



TV 18



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SEASON

CASE STUDY

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STAYZILLA CASE STUDY



INDUSTRY BACKGROUND:

The online hospitality jigsaw puzzle is set to be India's next growth driver. The space is expected to grow exponentially and thereby make the traditional travel agent obsolete in the years to come. The market is expected to be worth USD 1.8 billion by 2018.

With the incumbent players looking to protect their oligopoly and focused on growth in the following sub-segments: flights, trains, buses, premium & mid-range accommodations, smaller firms are increasingly taking up niche positions solving specific consumer pain points and in the process differentiating themselves.

One such untapped sub-segment is the "Alternate Accommodation" space in India comprising of homestays and vacation rentals. A space where Stayzilla is the current market leader. This space is multiple times bigger than the traditional "structured" stay market and is plagued by low internet penetration of less than 0.5%. Trust & Safety concerns both from a host & guest perspective are the single biggest bottlenecks holding back the growth of the industry.

COMPANY PROFILE:

Stayzilla is India's largest online marketplace for stays with 30,000+ accommodations listed across 4500+ towns spanning the length and breadth of India. It is a one-of-a-kind "Hybrid" marketplace which brings together options from the "structured" space such as hotels, lodges and options from the "alternate" stay segment under a single umbrella.

It has an average room price of INR 1500 / night with 40 % bookings coming via mobile. Its traffic & consumer base are largely driven from both metros & tier 2 towns. Tier 2 & long tail towns are the most popular destinations.

Thus far, Stayzilla has focussed primarily on the leisure travel segment and business travel comes a distant second. As a company, its focus however is strictly B2C.

Stayzilla has raised 2 rounds of funding totalling USD 25 million, from 2 of India's biggest best known venture capital funds, Matrix Venture Partners and Nexus Venture Partners. The company is now on a journey to inflect the alternate stays market exponentially thereby providing homeowners across the country a chance to turn into entrepreneurs by listing their spare rooms or homes as homestays.

TARGET CONSUMER PERSONA:

The typical Stayzillian customer is largely sub-urban within the 25-35 age group with median annual incomes ranging from INR 8 lakhs to 13 lakhs. Primarily male, although the fairer sex consumer sub-segment has grown 100% YoY for the past 2 years.

PROBLEM STATEMENT:

Winds of change are sweeping across the travel ecosystem in India. The single most fascinating development is the growth of the "Alternate" accommodation space. New entrants with innovative business models are making their mark. The larger players (global giants & established domestic competitors) have deep pockets and are spending big on advertising & customer discounts.

1. What kind of positioning & communication strategy would you recommend Stayzilla should adopt in? Its journey to inflect the "Alternate" accommodation market with the Stayzilla brand being the central pivot, in the messaging which would help bridge the cultural barrier in India towards letting strangers stay in their home.
2. What kind of differentiated value propositions can ensure Stayzilla as a brand "Locks-In" its consumers? Your response needs to be from the perspective of a prospective guest & host.

CONSTRAINTS:

Stayzilla is NOT going to expand into any aspect of travel outside of "Stays". Stays refers to all manner of properties, not just hotels – Lodges, jungle lodges, homestays (alternative accommodation), PGs, boat houses etc.



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NOTE:

- Make assumptions where necessary and state them clearly
- Use of secondary market research reports to analyse the industry is encouraged
- Evaluations will be made based on clarity of thought, exhaustiveness of market and consumer research, creativity of ideas proposed and the strategic fit with Stayzilla's vision

ADDITIONAL COMPANY DATA:

- Stayzilla revenues have grown at a CAGR of 300% over 2009-14, and expects to grow at 200 % over 2015-19
- The user base has grown at a CAGR of 250 % over 2009-14, and expects to grow at 300 % over 2015-19
- The transaction volumes through the Stayzilla marketplace have increased 10X over the last 24 months