

UBER'S STRATEGY: DISRUPTION, PLATFORM DYNAMICS, AND FUTURE PATHWAYS

Integrating Platform Strategy and Multi-Sided Networks

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The Uber logo is displayed in a large, metallic, three-dimensional font. The letters are a light beige or gold color and are mounted on a dark, textured background. The logo is positioned in the lower right quadrant of the image, partially overlapping the title text.

UBER'S DISRUPTION OF THE TAXI INDUSTRY



Traditional Taxi Model:

Medallion-based system (e.g., NYC medallions peaked at \$1.3M in 2003).

Limited supply, high costs, poor service quality.

Uber's Disruption:

Decline in Taxi Medallion Values: Traditional taxi license values dropped significantly (e.g., in New York) as demand shifted to Uber.

Increased Competition: Taxi companies were forced to modernize by adopting ride-hailing apps and enhancing service quality.

Loss of Market Share: Uber captured a significant portion of the market, reducing revenue and customer bases for traditional taxis

BUSINESS MODEL CANVAS

(8) Key Partners - Seamless transactions - Vehicle leasing - Local Gov & Regulatory bodies	(7) Key Activities - Platform dev/ Maintenance - Driver recruit/ Training - Customer acquisition - Regulation compliance	(2) Value Proposition - Flexible Work Opportunities - Quick Service - Transparent pricing - Cashless trans. - Real time tracking - Broad customer base	(4) Customer Relationships - User Friendly app - 24/7 customer service - Rating/feedback for service quality	(1) Customer Segments - Riders - Drivers - Multi- Platform
	(6) Key Resources - Proprietary Tech - Network of Drivers - Reputation & Market presence		(3) Channels - mobile app - Website platform - Social Media	
(9) Cost Structure - Legal & Compliance costs - Tech dev & infrastructure - Marketing & promo expenses - Customer support operations		(5) Revenue Streams - Cancellation Fees - Commission from 15% to 30% per fare. - Surge pricing during high-demand periods. - Revenue from services like Uber Eats and Uber Freight.		

INNOVATIVE ELEMENTS

1. Multi-Sided Platform (Customer Segments)
2. Surge Pricing (Revenue Streams)
3. App-Based Convenience (Channels)
4. Peer-to-Peer Business Model (Key Resources)
5. Flexible Work Opportunities (Value Propositions for Drivers)
6. Data-Driven Decision Making (Key Activities)
7. Ratings and Feedback System (Customer Relationships)
8. Market Expansion via Adjacencies (Key Partnerships and Revenue Streams)



Why Innovative? Uber capitalizes on its platform infrastructure to diversify offerings, creating a broader ecosystem that caters to varied customer needs.

Gig Economy & Share Economy

Gig Economy

A labor market by short-term contracts, freelance work, and independent contractors

Features:

- **Flexible Work Arrangements:** Workers choose when and how much they work.
- **Task-Oriented Jobs:** Work is often project-based or task-specific.



Share Economy

Definition:

- An economic model where individuals share access to goods, services, or resources, often facilitated by digital platforms.

Features:

- **Technology-Driven:** Digital platforms connect providers and users (e.g., Airbnb, Turo).
- **Decentralization:** Services are offered by individuals, not centralized institutions.
- **Flexible Participation:** Anyone can be a provider or consumer.

Uber Platform Strategy

Platform Type:

- Multi-sided platform connecting drivers, riders, merchants, and shippers.

Key feature

#1: build solutions for real-world problems

#2: Adapting to local markets

#3: An asset-light strategy

Economic Impact & Regulatory Process

235,000 taxi drivers in 33 countries are earning on Uber



In 2023, taxi drivers globally earned



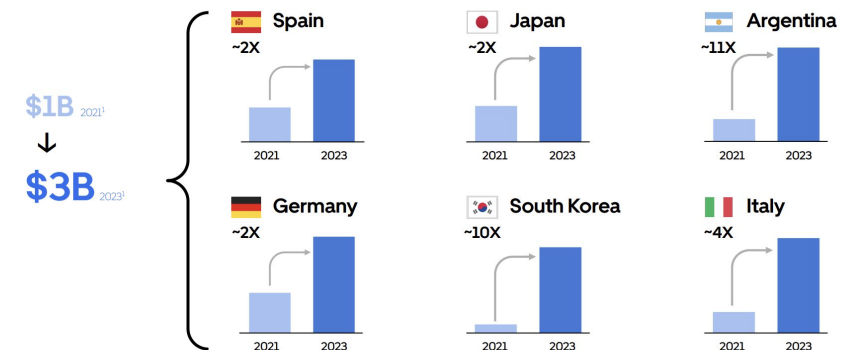
In San Francisco, for example, taxi



In Buenos Aires, we found that drivers

Mobility

We're planting the seeds for consistent **consumer growth** in **huge new countries** where Uber is not yet a verb

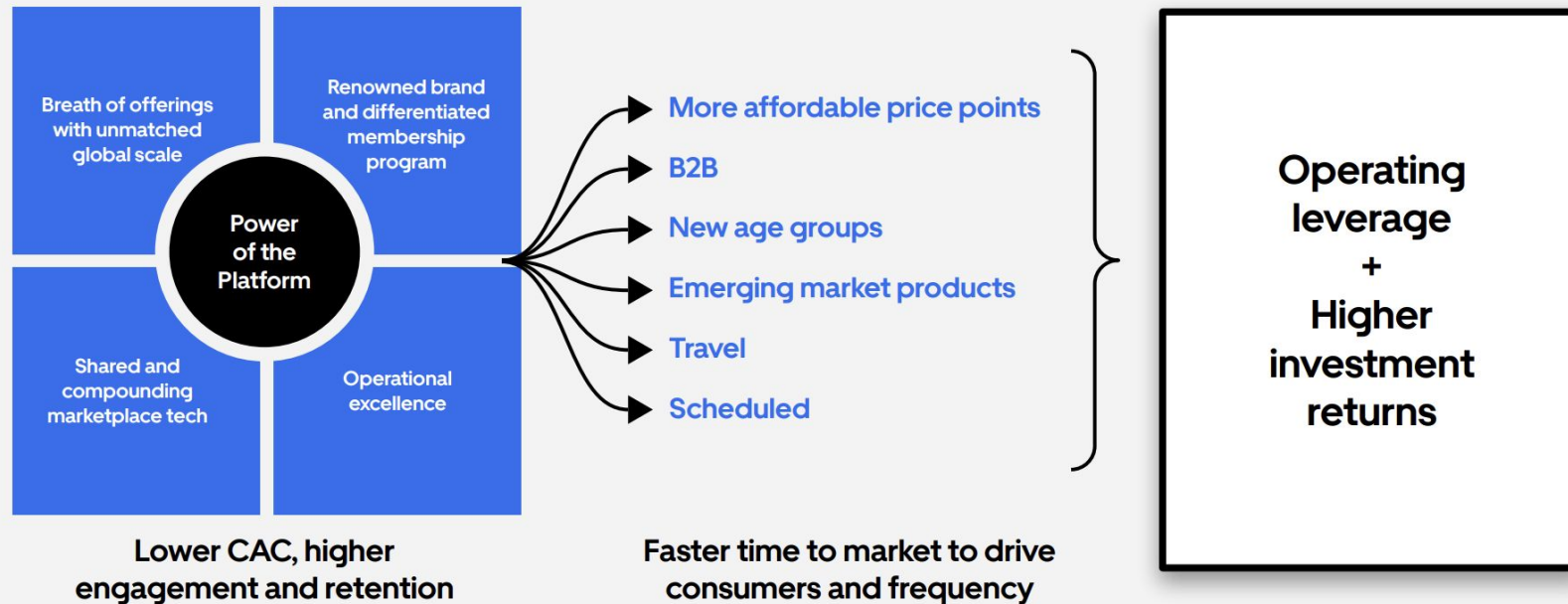


Uber | Investor Update

1. Q4 Gross Bookings annual run rate
2. Country data is Gross Bookings
3. Growth multipliers shown on a constant currency basis

Look to the future

It all starts with the power of the platform



STRENGTH

- **Convenience and Cashless Transactions:**

- Users can hail a car from any location via the app, eliminating the need to find a taxi on the street.
- Payments are processed through the app, removing the necessity for cash exchanges.

- **Professional Service:**

- Drivers use their own vehicles, which are typically clean and well-maintained.
- The app provides drivers with navigation to destinations, reducing the likelihood of wrong turns.
- Passengers can rate drivers, helping to maintain service quality.

- **Customer to Driver Interaction**

- The business model of Uber is ideal for a customer to driver interaction. Uber has created a rating system that helps customers rate their traveling experience as well as the driver. This rating system helps identify the best drivers and monitors the performance of the drivers.



Dynamic Pricing Strategy

Double-edge Sword

AI neural network in price setting

- **Historical Data:**
 - Past ride request patterns, including daily and weekly trends.
- **External Factors:**
 - Weather conditions (e.g., precipitation, temperature).
 - City-specific information such as ongoing trips, registered users, and local events or holidays.
- **Time Series Features:**
 - Sliding windows of input (X) and output (Y) data to capture temporal dependencies.
- **Automatic Feature Extraction:**
 - Utilization of an ensemble-based feature extraction module to automatically derive relevant features from the data.

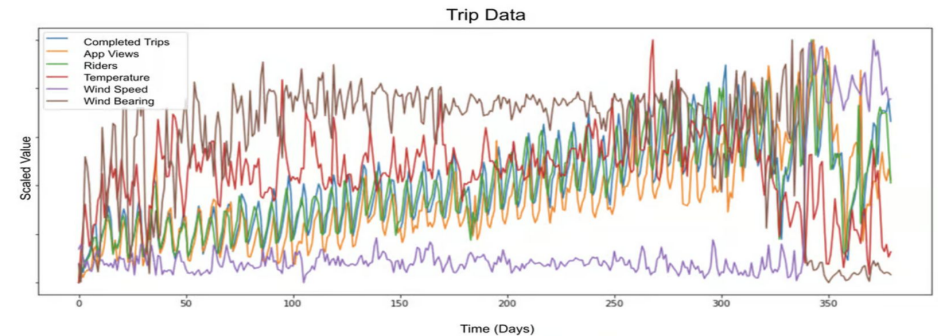
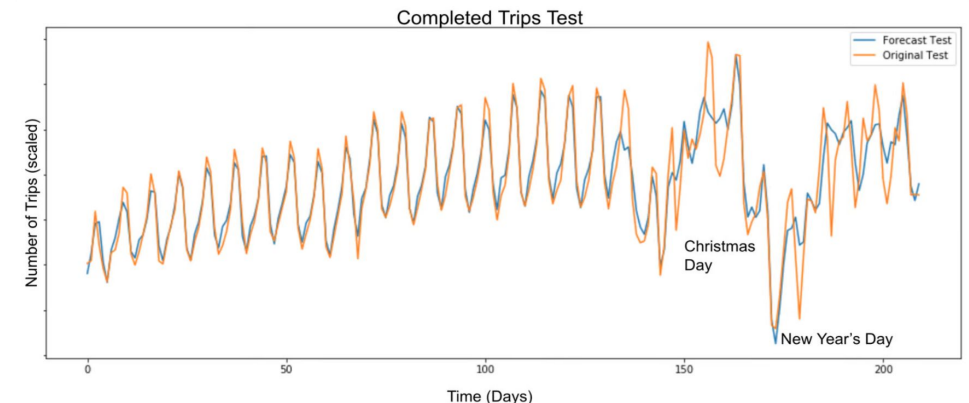


Figure 2: Our model was trained using a combination of exogenous variables, including weather (e.g., precipitation, wind speed, and temperature forecasts) and city-level information (e.g., trips in progress at any given time within a specific geographic area, registered Uber users, and local holidays or events).



WEAKNESS

Dependency on Workforce:

- Uber relies heavily on its drivers and internet infrastructure, which has led to challenges.
- Unpredictable driver behavior has harmed the company's image, with over 103 US drivers accused of sexual harassment and abuse.

Public Backlash:

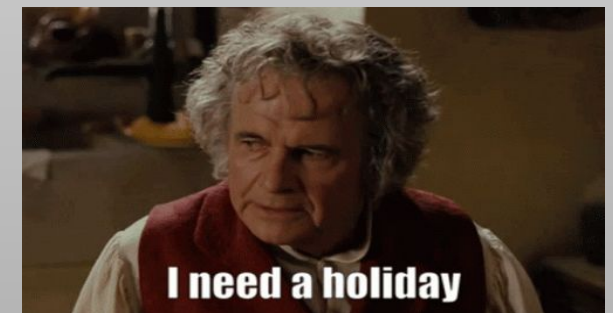
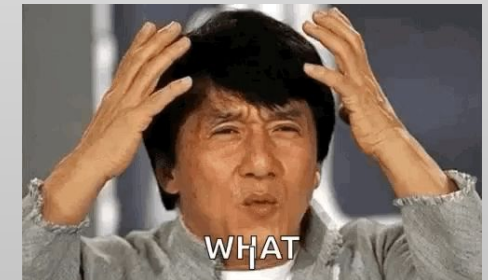
- High surge pricing during Hurricane Sandy caused severe public criticism, forcing Uber to revise its pricing policy. (**price transparency**)

Exploitative Business Model:

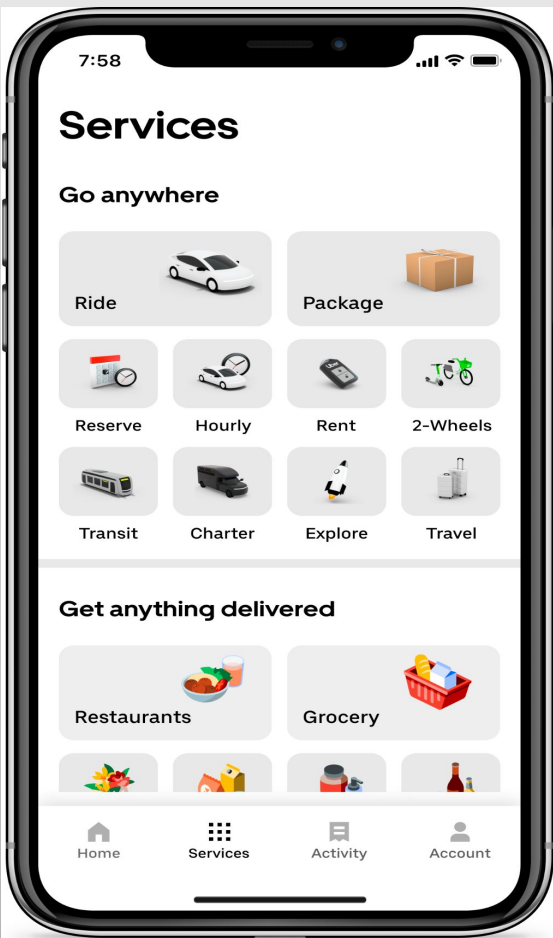
- Governments and unions have criticized Uber for misclassifying drivers as independent contractors instead of employees, denying them benefits.
- The company has faced lawsuits in Massachusetts and California over this practice.

Poor Working Conditions:

- Unlike other companies that heavily invest in employee support, Uber drivers bear their own expenses, including insurance, repairs, and gas.
- Drivers are also exposed to significant security risks due to limited corporate protections.



UBER'S DIVERSIFIED SERVICES



Ride-Hailing Services:

- **Core Rides:** Standard and premium ride options (Ride, Reserve, Hourly).
- **Specialized Options:** Rentals (Rent), Two-wheel vehicles (2-Wheels), and Eco-friendly rides (UberGreen).
- **Transit and Travel:** Integration with public transport (Transit) and intercity travel solutions.

Delivery Services:

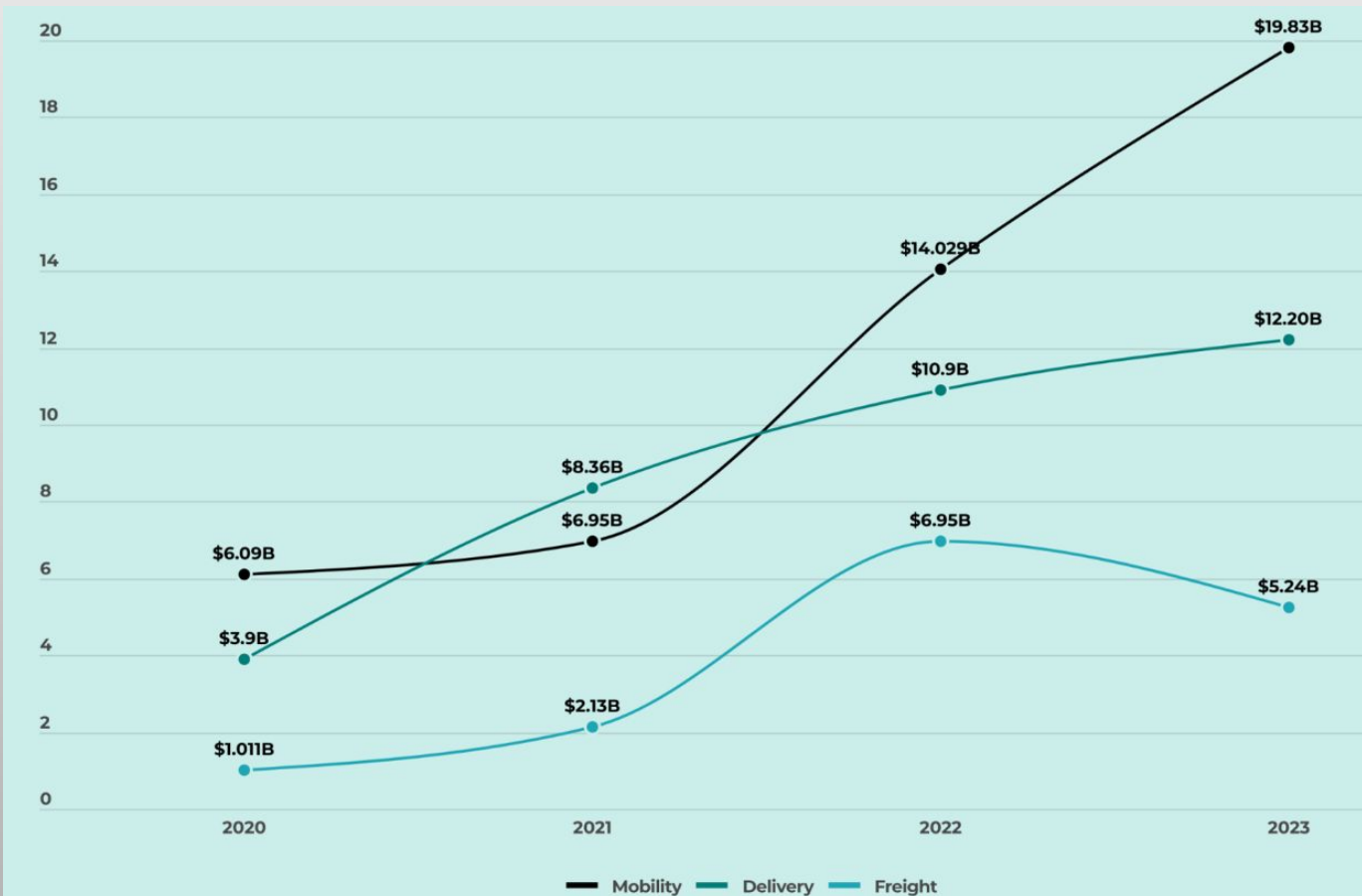
- **Food Delivery:** Restaurants (Uber Eats).
- **Grocery and Beyond:** Groceries, household items, and other essentials.



Uber Freight:

Uber Freight is a platform that matches trucking companies with businesses needing cargo transport. Partnership with Waymo and Aurora for autonomous trucks.

EFFECTIVENESS OF DIVERSIFICATION



Successes:

- Increased revenue streams: Rides (48%), Eats (34%), Freight (18%).
- Uber Eats became a pandemic lifeline and established as a global leader outside China.
- Freight expanded into logistics, leveraging technology for efficiency.

Challenges:

- Intense competition in food delivery (DoorDash leads with 56% market share).
- Freight is capital-intensive with lower margins.

REGULATORY AND ETHICAL CHALLENGES

Driver Classification:

Disputes over whether drivers are employees or contractors.



Licensing Issues:

Fines and bans in some regions due to non-compliance with local laws.



Surge Pricing:

Criticized for being unfair during emergencies or high-demand periods.

Driver Concerns:

Low pay, job insecurity, and lack of benefits.



Corporate Culture:

Past scandals involving harassment and workplace discrimination



Privacy Issues:

Data breaches and unethical practices like "Operation Greyball."

COMPETITIVE LANDSCAPE

Key Competitors:

- Lyft (U.S. rideshare market).
- DoorDash (U.S. food delivery leader with 56% share).
- Instacart (grocery delivery and pickup services).
- Didi Chuxing (China, world's largest rideshare).
- Grab (Southeast Asia "super app" for rides, delivery, finance).
- Traditional Taxi takeover

Unique Challenges:

- Intense price competition.
- Localized players like Didi and Grab dominate regional markets.



COMPETITIVE RECOMMENDATIONS



Strengthen Core Business:

Focus on optimizing and expanding Uber's ride-hailing services, its primary revenue driver.



Enhance Driver Satisfaction:

Boost retention by offering competitive incentives and support to drivers.



Strategic Collaborations:

Partner with established food and grocery delivery players to widen market reach and efficiency.



Regulatory Engagement:

Build proactive relationships with regulators to address labor laws and operational complexities.



Innovate with Technology:

Invest in new transportation solutions like electric and autonomous vehicles to stay competitive.

PATH TO CONSISTENT PROFITABILITY

Current Challenges:

- \$30 billion cumulative losses since 2016.
- High fixed costs for scaling and platform maintenance.

Recommendations:

- Optimize costs without sacrificing driver satisfaction
- Expand Uber One subscriptions to build loyalty.
- Improve pricing models with advanced analytics.

A majority of our top markets are profitable, and have increased profitability in the last two years



85% of Top Countries¹ Profitable
Demonstrating power of the platform

85% of Top Countries Improved Margins
Since FY'21

Continued Headroom for Margin Expansion
Majority remain below best-in-class

AUTONOMOUS VEHICLES AND THE FUTURE

Potential Benefits:

- Lower labor costs, 24/7 service availability.
- Greater scalability and efficiency.

Key Challenges:

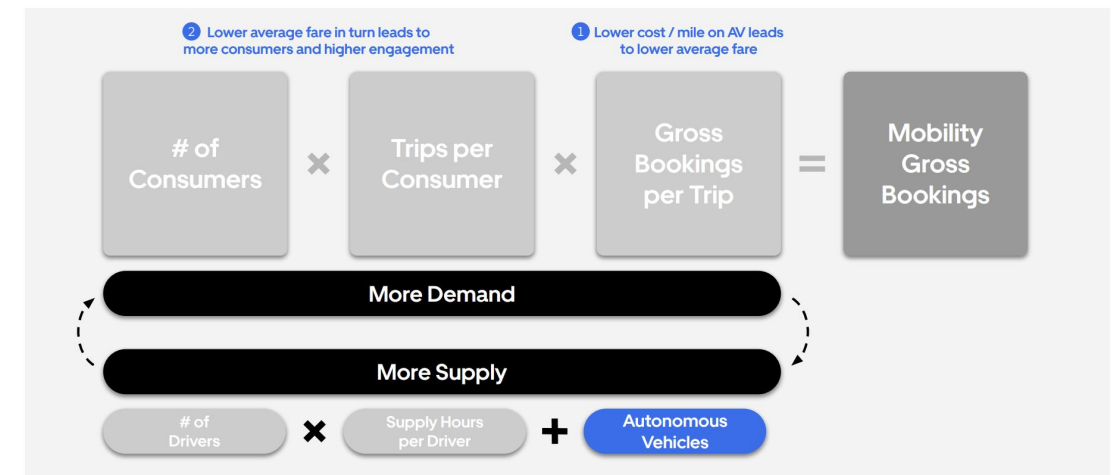
- Regulatory approval and public trust in AVs.
- Fleet ownership shifts Uber's asset-light model.

Strategic Moves:

- Partnerships with Waymo and Aurora Innovation (investment, autonomous fleets)
- Invest in R&D while monitoring competition (e.g., Tesla)

Mobility

Autonomous vehicles will significantly expand our TAM



Uber | Investor Update

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CONCLUSION

Key Takeaways:

- Uber's disruption and innovation have transformed the industry.
- Multi-sided platform strategy is critical but faces competitive and regulatory hurdles.
- Future growth hinges on cost optimization, diversification, and autonomous vehicle success.

Call to Action:

- Engage in strategic focus on rides, delivery, and logistics with an ethical, scalable approach
- provide rationale insurance to drivers
- provide transparent pricing standard to customers

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Thank you!

Questions?

