

## Digital Transformation in Indian Taxi Market-wrt. Ola and Uber

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### Abstract

*Travelling has always been most important phenomenon of everyone's day-to-day life. Humans have ample number of modes to rapidly and safely move from one place or location to another. Among those modes role of current trends in taxi-market, especially Ola and Uber is really instrumental. The role of digitization in their business model is highly appreciable and commendable. The purpose of this paper is to understand how Ola and Uber works and understanding use of mobile app and other technological features, which helps them to work efficiently.*

*Qualitative analysis has been used in this paper and methodology focuses on exploring the field of taxi market especially with respect to Ola and Uber. In this paper, business model, role of digitization in taxi market as well as merits and demerits of Ola and Uber is highlighted.*

**Keywords:** Digitization, Taxi-Market, Ola, Uber

### Introduction

#### Modern Transportation and Taxi Services

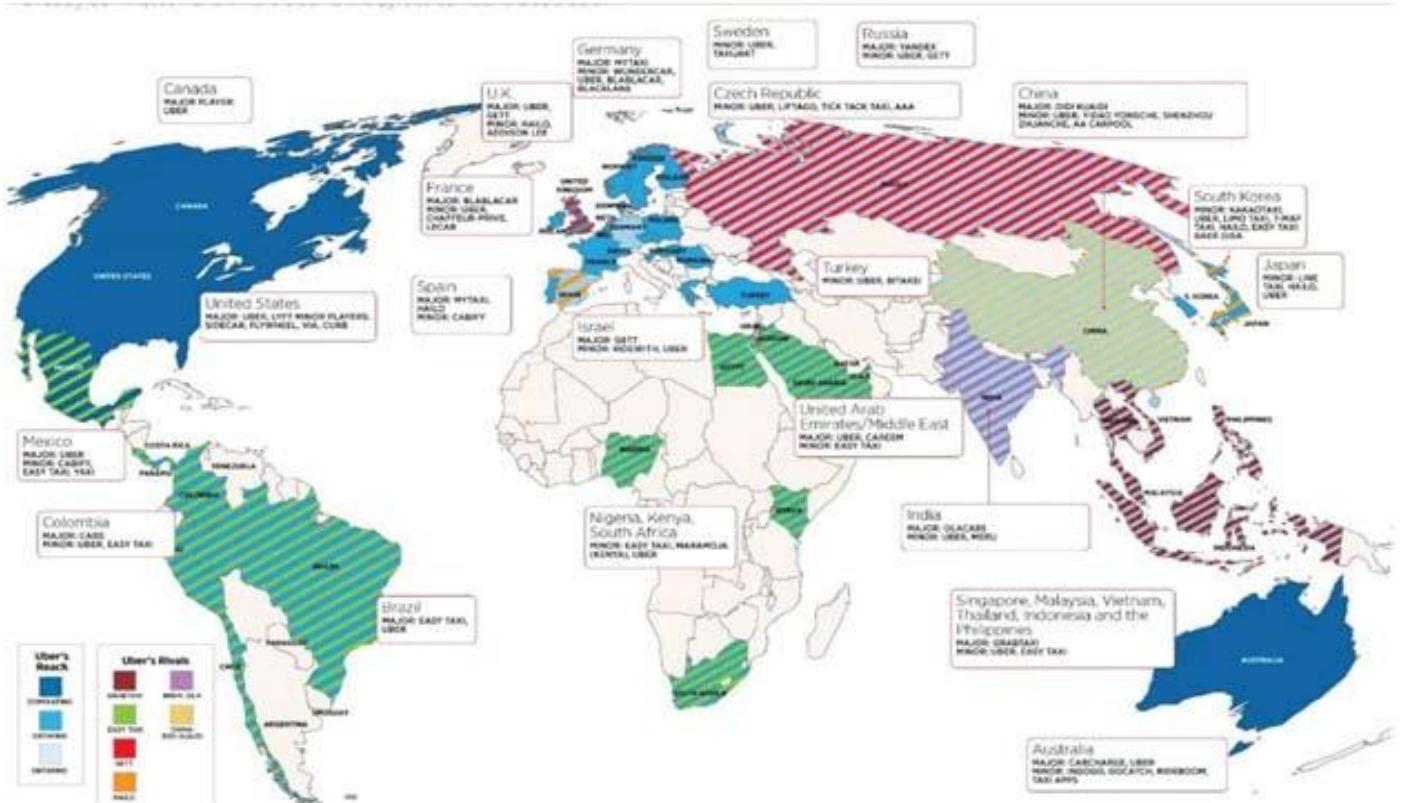
In recent years, travelling is the most important phenomenon of everyone's day-to-day life. Humans have ample number of modes to rapidly and safely move from one place or location to another. Every mode of transportation has certain advantages and limitations. The advantages may be travel convenience, last mile connectivity etc. and the limitations may be lack of proximity, affordability, availability, etc. But in Urban transportation it is futile to think for other modes of transportation other than Taxis and with the urbanization and the complexity of car parking, demand for taxi has increased enormously. A taxi or a cab, is a means of transportation for hire with a driver, preferred by a single customer or group of customers. A cab carries customers at different locations. This is different from other modes of public transport where the service provider is decision maker regarding, pick-up and drop-off locations.

#### About Uber

Uber Technologies Inc. is an American Multi-National company headquartered in San Francisco, California. According to its business model, Uber customers can simply click their smart phone and a cab arrive at their location in short time. It is part of a personal transportation network that brings together the available drivers and passengers who need a service through a handy and user-friendly smart phone app. It is operational in 81 countries and across 563 cities worldwide.

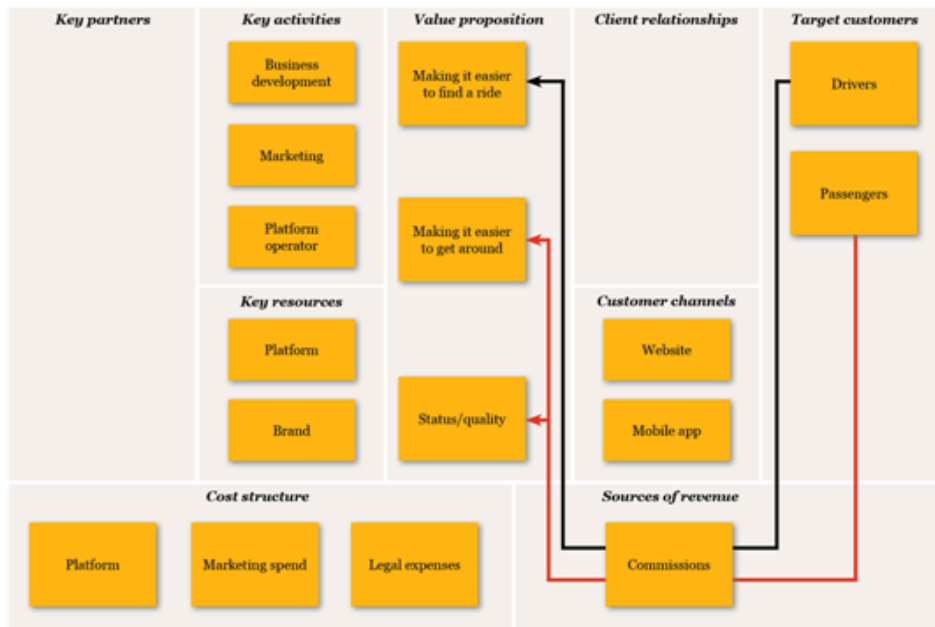
Uber was founded as Uber Cab by Travis Kalanick and Garrett Camp in 2009 with a seed funding of \$ 2,00,000. It is estimated that approx. 50,000 new drivers & users register for Uber. An average number trip made through Uber are 1 million.

Figure 1



Source: 1 (Chen, 2015)

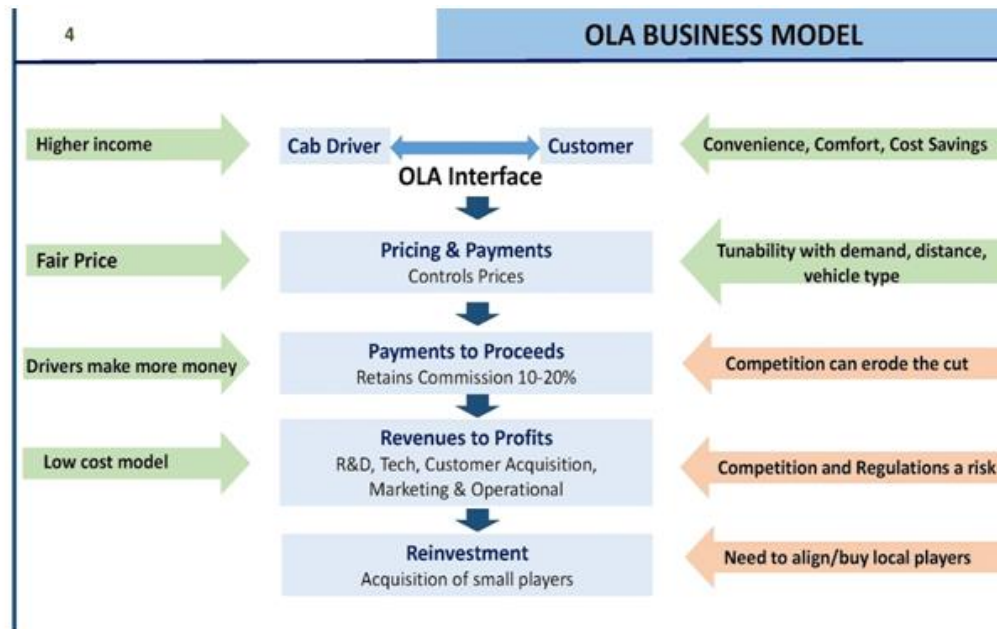
**Uber's business model**



**About Ola**

Ola, is an Indian online transportation network company registered under ANI Technologies Pvt. Ltd., India's most popular mobile app for transportation, integrates city transportation for customers and driver partners onto a mobile technology platform. It is India's fastest growing companies, which ensures convenient, clear and rapid service fulfilment using technology to make travelling hurdle free for everyone.

Ola Cabs is an online cab aggregator based in Bengaluru (Currently) and among the fastest growing taxi hiring firms. Taxi booking facility is available through app and website. Founded on 3<sup>rd</sup> December 2010 by Bhavish Agarwal (CEO) and Ankit Bhati. By 2014, the company has expanded to a network of more than 18000 cars across 65 cities and more than that. Ola diversified its business by incorporating autos on trial basis in Bengaluru. Post the trial phase, Ola Auto expanded to other cities like Mumbai, Pune, Delhi etc. in November 2014. In April 2015, over 40000 cabs are registered & successfully running across 22 cities of India.



### Digitization in Ola and Uber

Ola Cabs is the pioneer in India to launch an application which allows customers to book a cab by just clicking on your phone. Having gained traction in Mumbai, the company is now expanding to Pune and Delhi and other cities.

With a few taps on the Ola Cabs application or Ubercabs application on any of the android-based phones, users can call a cab. The company uses GPS technology to let users book a cab.

The application allows the users to see the cabs available within their vicinity. A user can also see the cab moving towards their location on the map of the application. Once the cab is booked the application displays the driver's information. The driver calls only when he has reached the destination. The application is similar to Uber Cabs Services in the US, which is operational in similar way in some of the Indian cities.

The mobile app is not what makes Ola Cabs different from the several radio taxi services that have sprung across the country.

Unlike other radio cab services provider, Ola Cabs are an aggregator of car rental service. The company does not have any inventory of cabs.

Ola Cabs is addressing point-to-point cab services, outstation cab services and full-day rental services. Totally there are around 600 suppliers on board with 1,000 cabs in Mumbai. In Bangalore where it started services a month back, it has 100 suppliers, and Delhi which is still in pilot mode also has 100 suppliers. The company claims to do 2,000 bookings on a daily basis.

### Literature Review

- 1) Utsav Pandya, Rishi Rungta, Geetha Iyer, in paper titled "Impact of use of Mobile Apps of Ola Cabs and Taxi for Sure on Yellow and Black Cabs", explained the effect of the private taxi market on the public taxi market. They concluded that the independent variables like the technology trends, comfort, safety, price, ease of availability and the payment options are indeed affecting the public taxi market.
- 2) Dr. Ruchi Shukla, Dr. Ashish Chandra & Ms. Himanshi Jain in paper titled "OLA VS UBER: The Battle of Dominance", done a comparative study of two of such taxi aggregators that have radically changed the way. They stated that the motive is to increase market share and achieve economies of scale and at the same time providing customer satisfaction. This paper tries to explain the trends of India's taxi market by studying various factors like the pricing strategies, market share, revenue positions, etc.

- 3) Dr. P. Kishore, Dr. N. Ramesh Kumar in paper titled, "A Study on Factors Influencing the Consumers in Selection of Cab Services", examined the factors which influence the consumers while selecting cab services by taking 'coupon redemption behavior' as the dependent variable and are innovativeness and price consciousness as independent variables. Correlation, regression and descriptive statistics were used as statistical measures. It is found out that consumers are interested to use coupons while selecting cab services. They found out that consumers are feeling comfortable to redeem coupons through mobile apps for booking cab services. It is concluded that there is rigid competition in the organized cab services industry therefore organization need to motivate consumers through coupons.
- 4) Ms. Ruchika Malikin paper titled, "A Case Study on the Cab Aggregator Giant: Ola" explained that the taxi aggregation risen up in a hyper competitive market to attract and retain driver partners in order to influence customer decision. This case explains that keeping drivers happy is the major way to match supply and demand.

**Objectives**

- 1) To study Business Process Model of Ola and Uber
- 2) To study merits and demerits of Ola and Uber
- 3) To understand role of digitization in Ola and Uber services.

**Research Methodology**

The idea about this paper was generated on the basis of exploratory research carried using the secondary data. Extensive literature and article review was done in order to understand the various aspects of Ola and Uber, especially role of digitization and their working models as well as other related details. Several reports from Business Standards have proved quite useful data in highlighting the current trends of taxi market in India.

**Data Collection**

*Ola Versus Uber - A Comparison*

| Category                      | Ola                                       | Uber   |
|-------------------------------|---|--|
| Founder                       | Bhavish Aggarwal-2010                     | 2009, in India in 2013 (Travis Cordell Kalanick) |
| Market                        | India                                     | Worldwide  |
| Presence in cities            | 102 cities                                | 29 cities  |
| Strength of Vehicles in India | 450,000                                   | 250,000  |
| Vehicles type                 | Cars and auto rickshaws                   | Cars   |
| Mode of Payment               | Ola wallet, credit/debit card and cash    | Paytm wallet, credit/debit card and cash         |
| Services offered              | Transportation, food delivery and grocery | Transport  |

*Source: Indiatravelforum.in*

*Comparison of Ola and Uber*

| Category           | Ola  | Uber  |
|--------------------|--|---|
| Application        | Easy to use but crashes at times   | Easy to use   |
| Booking Experience | Easy to book during off-peak hours and during real time bookings but pre-booking feature is a mess | Easy booking process  |
| Availability       | Widely available throughout the country  | Available in less cities  |
| Drivers            | Good as well as bad  | Good as well as bad but good in number                                  |
| Fares              | Higher to some extent  | Lower to some extent  |
| Customer Service   | It lacks in proper training and doesn't listen to customer complaints                              | It is very good in customer service and listens to customer complaints. |
| Payment Options    | Cash, Paytm, Debit card  | Cash, card payment  |

*Source: Indiatravelforum.in*

## Findings

### Ease of Use

Both of those apps offer easy functionality. Both Uber and Ola have the simple design. Home page on screen of both the apps guides the customer through maps about availability of cabs nearby. Both of the apps offer customer, WiFi enabled cabs with online payment methods available.

### Bookings

Bookings are quite easier with both of the apps. Passengers will get an approximate estimate for their trip even before actually set out on the tour.

### Pricing

Uber is cheaper than the Ola cabs. Ola cabs has a pricing of ofRs. Eighty for the first four kms and Rs.Ten per km, a flat rate of RsHundred for the first Four kms and Rs.Eight/km.The rate varies from metro to metro.

### Safety and Controversies

There have been safety violation incidents reported recently. There have been incidents involving the abuse and harassment of women in case of both the services. They do have code of ethics guidelines for proper behaviour.

### Merits and Demerits of the Services

#### Ola Cabs Merits

- z It is an Indian startup company and has a good knowledge of Indian customers.
- z It is more popular among customers due to aggressive marketing through electronic, social and print media.
- z The service is present in 122 cities and has a good deal of drivers.

#### Ola Cabs Demerits

- z The condition of the vehicle is not as good as Uber.
- z Drivers have payment issues.
- z Lack of innovation techniques.
- z Cancellation Issues.

#### Uber Merits

1. Technologically most advanced and user friendly.
2. Has much experience in the field.
3. The company has global presence.
4. Drivers are stated to be qualified and better mannered.

#### Uber Demerits

1. The service is not much visible compared to Ola.
2. Marketing Practices are less, so it lacks awareness among customers.
3. The service is not available in many Indian cities.

### Conclusion

Indian taxi industry had witnessed a rapid growth in this decade. In that Cab Aggregation using Mobile Application, which is a result of digital transformation made the transportation affordable and trouble-free for all categories of people. Among all players in this industry, Ola and Uber have changed the overall face of Indian Taxi Industry. OLA and Uber have adopted innovative practices and always tried to keep designing new packages and offers to attract the customers. The paper had tried to precisely cover the business process model of both the competitors as well as the merits and demerits of both are also been high lightened. In this way services like Ola/Uber are coming up and will increase its use in the future with more advanced technology.

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