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DISRUPTION CAUSED BY TAXI AGGREGATORS IN INDIAN ECONOMY

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ABSTRACT:

This paper will aim to analyze the impact of Taxi Aggregators on the Taxi industry and evaluate whether the disruption caused by them is short-term or long-term. The study will further compare how taxi aggregators have impacted other modes of transport and benefited ancillary industries. A sample size of 500 customers have been studied to gain their opinion and understand the magnitude of disruption caused by taxi aggregators. The study uses techniques like Measures of Central Tendency, Measures of Dispersion, Multi-variate Regression Analysis and use of T-test to determine and evaluate the impact. The findings of this study would prove to be beneficial to investors, customers, drivers and aggregators.



KEYWORDS: Taxi Market, Taxi Aggregators, Ola, Uber, Disruption, India, Web-based software application, Taxi Aggregator model.

OBJECTIVES OF THE STUDY

This research aims to understand how with the help of technology, Taxi Aggregators have changed the face of the Indian Taxi Market along with the other factors contributing to their growth.

Therefore, we will be studying how Taxi Aggregators have impacted the Indian society with the help of digitization and simple technologies and what has resulted in its growth which leads it to be called as a disruptor. We will briefly

understand the role of Taxi Aggregators in changing the shape of Taxi Market in India by making this largely unorganized sector into an organized one and study how Taxi Aggregators have impacted other sectors through its disruptive business. The research will examine, analyze and evaluate the impact of Taxi Aggregators on Indian economy and what has resulted in its growth which leads it to be called as a disruptor.

WHAT IS DISRUPTION?

The term "disruption" took off with Clayton Christensen's 1997 book, *The Innovator's Dilemma*,

where Christensen introduced the concept of "disruptive innovation." He used this phrase as a way to think about successful companies which focus on not just meeting customers' current needs but anticipating their unstated or future needs.

Richard Branson said, "Disruption is all about risk-taking, trusting your intuition, and rejecting the way things are supposed to be. Disruption goes way beyond advertising, it forces you to think about where you want your brand to go and how to get there." Thus we can state that a disruptive business maybe an

innovation that creates a new market and value network or an innovation with new digital technologies and business models that affect the value proposition of existing goods and services or a process by which a product or service takes root initially in simple applications at the bottom of a market and then relentlessly moves up market, eventually displacing the established competitors.

People often use the terms disruption and innovation interchangeably. It should be made clear here, that there is a difference between disruption and innovation, in layman's language, Disruptors are innovators, but not all innovators are disruptors. Disruption displaces in an existing market, industry, or technology and produces something new and more efficient and worthwhile. It is at once destructive and creative.

Analyzing the history, disruptors share a common purpose: create businesses, products and services that are better -- less expensive, more creative, useful, impactful and scalable.

But is "Disruption" a new term? Disruption is true for almost each and every industry and is definitely not a relatively new concept. In the second half of the 1900s, a high-tech revolution took place, heralding a new wave of rapid disruptive innovations. This second post focused on a key few innovations, namely in high-tech, and the ongoing controversy which continues to pervade disruptive technologies.

Carlota Pérez in her book *Technological Revolutions and Financial Capital: The Dynamics of Bubbles and Golden Ages* (2002) says that there has been a repeating pattern of massive disruption that has occurred regularly over the last 250 years at intervals of around 50-60 years. When a transformational technology enters in a market, the existing ways of operations are disrupted by those who have mastered the new technology. New businesses prosper and old ways of doing things collapse and vanish. These businesses see a huge expansion of investment driven by the financial sector and often over-investment, as wealthy investors begin to expect outsized returns and seek to extract rents. A simple example of to prove that disruption has been occurring since a long time is mobile phone which was a big time disruption in itself when it was invented and then we had smart phones, first released by a Japanese firm in 1999, which again are a disruption which allowed the birth of other disruptive businesses that we have today.

Taxi Aggregators like Ola/Uber are one of the many disruptive businesses in India, who have used transformational technology to disrupt the existing way of travelling from one place to another.

Another interesting illustration of the central role technology is playing in today's disruptive innovations is Foodpanda, which has applied the same idea as Ola/Uber but to food industry. Foodpanda doesn't run restaurants or fast-food joints, just like Ola/Uber don't own any of the cars in their fleet. In both cases, the respective companies are using mobile technology to make a profitable business while also catering to the ever-growing demand in mega cities like Bangalore. Foodpanda will deliver food of your choice to your home with a single click on your smartphone or tablet, just like Ola/Uber will send you a cab to your home or workplace.

TAXI AGGREGATORS AS A DISRUPTION DISRUPTIVE BUSINESS MODEL

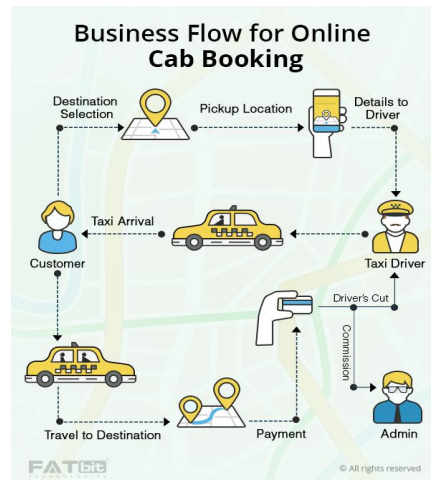
First and foremost, they have come with a business model which is disruptive by itself, it is important to have a look at the general business model of Taxi Aggregators, which is completely based on technology to better understand their business.

Taxi Aggregators work as a demand and supply matching mechanism and generate revenue by doing so. Which simply means that they connect commuters (demand side), who are in need of a cab service at any moment in time, with the cab drivers (supply side) who are willing to provide this service.

So, in the first stage, Taxi Aggregators develop the technology needed for the entire process which is a mobile application. They then get drivers and cars on board and integrate them into their system. Each driver also has a driver account he has to login to get trips through the company. On the other hand, commuters who wish to avail the benefit of this service can join this system by downloading the application on their smartphone and registering themselves with the company. Now,

whenever a commuter/customer wants a cab he/she simply has to open the app and enter the location of pickup and book for it. Commuters can also know the estimated fare for their journey. The technology developed by the company is such that it locates nearby cabs integrated in its system and are free for fulfilling a trip and allots one of them to the customer. A cab can be located only if the driver is online on his account, as drivers can also take up non-company rides. The customer gets the details of the driver and the cab that is allotted, and on the other hand the driver gets the customer's details and he comes to pick up at the pickup location mentioned by the customer, post which he takes the customer to his/her desired destination. On reaching the destination the app generates the bill for the trip which calculates the fare based on distance covered and time taken. This bill is displayed on both customer's and driver's app and can be paid via several payment options. This marks the end of one transaction.

DIAGRAM 1



Source: Fat Bit

The Taxi Aggregator company earns a certain commission in this entire transaction which it gets from the bill amount paid, thus not all what the customer pays goes to the driver, as some percentage of it, usually 10-20% is charged by company for being an intermediary and providing the technology and tax is also deducted. This is how these companies are different from unorganized alternatives.

As time passes these companies have kept on improving their offering and now, we can share cabs with other commuters (which works in the same way as a personal cab), book different types of cabs (Sedan, SUV, etc.) and do much more using the same app.

Did anyone of us think before 2010 that the taxi market could be organized to such an extent and getting a cab would be such an easy task? Obviously not. Gone are the days of waiting on the streets for a taxi or an auto rickshaw, now booking a cab is just a task of few clicks and seconds. And this is possible only because of the disruptive business model of Taxi Aggregators.

IMPACT ON OTHER SECTORS TRANSPORT SECTOR (OTHER MODES)

Undoubtedly, the sector to have been greatly affected directly by taxi aggregators is the transport sector, which includes other modes of transport and prima facie the local modes of transport or the unorganized sector. The impact on public modes of transport has been comparatively less as inferred from the primary research.

Taxi Aggregators have caused disruption all over the world, and local taxis are the first ones to be impacted. For example, in San Francisco, where Uber had a disastrous effect on the local taxi

industry. Victim, being Yellow Cab, the largest taxi company of the in San Francisco which is down to filing for bankruptcy protection, reported by San Francisco Examiner's Joe Fitzgerald Rodriguez in a Business Insider article.

The article further told about how taxi-hailing services have drawn the scorn of taxi drivers around the world and has been cause of taxi-driver led protests in New York City, Paris, London, Toronto, Sao Paulo, Rome, Brussels, among other cities.

In India, city roads were largely dominated by autos and local taxis (known as kaali peelis) before the taxi hailing companies entered. Earlier, people had a single transport system to hit back home. So, people would get down from trains or at airports and head to the nearest Auto Rickshaw stand.

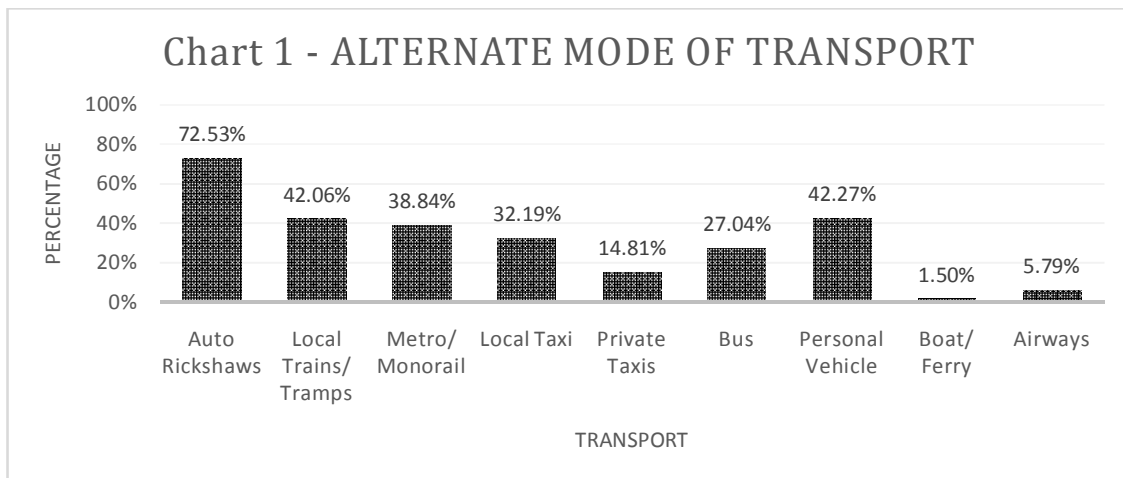
The auto drivers have been dominating the local transport platform in unethical means (not all but some of them) for a long time. This includes exorbitant pricing, unreliable service, harassment at drop point by asking for more money had been common principles. The reason was simple, they were not at all organized.

But change in a society is inevitable, well the clock has rotated one full circle now. These days Ola and Uber have been so customer centric that we can enjoy the pleasure of own car! Perhaps, IT crowd of Bangalore has provided a wonderful solution to a long pending problem.

The share of Taxi Aggregators in the taxi market has grown phenomenally from 3% in 2013-14 to 9% in 2016 and is expected to 15-17% by 2020. (Source: Redseer Consulting report & ET)

What is a boon for the travelers has come as a huge blow to other modes of transport. Auto and taxi drivers are losing out on the competition against huge multinational companies like Uber, even as they pay more to get the official permits that allow them to drive taxis. Uber or Ola drivers get tourist driver permits under the All India Tourist Permit regulations – permits that are relatively easy to acquire but that fall within a grey area.

The impact of Taxi Aggregators on local transport has been that they are taking away their business so much so that the drivers have claimed Uber and Ola were responsible for wiping out their earnings.



*Number of Respondents: 466
Source: Primary Data
(#Multiple Choices was allowed)*

The survey also shows how taxi aggregators have impacted local transport. When asked customers what mode of transport they would use in absence of taxi aggregators, 72% of them said Auto Rickshaws and 32% said local taxis. An approximate estimate according to our survey shows that

on an average 7 to 8 times a month people use taxi aggregator services over local transports. This behavior by a large population is what has caused local transport drivers to fear their future.

After performing the Z-Test, there is not much significant difference between usages of personal vehicle, local trains and metro, they seem to have been impacted equally, however auto is the most affected mode of transport.

Also, apart from this approximately 5.79% would have used airways, this shows that taxi aggregators have started to capture inter-city travel market space and there is potential for them to grow in this space which can also be correlated with the purpose for which these taxi aggregator services are being used which stands at 7%

According to Dhawal Ashar, a senior project associate for urban transport at WRI India Sustainable Cities, one reason for this can be that app-based cabs have captured the market for long-distance trips, and taxi or auto drivers are plying shorter distances than they used to, said

Taxi and auto unions typically demand fare hikes from the government every now and then, to help drivers keep up with the inflation. However, they are not pushing for a revised fare, only for the fear of losing even more commuters to cheaper aggregator cabs. This has left them helpless and in an unpleasant double bind, meaning, if they call for a hike in their fares, they may lose more passengers to cab aggregators; if they don't get higher fares, their diminishing incomes are likely to shrink even further over the years to come.

So instead, these taxi and auto drivers across major Indian cities from Delhi to Mumbai and Bengaluru to Kochi are taking turns to protest what they say is a threat to their livelihoods from cab aggregators Uber and Ola. They are also demanding better rules to level what they see as an uneven playing field.

In 2016, in Delhi, taxi and auto drivers had demanded a ban on these services in an open letter written to Delhi Chief Minister, Arvind Kejriwal by Sanjay Chawla, president, of an auto rickshaw union. They say that the government has fixed a rate for them and they cannot operate above or below it, then why are app-based taxis exempted? This argument holds true for all cities India. The complaint of these drivers all over India has been that the prices charged by these aggregators is not sustainable for them and is taking away their customers and they call this act of cab aggregators as 'bribing the customer'. The arrogance in some cities was so high that they have even resorted to strikes and beating up Ola and Uber drivers whenever they felt the threat of losing business. (Source: India Today)

Will it be right to say that Taxi Aggregators will kill autos and taxis? Well, not. Auto rickshaws still is the dominating mode of transport in many cities and preferred by the large section of the population. Auto rickshaw is the most common on road intra city commute in India. Over that, it is indeed the cheapest too if all vehicles run on profitable models; zero discounting. They are also the most convenient in case of urgency of customer.

Even If the current fares prevail Taxi Aggregators will only marginalize autos and taxis at the very least. For now, people don't consider Ola and Uber for short/medium trips because they associate taxis with high costs. But, when awareness is there people will realize that at current pricing the taxi aggregators provide a better value proposition - The fare may be slightly higher/lower depending on city, but the convenience, comfort, and trust is what would make people prefer them over autos.

Not to forget, both Ola and Uber have on board autos on their platforms. Although Uber Auto is operational in only fewer cities, it will be expanding to other cities as well. Whereas Ola Auto is already there in over 71 cities and is widely accepted by commuters

All that can be said is that about this war between Autos and Taxis on one side and Ola and Uber on the other, is that, it's high time auto drivers embrace change and align themselves to the main stream so that they don't get left behind. (Source: Scroll.in & Livemint.com)

One more fact to be noted is that Private Taxis have been one of the least affected mode of transports as they do not serve the same purpose. Mostly people use private taxis for outstation travel, and this is not the reason why customers use taxi aggregators. As per the primary research, only 7% respondents have mentioned 'Outstation Travel' as a reason for using taxi aggregator. Therefore, these services don't have a significant impact on private taxi, they're still catering to their customer segment.

Also, approximately 6% of respondents would have used airways, this shows that taxi aggregators have started to capture inter-city travel market space and there is potential for them to grow in this space. But to a large extent, airways and taxi aggregators serve different purposes and do not affect each other. Rather, as more people travel via airways, more it benefits taxi aggregators. 59% of respondents have mentioned that they used taxi aggregators to travel to and from airport/railway stations and bus terminals. Thus, as usage of these modes increase, for example the Airport Authority of India has tied up with Ola and Uber to allow for cab bookings from airport kiosks at five major airports, which will eventually benefit cab hailing service providers.

AUTOMOTIVE SECTOR AND ITS ANCILLARY INDUSTRIES POSITIVE IMPACT (SHORT/ MEDIUM TERM)

App-based cab aggregators such as Uber and Ola have not only disrupted traditional taxi and three-wheeler markets across Indian cities as we learnt earlier, but they are also becoming causing a major impact on the country's Automobile sector. To start with, these aggregators have helped push overall car sales at a time when automakers were struggling to expand business due to a number of reasons that include an eight-month ban in NCR on sales of larger diesel vehicles, imposition of infrastructure cess of up to 4% in Union budget last year, and more recently on account of demonetization which led consumer sentiments to weaken and the growth was stunted all players in this industry including Hyundai Motor India and Toyota as stated by the senior vice-presidents of both companies.

Cab aggregators like Ola, Uber, Meru, etc., have come as a great news for travelers; they may even have given rise to a new segment of professionals who would like to become taxi drivers to earn some extra income. But equally happy is the automobile industry.

An HSBC global research on the Indian automobile sector in 2015 states that the key contributors to the soaring sales of car fleet-Ola and Uber, have collectively added nearly 75,000 - 1,00,000 vehicles, which justifies the exponential growth in the car industry in 2015-16.

A report by Economic Times in 2017 estimates that cab aggregators have largely helped fleet operators to add more than half a million vehicles in the last two years, which accounts for more than 10% of the total passenger vehicle sales during this period.

Cab aggregators prefer models with low cost of maintenance and more fuel efficiency like Dzire, Indica, Xcent and Etios and thus car manufacturers like Maruti Suzuki, Hyundai, Tata Motors and Toyota have been the prime beneficiaries of their entry.

Talking about Toyota Kirloskar Motor, sales to cab aggregators more than doubled to 12,700 in 2016, which is 10% of the overall volume, from 4,500 units in the previous year, which accounted mere 3% of the total sales

With increasing penetration of Internet and smartphones, cab aggregator firms are now looking at expanding their operations beyond the five metro cities. As a result, their fleet is expected to rise. Approximately 600,000 cars are now operating in the on-demand cab segment, according to industry estimates. With both Ola and Uber, the top two players, planning to penetrate into more cities and towns across the country, the segment is all set to target exponential growth.

Infact, Ola cabs has already announced its desire of having a fleet of 5 million while Uber is planning to lease 200,000 cars to drivers joining its platform over the next two years.

Most car manufacturers have taken this as an opportunity and have thereby established dedicated teams to support taxi aggregators with special pricing, service plans and customization to make sure they meet the specific requirements of such companies.

Mahindra group has already tied up with Ola cabs to deliver more than 40,000 cars in two years. Whereas its competitor Tata Motors has joined hands with Uber to deliver 20,000 cars. On the other hand, Japanese giant Maruti Suzuki has partnered with Ola and Uber to train 40,000 and 30,000 driver partners, respectively, at its various training schools over the next three years.

Puneet Gupta, associate director, IHS Automotive conveys to Financial Express that since retail sales are dry and not picking up, most OEMs are under pressure to generate sales. Thus, they are

resorting to cab aggregators to avoid missing out on any opportunity. He further believes that as Taxi aggregators increase their reach, demand for vehicles will also go up and in the short-to- midterm, close to 30%, if not more, of growth achieved in the passenger vehicle segment will come in from this industry.

NEGATIVE IMPACT (LONG TERM)

All players in automobile sector are giving their full to get the best out of taxi aggregators. But the benefits they are receiving is limited only to short to medium term and in fact the same taxi aggregators would hit them hard in the long run.

The negative impact on retail sales of cars is already seen with its growth speculation in single digits. Our survey also shows that out those travelers who used their personal vehicle as the main mode of transport, 92% have switched to taxi aggregators, and have drastically reduced their usage of two and four wheelers.

Supporting this point, chairman Anand Mahindra at Mahindra and Mahindra Ltd, another home-grown Indian automobile company, made it very clear in a statement that cab hailing apps, such as Uber and Ola are the biggest potential threat to the automotive sector of the country and it is pertinent that manufacturers must create such products that customers love to own and not just use as a means of transport.

He explains a huge number of young aged population who have the capability to buy a vehicle, don't want to own one today, but only need access to transportation. Survey shows that out of the 92% who prefer taxi aggregators over their personal vehicle, only 22% are above 25 years of age.

Other factors that tempt people to opt for on demand taxis in overcrowded cities, such as Mumbai, Delhi and Bengaluru, are low cost of ridership along with the comfort of not driving a car in congested traffic. Plus, a traveler also gets done with parking issues.

Abdul Majeed, partner and leader of national auto practice, PriceWaterhouseCoopers (PWC), speculates that individual ownership may not be the primary model of vehicle ownership in the future for Ola and Uber, this further poses a threat to the automobile sector.

Thus, we can conclude that if cab aggregators sustain in the long term, automotive industry may have to go through huge distress as people will not buy cars to meet their automotive needs, but rather prefer an Ola or an Uber. This especially holds true for people who own more than one car, as they may not feel the need to buy a car for travelling and would rather purchase a car as a status symbol. Those who own a car or plan to own it will also postpone their buying decision as the usage of car would reduce, thereby increasing the effective life of the vehicle.

ANCILLARY/RELATED INDUSTRIES

The industry is benefitting because of benefits to Automobile sector is the Petroleum Industry and this includes Diesel and CNG, two important elements on which all Ola and Uber cars run. Thus, as Taxi Aggregators increase their business and a cab takes more rides each day, it is obvious that these elements will see exponential growth.

On the other hand, if Automobile sector slows down in future, there will be less borrowings but this sector which will eventually impact the Banking sector of the country.

SMARTPHONE/TABLET INDUSTRY AND OTT PROVIDERS

The one industry to have clearly benefitted from taxi aggregators is the mobile phones industry. It doesn't matter which category of cabs are operating with taxi aggregators, every cab needs a smartphone as a basic requirement for the entire transaction to take place.

Uber used to give an iPhone 4/4s to its drivers when it started operations in India, but later switched to Asus Zenfone 4. Uber auto drivers were given Samsung phones, which were a bit cheaper than Zenfone.

Ola, on the other hand started by giving Micromax Canvas and have later shifted to Samsung smartphones like Galaxy J1 Ace.

These budget phones could not be used for personal use and drivers were charged INR 300 weekly towards data and mobile charges. Now a days, all taxi aggregator companies have encouraged people to buy their own phones as long it is 4G compatible.

The phones used with taxi aggregators is locked and can only be used for commercial purpose. This makes it even more beneficial for mobile phones industry as any person willing to join with any of the taxi aggregator company as a driver need to have smartphone specifically for this purpose.

Similarly Tablet sales has also risen because of Ola Play which offers entertainment en-route. No data is available as to which company has benefitted, but there is an untapped opportunity that can captured by electronics industry.

Talking of OTT providers, in August 2017, Ola partnered with YuppTV, an Over-The-Top (OTT) content provider to bring live TV entertainment for Ola Play users. Headquartered in Hyderabad and Atlanta, this Global Takeoff-owned company that offers over 300 TV channels in 15 languages globally is all set to add 20 more live TV channels on its entertainment platform as part of the deal with Ola cabs. (Source: Inc42)

Co-founder and CEO Bhavish claims that this move will give rise to a new era of consumers' ride experience and will further push ride-sharing as the first preference for mobility.

An exponential growth of taxi aggregators will see more cab and auto drivers to join their fleet, thereby parallelly causing soaring growth in sales of smartphones and opening doors for even more OTT providers to partner with companies in this industry. As enthusiastic consumers, we can expect Amazon Prime Videos or Netflix to be integrated with taxi aggregators to provide us fun-filled entertainment during our journey.

TELECOM SERVICE PROVIDERS

Another important necessity for taxi aggregators to operate is a sim card and mobile data. Well of course, if there is a mobile phone there must be a sim card too, and the technology used by taxi hailing companies require constant internet, which leads us to discuss the benefits enjoyed by certain telecom service providers.

The fact that mobile phones used for commercial purpose with taxi aggregators cannot be used otherwise, makes it a must for driver to buy a mobile data plan, one which gives immense data to be used for an entire month. This has led to increased business for many telecom operators.

Over that, Ola and Airtel joined hands to bring integrated digital offerings to customers. The idea behind this synergy is to create innovative solutions to enhance customer service experience and convenience. The deal involves bringing together the respective platforms of both entities to co-create a more comprehensive ecosystem to cater to India's growing communication and mobility needs.

Bharti Airtel, a leading global telecommunications company is sure to benefit from this strategic partnership as it integrates its offerings across payments, content, PoS networks, and more with Ola's offerings for its large customer and partner base.

In this win-win situation for partners and customers of both companies, we will only see increased mobility, convenience and connectivity adding to the value being delivered.

Earlier, in 2015, US based aggregator Uber signed an agreement with Bharti Airtel to offer free high-speed internet in its cabs. In return, Uber allowed its customers to pay for cab rides with Airtel's mobile wallets and Airtel Money.

Under the terms, Airtel offered 4G mobile Wi-Fi devices to Uber vehicles, while providing subsidized mobile devices and data plans to drivers, thereby becoming Uber's telecom partner across India. Airtel customers enjoyed exclusive promotions, discounts and received INR 500 off on their first ride when paying with Airtel Money. The service initially was available in Mumbai, but later rolled onto pan-India level.

This synergy, proved to be a long-term benefit for both companies, said Srinu Gopala, Director of Consumer Business at Bharti Airtel.

More opportunities are yet to come for telecom operators in the taxi aggregator industry, and like Airtel, we can also expect big players like Vodafone showing their interest to capture the opportunity.

ROLE OF DATA ANALYTICS

When we talk about Taxi Aggregators and Disruption, then we just cannot forget the role of Data Analytics in their functioning. Perhaps, Data Analytics is the major key to their growth as it helps to expose variability and optimize operations.

Like every company, be it bus ticketing provider Redbus or E-commerce giants Amazon and Flipkart, all leading players in Taxi Aggregators business have dedicated a team of people only for the purpose of Big Data Analytics which makes it possible to uncover unknown patterns are correlations. Here is how it works.

First and foremost, Big Data helps in predicting future demand. CEO of Meru Cabs says that by using data companies try to enhance the number of trips each cab makes per day. This along with data on traffic and road conditions has helped companies, especially meru to increase the average number of trips made by a cab by more than 40%. Apart of determining the right price for a destination, Taxi Aggregators use data also to map demand and supply scenario in the market and thereby gain insights into when and where the demand will peak. This is possible by continuously analyzing data sets such as weather conditions, major events like a cricket match, a concert, and even traffic trends of office goers. Analyzing these data sets shows when demand is going to rise and thus gives taxi aggregators an edge to capitalize on this opportunity and they do it very well by placing more cabs in that area. In fact, this is the main reason why Taxi Aggregator cabs have higher capacity utilization rate as by predicting demand they allow the driver who is closer to the customer's location to take the trip, thus reducing driver's idle time and giving him better returns. Co-founder and CEO of Ola says that their drivers have increased their capacity utilization rate to 85% by knowing the best time to be online and make maximum business. The Capacity utilization rate of traditional alternatives is much less.

Uber, on the other hand collects tones of Personally Identifiable Information (PII) data points via its app. By tracking customers even when they are offline, Uber can potentially identify a specific individual. Moreover, many times customers willingly trade PII for additional offers and perks. PII data essentially include information gathered from customers' accounts, locations, mobile details, credit card details, and much more, thereby allowing Uber to track popular trends like preferences for eateries, traffic patterns around the city, shopping habits, etc.

So much data with Taxi Aggregator companies makes us wonder if this data is being sold or shared, but that is still under question. More importantly, we must understand how user data is helping companies expand rapidly. Forbes believes that that day is not far when these cab aggregators will be called as 'Big Data Company'.

(Source: Business Standard Article)

CONCLUSION

Much like the ongoing vigorous struggle between Flipkart and Amazon in the Indian e-commerce market, the battle between Ola and Uber for supremacy in the country's taxi market is becoming a prolonged and stretched-out saga with no apparent end in sight. Until not so long ago, the idea of an on-demand cab service was almost unheard of, and one had to rely on the notoriously unreliable auto-rickshaws or traditional cabs to get from point A to point B.

"Leveraging more and more technology and employing fewer people is the way ahead for building a profitable business," said Krishna Tanuku, executive director of the Wadhvani Centre for Entrepreneurship at the Indian School of Business in Hyderabad. And this is exactly what taxi aggregators have done to gain a place in the market.

The Aggregator business is full of competition, be it Taxis or anything else. In case of Taxi, this competition is between aggregator firms with huge investments who can afford to lose billions and billions of dollars year by year to occupy a greater market share than the other. The fact is that taxi

aggregators do not plan to become profitable in the short run and they have set their long-term goals and objectives.

With hundreds of millions of rides every day, taxi aggregators have changed the taxi market model in less than 10 years of operation.

However, not all players may reach the peak and earn profits. Most of the competitors will eventually exit the market, and only the ones that succeed in gaining and retaining market share will have the benefit and will play in billions. And this is possible only by winning and retaining loyal partners and loyal customers.

FUTURE OF TAXI AGGREGATOR INDUSTRY IN INDIA

While a greater number of players is better for the market and the consumers, there still needs to be a stronger differentiator than just pricing. If the market is truly heading to make a permanent place, the customer will no longer be satisfied with just discounts.

Also, in the global markets, aggregators have shifted to driverless cars and even flying cars and helicopters in case of Uber. The idea really is to solve the problem in different ways. Uber might look forward to offering helicopter services in India as well, given the growing traffic congestion.

Sanjay Nath, Blume Ventures, once said in an interview that innovation is all that matters in the end. Something that is different from what others offer, either in terms of experience, or a shift in technology.

Innovation and technology are what led to the growth of Taxi Aggregators and it is also what will help them sustain in future.

Dhananjay Sharma, Red Seer says that even with the bleeding numbers, the taxi market is lucrative. Infact, this year, both the cab aggregators have worked into ensure that they focus on maintaining the existing customer base and more importantly towards a positive unit economics. Techsci research reports that cab-hailing services are expected to grow at over 17% through 2020, and the organized segment in this market is still very small which is bound to attract more players in the years to come.

The south-east Asian cab aggregators are also eyeing the global market. We already know what aggregators do to expand globally and we can expect India to truly become the battleground for global cab wars.

Indonesia based Gojek and Grab Taxi have already mounted up their India R&D centers. Arul Kumaravel, VP, Engineering at Grab says that they do not intend to start operations in India and just want to get impressive engineering talent, available in Bengaluru. Even if they do come to India it will may be via partnerships.

Indian competitors are also aiming at entering this market soon. Mukesh Ambani's Jio Cabs is set to start its pilot testing in Bengaluru. Tygr, a Kolkata based startup has already stepped into couple of cities on a franchise basis with its unique revenue model which has no place for peak pricing. More players like Mahindra & Mahindra have set their eyes on this lucrative aggregator business.

Sanjay Nath, Managing Partner, Blume Ventures, very well concludes this paper. He says that India is growing, and the consumer is changing as well. The sharing economy, already entrenched in the consumer's mind, will only grow. This is especially true in fast growing emerging markets like India, China, and Southeast Asia. That said, it's not a one size fits all, and each region will like to have its own set of winners.

(Source: Yourstory)

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