CASE

OYO Rooms: Another Unicorn in the Making?

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OYO Rooms (OYO), a technology-enabled start-up from India, had been growing exponentially since its inception and was set to become the country's largest budget hotel chain. OYO have registered 1 million check-ins by January 18, 2016. The venture's unique business model helped it to tap into the challenges faced by customers seeking budget hotel accommodation in India, and its potential for rapid growth made it a candidate for even greater expansion in the global arena. However, the onus was on OYO to prove its ability to sustain growth in the Indian market. Moreover, the company's success and the increasing awareness of a huge untapped market led to a flurry of competition. In light of these developments, OYO's entrepreneurial founder needed to address a few imminent issues. Would he be able to sustain his company's early momentum in the wake of increased competition? What would be the best strategy to achieve growth and monetize its operations? Should OYO diversify into allied services or apply a more focused strategy? The founder needed to answer these questions to retain the company's dominant position.

Company Background

OYO was founded in May 2013, by Ritesh Agarwal, a 19-year-old entrepreneur who had remodeled his first venture, Oravel Stays Private Limited (Oravel Stays), to create the new firm. Launched in 2011, Oravel Stays was an accommodation discovery marketplace based on the Airbnb, Inc. model. Agarwal had dropped out of university to pursue his dream of building an enterprise. He was one the first two Indians to win the prestigious Thiel Fellowship, and subsequently received an opportunity to hone his entrepreneurial skills under legendary entrepreneurs and venture capital investors such as Peter Thiel, Elon Musk, and Sean Parker. During his early days with Oravel Stays, Agarwal had stayed in approximately 100 bed and breakfast inns, where he had frequently encountered the challenges many customers experienced when staying in a typical budget hotel in the unorganized category. He successfully leveraged his exposure and fellowship funds to innovate Oravel Stays's business model, and converted the company into a managed marketplace for predictable and standardized hospitality experiences. The new venture was named OYO Rooms, a first-of-its-kind, technology-enabled budget hotel chain.

Agarwal's new company was borne out of careful contemplation of the real issues that plagued many unorganized budget hotels in India. He had realized that the primary problem that customers encountered with unorganized hotels was a lack of predictability. Although customers could book hotels through official websites or online travel agencies (OTAs), the experience that was delivered often differed from what had been promised online. Booking websites often showed flattering (to the point of being dishonest) pictures of the rooms, and descriptions of extensive services; yet many customers reported nightmarish discoveries on arrival, as they were met by dilapidated buildings, untidy rooms, non-functional fittings, and tardy service. Accordingly, OYO's model tried to provide a lasting solution to this problem of the unpredictability of the customer experience and to address the large gaps between promised and delivered service, which almost every budget traveler in India had faced at some point.

OYO's business model stood out from the existing marketplace model of companies such as Airbnb, Inc. in that the start-up was not only trying to connect customers and service providers but was also building a chain of branded or co-branded budget hotels under the OYO brand, using an asset-light model. By leveraging its unique technology, OYO brought unorganized hotels onto its platform and made them easily discoverable. However, this act was preceded by the company's conscious effort to ensure standardization in critical features and services, which was instrumental to delivering a positive customer experience. Hence, before a property could be listed on OYO platform, it needed to provide evidence of standardized elements such as hygienic rooms, free Wi-Fi, spotless linens, complimentary breakfast, online booking and payment facilities, flat-screen televisions, and branded toiletries.

OYO also provided basic training to hotel staff in all aspects of customer interactions to enhance the overall quality of service delivered. The company acquired and transformed a target hotel using minimal investment, and without owning any real estate or property. On the OYO website and mobile application, any listed property was discoverable only under the OYO brand name. Thus, the main customer proposition that OYO offered was a smooth, predictable hospitality experience across its co-branded partners.

The Fast Track to Market Leadership

Starting with a single property in Gurgaon, a city 30 kilometres southwest of New Delhi, OYO expanded very quickly, as Agarwal explained:

I realized that discoverability of hotels was not a problem, but predictability and trust were. I decided to take a single hotel in Gurgaon, standardize it, and manage it end-to-end. I was a coder, housekeeping [employee] and sales person for that hotel for a month. Interestingly, this hotel had 95 per cent occupancy with massive repeat rates in six and a half months.

OYO had the organizational tools to facilitate and handle its rapid growth within a short span of time. OYO's rate of expansion, even in its early years, was a testament to this ability. In August 2014, to fulfill an order requirement, it acquired three properties and transformed 50 rooms into OYO hotel rooms in 24 hours. From a total of 300 rooms in August 2014, OYO grew exponentially to include 65 hotels and 1,200 rooms under its brand by December 2014.

By August 2015, OYO could be found across 73 cities (up from just four cities in December 2014). The stunning speed at which OYO expanded its network helped to attract capital infusion. The first round of funding was in March 2014; investors such as Sequoia Capital and Light Speed India offered US$25 million, which helped significantly in establishing the business. In August 2015, Softbank Group invested 6.3 billion, which further fuelled OYO's exponential growth strategy.

In addition to the leisure travelers that OYO attracted, business and corporate travelers also started preferring budget hotels for short stays. The company joined with Thomas Cook India to access this market, with an eye on international tourists. OYO also forged partnerships with other aggregators who operated in complementary businesses in order to build a strong ecosystem. Thus, Ola Cabs, India's largest cab aggregator brand, which was owned by ANI Technologies Private Limited, was chosen for travel services; Zomato, a restaurant finder and food delivery app owned by Zomato Media Private Limited, contributed services related to food; and MobiKwik, the mobile/online payment systems app owned by One MobiKwik Systems Private Limited, was used for easy online payments.

OYO had more than 4,000 budget hotels under its brand by December 2015, which gave it access to more than 40,000 rooms across 165 cities. Further, the company showed its ambition to pursue international expansion with three newly acquired properties in Malaysia, marking its first forays outside India. The venture that had started with 20 engineers boasted approximately 2,300 employees by the end of 2015. The average age of these employees was just 25.

In December 2015, OYO became the largest branded hotel network in India by taking over Indian Hotels, previously owned by the multinational conglomerate Tata Group, which had 9,000 rooms across multiple brands catering to the upper end of the market.

The Indian Budget Hotel Industry

With a lodging market worth $7.2 billion, India had approximately two hotel rooms per 10,000 people, which was nowhere near the market in China or the United States, which had 40 and 200 rooms per 1,000 people, respectively.[19] India's organized hotel market could be divided into three broad segments: luxury, mid-market, and budget. The independent budget hotels in the unorganized category accounted for approximately 60 per cent of the total lodging market.

The Indian market also had huge growth potential, as predicted by various industry research reports (see Exhibit 1). A 2012 report by PricewaterhouseCoopers pointed out that the Indian hospitality sector was expected to witness high growth over the long term, thanks to the surging demand for domestic travel. This growth would be facilitated by factors such as increased disposable income among the rising Indian middle class, the advent of new locations assisted by better access and infrastructure, and the ubiquitous growth of affordable budget hotels. The report also indicated that the budget hotel category would witness more investments in the short term; however, the costs of property management and operations would be key challenges for the industry. Another study conducted by global hospitality consulting firm HVS predicted that the total inventory of rooms owned by hotel chains in India would rise by 30 per cent by 2020.

The Online Hotel Booking Market

Rating agency ICRA Limited estimated India's online hotel booking industry at $800 million, and projected that it would grow to $1.8 billion by the end of 2016. The agency further estimated that 8.4 million Indians would book hotels online in 2016. However, according to industry reports, online booking accounted for only 16 per cent of total hotel bookings in India, which was lower than expected, considering that 40 to50 per cent of air and rail travel was booked through online channels.

On the other hand, online bookings accounted for approximately 70 per cent of all hotel rooms booked in Europe, and 45 per cent in the United States. Moreover, the number of Internet users in India was expected to exceed 500 million by 2018; and the country had witnessed an unprecedented growth in the number of Smartphone users, which was predicted to reach 382 million by 2016 (see Exhibits 2 and 3). The number of Internet users had grown from a modest 21 million to 171 million by the end of 2015, with a compound annual growth rate of 90.5 per cent. In terms of number of Internet users, India was the third- largest market after China and the United States.

Hotels typically used four online platforms to attract customers: (a) the hotel website, (b) OTAs, (c) aggregators that provided online accommodation and reservation services, and (d) meta-search services. Compared with hotel websites, online hotel bookings were far more effective in terms of their marketing capability and customer acquisition (see Exhibit 4). OTAs added customer value by providing more options across brands, as well as price comparisons, ease of booking, and transactional safety. However, OTAs typically charged a 15 to 25 per cent margin on hotel bookings.

A study by Google India had shown that budget hotels were the most preferred segment for the majority of Indian customers, and that customers could be segmented into three major categories based on their behaviour: (1) customers who researched and booked online, (2) customers who researched online but booked offline, and (3) customers who were comfortable doing both their research and booking offline. The report also indicated that Google searches from smart phones for hotels had grown 147 per cent in 2014 over 2013, and that approximately 29 per cent of customers who had searched for hotel information online had booked their accommodation online.

Business Model

OYO's mission was encapsulated by a bold statement on its corporate website: "Our goal is to change the way people stay away from home." OYO's asset-light business model relied on the three pillars of standardization, affordability, and technology-driven experience. The ownership and management of OYO's partner hotels remained with those hotels' promoters, while OYO added exponential value through standardizing the facilities, training staff for efficient operations, improving the customer experience, and above all, its excellent marketing of the listed properties under the OYO brand. Certain key activities made up the company's business model.

Acquisition of Inventory

OYO mostly acquired inventory from small, unbranded hotels. The company entered into a contract with target hotels after negotiations on the number of rooms to be acquired, as well as pricing and revenue stipulations. Through these contracts, OYO pre-purchased the rooms, which were subsequently branded as "OYO rooms" and sold on the OYO platform. This arrangement mandated that OYO was responsible for ensuring room occupancy.

According to Agarwal, most target hotel owners in the unorganized sector had three major concerns regarding their businesses, and convincing them on these fronts was critical to OYO's acquisition strategy. The first consideration was low occupancy rates, which resulted from low-key marketing and the inability to reach out to more customers. OYO brought in scale economies and marketing power, and also used an effective online/mobile platform to reach out to a large segment of consumers. The second critical factor was the customer experience, which OYO's target hotels struggled with due to a lack of essential features. OYO addressed this problem by providing easy online booking and check-in/ checkout facilities to facilitate a hassle- free customer experience. The standardization that OYO implemented in terms of basic facilities (e.g., clean rooms and linens, free Wi-Fi, and other amenities) helped to close the gap between expectation and delivery. OYO also offered 24/7 customer support, the convenience of room-booking services through a mobile app, and apps for searching nearby restaurants and booking cabs. The third factor was a concern regarding pilferage of hotel property by certain undesirable customers. This issue was greatly improved by OYO, as customers with proper online authentication and credentials were much less likely to steal hotel items.

Using a compatibility playbook developed by OYO engineers, the company could check for information about the hotel being considered for acquisition. Some of the parameters used were infrastructure, location, facilities, tariffs, owner details, management style, and promoter background. The software would check whether the hotel's credentials matched the requirements that OYO had set for its target hotels; if so, OYO would start negotiating an acquisition.

According to Agarwal, it was critical for any aggregator to have a large supply of inventory on the platform in order to generate more customer demand. Further, OYO had realized that to make the business model sustainable with a low churn rate, it should contribute approximately 80 per cent of the acquired hotels' total revenue through the new platform. Hence, OYO was insistent on acquiring a significant number of rooms in each property it chose for acquisition.

Transformation of Properties

After acquiring a property, the OYO team would transform it into an "OYO room" by instilling standardization, which involved maintaining consistent service quality through standard technology, operations, infrastructure, and customer experience across the hotels on OYO's platform. The transformation process also involved creating exhaustive checklists, negotiating with amenities vendors, and hands-on management of the transition.

Every acquired property underwent renovations to meet OYO's standards, which provided physical evidence of service quality. Transformed properties featured approximately 30 standardized items, including spotless bed linen of a particular thread count, 32-inch flat-screen televisions, 15-centimetre (six- inch) shower heads, beverage trays, and so on. Customer check-ins and checkouts were completed using tablets enabled with specific apps, and during check-in, guests were given an OYO bag containing branded toiletries and other consumables.

Transforming properties required significant financial investments and expertise from the hotel owners. Each room required a minimum investment of Rs10,000 to Rs20,000. OYO helped hotel owners with these transformations by providing the services of trusted vendors and by connecting lenders with target hotels to arrange loans, but the hotel owners invested the required funds. Furthermore, OYO also provided housekeeping and services training for the staff at acquired hotels to help them deliver a better customer experience. After all these steps had been completed, the property was deemed ready to be branded and advertised as an OYO room.

Technology and Analytics for Operations

Technology and analytics gave OYO operational excellence, which it offered, in turn, to its hotel owners and customers. The company's operational software was built on highly sophisticated algorithms designed to handle huge amounts of transactional data. This software provided an excellent interface between customers, hotel managers/owners, and OYO. Moreover, OYO had developed backend capabilities and software to integrate customer information, hotel operations, and pricing, as well as many apps for managing operations (including apps for customers, hotel owners, hotel managers, and OYO staff). The front end of OYO's technological platform for customers was the mobile app and the company website. Alternatively, less tech- savvy customers could book hotel rooms via a telephone call, or through partner OTAs.

The OYO mobile app, launched in April 2015, was downloaded more than 1.5 million times in its first seven months alone. The extremely user-friendly design enabled easy sign-up, and users could book a hotel with just three taps—and cancel the booking with just one tap. The customer had a choice of making an upfront payment through the app, or paying later at the hotel. Further, the app offered numerous features, including city-, location-, and landmark-based searches; options to filter and sort search findings based on many parameters; and retagging with directions to the booked hotel. The app also supported ordering and managing a host of services after checking in, such as booking cabs, ordering room service, and finding nearby restaurants. In addition, the homepage of the app featured many deals and special packages for customers.

For hotel owners, OYO had a specially designed portal to help them manage their operations. More importantly, the owners were equipped with a tablet loaded with a property manager app to track and manage real-time business transactions. OYO had yet another hotel manager app to track real-time transactions, including customer check-in/ checkout times, payments, customers' orders, and whether orders/services were delivered on time. These powerful tools helped OYO and its partner hotels to keep all transactions running smoothly. The apps, which had been integrated with OYO's backend systems, used analytics to provide end-of-the-month detailed reconciliation on some 600 variables, and thus, offered hotel owners significant insight regarding their business.

Hotel owners were given payments every week based on the number of bookings. The software systems and analytics helped the company with allocation and pricing, resulting in better management of demand and supply. In short, superior technology helped establish an easy interface and hassle-free stays for customers, and enhanced the operational efficiency of partner hotels. Moreover, these technologies benefited the suppliers: their occupancy rates typically soared to 70–80 per cent after listing with OYO—much higher than the industry average of about 57 per cent occupancy for budget hotels.

Quality Audits

For every 600 rooms, OYO had one auditor, who would then audit each room every three days. On average, an OYO "cluster manager" would audit 30 hotels per day with the help of the company's cluster manager app. This process ensured that each hotel was audited every week. Audits involved a detailed checking of rooms and equipment (e.g., air conditioners, water heaters, and bathroom fittings), and review of service delivery by hotel employees. OYO had more than 100 dedicated staff for evaluating the quality of the properties and rooms. Using about 160 checklist items on their company tablets, these employees ensured that all hotels maintained sufficient quality standards to allow them to continue on OYO's listing.

OYO also audited its partner hotels by monitoring customers' feedback/ratings provided at the time of checkout. This feedback was integrated with OYO's customer support systems. Hotels were required to upload information (including images) through the app, which had retagging, and OYO compared the results

with the customer feedback to highlight any shortcomings. The audit information was shared with hotel owners, staff, OYO's hospitality management team, and the property management team. Owners were often advised to improve material or service quality based on the inspection results. However, if in spite of these efforts, a hotel consistently received ratings below three stars, OYO would remove it from the network.

Revenue Model

OYO earned approximately 65 per cent of its revenue from the budget segment, and the remaining 35 per cent from the mid-market segment. The company was determined to give customers the best deals while maintaining high occupancy rates for hotel owners. Customers could choose from affordable stays at hotels listed on the OYO platform, in the range of Rs999 to Rs4,999 per night. OYO's margin on rooms was not standardized; rather, it relied on such factors as the location and occupancy rate. For instance, OYO received a margin of approximately 25 per cent from hotels in low-traffic locations, whereas the margin rose to as high as 40 per cent from hotels in high-traffic locations.

In effect, the acquisition of rooms led to a pre-purchase of the inventory, and OYO ensured that the hotel owners would receive a certain amount of revenue on the pre-purchased rooms. Suppliers were happy because their average occupancy rates would likely have been less than 50 per cent had it not been for the OYO platform. Moreover, in line with the conventional aggregator strategy, OYO offered substantial discounts to drive traffic and to compensate owners on any unsold inventory.

OYO needed to achieve a certain critical volume growth to reach break-even. With this crucial objective in mind, OYO acquired as many properties as possible in order to allow it to offer a huge supply of inventory, and to increase the bookings per night. The company also wanted to be accountable for more than 80 per cent of the total revenue from its listed hotels. At the same time, OYO was ready to experiment to generate new revenue streams; for instance, some fast-moving consumer goods companies test-marketed their products by placing them in the toiletries bags that OYO gave to customers. Although this approach offered only a small stream of revenue, it demonstrated OYO's innovative way of looking for revenue growth.

Customer Acquisition

Although OYO targeted the typical travelers and tourists seeking affordable stays that still offered a good experience, the model had many unexpected takers. In small towns that were plagued with problems such as an erratic power supply, customers started checking into OYO rooms to escape from the extreme heat and enjoy the hotel's air conditioning. In addition, many younger people who lived with their parents sometimes preferred to stay in an affordable hotel after an evening of partying. According to Agarwal, OYO's customer acquisition cost was the lowest in the industry, and repeat customer rates were very high.

The company managed demand generation and customer acquisition for partner hotels through 30 online and offline channels. As of August 2015, more than half of OYO's customers used the company's mobile app to book rooms, and this number was expected to increase in the near future. Thus, OYO demonstrated that it was able to retain and convert first-time users to repeat users, and approximately one-third of its total customers were repeat customers—a fact that underlined the effectiveness of its customer centricity and loyalty program.

Marketing: Digital and Conventional

OYO was an acronym for "own your own," indicating the company's customer-centric philosophy. OYO's tag line was "India's largest branded network of hotels." It had a very strong social media and digital presence, with more than 270,000 Facebook fans, approximately 8,000 Twitter followers, 1.5 million mobile app downloads, and many popular short films and videos on YouTube. The OYO app was one of the highest rated in the Google Play Store, and was among the top three in the travel and accommodation category. To support one of its social media campaigns, OYO made a short film with two popular Bollywood actors, which soon went viral online. Agarwal claimed that after the film debuted, bookings increased 25 per cent overnight. Thus, OYO's digital strategy was highly effective in contributing to the brand's creation.

In September 2015, OYO earmarked ₹ 50 million for a nationwide advertisement campaign. The mass media campaign, titled "*#AurKyaChahiye*" ("What else do you want?"), involved television ads as well as digital, print, radio, and out-of-home media. The campaign highlighted the brand promises—affordability, accessibility, and predictability—and conveyed OYO's competence in providing everything required for a comfortable stay. OYO also used other innovative campaigns in various cities; for instance, it created transit ads on all the premium buses that connected the airport and city in Bangalore. Furthermore, the company spent approximately Rs5 million every month on offline marketing in an attempt to create momentum.

Challenges

Competitors and Copycats

OYO's business model invited many copycats into the budget hotel aggregation space (see Exhibit 5), and the battle sometimes turned vicious. For instance, in April 2015, OYO engaged Zostel Hospitality Private Limited (Zostel) in a legal battle over alleged copyright violations. OYO asserted that some of its former employees had copied certain proprietary documents and the central reservation system software, which were being used by Zostel to launch "Zo Rooms," a venture with numerous similarities to OYO. By November 2015, the online hotel aggregation industry was flooded with comparable start-ups, such as Fab Hotels (owned by Casa2stays Pvt. Ltd.), Vista Rooms (owned by Vista Rooms Pvt. Ltd.), Treebo Hotels (owned by Ruptub solutions Pvt. Ltd.), Zip Rooms (owned by Spree Hotels &Real estate's Pvt. Ltd.), and Wudstay (owned by Wudstay Travels Ppvt. Ltd.). Based on OYO's success, these start-ups had sensed a huge opportunity in aggregating stand-alone budget hotels, which lacked proper systems and a recognizable brand name. According to Agarwal, OYO's model had given rise to approximately 30 copycats, or imitators in India and globally.

In November 2015, Makemytrip Inc., an OTA, delisted budget hotel aggregators, including OYO, Zo Rooms, and FabHotels, and launched its own budget hotel network under the brand name Value Plus. This action triggered a similar response by other OTAs, including Goibibo.com and Yatra.com. The Value Plus business model was very similar to that of OYO. By November 2015, Makemytrip had approximately 1,000 hotels under the Value Plus brand, which delivered facilities almost exactly like those offered by OYO. The company also had approximately 27,500 hotels listed with it in the conventional online hotel- booking category, which accounted for about 45 per cent of its total revenue. Further, Makemytrip estimated that only 3 per cent of its daily hotel room sales and 10 per cent of its total bookings were contributed by all budget room aggregators combined, and it was unprofitable to accommodate competing firms on its platform.

Other OTAs, such as Yatra, and Goibibo, also developed their own versions of budget hotel chains under the brand names TG Rooms and Go Stays, respectively. OTAs could charge 15 to 25 per cent margins on hotel rooms, compared with the 5 per cent margins generally received from booking flight tickets. These new launches posed some threat to OYO, because OTAs could easily synergize the network effects between hotel bookings and travel bookings (see Exhibit 6). In addition, many OTAs had access to a huge customer database, and had the technological competence to deliver differentiation to hotels in terms of customer acquisition, yield management, and operational efficiency. According to OYO's chief growth officer, only 10 to 15 per cent of its customers used OTA platforms to reach OYO.

Sustaining Growth and Revenue

OYO's bookings per month reached 250,000 in December 2015. However, the company was contemplating the need for more revenue streams; for instance, it considered an option to combine the kitchens under its partner hotels to launch a food delivery start-up under the brand OYO Café. Another idea was a spin-off, on-demand service business that would cater to the housekeeping and service operation needs of the hotel industry. OYO also considered augmenting its current offering by adding new services such as keyless check-in. The company knew that it could not rely on venture funding forever, because the high probability of it drying up sooner than expected. With all of these factors in mind, Agarwal had

been focusing on building scale, recruiting the right talent, building cutting-edge technology, and creating a generally compelling brand.

Looking Ahead

By the end of January 2016, Agarwal was well on his way to making OYO a truly outstandingcompany— but OYO's diverse challenges required effective strategies and solutions. Would it be possible for OYO to keep up the pace of growth with the changes in the competitive context? Would the company be able to open robust revenue and profit streams? Should the company consider getting in to related businesses by modifying its current model?

Exhibit 1: Tourism and Hospitality Industry's Contribution to India's Gross Domestic Product

Year	Size (in billions US$)
2006	18
2009	26
2012	36
2013	37
2014	38
2024 (estimated)	71

Source: Compiled by the case authors from Octane Marketing Pvt. Ltd, *e-Travel Marketing India: Path to Purchase 2015*, 6, Octane Research, January 2015, accessed January 2, 2016, http://octaneresearch.in/wp- content/uploads/2015/01/e-Travel- Marketing-India.pdf.

Exhibit 2: Number of Smartphone Users in India

Year	Number (in millions)
2012	29
2013	67
2014	116
2015	171
2016 (estimated)	382

Source: ICRA Research Services, *Online Travel Agents Boon or Bane?*, 3, ICRA Report: Hotel Feature 2015, September 2015, accessed January 2, 2016, www.travelbizmonitor. com/ images/ Feature_ Hotels_ Online_ travel _ agents.pdf.

Exhibit 3: Projected Growth in Internet Users

Year	Wireless/Mobile Internet Subscribers (in millions)	Wire-line Internet Subscribers (in millions)
2015	310.7	20.8
2016 (p)	388.3	22.9
2017 (p)	469.9	25.2
2018 (p)	563.9	27.7
2019 (p)	671.0	31.4
2020 (p)	791.8	33.4

Note: p = projected.

Source: KPMG, *The Future: Now Streaming*, 13, KPMG-FICCI India Media and Industry Report 2016, December 19, 2015, 13, accessed January 18, 2016, https://home.kpmg.com/content/dam/kpmg/pdf/2016/04/The-Future-now-streaming.pdf.

Exhibit 4: Factors Affecting Online Hotel Booking in India

Reasons for Booking Hotels Online	Per Cent of Respondents (multiple responses)	Deterrents	Per Cent of Respondents (multiple responses)
Ease of searching	53	Too many terms and conditions	2 9
Instant information	50	Online portals are not trustworthy	2 8
Multiple options to choose from	43	Better rates and discounts offline	2 8
Saves time	43	Prefer personal contact	2 7
Easy to compare various options	41	Concerned about online cancellation policies	2 2

Source: Adapted by the case authors from TNS and Google India, *Understanding the Indian Hotel Buyer: A Report by Google India*, 12–21, Travel Biz Monitor, 2014/15, accessed January 5, 2016, www.travelbizmonitor.com/images/Google%20Report _%20Understanding%20the%20Indian%20Hotel%20buyers.pdf.

Exhibit 5: Profiles of OYO and its Competitors (As of January 3, 2016)

Company	Funding (in US$)	Rooms/Hotel Attached	Tariffs per Night (in ₹)	Business Model	Number of Mobile App Downloads from the Google Play Store*	App Rating
OYO	$125.65 million	40,000 rooms	999–4,999	Budget hotel aggregator	1 million	Overall: 4.2 Number of 5-star ratings: 51,675
Zo Rooms	$36 million	11,000 rooms	999–3,500	Budget hotel aggregator	100,000	Overall: 3.8 5-star ratings: 2,012
Value Plus	Company reserves	1,000 hotels	900–2,000	Budget hotel aggregator from OTA Makemytrip	10 million (Makemytrip)	Overall: 4.2 5-star ratings: 110,654
TG Rooms	Company reserves	12,000 rooms	499–3,500	Budget hotel aggregator from OTA Yatra.com	1 million (Yatra)	Overall: 4.1 5-star ratings: 85,104
Go Stay	Company reserves	11,000 rooms	599–1,999	Budget hotel aggregator from OTA Goibibo	10 million (Goibibo Group)	Overall: 4.1 5-star ratings: 576,213
Stayzilla	$20 million	About 30,000 (Includes home stays, hotels, and villas)	From 999	Market place for home stays and budget accommodation	100,000	Overall: 3.9 5-star ratings: 925
Fab Hotels	$5 million	2,000 rooms	From 999	Budget hotel aggregator	1,000	Overall: 4.1 5-star ratings: 7
Wudstay	$3 million	3,000 rooms	999–3,000	Budget hotel aggregator	10,000	Overall: 4.3 5-star ratings: 187

Note: * 85 per cent of India's smartphones use the Android operating system.

Source: Compiled by the case authors from Rajiv Singh, "Clash of Clans, Online Travel Agencies vs Budget Hotel Aggregators," *Advertising Age India*, December 7, 2015, accessed January 10, 2016, www.adageindia.in/digital/clash-of- clans-online-travel-agencies-vs-budget-hotel-aggregators/articleshow/50073993.cms; BS Reporter, "WudStay Eyes 10,000- Room Inventory," *Business Standard*, October 13, 2015, accessed December 29, 2015, www.business-standard.com/article/companies/wudstay-eyes-10-000-room-inventory-115101200304_1.html; Tinesh Bhasin, "How to Choose a Hotel," *Business Standard*, November 1, 2015, accessed January 2, 2016, www.business- standard.com/article/pf/how-to-choose-a-hotel-115110100735_1.html; the Google Play Store app profiles for OYO Rooms, Makemytrip, Zo Rooms, Yantra, Goibibo, Stayzilla, FabHotels, and Wudstay, accessed January 3, 2016, https://play.google.com/store/; Octane Marketing Pvt. Ltd, *e-Travel Marketing India: Path to Purchase*

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Exhibit 6: Modes of Hotel Bookings in the Indian Organized Segment and Market Share of Online Travel Agents

Mode of Booking from July to September 2015	Bookings (%)	Online Travel Agents	Market Share of All Online Bookings (%)
Online	25	Makemytrip	25
Walk-in	28	Goibibo	18
Corporate: business-to- business	16	Yatra	14
Guests calling directly	12	Bookings.com	11
Corporate booking via phone call	11	Expedia.com	4
Local travel agent	7	Others	28
Others	1		

Source: Compiled by the case authors from Divya Sathyanarayanan, "Only 25% Hotels Booked Online, Says Study," *The Economic Times*, January 12, 2016, accessed January 25, 2016, http://articles.economictimes.indiatimes.com/2016-01- 12/news/69704913_1_hotel-segment-hotel-chains-market-share; Adarsh Srivastava, "The Curious Case of Which Indian OTA Owns the Hotel Booking Pie," travHQ, January 14, 2016, accessed January 18, 2016, www.travhq.com/news/the-curious- case-of-which-indian-ota-owns-the-hotel-booking-pie

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