

A STUDY ON CONSUMER PERCEPTION IN THE SELECTION OF TAXICAB SERVICES

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ABSTRACT:

The taxicab services have become popular in the last few years in India. Taxicabs provide many benefits to the consumers in terms of economy, comfort, safety and, convenience. The present study is descriptive in nature and finds the various reasons for consumers preferences regarding the selection of taxi services. The data were analysed using descriptive statistics & inferential statistics and was presented using graphs, charts, tables and even using narrations based on a survey conducted with 50 respondents. It is found from the study that consumers are attracted to the promotional strategies used by the taxicab companies such as promo codes, coupons and taxi apps. The prime objective of this study is to understand the consumer perception on taxicab services and to offer the suggestion to improve the performance of the services.

Keywords: Consumer perception, Consumer satisfaction, Promotional strategies, Selection, cab services.

INTRODUCTION:

Indian taxi industry has seen a prominent change in the recent years, which has transformed the way travel, happens in cities. Taxicab has become an important mode of transport. The taxicabs convey passengers between locations of their choice, this makes the cabs different from other modes of transportation because the pickup and drop locations are as per the will of the consumer and not by the service provider. It provides timely, reliable and safe services to consumers with a nominal charge. India's taxi industry is dominated by the unorganized market –such as black-and-yellow cabs. However, the organized market is continuously growing with the support of technology such as mobile and online booking facilities.

Presently, consumers are mostly using mobile apps to book a taxicab in urban areas. The offers, discounts and, pricing strategy of taxicab operators had been positively influencing consumers to book a cab instead of the conventional mode of transportation like the auto rickshaw, buses, and local trains etc. Like most of the industries, the taxicab industry had undergone tremendous changes with the advent of internet technology. Tough competition among the organized cab operators is helping consumers to book cabs at competitive prices.

The cab companies provide excellent services, the industry needs to identify and evaluate the existing products and services, observe the industry, find out the significant needs and preferences of the consumer and what leads to customer satisfaction to stay in the market in long run. The present paper briefs about the consumers' perception in the selection of cab services.

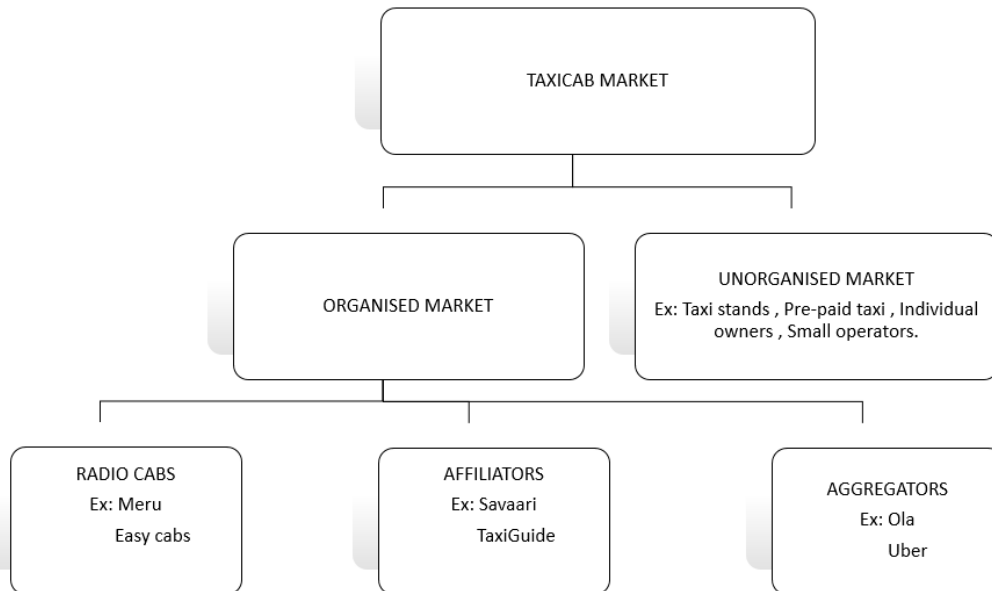
Nowadays, convenience is one of the key factors for people who live in the cities especially people who do not have the car or the ones who often use public transportation. The cab has become one of the convenient transportations in India. People opt for cab services to make their life more convenient, faster and easier to reach their destination. The transportation facilities in urban and rural areas have undergone tremendous changes. Cabs have become an important mode of transportation alternatives across the world. Cab industry has seen a rapid growth in the recent past and there are many players operating in this market. At present, there are three models operating in India-

- 1) fleet ownership model,
- 2) fleet aggregation model and
- 3) hybrid model.

The consumers can access and book cabs at competitive prices in the present era using mobile apps to book a cab at any time and from any place. The consumers are positively influenced by the promotional strategies of cab operators to book a cab instead of traditional mode of transportation like autos and local buses etc;

The services provided by the taxicabs have a significant role on consumers perceptions. When consumers receive the service, they rather compare the quality of service they receive and the quality of expected service, if the results show that the quality of received service is less than the expectation. The customer will not be satisfied and do not use that service again. On the contrary, if the quality of service received is equal to or greater than the expectation, the consumers will be satisfied and come back for using the service.

New age entrepreneurs have identified new opportunities in the fragmented taxicab industry by inventing new models clubbed with technology.



OBJECTIVES OF THE STUDY:

The study is taken up with the following objectives in view:

1. The main objective of the study is to know the consumer perception in selection of the taxicabs.
2. To identify the influence of cab companies' promotional strategies on consumer preferences.
3. To find the most preferred cab companies in the present competitive taxi industry.

SCOPE OF THE STUDY:

The study aims to evaluate the consumer perception in the selection of taxicab services. The scope of this study is limited to the consumers who use taxicab services within the boundaries of Hyderabad and Secunderabad cities.

NEED FOR THE STUDY:

The taxicab service providers have increased in the recent years. The purpose of the study is to understand the factors influencing the consumers while selecting taxicab services and their perceptions. This study helps to gain insights into consumer behaviour towards taxicab services.

RESEARCH METHODOLOGY:

The study is based on primary data generated by administering a questionnaire to 50 respondents residing in the city of Hyderabad.

a) Analysis and presentation of data:

The data is presented in the form of tables. The data obtained is analysed with the help of simple percentages and presented in the form of bar charts and pie diagrams.

b) The sample:

The sampling method adopted is the convenience sampling method. The sample size is 50. The sample is drawn from the consumers who happened to use the taxicab services in the twin cities (Hyderabad & Secunderabad) by administering the questionnaire. A few respondents are the friends/relatives or acquaintances of the researcher.

c) Statistical tool:

For analysing the collected data and to draw conclusions efficiently, chi-square (goodness of fit) have been used for testing the hypothesis.

HYPOTHESIS:

- Null hypothesis: H_0 =There is no significant impact of customer satisfaction in the selection of taxicabs.
- Alternative hypothesis: H_1 =There is a significant impact of customer satisfaction in the selection of taxicabs.
- Null hypothesis: H_0 =There is no significant influence of promotional strategies on the consumer's decisions.
- Alternative hypothesis: H_1 =There is a significant influence of promotional strategies on the consumer's decisions.

SOURCES OF DATA:

The study is based on the data collected from primary and secondary sources.

- Primary data: A questionnaire schedule was designed to collect primary data from various consumers of taxicabs.
- Secondary data: Secondary data was collected from journals, magazines, websites and from other relevant publications.

LIMITATIONS OF THE STUDY:

- The present research is restricted to the twin cities Hyderabad and Secunderabad.
- Data collected to analyse the consumer's review of taxicab services was confined only to a sample size of 50. A bigger sample would have thrown more light on the study. A bigger sample couldn't be collected because of time constraint.

REVIEW OF LITERATURE:

- Horsu and Yeboah (2016) had argued that driver behaviour have a negative impact on customer satisfaction in Ghana. The variables like continuous service, comfort, reliability and, affordability have an impact on customer satisfaction regarding minicab taxi.
- According to the Harvard Business Review by Raffi Mohammed (2015), "The taxi industry can innovate too" by employing a new pricing model, removing the surge pricing model, employing skilled drivers, fixing the target groups, hard-earned knowledge of various routes and traffic patterns, knowing consumers needs and preferences.
- Chen (2014) had explained that mobile apps help both drivers and passengers to find each other. At present, the mobile apps are helping the consumers to find cabs. In the recent years, the car rental industry is growing constantly especially in metropolitan cities in India.

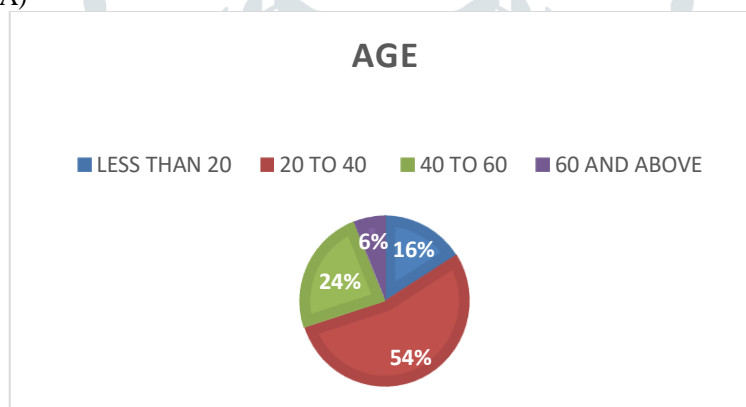
DATA ANALYSIS AND INTREPRETATION:

Demographic Information of the study sought to ascertain the general information about the respondents involved in the study with regards to their age, gender, salary, and occupation.

TABLE NO. 1.1 - AGE OF THE RESPONDENTS

| AGE | NO OF RESPONSES | PERCENTAGE |
|--------------|-----------------|------------|
| LESS THAN 20 | 8 | 16% |
| 20 TO 40 | 27 | 54% |
| 40 TO 60 | 12 | 24% |
| 60 AND ABOVE | 3 | 6% |
| TOTAL | 50 | 100% |

(SOURCE: PRIMARY DATA)

**Figure 1.1c**

(SOURCE: PRIMARY DATA)

From the above pie chart, we observe that the maximum number of respondents are under the age group between 20 to 40 years (54%). This shows that the youngsters are availing taxicab services more often than the people falling under the age group of 40-60 years and above.

TABLE NO. 1.2 - GENDER OF THE RESPONDENTS

| GENDER | NO OF RESPONSES | PERCENTAGE |
|--------|-----------------|------------|
| MALE | 27 | 54% |
| FEMALE | 23 | 46% |
| OTHERS | 0 | 0 |
| TOTAL | 120 | 100% |

(SOURCE: PRIMARY DATA)

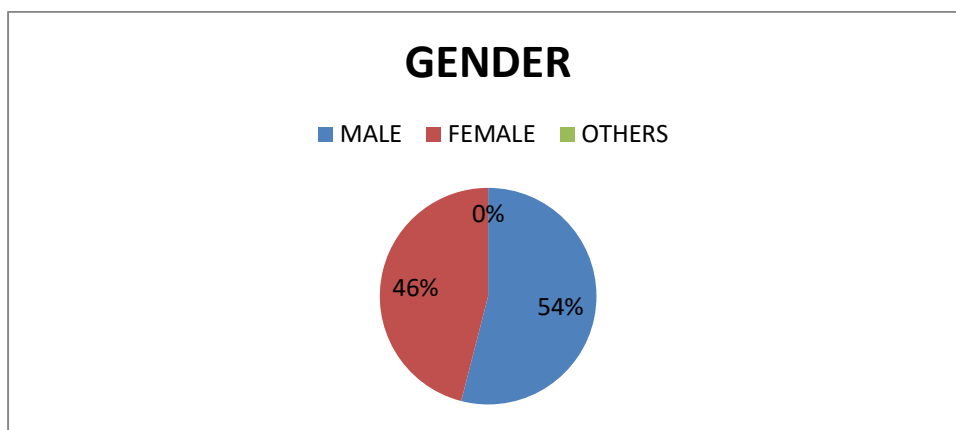


Figure 1.2c

(SOURCE: PRIMARY DATA)

From the total respondent analysis, we observe that the number of male respondents is 27 with percentage the of 54% and the number of female respondents is 23 with a percentage of 46%. Hence, there is no considerable difference between the male and female users of taxicab services.

TABLE NO. 1.3 SALARY OF THE RESPONDENTS

| SALARY | NO OF RESPONSES | PERCENTAGE |
|-----------------|-----------------|------------|
| BELOW 15000 | 3 | 6% |
| 15000-35000 | 12 | 24% |
| 35000-55000 | 8 | 16% |
| 55000 AND ABOVE | 12 | 24% |
| NONE | 15 | 30% |
| TOTAL | 50 | 100% |

(SOURCE: PRIMARY DATA)

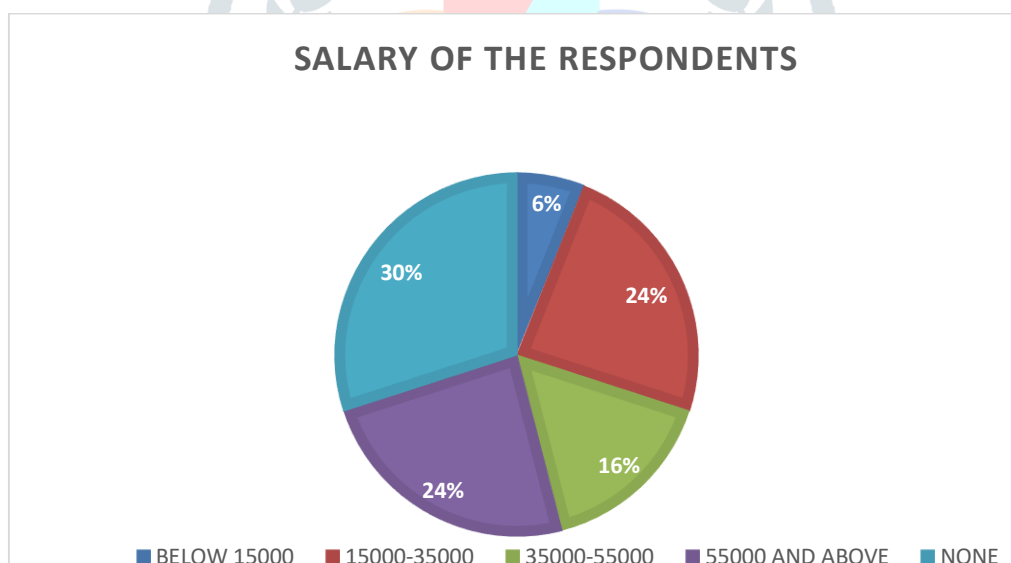


Figure 1.3c

(SOURCE: PRIMARY DATA)

In our observation, we found that around 70% people are working population who often use taxicab services and the rest 30% people are non-working such as students, homemakers and other dependents who do use the taxicab services but not as much as the salaried population.

TABLE NO. 1.4 OCCUPATION OF RESPONDENTS

| OCCUPATION | NO OF RESPONSES | PERCENTAGE |
|--------------------|-----------------|------------|
| PRIVATE SECTOR | 18 | 36% |
| PUBLIC SECTOR | 6 | 12% |
| BUSINESS(PERSONAL) | 6 | 12% |
| STUDENT | 16 | 32% |
| OTHERS | 4 | 8% |
| TOTAL | 50 | 100% |

(SOURCE: PRIMARY DATA)

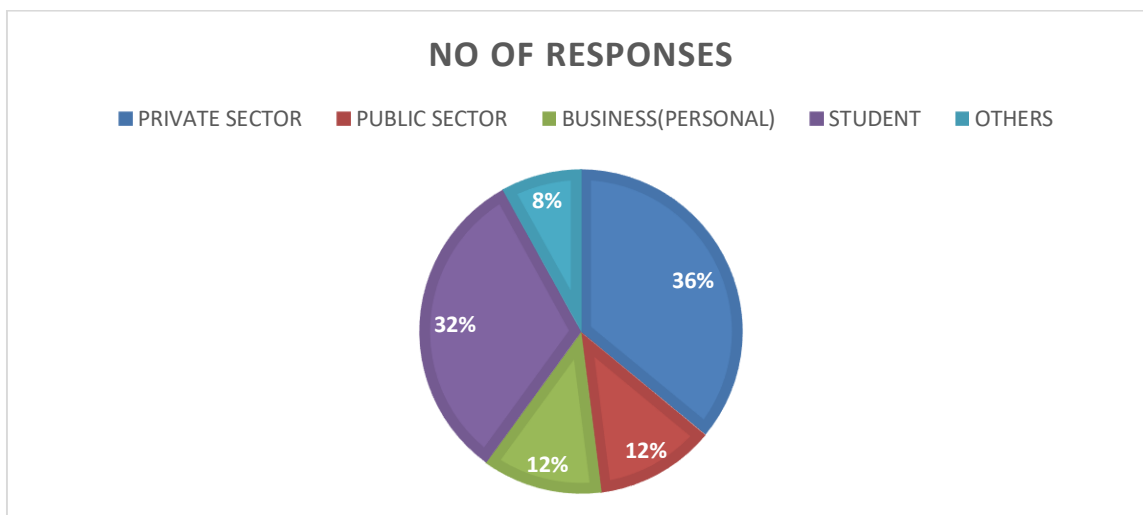


Figure 1.4c

(SOURCE: PRIMARY DATA)

From the data collected it is observed that private sector (36%) employees prefer taxi services at a higher rate because they are affordable, convenient and most of the private companies do not provide their employees with transportation facilities as compared to public sector. The usage of taxi services is also higher in case of students (32%) as the younger generation prefer comfort, luxury and safety while travelling.

TABLE NO 1.5: TECHNICAL PROBLEMS FACED WHILE BOOKING CABS

| TECHNICAL PROBLEMS | NO OF RESPONSES | PERCENTAGE |
|--------------------|-----------------|------------|
| YES | 25 | 50% |
| NO | 13 | 26% |
| MAYBE | 12 | 24% |
| TOTAL | 50 | 100% |

(SOURCE: PRIMARY DATA)

Almost 50% of our sample size has faced technical problems while booking cabs. The following problems lead to consumer dissatisfaction and are is due to lack of service quality attribute and poor responsiveness of service provider. In the rest 50% of the consumers, 26% had no issues and the rest are not sure whether they have faced a technical problem or not.

TABLE NO: 1.5 USE OF OFFERS(COUPONS/DISCOUNTS) BY CONSUMERS WHILE AVAILING TAXICAB SERVICES

| USE OF OFFERS BY CONSUMERS | NO OF RESPONSES | PERCENTAGE |
|----------------------------|-----------------|------------|
| ALWAYS | 6 | 12% |
| OFTEN | 15 | 30% |
| SOMETIMES | 13 | 26% |
| RARELY | 11 | 22% |
| NEVER | 5 | 10% |
| TOTAL | 50 | 100% |

(SOURCE: PRIMARY DATA)

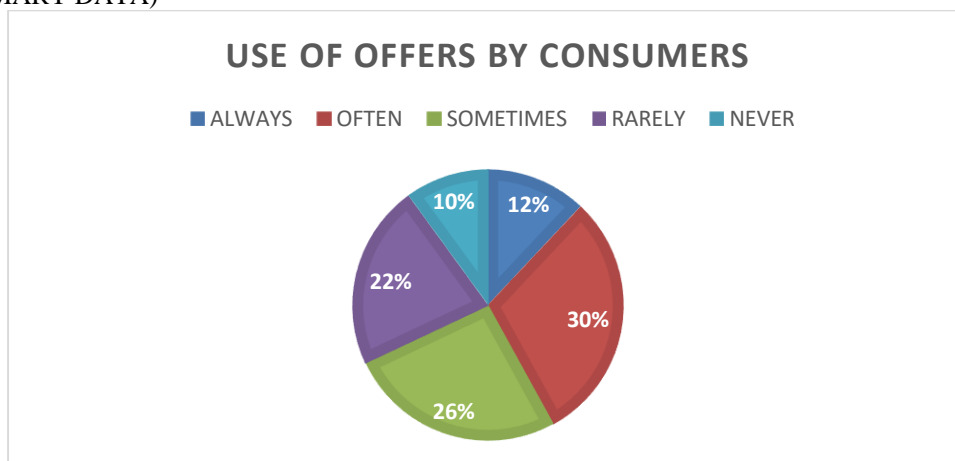


Figure: 1.5c

(SOURCE: PRIMARY DATA)

The modern consumers are innovative and at the same time, they are price sensitive therefore coupon redemption helps for customer retention. From the above survey, we observe that most of the people (90%) use the offers like coupons or discounts provided by the taxicab companies, as it is cost-effective for the consumers. The consumers are aware of the promotional strategies used by the taxicab industry, this shows the influence of such strategies on the consumers.

TABLE NO 1.6: THE SELECTION OF TAXI CAB SERVICES IS BASED ON THE LEVEL OF SATISFACTION

| OPINION OF CONSUMERS | NO OF RESPONDENTS | PERCENTAGE |
|----------------------|-------------------|------------|
| STRONGLY AGREE | 2 | 4% |
| AGREE | 34 | 68% |
| NEUTRAL | 12 | 24% |
| DISAGREE | 1 | 2% |
| STRONGLY DISAGREE | 1 | 2% |
| TOTAL | 50 | 100% |

(SOURCE: PRIMARY DATA)

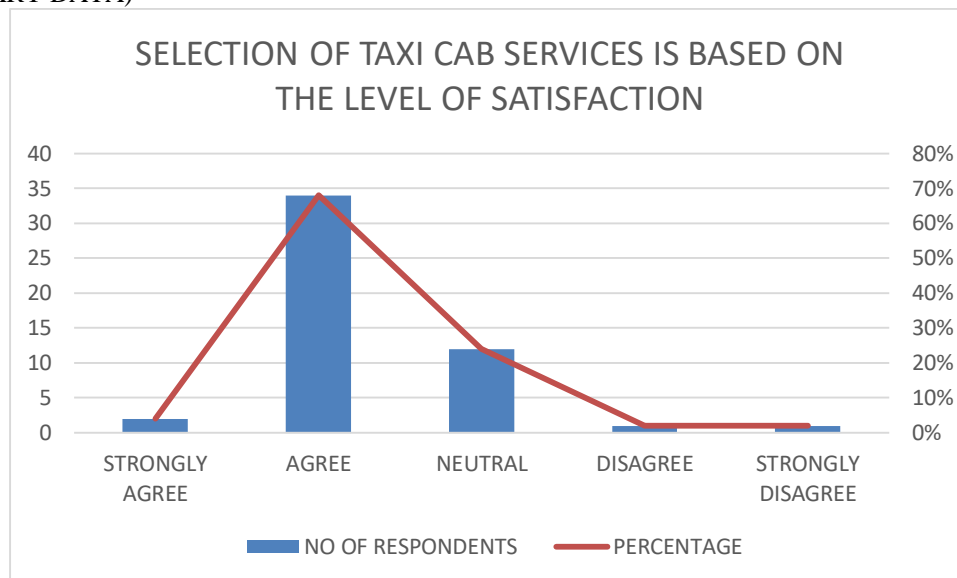


Figure 1.6c

(SOURCE: PRIMARY DATA)

The objective of above table is to know if the selection of taxicab services is based on the level of satisfaction. It is measured on a five-point Likert scale having items like strongly agree, agree, neutral, disagree, strongly disagree. Of the total respondents, 34 consumers agree that the selection of taxicabs is based the level of satisfaction. 2 people strongly agree and 12 have rated it as neutral. Around 2 consumers disagree or strongly disagree with the statement.

CHI-SQUARE TEST (GOODNESS OF FIT)

H₀=There is no significant impact on customer satisfaction in the selection of taxicabs.

H₁=There is a significant impact on customer satisfaction in the selection of taxicabs.

Chi-square = $\sum (O_i - E_i)^2 / E_i$

TABLE 1.6(A)

| Opinion of consumers | O _i | E _i | (O _i -E _i) ² | (O _i -E _i) ² /E _i |
|----------------------|----------------|----------------|--|--|
| Strongly agree | 2 | 10 | 64 | 6.4 |
| Agree | 34 | 10 | 576 | 57.6 |
| Neutral | 12 | 10 | 4 | 0.4 |
| Disagree | 1 | 10 | 81 | 8.1 |
| Strongly disagree | 1 | 10 | 81 | 8.1 |
| Total | 50 | - | - | 80.6 |

O_i = observed frequency; E_i= expected frequency.

Calculation of Expected Frequency, $E_i = \frac{2+34+12+1+1}{5} = 10$

Level of significance=0.05

Degrees of freedom: (n-1) = (5-1) = 4 d.f.

Calculated value = 80.6

Table value = 9.488

Hence, calculated value is greater than the tabulated value.

Therefore, Reject H₀.

RESULT: There is a significant impact of customer satisfaction in the selection of taxicabs.

TABLE NO:1.7INFLUENCE OF PROMOTIONAL STRATEGIES ON THE CONSUMERS DECISIONS

| PROMOTIONAL STRATEGY INFLUENCE | NO OF RESPONSES | PERCENTAGE |
|--------------------------------|-----------------|------------|
| STRONGLY AGREE | 33 | 66% |
| AGREE | 10 | 20% |
| NEUTRAL | 5 | 10% |
| DISAGREE | 2 | 4% |
| STRONGLY DISAGREE | - | - |
| TOTAL | 50 | 100% |

(SOURCE: PRIMARY DATA)

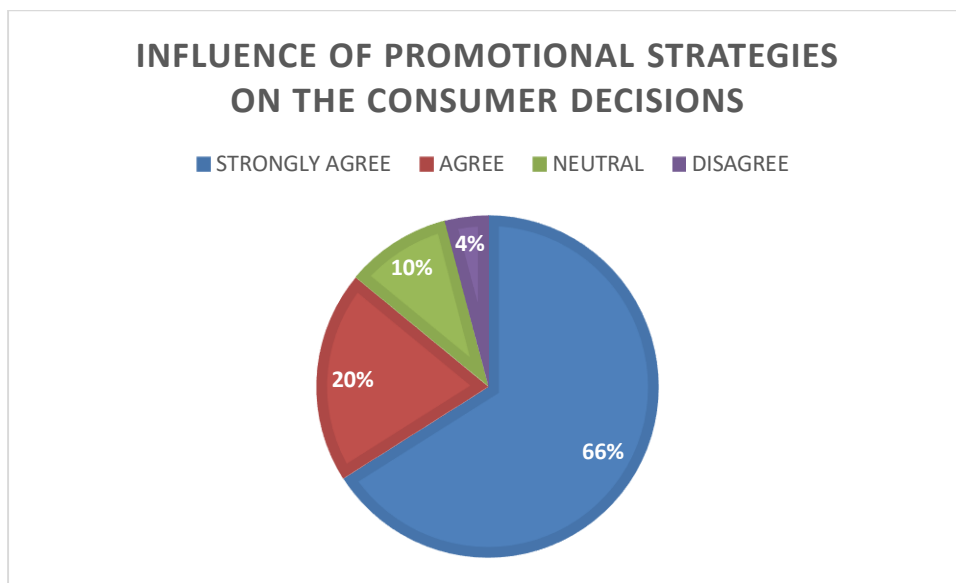


Figure: 1.7c

(SOURCE: PRIMARY DATA)

In our observation, we found that most of the respondents (86%) are influenced by the promotional strategies offered by taxicab services. This is because consumers prefer comfortable rides with affordable prices. Therefore, taxicab companies convince the consumers to opt for their services through promotional strategies. However, it is also found that 14% respondents are not influenced by the strategies.

CHI-SQUARE TEST (GOODNESS OF FIT)

H₀=There is no significant influence of promotional strategies on the consumer's decisions.

H₁=There is a significant influence of promotional strategies on the consumer's decisions.

Chi-square = $\sum (O_i - E_i)^2 / E_i$

TABLE 1.7(A)

| Opinion of consumers | O _i | E _i | (O _i -E _i) ² | (O _i -E _i) ² /E _i |
|----------------------|----------------|----------------|--|--|
| Strongly Agree | 33 | 12.5 | 420.25 | 33.62 |
| Agree | 10 | 12.5 | 6.25 | 0.5 |
| Neutral | 5 | 12.5 | 56.25 | 4.5 |
| Disagree | 2 | 12.5 | 110.25 | 8.82 |
| Strongly disagree | - | - | - | - |
| Total | 50 | - | - | 47.44 |

O_i = observed frequency; E_i= expected frequency.

Calculation of Expected Frequency, E_i= $\frac{33+10+5+2}{4}$ =12.5

4

Level of significance=0.05

Degrees of freedom: (n-1) = (4-1) = 3 d.f.

Calculated value = 47.44

Table value = 7.81

Hence, calculated value is greater than the tabulated value.

Therefore, Reject H₀.

RESULT: There is a significant influence of promotional strategies on the consumer's decisions.

| COMPANIES | NO OF RESPONDENTS |
|-------------|-------------------|
| OLA | 12 |
| UBER | 16 |
| MERU | 5 |
| DOT | 3 |
| ORANGE | 3 |
| GREEN | 4 |
| PINK | 1 |
| UNORGANISED | 4 |
| SIGMA | 2 |
| TOTAL | 50 |

TABLE NO: 1.8 RANKS GIVEN BY CONSUMERS TO VARIOUS COMPANIES
(SOURCE: PRIMARY DATA)

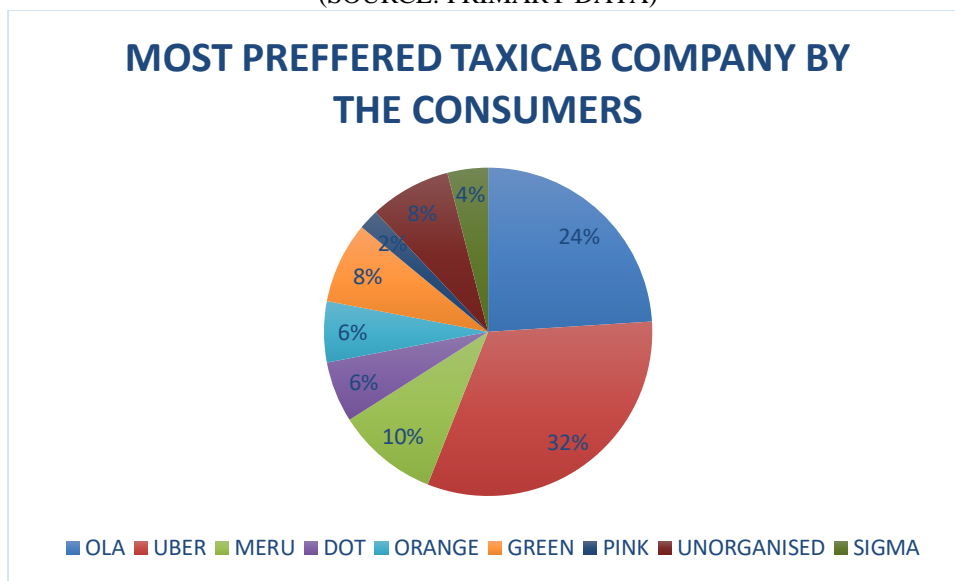


Figure 1.8c

(SOURCE: PRIMARY DATA)

From the above pie chart, we observe that most of the consumers prefer Uber (16) and Ola (12) taxicab aggregators. Meru cabs (10%), Traditional radio cabs and small-time operators are struggling to match up with the competition in the taxi market.

FINDINGS:

- It is revealed from the study that almost 50% of our sample size has faced technical problems while booking cabs such as drivers unable to track the pickup point of the users, at times there are problems in operating taxi apps, the companies impose penalty on cancellation of cabs done by the drivers and few drivers ask the passengers to cancel the bookings if the distance is less. The following problems lead to consumer dissatisfaction and are it due to lack of service quality attribute and poor responsiveness of service provider.
- It is evident from the study that consumers are mostly attracted towards the promotional strategies of taxicab companies such as discounts & offers (9), promo code (9), online advertisements (5) when compared to other strategies like print media (4), public relation (2), app reference (3), and word of mouth (4).
- We observe that most of the people (80%) use the offers like coupons or discounts provided by the taxicab companies, as it is cost-effective for the consumers. The consumers are aware of the promotional strategies used by the taxicab industry, this shows the influence of such strategies on the consumers.
- The above study regarding the selection of taxicab services around 34 consumers agree that the selection of taxicab is based on the level of satisfaction, 2 people strongly agree on it, very few people disagree. Therefore, this shows that selection of taxicab services is based on the level of satisfaction. Hence the company should try to find ways to increase the level of customer satisfaction.
- Our study shows that most of the respondents (86%) are influenced by the promotional strategies offered by taxicab services because consumers prefer comfortable rides with affordable prices and around 14% respondents are not influenced by the strategies.
- It is evident from the study that consumers selection of taxicab companies is influenced by their satisfaction level, promotional strategies of the taxicab industry and the rumours, complaints, negative word of mouth etc.,
- From the total respondent analysis, we observe that Uber (32%) and Ola (24%), particularly, backed by global venture capitalists, are threatening to make every other taxi company in India irrelevant. Both are using their war chest

incentives to offer drivers and discounted fares to riders. companies such as Meru (9%), Traditional radio cabs and small-time operators are struggling to match up.

SUGGESTIONS & IMPROVEMENTS:

- The taxicab companies must make the availability of taxis in all the areas (both in urban and rural).
- The cab fares should be structured and standardized.
- The safety of the drivers, elderly passengers and consumers must be taken into consideration by the company.
- The companies should see that they work with committed drivers.
- The companies should have a regular check on the consumer needs and requirements to succeed in the competitive industry.
- The consumers should be informed about the possible delays while providing the services.
- The drivers should be trained in their behavioural & speaking skills and see that the drivers have a uniform dress.

CONCLUSION:

In conclusion, the study helped to advance our understanding of the consumer perception in the selection of taxicab services. According to the consumers, quick accessibility of the cabs, security, economical than conventional taxis, attractive cashback & Free rides are the most important reasons for using the app-based taxicabs. The modern consumers are innovative and at the same time, they are price sensitive therefore coupon redemption helps for customer retention. There is severe competition in the organized cab services industry, therefore, Taxicab companies need to attract consumers through their promotional strategies. In brief, the app-based taxi companies such as Uber, Ola, etc., must take care of the suggestions given by the consumers to improve their services. Increasing prices or no offers may disconnect the consumers from them, similarly, security and the availability of taxi is also equally important. The study concludes that app-based taxis are becoming popular day by day, due to various benefits provided by them to the consumers in urban areas. However, innovations in taxicab industry are vital for the survival of taxi companies in future

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