

## Indian Unicorn OLA rides to solve urban mobility challenges in Australia -Innovation and success story continue

L Gandhi

### Introduction

Winter vacation, Weekend syndrome around the city, Saturday evening near the crowded fast food stall at Bangalore MG Road, Raghu who pursues his Masters in Australia enjoys the cool-breeze around and started to share his Brisbane experiences with Bangalore friends without losing the excitement that he carried all the way from Brisbane. In 2017, Raghu had joined one of the leading B-Schools in Brisbane for his MBA after his BE degree in Electronics and Communications Engineering. Though he wanted to share a lot of his experiences about Brisbane- the capital of and most populous city in the Australian state of Queensland, he could not resist comparing with Indian cities especially the 'Bangalore City'. He looked at one of his friends John and said "Hey the cleanliness of Brisbane city, the third most populous city in Australia, was adorable and I wonder when we can see our Indian cities like that." John who works for an IT company in Bangalore raised his eyebrows as an expression to Raghu's conversation and replied "Yep buddy, we are also eagerly waiting for the topsy-turvy changes in the mind-set of our people. On the other hand, Raghu was thrilled to share with his friends the success story of OLA especially its foray into Brisbane city consequent to that discussion on cleanliness. With his thumb finger up, Raghu said "Guys, I feel great to see an Indian Unicorn OLA going great guns in Australia which started its operations in 2017.



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The case writer(s) L Gandhi, Assistant Professor - OB/HRM, SDMIMD, Mysore may be reached at [gandhi@sdmimd.ac.in](mailto:gandhi@sdmimd.ac.in) Author(s) have prepared this case as the basis for class discussion rather than to illustrate either effective or ineffective handling of the situation. The case is related to a sector and a specific company. The case is based on the information available in the public domain. This publication may not be digitized, photocopied, or otherwise reproduced, posted, or transmitted, without the permission of SDMRCMS, SDMIMD, Mysore. For Teaching Notes please contact [sdmrcms@sdmimd.ac.in](mailto:sdmrcms@sdmimd.ac.in).

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This case is about how internally grown innovation strategies and approaches brought OLA to a leading taxi aggregator in India. Also, gives us a bird's eye view on how OLA evolved over a period of time, expanded its operations across the country and became a market leader in India. Similarly, this case also highlights OLA's foray into the Australian taxi market, one of the most competitive taxi markets with the presence of Uber and Taxify and its future challenge for the sustainable business in Australia. The objectives designed and presented below may give the clear direction towards the case.

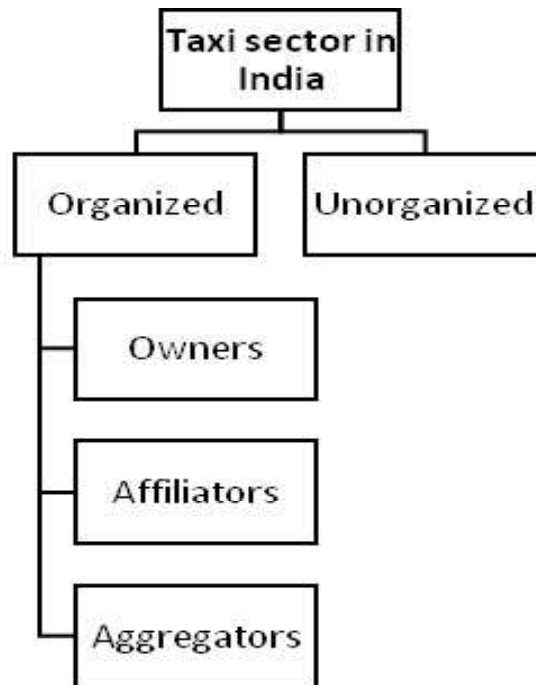
### **Case Objectives**

The case is designed to accomplish the following objectives:

- Know the factors that lead to the success of OLA as a taxi aggregator in India
- Identify OLA's innovative approaches in becoming a leader of Indian Taxi market
- Understand the rationale behind making a foray into Australian Taxi operations

### **Taxi Sector in India**

The taxi sector in India is largely uneven and fragmentary which is categorized into two major segments as portrayed below, (Exhibit 1) Organized and Unorganized markets. In fact, the organized sector is the newly developed segment in the taxi sector. It is further classified into Owners, Affiliators and Aggregators. The owned vehicle segment is inclusive of the pure car rental companies like Meru cabs. The affiliators are accomplished with multiple car rental agencies and they are known to provide different tour packages or deals. Whereas the aggregator is the newest phenomenon which are driven by the companies including OLA cabs, Uber. The Indian government, vide its budget 2015-16 has clearly defined the term aggregator: "Aggregator means a person, who owns and manages a Web-based software application, and by means of the application and a communication device, enables a potential customer to connect with persons providing service of a particular kind under the brand name or trade name of the aggregator;"

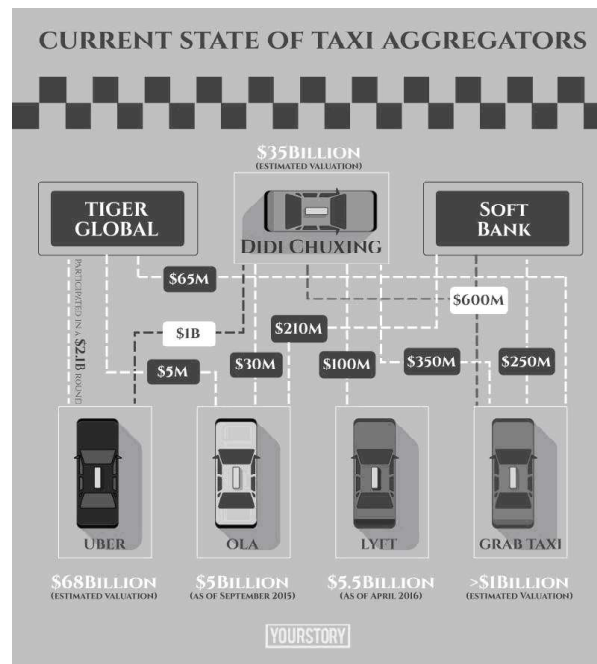
**Exhibit 1: Taxi Sector in India**

**Source:** compiled by the author

The Indian taxi market has seen a lot of grip, with over INR 600 crores being pumped in by the leading players in the sector. While this has been a very competitive market, the organized sector forms a small percentage of the overall market. The sector has in the past few years seen an incredible evolution with nearly ten fairly large companies operating in various models. But even in this market, three companies stand out in their product uniqueness, customer service responsiveness, driver behaviour and timely arrivals – OLA, TaxiForSure (now acquired by OLA) and the global player- Uber. Other companies that are operating include Meru, Easy Cabs, Savaari and BookMyCab. The market made a transition from owned fleet to a fleet aggregator model where anyone could own a car and become an entrepreneur – in fact, OLA Cabs conducted a Driver Mela in Pune and Bangalore to get vehicles at a discount to potential drivers. The below appended exhibit on state of taxi aggregator supplements the segment Taxi market in India

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### Exhibit 2: State of Taxi Aggregators



Source: <https://yourstory.com/2016/10/ola-uber-cab-aggregators-battle/>

#### 2010- OLA established in India

When the company started its operations in the year 2010, the taxi sector in India was largely unorganized with individual taxi drivers owning and maintaining their cars. OLA pioneered a new business model in India under which the company did not own its fleet of cars. Instead, it entered into an alliance with individual taxi drivers and charged a commission for every ride booked through the OLA booking systems.

The business model was fruitful in the Indian market as customers were able to book cabs online easily or through the OLA apps. Customers were also relaxed that they did not have to bargain with taxi drivers on the cab fares as the rates were fixed beforehand by OLA and the fare to be charged for a ride was calculated remotely and communicated electronically to the driver at the end of the journey. In the subsequent years, OLA expanded its services by launching new services catering to different sections of society. It relied on making the best

use of the modern technology like the Internet and smartphones to provide a good experience to its customers. Needless to say, this is an era focusing on Experience Management in all arenas including experience and customers' experience. The following section of the case highlights how OLA redefined mobility for billions in India.




### About OLA- Redefining Mobility for Billions

Ola integrates city transportation for customers and driver-partners onto a mobile technology platform ensuring convenient, transparent, and quick service fulfilment. Ola is focused on leveraging the best of technology and building innovative solutions ground-up, that are relevant at global scale. In 2016, Ola Play the world's first connected car platform for ride-sharing was launched, transforming commuting experiences and setting the tone for global innovation in this space. Beyond offering a highly personal experience for users during their rides, Ola Play also allowed its partners like Microsoft, Apple Music, Sony Liv amongst others, to build a high quality interactive and productive experience for its users. Using the Ola mobile app, users across 110+ cities, can connect with over 1,000,000 driver-partners across cabs, auto-rickshaws, and taxis. Driven by a hyperlocal approach, Ola is committed to its mission of building mobility for a billion people. Retrieved from <https://www.olacabs.com/about.html>

### Key People/Management at OLA

	<b>Bhavish Aggarwal</b> <b>Co-Founder &amp; CEO</b>
	<b>Pranay Jivrajka</b> <b>Founding Partner</b>

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	<b>Rajiv Bansal</b> <b>CFO</b>
	<b>Vishal Kaul</b> (Resigned from OLA) <b>COO</b>
	<b>Ankit Bhati</b> <b>Co-Founder &amp; CTO</b>
	<b>Anand Subramanian</b> <b>Senior Director - PR and</b> <b>Marketing Communications</b>

### OLA- SWOT Analysis

Taxi market in India has witnessed an astonishing growth especially in the past eight years. As far as Indian taxi aggregators are concerned, the prominent player has been OLA cabs and been facing a stiff competition from Uber- one of the major global players in the taxi market. A SWOT Analysis of OLA which indicates the respective strengths, weaknesses, opportunities and threats of the company is presented below,

<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>○ OLA is the early entrant in the taxi aggregator service provider in India.</li> <li>○ Subsequent to the acquisition of Taxiforsure, OLA reached the <i>NumeroUno</i> position in the Indian taxi market</li> <li>○ OLA enjoys the Indian customers' goodwill and appreciations</li> <li>○ The visible OLA logo and the wide publicity helps the company to grow big</li> <li>○ The Understanding of Indian culture and customers by the founders</li> <li>○ The market success of OLA grabs big investments from international VCs.</li> </ul>	<p><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>○ As OLA drivers being the primary brand ambassadors who are in direct connect with the customers, the brand image stands very delicate. Inappropriate behaviours of the drivers will cause huge damage to the brand name.</li> <li>○ All the Cab and Auto customers are not tech-savvy to use OLA app</li> </ul>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>○ Over 80% of the Indian taxi market being unorganized, huge business prospects are there for OLA to penetrate deep into the sector.</li> <li>○ The increasing base of smart phone users in Indian scenario will give a big push to the OLA business</li> <li>○ Through more rides, the drivers' income shall be increased.</li> <li>○ Acquisition of the taxi companies like the recent acquisition <i>Taxiforsure</i> will augment the growth</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>○ Uber- an international player's investment to lure the taxi market in India</li> <li>○ Taxi market is not regulated by a specified regulator which may lead to an un-healthy competition</li> <li>○ It is hard to earn customer loyalty in Taxi market as they are on the constant lookout for sops and benefits. The taxi customers would prefer for the 'cheapest rides'</li> </ul>

### OLA Vs UBER Cut-throat Competition

The taxi aggregation business is highly competitive and has sparked off a cut-throat rivalry between the two dominant players in a market which has grown from \$5 billion in 2009-10 to \$9 billion in 2015-16, as estimated by Rajiv K. Vij, founder of Carzonrent, a Delhi-based car rental service. Ola entered the Indian market first, in December 2010 and Uber followed three years later in October 2013. But the two are so neck and neck in competition today. It was not

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long before phone-based pre-booking cab services like Tab Cab, Mega Cab, Spot Taxis and the traditional flag-down black-and-yellow cabs too faced severe pressure from the app-based models — across the world, often resulting in strikes, agitations and riots, as the livelihood of regular cab drivers are threatened. Some old market share reports have pegged Ola's share at about 75 per cent. Uber claims it has more than 45 per cent market share as of March 2016 as against just 5 per cent in January 2015. It says it has been growing at 40 per cent month-on-month. Uber claims to have 2.5 lakh driver partners, while Ola claims 3.5 lakh drivers plus 80,000 autos-rickshaws. Retrieved from <http://businessworld.in/article/Uber-Closing-In-On-Ola/10-05-2016-97836/>

**Table 1: OLA vs Uber in India**

Parameter	OLA	UBER
Number of Cars	6,50,000+	4,50,000
Services	Personal Transport, Food Delivery, grocery ordering	Personal transport
Customer base	25 Million	5 Million
Booking requests per day	1 Million +	0.6 Million +
Funding (India Specific)	\$ 1.3 Billion	\$ 1.2 Billion
Major Investors	Tiger global, Steadview capital, Soft bank, DST global	Letter one, Baidu, Fidelity Investment, Menio ventures, Benchmark, First round
Reach	102 cities	26 cities
Cash payment	Yes	Yes
Advance Booking	Yes	Yes
Cancellation charges	Yes	No
Surge Pricing	Yes	Yes
3-Wheeler (Auto Rickshaws)	Yes	No (stopped in Nov 2015)

**Source:** compiled by the author



One of the interesting observations from the above table is that OLA's customer base was five times bigger than the Uber's. Though the India specific funding is more or less same for both OLA and Uber, the reach of OLA was four times larger than the reach of Uber in Indian taxi market.

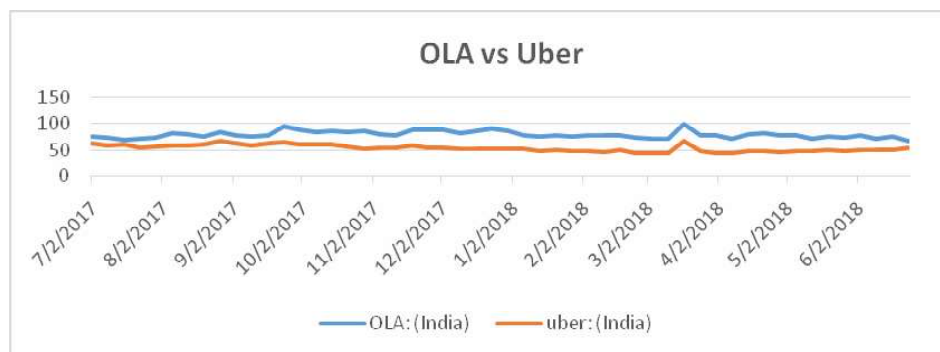
### Google Trends results

In this case study, google trends analysis and results are used to exhibit the interest over time of the keyword search on the google.

**Goole trends** (Google Trends is a public web facility of Google Inc., based on Google Search, that shows how often a particular search-term is entered relative to the total search-volume across various regions of the world, and in various languages)

**Interest over time:** Numbers represent search interest relative to the highest point on the chart for the given region and time. A value of 100 is the peak popularity for the term. A value of 50 means that the term is half as popular. A score of 0 means there was not enough data for this term.

**Chart 1: Key word OLA vs Uber (Google Trends results July 2017-June 2018)**

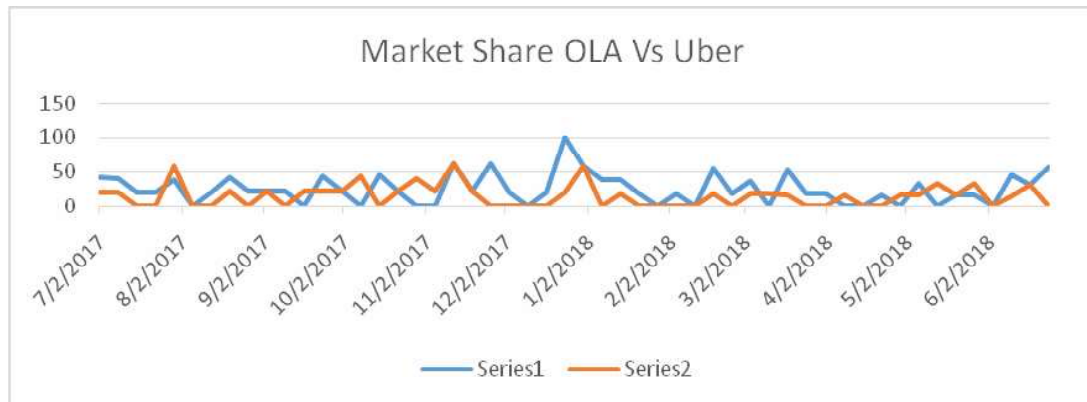


**Source:** <https://trends.google.com/trends/explore?geo=IN&q=OLA,uber>

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The above chart shows that the number searches made using the key word OLA/Uber on Google. It is revealed that the key word OLA was used frequently than the keyword Uber.

**Chart 2: Key word market share OLA vs Uber (Google Trends results July 2017-June 2018)**



Source:<https://trends.google.com/trends/explore?geo=IN&q=market%20share%20OLA,market%20share%20uber>

The above chart shows that the number of searches made using the key word market share of OLA/Uber on Google. It is revealed that the key word market share of OLA was used frequently than the keyword Uber's market share.

### **OLA- Innovative Business Model**

The business model of OLA functions on a simple platform. OLA acts as a sheer enabler in cab-booking services to customers through multiple ways. Customers shall book their cabs through the website, call centre or the popular app. OLA does not own the cabs which are attached to the aggregator. Only those drivers with valid permits duly authorised 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.

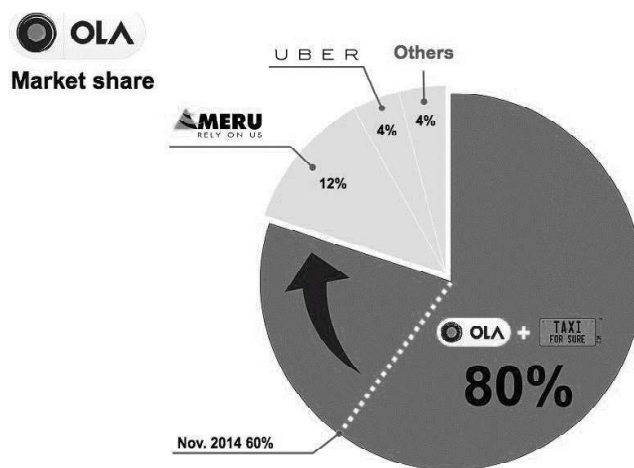
Like how customers use the OLA App, the drivers also get access to the drivers'OLA app on their Smartphone as soon as they register with OLA. This is done only after an in-depth

authentication and conducting due diligence of cab papers and personal papers of driver/operator. In fact, the OLA drivers have a flexibility to decide their own time to login to OLA Application and accept requests for rides from customers. They may choose to remain logged out of the OLA system based on their convenience. The revenue sources for OLA is the commission for each drive and the costs they incur are also quite low as they majorly have to invest only on the technology. From when they started in 2010, the sales have doubled month on month and the graph is a super upward trend and the revenues were 1,286 crores in the 2016-17 financial year according to an information published by Livemint online. Subsequent to OLA's innovative business model, how OLA planned expansion leads are discussed below.

### OLA Expansion leads

After its initial success in the Indian market, OLA started receiving funding from investors. In April 2011, it raised US\$ 330,000 in its initial round of funding from a group of angel investors. This was followed by big ticket funding of US\$ 5 million from Tiger Global Management. It used the initial funding to expand its services to more cities across the country. OLA received more funding in subsequent rounds of funding. The market share in India is portrayed below chart 3.

**Chart 3: OLA Market share in India**



Source: <https://twitter.com/nextbigwhat>

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**Table 2: OLA Summary Metrics**

Founding Date	2010
Total Funding	\$3 b
Latest funding size	\$1.10 b
Time since last funding	9 months ago,
Investors	RNT Capital, Kunal Bahl, Falcon Capital, Matrix Partners, ABG Capital, SoftBank Capital, Steadview Capital, Mauritius Investments, Tencent Holdings, DST Global, Vanguard, Rehan yar Khan, Yes Bank, Didi Chuxing, Tekne Capital, Baillie Gifford, Falcon Edge Capital, Tiger Global Management, Anupam Mittal, GIC, Sequoia Capital, Accel Partners

OLA 's latest funding round in October 2017 was reported to be \$1.1 b. In total, OLA has raised \$3 b. OLA 's latest valuation is reported to be \$7 b.

**Source:** <https://craft.co/OLA-ani-technologies-pvt>

**Table 3: OLA Operating Metrics**

	<b>Year 2015</b>	<b>Year 2016</b>	<b>Oct, 2017</b>	<b>Jan, 2018</b>	<b>Feb, 2018</b>
Active Cities	10	102	110	110	110
Registered Users				125 m	125 m
Vehicle Fleet	30 k	450 k		1 m	700 k

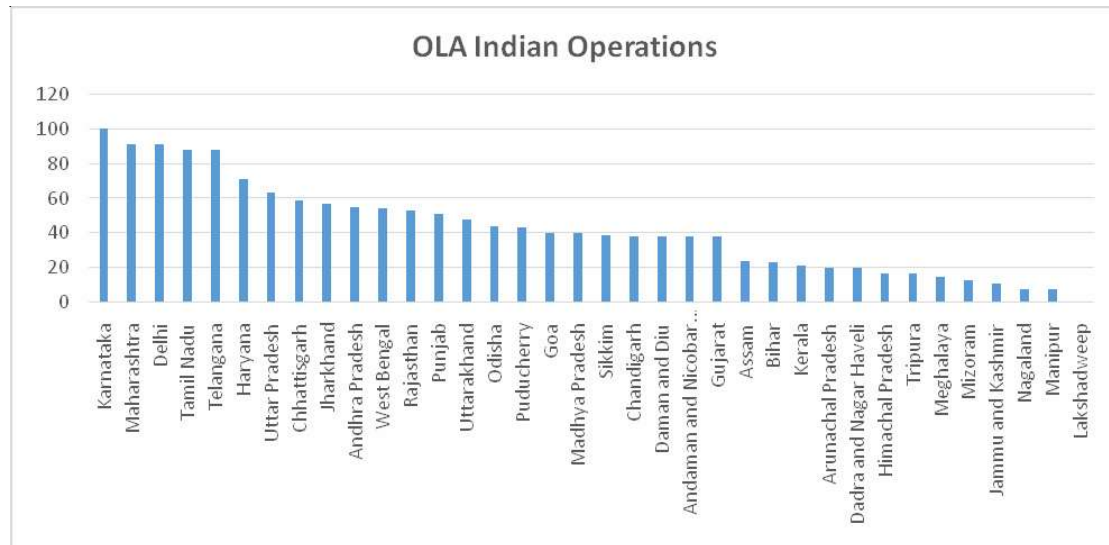
**Source:**<https://craft.co/OLA-ani-technologies-pvt>

In the year 2015, OLA was active in only 10 cities and in 2018 extended their operations to 110 cities i.e over 11 times growth in the span of 3 years.

**Table 4: Key word: OLA Indian Operations (Google Trends results July 2017-June 2018)**

Region		Region	
Karnataka	100	Andaman and Nicobar Islands	38
Maharashtra	91	Gujarat	38
Delhi	91	Assam	24
Tamil Nadu	88	Bihar	23
Telangana	88	Kerala	21
Haryana	71	Arunachal Pradesh	20
Uttar Pradesh	63	Dadra and Nagar Haveli	20
Chhattisgarh	59	Himachal Pradesh	17
Jharkhand	57	Tripura	17
Andhra Pradesh	55	Meghalaya	15
West Bengal	54	Mizoram	13
Rajasthan	53	Jammu and Kashmir	11
Punjab	51	Nagaland	8
Uttarakhand	48	Manipur	8
Odisha	44	Lakshadweep	
Puducherry	43	Sikkim	39
Goa	40	Chandigarh	38
Madhya Pradesh	40	Daman and Diu	38

**Source:**<https://trends.google.com/trends/explore?geo=IN&q=OLA>

**Chart 4:Key word-OLA Indian Operations (Google Trends results July 2017-June 2018)**

Source: <https://trends.google.com/trends/explore?geo=IN&q=OLA>

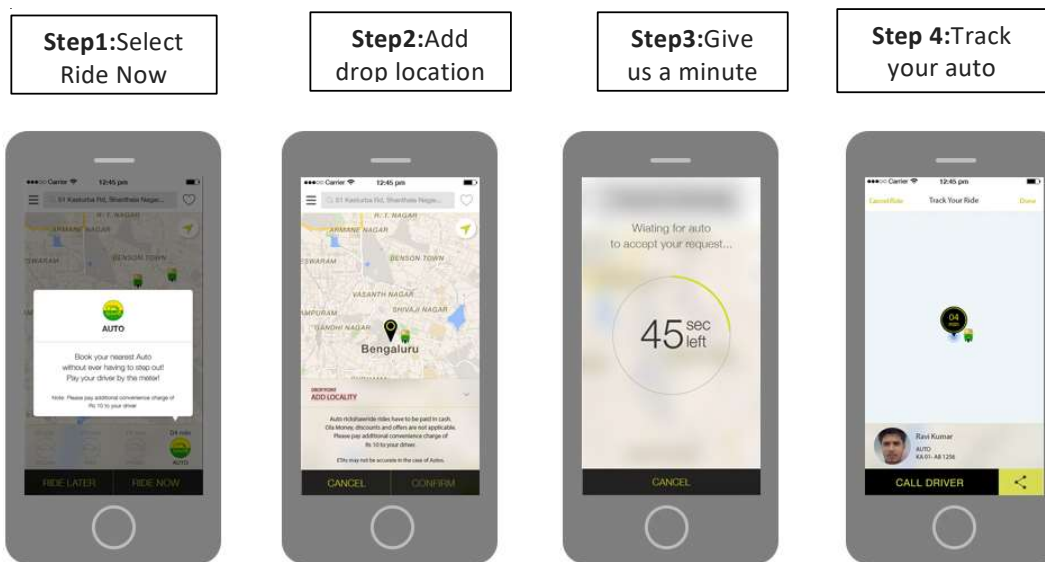
It is clearly revealed from the above chart that top five states used OLA Indian Operations key word were Karnataka, Maharashtra, Delhi, Tamil Nadu and Telangana. On the other hand, Lakshadweep, Manipur, Nagaland, J&K and Mizoram were the bottom five states used OLA Indian Operations keyword search.

### 2016-OLA Auto: An out-of-the-box thinking

In the Indian riding market, OLA has incorporated the auto rickshaws into the organized riding business in the year 2016. OLA, the largest taxi aggregator that provided air-conditioned cum economical rides, added the autorickshaws into the riding app that emerged as a critical trump card. OLA's autorickshaw service contributes about 15% of the revenue, giving the company an edge over its US-headquartered rival Uber, which failed to make a dent in the auto segment and had to discontinue the service. OLA began a trial of its auto-rickshaw service in September 2014 in Delhi with about 50 drivers. The company has subsequently expanded the service to more than 70 cities with over 100,000 autorickshaws on its platform and planning to expand the fleet size to 250,000 in over 100 cities by 2018, with a focus on electric vehicles. Autorickshaws are more widely available than taxis in most cities and the fares are

lower - OLA charges an average Rs 7.25 per km for an auto-rickshaw ride, cheaper than the average Rs 8.5 per km it charges for its lowest-fare non-share ride service, Micro. For OLA, the autorickshaw service offer a competitive advantage as it has repeat and loyal customers and acts as a buffer during cab strikes,” said a senior executive with OLA. Retrieved from <https://economictimes.indiatimes.com/small-biz/startups/uber-is-no-match-for-auto-mated-ola-here/articleshow/58817104.cms>

#### Exhibit 4: App based auto booking



Source: <https://www.olacabs.com/ola-autos>

In the research paper published by Kavitha Narayanan and Onkar Hoysala on “With Ola Auto there is a shift in the way auto-drivers and passenger interact” have explained how Indian auto customers changed the way they hail the autos and how innovative the OLA to reap the benefits of auto market. They conducted a study in Bangalore, India over four months looking at how auto-drivers engage, interact and perceive apps in transport such as OLA Auto. The question that the authors tried to answer was whether such apps are indeed changing the way people travel. The study found, that with the entry and uptake of OLA Auto, there has been a shift in the way auto-drivers and passengers interact. In the OLA Auto app, for the passenger, this continues to be replicated as the destination has to be compulsorily entered

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at the time of placing a ride-request. However, starting early 2016, OLA introduced a paid feature for its driver partners called OLA Premium, which preferentially allots ride-requests to the nearest Premium driver. If a driver is enrolled in the Premium feature, he cannot choose to accept or decline a ride. In case the destination isn't of interest or convenience to the driver, he can cancel the ride-request. However, a cancellation can be a double-edged sword as the consequences of it are not completely known or understood by the drivers. On the other hand, non-Premium drivers report getting fewer rides as they are now given the second preference to Premium drivers. This could reduce their incentive to continue using the app, as the primary reason drivers join OLA is to get access to more ride-requests.

### **2017- OLA kiosks**

OLA in 2017, has entered into a partnership with Indian Railways and Airport Authority of India (AAI) to facilitate cab connectivity for the railway and air passengers at different railway stations and airports in India. This reduced largely the passengers' burden of bargaining with the private cab drivers or avoid paying more to pre-paid cabs. Though it triggered the protest from prepaid taxi operators and call-taxi operators, it helped the commuters to a greater extent.

### **2018-OLA "Auto Unnathi" (Insurance program) for auto driver partners**

Auto Unnathi aimed to create a financial cover and business benefit assurance plan that enables a healthy professional ecosystem for their Auto driver partners and enhances the entrepreneurial journey. As a part of Auto Unnathi, OLA Auto partners benefit from OLA's 'Chalo Befikar' insurance program, family welfare initiatives, and performance-based financial benefits. Auto Unnathi is further strengthened by a tailor-made performance-based financial benefit program that guarantees earnings of Rs 40,000 to all auto drivers. This program was introduced for OLA Auto driver partners in Bengaluru. The idea is to inspire the Auto drivers to focus more on customer service and increase their earning potential.

### **OLA Money**

Ola Money powered by Zipcash is a pre-paid instrument issued by Zipcash as per Reserve Bank of India (RBI) guidelines. The customers could use the Ola Money to pay for some



transactions starting from the cab fares to their online shopping bills. Ola money has got into tie up with American Express, Digibank by DBS and PayZapp. Ola money also have a tie up with Bigbasket, an online shopping portal where customers can buy the products by using Ola money.

**Chart 5:Key word: OLA Money (Google Trends results July 2017-June 2018)**



**Source:**<https://trends.google.com/trends/explore?geo=IN&q=OLA%20money>

The above chart shows clearly that the key word Ola money search has been consistently good in Indian context. Of late, the search trend is deteriorating because of the awareness among the customers about the same.

### **Taxi market in Australia**

The taxi industry in Australia relates to the tertiary sector of the economy associated with taxis in the various Australian states and territories. The sector is highly regulated and each state and territory has its own history and structure. The tertiary sector or service sector is the third of the three economic sectors of the three-sector theory. The others are the secondary sector (approximately the same as manufacturing), and the primary sector (raw materials).

The service sector consists of the production of services instead of end products. Services (also known as “intangible goods”) include attention, advice, access, experience, discussion,

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and affective labor. The production of information has long been regarded as a service, but some economists now attribute it to a fourth sector, the quaternary sector. Taxi services are particularly valuable to less mobile groups in the community, such as elderly and disabled people. As a result, government intervention has historically ensured that taxi services have assisted in ensuring equity, reliability, quality, and safety. Retrieved from [https://en.wikipedia.org/wiki/Taxicabs\\_of\\_Australia](https://en.wikipedia.org/wiki/Taxicabs_of_Australia)

### **The Australian Taxi Industry Association (ATIA)**

The Australian Taxi Industry Association (ATIA) was formed by State and Territory based industry associations to represent the Australian Taxi Services Industry on national issues. Since its formation, the ATIA has been an effective voice articulating the industry's position and working with the Federal Government and its agencies to find workable solutions to legislative, regulatory and policy matters. ATIA advocates that a strong and viable industry is best placed to develop and implement efficiency innovations that maximise the contribution of taxi services for a safe and effective public transport system. Taxi services are anywhere-to-anywhere personalised transport solutions that can both substitute for, or integrate with bus, rail and tram services.

#### **The ATIA is committed to the following:**

Conducting an ongoing audit of legislation and regulatory changes across Australia to protect the interests of industry members.

Facilitating the development of quality taxi services across Australia by liaising with government and the media.

Promoting innovations within the industry that improve the efficiency, accessibility, and sustainability of taxi services.

Ensuring the dissemination of critical information to the industry through communications and education programs.

Hosting the annual ATIA International Taxi Conference to ensure the latest product and service developments and opportunities are available to the Industry. Retrieved from <https://www.atia.com.au/about/>

**Table. 5 State & Territory Taxi Statistics as at December 2014**

State	No. of Taxis	No. of Passengers	Avg. Fare (\$)	Avg. Fare (km)	Avg. Licence Price (Metro)
NSW	7,347	174,600,000	\$24.75	7.0	\$367,000
VIC	5,778	42,000,000	\$23.50	9.7	\$285,000
QLD	3,264	107,222,000	\$24.16	11.5	\$519,000
SA	1,273	15,247,000	\$21.50	7.8	\$348,100
WA	2,572	NA	NA	NA	\$291,300
TAS	585	NA	NA	NA	\$153,000
ACT	316	NA	\$21.23	8.1	\$247,000
NT	209	2,835,000	\$26.00	18.0	NA
AUST	21,344	408,400,000	\$23.97	8.9	\$350,000

Source: <https://www.atia.com.au/taxi-statistics/>

Abbreviation	Region
NSW	New South Wales
VIC	Victoria
QLD	Queensland
SA	South Australia
WA	Western Australia
TAS	Tasmania
ACT	Australian Capital Territory
NT	Northern Territory
AUST	Australia

It is observed from the table no 5 that the average fare per KM was as high as \$ 18 at Northern Territory, whereas, it was as low as \$7 at New South Wales.

### **Snapshot of Taxi market in Australia**

Revenue in the Ride Sharing segment amounts to US\$447m in 2018. Revenue is expected to show an annual growth rate (CAGR 2018-2022) of 3.8% resulting in a market volume of US\$519m in 2022. User penetration is at 7.3% in 2018 and is expected to hit 7.6% in 2022. The average revenue per user (ARPU) currently amounts to US\$249.08. From a global comparison perspective, it is shown that most revenue is generated in China (US\$29,749m in 2018).

Retrieved from <https://www.statista.com/outlook/368/107/ride-sharing/australia#>

### **2017- OLA-Redefining Mobility in Australia**

After a thumping success in the Indian Taxi market, OLA has made an audacious foray in 2017 into Australian Taxi market- one of the well regulated and governed taxi markets in the world. OLA launched its services in Perth in February and in Sydney in March. Subsequently, OLA expanded to Melbourne, Brisbane, Gold Coast. According to OLA, 15,000 drivers have signed up on its platform in Australia. The co-founder and CEO Bhavish Aggarwal says the company sees immense potential in the country, which embraces new technology and innovation: "With a strong focus on driver-partners and the community at large, we aim to create a high-quality and affordable travel experience for citizens in Australia."

### **OLA's rationale to enter into Australian market**

The Australian taxi market is highly competitive with the presence of global players including Uber and Taxify and the number local players including GoCatch, iHail and GM Cabs. Australian market is also a large market with diversity similar to the conditions of Indian market that would have probably given an immense confidence for OLA to start their operations in Australia. Satish Meena, senior forecast analyst at research and advisory firm Forrester, says Australia is an easy choice for OLA because of the limited number of competitors. Regulatory challenges are also less in Australia than in European countries. "OLA is continuously trying to expand by adding more services like grocery, shuttle and vehicle options in India but most of them are either not giving them enough value in terms of revenue or have failed. So, expanding to another geography is the next logical step," he said. Meena feels that South Asian countries

like Bangladesh and Sri Lanka present challenges similar to India in terms of profitability, while Southeast Asian markets are already crowded. “Europe and the US are difficult to manoeuvre. This makes Australia a preferred choice for OLA.”

### **OLA-attempts to solve Australian urban mobility challenges**

The leader in the Indian taxi market OLA following no-stone-unturned strategy and integrate its exceptional expertise for solving urban mobility challenges in Australia. OLA executives kept in their mind that the customers have to maximize the cab riding savings with lower peak and lean pricing. OLA tries to ensure that the partner-focussed approach should get the customers high-quality rides when they travel with their cabs. Also, to provide the stress-free option for ridesharing, OLA gives the safety features like SOS alert and real-time location sharing.

### **2018-OLA's special features and offers**

In May, 2018, ride-sharing giant OLA started its operations in Brisbane and the Gold Coast, subsequent to the launch at Perth, Sydney and Melbourne. To mark its Queensland launch, for a limited time OLA has offered new customers in Brisbane and the Gold Coast one free ride up to \$20 each for a week after sign-up. For their drivers, for a limited time OLA offered a competitive introductory rate of 7.5 per cent commission per fare. After that period the commission jumped to 15 per cent. In the OLA app, riders can select their pick-up and drop-off locations and save frequent destinations and pick-up locations as favourites. Since its entry in Australia in March, Ola has been wooing driver-partners to get them to sign up on its platform by offering an introductory commission rate of 7.5% (to be charged by Ola) — a market low — as well as the option of daily payments.

Even though the commission charged by Ola is expected to reach 15% after the offer expires, Uber continues to charge 27.5% commission. Indian cab aggregator has successfully registered 30K driver partners within three months of its operations in Australia.

Even as Ola announced its operations are starting in Brisbane, the Gold Coast, and Canberra, the report noted that some Uber drivers in Perth are giving passengers a ‘Try Ola for Free’

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card. Retrieved from <https://inc42.com/buzz/uber-drivers-are-olas-new-marketing-strategy-in-australia/>

OLA claims to conduct 1 billion rides each year globally, with more than 1 million driver partners and 125 million customers in over 110 cities, this includes a proposed entry into UK market. The success of Australian market would be a great push factor. In order to penetrate into the Australian market, OLA's focus largely could be on the following aspects,

Create a sense of ownership among the OLA's driver-partners

Spirit of competition and appropriate incentives for the performance

Annual bonus for driver-partners based on their performance

Keep track of UBER's strategies and frame counter strategies accordingly

Offer discounts and special packages for the regular riders

Booking preference for the riders with good rating

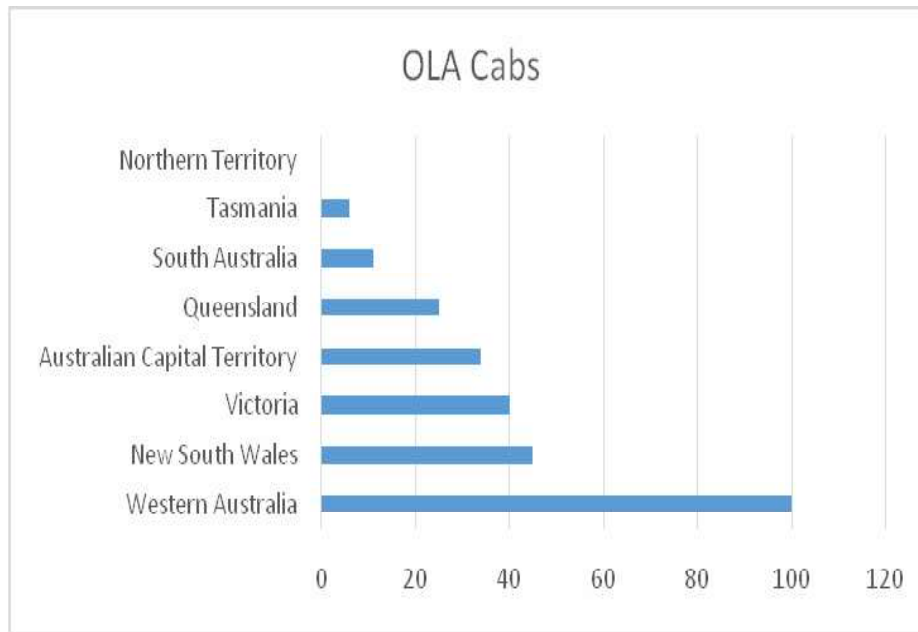
Attach customer rating to driver-partners' performance bonus to enhance the customer relations

Focus on customer experience management

**Table 6: Key word: OLA in Australia (Google Trends results July 2017-June 2018)**

Region	
Western Australia	100
New South Wales	45
Victoria	40
Australian Capital Territory	34
Queensland	25
South Australia	11
Tasmania	6
Northern Territory	

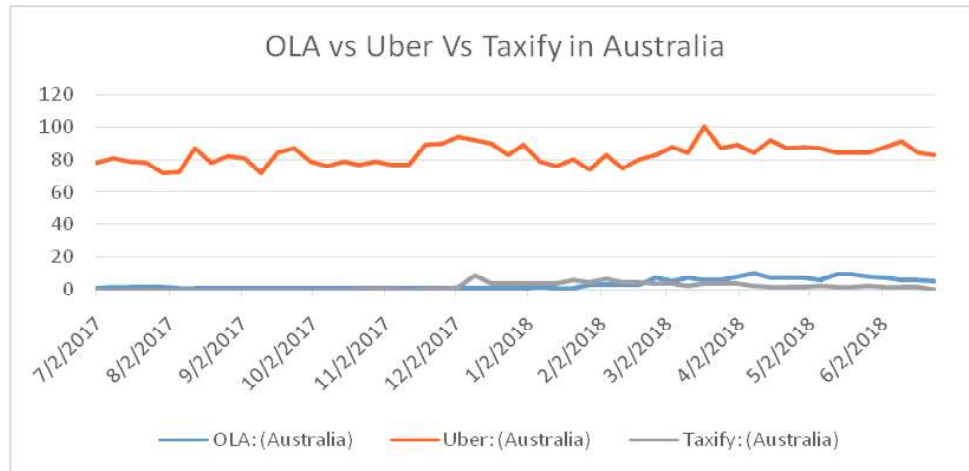
**Source:** <https://trends.google.com/trends/explore?geo=AU&q=OLA>

**Chart 6:**Key word: Key word: OLA in Australia (Google Trends results July 2017-June 2018)

**Source:** <https://trends.google.com/trends/explore?geo=AU&q=OLA>

It is revealed from the above table and chart captured from Google trends using keyword OLA in Australia that Western Australia, New South Wales and Victoria are the top states used OLA as a key word to search on Google frequently. This also shows the OLA's popularity among these Australian states. As there are no OLA operations in the Northern territory, no searches in that state. Tasmania and South Australia are the least searched states using OLA as a key word.

**Chart 7: Key word: OLA Vs Uber Vs Taxify in Australia**  
**(Google Trends results July 2017-June 2018)**



**Source:**<https://trends.google.com/trends/explore?geo=AU&q=OLA,Uber,Taxify>

It can be inferred from the above chart that Uber has been very popular key word searched on Google in Australia when compared to OLA and the other global player Taxify which are the least searched items. In fact, Uber stated its operations in 2012 onwards.

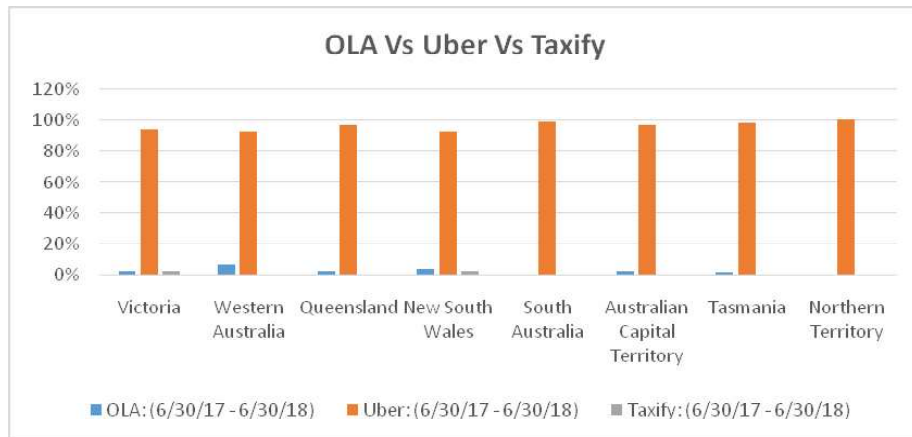
**Table 7: Key word: OLA Vs Uber Vs Taxify (Region wise) (Google Trends results July 2017-June 2018)**

Region	Uber: (6/30/17 - 6/30/18)	OLA: (6/30/17 - 6/30/18)	Taxify: (6/30/17 - 6/30/18)
Victoria	94%	3%	3%
Western Australia	93%	7%	<1%
Queensland	97%	3%	<1%
New South Wales	93%	4%	3%
South Australia	99%	1%	<1%
Australian Capital Territory	97%	3%	<1%
Tasmania	98%	2%	
Northern Territory	100%		

**Source:**<https://trends.google.com/trends/explore?geo=AU&q=OLA,Uber,Taxify>



**Chart 8: Key word: OLA Vs Uber Vs Taxify (Region wise)**  
**(Google Trends results July 2017-June 2018)**



**Source:** <https://trends.google.com/trends/explore?geo=AU&q=OLA,Uber,Taxify>

The region-wise break up of key word search shows clearly that Uber has been popular in all the Australian Region. OLA has been gaining its popularity in Western Australia and New south wales.

### **Looking ahead- OLA's Australian challenge**

OLA has been realizing an incredible growth in the taxi market in India. The days to come would be marching forward for OLA and certainly no looking back as it is evolving day by day in every outlook. As far as revenues are concerned, it has increased almost 15 folds over the past five years. At present, it is the major cab service provider and the market leader in India. OLA being a local brand has positively gained the public support in the market. Moreover, the intense use of technology at OLA shall provide better experience to the customer as Customer Experience Management is order of the day. In addition to the cab services, OLA has also focused providing desired services to the people in the target market including groceries, wedding preparations, festival purchases. OLA also shows keen interest in social safety, creating social awareness and promoting acts of humanity. OLA Auto is a trump card of the company which gave the commuters an entirely new experience in traveling by autos. OLA

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money, OLA kiosks facilitates the customers to a larger extent in choosing and paying for cab services respectively.

Uber is posing a big threat to OLA in Australian market. Since they have entered the Australian market in 2012, they are enjoying the first movers advantage. In the past 6 years of their existence, Uber has established well in the Australian market and been a market leader also. OLA's biggest challenge in Australia is to face stiff competition from Uber which is backed up by big investors.

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