Comparative analysis of Ola and Uber

CA DHVANI SHAH - ASSISTANT PROFESSOR OF LALA LAJPATRAI COLLEGE OF COMMERCE AND ECONOMICS.

MR JAINISH GOTECHA - ASSISTANT PROFESSOR OF PRAHLADRAI DALMIA LIONS COLLEGE OF COMMERCE AND ECONOMICS.

MR PRATHIK SHETTY - VISITING FACULTY OF BSS FOUNDATION.

Abstract

The research examines and analyzes people's perceptions regarding the demand for cabs in India, such as Ola and Uber. The primary data was used to analyze the data through a questionnaire. A sample of 100 customers availing this cab service was taken. It was conducted among those individuals who have used private cab services in Mumbai, India. The analysis was done to find out why and when they use these cab services. Why do they prefer this service? What are the factors they take into consideration when booking a cab service like Ola or Uber in Mumbai, India? Private cab companies have undergone an evolution in the taxi industry and the transportation industry of the country. During the earlier years, people used to prefer their vehicles or public transport like an auto rickshaw, a bus, a public taxi, etc. After the entry of these private cab companies, there is a drastic change in the mindset of the consumer to avail of their private transport because they have better facilities to provide.

Key words: Cab service, taxi industry, transportation, Ola, Uber.

Introduction:

The taxi market in India is growing rapidly, with a lot of new entrants who run private taxi companies apart from the existing public taxi market. The public taxi market consists of taxis that are too old with very little comfort and safety, while on the other hand, the taxis in the private taxi market are modern, with features like GPS, more comfort, and safety. Thus, to study the impact of the private taxi companies on the public taxi market, we have carried out this research by using specific variables that will explain the effect of the private taxi market on the public taxi market. These variables have been considered, considering the usual factors that a customer might think of while considering hiring a taxi. So, according to the variables considered, a theoretical framework was developed containing the dependent and independent variables along with the null and alternative hypotheses that had to be proved true or false depending upon the data collection.

A questionnaire was prepared, with the help of which two sets of data were collected from the public taxi

market and the private taxi market through a survey filled out by people. Indian taxi market: The taxi market scenario in India is highly fragmented. The taxi market in India is divided into two major segments, which are the organized and unorganized markets. The unorganized market has a market value of $8.5 billion, and the organized market holds a market value of almost $500 million. The Indian taxi market is forecast to grow at a CAGR of 13.7% during 2017-2022. The organized sector is a recently emerged segment in the market scenario. It is further classified into owners, affiliates, and aggregators. The owned vehicle segment is inclusive of the pure car rental companies like Ola and Uber. Both Uber and OLA entered the taxi services market in India, having many similarities, such as the concept of taxi aggregators, air-conditioned taxi services, cheap price, and app-based taxi services, luring passengers of major metropolitan cities. Ola Cabs is one of the top-rated taxi booking apps in India, which provides services in all major cities, including Mumbai, Chennai, Delhi, Bangalore, Kolkata, Hyderabad, and many others. Started in 2010 by Bhavish Aggarwal and Ankit Bhati, the cab services of Ola operate in 100+ indian cities with more than 600,000 registered vehicles, which is the highest by any taxi company in India.

Global leader for taxi booking apps, Uber is one of the key players in the Indian subcontinent and a top taxi app in India. The prominent taxi hailing company started its operation in 2013 in India and is running successfully in all major cities, including Delhi, Kolkata, Hyderabad, Chennai, Bangalore, Mumbai, and more.

Review of Literature

1. The Finance Minister of India, Nirmala Sitharaman on 10 September 2019, had stated in one of her interview that the change in the mindset of millennials, who now prefer taxi aggregators like Ola and Uber instead of committing for monthly installments to own a car, was among one of the many factors responsible for the slowdown in the automobile sector. According to Sitharaman, the youth in India would rather opt for Ola, Uber, and other cab services instead of paying EMI for a personal vehicle.

2. "Maruti Suzuki India's executive director, Shashank Srivastava, had concluded from his studies on the research done by him based on OLA and Uber that, in India, 46 percent of the car buyers are first-time users. It is an aspirational behavior. People may use public transport like Ola and Uber to go to offices on weekdays, but they still buy a vehicle for the weekend outings with the family. The pattern of ownership in India has not changed yet. We have to watch for a longer period to see if there is a structural change in buying patterns. There are many reasons for this downturn in the auto market, such as liquidity crunch, increased prices of products due to regulatory issues, higher taxes, and a rise in insurance rates.

3. "Rupali Rajesh" had concluded in her research on the topic "A Study on Consumer Perception of Ola and Uber Taxi Services" that after data collection and statistical analysis made by her, it had showed that females prefer Uber service over Ola but while it comes to safety, consumers feel safer with Ola than Uber. The Results of this study may help the taxi service industry design its future marketing strategies.

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 was conducted among the individuals who have used private cab services in Mumbai. The targeted consumers were students, working professionals etc., of mixed income group levels. This research is conducted to know how much these cab companies have succeeded in the Indian market particularly in Mumbai and to understand which company has created more market share among its competitors.

- Impact of OLA and UBER in Mumbai
- To analyze the most preferred cab service.
- To know the preferences behind people or consumers booking a cab service.
- To understand the reason for selecting one cab company over the other.
- To know the problem faced by consumers in booking a taxi through the application.
- To know the necessity and the importance of cab services in Mumbai.
- To identify the consumer perception towards the safety of Ola and Uber services.
- Customer satisfaction level in Mumbai.
- To know the level of awareness about cab companies among people.

Research Methodology

This research is focused on Ola and Uber users in the Mumbai area and targeted at teachers, students, parents, and housewives. A questionnaire has been designed to collect the data. The technique used was a descriptive research design.

Primary data for the study was collected through an online survey method through google forms, using a structured questionnaire which was designed based on literature review. Secondary Data was collected from articles, journals, research papers, essential websites, etc.

All the respondents were from Mumbai and also from the people who had used this taxi service in Mumbai but who don't reside here. Number of respondents: 114 Respondents.

Research Design

Research configuration is the applied structure within which research is directed. It comprises the outline for assortment, estimation, and examination of information. The structure utilized for doing research is exploratory. This is an indisputable sort of research.

• The goal of indisputable research is to test theory and look at explicit connections.

• Conclusive research is more formal and organized than exploratory research.

• The discoveries from this exploration are viewed as definitive.

There are two types of sources of data that were used for the study of this topic.

1. Primary Data: This is descriptive research. A structured questionnaire was formed containing 13 questions with at most care to fulfill the objectives of the study.

2. Secondary Data: The studies include the data collected from newspapers, journals, books, magazines, reports of various agencies and studies, and relevant websites.

Data Type:

Primary data is collected through observations, interviews and surveys. Primary data for the study was collected through an online survey method through google forms, using a structured questionnaire which was designed based on literature review. Secondary Data was collected from articles, journals, research papers, essential websites, etc.

Percentage: Tables are used to represent the response of the respondents in a precise term so that it becomes easy to evaluate the data collected.

Graphs: Graphs are nothing more than a graphical representation of the data collected in tabular form.

Techniques for data analysis:

The analysis of data collection is completed and presented systematically with the use of Microsoft Excel and MS Word. The techniques used to analyze are

1. Pie Charts
2. Column Charts

Sample Design:

In the greater part of the instances of research studies, it turns out to be practically difficult to analyze the huge consumer market of Ola and Uber so therefore ,the consumers targeted were those who have availed this service in the city Mumbai.

Sample unit: Mumbai

Sample size: 114 respondents

Sample techniques: The data have been assembled from respondents in Mumbai with the assistance of a questionnaire survey.

Scope of the Study

As the Indian market today is growing at a very fast rate, the lifestyle of the people have become different, their culture and their attitude towards society is changing, and their way of living is becoming more standardized with using branded products. I would like to research private taxi companies in today's growing market.

- To understand the importance of taxi services in India.
- To know the level of awareness about private cab companies.
- To learn about the market share of OLA and UBER
- To compare and analyze the market share of these two companies.

Limitations of the study

There were many limitations and hindrances faced while working on this research paper. The limitations faced were:

- Time: The time constraint to prepare this paper was limited.
- Cost: The cost incurred in preparing this research was high.
- Accuracy: A few respondents were unable to give accurate answers.
- Geographic Area: The area or territory targeted was only in Mumbai.
- If more time would have been available then a huge territory could have been targeted to choose respondents. The data collected is only from one metro city that is Mumbai and not from different cities or towns in India.
- Access to Literature: A few of the researchers had denied access to literature.
- Calculations were difficult due to a lack of understanding among the respondents concerning Ranking and Rating.

Data Analysis and Interpretation

Data Interpretation or DI refers to the implementation of procedures through which data is reviewed for the purpose of arriving at an inference. Data can be obtained from multiple sources e.g. data from running of industries, census population data etc. Interpreting data requires analyzing data to infer information from it in order to answer questions. Data can be provided in a number of formats like Bars, tables, line graphs, pie graphs.

The research has tried to analyze, evaluate, and compare Ola and Uber with various parameters as mentioned in the tables and charts in the paper.

Table no 1. Gender

Gender	Response	Percentage%
Male	73	64
Female	41	36
Total	**114**	**100 %**

Statement - 64 percent are male and 36 percent are female in this research.

Table no 2. Age Group

AGE	Responses
15-24	82
25-34	22

| 35-44	6
45-54	3
55-64	1
65 or older	0
Total	**114**

Statement - Youths have responded in the majority.

Table no 3. Comparison of ola and uber.

Cabs	Responses	Percentage %
OLA	63	55.3
UBER	51	44.7
Total	**114**	**100%**

Statement - Almost a balance of ola and uber users. But in this research respondents use more of the Ola than Uber.

Table no 4. How often do you use a taxi?
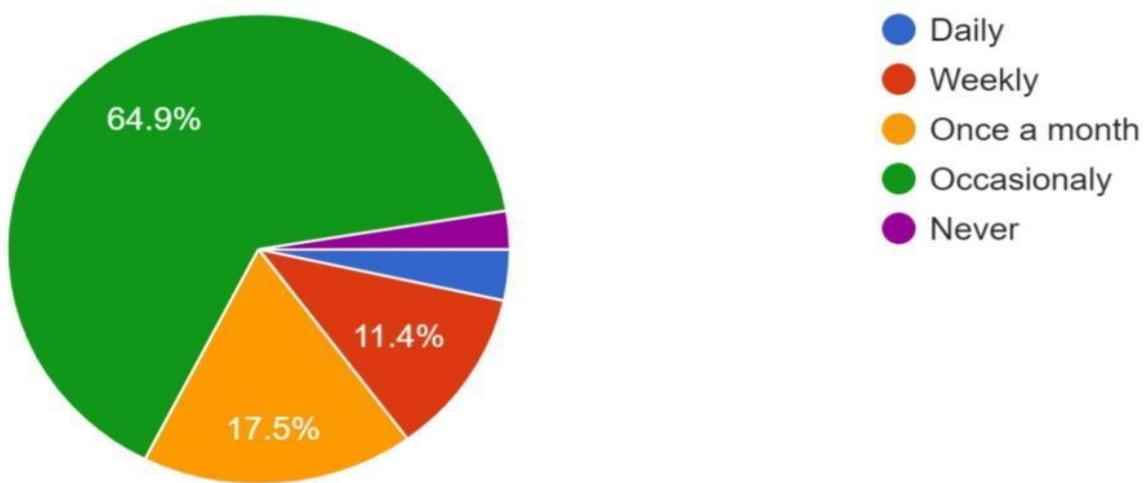
Usage	Responses
Daily	4
Weekly	13
Once a month	20
Occasionally	74
Never	3
Total	**114**
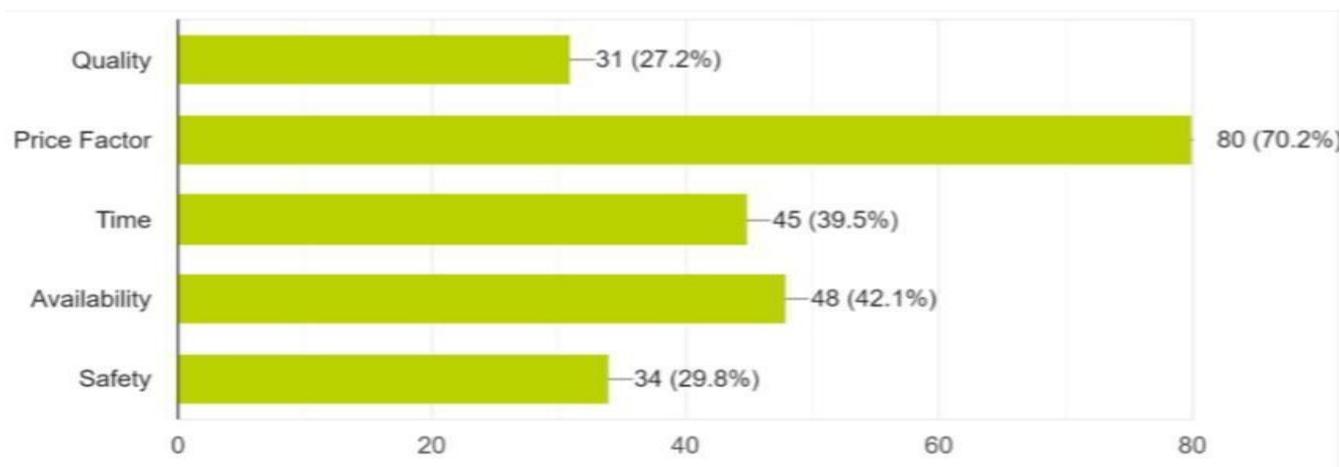
Statement - Price is the most important factor considered by customers of ola and uber, followed by its availability, time of arrival to pickup, safety standards and quality.

Table no 5. Payment structure

Alternative payments	Response	Percentage %
Yes	108	94.7
No	6	5.3
Total	**114**	**100 %**

Statement - Both OLA and UBER have online payment gateways, wallets like Paytm, Google Pay, PhonePe, etc.

Table no 6. Are the services you render from cab companies cost-effective?

Cost Effective	Responses	Percentage %
Yes	89	78.1
No	25	21.9

Total	114	100 %

Statement - The services rendered by the cab companies are cost-effective

Table no 7. How is the safety system of the cab company you travel with?

Safety System	Responses	Percentage %
Satisfactory	106	93
Dis-satisfactory	8	7
Total	114	100 %

Does the company provide insurance?

The insurance is provided by both the companies depending on the distance. The insurance then varies and is charged accordingly.

Table no 8. What is the typical distance you use this on-demand cab service for?
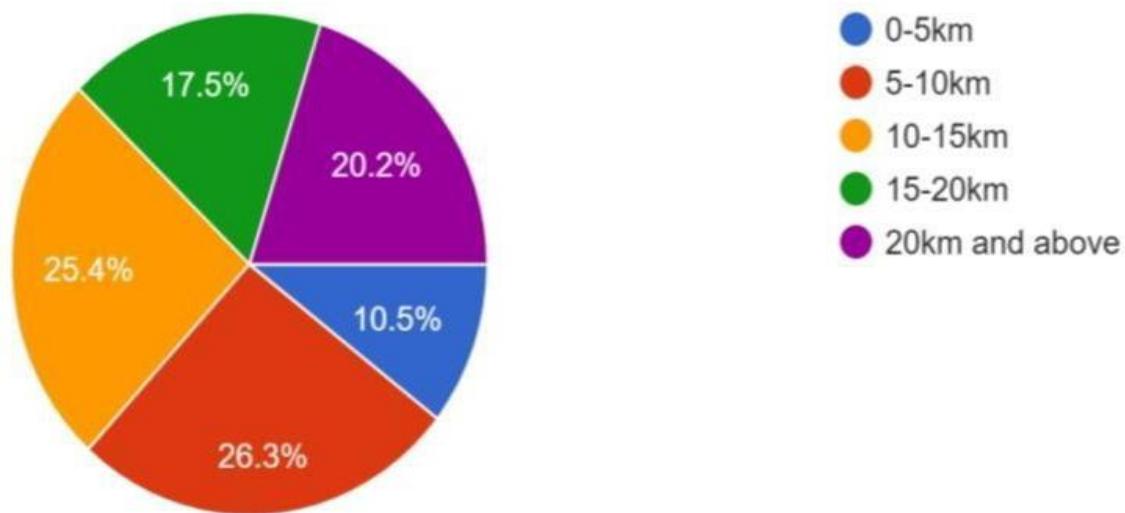
Distance	Responses	Percentage %
0-5 km	12	10.5
5-10 km	30	26.3
10- 15 km	29	25.4
15-20 km	20	17.5
20 km and above	23	20.2
Total	**114**	**100%**

Statement - the major distance that has been covered by the users of private cab companies is between 5-15 km.

 **Table no 9. Is the cab application easy to understand and adapt?**
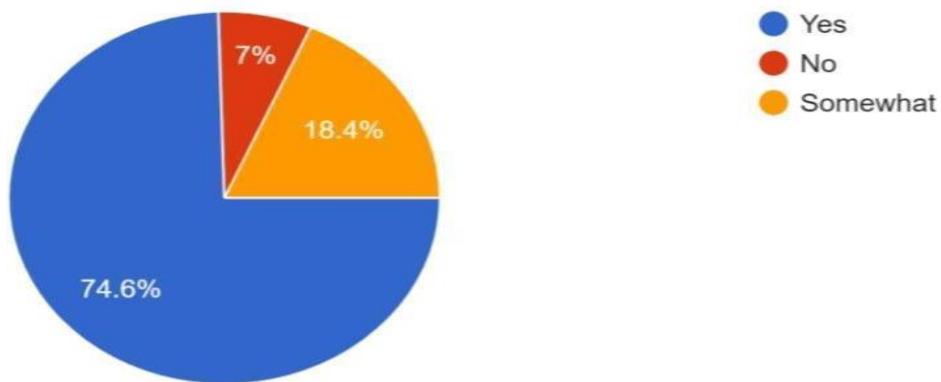
Application Compatibility	Responses	Percentage %
Yes	85	74.6
No	8	7
Somewhat	21	18.4
Total	114	100 %

Table no 10. In your opinion, are taxi prices affordable?

Rates	Responses	Percentage %
Affordable	32	28.1
Moderate	66	57.9
Expensive	16	14
Total	114	100 %

Statement - The taxi prices are moderate.

Table no 11. On the scale of 5, how much will you rate the services provided to you? (Consider 5 to be the best)
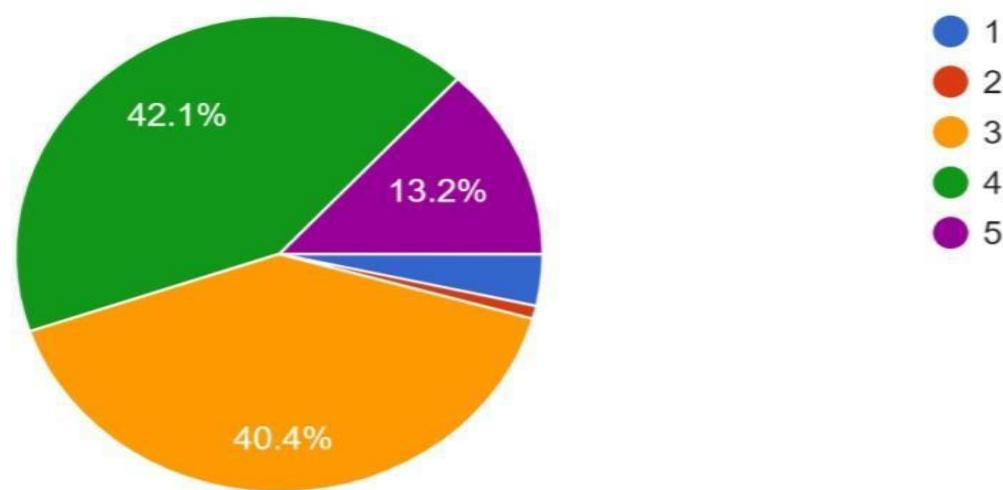
Ratings	Response
1	4
2	1
3	46
4	48
5	15
Total	**114**

Findings:

1. Out of the 114 participants, many of them have knowledge and awareness regarding private cab services like ola and uber.

2. The above analysis explains that the public finds it feasible to use taxi services like Ola and Uber for long distances rather than a personal vehicle.

3. The customers who gave the feedback are more students.

4. The students tend to use ola and uber more for long distances rather than public transport for more comfort and facilities.

5. Analysis proves that out of those people who prefer private taxi services, choose Ola cabs more over the others.

6. The people tend to pay more to avail the luxury benefits in a cab for long distances like Wi-Fi, TV, luggage space and comfort.

7. They choose their rides from the company on the price factor, as to which is more cost effective, but many other respondents don't only see the price, they look at other factors like safety, and time of duration of the trip, and the quality.

8. Females mainly select a cab by looking into the safety systems of the company.

9. Using the technology of booking a ride online, the respondents find it very easy to book a cab online over the internet through mobile. Also because you can pre book a cab for whichever date you want to go for a trip in near future.

10. The respondents feel that there are more benefits to availing private taxi services.

11. People avail these services especially for occasions and when their trip distance is more than usual.

12. They have options to pay through digital methods like debit and credit cards, through companies own payment gateways, or through 3rd party applications.

Conclusion:

Uber and Ola and its rivals have made it conceivable to organize vehicle transportation from any area utilizing a cell phone. This kind of close-to-home transportation gives all the advantages of conventional taxi administrations with extra comforts. Drivers and clients can rate each other, for instance, which benefits both.

The conclusions made from the survey are as follows:

- Ola has seen a tremendous growth in the taxi market sector, the market share of OLA in Mumbai city is 55.3%, followed by UBER 44.7%.
- The maximum no. of respondents are satisfied with the fare/price charged by OLA/UBER.
- They are also satisfied with the App and the comfort level provided by the paid taxi services,i.e., OLA and UBER.
- Maximum no. of respondents will surely recommend OLA/UBER to their friends. It has seen that the maximum no. of respondents have rated 'Satisfied' for OLA/UBER in Mumbai and they feel it is better and convenient compared to Auto/Buses.
- After booking a cab more than 50% of the respondents have to wait for 10 min followed by some respondents having to wait 20 min for the cab to arrive.
- The maximum respondents prefer "Pricing" as the most important factor while choosing OLA/UBER.
- Almost more than 50% of respondents are satisfied with the payment options provided by the OLA/UBER cab services.
- From the above study the most important conclusion is that 93% respondents are satisfied and 7% respondents 'not satisfied that they feel OLA/UBER is secure and safe for women.

Suggestions:

- To train the cab drivers in mobile application usage.
- To maintain proper time management
- If any changes in the cab number, it should be specified.
- Provide free calls while connecting to the driver
- Charges on tariffs should be properly fixed, especially during peak hours
- The vehicles should be properly maintained.
- The company logo and the sticker should be visible.
- Card payments must be accessible shortly.
- To increase the infrastructure of the vehicles.
- To provide offers and discounts during festival seasons.

Recommendations:

1. **Surge Pricing:**

Surge prices/High Peak Hour Charges Should Be Decreased even though It Helps The Customers To Get Cab At Peak Hours But The Fare Which Is Paid By A Customer Is Not Less.

2. **Safety and security system:**

The safety and security systems for passengers should be enhanced and advanced. There should be better facilities, especially for female passengers, from the drivers.

3. **GPS facility:**

The GPS, which is the global positioning system, should be developed. For example, if we book a cab below the bridge, but the driver shows that the passenger is above the bridge.

4. Training Drivers:

The drivers are not polite to the passengers. They need to be taught how to work on communication skills.

5. Satisfactory services to customers:

Customers are at the center of marketing. The services provided are not always satisfactory. There are errors in communication or irregular time management.

6. Application Usage Training:

Unintentional common mistakes include canceling a ride even before it started, trouble understanding map directions/the customer's location, etc. This leads to a bad customer experience.

7. Hygienic cars:

Some cars have a very bad odor, there is smoke because the driver smokes in the car during free time. The car's floors and the hood are untidy, and the cushions of the seats are damaged.

8. Time Management:

There are time issues faced many times. The application shows the different time gaps for the cab to arrive at the pickup point. The time constraint should be made very accurate as it benefits the passengers to know how much time it will take to meet the cab.

9. Availability:

The cabs are not available in many remote areas and places. There are very few drivers available to accept the trips from remote areas or areas that are stranded.

Bibliography:

https://www.olacabs.com/features

https://www.uber.com/in/en/about/

https://en.wikipedia.org/wiki/Uber

https://d1nyezh1ys8wfo.cloudfront.net/static/PDFs/Uber+D%26I+Report+2019.pdf
https://www.slideshare.net/funk97/ubers-business-model

https://www.slideshare.net/detectivejin/uber-strategy-46171547

https://mail.google.com/mail/u/0/#inbox/KtbxLthhpqfXBKVLpDdvrpCfdDlGjpKnPg?projector=1&messagePartId=0.4

https://acadpubl.eu/hub/2018-119-12/articles/6/1391.pdf

https://www.researchgate.net/publication/329504341_A_Study_on_Consumer_Perception_of_Ola_and_Uber_Taxi_Services

http://www.iosrjournals.org/iosr-jbm/papers/Conf.17001-2017/Volume-1/11.%2073- 78.pdf

https://www.financialexpress.com/industry/sme/uber-profit-increases-63-expenses   increases-ola-vs-uber-ola-profit-ride-hailing-cab-booking-cab-drivers-softbank/1808980/

https://economictimes.indiatimes.com/small-biz/startups/newsbuzz/ola-uber-fares   touch-rock-bottom-as-demand-falls-by-50/articleshow/74702402.cms

https://economictimes.indiatimes.com/small-biz/startups/newsbuzz/uber-vs-ola-battle   for-dominance-has-restarted/articleshow/74055006.cms?from=mdr

https://www.financialexpress.com/industry/sme/uber-profit-increases-63-expenses   increases-ola-vs-uber-ola-profit-ride-hailing-cab-booking-cab-drivers-softbank/1808980/

https://www.news18.com/news/auto/what-is-cheaper-travelling-in-ola-uber-or-buying   a-car-a-comparative-analysis-2305725.html

https://www.investopedia.com/articles/investing/110614/taxi-industry-pros-cons-uber and-other-ehail-apps.asp

https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3358304