THE TIMES OF INDIA

Ride-hailing enters new growth lane as bike mobility takes off
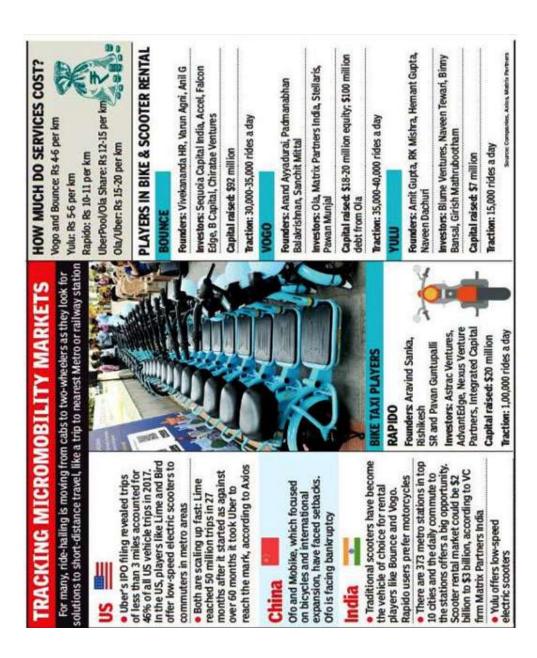
TNN | Jun 23, 2019, 07.58 AM IST

On April 2, entrepreneur Raj Subramaniam tweeted a picture of a damaged scooter owned by two-wheeler rental startup Bounce; it was parked in an alleyway near his office in Bengaluru. He requested the firm to remove the scooter as it was blocking the way.

"Ask your customers to be a little responsible. The area's residents' association wants the garbage guy to take it away," Subramaniam wrote. Bounce responded quickly, saying it would clear the obstruction. But on April 4, he again found two abandoned Bounce scooters, which cost about Rs 50,000 apiece, parked on the street. A few weeks later, one of them was wrecked by an annoyed motorist.

Instances of vandalism to rented rides and even theft of their parts have become common in the country's startup capital amid a surge in interest for the two-wheelers. Many people in Bengaluru now hire them for short trips instead of calling a cab, and poor conduct by some users is, for the moment, a minor concern for Bounce and its investors as the company chases market domination and growth.

Bounce, the most well-funded two-wheeler startup in India, is competing with Ola-backed Vogo, an aggressive player in the segment.

For many, ride-hailing is moving from cabs to two-wheelers as they look for solutions to short-distance travel, like a trip to nearest Metro or railway station

US
• Uber's IPO filing revealed trips of less than 3 miles accounted for 46% of all US vehicle trips in 2017. In the US, players like Lime and Bird offer low-speed electric scooters to commuters in metro areas

• Both are scaling up fast: Lime reached 50 million trips in 27 months after it started as against over 60 months it took Uber to reach the mark, according to Axios

China
Ofo and Mobike, which focused on bicycles and international expansion, have faced setbacks. Ofo is facing bankruptcy

India
• Traditional scooters have become the vehicle of choice for rental players like Bounce and Vogo. Rapido users prefer motorcycles

• There are 373 metro stations in top 10 cities and the daily commute to the stations offers a big opportunity. Scooter rental market could be $2 billion to $3 billion, according to VC firm Matrix Partners India

• Yulu offers low-speed electric scooters

HOW MUCH DO SERVICES COST?
Vogo and Bounce: Rs 4-6 per km
Yulu: Rs 5-6 per km
Rapido: Rs 10-11 per km
UberPool/Ola Share: Rs 12-15 per km
Ola/Uber: Rs 15-20 per km

PLAYERS IN BIKE & SCOOTER RENTAL

BOUNCE
Founders: Vivekananda HR, Varun Agni, Anil G
Investors: Sequoia Capital India, Accel, Falcon Edge, B Capital, Chiratae Ventures
Capital raised: $92 million
Traction: 30,000-35,000 rides a day

VOGO
Founders: Anand Ayyadurai, Padmanabhan Balakrishnan, Sanchit Mittal
Investors: Ola, Matrix Partners India, Stellaris, Pawan Munjal
Capital raised: $18-20 million equity; $100 million debt from Ola
Traction: 35,000-40,000 rides a day

YULU
Founders: Amit Gupta, RK Mishra, Hemant Gupta, Naveen Dachuri
Investors: Blume Ventures, Naveen Tewari, Binny Bansal, Girish Mathrubootham
Capital raised: $7 million
Traction: 15,000 rides a day

Source: Companies, Axilor, Matrix Partners

BIKE TAXI PLAYERS
RAPIDO
Founders: Aravind Sanka, Rishikesh SR and Pavan Guntupalli
Investors: Astrac Ventures, AdvantEdge, Nexus Venture Partners, Integrated Capital
Capital raised: $20 million
Traction: 1,00,000 rides a day

"Because our scooters are branded, they get more attention. More than vandalism, theft is an issue of concern if there is a second-hand market value to it," Bounce co-founder Vivekanand Hallekare told STOI. "We are working on our custom models (which won't have second-hand market value)."

Many of the firm's rides have been abandoned on flyovers or carelessly left in the middle of the road and its yellow helmets have been nicked by people for personal use. One estimate pegged the loss of helmets at a few lakh rupees a week. Hallekare is not losing sleep over it. He believes there's an upside to the problem: helmets contribute to brand building. And their theft

can be perhaps viewed as marketing cost.

Bounce offers dockless scooters. Users can book one closest to their location and drop it off at any parking site convenient to them. But the service comes with the extra cost of rebalancing scooters to areas where the demand is high. Vogo uses a designated substation model, from where people can hire a bike. The vehicle can be returned to a substation nearest to the point where the trip ends.

Vogo's model may not seem as convenient as Bounce's, but it helps prevent theft and abandonment. Currently, Bounce operates only in Bangalore, whereas Vogo also has a presence in Hyderabad.

While the two startups are betting on the self-drive model, another player, Rapido, is building a bike taxi business, which will compete with Ola and Uber once there is regulatory clarity in the segment. There's also Yulu, which focuses on environment-friendly bicycles and low-speed electric scooters, which people can rent from designated parking areas in Bengaluru, Pune, Bhubaneswar, and Navi Mumbai for short hops. Recently, Uber entered a pilot to allow people to use its app for booking Yulu rides, indicating its interest in the sector.

BIGGER, FASTER AND CHEAPER

Ola and Uber made booking cabs simpler and quicker to build a following. The new mobility players, in contrast, are betting on the ubiquity of two-wheelers and the opportunity to appeal to a larger market because of a lower price point. The proportion of car-owning households in the country stands at around 11%, lower than that of twowheeler-owning ones (36%), according to ICE 360° Survey 2016. There are over 210 million people with two-wheeler licences in India.

"The bike-sharing and bike taxi market will gain popularity over a period. In terms of the number of rides, the market size will be bigger compared to cabs and car rental market," said Jaspal Singh of Valoriser Consultants, which tracks the urban mobility space. "However, the ticket size [revenue per trip] will be smaller in comparison."

Vogo and Bounce charge about Rs 4-5 per km, while a Rapido ride costs Rs 10-11 per km as it must pay drivers, apart from maintenance and fuel costs. Yulu e-scooters cost about Rs 5-6 per km. Cab fares are typically over Rs 15 per km.

All four firms are scaling up as India's app-based, ridehailing business moves into a new phase beyond cabs. The number of cab rides in India stand at around 3.65 million a day, a growth of only 4-5% from last year, according to one estimate.

Two-wheeler startups are witnessing a huge jump in demand. Bounce says its daily rides have shot up from 500 in September 2018 to over 35,000. Vogo says it has seen similar growth — from 10,000 rides a day in January to 35,000-40,000 rides a day. Both firms expect to have 1,00,000 scooters by year end. Each vehicle is likely to be used for 4-6 rides daily, potentially pushing the market to over 1 million rides a day.

Investors tracking the space say these companies are maturing much faster than the players in the cab space.

"The demand for affordable transport options is unlimited in a country like India. Companies are constrained by how rapidly they can add supply and manage asset quality," said Tarun Davda, MD at Matrix Partners India, an early investor in Ola and Vogo. "When we invested in Ola, it was doing 1,000-1,500 rides a day. Companies like Vogo at that stage were already doing ten times the number of rides."

Rapido says it's doing about 1,00,000 rides a day and is looking to hit the 1-million daily mark by year end. Thanks to its lower price, Rapido, which is present in 40 cities, has seen a faster pickup in small towns. For instance, it reached 1,000 rides a day in Mysuru in just eight months. In Bengaluru, it needed 14 months to arrive at that figure.

"Income gap is more pronounced in a market like India and transportation options are not available in every area. We form a bridge between convenience and affordability," said Rapido co-founder Pavan Guntupalli. "Cabs are a top 5% market, but bikes can appeal to top 35% of the market."

But platforms like Rapido face regulatory hurdles as rules for the bike taxi business are not clear yet. Recently, the Karnataka government seized the firm's vehicles and ordered it to stop operations. Ola faced a fine of Rs 15 lakh earlier this year for running a bike taxi service in Bengaluru. Despite the challenges, companies are drawing investors.

FIGHTING THEFT AND GOING ELECTRIC

The players in the micromobility market are aware customers' conduct is an area which requires attention. "The inherent scale challenge is the customer behaviour because you are giving an asset which is worth much more than the deposit or fees the customer is paying," said Vogo CEO Anand Ayyadurai. The firms are tackling vandalism and theft by making hardware tweaks, imposing fines, threatening service bans, and filing police complaints.

The rapid expansion of these platforms comes at a time when the Narendra Modi government is pushing twowheeler manufacturers to shift to electric vehicles (EVs).

"India's mobility moving to electric is inevitable and twowheelers will rule the cities as 80% of the vehicles in India are two-wheelers. Another global phenomenon is moving from asset ownership to shared mobility," said Yulu CEO Amit Gupta.

Bounce and Vogo have started trialling EV models. Ayyadurai of Vogo said the cost of operating EVs could be Rs 3 per km as against Rs 4-5 per for operating regular scooters. But setting up charging stations and sourcing components for EVs will be a challenge.

THE TIMES OF INDIA

The battle for your next cab ride

Samidha Sharma,TNN | Jun 30, 2015, 06.28 AM IST

MUMBAI: There's a raging battle being fought for your next ride between the city's entrenched transport network and a set of techbacked cab startups that lets you book taxis and, in some cases, even autorickshaws, by simply firing a mobile app. As more Mumbaikars embrace these on-demand transport services for their daily travel, the likes of Ola and Uber are disrupting a highly fragmented taxi industry which was so far dominated by independent operators and fleet cabs.

"We've been deprived of a worldclass public transport system but with the smartphone-enabled cab services coming in, things are a lot more convenient as far as travel within the city goes," says Bharati Mohan, a product manager who uses these new-age taxi apps at least once a week to reach her Mahim office from Powai. Commuters like Mohan say it's the convenience of getting a car right at their doorstep, in front of their office building and at a restaurant or pub, without the hassle of even making a call that makes this a great alternative to the existing transportation options in the city.

Multiple choices & price points

Anyone who has hailed traditional kaali-peelis in Mumbai would be familiar with the problem of scarcity of cabs, especially when you most need them, like on a rainy day or when running late for an important meeting. This is also when on-demand works best, says Bandra resident Karan Behal, an internet entrepreneur and a regular user of Uber, which launched in the city a year ago. There are only 35,000 taxis on Mumbai's roads, and all the radio taxi operators between them account for another 6,000 -which means there is a huge demand-supply gap waiting to be filled.

These mobile-based aggregators offer customers multiple choices of vehicles, from kaali-peelis to hatchbacks and sedans to SUVs -at different price points. "Where one needs only a one-way drop, it's actually cheaper and more convenient to use them. The same goes for visiting a shopping mall or catching a movie. Why pay parking charges and put up with the hassle of driving and parking?" asks Behal.

Investors pumping in big dollars into this fast-growing sector say the demand for local transportation is immense in India, which is where the opportunity lies for them to book returns in the long run.

Old guard versus the upstarts

These transportation startups call themselves tech companies, not taxi operators; and they do not own any of the cars that ply on the roads, unlike the first-generation of radio cabs (such as Meru and EasyCabs).Consumers have embraced the newcomers with gusto but traditional taxi operators and auto unions are understandably not happy.

A couple of weeks ago, taxi unions in the city went on a strike to protest against these taxi-aggregators. "They will eat into our core business if they continue offering point-to-point pick up and drop," says union leader K Tiwari.

San Francisco-based Uber, the second most-valued privately-held tech firm in the world, stepped in and waived off its surge pricing on that day to help people navigate the city. "Situations like the Jerry Seinfeld show at NSCI having to be cancelled because of parking issues can be easily avoided if people take Uber. The same is true when public transportation services go on strike instead of serving the public," says Shailesh Salwani, general manager (Mumbai) for Uber.

Uber's surge pricing kicks in when demand is higher than supply in a particular neighbourhood, something that has gotten the cab startup flak from commuters across the world. On the flip side, it incentivizes Uber cabbies to bring out their cars because they stand to make more money, thus bridging the gap between demand and supply. Homegrown Ola, too, puts peak time charges during high-demand hours.

Drivers shift to aggregators

It's not just commuters who are shifting; many private taxi operators and radio cab companies are seeing t heir drivers move to Ola and Uber as they are able to earn more able to earn more on these platforms.

What's working for the new-age startups is the spread of offerings in their portfolio. Their ride-sharing technology allows them to bring down average time of arrival and enables drivers to do more trips per do more trips per hour and earn more.

Taxi driver R B Mishra, for instance, is delighted by Ola's en try in the black-and yellow segment. "The company has equipped drivers with GPS enabled smart phones. It enables drivers to accept booking re quests and navigate us to the customer's doorstep." To get black-and-yellow cabs on its side, Ola, founded by IIT-Bombay graduates Bhavish Aggarwal and Ankit Bhati, introduced bookings of kaali-peelis on its plat form. Currently some 5,000 kaali-peelis are on Ola.

Rajiv K Vij, CEO, Carzonrent, one of the oldest players in the radio cab space, has a different take: "The demand for radio taxis is still growing rapidly. The game is going to be won by offering the best services, not by offering discounts." Carzonrent, which runs EasyCabs, among other services, has a fleet of 10,000 vehicles in 39 cities, 1,400 of them on Mumbai roads. Despite the quick acceptance, the aggregators have faced ire from regulators and riders post last year's rape of a girl in Delhi by an Uber driver. In the aftermath of that incident, driver checks and other safety measures have been introduced by these players. Mitul Shah, a financial services professional, summed it up: "Some challenges, such as passenger safety, are being currently addressed but it will require systemic intervention and change. However, these on-demand taxi apps are transforming our daily commute through a superior experience -cleanliness of vehicle, smooth ride from point to point, and efficient and convenient billing systems."

(Additional reporting by Somit Sen)

TIMES VIEW:

The recent strikes show how the new players' entry has unnerved the unionised taxi and auto sector. But the unions and drivers have only themselves to blame. Never-ending refusals, meters that gallop faster than the vehicle, rudeness and filthy cars have all pushed the Mumbai commuter into looking for alternatives. The taxi aggregators, with their much better service, are just filling up a vacuum.

Unions, instead of protesting against the entry of the new entrants, should ask drivers to focus on Fare re their job and give the commuter value-for-money service. That is the only way they will be able to meet the new challenge.

Stay updated on the go with Times of India News App. Click here to download it for your device.

Post a comment

FROM AROUND THE WEB

Are you wearing your shorts right
Askme on Fashion

How he learned 9 languages fluently
Babbel

10 reasons to plan your Gold Cost holiday
Tourism Australia

MORE FROM THE TIMES OF INDIA

I don't want to do back to back films anymore
Jun 13, 2015

India's 1st A/C DEMU train launched in Kochi
Jun 21, 2015

Conman uses Metro cards to turn plastic money into cash
Jun 29, 2015

Recommended by

Promoted Stories

- No one ever got wealthy with savings account! Try SIPs for a change MyUniverse

- Make your money make more money MyUniverse

- Digital Content Consumption Trends Business Standard

- How To Teach Your Kids About Money During The Summer The Huffington Post

- £10,000 and living on a lavish estate in Scotland, what more could you... GQ India

- Outbrain renews partnership with Network18, adds new Indian publishers Medianama

More from The Times of India

- Delhi Metro gets first driver-less train 04 Jun 2015

- I would love Shruti to have kids but how she produces them is her problem:... 21 Jun 2015

- India's fastest train completes final test run in record time 04 Jun 2015

- Juhi Chawla's husband keeps her away from 'pizza' business 19 Jun 2015

- Young woman steers Chennai's first Metro train 29 Jun 2015

- Delhi family detained at Heathrow, pay Rs 5.6L to go free 08 Jun 2015

Recommended by

Education Times | Brand Capital itimes Xiaomi Mobile

Mumbai Mirror | Times Now Motorola Mobile

Indiatimes | नवभारत टाइम्स

महाराष्ट्र टाइम्स | ವಿಜಯ ಕರ್ನಾಟಕ

Go Green | NavGujarat Samay

Trending Topics

Samsung Mobile | Micromax Mobile | You Tube | Delhi Travel Guide | Katrina Kaif Photos | Sony Mobile | Hindi Songs | Horoscope 2015 Predictions | Asus Mobile | Facebook | Sunny Leone Photos | Hindi News

App-based cabs running in city despite govt ban

Amit.Bhattacharya
@timesgroup.com

New Delhi: On paper, all app-based cab services remain banned in the capital following a Delhi government order on December 8. However, it appears that for many of these companies, the ban remains just there — on paper.

TOI did a reality check on Sunday and found several services up and running. We even took a ride on an Ola cab, which continues to offer services despite a specific transport department order on January 1 reiterating the ban on the company.

Similarly, Taxi For Sure and Meru Genie, both app-based cab services, were found accepting bookings.

These services had been banned because they weren't seen to be safe — besides not complying with rules under motor vehicles act — following the December 5 rape of a woman executive. Their continued oper-

Curbs stay, govt to tell HC today

Having decided to continue with its ban on Uber and Ola cab services, the city government is set to inform the Delhi high court about its decision on Monday, once the HC reopens after the winter break. The department had concluded that the ban must continue till the firms adhere to the new norms brought by the government. **P 4**

ation, therefore, raises security concerns.

Interestingly, the city transport department is aware of the violations. "We have been acting against cabs flouting the ban. Last week, 103 such taxis were impounded for running illegally. Besides, we issued public notices asking people not to use these cabs," said transport department spokesperson Kuldeep Gangar.

▶Want apps blocked, P 4

Transport officials want apps blocked

▶Continued from P1

Transport officials said the most effective way of stopping the services of the banned companies would be to block their apps. "But that's a decision the Centre needs to take because these apps work across cities," an official said.

The one service that appears to be truly off the roads is Uber, the app-based taxi company which has been in the eye of the storm following the alleged rape of a 25-year-old finance executive by its cabbie, Shiv Kumar Yadav, on the night of December 5.

The ban order was issued three days after the crime. Then, on December 29, the transport department modified its scheme for radio taxis to bring on board app-based services which had thus far been operating without licences.

The department laid down a long list of conditions for these companies before they would be eligible for a licence. These include getting the company registered as one providing public transport services, running a call centre, making provisions for a panic button, having GPS and fare meters on dashboards along with the name of the driver, car registration number etc prominently displayed there, getting PSV batches for drivers and running taxis solely on CNG.

"None of the app-based services have so far applied for registration with the department. If they are still providing services through their apps, it's totally illegal," said Jaspal Singh, a transport expert and partner at Valoriser Consultants.

Olacabs did not respond to TOI's query on the status of its services in the capital till late on Sunday night.

Small Players in Taxi Space Lean on Intercity Biz

Transaction volume is less, but the average size is larger than intra-city travel in this segment

Payal.Ganguly@timesgroup.com

Hyderabad: New and small operators in the taxi-aggregation market are turning to intercity travel, connecting metros with smaller cities and towns, as stiff competition and price war among big players with backing from deep-pocketed foreign investors leave little room for them to maneuver within cities.

In this business, transaction volume may be fewer but the average size is larger than intra-city travel.

The margins are fatter as well, which may make these players attractive targets for acquisition or partnership for the top players in the taxi-service segment, such as Uber and Ola, when they try to cast the net wider. Among investor-backed players, Bengaluru-based Savaari Car Rentals is one of the largest: it has operations in 60 cities across the country. "The margin in inter-city travel is 20-30% better than intra-city business. We have also observed that when we launch airport pickup and drop services, it boosts our inter-city business," says Gaurav Aggarwal, who founded the company in 2006. It is backed by Intel Capital and Inventus.

With each booking engagement lasting half–a-day or more, the average ticket-size for transactions in inter-city travel is close to ₹5,000, much higher than that of intra-city trips. In the unorganised market of inter-city travel, the new entrants are focused on using technology platform to connect owners of a fleet of travel cabs to consumers and corporate houses.

"There is a lack of standardised service in this segment and the driver's knowledge as well as behaviour is a deciding factor in long-distance travel. We are trying to solve these challenges by partnering with vendors and training drivers," says Ashish Kumar, director at Bengaluru-based BookCab.in, which started operations in 2011. The company raised an angel round of ₹65 lakh in 2013 from Anil Sivadas of Enventure Technology Service and Shravan Gupta, managing director of Travel Tours.

Due to the competition in the intra-city space, the company shifted focus to connecting big cities with smaller cities and towns, such as Bengaluru-Tirupathi and Bengaluru-Mysuru. It registers 800 transactions a month for inter-city travels. "Inter-city travel has gone up year-on-year," says Abdul Majeed, partner at PricewaterhouseCoopers and an auto expert, who expects consolidation to set in at some point of time. "As the larger players look at increasing their footprint and customer base expands, there will be interest in the space." International ride-sharing services such as Tripda and Bla Bla Cars have also entered the Indian market. But these carpooling services aren't exactly competition for inter-city taxi providers, says Majeed.

With recent changes in licensing rules for cabs registered with taxi-aggregators, these entrepreneurs see opportunity in playing by the book. "We partner with companies which own the fleet and have ensured that all the vehicles have all-India permits and city licence when used for intra-city," says Renil Komitla, founder of YatraGenie, a bus-ticketing portal which introduced city-cab services at Nellore in Andhra Pradesh in January. Clarity on licensing guidelines and strong regional tie-ups can benefit new entrants in this segment build a network in underserved regions. "Both stakeholders — customers and service providers — are happy with the model facilitated by technology. The government will have to look into this and provide guidelines on licensing," says Majeed.

TaxiForSure cuts rates, takes on autos

Sujit John & Shilpa Phadnis | TNN

Bangalore: Cab service Taxi-ForSure will drop fares from Saturday to a level that will turn the heat on not just rivals but also autorickshaws. The new base fare will be Rs 49 for 4 km in all cities it serves, down from Rs 200 for 10 km for an AC hatchback car. After 4 km, the rate will be Rs 14 a km.

This rate makes it cheaper than an auto for 4-km commutes in Bangalore and Chennai, and just a little more than an auto in Delhi, Pune and Hyderabad. In Mumbai, the company is having a dry run and plans to formally launch the service next week.

In Bangalore, even for a 10-

> **In Mumbai, the company is having a dry run and plans to formally launch the service next week**

km trip, TaxiForSure will cost about the same as an auto. In other cities, it will be a little bit higher. The closest competitor, Ola, has a minimum fare of Rs 100 for the first 6 km in Bangalore, first 5 km in Chennai and first 4 km in Delhi. Beyond that, it charges Rs 10 a km.

"A constant feedback we got from customers was that they use cabs for long distances and autorickshaws for short distances. Now that we have lots of cabs in each city, we are able to

offer short distance trips too," Raghunandhan G, co-founder of TaxiForSure, told **TOI**.

In Bangalore, for instance, it now has about 100 cabs per sq km. "Earlier, a cab had to travel some 4 km to get to a customer and that's a waste if the subsequent commute is only for 3 or 4 km. Now, it has to travel for less than 2 km to get to a customer, and the average waiting time for a customer would be less than 10 minutes," said Raghunandhan, who founded the company in 2011 with long-time friend Aprameya Radhakrishna. It has raised $50 million in funding from VC firms Accel Partners, Helion Ventures and others.

The cab market has seen fierce competition in recent

times, and the most aggressive so far have been Ola and Google-backed Uber. Analysts said Ola, which has just received fresh funding of $210 million from Japanese internet company Softbank, would surely respond to the latest challenge from TaxiForSure.

The economics may justify that. Raghunandhan said the total cost of running a cab — including fuel and wear & tear — was only Rs 3.5 per km. The rest is the driver salary and the operator's commission. "The entire market is seeing huge growth," he said. And that might now accelerate if commuters — who have generally felt harassed by autorickshaw drivers — turn to AC cabs for short distances.

OLACABS, UBER CUT PRICES IN DELHI, OTHERS MAY FOLLOW

- Taxi Cos Escalate Price War, Customers Win

Aditi Shrivastava (*Bangalore*, September 15, 2014) - While Ola has slashed rates in its lower-end car business, Uber has cut prices for its premium segment

The fight to win over the Indian taxi passenger has intensified with aggregator Olacabs and cab hailing app Uber slashing prices by a fourth in Delhi-- a development that is likely to force rivals to follow suit.

While Ola has cut rates in its lowerend car business--Ola mini--to INR 10 km, Uber has cut prices for its premium segment Uber BLACK. Separately, the San Francisco-based taxi hailing app also announced that it will be launching its affordable ride service UberX in three more Indian cities: Mumbai, Chennai and Pune.

"We are pushing our efficiency system to the maximum," said Shailesh Sawlani, general manager of Uber in Mumbai. "We see this as a daily commute option for our riders and plan to maintain these prices if customers ride with us as much as we anticipate." UberX Mumbai fares are INR 15 km with a minimum base fare of INR 50 and total minimum fare of INR 125.

The latest moves come after Uber cut its prices in Bangalore by 25% last month. Ola also reduced fares to Rs10km for its Ola Mini service in the Garden City . "We have been able to optimise our inventory," said Pranay Jivrajka, vice president of operations at Olacabs.

According to industry estimates, taxi companies are struggling to keep pace with the rising demand and on average cannot accommodate a fifth of the bookings. To address this problem Ola said it will increase the number of cabs available on its

mobile app by about 35% to 3,200 in Delhi alone. Ola's total fleet size is about 15,000.

"These price cuts are just a starting point to acquire customers and establishing the brand image till the time you hit a critical mass," said Arvind Singhal, chairman of Technopak. . 10km Ola is "At ` making losses on each Ola Mini ride," said a source directly familiar with the matter. Same is the case with Uber, according to another source. Uber's price drop in Bangalore is, however, for a limited duration.The company has not specified the timeframe.

Other competitors like TaxiForSure are focussing on discount codes to expand the customer base instead of cutting prices. "We keep doing event-related promotions and offer discount vouchers from time to time," said Aprameya Radhakrishna, founder and chief executive of TaxiForSure.

"Till the time, taxi aggregators will not face pressure to turn profitable, the freebies will continue," said Jaspal Singh, cofounder of Valoriser Consultants, which provides market research services for transportation companies. "These companies are looking to build valuation by expanding geographic reach, recruiting more number of drivers and attracting bookings to increase revenue."

However other aggregators like Meru Cabs and Savaari cabs feel that price cuts is not sustainable long-term. "Meru does not believe in price wars," said Siddhartha Pahwa, CEO of MERU Cabs. "Consumers will not take a cab because it's cheap but for its reliability, safety and professional service."

OLACABS, UBER CUT PRICES IN DELHI, OTHERS MAY FOLLOW
Taxi Cos Escalate Price War, Customers Win

While Ola has slashed rates in its lower-end car business, Uber has cut prices for its premium segment

METER DOWN

While Ola has cut rates in its lower-end car business, Uber has cut prices for its premium segment

Uber plans to launch affordable ride service UberX in Mumbai, Chennai and Pune

Other aggregators like Meru Cabs and Savaari cabs feel that price cuts is not sustainable

Indian taxi market is valued between ₹36,000 crore and ₹54,000 crore, of which only 4-6% is organised

Aditi.Shrivastava@
timesgroup.com

Bangalore: The fight to win over the Indian taxi passenger has intensified with aggregator Olacabs and cab hailing app Uber slashing prices by a fourth in Delhi—a development that is likely to force rivals to follow suit.

While Ola has cut rates in its lower-end car business—Ola mini—to ₹10/km, Uber has cut prices for its premium segment Uber BLACK. Separately, the San Francisco-based taxi hailing app also announced that it will be launching its affordable ride service UberX in three more Indian cities: Mumbai, Chennai and Pune.

"We are pushing our efficiency system to the maximum," said Shailesh Sawlani, general manager of Uber in Mumbai. "We see this as a daily commute option for our riders and plan to maintain these prices if customers ride with us as much as we anticipate." UberX Mumbai fares are ₹15/km with a minimum base fare of ₹50 and total minimum fare of ₹125.

The latest moves come after Uber cut its prices in Bangalore by 25% last month. Ola also reduced fares to Rs10/km for its Ola Mini service in the Garden City. "We have been able to optimise our inventory," said Pranay Jivrajka, vice president of operations at Olacabs.

According to industry estimates, taxi companies are struggling to keep pace with the rising demand and on average cannot accommodate a fifth of the bookings. To address this problem Ola said it will increase the number of cabs available on its mobile app by about 35% to 3,200 in Delhi alone. Ola's total fleet size is about 15,000.

"These price cuts are just a starting point to acquire customers and establishing the brand image till the time you hit a critical mass," said Arvind Singhal, chairman of Technopak.

"At ₹10/km Ola is making losses on each Ola Mini ride," said a source directly familiar with the matter. Same is the case with Uber, according to another source. Uber's price drop in Bangalore is, however, for a limited duration. The company has not specified the timeframe.

Other competitors like TaxiForSure are focussing on discount codes to expand the customer base instead of cutting prices. "We keep doing event-related promotions and offer discount vouchers from time to time," said Aprameya Radhakrishna, founder and chief executive of TaxiForSure.

"Till the time, taxi aggregators will not face pressure to turn profitable, the freebies will continue," said Jaspal Singh, cofounder of Valoriser Consultants, which provides market research services for transportation companies. "These companies are looking to build valuation by expanding geographic reach, recruiting more number of drivers and attracting bookings to increase revenue."

However other aggregators like Meru Cabs and Savaari cabs feel that price cuts is not sustainable long-term. "Meru does not believe in price wars," said Siddhartha Pahwa, CEO of MERU Cabs. "Consumers will not take a cab because it's cheap but for its reliability, safety and professional service."