THE RISE OF UBER

TAXI'S AND FOOD AT YOUR FINGERTIPS

Team Collen

UBER TECHNOLOGIES INC
UBER TAXI / UBER EATS

Conception of Uber

Uber was created as a solution to a problem.

One night in Paris in 2008 Travis Kalanick and Garrett Camp were unable to get a taxi one evening following a tech conference; the idea of Uber was born.

In 2009 an app was designed to order a taxi – in 2010 the first trip was ordered in San Francisco.

In 2011 the app was rolled out worldwide.

2015 Uber Eats was launched in Chicago, New York and LA.

2016 Uber Eats was launched in London UK

Skills and Experience

Travis Kalanick has a computer engineering background and studied at University of California, LA.

Kalanick left before finishing his studies to create a file sharing website with his classmates. This was later sued for copyright and Kalanick was left bankrupt.

A second file sharing platform was more successful and was sold in 2007.

Garrett Camp gained a BSc in Electrical Engineering and MSc in Software Engineering from university of Calgary.

CO-founded StumbleUpon and tailored search engine in 2001

Sources:
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UBER TECHNOLOGIES INC
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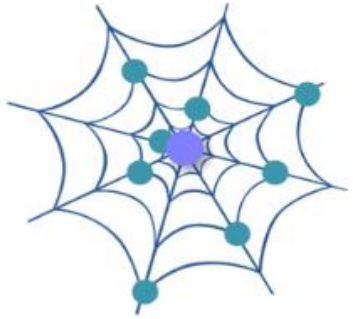
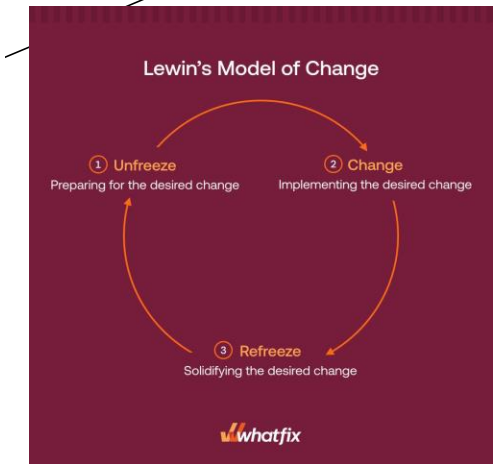


Zeus



Business structure

Camp and Kalanick started in the Ubercabs project, like many start-ups this was treated as an independent business to work through early problems and gain investments.

Kalanick held the position of CEO from 2010 to 2017.

The culture of the business, when referring to Charles Hardys Gods of Management was a power/ Zeus culture.

Kalanick was forced to resign after a shareholder revolt after an investigation into the business's hostile, sexist and offensive culture.

2017 the current CEO was appointed – Dara Khosrowshahi. He started to change the culture into more of an individual culture using Lewins model of culture. There are 3 stages:

1 –Unfreezing, letting the stakeholders know the importance of the change needed and asking staff to vote on cultural guidelines in the workplace.

2 – Implementing the changes, defining the cultural rules needed withing the organisation.

3 – Refreezing, promoting the new culture to the organizational stakeholder and employees

Today Uber Technologies Inc runs with a board of directors and Dara as CEO.

Uber's Cultural guidelines for the workplace:

We build globally, we live locally.
We are customer obsessed.
We celebrate differences.
We do the right thing.
We act like owners.
We persevere.
We value ideas over hierarchy.
We make big bold bets.

Sources:

Uber Organizational Culture: a brief overview - Research-Methodology
Uber's new cultural norms (cnbc.com)
https://whatfix.com/blog/lewins-change-model/
Greg Satell mapping innovation

UBER – TAXI MARKET VIA SMARTPHONE TECH

- "Disruptive innovation" - Altering the modes of business, kicking out long term occupants[1]
  - Gives more control to customers, fully aware of where their taxi is
  - Gives customer the ability to rate their driver
  - Prices match supply and demand, given to the customer in advance[2,9]
  - Traditional taxi services, since the introduction of Uber and other car sharing services, have been declining and unable to adjust their services to meet the new demands[2]
    - "*Uber's entrance broke the monopoly that taxi drivers had in each city*"[2]
    - Family guy – Season 16, Episode 18 "*This, this is why Uber*"
  - Opened the market to individuals who had a smartphone and a car[7]
    - Family Guy - Season 15, Episode 5 "*All I need to know is do you have a car, a phone and a face?*"
    - Bob's Burgers – Season 9, Episode 15 "*I can now Uber for 30min instead of 15min*"
  - Contactless payment not introduced into UK Black taxis until 2016[4]
- Smartphone use up year on year, 6.8 billion and growing 4.2% annualy[3]
- New York City only have 13,587 yellow cabs licences[5]
  - Uber work around the law and finds loopholes to not be defined as a "Traditional Taxi"[6]
  - Uber worked with Social Media to persuade the public to be on their side
  - 80,000 Uber drivers now in NYC[10]

Smartphone ownership has risen substantially in emerging economies since 2015

Adults who report owning a smartphone

	2015 %	2017 %	Change
Lebanon	52	80	+28
Jordan	51	76	+25
Philippines	22	44	+22
Japan	39	59	+20
Vietnam	35	53	+18
Argentina	48	65	+17
Poland	41	57	+16
Peru	25	41	+16
Senegal	19	34	+15
Russia	45	59	+14
South Africa	37	51	+14
Ghana	21	35	+14
France	49	62	+13
Brazil	41	54	+13
Germany	60	72	+12
Turkey	59	69	+10

Note: Based on total sample. Only double-digit increases shown.
Source: Spring 2017 Global Attitudes Survey. Q64 & Q65.

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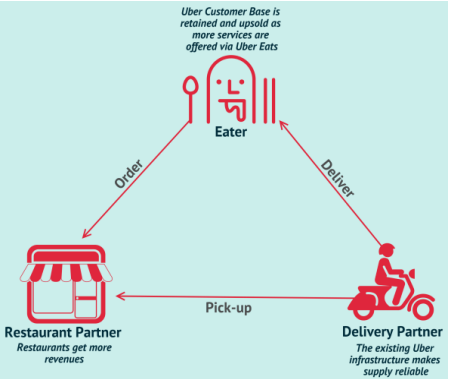
9. https://magazine.wharton.upenn.edu/digital/why-uber-is-a-poster-child-for-operational-innovation/
10. https://www.ridester.com/how-many-uber-drivers-are-there/

UBER – LOGISTICS, MOVING PEOPLE TO MOVING FOOD

- Uber had concurred the taxi system, the logistics of moving a person from A to B
  - Next goal was food and cargo
    - Millions of active Uber users, customer base is ready[4]
    - Taxi drivers can transition to delivery drivers with minimal input
    - Brand already known
    - Uber was already in the pockets of lawmakers, easy to lobby in UberEATS favour[1]
- Uber linked the three key pillars together under one app[1]
  - Restraunt, Delivery driver, Customer
  - Uber takes a percentage of the sale as a fee for the service it provides
    - +30% of the order total[7]
- Cloud/Ghost kitchens[2]
  - A commercial grade kitchen for pop up restaurants to provide takeaway food to a city
  - One chief working under multiple company's brand
  - "*Part of the problem is that restaurants treat delivery as an add-on business rather than the business*"[5]
  - "*Delivery used to be maybe a quarter of my business..... now it's about 75 percent of it.*"[6]



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SUCCESSES

Ubers Sucesses

2021 Daphna.com Uber Eats in the UK holds the second largest market share (27%).

According to Ubereats.publicfirst.co.uk in 2020 they held a £3.2 billion economic value.

They claim 40% of restaurants who use a food delivery service believe they would have had to close during lockdown without food delivery platforms.

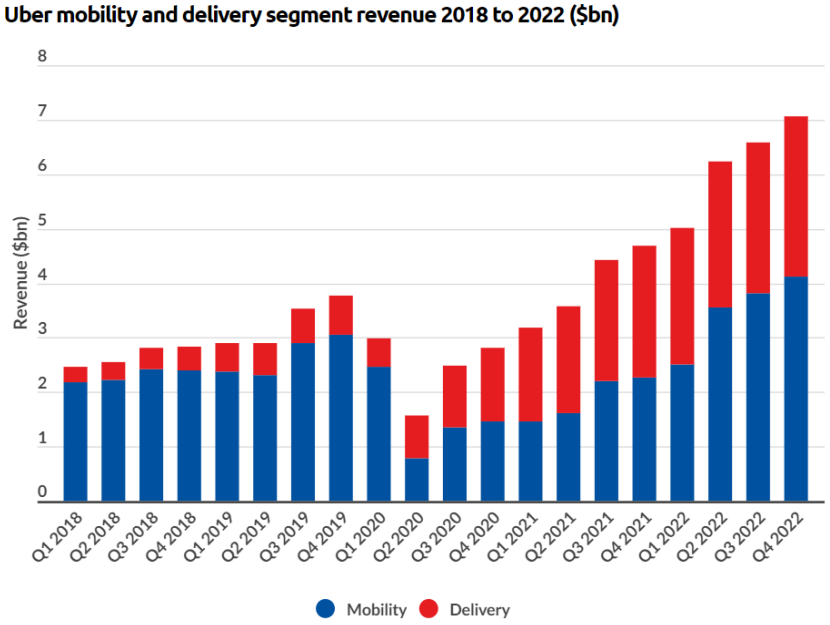
From 2021 to 2026 it is predicted that the UK food delivery market could increase by 40%.

The graph to right shows the revenue for uber since 2018 and the split between the mobility and delivery sections of the business.

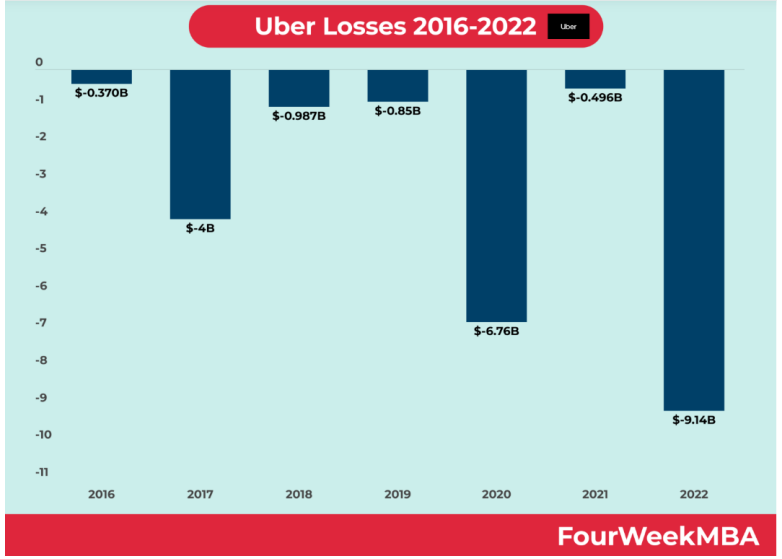
The impact of covid can be seen in Q1 of 2020 followed by the increased growth of the delivery aspect of the business.

Despite business growth uber is yet to be profitable the graph bottom right shows revenues and losses.

Community impacts – Uber.com promotes a company imbedded in the community, providing support and promoting sustainability.

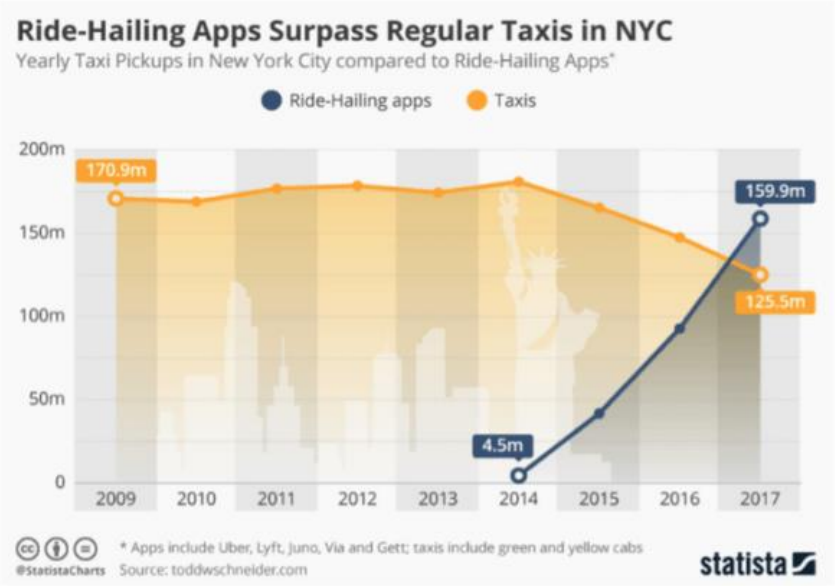


Graph taken from businessofApps.com



Sources:
Daphna.com
Ubereats.publicfirst.co.uk
BusinessofApps.com
fourweekmba.com

THE SUCCESS OF UBER INNOVATION



https://d3.harvard.edu/platform-digit/submission/uber-vs-taxi/

The success of Uber was recognising three key customer needs driving disruptive innovation:

1. Customers wanted to be able to get a taxi at any time, from any place, with no local knowledge.
   - The app works the same, all over the world - consistent.
   - Previously customers would need to know where to get a taxi, or know of local firms.
   - You can see on the app where your taxi is and how long it will be.
2. Customers didn't want to carry cash and wanted prices to be transparent.
   - Customers pay via the app.
   - Price is quoted before travel and is consistent to all Uber drivers.
3. Customers wanted to travel safely.
   - Customers can check the vehicle details matches the vehicle that turns up.
   - Drivers are rated on the app – encourages cleaner and better services.

The success of Uber was followed by a step change to Uber Eats during Pandemic:

- Uber recognised that the market had changed and were already placed to push the Uber Eats business model.

IS UBER INNOVATION STILL A SUCCESS?

Zeus

Our online habits are changing again. Consumer trends that boomed during the pandemic, such as Uber Eats, are starting to dwindle as people seek out real-world experiences rather than online convenience.

Uber thrived on lack of regulation for digital rideshare. That is now catching up:

- In November 2019 Uber lost its London licence after authorities found that more than 14,000 trips were taken with drivers who had faked their identity on the firm's app.[1]
- In March 2022, the UK applied 20% VAT on all transactions as Uber was deemed a contractor, not an agent, driving prices up for customers. [2]
- In January 2023 New York officials announced that Uber and Lyft vehicles in New York City will be required to be zero-emission by 2030, affecting the 100,000 vehicles operating throughout New York. [3]
- In March 2023 drivers strike and call for regulation on rideshare companies they say collect up to 50% of fares and arbitrarily close workers' accounts. [4]

Business culture can be managed within an organisation, but it gets harder when dealing with third party drivers spread globally across the world.

Its not clear from Uber what is coming next that is going to be so innovative to keep up with Market changes. Are they now just sustaining innovation?

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2 https://www.independent.co.uk/news/uk/home-news/uber-fares-rise-vat-b2034485.html
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4 https://www.theguardian.com/business/2023/mar/10/uber-lyft-driver-suspension-deactivation-pay

UBER – INNOVATING TOO QUICKLY, FIRST DEATH BY AI

- 94% of all crashes were due to human error (2015 report by NHTSA)[2]
  - 30,000 deaths per year in USA[2]
- Uber would need to invest into stock
  - Currently Uber links drivers to passengers
  - Estimated $50k per car
    - The car can pay for itself within a year
    - End goal to bringing the company into profit[9]
- Ubers research advantage over other manufactures
  - 5.4 million test subjects[3]
- 100 modified Volvo XC90s[8]
  - $300million deal between the two[9]
- 18th of March 2018, first recorded case of death by driverless car[4]
  - Errors in the code[5]
    - Software engineers didn't consider jaywalkers[5]
  - Uber halted all testing
- December 2020, Uber sold its self-driving vehicle unit
  - COVID impacted Uber hard, cutbacks was made[6]
  - Customer opinion of self-driving Taxi's low, 27% would use a Self driving Taxi[7]

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