



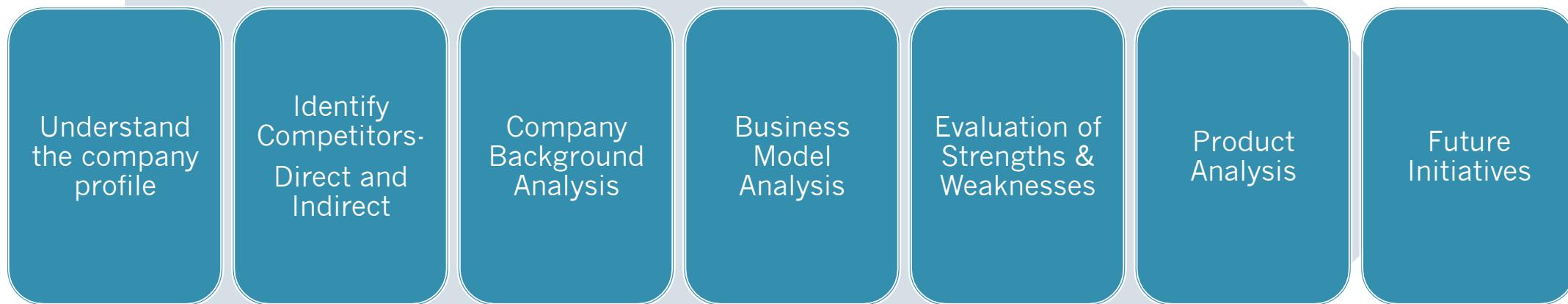
**Online Higher  
Education Programs**  
for Working Professionals

# UpGrad Product Management Competitor Analysis

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# Competitor Analysis

To perform a Competitor Analysis of the Cab Market and get an understanding of the industry, firstly, we need to consider the following steps –



# Meru Cabs - Company Profile

- Meru is a trusted cab service headquartered in Mumbai, founded by Mr. Neeraj Gupta in April 2007 by raising funds against an equity stake in the company from India Value Fund (IVF), which is a private equity fund with a corpus of over US\$1.4 Billion
- They operate presently across 23 cities in the country, offering 5 different types of products. Meru rides around more than 20,000 cabs and have over 12 million riders.
- Meru has integrated with Google Now to send passengers reminders for cab pickup alerting them if they wish to book a cab based on their location and other information through Now Cards within the Google app.

# Identifying Competitors

Direct Competitors	Indirect Competitors
<p>The direct competitors for Meru Cabs are –</p> <p>  </p> <p>These cab service providers like Ola, Uber and Easy Cabs have got a similar business model and target the same customer segment.</p>	<p>The indirect competitors for Meru Cabs are –</p> <p>Self Drive Car Rental services like</p> <ul style="list-style-type: none"><li>Zoom car </li><li>Just Ride </li></ul> <p>Private Buses</p> <p>Metro Railways</p> <p>These competitors are targeted at alternate customer segments and might become potential substitutes.</p>

# Competitor Analysis for Meru Cabs vs Ola

Background Analysis	Vision and Mission	Goals
	<p>Our Vision is to give urban commuters a world technology class travel experience by using that has evolved in developed countries over the past 20 years.</p>	<p>With our high-tech gadgets, data science, algorithms, user-friendly interface, consumer centric processes, and a decade long experience – we strive to deliver a well-rounded experience for you.</p>
	<p>“With Olacabs, we’re trying to bring quality and predictability to car rental services online.” – Bhavish Aggarwal, CEO</p> <p>The vision is to provide hassle-free, reliable and technology-efficient car rental service to Indians.</p>	<p>The goal is to reach the local market and target customers of various segments.</p>

## Background Analysis

## Strategy



- Meru's strategy revolved around giving the best customer experience. They owned few cars and then trained their drivers to give the best-in-class service and ensure that the driver holds better knowledge and responsibility
- Providing the 24 x 7 customer support for seamless experience
- GPS tracking of the cabs and ensuring safety-first to the customers – especially for airport pick up and drops during odd hours.

## Background Analysis

## Strategy



- The motive is to gain market share while providing delightful customer experience to gain trust. Customizing to suit the needs of the “local market”, targeting the right audience
- Ola’s initial offline ‘Chalo Niklo’ campaign did not fetch the desired results. So, they shifted to Marketing on Facebook campaigns to increase brand awareness.
- It is targeting to have on board a million driver partners
- Offering coupons and discounts and to gain more customers.
- Mobile App awareness to the common people through the launch of a customized mobile-specific technique named as “App Analytics” with the help of which the app can track and measure the overall performance of the services in particular city or through the particular drivers

Background Analysis	Founders	Revenue	Employees	Funding	Fleet Size
	Nilesh Sangoli CEO  Neeraj Gupta, Co-Founder & MD  Est. 2007	\$ 42 Mn	485*	75 mn USD  in 3 funding rounds from 2 investors TrueNorth and Brand Capital  Initial Seed funding Mar 2015 - \$50 Mn	20,000
	Bhavish Agarwal Co-Founder & CEO  Ankit Bhati Co-Founder & CTO  Est. 2010	\$ 201.4 Mn	8000	3.8 bn USD  in 22 funding rounds from 39 investors, (latest funding in Mar 2019)  Initial Seed funding April 2011 - \$0.33Mn	8,00,000

## Background Analysis

### Products and Services

### Twitter Followers

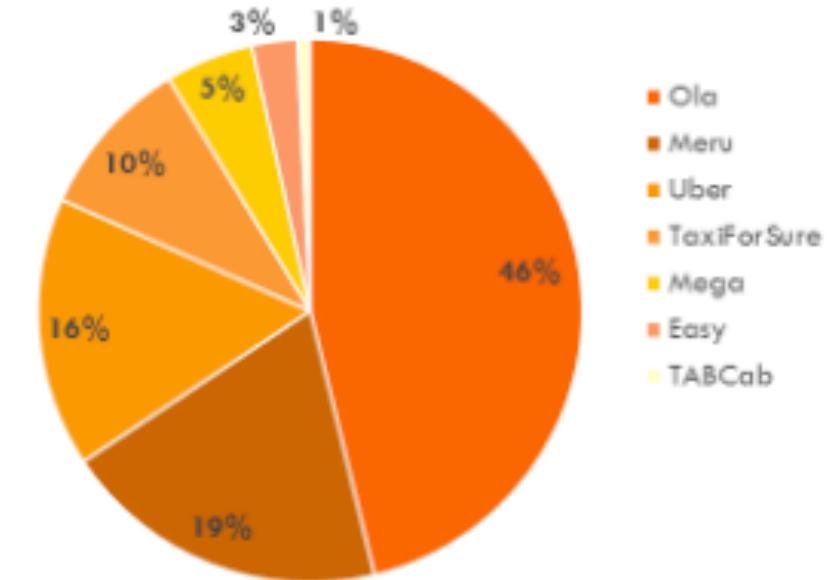


City Taxi  
 City Rental  
 Out Station  
 Genie Cabs  
  
 Meru's sedan and SUVs are launched at Reasonable prices

20 K

**OLA has the highest Share of Voice**

OLA cabs leads the share of voice at 46% followed by Meru cabs



Share of voice of radio taxi service providers, Source: Simplify360



Ola Mini/Micro  
 City Rental  
 Ola Select – privileges like free wifi, airport lounge, etc.  
 Ola Money - Wallet  
 Ola Share Pass – Ride with fixed fare in share cab  
  
 In-cab entertainment offerings in few Services

223 K

## Business Model

### Initial Revenue Model

### Current Revenue Model



When Meru was launched, it owned the fleet.

Drivers had to pay some fixed amount per day (around Rs.1200 to Rs. 1300) to the management and were promised at least 25 assignments a day.

They had to invest money to create an ecosystem where customers are given a comfortable taxi ride and the drivers did not have the capital to own such cars.

That's why they leased cars to drivers, contrary to the system that exists in foreign countries (where drivers own the cars and subscribe to a branded service)

The strike by drivers in 2012 forced Meru to rethink its business.

Now, 50% of its cars are owned by the drivers themselves, across three brands - its flagship Meru (Rs 20 per km in Mumbai), Meru Plus (Rs 23 per km) and Genie (Rs 15 per km onwards).

Owning the cars makes the drivers more responsible for the service.

Meru would buy a car for the driver on EMIs across 4yrs. Driver could own the car by the 5th yr.

Meru accepts 15% share of the fares from each driver.

Business Model	Initial Revenue Model	Current Revenue Model
	<p>Earlier in 2010, Ola started off as a fleet rental service and owned a bunch of cars.</p> <p>Some commission from the fare of the trip – the percentage being in the range of 15-20%.</p> <p>Drivers get incentives after every 12 to 14 rides of Rs.500 to 750 based on the city and vehicle type.</p> <p>Even the waiting fee was charged for customers.</p> <p>But, then, soon realized that in-order to grow exponentially, this model alone would not suit.</p>	<p>Ola moved to part inventory model, where the drivers can lease a car for an initial deposit and after paying monthly EMI for 3 years, the driver can own the car.</p> <p>Only those drivers with valid permits duly authorized and verified by transport authorities can sign up with OLA and they could be either self-employed or work for an operator who owns multiple cars</p> <p>Being the facilitator – as a cab aggregator service drives major revenue.</p>

Business Model	Reasons for shift in the Revenue Model
	<ul style="list-style-type: none"> <li>• Huge initial investment</li> <li>• Drivers were not happy with paying even while they were on leave</li> <li>• Strike by drivers made Meru think again and adopt to the new model</li> <li>• New Revenue model is better scalable and earned a good revenue of Rs.500 crore in a short span!</li> </ul>
	<ul style="list-style-type: none"> <li>• Earlier, since the drivers didn't own cars, the commitment and responsibility quotient was slightly low</li> <li>• Ola could not take up the training of drivers properly</li> <li>• Even the loyalty of drivers was considerably low as they could easily switch to the competitors, Uber.</li> <li>• So, to build more loyal and responsible drivers as well as to have better place in the competition, Ola made the shift</li> </ul>

Business Model	Target Market	Operational cities
	<p>All those people who would like to avail instant cab services in both Urban and Tier II cities &amp; who is interested in safe, professional transport</p>	<p>23</p>
	<p>All those people who would like to avail instant cab services in both Urban and Tier II cities &amp; who is interested in safe, professional transport</p>	<p>102 Recent updates to reach out to other markets – UK, Australia, etc.</p>

## Strengths & Weaknesses

### Strengths

### Weaknesses



- India's largest radio taxi operator
- Location tracking through GPS
- Fixed pricing structure and no surge pricing
- Customer support – 24 x 7
- Payment options with all major wallets and ease of use.
- Trained drivers
- Booking convenience – through app, site, Facebook bot, call center, etc.
- Reliable for airport drops during late hours

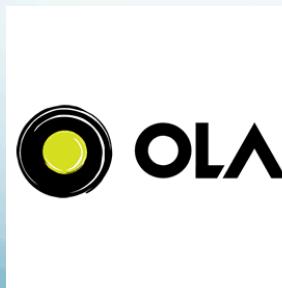
- Not very easy for expansion since Meru owns some fleet
- High priced cabs – not very suitable across all income groups.
- Not much reach developed across cities although it is a 9 yr old company



- Ola is a cab aggregator service and hence the expansion is faster. No owned cabs.
- For customer segmentation by income group, cab services are available, like – ola mini, micro, prime, luxury, rentals, auto, share pass etc
- Huge rounds of funding and building better brand image.

- Surge pricing in peak hours
- Since cabs are not owned by Ola, drivers are not able to be trained well
- Lack of clarity exists in certain regulations and hence, some product aspects keep changing often in Ola

Strengths & Weaknesses	Pain points
	<ul style="list-style-type: none"> <li>• Non reachability of drivers sometimes</li> <li>• Bugs in confirmation of drivers to the customers and sometimes customers have to keep calling the support team for confirmation of booking</li> <li>• Unavailability of cabs is notified quite late to the customer</li> </ul> <p>Refer customer reviews, articles –</p> <p><a href="https://www.mouthshut.com/product-reviews/Meru-Cabs-reviews-9250855988">https://www.mouthshut.com/product-reviews/Meru-Cabs-reviews-9250855988</a></p>
	<ul style="list-style-type: none"> <li>• Surge pricing - Sometimes users are charged very high.</li> <li>• Lack of proper training for drivers on the usage of Ola app</li> <li>• Denial of service by the driver</li> <li>• Drivers go in wrong routes and while getting late, sometimes they do not pickup call and neither do they cancel – also related to training and conduct of drivers.</li> <li>• Delays in payments to the drivers by Ola.</li> </ul> <p>Refer customer reviews, articles –</p> <p><a href="https://www.mouthshut.com/product-reviews/Ola-Cabs-reviews-925667609-srch">https://www.mouthshut.com/product-reviews/Ola-Cabs-reviews-925667609-srch</a></p>

Product Analysis	Platforms & Tech Stack Used	App Rating	App Reviews	No. of Downloads	User Experience	Functionality
	Android iOS Facebook bot Website  <b>Uses 42 technologies –</b> Google Analytics, Facebook domain insights, Viewport meta, etc	3.8 – on Android  2.5 - on iOS	56K reviews on Android	1M +	No. of clicks for booking is high and hence not a very intuitive interface. Cross-platform apps	Functionality is not very high rated. Some technical bugs for bookings still exist
	Android iOS Website  <b>Uses 49 Technology products including Google Analytics, Wordpress, etc</b>	4.1 – onAndroid  4.6 - on iOS	1M reviews on Android	50 M +	Hassle-free intuitive user experience. Native apps on all platforms	Functionally smooth and superior comparatively

Future Initiatives	Road Ahead
	<ul style="list-style-type: none"> <li>Various other types of cab services to reach all customer segments – targeting multiple income groups – offered 3 new categories recently. More to come.</li> <li>Adopting Marketplace model – through the dynamic pricing to attract more customers</li> <li>On App, they would be giving option to choose from 10 cabs whose fares with ETA and driver ratings are displayed. Company is planning to launch new model in Delhi-NCR first</li> <li>Sharpening its focus on B2B clients – employee transportation, airport contracts, etc.</li> </ul>
	<ul style="list-style-type: none"> <li>Further expansion in other cities – targeting over 50 more new cities.</li> <li>Aiming to expand more in Tier 2 and Tier 3 cities</li> <li>Looking forward to acquire other small players in the market – the recent being Ridlr and trying to create a bigger base</li> <li>\$60 million into its international operations over the last 15 months to expand in UK, Australia and New Zealand – global expansion plans</li> </ul>

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