



Ola vs. Uber: Competitive Benchmarking

Final Report

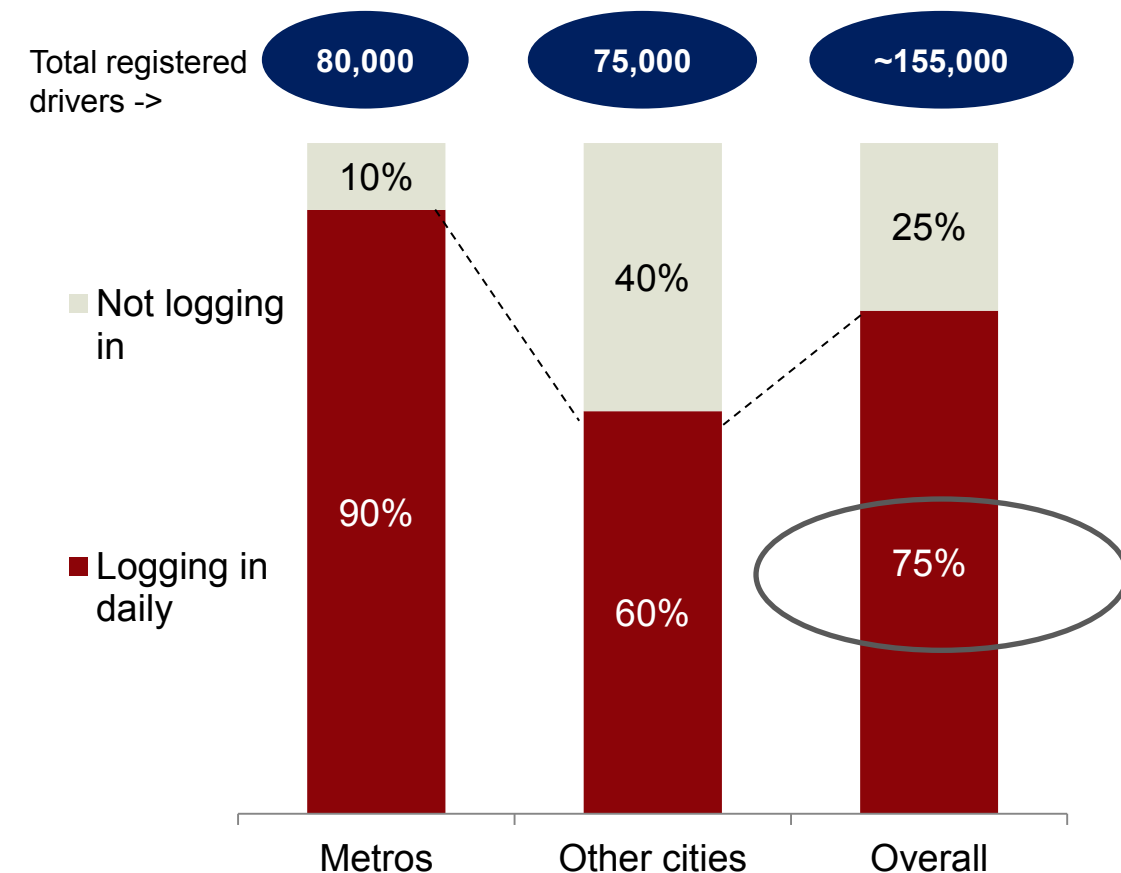
July 2015

December 2014

Ola has ~155,000 drivers in its network; more than ~120,000 or ~75% log in daily

Ola number of registered drivers in network and % logging in

May 2015 estimates



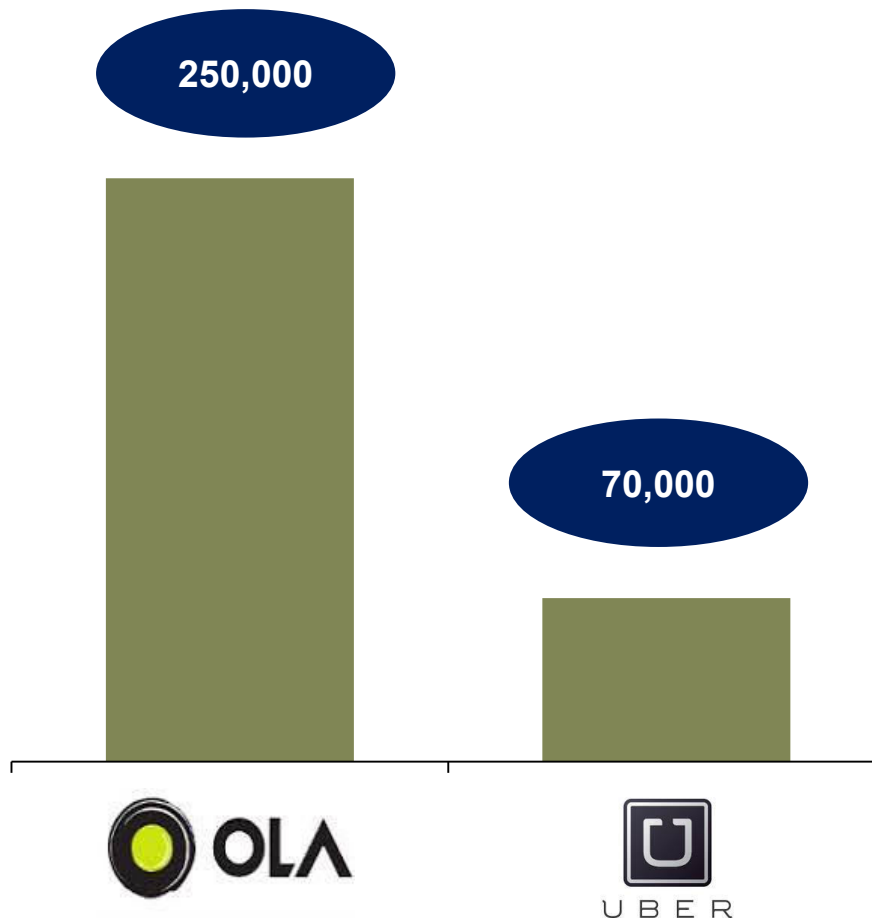
- In Metros, the drivers who don't login are often absentees who would have taken a break on account of working extra hours the previous day
- Poor awareness and low demand is the reason why % of drivers logging is lower in smaller cities

1. Note: The above numbers are excluding Ola Auto
2. Metros refers to the top 7 cities including Pune

Ola delivers more than ~3.5X rides per day as compared to Uber

Average rides delivered per day

May 2015 estimates



- For Ola, around **~75% or ~190,000** rides delivered per day in top 7 cities (metros) and **~85%** of the rides were delivered in the top 10-12 cities
- Uber's rides per day have been growing rapidly at **30-40%** m-o-m driven by its low priced UberGo versions
- Additionally, the growth has been driven by Uber's Kolkata launch as the city has been one of the fastest growth areas for Uber in India



"Ola's average daily rides are growing at nearly ~10% m-o-m for the last few months."

"60-70% of all Ola rides are delivered are in Ola Mini, 25-30% in Sedan and ~5% for Kaali Peeli and Prime"

1. Note: The above numbers refers to the confirmed rides delivered only

Ola’s GMV is ~4X that of Uber; its average fare is expected to stabilize near the ~USD 4 mark going forward

Average fare and GMV
May 2015 estimates

Parameter		
Average no. of rides delivered per day	250,000	70,000
Average ride fare	INR 255/USD 4.3	INR 235 /USD 3.9
Monthly GMV (USD mn)	~33	~8.5
Annualized GMV Run Rate (USD mn)	~400	~100

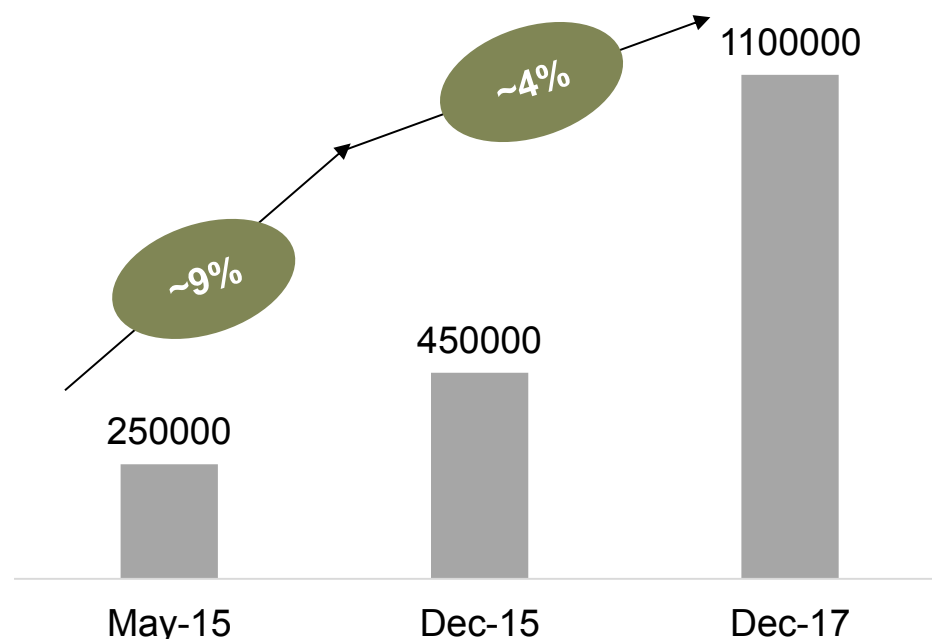
- For Ola, average fare varies by car type
- Ola Mini average fares are ~Rs 200 (USD 3.3) while it is Rs 300+ (~USD 5) for sedan
- Average fare in smaller cities (Tier 2+) is ~ Rs 280+ and the cabs in these cities are used for airport/railway station drops and rarely for short commutes

" Over the rest of 2015 and also over the next 1-2 years, we expect that the average pan India fare for Ola would stabilize in the Rs ~240-250 range as the share of people in smaller cities using cabs even for shorter distance rides increases and they start reducing their car usage"

Ola expects its rides per day to grow to ~1.1 million by 2018 with m-o-m growth slowing down after 2015

Growth in rides per day for Ola

Rides per day averaged for a month



"We expect 2015 and 2016 to be the last years where we see hyper/rapid growth. Going forward, we would see a growth slowdown as the markets gets slightly saturated and we expect the market to deliver only marginal growth after 2017-18 once we have hit 1-1.2 million rides per day mark"

- Ola view

Growth drivers in Metros

- In Metro cities, the average rides delivered per logged in driver per day is expected to grow only marginally to ~4 over the next 1-2 years from the current ~2.8
- The bulk of the growth in these cities is likely to be driven by addition of new cars rather than rapid growth in rides per day for existing drivers
- Certain drivers in metros who have been logging 8-10 rides per day have missed work the next day citing fatigue and Ola is seeking to remedy this situation by adding new cars

Growth drivers in smaller cities

- In the smaller cities the average rides per day for Ola for a logged in driver is 1.1-1.2 which is very low
- Ola is focusing on increasing this number to ~3 by 2017-18
- Additionally, Ola is looking to expand into 200+ cities over 2016 and also offer other cheaper car options like Nano etc. in smaller cities soon to drive growth

~2.5-3 million unique customers took an Ola ride in May 2015 with 2.7 average rides per customer

Customer metrics for Ola

Key insights

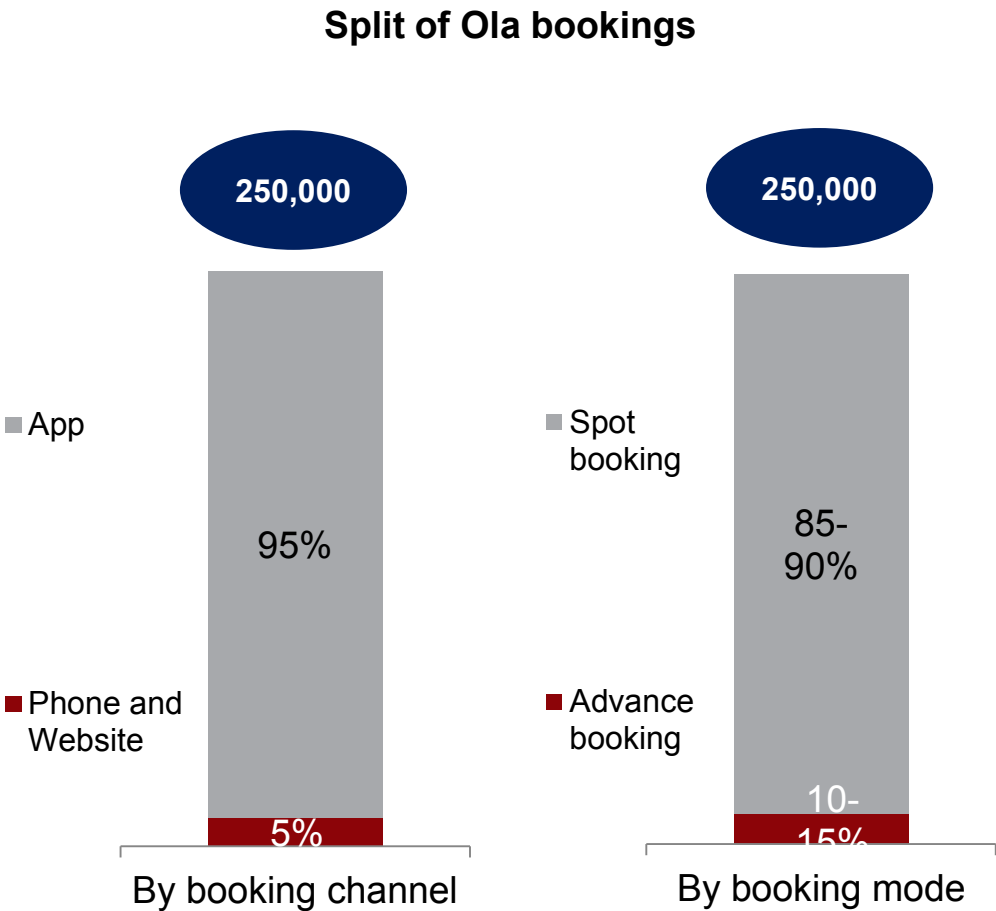
Parameter	Value for Ola
Total rides delivered in May 2015	~7.5 million
Unique customers taking ride	2.5-3 million
Average rides per customer per month	~2.7
% Of repeat users (from a previous month)	~50-55%

- Average rides per customer is gradually increasing as the share of repeat customers keeps on growing
- The high share of repeat customers is seen by the **Ola Money** usage as well, as more than **50%** of the bookings are being paid for using Ola Money
- Uber has a higher share of repeat users at **55-60%**

The vast majority of Ola rides are being spot booked through the app

Split of bookings by channels and booking mode

May 2015 estimates



- Ola has stopped promoting its advance booking option
- Uber only has the spot booking option
- Ola has recently been focusing on eliminating the phone booking channel and even in smaller cities, phone booking call centres have been closed
- Uber gets 100% bookings through app

Both Ola and Uber are giving various incentives to both customers and drivers to drive growth...

Customer and driver acquisition incentives

Key insights

Parameter	Ola	Uber
Customer acquisition incentives	<ul style="list-style-type: none">▪ Rs.100/50 off for first ride and by sharing the app link▪ Besides this, Ola also has tie ups with various entities e.g. with Hard Rock café where a customer gets a certain discount at HRC is he uses Ola▪ Also, for customers using the app regularly, Ola offers appiness day where loyal customers get free Ola Money	<ul style="list-style-type: none">▪ First ride free and sharing the app link with friends/family will avail a free ride for both
Driver acquisition incentives	<ul style="list-style-type: none">▪ Depending on city to city, an additional payment of Rs. 70-100 per ride is made to the driver▪ Also, Ola drivers get Rs 2000 if they manager to achieve >5 rides per day in metros▪ City managers have a lot of control and have the freedom to design driver incentives based on the local trends▪ In certain smaller cities, drivers get Rs 3000 rupees if they login for 10 hours	<ul style="list-style-type: none">▪ Uber is giving Rs 150-180 per ride over and above the billing on an average (varies by cities)▪ Also, Uber drivers are getting Rs 3000 for a 12 hour login (varies by city)

...with Ola especially looking to focus on driver acquisition and loyalty through its Ola Star program

Ola Star driver loyalty program

Key insights

Program description

- Ola has been working on a program to drive driver loyalty and driver emotional connect and this program is called 'Ola Stars'
- Ola is providing multiple non-cash benefits to the drivers by tying up with multiple vendors to get bulk discounts and then providing various merchandise/services like white goods, insurance services, gold coins, mobile talk time, garage services, grocery etc. to the driver
- For example instead of giving Rs. 100 extra per ride to the driver, Ola will give him Rs 70 and also Rs 30 worth of talktime.



Expected impact and future plans

- The Ola stars project is driven by the fact that the Ola management understands that the current cash burn levels are unsustainable and is looking to reduce the same
- By offering non-cash incentives, Ola can avail bulk discounts from the various vendors, which would reduce its cash burns
- The Ola stars scheme has seen a good response in Bangalore and is likely to be rolled out to other metros over the next 3-4 months



Thank You!

RedSeer Management Consulting Private Limited

Bangalore | Delhi | Mumbai | Philadelphia

query@redseerconsulting.com