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OLA's Futuristic Electric Scooter Market: A Question of Sustainability Ahead with the Big Leap

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Abstract

Marketing innovations have always been a tip of the tongue in the world of startups. It has taken a vibe as a tactical tool to do business terms of manufacturing or service industry. Ola, which has redefined itself in the mobility services, has reached its peak of success from a startup to a brand in this service industry as its operations have already gauged the success of serving the customers domestically and also internationally. With this, Ola has decided to take a high note jump in the field of production innovation to add yet another new product to its business basket i.e. Ola electric. The study reveals about how this shift from service to manufacturing industry by Ola can make remarkable benchmark in the field of production. As a study says, the segment and consumer buying behavior towards this technology of electric vehicles is on a slower mode, yet the Ola's world's biggest futuristic manufacturing unit embedded with the latest robotics technology is on the cards. Can it sustain this big leap? With the expert opinions, this industry has still time to grow to gain the impact as well as the market share. Ola has a big question ahead in terms of sustainability with its strategies and also competition by the big brands in this electric vehicle segment. Will it taste the success or?

Keywords: Robotics, futuristic, marketing, Ola, technology

INTRODUCTION

As Mr. Peter F Drucker, father of modern management, has said, "business has only two functions to play: Marketing and Innovation which are inseparable". Innovation marketing is a present day term which can be defined as a management activity or tool that contributes to the promotion of a new product or service. If the actual task of innovation is market success, then it is clear that marketing plays an exceptional role in innovation process.

It involves tasks and activities related to customer needs and the market orientation which helps an organization in marketing its product/service more effectively and efficiently. Innovation also contributes in recognizing potential new market opportunities and research consumer needs that could be in the form of:

- Specific segments or product categories: it focuses on current needs as well as anticipates future needs which results in derivation of new innovation policies.
- Market research such as its attractiveness, size, potentiality for new products etc.

In current situation of pandemic, where the world is suffering a global crisis, the process of product development and marketing innovation of any company has the task of being continuously in touch with the customers. The goal is to gather information and opinion from customers and

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marketplace on existing developments in the form of prototypes, concepts and beta tests. This is to ensure that there is future acceptance for the product and to incorporate the ideas and experiences in development of new products for future use.

INDIAN RIDE HAILING COMPANY

OLA said that "it has taken a holistic approach to sustainability and electric mobility", pointing to its launch of the world's largest two-wheeler EV factory in Tamil Nadu to build different ranges of EV two-wheelers. This futuristic factory is being built with a record speed of having its first phase in operation by this summer and the full factory by next year. It has the capacity to manufacture 10 million units per year and has spread across 500 acres with latest robotics production in line which is first of its kind in EV segment.

With this holistic approach, the company has taken a drastic shift from service industry to manufacturing industry, which is a question of success journey for the near future for OLA.

The OLA: It's Growth Story

OLA took its roots in Mumbai in the year 2010 by Bhavish Aggarwal and Ankit Bhati. Bhavish, who heads Ola, is an IIT graduate from Bombay with B.Tech in Computer Science and is having an experience of 2 years in Microsoft Research, Bangalore. The net worth stands around Rs. 3135 crores, including the revenue of Ola cabs, according to a data of December 2019.

Ankit Bhati, the co-founder, also an IIT graduate from Bombay specializing in Mechanical Engineering and masters in CAD and Automation, deals with the technological aspects as a Chief Technology Officer. Lot of people benefiting in automobile segment is a result of their brilliancy and struggle in bringing up the cost effective business model that stands out with the competitors in this business with its unique features of Ola cabs as:

- The first to be introduced in India who made cab services more satisfying and gave a smooth experience.
- People preferred their services because of its reasonable price.
- It has got about 60% market share starting in 2014 in India with clients across hundreds of Indian cities and over 15 lakh driver accomplices making Ola an Indian homegrown ride-hailing application.

The share of Ola presently is the highest in mobility service with a market share of more than 70%. The main competitor for Ola is UBER and also had a challenging competitor from Taxi for Sure whom they acquired in 2016 and is at ease now. It has stretched its services by providing miscellaneous ride choices from monetary plans to membership discounts and in-vehicle amusement. They also provide motorbikes and auto rickshaws at feasible price in addition to taxis which includes the facility of sharing the cab.

CONSUMER BEHAVIOR TOWARDS EV VEHICLES

Electric mobility is a low cost ride along with energy and destructive emission savings. However, there is lack of literature review for the projection of prospects of electric vehicles in developing countries. In the present era where the world is concerned with global warming, the companies are working towards finding different ways to be environment friendly and bringing solutions to the customers. All the sectors are trying to work with their go green tactics and being environmentally friendly. The concept of electric two-wheelers is distinct from other technology and is also environmental friendly. The adoption and acceptance of the idea by customers are essential for success. This transformation is possible only if electric two-wheeler companies and marketers can educate potential customers in the right way. Electric two-wheeler marketers need to create awareness and build up optimistic customer attitude about their products. It is significant to increase the extent of marketing efforts to gain the customers in Indian market. An idea of joining the environmentalist might become an opportunity to make customers to buy the product. When customers can test drive and check the performance efficiency of products at no cost, they will develop a positive perception about the vehicles. One more way of creating positive perception is to provide rewards and recognition for reference marketing as the consumer preference is very less towards buying the product comparing to the BS6 engines to two wheelers.

CHALLENGES IN THE CRISIS

Catastrophes like the COVID-19 pandemic brings crises to firms which are unavoidable [1]. COVID-19 crisis has highly affected the economy across the globe since January 2020. The increased concern of general public towards the health and safety matters has highly influenced their purchasing patterns and preferences. As a result, the firms being highly affected by the pandemic are in search of new market opportunities. It is found that in a survey of about 995 firms of China, if the crisis is not successfully addressed, then within 3 months there is risk of approximately 85.01% of these firms facing bankruptcy due to considerable drop in operating income and lack of cash flow [2]. Another survey shows that firms are facing issues related to decrease in orders, issues related to financial matters such as rent, wages and taxes, increase in prices of raw materials, insufficient/unpredictable demands, and difficulties in finding alternate suppliers [3]. Also, home quarantine has resulted in less purchasing activities by consumers. Kantar's market research studies have shown that after the breakout of the pandemic, consumers' attitude towards consumptions is becoming more conservative and that they are oriented towards lessening their unnecessary expenses [4], as a result of which there is a sharp reduction in firms' revenue during almost the first quarter to half of the year 2020.

John F. Kennedy once observed that the word "crisis" in Chinese is composed of two characters: one representing danger, the other opportunity. He may not have been entirely correct on the linguistics, but the sentiment is true enough: a crisis presents a choice. The COVID-19 pandemic has upended nearly every aspect of life, from the personal (how people live and work) to the professional (how companies interact with their customers, how customers choose and purchase products and services, how supply chains deliver them). In the recent survey of more than 200 organizations across industries, more than 90% of executives said they expect the fallout from COVID-19 to fundamentally change the way they do business over the next 5 years, with almost as many asserting that the crisis will have a lasting impact on their customers' needs. Almost all of the firms are striving to survive both the pandemic and its aftermaths. The choice is in within the firms. This is achieved by the means of marketing innovations that help majority of the firms in surviving many unpredictable and uncertain situations that may arise in the environment that the firm is operating.

The survey form McKinseys and Company and subsequent interviews with business leaders tell us that many companies are deprioritizing innovation to concentrate on four things: shoring up their core business, pursuing known opportunity spaces, conserving cash and minimizing risk, and waiting until "there is more clarity". However, we believe that, particularly in times of crisis, more urgent actions to take include:

- Adapting the core to meet shifting customer needs.
- Identifying and quickly addressing new opportunity areas being created by the changing landscape.
- Reevaluating the innovation initiative portfolio and ensuring resources are allocated appropriately.
- Building the foundation for post crisis growth in order to remain competitive in the recovery period.

Example: Almost all top brand names that are into the business of apparels initiated to produce masks. This shows that the firms who are into innovations of new products tend to move in a positive directive to be always connected with the market and the customer needs.

Innovation capability of the firm has been found to be a key mechanism for any organizational growth and renewal [5], Specifically to cope up with the environmental turmoil like natural disasters or any other unwanted situations that question the survival of the humanity at large, the firms must realize and implement innovative strategies to either resist or overcome the calamities (Schumpeter, 1950) [6]. Technological and production innovations demand a long research and development cycle [7], compared to marketing innovations that can be adapted and implemented in a relatively short duration to ensure their market survival by adjusting to changing demands of the customers.

As such since its visionary project of the world's largest EV factory, the OLA may face some of the strategic issues in this pandemic that ought to be hurdle to slow down its project and also this global crises may affect its further process in one or other way. But Ola has not stepped backwards in any of the concerns or the strategic decisions which may lead to slow down of the project. With the situation at present, the project is in its place and pace, and considerably with the challenge ahead, the company has successfully made right decisions of launching of EV segment in global markets, as these decisions may help the firm to scale up its methods relating to the production as well as the markets.

TYPOLOGY OF INNOVATIONS DURING CRISIS

Marketing innovation is the firms' dedication and commitment to latest and exceptionally unique methods of marketing which allow firm to utilize their resources coherently to serve customers' demands and create its worth (Hunt and Morgan, 1995, Hurley and Halt, 1998, OECD, 2005). To get through the COVID-19 crisis, the companies are trying different ways of marketing innovations and as well as to meet the economical need of the firm, as they are looking into two dimensional analytical frameworks to match the needs of the customer.

The first aspect/dimension characterizes the innovations with the factor of motivation. This dimension emphasizes the level of effect a firm is suffering as a result of the crisis (Chrisman and Patel, 2012, Joseph et al., 2016) [8]. As the firms behavioral theory (Cyert & March, 1963), if the functioning of the firm is lower compared to its expectancy levels at a given situation, then this acts as a stimulant to actuate/begin problematic search, where the firm searches for solutions to its key/main problems (March, 1988), resulting in the increase activities related to R&D investment, going for M&A, or engaging in any other risk-taking behaviors [9]. If the firm's productivity is more than that of expected levels, then the conclusion is that the firm is having sufficient resources and abilities to start a slack/flexible search i.e., the firm may possibly take the advantage of its slack materials/assets and turn them into long-term competitive advantages [10]. Therefore, firms have different motivations for innovation depending on different degrees of impact during the crisis.

The second aspect deals with the level of collaborative innovations, which discriminates between the marketing innovation strategies is mainly based on a firm itself or is based in collaboration with other firms. It is dependent on the capabilities of the firm, whether it has enough acceptable resources and funds to innovate independently. Innovations are challenging tasks but are critical for any firm which includes the tasks of looking for new ideas, tools and opportunities to enhance current businesses or to establish a new one [11] [12].

Competitive advantages shift dynamically as business models adapt to new market realities, and the core capabilities that made an organization distinctive may suddenly be less differentiating. While the rise of digital has been mounting similar pressures for more than a decade, the current crisis has significantly exacerbated and accelerated its disruptive force. Businesses can gain long-term advantages by understanding such shifts and the opportunities they present. In past crises, companies that invested in innovation delivered superior growth and performance post crisis. Organizations that maintained their innovation focus through the 2009 financial crisis, for example, emerged stronger, outperforming the market average by more than 30% and continuing to deliver accelerated growth over the subsequent 3 to 5 years.

As a strategic move, the process of Ola of its futuristic unit of EV vehicles stood firm with its production innovation strategy and also with the new innovations in the EV segment. As when during this crisis, some of the investors who have funded the project may also think of a turn out from the project which can slow down the process if any, as the crisis can stall the activities and can witness a long delay in the new innovation project of Ola. The two dimensional framework can also sometimes hit back a firm's effectiveness.

THE IMPLEMENTATION OF THE INNOVATIONS: THE RIGHT MOVE

Responsive Strategy in the COVID-19 Crisis

It is a process to achieve a positive change by shifting current state of things and perception of the people involved in the business towards strategically favorable for the business, which enables the company to smoothly execute its policies. This strategy can be adopted by the firms that have large offline business and have been greatly affected by the crisis to come out of the impacts of pandemic (Du, 2018). Considering the internal pros, responsive strategy is suitable for the firm that is less dependent on external resources and mainly relies on itself. Also the firm that goes for responsive strategy should have reconfiguration capabilities, which refers to upgrading and optimizing the existing business through transformation and reconfiguration of resources within the organization.

OLA, considering the present state of the pandemic situation across globe where the business are hitting with tidal waves in all the ways, never the less the responsive strategy can be viewed in terms of the production innovations and also a great move of launching the OLA EV at London recently under the tag of 'Global first' strategy in this segment. This is one way of a strategic move relating to such situation where it can demonstrate itself and also understand the future market of its global footprints.

Collective Strategy in the COVID-19 Crisis

Organizations that have been heavily impacted by the crisis can refer this strategy in terms of external environment. To decide between responsive and collective approach, two factors need to be taken into consideration: collective approach is most beneficial to innovations in the businesses that are mainly reliant on outside resources; due to lack and limitations of these businesses' own resources, they must develop their new businesses through partnership strategies so as to create collective value as a system. Also, firms referring this strategy require to force their current resources and potential, which involves assimilation original business advantages into a new business The collective approach has always benefited the business innovations; and this move of OLA entering into the production and also the marketing innovation towards the EV segment has been an collective approach (launching the EV under the tag 'Global first' recently in London) in the corporate business; and also its strategy will keep its pace of its collective ability embark its new step towards the new business.

Proactive Strategy in the COVID-19 Crisis

Firms such as that focus on ecommerce businesses and that are less affected by the crisis can take this approach of proactive strategy from an external environment point of view. For internal advantages, firms that depend least on external resources can adopt this collective strategy by concentrating on new demand of existing customers, firms can independently develop new businesses. This approach demands that firms have strong ability to integrate customer bases so that their new business is effective. In order to meet special demands of the current customers during the crisis, the firms can develop new businesses to meet the same with the help of proactive strategy. OLA has always been proactive as it into the business initiatives, as it has been giving services in these pandemic difficulties, so, it meets the crucial demand of the customers. As initiative of launching its EV services in London shows its proactivness towards the futuristic market of two wheeler in EV segment.

Partnership Strategy in the COVID-19 Crisis

This strategy can also be applied by the firms that are least affected by the pandemic from an external point of view. Thus it is also applicable to firms whose services are provided in online mode. Considering internal advantages, if the firm lacks internal resources to develop independent new business, partnership strategy is most suitable in such situations. Firms must search out for potential business partners whose operations are complementary to their own so as to rely on complementary resources thereby developing a new business and expanding the existing customer base. Firms must have stronger grip on original business so that it can provide enough support to the new business. Thus, this strategy allows a firm to expand their customer base and to provide its customers with new offerings with the cooperation and by taking advantage of corresponding resources of its partners. This strategy demands complementary collaboration with other firms so that a firm can develop new offerings. This results in a win-win situation for both the partners as well as all the stakeholders. Example: Tiktok, who took advantage of this strategy during COVID crisis, by collecting various life service resources such as exhibitions, movies and education on its platform along with its own platform, acquired many new users. Also the firms that have partnered with Tiktok have improved their performance, thereby alleviating the impact of COVID crisis.

Hyundai Motor Group (the Group) and Ola, one of the world's largest ride-hailing platforms, today announced a strategic partnership, under which Hyundai Motor Company (Hyundai) and Kia Motors Corporation (Kia) will make their biggest combined investment to date, with OLA to become a Smart Mobility Solutions Provider. The agreement will see the three companies extensively collaborate on developing unique fleet and mobility solutions; building India-specific electric vehicles and infrastructure; as well as nurturing best in class opportunities and offerings for aspiring driver partners with customized vehicles, on the Ola platform. Hyundai and Kia will invest a total of USD 300 million in Ola.

"India is the centerpiece of Hyundai Motor Group's strategy to gain leadership in the global mobility market and our partnership with Ola will certainly accelerate our efforts to transform into a Smart Mobility Solutions Provider," said Euisun Chung, Executive Vice Chairman of Hyundai Motor Group. "Hyundai will proactively respond to market changes and persistently innovate to deliver greater value to our customers."

Bhavish Aggarwal, Co-founder and CEO of Ola said, "We're very excited about our partnership with Hyundai, as Ola progresses to build innovative and cutting-edge mobility solutions for a billion people. Together, we will bring to market a new generation of mobility solutions, as we constantly expand our range of offerings for our consumers". He added, "This partnership will also significantly benefit driver-partners on our platform, as we collaborate with Hyundai to build vehicles and solutions that enable sustainable earnings for millions of them, in the time to come".

As part of the strategic collaboration, the companies have agreed to co-create solutions to operate and manage fleet vehicles, marking the Group's first foray into the industry, as they expand operations from automobile manufacturing and sales to total fleet solutions. The partnership will offer Ola drivers various financial services, including lease and installment payments, while vehicle maintenance and repair services are expected to enhance customer satisfaction. Hyundai, Kia and Ola have also agreed to coordinate efforts to develop cars and specifications that reflect the needs of the ride hailing market (both users and drivers). Data accumulated during service operation will allow the companies to make constant vehicle improvements to better meet local needs and specifications.

Hyundai Motor Group expects to accelerate its transition from a 'car manufacturer' into a 'Smart Mobility Solutions Provider', as the partnership's initiatives will allow it to engage in all aspects across the entire mobility value chain, including vehicle production, fleet operation and mobility services.

Ola aims to create over 2 million livelihood opportunities in the mobility ecosystem by 2022. This partnership will help accelerate micro-entrepreneurship in India's growing pool of aspiring driver-partners. Ola already hosts over 1.3 million partners on its platform and will further empower hundreds of thousands more, with access to tailored offerings across vehicles and financing.

DISCUSSIONS AND IMPLICATIONS

The sudden crisis of COVID-19 is undoubtedly still affecting lives at large all over the world. Firms are no exception to this. Therefore, it is the manager's responsibility to come to conclusions on adapting their marketing strategies so as to survive these difficult times and overcome the implications that these may leave on the firm in the long run. Here, the innovative marketing strategies are recognized in two dimensions:

1. Motivation for innovations i.e. slack search and problematic search; and
2. The level of collaborative innovations i.e. independent or collective.

This study aims at providing understanding into how firms can choose between these strategies to survive and overcome the effects of the pandemic. If both the external environment and internal advantages are taken into consideration, then specifically, it is feasible for the firm to choose responsive strategy if it is impacted by external environment to a great extent. This responsive approach demands the firm to have strong reconfiguration capabilities and the ability to optimize its current business. On the other hand, firms can choose collective strategy that relies on partner's complementary resources and requires stronger leveraging capabilities to establish a new business.

It is feasible for a firm to choose proactive strategy if it is not heavily impacted by external environment and it is sufficient in operating independently with its reconfiguration capabilities and resources. On the contrary, firms can opt for partnership strategy if it highly relies on complementary resources and has strong leveraging capabilities to develop a new business. It is important for the firms to anticipate their own characteristics while they choose any of these marketing innovation strategies. To elaborate the same, if the services offered by the firm require physical contact with customers then it is optimum for the firm to go with either the responsive or the collective strategy and if the firms' services are on contactless base, then either the proactive or the partnership strategy can be adopted by a firm.

Managerial Implication

The inevitability of crisis in an external environment cannot be neglected. COVID-19 is both a global health crisis and an international economic threat. The worldwide lockdown of businesses and industries that were implemented and mandated to curb the spread of the virus generated a wide array of unique and fundamental challenges for both employees and employers across in each and every corner of the world, firms in almost all countries are being challenged with many difficulties to cope up with the situations that may or may not have probably been anticipated beforehand.

China being the first country to witness this global pandemic, the firms here have suffered huge consequences as a result of the crisis. The key to survival of the firms during such circumstances is to explore realistic and suitable marketing innovation strategies. Here, an attempt is made to describe the successful experiences of OLA taking the right move relating to its launch and as well as its collaborative partnering. As a key not to the marketing innovations making avail be its OLA EV vehicles across the global markets with a tag "Global first", which shows the firms strategic decisions by the founders stand firm.

LIMITATIONS AND THE FUTURE: A SUSTAINABILITY QUESTION

Every business has its own boundary spanning, but the strategic moves must be implemented in such a way that it should not alter the roots of the core business. Sometimes lack of strategic thinking may cause damage to the companies.

Example: We can see the decline stage of SNADEAL.COM, an E-Commerce platform which once had a huge customer base to purchase the products is now suffering from lowest traffic in consideration with the competitors. OLA, which is almost a house hold name, the way of doing the business and the structure of the organizations and the strategic decisions are highly commendable. But, the way ahead is the biggest challenge, as discussed above we can notice the different concepts and happenings about a company's strategic moves in pandemic crises. The firm has already initiated a big leap to get into the production, and also with the new ways of productions functions. The market share and the system of adaption i.e. consumers purchase behavior towards this EV considerably will take a time to get along, at least from now to next 5 years. As of now, the demand of two wheeler EV in India has a slower progress, as the sales of the competitors of this segment show the same.

In spite of these, OLA has taken a drastic and a risk ahead of producing the EV vehicles, but a smart move can also be noticed here of launching its EV across cross borders rather than in India. As its plan of production house which is in place is for the whole world market rather than only India. But its major contribution will be always from the Indian consumers. As every business before entering into the new market has already researched before the step, but not all the firms succeed, everything always is not as their way. The questions still to be answered with this will remain in the brackets:

1. Can OLA sustain the futuristic market in EV segment?
2. What could be the ROI of this big leap, which is considerable huge risk?
3. Strategies of its break even analysis of this new shift?
4. Adaption of this technology by the Indian consumers will remain a big question if we consider the present scenario and the growth of this segment since years?

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