

UBER: THE OPPORTUNITIES AND CHALLENGES OF MARKET DISRUPTION

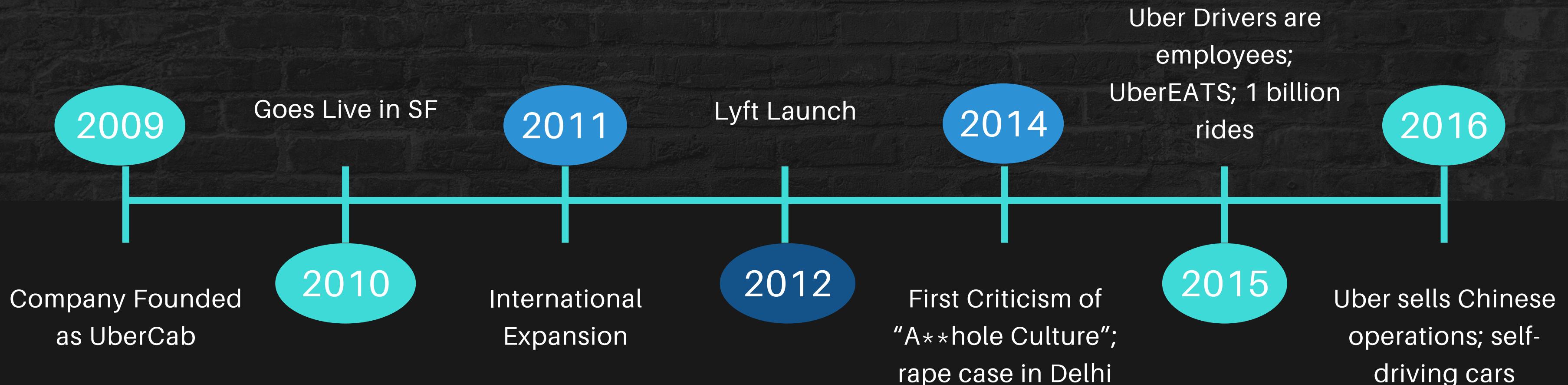
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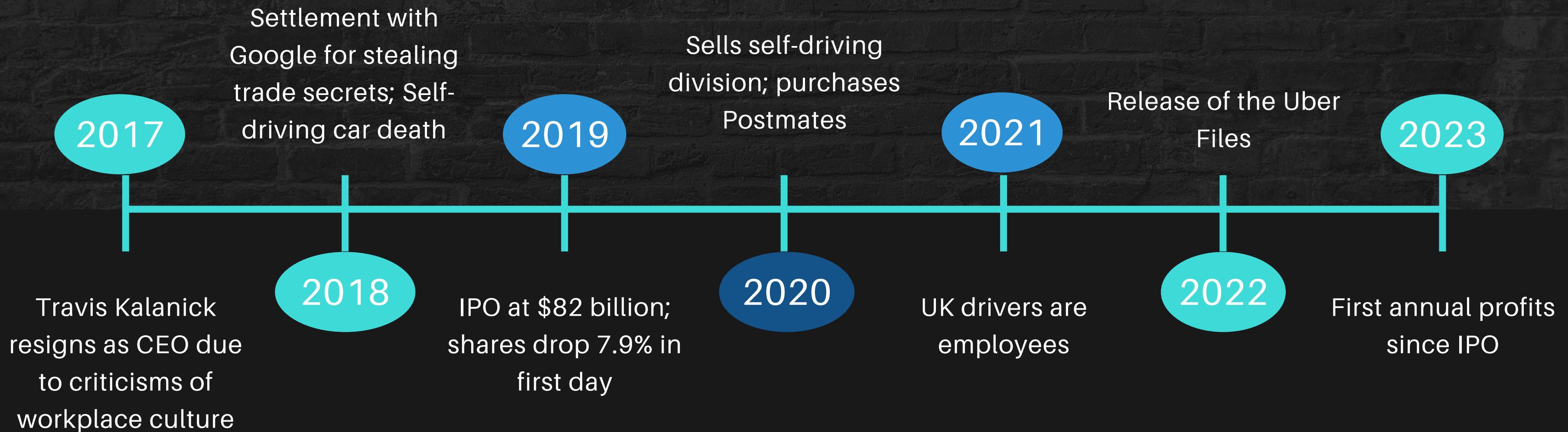
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Timeline and History



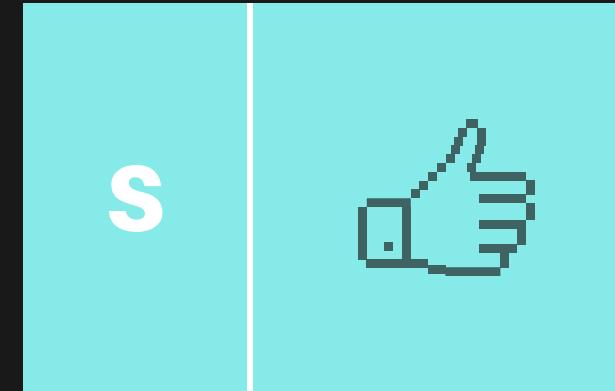
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Timeline and History



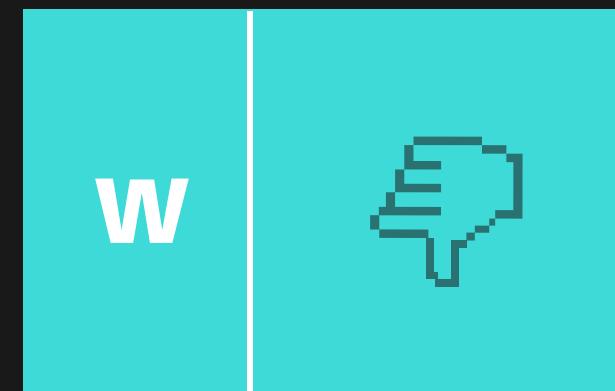
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SWOT Analysis



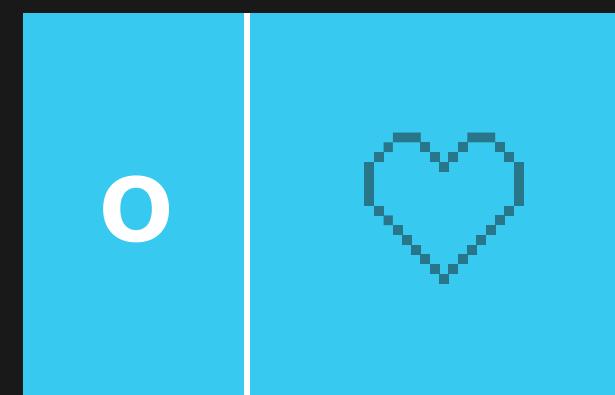
STRENGTHS

- Adaptability
- Brand Awareness 92% in US (Kunst, 2023)
- Strategic International Partnerships
- 68% Market Share in US Rideshare Business (IBISWorld, 2023)



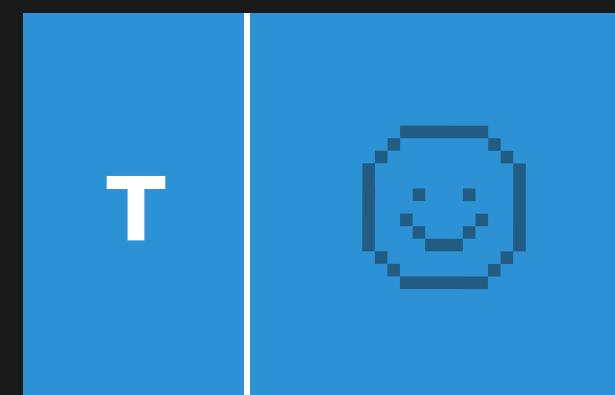
WEAKNESSES

- Brand Perception
- Employee Satisfaction
- 23% Market Share in US Food Delivery Business (Beyrouthy, 2024)



OPPORTUNITIES

- New Technologies
- Positive Network Effects in Rideshare Business



THREATS

- Negative Network Effects in Food Delivery Business
- New Legal Regulations
- Bans on Service



ASSUMPTIONS & MISSING INFORMATION

- Brand awareness is high
- Brand perception is low
- Regulations and bans increase transparency
 - Could increase brand perception
 - Generally affect entire industry



Uber faces brand perception problems from customers, drivers, and governments due to early aggressive corporate growth culture. This culture was instilled by now departed co-founder Travis Kalanik's core values that included items like "Always be hustling".

Statement of the Problem



UBER

Development of Alternatives

ALTERNATIVE 1

Design a communication and rebranding strategy to change public perception of Uber by effectively delivering messaging on new company values.

ALTERNATIVE 3

Conduct strategic market research to identify what perception issues are most pressing before deciding on how to proceed.

1

2

3

4

STATUS QUO

Proceed with new values set up by the new CEO, making no effort to address perception issues.

ALTERNATIVE 2

Change business model to focus on improving stakeholder conditions (e.g. drivers, riders, local communities) instead of growth.

STATUS QUO

- Proceed with new values set up by the new CEO, making no effort to address perception issues.
 - Leadership problem addressed in 2017
 - CEO Travis Kalanik replaced with Dara Khosrowshahi
 - Values changed from “Always be Hustlin”, “Champion’s Mindset”, and Superpumped” to “Build With Heart”, “Stand for Safety”, and “Do the Right Thing. Period.”
 - Status quo assumptions based on period from 2018-2022 (10K filings)
 - Unfavorable environment: Lowest rate of change (-14%)
 - Neutral environment: Average rate of change (37%)
 - Favorable environment: Highest rate of change (83%)

STATUS QUO

- Proceed with new values set up by the new CEO, making no effort to address perception issues.

	Unfavorable Environment	Neutral Environment	Favorable Environment
Revenue	\$27,314	\$43,800	\$58,215
Monthly Active Platform Consumers (In millions)	110	145	166
Costs			
Cost of Revenue	\$13,876	\$22,251	\$29,574
Operations and Support	\$2,068	\$3,316	\$4,407
Sales and Marketing	\$4,075	\$6,535	\$8,686
Research and Development	\$2,397	\$3,845	\$5,110
General Administrative	\$2,687	\$4,309	\$5,727
Depreciation and Amortization	\$1,148	\$1,841	\$2,447
Earnings before taxes	\$1,063	\$1,704	\$2,265

ALTERNATIVE 1

- Design a communication and rebranding strategy to change public perception of Uber by effectively delivering messaging on new company values.
 - Based on neutral environment status quo
 - Current marketing budget as a percent of revenue = 15%
 - Recommendation to increase to just over 16% (\$500 million) in next FY
 - CAGR predicted to be ~15% over next few years (Grieco, 2024)
 - Projections based on success of marketing campaign:
 - Unsuccessful = no additional growth over CAGR
 - Moderately Successful = 5% additional growth
 - Very Successful = 10% additional growth
 - Extremely Successful = 20% additional growth

ALTERNATIVE 1

- Design a communication and rebranding strategy to change public perception of Uber by effectively delivering messaging on new company values.

	Status Quo		Not Successful		Moderately Successful		Very Successful		Extremely Successful	
Year	No Additional Advertising	Cost of Additional Advertising	Earnings	Difference	Earnings	Difference	Earnings	Difference	Earnings	Difference
1	\$1,704	\$500	\$1,204	(\$500)	\$1,204	(\$500)	\$1,204	(\$500)	\$1,204	(\$500)
2	\$2,569		\$2,569	\$0	\$2,697	\$128	\$2,826	\$257	\$3,083	\$514
3	\$2,954		\$2,954	\$0	\$3,102	\$148	\$3,250	\$295	\$3,545	\$591
4	\$3,397		\$3,397	\$0	\$3,567	\$170	\$3,737	\$340	\$4,077	\$679
5	\$3,907		\$3,907	\$0	\$4,102	\$195	\$4,298	\$391	\$4,688	\$781
Total	\$14,531		\$14,031	(\$500)	\$14,673	\$141	\$15,314	\$783	\$16,597	\$2,065

ALTERNATIVE 2

- Change business model to focus on improving stakeholder conditions (e.g. drivers, riders, local communities) instead of growth.
 - Based on neutral environment status quo
 - Adjust budgets for next FY as follows:
 - operations and support budget from 7.5% to 8.5% for development of driver support centers and safer drop-off/pick-up locations
 - research and development budget from 8.8% to 10.8% for enhancements to the in-app user experience, additional safety technologies, and eco-friendly options
 - general administrative budget from 9.8% to 10.3% for enhanced driver training and additional customer service and support options.
 - marketing budget from 15% of revenue to 11.5%
 - Predict decreased growth from year 1-2 as a result of decreased marketing
 - Predict increased growth from year 2 onward as a result of enhancements to stakeholder experiences

ALTERNATIVE 2

- Change business model to focus on improving stakeholder conditions (e.g. drivers, riders, local communities) instead of growth.

Year	Investment in Stakeholders	Status Quo	Profit/Loss Compared to Status Quo
1	\$1,704	\$1,704	\$0
2	\$1,750	\$1,864	(\$113)
3	\$2,013	\$2,143	(\$130)
4	\$2,355	\$2,465	(\$110)
5	\$2,826	\$2,834	(\$8)
Total	\$7,822	\$8,176	(\$354)

ALTERNATIVE 3

- Conduct strategic market research to identify what perception issues are most pressing before beginning a new marketing strategy.
 - Based on neutral environment status quo
 - Market research in year 1 in order to identify which brand perception issues are most in need of immediate attention
 - Increase R&D from 8.8% to 9.8% of revenue
 - Decrease marketing budget from 15% to 14% of total revenue
 - During year 2, restore R&D budget to 8.8% and raise the marketing budget to 15.5% for a more targeted marketing campaign
 - Predict decrease in marketing will lower rate of revenue growth from year 1 to year 2 to 10%
 - Year 2 increased marketing predicted to raise profits additional 5%
 - Year 2 - 15%
 - Years 3 and 4 - 20%

ALTERNATIVE 3

- Conduct strategic market research to identify what perception issues are most pressing before beginning a new marketing strategy.

Year	R&D + Marketing	Status Quo	Profit/Loss Compared to Status Quo
1	\$1,704	\$1,704	(\$0)
2	\$1,542	\$1,864	(\$322)
3	\$2,050	\$2,143	(\$93)
4	\$2,460	\$2,465	(\$5)
5	\$2,952	\$2,834	\$118
Total	\$7,756	\$8,176	(\$420)

RECOMMENDATION

- Goal is to solve the problem of brand perception and maximize earnings and growth in the long term.
- **Alternative 1:**
 - increases earnings early
 - casts a wide net to communicate goals with all stakeholders
 - early increases compound for subsequent years
 - provides solid foundation for growth and exploring other opportunities.

IMPLEMENTATION TEAM



Jill Hazelbaker

Senior VP of
Marketing and PR



Matt Kallman

VP of Global
Communications



David Mogensen

VP of Marketing

IMPLEMENTATION ACTIVITIES

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- 
- 1 Solidify Core Values
 - 2 Development of Training Materials
 - 3 Development of Marketing Materials
 - 4 Training of internal customers
 - 5 Adjustment of Marketing Materials
 - 6 Communication Campaign
 - 7 Driver Engagement Program
 - 8 Rider Engagement Program
 - 9 Community Outreach
 - 10 Data Collection

IMPLEMENTATION TIMELINE

EVALUATION AND CONTROL

- Uber KPIs
- Stakeholder brand perception surveys at beginning and end of period
- Brand perception benchmarks - increase of 10% in 6 months
- Contingency plans strengths

Key Performance Indicator	Description	Historical Rate Increase	Recommended Rate Increase Over Historical Rate Increase (1Y)
Revenue	Reported Revenue	15%	5-10%
Brand Perception	Brand Perception Benchmark	N/A	10%
MAPC	Users who complete a ride.	4.30%	5%
Gross Booking	Total dollar value of all services provided	5.57%	5%
Trips	Completed trips	6.76%	5%

Source: (Uber Technologies, Inc., 2023)

QUESTION FOR DISCUSSION

What are the strengths and
weaknesses of the apps and firms that
offer ride-sharing services?