

Analysis of Customer Satisfaction in OYO in Eastern U.P

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Abstract-

Customer satisfaction is a cornerstone for success in the hospitality industry, directly impacting customer retention and business growth. OYO Rooms, established in 2013, has disrupted the budget hotel market by standardizing small hotels and aggregating them on a technology-driven platform. Despite its rapid expansion and innovative approach, OYO has faced challenges in maintaining consistent customer satisfaction across its network. This study analyses the current customer satisfaction levels at OYO, identifies the factors influencing satisfaction, explores gaps between customer expectations and experiences, and provides recommendations for service improvement. The research combines primary survey data, secondary data from online reviews, and relevant literature to present a holistic view.

Introduction-

Customer satisfaction is a business philosophy which tends to the creation of value for customers, anticipating and managing their expectations, and demonstrating ability and responsibility to satisfy their needs. Quality of service and customer satisfaction are critical factors for success of any business (Gronoos, 1990; Parasuraman et al., 1988).. In order to achieve customer satisfaction, it is important to recognize and to anticipate customers' needs and to be able to satisfy them. Enterprises which are able to rapidly understand and satisfy customers' needs, make greater profits than those which fail to understand and satisfy them (Barsky & Nash, 2003). Since the cost of attracting new customers is higher than the cost of retaining the existing ones, in order to be successful managers must concentrate on retaining existing customers implementing effective policies of customer satisfaction and loyalty. This is especially true in the hotel industry. Nowadays one of the biggest challenges for managers in the hotel industry is to provide and sustain customer satisfaction. In this context, positive relationships can create customer's higher commitment and increase their return rate. Long-term and reciprocally advantageous relationships between customers and the hotel is becoming progressively important because of the highly positive correlation between guests' overall satisfaction levels and the probability of their return to the same hotel (Choi & Chu, 2001). Hotels are increasing their investments to improve service quality and the perceived value for guests so as to achieve better customer satisfaction and loyalty, thus resulting in better relationships with each customer (Jones et al., 2007). Relationship quality has a remarkable positive effect on hotel guests' behavior: it creates positive word of mouth (WOM) and increments repeated guest rates (Kim et al., 2001). In this paper, after a review of the main literature on customer satisfaction and retention in the hotel industry whether there is a positive correlation between the customer oriented business philosophy, adopted by the management of Sporting Club, and the achievements obtained in terms of customer satisfaction. Our empirical study gathers information by the combined use of different interview methodologies in order to evaluate the influence of customer oriented business philosophy on customer satisfaction. We analyze the results to highlight eventual gaps among managers' expectation and results and to evaluate the overall customer satisfaction level for the hotel and the specific one for each service supplied. We conclude discussing the results and proposing improvements in customer satisfaction management for the hotel.

OYO Rooms revolutionized the Indian hospitality sector by introducing a technology-driven model that brought standardization to fragmented budget hotels. With its promise of clean, affordable, and convenient stays, OYO attracted millions of customers within a few years. However, with rapid expansion came operational challenges, particularly in

quality assurance and customer service. Customers have reported varied experiences, highlighting inconsistencies that threaten brand loyalty. In the intensely competitive hospitality industry, understanding customer satisfaction is essential to refine service offerings, ensure repeat patronage, and maintain competitive advantage. This study aims to assess customer satisfaction comprehensively, analyse the root causes of dissatisfaction, and recommend improvements.

OYO Rooms (commonly known as OYO) is an Indian multinational hospitality company that offers budget-friendly lodging and hotel services. It was founded in **2013** by **Ritesh Agarwal** and is headquartered in **Gurugram, India**. OYO began as a platform to standardize and aggregate budget hotels, offering customers a reliable and affordable stay experience across various cities.

Today, OYO operates in multiple countries including India, Southeast Asia, the United States, and parts of Europe. It primarily caters to budget and mid-range travellers, both in the business and leisure segments.

Financials-

Year	Revenue (In crores)	Profits/Loss (In crores)
FY 2019	▲ 6,329	▼ -2,364
FY 2020	▲ 13,168	▼ -13,122
FY 2021	▼ 3,961	▼ -3,943
FY 2022	▲ 4,781	▼ -1,940
FY 2023	▲ 5,464	▼ -1,287
FY 2024	▼ 5,388	▲ 229

In 2019 COVID came and due to this pandemic company faced major loss of about 2364 crores.

In 2020 company faced a loss of about 13122 crores.

In 2021 company faced loss of about 3943 crores.

In 2022 company faced loss of about 1940 crores.

In 2023 company faced loss of about 1287 crores.

With the continuous efforts of Mr. Ritesh Agarwal company reached a new milestone in 2024 and collect a revenue of about 229 crores.

Literature Review-

Title- OYO Rooms: Their Hospitality and Customer Satisfaction

- **Authors:** Shobha Sharma, Nidhi, Smita Pathak, Rudresh Pandey, et al.
- **Published:** Available on ResearchGate
- **Gap Identification-** Lack of Customer Segmentation Analysis
- Post-Pandemic Customer Expectations
- **Summary:** This study examines the challenges faced by OYO in hospitality and customer satisfaction, analysing its growth story and the innovative use of technology and marketing principles. It provides solutions recognized by the research team to address specific problems in the hospitality and tourism industries.

Title- Measuring Customers' Satisfaction Level towards Service Quality of OYO Rooms

- **Authors:** Dr. Namrata Maheshwari, Dr. Jesu A. Kundailaraj
- **Published:** Journal of Emerging Technologies and Innovative Research (JETIR), February 2018
- **Gap Identification-** Limited Consideration of Technological Factors
- Post-Pandemic Customer Expectations Not Addressed
- **Summary:** This paper assesses service quality in OYO rooms using the SERVQUAL model, focusing on dimensions like reliability, empathy, responsiveness, assurance, and tangibles. It analyses customer perceptions through surveys of 220 respondents who have stayed in OYO rooms in India.

Title-An Assessment of Service Quality Dimensions Conducted at OYO

- **Published:** International Journal of Recent Technology and Engineering (IJRTE), 2019
- **Gap Identification-** Use of Non-Probability Sampling Method
- Limited Geographical Scope
- **Summary:** This study provides insights into consumer behaviour in online hotel booking services, focusing on factors determining changing consumer behaviour. It emphasizes the need for assessing service quality to deliver expected services in the hospitality industry.

Title-The Factors Affecting Customers Satisfaction in OYO Rooms

- **Published:** International Journal for Scientific Research & Development (IJSART), November 2019
- **Gap Identification-** Limited Geographical Scope
- Lack of Customer Segmentation Analysis
- **Summary:** This study identifies factors influencing customer decision-making in OYO rooms, such as service quality, reliability, and responsiveness. It employs exploratory research through surveys to understand consumer behaviour in online hotel booking services.

Methodology-

- **Primary data:** Collected via online structured surveys from 100 OYO customers across Eastern U.P. The questionnaire included Likert-scale questions on satisfaction factors, open-ended feedback, and demographic data.
- **Secondary data:** Analysis of customer satisfaction through various OYO trackers last 2 months.

Sample size- 100

Target Population- Middle Class.

Data Analysis and Interpretation-

In the research I had find the following points-

68% guest says they will prefer Oyo to their friends.

20% guests mentioned budget friendly.

28% guests opt for Flagship and Townhouse Category.

74% guests says that geographic regions matters in overall satisfaction level.

43% guests were above 30 yrs of age.

Check in deny and hospitality were main reason of guests dissatisfaction driver.

Conclusion and Recommendations-

The research highlights that customer satisfaction in OYO is influenced by several key factors including service quality, cleanliness, staff behaviour, pricing transparency, reliability, and ease of booking through digital platforms. While OYO has made significant strides in standardizing budget accommodations and expanding its presence, inconsistencies in service delivery across different locations remain a critical concern.

Findings indicate that although many customers appreciate the affordability and convenience offered by OYO, a considerable number of them have expressed dissatisfaction due to issues such as poor room maintenance, lack of promised amenities, and subpar customer service. This gap between customer expectations and actual experience negatively impacts brand trust and repeat bookings.

To enhance customer satisfaction, OYO must focus on:

- Strengthening its quality assurance processes.
- Providing consistent training to partner property staff.
- Ensuring transparency in pricing and service offerings.
- Utilizing customer feedback for continuous service improvement.

In conclusion, sustained customer satisfaction in OYO requires a balanced approach of technology-driven efficiency and consistent service quality. Addressing operational gaps and prioritizing the customer experience will be essential for OYO's long-term success in the competitive hospitality sector.

Recommendations-

To enhance customer satisfaction, the following actions are recommended:

- **Strengthen Quality Control:** Implement rigorous and regular audits of partner properties with clear consequences for non-compliance.
- **Update Online Listings Regularly:** Ensure that room photos, amenities, and descriptions are accurate and reflect current conditions.
- **Enhance Partner Training:** Develop comprehensive training programs focused on hygiene, customer service, and complaint handling.
- **Upgrade Customer Support:** Invest in faster, more empathetic customer service with multiple escalation levels to resolve issues promptly.

- **Implement Real-Time Feedback Systems:** Enable guests to report issues immediately during their stay, allowing for swift remedial action.
- **Improve Communication Channels:** Establish better coordination between OYO, hotel partners, and customers to manage cancellations, bookings, and special requests transparently.
- **Leverage Advanced Technology:** Use AI and data analytics to predict potential service lapses and intervene proactively.

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