

# UBER



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**Transportation is as reliable as running water, everywhere for everyone.**

# Should GCI Invest ?



***YES!***

# Uber is expanding across the globe facing regulatory bottlenecks and inviting competition in the US market

- **S:** Uber's core value proposition is to connect drivers and riders and is trying to acquire new customers.
- **C:** Regulatory Issues preventing UberX from expanding further, increased competition.
- **Q:** Expand internationally ? Retrench in the US ? Pivot ?
- **A:** UberX targets customers who want to travel hassle-free with reduced wait time/price, have multiple payment options, and have the means to commute to their destination.  
Prioritize Uber X over Uber Black to solve basic mobility issues faced by users.





# “if you can't beat 'em...join 'em” – Medallion when Uber made it big

Challenges & backlash witnessed by Uber:

- Use of non-licensed drivers & Uber's fare platform was a high-tech metered service were the basis of many challenges
- Faced immense backlash from IATR (International Association of Transportation Regulators) when ride-sharing first started back in mid-2000s. Were termed “bogus” & “rogue”
- Kalanick, the “brawler” had to defend backlashes from twitter, government and local businesses
- Fierce resistance from Portland, Paris, Miami, Denver and Washington DC
- Faced fines from California for regulatory violations
- Legal clashes in Germany, Spain, Colombia, France, Australia, Italy, Denmark, China and England
- Class-action lawsuit by a group of passengers towards surge pricing

## Uber set to face dual backlash in Brussels

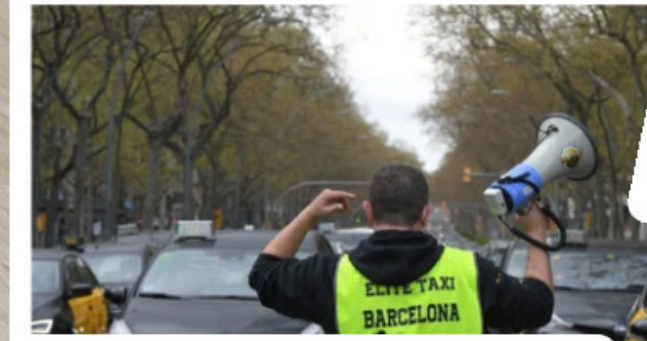
REUTERS

The company prepares to address the tv obstacles of a hearing on the Uber Files negotiations on platform regulation.

REGULATORY NEWS - AMERICAS  
MARCH 31, 2016 / 4:56 PM / UPDATED 7 YEARS AGO

**Uber CEO must face price-fixing lawsuit by passengers, U.S. court rules**

By Jonathan Stempel



REUTERS

My View

Following

Saved

**Uber whistleblower says current business model 'absolutely' unsustainable**

By Sergio Goncalves

**A New York taxi union is riding the #deleteUber wave to fight for better wages**

As the New York Taxi Workers Alliance would have it, Uber = Trump.

By Johana Bhuiyan on February 3, 2017 1:46 pm

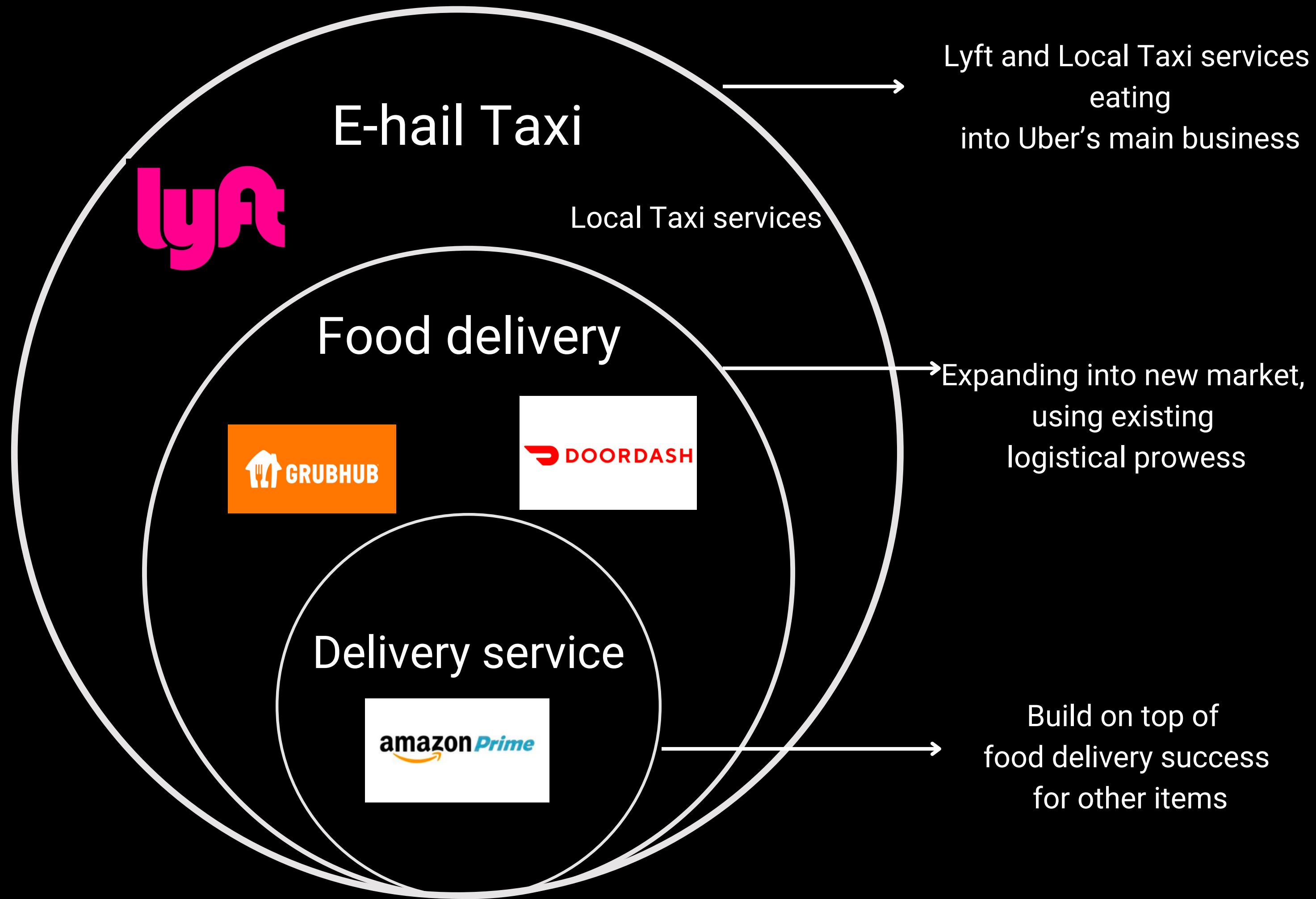


**Uber leaves Portland after sparring with city leaders, website reports**

f t i e m



Uber is  
diversifying  
verticals and  
bleeding  
resources





# Uber has a unique value proposition with reach across 400 cities and 65 countries

<b><u>Key Partners</u></b> <ul style="list-style-type: none"><li>• The drivers are key for Uber’s help it get a competitive advantage. The connection between the driver and the rider is core to Uber’s business model.</li><li>• State regulatory authorities in the US which have a history of trying to hamper Uber’s penetration can help Uber thrive if they do not oppose it</li><li>• In the case of UberRush, websites such as Shopify, Nordstorm etc are critical to UberRush’s success.</li></ul>	<b><u>Key Activities</u></b> <ul style="list-style-type: none"><li>• Add more drivers and features</li><li>• Get licensed drivers</li></ul>	<b><u>Value Propositions</u></b> <ul style="list-style-type: none"><li>• Taking riders to parts of the city where the city taxis did not take the riders.</li><li>• Providing certain users with that luxury experience of riding in an expensive car.</li></ul>	<b><u>Customer Relationships</u></b> <p>Through the mobile application</p>	<b><u>Customer Segments</u></b> <p>Riders:</p> <ul style="list-style-type: none"><li>• Ages 16- 65, most popular in the younger demographic</li><li>• Anyone who has used a taxi service before</li><li>• Wide income range (frugal students, middle income as well as high income)</li><li>• People with disabilities, who have accessibility issues</li></ul> <p>Drivers:</p> <ul style="list-style-type: none"><li>• Ages 18-65, mostly an older, experienced demographic</li><li>• Could have driven for a taxi service, uber competitors before</li><li>• Could want a side gig to augment their main income</li><li>• Entrepreneurial, sociable</li></ul>
	<b><u>Key Resources</u></b> <ul style="list-style-type: none"><li>• Drivers who know how to drive cars.</li><li>• Cars of various models such as 4-seater or larger</li><li>• Social media handles promotion</li></ul>		<b><u>Channels</u></b> <ul style="list-style-type: none"><li>• Platforms included Twitter, Facebook, YouTube, and its own website.</li><li>• Social Media Advertisements depicting a man and a woman fist-bumping with the headline “Don’t Pay a Premium to Fist Bump.</li><li>• Uber ran ads on “three radio stations, five broadcast, and 17 cable systems.</li></ul>	
<b><u>Cost Structure</u></b> <ul style="list-style-type: none"><li>• Salaries to Drivers</li><li>• Marketing</li><li>• R&amp;D</li><li>• Cost to acquire a driver: \$550 minimum</li></ul>			<b><u>Revenue Streams</u></b> <p>Uber kept 20% of the final ride amount and gave 80% to its drivers. The customer paid the driver via an option on the app.</p> <p>-</p>	

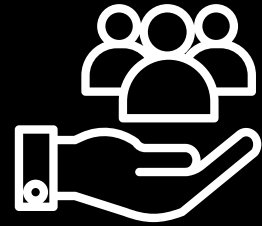
# Uber is leading at the moment but still faces stiff competition

## Company



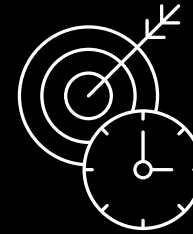
- Smart-phone app that provides ride-sharing services
- First mover advantage in the e-hail business
- Market share leader in the US
- History of reaching a positive resolutions after regulatory issues

## Customers



- People seeking a ride with ease in requesting for it (uber app) and ease in paying for the ride (credit/debit card, PayPal and cash)

## Competition



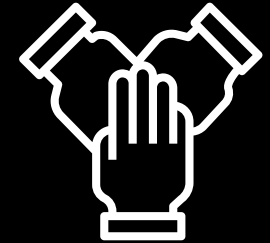
- Lyft: Raised \$1billion in capital
- Taxi and Limousine industry: employed close to 244,700 drivers nationally

## Context



- Short wait times
- Exchange of rating between driver and customer worldwide
- More luxurious transportation than a yellow cab or public transport

## Collaborators



- Investments from celebrities like Ashton Kutcher and Jeff Bezos and MNC's like Google

# To bolster Uber's position, it should focus on price-sensitive customers



## Benefits Sought

- Riders who want hassle-free travel and payment experience
- Riders who place an emphasis on their safety

## Demographics

- Individuals who take rides for low prices

## Benefits Sought segment

Riders who want hassle-free travel and payment experience

Uber allows its riders to travel at a lower cost and pay easily by storing its riders' payment details on its mobile application and has the option to be integrated across third-party vendors



# UberX vs. UberBlack? – Which will get Uber the highest number of customers?

## Differ in Price and Promotion(customer segments):

- While Uber black was the initial offering of uber, UberX is the cheapest offering that Uber has.
- UberBlack's prices are 35% more than UberX, and UberBlack was meant for luxurious transportation.
- UberX has a service fee of a dollar/two, and it also is 18% less than the standard taxi fare rates that charge \$3.5/ mile for 1st mile and \$5.00/mile thereafter

## Why prioritize UberX?

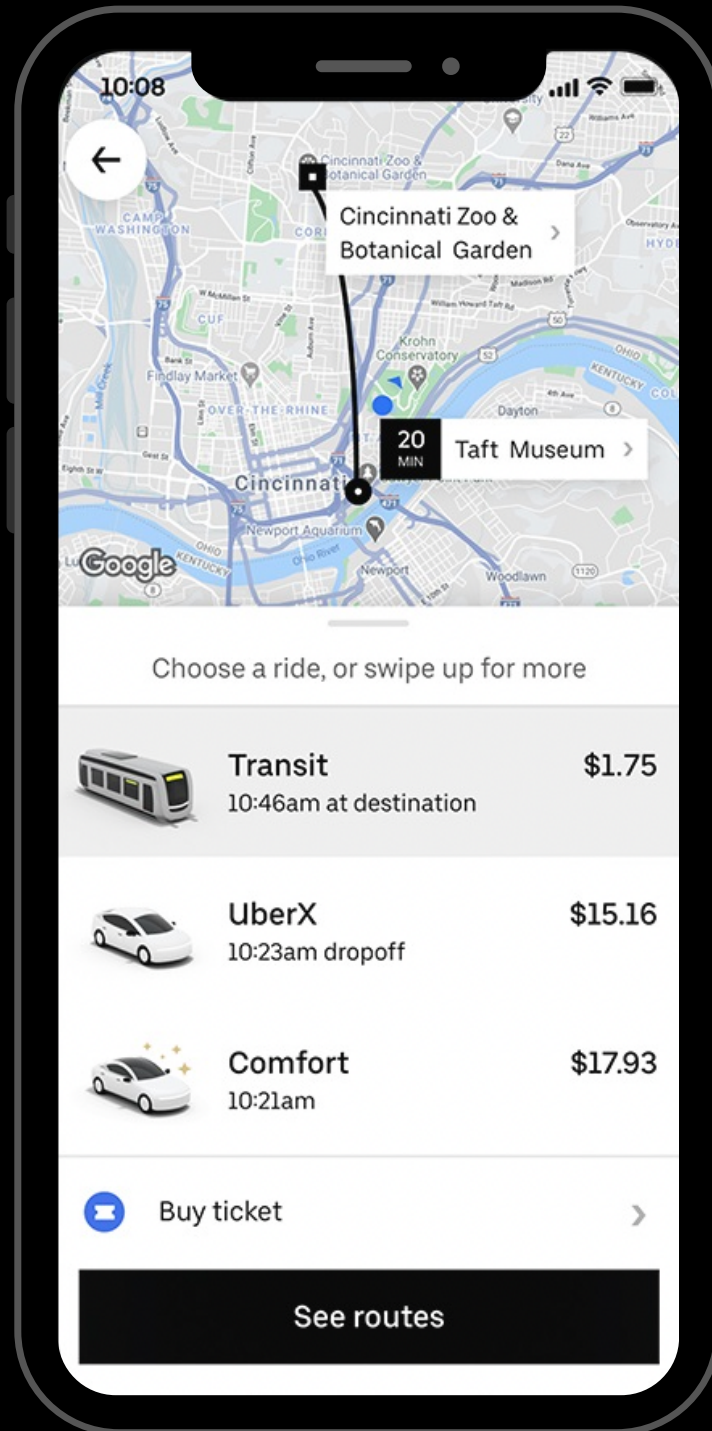
- UberX has the biggest TAM in the rides services space
- In line with Uber's mobility value proposition, reduced friction for users who wanted to travel



Uber has multiple product offerings but which one can it use to stay relevant?

## Product Mix Breadth

Product Line Depth



### Rides

- UberX
- UberXL
- UberBlack
- Uber SUV
- UberTaxi

### On-Demand Food Delivery

- UberICECREAM
- UberEATS
- UBERMAYO

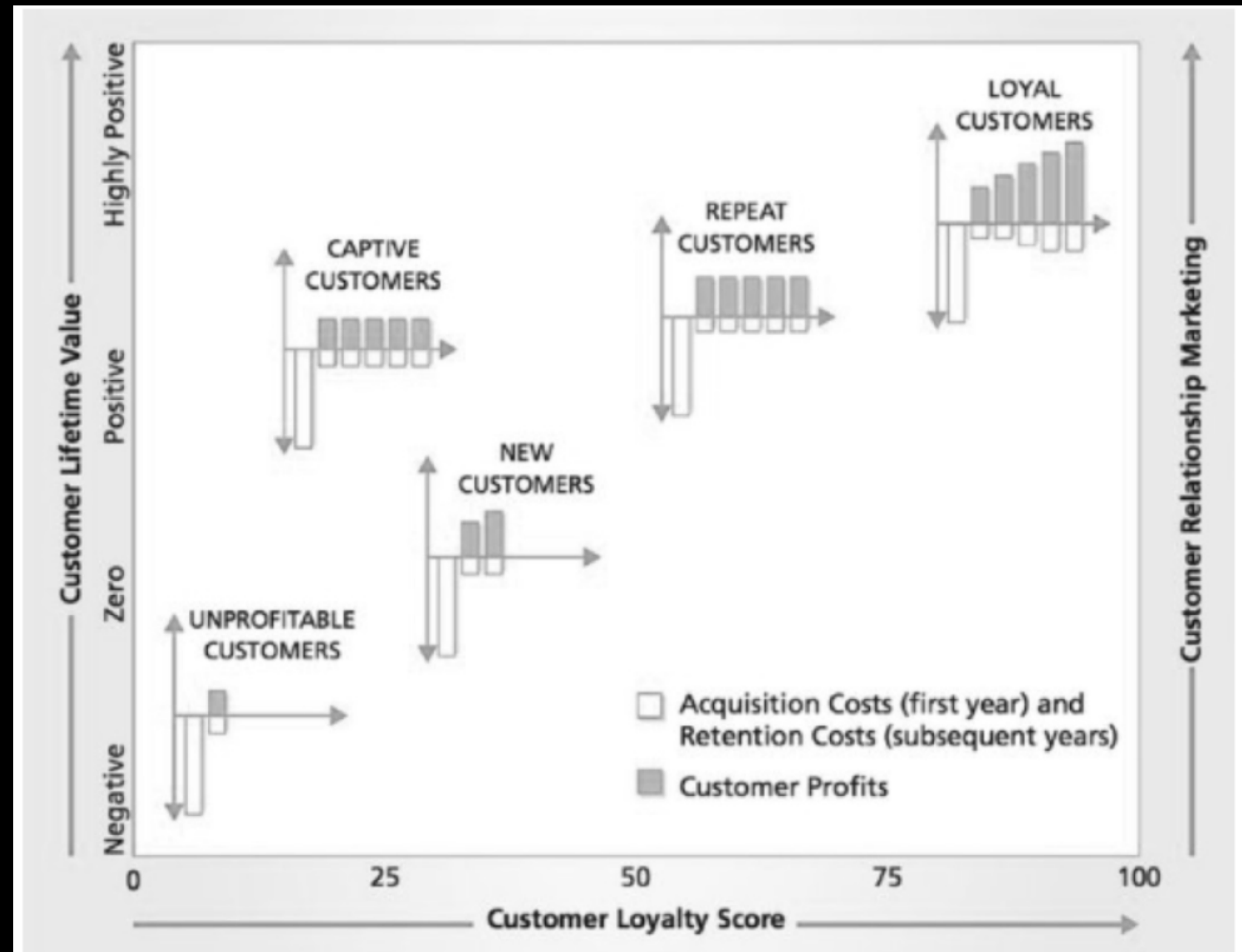
### On-Demand Item Delivery

- UberRUSH

# Long term trajectory for expansion and profitability

## Issues to be addressed :

- Safety for the customers
- Expansion of User base
- Customer lockIn & retention
- Competitive pricing wrt rivals
- Regulatory concerns





# Uber must aggressively expand with incisive approach and get rid of unnecessary adventurism – dominate MaaS( Mobility as a Service)



## Characteristics of Winning product

Superiority

Solve a Problem

Price/Performance




Quality

Usefulness

Clear Benefit

- Consolidation of Product Breadth to eradicate thin-spreading of resources - Uber must focus on core cab-hailing business and expand footprint and then invest in scalable businesses only like Ubereats.
- Features - more payment options - Debit card, PayPal and Venmo- further userbase expansion.
- Uber wallet - Customer lock-in
- API integration with travel aggregators for convinience of the customer
- Travel ecosystem - B2B partnerships with Hotels, restaurants and Airlines
- Enhanced safety features - more background checks of drivers and stringent guidelines to ensure passenger safety
- Engage and retain users through gamification, add games that can be played only during uber rides, to incentivise users to pick Uber over competitors.

# To facilitate long-term profitability Uber must adopt a multi-pronged strategy

Promotion 	Place 	Price 
<ul style="list-style-type: none"><li>• Cashback for customers</li><li>• Providing incentives for UberX drivers on daily hours spent basis</li><li>• Free 2 UberBlack upgrade after 12 uberX rides for the customers</li><li>• Uber package with UberX &amp; UberEats for the customers</li><li>• Student Discount for travel</li><li>• Referral based Lockin ecosystem</li></ul>	<ul style="list-style-type: none"><li>• Have presence in popular cities in United states and expand globally by tackling markets in Asia, Europe.</li><li>• Work closely with local governments to gain trust and avoid further battles with regulations.</li><li>• Schools &amp; Universities to have Uber Hotspots</li></ul>	<ul style="list-style-type: none"><li>• With rapid expansion of userbase Uber would benefit from Economy of Scale and be able to offer most competitive price via sustaining on lower margins.</li><li>• Reasonable surge pricing should exist without inviting litigation as it benefits the drivers and uber. It also attracts more drivers in the Uber ecosystem.</li></ul>



**YES GCI SHOULD INVEST IN UBER.  
THE END GOAL IS IPO AND FOR GCI  
TO MAKE HUGE PROFITS ON THEIR  
INVESTMENTS.**

