



EHL INSIGHTS WHITEPAPER

Hospitality Outlook 2026 – India

SCALING BEYOND THE METROS

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A MARKET IN MOTION

A wave of growth is reshaping India's hospitality sector. It extends beyond established metros like Mumbai and Delhi to distinct Tier 2 and Tier 3 city archetypes, including pilgrimage hubs, regional business centers, and emerging leisure and wedding destinations—each with different seasonality, staffing complexities, and yield dynamics.

At the heart of this momentum is a surge in domestic tourist visits, led by a young generation in search of more meaningful experiences. These travelers are trading standardized tours for spiritual pilgrimages, eco-stays, short-haul experiential travel, and culturally rooted excursions that celebrate local cultures and cuisines.

To keep pace, hotel brands are expanding rapidly across the budget, midscale, and luxury segments in smaller cities and emerging destinations. Technologies like AI, automation, and mobile-first distribution are helping operators scale more efficiently while personalizing the guest experience. Yet gaps in adoption and execution remain, particularly in Tier 2 and Tier 3 markets with infrastructure, skills, and capital constraints.

Talent remains the sector's most pressing challenge. Despite a young and growing workforce, high attrition, uneven middle-management skills, and leadership shortages are hindering the industry's ability to scale sustainably. As guest expectations continue to rise, human-centered capabilities—a service mindset, empathy, leadership, and consistency—

are becoming as critical as operational efficiency for long-term success.

This market snapshot explores how domestic demand, demographic shifts, technology adoption, and talent readiness are reshaping India's hospitality landscape. It focuses not only on where growth is accelerating, but on what operators must do differently to deliver consistently and at scale in one of the world's most dynamic hospitality markets.

KEY NUMBERS

~\$45 billion USD

Projected value of India's experiential travel market by 2027

[The Economic Times - Travel World](#)

100,000-150,000

New skilled workers needed annually in branded hotels across India until 2029 pilgrimage destinations

[Hotelier India](#)

+1.4 billion

Annual domestic tourist visits to pilgrimage destinations

[Markets & Data](#)



The tides
shaping
INDIA'S HOSPITALITY
MARKET
hospitality
market

India is expansive in size, geographic diversity, and cultural nuance. From the Himalayas in the north to the Backwaters of the south, the country contains a rich array of histories, cuisines, clothing, languages, and regional identities. Its hospitality market mirrors this diversity, functioning less as a single market and more as a portfolio of distinct demand clusters.

“

Many brands, especially international ones, apply a single template across India. Even domestic brands often rely heavily on SOPs deployed uniformly across properties. The real differentiation comes from people on the ground, but that knowledge is tacit rather than formally embedded.

”

This section provides a high-level snapshot of India’s hospitality landscape in 2026, highlighting where growth is happening, which segments are expanding, and how traveler behaviors are evolving.



Kanav Mata
EHL Director and Regional
Head (South Asia, Myanmar,
and Middle East)

DOMESTIC TRAVEL EXPANDS BEYOND METROS

India’s hospitality growth is no longer confined to the top five metros. Thanks to rising incomes and interconnectivity, domestic travel is soaring in cities large and small.



In 2024, India saw [over 2.9 billion domestic tourist visits](#), a 17.51% increase from 2023, and domestic air travel is expected to [more than double](#) from 2024 to 2030.

This expansion is accelerating short-stay, weekend, and event-driven travel patterns—particularly in Tier 2 and Tier 3 cities, which are [rapidly expanding their hospitality offerings](#) with new hotels, new travel corridors, and regionally differentiated experiences.

This changes the focus for operators. It’s no longer enough to simply identify where demand exists. Success now depends on managing the complexity of operating across diverse local markets, from staffing and infrastructure to catering to different traveler expectations.

POLICY AND INFRASTRUCTURE SUPPORT GROWTH

Government initiatives are helping India's hospitality expansion take shape.

The [Smart Cities Mission](#) is improving infrastructure like water supply, digital access, and roads in 100 cities, many in the Tier 2 and Tier 3 regions. The [UDAN scheme](#) has made regional air travel more affordable by opening up hundreds of regional air routes. And several state governments are offering hospitality and eco-tourism [incentives](#)—tax breaks, land subsidies, and faster approvals—to promote projects in less-developed areas.

Together, these policies are shifting growth from a metro-centric model to a multi-node hospitality landscape.

A YOUNG WORKFORCE FUELS EXPANSION

Supporting this surge in travel is India's young, growing workforce.

The country's median age is nearly [10 years younger](#) than that of the US and China, and by 2030, India is expected to have around one billion working-age adults.

This workforce is set to play a major role globally, contributing significantly to the world's labor supply. Over the coming decade, India is estimated to produce

about 25% of the [world's incremental workforce](#), creating both a massive domestic travel market and a deep labor pool.

While this young, growing workforce presents a major growth opportunity, uneven skills within the labor pool mean operators must actively develop capabilities and make skill-building and retention true priorities—not HR afterthoughts.



EXPERIENTIAL TRAVEL SHAPES DEMAND PATTERNS

Across multiple surveys and industry estimates, traveler preferences are evolving. The experiential travel market is [projected to reach \\$45 billion USD](#) by 2027, driven primarily by Gen Z.

Indian travelers are increasingly seeking unconventional or immersive stays, signaling a shift towards experiences and hotels as destinations in their own right. Young Indians are leading this trend: [93% of Gen Z and Gen Alpha](#) influence family vacation plans, and [around 65% of Gen Z](#) take solo trips.

As a result, young travelers are driving a growing share of revenue in the experiential travel sector. For example, an estimated [60–65% of experiential travel company WanderOn's revenue](#) now comes from the 18–35 age group.

For operators, “experiential” is no longer just a design trend—it’s a full operating model requiring engaged staff, local partnerships, programming capabilities, and cost control. Brands face a critical inflection point: without investment, travelers may turn to more agile competitors. Capturing this segment means strengthening the human foundation of hospitality by training teams in management, service, and problem-solving so they can connect with guests, work with local partners, and scale experiences without losing the brand’s identity.

MICE AND SOCIAL EVENTS UNLOCK NEW REVENUE STREAMS

Alongside leisure and experiential stays, business travel and social events are emerging as major growth engines for India’s hospitality market. Meetings, incentives, conferences, and events (MICE), as well as weddings and large social gatherings, are creating new opportunities—especially in metros and rapidly developing Tier 2 cities.

The MICE and social events market was valued at [\\$49.4 billion USD in 2024](#) and is expected to double by 2030. Growth is being fueled by strong demand across industries such as IT, pharmaceuticals,

and finance, with activity concentrated in metros like Delhi and Bengaluru and accelerating in Tier 2 cities like Jaipur, Pune, and Ahmedabad.

Investment in new convention centers, expanded airports, and improved regional connectivity is supporting this shift, while weddings and large social events are emerging as a major profit engine for many secondary-market hotels.

As demand from MICE and social events increases, capturing this upside depends less on pure sales volume and more on cross-functional coordination across rooms, events, and F&B.

HOTEL SEGMENTS RESPOND TO DEMAND SHIFTS

These shifts in travel behavior are already reshaping hotel development strategies across India. As domestic travel grows, midscale and budget hotels are expanding fastest to meet the needs of young travelers seeking reliable, comfortable, and affordable options.

[Midscale](#) hotels offer quality without the luxury markup, appealing to business travelers and families, while budget brands attract first-time travelers looking for value. Luxury growth is slower but steady, increasingly focused on niche high-end experiences in resort destinations and secondary leisure hubs.

The background features a dark blue field with a complex pattern of overlapping, thin, light blue circles. Small, light blue dots are scattered throughout the scene, often positioned at the intersections of the circles or along their perimeters, creating a network-like or constellation-like appearance.

**TURNING TRENDS
INTO ADVANTAGE**

Turning
trends into
advantage

India's hospitality market is rapidly expanding, with opportunity spreading beyond traditional metros into Tier 2 and Tier 3 cities.

Hotels and brands that want to capture this momentum must rethink how they operate—investing in people, processes, and capabilities to deliver consistently excellent experiences at scale. This section highlights the key areas where operators can act to stay ahead.



RISING DOMESTIC AND EXPERIENTIAL TRAVEL

Rising domestic travel is changing the role of Tier 2 and Tier 3 cities, which are no longer seen as purely seasonal or event-driven destinations. In 2024, these markets accounted for [nearly half of all hotel property transactions](#), supported by year-round demand, increased brand expansion, and steadily rising guest expectations.

Spiritual tourism is a major driver of this momentum, accounting for roughly

[60% of domestic travel](#) in India, with pilgrimage journeys [growing 19%](#) between 2024 and 2025. At the same time, experiential tourism is accelerating demand. Rather than traditional luxury, young travelers are [seeking accessible, memorable, and local experiences](#)—even within a short drive from home.

Brands like [Aman Resorts](#) are responding by transforming smaller destinations into world-class immersive experiences rooted in local culture, raising the bar for service delivery and encouraging the industry to invest in regional storytelling in secondary markets.

“

Designing immersive experiences is merely the beginning. The real challenge lies in delivery—particularly in maintaining consistent storytelling and service quality across shifts, teams, and peak periods.

”

Inside Tier 2 and Tier 3 growth

THE CITY ARCHETYPES DRIVING DEMAND

The surge towards Tier 2 and Tier 3 cities doesn't come from a single demand profile. A range of draws are attracting different types of travelers to different cities. With diverse archetypes shaping demand patterns, cost structures, and service complexity, it's crucial that brands shift their hotel strategies, operating models, and leadership capabilities across markets.

Below are a few prominent demand archetypes and how organizations can adapt their focus for each to thrive.

Pilgrimage and religious hubs

*VARANASI, TIRUPATI, AYODHYA,
AND BEYOND*

DEMAND PROFILE: High-volume, seasonal, and event-driven domestic travel

OPERATIONAL REALITY: Extreme peaks, short stays, and high turnover

LEADERSHIP IMPLICATION: Workforce planning, operational resilience, and service dignity matter more than experiential differentiation

Regional business and administrative centers

*LUCKNOW, INDORE, COIMBATORE,
AND BEYOND*

DEMAND PROFILE: Repeat domestic business travel and weekday-led demand

OPERATIONAL REALITY: Emphasis on midscale brands and reliability over novelty

LEADERSHIP IMPLICATION: Middle-management capabilities and service consistency are the primary performance drivers

Leisure, wedding, and lifestyle destinations

*JAIPUR, UDAIPUR, KOCHI, RISHIKESH,
AND BEYOND*

DEMAND PROFILE: Leisure, social events, and destination weddings

OPERATIONAL REALITY: High ADR potential, experience-led decisions, and reputation sensitivity

LEADERSHIP IMPLICATION: Cross-functional coordination—across operations, F&B, events, and service—is critical to protect yield

Infrastructure-led emerging cities

*NAVI MUMBAI, NOIDA, DHOLERA,
AIRPORT-ADJACENT AND INDUSTRIAL
CORRIDOR CITIES, AND BEYOND*

DEMAND PROFILE: Early-stage and mixed demand driven by connectivity and investment

OPERATIONAL REALITY: Fast growth and limited local hospitality talent

LEADERSHIP IMPLICATION: Leadership systems and training must be built early to avoid service inconsistency at scale

DIGITAL TRANSFORMATION

Technology is transforming the way hospitality works in Indian metros. Across the country, hotels are deploying [AI-powered systems](#), mobile-first bookings, and digital concierges to make the guest experience seamless, data-driven, and personal from discovery to checkout.

These innovations are already reshaping guest engagement. For instance, [AI chatbots](#) embedded in WhatsApp or websites can handle hotel inquiries in Hindi and regional languages, converting queries to direct bookings. And some operators are taking digital transformation even further: for example, Treebo, a homegrown budget hotel chain, has [digitized the entire end-to-end guest journey](#).

Looking ahead, however, technology is only one piece of the puzzle. Hotels that combine digital tools with well-trained teams and localized execution will be best positioned to deliver both efficiency and personalized guest experiences.

A FOCUS ON SUSTAINABILITY AND WELLNESS

Across India, wellness and eco-travel have shifted from niche to expectation. About [70% of India's Gen Z travelers](#) prefer trips with eco-friendly accommodations, and over 60% are willing to pay more for environmentally responsible options.

In response, businesses are increasingly blending local traditions and natural landscapes with global hospitality standards, creating experiences that feel authentic while meeting modern expectations.

At the same time, climate resilience is emerging as a critical operational priority. Ensuring water access, managing heat, and securing energy is no longer just a branding choice—it's an operational imperative.

CULINARY INNOVATION

Food is emerging as a powerful differentiator in India's hospitality market. Hotels are leveraging locally rooted dishes, experiential dining, and refined culinary techniques to create memorable guest experiences that set them apart from competitors.

The country's food services market is expected to grow at a [10-12% CAGR over the next seven years](#), reflecting strong demand for innovative dining concepts and high-quality culinary experiences.

For premium and lifestyle hotels, the ability to craft immersive culinary journeys that blend regional flavors with global standards is becoming a key competitive advantage. Guests are no longer satisfied with standard menus—they seek experiences that connect them to local culture, ingredients, and traditions while maintaining world-class execution.



**SCALING HOSPITALITY:
CHALLENGES AND
SOLUTIONS**

TECHNOLOGICAL DIVIDES: THE DIGITIZATION CHALLENGE

While metros are rapidly adopting hospitality technology, digitization remains uneven for midscale and budget hotels in Tier 2 and Tier 3 markets, where [broadband and wireless networks](#) are limited. Barriers include gaps in know-how, training, and upfront costs. Though technology can materially improve efficiency and guest engagement, the path to value is uneven and highly execution-dependent for smaller operators.

But falling behind comes at a cost. Today's travelers expect intuitive, efficient, and personalized experiences. Failing to meet these expectations can lead to immediate frustration and lost loyalty.

When used effectively, technology empowers staff by eliminating repetitive tasks, allowing them to focus on connecting with guests. The most successful operators use technology to enhance, not replace, the human dimension of service.

GROWING SHORTAGES: THE TALENT CHALLENGE

As brands expand into Tier 2 and Tier 3 cities, maintaining consistent service becomes increasingly difficult. India's hospitality market faces a [pressing need for skilled professionals](#) and leadership talent, from general managers to [frontline](#)

[staff](#) and [culinary experts](#), with a current [20-25% gap](#) in high-quality staff and a growing shortage of experienced middle managers capable of leading at scale.

“

As brands expand into Tier 2 and Tier 3 cities, leadership capability can often be transferred, but frontline service quality must be built locally. Differences in education, exposure, and training make service consistency harder to sustain at scale.

”

Several factors contribute to this shortage: [high attrition](#), [wage pressures](#), [skills gaps](#), and rapid industry expansion outpacing the talent pipeline. Without a skilled and dependable team, guest experiences suffer, managers burn out more quickly, and owners struggle to scale culture alongside footprint.





The future
of hospitality

**THE FUTURE OF
HOSPITALITY HINGES
ON SCALABLE HUMAN
EXPERIENCES**

human
experiences

Leadership Insight



“

“Growth in demand has masked service gaps, so brands sometimes feel they can ‘get by.’ But as the market matures, service quality will matter more.”

”

Kanav Mata
EHL DIRECTOR AND REGIONAL HEAD
(SOUTH ASIA, MYANMAR, AND MIDDLE EAST)

India’s hospitality market is no longer defined by a few metros—it’s surging across cities and regions, driven by rising domestic demand, innovation, and a new generation of travelers.

Every tier offers significant opportunity, from midscale hotels catering to domestic travelers to luxury brands redefining relevance through experience.

Looking ahead, the brands that succeed will be those that pair bold expansion with executive discipline, consistently delivering high-quality, human-centered hospitality at scale.



**LEADERSHIP PRIORITIES
FOR INDIA'S NEXT
PHASE OF GROWTH**

next phase of
growth

Leadership depth before footprint

Develop middle-management and GM capability early to protect service consistency as portfolios expand

Frontline training and retention systems

Embed programs that strengthen teams, especially in Tier 2 and Tier 3 cities, where service quality depends on locally developed talent

Experience delivery, not just experience design

Strengthen storytelling, coordination, and execution discipline across operations, F&B, and events

City-specific operating models

Adapt service levels, staffing models, and cost structures to different demand archetypes rather than applying uniform playbooks

Technology that enables people

Prioritize tools that support staff productivity and service consistency, rather than standalone automation

**Equip your teams with
the capabilities needed to
compete in India's evolving
hospitality landscape.**

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EHL at a glance

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5
research institutes



1
Michelin-star restaurant,
Le Berceau des Sens

About EHL:

EHL – originally founded as École hôtelière de Lausanne in 1893 – is a hospitality and business education group, recognized as the global leader in hospitality management. The institution brings together a vibrant community of 4,000 students from over 120 nationalities across three campuses in Switzerland and Singapore. At EHL, we educate hearts, hands, and minds – shaping confident, versatile, and resilient leaders for careers in hospitality and other experience-driven industries.

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