

LEMON TREE HOTELS - New Budget Hotel Chain Launched

**Colin Fernandes,
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Patu Keswani, MD and CEO of the one and half year old Krizm Hotels says the market for budget hotels is worth Rs. 4,000 - 5,000 crore in the price band of Rs. 800 - 1900 per night. With the need for budget hotels on the rise, Krizm Hotels new brand Lemon Tree is looking to fill the gap.

According to Keswani, there is a huge gap in India as far as accommodation goes. "To draw an analogy, we have the Mercedes Benzes and the Maruti 800s - there are no Mitsubishi Lancers," says this former COO of Indian Hotels.

"Currently, we as a country require 70,000 - 1,00,000 rooms at 60 - 75 per cent capacity in this segment," said Keswani.

"Sure, there are the Taj Residencies and the Trident Hiltons, but those are actually five star hotels - they offer three/four service at five star prices," he says, "no one in India currently has decently priced quality accommodation for the business traveller.

There is Fortune Park, but they lack uniformity as far as look and feel are concerned."

"The unorganized sector is there, but then you're never too sure what to expect from an individual guesthouse," he added.

Keswani says that budget hotels are more successful in the south for the simple reason that the trend began there, "I also feel that because the industry in south India is inherently more conservative than the north and the west i.e. less flamboyant, so demand was initially estimated to be higher there. However, there is demand for the right product everywhere."

"India presents some interesting contrasts when compared with the hospitality industry in developed markets. While five - star hotels are at par with equivalent offerings globally, there is a near complete absence of internationally acceptable three and four star hotels in India," says Keswani. "Simply put, Lemon Tree has been created to fill this gap and cater to the needs of the discerning and value conscious traveller, looking for clean and comfortable accommodation at a convenient location."

With one LT already operational in Gurgaon and another one on its way (also in Gurgaon),

Keswani will be opening two hotels every year all over the country in primarily business destinations. He plans to have properties in Delhi, Noida, Jaipur, Chandigarh, Surat, Baroda, Mumbai, Pune, Chennai, Hyderabad, Bangalore and Coimbatore.

"There is a point of maturation and diversification in any market," he averred, "when we saturate one segment, we have to start looking at other segments to keep business going and profits coming in and right now there is huge potential in the budget hotel category."

"We aren't really looking at the senior businessmen," says Keswani, "since they would prefer to stay in five - star. We are looking at pulling in mostly middle management; the 25 - 40 year - olds". To this effect, all staff, including Keswani, wears small ponytails, to reinforce the 'fun factor' in Lemon Tree.

Keswani says all Lemon Trees will offer clean, hygienic and cost effective accommodation. "Earlier, low prices meant low quality," he states, "We will be offering high quality at low prices. Rooms will be priced from Rs 1,200 to Rs 2,200, inclusive of breakfast, depending on the city. The properties in Delhi might go as high as Rs 2,400 because of land prices."

A typical Lemon Tree Hotel will be located in or close to a business district, managed by professionals and will consistently provide standardized, high quality services. The Lemon Tree Hotel Company will stand for youthfulness and energy, efficiency and friendliness, contemporary design and high integrity," says Keswani, who hopes to push Lemon Tree as India's first and finest chain of business budget hotels.

All Lemon Trees will also be small - the two properties coming up in Gurgaon have 50 rooms each. Keswani says that there are over 50 partners behind Krizm Hotels, none of whom want to be named.

Each Lemon Tree will offer between 50 - 90 high quality rooms (fully air conditioned, with instant high speed Internet access, two telephone instruments, a functional work table, refrigerator and running hot and cold water) as well as a multi - cuisine restaurant, recreation and entertainment facilities, a fully equipped business centre with meeting rooms, a fitness centre and a swimming pool. Service offerings will also include round - the - clock reception, housekeeping, laundry and room service.

"Lemon Tree, very pretty and the lemon flower is sweet, but the fruit of the poor lemon tree, is impossible to eat," so sang Trini Lopez back in the 60's. All that remains to be seen is how sweet this Lemon turns out to be.

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