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Ola & Uber – India’s Leading Aggregators

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Ola & Uber, the two giant companies operating in India for the best part of the last decade, are the Bonafede veterans in India’s ride-sharing space. The two companies, via their apps, offer ride-sharing services on two-wheelers and four-wheelers, ranging from economy to luxury rides. Lately, post-COVID, the country has been witnessing a gradual decline in the services provided by these aggregators. Is COVID the ultimate culprit, or is there more to the story?

During the last half a decade Ola & Uber have seen incredible growth in their businesses. The growth was mostly because of the rise of the app economy. Ola is the first Indian cab aggregator company, owned by ANI Technologies Pvt. Ltd. Formerly known as OlaCabs, Ola was launched in December 2010 by two IIT Bombay graduates. In 2014 Ola became a unicorn. Whereas Uber Technologies, an American mobility service provider was founded in 2009. However, it gradually became the most valuable startup in the world.

How does Ola & Uber work?

Instead of buying and renting out their own cars, Ola & Uber partner with several taxi drivers and owners while adding a touch of modern technology to the whole setup. This allows people to book cabs at a short notice through their apps. While Ola is India’s homegrown ride-hailing app with a little less than 50% market share (as of Uber 2020 report) in India. It has users in over 250 cities in India, whereas Uber, a multinational giant, had its operations in 71 countries all over the world.

In 2016 Ola started their two-wheeler services in Bangalore. In 2017 Ola acquired Foodpanda and was able to raise billions of funding from different International investors. Following a rise in its, business Ola expanded to Australia in 2018 and to London in 2020.

Ola & Uber cabs offer a wide range of cars to choose from depending on the number of travelers, budget, and convenience. Also one has an option of opting for ‘**outstation**’ to travel outside the city and ‘**rentals**’ to rent a cab on an hourly basis. They also provide pre-booking of cabs for travelers in advance.

Ola has witnessed a 70 percent jump in revenue in the fiscal year 2017 and has locked an intensely competitive battle with Uber India, while 2017 was a rough year for Uber.

Causes of decline

Most people see Covid-19 Pandemic as the reason behind the fall of Ola and Uber service providers but is pandemic really the reason or is it something else?

- The very first challenge that Ola and Uber met during their expansion, was fierce resistance from the taxi industry and government regulators.
- Ola and Uber use an automated algorithm to increase prices based on supply and demand in the market leading to surge pricing which triggered outrage amongst the people.
- Ola/Uber’s corporate culture was highly hostile, sexist, and quite offensive to most people. The report shows that in 2018, Uber paid approximately \$7 million to more than 480 current and former employees to settle a 2017 lawsuit alleging gender discrimination, harassment, and a hostile work environment.
- No employee benefits to drivers with little money and long work hours, lower commission to drivers as a result drivers prefer to join as a food delivery agent or the like work. (UNFAIR TRADE PRACTICES)
- Cost efficiency was also a major concern post COVID -19 pandemic in a country like India, where the majority of population is undergoing a huge economic crisis. Here people more likely preferred Rapido or Uber bikes rather than cabs. It helped regular travelers in saving a good amount of money whereas earlier they were burning the wholesome while travelling in cabs for the same distance.
- The cab drivers especially cab owners are in debt, who bought their cars on loan as EMI and taxes are charging them the whole pocket, plus the maintenance charges are higher for cabs

as compared to two-wheeler motorcycles which seem to be more efficient and people earn more 40-50% than Ola/Uber cab drivers.

- Premium and Executive customers of Ola/Uber prefer buying their own car with private drivers which provided them more convenience than booking a cab and cancelling it later thus avoiding surge charges, which could even be utilized for other personal uses.

Calculation shows that in a metropolitan city a person saves up to Rs. 8000/- per month, if an individual buys his own car rather than opting for Ola/Uber cabs.

- Safety has always been an issue mainly for women commuters with reports of violent crimes that have only increased in the past few years. Many cases against the drivers of Ola/Uber have been reported in court and incidentally, both Uber and Ola have taken measures to minimize crimes in their cabs and to better protect their customers. In August 2019, Uber India launched a 24x7 safety helpline.

Conclusion

Study shows people are more likely to recommend the US-based cab aggregator which is Uber than the Indian-based cab aggregator which is Ola. They may be a variety of reasons for this like safety, customer service, in-app experience, pricing, etc.

For Both cab aggregators, there is a lot that they can improve today while ride cancellations remain a major problem. The companies account for significant revenue generated in the country's online taxi services market, these two cab aggregators have been seen to be negligent in delivering the best possible service to their customers and focusing on competing with one another instead. But the problems in India remain the same where people are struggling with the present economic conditions since the pandemic.

The issue of surge pricing was also one of the concerns where the government had to cap Ola and Uber at a maximum of 3x the fare charged by local kaali-peeli taxis. As local taxis run at a fixed fare of INR 14.84 per km, hence Ola and Uber cannot charge their users over INR 44.52 per km even during surge hours. In the current scenario, people want pocket-friendly living rather than a luxury but complicated life.