

No room for budget blues

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TRAVEL BY budget airlines, stay at budget hotels. That seems to be the new mantra. 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 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 hotel's an edge, " Manav Thadani, MD HVS International, a global consulting and services organisation, says.

That could be one of the reasons why Indian Hotels, that runs operations under the Taj brand name stepped into the budget 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 hotels. Raymond Bickson, MD of Indian Hotels said: "Having studied consumer behaviour and feedback, we understood that a change in name was required as we readied for a nation-wide launch."

Another chain of budget hotels-The Lemon Tree Hotels-has just got investments worth Rs 210 crore from 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 under development and will open in Mumbai, Jaipur and Hyderabad by late 2008. Anil Madhok's Sarovar Hotels late last year launched the three-star, no-frills Hometel. After the first one in Bangalore in 2005, Mumbai, Pune, Gurgaon, Hyderabad and Jaipur are on the cards.

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