

Have Net, WILL TRAVEL

In a booming travel market, IRCTC continues to lose mind- and marketshare to specialised travel portals, reveals a study

Radhika Sachdev

FIRST the good news. Over 15 million Internet users now surf the Net for travel products; out of which, nearly nine million also buy these products online.

Now the bad. They continue to face the same problems as they did two to three years ago. Which is why 53% surfers prefer to buy just train tickets and that too from a non-differentiated, not-so-happening government portal maintained by the Indian Railways Catering and Tourism Corporation (IRCTC). But they are not too happy about the IRCTC portal and, given a choice, are ready to switch to specialised travel sites such as makemytrip.com, travelguru.com and yatra.com. These are some of the surprise findings of JuxtConsult's recent "India Online 2007" end-user survey that covered 10,000 offline and 25,000 online respondents.

Among the reasons cited for the Internet users' lack of interest in e-tickets and e-bookings for hotels were: slow website navigation, threat of spam, language barrier, lack of response, difficulty in connecting etc. These problems were attributed to all the top ten online travel

portals, including IRCTC, which, not surprisingly, has lost 23 percentage points in consumer preference, according to this survey (See box *How they stack up*). This is a tad sad, as IRCTC still holds sway over railway ticket sells, which incidentally

How they stack up

Rank	Website	Use on preferred basis (2007)	Increase over 2006
1	Makemytrip	17	+7
2	Yatra	16	+16
3	IRCTC	15	-23
4	Google	11	+6
5	Yahoo	8	-1
6	Rediff	5	-2
7	Indiatimes	3	-3
8	Travel	3	+1
9	Travelguru	2	+2
10	Cleartrip	2	+2

Source: JuxtConsult

Figures in %

tally is the most bought travel product online. The sale of air tickets comes a close second.

Currently, IRCTC rakes in around Rs 85 crore every month in just rail tickets through its portal. "With the planned revamp of the site, this might just double," says Sanjay Aggarwal, general manager, operations, IRCTC. Second in the running is makemytrip.com that did business worth Rs 500 crore (marketshare 25-30%) last year and aims for Rs 1,100 crore this year, according to Sachin Bhatia, founder and chief marketing officer of makemytrip.com.

Players like travelguru and yatra, account for another 20% of the share (10%, respectively) of the \$460 million online travel market that is predicted to grow to an estimated \$2 billion by 2008, accord-

Illustration: ASIT BAGCHI



cific focus on discount holiday packages with a tie-up with 400 Indian and 72,000 global properties. Business, according to Damera has been growing at 250% every year against the market average of 55-60%. The hotel booking segment is indeed so lucrative that all the recent market communications of makemytrip are also focused on it. "We have reviewed some 800 properties and posted 500 customer reviews on our relaunched web site," says Bhatia.

As of now, the site sells 5,000 air tickets out of the 1,20,000 available every day and 500 room nights out of roughly the same pool size. "So the potential for growth in the hotel and non-air segment is tremendous," says Bhatia.

In the air segment also, only 2-3% air tickets are sold online, the rest is still handled offline by travel agents and travel companies.

But things are changing. The JuxtConsult survey indicates that small players like travelguru and yatra have gained substantially in terms of preferred usage; the latter as much as 16% within the first year of its launch, owing perhaps to the promotional activities undertaken by Reliance ADAG, the TV18 Group, and NVP, the three big promoters of yatra.com.

All said and done, makemytrip retains its numero uno position in terms of both secondary preference share (including duplicated website usage) and primary preference share, according to Mrutyunjay Mishra, the co-founder and director of JuxtConsult.

In contrast, IRCTC, which had a preference usage of 38% last year has now slid to the third position as a 'default' train ticket buying website with just 15% preferred usage this year.

This decline is attributed partly to the popularity of low-cost carriers and the emergence of specialised travel portals that peddle not just the cheapest air fares but also hotel inventories and discounted holiday packages through exclusive tie-ups with all sorts of holiday properties and luxury resorts. Understandably, these portals have also dented the travel sales of generic portals like Google, Rediff, Indiatimes and Yahoo, where again, users land up mostly by default, when they can't find a specialised travel website.

Nonetheless, a substantial 84% of all online buyers are buying a travel product online, a statistic that would undoubtedly improve with broadband availability, simplified navigation and the introduction of other user-friendly e-tools.

ing to a recent PhoCusWright Inc study titled "The Emerging Online Travel Marketplace in India".

"Although this may account for only 8-10% of the total travel market, the statistic is good for a country with low Internet penetration," says Ashwini Damera, founder and chief executive officer of travelguru.com. The country's travel and tourism market is valued around \$50 billion; of which the online travel market makes up only around \$1 billion. This is because people still like planning complex itineraries face-to-face with a travel agent.

Yet sites like travelguru.com are doing well, primarily on the strength of their foreign customer base (15%) and their spe-