CONSUMER PREFERENCE REGARDING CAB AGGREGATOR SERVICES IN BANGALORE

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ABSTRACT

The growing on-demand economy has led to the development of Taxi-aggregator firms that have changed the way people view commuting within a city. Uber and Ola are perceived to be the 2 main competitors aiming to capture this market in India, backed by venture capital funds, and the plans of rapid expansion. It all started with online cab services which came as a disrupting technology in the transportation and communication business. Where in India it became famous with OLA then with coming of Uber into the business gave the customers an option which leads to this research project of ours that which is better and in which aspects. The new crop of taxi booking services start-ups like OLA and Uber has become the disrupting businesses in the transportation sector. The most vital thing to note is that these only provide platforms, and are a very asset-light business model where they don't own the cars and others but just the technology and the backend to link drivers with customers in the current market. With new and competing features in both apps there comes the gap for this research to say who does better and on which aspects. As online cab services came as a disruption in the transportation and communicating sector just like that Car and Bike Rental services came into the Online Cab Business as the new disruption. Now the competition is not just with other online cab services but now it is also with new players of the rental services like Zoom Car, Bounce, Drivezy, Lithium and the like

KEYWORDS: Growing on-Demand Economy, Transportation and Communication Business,

INTRODUCTION

The more the options and features provided by one cab aggregator, the more the consumers have chances to switch among the online cab services. Differential pricing and on peak pricing and other such features are the one which gives the consumers the reasons to switch among the cab services. So this leads to the gap and the reason for this research taking into account the two big players of online cab services i.e. OLA and Uber.

LITERATURE REVIEW

Mona Bhalla Et Al (2018) attempted to find the difference between the perception and the expectation of the customers towards app-based cab services using the SERVIQUAL GAP MODEL. They suggested measures to improve the services to meet expectations, in cases where the expectations exceed the perception. In areas where the perception or the service provided exceeds the expectations, suggestions are given to tone down the service provided, thereby reducing cost and efforts

Sai Kalyan Kumar Sarvepalli, & Dr. N. R. Mohan Prakash (2016) contended that one of the best examples that can be quoted for disruptive innovation, that the industry witnessed very recently is Cab Aggregation using Mobile Application, which is a result of technological progress making the transportation, especially within the city limits affordable and trouble-free for all categories of people. These are also usually referred to as Taxi Aggregators, Cab Aggregators or Car Aggregators and in management research terminology they are cited as Ride-sourcing / Ride-hailing companies. With the arrival of the Uber and Ola, these services became very popular in all the major cities. The researchers provide the recommendations that can be implemented to improve services which will benefit ride-hailing companies like Uber and Ola as well as the customers utilizing the services and the drivers. RIDE Model, R- Research, I-Innovate, D- Deploy, E-Execute has been designed and proposed for the benefit of future researches and interested researchers in this area are encouraged to use this model further as reference for their empirical study.

G. Venkatesh and George Easaw (2015) *portrayed that The* Indian taxi market, which was predominantly dominated by the unorganized sector has sensed its disruption since the introduction of private players in the form of taxi affiliates and more importantly, taxi aggregators. This change has been one of the most astonishing of its kind. This paper aims to study this phenomenal change and thereby analyze the factors reinforcing the growth of taxi aggregators. This paper has employed extensive research on secondary data to achieve its objectives. This paper talks about how the evolution of the Indian taxi market from horse wagons to app-based taxi aggregators. Additionally, the reasons for the growth of Taxi Aggregators in the Indian taxi market and the role of data analytics has been explored. This paper concludes with anticipating future trends in this booming sector and inclination of more entities to join this contest.

THE OBJECTIVES OF THE STUDY INCLUDE:

- To explore and understand the concept, business model, issues and challenges pertaining to online Cab Services

- To study consumer preferences while booking cab service

- To study the correlation between respondents owning a car and frequency of using cab service

- To study the level of association between respondents' demographic attributes like gender, income, frequency of using cab service and the level of importance attached to different factors and

- To draw meaningful inferences and offer constructive suggestions

Primary data were collected by personally administering questionnaires, conducting interviews, interacting with industry and academic leaders and research experts. A structured questionnaire was used to collect data from a target group of respondents. The sample size is 127 and the responses were obtained from people, particularly those who are under 30 years of age, from select locations in Bangalore city using convenience sampling technique. Statistical tools used for data analysis include MS Excel and SPSS. ANOVA, Chi-square and Pearson Correlation tests were used for hypotheses testing.

Data Analysis

Descriptive Statistics

- 53.7% of respondents are females and 46.3% are males.

- The vast majority of respondents are under 30 years of age, including students, employees, self-employed as well as few job seekers and homemakers.

- Income level of the majority of respondents is not very high, 55% earning less than Rs 5 lakhs per annum, 20% earning between Rs 5-10 lakhs, 16% earning between Rs 10-20 lakhs and only 9% earning above Rs 20 lakhs.

- About 54% own a car, while 46% do not.

- Over 40% of respondents use Ola cab regularly, 50% use occasionally, like weekends, and rest 10% use rarely. 30% use Uber regularly, 55% use occasionally and 15 use rarely.

Factors Considered Important while Looking for Online Cab Service

- The researchers listed out various factors that consumers of online cab service might consider to be important at various degrees, and here is the analysis:

- The vast majority of 65% consider cab availability and waiting time are most important

- Over 50% consider transparency in pricing is important, while 35% consider the same to be most important.

- A significant 70% consider security to be most important, followed by 20% saying that it is important

- Drivers' behavior is rated to be most important by over 50% of respondents, whereas 30% also say it is important.

- Type of vehicle (like a sedan, hatchback etc) do not seem to be very significant and hardly 15% consider it to be most important, whereas 50% felt that it is not important.

- Performance of the app is seemingly the critical factor, which is clearly reflected in the data with over 60% saying that it is most important.

- Over 60% of respondents value the flexible payment options provided by the cab service providers like cash/ wallet, post-paid, payment through intermediaries like paytm, mobikwik etc.

- The consumers of cab aggregators currently do not seem to be much engaged with add on services such as food delivery, ticket booking, bill payment, etc, provided by them.

- Based on the above-mentioned factors, the researchers asked respondents to rate Ola and Uber on a scale of 1-5, where 5 indicates excellent whereas 1 stands for unsatisfactory. The respondents are slightly leaning towards Uber with a mean score of 3.7 compared to 3.56 mean score to Ola.

Inferential Statistics

Data Analysis: The data were further analyzed using ANOVA and Chi-square to find the level of association between selected respondent attributes such as gender, income, and frequency of using cab service with the level of importance assigned to various factors.

Table 1: ANOVA- Gender of Respondents and Level of Preference for Select Factors

		Sum of Squares	df	Mean Square	F	Sig.
Availability /Waiting time	Between Groups	.244	1	.244	.549	.460
	Within Groups	55.489	125	.444		
	Total	55.732	126			
Transparency of pricing	Between Groups	.623	1	.623	1.714	.193
	Within Groups	45.091	124	.364		
	Total	45.714	125			
Security	Between Groups	2.709	1	2.709	7.643	.007**
	Within Groups	44.314	125	.355		
	Total	47.024	126			
Driver behaviour	Between Groups	2.591	1	2.591	6.420	.013*
	Within Groups	50.448	125	.404		
	Total	53.039	126			
Type of vehicle	Between Groups	.393	1	.393	.710	.401
	Within Groups	69.072	125	.553		
	Total	69.465	126			
App performance	Between Groups	7.278	1	7.278	12.621	.001**
	Within Groups	72.077	125	.577		
	Total	79.354	126			
Payment flexibility and options	Between Groups	4.118	1	4.118	8.371	.004**
	Within Groups	61.489	125	.492		
	Total	65.606	126			
Add on services	Between Groups	.005	1	.005	.008	.931
	Within Groups	75.424	124	.608		
	Total	75.429	125			
Rating Ola cab services	Between Groups	3.212	1	3.212	3.206	.076
	Within Groups	124.256	124	1.002		
	Total	127.468	125			
Rating of Uber cab services	Between Groups	3.475	1	3.475	3.170	.077
	Within Groups	137.044	125	1.096		
	Total	140.520	126			

* Significant at 95 % Confidence Level
** Significant at 99* Confidence Level

Analysis and Interpretation

There is no significant difference between gender, and importance assigned for cab availability and transparency in pricing. People, irrespective of gender factor attach high significance to such factors

A significant difference is found between gender, and importance assigned to driver behavior (P=.013, statistically significant at 95% confidence level) and security (p=.007, significant at a 99% confidence level). Women are more concerned about these factors compared to their male counterparts.

Type of vehicle and add on services do not have a significant association with gender, and respondents in the current survey do not attach much importance. It is understood the consumers are giving more importance to core service and functional benefit from the service providers than expecting the augmented level of product offering.

Gender is found to be a differentiating factor when it came to a preference for app usage and flexibility in payment options. Women seem to be more discerning than their male counterparts in both these aspects.

Also, it was found that gender does not significantly influence people's rating of Ola as well as Uber, two most popular and well-established cab aggregators in Bangalore city.

Table 2: ANOVA- Income of Respondents and Level of Preference for Select Factors

		Sum of Squares	df	Mean Square	F	Sig.
Availability /Waiting time	Between Groups	6.098	3	2.033	4.936	.003**
	Within Groups	47.769	116	.412		
	Total	53.867	119			
Transparency of pricing	Between Groups	6.339	3	2.113	6.558	.000**
	Within Groups	37.056	115	.322		
	Total	43.395	118			
Security	Between Groups	4.042	3	1.347	3.991	.010*
	Within Groups	39.158	116	.338		
	Total	43.200	119			
Driver behaviour	Between Groups	2.984	3	.995	2.387	.073
	Within Groups	48.341	116	.417		
	Total	51.325	119			
Type of vehicle	Between Groups	3.624	3	1.208	2.184	.094
	Within Groups	64.167	116	.553		
	Total	67.792	119			
App performance	Between Groups	5.375	3	1.792	2.943	.036*
	Within Groups	70.616	116	.609		
	Total	75.992	119			
Payment flexibility and options	Between Groups	8.969	3	2.990	6.420	.000**
	Within Groups	54.022	116	.466		
	Total	62.992	119			
Add on services	Between Groups	4.062	3	1.354	2.438	.068
	Within Groups	63.871	115	.555		
	Total	67.933	118			
Rating Ola cab services	Between Groups	5.698	3	1.899	1.819	.148
	Within Groups	120.050	115	1.044		
	Total	125.748	118			
Rating of Uber cab services	Between Groups	10.799	3	3.600	3.362	.021*
	Within Groups	124.193	116	1.071		
	Total	134.992	119			

* Significant at 95 % Confidence Level
** Significant at 99* Confidence Level

The income of the respondents shows a significant difference towards a preference for availability/ waiting time to get a cab; similarly, transparency in pricing is more important for people lower income brackets compared to elite. Working of app and security of ride are considered to be more important by few groups, while overall importance assigned these factors is significant high; There is no significant difference between the income of consumers and rating of Ola cab services, the same shows a significant association between rating Uber cab services and income.

Table 3: ANOVA-Frequency of using Cab by Respondents and Level of Preference for Select Factors

		Sum of Squares	df	Mean Square	F	Sig.
Availability /Waiting time	Between Groups	5.745	2	2.873	7.126	.001**
	Within Groups	49.987	124	.403		
	Total	55.732	126			
Transparency of pricing	Between Groups	.133	2	.067	.180	.836
	Within Groups	45.581	123	.371		
	Total	45.714	125			
Security	Between Groups	.847	2	.424	1.137	.324
	Within Groups	46.176	124	.372		
	Total	47.024	126			
Driver behaviour	Between Groups	1.349	2	.674	1.618	.203
	Within Groups	51.691	124	.417		
	Total	53.039	126			
Type of vehicle	Between Groups	7.615	2	3.807	7.633	.001**
	Within Groups	61.850	124	.499		
	Total	69.465	126			
App performance	Between Groups	1.992	2	.996	1.596	.207
	Within Groups	77.363	124	.624		
	Total	79.354	126			
Payment flexibility and options	Between Groups	12.297	2	6.148	14.301	.000**
	Within Groups	53.310	124	.430		
	Total	65.606	126			
Add on services	Between Groups	10.033	2	5.017	9.436	.000**
	Within Groups	65.395	123	.532		
	Total	75.429	125			
Rating Ola cab services	Between Groups	27.584	2	13.792	16.984	.000**
	Within Groups	99.884	123	.812		
	Total	127.468	125			
Rating of Uber cab services	Between Groups	3.217	2	1.608	1.453	.238
	Within Groups	137.303	124	1.107		
	Total	140.520	126			

* Significant at 95 % Confidence Level
** Significant at 99* Confidence Level

Availability of cabs and waiting time are rated to be more important for regular commuters compared occasional or rare commuters of cabs. Type of vehicle is not rated to be very important overall, but for regular commuters, it certainly matters more; same is the case with flexibility in payment options is found to be more important for regular commuters. It is the group of regular commuters who consider adding on services to be more important. Frequency of using cab services shows significant impact in the rating of Ola cab services by the consumers, but no such association was found in case of Uber cab services.

CONCLUSIONS AND SUGGESTIONS

The customer is the person that has benefited the most from this ensuing competition in this market space. The customer requirement from this service is a hassle-free ride at cheap rates, and companies are working to keep their customers satisfied. Offers and discounts, intended for both customer acquisition and retention are made available on a daily basis. The ease of booking, travel, and payment have made taxi aggregators a cheaper alternative to traditional taxis and autos, with the service having the potential to replace owning a car. In fact we tried to see whether owning a car has

any adverse impact on the frequency of using cab service; however, the data provided evidence that people seek cab aggregator services irrespective of owning a car. The cons of this rapid expansion have been the absence of reliable customer support, and grievance management systems. Instances of overcharging and a lack of customer support have led to customers switching between companies. Though small in number, reports of such incidents are on the rise and could influence customer preference in the long term. Not only it is imperative for cab service providers to understand the respond to the predicaments of consumers, but also there is an urgent need to understand varying requirements of different groups of consumers, and evolve strategies to meet the same in an effective, economical and sustainable manner. It is time to relook the range of add on services being provided and optimize the same for better customer satisfaction, and use the resources and energies for meeting the core need of the customer in a more effective manner.

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