

## **Title: OLA: Transforming the Way We Travel**

### ***Introduction:***

Running a successful startup is full of challenges, from keeping employees and investors happy to raising funds and improving profits. Not every startup succeeds, but knowing investor-friendly states, understanding investor preferences, and building a strong team can boost your chances.

OlaCabs, also known as Ola, operates as an online marketplace, mainly for taxi services. It started in Mumbai and is now in Bangalore, India's tech hub, growing faster than competitors like Uber and Meru. Bhavish, the man behind Ola, is a simple and charming entrepreneur. Despite his wealth, he still prefers taking cabs over buying a car, which doesn't please his wife. He believes this is a small sacrifice every entrepreneur must make.

### ***Cab Services In India:***

The middle-class population in India increased from 15 million in 1991 to 160 million in 2011. This group, with its growing disposable income, began to demand and was willing to pay for better services in various sectors, including both private and public transportation. India's rapid economic growth, along with substantial infrastructure development and efforts by the Ministry of Tourism to promote India as a travel destination, as well as the rise of the Business Process Outsourcing (BPO) industry, significantly boosted the car rental industry in the country.

Prior to 2003, the point-to-point taxi market in India's major metropolitan cities was largely disorganized. It was served by either unorganized, inconsistent, and somewhat expensive private operators or state government-controlled pre-paid taxis that offered a standardized but low-quality service. However, in 2003, the radio cab business emerged as one of the fastest-growing sectors in the Indian

transportation industry. Delhi-based Mega Corp introduced MegaCabs in cities such as Bangalore, Mumbai, Calcutta, Chandigarh, Ludhiana, and Amritsar. Today, there are more than 15,000 professional air-conditioned taxis available to customers in six major cities, offering reliable, convenient, and affordable transportation services.

### ***Taxi Market In India:***

The taxi market in India is quite scattered, divided into two major parts: organized and unorganized. The unorganized market is valued at \$8.5 billion, while the organized market is worth nearly \$500 million. The organized sector is relatively new and can be further categorized into owners, affiliators, and aggregators.

**Owners:** This group includes companies like Meru, which mainly provide car rental services.

**Affiliators:** Affiliators work with multiple car rental agencies and offer various tour packages and deals.

**Aggregators:** Aggregators are a recent phenomenon driven by startups like Ola Cabs. They use web-based software applications to connect customers with service providers.

Due to increasing competition and rising public demand for quality and comfortable taxi services, there has been a significant increase in investment activity in this sector. The taxi industry in India is growing at a rate of 20 to 25 percent annually, with the organized sector representing only four to five percent of the market, amounting to \$800 million. It is projected to reach \$7 billion by 2020.

The central government, in its 2015-16 budget, has clearly defined the term "aggregator." The Indian taxi market is currently estimated at around \$8 billion, with only five percent being managed in the organized sector. It is expected that in the next five years, organized players like Uber, Meru, and Ola will capture 15 percent of this rapidly growing market, which is expanding at a rate of 45 percent annually.

Several leading players in the sector have raised over INR 600 crores. The radio taxi market in India is estimated to be worth \$6-9 billion, growing at a rate of 17-20 percent. The organized sector is expected to have 30,000 taxis by 2017. Among the numerous companies operating in the market, OlaCabs, TaxiForSure, and Uber stand out due to their unique offerings, customer service, driver behavior, and punctuality. Other companies in operation include Meru, Easy Cabs, Savaari, and BookMyCab.

The market has transitioned from an owned fleet model to a fleet aggregator model, allowing individuals to own a car and become entrepreneurs. Aggregators offer attractive schemes and plans to both drivers and customers to attract business. For example, OlaCabs conducted a Driver Mela in Pune and Bangalore to offer vehicles at a discount to potential drivers, while TaxiForSure introduced "Magic Trip" on their mobile application, and Uber provides different promo codes from time to time.

### ***Company Profile:***

Ola initially began as Olatrip.com, a small website created by two graduates from IIT Mumbai, Bhavish Aggarwal and Ankit Bhati. Bhavish worked at Microsoft for about two years after college before starting a website to sell online tour packages. Their experience with a problematic car rental situation inspired them to improve the car rental system, leading to the creation of Olacabs, which is now known as Ola.

Ola, a Spanish word meaning "hello," reflects the company's aim to provide friendly and easy-to-use cab services. Founded on December 3, 2010, in Mumbai as a taxi aggregator service, Ola later shifted its headquarters to Bengaluru and has seen remarkable growth since its first investment.

By 2014, Ola had expanded its network to include 200,000 cars across 85 cities, including major metropolitan areas and other important cities. In November 2014, Ola introduced auto-rickshaws on a trial basis in Bengaluru and later expanded this service to Delhi, Pune, and Chennai by December 2014. In 2015, Ola extended its auto services to Chandigarh, Indore, and Jaipur. In March 2016, Ola experimented with two-wheeler services in Bengaluru.

As of September 2015, Ola was valued at approximately \$5 billion. They also acquired TaxiForSure in March 2015 for \$200 million. The company receives an average of about 150,000 bookings per day and holds the highest market share in India, accounting for 60% of the market.

The Indian taxi market has seen remarkable growth over the past six years, with \$400 million (Rs 2400 crore) invested between 2010 and 2014. OlaCabs, the major player in the taxi aggregator space, faces competition from Uber.

<b>Name of the Company</b>	<b>Ola Cabs</b>
<b>Parent Company</b>	ANI Technologies
<b>Type of Company</b>	Private
<b>Operating Segment (Industry)</b>	Transportation
<b>Founded</b>	3rd December 2010
<b>Founders</b>	Bhavish Aggarwal (CEO), Ankit Bhati (CTO)
<b>Headquarters</b>	Bengaluru (Karnataka, India)

<b>Areas Served</b>	India,  Australia,  New Zealand,  United Kingdom
<b>Services</b>	Rental Vehicles, Cabs, Financial Services, Food Delivery.
<b>Market Valuation (FY22)</b>	Rs.41 crores (\$5 billion)
<b>Revenue Earned (FY22)</b>	Rs.1,970 crore ( <a href="#">\$250 million</a> )
<b>Customer Base in India</b>	125 million

Here's a simplified SWOT analysis of Ola:

### Strengths:

- Ola is the first taxi aggregator service in India.
- It became the top-ranked service after acquiring Taxi for Sure.
- The public appreciates Ola's services.
- Effective marketing through TV, online, and print media.
- A strong network effect increases the customer base.
- Financial improvements due to investments.

### Weaknesses:

- The brand image can be affected by driver misbehavior.
- Monetization can be challenging due to high demand.

**Opportunities:**

- There's significant potential to penetrate the market, especially the unorganized segment (85%).
- Increased smartphone adoption offers a platform to expand the customer base.
- Opportunities to raise disposable income.
- Growing demand for convenient services.
- Acquisition of smaller market competitors.

**Threats:**

- Intense competition.
- Heavy spending on incentives to attract customers, particularly from well-funded competitors like Uber.
- National-level competition.
- Lack of a specific government regulatory body.
- Limited customer loyalty in this segment.

**Business Model:**

Ola's business model acts as a facilitator for taxi booking services through various channels. Initially, customers could book taxis through the website, call center, or the mobile application. However, Ola later revised its approach and allowed bookings exclusively through the mobile app.

Drivers using Ola have the flexibility to choose when they want to log in to the Ola Application and accept ride requests from customers. They can stay logged out of the system as needed. Ola's source of income comes from the commission earned for each ride, and their expenses are relatively low because they primarily invest in technological innovation.

Ola has become a significant technological platform for transportation, offering an easy way to book taxis through a mobile app while providing flexibility to drivers in terms of their availability. Drivers who work more receive incentives. These companies do not own cars or directly employ drivers; instead, they connect with

drivers through the mobile app. They operate as technology-driven marketplaces. As a result of their forward-thinking strategies, the company has experienced rapid growth.

## **Problem Solving:**

Ola, the pioneering ride-sharing and mobility company, stands out for its comprehensive solutions to real-world challenges in the transportation industry. In remote and less urbanized areas, Ola goes the extra mile, offering outstation rides and auto-rickshaws, thus ensuring that even those living in less accessible regions can rely on Ola's services for their travel needs. Safety is paramount, with Ola implementing innovative measures such as Ola Guardian for real-time monitoring, an emergency button for distress situations, and women-only ride options, fostering a secure and comfortable environment for all passengers. Addressing payment diversity, Ola offers a range of options, including cash payments, Ola Money wallets, and card payments, ensuring that passengers can pay for their rides conveniently, irrespective of their preferred payment method. Ola is also deeply committed to sustainability, with its electric vehicle fleet and carbon offset initiatives, setting the stage for a greener and more eco-conscious future of mobility. Moreover, Ola's commitment to inclusivity shines through with the Ola Mobility: Accessible program, which provides wheelchair-accessible vehicles and trains driver-partners to assist passengers with disabilities, creating a more inclusive and supportive transportation experience for everyone, regardless of their mobility needs.

## **OLA's Promotional Strategy:**

Ola's promotional and marketing strategy was comprehensive, aiming to cover all aspects. They were dedicated to maintaining their leadership in the market. To achieve this goal, they implemented various strategies and promotional activities. Here are some of them:

**Customer Service:** Ola focused on providing top-notch customer service. They attended to customer calls and ensured that customers reached their desired destinations comfortably.

**Market Leadership:** Ola aimed to maintain its position as a market leader, implying that they continually strived to stay ahead of competitors.

While the specific strategies and activities are not detailed in the provided text, it's clear that Ola prioritized customer satisfaction and market leadership in its promotional and marketing efforts.

### ***Strategies:***

**Micro Entrepreneurship:** Ola supported drivers in becoming micro-entrepreneurs by helping them purchase their own cars through substantial discounts and affordable repayment plans, often in collaboration with major car manufacturers.

**OLA MINI:** Ola's successful marketing campaign, OLA MINI, offered cab rides at prices equivalent to auto fares. This strategy gained public acceptance, especially when Ola provided cab rides at auto fare prices during auto strike days in 2012 and 2013.

**Strategic Partnership with Make My Trip:** In 2013, Ola Cabs formed a strategic partnership with Make My Trip. Under this collaboration, Make My Trip customers could access rental car services for pick-up and drop-off at their desired destinations. This partnership expanded Ola's customer base and increased brand awareness.

**Customer-Centric Approach:** Ola prioritized customer satisfaction by ensuring that customers using their service were well-served. They promptly addressed any system errors and provided extra credits to customers in case of mistakes, aiming to maintain a loyal customer base.

**Advertising Partnership with TVF:** Ola partnered with The Viral Fever (TVF), an Indian online web series platform with a strong fan base. This partnership allowed Ola to acquire customers from TVF's existing fan base while also helping TVF reach Ola's customer base.



**OLA Boats During Chennai Floods:** During the Chennai floods, Ola launched a ferry service to assist stranded people in reaching their homes and delivering essential supplies like food and water. The service received praise on social media, with one Twitter user humorously describing it as "uber cool."

**Economic Strategy:** Ola employed target marketing by categorizing its fleet into different models that suited customer demands and budgets.

These strategies not only empowered drivers but also helped Ola expand its customer base, enhance its brand awareness, and provide innovative solutions during critical situations like natural disasters.

## **Social Media**

Ola employed various means of promotion, including traditional and online marketing, to enhance its brand presence:

**Traditional Advertising:** Ola utilized traditional advertising channels such as banner ads, newspaper ads, and extensive television ads to reach a wide audience.

**Online Marketing:** In the realm of online marketing, Ola leveraged social media platforms like Facebook and Twitter as part of its promotional campaigns.

**Facebook Marketing:** Ola chose Facebook for its first campaign because of its large user base in India. This platform allowed Ola to target the right audience at the right time. The #chaloniklo campaign on Facebook was highly successful and featured video ads encouraging users to download the Ola app. This campaign significantly increased the popularity of the Ola app. Ola's consumer acquisition rate, as well as searches related to Ola cabs, saw substantial increases, resulting in a 60% boost in sales.

**Remarketing:** Ola also implemented remarketing strategies, targeting individuals who may have interacted with the initial #Chaloniklo campaign.

By strategically using Facebook, Ola capitalized on its extensive user base and achieved remarkable success in increasing app downloads, customer acquisition, and overall sales.

### ***Conclusion:***

Ola has experienced remarkable growth in the taxi market sector, and its progress seems unstoppable. The company's revenue has increased nearly tenfold over the past four years, establishing it as the largest cab service provider in the country. Ola has effectively garnered public support and generated significant brand awareness in the market.

Ola's focus now revolves around target markets and providing tailored services to meet the needs of specific customer segments. Their economic segmentation approach, based on income groups and customer requirements, has been well-received.

Ola employs a dual approach to promotion, utilizing both traditional and modern techniques. It not only promotes its brand through conventional methods but also leverages contemporary promotional avenues. Moreover, Ola actively engages in social initiatives, raises awareness about social issues, and promotes acts of kindness.

One of Ola's key success factors is its efficient and swift accessibility, offering users and employees a high level of convenience. Ola has made hailing a taxi as simple as a single click, fostering habits that are easy to form and hard to break.

In summary, Ola's success is attributed to its strategic growth, customer-centric services, diverse marketing approaches, and a commitment to promoting social awareness and human values.

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