Mid-segment hotels poised to give stiff competition to five-stars

According to Suman Jaidka, chief operating officer, Lemon Tree Hotels, the future of hospitality will be the mid-segment hotels. “Businesses, who happen to be our prime customers, are tightening their budget every year. Hence, they are looking at making their mid-level and senior managers, if not senior executives, stay in hotels which are as comfortable as five-stars, minus the frills,” says Jaidka.

Looking at the growth, Lemon Tree has opened its third hotel in the city at Whitefield, the other two being at Electronic City and Ulsoor. The group plans to open more hotels in other parts of the country this year. Even Brigade Hospitality Services is optimistic on growth of this segment and plans to make a foray in this space this year. Nitara Shankar, director, Brigade Hospitality Services, believes that the biggest growth will be in the mid-market segment. “We have plans for developing hotels in the mid-market segment. We are developing three properties of the Holiday Inn Express in Bangalore that will be in the mid-market space,” says Shankar.

The cost of building a mid-market hotel is nearly half of that of a luxury brand. Areas like Devanahalli, Whitefield, Electronic City, Hebbal, will be key areas where hotels will most likely come up.

For many firms in the city, mid-segment hotels are the new joints to hold offshore business meetings or make their clients and employees stay for two to three days.

“We have been directed by our chairman to look at mid-segment hotels for our meetings etc. These hotels are good enough and cost at least Rs2,000-Rs4,000 less per day when compared with five-star properties,” says Shankar.

Also, Bangalore being the home to entrepreneurs and startups, the demand for hotels in the mid-segment space is definitely high.

“Since Bangalore is not much of a tourist centre, most of the guests in the hospitality space happen to be big and small business travelers. For the mid-market space, the key guests will constitute small business owners, SMEs, entrepreneurs, startups who cannot really afford to pay the tariff charged by the upscale and luxury hotels,” says an industry expert.