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A Comparative Study of Ride-Hailing Services in India

C.M. Naveen Kumar

Principal, Jain College

VV Puram, Bengaluru, Karnataka, India

 <https://orcid.org/0000-0002-4235-3184>

Abstract

The concept of the sharing economy has been around for a long time, and it has attracted a lot of academic and public attention. The earliest forms of transactions in human history involved bartering. The rise of the Internet has made it possible for people to connect with content and individuals they previously would have not been able to reach.

The rise of the internet has provided marketers with numerous opportunities. The increasing number of platforms that allow people to share content has changed the way traditional industries operate. It has forced the operators of these businesses to rethink their strategies.

The rapid emergence and growth of the taxi aggregators, such as Uber and Ola, has highlighted the importance of the platform economy. It is expected that it will play a significant role in reducing the carbon footprint of the industry and improving the efficiency of the operations of society.

The rise of the platform economy has allowed various companies to alter their existing markets. For instance, the car rental industry in India has seen significant growth. The increasing number of customers who are looking for a hassle-free travel experience has prompted the demand for this service.

Due to the emergence of new companies and the increasing number of international and national players in the car rental market, the industry is expected to grow significantly. These companies are providing various services to their customers, such as corporate services and chauffeur-driven cars.

The Indian taxi market is estimated to be at about \$9 billion, with less than 10% of it organized. The business has been growing at a fast pace and is regarded as one of the fastest-growing segments of the transportation industry in the country. This paper aims to study the various facets of the taxi industry and compare the two major platforms, namely, Ola and Uber, which have changed the way the middle-class commutes.

The paper aims to analyze the various aspects of the car rental industry and compare the two major platforms, namely, Uber and Ola that have changed the way the middle class commutes. It is based on data collected from multiple sources.

Keywords: **Raid Hailing Services, Ola and Uber**

Introduction

The dominance of ride-hailing services Uber and Ola in India has changed the landscape of the industry. According to a report by India Infoline, the former has dominated the country's ride-sharing market with a share of over 80 percent. Uber started as a premium service that provides the user with an affordable ride in luxury cars. On the other hand, Ola, on the other hand, always focused on providing more cars, cabs, and autorickshaws on its platform. With the launch of its business class service, Ola Prime, the company has blurred the lines.

The rise of the sharing economy has attracted a lot of attention from scholars and the public. Due to the rapid growth of platforms such as Uber and Airbnb, the debate over their regulation has become increasingly political. The platform economy is expected to play a significant role in reducing the carbon footprint and empowering the ordinary people.

The sharing economy can be used to build a social movement by allowing people to freely exchange and consume goods and services. It requires the democratization of the governance and ownership of the platforms to achieve this. The sharing economy has played an important role in the evolution of existing markets.

It took Ola four years to launch its multi-channel campaign, “ChaloNiklo,” which was conceptualized and created by Happy Creative Services. It sought to position the company as the go-to platform for spontaneous and immediate city travel needs. Before this, it had used Facebook’s marketing platform in October 2014.

Through Facebook’s marketing platform, Ola was able to reach out to its captive audience of mobile users. It was able to use various ad formats to reach its target demographic. Some of these included link ads in the News Feed, and mobile app ads that took users directly to the app.

From January 5 to February 9, 2015, the company’s Facebook ads strategy resulted in a 60 percent increase in sales and a three-fold increase in customer acquisition rate.

Uber’s approach is experiential marketing. For instance, it launched a campaign called “Rider Zero,” which involved enlisting the help of celebrities from various cities to try out its service. This campaign was able to generate a lot of buzz around the company on Twitter.

To promote its services, the company launched a referral marketing campaign that targeted corporates. Through this, it was able to provide its customers with credits worth Rs.600 and 10,000. Its festival marketing campaign also helped boost its sales. However, the company’s business was temporarily disrupted following the arrest of one of its drivers.

Uber started a referral marketing campaign for corporates called “Office Heroes,” where every referral would lead to the company’s reward of credits worth up to Rs.10,000 and 600. The company also launched a festival marketing campaign and expanded its operations to other cities. However, its business was temporarily disrupted after a driver was apprehended for assault.

In order to overcome the obstacles that it faced, Uber started looking for other alternatives, such as

partnerships with online retailers such as Zomato and BookMyShow, as well as ride-sharing services such as Ola and Uber. Its tie-ups with these companies helped the company grow at a fast pace, and it claimed that it would be able to clock more than a million daily rides in India by March 31, 2016.

To remain ahead of the competition, Ola has been investing in innovative marketing. Recently, it collaborated with fashion retailer, Myntra, to launch its “LookGood Express” campaign, which offered a free makeover to its users

The emergence of the sharing economy has disrupted traditional industries such as the taxi industry. It has led to the creation of new markets, such as the one pioneered by Airbnb. The company’s value has increased significantly and it can now boast a valuation of over \$10 billion.

Uber is currently valued at almost \$18 billion, while Avis and Hertz are at around \$5 billion each. Ola, on the other hand, is valued at over \$5 billion. The emergence of the sharing economy has disrupted various industries, such as hotels, taxis, and ride-sharing services like Uber, Sidecar, and Lyft. Due to the rapid emergence of these companies, the traditional taxicab industry has been disrupted.

In India, the car rental business is expected to grow at a rate of 12% and reach a total value of \$15 billion by 2020. The organized sector is expected to account for almost 50% of the market.

The major advantage of the organized sector over the unorganized one is its ability to provide a superior service standard. This is because it has the necessary infrastructure and resources to ensure that its drivers and customers are satisfied. However, it is still important that the company’s fleet is equipped with the latest technology.

The car rental market in India has been continuously growing. The increasing number of domestic and inbound tourists and the improving road infrastructure are some of the factors that have contributed to the industry’s growth.

The car rental industry is expected to grow significantly over the next couple of years. Due to the increasing competition, the companies are going extra lengths to ensure that their customers are satisfied.

The entry of new competitors into the car rental market can vary depending on the model of the business. For instance, some companies operate as independent intermediary connecting clients.

Some of these companies only operate as a marketplace for drivers. They need to have a large fleet to be able to remain a long-term player in the market. Having a diverse range of options is also important to ensure that the customers are satisfied.

Literature Review

The concept of the sharing economy is a wide-ranging umbrella term that can be used to describe various forms of social and economic activity that occur online. Originally, the term was only used to refer to peer-to-peer transactions. However, it has since been used to describe sales transactions conducted through online platforms that are business-to-business.

Due to the misleading nature of the term, some people have criticized the sharing economy. They argue that services that allow peer-to-peer transactions are mainly profit-driven. However, other commentators maintain that the sharing economy is still valid when used to describe a more democratized marketplace.

The sharing economy can be described as a type of economic activity that involves the sharing of information. It allows individuals and organizations to improve the efficiency of their resources by exchanging information. According to a common theory, the value of goods and services that are shared through an online marketplace can increase for everyone.

The emergence and evolution of the sharing economy has raised various concerns about its potential impact on the traditional ways of organizing personal life and labor. These include its potential to create new market conditions and its unintended consequences. Due to the complexity of the exchange of information, policymakers are becoming more concerned with the potential impact of the sharing economy on the development of the country's economy.

Although numerous studies have been conducted on the potential impacts of the sharing economy, they have not been able to provide a comprehensive

analysis of its various characteristics. Instead, they have focused on the factors that influence the activity. (Bucher et al., 2016; Hellwig et al., 2015; Lamberton and Rose, 2012; Möhlmann, 2015)

These studies have been conducted to provide a deeper understanding of the various aspects of the sharing economy (Hartl et al., 2016; Scaraboto, 2015). For instance, they have examined the governance of users and the competition of the organizations that operate in it. The sharing economy is a type of business activity that allows individuals and organizations to improve their efficiency by exchanging information.

Objectives

- To understand the Raid hailing services in India
- To analyse the marketing strategies of Ola and Uber

OLA

The rise of the platform economy has attracted a lot of attention from the public and academic community. It is expected that this sector will play a vital role in reducing the carbon footprint of society. Some of the prominent platforms that have been experiencing rapid growth include Uber and Ola. In recent years, various companies have entered the car rental business in India, offering both efficient and economical services to the citizens. This is a probable indication of a Taxi revolution in the country.

ANI Technologies, which owns the Ola brand, provides online transportation services in India. The company was initially established in Mumbai. It has now moved to Bengaluru.

The emergence of Ola has revolutionized the way people travel in India. Founded by Ankit Bhati and Bhavish Aggarwal on December 3, 2010, the company has since expanded its network to over 200,000 cars across various cities. In November 2014, it started offering autos on a trial basis in Bengaluru.

Since it received a positive response from the public in 2014, Ola Auto expanded its operations to other cities such as Delhi, Bengaluru, Hyderabad, and Kolkata. In 2015, the company also launched its services in other cities such as Chandigarh, Jaipur, and Visakhapatnam.

Through its app, users can book a variety of cab services, including luxury travel and economic trips. It supports both cashless and cash payment methods. According to the company, it has received over 150,000 bookings per day, and it has a sizeable market share in the country. In November 2014, it also introduced auto rickshaw services in various cities such as Pune, Bangalore, and Hyderabad.

UBER

Travis Kalanick and Garrett Camp founded the San Francisco-based company Uber Technologies Inc. in 2009. It allows customers to book a ride using its mobile app. The company provides transportation services in over 60 countries. It also transfers payments to the driver using its app.

In 2010, the company launched its services in San Francisco. The following year, it expanded its operations to other cities. Ryan Graves was initially named as the company's CEO, but Kalanick replaced him later that year. The company now offers different types of transportation services to its customers.

Special programs by Ola and Uber

Both Uber and Ola have launched various programs to attract their customers. One of these is the Ola Pragati, which provides drivers with a car loan from SBI. The best performers of the program are then referred to as OlaStars and are given additional benefits such as cash back, scholarships, and fuel subsidies.

Uber in the US launched a similar program called Uber Dost, which provides new drivers with loan melas. In addition to free insurance, the company also offers other benefits such as education subsidies and fuel discounts. Both Ola and Uber offer different types of cars with varying fares.

In March 2016, Uber introduced a new category for its bike taxi services. Within just 24 hours, Ola followed suit. Other services such as cab pooling and auto rickshaws could also be launched. As compared to Ola, Uber offers more payment options. It allows customers to pay using various types of cards such as credit, debit, and cash.

Despite having similar products and services, both Uber and Ola have different strategies for their long-term growth. For instance, while Ola aims to expand beyond its current 102-city radius, Uber wants to go even deeper.

Price Wars

The price war between the two companies has resulted in increased stakes for investors and a windfall for consumers. In response to Uber's growing presence, Ola raised \$500 million in November 2015. The company then launched a new product called Micro in March 2016. It was cheaper than UberGO and was priced at Rs6 per kilometer. After unveiling the product, Ola claimed that Micro had become the biggest category in India, beating out Uber's entire local business. However, industry executives noted that the company's claims are unsubstantiated. Despite this, the new product has transformed Ola's fortunes.

In order to compete with Uber, Ola has raised around \$1.2 billion from investors. However, it still needs to increase its spending power to give the company a better chance of beating its rival. In June, it was reported that Uber had raised over \$3 billion from Saudi Arabia's Public Investment Fund.

Heavy investments

Ola, which is an online cab service in India, has also raised another \$300 to \$400 million from investors. RNT Capital, which is led by Ratan Tata, and Falcon Edge Capital participated in the funding round. The company received a total of Rs1,675 crores from SoftBank.

In order to overtake its local rival, Uber has decided to invest \$1 billion in India. This amount will be used to expand the company's operations in the country and improve its driver incentives. In January, Travis Kalanick, the founder of Uber, had promised to invest \$1 billion in the company during his visit to India.

In June, Uber announced that it would sell its China business to DidiChuxing, a local competitor, for a total of \$35 billion. In exchange, Didi would get a 1 billion dollar stake in Uber.

Conclusion

The country's major attractions are its growing purchasing power and its ability to provide uplifting lifestyles. However, managing the market is not easy due to the high demand and price sensitivity of Indian consumers. To attract them, companies need to continuously develop new and innovative marketing strategies.

It would be very challenging for both Uber and Ola to operate in this environment. Besides being more customer-centric, they need to develop effective marketing strategies and constantly improve their performance. They need to avoid getting caught up in the regulatory authorities' demands and be innovative.

The two leading car rental companies in India, Uber and Ola, need to develop effective marketing strategies to expand their reach and compete in the country's highly lucrative market.

Both the OLA and UBER are looking for new ways to reach out to their potential customers and are going head-to-head in the battle for the market. OLA is exploring the various options available to them, such as the development of electric cars and the use of compressed natural gas (CNG) in cars. On the other hand, UBER is trying to penetrate into the cities that have the potential to be skimmed off.

Limitation

This study is only focused on SWOT analysis of Uber and Ola. In addition, the time constraint has made it difficult to conduct the research. The study is only focused on the two companies, and the results may vary if it is conducted for other firms.

Scope for Future Research

Although the study only focused on Uber and Ola, it can also be conducted on other car rental companies. This research can additionally explore the competitive landscape of the industry.

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Author Details

C.M. Naveen Kumar, Principal, Jain College, VV Puram, Bengaluru, Karnataka, India,
Email ID: naveen.kumar@jaincollege.ac.in