

UBER'S APPING ITS WAY TO THE TOP

By Kenneth E. Seaton



IT SEEMS THAT - OR SO THE STORY GOES - IN 2008, DURING A DARK WINTERY NIGHT, RIGHT IN

THE MIDDLE OF A PARIS SNOW STORM, THE RIDESHARING JUGGERNAUT INSPIRATION THAT WAS TO BECOME UBER WAS BORN.

Travis Kalanick and Garrett Camp, two buddies who were attending a tech conference were having a little trouble in hailing a cab.

Supposedly, they started musing about a timeshare limo service, one that could be ordered up simply by means of an app on a smart phone. After the conference ended, the two entrepreneurs went their separate ways. Camp returned, nonethe-

less, a seed had been planted and he couldn't get the limo service idea out of his mind. He even went so far as to purchase the domain name for UberCab.com.

That seed became a bud that just kept growing and growing. Camp – while still CEO of StumbleUpon (a discovery and advertisement engine) – found the time to work on UberCab and in 2009 he invited his entrepreneurial friend Kalanick to join him as UberCab's 'Chief Incubator'.

Their first road tested their idea in New York with three cars and officially launched UberCab in San Francisco in 2010.

The rest, as they say, is history! Uber has grown to become, arguably, the world leader in the rideshare market. Its website boasts that, "It took us 5 years to reach our first billion trips and 6 months for the next billion. Then we completed the last 3 billion trips in less than a year." It also states that its service is available in 83 countries and over 674 cities worldwide. In 2017 Bloomberg News reported Uber's paper valuation at \$69 billion dollars.

WHEN IS A FRANCHISE NOT A FRANCHISE?

The businessdirectory.com defines franchising as an arrangement where one party (the franchiser) grants another party (the franchisee) the right to use its trademark or trade-name as well as certain business systems and processes, to produce and market a good or service according to certain specifications. Also, the franchiser gains rapid expansion of business and earnings at minimum capital outlay.

An argument could be made – and currently is being made in the courts – that Uber is the franchiser and its drivers are franchisees. There are many companies that operate under franchise models and use contractors or franchisees, i.e. McDonald's (MCD), 7Eleven, RE/MAX, Lyft and Uber, etc.

One of the foundations of Uber's business model is that it treats its drivers as contractors or partners. This position is causing some conflict with some of its drivers. These drivers want to be classed



as employees'. This would entitle them to normal worker rights such as; minimum wage, overtime and vacation pay, etc.

Resultantly, Uber has and is facing a number of court challenges from drivers or its partners. In 2017 some Ontario Uber drivers launched a class-action lawsuit requesting that the courts make a decision as to whether drivers are Uber employees rather than independent contractors.

Uber has responded to these challenges through the courts. Conveniently, in 2018 it launched its "180 Days of Change" campaign. This campaign is focused on rebuilding its drivers trust and is "committed to delivering the best driver experience possible, 365 days a year."

An important part of the rebuild has Uber performing a major redesign on its driver app. In an interview with *The Atlantic*, Uber's new CEO, Dara Khosrowshahi, said that the reworked version of the app embodies the new, kinder Uber. Hundreds of Uber drivers were asked to provide input and suggestions on how they felt the app should work.

UBER HAS APPS FOR THAT

From opening up the smart-phone downloaded Uber app, a rider is only a few clicks away from getting a ride. Because Uber is a technology platform it makes it almost too easy to arrange for a pick up. It found the sweet spot for riders, offering a theoretically safe and convenient way to order up a private driver.

Through the app the rider creates an account – including a valid credit card – and they are ready to ride. From the "Where to?" screen to when the vehicle arrives it takes almost no time to arrange a pick up. Uber also allows riders to make a stop on their trip. Before the driver arrives riders know; how long the trip will take, the vehicle's model and plate number, the driver's name, how much the trip will cost and riders can even pay in advance for their trip.

Type of services run from riding in a basic vehicle, to travelling in style in a higher-end model vehicle. There's even a car-pooling service called UberPool that lets riders share the cost of the ride. Uber also offers uberASSIST vehicles. These vehicles offer accessibility traveling & additional assistance to seniors and/or persons with disabilities.

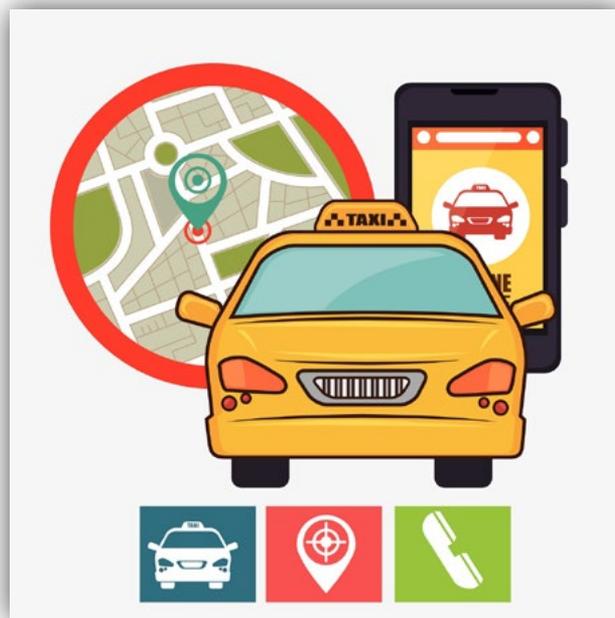
Upon reaching their destination riders can, if they feel that it's warranted, tip the

driver. If the rider believes that the driver deserves more or less recognition, they can use the app to give the driver a rating of between 1 to 5 stars. There's even a list of common issues that allow for more specific feedback from rider on the driver or the trip.

Of-course Ubers' app isn't just for riders, its adding muscle to the driver's version. And it's a very busy, busy newly designed app. Drivers spending around 8.5 million hours logged on to it. The Uber app supplies the how, when and where to drivers and is considered to be their workplace platform.

When drivers are ready to work they use the app to go online and will begin to receive trip requests in their area.

They'll receive directions to their riders' pickup location and after pick up, destination directions are posted. The new app includes an earnings tracker that informs the drivers of just how much



they've earned since going online and it also keeps track of the number trips they've completed.

WHO'S DRIVING FOR UBER

According to their website, Uber completes 15 million trips on a daily basis and has 75 million riders with over 3 million drivers. There are more male than female drivers' – 14% are women – and 25% of the male drivers are over the age of fifty. A notable 71% of Uber drivers have dependents living at home!

Nearly 9 out of 10 drivers wanted to work for Uber because they wanted "to be my own boss and set my own schedule".

A further 85% of its drivers reported that a major reason that they work with Uber is to allow them to have a greater work-life balance. Additionally, nearly a third of Uber's drivers have full-time jobs, but use the Uber platform to boost their overall household or family income.

Uber launched its expansion into Latin America by offering a ridesharing service in Mexico City during the summer of 2014. Mexico City has grown to become one of its largest markets and the success there has helped Uber in deciding to further expand southward into Central and South America.

One of Uber's fine Mexico City drivers is 46 year old Juan Perez. He's driven for Uber for over 2 years now and he just loves it. He says, "I used to work in a sales job that had me driving all over the city. It wasn't much fun and I paid as much to run my car as I made in sales." Due to Mexico City's renowned traffic woes – like congestion, roadwork, demonstrations and often brutal pollution – he thought to himself that there's got to be a better way to make a living!

That's when he discovered that with Uber he could travel around and make money while doing it. Thanks to them he can now choose his own hours and he often works between 35 to 40 hours a week. Juan gets paid via the Uber app payment system and the money goes right into his bank account.

He believes that, "Techy stuff, like cell phones and GPS, not only gets me work, but the GPS tells me how to get around in this crazy city!" He hopes that one day soon he will drive around enough to be able to afford a GPS device that will continually update itself while he's traveling.

"My life is now much better," he adds, "and my wife is happier that we have more money to spend."

He treats all his riders like family and he's found that if he is nice to them they are usually nice to him. (**Due to the current relationship between Uber drivers and cab drivers in Mexico City, Juan didn't want his picture taken or posted for this article.**)

One issue that drivers seem equally divided on is Dynamic or Surge pricing. Uber's fares are dynamically priced and the fare that a rider sees is based on variables subject to change over time.

Uber explains its policy as; "During times of high demand, fares increase (via

an algorithm) to help ensure a driver is always nearby, and that people can get rides when they need one."

Uber's website states that, "These variables include (but are not limited to) the estimated time and distance of the predicted route, estimated traffic, and the number of riders and drivers using Uber at a given moment." However some drivers, like Juan, feel that the increase in ride pricing may cost them some riders. Usually, it seems that the pricing increases are implemented, just when riders need or want the service the most.

UBER IS NO LONGER JUST A RIDE SHARING BUSINESS

Uber offers its riders many ride choices; uberX, uberXL, UberSELECT, UberSUV, UberBlack, UberLUX and UberPool. The different names denote differences in trip prices and the type of vehicle that riders travel in. Of-course, all the different ride choices may not be available in every city that Uber operates in. Also some vehicles, i.e. Uber Rickshaw are only offered in certain unique cities.

Uber is expanding and growing with other new services like;

Uber Freight is a free app that matches carriers with shippers. Instead of riders the app will connect truck drivers to freight. Carriers and their drivers can now book loads with the touch of a button.

Uber Eats is also another free app that allows customers to order food, pay with through their Uber account and track the order as it's delivered to their door.

Uber Health is a newer service that will help patients who need rides to and from their doctors. It'll partner with health care providers – who will cover the cost of the rides – as they schedule rides for patients using a special digital platform.

And coming soon to a rooftop near you is Uber Air. Riders will use the app to hail the air taxi and board it at an Uber Skyport rooftop facility. The plans are to use planes with multiple props and electric motors to ensure that the planes will be relatively quiet.

CEO Dara Khosrowshahi said in a CBS interview that Uber plans to launch trials as early as 2020.

UBERLY IN CANADA, EH

The Vancouver Sun reported in May that Canadian millennials would rather call up an Uber than a taxi, while older residents still prefer a cab. This was according to a new poll conducted by the Angus Reid Institute. In its survey it asked respondents what they preferred when it comes to ride sharing services.

The poll showed that nearly half of all millennials said that they would rather use their Uber app for a ride than call a cab. The older the group, the more the preference went to taxis. From those aged 35 to 44, only 23 per cent had used Uber, and that number dropped to only 14 per cent with respondents who were over 65.

The survey discovered that half of Canadians (49 per cent) have a positive view of Uber, and that 34 per cent say it "should

definitely be allowed to operate" in their community.

Also in Canada, the Toronto Star reported that in January the Ontario Superior Court stayed the \$200-million proposed class action lawsuit brought against Uber by some of its Canadian drivers.

The court determined that if Uber drivers want to fight their employer in court, they will have to go to the Netherlands to do it. More to come! 🇳🇱

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