



A STUDY ON IMPACT OF TRANSPORTATION NETWORK COMPANIES ON BUYING BEHAVIOR OF MILLENNIALS TOWARDS AUTOMOBILE SECTOR

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ABSTRACT

The Indian automotive industry is going through one of its worst slowdowns of the last two decades with inventory pile up, job losses and companies failing to generate interest amongst buyers despite offering discounts and updating their current offerings with updates. Recently, Finance Minister Nirmala Sitharaman on the topic of the slowdown in the industry mentioned that there has been a change in the mindset of people as millennials don't want to commit towards the EMI of an automobile and instead prefer using cab services like Ola or Uber. The study aims to analyse whether the rise on TNCs has influenced the millennials residing in Ernakulam to prefer online cabs rather than owning a private vehicle. The paper also discusses the insight of the consumers about transportation network companies. An attempt has been made to look into the fact that to what extent the young force depends upon the online cab services like Uber and Ola and whether such dependence has caused a downfall in the automobile sector in Kochi.

INTRODUCTION

A transportation network company (TNC), sometimes known as a mobility service provider (MSP) is a company that connects passengers with vehicles, via websites and mobile apps. TNCs for automobiles are commonly referred to as ride-hailing services. The Virginia Department of Motor Vehicles defines a TNC as a company that "provides prearranged rides for compensation using a digital platform that connects passengers with drivers using a personal vehicle. TNCs allow prospective passengers to download an application to their smartphone, from which they can then view and select from nearby available drivers and request the ride or their choice. Once a passenger virtually 'hails' a ride, their GPS location is sent to the driver, who can then easily proceed to pick their new customer. The smartphone apps also allow passengers to track the location of their rides, manages payments, and invites and stores reviews of both drivers and customers. There are several TNCs currently operating in India. They vary in price, style of vehicle, and the amenities offered. One of the most ubiquitous TNCs is Uber and ola, that offers a variety of ride options to the customers. In recent years, TNCs have exploded in popularity, starting first in urban areas where residents, visitors, and tourists view them as an attractive alternative to traditional taxis and public transportation, either of which may be less reliable, less efficient, less private, or less fun.



STATEMENT OF THE PROBLEM

Finance Minister Nirmala Sitharaman kicked up a storm with her statement that the millennial mindset of using services such as Uber and Ola instead of purchasing vehicles had contributed to the auto sector slowdown. The lack of adequate infrastructure services in crowded cities has led to heavy traffic congestion, a lack of parking slot availability, poor quality roads, expensive vehicle ownership cycle and reducing resale value. All this has propped up ride-hailing platforms like Ola and Uber, especially in cities, where people prefer taking taxis for commute rather than owning and driving themselves, backed largely by India's young workforce – the majority of whom are millennials. The research problem is to study the impact made by online transportation companies on the millennials and to study whether they have made any significant impact on the buying decision of the millennials.

OBJECTIVES OF THE STUDY

1. To study the perception of millennials towards transportation network companies.
2. To identify the factors that drives the customer to prefer TNCs over own vehicle.
3. To study whether there is any change in the buying behaviour of consumers due to TNCs.

SCOPE OF THE STUDY

The area of the Study is mainly limited to young work force within the age group of 26 – 35 residing in Ernakulam district. The study primarily concentrates to study the perception of millennials towards online transportation network companies and to identify the factors that drives the customer to prefer online transportation companies over private automobile.

RESEARCH METHODOLOGY

- **Data Collection**
Both primary and secondary data were used for the study. Secondary data were collected from magazines, journals, websites etc. Primary data were collected using structured questionnaires.
- **Sampling**
Data were collected from 150 respondents. A structured questionnaire will be distributed to the respondents.
- **Tools used**
Correlation, Percentages, graphs, diagrams etc. were used for analysis.

ANALYSIS OF DATA

Table showing different online transport services used by respondents

RESPONSE	FREQUENCY	PERCENTAGE
UBER	69	58
OLA	21	17
VROOM	3	3
ZOOM CARS	27	22
TOTAL	120	100

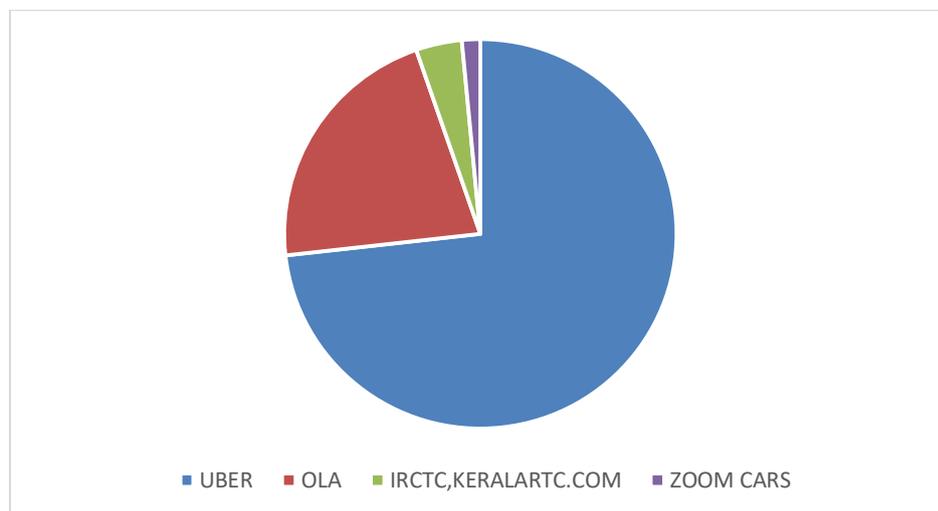


Figure showing different online transport services used by respondents

Interpretations: The above table and figure shows that majority of the millennials in cochin prefer to hire uber cabs over other transportation network companies.

2. Table showing factors that attracts you towards network transportation systems.

RESPONSE	FREQUENCY	PERCENTAGE
FARE	23	19
EASE	27	23
COMFORT	26	22
OFFERS AND DISCOUNTS	44	36
TOTAL	120	100

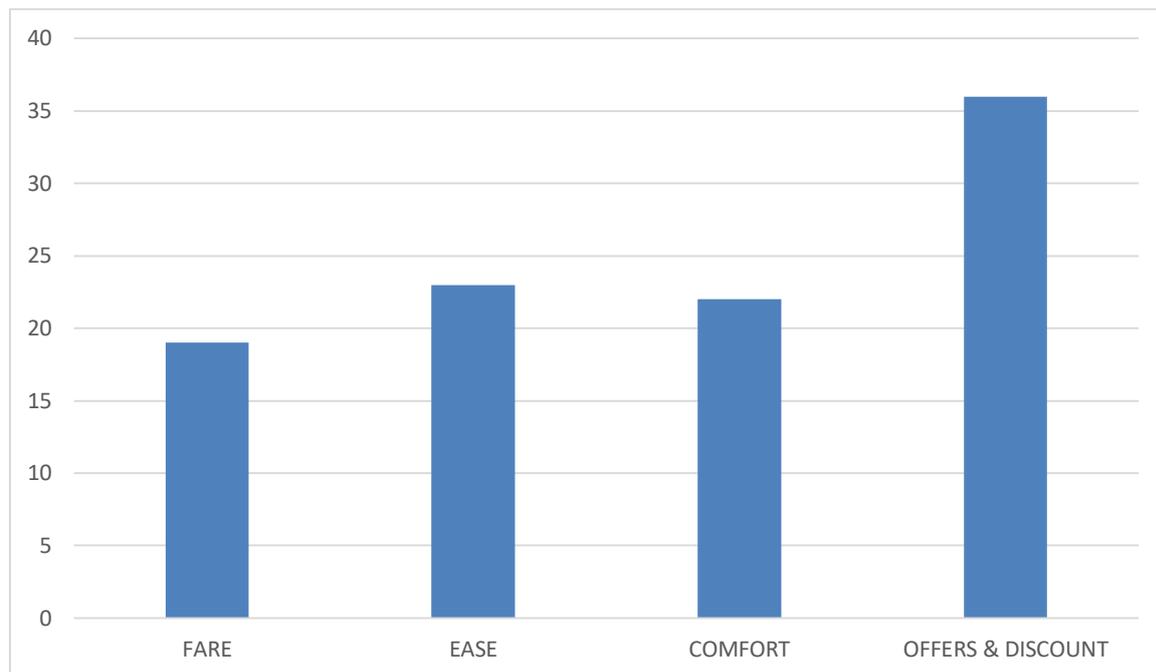


Figure showing factors that attracts you towards network transportation systems

Interpretations: The above table and figure shows that offers and discounts attract most of the people towards online transport system compared to other factors.

3. Table showing factors stopping respondents from driving own vehicle.

RESPONSE	FREQUENCY	PERCENTAGE
POOR ROAD	18	15
TRAFFIC CONGESTION	30	25
PARKING SLOT	24	20
HIGH FUEL PRICE	22	18
OFFERS & DISCOUNT BY TNCs	26	22
TOTAL	120	100

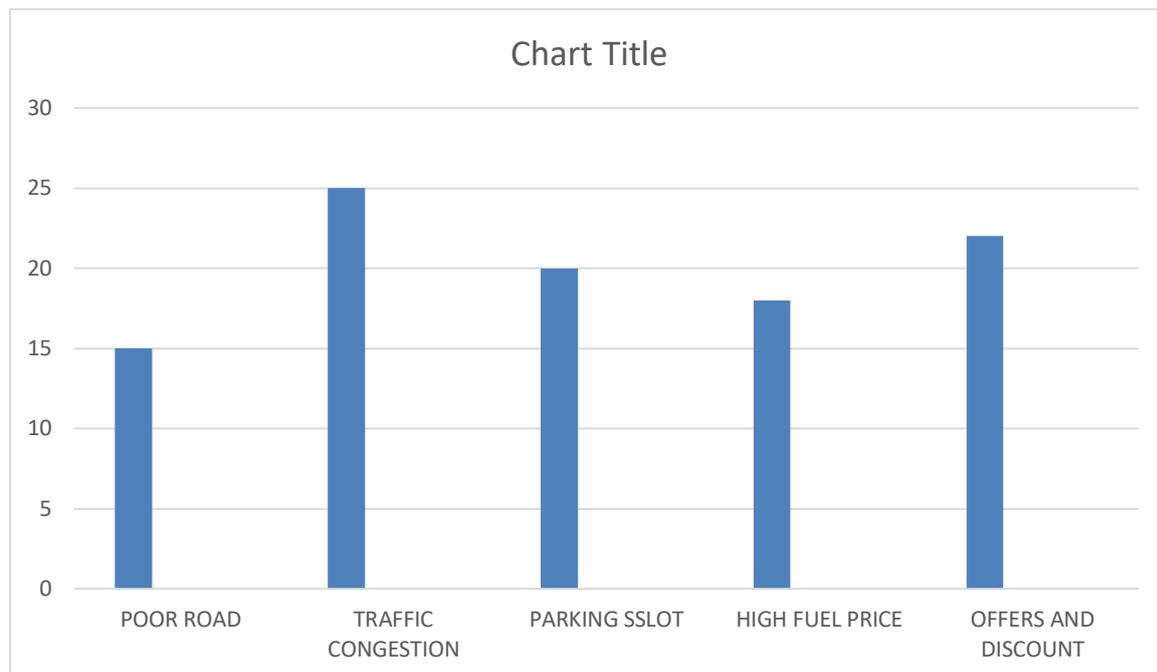


Figure showing factors stopping respondents from driving own vehicle.

Interpretation: From the above table and diagram, majority of the respondents stated that traffic congestion is the major factor that stops them from driving their own vehicle compared to other factors like poor road, on availability of parking slot, fuel price.

4. Table showing respondents preference on self-drive over Uber and Ola

RESPONSE	FREQUENCY	PERCENTAGE
STRONGLY AGREE	12	10
AGREE	26	22
NEUTRAL	22	18
DISAGREE	39	32
STRONGLY DISAGREE	21	18
TOTAL	120	100

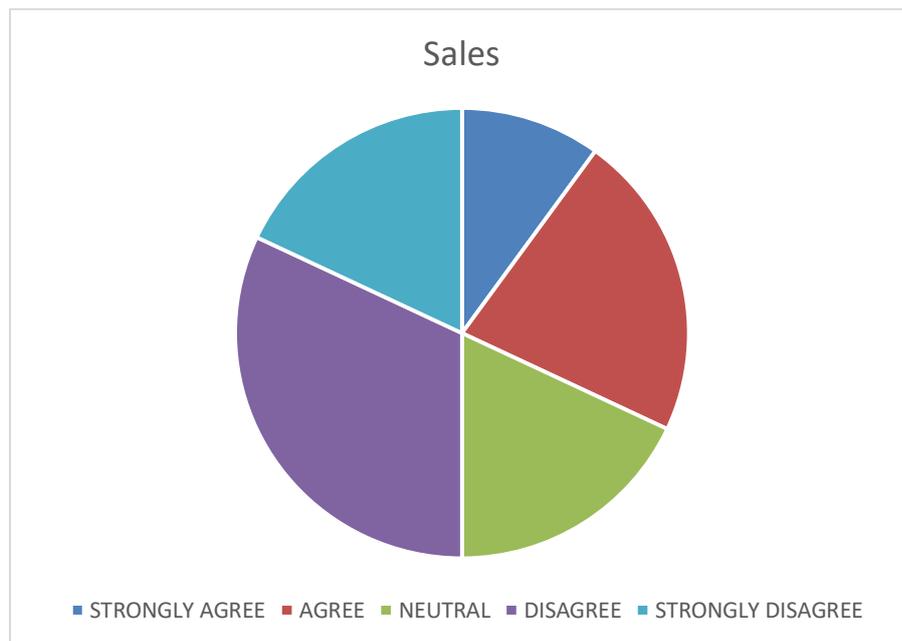


Figure showing respondents preference on self-drive over Uber and Ola

Interpretation: From the above table and diagram it is clear that respondents prefer self-drive over Uber-Ola.

5. Table showing whether respondents are ready to purchase a new vehicle when provided with adequate finance

RESPONSE	FREQUENCY	PERCENTAGE
STRONGLY AGREE	39	33
AGREE	42	35
NEUTRAL	06	5
DISAGREE	21	17
STRONGLY DISAGREE	12	10
TOTAL	120	100

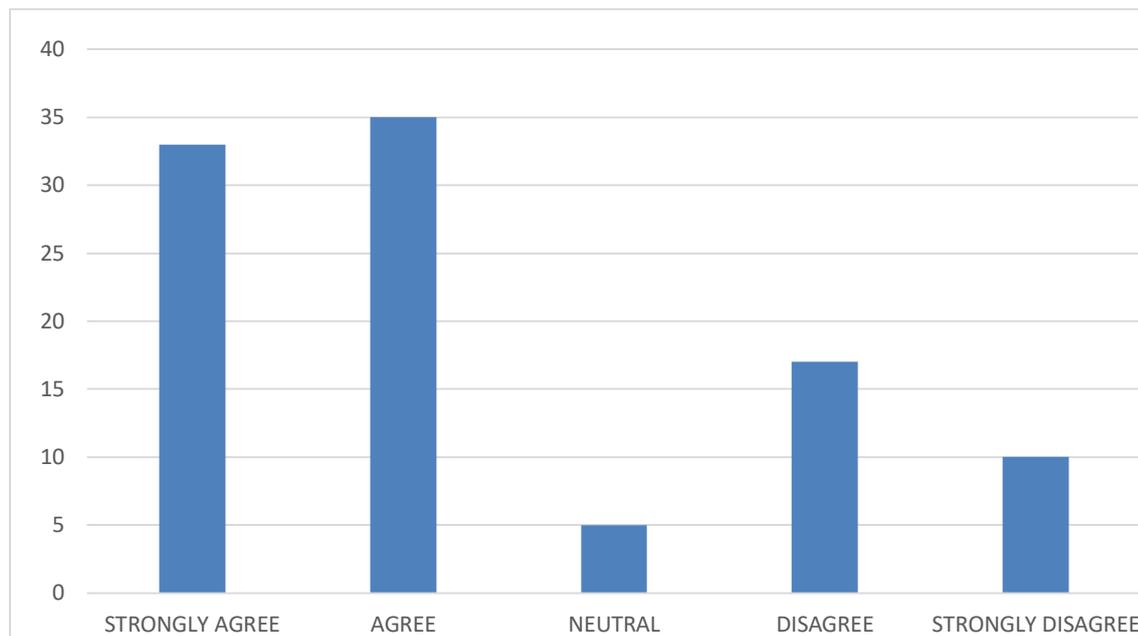


Figure showing whether respondents are ready to purchase a new vehicle when provided with adequate finance

Interpretation: majority of the respondents agree to the statement that ‘Provided with adequate finance, I am ready to purchase new vehicle’. Only 17 percentage of the respondents disagreed to the statement.

FINDINGS AND SUGGESTIONS

FINDINGS

1. Most of the respondents prefer to use uber and ola which clearly indicates that other TNCs like zoom cars, Vroom.in.
2. The Study indicates that respondents are more attracted towards TNCs because of the offer and discount they provide to the consumers. Other factors like fare and comfort also adds up to the reasons why respondents choose TNCs.
3. Majority of the respondents restrains themselves from using their own vehicle for transportation is because of the increasing traffic issues and lack of proper parking facility available in the city. Apart from these they prefer to choose TNCs because of the attractive offers and discounts offered by them.
4. Despite of the numerous advantages provided by TNCs these days majority of the respondents still prefer self-drive over Ola and uber. It indicates that they prefer to spent their quality time with family in their own vehicle rather hiring a uber or ola.



5. The study indicates that if the respondents are provided with proper finance, they are always ready to buy a new vehicle rather than choosing to ride in uber and ola. This means that in the state owning a private vehicle is considered as a social uplift and millennials always prefer to buy a new vehicle if they get proper finance.
6. During personal interview with the respondents they highlighted the fact that often during odd hours, or to distant places or at the time of surge cab drivers are reluctant to respond to their query and they cancel the trip which creates lots of inconvenience.

SUGGESTIONS

1. Private vehicle owners can facilitate the advantage of car-pooling system where he can actually allow passengers to ride with him for a reasonable charge. This can actually cover a part of his expense during travelling.
2. TNCs can inquire over the grievances where trips have been unnecessary cancelled by the driver without giving reasonable justification.
3. The government must take initiative to improve the roads and reduce the traffic congestion to allow smooth ride of vehicles.

CONCLUSION

The Study was conducted to inquire in to the fact that whether the use of TNCs has any impact on the buying decision of the millennials. It was evident that these days millennials are predominantly using online cabs for their routine rides and they are satisfied with the services of TNCs. But at the same time, it hasn't prevented them in owning their own vehicle. If given adequate finance facility or if they have sufficient funds to own a car, they will not postpone their purchase decision on the fact that they can still use TNCs because in our society owning a private vehicle is somewhat like a social stigma and people do consider it as their Valuable asset.

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