

Lemon Tree Hotels Enters Low Budget Segment

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Apart from its expansion in its full service Lemon Tree properties, Lemon Tree Hotels is entering into the low budget market with the brand name Red Fox. The company is pouring in over Rs 900 crore for its overall expansion, of which Rs 250-325 crore will be solely invested on the Red Fox brand. Rahul Pandit, VP-hotel operations and human resources & development, Lemon Tree Hotels aid, "The Red Fox brand will be positioned as a limited service brand where over the next five years we are looking to open 30 hotels."

The Lemon Tree brand plans to setup a property in Goa, late this year and three properties at Chennai, Delhi and Pune next year. Also, by 2008 the company will open its Ahmedabad, Delhi, Cyberabad, Jaipur, Mumbai and Pune properties. "In 2007-08, we will have our Red Fox Hotels ready at Hyderabad and Jaipur with 130 and 120 rooms respectively and would be priced at Rs 1,000-2,000 only," Pandit exclaimed. He added, "With rise in demand for frill-free hotels, we are adopting a different strategy altogether providing moderately priced hotel rooms. Where other hotels are putting a lot of effort (read finance) on hotel design we are keeping our overall project, cost effective with minimal set up." This step would land Lemon Tree Hotels with a major savings on their capital cost. Secondly, it would also divert finances on to services. For example, Pandit said, "Unlike other hotels our food cost would be kept on the higher side (as much as 40 percent) to provide people high value for money."

Each room in the Lemon Tree segment will be built at a cost of Rs 45 lakh and that of Red Fox at Rs 20 lakh, which are inclusive of the land cost, informed Pandit. He said, "We are eyeing our future properties at 30 cities and our design model gives us the convenience to build a 100 room hotel within the space of 30,000 sq.ft."

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