

# OYO: The Rise and Fall of Oyo's Marketing Communication

Amal Sabah\*

Research Scholar, Department of Commerce, Central University of Karnataka, Kadaganchi, Karnataka

**Abstract – This study is providing theoretical and conceptual base for one of the already established service firm OYO's brand, their business model and Marketing communication strategies. The data collected for the study from their official websites and other published secondary sources. This study proposes the recommendations in two way; present and post-covid scenario.**

-----X-----

## INTRODUCTION

Oyo is one of the biggest networks, and quickest developing hospitality chain of living spaces, diversified inn and homes in India and was begun with an objective of giving living spaces to the people of India. It was established by Ritesh Aggarwal in year 2013. As the Government of India also pushes the policy of Make in India, OYO will surely grow up in the coming years as prominently one of the successful hotel chains. It has shown its presence in all over the world, including China, Brazil, Mexico, U.K., the Philippines, Japan, the U.S. etc. OYO rooms were among the first to recognize the chance to fix the issue of consistency and normalization by marking the India's unbranded spending hotel segment, which is assessed to be worth 88,000 crores. Aggarwal's actual inventive utilization of innovation in the hospitality industry, has helped him in winning the awards.

## RESEARCH METHODOLOGY

This study is conceptual in nature, building conceptual understanding on OYO and its brand, business model and its Marketing Communication strategies.

## OYO'S BUSINESS MODELS:

### Initial Business Model

Earlier, OYO used an aggregator business model the same as Uber and Ola. Its earlier strategy was to book some of the rooms of the hotel. After that they apply uniform standards and develop a user-friendly environment in the hotels to preserve it according to the quality standards exclusively for Oyo customers.

### Current Business Model

The company has started its operations by forming its business model as the aggregator business model but from 2018 the New business model of Oyo Rooms is a Fully Franchise Business. It is the company which does not lease the hotel rooms anymore, but now it partnered with the hotels to operate them as a franchise.

### Digital India Initiative Supported OYO Rooms

Digital India and Make in India initiatives by the Government of India also contributed to the success and promotion of a young company like OYO Rooms. Being young, this hospitality startup has better fulfilled the demands of youth and needs from this segment and is aligned better with their expectations.

The OYO Company has brought upon many breakthrough hospitalities concepts. Some of them are the following:

**OYO Relationships:** Rooms for Unmarried Couples. The rooms under this segment of the hotel are for the people who are in live-in relationships and unmarried couples.

**OYO-We (Women's Exclusive):** OYO recognized the need for a female-centric setting in the hospitality sector way before its competitors. The OYO-We is to cater to female customer.

**OYO-Townhouse:** Townhouse facility by OYO is the friendly hotel offering comfort, convenience, efficiency, and affordability to the millennial people who are looking for premium features at economical prices.

**Silver Key:** This is fully serviced stays, and aimed at business travellers and is available only in metro cities.

**Capital O:** OYO come up with new brand names for its premium corporate properties, Capital O, without side-lining its budget proposition.

**OYO-Life:** OYO also targets the young employees and millennial folks who are searching for reasonable, fully managed rental homes called OYO-Life.

**Collection O:** It the latest addition to OYO Rooms and Hotel that appeals to business travellers who are looking for premium features in their hotel and do not have a money crunch.

### OYO Branding

The branding helped the product or company to have its existence and grow up. Oyo was the first company to identify the requirement of branding the hospitality segment and provide the hotel rooms within the price range between Rupees 999 to Rupees 4,000. Before the emergence of OYO, the low and mid-budget hotel segment was not online and not able to manage the expectations of the customers and expected parameters.

The branding of OYO company offers:

1. **Standardization:** customer consider OYO brand as consistent experience which is extended to the real-life and OYO hotel as they get what they have seen on the website or app and paid for.
2. **Affordability:** OYO provides customer-centric practices and quality facilities at pocket-friendly price and it has always been the USP of OYO.
3. **Technology:** the OYO app and OYO website are very user-friendly and light. It only took a few clicks to book any of the hotels.

### OYO Marketing Communication Strategies:

The marketing communication strategy of OYO Rooms Marketing Strategy is as follows:

Oyo prefers flawless promotion through various social media like Facebook and Twitter, loves audio, uses digital platforms to attract new customers with unique services and low prices. Also, maintain customer loyalty by adding new discount rules at a lower price. OYO has run various online advertising campaigns like #Archive which we can see on other social media platforms. Many of these campaigns have been included to make Bollywood actors more

attractive. One of the latest promotions is "One for All", which includes 8 short films.

### 7 Ps of OYO

#### Products:

The aim was to launch the OYO bring about a qualitative change in the field of hospitality using ICT. This is a digital hotel aggregator model that has become the largest hotel model in india.

The hotel with various standard rooms offers you free breakfast, free WiFi, air-conditioned rooms, branded toilets, bedding beds, flat-screen TVs, drink trays, 6-inch shower heads, a dedicated team. Etc. D. Travel and maintenance services to maintain quality. OYO provides quality delivery and service training. After the registered and approved standards are established, it only takes 5-6 days for the organization to connect to the network.

#### Place:

Online Room has become the most popular and popular brand of online fixed budget booking service providers. Oyo's room operations started from the first hotel in Gurgaon and expanded to various cities in India. Kolkata, Kochi, Calicut, Chennai, Trivandrum, Goa, Bangalore, Pune, Ghaziabad, Hyderabad, Mumbai, Delhi and Ahmedabad etc.

The presence of Oyo in Malaysia has expanded from the national market to the global arena. Headquartered in Gurgaon, Haryana. Online booking with YW Room is easy through the mobile app. They are listed on many travel websites that offer online reservations, such as Cleartrip, Hotel.com and Make My Trip. We do not have partner hotels. He has invested in the management and marketing of his branded hotels.

#### Price:

OYO rooms are associated with cheap hotels, ranging from Rs 999 to Rs 4,000. It has the backing of several investors such as Greenox Capital, Sequoia Capital and Softbank Group. The main goal of this organization is to provide a standard experience at an unbeatable price. Try to stay within one's budget and adjust your stay accordingly. Oyo refers customers to hotels and earns interest on the deal. They can guarantee less deals with customers and offer better deals and discounts to customers. All their transactions are fast money, and they will work for this business and earn quick income. Oyo Rooms has an economical pricing that provides reasonable

fare and excellent service to touch the needs of customers.

#### **Promotion:**

OYO Rooms was responsible for large-scale marketing and digital marketing to attract future customers. Twitter has a powerful social network of over 1,000,000 followers and over 2.7 million subscribers. About 15 million OYO applications have been downloaded and large no of active users. Joy Hind Campaign OI hosted the #ArkyChahiye video, YouTube dubbing contest with actors Ravin Tandon and Manoj Vajpayee.

Her latest ad brings the OneForever slogan for tourists. It has eight short films that will appeal to shoppers under the Oyo brand. The films will focus on different customer expectations and how to solve this problem successfully. They have signed deals with leading brands like Airtel for WiFi support.

#### **People:**

The OYO team consists of young and friendly people who want to contribute to personal and business growth. In addition to being a dynamic team, OYO provides a friendly and welcoming work environment that allows employees to work to their advantage, create new ones and work beyond their capabilities. Even the leaders of Owaisi are two young people who have revolutionized the Indian hospitality industry.

#### **Process:**

Oyo allows users to find hotels as per the requirement of the consumers in terms of price, location etc. It acts as an intermediary between (User and service provider) the hotel and customer and it collects commissions as income on the reservation. This is how their business model is working. The product/services provided by the hotel/cottages are not directly to OYO and assist the customers to choose the hotel as per their convenience.

#### **Physical evidence:**

To save any home, OYO sends a confirmation email (service confirmation) and mobile message to the registered user's mobile number and email address, a confirmation message to their mobile phone number and guarantees their payment and hotel reservation. This message or email

We have identified OYO's marketing strategies in the following terms:

1. 360 Degree marketing (Digital + Print (Traditional))
2. Search Engine Optimization

#### **3. Influencer Campaign**

#### **Target Audience of OYO**

OYO targets users between the ages of 20-30 irrespective gender. These category people are usually associated with cities like Metro, Mumbai, Kochi, Kolkata and Bangalore, low-income level, or middle income in the community. Targeted by students and professional professionals, families who prefer economical and luxurious travel and low-cost travel are often left alone.

One of the main tools of OYO's strategy is 360-degree (combination of digital and traditional) marketing. OYO presented in all types of digital and traditional themed media. Traditional media include print and TV, while digital media includes Google ads, social media ads and OYO's websites and mobile applications.

One of the best and most comprehensive ways to promote OYO is to use the #OrChaChaeA campaign on all platforms. If the hashtag is printed on the billboard, it can be promoted on TV through effective TV advertising.

Thanks to digital technology, users can actively upload videos on YouTube by offering discounts and actively use the website and app for conversions and potential interactions with customers. Google ads should be clear and accurate so that they are not only easy for the reader to understand, but also understandable and include all the necessary details. For example, when booking a hotel in Kochi, the rate. Rs. 935. Call 732569756-KL. These advertisements can enhance with facebook and other social media platforms.

#### **Search Engine Optimization - OYO**

SEO means, the use of keywording to increase traffic to a branded website. These are the keywords that have the highest search rate for targeted users. If a website can adapt itself based on search engine keywords, it will reduce its bounce rate and attract the right people.

OYO Room, Shimla Hotel, OYO Rooms Delhi, Mysore Hotel, Nainital Hotel and YT Hotels are the popular keywords in OIC This means that when one searches the Internet for these terms, the OYO results will appear first.

Often, brands offer offers in specific search terms, so the brand page will appear in the first results when users search the Internet for these terms. This is effective for OYO. That is, if it is one of the best results, it can really make money.

Online Hotel Reservations, Best Hotel Deals, Hot Hotel Deals, Hotel Rooms, Rooms Availability, Best

Hotels, Most Hotel Prices, Best Rooms and Best Nearby Hotels, Economical Hotel Deals are some of the recommended phrases for Oyo. Under certain conditions, when someone searches the Internet, it ensures that they find the OYO as one of the first and primary web results. It makes the website more accessible to travel seekers and users who book cheap hotel rooms and to attract the most. This will greatly improve OYO's online marketing strategies.

### Social media marketing strategy

On Facebook, a brand needs to publish site-specific posts, posts describing the company's progress, and posts that are regularly sponsored. These 3 types of messaging help meet the needs of different clients. Location messaging helps you choose travel destinations, travel messaging helps you to contact and interact with brand followers, and regular promotional messages include offers and discounts that encourage you to book OYO instead of other brands.

On Instagram, instead of re-posting photos taken by travelers and OYO users, the brand should follow the same strategy as Facebook. This encourages OYO fans to tag their posts, which will increase OYO engagement. At the same time, OYO Holiday posts need to be published to add fans regularly to their social media feeds.

You can post many publicity posts on Pinterest. Their Twitter posts can be attached to any work in the field of corporate social responsibility that they do about various awards and events. Ads appearing on Instagram and facebook must also be available on Twitter!

### Influencer Campaigns

Influential marketing associates with influential social networks to promote your brand. Influences have a lot of followers on social media, so they are a great way to reach your target audience and increase the reach of your brand.

The OYO can run impact campaigns that cover the full cost of travel for different impacts. For example, influential cyclists can prove that the new OYO hotel is ideal for cyclists by staying on social networks and sharing their experiences. A strong woman can do this by providing safety to take travel alone without peer, confidently with OYO. So, this will significantly improve digital marketing strategies of OYO. This will motivate users to try OYO.

### OYO Circle- Influencer Campaign



### CONCLUSION AND RECOMMENDATIONS

This study is analysing OYO's business model, branding and Marketing communication strategies. Based on the above theoretical base, the study is deriving the following conclusion and suggestions in two different ways; Present and Post Covid Period.

Oyo has faced various marketing communication challenges in its 7 years stint. We identified the two most significant challenges which Oyo faced. They are as follows-

Since the start of 2019, a raft of bad news emerging from Oyo has raised an issue mark over the company's astounding growth story. Last year, a severe controversy erupted around Founder Ritesh Agarwal's decision to shop for back shares at a whopping \$10 billion-valuation from the cash lent by three Japanese financial institutions reportedly on the brink of its lead investor SoftBank. The share buyback doubled Oyo's valuation - and made investor SoftBank less miserable after the WeWork debacle - despite no major improvement within the underlying business.

Meanwhile, the anger and dissatisfaction among hotel partners still swell. Reports suggest that almost 500 hotel partners of about 20,000, have snapped ties with the corporate since April 2019, alleging hidden charges and lack of transparency (though Oyo claims its partner churn is a smaller amount than 1 percent). On top of that, earlier this year, the tax Department received its Gurgaon headquarters to examine the books of accounts, which the corporate called a "regular TDS audit".

Oyo's business model of capturing market share and building scale is hinged on enormous cash-burn - primarily funded by marquee investors like SoftBank, Sequoia Capital, Lightspeed Venture Partners, and last, Airbnb. The hotel chain has been reporting net losses for several years during a row (see table Cracks within the Wall). Losses



increased from \$52 million in FY18 to \$335 million in FY19, consistent with the corporate.

The stakeholders identified which were impacted by this challenge were,

### Hotel Partners

They were the direct stakeholder in the controversy. Although Oyo launched a few initiatives in the form of the OPEN programme but they failed to leave much impact on Hotel Partners.

As per our understanding, Two-way symmetric model could have helped Oyo in communicating their message in an efficient way.

The two-way symmetrical model argues that the public relations practitioner should serve as a liaison between the organization and key publics, rather than as a persuader. Here, practitioners are negotiators and use communication to ensure that all involved parties benefit, not just the organization that employs them. The term "symmetrical" is used because the model attempts to create a mutually beneficial situation. The two-way symmetrical model is deemed the most ethical model, one that professionals should aspire to use in their everyday tactics and strategies.

### Customers

Customers were the indirect stakeholders. There were cases of customers facing inconvenience due to Hotel Partners not cooperating with them due to their problems with the company. Hence it was equally important to communicate Oyo's stance to their end customers which they couldn't do effectively.

Publicity model could have been used to create awareness about their initiatives to handle the hotel partner crisis.

In the press agent/publicity model, communications professionals use persuasion to shape the thoughts and opinions of key audiences. In this model, accuracy is not important and organizations do not seek audience feedback or conduct audience analysis research. It is a one-way form of communication.

### Post Covid Crisis handling

Marriott International have more than doubled from their April lows. Airbnb, which agreed to a down round in April at a valuation of \$18 billion, has since made a strong recovery and is now expected to file for an initial public offering that could value the firm at \$30 billion.

Still, with the company facing a drop in overall revenues in this financial year for the first time since

its launch in 2013, its \$10-billion valuation looks pricey. If a steep drop in valuation comes to pass, analysts have speculated that Agarwal could face calls from investors to make way for a professional CEO. The ongoing covid-19 pandemic has ravaged the travel and hospitality business globally but it has hit Oyo particularly hard. In India, apart from the occasional spikes during long weekends, demand is nowhere near pre-covid levels.

Though China has been successful in curbing the pandemic, the ongoing tensions between India and China casts doubt about Oyo's long-term prospects in the world's second-largest economy. The US and Europe are experiencing a second, larger wave of covid-19, which may partly reverse the fledgling recovery in the hospitality business in those areas.

To be sure, the news of vaccine breakthroughs by Pfizer and Moderna has raised hopes that the beginning of the end of the pandemic is near, especially in the West.

### Post Covid- Recommendation

Although Oyo has been investing massively in its post covid campaigns, there were few recommendations as per our learning which might make the company's campaign more effective.

#### Message Theme:

CURRENT	RECOMMENDED
Youth Oriented   Couple Friendly	Health   Hygiene   Sanitization

#### Source Credibility:

CURRENT	RECOMMENDED
Nil (Not Required)	Various Medical Associations

#### Message Strategy:

CURRENT	RECOMMENDED
Affective	Cognitive

#### Marketing Channel:

CURRENT	RECOMMENDED
YOUTUBE   LINKEDIN	INSTA REELS   GOOGLE ADS   AFFILIATE MARKETING

### REFERENCES

YUSUF, O. I. S. (2019). *COMPARATIVE ANALYSIS OF TRADITIONAL AND MODERN MARKETING COMMUNICATION SYSTEMS FOR PROMOTING HOTELS PERFORMANCE*

IN SOUTHWEST, NIGERIA (Doctoral dissertation, Ekiti State University, Ado-Ekiti).

Krizanova, A., Lăzăroiu, G., Gajanova, L., Kliestikova, J., Nadanyiova, M., & Moravcikova, D. (2019). The effectiveness of marketing communication and importance of its evaluation in an online environment. *Sustainability*, 11(24), 7016.

Amin, M., & Priansah, P. (2019). Marketing Communication Strategy To Improve Tourism Potential. *Budapest International Research and Critics Institute-Journal (BIRCI-Journal)*, 2(4), pp. 160-66.

[https://yourstory.com/2015/05/oyo-rooms-review?utm\\_pageloadtype=scroll](https://yourstory.com/2015/05/oyo-rooms-review?utm_pageloadtype=scroll)

<https://www.oyocircle.com/>

<https://www.oyorooms.com/>

<https://www.livemint.com/>

---

### Corresponding Author

**Amal Sabah\***

Research Scholar, Department of Commerce,  
Central University of Karnataka, Kadaganchi,  
Karnataka