

UpGrad Product Management Competitor Analysis

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Competitive Analysis:

Meru Cabs



Vs

Ola Cabs



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Competitor Identification

Direct Competitors

- Meru has direct competition with companies like: Ola Cabs, Uber, Easy Cabs, Mega Cabs who have same or similar business models



Indirect Competitors

Shared Commute Services

Zipgo – creating a trackable private bus network and users to book a seat.



BlaBlaCar – Intercity carpooling services connecting people travelling to the same destinations.



Self Drive Car Rental Services

Zoomcar, Revv – Many self drive Car rentals pose to be very competitive as they are well priced and super convenient.





Background Analysis

Meru Cabs:

- **Founders** : Neeraj Gupta & Nilesh Sangoi
- **Headquarter** : Mumbai
- **Funding** : Appx 75 Million USD (as of Dec 2015)
- **Valuation** : Appx 1 Billion USD by 2022

Ola Cabs:

- **Founders**: Bhavish Aggarwal (CEO) and Ankit Bhati
- **Headquarters**: Mumbai
- **Funding**: appx. 1.5 Billion USD(as of Dec 2015)
- **Valuation**: Appx 5 billion USD(as of Dec 2015)

Specifics		
Launch Year	2007	2010
CAGR	25%	30%
Market Share	5%	70%
Current Employees	381*	5000
Revenue	\$42Mn	\$62Mn
Customer Base	10Mn	20Mn
Fleet Size	50,000+ appx.	250,000 appx.
Operating Cities	24	102

i. Company Vision & Goal



Meru wants to be an organization that will touch the one billion population in India and ensure that we provide a safe, reliable and transparent transport solution to the people for a daily purpose. Delivering quality service at all touch points— booking, while travelling, and post travel—in all the areas of our country is the vision and mission.



“With Olacabs, we’re trying to bring quality and predictability to car rental services online.” – Bhavish Aggarwal, CEO

At Olacabs, the goal is to bring convenience, price transparency and standardization to consumers booking car rentals and cab services. They offer instant confirmation for car rental bookings

ii. Strategy



- Meru was the first radio taxi provider in the country.
- Built brand image as the No.1 airport taxi and most reliable for solo woman passengers.
- Created trust and loyal customer base by providing great service and well trained drivers.
- Improved employee stickiness by providing incentives like loans, insurance and scholarships for them and their families.
- Expanding to Tier2/3 cities slow and steadily.
- Continue to thrive in the advanced booking space.
- Very customer friendly even for the non-techsavvy who can book cabs via call centre.
- Genie cabs have been a flagship product segment of economical cabs my Meru.
- Earning revenue through “Cabvertisements”
- Only provider to have Taxi Aggregator license in India.

ii. Strategy contd...



- Built the brand as the “To go” app for any kind of cab booking with their “Chalo Niklo” ad campaign.
- Always kept focus on being an online platform for aggregation and reach.
- Launch of new innovative products and offers very frequently keeping the customer base excited and hooked.
- Acquired TaxiForSure in March 2015, for \$200MN USD, making it the largest fleet size and market share.
- Providing drivers with very attractive and lucrative monetary incentive schemes.
- Recently slashed fares by 20-30% in Tier2&3 cities.
- Started Ola Fleet Technologies over a year ago whose main focus is building its own fleet, skilling drivers and creating a comprehensive ecosystem.

iii. Funding



Series	Who Funded	Date	Amount
Initial	Seed funding	April 2011	\$0.33million
First Series	Tiger Global	2012	\$5million
Second Series	Matrix Partners, Tiger Global	2013	\$20million
Third Series	Steadview Capital	July 2014	\$41.1million
Fourth Series	Softbank & Existing investors	Oct 2014	\$210million
Fifth Series	DST Global, Steadview & Existing investors	April 2015	\$400million
Sixth Series	Baillie Gifford & existing investors.	November 2015	\$500million
Total			~ \$1.2Billion



Series	Who Funded	Date	Amount
Initial	India Value Fund	March 2015	\$50Million
First Series	Bennett, Coleman and Co. Ltd	Jun 2016	\$25Million

iv. Products Offered



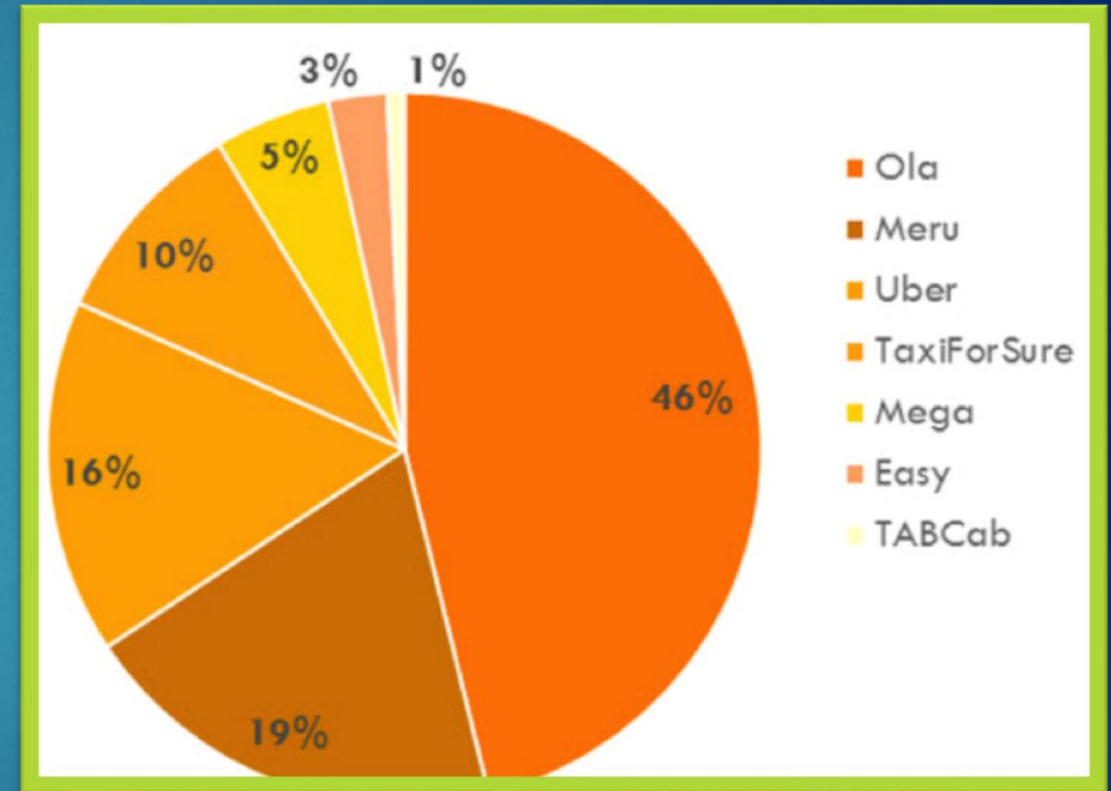
- Meru recently launched variants like Sedan and SUV at competitive prices.
- By selecting the Fare Exactometer feature, passengers can know the exact price to be paid even before the start of the ride. This avoids any unforeseen costs and provides peace of mind to passengers.
- Meru supports multiple mobile wallets.



- Passengers can book rides ranging from economy rides on a rickshaw to luxury cars.
- An “Ola Select” membership gives access to various privileges like no peak pricing, free Wi-Fi, airport lounge access etc.
- Ola Share Pass is subscription feature that allows riders to travel anywhere at a fixed rate in an Ola share cab.
- Ola Money – Payment wallet that allows cashless payments.

v. Social Media Analysis

- Ola Cabs is on the top of the social media share of voice among all the radio taxi service providers in India. Ola Cabs has 46% share of voice which is highest in all followed by Meru Cabs with 19% share. It has over 2lacs fans on Facebook and over 18.2K followers on Twitter.
- Ola runs very innovative campaigns on social media like a very recent on Road safety.



Business Model Analysis – Meru Cabs

Inventory Model (Old)

Revenue Sharing Model (New)

- In 2007, Meru launched with the Inventory model of owning the cab fleet.
- Cabs were bought from car manufacturers on an EMI.
- Cab drivers were promised at least 25 assignments a day.
- Cab drivers were to pay a fixed amount to Meru everyday. (Rs1200 appx).
- Anything above the per day fee was the income of the cab driver.
- Meru would pay for petrol, maintenance and overheads.

- In 2012, Meru moved away from Inventory Model.
- Meru onboarded driver entrepreneurs that owned their own cars.
Or
- Meru would buy the car for the driver for EMIs spanning 4yrs. Driver could own the car by the 5th yr.
- Drivers share 15 – 20% of their revenue with Meru.
- Drivers can work whenever and how much ever they want.

Reason for Shift:

- The Inventory model required a huge initial investment.
- Drivers had to pay the Per day fee even when they were on a leave.
- During vehicle downtime, the drivers would lose ride time and yet have to pay the per day fee.
- This created a lot of discomfort with most Meru drivers and hence Meru decided to shift the business model.
- The new business model is more scalable and viable.
- It has already resulted in Meru having a revenue close to Rs.500 crore.



Business Model Analysis – Ola Cabs

Revenue Sharing Model (Old)	Part Inventory Model (new)
<ul style="list-style-type: none">▪ Ola cabs launched with the simple revenue model of tying up with drivers and small cab rental firms.▪ Basic model of 'X%' commission from the total fare of the trip ranges from 15% to 20% depending on city and type of vehicle.▪ Every driver gets an incentive on every 12 to 14 rides of Rs.500-750 based on city and type of vehicle.▪ Ola also charges a Waiting fee to the customer.	<ul style="list-style-type: none">▪ Ola announced that it would buy cars and lease it out to drivers.▪ Drivers can lease a car for an initial deposit and then make monthly lease payments with an option to own the vehicle after three years.

Reason for shift :

- To build exclusivity with drivers and stave off competition from arch-rival Uber.
- Better loyalty of drivers towards the brand to ward off those drivers who used to be on both (Uber and Ola's) network.

i. Revenue Models

Revenue Lines	
	<ul style="list-style-type: none">▪ Trip based commissions▪ Security Deposits of leased out cars from existing owned fleet.▪ Cabvertisements: On-can ads – made almost Rs 10crore in 10 months.
	<ul style="list-style-type: none">▪ Trip Based Commissions▪ Ola Money Wallet▪ Corporate Tie Ups / Event Tie Ups▪ Vehicle On-Boarding Fee▪ In-Cab Advertisements▪ Car Type▪ Peak Time Charges

Strengths & Weaknesses

Brand	Strengths	Weakness
	<ul style="list-style-type: none">▪ First radio taxi provider.▪ Cost effective. No surge pricing.▪ Only aggregator to actually be making a profit.▪ Leading in advanced booking space.▪ Very advanced back-end technology▪ Driver stickiness is very high	<ul style="list-style-type: none">▪ Present only in 24 cities.▪ Not a very huge cab fleet compared to Ola.▪ Very low branding compared to Ola.▪ Received low funding.▪ High training costs.
	<ul style="list-style-type: none">▪ Widespread marketing of the brand. High customer awareness.▪ Present in 100+ cities.▪ New products and features for every segment of the customer base.▪ Huge cab fleet ensures high cab availability.	<ul style="list-style-type: none">▪ High surge prices.▪ Despite of all funding the company is not making profits.▪ Drivers are usually signed up with Uber also, decreasing driver stickiness.▪ Ola drivers have bad feedback and raise concerns with consumers.

Product Performance Analysis – Meru cabs

Specific	iOS	Android	Windows
App downloads	Not available	10 – 50 Million	Not available
App rating	1 star	3.8 stars	3.8 stars
App Reviews	Not enough data available	44% reviews are 5stars.	41% reviews are 5stars.
Download size	40MB	25MB	6MB
Basic Features	Book, track cabs and get notifications, ICE , pay through 4 different wallets		
New Features	One touch booking, Fare Exactometer, Ride a Meru airport taxi and pay thru Meru app. (cab not booked thru app but picked from the airport directly)		
App user experience	Launch of app is very slow. Availability of cabs is very low. The SUV, Sedan, Meru eve categories have not been launched in all cities yet.		
Website	Bot on Facebook Messenger. By using Natural Language Processing, a customer can chat with the bot for multiple use cases regarding cab bookings. 500users check out the service every day, 70% are related to booking		

Product Performance Analysis – Ola Cabs

Specific	iOS	Android	Windows
App downloads	Not available	10 – 50 Million	Not available
App rating	4+	4 stars	3.4 stars
App Reviews	Not enough data available	53% of reviews are 5stars.	38% of reviews are 5stars. Lot of app crash complaints.
Download size	158MB	40MB	25MB
Basic Features	See availability, book and track cabs and get notified, recharge wallet, SOS		
New Features	Pay mobile and utility bills Ola money, transfer money to friends		
App user experience	Launch of app is very quick with accurate GPS location.		

Future Initiatives



- Plan to expand Genie cab operations in 20 more cities in next 18 months. Expecting 35% of overall revenue from this segment.
- Plan to expand Meru cabs in 12 cities.
- Start Meru Eve operations in other cities. Currently its operated only in Delhi.



- Ola will invest \$20 million (over Rs 130 crore) by March, 2016 on various initiatives to ensure passenger safety.
- A new number masking feature on its app that does not disclose the customer's mobile number to drivers.
- Partnered with Maruti Suzuki to train 50 lakh drivers in Soft and hard skills by 2020.
- Introducing Ola Sainik. An initiative to support and empower the ex-servicemen from the Armed Forces.
- Focus on generating profits from new revenue generating schemes.

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