

THE IMPACT OF OYO & TREEBO HOTEL BRAND NAMES ON THE SALES OF UNCLASSIFIED HOTELS OF NEW DELHI

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ABSTRACT

Background: Tourism is one of the important sectors of India. Many of us travelling a lot especially in New Delhi. Delhi is always a hot favourite travel spot from the ancient times. It was loved by all the emperors i.e. it has a lot of monuments. This segment provides huge employment to our citizens. Each and every day, we have seen a new hotel opening especially in budget segment. Budget segment is the segment in which hotel provides best customer satisfaction in affordable prices. **Objective:** To check the impact of OYO & Treebo hotels brand names on the sales of unclassified hotels of New Delhi. **Methodology:** In this study, the quantitative research method has been used. The data has been taken from the hotel staff especially front office staff and hotel owner of Treebo & OYO hotels of New Delhi. Sample was collected from Total 47 hotels. Questionnaire was used as a research tool to collect the data, and which was self-administered by visiting the properties. Data was analyzed in overall basis and the results were presented in frequency and percentage. **Result:** Majority of the hotels said that the overall sales & profit ratio is increased by these brands, and the guest footfall is also increased due to the standards of these brands and they will be definitely a future of unclassified hotels. Almost 86 % of hotels said that their profits are increased and agreed on the statement, that they are the future of unclassified hotels. **Conclusion:** Overall experience of the guest is increasing, and it leads to great guest satisfaction along with the great profits which are curbed by these hotels.

Key Words: Tourism, Unclassified, Economical, Budget, Hotel.

INTRODUCTION

Tourism is a booming sector of India and every day we noticed sudden changes in our economy. The Indian tourism and hospitality industry have emerged as one of the key drivers of growth among the services sector in India. Tourism in India has significant potential considering the rich cultural and historical heritage, variety in ecology, terrains and places of natural beauty spread across the country. Tourism is also a potentially large employment generator besides being a significant source of foreign exchange for the country. FEEs during the period January-November 2019 were US\$ 26.78 billion registering a growth of 3.7 per cent year-on-year. According to WTTC, India ranked third among 185 countries in terms of travel and tourism's total contribution to GDP in 2018. India was ranked 34th in the

Travel & Tourism Competitiveness Report 2019 published by the World Economic Forum. India is the most digitally advanced traveller nation in terms of digital tools being used for planning, booking and experiencing a journey, India's rising middle class and increasing disposable incomes has continued to support the growth of domestic and outbound tourism. During 2018, foreign tourist arrivals (FTAs) in India stood at 10.56 million, achieving a growth rate of 5.20 percent year-on-year. During January-November 2019, Foreign Tourist Arrivals (FTAs) were 96,69,633 with the growth of 3.2 percent. During January-November 2019, a total of 25,51,211 tourist arrived on e-Tourist Visa registering a growth of 23.8 percent (Hospitality biz India).

The travel and commercial enterprise sector in India accounted for 8% of the whole employment opportunities

generated within the country in 2017, providing employment to around 41.6 million individuals throughout constant year. The quantity is predicted to rise by two per cent annum to 52.3 million jobs by 2028. International building chains area unit increasing their presence within the country, because it can account for around forty-seven per cent share within the commercial enterprise and welcome sector of India by 2020 and fifty percent by 2022.

India is additionally the third largest globally in terms of investment in travel and commercial enterprise with associate degree investment of US\$ 45.7 billion in 2018, accounting for 5.9 percent of national investment throughout the amount April 2000-June 2019, the building and commercial enterprise sector attracted around US\$ twelve. 99 billion of FDI, in line with the info free by Department for Promotion of trade and Internal Trade (DPIIT).

The Indian tourism and hospitality industry have emerged collectively of the key drivers of growth among the services sector in India. Tourism in India has significant potential considering the rich cultural and historical heritage, variety in ecology, terrains and places of natural beauty spread across the country. Tourism is a crucial source of exchange in India just like many other countries. The interchange earnings from 2016 to 2019 grew at a CAGR of seven but dipped in 2020 because of the COVID-19 Pandemic (IBEF).

The Indian government has realized the country's potential in the tourism industry and has taken several steps to make India a global tourism hub. Some of the major initiatives planned by the Government of India to give a boost to the tourism and hospitality sector of India are as follows:

- Ministry of Tourism launches Audio Guide facility App called Audio Odigos for 12 sites of India (including iconic sites).
- Prime Minister, Mr. Narendra Modi urged people to visit 15 domestic tourist destinations India by 2022.
- Statue of Sardar Vallabhbhai Patel, also known as 'Statue of Unity', was inaugurated in October 2018. It is the highest standing statue in the world at a height of 182 meter. It is expected to boost the tourism sector in the country and put India on the world tourism map.
- The Government of India is working to achieve 1 per cent share in world's international tourist arrivals by 2020 and 2 per cent share by 2025.

- Under budget 2019-20, government introduced a Tax Refund for Tourists (TRT) scheme like in countries such as Singapore to encourage tourists to spend more in India and boost tourism.
- Under budget 2019-20, the government allotted Rs 1,160 crore (US\$ 160.78 million) for development of tourist circuits under Swadesh Darshan.
- Under Union Budget 2019-20, US\$ 82.27 million was allocated for promotion & publicity of various programs & schemes of the Tourism ministry.
- In September 2019, Japan joins a band of Asian countries, including Taiwan and Korea among others to enter into the Indian tourism market.
- Following are the achievements of the government during 2019-20:
- During 2019-20, an additional fund Rs 1,854.67 crore (US\$ 269.22 million) is sanctioned for new projects under the Swadesh Darshan scheme.
- Ministry of Tourism sanctioned 18 projects covering all the North Eastern States for Rs 1,456 crore (US\$ 211.35 million) for development and promotion of tourism in the North Eastern Region under the Swadesh Drashan and PRASHAD Schemes.
- Statue of Sardar Vallabhbhai Patel, also known as 'State of Unity', was inaugurated in October 2018 and the total revenue generated till November 2019 is Rs 82.51 crore (gbpantihm.com).

OYO is the India's biggest hospitality brand with more than it has more than 43,000 properties and 1 million rooms across 800 cities in 80 countries and increasing rapidly. Treebo is the second biggest hospitality chain of India with more than 600 hotels in 113 cities in India and increasing. Treebo also have 3 brand segments and its also planning for foreign destinations. They are actually a chain of modified budget hotels. Modified in the sense that you pay a lot lesser even than a normal budget room in a 2 or 3 star hotels.

OYO's journey has been phenomenal. Its aim is to become the world's most trusted hotel brand. OYO's objective is to alter the way people keep one's distance from home. OYO is that the second most valuable Indian startup after Paytm's owner OYO hotels and homes is one amongst the foremost significant hotel industry growth stories of recent years and attracted funding from major players, notably Japanese bank soft bank group and Airbnb. OYO hotels and homes is

already among the highest 10 hotel chains within the world and is growing exponentially to be the worlds no.1 hotel chain (Gruprasad et al., 2019).

These chains rapidly increase the list of entrepreneurs especially in small towns. They easily connect them by internet or the relevant guest. Initially, his unclassified hotels had only been selling rooms to travelers seeking accommodation. But after partnering with these chains, they have understood the importance of standardization and how it helps in offering customers a complete experience. OYO also introduced them to the practice of clean, white, unstained bed sheets and bedcovers in the rooms, offering free Wi-Fi to guests and maintaining good service standards.

“The company operates on franchise and managed model by taking hotels exclusively and dealing with the hotel owners to supply it’s branding, customer acquisition channels, management software and more. They propose a base standard for guests which incorporates clean linen, bedding, free wi fi and more, for a price range of 1000 to 3000 INR or roughly \$15 to 50, per night additionally, they use a mobile app as a virtual concierge service to assist with check in orders, answer questions and more.”(Russell, 2017).

A Hotel Owner’s Story:

One of the hotel owner admits it is not only his hotel business that is growing with OYO but he and his team too are constantly learning new things about the hotel industry. OYO has trained his entire staff. Besides this, the Property Manager app and the Owner app allows them to have end-to-end control over daily functions of the hotels and in keeping a close watch on the cash generated.

Anybody can easily get their franchise or managerial contract, whether your hotel is 1 star or 3 stars or resorts. They can take the some percentage of profit varies from 15 to 30 %. Their main work is to provide the guests or guest related sales and hotels have to follow their guidelines and policies like promotions, rules, amenities, culture, complimentary breakfast etc.

Regular audits are also done by these companies like 5 star brands. This research is basically on the roles of new fast emerging economical Indian hospitality brands OYO and Treebo Hotels on the sales of budget hotels of New Delhi.

There are ample of research on luxury hotel brands but on unclassified hotels and on these brands is very rare so this study explored these parts of the industry and showcases the

connection of local people to the emerging hotel industry.

The objective of the study was:

- To check the impact of OYO and Treebo hotels brand names on the sales of unclassified hotels of New Delhi.

METHODOLOGY

Research Design: This study was mainly targeted the people of New Delhi because of their diversity and exposure to Online travel agency, with a larger percentage of people using the internet. Descriptive research design was adopted for the work.

Locale: OYO and Treebo Hotels, New Delhi, India, like Connaught place, Karol Bagh, Patel Nagar etc. Response was taken from the front office employees or owners of hotel only.

Sampling Design: Simple random sampling method was used so that every person had an even chance of being selected. 50 respondents from OYO and Treebo hotels participated in work. The participants were front office employees or owners of hotel only. The data was collected between April 2022 to June 2022.

Tools and Technique: Structured questionnaire was developed and distributed to the 50 respondents sampled from all over the city. Considering 10% Sales sampling of each brand i.e. 47 hotels of total 470 hotels. The main purpose of sampling was to collect sales information from each hotel and measure their sales margin with their previous sales.

Each and every hotel of Treebo and OYO hotel was visited to collect information. The administered questionnaires were collected after completion from the respondents and their responses were used for analysis. The questionnaire had close ended questions. 100% response rate was observed during collection of primary data.

Data and Statistical Analysis: The data was analysed on overall basis. Frequency and Percentage was calculated.

RESULTS AND DISCUSSION

Analysis of data obtained by hotel staff

The results of the work to find out the impact of brand on unclassified hotels are presented as following:

On finding from how long the hotel has been operational it was seen that for majority (42%) the hotel has been

operational from last one year followed by 30% for whom it has been 1 to 3 years and soon.

Table 1: Time period hotel has been operational

S. No.	When was your hotel started?	Respondents	%
1.	less than 1 year	21	42
2.	1 to 3 years	15	30
3.	3 to 5 years	8	16
4.	5 years or more	6	12

On finding from how many years; subject has been part of the chain, it was seen that majority (82%) of the staff has been part of the chain from less than an year, followed 16% who have been part of it from 1 to 3 years and so on.

Table 2: Duration of being part of the chain

S. No.	From how many years; you are part of this chain?	Respondents	%
1.	less than 1 year	41	82
2.	1 to 3 years	8	16
3.	3 to 5 years	1	2
4.	5 years or more	00	0

It was found that majority (70%) choose the brand OYO and Treebo as they were getting low sales in the previous business followed by 42% who reported that they were not getting suitable guests.

Table 3: Reason for selecting the brand chain

S. No.	Why did you choose this brand chain?	Respondents	%
1.	Getting low sales	20	70
2.	Not suitable clientele	11	42
3.	Don't know how to manage	4	8
4.	Need of a change	2	4
5.	For increasing profitability or revenue	13	26

Subjects reported that by enrolling in current hotel chain for majority (36%) the sales have increased by 15 to 20%, followed by 32% for whom sales has increased by 20% or more and so on.

Table 4: Increase in percentage of sales

S. No.	How much percentage of sales are increased by enrolling in this hotel Chain?	Respondents	%
1.	below 10%	5	10
2.	10-15%	11	22
3.	15-20%	18	36
4.	20 % or more	16	32

Further on asking whether these hotel chains really increased their hotel sales in low season, if compared with previous profit, before enrolling, it was seen that majority (54%) has accepted that their profit has increased, followed by 22% for whom the profit did not increase.

Table 5: Compared to previous season increase in sales

S. No.	Has this hotel chain really increased your hotel sales in low season, if We compare it with your previous sales, before enrolling?	Respondents	%
1.	Yes	27	54
2.	No	11	22
3.	A little bit	10	20
4.	May be	2	4

The type of strategies of this brand chain found to be useful for the hotel was online advertisement for majority (50%), followed by 32% for whom main strategies was better services.

Table 6: Strategy useful for sale

S. No.	Which type of strategies of this brand chain becomes useful for your hotel in terms of	Respondents	%
1.	Better service	16	32
2.	Online Sales promotion	25	50
3.	Giving Training	4	8
4.	Conducting time to time Audits	5	10

On finding out how much percentage of sales revenue taken by the brand chain, it was seen that majority (29%) respondents mentioned 20 to 30% of their profit margin, followed by 21% from whom 10 to 20 % of profit margin is taken.

Table 7: Percentage of sales revenue taken by the brand chain

S. No.	How much % of sales revenue is taken by this brand chain?	Respondents	%
1.	Less than 10%	0	0
2.	10 to 20%	21	21
3.	20 to 30%	29	29
4.	More than 30%	0	2

These hotel chains are the future of unclassified economical hotels on finding this perception it was seen that for majority (70%) agreed to it whereas 16 % has refused so (table 8).

Table 8: Perception for Hotel chains future

S. No.	Do these hotel chains are the future of Unclassified economical hotels	Respondents	%
1.	Yes	35	70
2.	No	8	16
3.	Don't Know	4	8
4.	May be	3	6

Table 9: Increase in expenditure

S. No.	Has your expenditure increases after enrolling in this chain? If yes, so how much percentage	Respondents	%
1.	Below 10%	39	78
2.	10-15%	7	14
3.	15-20%	2	4
4.	20 % or more	2	4

Table 10: Help in making profit

S. No.	Is this chain really helps you to make More profit, if we compare it with your previous profit, before enrolling?	Respondents	%
1.	Yes	43	86
2.	No	3	6
3.	A little bit	2	4
4.	Don't know	2	4

From table 9 it can be seen that for majority (78%) the expenditure has increased after enrolling in the chain but its below 10%, followed by 14% where expenditure has increased between 20 and 30 %.

Table 11: Support during the corona period

S. No.	Did these chains support you during corona pandemic or lock-down?	Respondents	%
1.	Yes	2	4
2.	No	45	90
3.	A little bit	2	4
4.	Don't know	1	2

Table 10 shows whether these chains really helped them to make more profit, on comparing with previous profit, before enrolling. It was seen that majority (86%) has accepted that their profits are increased followed by 6% has accepted that their profits are not increased.

On finding (table 11) whether these hotel chains provide support during corona pandemic or lockdown, it was seen that majority (90%) were not supported by them and only 4% has accepted that they were supported by the chain.

CONCLUSION

Most of the hotel were started less than a year ago, so around 42 % of hotels were new which enrolled in this OYO and Treebo Chain. 16 % of the hotels adopted these chains after sometime not at the time of opening, because they had to give some percentage of revenue. Around 70% of hotels got enrolled in this chain because of low sales and 32% of hotel sales as increased by more than 20%. 54% of the hotels accepted that there sales had increased in low season.

These brands mainly focused on online portal by providing huge benefits to the guest on very less rates and 50% of hotel were accepted that this is an effective strategy. These chains have taken around 20 to 30 % of sales revenue from around 29% of hotels as a commission. For taking a franchise off these brands the hotel has to increase their expenditure upto 10% in starting phase. These expenditure was used in buying of brand amenities, toiletries, linen, banners, online support and sales services. Around 86% of hotels agreed that they were make more profit due to this brand chains if we compare it with their previous profits.

Most of the hotels were satisfied by the work system of these brands. OYO brand is mainly focused on less prices and Treebo is mainly focused on standards. So they have their different clientele too. They mainly attract their guest from online portal and advertisements.

Even it is very easy to become a part of these brands. These brands have a good image in the customer minds and it is likeable by everybody. Almost most of the hotels said that their profit margins are increased more than 10% and most of the hotels agreed that they are the future of unclassified hotels.

RECOMMENDATIONS

These brands are highly needed for the growth of any hotel because they use online platform and also helps in to increase the service standards of hotel.

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