

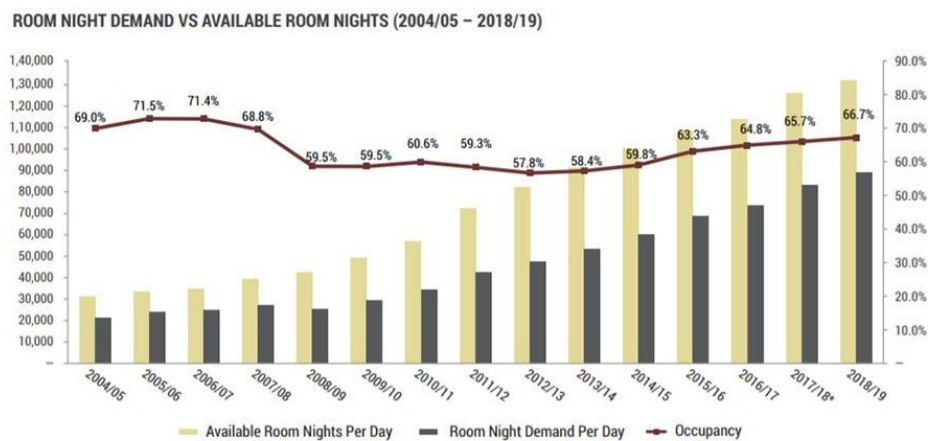
OYO ROOMS

Research Report

INTRODUCTION

The Travel & Tourism industry has been a major contributor to the economic growth of India, and is fundamental in creating employment and generating income for both skilled and unskilled labour .Over the years, demand-supply gap in the Indian hospitality industry has widened. Foreign tourist arrivals in India have increased as India continues to be a favoured tourist destination for leisure, as well as business travel. Strong growth in the services industry in the past few years has led to increased corporate spending on business travel.

The Government of India has introduced various policies to promote the Indian tourism and hospitality industry. The demand for quality hotel rooms in India currently exceeds supply as per certain reports. One of the features often cited is the increased business travel due to growing economy. There is also medical tourism in the country. India’s well-equipped hospital infrastructure and the low cost of treatment, compared to most developed countries, make it a preferred destination for medical tourism.



Source: Hotelivate Research

ABOUT THE COMPANY



Oyo Rooms, also known as Oyo Hotels & Homes, is an Indian hospitality chain of leased and franchised hotels, homes and living spaces. OYO is India's largest branded network of hotels offering standardized stay experiences at an unmatched price. As a market leader, OYO focuses on not only being an affordable booking option but also providing predictability in hotel stay experiences. Building a full 360 degree view of every customer across online and their offline sources would be the foundation to building out a truly cross channel customer experience.

OYO focuses on driving growth and engagement through digital marketing across multiple channels with a unified personalized customer experience. The company has been at the technological forefront and has been working with Blueshift. Blueshift is the leading SmartHub Customer Data Platform (CDP) Company that combines customer data, AI and omni-channel orchestration in an easy-to-use platform.

This was done to help them (OYO) with the following:

- **Synchronize cross-channel data**
- **Reduce abandonment rates**
- **Increase app usage**
- **Create a single 360-degree view of each customer**
- **Target and track anonymous users**
- **Unified reporting for multiple communication channels**

Company's Mission



OYO's mission is to upgrade all forms of real estate, and thereby provide quality living spaces to travellers around the world.

Company's Vision



OYO aspires to become the go-to accommodation brand for people looking for hassle-free and affordable stay-options anywhere in the world

KEY MANAGERIAL PERSONNEL

Board of Directors



Ritesh Agarwal



Aditya Ghosh



Bejul Somaia



Betsy Atkins



Gerry Lopez



Min (Jenny) Zhang



Mohit Bhatnagar



Munish Varm



Abhishek Gupta- Chief Financial Officer



Vimal Chawla- VP, Company Secretary

SWOT ANALYSIS

Strengths:

- The company boasts a nurturing and competitive environment for the employees to work and grow
- The business model is easily up-scalable
- India's hospitality industry remains untapped
- The company boasts the highest workforce as compared to competitors



Weakness:

- The company has heavy losses for the time being due to its rapid expansion plans
- High Capital requirements for the same
- Susceptible to hiccups in the hospitality industry like seasonal dependency



Opportunities:

- Barring pandemic times, the government of Indian has been promoting tourism heavily. It targets to capture 1% of the world's total tourism business by 2025.
- Continuing of expansion in promising economies with high tourism potential



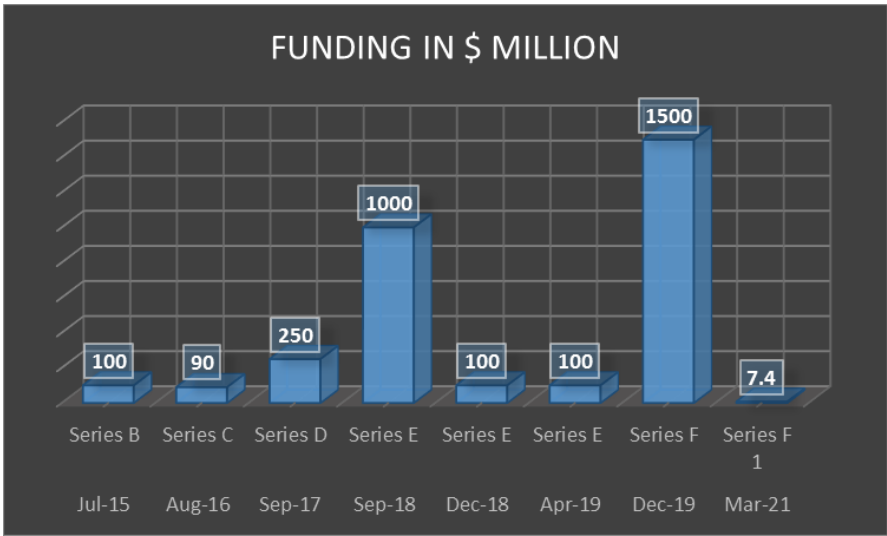
Threats:

- Presence of competitors like AirBnb, Yatra, FabHotels, MakeMyTrip, Clear Trip, etc
- There is a need for all stakeholders in the sector to invest more in high quality research at the micro level to get more precise idea of the trends and specific workings of the sector.
- In the long run, if the climate threat grows, long distance travelling might decrease



COMPANY HIGHLIGHTS

The company has had multiple rounds of funding with the latest one being in March, 2021 for \$ 7.4 Million. The following presents the history of funding’s that the company has received:

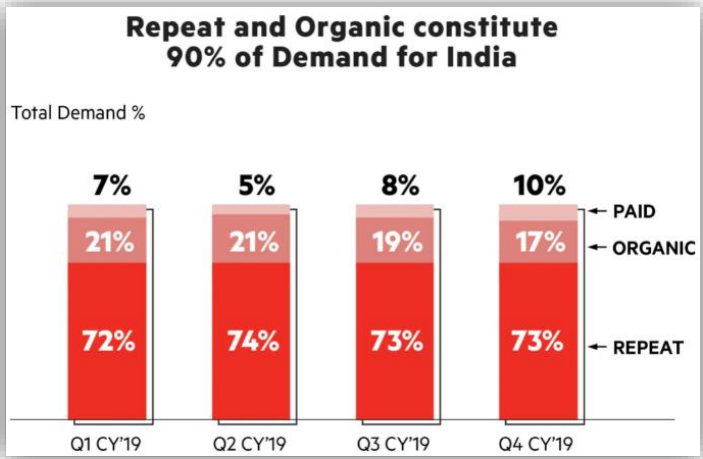


Investors include names like Sequoia Capital, Lightspeed Venture Partners, SoftBank Capital, DSG Consumer Partners, Softbank, Greenoaks Capital, Airbnb, Hero Enterprise etc among others.

Founding Year	2013
OYO’s total funding	\$3.3 Billion
Latest Valuation	\$9 Billion
(80% increase over its previous valuation of \$5 Billion)	

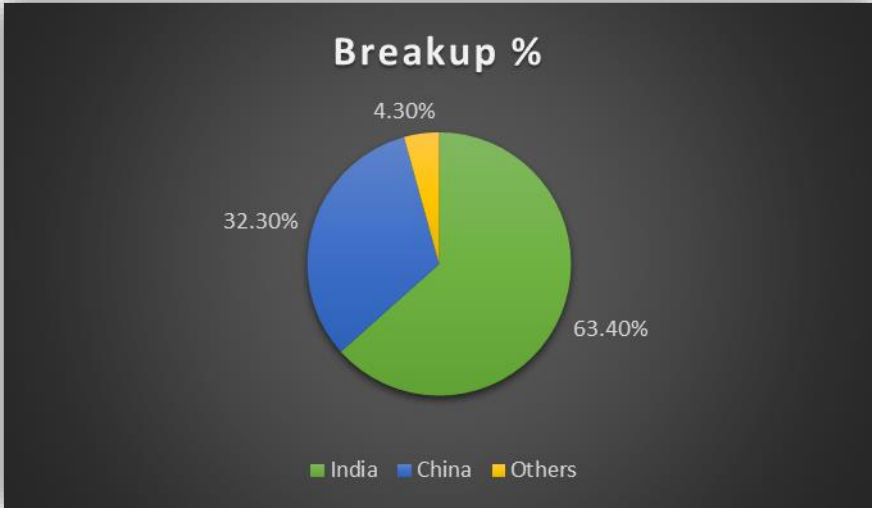
In 2019
Estimated Guests: 180+ million from 120+ countries

From looking at the company’s data it becomes clear that a lot of the guests that the company hosts are repeats. This could be due to good quality of service rendered to them.



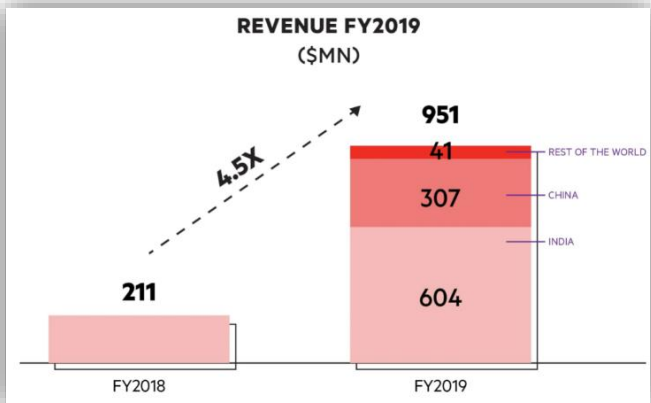
(in ₹ crore)	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Revenue	24	108	2500	1489	6710
Growth	-	350%	131.48%	-40.44%	350.64%
Net Income	(21)	(500)	(320)	(370)	(2360)

Consolidated Revenue (2019)

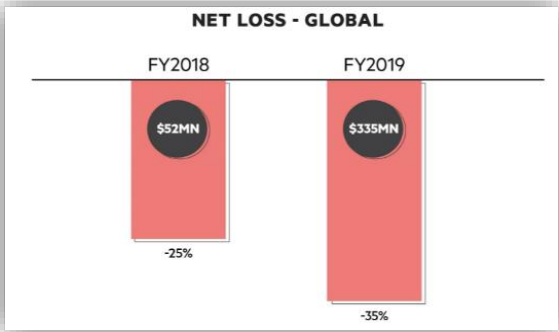
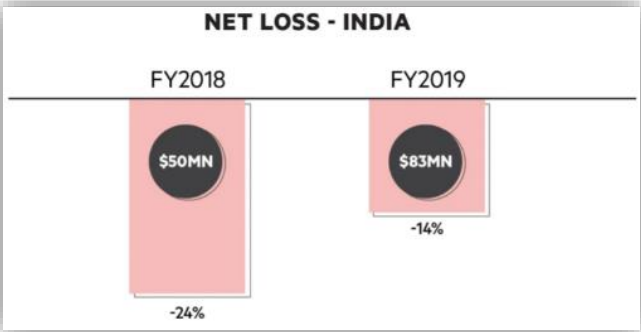


The company's consolidated revenue for FY19 stood at USD 951 million, which is 4.5X YoY growth over FY18. The fiscal year also marked the transition from an India-centric business to a global organization. Nearly 36.5% or USD 348 million of our fiscal revenues were from outside India. A year ago, this was a small part of the company's overall business.

India contributed nearly 63.5% or USD 604 million of the revenues and has recorded 2.9X YoY growth in the market



In FY19 gross margin for India increased from 10.6% to 14.7%. The total gross margin, however, fell from 10.7% to 7.1% in FY19 due to expansion in newer markets such as China. Loss from India were reduced from 24% to 14%, however global increased from 25% to 35% due to the above quoted reasons.



OYO’s replicable playbook has played a pivotal role in helping it grow globally at a rapid pace. The steps are as follows:

- **Build disruptive technology capabilities**
- **Partner with independent hotels**
- **Build large network**
- **Create customer entrenchment**
- **Deliver RevPar(Revenue per available room) increases**
- **Expand into new geographies**

The company has announced to make growth investments in multiple new markets in the next fiscal year as well. In the upcoming years, the goals of the company is to focus on issues such as Sustainable Growth, Operational and Customer Excellence and foster the right culture and governance. With these parameters in mind, the overall outlook of the company is positive as it continues to expand and grow.