OTHER - LEISURE AND TOURISM





CLIENT STORY

STRATEGY DEVELOPMENT AND IMPLEMENTATION FOR INDIA'S LARGEST TRAVEL AND FOREX COMPANY

Region:

INDIA

Consulting Services:

GROWTH STRATEGY, PERFORMANCE IMPROVEMENT, IMPLEMENTATION

CLIENT **SITUATION**

- The client is one of the largest integrated Travel and Travel related Financial Services Company in India, offering a broad spectrum of services that include Foreign Exchange (FX), Corporate Travel and Leisure Travel in addition to Visa and Insurance
- Parts of the Travel business had grown robustly whereas others had shrunk in the past 3 years. The Forex business had witnessed stagnation
- However, the company continued to be the market leader in both the businesses
- They were seeking to grow the business in a manner that would enable doubling of EBIT in three years. Avalon was invited to formulate a strategy to achieve this objective and assist in implementation of the same

OUR **APPROACH**

- The Travel and Forex businesses comprised over 98% of Sales, Revenues and EBIT, and hence were the focus of the engagement
- The engagement was executed in two phases Diagnostics followed by Strategy Development and Implementation. Both phases were undertaken for each business and sub-business separately.
- A detailed assessment of key revenue growth levers was undertaken to identify gaps and assess their impact on overall business growth
 - Market assessment indicated low share, high fragmentation, and therefore large headroom for growth
 - Portfolio analysis revealed gaps in product portfolio and proposition in some areas
 - Distribution was concentrated in Tier 1 cities with issues in individual store locations
 - Perception Mapping through Customer Surveys revealed lack of awareness and negative perception on pricing
 - The company spent lower on marketing than competition using less effective media
 - Mystery shopping exposed poor response time to independent travel queries and adverse FX pricing compared to competition
- Avalon's analysis of potential synergies in customer bases and distribution network between businesses indicated less than optimal overlap
 - Most of the company's business did not share their customer base with other businesses even when potential for synergy was high
 - Contracting with common service providers was also decentralized meaning the company was missing out on economies of scale
 - The company's franchisee store network for Travel was underutilized by Forex

OUR RECOMMENDATION/ IMPACT

- An overall strategy for each business was devised based on revenue and market share targets for each of the businesses over a 5 year timeframe.
 - Strategy maps with detailed objectives and their corresponding measures were defined by Avalon for each business and for the Travel and Forex enterprise BUs
 - Revenue growth initiatives focused on identifying new target segments, defining the company's value proposition and improving reach by identifying new locations and defining a roll out plan
 - Avalon also built a case for the company to aggressively pursue the online channel for Travel in which it did not have any significant presence
 - Cementing customer relationships through investment in a CRM system and Key Account management for Corporate clients was also recommended
 - Finally, Avalon quantified the impact of all initiatives through a 5 year P&L statement; one for each business & then consolidation for each Travel and FX