



Online Travel Industry - India

June 2009

Executive Summary

Market

- Online travel market valued at USD X bn in 2008; Expected to reach USD Y bn by 2011
- Online airline ticket booking share is more than x%
- Online Travel Agency (OTA) is the most sort after segment by the private equity players with investments worth USD xx mn in the past two years

Drivers & Challenges

- **Drivers:**
 - Proliferation of internet
 - Growth in low-cost carriers
 - Secure payment mechanisms
 - Indian Railways online portal
- **Challenges:**
 - Low margins & high operating costs
 - Poor internet and credit card penetration

Trends

- Competition in online ticket booking is moving away from air to non-air segments
- Online travel going mobile: changing e-travel to m-travel
- OTAs looking for offline counters leveraging on their brand value
- Meta search engine is the latest innovation in online travel
- Religious travel is becoming a hot segment in online travel
- Emerging travel information portals backed by OTAs
- Online travel industry will see consolidation in the coming years owing to stiff competition

Competition

OTA	GDS	Meta search engine
<ul style="list-style-type: none">• Makemytrip• Yatra• Cleartrip	<ul style="list-style-type: none">• Amadeus• Galelio• Abacus	<ul style="list-style-type: none">• IXIGO• Ezeego1• Zoomtra



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- **Market Overview**
 - Drivers & Challenges
 - Trends
 - Competition
 - PE Investments
 - Key Developments

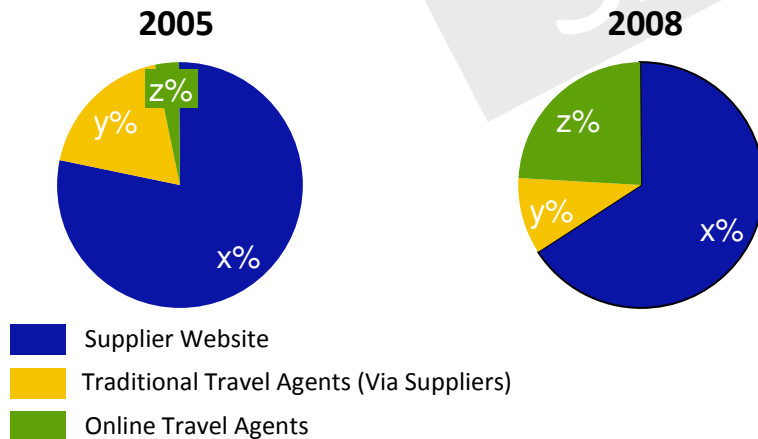


Online travel is a fast emerging business segment in India attracting enormous investments from private equity players

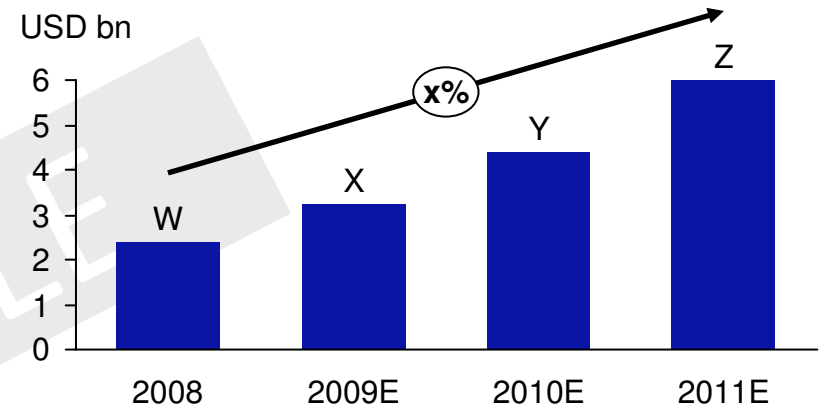
Overview

- Online travel market in India valued at USD X bn in 2008
- Online travel bookings are x% of the total USD Y bn travel market in India
- Investments worth USD xx mn made in the Online Travel Agency (OTA) space in past two years

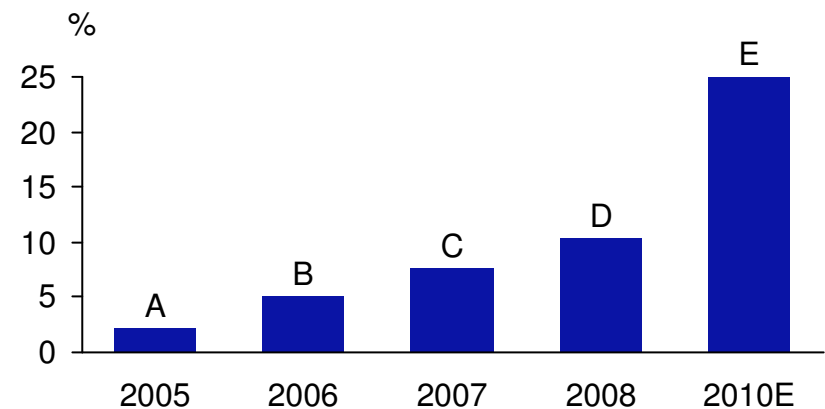
Online Market Share by Channel



Market Size & Growth



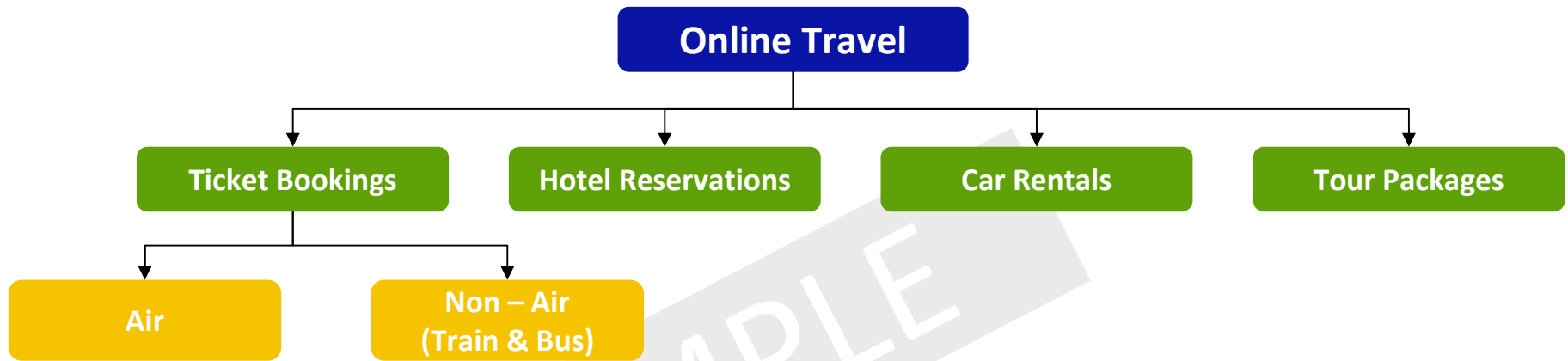
Online Travel Penetration



Source: DNA interview with Scott Blume, APAC Head, Travelocity, Nov 2008; Web Analytics India "Online Travel industry in India", Jun 2008; Livemint interview with Vish A. Viswanathan, vice-president, business development, at Sabre Holdings, the parent company of Travelocity, Oct 2007; Expedia news articles; PhocusWright:



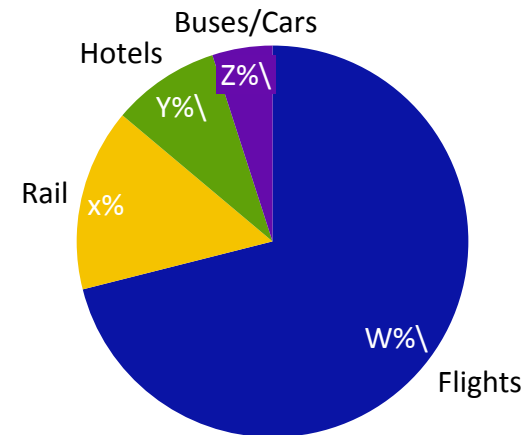
Airline ticket booking contributes to more than x% of the online travel market in India



Overview

- Non-air ticket booking segment is growing fast with the entry of Indian Railways in online space (www.irctc.co.in) and many OTAs providing online bus ticket
- Large number of hotels have online portals for booking their inventory
- Demand for tour packages have increased both among domestic and international tourists

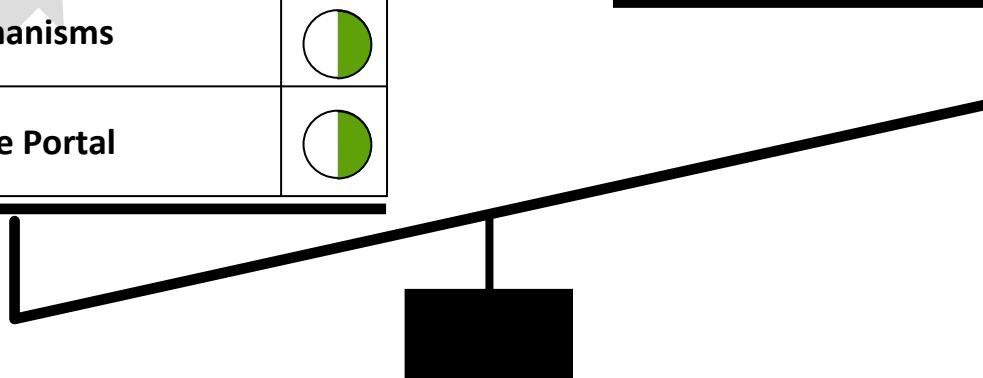
Online Travel Market Share (2008)



Drivers & Challenges

<i>Drivers</i>	
Proliferation of Internet	
Growth in Low-Cost Carriers	
Secure Payment Mechanisms	
Indian Railways Online Portal	

<i>Challenges</i>	
Low Margins & High Operating Costs	
Poor Internet and Credit Card Penetration	



Trends



Trends

Competition in online ticket booking is moving away from air to non-air segments

Online travel going mobile changing e-travel to m-travel

OTAs looking for offline counters leveraging on their brand value

Meta search engine is the latest innovation in online travel

Religious travel is becoming a hot segment in online travel

Emerging travel information portals backed by OTAs

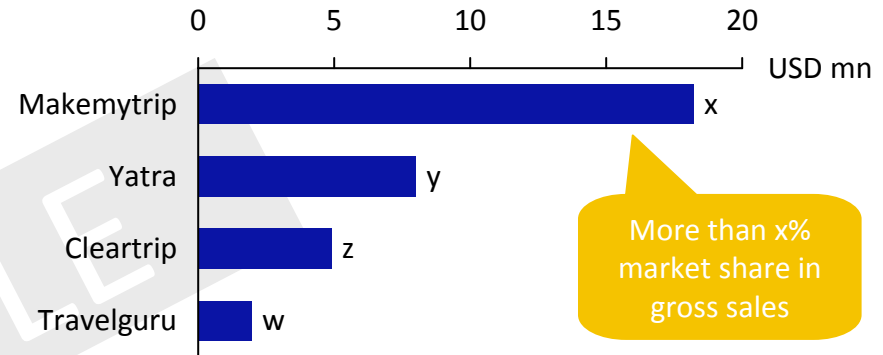


Online travel industry is over crowded with many new players entering the market

Overview

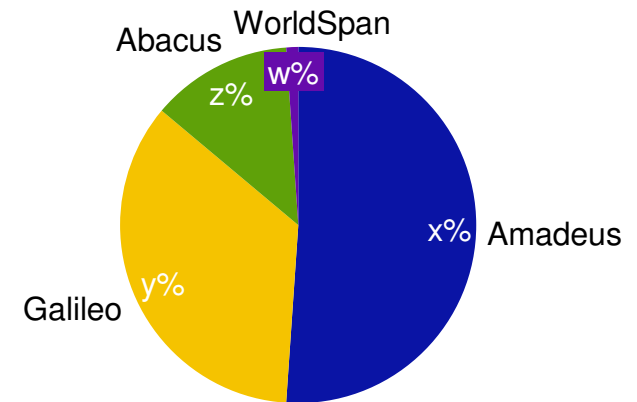
- Online travel market is the most crowded arena in the E-commerce segment with many new players entering this space
- Makemytrip, Yatra, Cleartrip and Travelguru are the leading players in the OTA segment
- IXIGO, Ezeego1 and Zoomtra are the leading meta search engines in online travel
- With the existing competition online travel space is sure to see consolidation in the coming years
- One can expect numerous acquisitions and buyouts to happen as cash rich international players are entering the market
- Added to that airline companies like SpiceJet, IndiGo and KingFisher in India are coming up with their own portal Rang7, which will affect OTA's

Revenues* of major OTAs (Mar 2008)



*Revenues through commissions on gross sales

GDS market share India



Source: Travel Biz Monitor interview with David Brett, President (Asia Pacific), Amadeus, Jan 2009; Business Outlook India "Going places", May 2008



Thank you for the attention

The Online Travel report is a part of Research on India's Tourism Industry Series.
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