

# DESIGNING SERVICE OFFERING IN THE E-MARKETING ERA: A CASE STUDY OF OLA CABS

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**Abstract:** *While service aspects have been a significant issue in the academic literature since years, the growth of ICT has stimulated a growing interest from wide-ranging experts and scholars. We present the case of Olacabs, the online car aggregator company of India; discussing how it has designed its service offering. Making an allowance for e-marketing, it has been able to establish a good connect with its target market by means of a well-designed service offering. The purpose of the paper is not to develop a hypothesis and test it rather develop an understanding of service offering 'the Ola's way'. A model has been proposed in the paper on basis of the case analysis of the company. The model portrays the service offering of an e-service company and the way it designs the service elements, where instances from the marketing moves of Ola have been cited to support the framework. Thus, the paper contributes towards the development of a conceptual framework for gaining insights on development of a service offering for an enhanced service quality in the e-marketing era.*

**Keywords:** *Service Offering, e-Marketing, e-Service, e-Business, Online Marketing*

## INTRODUCTION

The mounting commercial significance of e-services being accessed via internet/mobile phones has generated a need to develop better understanding of various aspects of e-services in order to satisfy consumers and build e-loyalty. The traditional models of service offering and service quality seem to be inadequate for meeting the varied demands of the e-marketplaces.

The purpose of this paper is to contribute towards the conceptual framework of designing a service offering to deliver enhanced service quality in the e-market space. Designing a service offering is of fundamental importance as it plays a crucial role in determining the service quality which is ultimately results in enhanced customer satisfaction and loyalty (Taylor & Baker, 1994; Cronin, Brady & Hult, 2000; Caruana, 2002).

Through the analysis of the case of an online transportation business, a better understanding in the area has been attempted upon. A service model has been proposed and used to discuss the case of Olacabs, the online car aggregator company as per the data studied.

## METHODOLOGY

The paper is a research based case study. Data have been collected from primary and secondary sources including Ola

drivers and customers (reviews), journals, books, websites, newspapers, social networking sites etc.

## LITERATURE REVIEW

Parsuraman and Grewal (2000) suggested that research should be undertaken on considering changes in definitions and relative importance of the five dimensions of SERVQUAL (Parasuraman, Zeithaml, & Berry, 1988) when customers interact with technology and not the service personnel.

Szymanski and Hise (2000) were of the view that user interface features affect service quality perception and satisfaction.

Nevertheless there has been growing concern for the dilemma that online platforms stimulate regarding customer engagement. Reichheld and Scheffer (2000) are of the view that lesser is known regarding the consumer perceptions, how they evaluate the electronically offered services and the loyalty they attach. They also point out that retention of e-customers can be accomplished only when superior service quality is provided and not merely by the technology alone.

There has been a common view that marketing through web based services are deprived of the 'cognitive lock-in' that rises from physical marketplaces, thus resulting into lesser engagement since that process is a significant element of engagement (Murray & Haubl, 2002).

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Mollen and Wilson (2010) referred engagement as the ‘holy grail’ of online marketing. They proposed a conceptual framework clarifying the relationship of engagement with interactivity, flow, telepresence and consumer’s attitudinal and behavioural responses. They pointed out that ‘telepresence’ may not automatically make engagement occur. No matter how interesting the website experience is if it does not come across as relevant or useful to the consumer it shall not be able to evoke any cognitive and affective commitment.

Van Riel, Liljander, and Jurriens (2001) conducted a study on three service components; the core service, supplementary service and user interface, and found that satisfaction with each of the component affects consumer’s overall satisfaction. Moreover, added value of supplementary services can be an important driver for continued usage of those e-services.

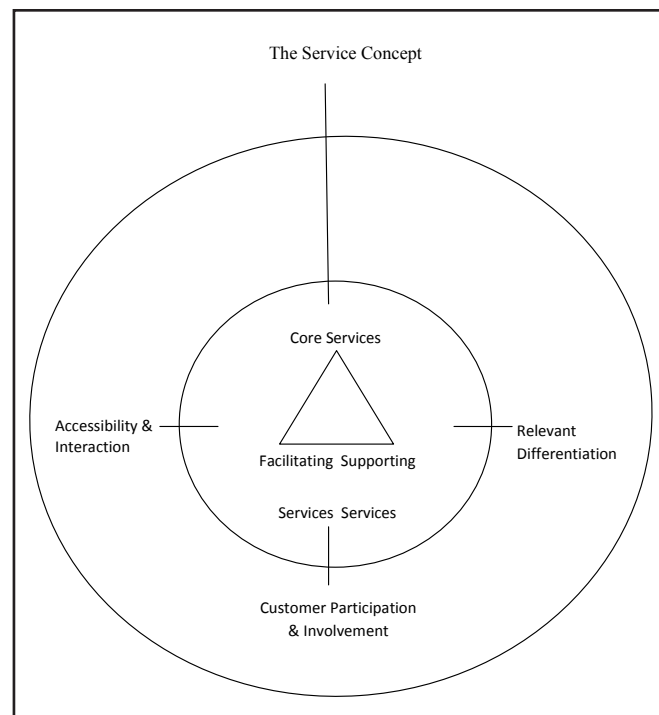
## CASE STUDY

The transportation services have come a way ahead of what it was seen before. In the milieu, several modes of travel have evolved and the market has seen different players moving in and out of the field. Amidst the scenario, Olacabs emerged as India’s most popular online cab aggregator company capturing 85% of India’s taxi market as on March 2016 (Shrivastava, 2016). Originally Mumbai based, the company with its well-designed strategies has grown commendably. The company provides cab services ranging from economy to luxury travel with help of a mobile application. Country’s largest car hailing company has been trying to leave no stone unturned to maintain its leadership in the market. The company has extended its services in a growing number of cities and has added services like Ola Money (for cash less payments), Ola Credit (riding with zero balance), Ola Select (subscription/membership), Referral (free coupons by inviting friends), Ola Share (sharing rides with other ola user), Ola Shuttle (bus service), Ola Corporate (pick up services for corporate travelers), Ola Bike, Ola E-Rickshaw, Ola Luxury, Ola Outstation, and the Auto services.

## FINDINGS AND ARGUMENTS

Based on the literature review, and *The Service Model* proposed by Gronroos (1990); a model has been presented (see Fig. 1). The model proposed is used to discuss how the company has made its way to attaining largest market share in the country.

A company needs to develop a *service concept* first and foremost, as to what it intends on the basis of which further developments are made. The founder of Ola after one of his bad experiences, realised the significance of a quality cab booking service and also the potential the industry was and eventually came up with the idea of Olacabs.



**Fig. 1: The Service Offering Model for e-Marketers**

Second is the step of developing a *basic service package* which signifies the services needed to fulfill customer needs. It includes three elements, namely the core service, facilitating services and supporting services. (1) The core service or motive of the company for operating in the market is to provide online transportation services in form of an aggregator. (2) Although the difference between the facilitating services and the supporting ones is not very clear and they take place of one another at times, they form an important part of service package. The cab facilities, online bookings, customer database, receipts and reference numbers etc. form the facilitating services. (3) The supporting services include Ola Money, learning related to using Olacabs, safety, Ola Credit, Ola Share, Ola wi-fi etc.

The third step, the *augmented service* offering, is concerned with the service encounters/course/dealing. The process is more important than the service itself as the service consumption completes the service package and what consumers perceive about it is of absolute significance.

The model proposed in the paper presents the way the augmented service offering should be designed by e-marketers.

The first element is *accessibility and interaction*. It denotes how easy and convenient the service acquisition is for the consumers. The dealing with the website, mobile application, cab drivers, call centers all can either enhance or destroy the service package. Typically for an online company it is very important that the consumers are provided with superior

communication services and it can include ways of arousing interest of customers in the service providers like easy operation of the website, application, and awareness on their uses. Also the retailers the aggregators gather or here the cab drivers that they provide to their customers carry the same image and behaviours the company intends to display.

The second element is *customer participation and involvement*. It denotes active inclusion of customers in the service process. They can participate in form of enquiries, complaints, providing reviews etc. Managing this element is important as establishment of an emotional connect is possible only when they engage in such actions. Also positive reviews about the company by customers, handling wisely the negative reviews and feedbacks tracking the reasons for the same is quite important for the brand positioning.

The company offers several platforms for making complaints and rate drivers using social media like Facebook page or the app. Here the instance from Ola transactions is worth mentioning. Due to some odd circumstances, a customer put a negative review for the company and was about to place a detailed bad experience in its service encounters which went viral. The company went out of its way and gifted a cake to the customer's kid with an apology letter which not only touched the customer emotionally but also made him refrain extending a detailed negative review. Thus for the online marketers managing this element pertinently can act as a blessing.

The third element is *relevant differentiation*. Since the e-marketers have inherent disadvantages due to lack of physical market spaces, they need to come across as someone who extends that 'extra value' that no one else provides them in form of differentiation and that too which sounds relevant or of use. It is not just the fancy presentation of the service package or the great core service provision that helps achieve an edge in the market. It needs to be more useful and superior, be in terms of pricing, category of services provided, technology used, service ease, quality of service etc. Also, Ola has come up with different services for customers like the OlaCabs, Ola Shuttle, Ola Corporate, Auto services, Rentals on hourly package, and Outstation services etc.

Ola has been working upon in these terms in a well-equipped manner. With the growing use of smart phones and the number of applications being used in a day or the amount of time spend on using applications instead of searching products and services on Google; Ola moved on to bookings through their mobile app. Also it was economic and convenient for the customers searching for instant cabs through instant bookings and the cashless payment mode. To promote the usage of the application it also has been using attractions like discount schemes or first free ride, referrals texts, emails etc. In terms of service quality, a thorough

check of the driver details assisted by AuthBridge add to the Ola encounters (Shrivastava, 2015). In terms of pricing, Ola has always been the master. Reasonable fares combined with different category of transportation means available suiting the customer needs was a move that has helped it grab a bigger slice of market.

## SUGGESTIONS

The success that the company has achieved has not been a sure shot one. There have been numerous instances where criticisms have been faced by Olacabs as it spread its roots deeper in the market. Issues like safety, availability of cabs, poor service provision by the drivers, misleading by the drivers, cab drivers feeling sleepy, etc. Nevertheless the company has been putting incessant efforts to overcome such lacunas. It would be beneficial for the company if it improves its communications by providing detailed information through various online mediums. The target customers are not fully aware of the wide range of services provided by the company and also there are segments that still find it difficult to obtain the perfect cab to suit their requirements. Where there is no emotion flow involved and the only way of establishing a connect is your service provision, through web presence, the hired cab drivers or telepresence, the situation becomes a little more demanding and the company needs to go a little out of its way to deliver exceptional service quality. It is better than other players in the market in terms of differentiation, but it needs to work further on its 'accessibility & interaction' as well as 'customer participation & involvement' elements.

## CONCLUSION

Due to the growing interest towards developing a good service offering in the e-marketing era, the study was attempted upon discussed the case of Olacabs. A model has been presented to contribute for the online marketers to develop a good service offering, and the case of the Olacabs has been discussed on the basis of the model. The model discusses the service offering dimensions for an online company and the paper explains how these dimensions contributed to Ola's success ladder/sutras. Also, based on the study few suggestions were extended to contribute towards company's attainment of an undisputed success.

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