

A recipe for success

Five years ago, Indian Hotels created a revolution in the Indian hospitality industry when it unveiled the innovative 'Smart Basics' concept for Ginger hotels through its subsidiary, Roots Corporation. Since then, the journey has become more exciting, says Roots Corporation CEO **Prabhat Pani** in an interview with *Gayatri Kamath*, as the company is on track to be a 30-hotel chain by December 2010.

It has been five years since the first Ginger hotel opened in Bangalore. What has the journey and experience been like?

The first prototype of our no-frills hotel was launched in mid-2004 under the indiOne brand. In mid-2006, after fine-tuning the facilities and services based on customer feedback, the company re-launched the 'Smart Basics' hotels as the brand Ginger, a name designed to convey a stylish, warm and modern identity.

It has been an exciting journey since then, with Ginger hotels now present in 20 locations across India. Over the years, Ginger hotels has successfully marketed this new hospitality paradigm, with its innovative aspects such as self check-in kiosks, wi-fi, ATM, etc, and by doing away with traditional services such as in-room service, multiple restaurants and swimming pool.

Ginger has created a benchmark in the branded budget and economy hotel segment in India. Our presence across the country and increasing customer base has helped us understand the evolving needs of the customer, thus facilitating the process



Prabhat Pani

of regularly upgrading services for customers. For instance, despite being a no-frills hotel, we have now introduced limited room service allowing guests to order a select range of snacks.

We are focused on building a wide network of Ginger hotels with a pan-India presence, and the expansion road map is based on the projection of demand for no-frills hotels and the changing market environment.

Over time, we have developed a flexible expansion model that enables quick growth. The Ginger Rail Yatri Niwas in New Delhi is an example of a successful Public Private Partnership model, where Ginger hotels has partnered with Indian Railways Catering and Tourism Corporation to offer travellers a contemporary, quality budget hotel at very affordable rates. We have launched hotels as part of shopping malls in Ludhiana and Ahmedabad. We are also exploring management contract options to quickly expand our footprint in India to 30 hotels by December 2010.

How does the concept of Smart Basics work? How have customers responded to the concept?

'Smart Basics' is a philosophy of providing intelligent, thought-out facilities and services at a value pricing. It reflects the new emerging lifestyle in which people want to get things done quickly and efficiently.

The acceptance of this concept has been extremely high as a majority of the travellers focus on the offerings inside the room, such as a posturepedic mattress (back-supporting) complemented with duvets, LCD television, tea / coffee maker, mini fridge, wi-fi, attached bathroom with 24-hour hot and cold water, etc. All these basic services are offered in a 'smart' format. The newer Ginger hotels have improved rooms with vibrant colours and limited room service. These changes are being effected across all properties.

How is the company positioning itself: business, leisure or both? How is it promoting Ginger?

Ginger gets most of its business from business travellers. Typical Ginger customers would be junior and mid-management executives, small business owners, traders and self-employed professionals who make frequent trips to neighbouring cities for business purposes. Ginger also suits the needs of a leisure traveller looking for safe and hygienic accommodation.

Ginger is primarily present in 'growth' towns and places of business significance. Many of our hotels are in cities like Ahmedabad, Nashik, Bhubaneswar and Vadodra, which support both business and leisure travellers. Ginger is already present in metros like New Delhi and Bangalore and the proposed Ginger hotel in Chennai is in an advanced stage of construction. Ginger is keen to enter Kolkata, Mumbai and other parts of the national capital region with multiple hotels.



How profitable is the Ginger business model? Are there any plans to change the tariff structure?

Ginger's national network and acceptance in the market has led to short lead periods (a few months) for individual properties to start giving returns. Our recent launches in Ahmedabad, Guwahati and Jamshedpur have received very encouraging response.

Pricing at Ginger is based upon multiple factors, but we ensure that the customer continues to get great value, which has been the proposition at Ginger since the launch of the brand.

We have moved away from static prices and have adopted a 'dynamic' pricing approach that delivers better value to the customers. Ginger operates on a 'best available rates' basis and hence offers the most attractive rates if the customer plans ahead. We will shortly introduce a completely revamped new website with live rates. This will be a new in the Indian hospitality sector, and will allow customers to check on a ticker the best available tariff at any point in time in any Ginger hotel across the country.



The company has launched 20 hotels in several cities of India and plans to open 10 more branches in 2010. What are the criteria for selecting locations?

We identify locations after detailed studies across various parameters such as current and near-term potential of the market, clusters of clientele, seasonality in demand, current presence and anticipated increase in competition, etc, amongst other parameters. Building a large network of hotels in a region works extremely well with the corporate base.

What are the challenges that the company faces?

Being an innovator in the space has meant that we have had to sell the concept, in addition to building brand awareness. Going forward, the challenge lies in ensuring that the evolution of the Ginger offering is timely, cost-effective and aligned to the changing needs of the guests. We have been constantly adding value to

the customer proposition since the launch and we will continue to do so.

Ginger's operations have grown manifold since the first hotel in 2004. Managing growth while delivering the brand promise in a difficult real estate scenario has been one of the key challenges in this period of growth.



Another big challenge was to make the brand visibility salient and build a strong brand equity amongst potential and current customers, without spending much. Attracting and retaining good talent has also been a part of the game.

Are there any plans to take the Ginger brand overseas — China, South America, Africa?

While we believe that, with some adaptation, Ginger hotels could do as well in select international markets, we believe that the value proposition of the Ginger brand needs to be made stronger in India by optimising the footprint in the country. However, this does not mean that Ginger is not reaching out to an international audience. Currently, the Ginger customer base consists of nearly 6 per cent international travellers. This is expected to increase substantially in the near future. Ginger hotels is partnering with international online travel agents (like Expedia, Priceline, Hotel.de, Agoda, etc) to drive traffic from international markets like Europe and Asia Pacific. ●