Indian Taxi Industry amid Pandemic: the adaptations and adoptions to survive the crises

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Abstract
There is a unanimous agreement as to the severity of losses caused due to covid-19 pandemic across the various industrial sectors on global platform. Numerous factors from multitude of angles have produced this economic harm. These factors can be well attributed to the demand as well as supply side. Barring a few sectors like healthcare, almost all the industries have faced the downturn. It has impacted all the modes of mobility as well. No wonder that the Indian economic scenario has also followed the league. The paper talks about the impact of pandemic on the taxi service providers in India. The paper primarily focuses on the online taxi services industry in India and its tryst with the pandemic. The major aim is to synthesize and summarize the marketing strategies, which were adopted by the online taxi businesses to tide over the hurdles caused by the pandemic.

Keywords- COVID-19 pandemic, taxi industry, online taxi providers, App based Taxi Services, Ola, Uber

Introduction

The pandemic has impacted the taxi industry across many countries of the world. According to Feehan (2020), the trade body that represents the taxi drivers in London called for urgent financial support for London's black cab industry. This was due to the severe struggle faced by the industry leading to the de-licensing of taxi vehicles. The taxi demand in Shenzhen, China shrunk more than 85% in the lockdown phase (Zheng et al. 2020). Taxi and limousine services in Italy were impacted due to lockdown. (*Impact of COVID-19 on the taxi and Limousine services...*)
market”, 2020). According to a report of the Taxi and Limousine Commission (TLC), yellow cabs operating in New York City went from 11,435 in January to a low point of 2,193 at the height of the pandemic in April (Bentiz, 2020). In India, around 20 lakh people lost employment as private and tourist taxi operators were hard hit due to lockdown according to BOCI (Bus & Car Operators Confederation of India). This was reported by The Economic Times, (“COVID-19 has led to 20 lakh job losses in bus, taxi sector”, 2020). The online taxi services were also hit with a blow. The two players that revolutionized the mobility in Indian subcontinent namely Ola and Uber saw massive adaption during this crises period.

The online service industry in India

Organized rental cab was introduced in Indian market in 2004 but actual revolution came in 2010 when app-based services started their operations, followed by Uber in 2013 (Rajesh & Chincholkar, 2018).

According to the Report- India’s Online Taxi Services Market in India (Dublin, 2019), the competitive dynamics of the industry were altered with the advent of ANI Technologies Private Limited (Ola Cabs) and Uber India Systems Private Limited (Uber India). Before the arrival these players, the market was highly fragmented. The business model of these aggregators was focused on matching demand and supply so that all the stakeholders can have benefit out of it (Bansal & Rao, 2013). The advent of new technologies and aggressive strategies of these players coupled with the problems faced by the customers while hauling traditional taxis, paved a way for new aggregators. The market for traditional taxis was disrupted and customers started using online taxi services.

It is hardly surprising that a downward trend was witnessed in the usage of traditional taxis by Indian customers (Bishnoi and Bhardwaj, 2019).

On the other hand, the market for online taxi services started thriving. In year 2019, Ola cabs emerged as a number one player by generating 72.44% of the total revenue produced by online taxi services market whereas Uber stood at number two with 21.01%. There are other players like Carzonrent (India) Private Limited, Mega Cabs Private Limited, Meru Mobility Tech Private Limited, Savaari Car Rentals Private Limited etc. in Indian market as well.

Overall, the taxi market was expected to register a Compound Annual Growth Rate of 10.08% during the forecast period 2020-2025 (“Taxi Market - Growth, Trends, and Forecasts (2020 - 2025)”, 2019). The pandemic, however, made an abrupt change in their future plans.

Problems specific to the online taxi services market in India

The online taxi services market faced a number of problems and controversies since its advent in our country. Some of them being- exorbitant pricing (Sarvepalli and Prakash, 2016), exploiting and mistreating the drivers (Venkatesh and Easaw, 2015), status of drivers as independent contractors not having employment rights (Korreck, 2020), Drivers especially at night demanding extra cash apart from the fare computed by the App, (Velmurugan et al., 2019) safety concerns etc. However, due to the pandemic, the problems became multi-fold. With lockdown, the public
avenues like malls, shops and entertainment parks were closed down and hence the mobility in the country came to a near standstill. People retorted to their private vehicles if at all they were supposed to travel. Social distancing became a norm, still, avoiding travel and public places was thought to be even better. Moreover, people preferred bikes and autos over cabs due to salary cuts as former being more affordable (Soni, 2020). Hence there was an overall decline in the demand for transportation services. Even when the lockdown was lifted, the travel through public transportation including private online taxis was ruled out. The reason for people not opting for taxi services was the perception of the ride being less hygienic as compared to private vehicle.

Ola's revenue in April and May declined by almost 95 per cent. Rides business being one of the major contributors to revenue of Uber, the company saw an enormous decline in its revenues ("COVID-19 has led to 20 lakh job losses in bus, taxi sector; more on anvil: Industry body", 2020). The companies across the industry retorted to mass retrenchment, closed offices and pruned investments in their non-core projects. But soon, it was realized that this is just the reaction to the problem and could yield limited results. The strategy followed by the players was more of loss mitigation. Hence, in order to regain the focus on growth and profits massive adaptations were made in the marketing strategies. Again, Ola and Uber adapted their strategies according to the new normal. The trend soon picked up across the industry with small players joining the bandwagon. The strategies initiated, popularised and adopted by both the players are summarized as:

**Marketing strategies of prominent players in the times of COVID-19** according to Agyei et al., 2020, customer engagement is significantly affected by his level of trust with the service provider. Promotion and advertising techniques besides other factors like convenience and brand image are important drivers of trust among the customers (Papadopoulos, 2001). Hence the marketing strategies were adapted in such a way that the customer's faith in the system and services provided by online taxi industry got revived. Some of the measures were built into the marketing strategies as:

1. **Changes/adaptations to the service offering**

Ola launched 'My Safest Ride' that was focused on a five-layer safety protocol. It included measures like temperature checks, regular fumigation and sanitisation of cars, selfies to check if drivers have masks on etc. The company allocated ₹500 Crores for enhancing safety in its services delivery. The company spent money for developing process based cleaning techniques with proper checks at regular intervals. Technology enhancements were also done for the said purpose. Ola app was redesigned and integrated with the government sponsored AarogyaSetu app to assure the customers. (Arora, 2020)

Additionally, a protective screen between the driver-partner and passengers was installed by both Uber and Ola cabs in an effort to control/prevent spread of virus based infection. Hence the product was adapted/improvised as per the need of the hour and was made Covid-19 ready.
2. Changes in the promotional campaign

Widespread promotional campaigns were carried out to popularize the “My safest ride” protocol, which was adopted by Ola. The positioning shifted from the lowest cost service provider to the safest service provider.

Uber launched ‘Safe for Each Other campaign’ where customers of the service urged fellow riders to follow protocols and ensure safe rides for everyone involved.

3. Adopting new ways to create place utility for the customer

The research suggested a change in the demand for e-commerce services. The use of apps for grocery shopping has increased while that of food ordering services declined during the lockdown (Thakur, 2020). Hence, Uber started with the delivery of groceries. Uber partnered with Flipkart, Spencer's and Big Basket to deliver orders and groceries to Indian homes (Desk, 2020), Indian express. Globally, Uber announced its partnership with grocery delivery start-up Corner shop for the new service, which first took off in select cities in Latin America and Canada ("How the pandemic has hit Ola, Uber hard in India", 2020).

4. Improving the customer interface

One of the major ways to work up the customer experience is to improve their interface. So efforts were made by the companies to keep drivers (human interface of the customers/riders) satisfied. To keep the drivers motivated, Care Driver Fund disbursed grants to approximately 100,000 drivers during lockdown. Uber Fund, which was created in partnership with Give India, a leading online donation platform, and Samhita, a leading social enterprise to take care of the urgent and immediate needs of driver partners and their families. They also launched on demand cash out feature for the drivers across moto, auto and cars. This allowed drivers the flexibility to take cash out at any day of the week, instead of waiting for their weekly cash outs.

“Drive the Driver Fund” was an initiative launched on pan India basis by Ola Foundation in March 2020. This step was taken in order to extent support for the families of drivers of Ola cabs. Akshaya Patra Foundation, a non-profit organisation that has been working since last 20 years in India in the pursuit of reducing hunger and malnutrition issues in the country, was roped in. The Akshaya Patra Foundation facilitated the on-ground implementation of the initiative by distributing meals to driver families in 13 of Indian cities (Sen, 2020).

Uber rolled out the feature of tipping drivers through in-built feature in its app across many countries. In January 2020, it introduced the same in India. Ola followed by introducing the same feature in India, Australia, New Zealand and the United Kingdom. Ola claimed that drivers will retain 100 per cent of the tip to benefit from the additional earnings (“Ola adds ‘tipping’ feature to its app as cab services resume amidst COVID-19 pandemic”, 2020).
5. **Miscellaneous measures to instil the feeling of safety in the minds of the customers**

a. Methods of making cashless payments were endorsed so that the physical connect between the drivers and the customers could be reduced.

b. In an effort to reduce recirculation of air in the cab, the instructions for keeping the windows open and non-use of air-conditioner were imparted.

c. The cab was permitted to carry only two passengers at a time.

d. Vehicles were not providing service in the Government identified red or containment zones

e. To help maintain social distancing, customers were advised to load and unload luggage themselves

f. Cars were equipped with hygiene kits

d. All drivers were required to wear masks and need to authenticate this before the start of every ride by sharing a selfie through their partner app.

e. Drivers and customers were both authorized to cancel a ride if the other was not found to adhere to the prescribed standards.

Hence, the key players of the industry, Ola and Uber tried innovative ways to arrest the steep fall in the sales of the industry. They tried to win over the customers by building conviction and assurance in their offerings. Literature suggests that trust is important to the success of customer relationship building (Morgan and Hunt, 1994). According to (Upamannya and Gulati, 2015), customer trust has a positive impact on customer loyalty.

The industry tried every explored as well as unexplored measure to build this rapport/trust with the customers. Promotion and advertising techniques besides other factors like convenience and brand image are important drivers of trust among the customers (Papadopoulo, 2001). They adapted their marketing strategies to lock in the customer. The market responded well with the small players following the trend. New services and business models emerged (“COVID-19 accelerated innovations in transport business”, 2020). Bike-taxi company Rapido’s business launched Rapido Local, a one on one delivery service. Here customers could request pick up and drop of food, groceries and medicine on the App, from or to another customer (Abrar, 2020). The businesses grounded on subscription-based ownership bounced back with people opting for comfortable self-driving options, as was the case of Vogo- scooter sharing firm. Efforts were also made by small players like Everest Fleet, a Mumbai based start-up, to rev up the market. They provided emergency ride services for corona Warriors. The Company followed government guidelines to ensure that these were genuine travellers and were using the rides for legitimate purposes. This was done during the lockdown period (Bora, 2020).
Finally, the efforts of the industry have started bearing fruits. Things have started looking up with Ola seeing a close to 100% recovery during festive season and Uber business rebounding to around 80% in the key cities like Delhi and Mumbai. (Abrar, 2020)

Conclusion

The paper concludes that the industry has started regaining its strength and vitality due to its prompt adoption of new safe practices and rapid adaptation according to the perceptions and requirements of the consumers. The COVID-19 scenario served as a perfect ground for testing of the well-established theories of marketing. Many new lessons in the arena of sales, advertising and marketing were learnt. Legal regulations too were strictly adhered to.

However, it is expected that the crises will leave its mark on the customer perception and commuting preferences. Customers might be look into owning their own vehicles rather than going for the ride hailing services owing to the safety concerns. As the sales of cars will increase, the shift towards Electric cars will become a more viable option given the support of regulators and policy makers for the industry. (“How corona virus could accelerate shift to electric cars”, 2020). Even the car subscriptions could be viewed as a better alternative to the taxi rides. In such scenarios, taxi service providers might have to think of diversifying or adding new services/products into their current portfolios.

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