

Online travel industry and online travel agency tourism essay



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In Europe, consumers typically have at least 4 weeks of vacation time annually compared to just 1 or 2 weeks for the average American; that spells multiple trips booked every year. It should come as no surprise then that online travel growth rates remain far higher overseas. And then there's Asia. Fifteen years ago, few consumers in India and China could afford to travel outside their home nations. But thanks to a rising middle-class consumer, Asians are increasingly traveling both domestically and abroad. In fact, according to the China Daily newspaper, international travel has grown more than 50-fold in the past two decades.

Rapid growth in the online travel business has helped fuel impressive sales gains for a handful of online travel companies. But that's only half the story — online travel websites are also far more profitable than traditional offline travel agency operations. The reason is simple: scalability. Specifically, when a traditional travel agency wishes to expand, it has to hire more agents. Meanwhile, expanding abroad requires setting up a local office with agents speaking the local language, and that type of infrastructure can get expensive.

But in the online world, once a website is designed and set up, it can handle a tremendous number of users. Growth in sales does not necessarily require commensurate growth in the labor force — a handful of website designers and technicians can maintain the site regardless of the number of customers served. This scalability is behind the fat profit margins enjoyed by online travel firms.

Travel and tourism are among the biggest industries worldwide, and more than 80 percent of the travel sold in the United States is now purchased online. With more consumers using the Internet to plan their vacation getaways, online travel agencies have been growing in popularity, helping to increase business in the travel industry overall. Aside from booking travel packages, many travelers go online in search of travel reviews before making a final decision about their choices. Reports show that more travelers who have traditionally booked trips offline are checking out vacation destinations, as well as travel and hotel rates, online.

India Context

The Indian Scenario

The online travel market in India has witnessed tremendous growth and is attracting large number of national and international players. Private equity players have made huge investments in the online travel agency (OTA) segment in the past few years.

Some facts :

Total tickets available for sale (Only Domestic) per day are : 275, 680

Total Ticket Sold by all OTAs per day = 51, 690

Market size for Indian OTA Industry in Domestic Flights: 9000 crores approximately

Nearly 40% of the tickets sold are through OTA.

On an average, every aircraft in India does 5.6 flights per day

If airlines could further manage route optimization and do 1 more flight per day, at 6.6 flights per day, OTA Industry Sales will be up by 15%

The first online portal for India was Indiatimes.com launched in the year 2002. Subsequently the following companies joined the bandwagon.

Indiatimes 2002

Make my Trip.com 2005

Yatra.com 2006

Travel Guru 2006

In the pages that follow we will research on one of the most successful company in India in this industry which is Make my trip.com.

About the company and the respective concepts, impact, future

Nurtured from the seed of a single great idea - to empower the traveller - MakeMyTrip went on to pioneer the entire online travel industry in India.

MakeMyTrip has revolutionised the travel industry over the years. This is the story of MakeMyTrip, India's Online Travel Leader.

MakeMyTrip.com, India's leading online travel company was founded in the year 2000 by Deep Kalra. Created to empower the Indian traveller with instant booking and comprehensive choices, the company began its journey in the US-India travel market. It aimed to offer a range of best-value products

and services along with cutting-edge technology and dedicated round-the-clock customer support.

After consolidating its position in the market as a brand recognised for its reliability and transparency, MakeMyTrip followed its success in the US by launching its India operations in 2005.

With the foresight to seize the opportunities in the domestic travel market, brought on by a slew of new airlines, MakeMyTrip offered travellers the convenience of online travel bookings at rock-bottom prices. Rapidly, MakeMyTrip became the preferred choice of millions of travellers who were delighted to be empowered by a few mouse clicks!

MakeMyTrip's rise has been led by the vision and the spirit of each one of its employees, for whom no idea was too big and no problem too difficult.

With untiring innovation and determination, MakeMyTrip proactively began to diversify its product offering, adding a variety of online and offline products and services. MakeMyTrip also stayed ahead of the curve by continually evolving its technology to meet the ever changing demands of the rapidly developing global travel market.

Steadily establishing itself across India and the world, MakeMyTrip simultaneously nurtured the growth of its offline businesses like its franchises and affiliates simultaneously, augmenting the brand's already strong retail presence further.

Today, MakeMyTrip is much more than just a travel portal or a famous

pioneering brand - it is a one-stop-travel-shop that offers the broadest
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selection of travel products and services in India. MakeMyTrip is the undisputed online leader, with its share of the travel market extending to more than 50% of all online sales, a fact evinced by the trust placed in it by millions of happy customers.

Remaining reliable, efficient and at the forefront of technology, MakeMyTrip's commitment and customer-centricity allows it to better understand and provide for its customers' diverse needs and wants, and deliver consistently. With dedicated 24x7 customer support and offices in 20 cities across India and 2 international offices in New York and San Francisco (in addition to several franchise locations), MakeMyTrip is there for you, whenever and wherever.

MakeMyTrip Limited, the parent company of MakeMyTrip (India) Private Limited and MakeMyTrip. com Inc., India's largest online travel company¹, today announced that it has priced its initial public offering of 5, 000, 000 ordinary shares at a price of USD14per share. The company's ordinary shares will begin trading on the NASDAQ Global Market on 12 Aug 2010 under the symbol " MMYT".

The company's services and products include air tickets, customized holiday packages, hotel booking, railway tickets, bus tickets, car hire and facilitating access to travel insurance. Through its primary website, [www. makemytrip. com](http://www.makemytrip.com), and other technology-enhanced platforms, the company provides access to all major domestic full-service and low-cost airlines operating in India, all major airlines operating to and from India, over 4, 000 hotels in

India and a wide selection of hotels outside India, Indian Railways and several major Indian bus operator

Makemytrip. com’s three-month global Alexa traffic rank is 1, 823. Visitors to the site spend roughly 51 seconds on each pageview and a total of three minutes on the site during each visit. It is located in India. Approximately 43% of visits to the site are bounces (one pageview only). Makemytrip. com has been online for more than ten years.

MakeMyTrip’s Products:

International and Domestic Air Tickets, Holiday Packages and Hotels

Domestic Bus and Rail Tickets

Private Car and Taxi Rentals

MICE (Meetings, Incentives, Conferences & Exhibitions)

B2B and Affiliate Services

Management:

A young company that has quickly become the leading travel service provider in India and the most trusted name in the industry, MakeMyTrip’s spectacular success is in no small part due to the unblinking vision of its senior management team and the dedication of its employees. MakeMyTrip employs over 700 “Trippers” from the travel, tourism, hospitality and technology industries.

Deep Kalra Founder & Chief Executive Officer

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Mohit Gupta Chief Marketing Officer

Rajnish Kapur Chief Innovation Officer

Mukesh Singh Senior Vice President – Technology Development

Anand Kandadai Senior Vice President – Outbound Tours

Keyur Joshi Co-Founder & Chief Operating Officer

Rajesh Magow Co-Founder & Chief Financial Officer

Amit Somani Chief Products Officer

Amit Saberwal Senior Vice President – Retail and Business Development

Rohit Hasteer Vice President – Human Resources

Summary

Name

Age

Since

Current Position

Kalra, Deep

41

Chairman of the Board, Chief Executive Officer

Magow, Rajesh

41

Group Chief Financial Officer

Singh, Mukesh

34

2009

Senior Vice President – Technology Department

Joshi, Keyur

37

Group Chief Operating Officer

Gupta, Mohit

36

Group Chief Marketing Officer

Somani, Amit

38

2010

Group Chief Products Officer

Adusumalli, Ravi

34

2005

Director

Aggarwal, Sanjeev

50

2006

Director

Guleri, Aditya

45

2007

Director

Wolf, Philip

54

2005

Director

Gowrea, Gyaneshwarnath

44

2009

Director

Janally, Mohammad

27

2009

Director

Gour, Vivek

47

2010

Independent Director

Lalonde, Frederic

37

2006

Independent Director

MakeMyTrip Values

We, at MakeMyTrip, abide by our company's core values in our every endeavour. It is these values that have taken us where we have been and will take us where we are going!

Excellence: We must strive for excellence in whatever we do. Focus on continuous improvement in interactions with people, efficiency of processes, and the wellbeing of the organization.

Customer Centricity: We must maintain focus on our customers, both internal & external, by giving them priority. Strive to exceed their expectations in terms of the value and quality delivered.

Integrity: We must ensure consistency between our words and actions, always delivering what we commit. We can thereby maintain transparency, trust and accountability.

Accountability: We must feel responsible and accountable for the commitments we make and the quality of the results we deliver to all our stakeholders.

Innovation: We must continually apply intelligence, reason and technology to our work and environment. This will allow us to take informed risks and champion new ideas to improve our business as well as the community.

Teamwork: We must foster an environment wherein we can efficiently utilise the abilities of all team members to achieve goals. We should work on the premise that the whole is greater than the sum of the parts.

Fun@Work: We must create and maintain an atmosphere of fun while at work, making work a happy place we can all look forward to.

Empowerment: We must give fellow colleagues the opportunity and freedom to think and act in ways that will allow them to get the job done, and yet be consistent with the processes laid down.

Passion for Winning: We must have a “ can do” attitude, not take “ no” for an answer and believe that nothing is impossible. This will allow us to work relentlessly toward achieving our goals and honouring our commitments.

Respect for People: We must give everyone, with whom we interact, respect and consideration.

Awards & Recognition

Not without reason, MakeMyTrip has garnered the trust of over two million satisfied customers as well as the respect and acclaim of the entire travel industry and business world.

Travel & Business :

Great Places To Work 2010 - 2nd Best Company to Work for & #1 in Professional Services

Superbrand India - 2009-10

Great Places To Work 2009 - #2 in Professional Services

Best Travel Website - CNBC Awaaz - 2008-09

Most Visited Travel Website - comScore - 2005-09

Most Preferred Online Travel Agency - Travel Biz Monitor Survey - 2008

Number One Online Travel Agency - JuxtConsult - 2008

Gold and Silver - Abby Award - 2007-08

Among the Top Ten Websites visited by Indians - comScore - 2007

Nominated World Travel Awards - WTA - 2007

Among 100 IT Innovators - NASSCOM - 2007

Best Online Travel Company - Galileo Express Travel World - 2007

Emerging India Award - ICICI Bank & CNBC TV18 - 2006

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Asia's Hottest Technology Startup - Red Herring - 2006

Airline :

Air Canada - Outstanding Performance - 2008

Singapore Airlines - Top Passenger Agent - 2007-08

British Airways - Outstanding Revenue Contribution - 2007-08

Air Mauritius - All India Top Ten Agent//Top North India Sales Award - 2006-07//2007-08

Cathay Pacific - Outstanding Performance - 2007

Malaysia Airlines - Top Agent Award - 2007

Lufthansa - Outstanding Performance - 2006-07

Kingfisher Airlines - Outstanding Performance - 2006-07

Indian Airlines - Achieving Highest Domestic Passenger Sales - 2006-07

Air India - Outstanding Contribution to Passenger Sales - 2005-06

Jet Airways - Award of Excellence - 2005-06

Gulf Air - Continuous Support

Impact

There was a time when Indian families would plan their annual trip six months in advance, after spending long, sweaty hours queuing up in front of ticket booths. It sure wasn't easy.

But in 2005, Deep Kalra, CEO and founder of MakeMyTrip. com, changed all that. He brought the concept of Online Travel Agents (OTA) to India and revolutionized the way the Indian middle class travels and plans their vacation.

Today, the rise of Internet credibility coupled with falling rates of air travel has helped OTAs catapult to glorious success. And with a turnover of Rs 2, 200 crore, MakeMyTrip. com has been a pioneer in the OTA success story. With over 50 percent market share, it's the single most recognized and trusted player in the OTA industry.

Future

FUTURE :

Focus on Advertising Strategy:

Aim of MMT is to establish the brand. The focus is not just to provide cheap tickets. Advertising helps in getting your message across to the target audience more effectively. And with more and more players entering the segment, it is necessary to advertise to ensure you have captured sufficient mind-share. Again, the product basket that MMT offer is growing and our customers have to be updated accordingly.

Expansion of Capacity :

MMT is trying to expand capacity with caution, especially because the sector is capex hungry for the suppliers. We, at MakeMyTrip, have learnt that our suppliers are very important. Unless we make sure our suppliers' business is profitable, we won't be profitable.

Revenue breakup between MMT businesses:

Between hotel and air, air captures a much higher percentage – two-thirds – of MMT business. But other product lines are growing fast, especially hotels and buses. The effort is to reduce reliance on a single line of business. While MMT lead the sector in terms of air tickets, MMT are continuously focusing on non-air products to increase their share of revenue as well.

competing players

Travelguru: –

A revolutionary online travel solutions destination, Travel Guru India has set the benchmark in the industry. With our affordable plane tickets and air tickets reservations, our travel gurus offer the most economical solution for every travel need. The travel guru mantra is based on the concept of making air tickets reservations an easy and quick process for every traveller. With the help of travel gurus, travellers can access the best fares for Travel Guru India and Travel Guru international holidays, business trips and corporate travel. The Travel Guru signature services guarantee a trip of a lifetime to any destination in India or across the globe!

A trendsetter in the travel industry travel guru com offers the benefits of safe, comfortable and convenient travel at affordable fares. At travel guru com travellers can book affordable plane tickets and make domestic and international air tickets reservations. The travel gurus can also assist you with selecting a luxurious hotel to complement the travel guru air booking service. Just log on to travel guru com to book affordable plane tickets and hotel rooms for worldwide destinations. Get all the benefits of the travel guru services with just the click of a mouse!

With Travel Guru India and Travel Guru international have a range of unmatched services at your fingertips. The Travel Guru services include:

Air ticket Booking: Travellers can search for, compare prices and book affordable plane tickets for their chosen sectors of travel at the website. You have a comprehensive choice of airlines for low-cost, affordable plane tickets as well as for full-service airlines. Once you've made your selection just click for any air tickets reservations. Leave the rest to the travel gurus and get set to take off into the skies.

Hotel Reservations: While on holiday come home to a luxurious hotel, at affordable rates. Travel Guru offers include domestic and international hotels at discounted rates with no compromise on quality, services and comfort. Take your pick from the wide selection of premium hotels that include Travel Guru India and Travel Guru International options and get your Travel Guru booking in an instant!

Yatra:-

Yatra Holiday Lounge is a premium, one-stop-shop for all your travel needs.

Located at a convenient point within your city, the Yatra Lounge is where customers can walk in and plan their travel in privacy and comfort.

When you visit a Lounge, a trained Yatra Travel Experts assists you with all aspects of your travel: booking flight tickets, hotels, cars, buses or holidays.

We can even assist you with travel insurance and visa processing. The Yatra Travel Experts can also help you create customized holiday packages.

The Holiday Lounges are open from 10: 00 am to 7: 00 pm, Monday to Saturday.

Cleartrip:-

MyTripYatra is dedicated to help customers to build their clear trip and cruise along with their Yatra to nirvana. As our name suggests Yatra we extend our services to provide facility for convenience of our clients to choose gamut of services like cheap air tickets on air Deccan, jet airways, Indian airlines, spice jet airlines, and air India. My Trip Yatra is a unique concept of taking offers from various online travel agents like makemytrip. com, cleartrip. com, yatra. com, travelguru. com to their customers. There are online discounts with cheap flights and hotels across the globe. Here you are free to see cheap fares, discount on airlines, offers on hotel bookings, holidays, at affordable prices for your yatra. For Cheap Air travel trip or planning Goa holidays, or looking a hotel in Goa, our way of make my trip endows you the chance to make your own cleartrip. We will add cheap hotels across the country and keep on adding different destinations like cheap flights from

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Delhi to Mumbai, cheap flights from Mumbai to Delhi starting from 500 Indian Rupees. Coimbatore Flights Aizawl Flights Colombo flights

In order to spread wings of My Trip Yatra, we have affiliated ourselves with Yatra. com, one of the leading travel agents of India. Yatra. com provides cheap flights of Air Deccan, Indigo airlines, Spicejet airlines, Jet airways, Kingfisher airlines, paramount airways, go air, jetlite airline (formerly known as air Sahara airlines). Yatra. com provides unique features of “ At Yatra, we pay for your flights delay” offers, thank you coupon code worth RS 250 if you book again with Yatra. com, various cash back offers with ICICI bank, Master Card, etc.

Yatra. com also provides Yatra miles a proprietary product to redeem those miles against discount on cheap flights, cheap hotels, holidays and other packages such as Honeymoon packages, adventure packages. Yatra. com has been funded by Network 18 group that operates online websites like Moneycontrol. com, storeguru. com, buzz18. com, josh18. com, ibnlive. com, indiwo. com etc. It has also been funded by Reliance Anil Dhirubhai Ambani group. We are proud to be an affiliate of Yatra online Pvt. Ltd. Yatra online has given us platform to promote their products online. Yatra online makes seamless transaction of products like flights, hotels, holidays, Buses, and cars. Yatra online thru its website Yatra. com makes a perfect partner to any online travel agent.

Cleartrip is premier travel company of India that offers exclusive facility to travelers in planning of your trip. You can plan your holiday or business trips with Cleartrip and you will get many advantages over other travel planners.

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Cleartrip provides many benefits to travelers such as expediency, various options for booking, great competitive prices and in-depth details of many travel options, destinations and support. You can book flights, hotels, train tickets, complete holiday packages, travel insurance and much more from Cleartrip. Cleartrip provides booking facility for over 5, 500 domestic hotels and around 109, 000 international hotels.

Clear Trip was launched on 4 July, 2006 and within a span of 4 years it has established itself as a premier travel planner company. Cleartrip start providing SMS based ticketing service that allows you to book tickets using mobile phones. From 2008, clear trip also started providing rail tickets in India with cooperation with IRCTC (Indian Railway Catering and Tourism Corporation).

Clear Trip has won many awards for its great services. It was given best travel website award in 2006 and 2007 consecutively. Clear trip is known as Google of Travel Websites as it provides tons of useful information about travel sector. In 2007 it also won the prize of most user friendly website of travel sector. Since its inception in 2006, Cleartrip has become a market leader in travel sector for providing simplest and most diverse travel planning options and best deals. You can get higher discounts on flight tickets if you choose Clear trip as your travel planner.

Getting travel and tourism information had never been so easy before Cleartrip. You can find every specific detail about all cities in India along with travel options available, hotel available in that city, flight services, car rental services and main tourist attractions in that city.

Online flight ticket booking is very easy with Clear trip services. You can just feed the departure and arrival destinations and timings and its internal search engine will provide you a detailed list of all flights available for your journey. You can easily compare flights of different service providers such as Jet Airways, GoAir, kingfisher, Air India and many more. If you are booking your tickets well in advance then you can also get many Cleartrip offers that will help you to save huge money on your travel.

Cleartrip started its operation with a goal of making journey planning easier and hassle free and with its state of the art services it has surely achieved its goal and continue to growing with a fast pace.

use the company balance sheet - 3 years

for the references and figures - figures could be sales volume, business volume, market penetration, product mix, pricing of the product over the years v/s competition

Customer Profile - end users - who are they- customer opinion

In a cut-throat industry like OTA, how do you maintain competitive advantage?

Deep Kalra, Founder CEO:

Creating an experience for the customer is very important. Every OTA player today is focusing on providing more value for the customer's time and money.

The focus this year for MakeMyTrip is to move beyond customer satisfaction and towards creating customer delight. Also, we take pride in our customer relations; we have customer testimonials that speak very highly of our customer care executives.

Being ahead on the technology curve is what gives us an edge. It's very important to keep on upgrading and reinventing new processes to enhance customer experience.

What's behind your advertising strategy?

Deep Kalra, Founder CEO:

It's very important to establish the brand. For us, the focus is not just to provide cheap tickets. Advertising helps in getting your message across to the target audience more effectively. And with more and more players entering the segment, it is necessary to advertise to ensure you have captured sufficient mind-share. Again, the product basket that we offer is growing and our customers have to be updated accordingly.

What's the revenue breakup between your businesses?

Deep Kalra, Founder CEO:

Between hotel and air, air captures a much higher percentage – two-thirds – of our business. But other product lines are growing fast, especially hotels and buses. The effort is to reduce reliance on a single line of business. While we lead the sector in terms of air tickets, we are continuously focusing on non-air products to increase their share of revenue as well.

Criticism

Some customers complain about Makemytrip not giving the complete terms of ticket (baggage allowed, flexibility to change date of travel or cancel the ticket) before booking the ticket. Some complain about false promises before booking the ticket. They warn potential customers to get the terms of the ticket in writing or email before going ahead with the phone booking.

Refunds to credit cards are sometimes delayed. It is believed that calls to customer care in case of booked tickets is low priority in call queues compared to calls to buy tickets. There is undue delay in getting service in case of getting help on already booked ticket. The escalation process in case of complaints is not published on their website. Estimated waiting period or the position in the call queue is not announced. Other customers have warned that the website's "Believe It Or Not" promotion is indeed too good to be true. While MakeMyTrip promises you free domestic air travel once you've arrived in India, all such air travel must be booked 21 days in advance of the trip. And even if you attempt to arrange it that far in advance, Make My Trip makes this process very difficult, if not impossible. You will be booked on overnight flights, trips that should take three hours will wind up taking two days, and in some cases you will wind up paying "taxes and fees" that exceed the actual cost of the ticket, had you booked it yourself.

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Customer Opinion

As per various feedback posted on the website following is the broad feedback given :

The call centre agents are well trained and they know their job

Phone / Voice Menu is customer friendly

Quick Customer responses where required on email