

***CHANGING TRENDS IN THE RENTAL CAB SECTOR***

**By Richa Sharma**

**Abstract**

The rapid growth of on-demand ride services such as Uber, Ola and their competitors have prompted debate among policy makers. At present, the impacts and acceptance of 'on demand cab booking services' are not well understood. Key questions include: how 'on demand cab booking services' and traditional taxis are compared with respect to comfort , reliability , convenience of booking , safety and security and driver interaction. We address these questions using a questionnaire. Questionnaire results are compared with traditional taxi and autos. We also compared the travel purpose of people for 'on demand cab booking services ' and taxis with those of traditional taxis. The findings indicate that online services have somewhere helped to meet a previously unmet demand for convenient, point-to-point urban travel. Although offline and online services share similarities, the findings show differences in users and the user experience. Ridesourcing, like taxis, appears to both substitute for and complement public transit. Future research should build on this exploratory study to further understand impacts of ridesourcing on labor, social equity, the environment, and public policy.

**Keywords**

On-demand ride services, ride-sourcing, taxis, auto-rickshaws, changing trends, rental cabs.

## **Introduction**

The recent upcoming of app-based, on-demand ride services has gained importance over their role in urban transportation sector. On demand cab booking companies such as Uber, ola ,and their competitors—also known as “Transportation Network Companies” (TNCs) or, “ridesharing”—promise to increase reliability and reduce wait times of point- to-point transportation. These services have challenged existing regulations and practices that have over the years shaped the taxi industry, raising questions about appropriate regulatory and public policy responses. Ride sourcing is viewed as part of a crucial part of transport options that serve previously ignored demand for fast, flexible, and convenient mobility in urban areas. By providing an attractive way to driving, these serving are potentially reducing auto use, ownership, and environmental problems. But in many cities taxicabs have not been able to reach their optimum due to regulations and monopolistic behavior that restrict supply and give rise to reliability and service quality problems. Critics argue that these services unfairly disturb existing regulations, compete with public transit, increase congestion at peak times, mislead consumers through opaque pricing practices, and endanger public safety.

This position holds that 'on demand cab booking service' is no different from a taxi service and, as for taxis; regulations are needed to counteract negative externalities and other market failures inherent in the sector. It rests on the argument that governments should enforce regulations consistently and for complying with regulations, taxi companies are entitled to certain market protection. In this paper, we try to understand the changing trends in service sector by focusing on consumers ' acceptance to 'on demand cab booking services' in comparison with taxis, through a survey of ride sourcing users in Mumbai.

## **Review of Literature**

Kumar and Kumar (2016), There is stringent competition in the organized cab services industry therefore organization need to motivate consumers through coupons. The innovative behavior of consumers helps to download mobile apps and further motivates them to redeem coupons while booking cabs

Hanif and Sagar (2016) had stated that there was demand for Call-a-Cab service offered by Meru Cab. The cab services are proving security through global positioning system (GPS) and women taxi drivers for women passengers especially during night times.

Horsu and Yeboah (2015) had argued that driver behavior have negative impact on customer satisfaction in Ghana. The variables like continuous service, comfort, reliability and affordability have an impact on customer satisfaction with regard to minicab taxi.

Lu et al (2015) the self- service mobile technologies helps the commuters to access lot of data about cab services and such technologies had changed the role of both customers and companies. The adoption of call taxi app (CTA) is impacted perceived usefulness, perceived ease of use, subjective norms and perceived playfulness.

Rahman (2014), in the recent years the car rental industry is growing constantly especially in metropolitan cities in India.

Vaithianathan & Bolar, (2013), the factors like accessibility, reliability and transparency are primary factors which have attracted customers towards branded cab services like Meru cabs. The customer feedback in cab services industry is very important for attaining success in the competitive car rental industry.

### **Problem Statement**

There's a very evident change in trend in the rental cab sector. There's a shift in demand from offline services of auto-rickshaws and taxis to on demand cab services such as Ola and Uber in metropolitan cities. After a thorough study of literature, it was understood that there are various factors contributing to this shift in trend. This was a big blow to the offline service providers. This research study was thus undertaken to study and analyze the various factors responsible for the same.

### **Objectives**

1. To understand the changing trends in service sector from offline services to 'on demand online booking services' from consumers point of view.
2. To evaluate the impact of change by 'on demand booking services' on consumers.

3. Provide solutions to both the 'offline services' and the 'on demand booking services' mode to improve their service quality.

### **Research Methodology**

The study used primary data for analysis according to the objectives set out in the study. Primary data were collected by questionnaire method; the same was made with the help of Google Forms.

For the study, a survey/questionnaire has been prepared with 101 respondents ranging from age group of 18 years of age to 50 years of age answering 26 questions with different yardsticks emphasizing the research topic. The result of the survey is studied and analyzed to examine the general perception of the youth, regarding the changing trend in the rental cab sector. For collection of data, convenient sampling method is used to select the respondents. Questionnaire was developed and administered to a small test group, then refined and finalized.

### **Findings and Analysis**

We collected data from 101 respondents. The main aim was to target the youth and thus 89.1 % people who filled the questionnaire were of age less than 25 years.

64.4 % of the respondents were female and only 34.7 % are male respondents.

Upon enquiry of annual household income, it was understood that: 21.8% respondents had household income less than 1 lakh. While, 36.6 % had household income between 1 to 5 lakhs. Also, 25.7 % had it between 5 to 10 lakhs and 15.8 % had above 10 lakhs. Thus the respondents are a good representative of different socio-economic background.

When asked about the mode of transport used for commuting to work, 48.5 % used trains / buses / metros. 17.8 % used 2 wheelers. 10.9 preferred walking. And only 2.8 % used cabs for reaching workplace. And the others cycled. And the majority, i.e. 52.5 % completed the last leg of their journey walking.

Even though 49.5% of the people owned a vehicle still the maximum number of people used trains / buses for travelling to work and hence, 40.6 % had their daily expenditure on travelling under Rs. 50. 39.6 % had their daily expenditure on travelling between Rs.50 and 100. Only 13.9 % had to spend between Rs. 100 and 240. Also only 3 % spent between 250 – 350 and 2 % between 350 and 500. Only 0.8% had their expenditure above Rs.500.

On trying to understand the awareness about 'on demand cab booking services ', we saw that 65.3 % people used this service and the main reason was found to be personal trips ( 60.4 % ). Also 32.7% used this service to commuting to railway stations or airports.6.9 % respondents used these services only in case of emergencies like if the buses are not coming on time, the trains are not running on time or if they have missed the train they had to catch and other such reasons.

Also, when we tried to analysis if this service has been accepted by people or not it was seen that the frequency of use was not very high with normal prices. 36.6 % rarely used this service. 31.7 % used it sometimes. 23.8 % used this service very frequently as against 7.9 % who never used it.

The respondents rated the following parameters from 01-05 in the mentioned fashion:

<b>SR. NO.</b>	<b>PARAMETER</b>	<b>AVERAGE (%)</b>	<b>GOOD (%)</b>	<b>BEST(%)</b>
1.	Reliability	43	32	27
2.	Comfort	29	37	35
3.	Convenience of Booking	36	32	33
4.	Driver Interaction	55	25	21
5.	Safety and Security	39	35	27

And in surge pricing this frequency decreases even more as 43.6 % refuse to use it and 31.7 % use it only if they are not left with any other option. It is to be noted that only 24.8 % use the services with surge pricing.

People preferred this service mainly for covering long distances as 30.7 % respondents used this service only if they had to cover a distance of 20 kms or above. 15.5 % used for 15 - 20 kms. 21.8 % used it for 10 - 15 kms. Only 28.8 % used it for travelling 0 to 10 kms.

Next up, we enquired about how many respondents used the services of auto-rickshaws and taxis. It was understood that a majority of respondents, i.e., 86.1% have had used the services. Among them 53.5% used it on regular basis and 26.7% used it sometimes.

The typical distance it is used for is 0-5kms, wherein 45.5% respondents agreed. For distance between 5-10 kms, 23.8% utilized this service. It is to be noted that only 2% used it for long distance, i.e, 20 kms and above.

The respondents rated the following parameters from 01-05 in the mentioned fashion:

<b>SR. NO.</b>	<b>PARAMETER</b>	<b>AVERAGE (%)</b>	<b>GOOD (%)</b>	<b>BEST (%)</b>
1.	Reliability	52	32	16
2.	Comfort	59	31	10
3.	Convenience of Booking	62	31	7
4.	Driver Interaction	60	29	11
5.	Safety and Security	60	28	12

The auto-rickshaw and taxi services are utilized by 52.2% for daily commute, 43.6% use it for personal trips, remaining use it for other purposes like reaching Airports and railways(17.8%), going for a meeting or when no other transport is available.

Further respondents were asked questions to give their opinion about the difference in services provided by the auto-rickshaws/ taxi service providers and on-demand service providers.

70.3% rejected the idea that the services provided by Auto-Rickshaws and taxis are equal to the services provided by on demand online rentals like Ola/Uber. Only 16.8% believed it was correct.

When given an option between on demand cab service providers and offline services, 62.4% opted for on-demand online services and only 37.6% went for offline services.

The overall experience of on-demand online services was rated above good by 71.3% of the respondents whereas the services of offline services were considered satisfactory with 50.5% respondents voting for it.

According to respondents the increase in popularity of the on based services is largely due to easy accessibility (73.3%) and better quality of services offered (60.4%) to them as compared to that provided by autos/taxis. Other reasons include security (43.6%), fair rate card (40.6%), and behavior of the service provider (15.8%).

When asked for preference for short distance and long distance travel between online services and offline services; 90% respondents considered offline services for short distance whereas 94% respondents considered the option of on-demand cab services for long distance journey.

### **Suggestions by respondents**

#### For Auto-Rickshaw/ Taxi facilities

- Better driver interaction: in terms of politeness.
- Increase accessibility and availability.
- Passengers must not be denied service. Most of the Auto/taxi drivers deny short distance journey which is the major reason for increase in preference for ola/uber.
- Better and comfortable seating arrangement can be made.
- Adhere to the traffic rules and cut down on rash driving.
- Strictly using meter system or advanced digital meter system and avoid over charging.
- Better security

#### For On-Demand Cab Services

- Rates should be reduced/ reasonable for short trips.
- Professional and tested drivers with complete knowledge of using technology based apps, such as GPS locator, etc. to find the address faster.
- Improvement in the App. It gets difficult to operate at times.
- Allow offline booking
- Issue of penalty charging even when the customer isn't at fault.

- Non-Availability of such services in remote areas. Focused only on metropolitan regions.
- Both the services should stop using WagonR for Ola Share/Uberpool because it doesn't hold the capacity of 3 people on backseat. The width space of this suzuki model is similar with auto-rickshaws.
- Discarding the surge pricing completely.
- Offers/ discounts can be provided for large bookings, or family bookings.
- Accurate location of cab at the time of booking
- Improvement in the Car Quality and Route taken by Pool/Share cabs.

### **Conclusion**

From the data collected on various different yardsticks related to the topic, i.e., “Changing trends of rental cabs”, it was understood that indeed the trends are shifting in the favour of on-demand online based services such as Ola, Uber, etc. than that of the traditional services of Auto- taxis. Our objectives of the study were well satisfied after understanding the perception of the youth. The easy accessibility and better quality of services provided by the online app based services are more appealing and thus the rise in the trend.

As an emerging new transportation option, 'on demand cab booking services' are not well understood. In this paper the results were compared with data of traditional sources of transportation in terms of: Reliability, Comfort, Convenience of Booking, Driver Interaction and Safety & Security. The findings suggest that the on-demand cab booking services meets an unmet demand for urban travel, appealing to generally younger, well-educated users looking for lesser waiting duration and faster point-to- point service, while avoiding the inconveniences of traveling through own vehicle like parking, heavy traffic, etc. Despite similarities, ride-sourcing differs from taxis in important ways, especially in consistently shorter waiting times. Ride-sourcing competes with public transit for some individual trips, but often appears to serve as a complement.

Future research should investigate the potential hypotheses outlined in this study using more representative data. Access to ride-sourcing trip and user data would provide a much more



detailed and representative picture. Other aspects could be captured using online or household surveys. Future research could attempt to measure the induced travel effect or the possible long-term impact on driving and vehicle ownership.

### **Suggestions By Researcher**

For improvement in Auto-Rickshaw services

- Taxi Unions can too come up with App-Based services. This may or may not be mandatory for the taxi service providers to adopt, thus an optional add-on.
- Passengers must not be denied services. Improvement in rate cards so that it becomes affordable for them to provide short distance services.
- Training can be provided in terms of improvement in customer interaction.
- Strictly using meter system or advanced digital meter system and avoid over charging.
- We think a virtual boarding pass should be provided for on demand cab booking services so that in case the technology fails we have a contact person to ask us to send the cab in case of emergency.

For Improvement in On-demand booking services

- Wi-Fi connectivity can be provided free of cost or at a minimum rate to attract more customers.
- Start using ecofriendly car. Since the services are on a rise, it will contribute to greener services.
- More options for selecting language as there are many people who cannot understand English yet they use mobiles, so it would be easy for them to get benefit of these services.
- Services must be extended in internal areas of suburbs as well.
- A ' favourite driver programme ' should be started so that the users get the option of deciding the driver they wish to travel with and also the favourite drivers can get rewarded by the companies to motivate them and improve driver performances.

- On demand cab booking services can start their ambulances by taking permission from the government.

### **Limitations**

- Unequal distribution of gender respondents. Large female respondents as compared to male.
- Heavily influenced by young respondents, unequal representatives from different age categories.

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