What's inside the On Your Own Business Model?

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ABSTRACT

To achieve growth and sustainability in the technology – enabled environment is very complex for start-ups. OYO business model is the intersection of hospitality, real estate and technology. The company embarked on its expedition using a business model made up of eminent optimized processes that would ensure accessibility & branding to undistinguished hotel partners and consistent & affordable experience to customers by leveraging the colossal power of technology. Using this business model, the OYO business has permeated across different geographies. Simultaneously, this exponential expansion has created a barrage of problems for the company and questioned its sustainability that enforced it to reconsider its business strategies. In a strategic endeavour to curb these problems, the OYO has undertaken a restructuring programme focussed on four key parameters that will ensure the culture of trust, respect and resilience amongst the OYO staff.

Keywords: - Business Model; Challenges; Global expansion; Restructuring.

INTRODUCTION

The year 2019 was full of ebbs and flows for the Indian start-up – OYO (On your Own), a hospitality brand for hotels, homes, co-living, and co-working. The incessant focus on expansion by establishing in different geographies with different business verticals through advantage of data and analytical sciences brought innovations in the hospitality industry and shifted the company from being a technology partner to the hospitality brand itself. Further, the company started acquisition of owned properties and became a 'decacorn' (a company with valuation over $10 billion). Simultaneously, this exponential expansion has created a barrage of problems for the company and enforced it to reconsider its business strategies.

Thus, in January 2020, Mr. Ritesh Agarwal- founder of the OYO (India's second most valued start-up), announced restructuring programme as the founder stated:

> I have no hesitation in admitting that, growing at the pace.......in the past few years, we sometimes went ahead.......and pressure-tested our organization........ [So] we are taking steps to address this (Ray, 2020).

OYO restructuring focuses on four key parameters that will ensure the culture of trust, appreciation, and resilience amongst the OYO staff. Thus, it is aimed to espouse effectual strategies and solutions for long-term sustainability of the business and is of paramount significance for keeping up the brand value in the eyes of all stakeholders.

However, not all industry experts share the same views concerning the restructuring of the company. Some are considering it a step in the right direction while others are of the view that, OYO may be floundering. Further, the COVID-19 pandemic has brought more challenges for the company that enforced it to take necessary steps to maintain cash flows in the company through drastic cost-cutting measures.

BACKGROUND OF THE OYO

OYO History

Oravel Stays Pvt. Ltd, the parent company of the OYO was established in the year 2011 by a young entrepreneur, Mr. Ritesh Agarwal, to build a discovery marketplace with more than 3, 000 budget lodgings viz. homes, inns, guesthouses and bed & breakfasts. In 2013, Ritesh was selected for a prestigious Thiel fellowship of $1, 00,000 and had become the first youngest Thiel graduate from India.

Thiel fellowship played a pivotal role in emergence of the OYO as Agarwal noted:

> The foundation remained involved in every step and reviewed us and gave us feedback..... During the fellowship, we were not only told about entrepreneurship or technology but also how our lifestyle should be........ We also got access to Zen Habits, which tells us what habits to change, which is again extremely important for our overall growth (Das, 2015).

Thus, Thiel foundation had provided financial as well as other resources imperative for the growth of a start-up. With this extraordinary experience, Ritesh came back to India and started traversing inns, bed & breakfasts, homes and guest houses and identified that these short-term rental lodgings did not guarantee even the basic promises. Soon he discerned that the Oravel model could not solve the problem of the hospitality industry because alike online travel agencies (OTAs), the Oravel model was providing services of online booking, but what it did not ensure was the quality of a hotel. Hence, the hospitality industry was plagued by a lack of predictability and standardisation.

Consequently, in the year 2013, the Oravel business model of discovery marketplace had been rehabilitated to the managed marketplace through the launch of the OYO. OYO business model was based on simple principle of bringing standardisation amongst short-term rental lodgings with the intention to provide a consistent experience for travellers. Thus, the OYO emanated with an aspiration to combat trust deficiency in the hospitality industry as Kavikrut, chief growth officer at OYO elaborated:

> It is the predictability that we offer. Customers get what is promised to them (IANS, 2015).

Market leadership of the OYO

OYO hotels & homes launched in the year 2013 with the first hotel in the Gurgaon, India. A year later, the company collaborated with 15 hotels and started managing them under its brand OYO hotels & homes. Before long, a company with organizational potentials crossed a mark of 200 hotels across 10 cities in India, and in August 2015, it reached across 70 cities with 12, 000 plus rooms.

Hence, exponential growth attracted financial assistance from numerous investors and in the same month, the company raised $100 million from Softbank, Sequoia Capital, Greenoaks, and Lightspeed Venture Partners. With financial backing, OYO further expanded exponentially and discerned across 165 cities with 4, 000 plus properties and 40, 000 plus rooms by end of the year 2015 (Agarwal, 2015). The reason behind OYO’s exponential growth was founder first-hand experience.

At a valuation of $400 million, the OYO marked expedition in Southeast Asia in 2016, outside India with three properties in Kuala Lumpur, Malaysia. In April 2017, the company entered second overseas market viz. Nepal. By December 2017, a company with more than $460 million valuations established a branded chain of hotels across 230+ cities with over 70, 000 rooms (Malik, 2017).

At the beginning of 2018, the OYO forayed into third international market i.e. China and soon, expanded its presence across 26 cities and accessed 11, 000 rooms through strategic assistance from one of its investor China Lodgings. Later, in Sep 2018, the company started services in the UK, a developed market for the first time with its mid- segment product OYO Townhouse. OYO had raised $1 billion from investors in a financing round of Sep 2018 that escalated the company’s valuation to $5 billion (Agarwal, 2018).

Further, the company extended operations to the UAE, Indonesia and went ahead with the escalation operations in China. Thus, the OYO marked its brand presence globally across 500 cities by Dec 2018 that gave it access to more than 3, 30, 000 rooms with China as dual “Home Market” alongside India and expanded operations across

265 cities of China as compared to 180 cities of India with 1, 80, 000 and 1, 43, 000 rooms respectively (PTI, 2018).

During the period, 2019, the company augmented global footprints across Philippines, the US, Japan, Europe, Vietnam, Mexico & Thailand along with expansion operations in South. Within last two years, the OYO business has permeated across different geographies viz. India, Southeast Asia, China, Middle East, Europe, the U.S., Japan and Latin America as well as ventures into extensive hospitality with homes, wedding services, co-working and long term rental space viz. co-living in addition to its hotels brand with 25, 000 plus employees.

Further, the company showed ambition to enter into upscale segment with acquisition of Hooters Casino Hotel in U.S. and Fortune Select Metropolitan hotel in India. Presently, the company claims to be a “decacorn” and world’s second largest brand of hotels, homes, managed living and workspaces behind Marriott International Inc. (approximately 1.3+ million rooms) with network encompasses 43, 000 hotels and 1, 30, 000 homes across 800+ cities in 80 countries and have access to over million rooms.

OYO HOTELS & HOMES BUSINESS MODEL

OYO hotels and homes allegiance toward “making #LivingTheGoodLife a reality over 3.2 billion middle-income people around the world” is encapsulated by vision statement on corporate website, “We aspire to become the go – to accommodation brand for people looking for hassle free and affordable stay –options anywhere in the world”. OYO business model is the intersection of hospitality, real estate and technology. Through leveraging the colossal power of technology, OYO embarked on its expedition using a business model made up of eminent optimized processes that would ensure accessibility & branding to undistinguished hotel partners and consistent & affordable experience to customers across real estate sector including hotels, homes, and co-living.

Acquisition of inventory

OYOs business development team acquires properties through partnership with existing independent hotels and homes in low-cost and mid-market segment using manchised or franchised or leased model with monthly-assured revenue to some property owners that gives OYO, full control on revenue management and distribution of owner’s asset. Independent or small business people or homeowners who do not have any experience in hospitality, but want to earn extra income own these hotels and homes. Consequently, they hire managers or caretakers for everyday operations of their properties. These hotels face numerous problems like non-usage of technology, un-standardized operations and lack of trained staff. Hence, through partnership with OYO, owners would get access to world’s first tablet based property management application, branding and operational expertise which would elevate its occupancy rates.

Using in-house tablet software, the OYOs business development managers’ analyse demand patterns in particular area and locate target properties to be acquired and estimate revenues per available room (RevPar), returns on investment and other expenses for those potential properties. Thus, the company claims to sign an agreement with owners in generally 10 days with assistance of software.

Lately, the company has initiated investment in owned properties- a significant shift from its asset light strategy model, with acquisition of Hooters Casino Hotel in U.S. through partnership with hospitality investment firm, Highgate and rebranded it as OYO Hotel & Casino. In India, the company has acquired Fortune Select Metropolitan hotel and 64-suites building for construction of a premium hotel in partnership with Mountainia Developers and Hospitality in Sep 2019.

Furthermore, in partnership with Softbank Group, the company has acquired 80 percent stake in Japanese rental operator MDI. Under its home vertical, OYO acquired Amsterdam based holiday rental company Leisure in May 2019 for expansion of its Europe business and rebranded it as OYO vacation homes. Thus, OYO has established a global presence through branding and rebranding properties.

Standardization of experience

In the hospitality industry, OYO brought standardization across budget and mid market chain of properties houses under their brand accompanied with consistent and seamless experience for customers and independent asset owners.

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After acquisition of a property, OYOs architect and designer put together renovation proposal that can involve substantial repairs viz. flooring, piping, ceiling, painting and air-conditioning to 360-degree transformation and refurbishments. To achieve standardization, speed and efficiency in transformation operations, company provide services of their own civil and construction engineers. OYO claims that renovation of properties can be finished in a timeframe of 15 days on an average that are favourable for property owners. For instance, the company refurbished a cinema theatre within one and half months located in Mumbai, India. The cost of refurbishments are usually borne by owners and OYO spent on in-house training of frontline staff for better hospitality services through OYO skill institutes.

Recently, OYO has framed up a joint venture firm, MyPreferred Transformation and Hospitality through partnership with SB Topaz. The joint venture firm engaged in renovation and refurbishment of hotels and all other assets in India and South Asia. In the U.S., company's investor like SoftGroup, Sequoia Capital and Airbnb provide funds to owners for the renovation in exchange of fee paid to the OYO. Standardization leads to unique value propositions: free Wi-Fi, complimentary breakfast, clean rooms, branded toiletries, flat-screen TVs, air-conditioned rooms along with 24*7 customer service support. The company promises to provide these values to all customers who will stay at an OYO. Consequently, to ensure standardization, the company procures materials from local suppliers in large quantities for their asset partners at economical prices and partners can take advantage of economies of scale via procurement of material through property management application. OYO also facilitates other services to their customers viz. booking of a cab, food order services or beverages, search nearby restaurants, sunrise (6 am) check-ins, a new SOS (customer safety) button and hassle free check-outs through consumer mobile application. To ensure enrichment of customer experience across different geographies, the company has adapted overall local approach accordant with trends and culture of specific country. The company in May 2019 has launched OYO Lite app. (works in low connectivity or low network areas) for all Android users globally. Hence, the company ensures quality, safety and convenience for their customers in diverse geographies.

OYO prefers to manage all assets through cloud-based platform. It has acquired AblePlus Solutions Pvt. Ltd in July 2018 to deploy AI (Aritficial Intelligence) and IoT (Internet-of-Things) based infrastructure for the management of branded properties (Paul, 2018). For seamless operations of a property, the company has developed a tablet and mobile based property management application that helps the owners, managers and staff members. Through app, the managers or owners can manage and control all operations including but not limited to check-in, checkout, food & beverage services, maintenance requests along with review of housekeeping task, creation of future bookings, and procurement of groceries. They can accord attractive deals to OYO loyal customers and can reduce room prices through OYO additional discount. Since all the operations viz. inventory orders and maintenance is cashless, the chances of pilferage or frauds are zero. Further, they can review revenue, expenses, customer feedbacks and hotel profits & losses. To bring more transparency, the company has launched Co-OYO app for asset partners in India that can provide them information concerning numerous business metrics viz. pricing, customer's feedback and review, full visibility on cash flows and business performance at one place.

Auditing and Ranking

To ensure that asset partners are maintaining standards across all branded rooms, the company has opted for continuous auditing process with the assistance of OYOs in-field employees and mystery customers. It has invested in appointment of hundreds of people known as OYO Captain in the field who carried out comprehensive evaluation of properties through an evaluation app. The Captain's are assigned around 300 rooms for auditing within close proximity. They evaluate rooms based on some 160 factors concerning quality of amenities and customer experience. OYOs Captain then collects and sends the data to OYOs analytics team. The team already has data of colour-coded rooms as well as real time occupancy of all properties and evaluates data sent by the auditors. The company has developed three colour-coded schemes for room's viz. green, yellow and black those represents standardized rooms of OYO, rooms in good condition, but lack of OYO amenities and never stay rooms respectively. For instance: if AC is not working in a certain room than that would be coded as black room. If auditors find lack of grooming amongst staff members, they sent intimation to OYO hospitality training team and trainers are deployed for a period of 15 days for the training of staff. Besides, auditors have to provide on-site assistance to customers in state of exigency.

OYOs analytics team then assigned rank to a hotel through a comprehensive 3C evaluation programme based on auditor's feedback and customer's reviews on app and social media. The 3Cs property scoring mechanism is based on three parameters: constant availability of rooms, compatibility of rooms and customer reviews. Hotels

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that adhere to these parameters and maintain consistent 3C level of 0, 1 and 2 are rewarded "Delight points" while non-adherence of standards leads to penalty. For instance: In 2019, OYO purged 0.5 percent of their properties in India and South Asia because of high 3C level whereas rewarded monetary benefits and international trips to the owners with low 3C level under its partner loyalty programme. Besides, hotels with 3C level of 3 and below 5 (the highest level) are identified and suggestions are given to them to make relevant changes based on customer and audit feedback. Thus, these parameters highlight the owners and OYOs commitment toward maintenance of standards at an OYO for quality customer experience that can escalate occupancy.

Pricing mechanism and revenue of OYO

OYO set the tariffs for independent or small hotels and homes through leveraging dynamic pricing. In a single day, the fluctuations are made 15 million times in a room tariffs based on demand and supply patterns. Generally, the room rates ranges between \$15 and \$150 across different geographies under its hotels and homes brand (Kavilanz, 2019). With the aid of Machine learning (ML), real-time data are analysed to comprehend consumer behaviour in addition to demand and supply patterns. During peak times, the prices are adjusted to ensure maximum high revenue per available room (RevPAR) for its asset owners while prices went down in trough times to ensure maximum occupancy that would increase profits for owner. Thus, the ML plays a pivotal role in fixation of optimal prices and revenue management to ensure higher yields and occupancies for its chain of properties along with affordable experience for customers. On an average, occupancies of properties increased from 25 percent to 75 percent within 3 months through dynamic pricing. To bring more efficiency in pricing mechanism of its real estate brand OYO vacation homes, the company has recently acquired Copenhagen based data science company "Danamica".

OYO earns a share of revenue or franchisee fee in exchange for enhanced performance of its asset partners. In the financial year 2019, the company consolidated revenue stood at \$951 million including \$604 million of its Indian business and total revenue saw a 4.5X Y-o-Y growth as compared to financial year 2018. Further, the company's losses in the financial year 2019 increased to 35 percent as compared to 25 percent from previous financial year 2018 whereas its losses from Indian business (a mature market) reduced to 14 percent from 24 percent with 60 percent of the overall loss from its China operations.

Distribution of inventory

OYOs sell the products through multiple distribution channels viz. walk-ins, corporate channel, OYOs owned channels (app, website and call centre etc.), offline travel agents and online travel agents (OTAs). The company has partnered with Spanish based distribution channel "Hotelbeds" in April 2019 which has given the OYO access to more than 60, 000 travel intermediaries and makes it accessible to novel customers. For offline travel agents, the company has launched a separate application that ensures best prices for its customers. For its corporate clients, the company has developed two separate apps accounts for around 30 percent of total revenue in the year 2019.

In India, repeat and organic channels accounts for 73 percent and 17 percent respectively while only 10 percent transactions are made through paid channels. Therefore, the company has designed an OYO Wizard – a loyalty programme for loyal customers that accounted for 49 percent of bookings with five million subscribers. OYO Wizard facilitates high rated and curated hotels experience to its customers at best prices through discounts, deals, cash backs and upgrades. The Wizard hotel members saw 60 percent increased booking which augmented their revenues as compared to non- Wizard hotels (Sangwan, 2019).

OYO BUSINESS VERTICALS

OYO was established with its commitment to deliver comfortable stay away from home through standardization of budget hotels. Soon, the company realized that unique value propositions that they had built for short-term rental spaces could be transcended to long-term rental spaces and holiday homes also. Thus, OYO launched multiple verticals for diverse customers included but not limited to- leisure, business & corporate travellers, students and families using three-pronged strategy (3Ps). To cater to different audience, their business verticals are assorted with hotels, vacation homes, co-living, co-working and banquet services that are encapsulated by its mission statement- "To upgrade all forms of real estate, and thereby provide quality living spaces to travellers around the world".

OYO Hotels

OYO Hotel business comprises of multi-segment approach- economy, mid and upmarket segment. OYO came into existence with standardization across budget accommodation through aggregation and attracted customers from diverse strata's. Soon, the company realized that their customers wanted more than just budget stays and started experimenting with hotels under OYO Flagship at high prices than earlier with more amenities through franchisee model that has given them full control on day-to-day operations of a hotel. Thus, the company has started extended its products in accordant with customers feedback. Presently, company has six brands under its hotel portfolio- OYO Rooms, Townhouses, Collection O, SilverKey, Capital O and Palette Resorts.

With its economy market product- OYO Rooms (also named as SPOT ON), travellers anticipating quality stay at low prices are ensured basic promises like hygienic rooms, clean washrooms and basic amenities based on in-house availability along with additional facilities & amenities at different prices across its hotel positioned in around 15 geographies (Koyanagi, 2020).

In Jan 2017, OYO launched its mid market product "OYO Townhouse"- self managed hotels under lease and management contracts for those who could afford more prices and demanded high quality hospitality experience. These are launched especially for millennial customers as amiable neighbourhood accommodation based on six parameters: smarter locations, smarter buildings, smarter spaces, smarter rooms, smarter services and smarter menus. These townhouses have same colour code and decor and are operated as 25 percent hotel, 25 percent home, 25 percent cafe and 25 percent merchandise stores. Soon, it became most appreciated product accounted for ~90 percent occupancy with around 50 percent transactions from repeat customers. Presently, the company has 100 townhouses in India and these can be located in U.S. and UK (Hashmi, 2019a).

In March 2019, the company has launched one another mid market product viz. Collection O for their corporate travellers. With this product, the company imparted numerous services to make corporate stays comfortable and unique and within three months, it embarked its presence across 175 hotels in India and saw ~85 percent occupancy across Collection O hotels with high demand from repeat customers (Hashmi, 2019b).

Under premium hotels, the company has launched products viz. Capital O and OYO Siverkey. In March 2018, the company has acquired Novascotia Boutique Home, a Chennai based service apartment firm and renamed it as OYO SilverKey with its presence across five cities in India (Sharma, 2018). By April 2019, the SilverKey could be located across 10 cities that facilitated personalized experience and modern amenities for business travellers (PR Speak, 2019). It's another product viz. Capital O- standalone property that does not need any refurbishments and are located at tourist places. This product is different from its self-managed and operated product viz. Townhouse, SilverKey and Collection O because owner runs it while OYO provides only their technological and operational expertise. Further, the company has entered into premium leisure segment with launch of elegant Palette Resorts in Aug 2018 with first property- Le Pondy in Pondicherry, India under franchised and leased model. These resorts facilitate numerous services to customers like dining, spa, beaches, villas and many more.

OYO Homes

Started in 2016 with OYO Homes in India on pilot basis, OYO launched home management services with 300 homes in Nov 2017. These were launched with an intention to capture and renovate existing supplies of vacant and locked homes including villas, bungalows and apartments located at top-notch holiday destinations in the country and by Feb 2019, the company has 3, 000 homes under its chain of properties (Paul, 2019). To extend its home rental vertical globally, company has acquired "@Leisure Group"- Amsterdam based holiday Rental Company in May 2019 and rebranded it as OYO vacation homes. OYO home rental services comprises of five brands- OYO Home, Belvilla, Danland and DanCenter operated as full service operators while Traum-Ferienwohnungen operated as online marketplace (self-service provider) for homeowners and claims to offer over 1, 30, 000 homes. Furthermore, the company has acquired German based TUIs vacation homes in partnership with E-Domizil in Feb 2020 to escalate its presence in vacation homes and urban homes (Rawat, 2020).

OYO Life

With feedback from asset owners and OYOs customer, the company ventured into long term co-sharing vertical, OYO Living in Oct 2018 and on-boarded 2, 000 beds across 35 properties in India. OYO Living facilitates millennial's with flexibility in house hunting, zero security deposits, furnished accommodations and other basic amenities like Wi-Fi, housekeeping and 24*7 supports through acquisition of properties on leased basis. Presently, company provides facilities of co-living to students, young professionals and millennial's and claims to have 500 plus properties on – board with current occupancy of 85 to 90 percent in matured buildings in India.

In March 2019, the company showed their aspiration to go global and launched OYO Life (rebranded from OYO Living) in Tokyo with more than 1000 properties in joint venture with Yahoo Japan Corporation (30 percent stake) (PTI, 2019). OYO purchased 80 percent stake of MDI- a Japanese rental apartment operator in partnership with Softbank Group to intensify their real estate business in Japan as well as started co-living services in Indonesia but in Nov 2019, Yahoo sold off its $77 million stake for $3 to OYO. However, industrial analysts have expressed scepticism concerning OYOs expansion plan in co-living vertical as one analyst stated:

> [Budget hotel and co-living are] completely different industries, with completely different DNA. And being giants, it is much harder to pivot without losing focus on the bread and butter [business].

OYO wedding services

In Aug 2018, OYO made foremost intensification outside its core business of hotels & homes and entered in a real estate vertical wedding planning and services through acquisition of Mumbai-based online marketplace "Weddingz.IN" as independent brand in India. Within a year, Weddingz saw exponential growth of 636 percent in transactions and 480 percent in revenue with aid of operational and technological expertise of OYO (Hashmi, 2019c). By the end of year, the company establishes its presence in India across 30 plus cities with 800 plus fully managed beautiful wedding venues. Thus, the company facilitates splendid wedding experience with curated venues and vendors services like professional photographers, caterer, make-up artists, themed decor and many more managed by a wedding planner at a one-stop shop.

OYO Workspaces

In July 2019, the company expanded its Indian market business by entering into another vertical through launch of OYO Workspaces. With multi-brand strategy, the company launched three products viz. Workflo, Powerstation and Innov8 pertinent to the needs of economy, mid market and premium segment respectively. The company has acquired Innov8- co-working premium space operator in March 2019 as an independent brand under OYO Workspace. OYO launches these brands to absorb demand from independent professionals, small as well as large businesses. They served their differentiated needs at different prices with facilitation of standardized services like Wi-Fi, printers, coffee, breakout spaces, recreational spaces and many more. The monthly prices range between INR 4, 999 and INR 12, 999 per desk while prices of private offices ranged between INR 6, 500 and INR 64, 999. Further, meeting and conference rooms can be facilitated at price range of INR 500 to INR 800 per hour along with facility of Flexi pass at affordable prices of INR 2, 499 per seat for a month including standardized services for freelancers. By Feb 2020, OYOs 30 plus workspaces can be located across 10 cities with 20, 000 plus seats (Team YS, 2019).

OYO RESTRUCTURING

In an interview with Agarwal, founder stated that if a property did not assuage 20 things that would make an ideal OYO, he would not even sign it (Das, 2016). However, the company was smashing their rules to become the world's largest hospitality brand in terms of room count. Thus, they have overstretched its brand. Over the last year and a half, chaotic diversification across multiple markets and verticals along with heavy investments in buying own properties, burgeoning losses and high valuation resulted in scepticism about the business model along with alienated partners, customers and employees.

The matter of estrangement amongst hotel partners pertains to missed or reduced minimum guarantee, pricing and high commissions across different markets viz. India, China, Japan and the U.S. Besides, the company has been facing a barrage of issues viz. service quality, safety, proceedings against anti-competitive practices, unethical practices of employees and toxic work culture in India. In addition to its challenges in India, several challenges like fraudulent practices of employees, labour disputes & service quality issues and software issues & criminal activities in hotels across China, Japan & U.S. respectively also persists. Thus, the company's reputation has suffered due to customer's complaints about quality, poor treatment by hotel owners in its chain of properties and discontentment amongst hotel partners.

In a strategic endeavour to curb these problems, OYO has undertaken a restructuring programme focussed on four key parameters that are prominent for long-term sustainability – sustainable growth, operational & customer excellence, profitability and training & governance. Following its reform strategy, the company has curtailed its business from more than 200 cities with 65, 000 plus rooms in India to focus on long term growth with profitability (Goel, Singh & Griffith, 2020) and has stopped and reduced offering minimum revenue benchmarks to its owner's partners in Japan and the U.S. respectively (Sugiura & Suzuki, 2019). Besides, the company has laid off around 2000 employees in India, 600 in China and 360 in the U.S.

From the hotelier's perspective, the restructuring lead to mixed reactions whereas one hotelier in India stated:

> Profits were razor thin till last November due to excessive supply....... [Of] OYO hotels within the same areas but after the restructuring, the supply-demand balance improved in this area..... [And].....profits margins recovered..... (Koyanagi, 2020).

However, another hotelier stated that if any payment issue arises with OYO, they would compel the guest to cancel their prepaid bookings and paid them in cash. Thus, it is of utmost importance for the company to keep up its brand value in the eyes of all the stakeholders.

CHALLENGES AHEAD

In the midst of restructuring programme, unprecedented coronavirus crisis has made circumstances severe for the company with 50 to 60 percent reduction in revenue and occupancy in the first week of April and for the founder who has borrowed $2 billion from the banks by pledging his stake in the OYO. In India, the company has suspended the monthly revenue guarantee using 'force majeure' clause in addition to the proposal of revenue share model that would supersede the existing agreement in India, to which its hotel partners have shown their discontentment (Chaturvedi, 2020). The company has sent their employees on temporary leaves or furloughs of a minimum period of 60 to 90 days across all international markets along with application of secondment scheme in Japan (Sugiura, 2020). In its home market, the company has sent some of the employee's on leave with partial benefits and scaled down the salaries of remaining employee's by 25 percent for four months started from April this year. Further, the company has abundant its acquisitions plans and cut the capital expenditures.

LOOKING FORWARD

In the need of course-correction, OYO has started restructuring since the beginning of this year but pandemic coronavirus outbreak stilled demand in the travel and hospitality industry and has escalated the challenges for the company. Industry experts have expressed scepticism about the OYO business in this crisis period. Will the company be able to sustain in this pandemic crisis? If it is able to sustain the crisis, what will be the valuation of the company? Will it be possible for the company to maintain the position of world's second largest hospitality brand? Will the company be able to execute its restructuring program effectively? Only time will tell!

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