

Are corporates no longer at the mercy of cab aggregators?

Business



Over the past couple of years, the sudden advent of on-demand mobility and logistics services have played a key role in transforming the corporate mobility scenario in India. Being a far cry from the typical Mom and Pop radio cab services, these new age services have begun to disrupt the corporate mobility market through unique business models and innovative technology.

According to a recent report, the Radio taxi Market in India is estimated to be worth USD 6-9 Billion, and is projected to grow up to 17-20 per cent annually. Additionally, some industry insiders have stated that this sector has received more than USD 400 Million (INR 2, 400 Crores) through Venture Capitalists over the past four years.

The Driver-centric Business Model

However, despite the convenience these services offer, it has been observed that utilizing such aggregators for mobility solutions may not be as lucrative for an enterprise. Traditionally, the cab aggregation model has mostly been driver centric rather than customer centric, in order to gain more loyalty from cab drivers. This is usually achieved by giving them certain Subsidies, and incentivizing them for shorter trips. Moreover, aggregator cabbies are relevant for long duties as they choose to work long hours and earn quite a lot during the busiest hours.

Primarily, this business model was introduced within the taxi aggregator segment to exploit the unutilized market, i. e. a service that is meant for both on-demand commuting as well as logistics. The original basis of the model was to allow drivers to take on extra work whenever they had the time and inclination, allowing even part-timers to earn cash on the side.

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However, with subsequent traction from the investors' community, the model has been modified, and will only prove to be successful if it is subsidized for both drivers and customers.

Challenges faced by Corporates

Since almost all cab aggregators follow the aforementioned model, this poses certain challenges for corporates, like:

- **Safety and Security:** Despite having set rules and regulations regarding customer safety, some cab drivers have still been found to violate these rules time and again. There have been several instances where cabbies have misbehaved with commuters, especially female passengers during their ride home from work or anywhere. Sometimes these issues can be rectified, however, it does not guarantee safety and security of employees.
- **Consistency and Continuity of Service:** With cab aggregators, commuters face inconsistent service levels. Drivers are not trained to a uniform discipline or code of conduct, billing for the same destination could vary, and B2C aggregator model does not allow dedicating particular vehicles to specific companies (even for senior executives). Corporate clients need consistent service levels and escalation point, which can only be provided by dedicated service providers.
- **Vehicle Upkeep and User Experience:** While these cab aggregators have certain parameters in order to be featured in each of their cab categories, the upkeep of the taxis is the responsibility of the owners.

These cabs are mostly only empanelled under the aggregators and not

owned by them; therefore corporates can't assure its employees of the taxi condition. Can you imagine an aggregator, whose whole proposition to drivers is flexibility, enforcing a common uniform, working hours, and taxi configuration for its drivers?

Even if the subsidies that benefit cab drivers are removed, the business model followed by most cab aggregators will witness more disruption and can become even more expensive. Drivers could begin to work as free agents and will be at a liberty to choose whether to take requests or not, leaving any corporate user at their mercy.

Consequence One – Rebound of Corporates towards Conventional Radio Taxis

The constant haggling with taxi drivers and high incurred costs has now compelled many corporate establishments to re-establish their association with traditional Taxi service providers. Fleet services allow corporates to book cabs in bulk or as required. Cab charters allow employees to utilize the company-provided transportation services, eliminating any issues like looking for individual cabs, having to pay different fare for the same route, or varying service levels. Moreover, centralized control allows enterprises to save on corporate mobility services without compromising on their employee's safety and security.

Consequence Two -- Mobility Management Solutions for Corporates

However, it is not the same old Radio Taxis. Corporate demands as well as supplier sophistication has evolved with the advent of on-demand

technology. Solution providers have emerged and begun to provide end-to-end corporate mobility solutions, with specialization in ground transportation for several organizations, by enabling them with high-end services. Be it leasing, business rentals, employee transportation, or pool cars, these service providers look after the entire activity chain which includes – Employee transportation, Business rental & Advising, along with handling and procuring the overall transport requirement of any organization.

Through such services, these mobility management service providers play a significant role in reducing traffic congestions, benefitting the environment by reducing CO2 emissions, and also help corporates in optimally utilizing their resources.

Conclusion

It is now evident that corporate establishments are no longer at the mercy of cab aggregators, and have a host of different services to choose from for all kinds of mobility requirements. A new breed of service providers innovating upon the traditional radio taxi model are emerging as a much stronger alternative for corporate clients.