

UpGrad Product Management Competitor Analysis

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Meru Cabs – Background and Goal

Established in 2007, Meru cab has been a trusted brand in the organized taxi space in highly competitive market and has been steadily expanding its footprint in India. Currently operating in 24 cities and offering 5 different product based on every changing customer requirements our goal is to establish themselves as Premier Ride Hailing Service In India which is known for his reliability, transparent fares and safety.

Meru started its journey keeping riders in mind, and years later they still build towards the same goal – Reliable, Safe and Transparent transport solution.

Meru breathes technology-led innovation and is always on-the-go to create rides that complement every travel need. Some of their pioneered innovations are fully automated GPS GPRS based dispatch system, ExactoMeter – for complete transparency in rides, automated speed alarms in cabs, trip tracker service and ICE alert in mobile app which primarily aims at women safety. As forerunners, Meru takes it as its responsibility to keep revolutionizing and enhancing the travelscape in the country.

Meru rides around more than 20,000 cabs and is the favorite of over 12 million riders.

Number of employees: 500-1001

Estimated Annual Revenue: \$45M

Source: wiki, Owler, Company Website

Direct and Indirect Competitors for Meru Cabs

<u>Direct Competition</u>	<u>Indirect Competition</u>
1) OLA	1) Taxis, Autorickshaws
2) UBER	2) A/C Buses

	Cities Served	Fare (Mumbai)
MERU	24	Rs. 189 for first 9 km, after that Rs. 20/22/25 per km, based on the time of ride
OLA	169	Rs. 70 for the first 10 km, after that, Rs. 16 per km
UBER	600	Based on the distance travelled, website doesn't mention per km rate

Source: OLA, UBER, MERU company website

Comparison- MERU with Direct Competitors

	Goal	Strategy	Funding	Annual Turnover	Employees	Founder(s)
Meru	Establish as Premier Ride Hailing Service In India which is known for his reliability, transparent fares and safety.	Ownership model for growth and better control on experience. Moved to Hybrid model to meet demand.	Investor: Truenoth \$75M	\$45M	500-1001	Neeraj Gupta Nilesh Sangoi
OLA	Redefining Mobility in India by providing a common platform for drivers and customers to give a consistent experience and earning opportunity.	Aggregator model and discounting backed by technology to expand into many cities. Moved to hybrid to ensure driver loyalty.	Investor: Tiger Global, Softbank \$2.9B	\$320M	6000	Bhavish Aggarwal Ankit Bhati
UBER	“Our intention is to make Uber so efficient, cars so highly utilized that for most people it is cheaper than owning a car.”	Aggregator model and discounting backed by technology. Focused on integration with other platforms (google maps) to expand customer base.	Investor: Various \$29.9B	\$11.27B	22,263	Travis Kalanick Garrett Camp

Sources: Wiki, Company Websites and google

Business Model -- MERU

	Initial Model	Latest Model	Reason for Shift
Meru	<ul style="list-style-type: none"> • Started with the capital intensive and asset heavy inventory model for better control over availability and drivers from metro cities. • Continues to work with fixed fare with lot of focus on transparent pricing. • Initial target customers were airport and railway station travelers who book in advance which is still it's strongest point. • Focus on solo women travelers looking for reliable public transport <ul style="list-style-type: none"> • Still focus on non-tech savvy customer base. • Earning revenue through Advertisements in the cab • Better driver policies with features like loans, minimum fixed income and less workload. 	<ul style="list-style-type: none"> • Expanded to Tier 2/3 cities at a sturdy pace. • Moved to hybrid model by adopting asset- light fleet aggregation model working on commission with the aim of "Making every city profitable". • Launched flagship product "Geni" a more economical city cabs product to improve market share for last minute app bookings. • Aims to grow its revenues in the next six years to become a USD 1 billion company. • Reduction of charges to win customers. 	<ul style="list-style-type: none"> • Loss of market share to fleet aggregator companies like Ola and Uber due to better usage of available technology and online marketing. <ul style="list-style-type: none"> • Heavy discounting by new players and extra benefits to drivers resulting in loss of trained drivers. • To meet the extra demand sustain high growth rate to meet the target. • Increased internet penetration and cheap smartphones helped in expanding customer base in Tier2/3 cities.

Business Model -- OLA

	Initial Model	Latest Model	Reason for Shift
OLA	<p>Started with the asset- light fleet aggregation model by tying up with local taxi firms and individual drivers.</p> <ul style="list-style-type: none"> • Ola would charge commission from total fare based on city and car type. • With strong focus on technology target customer is young working class with smart phone users in metros. • Heavy discounting to gain market share and lot of innovative • Better driver incentives for increased driver sign-up. 	<p>Opted for growth by acquiring TaxiForSure in 2015 and fully integrating it into Ola.</p> <ul style="list-style-type: none"> • Moved to hybrid model by investing in pre-buying vehicles and leasing it to drivers with no commissions. • Anticipating the customer demand increased its products like Autos, bike and reduce the costs for customers launched sharing a cab. • Expanded rapidly in non metro cities to increase customer base. • Launched mobile wallet for improving cash flow and customer retention. 	<p>Increasing customer base in a short period of time and acquiring a large customer and pool of drivers and vehicles.</p> <ul style="list-style-type: none"> • To ensure better driver retention for a longer periods and get better control on customer experience. • To engage customers at various price points resulted in launching products from Auto – Luxury cars. • Demand for better facility like WIFI and comfort resulted in product launches like Ola select.

Business Model -- UBER

	Initial Model	Latest Model	Reason for Shift
UBER	<ul style="list-style-type: none">• Launched with app only pure credit card only cab aggregation model.• Partnered with financiers for low interest rates to create driver base.• Like Ola, targeted middle class customer base with smart phone users living in Metros.• Focused on customer experience while booking and driver behavior.• Partnered with Google maps and gave discounts to acquire more traffic.	<ul style="list-style-type: none">• Introduced COD (Cash-On-Delivery) model.• Launched new products like Uber X and Uber Share.• Introduced Uber Auto to expand customer base.• Partnered with mobile wallets to increase customer base.• Introduced surge pricing during peak hours to maximize return on existing customers.	<ul style="list-style-type: none">• Launched Uber X a more economical option for customers due to competition• Customer behavior of using cash as primary mode of payment in India especially in Tier 2/Tier 3 towns

Strengths and Weaknesses

	Strengths	Weaknesses
MERU	<ul style="list-style-type: none">• Reliability for advance bookings• fixed fare no surge pricing• Fixed stands at airports• High driver retention rates• Flexible cancellation policies• Integration with major mobile wallets• Better balance sheet as some of the big metros are already profitable.	<ul style="list-style-type: none">• More expensive• Less products to increase customer base• Later adaptor of new technologies• Present in less number of cities• Lack of security features like number masking
OLA	<ul style="list-style-type: none">• Instant availability• Product offerings for every pocket• Introduction of mobile wallet Ola money and wider acceptance of the wallet on other products• Credits policy for frequent users• Presence in maximum number of cities	<ul style="list-style-type: none">• Less accurate maps• Lack of training to drivers resulting in negative publicity.• High surge pricing• Earnings to loss ratio is very high.• Very high cash burn rate

Strengths and Weaknesses – Contd.

	Strengths	Weaknesses
UBER	<ul style="list-style-type: none">• International brand• Competitive pricing hence gaining market share rapidly• Better driver incentive programs like Rs. 3000 for 12 hour login• Product offering for every pocket• Higher customer satisfaction ratings (59%).	<ul style="list-style-type: none">• Present in less number of cities• High surge pricing• Does not allow advance bookings• High cash burn rate• Lesser number of products compared to Ola

Product Features

	App Downloads	App Rating	App Reviews	Avg. Ride Per Month	Repeat Customers %	User Experience
MERU	Android: ~1 – 5 million IOS: NA Windows: NA	Android: 3.8 stars IOS: NA Windows: 4 stars	Android: 44% reviews are 5*	N/A	N/A	Availability with last min bookings Random cancellation High prices
OLA	Android: ~50-100 million IOS: NA Windows: NA	Android: 4.1 stars IOS: 2.7 starts Windows: 3.8 stars	Android: 57% reviews are 5*	~2.7	50- 55%	Issues with GPS location Long delays while sharing Longer wait time after bookings
UBER	Android: ~100-500 million IOS: NA Windows: NA	Android: 4.2 stars IOS: 4.7 starts Windows: 3 stars	Android: 66% reviews are 5*	N/A	55-60%	Issues with fare estimates Tech issues with app Longer wait time after bookings

Product Features Contd.

	Key Product Features
MERU	Multi wallet integration, Cab-Tracking, Single touch booking, Location detection, Advance Booking , Spot Booking, ICE (In Case of Emergency)
OLA	Ola Money, Cab tracking, Location detection, Advance booking, Spot booking , SOS button, Shared Cab, Surge pricing , Wifi in cabs, Credit to frequent users, Ride verification, Number masking to drivers
UBER	Cash payment, Cab tracking, Location detection , Spot booking, Panic button, Surge pricing , Number masking to drivers, Share Trip for drivers and passengers , Request for Guest Ride, Call to Ride, Offline search

Future Initiatives

	Future Initiatives
MERU	Eyeing B2B clients, as it has experienced a dip in the revenue
OLA	Ola been forging alliances with companies like Google, Airtel and Zomato and has been entering into strategic partnerships with various Government departments, including Airport Authority of India (AAI) and Indian Railways. It is currently in the process of setting up booking kiosks in 12 railway stations in Bangalore and 6 airports in India, whereby travelers can directly go to the Ola zone and book taxis, instead of relying solely on the app. There will also be designated parking spaces allotted to the company at these stations and airports. Furthermore, Ola is also closely working with the government to introduce electric vehicles in Indian cities. With the government aiming to turn the country into a 100% e-vehicle nation by 2030, it is certainly a step in the right direction for the taxi aggregator, which had launched a pilot program in Nagpur to test e-vehicles on its platform.
UBER	Uber has begun talks with the government to usher in a regulatory framework for flying taxis in the country, a top company executive told ET. Over the last one year, it has held conversations with regulators in India and met Prime Minister Narendra Modi, said Nikhil Goel, head of product, aviation at Uber, in an interaction with ET on the sidelines of an Uber Elevate event here. Uber Elevate is an umbrella term for the company's initiatives to launch Uber Air, which include its aerial electric ride-hailing service and other ancillary air transport, for instance, food delivery.

Sources: google, <https://www.peoplesmatters.in/news/employee-relations/meru-cabs-to-focus-on-corporate-employee-transportation-17947>, <https://economictimes.indiatimes.com/small-biz/startups/how-ola-is-riding-the-future-of-mobility-in-india/articleshow/60218474.cms?from=mdr>, <https://economictimes.indiatimes.com/small-biz/startups/newsbuzz/uber-in-talks-with-govt-to-elevate-flying-taxi-regulations/articleshow/69765624.cms?from=mdr>