

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

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Bangalore: After seeing a slew of five-star and seven-star hotels coming to the city past year, it is time for the mid-segment hotels to make a mark. Offering rooms at prices Rs3500 to Rs5500 per night, these hotels boast of almost the same in-room facilities like five-stars, offer minus the aura and ostentatious display that accompanies upscale hotels.

A report by HVS states that almost 60% of new hotel constructions are happening in the mid-segment space.

According to Sumant 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



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—An HR business partner of an IT firm, on mid-segment hotels

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. Nirupa 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-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 a five-star property," says a HR business partner of an IT firm in the city.

Changing times

Just like the airline industry, which sees very few people travelling in the business class, the hotel industry is also seeing a change wherein the high-end luxury hotels are losing their charm. "How many people these days, no matter how much they earn, travel in a business class? Similarly, there is a change in the mindset of people when it comes to luxury hotels. Luxury is no longer defined as

five stars," says Jaidka.

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 travellers. 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.

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