# OLX

## Business Model

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## Executive Summary

OLX is one of the world’s largest free classified sites with over 150 million unique visitors per month. OLX is used in over 96 countries and 40 languages. The company was co-founded in March 2006 by Internet entrepreneurs Fabrice Grinda and Alec Oxenford. OLX has more than 200 employees across offices in Argentina, Brazil, India, China and USA.

OLX is now owned by Naspers , the 5th largest Media company in the world.

OLX is a next generation classifieds site present in 90 countries and 39 languages. They are present in India on web [http://www.olx.in](http://www.olx.in/) as well as mobile [http://m.olx.in](http://m.olx.in/). There is an option to use OLX India site in English as well as Hindi. They are live in most Indian cities and we already have users from 900+ cities in India. OLX is 100% free to search, list and transact. They have all the key classifieds categories like Jobs, Real Estate, Cars, For Sale, Matrimonial, Services, Education and Community. OLX has integrated many [Web2.0](http://en.wikipedia.org/wiki/Web_2.0) features to the product and aspire to be good in every vertical.

Amarjit Batra, Country manager of OLX India, has been in the internet space in India for the last nine years and is a strong believer in the online marketplace model, says India is an important market for OLX.

 As per estimates, the size of the online market is Rs. 800 to 900 crores.

**How different is OLX from other competitors like Sulekha, Sify Classifieds etc.**  
First of all, it is a 100% free site. The major difference with vertical category sites is that they are present in many categories- Jobs, Real Estate, Vehicles, Matrimonial [only in India], For Sale, Services, Classes, and Community.

Being a local site, they are today present in all major cities in India, whereas the rest of the sites are focusing on few cities only. The other key differentiating factor is a user friendly mobile version of the site [http://m.olx.in](http://m.olx.in/) on which one can do everything that can be done on the web version. They are also present in other languages like Hindi <http://www.olx.in/hi/>.

Being a Web2.0 product, users can easily design rich colorful listings with pictures and videos and display their listings on their social networking profile [[Facebook](http://www.facebook.com/),[Myspace](http://www.myspace.com/) etc... ]

Unlike others, they are a global classifieds site network, being present in 90 countries and 39 languages with a local presence in India.

**Difference between Indian and other markets.**  
Indian online classifieds market is quite different from US, primarily in two ways.

* Online classifieds in India have grown through vertical sites in jobs, real estate and matrimonial unlike US where the biggest classifieds site is [Craigslist](http://www.craigslist.org/), a horizontal site.
* US online market has been the harbinger to the shift from print classifieds to online classifieds and it’s been happening in a huge way with many print dailies getting out of business. Contrarily to the US and Western Europe, the newspapers in India are still growing in circulation. As a result the print classifieds is also growing.

The online classifieds industry will eventually cross the print classifieds through the sheer reach, flexibility, cost effectiveness and ease of use for both advertisers and searchers, but it will take some time.

India is difficult to cover by a single medium or a single language. It was print earlier, but Internet has shown a good growth recently and mobile is going to become important in the future. Similarly, English readership is limited in our country and to fully cover the market, local language options would become increasingly important.

## Trends in Indian Market

* Increased awareness and preference for online classifieds. There has been a increased awareness among the internet users now, whereas earlier, a lot of time and effort was being spent by online classifieds players in educating consumers and businesses on the benefits of using classifieds.
* Rise of the Horizontal Classifieds Sites. The market is moving from vertical category sites to horizontal category sites. Even the players who were earlier in one category have launched other verticals or their own horizontal sites
* New categories becoming relevant online. Jobs, Real Estate and Matrimonial have been the top draw categories and continue to remain so, but there are other categories like Vehicles (Auto), For Sale (e commerce categories), Services and Classes (Education) that are also driving considerable interest among consumers.
* C2C users now have a platform to trade. Online classifieds has been a shot in the arm for C2C transactions in India and filled a huge gap. Online classifieds is now a preferred option to advertise.
* Boon for SME’s. As a country, India is on a growth path and the large numbers of micro and small entrepreneurs starting their businesses or facing the onslaught from competition are increasingly looking at advertising options that are free or low cost. Online classifieds provide them with a local as well as a national reach and it’s free.
* Internet is going local. Most trades, transactions and exchanges happen within a city or town and local online classifieds have gained traction since the last few years.
* Emergence of the Mobile Internet. Internet penetration in India has been constrained because of broadband and PC penetration whereas Mobile penetration has been explosive. People are beginning to realise the ease of access of Internet through their mobiles and in many cases they are having their first exposure to internet through a mobile handset. Online classifieds on Mobile are gradually gaining traction and with the rapidly growing mobile internet users, it could be a large chunk soon.

**Comparison with other classifieds like Craigslist, USA**

Craigslist charges for jobs, real estate and other categories in certain cities, whereas OLX is 100% free to post.

OLX innovations

* Mobile version such as [http://m.olx.in](http://m.olx.in/) reachable from any cell phone.
* Allow users to promote their listings automatically on social networks.
* Have a rich WYSIWYG editor allowing users to create colorful postings without knowing HTML.
* Support photos and videos.
* The site is multilingual even within countries with 39 languages supported.
* Have powerful search functions in real estate and cars.

**If OLX is completely free, what is the revenue model of OLX ?**  
OLX has text ads (currently provided by Google) as the only monetization option. The core site will always be 100% free. However OLX has launched ‘Featured Listings’ in few countries that allows users to get prominent placement on the site. This is certainly a value add to the advertisers, without compromising on the free listings that one can still post.

OLX also charges commission on certain transactions, and in some cases buys directly from the sellers and earns on the difference by further selling that product.

The mobile site [http://m.olx.in](http://m.olx.in/) is also completely free for users. The mobile site has a banner or text ad on top and bottom of each page and is monetized through ad networks.

## Sources

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