

PROJECT REPORT

On

OYO

M.Com IV(Sem) – Marketing Management

(Session 2020-21)



THE BHOPAL SCHOOL OF SOCIAL SCIENCES

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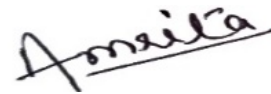
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CERTIFICATE FROM THE PROJECT GUIDE

This is to certify that the Project Report titled “OYO” is a bonafide work of Anushka Sharma enrolment number R170190280132 undertaken for the partial fulfillment of Masters in Commerce (M. Com) degree of Barkatullah University under my guidance. This project work is original and has not been submitted earlier for the award of any degree or diploma of any other University or Institution.

A handwritten signature in black ink that reads "Amrita". The signature is written in a cursive style and is underlined.

Signature of the Guide

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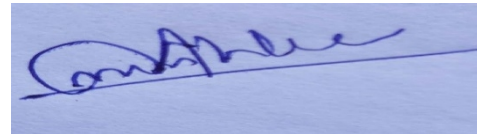
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DECLARATION

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INTRODUCTION

OYO Rooms (stylised as **OYO**), also known as **OYO Hotels & Homes**, is an Indian multinational hospitality chain of leased and franchised hotels, homes and living spaces. Founded in 2013 by Ritesh Agarwal, OYO initially consisted mainly of budget hotels. The startup expanded globally with thousands of hotels, vacation homes and millions of rooms in India, Malaysia, UAE, Nepal, China, Brazil, Mexico, UK, Philippines, Japan, Saudi Arabia, Sri Lanka, Indonesia, Vietnam, the United States and more. The company's investors include SoftBank Group, Didi Chuxing, Greenoaks Capital, Sequoia India, Lightspeed India, Hero Enterprise, Airbnb and China Lodging Group.

HISTORY

In 2012, Ritesh Agarwal launched Oravel Stays to enable listing and booking of budget accommodations; he renamed the firm to OYO in 2013.

OYO partners with hotels to give similar guest experience across cities. Shortly after launching Oravel Stays, Ritesh Agarwal received a grant of \$100,000 as part of the Thiel Fellowship from Peter Thiel. OYO currently has over 17,000 employees globally, of which approximately 8000 are in India and South Asia. OYO Hotels & Homes is a full-fledged hotel chain that leases and franchises assets. The company invests in capex. hires GMs to oversee operations and customer experience as well as generating around a million job opportunities in India and South Asia alone. OYO has also set up 26 training institutes for hospitality enthusiasts across India. In April 2021, it was claimed by several news reports and social media posts that OYO had filed for bankruptcy, but CEO Ritesh Agarwal clarified it to be untrue. However he

admitted that the National Company Law Appellate Tribunal (NCLAT) initiated a insolvency resolution process on OYO Hotels on the basis of a hotelier's petition over a monetary dispute with the company

About Oyo Rooms:

Oyo rooms are the innovation of need and has totally changed the way hotel rooms were booked. It is not only working in India but has also extended its empire beyond India i.e. in Nepal and Malaysia. In India it covers over 200 towns with more than 7000 hotels all across India. Oyo helps the hotels which does not have fame or recognizable in hospitality industry. They make an agreement with the hotels and offer to showcase or do branding of their hotel under the brand name of Oyo. The main focus of this plan is to provide quality services to the guests.

So they showcase all the fundamental services along with premium services of the hotel on their website or app to the consumers. It fulfills the objective of providing a neat and clean place to all the guests along with fundamental facilities.

This article has been researched & authored by the Content & Research Team. It has been reviewed & published by the MBA Skool Team. The content on MBA Skool has been created for educational & academic purpose only.

Funding

In September 2018, OYO raised \$1 billion, of which the RoC filing for the amount of \$100 million raised from Star Virtue Investment Ltd. was made on 13 February 2019.

In February 2019, Oyo received \$100 million funding from the Chinese vehicle for hire company Didi Chuxing.

In July 2019, Founder & CEO Ritesh Agarwal, through RA Hospitality Holdings (Cayman), signed a \$2 billion deal to buy back shares from existing investors Lightspeed Venture Partners and Sequoia India, to increase his stake in the company to 30%.The company was valued at \$10 billion with this deal.

In October 2019, Oyo raised Series F funding of \$1.5 billion led by SoftBank Group, Lightspeed Venture Partners and Sequoia India

Acquisitions and partnership

In 2019, OYO acquired Hooters Casino Hotel near the Las Vegas Strip

In March 2016, OYO acquired the team of Qlik Pass, founded by Rahul Gupta & Rishi Swami to setup and lead its Data Science Department. ^[33]

In March 2018, OYO acquired Chennai-based service apartment operator Novascotia Boutique Homes^{[34][35]} marking its first major buyout as well as establishing its presence in the service apartment and corporate executive stay. Also in 2018, the company acquired Weddingz.in, a Mumbai-based online marketplace for wedding venues and vendors marking its entry into the fragmented \$40 billion wedding industry.^[36]

In 2019, OYO and Airbnb announced a strategic partnership with Airbnb investing in OYO and the company will list their properties on Airbnb platform.^[37] In March 2019, OYO announced a 1400 cr investment in its India and South Asia businesses over 2019 as a part of its efforts to increase infrastructure, strengthen technology and internal capability.^[38] In April 2019, OYO announced a strategic global distribution partnership with bedbank Hotelbeds.^[39] The company also announced two joint-venture with Softbank and Yahoo!Japan.

In May 2019, OYO announced the acquisition of Amsterdam-based @Leisure Group, Europe's largest vacation rental company.^[40] In July 2019, OYO announced the acquisition of Innov8.^[41] And in August 2019, Oyo made its first major investment in the United States by purchasing the Hooters Casino Hotel, near the Las Vegas Strip, in partnership with US-based real estate company Highgate, for \$135 million

Oyo Rooms Marketing Mix (4Ps) Strategy

Marketing Mix of Oyo Rooms analyses the brand/company which covers 4Ps (Product, Price, Place, Promotion) and explains the Oyo Rooms marketing strategy.

There are several marketing strategies like product/service innovation, marketing investment, customer experience etc. which have helped the brand grow.

Marketing strategy helps companies achieve business goals & objectives, and marketing mix (4Ps) is the widely used framework to define the strategies. This article elaborates the product, pricing, advertising & distribution strategies used by Oyo Rooms.

Let us start the Oyo Rooms Marketing Mix & Strategy:

Oyo Rooms Product Strategy:

The product strategy and mix in Oyo Rooms marketing strategy can be explained as follows:

Oyo Rooms is one of the most popular hotel booking online brands in India. Oyo works on a different scale in comparison to other online room booking sites or online travel agents. Oyo Rooms work methodology is simple that they pitch the hotels available in different location to the customers and on booking they take a commission fee as their income. Many times they also do one thing that they book a few rooms of a hotel every month according to consumer request and then they even rent these rooms to consumers at a lower rate at which they themselves has taken from the hotel. This deal attracts consumers and make their trip way more comfortable at a low cost. Their service of giving rooms to unmarried couples without any hassle also attracts youngsters to a big deal. It takes only 5-6 days for Oyo to make up a deal with a hotel after analyzing all of their services. As a comfortable service is one of their prime motto so Oyo Rooms have also made up a special team which keep on visiting hotels in a fixed duration to make sure that all the services are available as stated. This gives an insight in the product & service offering in its marketing mix.

Oyo Rooms Price/Pricing Strategy:

Below is the pricing strategy in Oyo Rooms marketing strategy:

Oyo Room's strategy is to attract customers with a lower room price in comparison to the base price of the hotel.

The main goal is to offer at an unmatched price and which matches with the budget of user. Their room price varies from Rs. 999 to Rs. 4000 depending on the location and luxury of hotel. Due to this discount strategy many a times Oyo turns out to be at a major loss which is then backed by different investors like Softbank group. Overall Oyo rooms are following a very sensible strategy which aims to provide rooms at a moderate rate with awesome services and generate loyalty from customers.

Oyo Rooms Place & Distribution Strategy:

Following is the distribution strategy of Oyo Rooms:

Oyo rooms started from a single hotel in Gurgaon and now has extended its empire in all the parts of country along with going beyond the seas in Malaysia and Nepal. Oyo rooms works totally online, either with an app or through online sites you can go through the available hotels with their estimated price. You can book it online with a confirmation and then you can avail the services on reaching the booked hotel on specific date.

So Oyo's total delivery system is online whether it is booking, complaint or feedback and its online system is totally user friendly.

Oyo Rooms Promotion & Advertising Strategy:

The promotional and advertising strategy in the Oyo Rooms marketing strategy is as follows:

Oyo prefers to promote completely through different social media sites like Facebook, Twitter etc. Oyo uses digital platform to attract new customers with its unique services and lower prices. Also retain loyal customers by coming up with new discount policies further on the low prices. Oyo has also conducted various online campaigns like #Aurkyachaiye which we can see on different other social media sites. Many of these campaigns also included Bollywood artist to make them appear more attractive. One of the most recent campaign is “One for everyone” which comprises of short 8 movies where customers are showing their own satisfaction with Oyo services.

Since this is a service marketing brand, here are the other three Ps to make it the 7Ps marketing mix of Oyo Rooms.

People:

Oyo team comprises of young and energetic people who wants to deliver maximum both for the company and individual growth. With the dynamic team Oyo also provides a very friendly working environment which helps in the employees work according to their convenience, come up with new innovations and work beyond their strengths. Even the leaders of Oyo are two youngsters who were driven by the need to create a change in the hospitality industry of India.

Process:

Oyo helps the users to search the hotels according to the location and price. It acts as an intermediate between the hotels and the users and on booking collect their commission fees as their income. The services provided by the hotel is not in the hands of Oyo but they help users in picking hotels according to their convenience.

Physical Evidence:

Oyo provides a confirmation mail to the users registered email id on booking any room and also send them a confirmation message on their mobile number which ensures their payment and booking of hotel. This message or email is used to show your room confirmation while check in the respective hotel. Hence, this completes the marketing mix of Oyo Rooms.

Market strategies by oyo

OYO Room's Digital Marketing Strategy

Our students, Anurag Gawande and Ratul Ramchandani, have come up with a prospective digital marketing strategy for OYO that would help them accomplish their target number of listings by the end of this year.

One of the key tools that their strategy makes use of is **360 degree marketing**. This implies that OYO must have a presence across all forms of **digital as well as traditional media**. Traditional media is inclusive of both *print* and *television*, whereas digital media is inclusive of *social media ads*, *Google ads* and *OYO's own website and app*.

A clever, all-encompassing route to promote OYO would be to use the campaign **#AurKyaChahiye** across all platforms. On transit ads, it would be a good idea to print the hashtag on the hoardings, whereas it could be promoted on television by making effective use of TV commercials.

With digital, OYO could actively use social media to engage with its customers and potential converts by uploading videos on YouTube and providing discounts to website and app users. Google advertisements should be crisp and to the point, therefore not only being quick to consume by the reader but also ensuring that they are easy to understand and include all details necessary.

Search Engine Optimisation For OYO Rooms

Search engine optimisation refers to the usage of particular keywords in order to ensure the maximum amount of traffic on a brand's website. These keywords are those that have the **highest search rates** from their target customers. If a website is

able to optimise itself based on the search engine's keywords, then it is certain that they will be able to reduce their bounce rate as well as reach the right people.

Some of the most popular keywords for OYO are **Oyo Rooms, hotels in Shimla, Oyo Rooms Delhi, hotels in Mysore, Hotels in Nainital** and **Hotels in Ooty**. This means that whenever someone searches for these terms online, OYO's results are the first that pop up.

Often, **brands bid on certain search terms** to ensure that when users search these particular terms on the internet, the particular brand's page pops up as one of the first results. This may be useful for OYO in reference to other words that it could really capitalise on if they were able to be on of the top results.

Some of the suggested bid words for OYO are **online hotel booking, hotel booking online, hotel booking offers, book hotels, best hotel deals, book hotels online, hotel deals, hotel room, best hotels, best hotel prices** and **hotels** nearby. This ensures that when someone searches for the said terms online, they are bound to encounter OYO's website as one of the first results. This makes the website more accessible to the people looking to travel to and booking economical hotel rooms, which is ultimately the group of people OYO wants most to reach out to. This would greatly boost **OYO's Digital Marketing Strategy**.

Social Media Strategy

The social media strategy that the brand should employ, according to the students, spans across the platforms of Facebook, Instagram, Twitter and Pinterest.

Revenue of OYO Rooms

According to the Economic times, Oravel Stays Private Limited which is the parent company of OYO had a net loss amounting to Rs 312 crore in its standalone results for 2017-18. There is a 3% drop from last financial year according to Tofler.

A revenue of Rs 327 crore has been clocked by the company in its standalone results for 2017-18 which is around a 200% jump from last financial year.

According to the reports, "In fiscal 2017-18, OYO's employee costs went up to Rs 252 crore, up from Rs 197 crore in 2016-17, while total expenses rose 48% to Rs 638 crore in 2017-18 from Rs 430 crore in the previous fiscal."

The company is expanding even in the international markets. OYO announced that it has already launched in the Philippines as its seventh overseas market besides UK, UAE, China, Malaysia, Indonesia & Nepal. The company has also planned to execute a digital register mechanism that will be allowing them to share with government the customer data. Though, it might impose a threat on the privacy as Oyo is more about the unmarried people than families.

SWOT analysis of Oyo Rooms

Strengths in the SWOT analysis of Oyo Rooms :

Strengths are defined as what each business does best in its gamut of operations which can give it an upper hand over its competitors. The following are the strengths of Oyo Rooms:

- **Standardisation:** The Oyo rooms are mostly owned by various providers but have just been standardized under the Oyo franchise and thus people are guaranteed of standardized service in all Oyo rooms wherever they may be located.
- **Ever growing network:** What started off as a one room one hotel thing in Gurgaon now has around 8500 properties to its credit and an additional inventory of 4000 motels and homestays? This is a clear strength.
- **Spirit of Innovation:** The root idea or need from which Oyo rooms were conceptualized is a highly innovative one of a one-stop shop for a budget stay in India. The company continues to maintain its strong spirit of innovation as is evident from the policy to standardize rooms amongst many others.
- **Subsidising Hotel Stays:** Oyo subsidizes rooms to make them affordable for customers and similar to Ola and Uber have emerged successfully in their line of business.
- **Young and highly spirited leader:** The founder of Oyo Ritesh Agarwal is a youngster who has won a lot of accolades and besides entrepreneurship caters to a wide range of interests. This is reflective of every strategy that Oyo adopts since there is a freshness to the approach taken which is one strong reason for its instant success.

Weaknesses in the SWOT analysis of Oyo Rooms :

Weaknesses are used to refer to areas where the business or the brand needs improvement. Some of the key weaknesses of Oyo rooms are:

- **A strategy of co-branding:** Oyo does not own any of the rooms that it lets out. But it is more like a hotel aggregation platform where the buyer and seller are allowed to transact with each other through a common window provided by Oyo. Thus they just cobrand with various budget hotels but do not own the rooms.
- **Poor service quality:** Though Oyo has tried to standardize amenities for each room based on the prices they charge, they have not been able to do the same with services. This has made the service quality and reliability highly questionable.
- **Tight margins:** Hotels that are on a tie-up with Oyo can also loop in other agents for which Oyo cannot do anything much to circumvent. In this context, the model thrives solely on how well the margins they provide for their hotels are which can be risky in the long run.

Opportunities in the SWOT analysis of Oyo Rooms :

Opportunities refer to those avenues in the environment that surrounds the business on which it can capitalize to increase its returns. Some of the opportunities include:

- **Growing demand for aggregators:** As the world reels from the aftermath of repeated recessionary trends, pay cuts, and job losses, most higher end hotels are struggling to balance supply and demand. This increases the scope for aggregators like Oyo since most hotels would prefer to take external support for sourcing new business.
- **Focus on budget accommodation:** Earlier the trend was more biased towards luxury and boutique hotels but not anymore. People are trying to minimise spending and focus on saving and thus budget hotels that can provide decent boarding and lodging facilities are on a high demand today.
- **A surge in the number of business travelers in emerging economies:** The number of people who travel on business from both genders has grown profusely in emerging economies. This has resulted in a demand for budget stays.

Threats in the SWOT analysis of Oyo Rooms :

Threats are those factors in the environment which can be detrimental to the growth of the business. Some of the threats include:

- **Competition:** With lowered barriers to entry, every new entrepreneur is looking at aggregating services. There are a lot of online portals like ibibo, trivago, makemytrip etc which offer a varied gamut of services similar to Oyo.
- **Growing concerns about safety:** Today there is negative imagery of unsafe stays and the number of cases of harassment is on an increase. Though Oyo does not guarantee safety at any point in time for its hotels they have a moral commitment to ensure that no such untoward incidents happen.

The Major Challenges For OYO

Protests By Indian Hotel Owners And Associations

The cause for conflict of hotels, associations and OYO came to light in December 2018 and since then has continued to cause mayhem in the hospitality industry. At the time, the Hotel and Restaurant Association of Gujarat along with associations in Mumbai, Delhi, Mysuru, Bengaluru, Kolkata and Hyderabad came together to explore legal action against OYO.

In January 2019, the Federation of Hotel and Restaurant Associations of India (FHRAI), a pan-India body of hotel owners and operators, alleged that more than 200 hotels have ended agreements with OYO over mismanagement of contracts, arbitrary charges and other disputes, industry associations said, adding that others want to exit contracts but are stuck for various reasons.

Lack Of Profitability

Even though cash burn and losses have been a common sight in Indian startup ecosystem — just look at the ecommerce unicorns bleeding money — investors have now started questioning the lack of profits for these companies. As a result, OYO is also facing huge pressure from investors, mostly SoftBank to achieve profitability.

OYO's path to profitability is under the spotlight, especially after the mayhem caused by WeWork and the less-than-stellar IPO of Uber. The terrible start to Uber's

public listing and WeWork's postponement of IPO plans and ouster of CEO have created further trouble for Japanese conglomerate SoftBank.

Earlier, Softbank CEO Masayoshi Son in a private gathering of portfolio companies told chief executives to focus on profitability now and build the business accordingly. Son told portfolio company leaders that public investors aren't going to tolerate gimmicks, like super-voting rights or complicated share structures, that privilege founders over other stakeholders.

Even though, OYO's parent company Oravel Stays hasn't filed its annual performance financials with the ministry of corporate affairs yet, a valuation report from June 2019 by the company's valuers hints at burgeoning losses for the global company.

In terms of revenues, OYO's operational revenue grew to INR 6456.9 Cr in FY19, a jump of 3.56X from INR 1413 Cr in FY18. At the same time, OYO's operational expenses were INR 6131.65 Cr in FY19, a 3.9X increase from INR 1246.8 Cr in FY18. OYO as a group aims to turn profitable in 2022. The company is expecting \$285.9 Mn in losses for 2020, but aims to turn a profit of \$45.2 Mn in 2022. OYO didn't respond to **Inc42** queries on the matter till the time of publication.

Scrutiny Of Competition Commission Of India

Amid continuous protests by hoteliers and allegations of abuse of dominant position, in July 2019, FHRAI filed a complaint with the Competition Commission of India (CCI) against OYO. The hotel body alleged that three months after OYO promised its partners an 18% interest on delayed payments and launched complaint redressal solutions, the issues continue to be unresolved.

In October 2019, CCI said it will continue to examine the hoteliers' complaints against three big players in the hospitality sector — MakeMyTrip, Goibibo and OYO — for affecting their businesses, due to predatory practices, high commissions and non-uniform commissions. CCI then directed a government official to carry out a detailed investigation in the matter and submit a report to the commission within 150 days.

In a post-covid world, Oyo runs out of room

□ The pandemic could push India's hotel unicorn to the brink of disaster, and there's little it can do about it

□ Oyo will need another large round of capital if it is to survive the next 12-18 months or so. It may be left to one of its early investors, SoftBank, to bail the firm out

Oyo is now facing an unprecedented crisis that threatens to wipe out a large part of its business for the foreseeable future and dent its \$10-billion valuation. Even before the covid-19 outbreak, Oyo was facing a barrage of problems across its sprawling operations in India, China and dozens of other markets. The company's hotel suppliers in India and China, the two markets that comprise an overwhelming majority of its business, were complaining of broken promises and delayed payments.

Investors and analysts criticized Oyo's headlong expansion, which was backed and largely financed by Japan's SoftBank Group, and questioned its ability to forge a viable business model. Many said that Oyo was overvalued and predicted that the company would be the next WeWork, another SoftBank-funded startup whose failed initial public offering last September triggered a wider reckoning for internet startups globally.

These problems had brought about a crisis at Oyo, albeit one that many fast-growing unicorns face when their business models are scrutinized after years of binging on easy capital. Oyo's management believed that the company could tide over the crisis by reducing operational costs, extracting more money from hotel **suppliers and cutting loose badly performing properties.**

□

For OYO, there's still plenty more room to grow

The new kid on the block has unlocked supply in the branded hotels segment and has had smart money checking in, too

When the chairman of a 135-year-old hotel brand like Taj terms a three-year-old company a threat, it speaks volumes about the disruption the young upstart has

caused. At the 115th annual general meeting of Indian Hotels Corporation Limited this August, Tata Group's Cyrus Mistry (who has since stepped down as Tata Sons Chairman) admitted to shareholders that they needed to keep an eye on Ritesh Agarwal's OYO.

In 2013, when Agarwal, then a 19-year-old lad from Odisha, came up with the OYO Rooms concept of working with small, unknown hotels, traditional hoteliers dismissed him as a pesky outsider and derided his model. Agarwal had no hoteliering background, But he recognised the lack of affordable, branded hotel room supply for the common man.

The disruption

To solve it, he put tech, reach and branding in the hands of nondescript hotels, which could offer rooms in great locations at discounted rates. He brought innovation into a sector that was steeped in traditional thinking and became a poster boy for India's start-up story, attracting funding easily. VCs and PE Funds, which had never looked at the hotel sector, began investing, infusing the industry with capital to grow.

If OYO opened the doors to new room supply, it also unlocked new consumers. Taking a leaf out of Ola's on-demand model (which got thousands of new users into the taxi pool), OYO expanded the customer base of branded hotels by making them "available, predictable, affordable". Suddenly, backpackers, students, people who stayed with relatives, night train travellers who just needed a shower and change but were loathe to pay huge sums for a hotel room, began choosing OYO. A stagnant market that was hovering around 90,000 branded hotel rooms began growing at a fast clip.

In just three years since it launched, OYO boasts nearly 70,000 rooms across 200 cities, making it one of India's largest hotel chains. Agarwal is unstoppable. "There are 4.5 million unbranded rooms in the country. My goal is to ensure they will get branded and remodelled," he says.

The challenges

But just like Ola and Uber faced a storm of opposition from taxi and autorickshaw unions, all through last year OYO had to contend with protests from traditional hoteliers. OYO came at a particularly difficult time for them: it was a bad downcycle and, with demand in upscale segments slack, the big boys of the hotel industry were championing their mid-market or budget brands, the only growth avenue. Taj had Ginger, ITC had Fortune, Lemon Tree had Red Fox, and brands like Premier Inn, Keys had all entered the category, most of them with big investments. The economics had all been worked out.

As Patu Keswani, the maverick founder of Lemon Tree, famously pointed out, there are about 400,000 Indians travelling every day (250,000 train travellers and 100,000 air travellers plus those travelling by road). They all need some place to stay. But in 2012-13, the supply was barely 90,000 branded rooms.

OYO attacked this opportunity. But unlike the others, who were looking at converting well-known stand-alone properties, OYO did not bother with frills or management fees, instead going in for standardisation and convenience and choosing the franchise route and offering lower rates. The industry had no choice but to start discounting. As one irate hotelier wailed, "We were being hit by a technology platform consolidating mom-and-pop establishments that are poor on compliance and selling them like a hotel chain."

Agarwal, 22, handles the criticism maturely. He admits that negative reviews on platforms like TripAdvisor hurt, but says these are being addressed by auditing guest experiences. As for compliance, he points to the regular audits the company does to ensure quality: he claims a team of auditors goes around with a 150-point checklist to review a hotel that has been remodelled as an OYO. But he disowns the ‘aggregator’ label now. “It’s the media that has branded OYO an aggregator; I’d call OYO a branded hotel franchise model,” he says.

Much as Agarwal would like to disown that label and be counted among the big boys, the hotel industry treats OYO differently. In its report released last month, hospitality consultant HVS, which ranks the top 20 hotel brands according to the inventory they own, places the Taj Group first (just under 14,000 rooms) and Carlson Rezidor second (over 8,000 rooms), and categorises OYO and Airbnb and other models on a different list. “It is likely that over 1,00,000 rooms exist in this new lodging dimension,” says HVS.

OYO’s identification with the budget category could also hurt its expansion plans. But it is now trying to change this perception. “OYO is about to begin on a transformative exercise,” says Agarwal. It’s working on OYO Flagship, the internal project name for a premium offering, and has hired the services of a creative agency, Thinkstr.

Key differentiators

Innovation has been a hallmark for OYO. As Agarwal says, “OYO fundamentally started out an innovative organisation committed to delivering a comfortable stay away from home.” OYO is also about convenience, he says, and so it’s done radical things like introducing ‘sunrise’ (6 am) check-ins and a new relationship category under which unmarried couples can book a room.

Says Satbir Singh, founder of Thinkstr, which is helping OYO with its brand strategy: “Disruption and innovation is in OYO's DNA. The brand has been built on accessibility and they have never shied away from being a budget traveller's first choice. The upper segments will soon have a new range available. This also speaks about the clarity they have about positioning the current offering and future ones.”

Going forward, Agarwal says OYO will rely heavily on data sciences to study consumer behaviour and deliver to users the experience they want. OYO records more than 750,000 bookings every month. When the analytics team plotted the geo-locations of where the bookings originated from, it saw that many of the bookings were happening on highways and road routes, implying that people often book on their way to a destination or at a destination. So, OYO will make bookings convenient for last-minute check-ins. Similarly, by looking at data on the cities that generate the most bookings and clusters of feeder cities, it could offer targeted supply.

People have questioned OYO's discounted model, but Agarwal says, “As we grow the occupancy, guests can get the best price.”

ANALYSIS

OYO is currently one of the tourism industry's fastest growing companies. It is the world's sixth largest chain of operated hotels, homes, managed living and workspaces. The company has achieved this impressive growth, how it is planning to expand further, and also analyzes the potential issues that rapid expansion can bring about.

In 2018, OYO grew its room numbers at 10 times the pace of global leader Marriott. It has conquered Asian territory and is moving in to international markets. The hotel chain established operations in the UK, UAE, Dubai, China, Singapore and Indonesia.

OYO has tapped in to younger market segments through providing an affordable, instantly accessible service. It uses innovative technology and provides reliability by ensuring every room has a minimum of: AC, a television, free Wi-Fi, clean linen, complimentary breakfast, hygienic washrooms and a toiletries kit.

Independent hotels can utilise OYO's brand power to attract more frequent business throughout the year and reduce the effects of seasonality, which has a significant impact in countries such as Spain.

Conclusion on OYO Rooms

Agarwal's vision or risk-taking capabilities led the company to 80 more countries. Be it the Netherlands or the U.S; it bought hotel brands to affirm its presence and increase its reach in the offshore hospitality industry. It even ventured in China (notwithstanding China's stance on foreign companies), and in just two years from its launch became the second-largest chain in the country.

However, at present, it seems that a high-risk strategy has cost the company dearly. No business is going to touch China for a very long time. It has already lost its stance and power on home turf due to several bad customer experiences and social media failures. International ports and borders will remain closed too. There will be severe travel restrictions, and as a result, the hospitality industry like OYO will suffer badly.

To stay afloat, the company has terminated contracts with employees and sent them on furloughs in international and domestic offices. Agarwal too has forgone his salary for one year and has also evoked the Force Majeure clause with its partner hotels. It means that the hotels will be paid for bookings and not be handed out monthly payments for collaborations. The company's official spokesperson has reiterated its commitment towards employees and assured that it is not terminating its employees or freezing out the operation in any country. However, it may revisit its business model by retaining only beneficial properties to raise more liquid cash flow.

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