

Temptations of the mid-market

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TRAVEL - Indian and international hotel chains line up to fill the gaping hole in mid-market accommodation.

Here is the problem the travellers faces in India. In most cities, the accommodation on offer is either of the five-star variety and really expensive or extremely "affordable" but rundown and dirty. The neglected mid-segment is now seeing a lot activity by Indian and international companies. While many are investing, some are entering into management contracts.

The reasons for the sudden interest in the mid-market segment are two. One, there is a huge gap in demand and supply-estimated at a whopping 45,000-50,000 rooms-and secondly, this segment is more resistant to economic downturns.

"The mid-market segment is the base of the pyramid," says Lokesh Sabharwal, associate director, HVS International, "and cannot be ignored."

Take a look at the international brands entering the market: Marriott with its courtyard; Accor with its Ibis; Dawnay Day; Intercontinental with its Holiday Inn; Carlson with its Country Inn and Suites by Carlson; Sol Melia; Choice Hotels; while Indian brands include Ginger, Sarovar; Fortune Park Hotels; Welcome Heritage; Neemrana Hotels.

Most companies are first looking at the major metros and then towards tier-II cities. Indian Hotel Company's Ginger (earlier IndiOne) opened the first hotel after the rebranding in Haridwar this March. By the end of this year, more Ginger Hotels are set to open in Bhubaneswar, Pune, Mysore, Thiruvananthapuram, Durgapur and Goa.

Patu Keswani's Lemon Tree Hotels, after the first two hotels in Gurgaon, plans for hotels in Ahmedabad, Chennai, Goa, Hyderabad, Jaipur, Mumbai, Delhi and Pune, all opening in 2007 and 2008.

Sarovar Hotel's, executive director, Ajay Bakaya informed that they are already working on new hotels in Indore, Ludhiana, Hyderabad, Baddi and Mumbai and looking at other cities like

Pushkar.

2005 saw Accor enter into a 40:60 JV with InterGlobe Hotels for building a minimum of 25 Ibis hotels, five of which are already under execution. Another international brand, Marriott has announced its plans for four Courtyard hotels at Gurgaon, Noida, Kolkata and Hyderabad. While the first three have been planned with construction major Unitech, the one in Hyderabad is with Viceroy Hotels.

ITC's Fortune Park Hotels already has 25 hotels now is planning to grow that to 75 by 2010. Their new director, Pawan Verma informs that they have signed up half a dozen hotels recently and are looking at some more for management contracts.

Fortune Park Hotel's sister brand WelcomeHeritage has recently signed on properties at Agra, Gangtok, Jorhat, Shillong, Anandpur Sahib, Jabalpur and Rathambhore.

Also on a fast expansion plan is Country Inns and Suites by Carlson, which has seven properties in India and has signed up eight more across various cities.

Though high real estate prices may have dampened the sentiment of some players, they are clearly outnumbered by those who see great opportunity in the middle-path.

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