

## Emergence of Budget Hotels and Metamorphosis of Small sized Commercial Hotels in India

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### ABSTRACT

The negative connotation, which existed in the minds of consumers of small sized commercial hotels/budget hotels, is being replaced by a perception of affordability, efficiency and good experience. The fast changing market dynamics has impacted positively in the budget hotels segment. It can be seen from the euphoria among domestic as well as international hospitality operators around this segment. There is clear influence of evolving Indian traveler over the direction industry is taking. Budget hotels are being redefined with new concepts, innovations and strategies. With changing mindset of consumers and operators, contemporary hotels of this category have taken a full U- turn with resolute contrast. Now they are mini full service hotels being recognised as business class. Compacted with basic facilities for discerning business travelers targeting a specific market segment of mid rank business executives and price sensitive corporate. Competitive hospitality units, reasonably priced with good service, style, ambience and they demonstrate professionalism. A very high growth is projected but situation would be withered with shortage of professional human capital supply. Challenges lay ahead need to be accepted. Spirit to experiment and zeal to excel must continue.

**KEYWORDS :** *Budget Hotels, Small sized commercial hotels, Metamorphosis, Demand–Supply Scenario.*

### INTRODUCTION

Economic advancement (Bal, 2007) and a significant growth of trading activities in India (Parashnath, 2009), have necessitated people in trading to travel more. The Indian middle class with more disposable income, increased focus in leisure and travel activities has set in a modification in consumer profiles. Specifically business executives holding positions in small/medium scale establishments have to undertake travel and are continuously on the run for the sake of business related purposes. (Sunday Business, 2005), Matching with this movement quite a few number of hotels have come up which may be in the small sized hotels sector technically. But most striking about them recently is the standard, level of operation and of course the style. In the supply side the quantity, quality, adopted style, amount of professionalism in play seems to have become their core of humming operations and to remain successfully in hospitality business. This definitely did not exist in the past. This is the nucleus of present study. Simple comparison of the past and present scenario would present a spectacular upward development. The perception about the by gone and the way it is perceived at present is having a gulf of difference. This is pervading in the areas of infrastructure, atmosphere, environment, accommodation, food and beverage, facility and services etc.; a change, which is very desirable. Small sized commercial hotels of the past, seems to have mingled in the distant past. (Business Today, 2007), Present budget hotels follow the 'no frills' principle, offer the ambience and comfort of star hotels but at much

lesser rates. They typically maintain a tariff range of Rs.1000/- to 2,500/- and total number of rooms may vary from 60 – 100 per hotel.

(Parker, 2007) CEO, Whitebread budget hotels, which has plans to set up hotels in India, says, “Budget end is really going to be where the hot action is in the years ahead. The world is getting a pretty big supply of four-five star hotels right now but what really lacks is cheap, comfortable, good value-for-money accommodation”.

(Cunha, 2007), KPMG Advisory Services, speaking regarding budget hotels in India avers, “The critical success factor will be control over cost and operating efficiency through innovative use of design and technology without compromising on the basic level of cleanliness, hygiene and security”.

### **DEMAND – SUPPLY SCENARIO**

(Express Hospitality, 2006), in budget segment, as per Department of Tourism (DoT), ranging between three- star to one-star category there are about 1,570 hotels (59,310 rooms) in the country. Looking at the estimates of Ministry of Tourism (MoT), there will be movement of 3.8 million of foreigners with 360 million Indians who will accommodate themselves in 1,15,000 rooms available ranging between one-star to five-star deluxe categories. With the rising need of affordable hotels for the price sensitive customers; there is a pronounced need for branded budget hotels that promise quality and efficiency in service.

Industry analysts say there was a lack of clarity in the segmentation of hotels in the country; five-star hotels were considered luxury and everything else budget. But hoteliers in India are waking up to the global segmentation of luxury, mid-scale, budget and economy hotels. (Business-Standard, July 11 2007).

In (Express Hospitality, 16-30 Nov 2006, p.2) Thandani M, MD of HVS International puts the number of branded budget hotels to less than 80. He views “There is a huge potential for branded budget hotels and if tapped, this segment could have about 300 hotels”. This will add up nearly 75,000 rooms, which could fill the existing gap.

Purusothaman M P, President South India Hotels Federation, spoke (Thaindian News, Sep 2008), regarding demand of budget hotels and budget tourism – Project approvals recently given by Ministry of Tourism, Government of India, and more budget hotels are in the pipeline. More and more budget accommodation facilities are being classified into star category hotels. There is an upward movement of domestic travelers searching for decent priced accommodation facilities. Clean and moderately priced hotels are also preferred by foreign travelers. There is an upsurge in demand for budget hotels. This has evoked interest among major hotels chains too, who in addition to having luxury hotels, have now chalked out ambitious plans to build or manage budget hotels.

Speaking in an interview (Livemint, 2007) at Global Travel and Tourism Summit in Lisbon, 2007, Parker A, CEO, Whitebread Chain of budget hotels said, “We are looking at emerging markets in India and China in particular. The party is just beginning and we are going to play a pretty big role in it”.

### **THE DEMAND – SUPPLY IMBALANCE**

(HVS International, 2005), in reference to Thakkar S, HVS International, in next few years the shortage of room supply triggered by demand-supply imbalance could turn the table in favour of suppliers by the way of pushing the rates upward in most cities. Mid-level business travelers who are foundation consumers will be left with the option of finding cost effective hotels and the search will directly guide them to hotels in budget segment.

(Hotel News Now, 2008), Pandit R, V.P, Lemon Tree Hotels Co. pointed out – “the demand supply gap is huge, this gap in the years to come is set to rise, not decrease”. The situation is a boon in disguise for the economy and mid-market segment hotels, which are going to experience a period of boom because of this imbalance. (Hotel News Now, 2008), to refer

Bakaya A, E.D. of Sarover Hotels and Resorts- If the numbers of hotels available were to double itself every year in the next few years, there will still be a shortage of rooms. "The demand is so high that nearly anyone present in the segment even a standalone can make a killing".

The requirement is, effectively designed products to serve value for money concepts. Since the demand for low cost and affordable rooms is expanding. During this period of economic slowdown many companies are cutting down on their accommodation cost. There will be more cost cutting among corporate and there will be a higher demand of low-cost hotels.

(Press Trust of India, 2008), to quote Kumar S, President, ITC Fortune Park Hotels, "We are witnessing a ripple effect". Further he added "The mid-sized segment was the fastest growing one in the hotel industry and the key players in the field were pumping investment to cash in on this growth".

#### **Budget Stay and State Tourism Boards:**

Nearly all tourism boards functioning in different states in India have always paid attention to providing budget accommodation facilities for visiting tourists. Given the present situation of increased domestic tourist influx, coupled with MICE tourism is gaining momentum, some tourism boards have increased their marketing budgets, efforts. This is to facilitate functioning tourism properties at locations which might be of tourist interest as well as having potential for MICE activities. Kerala would be a perfect example. The enterprising principal secretary of Kerala Tourism, Bhusan B says in the context of budget tourism "we have KTDC run Yatri Nivas and motels across the state to help travelers on a shoe string budget", (Express Hospitality, 2006 p.4). Rajasthan Tourism Secretary, Zutshi V stresses the need for 20,000 rooms in the budget category to fill the gap of demand and supply of hotel accommodation, looking at the projected growth of tourism in the coming decade. The state government has welcomed budget category hotel operators to for development budget hotels by announcing a new hotel policy. There will be easy availability of land through creation of land banks at a special reserve price which will be half of the commercial rate. Exemption will be granted in land conversion charges and entertainment tax, (Express Hospitality, 2006 p.5)

#### **CASES OF HOTEL CHAINS, RUSH FOR BUDGET HOTELS TO MEET THE DEMAND**

Going by reports of (Balasubramaniam, 2008), the two - four star hotel category in India is virtually unexplored. Only 20-25% of the market catered to by any branded player. (Haemoon, 2000), speaks about the significance of brand awareness, brand or product class and price fairness on the consumer value process, which appears to be justified in the budget hotels scenario in India. Given the potential and lucrative demand-supply imbalance which needs more hotels, there is a scramble for hotel chains to enter the budget segment.

**Ginger Hotels** by Roots Corporation, a 100 percent subsidiary of Tata, Indian Hotels Company Ltd., has plans of 60 hotels at different locations in India by 2012. There are 20 already in operation as low cost, no frills, 'Ginger Hotels'. Their concept lies in the smart basics.

**Red Fox** as a budget brand, slated to come up in 148 locations in 12 years. Red Fox will follow 3B's - Bed, Breakfast and Broadband. Jaipur is already in operation and one each at Delhi, Hyderabad to start by coming year. They are expected to be full service moderately priced hotels.

**ITC Fortune Hotels**, ideal for the budget traveler offer full service hotels smaller towns and cities in India. They have a strong presence in Ahmedabad, Chennai, Darjeeling, Indore, Jodhpur, Jamshedpur, Madurai, Ooty, Tirupati etc., as per the announcement several more hotels are expected to be launched soon in other key locations in India.

**Indian Railways**, in the public sector, has announced its plans to set up 100 budget hotels all over country on railway land, which will be managed by private operators. 34 sites have been already identified which includes Vijaywada, Secunderabad, Madurai, Chandigarh.

**Savera Hotel**, Chennai based four-star hotel is expanding rapidly to launch its three star brands. Anthony M, GM (Sales and Marketing) says, "We are looking at launching our three-star brand only in south India". The hotel is also looking at budget hotels and motels on Chennai-Hyderabad, Bangalore-Mysore and Chennai-Bangalore Highways.

**Bharat Hotels Ltd.**, a leading hotel chain in India announced to open 25 budget hotels in the country. Suri J, its chairperson while speaking to PTI (Press trust of India) on 24 August 2007 said, "In next 24-36 months we will open 20-25 budget hotels in different cities. The group will come up with budget hotels in tier-2 cities like Jalandhar, Surat and Ludhiana".

**Smart Hotels** as a budget brand to be launched by ABS Hotels India within next two years in eight cities in India. The group is a master franchisee of US based Microtel Inn and Suites for India and has three three-star hotels in Bengaluru, Jaipur and Mumbai under the brand. "Smart Hotels will come up in Goa, Jaipur, Bengaluru, Gwalior, Bhopal, Lucknow and Delhi. The properties will be owned and managed by us", said Aneja A, Chairman of the group on June 6 2008.

**Hometel** Budget brand of Sarover Hotels has plans to start homotel projects in Sriperumbudur, Old Mahabalipuram, Himachalpradesh and Chandigarh. They will have small sized rooms, quality bed, bath room, one restaurant and meeting facility.

**Kamfotels** (Kamat Comfort Hotels) by Kamat Hotels India Ltd. plans to open a chain of 50 Kamfotels in various cities in India in next five years, said Kamat V, CMD of KHIL to express hospitality, 24 July 2004. Work has already started at a property in Nashik and many other locations. Kamfotel will have about 80-100 rooms, medium sized meeting and conference room and will be located at religious places or an industrial town which has a large moving population. Each Kamfotel will follow a franchisee model with KHIL, providing know-how to build and manage the hotel.

**Peppermint**, the budget chain of Bangalore based Royal Orchid has plans to expand it to Gulbarga, Mysore, Hassan, Hospet, Mangalore and other small cities in next two years.

**Hilton Garden Inn**, the mid-scale brand has been jointly launched by DLF and Hilton Hotels, says the press release on 1st April 2008. Kleen K, President Hilton Hotels said, "We are targeting the different needs of business travelers in India. These properties are to come up in places like New Delhi, Chennai and Trivandrum. They will offer- from complimentary wired and Wi-fi internet access to hotel's complimentary use of business centre to one of most comfortable beds.

**Whitebread**, a budget hotel chain has ambitious plans for India and China. In an announcement made by Parker A, CEO of the company on 11th May 2007, said "We aim to have several hundred hotels in India and China in next five years".

**Courtyard** by Marriott International has already commissioned hotels in Goa, Chennai, Pune, Hyderabad, soon to start operations at Gurgaon and Ahmedabad. However, catering to the upper-moderate tiers of business travelers in India

**Easy** Group's Budget hotel company easy Hotel Ltd. has formed a joint venture with Istithmar PJSC of UAE. As per the release on 30th April 2006, easyhotel will set up eight budget hotels in India in next four years. In the first phase four hotels will be established in Delhi, Chennai, Mumbai and. Kolkata. Next four in pipeline will be set up in the following years. They will be with no-frills, economical prices and low overheads.

**Ibis** economy hotel chain along with InterGlobe enterprises has planned to launch 25 economy hotels in next ten years in metros, business destinations and smaller cities. Ibis would follow the international budget standard.

**Super 8 and Days Inn**, the economy brand hotel chain of Wyndham Worldwide corp. of New Jersey, has signed a deal with Gammon India Limited as per the press release on 30th August 2007(franchiseindia.com) to build and open at least 12 hotels in 2009, 13 in 2010 and 13 in 2011. Gammon will own and manage the hotels and Wyndham group will provide operational, sales, marketing, training, quality assurance, architecture and design support.

**Premier Inn** UK's largest hotel chain, popular among international travelers as budget hotel chain, scheduled to open its first hotel in Bengaluru. Premier Inn is pitching itself as a value-for-money mid-market brand. It has plans to build 80 hotels across the country.

**Formula 1**, budget hotels of a joint venture between France hospitality giant Accor and Emaar MGF has planned to roll out 100 hotels to cater to the requirement of budget travelers as per the press release in November 2006. Starting with major metros, the company is looking at developing 50 hotels in the first five years of its operation. Balance will be developed in the second phase.

**Lemon Tree** Hotels, Delhi based Company with moderately priced, full service hotels for budget conscious business and leisure traveler in the upscale. Already having its presence in cities like Goa, Gurgaon, Ahmedabad, Aurangabad, Indore, Chennai etc. With completion of new projects at Pune, Delhi and Bengaluru the chain will have operations in 15 locations across India.

**Keys** brand of budget hotels, backed by NewYork based Berggruen Holdings has ventured into India. Berggruen Hotels will build 38 Keys brand hotels in next five years. The Keys brand has the concept of "spaces to work, places to play" and will aim to fulfill the business and pleasure needs of guests. Each Keys hotel will have a business centre, meeting rooms with sports bar, all day restaurant and gymnasium. Guest rooms will feature IT-enablement, wi-fi, refrigerators, Tea/coffee makers and 20" LCD televisions. The reasonably priced initial tariff would be Rs.1400/- to 2200/- across the country. It has acquired seven hotel locations and is finalising details of another twenty-four sites. Presently Keys budget hotels operate at Thiruvananthapuram, Hyderabad and Lonavala. Out of three more, Ludhiana to start functioning from December 09. Bangalore and Mahabaleswar to be opened soon as announced by Sethi S, CEO of the group.

#### **Case of Ginger Hotels in India:**

Ginger Hotels having operational properties at more than 20 locations tops the list of budget hotel movement. The plan is to have 70 operational locations with an average 100 rooms each by 2012 – 13. They have been able to successfully capture the imagination of budget business travelers with their value products. The company claims to be having around 65-70% average room occupancy with some properties fully booked for weeks in advance.

Ginger group of hotels is run by Roots Corporation Ltd., a wholly owned subsidiary of Indian Hotels Co. Ltd. which also owns the Taj group of hotels. The Ginger business model was developed with guidance from Prahlad C K, the Indian born, business guru and author of *The Fortune at the Bottom of the Pyramid*. This is a book about transformative impact of profit oriented businesses catering to the India's emerging mass consumers of the market. Ginger's positioning reflects the broader push to cater to the needs of the mass like their Nano car.

Given the history of this Company the fact that, it has always been at the high end of the market. It has taken a fair amount of courage to take a look at a completely different segment.

Regarding the Ginger hotels, Pani P, CEO, Roots Corporation Ltd. says, "Ginger brand corroborates the need for more definition. The newfound economic upsurge in the middle class has spawned a new market of more-traveled and knowledgeable customers, who is not willing to compromise even though he might be on a budget".

Speaking on the definition of budget he says "Budget hotels fall in the 2-3 star category offering clean, secure, hygienic hotels that have an inventory of about 150 rooms priced under Rs.2500/-."

Ginger boasts the concept of Smart Basics in its hotels. Pani P, CEO of the Company says, "In the last few years, the dynamics of the hotel industry have changed and smart basic hotels have emerged as a compelling business opportunity". The Company does not want to have place for fancy restaurants, swimming pools and other luxuries as customers do not

need them in a no-frills hotel. Priced between Rs.950 for a single and Rs.1, 175 for a double (in the branded budget sector), Ginger hotels have created a new category in the domestic hospitality.

Ginger hotels are centered on its core concept of Smart Basics. The group has very clearly elaborated the same. It says, Smart Basics is not just a catchy phrase. It is much more. It is a philosophy to provide thought-out facilities and services in an intelligent way at a value pricing. Their hospitality product has been designed to reflect a modern way of life, an emerging life style which people live and work. The essence of Smart Basics signifies simplicity, informality, warmth, style, modernity and affordability. The simplicity speaks of convenience and ease of doing business through awareness, booking channels, payment gateways; informality, style, warmth and modernity relates to its approach to product design, service design and affordable pricing band.

Smart Basics: Please help yourselves! This concept statement surely and clearly speaks about no elaborate and personnalised service. There is self help type of service in almost all the areas for its hotel guests.

*Smart Basics facilities and services include-*

The Square Meal: The multi-cuisine restaurant for breakfast, lunch, dinner and snacks; Cyber café on-site, Meeting room with sitting capacity of 10 people, Laundry facility which features same day delivery. Gymnasium which is equipped with treadmill, exer-cycle, weights, air power bike, dumbbells, dual action poles with stepper, wrist curler, doorway chinning bar and punching bag; On-site ATM. , Secure parking, Doctor on call.

Smart prices- They speak of transparent pricing policy with no hidden cost and levies. They emphasize delivering true value for money to its guests.

Smart planet- The Company in its operations, makes deliberate attempts to provide facilities to the guests without compromising on the environmental and ecological issues. All Ginger hotels have taken eco measures such as energy conservation by using CFL lighting systems, energy saver key tag system in rooms, maximum use of natural light, thermal insulation, and gas fired water boiler system etc. Water conservation measures through ground water recharging system, rain water harvesting, auto-flush in public urinals. Waste management is being done through proper sewage treatment. Noise pollution measures such as use of acoustically sealed noiseless diesel generators and vacuum sealed windows to maintain external noise level up to 50 decibels.

Smart sleep- Expressing understanding to a good night's sleep of its guests, they offer state-of-the-art posturepedic mattresses which can sense body motion and respond with increased support (only in Pune now).

Smart space- Rooms have been designed with practicality and comfort for the guests. The types of rooms include single, twin, double, family and special room for physically challenged. Provision of luxury in the rooms has been accentuated with simplicity. Amenities include electronic door locks, Mini fridge, cable TV with major channels and Wi-fi internet connectivity. Tea / coffee maker in the room, Direct dial STD / Local telephone in room. Voice mail, self programmed alarm on phone. Ergonomic work area, Full length mirror, Ward robe and luggage rack, remote controlled A/C. The attached bath room has facilities of 24 hours hot and cold water, shower area, branded toiletries for body, hair and hand wash, supply of hand / bath towels.

Safe zone- Safety and security of the hotel as well as its guests are ensured with close circuit TV in all the areas keeping record of visitors. Digital safes for safe keeping of valuables at the lobby counter and electronic key cards for maximum safety of rooms.

### **Small sized commercial hotels catering to budget guests: new alternative.**

(Swig, 2000) has explained candidly, how broadening the foundation of services and technology can strengthen the independent hotels. Regardless of above current trends, independent small and mid-scale hotels will continue to be a viable brand alternative.

Changing customer demographics, evolving products with new environments and new technologies will add strength to this sector. The success of independent hotels depends on their ability to be distinctive in their market. They are more introspective in relation to their customers. They seek to develop products and link them to the specific consumer demand source. Without opting relationship to any soft brand, use of new technology as a vehicle can lower the competitive barriers. Utilization of internet to exploit their product will offer same visibility, presence, marketing and distribution as others. There are defined and willing customer bases to occupy their rooms and use facilities. The marketing options available should be applied favorably. However, previously narrow customer niches have to be expanded to find different products which reflect their own individuality and personality. (Gupta, 2009), feels with excellent hospitality at affordable rates, budget hotels can be the approach of the hoteliers.

#### **DEMAND / SUPPLY MIX OF INDIAN BUDGET HOTELS**

This, new genre budget / small-sized commercial hotels in city centers are poised to grow, nurture, slowly shaping themselves to be a class to reckon with. Not being in any star category they are steadily inching forward to convince and claim recognition among the potential guests. They are big enough now to function in the lines of full service hotels providing all sorts facilities in a compact manner like their big counterparts. (Florentino, 1995), vividly supports the fact that the budget hotel product concept provides more value for money to the new value conscious travelers, because they represent an innovative product concept. They are now a cluster of hotels; recognised as business class, having a definite market segment, catering to the needs of mid rank business executives who are on the demand side. This segment forms the main business block. They are the repeat guests, their needs such as accommodation; conferences, meeting, convention etc. are the main stay of this operation. Ready to offer reasonably priced accommodation, offering world of facilities and professionalism which most business executives / travelers in the above segment are on the lookout on a recurring basis. Although chains of hotels are coming up in a big way, standalone hotels still form the bulk in two tier and three cities. To woo the potential guests, activities are in top gear. Successful models are getting replicated. Structural changes to existing operational properties are being done to redefine it. Many individual hotel properties are refining their product mix to come up with a winning model.

Market survey of this class hotels indicates that they have been able add touches a glamour to an extent. The professional management and operations are still limited to those hotels which are being operated under the banner of established branded names. However, there is no scope of denial to the existence of professionalism in single units/multi units individually owned and operated properties. They too have caught up with the trend of development professionally.

#### **OPERATIONS ISSUES**

Managing such properties could be an extremely uphill task. Professional operations of these hotels cannot be said to be a smooth journey, because, expectations of the guests are liable to run high. Central to successful and profitable operations are right human resources. A crystal clear need of professionally qualified managerial cadre as well as the staff team is essential. Barring few, many of these hotels face a dire shortage of trained and skilled human resource. However, this is all pervasive, because staff shortage is a situation many hoteliers of all categories would admit to. Past has witnessed how this category of hotels were poles away in adopting hospitality management procedures and greater even was unwillingness of technically skilled personnel of hospitality industry to work here. In the circles of employment, negative perceptions still prevails about the salary package offer and working conditions etc. which are the root causes, mainly acting as stumbling blocks. Since, situation is continuously improving for better turn; this misconception needs be dispelled from the

minds of young and qualified professionals who are taking up hospitality management as a career option.

(Chun and Davies, 2006), the study brings out strong sketches relating to satisfaction of customers and employees. This being a people intensive business, a satisfied team helps in delivering service products to the satisfaction of the customers. But, retaining educated young talent has not been easy in many well managed organisations. It is not uncommon, because some of them drift for a while before settling down, and some good talents in search of fat salary quit hotel industry to join in BPO, Retail trade etc. But, it is very encouraging to note that suitably qualified hospitality professionals have been taking up positions in these hotels recently. The largest contributing factor in accepting employment here could be the challenges involved and independence they enjoy in implementing management procedures and systems. It goes without saying that the working conditions are generally in acceptable form now and the pay packages have become quite agreeable. Ample of scopes that exist for experimentation are being exploited to a great extent by these professionals employed in this sector. They work like hospitality management experts in a scientific zeal with their successful team. This is to highlight that this may not be the right choice for those who look for glamour as the key factor.

### **HR CHALLENGES**

(Cherian, 2009) according to CRISIL Research, each year around 10,500 graduates come out of the 25 institutes of Hotel Management (IHMs) and other 150 private institutions in the country. Apart from the 5-star category, the 3-star and 4-star categories also compete for this pool of graduates. The research firm projects that by 2011 – 12, when at least 30,000 rooms are added to the current stock; around 54,000 employees would be required in the premium segment alone. Institutions imparting hospitality education in India produce graduates who are given foundation education in all the areas of hospitality management, operations and service. Obviously the learning method is classical type. Fresh graduates look forward to work for established and large brands. Traditionally the Indian hotels have been able to nurture classical industry professionals. Present situation is giving way to moderation. Considering the slew of budget hotels, mid-market hotels in the individually owned and branded category, (Nagar, 2009) ED, HVS International, has pointed out at an interestingly new angle worth noting. He views – present budget hotels with their value products, “would breed a new hotel professional completely different in attitude and aptitude from existing pool of Indian hospitality professionals, who will have to acknowledge their presence and emergence”.

### **COMPETITION**

In current business era, outburst of these hotels, what can be foreseen is neck to neck competition among similar types for their share of pie, including poaching of staff. (Akehurst et al., 1986) has pointed out to certain angles and private face strategies in terms of discounting, the hotel managers resort to in the event of competition. But following a proven successful business model always existed. It will continue to be so.

### **CONCLUSION**

Emergence of budget hotels and transformation of the small sized commercial hotels in India has been overwhelming. In order to manage and handle the situation by the principles of management, hospitality management education institutes have been producing able managers and other related skills for today and future. But, overall industry requirement exceeds supply. The micro factor boosting growth and appreciable changes in this segment is owing to burgeoning of mid rank business executives as well as unexpected preference of these hotels by price sensitive corporate. These hotels are not limited by word as budget, they are professionally managed, compact full service business class hotels limited by their



size, luxury and scale of operation. Hotels of this order are now object of fascination and competition is only growing. They have to face the challenges by uniqueness of the product. The product innovativeness, service augmentations are necessary ways and in order to excel for most coveted front runner positions, service excellence will always remain as a key area of study.

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