

A Study on Consumer Perception of Ola and Uber Taxi Services

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Abstract

Organized rental cab was introduced in the Indian market in 2004 with Meru cab service and soon became popular among consumers in metropolitan cities but the actual revolution came in 2010 when app based services started, with Uber in 2013. Soon the market became competitive and consumers became more demanding. Now companies are using various strategies to increase customers as well as to retain their old customers. This study is focused on identifying the difference between Ola and Uber customers and for this data has been collected with the help of structured questionnaire. Data were collected from Mumbai and specifically from working professionals. After data collection, statistical analysis showed that females prefer Uber service over Ola but while it comes to safety, consumers feel more safe with Ola than Uber. Result of this study may help the taxi service industry to design their future marketing strategies.

Keywords: Customers, demographic factors, Ola service, Uber service

I. INTRODUCTION

The concept of organized rental cab was introduced to the Indian consumer in 2004 when Meru cab service was launched in major metro cities of India and then almost after six years app based rental cab service was introduced in the Indian market. Among various transportation modes, cab service gained popularity because of its advantage of door to door service and because of technological advancement, customers were able to book cabs at competitive price with just one click using their smart phones. These app based cab services were having tremendous potential for growth in densely populated countries like India where parking is a major problem because of space crunch as well as public transports are over crowded during peak hours. Slowly this convenient mode of travel started gaining popularity and competition became intense after Uber's launch in 2013.

As customers have become more demanding, it is a challenging job for rental cab industry to meet customer's expectations. Now a days not just the price but quality

service also plays an important role in customer satisfaction [6]. Now using a smart phone consumers can access, compare, evaluate, purchase services. In this situation, app based services such as Ola or Uber cabs offer various services ranging from the economic to ultimate luxury. As per a report in the financial express, introduction of app based pre-paid taxi services like Uber and Ola taxi not only grabbed customers' attention, but also contributed to increasing employability by providing opportunity to drivers.

Ola cabs service was started in 2010 in Mumbai by ANI Technologies Pvt. Ltd. based on online cab aggregator concept. Ola offers range of affordable transportation services starting from superior luxury cars to Ola auto. Currently, it is available in 102 cities and approximately 4,50,000 vehicles are available with them [17]. While Uber Technologies Inc. is an American worldwide online transportation Network Company founded as UberCab by Garrett Camp in 2009. In August 2013, Uber expanded to the Indian market by launching its services in Bangalore [18].

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Both Uber and OLA entered the taxi services market in India with many similarities, such as concept of taxi aggregators, air conditioned taxi services, cheap price, and app-based taxi services that lured passengers of major metropolitan cities.

Ola and Uber have grown tremendously over a period of time with the objective of solving inter-city and intra-city commuting problems of customers. These companies are spending huge funds in marketing, competitive price, and recruitments of new drivers leading to expansions in new markets[15]. Sometimes these strategies result in very low priced services, even less than the fares charged by 3- wheeler auto rickshaws (Mumbai Grahak Panchayat, 2017).

Ever changing technology is fueling the growth of organized car rental industry, convenience of booking a cab sitting at your place is one of the most important features of this app based taxi service. Currently Ola and Uber are two major players in organized cab service sector in India. In a report by industry, companies in September 2016, Ola was shown to capture 70% Indian market (Fig.1) [19].

HOW THEY COMPARE		
	Ola	Uber
Launch	2011	2013
Valuation	\$5 billion	\$60 billion
Funds raised	\$1.16 billion	\$1 billion
Key Investors	SoftBank, Tiger Global, DST	Google Ventures, Baldu
Tech platform	App	App
No. of cities covered	102	26
No. of vehicles on platform	450,000	250,000
Market share	70%	50%
No. of employees	8,000	300
PS: Data for Uber is India specific		Source: Industry; companies

(Source: Industry: Companies)

Fig.1. Ola vs Uber [3]

While in 2017, a report by RegaliX Research [20] suggested that Uber is Young India's most preferred app based taxis service with 55% usage, while Ola has 41% usage. Report also concluded that Uber is no.1 cab service with high customer satisfaction, economical, safe, and is recommend by friends & families across India.

One more survey by Mumbai Graham Panchayat

[21]. concluded that 80% of respondents feel that Uber/Ola are offering better options of travel than traditional taxis services in Mumbai. Almost 67% of respondents are satisfied with the behavior of Uber/Ola drivers while 14% found it was average followed by 19 % who found it bad.

II. LITERATURE REVIEW

Call taxi system has grown significantly in India and infrastructure growth, growth of middle class, increasing disposable incomes and growing GDP are some of the factors responsible. The rise of the BPO industry is one of the reasons of growth of this sector which require odd working hours. This growth can be seen more in metropolitan cities of India and there is intense competition among various operators like Ola, Uber, Radio cabs, Yellow cabs, and Meru etc. So, to sustain in this competitive market it is necessary to understand the users of the rental cab service [11]. Various studies and researches have been done to understand the factors important while choosing a rental car.

Call taxi app (CTA) helped in increasing perceived usefulness, ease of use, playfulness, and subjective norms [10]. This also helps in convenience of tracing user and service provider [2]. A study by Lu, Geng and Wang [8] suggested that self- service mobile technologies give control to commuters to access lot of information with the help of technology. Horsu and Yeboah [4] had revealed in their study that driver behavior have negative correlation on customer satisfaction in Ghana. Other variables continuous service, comfort, reliability, and affordability have an impact on customer satisfaction with regard to minicab taxi. Paronda, Regidor, and Gaabucayan-Napalang [9] identified the key performance indicators of conventional taxis which include reliability, travel speed, passenger expenses, and quality of service. Study based on surveys for 30 days concluded that Uber and GrabCar offer better quality services than conventional taxis. Similar studies have been done for the Indian market . Hanif and Sagar [5] suggested that cab services have a huge potential for growth in Mumbai by targeting middle and affluent class. Consumers not only use cab service for commutation but also for visiting a shopping mall, attending late night parties or going out on special occasions. Study also showed that customer satisfaction level is very high, showing positive sign for future growth and expansion of business.

Aggregator taxi companies tied up with mobile wallets companies like Free Charge, PayTM, and

Mobikwik which helped in providing hassle free ride to customers by providing them easy payment options with offers and discounts for rides [3]. Consumer's preference for online transaction pushed Uber to create taxi service portal and it also started spending on various marketing strategies and information technology.

In [12] various factors of dynamics of Indian taxi markets such as pricing, their revenue models, market share etc. are discussed. Pandya, Rungta and G. Iyer [16] identified technology trends, safety, price, ease of availability, comfort, and payment options affecting public taxi market. Das, Bhatt, and Path [14] identified convenience, quality services, transparency, and safety as most important parameters for selecting pre booked taxis. A study by Kumar and Kumar [7] showed that consumers were interested in redeeming coupons while selecting cab services and were comfortable in redeeming coupons through mobile apps while booking cab services. With customers, service providers are also important in any service industry. In this context, a research by Malik [13] identified that retaining drivers through initiatives like monetary awards influence customer decision. Ola is using reward systems to motivate its drivers, and is also involving them in resolving customer grievances to build a loyal base of drivers. On the other hand, Uber offers rewards and discounts under their UberCLUB program. This program not only impacts drivers but it is also designed to help their families by providing them various offers related to automobile insurance, vehicle maintenance, lifestyle, health, and wellness to their everyday life. There are three categories silver, gold, and diamond based on the quality and performance of each driver. One more comparative study of Ola and Uber by AllamdasRohit H. [1] suggested that as Indian consumers are highly price-sensitive and very less brand loyal, companies need to design new packages to attract new customers and to keep existing customers. Similar research by Shukla, Chandra and Jain [12] suggested that adopting highly innovative and customer-centric strategies would increase market share for Ola and Uber.

Therefore, it would not be so easy for Ola and Uber to operate in an environment which has to be more customer-centric & target oriented, highly innovative, and to be resistant to pressure from the regulatory authorities, and to keep delighting their customers.

III. OBJECTIVES OF THE STUDY

Considering the growing number of online cab users in Mumbai, this research is designed to understand the difference between Ola and Uber users. Research is specifically focused on working professionals. The objectives of this study are:

- ❖ To find out the difference between Ola and Uber users' demographic profile.
- ❖ To identify consumer perception towards safety of Ola and Uber services.
- ❖ To identify the difference between satisfactions levels for both cab services.

IV. RESEARCH METHODOLOGY

This research is focused on Ola and Uber users in Mumbai area and is specifically targeted at working professionals. After literature review, gaps were identified and questionnaire was designed to collect the data. Primary data for the study was collected through online survey method using a structured questionnaire which was designed based on literature review. All the respondents were from Mumbai and data were collected from February 2017 to March 2017 to fulfill the objectives. On the basis of literature review, the following hypothesis and sub hypothesis were designed:

H₁: There is significant difference between demographic profile of Ola and Uber users.

H₁₁: Gender has significant impact on choice of cab services.

H₁₂: Age has significant impact on choice of cab services.

H₁₃: Income has significant impact on choice of cab services.

H₂: There is significant difference between Ola and Uber consumers' perception of safety.

H₃: There is significant difference between Ola and Uber consumers' satisfaction level.

V. DATA ANALYSIS AND FINDINGS

After data collection, data were analyzed using SPSS. Total number of respondents were 103 out of which 51

TABLE I.

DEMOGRAPHIC PROFILE OF RESPONDENTS

N=51		
Gender		
Male	60	58.30%
Female	43	41.70%

Age		
<25	19	18.40%
25 to <40	41	39.80%
40 to < 60	25	24.30%
60 and Above	18	17.50%
Monthly Income		
<Rs 15000 / Month	39	37.90%
Rs 15000/- to < 30000/ Month	43	41.70%
Rs. 500001 – 1000000/ annum	16	15.50%
>Rs 1000000/ annum	5	4.90%

(Source: SPSS output)

were Ola users and 52 were Uber users. Demographic profiles of all 103 respondents are explained in Table I.

VI. HYPOTHESIS TESTING

To identify the difference between demographic profile of Ola and Uber users including impact of gender, income and age, hypothesis have been tested using Chi square test. The results obtained indicated that gender has significant impact on choice of cab service as p value is 0.023 (< 0.05) (Table III, so null hypothesis has been rejected. Table II also indicates that females prefer Uber

Table II.

IMPACT OF GENDER ON CHOICE OF CAB SERVICES

Name of Service and Gender Cross Tabulation Count		Gender		Total
		Female	Male	
Name of Service	Ola	24	27	51
	Uber	36	16	52
Total	60	43	103	

(Source: SPSS output)

TABLE III.

IMPACT OF GENDER ON CHOICE OF CAB SERVICES

Chi-Square Tests					
	Value	Df	Asymptotic Significance (2-sided)	Exact Significance (2-sided)	Exact Significance (one sided)
Pearson Chi-Square	5.205 ^a	1	0.023		
Continuity Correction ^b	4.333	1	0.037		
Likelihood Ratio	5.252	1	0.022		
Fisher's Exact Test				0.028	0.018

Linear-by-Linear Association 5.154 1 0.023

N of Valid Cases^b 103

(Source: SPSS output)

a. 0 cells (0.0%) have expected count of less than 5. The minimum expected count is 21.29.

b. Computed only for a 2x2 table

cab service over Ola.

H_{11} : Gender has significant impact on choice of cab services

To study the impact of income hypothesis H_{12} has been tested and the results indicate that there is no significant impact of income on choice of cab services as p (0.542) > 0.05 (Table IV) and null hypothesis has been accepted.

H_{13} : Income has significant impact on choice of cab services.

TABLE IV.

IMPACT OF INCOME ON CHOICE OF CAB SERVICES

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	2.152 ^a	3	0.542
Likelihood Ratio	2.166	3	0.539
Linear-by-Linear Association	0.129	1	0.719
N of Valid Cases	103		

(Source: SPSS output)

To study the impact of age, hypothesis H_{13} has been tested and result indicates that there is no significant impact of age on choice of cab services as p (0.195) > 0.05 (Table V) and null hypothesis has been accepted.

H_{12} : Age has significant impact on choice of cab services.

TABLE V.

IMPACT OF AGE ON CHOICE OF CAB SERVICES

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	4.700 ^a	3	0.195
Likelihood Ratio	4.852	3	0.183
Linear-by-Linear Association	1.063	1	0.303
N of Valid Cases	103		

(Source: SPSS output)

a. 2 cells (25.0%) have expected count less than 5. The minimum expected count is 2.48.

To compare customers' perception of safety towards both the cab services hypothesis, H_2 has been tested and results indicate there is a difference between consumer's perception towards safety for both the cab services as p

Table VI.
CONSUMER PERCEPTION TOWARDS SAFETY

Name of Service * I feel Safe while traveling with cab including night travel.				
Count		I feel Safe while traveling with cab including night travel.		Total
		Yes	No	
Name of Service	Ola	37	14	51
	Uber	24	28	52
Total		61	42	103

(Source: SPSS output)

TABLE VII.
CONSUMER PERCEPTION TOWARDS SAFETY

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	7.428 ^a	1	0.006
Continuity Correction ^b	6.375	1	0.012
Likelihood Ratio	7.539	1	0.006
Fisher's Exact Test			
Linear-by-Linear Association	7.356	1	0.007
N of Valid Cases ^b	103		

(Source: SPSS output)

a. 0 cells (0%) have expected count less than 5. The minimum expected count is 20.8

b. Computed only for a 2x2 table

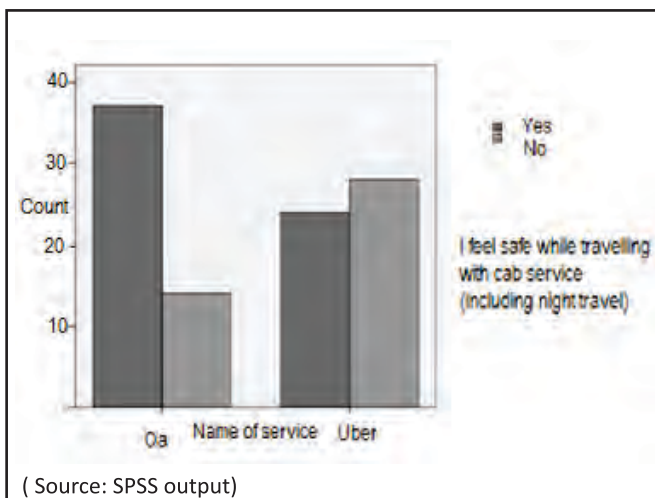


Fig. 2. Consumer Perception of Safety

value (0.006) < 0.05. Consumers feel more safe with Ola cab service than Uber (Table VI, VII, Fig. 2).

H_2 : There is significant difference between perception of Ola and Uber consumers towards safety.

To compare customers' satisfaction level with the two cab services, hypothesis H_3 was tested and the result indicates that there is no difference between consumers' satisfaction level for both the cab services as p value (0.233) > 0.05 (Table VIII).

H_3 : There is significant difference between Ola and Uber consumers' satisfaction level.

TABLE VIII.
CONSUMER SATISFACTION LEVEL

Chi-Square Tests			
	Value	Df	Asymptotic Significance (2-sided)
Pearson Chi-Square	5.580 ^a	4	0.233
Likelihood Ratio	6.012	4	0.198
Linear-by-Linear Association	0.152	1	0.697
N of Valid Cases	103		

(Source: SPSS output)

a. 4 cells (40.0%) have expected count less than 5. The minimum expected count is 0.50.

It can be concluded that females prefer Uber service over Ola but when it comes to safety, consumers feel safer with Ola than Uber.

VII. MANAGERIAL IMPLICATIONS AND CONCLUSION

Aggregator taxi services have a bright future in India, especially in metropolitan cities where parking and long distance are big challenges. This study tried to identify the difference between consumers of two major organized taxi service players in India. This study may help the taxi service industry to design their marketing strategies and design their customer relationship plans. They can also improve where they are lacking such as in case of customers' perception about safety Uber services show a gap. Similarly, as the study suggests that female consumers prefer Uber over Ola, Ola cab service may work on strategies to increase female consumers. More detailed study may give a more authentic conclusion and can increase its impact on managerial decisions.

VIII. LIMITATIONS OF THE STUDY AND FUTURE SCOPE OF RESEARCH

As any research is not complete and always has scope for further research, this research too has further scope. As data were collected only from Mumbai region and only for working professionals, results represent only a small part of the population. Further research should be done with more varied sample and with more geographically spread. Further research will give more comprehensive conclusions about aggregator taxi services in India.

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