

Taxi - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2019 - 2029

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Report description:

The Taxi Market size is estimated at USD 275.94 billion in 2024, and is expected to reach USD 423.59 billion by 2029, growing at a CAGR of 8.95% during the forecast period (2024-2029).

The overall taxi sector was negatively affected by COVID-19, which resulted in lockdowns and limited demand for taxis. The increased risk of crowded places and the social distancing measures have hampered industry expansion as customers' preferences have switched toward personal vehicles. However, demand is progressively returning to the market with the easing of lockdown measures and the availability of COVID-19 vaccinations. The expansion of taxi services provided by market leaders such as Uber and Ola, as well as the ability to select convenient pick-up and drop-off locations, is encouraging consumers to choose them and positively impacts the target market growth in the upcoming period.

Over the long term, taxi industry is expected to grow due to increasing demand for ride-hailing and ride-sharing services, increasing demand from online taxi booking channels, and an increase in the cost of vehicle ownership. Compared to other modes of transportation, increasing traffic congestion and low taxi fare are the other major factors driving the taxi market.

However, industry development is hampered by improvements in public transit and differing government laws on taxi services in different nations worldwide. The rise of eco-friendly electric cab services will likely provide an attractive potential for market expansion throughout the forecast period.

Asia Pacific is expected to witness the considerable growth rate in the target market. This is due to the fact that the region is home to 60% of the world's population, with India and China contributing significantly to the region having the highest working population in the world.

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Taxi Market Trends

Online Bookings Driving the Market

One of the primary factors fueling the market's growth is the increased usage of online cab booking platforms, mostly because of the convenience they provide to clients. They also offer simple online payment options and the flexibility of choosing the pick-up and drop-off locations.

The ease of booking through the app has significantly attracted customers to prefer online booking over offline booking, owing to the increasing penetration of the internet and smartphones worldwide. Additionally, the availability of information on the app like tracking the driver position, pre-estimated ride fare, driver contact, and vehicle details has further increased the customer preference for online booking.

Many major operators, such as Grab, Uber, and Ola, provide ride-sharing options (which offer a fare-splitting option among co-passengers) in certain regions, capturing the increasing demand for low taxi fare services among customers. Operators are adopting the same strategy and incorporating the ride-sharing option in their app development to sustain the growing trend of ride-sharing services.

- For instance, in Vietnam, Mai Linh, one of the country's major taxi operators, focuses on providing ride-sharing services to overcome the country's mobility challenges, like traffic congestion and population. The company partnered with Kyyti Group to launch a ride-sharing service in Vietnam in the future.

However, with the surge in demand for online taxis, the governments are implementing strict guidelines for taxi aggregators to regulate their prices. For instance,

- In November 2020, the Indian government capped cab aggregators' cab fares. According to new guidelines, the government will allow app-based taxi aggregators, such as Uber Technologies and Ola, to charge up to 20% commission on ride fares.

Asia-Pacific is expected to grow with a significant pace in the Taxi Market

Asia-Pacific has been dominating the taxi industry, accounting for about half of the overall taxi market. The key elements fueling the rise of the motorcycle/bike ride-hailing services in Asia-Pacific are increasing traffic congestion and inexpensive taxi fares compared to other means of transportation. As the region is home to 60% of the world's population, its ride-hailing industry is substantial and developing rapidly.

In Asia-Pacific, the taxi industry is expanding rapidly. Players like DiDi Chuxing, Ola, and Onda are capitalizing on Asia-Pacific's high smartphone penetration rate. They are gaining market share by utilizing cutting-edge technology and innovation. The major South Asian cab service providers are increasing the competition in regional marketplaces while growing internationally. Didi Chuxing, a Chinese taxi company, launched operations in Mexico, Australia, Costa Rica, Japan, and several other countries. Ola, the Indian market leader, operates in Australia, New Zealand, and the United Kingdom.

China has the world's largest taxi market as it is the most populous country. Taxis gradually became a necessary service due to

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their flexibility, comfort, high availability, and end-mile connection.

India also has a huge taxi market after China. The taxi industry is changing continuously (even every quarter) due to the different socio-economic and political situations arising in the country. Pooling/sharing of taxis in the country saw huge demand. Bike taxi is also gaining popularity in the Indian market.

In November 2020, the Government of India issued new guidelines for cab aggregators, like Ola and Uber, to bring them under a regulatory framework. As per the Motor Vehicle Aggregator Guidelines 2020, the new norms mandated a cap on surge prices, preventing ride-hailing companies from charging more than 1.5 times the base fare. The new rules also allow companies to offer pooling services on private vehicles, but with a daily limit of four intra-city rides and two inter-city rides per week.

With a high demand for cabs, especially in tier one and metro cities, the online cab market is changing with the entry of bike taxis into the market, which is much more affordable than cabs and provides easy maneuvering in traffic congestion. Thus, the bike taxi market is expected to grow rapidly in the coming years.

Taxi Industry Overview

Some of the major players in the taxi market include Uber, Grab, Lyft, and Ola. Uber's main strategy to expand its business is to focus on upcoming technologies like automated driving vehicles.

- In March 2021, Chinese ride-hailing company DiDi Chuxing started operations in South Africa and announced its plans to launch its ride-hailing services in the United Kingdom, France, and Germany.

The key players in the industry are investing hugely in technology. Uber and DiDi Chuxing are working on self-driving cars to enhance the customer experience. In India, there has been a surge in the number of customers opting for outstation services. Thus, Ola, Meru, and Prydo are offering value-added services to their customers at very competitive prices. Ola partnered with Apple Music and other music and video streaming services for its prime play service.

Additional Benefits:

- The market estimate (ME) sheet in Excel format
- 3 months of analyst support

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