



# Net Value

## Marketing Travel On The Internet

### Make my day

India's Make My Trip (MMT) was selling 5mn shares at US\$14 each on the world market late last month, representing about 13% of the company. MMT says it will use the US\$52mn likely to be raised, on expansion, technology, and operations; it provides no further details.

MMT started operations in 2000, for the ethnic Indian market in the US, and so a limited product line built around travel US-India. It started its domestic-India business in 2005, opened in the United Arab Emirates December 2009, and in Canada July this year. In all, and in new un-named future markets, MMT targets ethnic Indians.

The company has not yet reported a profit – although no figures are available pre-2008/9.

In its latest year (which it calls fiscal-2010, through March 2010), it counted 1.6mn transactions for air tickets (worth US\$31.1mn) in India, and another US\$8mn for non-air sales – representing a 19.8% share. See table.

Online-travel research company PhoCusWright said MMT was India's largest OTA (online travel agency) in 2009. MMT quotes PCW (whose head Philip Wolf is an MMT director) to report that India's market-wide online business grew 11% in 2009 to US\$3.4bn. It gives MMT a 48% share, Yatra 24%, and Cleartrip 18%. Another research company, Netscribes, puts India's online air share at 34%, and train tickets at 14%.

Some of the data released by MMT, for the year through March 2010, is noteworthy, see table:

- Transaction growth increased 37%,

but revenue increased 22% and gross bookings increased 49%. *These figures indicate sales were harder to achieve and the deals agreed (indicated by the difference between net and gross revenue) were less favourable to MMT in the year. We assume the main reason was the world economic slowdown in 2009, although In-*

- Our calculation of revenue-per-transaction shows irregular patterns – indicating that MMT is still an immature business operation. For instance, revenue from air is US\$18 – fair considering MMT sells a high share (over 50%?) of its airfares on low-fare airlines. But the US\$458 for hotels &

packages looks too high; the packages share in this category is probably under 10%.

- The fall in revenue-per-hotel-&-package transaction, at 23%, requires explanation. (MMT does not explain, however, because it does not make these 'revenue-per' calculations.)

### Make My Trip profile

Item	2010	Growth,%	Share,%	2009	Growth,%	Share,%
Transactions,mn	3.5	37.3	100	2.5	22.6	100
Air	1.8	41.3	50.8	1.3	21.5	49.4
India	1.6	33.3	46.0	1.2	20.0	47.4
Hotel & packages	0.1	34.9	3.2	0.1	120.3	3.2
Net revenue,xUS\$m	83.6	21.9	100	68.6	78.8	100
India	79.2	23.5	94.7	64.1	83.0	93.5
US	4.4	-1.3	5.3	4.4	34.5	6.5
Air	32.1	67.1	38.4	19.2	36.4	28.0
Hotel & packages	50.3	3.4	60.2	48.6	101.0	70.9
Gross bookings,xUS\$m	466	48.7	100	313	39.1	100
Air	409	56.6	87.7	261	31.3	83.3
Hotel & packages	57.3	9.4	12.3	52.4	97.7	16.7
Revenue/transaction,US\$	24	-11.2	na	27	45.9	na
Air	18	18.3	na	15	12.2	na
Hotel & packages	458	-23.4	na	598	-8.8	na

Notes: Years through March of year stated. US\$ quoted in US\$. Source: company; extrapolations by Net Value from MMT data.

dia was supposedly touched only lightly.

- Segment-growth in terms of transactions was consistent, but not so with other sections. For instance, India revenue grew 24%, but US fell 1%; air grew 67%, hotel & packages only 3%. There are other big differences, making analysis of the company's business progress and prospects difficult.

- Despite new offices, India's revenue share is dominant – 95%. Transactions, however, seem to be just under 50% – meaning sales-per-transaction for MMT's India business is less than in other markets. (We cannot calculate the figures from MMT's reported data because the data is inconsistent across all segments.)

growth (which we enumerate as 15%) in 2011.

- PCW forecasts (\*2) China's online travel will be worth US\$13bn in bookings in 2011, from 400mn internet users. Earlier, the company said the number was US\$9bn in 2009, and that it was expecting US\$26bn in 2013.

- PCW says (\*3) that 90% of travellers from France, Germany, and the UK plan to carry mobile phones with them while travelling in the coming year. It expects usage of mobile devices for travel-related activities to double in the next year.

\*According to PCW's: 1, Asia Pacific Online Travel Overview; 2, Emerging Online Travel Marketplace in China; 3, European Consumer Travel Report.

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