Research Project on Oyo – Before and After Pandemic

Sahaj Tyagi, Amrita Jain

Bachelor of business Galgotias University
School of business Galgotias University

ABSTRACT
This project shows how Oyo hotel chain started and how it grows over time. Also when pandemic hit Oyo hotel shows tremendous changes in their marketing policies also helped in pandemic by changing hotel rooms into quarantine zones for people. This project also throws light on how competition drove Oyo to the number one position not only in the country but all over the world. Oyo’s marketing strategy and business model were upgrading with time that kept Oyo in the market inspite of growing competition.

STATEMENT OF PROJECT REPORT PREPARATION
1) Title of thesis – OYO BEFORE AND AFTER PANDEMIC
2) Degree of which the report is submitted- bachelors of business administration
3) Project supervisor- Amrita Jain
4) Specifications regarding thesis format has been closely followed
5) The content of thesis has been organised based on guidelines
6) The report has been prepared without resorting the plagiarism
7) All sources used has been cited appropriately
8) The report has not been submitted elsewhere for a degree

STATEMENT OF PREPARATION:
Every student have to submit the statement of thesis preparation

I. INTRODUCTION-

2015- In March of this year, Oyo received funding of a whopping amount of $25 million from its investors namely Lightspeed India, Sequoia and others.

April 2015- Oyo app was launched. The mobile app was a catalyst in writing the success story of this hotel chain start-up that was to follow. It is a user-friendly app that helps customers to book rooms directly. Oyo, by now had expanded to Kolkata, Mumbai, Goa, Bangalore and was spreading at a massive pace. It has almost come up to 2000 hotels, 20,000 rooms and 100 cities in India.

July 2015- Oyo bagged $100 million in Series C Round of funding from Japanese investor SoftBank. This year proved to be a financially fulfilling year. Oyo now had the backing of one of the most prominent and powerful investors in the world.

2016- In January, first month of the year itself, the hotel chain hit the 1 million check-ins mark and also made an advent outside India into the Asia Pacific market, beginning with Malaysia.
2017- Continuing its expansion aspiration, it launched a business in Nepal. Nepal and Malaysia was just a hint of the monstrous development that was to follow.

Conquering the Asian Territory and Stepping into the International Markets

2018- This is the year that marked the establishment of the Oyo empire in Asia-Pacific and kick-started international proliferation by establishing operations in UK, UAE, Dubai, China, Singapore and Indonesia. It also became a unicorn in September when it raised funding of $800 million from SoftBank and already had raised $200 million from its existing investors.

2019- With the backing of Greenoaks, Sequoia India, Lightspeed India, Hero enterprise and China Lodging Group as its solid group of investors, Oyo is not far from becoming a global success story, perhaps to some extent it has. Today it has more than 330,000 rooms in 500 cities globally.

INITIAL BUSINESS MODEL OF OYO
Just like the world’s best taxi-hailing app Uber owns no taxi — Oyo rooms have no rooms of its own. This implies that it doesn’t claim any of the lodgings that users book through its app. It is basically an interface for users to look for and book hotels that are a part of its Network.

Established by Ritesh Agarwal, Oyo began its voyage with only one network property in 2013 and now claims to have a presence in more than 230 urban communities across India. Recently, it has tapped in the International Markets as well.

The app evolved its business model from aggregator to franchise and has got amazing traction after that. They keep on holding no stock of their own, but their business model has developed into managing the whole lodging property for hotel proprietors. Let’s look at this more closely.

Initially, Oyo Rooms joined hands with property owners to advertise a part of their inventory of lodgings under the OYO branding. However, to be accepted into the OYO network, the owners needed to guarantee that their rooms affirmed to certain defined benchmarks of quality. OYO used to pre-book a part of the hotels at a negotiated price. They would then rundown these inventories on the Oyo platform under their very own branding (usually under an expensive rate). The distinction between the price negotiated with the hotel owners and the price, at which the rooms were sold to the end customer, represented their revenue.
STRENGTH AND WEAKNESS OF OYO

OYO has identified a large number of their hotels to partner with hospitals for setting up safe, pay per use quarantine facilities. Others are focused on providing safe shelter to tourists and travellers who are stranded in certain areas owing to the lockdown for the greater public good.

They have started a fund internally and are also contributing to other external funds to support the fight against coronavirus across different parts of the world.

OYO in South East Asia has set up a dedicated Fund of $200,000 to support our partners whose lives, families and businesses are infected and impacted by this pandemic.

POST COVID SCENARIO FOR OYO

As COVID-19 continues to impact the business and forces businesses to rethink, teams have come together to plan for business continuity and recovery measures. They are building OYO to be the preferred hospitality brand for consumers in the new post-COVID reality.

Hygiene is going to be a key consumer question post-COVID. Oyo sanitised stay offerings and commitment towards ensuring minimal contact-based check-in is an important step. Customers will now look for both affordability and flexibility as uncertainty around the ability to travel will remain there for some time.

OYO Wowcher, our recently launched customer-centric initiative, focuses on this and offers double its value for the customers and has flexibility in the duration of redemption. With a reduction in non-essential work travel and the expected downturn in the economy in the near future, more corporates will look at budget accommodation options that are safe and sanitised. We can also expect domestic travel to boom as restrictions continue on international travel across most destinations. Pilgrimages, road trips to closer destinations will gain momentum. As people begin travelling again, there will also be a growing preference for staycations where travellers would prefer independent boutique hotels or even private vacation homes where they can plan get-togethers with friends and family.

Major Challenges Faced by The Company

Problems faced by the company:

1. The problem which is faced by many hotel owners who collaborated with OYO is, they claim that OYO do not fulfils the contract between them, mismanagement of revenue, while many hoteliers also claim that the OYO audit, standard of meeting quality, training given to the employees impacts heavily, as they could not even earn that much.
2. The OYO has also been surrounded by many allegations from police as many hoteliers claim that they do not get the full amount of profit as agreed in contact. In respect to which hoteliers have claimed cases on OYO for compensation
3. As there are many allegations claimed on OYO which is impacting and even questioning the goodwill of the organisation. While it is impacting negatively on customers, as these situations creates a perception in customer’s mind that the organisation is not safe or secure to travel with.
4. As there is huge investment done by many investors and the organisation for its growth, but the question still remains the same, that if it could give the assurance to the customer for a safe and secure travel?

II. CONCLUSIONS

Hospitality industry is at major turning point, while there are much interesting things which are left to happen still but will be going to happen in near future, many industries are running in this race which is providing cut to cut competition and challenges as every organisation wants to lead this race, while OYO is also increasing day by day through its digital platforms either twitter, Instagram, Facebook and you tube, OYO is also taking feedbacks of their customer to resolve the problems as soon as possible, this is happening for the very first time that companies are giving much importance to the customers query. OYO is also focusing on the pricing strategies and standard or quality or productivity of hotels.
1. There is a strong Competition among different brands for acquiring the market space increasing day to day
2. Company should target the right customer and through right Channel and should keep the goal in mind.
3. Most of the Customers Are Youth who are post graduates or going to offices so marketing strategies should be made which can benefit everyone.
4. The product development is also an important factor as the needs of the customer keeps changing with time and can’t be predictable, so the company should be diverse in all aspects.