

Upcoming opportunities for the midscale hotel brands

[Sport & Tourism](#), [Hotel](#)



This article states the upcoming opportunities which are being created by the present market for the Midscale Hotel brands. In today's market a major portion of the travel group looks for a more affordable accommodation rather than a luxury one. Keeping in mind the needs of the current market hotel owners are coming up with a new concept of midscale hotels or we can also say budget hotels. Regardless of the current competition of the upscale hotel new brands are entering into the market with the concept of budget hotels and they are gaining a huge success.

Six industry experts have come together and shared their views on this particular hotel segment. According to Jen Gribble (VP of Avid Hotels and Holiday Inn Express at InterContinental Hotels Group) the midscale hotel market has a potential of creating a revenue of \$20 billion from the customers who are not being addressed due to the lack of infrastructure in the segment. This proves to be a solid evidence for a successful scope for the new brands which are planning to enter into this market and as well as for the brands which are already operating the upscale hotels, they can also think about investing into the midscale operations which will led them to capture an additional part of the present market. Investors also shows a great interest when we come to this segment as it is easier to get funding from financial institutions for midscale hotels as compared to a funding of an upscale hotel because the risk of loss associated with it is comparatively low.

According to Mr. Mitesh Patil (president of Paragon Hotel Company) one of the reasons for midscale hotels to be successful is that very less amount of land is required to build a budget property and land is considered to be one

of the major resource while planning to make a hotel. He has mentioned in the article that to build a 95-room midscale hotel property only 1.5 acre of land is required. Moreover, those who are operating these kinds of properties has a very simple staffing structure which in terms helps them to create a very high departmental profit that leads to a higher overall profit to the business.

According to Mr. Alex Gallafent (design director at design and consulting firm IDEO) the main goal of a midscale hotel is to satisfy the needs of the customers at the lowest cost possible instead of providing lavish and luxury services. For example, Sterling Inns and Spas in Niagara Falls, it is a property of only 40 suites rooms and their aim is to provide the travellers with the services which are a bit upscale yet are available at a satisfactory price.

According to Mr. Mark Woodworth (senior managing director at CBRE hotels) mentioned in the article that new properties are always successful rather than the old properties as they are built according to the needs and wants of the current market.

Location also plays a very important role in deciding that what the future of a particular hotel will be in the forthcoming future. There are some locations which are being mentioned by the author in the article which would be preferable to open a new hotel. The article states that only airports are not the location which should be preferred for building hotels but location near highways, colleges and universities are also good and have a great potential to flourish the industry. Another drastic change which has occurred during

the years is that earlier banks used to center around lodging industry for business contract sponsored securities as hotel industry was viewed as dangerous because of changing costs every night for inn rooms in view of inhabitation also, seasons. In any case, this discernment has experienced an extraordinary change as now retail industry is thought about less secure than hotel industry.

In my views this article has showcased the information very clearly which it wanted to convey. The hotel industry is going under a drastic change as day by day consumer's preferences are changing. In today's world competition is so high that innovation has become the key and to survive in the present scenario hotels are forced to change the traditional principals which are being followed by them and they are required to make some mandatory changes in their operational process also. Now hotel groups such as InterContinental Hotels Group (IHG) which used to operate most of the upper-class segment hotels in the market are now forced to think about launching new budget segments such as Avid and they are not stopping here, they still have plans to introduce new hotels in near future. In my conclusion I would like to say that after reading the article one can make sure that the market of midscale hotel is going to be more influential in the near future and it pertains a very strong potential to make profits as there is a major segment of travellers who are still left uncaptured.