I am amazed to see the way in which the Indian online travel market is taking off. The market for buying travel online is ripe and shift from offline to online booking is getting accelerated. We intend to seize this opportunity by launching our site well before the competition — this would enable us to take a sizable lead.

Deep Kalra, Founder and Chief Executive Officer

On June 5, 2005, three months before the launch of the Indian operations of Makemytrip.com (MMT), Deep Kalra, founder and Chief Executive Officer, held a meeting with the key members of the company at the Delhi office to review the launch plan of MMT India. The core team comprised Keyur Joshi (co-founder and COO), Sachin Bhatia (co-founder and Chief Marketing Officer), Amit Saberwal (Vice President – Business Development), Venkatesh Bharadwaj (Head – Technology), Sanjeev Bhasin (Head – Operations), and Gayatri Buddha (Assistant Vice President – Marketing). The objective of the meeting was to evaluate and fine-tune various components of the launch plan.

Makemytrip.com

MMT was launched in the US in 2000 to cater to the niche US-to-India travel market. The company survived the dotcom bust and the 9/11 tragedy and was able to break-even in 2002. The website emerged as the foremost online travel service provider in the US-to-India market. By 2004, it had garnered 3.5 per cent share of this NRI market (Rs. 4,500 crore/US$ 1 billion) which was dominated by ethnic agents who were either consolidators (wholesalers) or sub-agents. With over 100,000 customers and 130,000 registered users in the US, Makemytrip had a renewal rate of 30 per cent. NRIs could book tickets to India online or could call travel consultants who were available 24x7 on the US toll-free 1800-India-10. The company had offices in New York and Sydney. According to Kalra, the factors which worked well for the company were an all-pervasive entrepreneurial spirit along with cohesive culture and homegrown HR practices. Employees were given opportunity to be owners of the company by holding stocks.

In 2004, big online travel agents like Expedia, Orbitz, and Travelocity commanded the lion’s share of the US $52.1 billion (Rs. 2,292.4 billion) domestic and international market, which was estimated to touch US $62.3 billion (Rs. 2,741.2 billion). The online
travel market was expected to account for 25 per cent of the overall US travel market in 2005. The online travel market in the US was getting popular as customer service was given higher preference. Online travel service providers were attracting customers by offering service and bundling products such as flight ticket booking with hotel booking, car rental, and even entertainment at the destination.

**MMT INDIA OPERATIONS**

In the meeting with the key members, a decision was taken to launch the India website in September 2005. Kalra believed that there was a strong indication of a healthy growth for travel products/services in India. There was a compelling need to provide a platform for buying and selling travel products/services. MMT identified the gap between demand and supply and decided to offer a user-friendly and convenient online interactive interface to the consumer. The company received an investment of US $8 million (Rs. 352 million) from SB Asia Infrastructure Fund (SAIF), a leading Asian private equity firm. Kalra justified his decision to start operations in India thus: “The launch of MMT India was not really a shift of focus; we wanted to launch the India business because the time was just right.” Low-cost carriers (LCCs) had made air travel cheaper, thus opening up the market for air travel and leisure holidaying beyond visiting friends and family. The young India had more disposable income and a greater desire to travel. The airlines’ move to e-ticketing also paved the way for travel e-commerce. The travel market was ready to evolve to the next level (online) and MMT was preparing to launch at the most opportune time. As the first and only comprehensive online travel site with real time booking for flights, hotels, holidays, and cars, MMT was in the process of bringing a revolution in the way travel products were bought in India.

**Business Model**

Gayatri Buddha termed MMT’s business model as a simple B2C. The customer could use either MMT website or its call centre to book air tickets, hotel rooms, and travel packages. There were three enabling components: technology, people and process, and supplier relations. The earlier experience in the US indicated that strong relationship with suppliers such as domestic airlines including LCCs, international airlines, and hotels would help the company run the business model. Technology was identified as a cornerstone. MMT had already developed proprietary technology which would help it link all supplier sites to check the inventory and compare prices. In fact, the search engine the company had developed would enable it to offer the lowest possible price to the customer. The booking engine would also enable customers to customize the booking of their flight and hotel packages to maximize savings. Being a travel commerce website, the company believed that its own products would generate adequate revenue to successfully run the business model without depending on revenue generated from selling advertisement space on the website. The company believed that placing of advertisements on the website might distract or divert visitors from their main objective of searching or booking travel products on MMT’s website. The other key component of the business model would be employees having domain-specific skills in order to help MMT develop and offer suitable products and services for the travel consumer.

**Projections**

Headquartered in New Delhi, MMT projected a turnover of Rs. 600 crore (US $130 million) by FY 2007. The Indian operations were estimated to contribute over 50 per cent of MMT’s projected turnover and MMT was expecting that in the initial years, 90 per cent of the sales would be online and rest through its call centre and physical branch offices. The business model focused on generating revenue from travellers to and from India. By the end of 2006, MMT was expecting to acquire a strong customer base of over 350,000 delighted customers and selling over 3,000 flight tickets, 300 hotel room nights, and over 50 holiday packages every day. MMT was planning to have a headcount of over 650 by 2007.

**INDIAN TRAVEL AND TOURISM INDUSTRY ENVIRONMENT, INDIAN CUSTOMER, AND SEGMENTATION**

Domestic air traffic grew at 24.2 per cent from 32.09 million passengers in April 2004 to 39.86 million in April 2006.  


[2] Email communication from Gayatri Buddha.
2005. During the same period, international traffic grew from 16.63 million to 19.41 million passengers.\(^3\) India’s domestic air passenger market was expected to grow at over 30 per cent in 2005-06. Air traffic in India was expected to grow by 5 million passengers each year over the next 10 years till 2014. The decision to allow private airlines to fly on international routes was expected to facilitate more flow of air passengers. Also the initiatives taken by the Aviation Ministry to modernize 80 airports would help the growth of India’s international air traffic. According to one industry estimate, it would grow by 25 per cent for the next five years.

In the Annual Plan (of Govt of India), 2004-2005, Rs. 5,000 million was allocated to the Ministry of Tourism for tourism development. For the Annual Plan, 2005-2006, the allocation was Rs. 7,860 million.\(^4\) During the period under consideration, tourism contributed 2.5 per cent to India’s GDP. National tourism spending, comprising domestic tourism expenditure and incoming tourist receipts, was estimated to be approximately Rs. 880 billion in 2005, up by more than 15 per cent in current value terms from the previous year. Travel within the country was expected to be about 66 per cent of the total expenditure and accommodation contributed about 22 per cent.

In spite of these encouraging figures, several factors inhibited the growth of tourism:

- High taxes on hotel tariffs (service tax: 8 per cent on specified services; luxury tax: 12.5 per cent on rooms on actual)
- Service taxes on foreign exchange earnings of travel agents
- Union and state governments were charging about 35-40 per cent of the road passenger, toll, luxury, and sales taxes on the proceeds of travel operators
- Insufficient facilities and poor maintenance at many holiday destinations and tourist locations.

### Travel and Tourism Market in India

In 2004, foreign tourist arrival in India grew at 23.5 per cent to reach 3.46 million and was projected to reach 3.92 million\(^5\) at the end of 2005. Visitors to India spent Rs. 222.5 billion (US $4.9 billion) during their stay in 2004, with an average spend of Rs. 65,460 (US $1,451) per person.\(^6\) According to industry sources, 50 million airline seats were expected to be available for sale in India in 2006.

In 2005, around 98 per cent of the outbound travel from India was by air. Air travel grew at a rate of almost 17 per cent in current value terms, compared to 15 per cent in 2004.\(^7\) Outbound trips were estimated to cross 6 million in 2006. Indians travelled abroad for three main reasons: business, leisure, and visiting friends and relatives. In 2000, there were 1,355.2 thousand departures for business purpose and this number was estimated to reach 1,751.2 thousand by 2005. The departure figure for the purpose of leisure travel stood at 679.9 thousand in 2000 and was estimated to reach 1,032.6 thousand by 2005. The number of departures for the purpose of visiting families/friends was estimated to reach 1,030.8 thousand by 2005. The ‘other’ category that included departures to international destinations for purposes like education, attending conventions, and religious and pilgrimage journeys was estimated to reach 2,108.4 thousand by 2005 from 1,773.8 thousand in 2000 (see Exhibit 1).

Indians made almost 391 million domestic trips in 2005; this was about 12.7 per cent higher than that in 2004. In 2005, domestic air travel contributed just about 2.85 million trips compared to 74 million trips by rail and 312 million by road. However, air travel was the growing mode with an impressive 37 per cent growth over the previous year.

### Indian Consumer

The average household spending in India grew at 5.3 per cent annually between 1994 and 2004.\(^8\) According to the KSA Technopak survey conducted in 2002, Indian consumers were spending 15.6 per cent of their annual earnings for vacation/eating out; this was the second largest spending category after grocery. Consumers aged 24-34 years were spending the maximum on

\(^3\) http://www.capitaline.com/user/framepage.asp?id=1 [accessed on 17th October 2006]


\(^5\) http://timesfoundation.indiatimes.com/articleshow/1365895.cms [accessed on 19th October 2006]

\(^6\) Recent trends in spending by visitors to India: An analysis of Visa card spending in India by international card holders, 2005.

\(^7\) Euromonitor Report, Travel and Tourism – India, 2006.

\(^8\) http://www.micm-asianow.com/issue1-2005/cycles.htm [accessed on 19th October 2006]
eating out whereas consumers in the age group of 45-58 years were spending maximum on vacations. Indian consumers were moving towards the use of financial cards rather than using cash for their purchasing activities and the most popular mode of payment was the credit card (70 per cent). The number of credit cards in use had increased from 26.9 million in December 31, 2003 to 43.3 million a year later. During 2003-04, 185.5 million credit card transactions were effected, amounting to Rs. 358,700 million.9

Segmenting Indian Travellers

The travel market in India could be broadly divided into two major segments: personal travel and tourism and business travel. In the first category, purposes of visit might be pilgrimage/religious and visiting families/friends. The second category included those who travelled for official purposes, both in corporate and government sectors.

Personal Travel and Tourism

The personal travel and tourism segment looked for the best deals. In 2002, the segment grew at 11.7 per cent to reach Rs. 791 billion in 2003. The estimated segment size was about Rs. 1,034 billion in 2005 and was projected to grow to Rs. 3,748.7 billion by 2015 (Exhibit 2). The personal travel and tourism could be broadly categorized as (i) those in which personal funds are spent (e.g., solo travellers, family travellers, honeymoon goers) and (ii) those which involved vacation at company’s budget. However, clear estimates on the size of these sub-segments were not available. In terms of travel planning and behaviour, those who could go on sponsored vacation might be relatively less price-conscious compared to those who had to spend from their pocket.

Business Travel

The business travel segment declined at a compound annual growth rate (CAGR) of 7.6 per cent during 2001 and 2002. But the segment recovered well in 2003 and registered 10.6 per cent growth over the previous year. This segment was estimated at Rs. 134 billion in 2005 and would touch Rs. 402.2 billion by 2015 (Exhibit 2). The category included spending by government and industry on goods and services (transportation, accommodation, meals, entertainment, etc.) for business-related travel of their employees. The number of low-cost carriers (LCCs) was increasing and the cost of air travel was expected to come down. Even though most of the business centres in India were connected by an excellent railway network, most of the corporate travel in India was by air. One of the significant drivers of growing corporate travel was the strong growth of IT and IT enabled services. Technology companies in India allocated between 6 and 10 per cent of the sales as travel expenses (in the first quarter of 2002, it was 7 per cent at Infosys, one of the leading IT companies), compared to 2 to 3 per cent which was the norm for most other businesses.10 It was a normal practice by the business travellers to book air tickets/hotel rooms through either travel agents or their secretaries. In the changing scenario, online booking was expected to get a boost with the expansion of e-ticketing, credit card usage, increased air capacity, and other factors.

Online Travel and Tourism Market in India

Internet User Base

One of the reasons for the growth in the travel market was the rate of Internet penetration. By 2004, the internet user base grew to 39.2 million from just 1.4 million in 1998. The figure was estimated to cross 50 million by the end of 2005 (see Exhibit 3).

Online Travel Market

A recent report by PhoCusWright, “The Emerging Online Travel Marketplace in India,” showed that gross booking for online leisure/unmanaged business travel in India totalled US $295 million (Rs. 12,980 million) in 2005. This would increase nearly sevenfold to US $2.0 billion (Rs. 88 billion) by 2008. The report also found that, in 2005, 2.2 per cent of the total travel was booked online. Further, the predictions for a strong growth in the Internet channel expected the percentage of online bookings to approach double digits by 2008. In the case of transportation, online sales through intermediaries were expected to reach Rs. 25,538 million by 2010, up from Rs. 1,576 million in 2005 (Exhibit 4a).

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9 http://www.hindu.com/2005/05/20/stories/2005052000441000.htm [accessed on 19th October 2006]

Online Hotel Booking

According to the Euromonitor report, online sales in travel accommodation in India were valued at Rs. 6 billion in 2005, up by 29 per cent in current value terms from 2004. However, the Internet contributed a mere 3 per cent of the total sales in the travel accommodation sector.¹¹ That offered a great opportunity for Online Travel Services (OTS) providers to develop the category and capture a higher market share. Travel accommodation through intermediaries had shown strong growth since 2000. By 2004, it touched Rs. 1,573.3 million from just Rs. 128.5 million in 2000 and was estimated to reach Rs. 2,444.1 million by 2005 (Exhibit 4b). Indians had started to purchase hotel rooms online. A recent study conducted by Internet & Mobile Association of India (IAMAI) reported that the 26-45 years age group was the highest purchaser of hotel rooms online, accounting for 72 per cent of the purchases with a lion’s share of 53 per cent made by the 26-35 years age group.

Margin Structure

The leading international online travel service provider Expedia’s revenues were about 12-14 per cent of the gross sales.¹² Informed sources in India estimated that the industry earned margins of about 4-8 per cent on air tickets, 8-12 per cent¹³ on hotel bookings, and over 12 per cent on both domestic and international holiday packages.

Competitive Environment

MMT expected to face competition from other OTS providers and suppliers themselves. Kalra mentioned that when MMT started to think about its India operation, it did not estimate more than four competitors. However, he expected competition to be fierce in the next couple of years as multiple well-funded online ventures were likely to be around. This would be a very positive development for the overall market growth, as many other companies would share the burden of educating the customer regarding the benefit of buying travel products online. He was confident enough to lead from the front with his experience, more importantly his customer base from the US market.

Yatra.com

Yatra.com was expected to be launched by August 2006 to help businesses and consumers by offering travel-related information, pricing, availability and reservations for airlines, hotels, railway, buses, and car rentals across 5,000 large cities and small rural areas throughout India.

Yatra.com was likely to be one of the strong competitors within a couple of years. The portal was planning to have relationship with over 1,000 hotels in India to provide a better choice to the consumer. The basic objective of Yatra.com was to empower the consumer by providing more information to make his travel decision easier and better. According to industry sources, Yatra.com was planning to work on flexisearch tools which would enable consumers to search and compare prices two days either side. Yatra.com was most likely to offer a wide variety of travel packages which included weekend trips, religious and honeymoon trips, bus services, domestic and international hotel bookings, and car rentals.

Travelguru.com

Travelguru.com was scheduled to be launched in December 2005. WestBridge Capital Partners, a venture capital fund, was expected to provide funding to Travelguru.com. Travelguru planned to offer services through the MICE (Meeting, Incentive, Conference, and Event) team to arrange conferences, meetings, and events for consumers or corporate clients. Services to be offered included the following:

- planning a cost-effective budget
- assistance with airline bookings
- assistance with hotel bookings
- assistance with transportation
- planning sightseeing trips

Cleartrip.com

Cleartrip.com, another online travel agent, was planning to enter the market by August 2006. This company was said to be funded by Ram Shriram’s Sherpalo Ventures and Kleiner Perkins Caufield & Byers, two leading US-based venture capital firms. Cleartrip.com was planning

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¹³ Numbers are disguised; however estimated margins for Indian operators would be slightly lower than International players.
to allow customers to select from over 900 domestic hotels across India and a comprehensive selection of established network carriers and LCCs operating in the domestic market. To provide superior choice, Cleartrip.com was in talks with Abacus, Asia’s leading global distribution system, to provide access to airline inventory and fares. Cleartrip.com planned to spend about Rs. 30 crore\(^{14}\) (Rs. 300 million) in the first year on advertising.

**Suppliers’ Web Sites**

According to one estimate, 75 per cent of the airlines tickets were sold from airlines’ websites and 12 per cent of the online air ticket sales were taking place through non-airline sites.\(^{15}\) LCCs posed the biggest challenge to MMT as they started selling tickets both offline and online. Six new LCCs were launched in India in 2005, and there seemed to be room for more. SpiceJet was an outstanding performer during the year. It sold over 5,000 tickets online for the first flight on May 23, 2005, and sold 37,348 tickets on the first date of booking. Suppliers had the advantage of e-ticketing and travellers did not need to wait for delivery of ticket. To provide a wider range of products, LCCs were looking for alliances and tie-ups. So, MMT expected to see some hybrid models in the near future.

**Travel Agents and Tour Operators**

In 2004, there were 23,450 outlets of travel agents and 4,450 outlets of tour operators in India. According to one source, travel agents earned a margin of around 5 per cent on booking air tickets, 10 per cent on hotel booking, and more than 10 per cent on holiday packages. One of the travel agents in Ahmedabad said that she booked 30-40 air tickets a day. Travel agents had started to realize that the Internet could be an important means to market their products and this medium provided 7 per cent of their business. However, this was not real time in terms of price comparison across all airlines at one go and travel agents might not pose serious challenges to MMT.

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major target customer identified by MMT was the metro male in the age group of 24-44 years, married with a monthly household income of over Rs. 30,000 in families which were Internet-savvy with usage beyond e-mail, transacted on the Internet before, deal hunters, and early adopters (those were inclined to try new things). In India, most of the consumers were deal hunters and therefore MMT realized that offering the best possible price to the consumer would certainly help not only lure but also retain customers. For that purpose, MMT had planned the unbeatable proposition of giving consumers the lowest possible price in the market.

**Product Offerings**

MMT planned to provide a comprehensive basket of products and services, starting with outbound and domestic travel services for leisure and small-business travellers. The idea was to provide ‘complete travel solution’ with convenience as a key driver. This was not available in the market and was expected to be unique offering in the travel industry. The following products/services were planned to be offered:

- **Air tickets**: Customers would get the opportunity to search, compare, and book tickets on any airline, including LCCs and full service airlines.
- **Hotel reservations**: Customers would have the option of real-time booking of rooms in over 1,500 hotels at discounted tariffs.
- **Car/Taxi bookings**: Customers would be provided opportunity to book car at special prices for airport transfers and other trips.
- **Holiday packages**: Facility to buy holiday packages within India or foreign holidays at great prices.
- **Road-trips**: Myriad options would be available for motorable trips from all large cities in India with interactive maps.

- **Weekend breaks**: Would offer great opportunity with thousands of options for short stay holidays at all price points.
- **B2B services**: Local agents around the world would be able to access the above products through its extranet, IndiaAhoy.com.

MMT planned to enrich its wide variety of products with unbeatable offerings like money-back guarantee (MBG), Visa-Kingfisher offer, lowest airfare guarantee, and India’s lowest prices. MMT wanted to be a ‘one-stop-shop’ to cater to all travel requirements when planning a trip. The money-back guarantee would mean 20 per cent cash back on hotels and holidays bookings if MMT failed to deliver the promise. For example, if MMT promised that the hotel room would be sea-facing, it would be genuinely sea-facing. If that did not happen, MMT would offer 20 per cent cash back to the customer.

According to MMT’s internal revenue estimation, contribution of air tickets would be 85 per cent and hotels and holidays would contribute 15 per cent. Again, do-

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16 E-mail communication from Gayatri Buddha.
Domestic booking was expected to dominate with a share of 90 per cent compared to international booking’s 10 per cent. However, MMT was planning to reduce the overdependence on flight bookings by diversifying into other product offerings. As a part of constant product innovation, MMT decided to offer suitable promotional offers from time to time. For higher customer retention MMT was planning to tie up with I-mint, the largest consumer reward programme that aided the consumer to mint more points on every purchase of travel products, shopping, fuel, and mobile phones. Consumer could buy products or services across different categories and accumulate points for redeeming later. A tie-up with I-mint meant that every registered user of MMT would receive an I-mint card.

MMT had planned to offer the Super Saver programme and Super Tripper offers as regular features. The objective of the Super Saver programme was to provide significant savings to the consumer while booking under this scheme. In the Super Tripper offer, MMT planned to give cash discounts, special rewards like travel goodies, and invitations to special events. Some of the Super Tripper offers were ICICI Lombard free baggage insurance and free personal insurance with purchase of air tickets from MMT.

Launch Plan

MMT wanted to achieve the following objectives through the launch campaign:

- Communicate that MMT offers online one-stop-shop solution to travel consumers
- Build excitement through every customer contact
- Communicate a strong proposition and deliver consistently on the promise
- Build empathy via relevance.

Campaign Design

The underlying factors behind the advertising campaign were that customers were deal hunters and looked for the cheapest price with assurance. Therefore, the campaign focused on the lowest airfare guarantee to push trials. The tallest claim in the market — “If you find a lower fare we pay the difference” — was designed to serve the purpose of grabbing the attention. When customers bought travel products through an intermediary, the anxiety of being cheated was very real, and customer needed a guarantee that assured them the best deal.

Advertising Budget

The company planned to spend approximately Rs. 30 million on advertising and marketing activities during the three months launch phase. It decided to spend about 40 per cent on TV, 30 per cent on the Internet, 5 per cent on outdoor, 5 per cent on print, and 15 per cent on below the line (BTL) advertising, and 15 per cent on analytics, public relations (PR), and other marketing related activities.

Media Selection and Advertisements

To build the brand, MMT planned to adopt aggressive frequency build-up to enhance usage and traction. The media objective was to create a 360-degree loop to reach the target customer through all feasible media options:

- **TV**: This medium was carefully chosen to build on “Nothing is more attractive than MMT offer.” Simultaneously, other critical elements like smart “new kid on the block” personality was to be communicated.
- **Print**: This medium was chosen to continue the excitement created through TV advertisements. The advertisement was deliberately placed by blocking the strip position at the bottom of the page to build on the rock bottom prices theme. City-relevant offers were to be used to gain traction on the website. Examples of print advertisements are given in Exhibit 5a.
- **Internet**: Launch with high visibility properties like frame-spot at the bottom of the page, sho skeletal, and page-tear. In Exhibit 5b, some Internet advertisements are given.
- **Outdoors**: Airports being the most important and critical place for promoting travel-related websites, live promotion themes were planned with the help of people with banners to carry on the Launch TVC. Some of the outdoor advertisements are given in Exhibit 5c.

Television Advertisement

The TV channels were chosen to give high frequency at a base reach of 40 per cent in all markets. MMT did not

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17 E-mail communication from Deep Kalra and Gayatri Buddha.
want to go after the high reach mass channels because it wanted to target the Internet-savvy, male audience living in metros and mini-metros. It chose two English news channels (NDTV, CNBC), four Infotainment channels (National Geographic, Discovery, Discovery Travel and Living, AXN), two English movie channels (Star Movies, HBO), one Hinglish entertainment (Star One), and one Hindi movie channel (Zee Cinema). Selecting these channels automatically reduced the amount of wastage while targeting the core audience, essentially male and between 24 - 44 years. Time slots were allocated with adequate care to ensure higher viewership. To reach the targeted audience, 60 per cent of the total time was planned to be evening prime time (6 to 12 pm) and 40 per cent was RODP (run of the day programming). Of the 40 per cent of RODP spots, around 50 per cent were during weekends. The commercials were planned to be shown for 20 seconds.

**Beach TVC**

This commercial was shot on a beach and the creative execution of the advertisement read as follows:

Makemytrip.com got India’s hottest model for this beach shoot but the offer is so big that you might not be able to see her. Sorry! For the lowest air fare guarantee, log on to makemytrip.com.

The idea was to show that MMT would offer the lowest air fare and customers could book the cheapest air tickets on makemytrip.com (see Exhibit 6).

**Celebrity TVC**

The creative of this commercial reinforced the key proposition of the lowest air fare guarantee offered by MMT. The commercial clearly showed that MMT would pay the difference if the customer could find a lower air fare than that on MMT. The advertisement made it appear that MMT hired India’s biggest celebrity for the advertisement, but the offer was so big that the viewers would not be able to see him (see Exhibit 6).

**Viral Campaign**

The primary goal of the viral campaigns was to promote the lowest airfare guarantee offered by MMT and generate excitement in the market. The emphasis was on the most competitive airfare offers in India and the assurance of paying back the difference to the customer if he found a fare lower than that offered by MMT. Thus a strong message needed to be sent across to establish the credibility of the company that takes care of its promises. The campaign was aimed at creating a new breed of air travellers. A manifestation of this trend was conveyed through another message to the target audience, “Wish, Click, and Go.” Two virals were created to build the MMT brand and to entice travellers to make use of the low airfares. According to Gayatri Buddha, all the viral campaigns were planned to be online with very low investment in either production or media since a good viral spread on its own merit. More precisely, each viral was estimated to cost around Rs. 2-3 lakh, which included production and initial media push.

**Creatives of Virals**

A series of well thought out virals were planned. The first of the viral series, *Sita Haran*, was centred on the Ramayan where Sita, wife of Rama, was kidnapped by Ravana. Rama killed Ravana to rescue Sita and the day is celebrated as Dussera in India to mark the victory of good over evil. In the viral, however, Ravana, while on a mission to hoodwink and kidnap Sita, came across the exciting offer and, unable to resist it, rushed off to claim it. This creative was designed to capture the excitement in the market during Dussera.

The second viral was a continuation of sorts in which a humorous twist was added to the kidnapping incident. The two brothers, Ram and Lakshman, along with their faithful devotee, Hanuman, pick the affordable airfares offered by MMT to reach Sri Lanka to rescue Sita as quickly as possible.

One of the most interesting and exciting virals of the series was “The Moving Train.” This was designed to convey the message that travel by airline was comparatively cheaper. This film bore allusions to the popular Bollywood blockbuster movie *Sholay*. The dacoits chase a train on horseback accompanied by the characteristic action movie soundtrack. After a long chase, they finally manage to board the train and threaten the passengers to stay still. A sudden calm greets the announcement,

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18 *ibid.*

19 E-mail communication from Gayatri Buddha.

and realization seems to dawn on one of the dacoits. His equally perplexed henchman moans, “There is no one in the train!” That very moment the hapless gang sees a plane flying by full of happy passengers. Even as the dacoits stare at the plane, one of them asks, “Kya ab hawai jahaj ko lootiyega ka?” (Will you now loot the airplane?)

The virals were to be e-mailed through the network of clients of Webchutney and the registered users of MMT. The virals were also to be sent out to several forums such as viral monitor, online communities, and marketing based blogs. They were also to be placed in the MMT website so that that the films could reach a wider viewer base.

The viral campaigns were expected to generate tremendous amount of buzz in the market, specifically in the blogosphere. Such kind of interesting and innovative campaigns were expected to be covered by a number of leading national newspapers such as Business Standard, The Times of India, and Hindustan Times. Similarly, online portals such as Agencyfaqs.com, Exchange4media.com, and rediff.com were likely to give maximum free publicity to MMT by covering the interesting campaign. The virals were also planned to be sent out to viral monitors like Chinwag and Lycos to get international traction as well.

CHALLENGES AHEAD OF MMT

Some reports estimated that MMT was expected to see very strong growth in constant value terms between 2005 and 2010 at a CAGR of 75 per cent in total transportation and a substantial 82 per cent in air transportation. But intense competition from new entrants, suppliers, and online sites like indiatimes.com and rediff.com might make the journey a bit stiffer. Kalra felt that there were tough challenges:

- The online travel market in India was getting bigger and bigger. In the process, the number of players was expected to increase and competition would be coming into its own.
- Low internet penetration in India was making the business more difficult for OTS to reach the mass market.
- Suppliers were selling their products online; hence they would be posing the biggest challenge to MMT and the intensity of competition would increase in the future.
- Hybrid OTS provider models might evolve in the future.

Exhibit 1: Departures from India by Purpose of Visit: 2000-2005

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<td>750.5</td>
<td>767.5</td>
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<td>959.1</td>
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<td>1,082.10</td>
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<td>Others</td>
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</tr>
<tr>
<td>Total</td>
<td>4,415.50</td>
<td>4,564.50</td>
<td>4,940.20</td>
<td>4,500.00</td>
<td>5,400.00</td>
<td>6,183.00</td>
</tr>
</tbody>
</table>

* Estimated

Source: [http://www.gmid.euromonitor.com/Reports.aspx](http://www.gmid.euromonitor.com/Reports.aspx) [accessed in October 2007]
Exhibit 2: Travel and Tourism Industry in India

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal Travel and Tourism*</td>
<td>596.4</td>
<td>651.0</td>
<td>708.0</td>
<td>791.0</td>
<td>908.1</td>
<td>1034.0</td>
<td>3748.7</td>
</tr>
<tr>
<td>Business Travel and Tourism</td>
<td>101.6</td>
<td>94.2</td>
<td>86.8</td>
<td>96.0</td>
<td>114.0</td>
<td>134.0</td>
<td>402.2</td>
</tr>
<tr>
<td>- Corporate</td>
<td>90.0</td>
<td>83.6</td>
<td>76.8</td>
<td>84.8</td>
<td>101.1</td>
<td>118.9</td>
<td>361.3</td>
</tr>
<tr>
<td>- Government</td>
<td>11.7</td>
<td>10.7</td>
<td>10.0</td>
<td>11.2</td>
<td>12.8</td>
<td>15.1</td>
<td>40.9</td>
</tr>
<tr>
<td>Govt. Expenditures - Individual</td>
<td>7.4</td>
<td>8.0</td>
<td>8.7</td>
<td>9.9</td>
<td>10.7</td>
<td>12.2</td>
<td>37.6</td>
</tr>
<tr>
<td>Visitor Exports**</td>
<td>142.4</td>
<td>143.5</td>
<td>142.0</td>
<td>141.5</td>
<td>159.5</td>
<td>175.8</td>
<td>697.3</td>
</tr>
<tr>
<td>Total Travel and Tourism Consumption</td>
<td>847.8</td>
<td>896.8</td>
<td>945.5</td>
<td>1038.4</td>
<td>1192.3</td>
<td>1355.9</td>
<td>4885.7</td>
</tr>
</tbody>
</table>

* Travel and Tourism personal consumption category includes all personal spending by an economy's residents on travel and tourism services (lodging, transportation, entertainment, meals, financial services, etc) and goods (durable and non-durable) used for travel and tourism activities. Spending may occur before, during, or after a trip. Spending covers all travel and tourism, outbound, and domestic.
** Expenditures by international visitors on goods and services within the resident economy.


Exhibit 3: Internet Usage in India

<table>
<thead>
<tr>
<th>Year</th>
<th>Users (million)</th>
<th>Population (million)</th>
<th>Penetration (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998</td>
<td>1.4</td>
<td>977</td>
<td>0.14</td>
</tr>
<tr>
<td>1999</td>
<td>2.8</td>
<td>993</td>
<td>0.28</td>
</tr>
<tr>
<td>2000</td>
<td>5.5</td>
<td>1,010</td>
<td>0.54</td>
</tr>
<tr>
<td>2001</td>
<td>7.0</td>
<td>1,027</td>
<td>0.68</td>
</tr>
<tr>
<td>2002</td>
<td>16.5</td>
<td>1,047</td>
<td>1.58</td>
</tr>
<tr>
<td>2003</td>
<td>22.5</td>
<td>1,086</td>
<td>2.07</td>
</tr>
<tr>
<td>2004</td>
<td>39.2</td>
<td>1,106</td>
<td>3.54</td>
</tr>
<tr>
<td>2005*</td>
<td>50.6</td>
<td>1,131</td>
<td>4.47</td>
</tr>
</tbody>
</table>

* Estimated


Exhibit 4a: Projected Internet Sales by Sector: Internet Transaction Value in India, 2005-2010

<table>
<thead>
<tr>
<th>Year</th>
<th>Internet</th>
<th>Direct suppliers</th>
<th>Intermediaries</th>
<th>Others</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>23,173.0</td>
<td>21,597.2</td>
<td>1,575.8</td>
<td>1,080,301.2</td>
<td>1,103,474.2</td>
</tr>
<tr>
<td>2006</td>
<td>35,501.0</td>
<td>32,660.9</td>
<td>2,840.1</td>
<td>1,239,225.1</td>
<td>1,274,726.1</td>
</tr>
<tr>
<td>2007</td>
<td>53,287.0</td>
<td>48,491.1</td>
<td>4,795.8</td>
<td>1,421,031.7</td>
<td>1,474,318.7</td>
</tr>
<tr>
<td>2008</td>
<td>78,918.0</td>
<td>70,237.0</td>
<td>8,681.0</td>
<td>1,632,244.8</td>
<td>1,711,162.8</td>
</tr>
<tr>
<td>2009</td>
<td>114,746.8</td>
<td>98,682.2</td>
<td>16,064.5</td>
<td>1,871,420.6</td>
<td>1,986,167.4</td>
</tr>
<tr>
<td>2010</td>
<td>159,612.7</td>
<td>134,074.7</td>
<td>25,538.0</td>
<td>2,148,976.8</td>
<td>2,308,589.6</td>
</tr>
</tbody>
</table>


Exhibit 4b: Travel Accommodation: Internet Sales by Direct Suppliers and Intermediaries: Internet Transaction Value in India, 2000-2005

<table>
<thead>
<tr>
<th>Year</th>
<th>Internet</th>
<th>Direct suppliers</th>
<th>Intermediaries</th>
<th>Others</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>890.2</td>
<td>761.7</td>
<td>128.5</td>
<td>104401.0</td>
<td>105291.1</td>
</tr>
<tr>
<td>2001</td>
<td>1259.6</td>
<td>1056.5</td>
<td>203.1</td>
<td>116034.7</td>
<td>117294.3</td>
</tr>
<tr>
<td>2002</td>
<td>2300</td>
<td>1712.6</td>
<td>587.4</td>
<td>124847</td>
<td>127147</td>
</tr>
<tr>
<td>2003</td>
<td>3939.8</td>
<td>2711</td>
<td>1228.9</td>
<td>142406.4</td>
<td>146346.2</td>
</tr>
<tr>
<td>2004</td>
<td>4696.3</td>
<td>3123</td>
<td>1573.3</td>
<td>162138.4</td>
<td>166834.7</td>
</tr>
<tr>
<td>2005*</td>
<td>6034.7</td>
<td>3590.7</td>
<td>2444.1</td>
<td>189666.9</td>
<td>195701.6</td>
</tr>
</tbody>
</table>

*Estimated

Exhibit 5a: Print Advertisement

And you thought the Internet was the biggest revolution to hit us.

Come, see how a website has revolutionized the way India travels. Our single-window, real-time, compare-and-buy travel solutions website is nothing short of a revolution. Promising the lowest airfares to anywhere, and getting you the juiciest deals on hotel tariffs and holiday packages. MakeMyTrip.com is on its way to become the most talked-about website in the country. Get to know us better at Travel Fiesta at the Taj Palace, New Delhi.

Here’s how to buy a hotel room with your air ticket.

Get an Air India return ticket to any of these destinations from us and stay in a hotel for free.

- **Bangalore at Rs. 15,940**
  - Return airfare on Air India + 2 nights’ stay at Hotel Park View + daily breakfast + city & temple tour + return airport transfers

- **Mumbai at Rs. 2,000**
  - Return airfare on Air India + 2 nights’ stay at Hotel Rambler Garden + half-day city tour + return airport transfer

- **Singapore at Rs. 59,540**
  - Return airfare on Air India + 2 nights’ stay at Hotel Cluny Scott + daily breakfast + return airport transfers

- **Hong Kong at Rs. 12,500**
  - Return airfare on Air India + 2 nights’ stay at Hotel Rambler Garden + half-day city tour + return airport transfer

- **Magical Malaysia at Rs. 12,500**
  - Return airfare on Air India + 2 nights’ stay at Hotel Prescott Inn + daily breakfast + half-day city tour + return airport transfers

Call 1-609-11-877 or 019-20333251 or log on to www.makemytrip.com

Here’s how to finally pay off all those credit card bills.

Get surprisingly huge savings with our Lowest Airfares Guarantee.

- **Mumbai-Delhi**
  - Rs. 2223
  - Rs. 2940

These and more of such amazing airfares exclusively available on our website.

Call 1-609-11-877 or 019-20333251 or log on to www.makemytrip.com

Here’s why it makes good sense to stay at good hotels.

Get incredible savings on your stay at these star hotels. Be it a vacation or a business trip.

- **Mumbai**
  - Sherlock Holmes 3** at Rs. 20,000-25,000
  - Springfields 3** at Rs. 25,000-30,000
  - Sherwood 3** at Rs. 30,000-35,000

- **Chennai**
  - Radisson 4** at Rs. 35,000-40,000
  - Spices 3** at Rs. 30,000-35,000
  - Taj Coromandel 4** at Rs. 50,000-60,000

- **Bangalore**
  - The Leela 5** at Rs. 60,000-70,000
  - Taj Coromandel 4** at Rs. 50,000-60,000
  - ITC Gardenia 4** at Rs. 50,000-60,000

Call 1-609-11-877 or 019-20333251 or email holidays@makemytrip.com

Source: MMT
Exhibit 5a: Print Advertisement for Trade

Ad Size: 8.25 x 11 inches

PREPARE FOR THE HOTEL DISTRIBUTION REVOLUTION

Presenting the latest and the quickest mode of consumer contact - the Internet. Pioneering this revolutionary concept of online travel distribution is MakeMyTrip.com, one of the fastest growing travel companies in India with a turnover of Rs. 100 crores in 2004. This innovative website is built on an indigenous technology platform that provides real-time reservations of hotel rooms among other offerings. An online customer can therefore easily check availability across more than 300 hotels. Empowering millions of people with this pathbreaking technology, MakeMyTrip.com promises to change the way India buys travel. Forever.

The advantages of this model are manifold:
- Ensures exposure of your brand to 30 Mn Indians online at no extra cost
- Effective and large distribution of unutilised room inventory with higher yields
- Flexible marketing options, fast turn around time for promos and last minute selling
- Possibility of opaque rates - only generic hotel description display available till the actual purchase
- Flexibility in changing allocation and rates with seasonality and market condition
- Dedicated support from MakeMyTrip to manage the inventory

Source: MMT
Exhibit 5b: Internet Advertisement

Source: MMT

MAKEMYTRIP.COM (A)
Exhibit 5c: Outdoor Advertisement

Source: MMT
Exhibit 6: TVC Advertisements

Celebrity Advertisement

MMT hired the biggest celebrity in India and hidden behind the biggest offer from MMT.

MMT would pay back the different if any one finds a lower airfare than MMT.

Beach TVC Advertisement

India’s hottest model hired by MMT

Model is partially hidden by the MMT’s offer

Two kids were disappointed as they would not see the hottest model

MMT would offer lower air fare in India

Source: MMT
Acknowledgment. The author acknowledges the inputs and comments provided by Prof. A K Jain for developing this case. Special thanks are due to Mr. Deep Kalra and Gayatri Buddha of Makemytrip.com for providing permission and necessary information to write the case.

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e-mail: karsanjay1@gmail.com

High achievers spot rich opportunities swiftly, make big decisions quickly and move into action immediately. Follow these principles and you can make your dreams come true.

— Robert H Schuller