



State of the Online Cabs Market

- A comprehensive performance review of the online cab aggregator market
- Assessed through a regularly tracked set of performance indicators
- Published quarterly

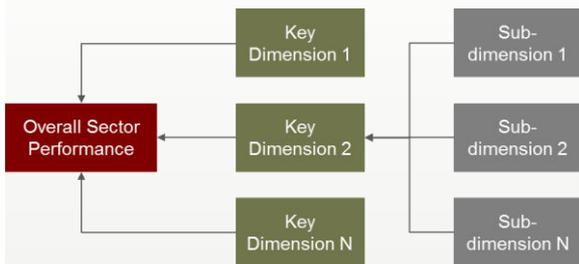
Q1-CY17 Edition

Published in May 2017

What is in this report?

1. This report includes a comprehensive assessment of Indian online cab sector performance across *eight key dimensions*
2. Each *key dimension* is rated on whether the sector performed *above expectations* (Bullish ) , *broadly as per expectation* (Neutral ) or *significantly worse than expectations* (Bearish ) on that dimension
3. Each *key dimension* is further built up from multiple *sub-dimensions*, which are also rated for the sector using the above criteria

Sector Assessment Approach

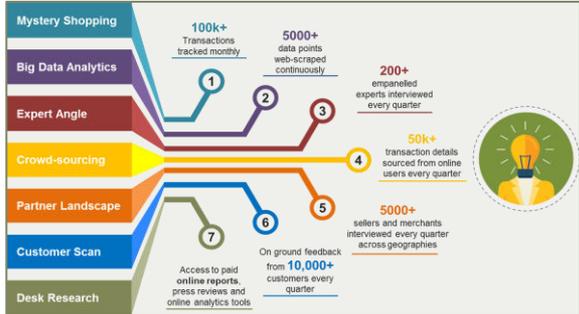


Research Methodology

RedSeer’s Integrated Research Approach™ incorporating the following:

1. Tracks 50,000+ monthly online transactions
2. Primary Interviews with 1,000+ drivers in 10+ cities every quarter
3. Primary Interviews with 3,000+ customers every quarter

Integrated Research Approach™



Eight Key Dimensions for Assessing Sector Performance

SN	Key Dimension	Sub-Dimensions
1	Rides & GBV performance	<ol style="list-style-type: none"> 1. Ride trends 2. GBV trends
2	Driver Supply	<ol style="list-style-type: none"> 1. Registered Cab Supply 2. No: of working days/month
3	Customer Adoption	<ol style="list-style-type: none"> 1. Monthly active users 2. Repeat Usage measured via WAU/MAU= Share of monthly active users who are also active weekly 3. Adoption of carpooling
4	Unit Economics	<ol style="list-style-type: none"> 1. Incentive as a % of GBV 2. Take Rates % 3. Share of cashless rides
5	Driver Economics	<ol style="list-style-type: none"> 1. Rides/day/driver 2. Driver Take-home Income
6	Operational Performance	<ol style="list-style-type: none"> 1. Cab Availability 2. ETA (in min) 3. Driver Cancellations
7	Customer Satisfaction	<ol style="list-style-type: none"> 1. Booking Experience (As NPS score) 2. Ride Experience (As NPS score)
8	Regulatory Assessment	<ol style="list-style-type: none"> 1. Support provided or obstacles created from recent regulatory changes
Overall Performance		

Key Word	Description
GBV	Gross Booking Value- What the rider pays to the cabs aggregator
Driver Incentives	Additional payout made to drivers over the GBV value, by aggregator
ETA	Estimated Time of Arrival
WAU And MAU	Weekly and Monthly Active Users (on app)
Cab Availability	Whether any of Pool/share or Go/Micro/Mini/Prime is available

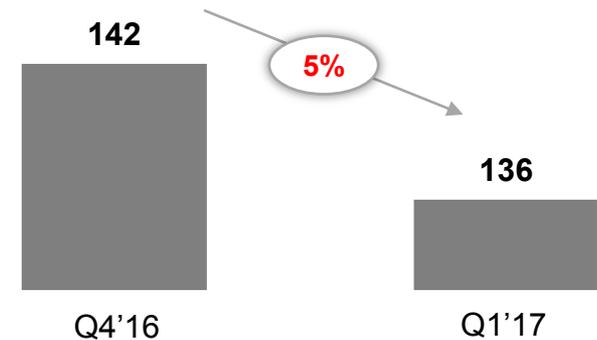
Note

1. The report broadly covers the trends in Online Taxi Market in Q1 CY17
2. Trends in the offline taxi market are not covered in this report
3. Trends in the online and offline market for other transport modes e.g. bikes, shuttle buses and autos are also not covered in this report

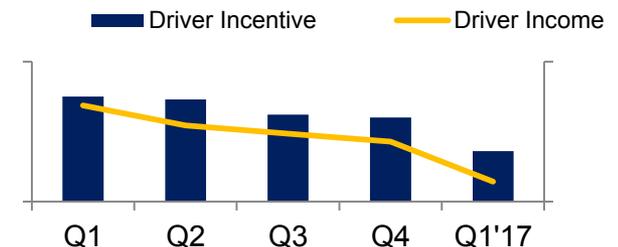
Q1-CY17 was marked by a clear tussle between growth and profitability. Growing focus on profitability pushed players to cut down on driver incentives- a move which led to driver strikes across India, with the associated supply crunch contributing to a q-o-q fall in rides for the industry

- After a long period of uninterrupted growth, Q1-CY17 saw a **5%** decrease in the overall cabs bookings for the industry
- The reason for decline was two fold–
 - Supply crunch caused by driver strikes across major cities in January and February (10% decline in no: of working days/month from Q4'16)
 - Flat or dropping consumer demand (in terms of MAUs for leading players)
- Driver strikes were precipitated by a 45% q-o-q fall in driver income, caused by sharp reduction in ride incentives- which in turn was pushed by a growing industry focus on profitability
- We believe that this quarter has been one of '*stabilization*' for the industry, which has taken the much needed steps to rationalize its financials. While there has been a short term hit on industry growth, we expect growth to pickup again once the supply stabilizes and demand grows for services like carpooling

Total completed rides for industry in Mn



Driver Incentives (as a % of GBV) and Driver Income (In USD per month)



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- B** Appendix - 2020 Scenario
- C** Appendix – Player Level Reports

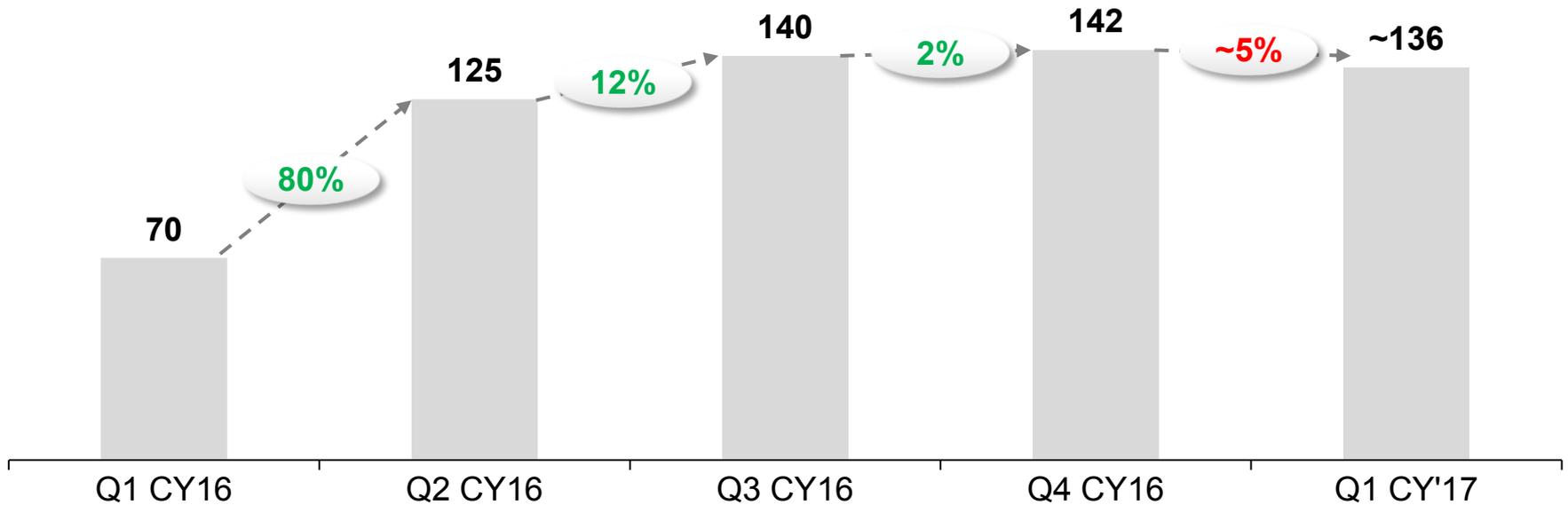


Sector Assessment Scorecard: Q1-CY17 Performance

SN	Key Dimension	Industry Performance	Assessment Rationale
1	Rides & GBV performance		After multiple quarters of delivering growth, the online cabs market suffered a minor slowdown in Q1-CY17
2	Driver Supply		Industry slowdown was primarily caused by supply crunch due to striking drivers- as reflected in fewer driver working days and lower cab supply
3	Customer Adoption		Stagnating customer demand also played a role in growth slowdown- even as carpooling remained a bright spot
4	Unit economics		While the market declined, there was an improvement in unit economics- as shown by a strong drop in driver incentive spending
5	Driver Economics		Lower driver incentive earnings coupled with fewer rides per day in the past quarter led to a sharp drop in driver income
6	Operational Performance		Striking drivers meant that industry saw an increase in ETAs in the past quarter; however, other operational metrics remained stable
7	Consumer Satisfaction		Despite increase in ETA, industry had a stable <i>Consumer Satisfaction</i> with 'booking experience'; however, satisfaction with ride experience worsened
8	Regulatory Assessment		On the regulatory side, the past quarter was largely uneventful; newly enacted regulations had little or no impact on the sector
9	Overall Sector Performance		Overall, the theme of the past quarter was stabilization and rationalization. Strong performance was seen in the area of unit economics while the industry was flat or declining on other parameters

After multiple quarters of delivering growth, the online cabs market suffered a minor slowdown in Q1-CY17

Indian Online Cabs Market- Ride Count
(For Each Quarter, In Millions)



- The year started with a rapid 9% m-o-m growth in Q1
- Launch of Ola Micro in March'16 helped in curbing Uber's growth

- Massive growth continued into Q2 driven by success in Micro
- Industry crossed a milestone of 100 Mn rides in the quarter

- Growth slowdown in Q3 was a result of the supply crunch caused by drivers leaving platforms due to supply clean-up and fraud reduction initiatives

- Supply rationalization continued in Q4 which saw frequent disruptions in supply leading to the market remaining stagnant

- First ever drop in industry rides
- Rides fall caused by reduced driver incentives leading to strikes and supply-demand mismatch

Industry slowdown was primarily caused by supply crunch due to striking drivers- as reflected in fewer driver working days and lower cab supply

Sub-Dimension

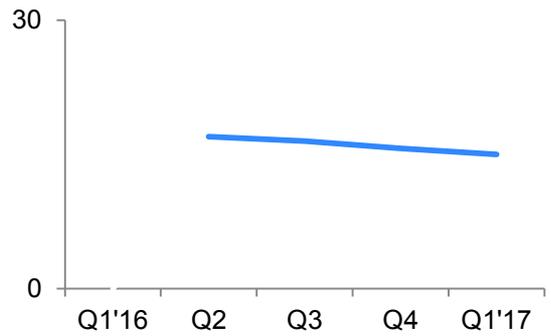
Time Trend

Sub-Dimension
Rating: Q1-CY17

Key Takeaways

1

of driver working days/month

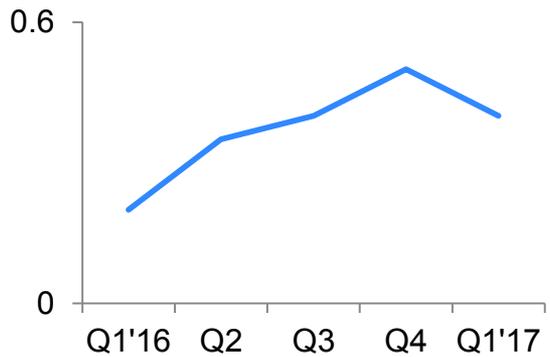


Decrease in # of working days for the drivers was a the primary cause of supply crunch in the past quarter

- Working days reduction was caused by driver strikes in major cities
- Metro cities with the lowest working days were New Delhi and Bangalore

2

Registered Cab Supply (Millions)



Supply crunch situation was further exacerbated by drivers leaving online platforms entirely

- This trend was precipitated largely by continuously dropping incentives and driver incomes
- Drivers who left the online platforms either shifted into other (offline) driving jobs or changed professions entirely

Stagnating customer demand also played a role in growth slowdown- even as carpooling remained a bright spot

Sub-Dimension	Time Trend	Sub-Dimension Rating: Q1-CY17	Key Takeaways
<p>1</p> <p>Monthly Active Users</p> <p>(On the app for leading platforms, in Millions)</p>			<p>Stagnation in consumer demand is reflected in the falling MAU numbers for the two major platforms</p> <ul style="list-style-type: none"> This indicates slowdown in addition of new users- itself an indicator of the metro markets moving towards saturation
<p>2</p> <p>Repeat Usage</p> <p>(Measured as WAU/MAU= Share of monthly active users who are also active weekly)</p>			<p>Share of repeat users grew in the past quarter, again an indication of slowdown in new user addition</p> <ul style="list-style-type: none"> WAU/MAU broadly indicates the share of repeat users in the total user mix
<p>3</p> <p>Carpooling Rides</p> <p>(as a % of total industry cab rides)</p>			<p>Carpooling saw a steady growth in Q1'17</p> <ul style="list-style-type: none"> Due to lower fares and greater convenience, carpooling kept on seeing growth, with the rides growing by ~9% q-o-q in Q1'17.

While the market declined, there was an improvement in unit economics- as shown by a strong drop in driver incentive spending

Sub-Dimension	Time Trend	Sub-Dimension Rating: Q1-CY17	Key Takeaways
<p>1</p> <p>Incentive (as a % of GBV)</p>			<p>Incentives spending was cut sharply in the past quarter, giving a push to the player's profitability agenda</p> <ul style="list-style-type: none"> New Delhi and Bangalore saw the biggest incentive drop in Q1'17
<p>2</p> <p>Take Rates (as a % of GBV)</p>			<p>Platform commissions remained the same throughout Q1'17</p> <ul style="list-style-type: none"> Industry did not look to tinker with the existing commission rates charged to drivers, and continued to charge 20% in Q1'17
<p>3</p> <p>Share of cashless rides (Transaction %)</p>			<p>Q1'17 saw a minor decline in share of cashless rides</p> <ul style="list-style-type: none"> With the economy slowly recovering from de-monetisation and an increase in liquidity in the market has resulted in a slight increase in cash as a mode of payment

Lower driver incentive earnings coupled with fewer rides per day in the past quarter led to a sharp drop in driver income

<u>Sub-Dimension</u>	<u>Time Trend</u>	<u>Sub-Dimension</u> Rating: Q1-CY17	<u>Key Takeaways</u>										
1 Rides/day/driver	<table border="1"><caption>Rides/day/driver</caption><thead><tr><th>Quarter</th><th>Rides/day/driver</th></tr></thead><tbody><tr><td>Q2'16</td><td>9.5</td></tr><tr><td>Q3</td><td>8.2</td></tr><tr><td>Q4</td><td>8.8</td></tr><tr><td>Q1'17</td><td>8.6</td></tr></tbody></table>	Quarter	Rides/day/driver	Q2'16	9.5	Q3	8.2	Q4	8.8	Q1'17	8.6	↓	Rides/day/driver dipped due to drivers not being able to be on road for long durations during time of strikes <ul style="list-style-type: none">Reduction in driver working hours during strikes led to reduced no: of rides/day/driver in Q1'17
Quarter	Rides/day/driver												
Q2'16	9.5												
Q3	8.2												
Q4	8.8												
Q1'17	8.6												
2 Driver take-home income (In USD per month)	<table border="1"><caption>Driver take-home income (In USD per month)</caption><thead><tr><th>Quarter</th><th>Income (USD)</th></tr></thead><tbody><tr><td>Q2'16</td><td>400</td></tr><tr><td>Q3</td><td>380</td></tr><tr><td>Q4</td><td>350</td></tr><tr><td>Q1'17</td><td>150</td></tr></tbody></table>	Quarter	Income (USD)	Q2'16	400	Q3	380	Q4	350	Q1'17	150	↓	Driver incomes dipped sharply the past quarter <ul style="list-style-type: none">Ever decreasing ride incentives forced a strong reduction in driver take home incomes in the period- resulting in driver strikes
Quarter	Income (USD)												
Q2'16	400												
Q3	380												
Q4	350												
Q1'17	150												

Striking drivers meant that industry saw an increase in ETAs in the past quarter; however, other operational metrics remained stable

<u>Sub-Dimension</u>	<u>Time Trend</u>	<u>Sub-Dimension Rating: Q1-CY17</u>	<u>Key Takeaways</u>												
1 Cab Availability (% of time)	<table border="1"><caption>Cab Availability (% of time)</caption><thead><tr><th>Quarter</th><th>Availability (%)</th></tr></thead><tbody><tr><td>Q1'16</td><td>85</td></tr><tr><td>Q2</td><td>75</td></tr><tr><td>Q3</td><td>75</td></tr><tr><td>Q4</td><td>85</td></tr><tr><td>Q1'17</td><td>85</td></tr></tbody></table>	Quarter	Availability (%)	Q1'16	85	Q2	75	Q3	75	Q4	85	Q1'17	85		Inspite of strikes, cab availability was largely unchanged during the last quarter <ul style="list-style-type: none">This is due to better management of supply to provide carpool rides and meet the high customer demand
Quarter	Availability (%)														
Q1'16	85														
Q2	75														
Q3	75														
Q4	85														
Q1'17	85														
2 ETA (in mins)	<table border="1"><caption>ETA (in mins)</caption><thead><tr><th>Quarter</th><th>ETA (mins)</th></tr></thead><tbody><tr><td>Q1'16</td><td>5.5</td></tr><tr><td>Q2</td><td>4.5</td></tr><tr><td>Q3</td><td>4.5</td></tr><tr><td>Q4</td><td>5.5</td></tr><tr><td>Q1'17</td><td>5.5</td></tr></tbody></table>	Quarter	ETA (mins)	Q1'16	5.5	Q2	4.5	Q3	4.5	Q4	5.5	Q1'17	5.5		ETA increased slightly in the past quarter due to supply crunch caused by strikes <ul style="list-style-type: none">New Delhi and Bangalore saw major increase in ETA due to massive supply crunch in Q1'17
Quarter	ETA (mins)														
Q1'16	5.5														
Q2	4.5														
Q3	4.5														
Q4	5.5														
Q1'17	5.5														
3 Driver Cancellations (% of bookings)	<table border="1"><caption>Driver Cancellations (% of bookings)</caption><thead><tr><th>Quarter</th><th>Cancellations (%)</th></tr></thead><tbody><tr><td>Q1'16</td><td>5</td></tr><tr><td>Q2</td><td>10</td></tr><tr><td>Q3</td><td>5</td></tr><tr><td>Q4</td><td>5</td></tr><tr><td>Q1'17</td><td>5</td></tr></tbody></table>	Quarter	Cancellations (%)	Q1'16	5	Q2	10	Q3	5	Q4	5	Q1'17	5		Driver-side cancellations remained stable <ul style="list-style-type: none">Players increased the driver-side penalties to reduce instances of cancellations during the period of strikes in January and February
Quarter	Cancellations (%)														
Q1'16	5														
Q2	10														
Q3	5														
Q4	5														
Q1'17	5														

Despite increase in ETA, industry had a stable *Consumer Satisfaction* with 'booking experience'; however, satisfaction with ride experience worsened

Sub-Dimension

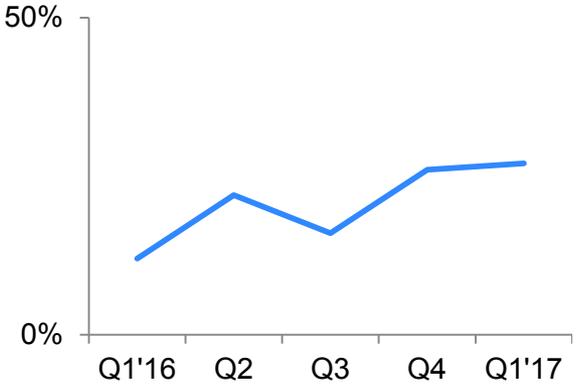
Time Trend

Sub-Dimension Rating: Q1-CY17

Key Takeaways

1

Booking Experience (As NPS Score)

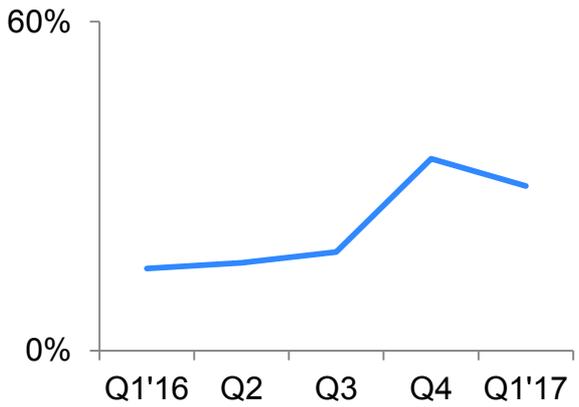


Inspite of the demand-supply mismatch caused by strikes, customer booking experience remained broadly stable

- This was mainly due to discount schemes rolled out in the quarter providing cheap riding options to consumers

2

Ride Experience (As NPS Score)



Ride experience suffered in the past quarter due to very low customer experience scores on *driver courtesy* and *car quality* metrics

- Owing to strikes, industry was struggling to maintain cab supply in January
- The pressure to put cars on the road led to fewer quality checks on the cars- leading to dissatisfied customers

On the *regulatory* side, the past quarter was largely uneventful; newly enacted regulations had little or no impact on the sector

<i>Timeline</i>	<i>Key Regulations</i>	<i>Impact</i>	<i>Impact Rating</i>
Q1	<ul style="list-style-type: none"> Karnataka government bans surge pricing 	<ul style="list-style-type: none"> Few cars impounded by police Surge still continued by aggregators as usual 	
Q2	<ul style="list-style-type: none"> Delhi Government bans surge pricing in April Supreme court bans all diesel taxis to run in Delhi 	<ul style="list-style-type: none"> Business impacted due to ban on diesel taxis No impact of surge ban 	
Q3	<ul style="list-style-type: none"> Delhi HC bans surge pricing Centre decides to change laws to regulate online cab Industry 	<ul style="list-style-type: none"> No major impact on business as surge still continued by aggregators 	
Q4	<ul style="list-style-type: none"> Maharashtra introduces its own set of laws in Oct Supreme court allows surge pricing Ride hailing apps become legal in India 	<ul style="list-style-type: none"> Rules not complied in Maharashtra Positive move for business by the centre 	
Q1'17	<ul style="list-style-type: none"> West Bengal instructed Uber to put panic buttons in their cars Karnataka government temporarily banned shared services in the state 	<ul style="list-style-type: none"> No major impact as both parties reached a resolution soon and shared services resumed in Karnataka 	

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China offers a successful example of a rapidly growing online mobility market

Global Case Studies – China

Insights

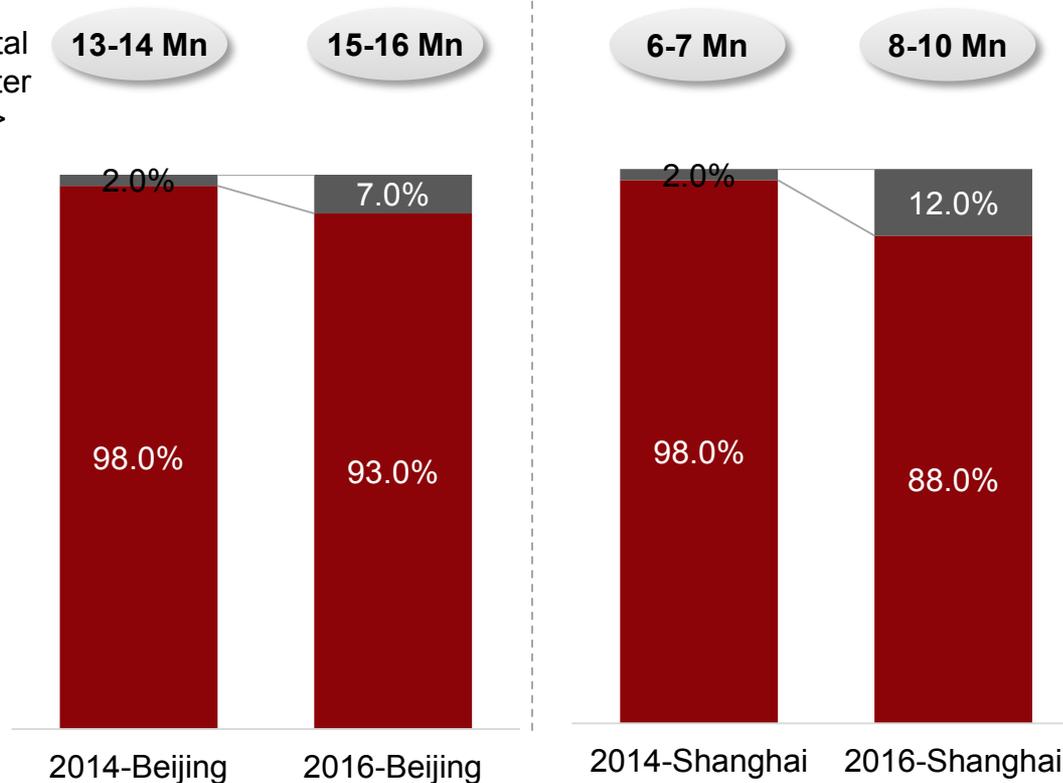
■ Online Booked Trips

■ Offline Booked Trips

Beijing

Shanghai

Daily Total
Commuter
Trips ^A->



- The China market as a whole was doing 1-1.5% of local commuting trips (excluding subway and private cars) through online channels in 2014
 - This is similar to the Indian market in 2016, which as a whole is doing 1.2% online trips currently- **thus China leads India market by two years in online mobility terms**
- Didi** completed a combined 0.25+ Mn rides a day in these two cities in 2014 on an average, but jumped to 1.5-2 Mn rides/day by 2016

A. Rail based and private car based local transport trips have not been included here. If Subways are included, the figure drops to about 5-6% in Beijing in 2016

For India, similar disruption of mainstream transport modes could see the online mobility market growing 5x (in trip terms) by 2020

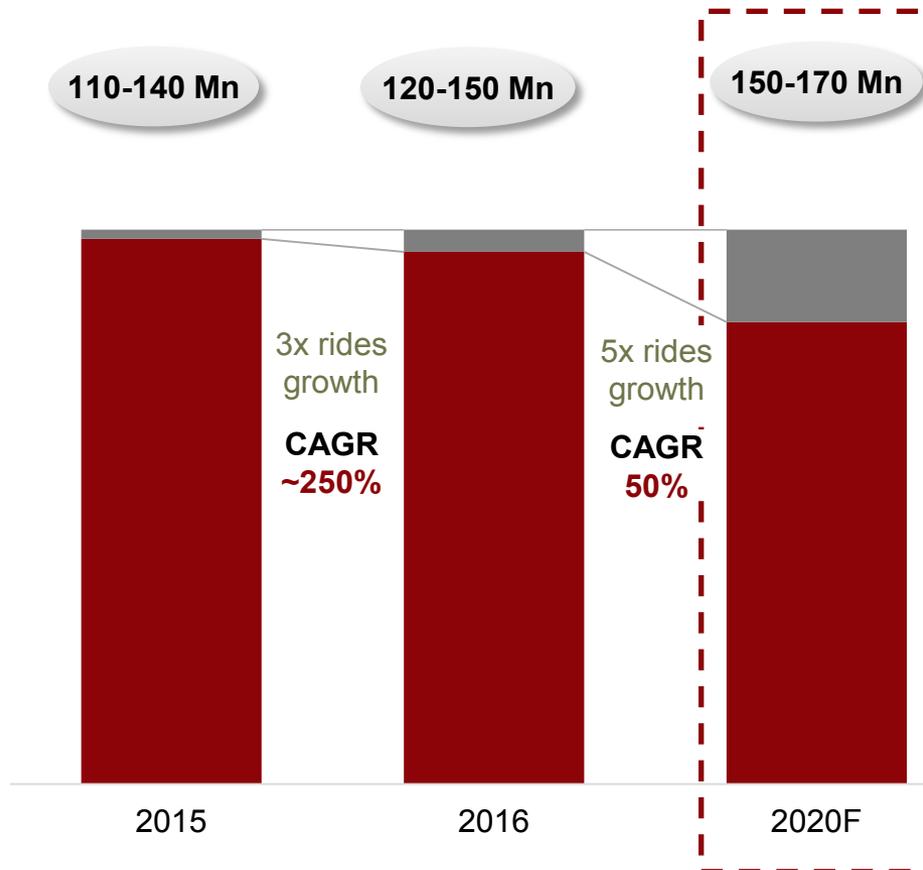
Future Trends-India

Insights

■ Online Booked Trips

■ Offline Booked Trips

Pan India
Daily
Commuter
Trips^A ->



- Growth in online mobility market requires disruption of mainstream transport modes - This can be achieved by offering online substitutes at the same price point e.g. **bike taxis** for buses, **carpooling** for autos
- There are certain challenges that may constrain the pan India share of online mobility to 5% by 2020-
 - **Slower than expected adoption-** Even the most mature online mobility markets like Bangalore and Delhi-NCR see only 2-3% online trips currently. Even as these cities grow rapidly in online ride %, India as a whole may still lag at 5% by 2020 due to competition from low cost services like shared auto, growing subway network etc.
 - **Regulatory hurdles-** Govt. bans on bike taxis and online commuter bus start-ups

A. Rail based and private car based local transport trips have not been included here

Source: 1. RedSeer report on the public transportation market in India (Sep 2016);
2. RedSeer online mobility reports- Published m-o-m; RedSeer Analysis

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List of Paid Reports on Taxi Aggregator Market – Q1 CY17

All paid reports include data for Ola and Uber for the quarter of Q1 CY17¹

List of Paid Reports

Report Description (Price available on request)

1 Comprehensive Performance Assessment	The report comprises of a comprehensive assessment of the key players Indian Online Cab Sector in Q1 CY17. The performance of the key players have been judged using eight key dimensions and the areas where each of the players performed well vs where they struggled have been identified.
2 Business Metrics Assessment	The report comprises of the performance of the players in terms of Rides & GBV in Q1 CY17. The quarterly trends of change in the no. of Rides & GBV across the city tiers have been identified. And key reasons for the same have been stated along with what the future holds for the players.
3 Operational Excellence Benchmarking	The report assesses operational performance of the key players in the industry in Q1 CY17. It broadly covers the quarterly trends in Cab Availability, ETA (estimated time of arrival) & Driver Cancellations. And key reasons for the same have been stated along with what the future holds for the players.
4 Customer Perspective	The report comprises of the customer adoption and satisfaction with the players in Q1 CY17. On the adoption side it covers the quarterly trends in growth in monthly active users and the adoption of car pooling. On the satisfaction side it covers the satisfaction with booking and ride experience and the key reasons for the same.
5 Driver Perspective	The report comprises of the driver behaviour and satisfaction in Q1 CY17 with regard to registered cab supply and the no. of working days of the drivers. It includes players-wise quarterly trends on the supply side. And key reasons for the same have been stated along with what the future holds for the players.
6 Driver P&L Assessment	The report comprises of the financials of the drivers working with the key players in Q1 CY17. It includes the incentives, rides/day/driver & the driver take home salaries. It broadly covers the satisfaction of the drivers and the amount of money they are able to make with each player.

1. Reports with historical data since Jan 2016 available on request

Our Consumer Internet Sector Coverage – we cover 20+ sectors across the Internet industry

A E-tailing

1. Horizontals
2. Verticals (Fashion, Furniture, etc.)
3. E-Logistics

B Online Mobility

1. Online Cabs
2. Bike Taxi
3. Inter City Buses

C Classifieds

1. Horizontals
2. Verticals (Real Estate, Jobs etc.)

D Hyperlocal

1. Groceries
2. Services

E Fintech

1. Mobile Wallets
2. Alternative Lending

F Travel

Online Hotel Aggregators and OTAs

G Food Tech

Food Delivery

H Health

1. Booking Service
2. Online Medicine/Treatment Home Delivery

I Education

1. Online Testing
2. Online Tutoring

J Entertainment

Media and Video Aggregation



**RedSeer is the leader
in the internet
advisory space**

90%

*Indian GMV as
clientele*

>USD 5 Bn

*Investments
Diligence Completed*

400+

*Engagements in
internet space*

50+

*Leading global funds
as clientele*

Thank You !
query@redseerconsulting.com

Bangalore HQ:

Indiqube Sigma,
Plot 3/B, 7th C Main,
3rd Block Koramangala,
Bangalore - 560034

Delhi Office:

INHWA Business Center
Sector 48, Sohana Road
Gurgaon -122018

Mumbai Office:

25/b 4th Floor
Usha Sadan
Near Colaba PO, Colaba
Mumbai - 400005

Dubai Office:

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G-D-Flex G089 C-Thub
Dubai Silicon Oasis,
Dubai, UAE