

Budget blues not to bother hotels anymore

Hindustan Times, Mumbai

TRAVEL BY budget airlines, stay at budget hotels. That seems to be the new mantra for business travellers. And the big hotel chains are more than obliging as they see business opportunity in this new hospitality category.

"The branded budget hotels fill in the gap between premium hotels and the unbranded ones. For a price that may be marginally more than the unbranded ones, it's the cleaner environment and comfort offered by them, that gives branded budget hotels an edge," Manav Thandani, Managing Director, HVS International India, a global consulting and services organisation focused on hotels, restaurants, time share and leisure industry, says.

That could be one of the reasons why Indian Hotels, that runs operations under the Taj brand name stepped into the budget hotel category when they launched Indione at Bangalore in 2005. The group started its second hotel at Haridwar in March 2006 and has, since then, rebranded its budget chain as Ginger hotel.

Commenting on the change in name, Raymond Bickson, Managing Director of Indian Hotels said: "Having studied consumer behavior and feedback, we understood that a change in name was required as we readied for a nation-wide launch."

The company plans to roll out the chain across India starting with Bhubaneswar, Pune, Mysore, Thiruvananthapuram, Durgapur and Goa.

Despite rising property costs and scarcity of good land, Ginger Hotels has shortlisted about 100 cities, which it believe have potential for such kind of hotels.

While Ginger Hotels ready for a nation-wide launch, another chain of budget hotels-The Lemon Tree Hotels-has just got investments worth Rs 210 crore private equity firm Warburg Pincus. The hotel chain plans to use these funds to expand operations in the Rs 3,000-5,000 per room night category along with opening a chain of no-frills hotels under the brand Red Fox Hotels. "The first three Red Fox hotels are under development and will open in Mumbai, Jaipur and Hyderabad by late 2008," a company spokesperson said.

After having successfully launched the Park Inn and Park Plaza hotels. Anil Madhok's Sarovar Hotels late last year launched the 'Hometel'-the three-star, limited service, no-frills brand of hotels. After the launch of the first one in Bangalore in November 2005, Mumbai, Pune, Gurgaon, Hyderabad and Jaipur are on the cards with "a target of 50 hometels in the next 7-10 years," adds Madhok.

The lure of budget hotels is, of course, obvious. The smart basics category-which most budget hotels fall under- has changed the dynamics of the hotel industry and has emerged as an immense business opportunity. With over 5,000 sales and marketing persons on the road traveling from one city to another at any given point in time, this is sure one huge market that's waiting to be tapped.

August 03, 2006