A Study on Factors Influencing the Consumers in Selection of Cab Services

Dr. P. Kishore Kumar[1], Dr. N. Ramesh Kumar[2]

[1]Professor, Department of Management, SVS Group of Institutions, Warangal, Telangana, India.
[2] Professor, Department of Management, SVS Group of Institutions, Warangal, Telangana, India.

Abstract: **The purpose of this paper is to study the factors influencing the consumers while selecting cab services. The dependent variable is 'coupon redemption behavior' and independent variables are innovativeness and price consciousness. The relationship between dependent and independent variables are empirically verified through statistical methods. The statistical tools like correlation, regression and descriptive statistics are used for data analysis. It is found from the study that consumers are interested to redeem coupons while selecting cab services. It is also revealed from the study that consumers are comfortable to redeem coupons through mobile apps while booking cab services.**

Keywords: **Innovation, coupon redemption, cab services, price consciousness, consumer behavior.**

I.   INTRODUCTION

In the past decade the transportation facilities in urban areas have undergone tremendous changes. Among various modes of transportation the cabs have become important mode of transportation in metropolitan and urban cities in India. The growth of organized car rental industry is continuously growing with support of technology. The customers in the present era are using mobile apps to book a cab at anytime and from any place in urban areas. The pricing strategy of cab operators had been positively influencing customers to book a cab instead of traditional mode of transportation like autos and local buses etc. Like most of the industries the car rental industry had underwent lot of transformation with internet technology. The consumers are able to access book cabs at competitive prices because of tough competition among the organized cab operators. In this regard the present paper briefs about the behavior of consumers while booking cabs. The variables like coupon redemption, innovativeness and price consciousness.

II.   NEED FOR THE STUDY

The organized cab service providers have increased in the recent years. There is stringent competition among various operators like Ola, Radio cabs, Yellow cabs, Meru and Uber etc. In this regard it necessary to understand the consumer behavior towards is very important to formulate business strategies. This study helps the marketing managers in car services industry and academicians to gain insights about consumer behavior towards cab services.

III.   REVIEW OF LITERATURE

Hanif and Sagar (2016) had stated that there was demand for Call-a-Cab service offered by Meru Cab. The cab services are proving security through global positioning system (GPS) and women taxi drivers for women passengers especially during night times. According to Harding et al (2016) the auto-rickshaws (three wheelers) are more popular in urban transport before the advent of cars and cabs. Horsu and Yeboah (2015) had argued that driver behavior have negative impact on customer satisfaction in Ghana. The variables like continuous service, comfort, reliability and affordability have an impact on customer satisfaction with regard to minicab taxi.

According to Lu et al (2015) the self- service mobile technologies helps the commuters to access lot of data about cab services and such technologies had changed the role of both customers and companies. The adoption of call taxi app (CTA) is impacted perceived usefulness, perceived ease of use, subjective norms and perceived playfulness (Peng, Wang, He, Guo, & Lin, 2014). Chen (2014) had explained that mobile apps help both drivers and passengers to find each other. At present the mobile apps are helps the customers to find cabs. In the recent years the car rental industry is growing constantly especially in metropolitan cities in India (Rahman, 2014).

Page | 557

The Meru cabs had become more popular and the demand for its cabs had exceeded that its supply which means technology had created huge demand for organized cab industry. The factors like accessibility, reliability and transparency are primary factors which have attracted customers towards branded cab services like Meru cabs (Vaithianathan & Bolar, 2013). The customer feedback in cab services industry is very important for attaining success in the competitive car rental industry. Upadhyaya (2013) had explained how Meri Cab Company had collected feedback from its customers and enhanced its service quality for sustaining in the business.

IV.   RESEARCH OBJECTIVES

1. To study the influence of price consciousness on consumers while selecting a cab service.

2. To ascertain the role of innovativeness of the consumers in the selection of cab services.

3. To study the impact coupon redemption behavior of consumers in the selection of cab services.

V.   SCOPE OF THE STUDY

The present study covers factors like innovativeness, price consciousness, and coupon redemption behavior. There may be other factors influencing the consumers in selection of cab services which are not covered in the study. This study had not covered the influence of demographic characteristics on other psychographic variables.

VI.   RESEARCH METHODOLOGY

The sample size for this study is 120. The primary data is collected through structured questionnaire and secondary data is gathered through journals, magazines and reliable websites etc. The geographical location of the respondents is Hyderabad which is located in Telangana State. The organized can rental service is provided in Hyderabad by national and international reputed organizations like Ola and Uber etc. The simple random sampling methodology is used for collected primary data. The respondents for this study should have consumed cab services in the last six months and they should have booked the cab through mobile app in their smart phones. The demographic variables considered in this study are age group, occupation and gender. The constructs in this study are innovativeness, price consciousness and coupon redemption.

The items for each construct are adopted from published scales (Bearden & Netemeyer, 1999). The items under each construct are modified according to the need of this study. The items under each construct were measured by using Likert type scale anchored with '1' for strongly disagree to '5' for strongly agree. The statistical techniques like descriptive statistics, correlation and regression analysis. The statistical software SPSS version 20 is used for data analysis. The hypotheses were formulated by using the research objectives of this study.

VII.   RELIABILITY ANALYSIS

The three constructs are innovativeness, price consciousness and coupon redemption. The reliability test for the measurement scale is conducted through calculation of Cronbach's alpaha value. The alpha value for innovativeness, price consciousness and coupon redemption are 0.88, 0.84 and 0.81 which are above 0.70 which is threshold value accrodign to Hair et al (2011).

Table I: Measurement Scale Reliability

S.No	Construct	Items	Cronbach's Alpha Value	Original Source of Items
1	Innovativeness	1. In general, I am the first in my circle of friends to consume new products. 2. If I heard that a new product is introduced into the market, I would be interested to try it. 3. In general, I am the first in my circle to know the brands of the latest products 4. I like to purchase new products before other people do	0.88	(Bearden & Netemeyer, 1999)

| 2 | Price Consciousness | 1. I am willing to go to extra effort to find lower prices.
2. I will download mobile apps of different cab service providers to take advantage of low prices.
3. The money saved by finding lower priced cab services is usually worth of time and effort. | 0.84 | (Bearden & Netemeyer, 1999) |
| 3 | Coupon Redemption | 1. Redeeming cab services coupons makes me feel good.
2. I enjoy using coupons regardless of the amount I save while booking a cab.
3. When I use coupons for booking cabs, I feel that I am getting a good deal. | 0.81 | (Bearden & Netemeyer, 1999) |

(Source: Developed by the researcher)

VIII.   DATA ANALYSIS

The majority of the respondents belong to age group of 31 – 38 years. Most of the respondents fall under the category of employees. The demographic characteristics of the respondents are displayed in Table II.

Table II: Demographic Characteristics

S.No	Variable	Characteristic	Percent
1	Gender	Male	47
		Female	53
2	Age group	23 - 30 Years	24
		31-38 Years	47
		Above 38 Years	29
3	Occupation	Business	19
		Employee	73
		Others	8

Source: Primary Data

A. Descriptive Statistics

The redemption of coupons is having more mean value which means consumers of cab services are more interested to use coupons while booking cabs. There is high standard deviation with regard to price consciousness of consumers.

Table III: Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
INNOVATION	120	2	5	3.85	.926
PRICE	120	1	5	3.66	.971
REDEEM	120	2	5	4.03	.933
Valid N (listwise)	120				

Source: SPSS Output

The redemption of coupons is having more mean value which means consumers of cab services are more interested to use coupons while booking cabs. There is high standard deviation with regard to price consciousness of consumers.

B. Hypotheses Testing

H1: There is positive relationship between price consciousness and coupon redemption behavior among consumers of cab services.

Result: The hypothesis H1 is accepted. The correlation value between 'price' and 'redeem' is 0.682 which means there is significant correlation between these two variables. The correlation value is shown in Table IV.

Table IV: Correlation Analysis

		PRICE	REDEEM
PRICE	Pearson Correlation	1	.682**
	Sig. (2-tailed)		.000
	N	120	120
REDEEM	Pearson Correlation	.682**	1
	Sig. (2-tailed)	.000	
	N	120	120

**. Correlation is significant at the 0.01 level (2-tailed).

(Source: SPSS Output)

H2: There is an association between innovation, price consciousness and coupon redemption behavior among the cab service consumers.

Result: H2 is accepted according to Table V. It means the innovative behavior and price consciousness is positively influences coupon redemption behavior among the consumers of cab services. The 'p' value for both the independent factors is less than 0.05.

Table V: Regression Analysis

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.786	.253		3.103	.002
	PRICE	.424	.068	.442	6.280	.000
	INNOVATION	.439	.071	.436	6.201	.000

a. Dependent Variable: REDEEM

Source: SPSS Output

IX.   FINDINGS

It is found from the study that all the three factors selected for the study namely price consciousness, coupon redemption behavior, and innovativeness are influencing the consumers in their selection of cab services. Price consciousness and coupon redemption behavior are found to be positively related and their relation is noted to be significant. It is observed from the study that price consciousness, coupon redemption behavior, and innovativeness of consumers are associated in their influence while selecting cab services.

X.   DISCUSSION

The consumers who are price conscious are likely to redeem coupons while booking cabs. The innovative consumers are interested to adopt for new technology like use apps for booking cabs and other services. The redemption of coupons is motivating factor for consumption of cab services. The consumers have got habituated for mobile apps to book cabs and they are also feeling safe with regard to organized cab services. It is also observed from the study that middle aged adults are consuming cab services compared to other age groups.

XI.   CONCLUSION

There is stringent competition in the organized cab services industry therefore organization need to motivate consumers through coupons. The innovative behavior of consumers helps to download mobile apps and further motivates them to redeem coupons while booking cabs. The results of this study are consistent with earlier research studies because it is found that price conscious consumers are likely to redeem coupons. The modern consumers are innovative and at the same time they are price sensitive therefore coupon redemption helps for customer retention. The brand image also plays a vital role in customer retention apart from offering coupons.

XII.   MANAGERIAL IMPLICATIONS

The global positioning system (GPS), mobile apps and internet technology drastically influenced the car rental industry. Therefore organized cab service provides need to use coupons for motivating the customers. The customers are able to analyze the prices and compare the prices among the different service providers. Therefore the marketing managers need to monitor the pricing strategies and promotional strategies of their nearest competitors.

XIII.   LIMITATIONS OF THE STUDY

The sample respondents may not represent the entire population. The study is limited by time and financial resources. The respondents may be casual while answering the query. The consumer behavior is dynamic in nature and it tough to make robust conclusions from the study. These limitations can be addressed through future studies in the field of consumer behavior.

XIV.   FUTURE RESEARCH

The customer satisfaction with regard to selected cab operators can be studied. There are other factors social, cultural and economic factors which may be studied to understand consumer behavior towards cab services. The factors influencing customer retention can be analyzed which helps marketing managers to develop more effective marketing strategies. An exclusive model to understand consumer behavior towards cab services can be developed by future researchers. The consumer behavior is dynamic in nature therefore longitudinal studies should be conducted to know consumer behavior with regard to cab services.

REFERENCES

[1] Bearden, W. O., & Netemeyer, R. G. (1999). *Handbook of Marketing Scales - Multi-item Measures for Marketing and Consumer Behavior Research* (2 ed.). New Delhi: Sage Publications.

[2] Chen, W. (2014). Technical Improvements on Mobile App Based Taxi Dispatching System. *International Conference on Computer Science and Service System* (pp. 281-284). Atlantis Press.

[3] Hair, J. F., Black, W. C., Babin, B. J., Anderson, R. E., & Tatham, R. L. (2011). *Multivariate Data Analysis* (6 ed.). Delhi: Pearson Education Inc.

[4] Hanif, K., & Sagar, N. (2016). An Empirical Research on the Penetration Levels for a Call-a-Cab Service in Mumbai. *Reflections Journal of Management , 5*.

[5] Harding, S. E., Badami, M. G., Reynolds, C. C., & Kandlikar, M. (2016). Auto-rick shaws in Indian cities: Public perceptions and operational realities. *Transport Policy , 52*, 143-152.

[6] Horsu, E. N., & Yeboah, S. T. (2015). Inflluence of service quality on customer satisfaction: A study of minicab taxi services in Cape Coast, Ghana. *International Journal of Economics, Commerce and Management , 3* (5), 1451-1464.

[7] Lu, C., Geng, W., & Wang, I. (2015). The Role of Self-Service Mobile Technologies in the Creation of Customer Travel Experiences. *Technology Innovation Management Review* , 24-32.

[8] Peng, L., Wang, H., He, X., Guo, D., & Lin, Y. (2014). Exploring Factors Affecting the User Adoption of Call-taxi App. *25th Australasian Conference on Information Systems.* Auckland, New Zealand.

[9] Rahman, T. (2014). Organized sector radio taxi operator in Guwahati - A case study on "Prime cab". *International Journal of Advance and Innovative Research , 1* (1), 19-25.

[10] Upadhyaya, M. (2013). Radio Taxi Services in Jaipur: A Learning Experience From Meri Car. *International Journal of Marketing Principles and Practices , 3* (2(4)), 37-41.

[11] Vaithianathan, S., & Bolar, K. P. (2013). Meru cabs: Past, present and future tense. *Emerald's Emerging Markets Case Studies , 3* (7), 1-12.