



E- Ticketing in India– A Study on the Indian Railway Catering & Tourism Corporation Ltd.

KEYWORDS

E-Commerce, E-ticketing, ICRTC, Railway, Internet, Digital business

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ABSTRACT *Digital business is the need of the hour, 'digitalise or perish' is the slogan for every business of physical world businesses whether small, medium or large sized. The present study is on the study of e-ticketing services in India with special reference to the IRCTC (Indian Railway Catering & Tourism Corporation Ltd). The study also covers the consumers' perspectives towards IRCTC'S e-ticketing services. Analysis shows that the consumers' perception towards IRCTC e-ticketing services is positive, however there are some glitches which need to be overcome.*

1. Introduction

E-Commerce (Electronic Commerce) has revolutionised the very concept of marketing with regards to procedures and the mechanics. This revolution is due to technology which has shifted the firm's relationship with the customers from 'face to face' to 'screen to face' interaction. Amongst the e-commerce transactions, the largest transaction is of e-ticketing. The present study attempts to analyse the concept of e-commerce and e-ticketing, analyse the strategies used by IRCTC in providing online ticketing services and to consolidate its position in future.

2. Objectives of the study

- To understand the concept of E-commerce and E-ticketing in India
- To analyse the strategies developed by ICRTC in e-ticketing.
- To study the consumers' perception towards IRCTC's e-ticketing services.

3. Understanding Ecommerce

Electronic commerce, commonly known as E-Commerce is a type of industry where the buying and selling of products or services is conducted over electronic systems such as the Internet and other computer networks. Simply put, E-Commerce refers to marketing, selling and business over the Internet.

Electronic commerce is generally considered to be the sales aspect of e-business (Electronic business). E-commerce can be identified into four distinct categories

- Business- to –Business (Trading between two organisations)
- Business- to –Consumer (Exchanges between business and consumers)
- Consumer- to –Consumer (Transactions between and among consumers) and
- Consumer-to-Business (Transactions between buyer group and business)

In India, E-Commerce (Electronic Commerce) is still at its infancy stage, however, it is growing rapidly due to changing landscape in the demographic environment especially with the young Internet users.

In 2014, India's e-commerce industry is estimated to have grown more than 30% from a year earlier to \$12.6 billion in 2013. Financial services, stock trading, banking, legal and professional services, health care and tour and travel are some of the areas where e-commerce is witnessing rapid growth in the global market. The share of Indian digital consumers who use online media for search, awareness, and re-

search to purchase products is already high across multiple categories: in apparel (26 percent), travel (51 percent), books (36 percent), and financial services (30 percent), the proportions are comparable with those in Germany, Japan and the United States.

Online travel, growing at more than 25 percent per year, has been driven by diverse online players ranging from the IRCTC (the online ticketing arm of the Indian Railways) to indigenous travel aggregator sites such as Makemytrip, Cleartrip, and Yatra. More recently, international travel aggregators such as Expedia and Kayak, as well as review sites such as Trip advisor, have begun to make a strong push into India.

4. E-Ticketing

An electronic ticket (commonly abbreviated as e-ticket) is a digital ticket. The term is most commonly associated with airline, railway issued tickets including entertainment industry. With more than 100 million surfing the web, the e-commerce industry is worth around \$10 billion, though travel-ticket sales alone accounted for \$8.4 billion last year (25th April, Economist). This clearly shows that 80% of the e-commerce transaction is in travel business.

Research studies shows that the Modus operandi of the online reservation system requires attention with special emphasis on the factors like the features of online information search, design of the railway website, and the facility of all time network availability for online booking (Sahney). A combination of online booking experiences along with travel agents play an important role in influencing future online travel portals. (Bogdanovycha)

5. IRCTC- An Analysis

IRCTC- The Indian Railway Catering and Tourism Corporation's (IRCTC) website www.irctc.co.in is the government website basically used for booking Railway tickets in India. It is

- One of the biggest e-commerce sites in the Asia-Pacific region,
- One of the most visited pages in India and
- One of the most operated e-portals in India is.

It charges a commission on every ticket booked through its portal. Following models used by IRCTC in E-Commerce

- G TO C (Government to Consumers(end users))
- G TO B (Government to Business(travel agents))
- B TO C (Business to Consumers) through IRCTC website portal.

5.1 IRCTC- Showcase of Timeline

In 2002, (IRCTC) launched its first e- ticketing service website

in the country with a small capital base of 20 crores and with merely 27 tickets on the first day of its commencement and 3,343 tickets in the first month when Internet penetration in India was very limited. Online booking was a new concept in India and majority of the populations were apprehensive of using this site for booking tickets. In 2006, IRCTC has tied up with the foremost IT companies TCS (Tata Consultancy Services) to design its ERP-Enterprise Resource Planning. In 2008 the online booking went up to 40,000. Number of tickets booked through IRCTC website during the year 2010-11 went up to 9.69 crores tickets as against 7.20 crores tickets booked during 2009-10. The company sold about 12 crores rail tickets in FY 11-12, amounting to a gross value of Rs 10,000 crores a growth of 20% over the last financial year. IRCTC earned a service charge of Rs 160 crores out of the ticket booking business. However, at present, in terms of online money transactions with online ticket selling around Rs. 10 crores a month and after completing more than a decade, today IRCTC has emerged as a largest in the country with more **than 4 lakhs** booking per day in terms of online ticketing, leaving behind several high-profile e-commerce sites worldwide. Rightly said so, IRCTC website comprises more than 45% of all visitors to travel websites in India and 19% of total Internet audience. (Source: www.iamwire.com).

5.2 Strategies Adopted By IRCTC:

IRCTC's rapid growth in e-ticketing services is due to the successful adoption of right digital marketing mix in providing e ticketing service.

• Distribution Strategy–

IRCTC's distribution strategy of awarding the delivery contract to only one courier company has been one of its USPs (Unique Selling Proposition). This policy has given more control to IRCTC over delivery, with just a single channel of communication to take care of. At present, e- tickets are delivered in 102 cities across the country.

• **People-** IRCTC has some of the best processes, tools and teams who constantly innovate and keep the portal up-date and relevant.

• Assortment of Products offering-

IRCTC offers products especially train tickets as its main core product. Expanding its horizons, IRCTC ventured into marketing new products services such as offering flight tickets, hotel reservations, tourist packages, car rentals and special tourist train services. It has also increased its basket of offering by including e-shopping- books, mobile phones, clothing, and hand bags and so on. It is successfully heading towards one stop for all tourism and other popularly purchased e-shopping products under one portal.

• Innovation –

In order, to create value for their customers, IRCTC has undertaken to innovate at all levels, find innovations at every level relating to constituent of its team structure, costing structure, link building, interactive content page work and more.

• Tie-ups with Company-

Being the most popular site for e ticketing in India, a lot of companies have tied up with IRCTC, for advertising their products providing considerable revenue as well, which is the primary source of revenue for the site. Also, various travel portals like yatra.com, makemytrip.com have tied up with IRCTC in order to offer ticket booking services through their own sites. IRCTC collects a fee from those agencies as well.

• Navigation made easy and user friendly –

The IRCTC website lays down all possible options, allows one to customize his or her train options (core product) based on start and end stations, desired dates, routes and possible fare classes. The interface also allows one to keep a record of all past bookings, cancellations and upcoming trips. Addition-

ally, IRCTC supports more than 40,000 unique visitors during peak hours and ensuring that every single ticket reaches the consumer in remote locations across the country. Such an interface is another USP of IRCTC that keeps them at top.

• Promotion strategy-

IRCTC uses some social media channels, public relations to promote their e-ticketing portal. IRCTC's facebook page features several events or workshops being conducted, along with new trains and packages being launched in India. On Twitter, IRCTC primarily uses it to interact one-on-one with people who have some issues, questions or grievances. IRCTC also relies on word-of-mouth publicity for promoting its website portal.

• Economical:

IRCTC charges for booking an e-ticket is less than what travelling to the railway over the counter costs. The charges are minimal, beginning from Rs.10 for a ticket that too with the convenience of tickets being delivered at the doorstep to people in not just in Tier-I but also residing in the Tier-II and Tier-III cities. IRCTC hits the chord with its economical accessibility reaching all the sections of the society another USP of IRCTC.

• Payment option Strategies:

IRCTC's rapid growth in e-ticketing has been due to a very robust process set up for doing e-reservation which facilitates bookings for multitude of payment options with all types of credit cards, most major debit cards, cash cards facility and Net Banking facility. Besides it also offers the highly secure payment gateways with more than ten options of using credit and debit cards without any hassles. All the major banks in the country has offered tie-ups by making available a link to their Internet banking system, which allow the purchase of railway tickets from IRCTC.

• Reliability/trustworthy-

One of the reason for reliability/ **trustworthy** of brand is that IRCTC is a government website. It is funded and maintained by Indian Railways.

In a country like India, where Internet penetration is still very low, IRCTC has succeeded in permeating almost every segment of rail travellers.

5.3 Research methodology

Data collection

The small survey was undertaken to understand the consumers' perspectives towards IRCTC'S e-ticketing services. For this, the data was collected from one fifty respondents who were *computer literate and are internet users* belonging to 21-29, 30-39, 40-49 age group. In lieu of the above, the results are analysed on percentage and on average basis. Secondary data is collected from government publications, reference books and journals. A questionnaire (ten questions with multiple choice) was mailed to respondents through email, posted at various social networking sites and thereafter response was gathered.

Scope

The respondents in the present study were computer literate and internet users. Travel agents were not included in the study.

Survey Analysis: The survey revealed the following:

- Awareness- All the respondents (100%) were fully aware of the IRCTC site.
- Ticket purchased-Around 88% of the respondents agreed to have used IRCTC site for purchasing online railway tickets
- Usefulness- On the question of comparison of online booking to offline railway booking, on a point scale of 5, the average score of 4.8 amongst the respondents reveal that the majority of the respondents feel that the online

ticketing is extremely useful as compared to offline ticket booking.

- **Future use-** The analysis of the question on the use of IRCTC ticketing services in future, data reveals that an average score of 4.5 out of 5 which is *quite likely* that the tickets will be purchased on line.
- **Price factor-** The response to the question on how important is price to you when choosing this type of service, on a scale of 5 is 4.2 which was *quite important*. Low price is one of the factors responsible for such an overwhelming response for IRCTC online ticketing services.
- **Easy to book-** On the response to the question on how easy it was to book the online tickets from this site, was a mixed one with an average score of 3.7 moderate response. Reason being some of the consumers have experienced failed transactions resulting in complaints in the easy booking of tickets through the online payment gateway, in addition slow net connections also hampers quick payment options, some of the complaints were on the unavailability of tatkal tickets.
- **Recommend to others-** The question on how likely are you to recommend IRCTC online e-ticketing services to others, almost 85% of the respondents agreed to recommend the usage of services to others reflecting the preference and positive attitude towards IRCTC services.
- **Most important factor-** The two factors that emerged as most important amongst the respondents while choosing IRCTC e ticketing services was convenience and time saving. Interestingly, amongst the age group of 21-29 and 30-39 the most important factor was time saving and amongst the 18-20 and 40-49 age group it was convenience factor.
- **Overall,** the average rating for e-ticketing services of IRCTC amongst the respondents was 4.56 on a scale of 5 which reflects an overall positive response.

5.4 Major Concerns

Although, IRCTC has successfully permeated through various segments, there are some vital issue that are cause for concern which has been collected through primary study as well as secondary study:

- **Managing online traffic for e ticketing:**

IRCTC website, in its current state, will be used by millions of users, which is increasing day by day. In morning peak time (Primarily between 8 AM – 10 AM), a mind boggling number of 35,000 tickets are booked per hour so handling online traffic particularly during peak season would be one of the major concerns for IRCTC without compromising on customer experience..

- **Technical glitches/Problem of failed transactions:**

In Jan 2011 alone, there were more than 2.9 million failed transactions translating to a huge 25% fail rate. To add to the woes, failed login attempts and other request failures only goes to show that it is yet achieve its perfection. Moreover tatkal tickets issued by IRCTC also adds to the woes of the consumers due to technical glitches.

- **Curbing Malpractices:**

IRCTC, over the years, has been receiving several complaints of malpractices. It recently deactivated IDs of 1.4 million users suspected to be indulging in such practices. Without doubt, it will be essential and major concern for keeping the trust of the consumers.

6. Conclusion

IRCTC is the without a shred of doubt, proved to be a pride and joy of the Indian Railways. By focusing on overcoming technical glitches, enhancing more user friendly interface, with comprehensive plans to tie up with more banks and to offer new services in new areas, constantly innovating in tune with new age websites and providing a positive and enriching customer experience, IRCTC can achieve its aims to become a ₹ 2500 crore company by 2015 with the basic focus of consolidating the e-ticketing in the country. With the focus on digital inclusion with everyone having access to technology, a new paradigm will be set altogether in which IRCTC will have to strengthen its forte of rail ticketing and operate successfully.

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