Ola acquired its competitor TaxiForSure in March 2015. Both companies decided to run their operation as an individual entity. In due time, several market analysts raised the issue of merging them as a single company, since they sold similar products on their portal. Ola needed to strategize its orientation and develop a strategy to acquire a new customer base to increase the market share. The company had to achieve price parity if it sold the same products from two different platforms. The ultimate call was taken to merge TaxiForSure into Ola cabs to run it as a single entity.

THE INDIAN TAXI MARKET

With an increasing Internet and smartphone user base in India, the online industry has touched booming heights in the recent decade. The online sector has seen new entrants in various industries like hospitality, taxi services, online product marketplace, etc. A few of the major players and competitors in the market include, Oyo and Airbnb in hospitality, Amazon and Flipkart in online e-marketplace and Ola and Uber in the taxi sector.

The organized taxi market in India has its origin from 2001. The taxis were known for being unsteady vehicles, with tampered metres, dishonest drivers. Overall, an awful experience. Brawls between customers and drivers over payments and routes, among others were very common at that time. It was primarily an unorganized sector with most of the players owning one, two or three cars. The major players...
owned anywhere between 2–50 cars. In 2006, the Global Positioning System (GPS) technology was introduced in the taxi market with electronic metering to make it more customer-friendly. By the end of 2014, the market witnessed major players such as Ola, Uber and Taxi For Sure (TFS) had conquered 3–4 per cent of overall share, which has increased to 15 per cent by 2020. The evolution and development of this market has also seen several challenges such as excessive government controls, illiterate workforce and catering to a large consumer base. The business model of these aggregators is maintained through a system of associates. The associates include chauffeurs who own and drive a solo car or operators who have a fleet of vehicles driven by chauffeurs. GPS and electronic metering system integrated with aggregator’s IT system has proved to be efficient in the model.

THE BIRTH OF OLA CABS AND THE COMPETITORS

Bhavish Aggarwal and Ankit Bhati, alumni of the Indian Institute of Technology Bombay, identified the gap in the taxi service industry as an opportunity to provide customers facing unpleasant experiences with the local cab services a viable solution and set up Ola cabs. Ola faced many challenges including convincing independent drives and operators to join the portal. The drivers were expected to pay a share of 7 to 10 per cent of every ride to the company. All the drivers and operators had to follow the company’s policies and fulfil the criteria. Ola also conducts surprise checks and inspections to ensure proper services to customers. The company firmly believed that making the customer’s journey an experience irrespective of the distance travelled was its goal. To achieve this, Ola drivers never say ‘No’ to any customer. The company has also started offering booking of three-wheeler auto-rickshaws to grab a larger market share of middle-class India.

Meru and Uber are few of the major players in the market except Ola. Meru introduced ‘metered radio cabs’ in India. The company was launched in 2007 in Mumbai and has grown expansively in several cities adding thousands of cabs to its fleet. The company became the third largest ‘radio taxi’ in the world. Uber was started in San Francisco, US by Kalanick and Camp in 2009 and entered India from Bangalore in 2013. Uber has devised an aggressive marketing strategy in the country. This is demonstrated from its action of providing discounted rates to voters during elections and free credits for new customer referrals.

SITUATIONAL ANALYSIS

In 2014, Ola cabs, backed by substantial funding, started reducing its tariffs per kilometre in the mini and sedan segment. This move was mocked by TFS by stating it as ‘an aberration that would slowly come back to the ground’. With the continuous backing from several venture capitalists, Ola did not step back and continued the aggressive price war. TFS was started by Raghunandan G and Aprameya Radhakrishna in Bangalore in 2011 under Serendipity Infolabs Private Limited. TFS has worked with different taxi operators introducing cutting edge technology. It had differentiated itself from competitors by adopting an asset-light model. Now to counter Ola’s strategy, TFS had to raise money quickly. Mr Raghunandan travelled to the USA in December 2014 to meet new investors. However, in India, an unfortunate event where a taxi driver molested a 26-year-old lady commuter, led to public outrage and a fear that the government might change policies and put a ban on the taxi aggregator model. This incident caused a lot of uncertainty and investors in the USA decided not to fund TFS.

The founders had no option but to sell the company. The TFS team discussions with Uber failed due to a disagreement regarding the treatment of existing TFS personnel. On the other hand, Ola accepted all the terms and conditions set forth by TFS. The market saw the first consolidation in the taxi industry on 02 March 2015. After the acquisition, Ola decided to run the operations of both companies as individual entities. Many industry experts and market analysts believed that the merger of Ola and TFS into a single entity would serve the company better. Ola needed to strategize its orientation to acquire new customers and amplify marketing efforts. The issue which remained at hand was should TFS be merged into Ola or should it continue as an individual entity.

FRAMEWORKS AND STRATEGIES

There are a few of the options for corporate brand strategy available to Ola post-merger. The new brand strategy states that both the brands be dissolved to pave the
way for new brand development. The dominant brand strategy recommends keeping the dominant brand and dissolving the other one. The next option is the hybrid brand strategy, which is a simple merger of two brands. Another alternative is the subordination brand strategy which keeps both the brands active. The acquiring company keeps the identity of the acquired company as a division or subsidiary. Ola and TFS both have a good brand image and presence in different cities, so opting for the new brand strategy is ruled out. Similarly, the adoption of the dominant brand strategy would result in a brand loss in cities, where Ola has a weaker presence. Both companies have a different target market. Ola caters to premium customers where TFS targets the economy class. Hence, the third option does not seem feasible, as it can dilute the worth of Ola’s higher segment. In light of this discussion, the subordination strategy seems suggestable for this merger.

The alternative options that Ola has are based on the identity associated with the product. The global brand strategy presents an identical mix for every customer segment. The offer strategy symbolizes the same product and brand but uses different messages based on the market segment. On the contrary, the ‘one message strategy’ let the firm to use one message for many offerings. The last one is the best fit strategy, which focuses on segment variation and product disparity. As Ola and TFS cater to different segments, the first strategy of a global brand is ruled out. The taxi market is fragmented with prices and services, making it difficult to adopt one offer and one message strategy. The best option for Ola is the best fit strategy.

**DILEMMA AND DECISION**

Keeping TFS as a separate brand allows Ola to retain an individual brand entity reaping dividends of hard work, resources, and money already spent on it. Ola can keep TFS as a separate entity for the economy market segment, and Ola itself can focus on the luxury segment. This strategy will not let customers get confused by any cross-positioning. If the brands decide to merge, there should be only one app, one website and one brand to avoid a dilemma in the minds of the customers regarding the identity of the firm. In both cases, Ola has to conduct a detailed study on positioning, recognizing customer’s willingness to pay and maintenance of performance level. After a long period of discussions and brainstorming, on 17 August 2016, Ola decided to shut down TFS after integrating its services with the adoption of Ola Micro.