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Deepak Ohri | We are bringing a product which will be appreciated by Gen X

Indian customers do want luxury but they are very price-conscious, says Deepak Ohri, CEO, Lebuga Hotels and Resorts

Moulishree Srivastava



New Delhi: Bangkok-based luxury hotel chain Lebuga Hotels and Resorts is venturing into India with a hotel each in New Delhi and Goa. Chief executive **Deepak Ohri** talks in an interview of the company's strategy globally and in India, as well as on changing consumer demands and spending patterns. Edited excerpts:

Lebuga plans to set up 10 hotels globally in the next decade. It is in contrast to other hospitality groups, which seem to have more aggressive plans. What is your approach?



Deepak Ohri, CEO, Lebuga Hotels and Resorts.

Our approach is to maximize each property to its potential. To give you an example of our Bangkok property, which is already operational and ranked number one, our profitability is 20 percentage points higher than the next brand in line. Our profitability is mainly driven to such high percentage because of higher revenue. And the reason for higher revenue is that we use micro-segmentation. Lebuga is a niche brand but our profitability is very high. Our gross operating profit is more than 66% for the Bangkok property and more than 80% for our New Zealand property.

Do you see Indian consumers changing?

Indian customers do want luxury but they are very price-conscious. We have great services if you want to spend the money but there is no after-sales service. We have a great product to display but it needs to be customized and we lack in that. From a consumption point of view, we do not bring in the right product saying that nobody will consume that. So we have created a myth in India. Now we cannot break the myth. What is helping us is the new rising middle class and the Generation X. They know what they want, because they are well-travelled, they Google everything. So we are bringing a product which will be appreciated by the Generation X. Luckily, the spending of Generation X is almost 30% higher than baby boomers... Our focus is the age group of 30 years, because they understand cutting-edge concepts and quality, and this is where they have been spending their money on.

What are your plans for India?

We have a property coming up in Dwarka (in New Delhi). It is operational but some refurbishment is still remaining. When we took over the property, it was in very good shape, but we felt that to connect to the consumer and the Generation X, we had to bring some changes in the property. Around Rs700 crore has already been invested in this property including land cost and we are going to be investing more than \$20 million (about Rs100 crore) for its refurbishment. It will be done by end of next year as we will keep on adding things. Right now the property is giving an introductory price, but by September rates are going to go up. Another property is coming up in Goa, which is a greenfield project. It will take a year. It will have 14 rooms and 40 villas. Each room will take Rs4-5 crore investment and each villa will take around Rs12-14 crore. For this, we will have a soft opening in May 2013 and grand opening in September 2013.

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