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## **STUDY ON MOST PREFERRED CAB SERVICE IN TRICITY AREA OF CHANDIGARH, MOHALI AND PANCHKULA**

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### THE PRODUCT-CAB SERVICE

Transportation is the life line of a working economy. Modes of public conveyance are extremely important in order to ensure smooth and economical commuting for public at large. The given study tends to explore the preference of travellers w. r. t. local area transport facilities available in form of Taxi/cab. A taxicab, also known as a taxi or a cab, is a type of vehicle available for hire with a driver, used by a single passenger or small group of passengers mostly for a non-shared ride. A taxicab conveys passengers between locations of their choice. This differs from other modes of public transport where the pick-up and drop-off locations are determined by the transport provider, not by the passenger.



### THE BRAND-UBER

Uber Technologies Inc. is a global transportation technology company headquartered in San Francisco, California, United States, operating in 633 cities worldwide. It develops markets and operates the Uber car transportation and food delivery mobile apps. Uber drivers use their own cars although drivers can rent a car to drive with Uber.

The name "Uber" is a reference to the common (and somewhat slangy) word "uber", meaning "topmost" or "super", and having its origins in the German word uber, meaning "above".

Uber has been a pioneer in the sharing economy and the changes in industries as a result of the sharing economy have been referred to as "Uberification" or "Uberisation". Uber has also been the subject of protests and legal actions in respective countries where it operates.

The Uber app software requires the drivers to have a smartphone, and users must have access to either a smartphone or the mobile website.

Uber was founded in 2009 as UberCab by Garrett Camp, the cofounder of StumbleUpon, and Travis Kalanick, who had sold his Red Swoosh startup for \$19 million in 2007.

Following a beta launch in May 2010, Uber's services and Mobileapp officially launched in San Francisco in 2011. Originally, the application only allowed users to hail a black luxury car and the price was 1.5 times that of a taxi.

In 2011, the company changed its name from UberCab to Uber.

During the initial development of the Uber app, the company created a think tank consisting of a nuclear physicist, a computational neuroscientist, and a machinery expert who worked on predicting demand for private hire car drivers and where demand is highest.



### **Business Model**

Uber in India operates as a taxi aggregator. It takes ride requests (cab bookings) from retail customers via an app and passes it on to the available set of drivers at that moment, again via a driver facing app. Commuters pay for the ride out of which driver and Uber keep their respective shares. Uber drivers

prerequisite is that they should possess a driving license and an auto. After the process of screening, the driver is synced with the Uber framework and is given a company phone. Coming to the riders they have to install the Uber app onto their smart phones with which they avail a taxi. The taxi can be tracked and proves beneficial for them by providing a small effort agreeable service. The fare is set by Uber with importance given to credit in peak and off peak hours. The expenditure is related to the peak hour, vehicle and the such. Uber shares the profit by splitting it into 80% for the drivers and 20% for the company.



### Value Proposition

And this brings us to Uber's value proposition. At the heart of the business is the value proposition that says public convenience.

"We will always give you a ride when you need it."

and for drivers

"We will always give you a passenger when you want them"

In a traditional taxi business the number of taxis is determined by the rides that are available over time to support that number of taxis and drivers. If demand surges there is no excess capacity. If there is low demand for a period drivers are slow to leave the market and payments for all drivers suffer due to excess supply.

Uber's value proposition is thus like a market but if it were that simple it would not have the same disruptive effect. What enables it to deliver on the promise above is that it is able to match supply to demand.



### Channels

Uber used different channels as it grew. Early on the focus was in moving from city to city and getting enough drivers and users signed up and using the app that there was a strong enough market to make it work.

Increasingly with a market in each city the channels are through the mobile app and the marketing is through email, word of mouth - which is incredibly important in overcoming adoption fear and crossing the chasm from early adopters - and PR.

One of Uber's huge strengths has been the amount of money that it has raised which has given it a huge amount of earned media which in turn has driven passenger and driver growth.



### Revenue

Revenue is pretty simple. Uber moves the traditional taxi meter from the car to its servers - tracking via GPS technology in the phone - and then charges the passenger based on the miles travelled and whatever surgemultiplier is in effect. If the passenger uses a different Uberbrand the same process applies but with different pricing.



### Different cab models to cater to everyone:

Uber has not limited itself to a particular segment of cars or to a particular segment of people. There is Uber X, Uber Black for those who love to travel in a black car, Uber Taxi for those looking for cost-efficient solutions and Uber SUV for those

who want luxury.



### Surge Pricing Technology:

Variation in cab fares according to situation is an important aspect of Uber's business model. Whenever the demand increases, per mile prices are automatically increased. The new price depends on the number of available drivers and the number of requests made by people who want to travel.



### Other Uber rides:

Uber has come a long way from cabs. It now offers boats, helicopters as well as some other transportation means on demand. Uber recently launched a motorcycle-pickup service in Paris, a delivery service in San Francisco, and an ice-cream-truck- delivery service in 7 other cities.

However, these means are available in selected geographical locations but it has led Uber to add new streams of revenue into its business model.

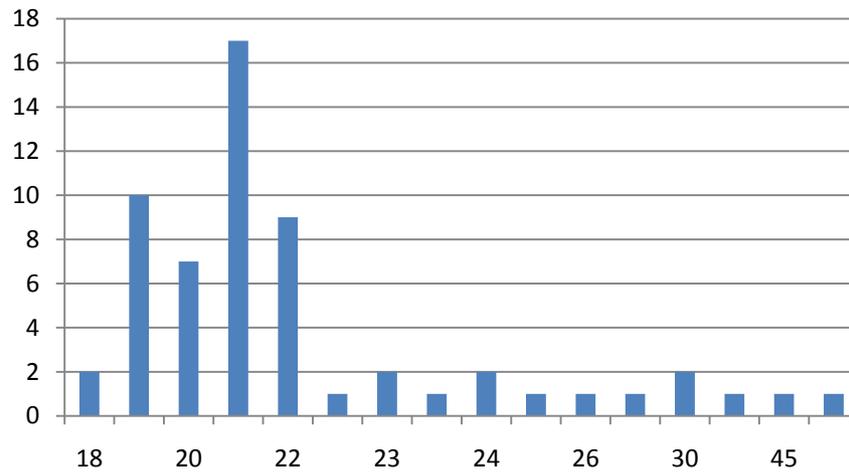
### **Customers for Uber are those who:**

- Do not own a car.
- Do not want to drive themselves to a party or function.
- Like to travel in style and want to be treated as a VIP.
- Want a cost- efficient cab at their doorstep.

### **Takeaways from Uber Business Model**

- Go for less ownership model. Uber does not own any cab but still provides over 1 million rides a day through its partner network.
- Choose an industry. Think about the most common problem it has. Find a solution and disrupt the existing model through technological infrastructure. That is what Uber did in the cab industry.
- Treat your initial users as kings. They are really important for the growth of your business.
- Expand step by step. Do not add everything in your business model in the first go. Uber started with cabs but now even has boats, helicopters, bikes and other means.
- Opportunity won't come to you. You have to look for them. Uber created an opportunity by offering discounted rides for particular events / party venues and hence got its first customers.
- Treat your workforce as an important part of your business. Uber addressed its drivers as partners and started giving them a decent 80% of the total fare.

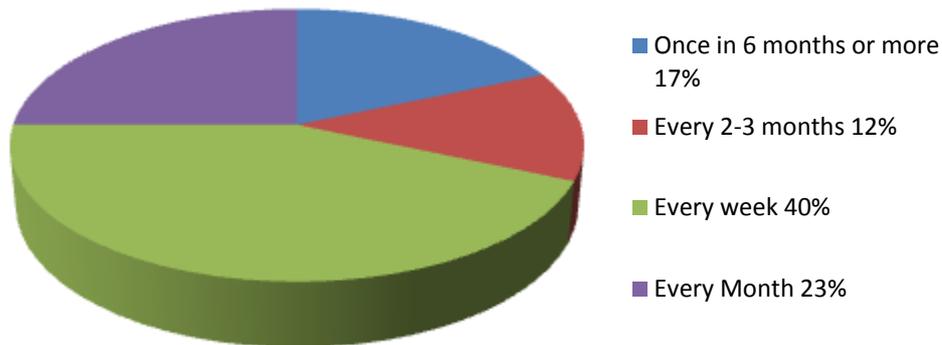
## ABOUT THE SAMPLE



The age groups from 18 to 49 years were taken into consideration but the maximum age window was between 18 to 22 years.

The entire sample of respondents were from the Tricity.

### 1. HOW OFTEN DO YOU TRAVEL BY A TAXI?

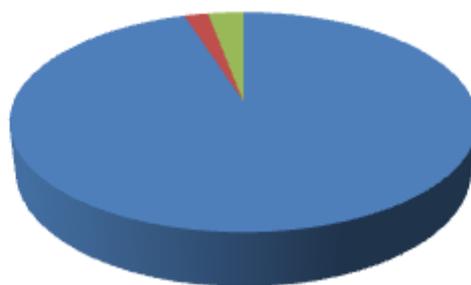


## FINDINGS AND INTERPRETATION

- 60 Subjects were surveyed out of which 5 used cab services everyday.
- Out of 60 respondents, 24 travelled by cabs every week.
- 14 respondents travelled by cabs every month.
- 7 respondents used cab services in 2-3 months.
- The remaining 10 respondents used cab services once in 6 months or even more than that.

**Conclusion: Most of the respondents used cabs approximately every week.**

## 2. HOW DO YOU NORMALLY BOOK TAXIS?



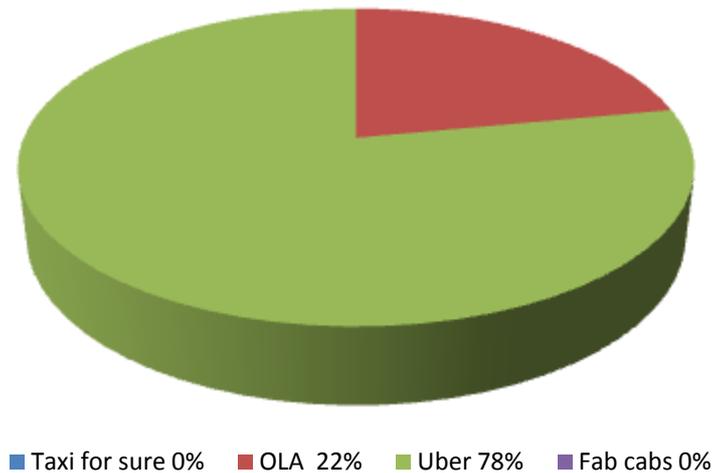
- Taxi app 97%
- Log on to a taxi company website 2%
- Call a local taxi company 3%

## FINDINGS AND INTERPRETATION

- Out of 60 respondents, 58 booked their cabs through mobile applications.
- The remaining two respondents either called the taxi company or logged on to a company website.

**Conclusion: This indicates that booking through a Taxi application is the most common, easy and convenient tool used by commuters.**

### 3. WHICH CAB SERVICE DO YOU GENERALLY USE?

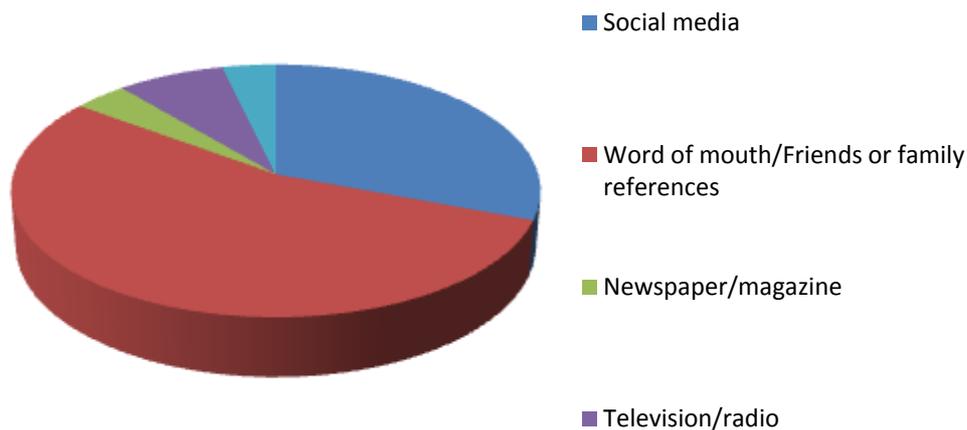


### FINDINGS AND INTERPRETATION

- Out of 60 respondents, 47 used Uber.
- The remaining 13 used Ola.

**Conclusion:** This indicates that these two companies are giving stiff competition to other cab service companies and private operators in the Tricity.

### 4. WHERE DID YOU GET TO KNOW ABOUT THIS CAB SERVICE?



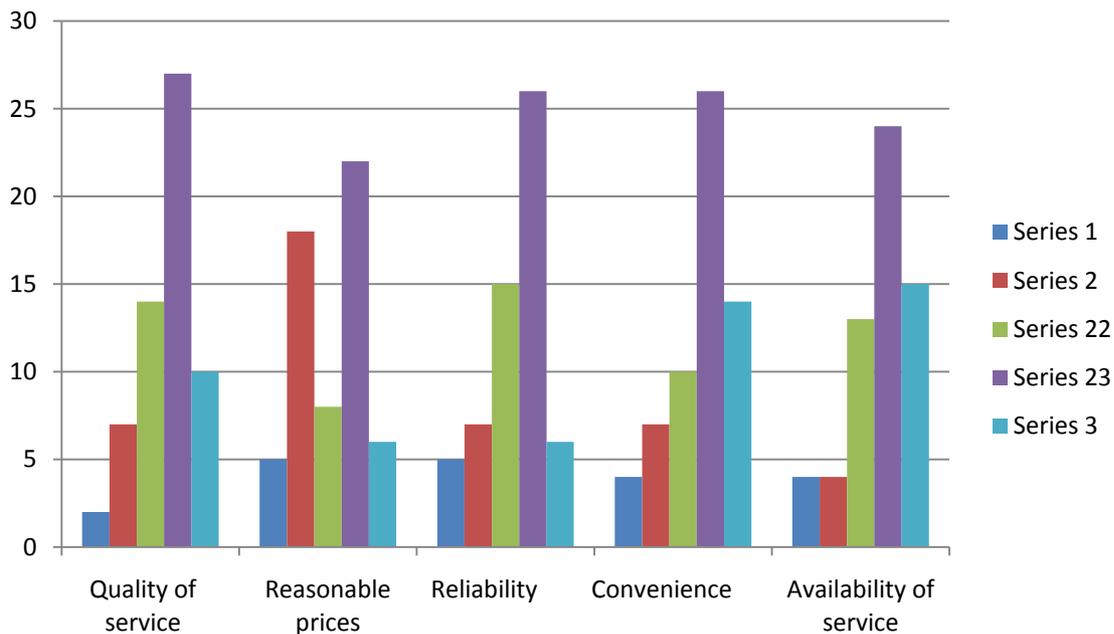
## FINDINGS AND INTERPRETATION

- Out of 60 respondents, 35 found out about Uber via word of mouth or referrals from friends and family
- 20 respondents out of 60 found out about Uber through social media
- 5 out of 60 respondents found about their cab service through other forms of media like television, radio, newspapers, magazines or radio.

**Conclusion:** This indicates that Uber does not spend most of its revenue on space marketing and most people got to know about it through social media or word of mouth. Its main focus remains delivering successful customer experiences and it benefitted from word of mouth publicity.

## 5. WHY DO YOU USE YOUR PREFERRED CAB SERVICE? RANKEACH OPTION ACCORDING TO THE EXTENT TO WHICH IT AFFECTS YOUR CHOICE OF DECISION.(5-EXTREMELY HIGH; 4-HIGH; S-AVERAGE; 2-Low; I -EXTREMELY LOW)

Reasons and ranks for using your preferred cabservice

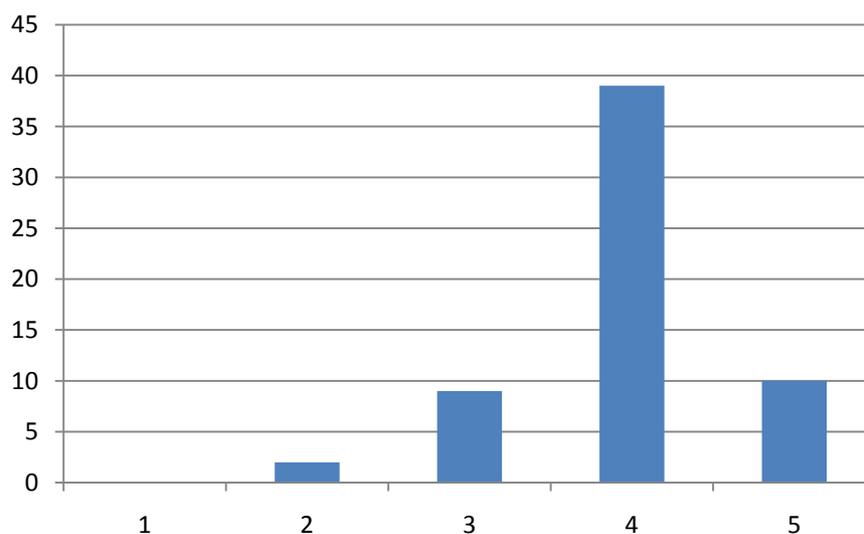


## FINDINGS AND INTERPRETATION

- This indicates that for 27 respondents out of 60, Quality of service influenced their decision for using a particular cab service to a high extent. There were only 2 respondents who didn't think of this as a valid criterion of judgment.
- According to most respondents (more than 50%), reasonable prices was also an important criterion for influencing their decision.
- More than 50% of respondents believed that reliability also had a great part in influencing their decision to a great extent. They could rely on the services and didn't have to worry about their safety.
- 40 out of 60 respondents rated convenience as very high or extremely high influencer in their choice of cab services. Convenience could be the ease of booking a cab or connecting the driver and the passenger.
- Around 40 out of 60 respondents rate availability of service as an important and a very important factor in influencing their decision

**Conclusion: Most of the respondents rated the extent of influence of all the five factors as very high and extremely high on their choice of decision of a particular cab service.**

### 6. ON A SCALE OF 1 TO 5, HOW SATISFIED ARE YOU WITH YOUR EXPERIENCES USING YOUR CURRENT CAB SERVICE (5 BEING EXTREMELY SATISFIED)?

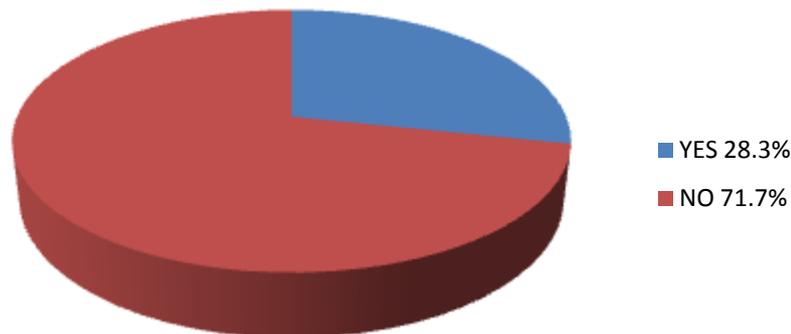


## FINDINGS AND INTERPRETATION

- 65% of the respondents were very satisfied with their preferred cab service
- 16.7% of the respondents were extremely satisfied with the services of their preferred company.
- There was no response in which they rated their satisfaction level as extremely low.

**Conclusion: Most of the respondents were more than satisfied with their choice of the preferred cab service.**

## 7. IF THE OTHER TAXI COMPANIES REDUCED THEIR FARE PRICES, WOULD YOU STILL KEEP USING YOUR CURRENT PREFERRED CAB SERVICE?



## FINDINGS AND INTERPRETATION

- 71.7% of the respondents said that they would not use the current cab service if the competitors reduced their fare prices
- 28.3% of respondents said that they would keep using their current cab service even if the fare prices of the competitors were reduced.

**Conclusion: This shows that price is a very important determinant that leads to choosing a particular brand/product/service.**

## 8. WHY SHIFT/OR WHY NOT SHIFT CHOICE?

- Most consumers said that they would make the switch to the cheaper company because price is an important factor, keeping in mind all the financial constraints. Additionally, when a person gets the same service at a lower price, he/she would definitely prefer that.
- The consumers who said that they would stick to their current choice had various reasons like reliability, trust and comfort level with using the service of a particular brand.

## 9. IS THERE ANYTHING YOU WOULD LIKE TO ADD ON TO THE FACILITIES YOUR PREFERRED CAB SERVICE ALREADY PROVIDES?

- 50% of the respondents didn't want to add or modify anything to the services they are already provided with.
- The changes suggested were mostly around price reduction (surge pricing), wifi, checking/verification of drivers, cleanliness, hygiene and increasing the availability in the number of cabs.

## CONCLUSION

An online survey was conducted among 60 respondents to check their preference in context to the cab services they prefer in the Tricity. The inferences drawn from the survey are as follows:

- Most of the respondents used cabs approximately every week.
- Booking through a Taxi application is the most common, easy and appreciated platform according to the customer of the taxi companies.
- There were only two cab companies which were preferred among the respondents- Uber(47 out of 60 respondents) and Ola(13 out of 60 respondents)
- Most people heard about the cab companies through online or social media marketing (33.3%) and word of mouth (58.3%).
- Most of the respondents rated the extent of influence of all the five factors (Quality of service, Reliability, Convenience, Reasonable prices, and Availability of service) as very high and extremely high on their choice of decision of a particular cab service.
- Most of the respondents were more than satisfied with their choice of the preferred cab service.

- Price is a very important determinant that leads to choosing a particular brand/product/service.
- Most consumers said that they would make the switch to the cheaper company because price is an important factor, keeping in mind all the financial constraints. Additionally, when a person gets the same service at a lower price, he/she would definitely prefer that.
- The consumers who said that they would stick to their current choice had various reasons like reliability, trust and comfort level with using the service of a particular brand.
- 50% of the respondents didn't want to add or modify anything to the services they are already provided with.
- The changes suggested were mostly around price reduction (surge pricing), wifi, checking of drivers, cleanliness and increasing the availability.

## LIMITATIONS

- Framing the questionnaire was a tedious task as subjectivity in choice of questions is a limitation.
- The group of respondents who took the survey was a small number. Sample size of 60 people can't represent the majority population using taxi/cab services in the given area..
- Some respondents didn't take the filling up of the questionnaire very seriously.
- There is no trained interviewer to explore the answers of the respondents, so online surveys are not the best methods for open-ended questions.
- Online surveys can't be circulated among the population who don't have access to the internet.

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