

A STUDY OF CUSTOMER PERCEPTION AND CONSUMER BUYING BEHAVIOUR OF OYO HOTELS WITH SPECIAL REFERENCE TO PUNE CITY.

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ABSTRACT:

OYO Rooms, an aggregator in online hotel booking service organization is getting popularity and fame across various cities/countries for their technology based and innovative services. In this century almost everyone has smart phones and people are becoming more tech savvy and they are booking hotel rooms online via internet. And hence it is important to know what are the factors affecting or determining the consumer's changing behaviour. The purpose of the research paper is to understand the factors influencing the consumer's decision to stay at OYO Rooms. An exploratory research study was conducted by taking 200 individual responses from Pune and analysing them statistically with the help of Chi-square analysis. The contribution of study is that it develops an additional insight to understand consumer behaviour in online hotel booking services.

INTRODUCTION:-

OYO is India's largest hospitality company offering standardized rooms in different locations across the india. **OYO Rooms**, commonly known as **OYO**, is India's largest hospitality company, consisting mainly of budget hotels. It was founded in 2013 by Ritesh Agarwal and has since grown to over 8,500 hotels in 230 cities in India, Malaysia, UAE, Nepal, China and Indonesia. In 2012, then 18-year-old Ritesh Agarwal, hailing from Odisha's Rayagada district, launched Oravel Stays, a website designed to enable listing and booking of budget accommodation. OYO partners with hotels to give similar guest experience across cities. In late 2017, OYO launched OYO Home, an Airbnb-like marketplace for short-term managed rentals. In September 2018, OYO raised \$1 billion. The majority of the funding — \$800 million, to be exact — was led by Softbank's Vision Fund with participation from Light speed, Sequoia and Green oaks Capital. The network of branded hotels currently includes over 8500+ hotels spread across 230 cities with more cities and hotels planned to come up very soon

Rooms usually start at Rs 999 but can be lower than this price due to Sale, Coupon Discounts etc. There are no hidden charges. The standard check-in time is 12 PM and the standard check-out time is 11 AM. One can cancel room booking using OYO website or mobile app

OBJECTIVES:

- To understand and study the consumer satisfaction level of OYO.
- To understand the business model of OYO Rooms and services provided by OYO Rooms.
- To study the strategies used by OYO for their business expansion in India and other countries
- To understand the problems faced by customers while using OYO and providing solutions for existing problems.
- To suggest the ideas on new segment to target and how to position it better.

REVIEW OF LITERATURE:

OYO Rooms is the largest branded network of hotels currently operating in various countries as the firm organizes the unorganised business operating under the same domain, they make them work as their partners by signing a contract and sell their products under its own brand. The main focus is on quality of services provided. To make the services visible to their user-base, OYO makes their partners provide services at predetermined standard.

OYO Rooms is the hotel aggregator and not a marketplace because customers buy the services from the brand OYO Rooms and they are not bothered who the partner is.

A. CHANGE IN BUSINESS MODEL:

OYO Rooms, a Soft-Bank based startup has changed its business model from aggregation to franchise, or operating hotels under the OYO brand introduced in May,2017. The hotels that were the part of aggregation business model have converted to franchises. To improve serviceability, and to reduce operational costs, this transition was incurred by OYO Rooms. This change was to rationalise the cost of resources deployed at partner hotels.

The operational cost was increasing as OYO had to keep one OYO captain at hotels where they had 5 to 15 rooms or so. But after this transition in business model, OYO has improved their serviceability as they are using same number of resources but at fully operated hotels.

B. BUSINESS MODEL OF OYO ROOMS:

1. Adopts hotels to get them in fold by booking a part of hotel's inventory beforehand.
2. It gets them to follow certain standards of services , features, staff, pricing, security etc. and invests in marketing and management of quality improvement for the hotels under its fold.
3. And these rooms are sold to customers under its own brand name: OYO Rooms through their website and mobile application.

(a) Partnership Model: Provides visitors/guests with quality hotel rooms staying at different places around India and other countries too. OYO Rooms has partnered with hotels and made them work under their name.

(b) Franchise Model: The hotels that were the part of aggregation business model have now become the part of franchise business model, they have converted to franchises operating under OYO's brand name to reduce operational cost and improve serviceability.

C.SERVICES PROVIDED BY OYO ROOMS:

OYO believes in changing the way people stay away from home.

1. Hotel Rooms: Standardized, Affordable and Technology driven, fully furnished rooms.
2. OYO Flagship: OYO Rooms has started giving hotels on lease where they have full control over day-to-day operations to expand the business. These leased properties come under OYO Flagship.
3. Long Stays: OYO Rooms provides hotel rooms for family functions such as wedding, parties etc. as well as corporate functions such as seminars, meetings, parties etc. to stay for long.
4. Corporate Stays: OYO also provides fully furnished rooms and flats for long stays like internships, corporate stays, work etc. The rooms can be rented on single occupancy as well as twin sharing basis.
5. OYO Total Holidays: In this holiday package segment, OYO mainly targets couples, families and friends travelling together between 25-45 years.
6. OYO Bazar: OYO Rooms has set up OYO Bazar, which is a one-stop solution for hotels to procure their daily essentials. This is not done only for profitability but to grow and maintain their partnership with hotels, they need to expand their services.

RESEARCH METHODOLOGY:

Research methodology is the process of collecting information and data for the purpose of business decision making.

(a) Time and Date of data collection :

(b) Research Design : The research follows an exploratory research approach to analyse the propositions, and satisfaction level of consumers of OYO Rooms and to determine why certain group of consumers prefer other online hotel booking applications over OYO Rooms.

(c) Research Instrument : A structured questionnaire was circulated and was administered by personal and telephonic interview and in some cases questions were mailed to respondents.

The interviews help to elicit further detailed information. During the study, important factors were considered viz., Age, Occupation, Education, Demographic factors etc.

(d)No of Respondants : 200

Sampling method : Convenient sampling

Sample size : 200

DATA ANALYSIS :

The data analysis has been discussed from responses collected from 200 various age group people who were using OYO Rooms for online hotel booking in Pune city. Data has been analysed and presented in a meaningful way to facilitate the research to find out the customer satisfaction level of OYO Rooms with the help of tables and diagrams.

SWOT ANALYSIS :

(A)STRENGTH :

- Though OYO Rooms are mostly owned by the various providers but they are standardized under the OYO franchise and thus people experience the same standardized service in all OYO Rooms wherever they may be located.
- OYO started off as a one room one hotel thing in Gurgaon and now it has around 8500 properties in 230+ cities that's its clear strength.
- It is one of the one stop shop for a budget stay in India. OYO Rooms was conceptualized with a root idea of innovation for making the hotel stays more comfortable and easy.
- OYO focuses on making rooms available in affordable prices for its customers by subsidizing them.
- Excellent use of advertising for high brand recall.

(B)WEAKNESS :

- OYO has tried to provide standardized amenities in less prices but they have not been able to do the same with services.
- Customer is more concerned with the privacy hence they hesitate to book a hotel room online.
- OYO seems to have less integration with customer loyalty programs.
- The main drawback of OYO Rooms is that it is restricted only to budget hotels/lodges.

(C) OPPORTUNITIES :

- As most of the population in India is trying to minimize their spending and focus on savings hence they prefer affordable budget travels and stays which leads to business growth of OYO Rooms.
- People are becoming more tech savvy these days which makes OYO a overgreen.
- As the number of people who travel on business tours from both the genders is increasing in the emerging economies which in turn increases the demand for OYO budget stays.

(D) THREATS :

- Every entrepreneur in this business is looking at aggregating services. There are various online portals such as Goibibo, Trivago, makemytrip etc. which offer various gamut services similar to OYO Rooms.
- As the number of cases of harassment are increasing, there is a negative imagery of unsafe stays. Though OYO is not providing guarantee safety in the hotel rooms but ensures that no such incidents happen by giving the moral commitment.

PORTER'S FIVE FORCES MODEL :

Porter's five forces model tries to analyse the level of competition within the market and business development.

(1) INDUSTRY RIVALRY :

OYO is making remarkable growth in its business but its real challenge is to make this growth steady. Competitive advantage is the area where company lacks hence it may take no time for any other company to enter into the market and make a benchmark.

(2) THREAT OF NEW ENTRANTS :

There are new international competitors entering into the new attractive domestic market such as Goibibo, Trivago, makemytrip etc. As these new entrepreneurial players are emerging in the market customers get attracted towards them due to various discount offers and services provided.

(3) THREAT OF SUBSTITUTE PRODUCTS :

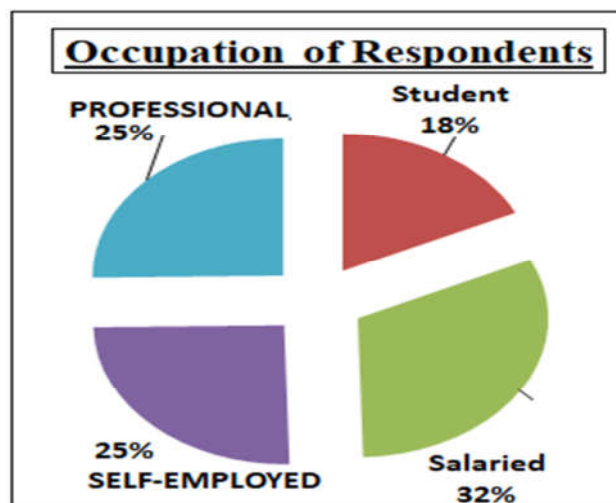
Though in the emerging economy people travelling to various cities/countries for business tours is increasing day by day but there are various technological substitutes available such as Video conferencing, Delphi method etc. Due to these changes in technology which after demand for technology.

(4) BARGAINING POWER OF SUPPLIERS :

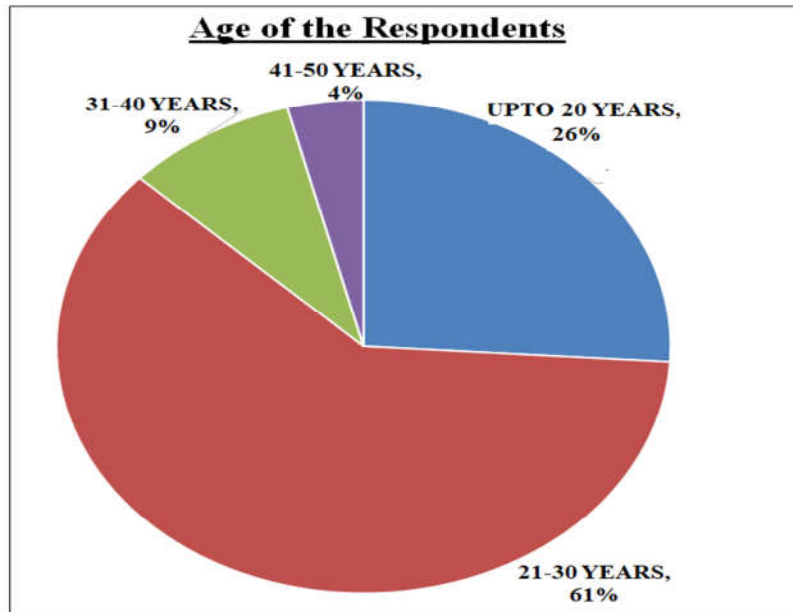
As the competitors are increasing this in turn makes the suppliers to increase simultaneously. As OYO doesn't own any hotels by its own, it depends on hotels behaviour to collaborate with OYO or not which makes supplier to be stronger on his side.

(5) BARGAINING POWER OF BUYER :

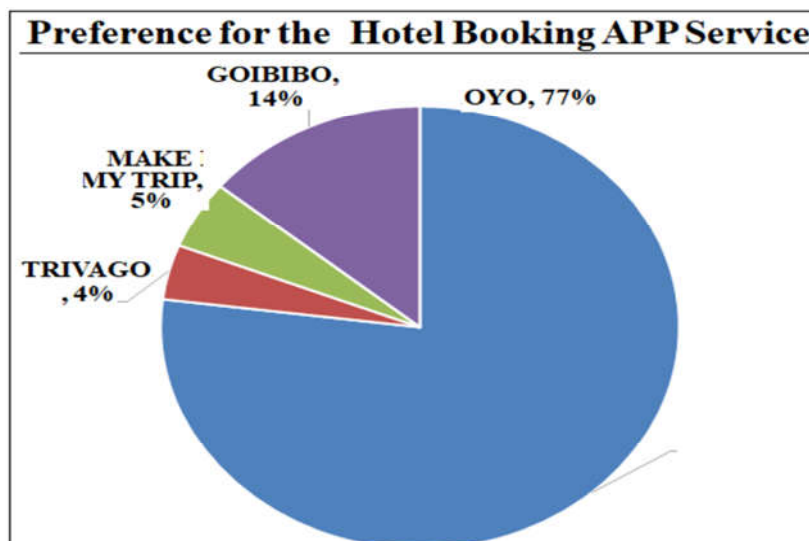
As buyers/customers have lot of options available such as Goibibo, Trivago, makemytrip etc. and they are not dependent on OYO. Hence OYO needs to stand out by differentiating itself from others so that the customers prefer OYO Rooms as their first choice.

DATA ANALYSIS:-

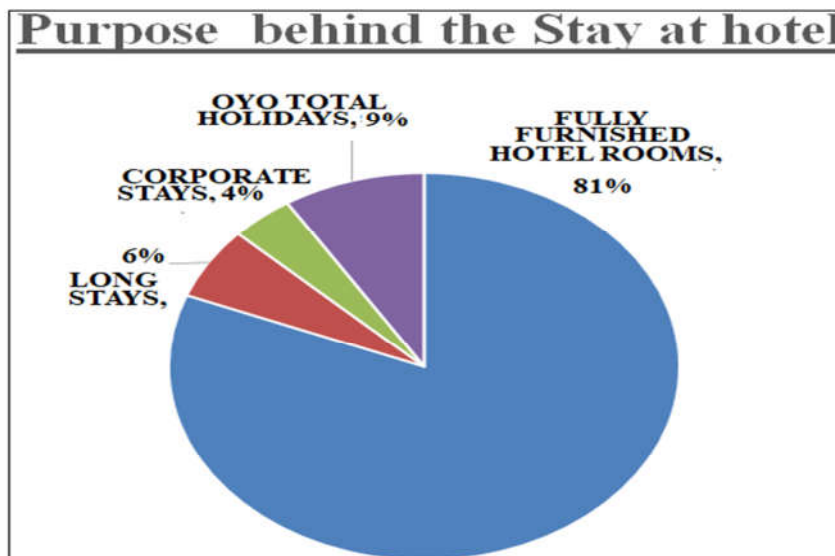
Interpretation: - It can be seen from the above graph that 32% respondents were Salaried employee, 25% were self-employed, 25% were professional and 18% were Students.



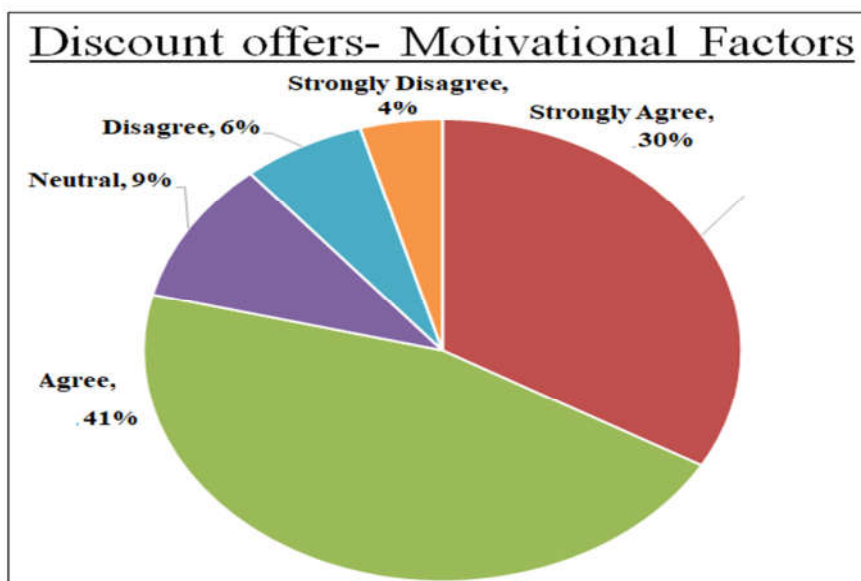
Interpretation: - Major 61% age group was 21-30 yrs followed by the 0-20 yrs, followed by the 31-40 yrs, followed by the 41-50 yrs.



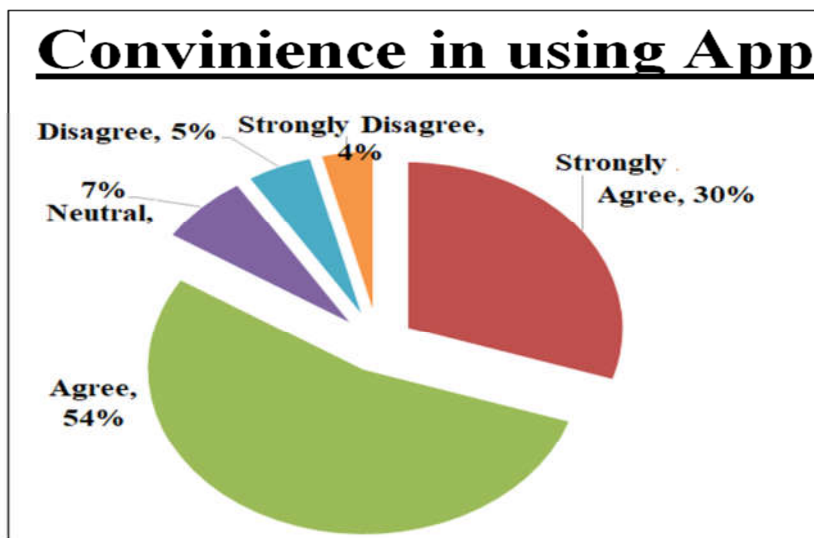
Interpretation: - It is reported that 77% respondents preferred Oyo hotel booking App followed by the GOIBIBO 14%, followed by the Make my Trip, followed by the Trivigo (4%).



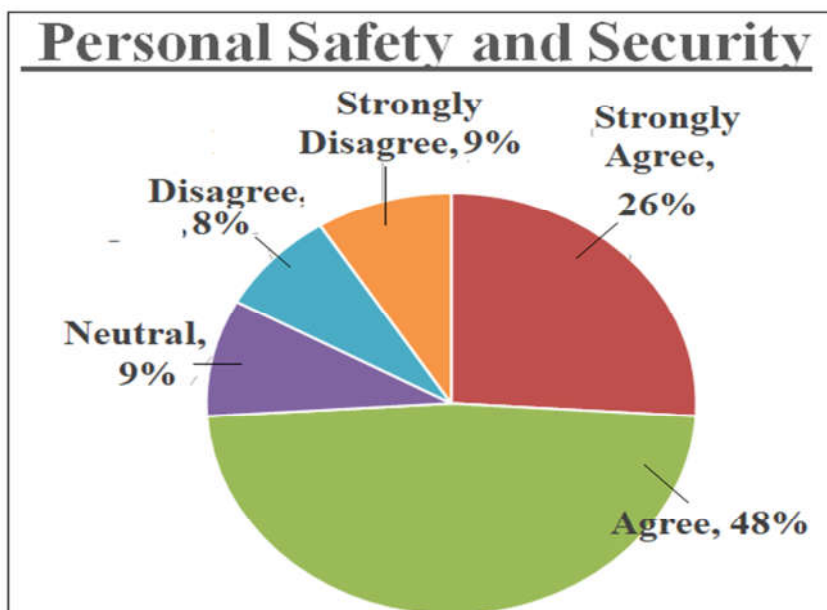
Interpretation: - It is reported that 81% respondents said their purpose behind the stay at hotel was Fully furnished hotel rooms 81%, followed by the OYO total Holidays (9%), followed by the Long Stays (6%), followed by the Corporate stays(4%)



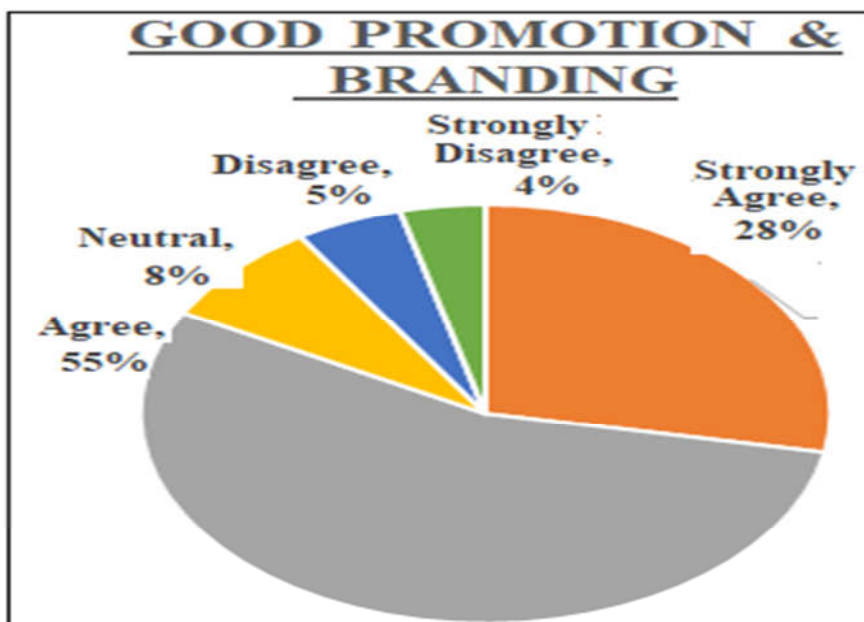
Interpretation: - It is reported that most of the respondents 41% agree that Discount & Offers were major motivational factors followed by the strongly agree 30%, followed by the Neutral 9%, followed by the Disagree 6%, followed by the Strongly Disagree 4%.



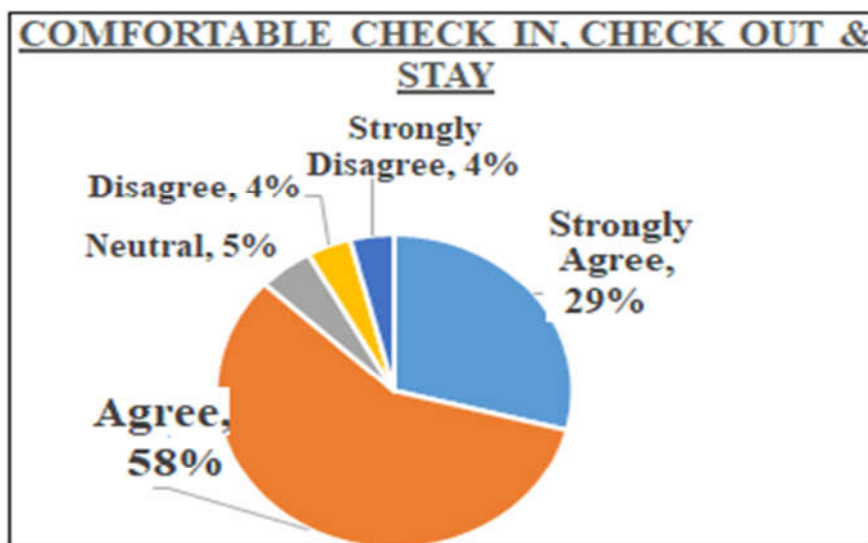
Interpretation: - It is reported that 84% respondents were agreed that App was convenient, 7% respondents were Neutral, 9% respondents were Disagree.



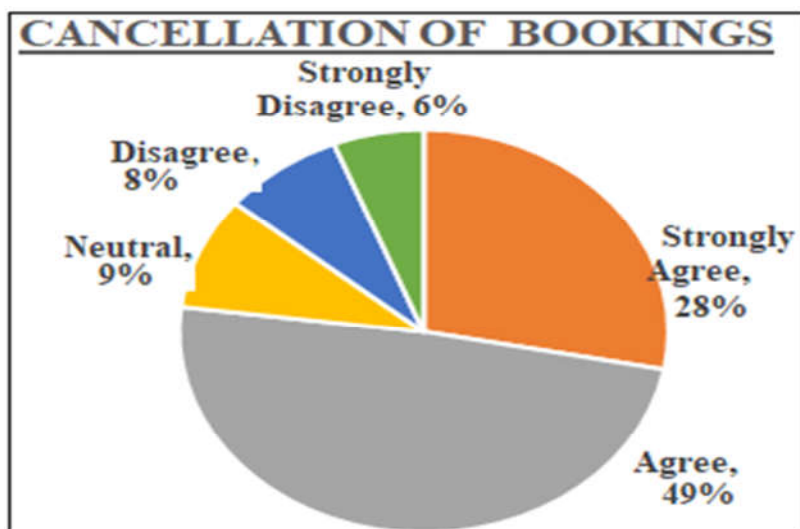
Interpretation: - It is reported that 74% respondents were agreed that personal safety and Security were major influencing factor, 17% were disagreed, 9% were Neutral.



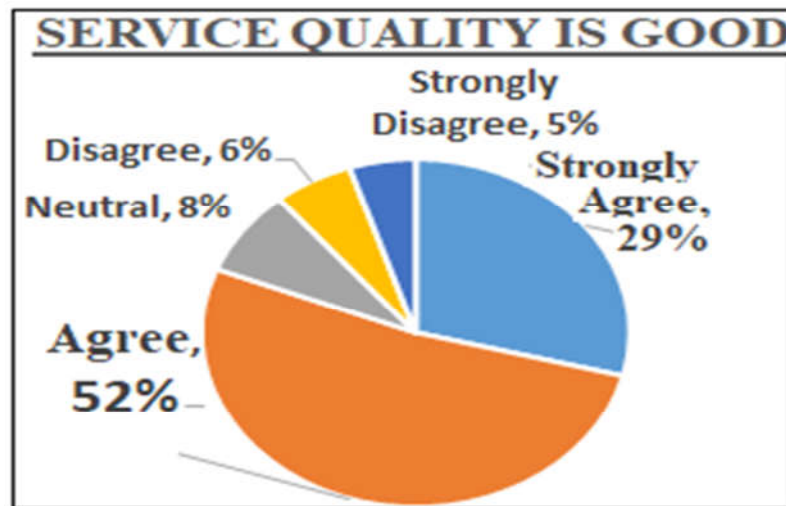
Interpretation: - Good Promotion & Branding were major motivational factors reported by the 83% of the respondents and 9% were disagree



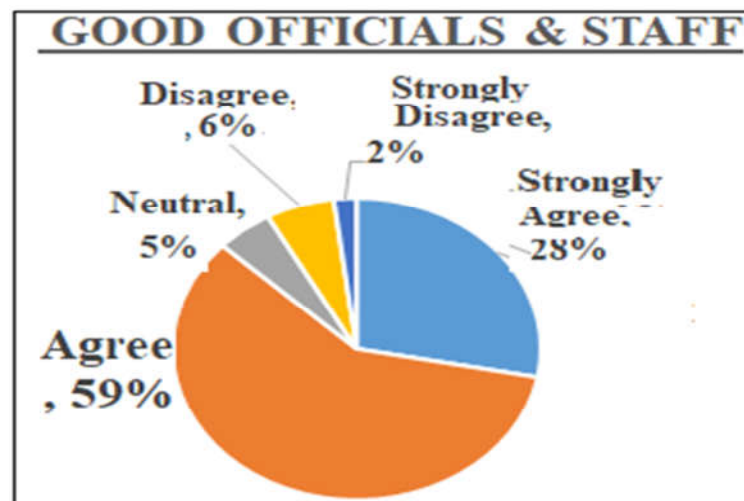
Interpretation: - It is reported that 87% respondents were agreed that Stays and Check in and Check out were comfortable while 8% were Disagree.



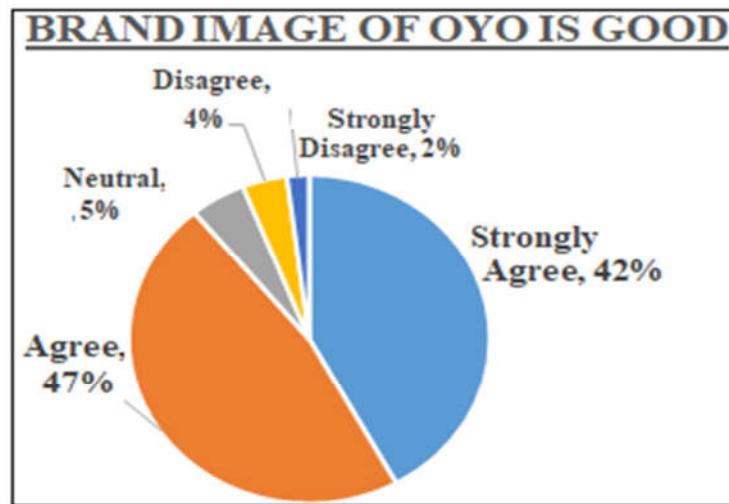
Interpretation: - It is reported that 77% were agreed that Cancellation of Booking was easy, simple and Fast



Interpretation: -It can be seen that 81% respondents reported that service quality was good.



Interpretation: - It is reported that 87% respondents said officials and staff were good and cooperative.



Interpretation: - It is reported that 89% respondents said that brand image of the OYO hotels was good and it's a major motivational factor

FINDINGS AND CONCLUSION :

(1) It is found from the research that mostly 'students' are using OYO Rooms, an online hotel booking app having age from 21-30 years and below 20 too, whereas people having age more than 40 years don't seem to be using online hotel booking apps more.

(2) It can be inferred from the study that, when it comes to booking a hotel room online 'OYO' is the first preference followed by 'Goibibo' and the most important purpose behind stay at OYO is 'fully furnished hotel rooms' followed by 'OYO total holidays'.

(3) Discount offers, affordable prices for stay, convenience of using the app, personal safety and security, quality of hotel rooms, comfortable check ins check outs and stays, easy cancellation of bookings, accessibility and availability of staff to solve problems, brand image of OYO are the most important motivating factors behind choosing OYO Rooms for online hotel booking over its competitors and people are interested in giving recommendations of OYO Rooms.

FUTURE SCOPE:

OYO is growing fast and has set his name as the high quality budget hotel network. It is possible that OYO may increase its prices but due to newly launched model of flagship, there are chances that prices might be kept as they are now.

OYO is a technologically driven model of business. It has its first technology development centre in Gurgaon, now opened in Hyderabad and Telangana as well and planning to build many more.

Also OYO has come up with OYO Total Holidays and is expecting 10% of its total revenue to come from OYO Total Holidays.

OYO Rooms is also piloting OYO Café, an aggregator platform for listing its hotels food items to be sold under the OYO Cafe brand. OYO Cafe will make use of excess hotel inventory and may also make possible use of zomato or swiggy for delivering the food. For cleaning services, it will also pilot housekeeping services on demand.

SUGGESTIONS:

-OYO Rooms should think upon targeting niche market by having tie ups with elite hotels or premium end hotels to target the customer base that wants luxury.

-OYO should do a proper study and record of hotels before partnering with them as many times photos and actual hotel rooms are misleading during online hotel booking.

-OYO should work upon the problems with usage rate and build more customer loyalty.

-OYO Rooms should focus on their PODs(Point of Differentiation) by focusing on customization i.e. customizing the product as per consumer's needs.

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