



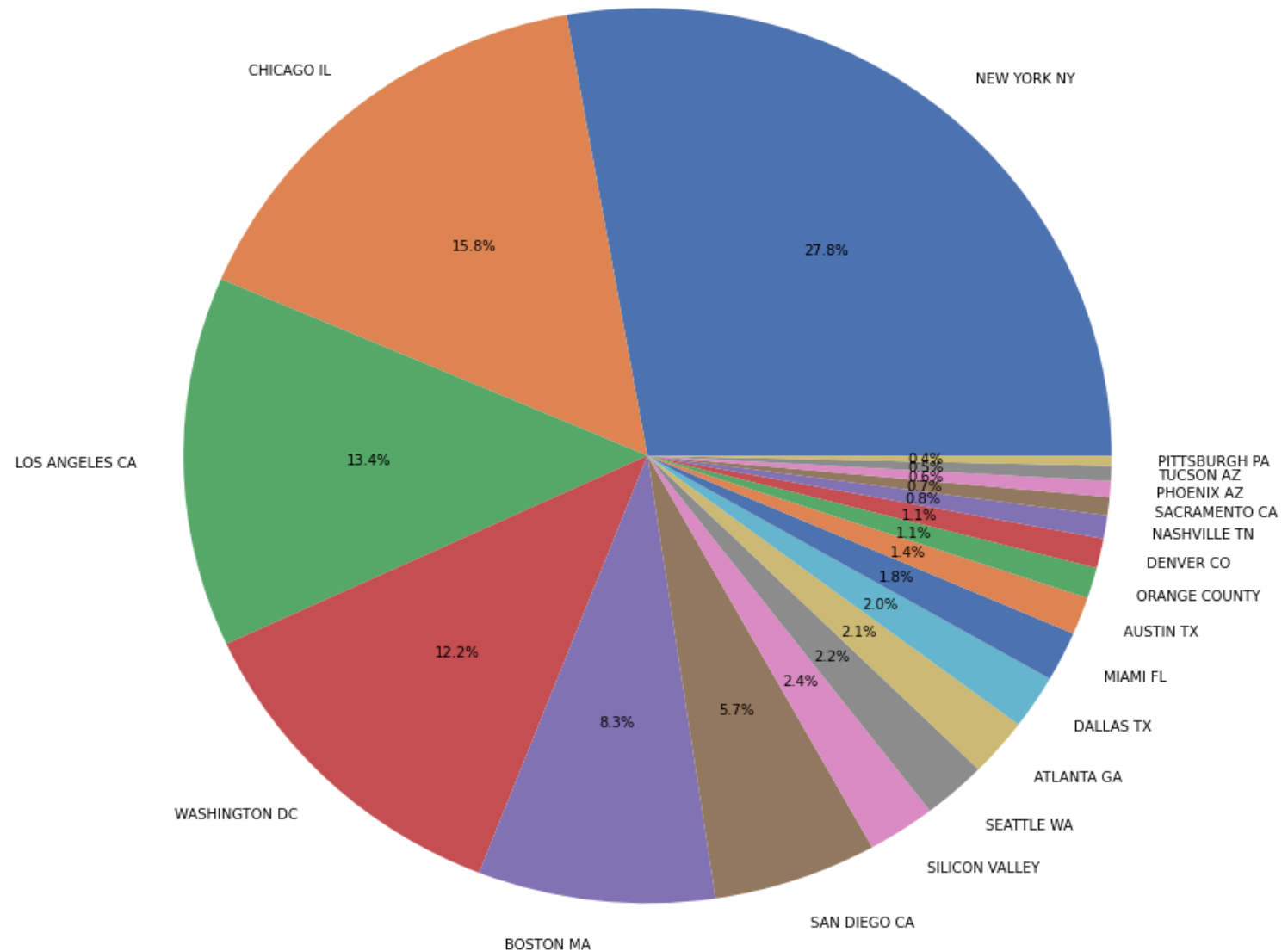
What to Know Before Investing in a Taxi Company

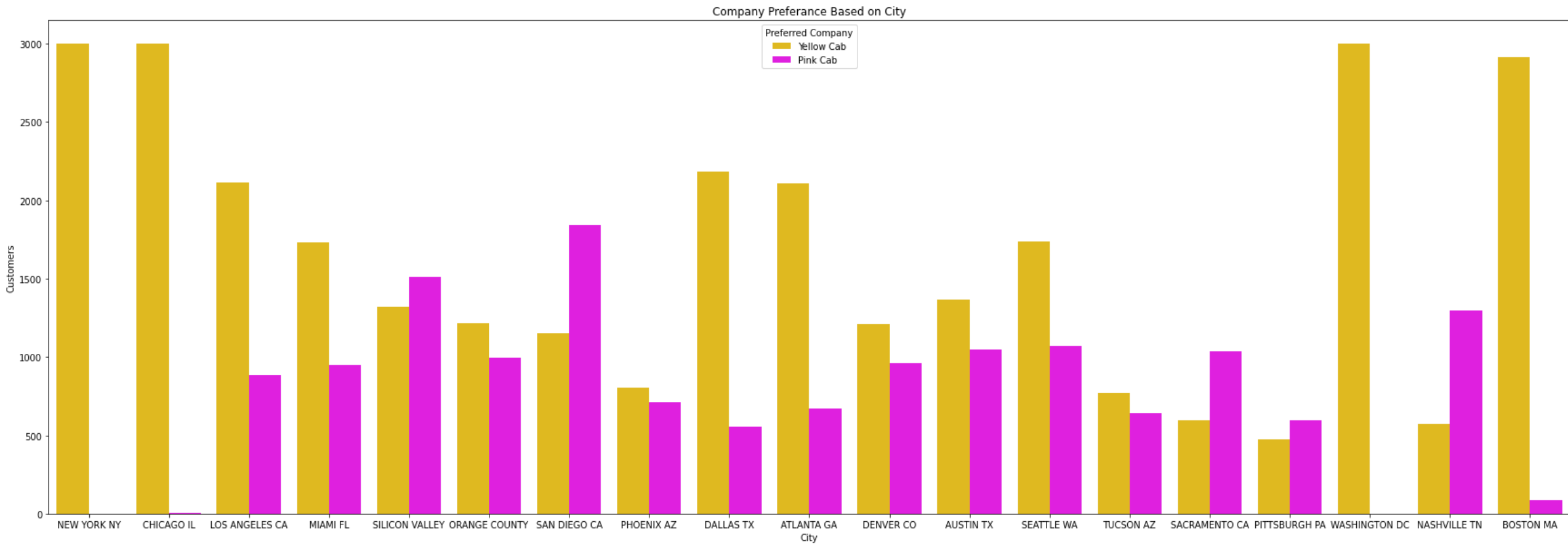
ARHUM AHMAD

Who Uses Taxis?

- 57% of all taxi transactions are in New York City, Chicago, and Los Angeles
 - The three most populous cities in the US

Proportion of Taxi Sales by City



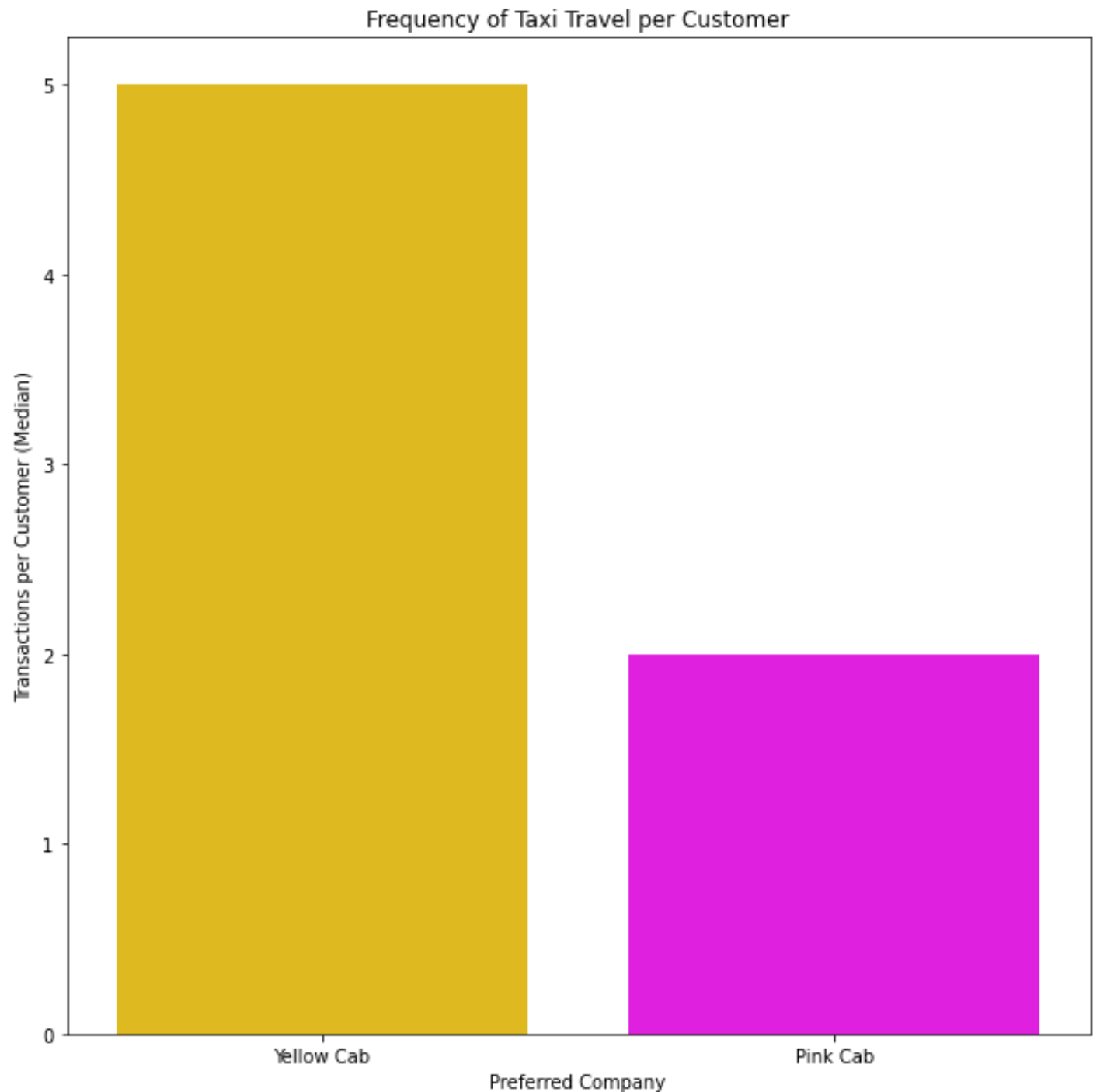


Who Uses Taxis?

- NYC does not have a monopoly on total customer share compared to other cities despite being responsible for such a large portion of total Taxi transactions
- Yellow Cab is more popular in most cities

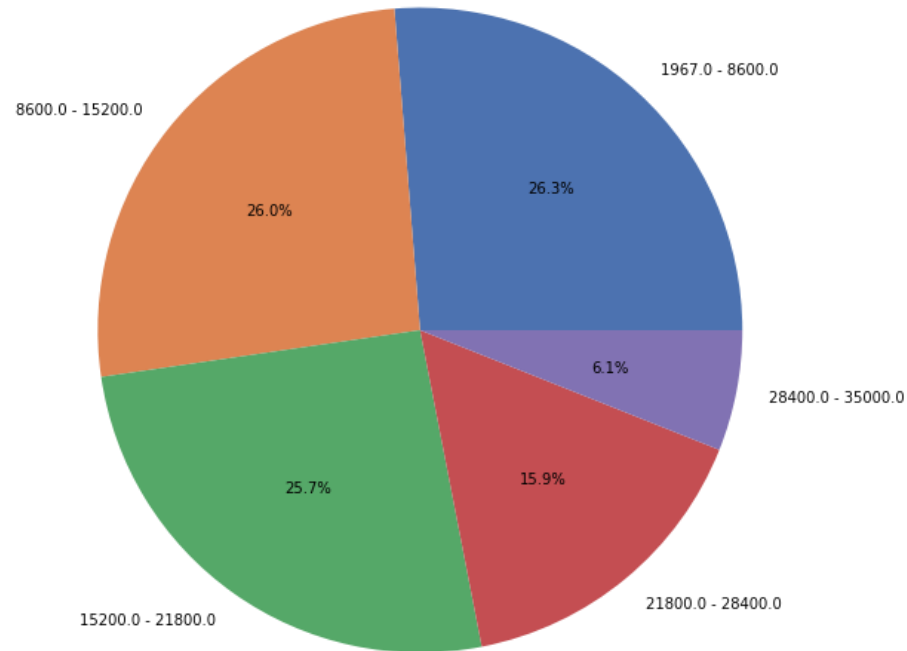
Who Uses Taxis?

- Customers with a preference for Yellow Cab tend to use taxis more often than customers with a preference for Pink Cab
- NYC, Chicago, LA, Washington DC, and Boston all have heavy preference towards Yellow Cab
 - These cities accounted for 77.5% of total taxi use between 2016-2018



Who Uses Taxis?

Salary of Customers (USD/Month)

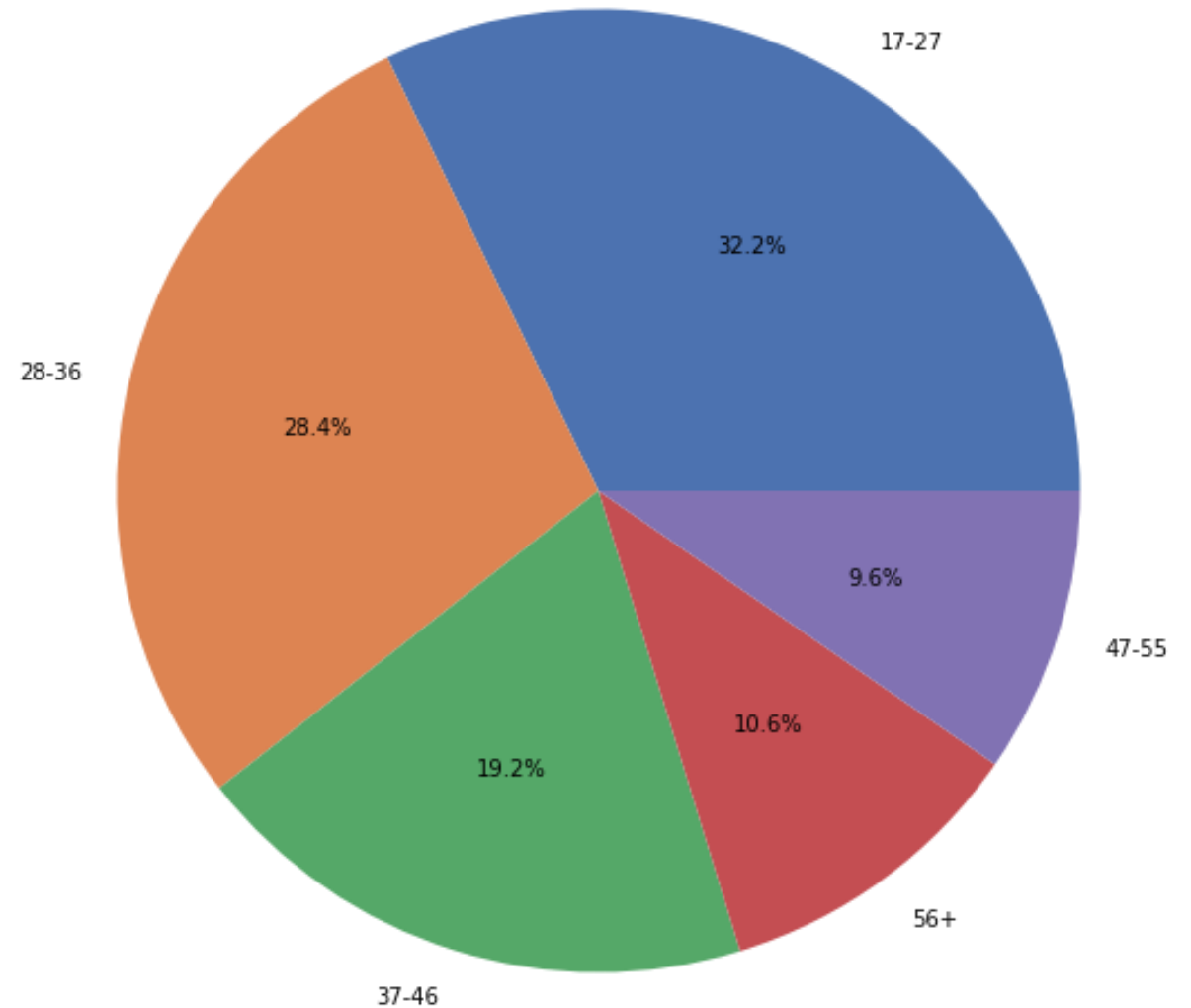


- These proportions are consistent throughout each city
- No correlation found between salary and how often a customer uses taxis

Who Uses Taxis?

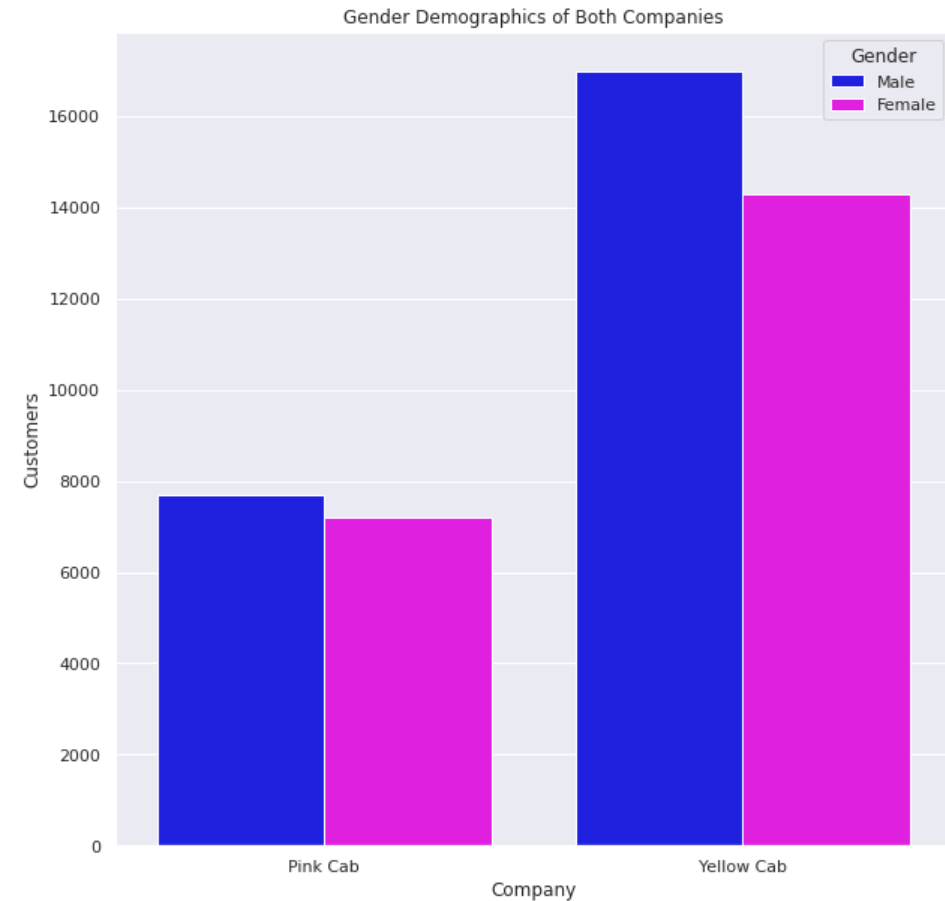
- Proportions are consistent between cities
- No correlation found between age and how often a customer uses taxis

Age of Customers

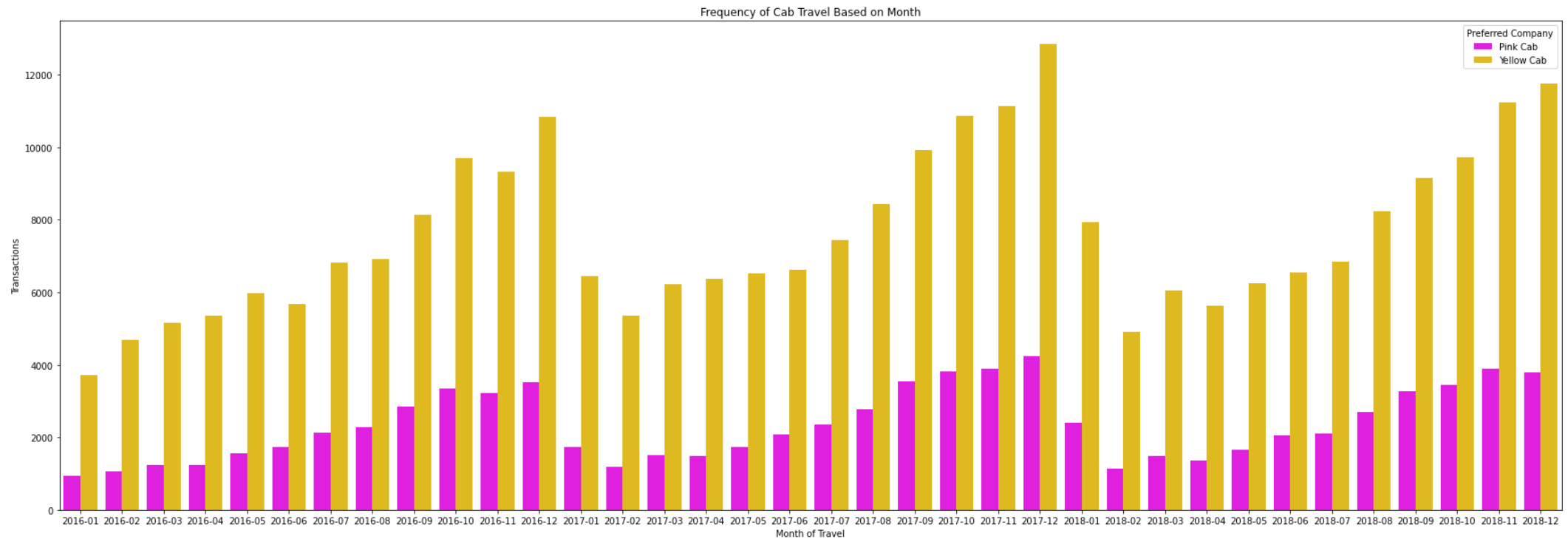


Who Uses Taxis?

- Taxis have slightly more male customers than female
- Both genders prefer Yellow Cab over Pink Cab



When Do People Use Taxis?



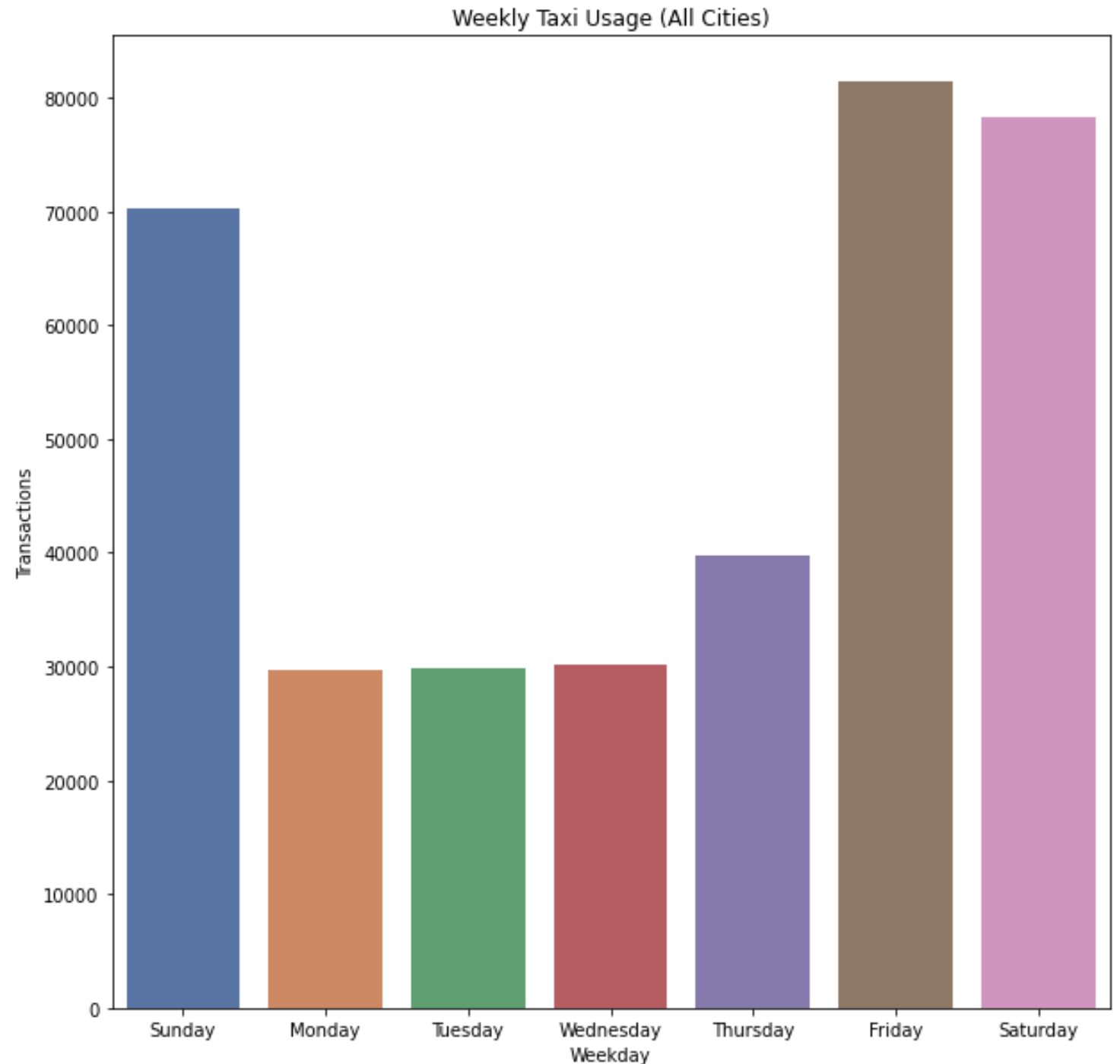
When Do People Use Taxis?

- Cab usage regularly goes up throughout the year and then resets again in January
- Possible reasons
 - Most of the cab usage is in colder cities where the weather may encourage more people to use taxis
 - Major growth in taxi usage usually starts in September which is when school reopens for many people
 - Holidays could cause an increase in taxi usage including going out to buy presents
 - The reset in January could be caused by New Years resolutions which are shortly broken
 - Forbes reports that 80% of New Years resolutions are broken in February (Murphy, 2020)
 - February had the lowest taxi usage in both 2017 and 2018 before bouncing back up

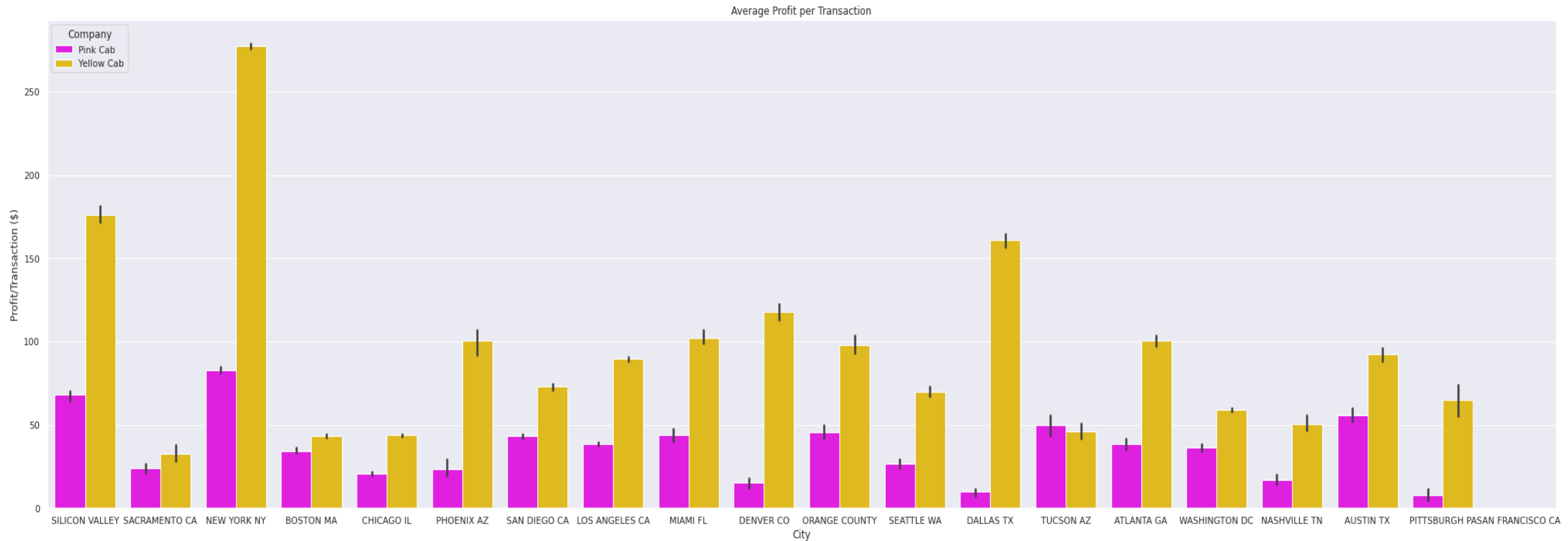


When Do People Use Taxis?

- There is an increase in taxi usage on weekends
- This indicates that night life is a major source of revenue for the industry
- Alcohol is likely a reason for this figure



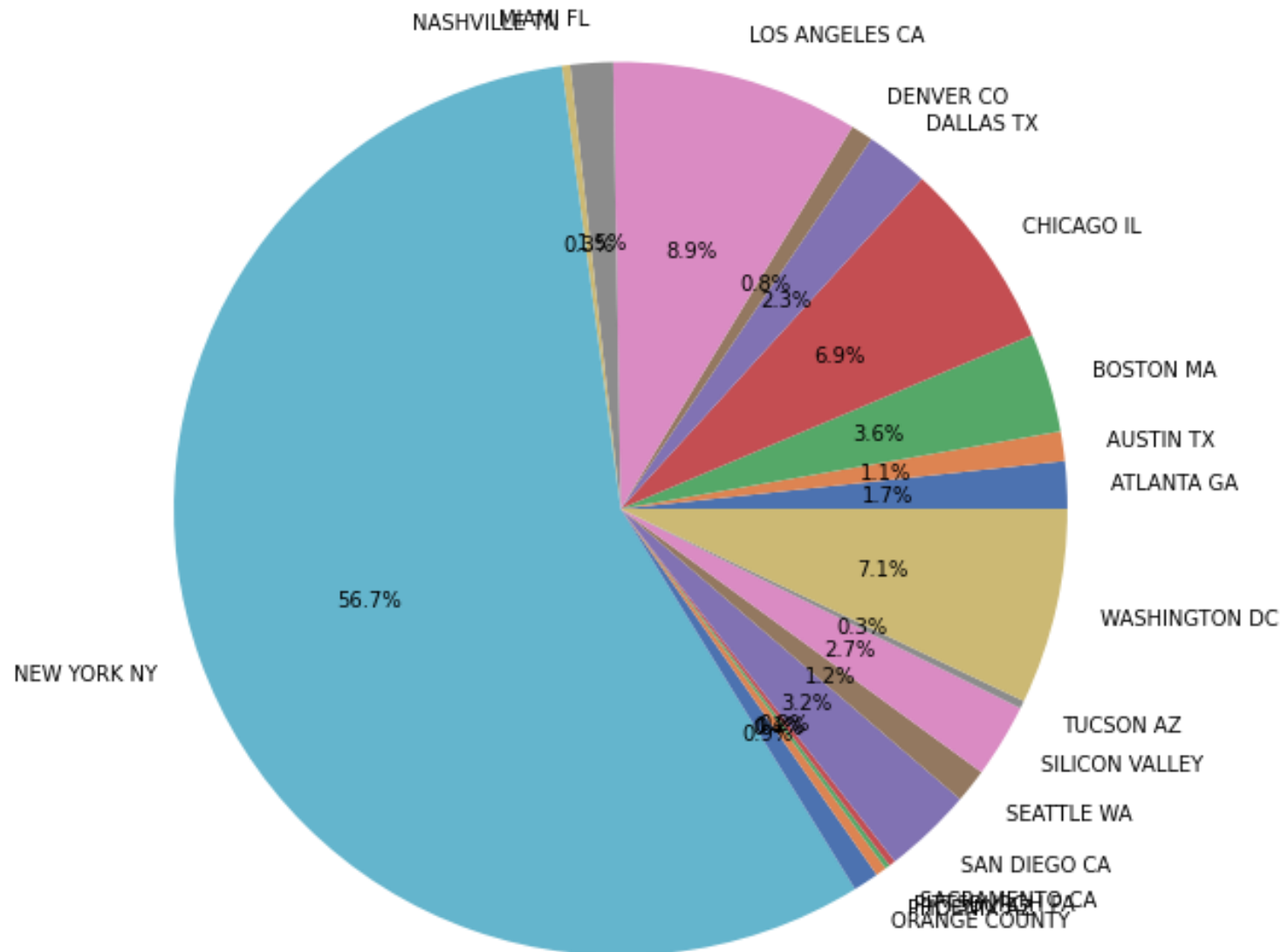
Where is the Best Market for Taxis?



Where is the Best Market for Taxis?

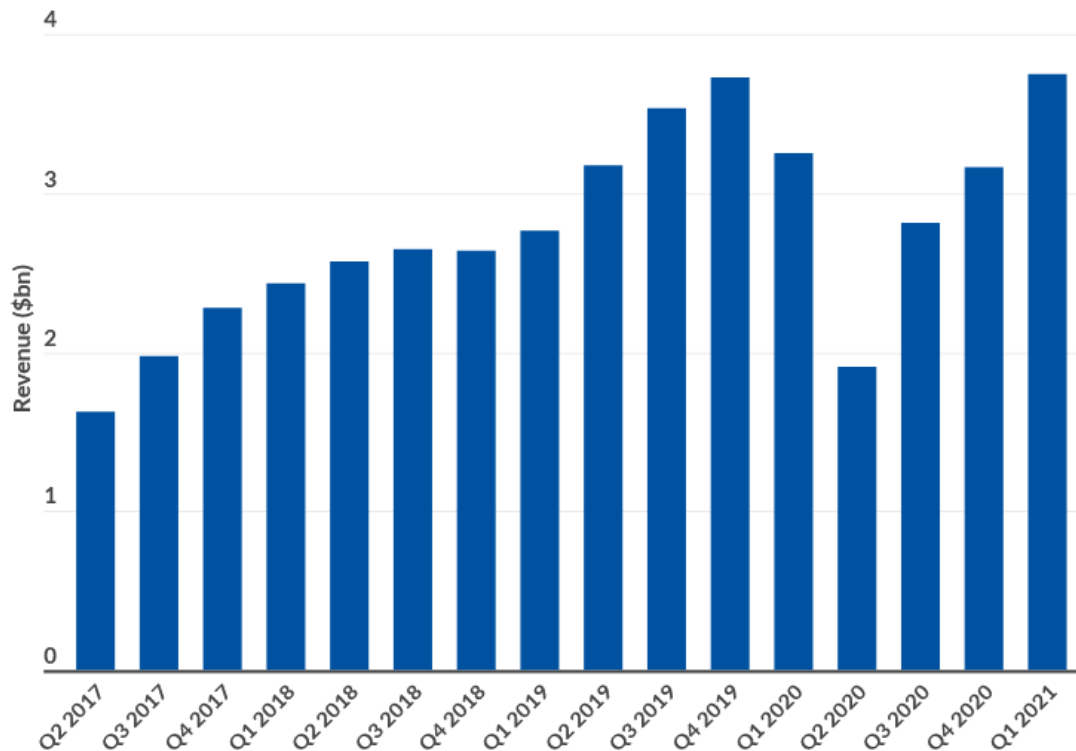
- New Yorkers are willing to spend more
 - Yellow Cab makes up almost all of this profit
 - They also use taxis the most often
- New York City is by far the most profitable market for taxis

Profit From Each City



The Biggest Threat to Taxis: Uber (and other ride sharing services)

Uber revenue



- Uber has been consistently growing its revenue every quarter (Iqbal, 2021)
 - Already back to pre pandemic numbers
- Uber/Lyft wait times are significantly shorter than taxi wait times (Huet, 2014)
 - Especially true in areas where you cannot hail a taxi from the sidewalk
- Significantly cheaper for long trips (Picchi, 2016)
 - Not always true for shorter trips which are popular in cities like New York



How Can Taxis Survive in a World with Uber?

Following Nintendo's Example

- In the early 2000s Nintendo could no longer compete with Sony, Microsoft, and Valve
- Solution: Stop Competing
- Nintendo carved out its own market and now people buy a Nintendo system in addition to their primary system
- Admitted defeat in order to survive and thrive



How Taxis Can Adapt

IT IS IMPOSSIBLE FOR TAXIS TO COMPETE WITH RIDE SHARING IN SUBURBS

ZERO WAY TO REPLICATE CONVENIENCE AND PRICE

FOCUS ALL RESOURCES ON URBAN AREAS (IE NYC)

ADMIT DEFEAT AND CARVE OUT UNIQUE URBAN MARKET IN WHICH TAXIS CAN THRIVE ON SHORTER TRIPS

Should You Invest in the Taxi Industry?

Ride Sharing Services are much more profitable than taxis in the long run and would be the better investment

Between the two taxi companies, Yellow Cab is the much better option for investment

With a majority share of Yellow Cab shares, the firm could influence the company to downsize and focus on urban areas

Focus on maximizing profit in cities such as New York and Chicago and beating all competition there

The best time to invest for short term profit is January

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Picchi, Aimee. “Uber vs. Taxi: Which Is Cheaper?”. Consumer Reports, June 10, 2016. <https://www.consumerreports.org/personal-finance/uber-vs-taxi-which-is-cheaper/>

Your best quote that reflects your approach... “It’s one small step for man, one giant leap for mankind.”

- NEIL ARMSTRONG