



The Impact of Oyo Business Model in “Rewa Division”

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Abstract:

This study examined to determine the effect on hotels in Rewa division through Oyo business concept. Oyo is India's largest budget chain. It is aimed an innovation as derives of performance in the hotel management. Hotel industry is covering a big part of service providing industry; it's also providing industry opportunities for many people and square of million rupees revenue every year. Hotel industry is a great career choice for lot of youth. The Indian economy is basically divided in three parts first one is Agriculture second one is Business and third one is Service sector. The service sector contributes immensely to the economic progress of the country, hotel industry has been kept under this sector and this is the fastest growing industry in India, this is because of the changes in different taxation policy, allowing foreign direct investment the intervention by government of India to facilitate the business through economic reforms. The main objective of this research paper is how the business concept of Oyo is successful in hotel industry and what is the impact of this business concept in the field of Vidhya division.

Keywords: - Innovation, Service, opportunities, revenue, industry.

Introduction: -

The first hotel was established by the British government during colonial times in cities like Delhi, Calcutta and Mumbai. Jamshedji tata the founder of the great tata empire in Maharashtra (Mumbai) established the hotel on a grand scale in 1903 and this is the first ever hotel to be built by any Indian entrepreneur. Our first prime minister pandit Jawahar lal Nehru recognised the need to build hotel for the foreign dignitaries and this led to the building of the first government invested hotel Ashok in Delhi. India grew economically at a very fast pace after independence, which hotel industry has also contributed. the government of India established the tourism development corporation of India in 1966 for the purpose of standing up and operation hotels across India.

India which is known as socialist country, economic reform was attempted in 1990 and as a result, the hotel industry developed on a large scale. Impressive overall growth in the country led to huge investment in the hotel sector and new India investors and foreign hotel chain made their presence as the Indian landscape. The growth of hotels in India is inspired by the increase in tourism. The “incredible India” started by the government of India had a strong impact on the arrival of tourism. However, the major reason for the boom in the hotel



industry is the growth momentum in information technology and related services and Oyo is now playing an important role in the advancement of hotel industry.

Oyo Hotels is an Indian hospitality chain of leased and franchised hotels, homes and living spaces. Oyo does not own the hotel but rather renovates the hotels. According to its standard services and also makes the hotel property part of the standardized budget hotel chain with Oyo branding.

Objective of the Study: -

The main objective of this study is to assess the huge profits and potential in hotel industry in Rewa division. An entrepreneur may make profit from this industry and it is one of the most important service for earning profit. Oyo hotel industry chain is a structure which is made with various principals and new business concept. Satna, Rewa, Sidhi and Singrauli districts are under Rewa division.

Oyo services: -

There is many type of services Oyo provides: like Oyo hotels, Oyo rooms and the Oyo hotels and Homes has a multi-brand approach.

1. **OYO Home:** In this approach, Oyo claims that it is India's first home management system offering private homes in various locations and it is fully managed by Oyo.
2. **OYO Vacation Homes:** In this concept, Oyo identifies itself as the world's third largest vacation home brand, including rental management brands Danland, Belvilla and DanCenter, along with Germany-based Traum-Ferienwohnungen.
3. **OYO Townhouse:** Which is promoted as the neighbourhood hotel in this midscale segment targeted at travellers.
4. **OYO LIFE:** This is targeted at millennials and young professionals in search of fully managed homes on long-term rentals, at convenient price.
5. **SilverKey:** It was launched in April 2018, which caters to the needs of the corporate travellers undertaking business trips for a short or long duration.
6. **Palette:** This is offering the perfectly curated staycation for those people who search of an intuitive experience at competitive prices, and upper-end leisure resorts category.
7. **Capital O:** This is the service who offers hotel booking services.
8. **Collection O:** This offers booking and renting services to all business travellers.
9. **YO HELP:** It is a self-help tool that offers to support for check-ins, check-outs and payments option.

Research methods:

The study was conducted in Rewa division of Madhya Pradesh. Sample of Oyo hotels was selected randomly from each Tehsil and final sample consisted of 20 hotels. The data collection was done with the help of primary



data as well as secondary data. Primary data was collected with the help of pre-tested schedules and the schedules are based on the objective of the study. In this study, the head, who are the owners were personally interviewed to ensure comprehension and accuracy. The data were collected for the financial year 2018-19 and analysed with the help of mathematical tools like average, percentage, ratio etc. and tabular analysis. OYO Rooms stands for On Your Own Rooms. It is India's largest hotel network which is spread something 199 cities in world. Oyo Rooms is also known as Oyo Hotels & Homes, this is an Indian hospitality chain of leased and franchised hotels, homes and living spaces. this is Founded in 2013 by Ritesh Agarwal, OYO initially consisted primarily of budget hotels. It had expanded start-ups with thousands of hotels, holiday homes and millions of rooms in India, Malaysia, Japan, , China, UAE, Nepal, China, Brazil, Mexico, UK, Philippines, Vietnam, Saudi Arabia, Sri Lanka, Indonesia, United States And now it has expanded to other nations as well. OYO partners with hotels to give similar guest experience across cities in world. 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 in whole world of which approximately 8000 branches are in India and South Asia. OYO Hotels & Homes is a full-fledged hotel chain that leases and franchises assets. The company have around currently valued at \$10 billion as per the last round of funding.

Classification of Hotel Industry in India:

According to current concept Individual customer, hotel industry is now Divided into various parameters and location selection is very important for the establishment of any hotel. Hotel industry can be mainly divided into the following categories:

- 1. Heritage hotels:** These types of hotels reflect old splendour and grandeur Of India they are mostly old havelis and key havelis Ancient times which have been according to time turned into heritage hotels.
- 2. Luxury hotels:** These hotels are equipped with world class Infrastructure facilities they provide tourists with a fine experience of staying alright and eating. They add a warm Mainly welcome to catering customers High class officers.
- 3. Budget hotels:** These types of hotels are like a home away from home, they accommodate customers from the middle class and upper middle. Most are known as economy class hotels, Business Hotels & Discount Hotels. Budget Hotels Supports modern infrastructure for a Comfortable and enjoyable stay.
- 4. Resorts hotels:** Resort in India are mostly found in hill stations and sea side tourist destinations. They are located Amidst scenic beauty they are ideal places Enjoy some valuable time with friends, family or life partner.

Research finding and discussion:

Satna is near the world famous Khajuraho and is one of the key attraction places for tourists all around the World. Satna is a very important district for tourists, it includes places like Pashupati Nath Temple, Bharhut



stupa, Ramwan Temple, Jagat dev talab, Venkatesh temple, Chitrakoot, Madhwadh fort, Maiharshardadevi temple etc. Tourism in Rewa district offers a number of beautiful sights to the tourist. There are many places for the visitors to choose from, ranging from forts, places of natural beauty and even a number of temples for the pilgrims. These include the Extraordinary forts White Tiger Safari Keoti Falls, Purwa Falls, Bahuti Falls, Rewa Fort, Chachai Falls, Rani Talab, Govindgarh Polyamorous Temple etc. Extraordinary forts, numerous, ponds, waterfalls, temples, and wildlife make for the best escape into a place that is not known to tourists. Sidhi district is tribal district of Madhya Pradesh. Sidhi is known for its historical significance natural environment, and cultural roots. Sidhi has many natural resources along the Son River flowing in the district and coal deposits feeding major industries across the country. Tourism in Singrauli district Famous caves include Ganesh Mada Vivah Mada, Shankar Mada, Jaljala and Ravan Mada. Singrauli also has painted rock shelters. All these contribute a lot to the advancement of hotel industry in Rewa division because the growth of hotel industry in any area depends on the tourists of the same.

The experiment work done and the result obtained from this present investigation and relevant discussion have been summarized under following heads: -

Annual performance of Oyo in financial year 2018-2019.

USD MILLIONS	INDIA	REST OF THE WORLD	FY 2018-2019
REVENUE (A)	604	41	951
REVENUE (FROM OPERATIONS) (B)	581	40	924
OPERATING EXPENCES (C)	676	95	1274
EBITDA (D)= (B)- (C)	(95)	(55)	(350)
EBITDA % (D)/ (B)	16.4	137.5	37.9
NET LOSS (E)	(83)	(55)	(335)
NET LOSS % (E)/ (A)	-13.8	-64.3	-35.3

(official Oyo blog annual report of financial year 2018-2019)

Oyo rooms, the fastest growing hotel chain in the world, reported total loss of 336 USD for the financial year ended March 2019 (FY19), which is more than previous year and attributed the increase in employee related expenses to this loss. However, the revenue jumped by 4-fold in FY19, compared to previous financial year, as per a valuation report filed with the registrar of companies (RoC).



Cost A (revenue) in financial year 2018-19 was 951 USD, and cost B (revenue from operating's) was 924 USD. Total operating expenses cost C was 1274 USD. Ebitda was 350 USD and its percentage are 37.9 and oyo's net loss was around 335 USD it is something 35.3 percentages. (EBITDA stands for earnings before interest, taxes, depreciation, and amortization, Because the margin ignores the impacts of non-operating factors such as interest expenses, taxes, or intangible assets, the result is a metric that is a more accurate reflection of a firm's operating profitability.) its consolidated revenue for FY19 stood at USD 951 million, which is 4.5X YoY growth over FY18.around 36.5% or USD 348 million of fiscal revenues were from outside India.India contributed approx. 63.5 percent or USD 604 million of revenues and Oyo recorded 2.9X YoY growth in market.

Note: forex Rate Used \$1 USD= 69.57

(Source: oyorooms.com official blog)

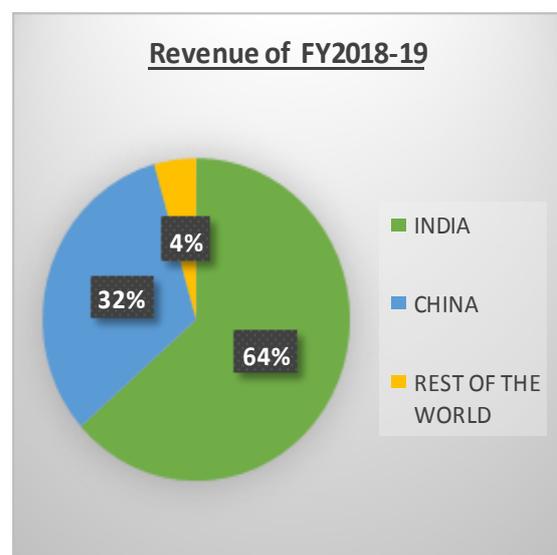
On total revenue of financial year 2019-19, about 64 percent of the revenue received from India, about 32 percent from China and the remaining 4 percent from the rest of the countries.Oyo has grown a lot since 2013 and now slowly it continues to hold its place in the whole world.

Oyo was started in 2013. OYO Hotels & Homes, are young hotel start-up, today this is the world's leading chain of hotels, homes, and spaces. The portfolio combines fully operated real estate comprising more than 44,000 hotels with over around 1.2 million rooms. Through its vacation homes business, this company offers travellers and city dwellers access to over approx. 125,000 homes around the world under OYO Home.OYO today operates in over 800 cities in 80 countries, including the India, U.S., Europe, U.K.Middle East, Southeast Asia, and also Japan.

OYO'S Gross Margin in India increased from last year it was around10.6 percent in FY18 and now it is 14.7 percent in FY19 it is indicating the strength of Oyo business model and a positive correlation between market share and economics.The Oyo business concept has also had a tremendous impact on the Rewa Division, Rewa is the administrative headquarters of this division. the division consists districts of Rewa, Satna, Sidhi, and Singrauli district. Rewa division forms a part of the Baghelkhand region of Madhya Pradesh,and in this area the hotel industry was not given much attention in the past but with the change of time, the business concept of Oyo has contributed immensely in the development of hotels under Rewa division and many hotels in this area are working under Oyo.

OYO's Matrix Playbook has played a key role in making rapid progress globally. Its model levers are:

1. Building disruptive technology capabilities.





2. Partners with independent hotels.
3. Construction of large networks.
4. Create customer logins.
5. RevPAR increases reclamation.
6. Expand into new geographic areas.

OYO are on a mission to provide the quality living spaces for millions of middle-income people across the world.

Conclusion:

Globally, the housing industry is highly fragmented with a large proportion of assets unbranded and often lacking professional expertise. Owners of small hotels and sometimes large hotels, in urban and vacation destinations, can typically see a lack of competencies such as revenue management, technology and data analytics that enable deeper insights into distribution networks and customer preferences. As a technical company according to the current scenario, OYO is redefining the fragmented hospitality sector by empowering individual asset partners with a successful proposition combining design, technical expertise, hospitality, revenue management and operational capabilities, making it continuously competitive with this competitive. Be successful in making your place in time. It also includes adding more customers with higher RevPAR and yields. This allows Asset Partners to focus too much on what matters most - providing a great guest experience, making OYO their trusted hospitality partner. Oyo started its business concept with the belief that all guests deserve comfortable accommodations, and that they are comfortable with time, space and price. It is also emphasized in Oyo that guests today want ubiquity, economy and convenience in all services. They want things on-demand and are also integrated with their day-to-day lifestyle. When it comes to traveling, it means the ability to choose an accommodation option that is reliable, affordable and available. The Oyo business model ensures that they can expect a wireless system when they book a stay option. This is why the general public currently choose OYO as their preferred partner.

Oyo's continued focus on providing value for property owners and customer trust and loyalty that is why today the company has become one of the world's leading hotel chains, including India, China, America, Europe, Asia, There are millions of hotels and guests from all over the world including Middle East, Japan, South East country. In the calendar year 2019, OYO increased its revenue by 3X on a year to year basis with over one lakh rooms worldwide as well as OYO was rated by BrandZ one of the most valuable new brands in India. Oyo strives to empower culture which also enhances the entrepreneurial spirit among Oyo pointers. The way of life and its approach to things under OYO is guided by a set of principles that OYO culture tenets refer to as "building trust, being respectful, being flexible" controlling its actions at all times. With these principles Oyo aims to empower and encourage each member of his team to meet the needs of the guests.



Through Oyo, the hotel industry of the Rewa division (Vindhya region) is growing at a very fast pace and at the same time, it provides convenience to the tourists and increases its credibility. Although there were hotels in Vindhya region earlier, but few hotels were of good quality and convenient and many hotels provide convenience but could not spread their publicity, Oyo has given them a platform to achieve the proper advancement in the hotel sector.

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