

The way OLX transformed pre-owned automobile market; an empirical analysis on users' experience

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Abstract

OLX, the world renowned web / mobile based classifieds application is one of the leading platforms for buying and selling pre-owned automobiles. Along with digitalization in all spheres of human life, pre-owned auto marketplace also has taken a digital turn. This paper is an attempt to understand users' experience with OLX, the leading platform in India that connects buyers and sellers of pre-owned vehicles. The researcher has chosen two wheelers and four wheelers market for the study as they are the commonly bought and sold items via OLX. The survey was undertaken among OLX users with at least one buying or selling experience. The study primarily examines the factors such as price, time taken for completing the deal, number of enquiries made/received and quality of deals on one hand. Secondly it studies the reasons for not choosing second hand dealers offline for selling or buying by users. The study reveals the most important fact that the users are provided with a cheap and best experience with thousands of buyers and sellers connected on their fingertips. They are now able to connect to thousands of buyers and sellers and get rid of unreasonable prices charged by second hand dealers.

Keywords: Automobiles, goods market, two wheelers, dimensional variable.

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How to cite this article: A.P. Shareef, M.A. Shakila Banu. The way OLX transformed pre-owned automobile market; an empirical analysis on users' experience, Journal of Management and Science, 12(2) 2022 10-12. Retrieved from <https://jmseleyon.com/index.php/jms/article/view/557>

Received: 4 November 2021 **Revised:** 7 January 2022 **Accepted:** 7 February 2022

1. INTRODUCTION

In fact, the products in the world which usually happen to be used by more than an owner may be automobiles. A four-wheeler or two-wheeler owner doesn't dispose of it after the use but sells it to the second hands and thus earns a reasonable amount of money that can be used for buying a new one. At the same time, these vehicles made available are really a boon for those who don't afford high prices of fresh vehicles. This is how a market is formed for pre-owned automobiles. A very active second-hand automobile market can be seen in India with individual dealers with their own shops ready to buy or sell vehicles. Maruti's true value shops are good examples for an organized pre-owned car market. Fortunately, when everything goes virtual, the pre-owned vehicles market has reached a potential platform with players like OLX which connects thousands of buyers and sellers across the country. The customized mobile application allows users to upload photos, explain specifications, chat with prospective parties and many things more. With more than 50 million users in India OLX is the biggest platform for second hand products. According to official sources from OLX, it enjoys 80% of Indian pre-owned auto marketplace and lists an average 20,000 cars for sale on a single day.

2. Literature Review

Oyekunle, R.A. & Arikewuyo, A. O. ^[1] Undertook a study on OLX in Nigeria. They found that the lack of trust in the digital marketplace was a major issue faced in Nigeria. The

study recommends OLX to design the transactions in order to ensure the trust by users. It suggests the government to create a conducive market environment to improve trust in the digital marketplace.

Hristova, Yulia ^[2] Conducted a study on trends and challenges in the second hand goods market. The analysis of the study reveals that the studies on the development of the second hand goods market are few and the causes and impact on retail is to be researched.

3. Statement of problem

The growth in terms of number of users and transactions is a visible fact. But the factors that are attributable to users' gratification and the reasons for not opting the offline dealers are the matters covered under this study. ^[3]

4. Objectives of the study

1. To examine the factors that are attributable to users' gratification.
2. To understand the reasons for not choosing offline dealers. ^[4]

5. Method of study

The researcher felt it would be quite appropriate by observation and personal experiences to study about users' experience with OLX. Structured questionnaire created through Google forms was used to collect primary data from 100 samples using convenient sampling method. Statistical

tools used are multiple regression analysis and percentage analysis. The multiple regression analysis was used to test the impact of explanatory variables time taken, total number of enquiries, price and originality of the deal on response variable "overall experience". Time taken in case of seller user refers to the total duration from a user posting the advertisement till the car or bike is sold to the prospective buyer. In case of a buyer user, it means the time span after he decided to buy till finding the right car or bike. For a seller user, total number of enquiries means enquiries from prospective buyers noticing the advertisement. On the other hand, for a buyer it is the number of enquiries made regarding advertisements of sellers. Both time and number of enquiries are considered a factor because a user always would like to dispose of or possess from the prospective parties as quickly as possible. Moreover, for both a buyer and seller user, enquiries means availability of probable options to buy or to sell. Price in a buying deal refers to the price paid by the buyer for a car or bike and the price received by the seller in a selling deal.

Originality of the deal refers to the right product for a buyer user. The product is in the same condition as mentioned in the advertisement and fits best to the specifications of the buyer. In case of a selling deal, originality refers to the right party who genuinely wishes to buy the car or bike for the price offered by the seller with an acceptable amount of negotiations. Overall rating of experience was collected by providing a 1-5 min-max rating scale. The data were analysed in Jamovi. [5]

6.Limitations of the study

1. The study is confined to only OLX users.
2. Only the cars and bikes marketplace is covered.
3. The sample is restricted to 100. [6]

7.Hypothesis

There is no significant impact for explanatory variables on rate of overall experience.

Findings of the study

Results of multiple regression analysis

Model Coefficients - Rate_exp					R= 0.857 R2=0.734	
Predictor	Estimate	SE	95% Confidence Interval		t	p
			Lower	Upper		
Intercept	-0.582	0.2696	-1.1175	-0.0469	-2.16	0.033
Time_taken	0.267	0.1020	0.0642	0.4693	2.61	0.010
No_enquires	0.140	0.0588	0.0231	0.2565	2.38	0.019
Price	0.698	0.1241	0.4517	0.9446	5.62	< .001
Orig_deal	0.677	0.1218	0.4350	0.9187	5.56	< .001

The null hypothesis is rejected because all the p values are below 0.05. Thus there is significant impact for explanatory variables on rate of overall experience. The regression model is expressed as

$$\text{Rate_exp} = -0.582 + 0.267(\text{Time_taken}) + 0.140(\text{No_enquires}) + 0.698(\text{Price}) + 0.677(\text{Orig_deal})$$

Reason for not choosing second hand vehicle dealers

Levels	Counts	% of Total	Cumulative %
Unreasonable price	57	57.0 %	57.0 %
Lack of items matching the preference	21	21.0 %	78.0 %
Unreasonable price and Lack of items matching the preference	22	22.0 %	100.0 %

Therefore, it is clear that more than half of total users are not willing to sell or buy a product via second hand shops because the shops buy at a very low price and sell at a very high price which is quite unreasonable and unaffordable for a user. One fourth of the users gave the opinion that they don't have a car or bike matching their preference and almost a similar percentage have both the reasons.

8.Suggestions and conclusion

OLX is a dependable platform for buying second hand two wheelers and four wheelers. In terms of many factors as mentioned in the research, it is a nice experience for users. It provides users an appropriate platform for dealing in second hand

automobiles and helps them get rid of exploitation by second hand dealers. Since almost all people have smartphones and internet connectivity, it is quite a nice marketplace for users.

9.Scope for future research

The current research is done only covering users who had dealt in selling or buying a car or bike. Studies can be conducted to know the experience with other products. Users' experience is a multi dimensional variable and the factors attributable are many. The study has measured it in a simple model.

Acknowledgement

Nil

Funding

No funding was received to carry out this study.

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