both at a micro and macroeconomic level. The factors that directly affects a host community's quality of life are the tourist-host relationship and the progress of the tourist industry as a whole (Bohdanowicz and Zientara, 2009). QOL of an individual can be measured by various means; the most common method is measuring reality of life, such as income, employment opportunities, social factors such as recreation opportunities, family structure, social networks, cultural integrity, and environmental factors (Andereck and Nyaupane, 2011).

In this study, there is focus on factors such as recreation opportunities, cultural integrity, relaxation, and employment opportunities. Leisure travelers and pilgrims are finding micro-stays segment to be convenient, predominantly if they are visiting several destinations on their trip or they are stuck between flights. In today's scenario, travelers want locally made and authentic food and experiences. They want to totally feel connected with the local community and culture experience. Nearly 50% of the global travelers have opted for destination based on the country's culture, custom and people and about 54% want to experience an adventurous holiday.

Micro-stays are particularly suited to business travelers, who generally do not need a room for an entire day, as they will be either busy with meetings or waiting for a long layover. Mostly, all they want is a place where they can take a quick nap, enjoy a shower, dine and attend the meeting. Micro-stay rooms enable the guests to rest and prepare a few hours before an important meeting. Many of the hotels are situated near to airports, railway stations, and public transport and city centers making them perfect for business travelers in need of down time.

Segment growth – Micro-stay hotels segment is on a surge and has experienced a bankable growth of 4-40%. By offering hotel room stays as little as for one to three hours, the demand for micro-stays shows sign of soaring high. Since largely driven by business customers, it promises a significant revenue boost for hoteliers. Micro-stays provide a gap in the market that is independent of the 'home from home' option.

It is well apparent that the advancement in technology has brought a tremendous shift in the way we work, live and travel. The restrictions of working within the

office premises have been pushed far away. Today's hotels will become the offices of the future in the form of extended stay hotels and micro-stay hotels.

Competitive advantage – Various factors determine the competitive advantage of micro-stay segment-

- **Price** - Customers are price sensitive and more prone to deals and feedback than loyalty programs. Budget in the form of price, is a prime factor in the decision-making process for about 70% of the travelers. Micro-stay rooms are economical for guests, due to its availability as per number of hours.
- **Technology** – Technology is a change that can help micro-stay segment to compete in this new marketplace. Micro-stay can use technology to improve their operations and gain competitive advantage. Travelers depend heavily on technology during entire decision-making process, including research, booking and payment.
- **Leverage Existing Amenities** – Micro-stay hotels should adopt a 'blue ocean' concept by broadening the definition of 'guest'. As per this definition, a 'Guest' is one who is experiencing the hotel for any time period and not just spending the night. With the help of this approach, micro-stay segment would be able to target local customers, increase the occupancy rate, increase the customer base and upgrade existing amenities.
- **Foster New Experiences** – Micro-stay hotels can propose their guests the same level of culture and authenticity, as a part of local tradition. Micro-stay hotels should highlight the local culture through every guest point of view.

The hotels should modernize the design of their properties to include local culture and promote social synergy and sustainability. The lobby of the hotels can be reorganized to a place for the guests to socialize and interact with each other and local people. Hotels can also update their menu to incorporate local cuisine and try to enhance interrelations with local artists and businesses.

Conclusion

The Indian hospitality industry has the potential to be the prime driving force behind the growth of India's competitiveness and economy. This can be achieved, only with the support and incentives from the government in both luxury and ultra-luxury segments. The government should lend its support with respect to incentives and taxation to encourage its growth and augment competitive advantage. Similar to big brands, small & mid-sized hotels can also cater to the growing needs of guests, as there are times when the hotel rooms remain vacant for many days. If micro-stay offer short-stays to guests, it will increase room inventories, make extra profit, keep the rooms occupied and generate additional revenue. Guests will also be benefitted, as it is economical and accessible.

In real sense, the micro-stay hotels do not contend with regular hotels, and stay as niche sector. The benefit of micro-stay segment, in terms of elevated profits, can be felt only by filling the hotel rooms several times in a day, with short term guests.

As the concept of micro-stay is making its mark in Indian hospitality industry, the following challenges can be foreseen for micro-stay hotels -

- Establishing in areas, w here bigger brands are competing with them;
- Improvement in terms services offered, rather than giving way to just profit maximization.
- Amalgamation with local culture and community to provide guests with wider spectrum of experience.

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