

## **OYO Rooms: Their Hospitality and Customer Satisfaction**

**Shobha Sharma<sup>1</sup>, Nidhi<sup>2</sup>, Smita Pathak<sup>3</sup>, Rudresh Pandey<sup>4</sup>, Wang Tianen<sup>5</sup>, Daisy Kee Mui Hung<sup>6</sup>, Huang XiaoLin<sup>7</sup>, Wang Ying Xuan<sup>8</sup>, Virat Rana<sup>9</sup>, Prudhvi Naresh<sup>10</sup>,  
Ranjith P.V<sup>11</sup>**

ABES Engineering College<sup>1,2,3,4,9</sup>

19th KM Stone, NH 24, Ghaziabad, Uttar Pradesh 201009, India

Universiti Sains Malaysia<sup>5,6,7,8</sup>

Jalan Sg Dua, 11800 Minden, Pulau Pinang, Malaysia

CMS Business School<sup>10,11</sup>

No.17, Seshadri Rd, Gandhi Nagar, Bengaluru, Karnataka 560009, India

Correspondence Email: shobhakaushik20@gmail.com

### **ABSTRACT**

The study is being done on the problems faced by the hospitality and tourism industries. Their growth and development. But here the research is done specifically in respect to OYO. The objective here is to tell the growth story of OYO room in the most objective way possible as a "situation case". One of the efforts has been to provide a body of information of sufficient size to analyse the reasons for the current success of OYO room in particular and the emerging Indian business model of innovative use of technology and marketing principles. The case presents the successful story of the entrepreneur Ritesh Aggarwal, about how he used the idea of hospitality and hotels that generated a significant investment in this segment. The government is in action is focusing on "Make in India", which means that entrepreneurs like Ritesh Aggarwal will be encouraged and supported. It is necessary to create a comfort zone for the young minds so that they can become successful businessmen, leading to the economic growth of the country. So, this Project Report is being prepared by researching the problems faced by the OYO regarding its hospitality and customer satisfaction and its marketing. There are some particular solutions that are recognized by our team for the respective problems which will be useful for the hospitality and tourism industries to overcome certain problems. These solutions will open the doors for the industries that are going to be in this field referring the past data analysis of OYO which is studied and prepared by our team in this Research Project.

**Keywords:** Customer Satisfaction, Hospitality, OYO

### **INTRODUCTION**

The Indian hospitality industry and tourism has become one of the biggest key drivers in the growth in the service sectors of India. Tourism in India considers significant potential as variety in ecology, rich historical heritage and culture, terrains and places of natural beauty spread across the country.

#### **Investments**

Private equity investments bumped thrice in 2017, with the transaction worth around \$619 million closed during the year, which renewed the interest in the investment sector. OYO Hotels and homes recently introduced a fresh financing of \$1.5 billion, with the founder of OYO Ritesh Aggarwal. OYO will also get funds up to 800\$million

from the existing partners - current valuation of the company is 10\$billion after the funding of the last round -In October 2019, series F led by soft bank group, light spread venture partners, sequoia India funding\$1.5 billion. OYO registered a revenue of USD 951 million, which is 45 increases on a year basis to compared to USD 211 million

#### **Initiatives Taken Government**

1. Indian government had taken many steps in prompting of tourism as follows:
2. 1 – “statute of unity” the longest statue in the whole world is made for increasing the tourism
3. 2 – Indian government has aimed to capture the 1% of international tourism while the situations are all right, the government is aiming 2% of international tourism till 2025.
4. 3 – while in the recent budget of 2019, government had realised 1,160 crores of rupees for the development of tourism under the mission swadesh darshan.
5. 4 – And OYO has also entered into the international market like china, Malaysia, sri-lanka, south Asia.

#### **Analysis of OYO**

The journey of OYO has been started when the founder of OYO, ritesh aggrawal leaved his college and started his career in his very first start-up named oravel stays pvt. Ltd. The start-up was designed as an online platform of budget accommodations, bookings for hotels. But soon ritesh realised that there is lack of predicability in this field, and came up by rebranding its start-up as OYO rooms in 2013 with a major mission.

#### **Leaders of OYO**

##### **Ritesh Aggrawal**

Ritesh aggrawal is the founder and CEO of OYO rooms, he started his career in the age of 17, as with the idea of travelling but by remaining in budget.

##### **Abhinav Sinha**

COO

He is a chemical Engineer who looks after the operations of OYO. He also looks after the promotional activities of OYO.

#### **Major Players in the Industry**

The platform which is going to capture the whole market in coming four years is online travelling and hotel booking, as they are on a very interesting phase. OYO being a hospitality Industry, got a fund of 1 billion dollar which supported OYO's 95% work to be direct on online channels and websites and also supported its promotional activities too.

#### **Benefits**

1. The online booking system opens up new challenges for the industry and it also gives the ultimate benefits to the travellers. One can book the room whenever he wants. This online booking system do not bound the working hours of the company.
2. This online booking system of hotels will help to increase the productivity of the workers and also make their work efficient. The one should not have to wait for booking call, they can book whenever its comfortable to them.

3. The one prospective of online booking system is it will help your business to grow and touch up new heights. It is easy to design online travel packages and let the customer to choose the desired package according to their budget.
4. The online booking system also help in receiving the payment safely and in a secured manner which also adds a positive point to it. while the system can have payment at the time of booking from customers and if there is any cancellation in program so the company will keep some amount as compensation.
5. The system of online booking strengthens up the process of work and also decreases the work pressure on the staff. It makes everything according to the needs of the customer and also remains updated with the no rooms available.
6. In this era of online working, each and every thing is available online. If one does not have any information about anything so he checks online about that, so the company should have a strong set up online so that it could take up the benefits and also grow with the trend.
7. This online booking platform is designed for giving ultimate comfort to the customers, while the company must give the assurance of security and safety. The company must have the service of customer care and feedback option by which company can resolve the problems.

### **Marketing Strategies (Marketing Mix)**

#### **Strategies related with OYO**

The product strategy of OYO is basically to provide good quality and standard goods to the customer. It also trains to the people with whom it collaborates and also checks up the quality and standards in each hotel so that it could meet the desire or expectations of the customers. OYO Rooms has become the most trusted brand for travelling safely and in secured manner. While it also provides the sets of different travelling packages which also attracts the customer to travel around and it is now situated with each and every corner so could be easily accessible.

OYO rooms set up their pricing policy by keeping each and everyone's budget in mind, while OYO is associated with the small as well as luxury hotels, so according to the comfortability of the customer the one could choose the hotel according to their budget. OYO rooms are focusing on capturing its future customers, taking feedback, and marketing on digital platform. OYO also has a strong set up and presence over social media either on twitter, Facebook, Instagram or YouTube.

<b>Year/ Funding Source</b>	<b>Amount</b>
1. 2012-December Venture Nursery	\$ 5 Million
2. 2013 Thiel Fellowship	\$0.1 Million
3. 2014-February Light speed Ventures	NA
4. 2015-March Light speed, Sequoia and others	\$ 25 Million

5. 2015- July Softbank	\$100
6. 2016-August Softbank And Others	\$90 Million
7. 2017-April Softbank and Others	\$250 Million
8. 2018-September Softbank and Others	\$1 Billion
9. 2019-October SoftBank Group, Lightspeed Venture partners sequoia India	\$1.5 billion
10. 2020 Softbank and others	\$800 million

#### Organization structure of OYO

Organisation Structure :



### **Objectives of The Study**

Following are the main objective to study about the customer satisfaction on OYO Rooms:

- To study the Brand of OYO Rooms, their Hospitality Industry & consumer's perception with its competitors as well as customer's satisfaction.
- To know why people, book Rooms from different Online apps and about the perception of the customers.
- To study the brand image of OYO.
- To find out the level of satisfaction of the Users on different attributes and to meet the desired targets.
- To identify strength weakness, opportunity and threats for OYO and their initiative towards it.
- To identify the factors which are most essential for selecting the Hotel Booking App and what distracts the customers the most.
- To identify the main factor in Online Hotel Booking which are most liked and appreciated by Customers.
- To identify the most preferred payment method for Online Hotel Bookings.

The management keeps up a check upon the success and failures of the hotels with its deals, it assures that there will be a high degree of interaction between the customer and staff, while it will provide assurance to the customer. Another major issue for concern is the matching up of service quality shown while booking up the hotels and to meet the desired expectations of the customers. After the research of up to twenty years this still remains a major issue for concern for hospitality industries.

### **Service Failure**

Service failures happens when the customer does not get the quality or the standard which he expected to get and this will result into service failure. Through service failure there is loss of revenue, dissatisfaction of customer, trust of customer also got broke down, while it impacts on the hotel decline, negativity in the staff, morale gets down.

### **Service Recovery Strategies**

Here are some service recovery strategies which will help the management to grow further

- Apology
- Improvement
- pay-off
- stick together
- adoption
- justification
- remarkable treatment
- hindrance

## **RESEARCH METHOD**

### **Secondary Method**

In this project we have collaborated the information through original websites of the company. While from different sites also, we have taken information from different countries. As we have worked with international students.

## **RESULTS AND DISCUSSION**

### **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?

## **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.
5. Tourism should be encouraged and promoted through various

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