

Success Story of a Start-up – A Case Study of OLA Cabs

¹Dr. Ashok Kumar Panigrahi,²ShambhaviShahi,³AmarsinghRathore

¹Associate Professor in Finance, School of Pharmacy & Technology Management, NMIMS University, Shirpur.

²MBA (Pharm Tech – 3rd Year), School of Pharmacy & Technology Management, NMIMS University, Shirpur.

³MBA (Pharm Tech – 3rd Year), School of Pharmacy & Technology Management, NMIMS University, Shirpur.

Corresponding Author: 1Dr. Ashok Kumar Panigrahi

Abstract: "Start-ups don't die, they commit suicide. In other words, 90 percent of start-ups fail because the founders get bored, discouraged, or something else, and they move on to other things, not because of some catastrophe. No matter how dark it is today, things will always be better tomorrow." -- Justin Kan, Justin.TV. Startup businesses have always played an important role in the global economy, but recently their importance has grown significantly. For this reason, governments around the world have amended regulation and created incentives to encourage their development. However, statistics shows that startups have an extremely high mortality rate, often due to a lack of strategic planning, wrong marketing investments or inefficient resource allocation. This paper is the success story of an Indian startup, Ola Cabs. As the competition in the Radio Taxi market is increasing at a very faster rate where several brands are providing cabs to the customers as per the requirements, this paper is designed to study the success story of Ola cabs which has the greatest market share and provides services in an efficient manner along with customer satisfaction. The Marketing strategy and promotion strategy adopted by Ola Cabs is discussed briefly in this article.

Keywords: Start-up, promotional strategy, Ola cabs, Taxi aggregator.

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I. Introduction

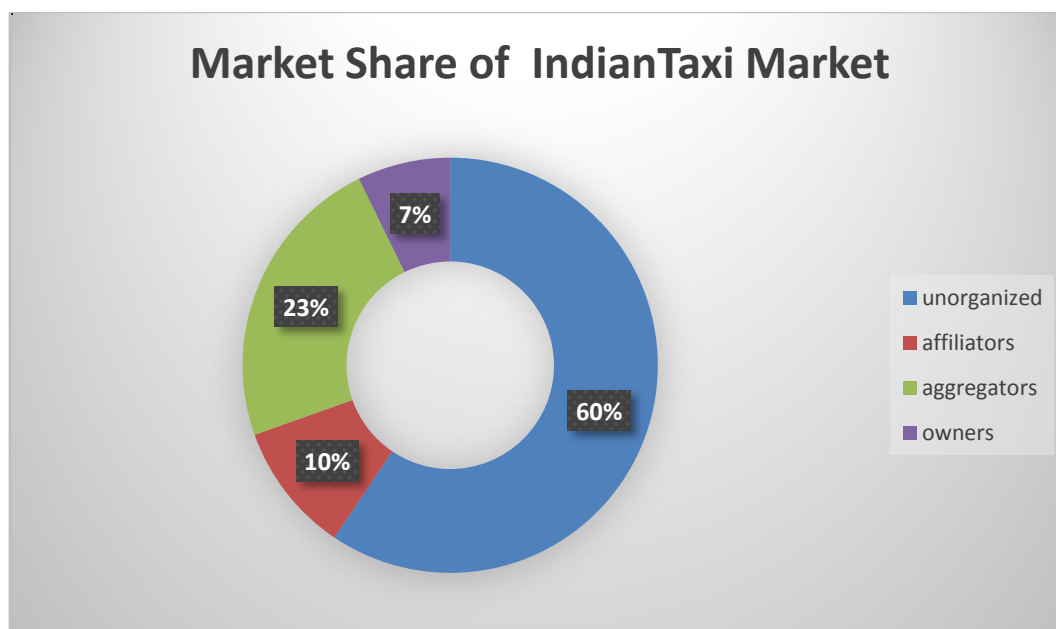
Managing and growing a successful startup is ripe with challenges from all sides – from keeping employees and investors happy, to raising money and constantly improving your bottom line. Not every start-up is bound for success. In actuality, getting money from an investor is no easy feat, but when you know what states are the most investor friendly, what investors are looking for and how to build a powerful team around your organization -- then you are much more likely to find start-up success. OlaCabs, more popularly known as Ola, is just like any other marketplaces online, but more specifically into providing Taxi services. Ola, which started as an online cab aggregator in Mumbai, now resides in the Silicon Valley of India a.k.a. Bangalore, and is also known to be one of the fastest growing businesses in India, out-beating its competitors Uber & Meru. Coming back to the man behind Ola; simple yet charming Bhavish, with the success of his prodigy has certainly become the talk of the town. But even after becoming a millionaire, he still prefers to not buy a car and take a cab (to set an example, we presume), certainly doesn't go down well with his wife. He believes that, such is a small price that every entrepreneur has to pay.

Taxi Services in India

The middle class population in India rose from 15 million in 1991 to 160 million in 2011. This segment with its increasing disposable income started demanding and has been willing to pay for better services across sectors including private and public transportation. Rapid economic growth coupled with huge infrastructure development, rigorous effort from Ministry of Tourism to project India as travel destination and emergence of Business Process Outsourcing (BPO) industry has given a huge push to the car rental industry in India. Till 2003, the point-to-point taxi market in India's big metropolitan cities was completely unorganized. It was served either by unorganized, inconsistent and somewhat expensive private operators or by state government controlled prepaid taxis offering a standardized but low quality service. But in 2003 the Radio cabs business emerged as one of the fastest growing businesses in the Indian transportation sector with Delhi-based Mega Corp setting the wheels rolling under the MegaCabs brand in cities such as Bangalore, Mumbai, Calcutta, Chandigarh, Ludhiana and Amritsar. Today, 15,000 plus professionalized air-conditioned taxis are available to customers in 6 big cities in a largely reliable, convenient and affordable manner (Rahman & Anand, 2014).

Indian Taxi Market:

The taxi market scenario in India is hugely fragmented. The taxi market in India is divided into two major segments which are the organized and unorganized markets. The unorganized market has a market value of \$8.5 billion and the organized market holds a market value of almost \$500 million. The organized sector is the recently emerged segment in the market scenario. It is further classified into owners, affiliators and aggregators. The owned vehicle segment is inclusive of the pure car rental companies like meru. The affiliators are accomplished with multiple car rental agencies and they are known to provide different tour packages or deals. Whereas the aggregator are the newest phenomenon which are driven by start ups like ola cabs.



Due to the increase in competition and a steep rise in public demand due to the quality and comfort of service provided by these taxi services there has been an increase in the investment activity for the same. In the interim, big cash is making this fight worth battling for. As indicated by the Association of Radio Taxi India, the taxi business in the nation is developing at 20 to 25 for each penny a year. The sorted out taxi area represents only four to five for every penny of the business and sums \$800 million. It is relied upon to develop to \$7 billion by 2020. The central government, vide its budget 2015-16 has now clearly defined the term aggregator:

“Aggregator means a person, who owns and manages a Web-based software application, and by means of the application and a communication device, enables a potential customer to connect with persons providing service of a particular kind under the brand name or trade name of the aggregator;”

Indian taxi market is assessed to be around \$8 billion (Rs 48,000 crore) at this moment, out of which just 5% is being overseen under sorted out area; which implies that the market is completely open right at this point. It is being anticipated that in the following 5 years, sorted out players, for example, Uber, Meru and Ola will catch 15% of this market, which is developing at an astonishing rate of 45% every year.

The Indian cab market has seen a lot of traction, with over INR 600 crores being raised by the leading players in the sector. While this has been a very competitive market, the organized sector forms a small percentage of the overall market. It is estimated that the radio taxi market in India is \$6-9 billion dollars growing at 17-20%. It is also estimated that the number of taxis in the organized sector will reach 30,000 by 2017.

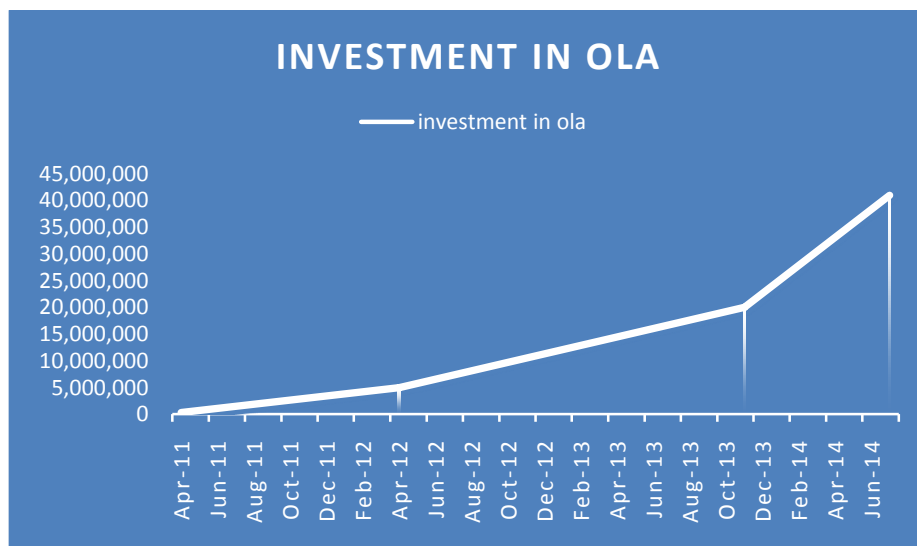
The sector has in the past few years seen tremendous growth with nearly 10 fairly large companies operating in various models. But even in this clutter, three companies stand out in their product uniqueness, customer service responsiveness, driver behaviour and timely arrivals – Olacabs, TaxiForSure and the global sharing economy pioneer, Uber. Other companies that are operating include Meru, Easy Cabs, Savaari and BookMyCab. The market made a transition from owned fleet to a fleet aggregator model where anyone could own a car and become an entrepreneur – in fact, Ola Cabs conducted a Driver Mela in Pune and Bangalore to get vehicles at a discount to potential drivers.

As well as aggregators are coming up with lots of attractive schemes and plans for drivers and to lure their customers by getting different schemes to drivers from the manufacturers like OlaCabs did Driver Mela in Pune

and Bangalore, TaxiForSure came up with Magic Trip on their Mobile Application, Uber comes up with different promo code from time to time.

OLA – Company profile:

Ola initially started off as Olatrip.com a small website venture that offered weekend trip packages. It was started as a startup business by two IIT Mumbai graduates Bhavish Aggarwal and Ankit Bhati. Bhavish worked for Microsoft after college for almost two years and then started a small website to sell online tour packages. Due to a bad experience during a car rental situation they decided to mend the system of car rental and this became the basis for the initiation of olacabs. Olacabs are now referred as Ola. Ola is a Spanish term which means hello! This indicates that hiring a cab at Ola as well as the services provided are easy and friendly as conveying hello. Ola cabs were founded on 3 December 2010 by Bhavish Aggarwal and Ankit Bhati. Initially Ola operated from Mumbai as a taxi aggregator service. Now it has shifted its head office at Bengaluru and works efficiently from there. Since Ola received its first investment there has been no looking backward for this initiative venture. Until the year 2014, the company had expanded to a widely distributed network which comprised of 200,000 cars across 85 cities. These 85 cities include all the metropolitan cities and various important cities in it. During November 2014, along with car rental scheme Ola also tried to incorporate autos on trial basis in Bengaluru. After its success there it initiated the same idea in Delhi, Pune and Chennai by December 2014. In the year 2015 Ola also started its auto services in Chandigarh, Indore and Jaipur. In March 2016, Ola started its two wheeler services in Bengaluru as a trial venture. Until September 2015 Ola was valued at around \$5 billion market. Taxi for sure as acquired by ola in march 2015 for \$200 million. The company averages a total of about 150,000 bookings per day and has the highest market share in India of 60%.



Taxi market in India is seeing a sensational development in the previous six years. \$400 million (Rs 2400 cr) of investment is pumped in the most recent four years (2010-2014). The significant player in the taxi aggregator space is Olacabs and is now threatened by entry of uber.

Swot Analysis:

A brief idea about the position of the company in the market can be estimated from the SWOT analysis which indicates the respective strengths, weaknesses, opportunities and threats faced by the company.

Strengths:

1. Ola is first of its kind taxi aggregator service provider in the country.
2. It achieved the no.1 rank in the sector after acquiring Taxi for sure.
3. The services offered by ola are well appreciated by the public
4. TV, online and print media marketing has helped to create awareness about the company.
5. Increase in customer base due to strong network effect.
6. Financial condition of the company has improved after investments by various firms.

Weaknesses:

1. Brand image can be easily influenced by the misbehavior of the drivers as they are the ne in direct contact with the customers.
2. Monetization becomes difficult due to the demand.

Opportunities:

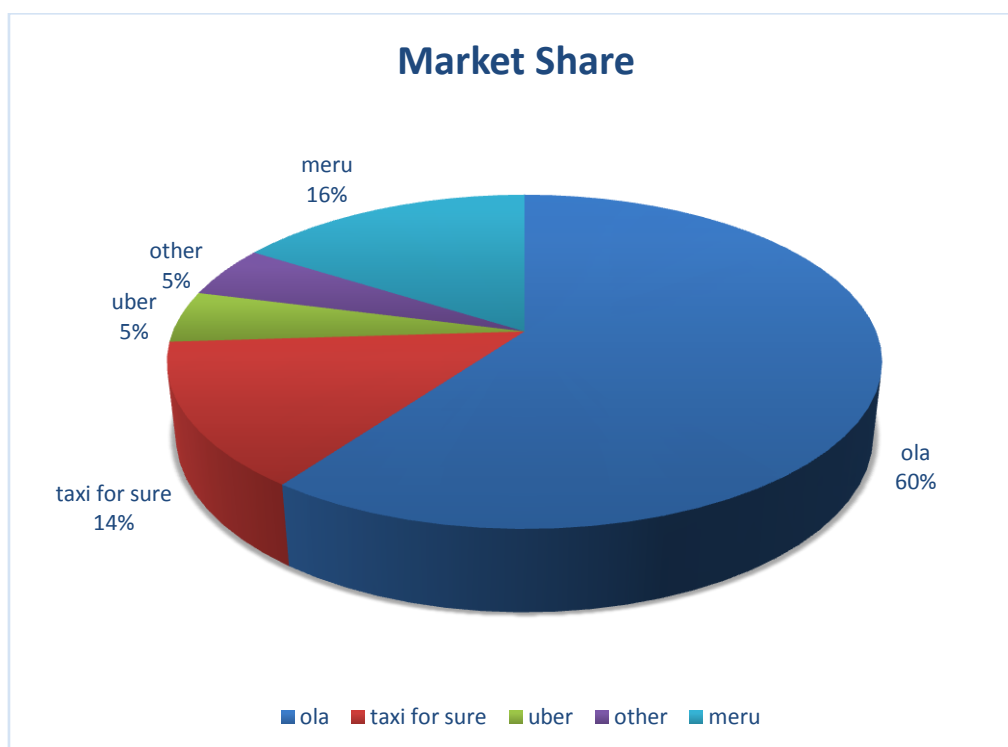
1. There is a huge potential for the company to penetrate deep into the market as the unorganized market hold almost 85% of the segment.
2. As Ola coordinates through the smart phone app, increase in number of smart phone users provides them with a great platform to increase their customer base.
3. Disposable income can be increased.
4. Convenient services create huge demand among customers.
5. Acquisition of smaller company of the market.

Threats:




















1. Increasing competition
2. Heavy usage of cash to attract customer due to strong financial root of Uber.
3. Presence of competitors at the national level.
4. No specific regulatory body of the government.
5. Customer loyalty is rare in this segment.

Market Share of OLA and Competition:

As previously mentioned Ola has a market share potential of 60% in India. The other contenders in the market which fall under the organized segment include Taxiforsure(14%), meru cabs(16%), uber(5%) and others(5%). Taxiforsure was acquired by Ola which further increases its market share to about 74%.



Being a part of the organized taxi market in the country which has the maximum potential for growth in near future, it then becomes a fact that Ola is indeed faced by many competitions in this sector. The major competitor of Ola is Uber. Meru and other are not well designated competitors as the price criteria offered by Ola and the range of car available for rent is far better and well accepted by the customer. Uber being at a position of 5% market share holds tough competition for Ola as the future prospects of Uber are to penetrate deep into the Indian market with an investment of over \$400 million to take on Ola.

	 Olacabs	 TaxiForSure	 Uber
Overview			
 Founding Year	2010	2011	2013* (* India Operations)
 Total Funds Raised	\$26M* (* Estimated)	\$14M* (* Estimated)	\$1.5B* (* Estimated Global Allocation)
 Funding Rounds	3	3	6
 Founding Team	2	2	2
 Employees (Range)	201-500	201-500	1001-5000* (*Global Employees)
Services			
 Fleet Size	9500+ (Rented)	2300+ (Rented)	Not Available
 Cities Listed	9	4	5* (*In India)
 Dedicated Phone Number	33-55-33-55	60-60-10-10	Not Available
 Mobile Applications			
Segments Served			
 Sector	City Taxi Outstation Local Rentals	City Taxi Outstation Local Rentals	City Taxi
 Fleet Variation	Luxury Sedan Hatchback	Sedan Hatchback	Luxury Sedan
Innovations			
 Unique Selling Proposition	Huge fleet of Ola Mini with Fare@Rs.13 per KM	"Magic Trip" on their Mobile App	On Demand Cab Availability
 Mobile Application Ranking*	5th <small>*Google Play Store: Transportation</small>	3rd	1st

How is Ola superior to other aggregator taxi service?

Establishing a number 1 position in the taxi market and maintaining it indicates that Ola has services to offer to the market which are better than other service providers from the same segment.

Ola is different from other aggregator service provider or other segments in the way that they themselves are the marketplace. This is because they list the rates and cars in their system. This leads to price transparency and enables them to achieve customer trust. Another feature that makes Ola superior is that they do not limit their services to the city boundary. They offer car rental facility for outstation trips as well. Also, the ride later option available with Ola makes it more customer friendly service. Ola also takes into account the safety of the customer and thus has a 24*7 customer care service. The attractive price package and variety in the fleet of cars target the moderate income segment which increases their customer base. The GPs tracker in all the cabs to monitor the activity of the vehicle and high visibility in terms of logo contribute in the success of the cab company.

Business model:

Ola taxicabs go about as a facilitator in giving taxicab booking administrations to clients through numerous channels. Prior, clients could book their taxicabs through the site, call center or the application. But later on Ola reconsidered their methodology and made appointments just through the application. The drivers have an adaptability to choose their own particular time to login to OLA Application and acknowledge demands for rides from clients. They may remain logged out of the framework according to their need. The source of income for OLA is the commission for every drive and the costs they bring about are additionally low as they significantly need to contribute just on the technological innovation.

Ola has turned out to be an awesome innovation stage for transportation and offers simple alternatives of booking a taxi through an application and offers adaptability to the driver as far as readiness to work. The individuals who work more get incentives. These companies don't own cars nor do they employ the drivers, they simply connect with the drivers through the application. They are the technology driven market place. The company thus began to grow at a speed of light due to accomplishment of ahead of its time strategies.

Promotional and marketing strategy of Ola:

At Ola the strategy was to leave no stone unturned. They at Ola did everything from attending the calls of the customer to providing driving facility to desired destination. All this was done to sustain the market leadership in their hands. To achieve this various strategies and promotional activities were adopted by the company. Some of them are discussed below.

EMPOWERING THE DRIVERS:

They offered micro entrepreneurship for the drivers by helping the drivers buy their own cars at huge discounts and affordable repayment scheme as they collaborated with leading car manufacturers.

OLA MINI:

One of the most successful marketing campaign launched by Ola is OLA MINI. The feature of this strategy was that the price of this service was equal to the auto fares. The idea worked well and got accepted by the public when they offered cab rides at auto fare price on auto strike days in 2012 and 2013. Because Ola Cabs are having deep pocketed investors and can burn money such services can be launched to cater the dire needs.

STRATEGIC PARTNERSHIP WITH MAKE MY TRIP:

In the year 2013, Ola cabs launched its partnership with make my trip. Under this partnership the customers of make my trip would receive rental car facility for pick up and drop at desired destination. This move by Ola helped acquire large customer base as people became more aware about the brand.

TREATING CUSTOMER WITH CARE:

Customer is at the centre in marketing. The main purpose of all these promotional activities is to build customer loyalty. Thus when it comes to taking care of the customer, Ola leaves no stone unturned. Ola makes sure that all the customers who use the service of Ola are well satisfied. If at all any mistake occurs by the system Ola makes sure to provide extra credit to the customer's account and also apologize for that matter. In this way it makes sure that the customer base developed should not be hampered.

ADVERTISING PARTNERSHIP WITH TVF:

Ola has created partnership with TVF (The viral Fever) which is an Indian online web series platform. TVF has a strong fan base and Ola has tried to take advantage of this situation. Ola gets to acquire customers from TVFs existing fan base while on the other hand even TVF gets to reach out to Ola's customers.

OLA BOATS DURING CHENNAI FLOODS:

During Chennai floods when people were stuck in their offices or other areas Ola had launched its ferry service. Ola had developed this service so as to help stranded people reach home and also to deliver essential material including food, water, etc. The ferries had professional rowers. Each ferry could accommodate 5 to 9 people per trip. The start up by Ola was initially meant to be for three days but later they agreed to provide the service as per the demand of the situation. The start-up came up for much praise on social networks with one Twitter user cheekily describing the service as "uber cool".

ECONOMIC STRATEGY:

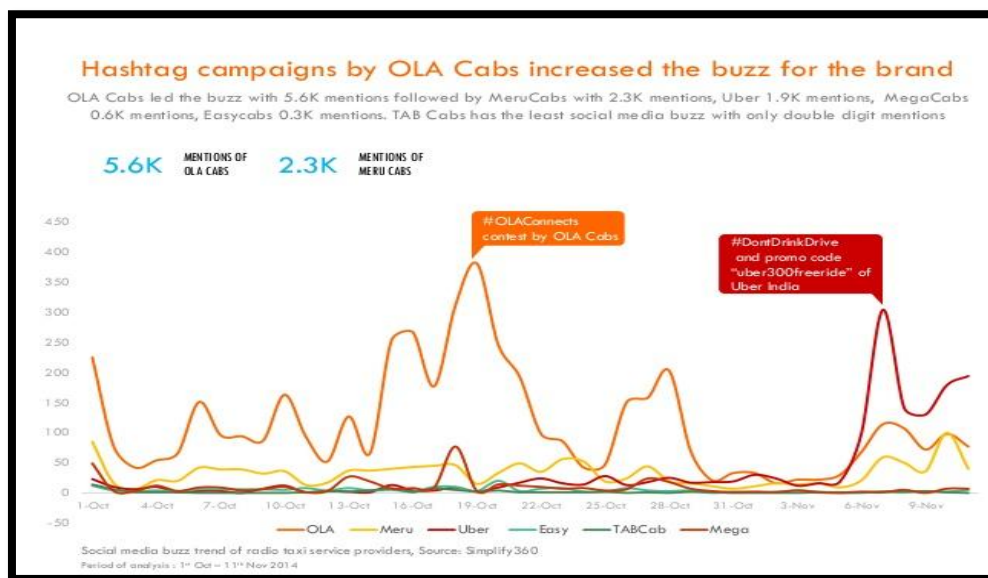
Ola focuses on target marketing by segregating its fleet into different models which are suitable for the demand of the customer and also fits their budget.

This includes Ola mini, Ola sedan, Ola micro, Ola prime, Ola pink, carpooling for corporate, etc. Ola micro offers a base fare of rupees 40 with charges of rupees 6 per km. whereas Ola sedan and mini have different package ranging between rupees 80 to 100 base fare. These are suitable for customers planning long distance journey. Ola pink focuses on women safety and is introduced for the women. The revenue through all this is created by supplying large volume services by the adoption of this fee tiered system. People prefer it even more because ola offers the lowest price rate compared to all other taxi aggregators.

SOCIAL MEDIA:

These include other means of promotion used by Ola to promote the brand in the market. Ola cabs have used channels such as banner ads, newspaper ads, television ads on a large scale as well as online marketing channel on Facebook, twitter as a part of its campaign.

From the online marketing tool Ola chose Facebook to run its first campaign as the number of users is high over it. It enabled Ola to target right people at the correct time. The campaign over Facebook which was termed as the #chaloniklo campaign was a huge success. Various video ads featured content of #chaloniklo over Facebook including call to action by which people would be propelled to download Ola app. It increased the popularity of Ola apps. With Facebook campaign, the consumer acquisition rate increased and searches concerning Ola cabs also increased, sales boost up by 60% as a result.



Henceforth, Ola picked Facebook over other advanced media implies in light of the fact that it has biggest client base crosswise over India. The focused on crusade setting makes it more reachable and gives organizations an exceptional yield on venture. Be that as it may, with FB advertising, application clients expanded, the organization started getting greatest booking therefore. Remarketing focused on the individuals who may have viewed the first campaign called #Chaloniklo.

II. Conclusion

Ola has seen a tremendous growth in the taxi market sector. There is surely no looking back for Ola as it is improving day by day in every prospect. Revenue of Ola has increased almost 10 folds over the past four years. Today, it is the largest cab service provider in the country. Ola has successfully achieved public support and has created a buzz about its brand in the market. Furthermore if some more technological advancement is done at Ola then the customer base can be increased by providing better experience to the customer. Ola now has shifted its focus on target markets and is focused on providing desired service to the people in the target market. The economic segregation depending upon the income group and requirement of the people is well appreciated. On one hand Ola promotes its brand by traditional methods and on the other hand it also uses the modern techniques of promotion. At the same time it does not forget to highlight its name in social safety, creating social awareness and promoting acts of humanity. The key element in making Ola a successful brand is the efficient and quick accessibility which is offered by the firm. The firm not only improves through its intense promotional activities but also due to the services and comfort offered to users and employees. Ola is making you sluggish. A single tick gets you a taxicab. Habits are less demanding to develop when the change required in conduct is minor. What's more, once a habit is shaped, it's difficult to backtrack.

So OLA has been and will be a great technology platform for transportation and offering flexible options of booking and payment to customers and flexible timings and facilities to drivers. And shortly, we are going to experience a big boom and great facility of getting our grocery delivered to us with ease. Kudos to the idea of the founders and something more to make us proud is that it has been started in India by two genius Indians.

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