The Expansion of Online Travel Portal—MakeMyTrip

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Abstract

MakeMyTrip is a revolutionary venture started in India in the year 2000 which changed the way the customers perceived about booking and reservation for travel. Earlier, it was a time consuming job as most of the booking had to be done on a physical basis. During its journey, the company has entered into a lot of services like reservation of flight and train tickets, hotel bookings, tour and travel packages, etc. With its success in the Indian Continent, MakeMyTrip plans to cross the national boundaries and establish its roots in other developed and emerging economics such as Singapore, UAE, and United States of America. The case deals with the countries MakeMyTrip have entered into along with the market scenario and the entry strategies. Understanding the fact that MakeMyTrip is not the sole online travel portal and that it faces huge competition from various companies across the globe, MakeMyTrip has evolved dynamically in the past 15 years. But despite all this, it has not yet been listed in the top 10 online travel portals of the world. Considering these factors, what does MakeMyTrip need to do to speed up its growth trajectory?

Keywords

Travel Portal   servicesServices   Online Travel Company   websiteWebsite
Online Travel Agencies (OTAs)
These keywords were added by machine and not by the authors. This process is experimental and the keywords may be updated as the learning algorithm improves. This is a preview of subscription content, log in to check access.

Teaching Note

Synopsis

MakeMyTrip is a revolutionary venture started in India in the year 2000 which changed the way the customers perceived about booking and reservation for travel. Earlier it was a time consuming job as most of the booking had to be done on a physical basis. During its journey, the company has entered into a lot of services like reservation of flight and train tickets, hotel bookings, tour and travel packages etc. With its success in the Indian Continent, MakeMyTrip plans to cross the national boundaries and establish its roots in other developed and emerging economics such as Singapore, UAE and United States of America. The case deals with the countries MakeMyTrip have entered into along-with the market scenario and the entry strategies. Understanding the fact that MakeMyTrip is not the sole online travel portal and that it faces huge competition from various companies across the globe, MakeMyTrip has evolved dynamically in the past 15 years. But despite all this, it has not yet been listed in the top 10 online travel portals of the world. Considering these factors, what does MakeMyTrip need to do to speed up its growth trajectory?

Teaching Objectives

This case illustrates a number of concepts like marketing challenges in emerging markets, including expansion strategies, e-commerce and marketing and issues in conducting business. Although developed for post graduate students, it is also appropriate for executive education programs in "emerging markets," business growth and strategy.

Teaching Plan

The suggested teaching plan is to divide a ninety minute class into five sections: an analysis of the acquisition and the company's success factors (15 minutes), a broader discussion about emerging market conditions (20 minutes), a critique of the issues (20 minutes) and an evaluation of possible paths forward for sustaining the brand (20 minutes). The last fifteen minutes can be used to summarize the main points.

Analysis

Emerging vs. Developed Economies

Normally, when students are asked to distinguish emerging markets from developing and developed economies, two types of variants are likely to arise, viz., based on the virtue of their fast economic growth and on the basis as emerging strong competitors for various business processes (especially those being outsourced).

The class discussion will bring out quite a few elements of the challenges of operating a business in many of the emerging markets like frequent policy changes, insecurity of intellectual property rights (IPRs), unreliable product quality, insufficient good quality local talent- despite a huge number of unemployed people, navigating government bureaucracies and the crowning problem of all- corruption which is endemic at all levels.

A wide range of factors play a role in the operations of a business from emerging markets like India, which could include infrastructure bottlenecks, issues related to policies, stability in the financial markets, growth in the country's disposable income, tourism related challenges, ecommerce laws, depreciation in the Indian rupee, etc.

Another major difference is the physical infrastructure like roads, ports and communications. This is also a reason why companies are wary when it comes to entering developing economies. Even though MakeMyTrip is leading in its sector, still the internet penetration is still quite nascent. There is more emphasis on creating mobile apps which can reach out to a larger audience.

Entrepreneurs in developed markets rely a lot on a range of institutions to facilitate transactions and manage operations in their home markets. Such infrastructure is usually missing in the emerging economies. If they are not missing, then they are woefully inadequate. Market and consumer data are easily available for many entrepreneurs in developed economies. In a developing economy, especially with the cultural dimensions of India, it is highly complicated exercise, requiring deep knowledge of customer needs and distribution networks. The challenge of transacting in the absence of well-developed market infrastructure can be best illustrated by the Nobel Prize winning economist George Akerlof's example of a used car market. (This can be given as extra reading.)

Strategies for Growth in Emerging Markets

Although due to the problems in many emerging countries because of the slowdown, companies are rethinking their strategies. Some of the questions which can lead to a better class discussion are

1. 1.

   Are strategies from one emerging market replicable in another market?

2. 2.

   What are the cultural and socio-economic demands of the growth markets?

3. 3.

   What are the competencies and capabilities that the company should have to succeed in particular markets?

4. 4.

   What kind of financial or market metrics should be used for evaluating success?

Succeeding in emerging markets would involve applying the right strategies based on local knowledge and a focus on learning and adapting as the firm grows. The case study would provide an opportunity to analyze how organizations could build more effective and sustainable platforms for growth in emerging markets.

The EPRG framework can also be taught through this case, as the global expansion of MakeMyTrip is following this framework.

EPRG Framework

EPRG (Ethnocentric, Polycentric, Regiocentric, and Geocentric) orientations describe an organization's process of evolution towards internationalization. Initially firms begin by being Ethnocentric where they emphasize their domestic market in the decision making. As firms gain experience and involvement through exporting they start to focus on their host market in the decision making and thus become Polycentric. As the number of host markets increase, the firm starts to emphasize on a region (e.g., South Asia, North America) in the decision making and thus become Regiocentric. Finally, the firm becomes Geocentric when it emphasizes multiple regions in their decision making and become globally oriented.

Based on the original works of Perlmutter (1969) and Wind et al. (1973), Keegan (1995) suggested an enriched model comparing the stages of internationalization as presented in Table 3.

Table 3

Stages in the evolution of the TNC (Transnational Corporation)

S. No.	Stage and company	Strategy	View of world	Style/Model	Orientation
1.	Domestic	Domestic	Home country	NA	Ethnocentric
2.	International	International	Extension markets	Coordinated federation	Ethnocentric
3.	Multinational	Multinational	National markets	Decentralized federation	Polycentric
4.	Global	Global	Global markets or resources	Centralized hub	Regiocentric
5.	Transnational	Global	Global markets and resources	Integrated Network	Geocentric

Source Adopted from Keegan, W. (1995). *Global Marketing Management*, 5th Edition, p. 363

Growth Through Adjacencies

Growth through adjacencies is a very effective way for MakeMyTrip to achieve repeated bursts of new growth. It will help the firm identify and rank promising opportunities for expansion that are outside, but closely related to, their core business.

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