



## **A STUDY ON THE IMPACT OF CAB AGGREGATORS ( With reference to the Chennai City )**

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### **ABSTRACT:**

A recent example of disruptive innovation in the sector is Cab Aggregation using Mobile Applications. Furthermore, these typically known as taxi aggregates, cab aggregates, or car aggregates, and in management research jargon they are listed as ride-hailing and ride-sourcing businesses. The introduction of Uber and Ola made these services extremely popular in high demand in all major cities. In a way, this interruption offered a remedy for the so-called taxi transportation industry, which was previously very disorganised and expensive. Initially, when these businesses first began, their main business model was to establish a connection between the drivers and the consumers and earn a fee from the sale. Then the biggest obstacle that these two businesses discovered that many drivers registered for both Ola and Uber themselves in order to obtain rides. The present paper study examines the difficulties cab aggregator platform models in developing nations have in terms of their business models. For this data was collected from 50 respondents through questionnaire. The research paper also talks about the inherent problems with this paradigm are, however, also highlighted in this work warns against the necessity for service quality and ongoing business model innovation.

**Keywords:** Cab Aggregators, Uber , Ola etc.

### **I. INTRODUCTION**

In Mumbai, India, the cab first started running under the name 'kaalipeeli' taxis in 1911. These taxis operated according to standard procedure, which required clients to either wait for the taxis on the streets or walk to the taxi stands to hail a taxi. From traditional taxi services to radio cabs to cab aggregator services, the taxi business has seen a tidal change. The Indian cab industry was mostly unorganised prior to 2003. Customers at the time had a choice of prepaid taxis operated by state governments or by private operators, both of whom charged a high price for subpar services.

After then, radio cabs became popular with the 2001 launch of Mega cabs. A "taxi that runs on radio signals" is a radio taxi. Following the customer's call, the operator uses radio signals to communicate with the driver to identify the surrounding cabs. The fleet ownership concept, which is how radio cabs operate, gives the businesses full ownership of the taxis they are using. The arrival of affliators in the market was then seen by the nation. Affiliators like savaari and taxiguide.in have connections to different vehicle rental companies and provide a variety of prices and packages.

Aggregators joined the Indian taxi market after the affliators. The term "aggregator" refers to a person who "owns and manages a Web-based software application, and by means of the application and a communication device, enables a potential customer to connect with persons providing service of a particular kind under the brand name or trade name of the aggregator." App-based cabs are a relatively new phenomenon that will improve urban transportation in the years to come.

In India, MERU established organised rental cabs in 2004, however the real transformation in this sector didn't happen until 2010 with the entry of mobile app-based cab aggregators. The impact of cab aggregation in India can be easily observed on social media through media like television, newspapers, blogs, and a variety of articles and periodicals that are published virtually everyday .

In order for a business to exist and develop, it is essential that it fulfil the fundamental demand of the customer. This is why this industry has such an impact and why it is so well-liked. In the past, if someone needed to reserve a cab, they would have to call each taxi company individually and wait until the cab arrived without knowing the fare, anticipated arrival time, or the identity of the driver. In addition, many drivers would take the longest route possible to get to their destination in order to make the most money.

Modern cab aggregators like Ola and Uber have changed people's lifestyles by providing solutions to all of the aforementioned issues. Additionally, their business models have given customers peace of mind and a small amount of luxury, especially the Indian middle class, who had always yearned to own a car but are now at least able to take an affordable and luxurious taxi ride.

Cab aggregation industry's quick growth and development has various factors. One of the causes could be the expansion of the IT/ITES sector in India, where many workers, particularly those employed by call centres, log in and leave at strange hours. As a result, numerous businesses have started offering cab services to their staff members. Another factor might be the rising popularity of smartphones in India, as well as the market's higher internet usage rates and free, limitless mobile data offers to users, which encouraged people to switch from standard 3G mobile phones to smartphones

and consequently increase mobile data consumption. The cab aggregation sector is still in its infancy and has enormous potential that has yet to be realised. Not only does this sector of the economy aid customers, but it also increases drivers' income.

Newspapers, exclusive television programmes, live blogs, and the numerous stories that publish practically daily all demonstrate the impact that the cab aggregators had on the industry. If we examine the cause of the commotion from a high level, we can see that they offered a solution to the undetected issue. Despite the difficulty, people have been dealing with it for a while.

If we attempt to remember how we used to book a cab, the pre-aggregator era brings back recollections of phoning each cab company anxiously on a busy day. All of the archaic problems seemed to be resolved with the introduction of Uber and Ola, but as we talk further, it appears that they all resurfaced in new ways. However, the new business model has offered the customer peace of mind and a little luxury, particularly to the Indian middle class who have long wanted to own a car but are at least able to take a cheap cab trip.

The work was made simpler for the aggregators by the rise in smart phones in India and the increased use of mobile internet. In fact, this is one of the ideas that inspired them to develop the cutting-edge smartphone application that allows users to book a cab with the touch of a finger. The taxi will often arrive in a few minutes, depending on availability. The utilisation of mobile apps (usually referred to as apps) to confirm cabs has expanded, which has in turn amplified the use of mobile internet to some level.

Although the demand for these means of transportation has decreased due to their inflexibility and lengthier trip times, consumers still find taxis to be more convenient since they give the needed flexibility, comfort level, and privacy. The taxi sector contributes to the improvement of urban transportation systems in both economic and mobility aspects.

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## II. REVIEW OF LITERATURE

- **Hanif and Sagar (2016) “An Empirical Research on the Penetration Levels for a Call-a-cab Service in Mumbai** reveals that the cab service provided by Meru Cab was in demand. The cab services are improving security for female clients, particularly at night, by using GPS and female taxi drivers. Meru had made significant investments in driver education programmes to teach them manners and had also launched several financial services for drivers. Giving these drivers ownership of cabs after a certain period of time is one example of this.
- **Horsu and Yeboah (2015) “Influence of service quality on customer satisfaction: A study of minicab taxi services in Cape Coast, Ghana** conducted a study on the customer satisfaction. It revealed that customer satisfaction is negatively impacted by driver behaviour. Because most customers have issues with driver conduct in most taxi aggregators, factors including continuous service, comfort, dependability, and price have a significant impact on customer satisfaction with relation to radio taxi services. Additionally, drivers' main worry was maintaining the trust of late-night female passengers.
- **Rallan Pallavi (2018) “An Empirical Study on Indian Taxi”** Since the entry of commercial companies in the form of taxi affiliation and, more significantly, taxi aggregators, the Indian taxi business, which was previously predominately dominated by the unorganised sector, has experienced disruption. This paper aims to examine this astounding development and identify the elements promoting the development of cab aggregators. To accomplish its goals, this report conducted a lot of secondary data investigation. This paper concluded that in predicting future patterns in this rapidly expanding industry and the propensity of more organisations to participate in this competition, this research concludes.
- **Kavita et al (2016) “Mobile wallets usage in taxi companies – problems & challenges** reveals that Aggregator cab businesses partnered with mobile wallet providers including Free Charge, PayTM, and Mobikiwiki, which enabled them to offer clients free trips by making payment methods simple and offering deals and discount on rides.
- **Shukla et al (2017) “OLA VS UBER: The Battle of Dominance”** recommended to adopt customer – centric and highly innovative strategies in order to increase market share. It would therefore be difficult for both Ola and Uber to compete, in a market where they must be more customer – centric and target- oriented, extremely inventive, and able to withstand criticism from regulatory authorities while continuing to please its customers. **Allamdas Rohit H (2017) “A Study of surge pricing by Uber & Ola legal in India”** points out that companies must create fresh packages to attract new customers and to retain existing customers since Indian consumers are highly price-sensitive and very less brand loyal.

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## III. RESEARCH GAP

There are several researches and studies relating to the customer satisfaction of the cab aggregators in connection with various factors like pricing, app convenience, conduct of the drivers etc. The present paper focuses on both positive and negative impact of the cab aggregators and practical problems faced by the customers while using the cab aggregators and suggest ways and means to be rectified by the cab aggregators.

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## IV. STATEMENT OF PROBLEM

The taxi aggregator market is thriving, expanding quickly, and has a lot of promise. With the introduction of app-based cab services, the taxi business has undergone a complete transformation. People are starting to favour these services over other forms of transportation in greater numbers. Even still, many of these companies are experiencing losses. This research paper aims to find the areas where the service providers are lacking so that they may focus on improving their services, thereby retaining their customer base and be profitable in the study area.

This study is being undertaken to determine the discrepancy between customers' perceptions and expectations of app-based cab services. When expectations exceed perception, through this research, an effort is made to recommend improvements to the services in order to satisfy those

expectations. It is suggested through this paper to scale back the service in areas where it is perceived or that it falls short of expectations in order to save money and effort.

## V. OBJECTIVES

- To present an overview of the Cab Aggregator Industry in Chennai city.
- To identify the challenges in this market from the customer's point of view.
- To figure out the factors responsible for vehicle booking through cab aggregators in Chennai city.
- To study the expectations of the customers towards app-based cab services .
- To suggest measures to meet the expectations of the customers.

## VI. RESEARCH METHODOLOGY

### 6.1 Population and Sample

The population for this research study includes the people of the Chennai city and a sample of 50 respondents were collected from the residents of Chennai city.

### 6.2 Data and Sources of Data

This study is both doctrinal and non- doctrinal research as it is based on both primary and secondary data. The primary data was collected through the research instrument questionnaire with well structured 26 questions which was circulated through Google Forms. The questionnaire contained the basic demographic or socio-economic variables, polar questions otherwise known as ' yes or no' questions regarding the challenges faced by the customers and Likert's 3 point scale questions. Percentage of respondents was calculated and interpretation was given accordingly. Secondary data was collected by referring to various books, online blogs and articles, journals, and other thesis, dissertation and research papers relating to cab aggregators.

### 6.3 Theoretical framework

Variables of the study contains both independent and dependent variables. The study used pre-specified method for the selection of variables. The demographic variables of the respondents were taken as independent variables and the variables of the cab aggregators impacting the residents were taken as dependent variables.

## VII. DATA ANALYSIS AND INTERPRETATION

**Table 1 : Demographic Variables**

Variables	Particulars	No. Of respondents	Percentage (%)
Age	Below 25	40	80%
	25 – 35	5	10%
	36 – 45	2	4%
	Above 45	3	6%
	TOTAL	50	100%
Gender	Male	12	24%
	Female	38	76%
	TOTAL	50	100%
Educational Qualification	Schooling	5	10%
	UG	34	68%
	PG	9	18%
	Diploma	2	4%

	TOTAL	50	100%
Occupation	Government job	17	34%
	Private job	22	44%
	Business	11	22%
	TOTAL	50	100%
Income	Less than 1 lakh	29	58%
	1 lakh – 5 lakhs	11	22%
	5 lakhs – 10 lakhs	10	20%
	TOTAL	50	100%
Marital Status	Married	40	80%
	Unmarried	10	20%
	TOTAL	50	100%

Source: Primary Data

It can be inferred that the age group of the users of cab aggregators in Chennai city, 80% respondents are belonging to the age group less than 25, which is followed by 10% between the age group of 25 – 35, 4% in the age group of 36 to 45 and 6% in the age group above 45. Thus it is clear that majority of the respondents are the younger generation i.e below 25 years. Among the users of the cab aggregators in Chennai city, 76% are female and 24% are male. It is clear that majority of the respondents are female. Thus it is clear that most of the respondents are female. We can see that of the users of cab aggregators in Chennai city, 68% of the respondents are pursuing their UG degree, 18% are pursuing their PG degree, 10% are in their schooling and 4% have done or pursuing diploma. It is thus clear that maximum no. of respondents are UG graduates. Among the users of cab aggregators in Chennai city, 44% have Government job, 34% have private job and 22% do business. So maximum no. of respondents are private job holders. From the above data we interpret that 58% of the respondents receive an income less than 1 Lakh, 22% respondent receive income between 1 Lakh to 5 Lakhs and 20% of the respondents receive an income above 5 Lakhs. So it is concluded that majority of the respondents are from the middle income group. As far as the marital status of the users of the cab aggregators are concerned, 80% of the respondents are married and 20% of the respondents are unmarried. Hence it is inferred that most of the respondents are unmarried people.

**Table 2 : Preference based study of the respondents**

Variables	Particulars	No. Of respondents	Percentage (%)
Frequent use of cab aggregators.	Yes	23	46%
	No	27	54%
	TOTAL	50	100
Availability of more payment options in cab aggregators.	Yes	33	66%
	No	17	34%
	TOTAL	50	100%
Safety or emergency option in cab aggregators.	Yes	29	58%
	No	21	42 %
	TOTAL	50	100%
Extra charges during early mornings and nights.	Yes	42	84%

	No	8	16%
	TOTAL	50	100%
Extra money claimed by driver other than fixed price.	Yes	36	72%
	No	14	28%
	TOTAL	50	100%
Preference of cash payment compared to online payment.	Yes	35	70%
	No	15	30%
	TOTAL	50	100%
Payment of tips under compulsion.	Yes	24	48%
	No	26	52%
	TOTAL	50	100%

Source: Primary Data

From the above table, it can be inferred that, 54% of the respondents frequently use cab aggregators whereas 46% of the respondents do not use cab aggregators. It is thus made clear that most of the respondents do not use cab aggregators. Regarding the second variable, 66% of the respondents felt that more payment should be made available while using cab aggregators while 34% of the respondents feel the opposite. It shows that majority of the respondents are in favour of more payment options. The third variable in the above table states that 58% of the respondents agreed to the availability of safety or emergency while 42% of the respondents denied the same. This clearly establishes that most of the respondents travel in safe vehicles booked through cab aggregators. We can see that in the fourth variable, 84% of the respondents feel that they are being charged extra during early mornings and at nights while 16% of the respondents feel the other way around. Thus it is clear that most of the respondents are bound to pay extra charges while using cab aggregators during early mornings and at nights. From the fifth variable it is inferred that 72% of the respondents agree to the point that drivers ask for extra money over the fixed price whereas 28% of the respondents completely deny this statement. It is thus concluded that majority of the respondents have faced this situation while travelling in vehicles booked through cab aggregators. It is to be noted that for the sixth variable 70% of the respondents have said yes i.e they say that drivers prefer cash payment but 30% of the respondents have said no i.e they say that drivers do not prefer cash payment over online payment. Hence it is clear that most of the respondents make cash payments. The above table mentions that for the seventh variable 48% of the respondents have said yes stating that they have paid tips under compulsion while 52% of the respondents have said no. Therefore it is concluded that majority of the respondents have not been forced to pay tips.

**Table 3 : Usage based study of the respondents**

Variables	Particulars	Agree	Neutral	Disagree	Total
Comfortable travel through cab aggregators.	No. of respondents	21	27	2	50
	Percentage	42%	54%	4%	100%
Waiting duration in cab aggregators is more.	No. of respondents	10	31	9	50
	Percentage	20%	62%	18%	100%
Cost of travel is economical.	No. of respondents	17	25	8	50
	Percentage	34%	50%	16%	100%
Payment of extra charges is unfair.	No. of respondents	32	13	5	50
	Percentage	64%	26%	10%	100%
Reach of wrong pick-up location by drivers.	No. of respondents	14	21	15	50
	Percentage	28%	42%	30%	100%
Cancellation of trips by the drivers.	No. of respondents	25	17	8	50
	Percentage	50%	34%	16%	100%
Drivers reach destination within the estimated time.	No. of respondents	23	24	3	50
	Percentage	46%	48%	6%	100%
Calling the driver is mandatory.	No. of respondents	21	25	4	50
	Percentage	42%	50%	8%	100%
Drivers book only rides that cover long distances.	No. of respondents	21	25	4	50
	Percentage	42%	50%	8%	100%
Layman can use cab	No. of respondents	16	28	6	50

aggregators.	Percentage	32%	56%	12%	100%
Ratings have no value and are false.	No. of respondents	14	21	15	50
	Percentage	28%	42%	30%	100%
Professional and polite drivers.	No. of respondents	15	33	2	50
	Percentage	30%	66%	4%	100%
Properly maintained vehicles.	No. of respondents	19	30	1	50
	Percentage	38%	60%	2%	100%

Source : Primary Data

The first variable of the table shows that 42% of the respondents are comfortable while travelling in vehicles booked through cab aggregators while only 4% of the respondents feel uncomfortable in cab aggregators. Still 54% of the respondents are neutral regarding this statement. Thus it is clear that majority of the respondents experience both comfortable and uncomfortable situations in the usage of cab aggregators. As far as the second variable is concerned, 20% of the respondents state that waiting duration is more while using cab aggregators but only 18% of the respondents feel the way around. 62% of the respondents are in a neutral position in this statement. This evidently shows that waiting duration in cab aggregators tends to change from time to time. So majority of the respondents experience both long and short duration. Third variable in the table shows that, 34% of the respondents are of the opinion that cost of travel through cab aggregators is economical while 16% of the respondents disagree with this statement. Yet 50% of the respondents maintain neutrality in this regard. It is made clear nearly half of the respondents say cost of travel is both economical and not economical. From the above table we can infer that according to fourth variable 64% of the respondents state that paying extra charges is unfair while 10% of the respondents consider it to be fair. 26% of the respondents neither consider it to be fair nor unfair. Hence it establishes that paying extra charges is unfair according to majority of the respondents. Fifth variable in the table mentions that 28% of the respondents feel that drivers reach the wrong pick-up location whereas 30% of the respondents disagree with this notion. But majority i.e 42% of the respondents are neutral regarding the arrival of the drivers to the pick-up location. As far as the sixth variable is concerned, 50% of the respondents agree to the point that drivers mostly cancel the trip for their personal reasons while 8% of the respondents completely disagree this point. While 42% of the respondents are neutral in this regard. Thus nearly 50% of the respondents agree to the statement. The seventh variable i.e drivers reach the destination within the estimated time is agreed by 46% of the respondents and disagreed by only 6% of the respondents. While 48% of the respondents i.e majority of the respondents maintain neutrality in this notion. Regarding the eighth variable 42% of the respondents state that they are mandatorily calling the drivers after confirmation of the ride while 8% of the respondents do not do the same. Still major portion of the respondents i.e 50% of the respondents either call or do not call drivers after booking confirmation. When the ninth variable is taken into consideration, we can see that 42% of the respondents agree that drivers book only long distance rides while 8% of the respondents feel the opposite way. Nearly majority i.e 50% of the respondents take a neutral stand in this regard. According to tenth variable, 32% of the respondents state that even a layman can use cab aggregators while 12% of the respondents are against this statement. Again majority i.e 56% of the respondents say that they are neutral in this point. Eleventh variable shows that 28% of the respondents agree that the ratings are false while 30% disagree to the statement But maximum no. of respondents 42% neither agree nor disagree the statement. From the twelfth variable we observe that 30% of the respondents say that drivers are professional and polite while only 4% of the respondents disagree this statement. 66% of the respondents take a neutral stand in this statement. The thirteenth variable infers that 38% of the respondents state that vehicles are properly maintained while only 2% of the respondents reject this statement. But 60% of the respondents i.e majority of the respondents maintain neutrality in this notion.

## VIII. RESULTS AND FINDINGS

- i. Most of the users of cab aggregators are below the age of 25 meaning it implicitly shows that most of the users are the younger generation.
- ii. The female population in the Chennai city constitute the major users of cab aggregators.
- iii. There is no frequent use of cab aggregators by the people in Chennai city.
- iv. There is a great demand for availability of more payment options.
- v. Opposition for extra payment is evidently seen.
- vi. Cancellation of rides by the drivers for their personal reasons has become the major problem for the users of cab aggregators.
- vii. Preference of cash payment by the drivers is evidently seen.

## IX. SUGGESTIONS

- ✓ In order to increase the usage of cab aggregators among the public the respective cab aggregator company should provide discounts and offers.
- ✓ They should not fluctuate their prices especially when it rains or in heavy traffic.
- ✓ They should try to maintain the proper condition of the vehicles.
- ✓ Should take persistent efforts to reduce the waiting period after booking a vehicle.
- ✓ Should bring in more payment and safety options in their respective applications.
- ✓ Should not charge extra amount for cancellation of the rides.

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## X. LIMITATIONS

The present paper relied only on response from 50 respondents who are residents of Chennai. So there is chance that the sample may contain selection bias. The demographics of the respondents taken for the survey is in disproportionate manner and this might have an influence on the results. This study has considered only few factors to determine cab bookings. A number of lot of other structures too which can be investigated and which might yield a more focused viewpoint on consumers' attitudes regarding these aggregators. The sample respondents may or may not represent the entire population. This study performed is restricted by time and money resources. The respondents may or may not be casual while answering the questions. The consumer's perspectives may change from time to time and hence it becomes difficult to derive robust conclusions from the study. There was also lack of primary about the cost and technical structure of the cab aggregators.

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## XI. CONCLUSION

This paper has made an effort to discuss the taxi aggregation industry in India and the creative ways that cab aggregators techniques for route improvement. It also supplied details and informs users of the industry's current state and status about different market participants, growth rate, etc. Technology has played a greater role in effective alignment of demand and supply in taxi aggregator services. This paper highlighted the innovative manner in which the aggregators like Ola and Uber have penetrated the Indian market using smart phone technology. The peculiar nature of services adds to the complexity in service delivery. However technology can be a great enabler in service quality. After being successful, the cab aggregators must concentrate on performance metrics to make sure the business concept is sustainable. With rising standards for service quality and expectations of clients will inevitably increase in the future. Performance Metrics provide for service benchmarking and help to guide a commitment to service quality improvement over time. Cab Aggregators ought to concentrate on innovations to expand the business.

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