



## **Task round presentation**

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# Executive summary

## Summary

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### Growth potential and competition

- ▶ ~4.5L people travel from India to China every year
- ▶ With growing Indo-Sino trade volumes and booming China's tourism, the numbers are bound to increase in years to come
- ▶ Ctrip, Qunar and Meituan-Dianping are major Chinese players, whereas MMT, Ibibo are big in India

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### Revenue side

- ▶ Scaling GMV to ~11 times of current GMV would require comparable boost in booked trips (~700->~8400) in 12 months. To achieve higher CM% (~7%), higher take rates of ~12-13% are necessary.
- ▶ With growing volumes, mass flight seat buyout options to be explored with airlines companies
- ▶ Attractive proposition to be devised for partners with higher volumes in lieu of lower commissions - (higher take rate for Travel triangle)

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### Cost side

- ▶ Marketing budgets are to be monitored carefully, as with increasing marketing scale quality of leads drops.
- ▶ Operational efficiency to be improved with effective digitization, trained sales team and optimum self care options for customers

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### Scalability

- ▶ To meet higher demands partner base has to be expanded gradually by ~30% over the span of 12 months
- ▶ Limited partner base expansion with higher booking volume / agent would yield win – win situation as agent would earn from volume having higher appetite towards commissions for Travel Triangle

Source: <http://www.thehindu.com/todays-paper/tp-opinion/Tourism-in-India-and-China-a-striking-study-in-contrast/article15203105.ece>

# Lets talk numbers...and some assumptions

Metrics	Indicator	Mar-19		Mar-18		Remarks
		Percentage	Absolute	Percentage	Absolute	
GMV	▲	30,02,40,000		2,77,56,261		
Booked Trips	▲	8,340		773		11 folds GMV would require 11 fold booking volume
Price per booking		36,000		35,907		Avg booking ticket size (without flights) considering previous data
Margin in hotel (package)		12%				Industry average (10-15%) in international geographies, upto 30% margins are possible with local sales team
Margin in flight		5%				15-40% margins on mass seat buyouts directly from airlines. Conservative estimate
<b>Category 1 - Booked trips (Including Flights)</b>						
% of total bookings		20%				Cheap flights bundled in package would be cheaper for customers (atleast 20% customers would agree to buy package with flight tickets)
Booked trips (Hotel + Flights)		1,668				
Avg flights / booking		2				Return tickets
Avg flight rate		20,000				Avg flight ticket cost between DELHI to BEIJING with one month lead time
Take rate in category 1 (Hotel+Flight)		1,05,41,760				
<b>Category 2 - Booked trips (Excluding flights)</b>						
% of total bookings		80%				
Booked trips (Hotel only)		6,672				
Take rate in category 2 (Hotel)		2,88,23,040				
<b>Overall</b>						
<b>Revenue</b>						
Take Rate (Gross Commission) of GMV	▲	13%	3,93,64,800	7.32%	20,31,758	
<b>Cost</b>						
Traveler Discount as% of GMV	▲	0.50%	15,01,200	0.03%	8,327	Traveler discount would provide extra edge against competes to attract customers (especially in B2B scenarios)
<b>Marketing Spend</b>						
Leads to booked trips ratio	▼	6.0%		7.10%	19,70,695	Marketing follows law of diminishing lead quality - with scale lead conversion ratio generally drops
#Leads	▲	1,39,000		10,886		
Cost per Lead	▼	75		96		With marketing scale lead per cost would go down - mass buyouts
Marketing Spend as% of GMV	↔	3.5%	1,04,25,000	3.77%	10,45,056	
NPS (Net Promoter Score)	▲	50		21		NPS score has to be improved to reach excellent levels as word of mouth is essential while scaling up
Operations Cost as% of GMV	↔	2.0%	60,04,800	1.98%	5,49,574	
Number of travel Agents	▲	83		63		Limited increment in partner base to control operational complexity, control dependencies
Booked trips/travel Agent	▲	100		12.3		Bulk booking to limited vendors - to yield higher commissions
<b>Contribution</b>						
CM as% of GMV	▲	7.1%	2,14,33,800	1.53%	4,24,671	

# Higher take rate in return of higher volume of bookings

## Supply side



- ▶ Tie ups / Negotiations with local players yielding higher take rates
- ▶ 12-15% take rate can be achieved (second hand commissions)
- ▶ Quid pro quo – offering deals for Chinese tourists in India



- ▶ Localized swing gang (sales team) to deal directly with hotels
- ▶ Direct deals can fetch commission upto 30-40% per bookings

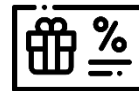


- ▶ Tie ups with other OTA's to sell flight tickets with second hand commissions (5-10%) during initial phase
- ▶ Directly dealing with airlines to buy seats at (30-40%) cheaper rates as volumes are attained

## Demand side



- ▶ Emphasis on B2B deals with corporate houses, buying houses and cross border trade associations
- ▶ Mass bookings at cheaper rates

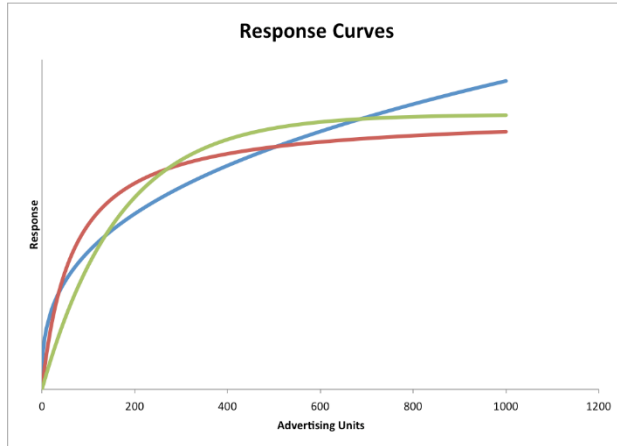


- ▶ Higher traveller discount would attract more B2C customers
- ▶ Indian customers go for higher discounts – will give edge over competes



- ▶ Loyalty programs (B2B, B2C) can be launched in association with airlines, payment gateways etc.
- ▶ Partner loyalty program to encourage partners (similar to OLA)

# Marketing follows law of diminishing returns, but with carefully gathered insights CPL can be controlled



**Marketing spend**



**NPS**

- ▶ Marketing budget has to be increased gradually by carefully monitoring channels with highest returns
- ▶ Channel optimization to be done on the way basis ticket size of leads generated through a particular channel
- ▶ Comprehensive marketing plan to target B2B clients
  - ▶ Key account management (HR, Travel teams)
  - ▶ Promotional travel discounts
  - ▶ Promotions at trade fairs
- ▶ Launch business travel category to cater to business class visits – given high India-China trade volume.

- ▶ Avg NPS of Travel website's across globe is 25-27%
- ▶ Target NPS for Mar2019 is at 35%
- ▶ Higher NPS score is essential for lead generation and higher conversions
- ▶ NPS score plays a big role in B2B sphere as most of the business communities share references / experiences

# Optimize operations cost – Reduce no. of inbound calls



## Call centre

- ▶ Load balancing - distributing resources basis traffic intensity
  - ▶ Cost optimization
- ▶ Call centre scripting
  - ▶ Improves NPS
- ▶ CRM Screen optimization
  - ▶ Reduced AHT, thereby optimizing FTE's – Cost optimization



## Trainings

- ▶ Train channel stakeholder on soft skills and professional etiquettes
  - ▶ Improve NPS score



## Self care

- ▶ Self care portal and proactive communication to customers
  - ▶ Reduces inbound enquiry calls (Optimize cost)
- ▶ Drive app adoption
  - ▶ Higher customer lifetime value

### ▶ Other findings to be addressed

- ▶ After punching enquiry – Didn't receive a call back in 8 hours (still counting), whereas received a call back within 15 mins from MMT
- ▶ Toll free numbers are not working post 9 PM and on Sundays
- ▶ No package listed for China on website (Your preference window opens up)

# Thanks

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