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Uber - The Competition Killer or The Competition Trigger ?

Presentation by
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UBER

The Competition Killer or The Competition Trigger ?

(India Case Study)



By
Adv. Shirish Deshpande,
Chairman,
Mumbai Grahak Panchayat
(MGP - India)

Intra- city travel : Entry of the players



Black&Yellow

Since
1968



Auto Rickshaws

Since
1984



Radio Cabs

Since
Meru : 2007/ 08



App based Taxis

Ola : 2010
Uber : 2013



Parameters	Auto Rickshaws	Black & Yellow Taxis	Radio Cabs (Meru & Mega)	App Based Ola & Uber
Structure	Owner-driven or driver-driven rickshaws and Unionised	Owner-driven or driver-driven rickshaws and Unionised	Self owned cabs driven by drivers	Aggregators
Pricing structure	Fixed by transport regulator, highly influenced by unions	Fixed by transport regulator, highly influenced by unions	Fixed by transport regulator	Unregularised, dynamic, algorithmic pricing
Typically preferred fare	Long distance fare	Long distance fare	Long distance fare/ airport fares	Any
Frequency of refusal	Very high	Very high	Less	Rare
Type of meter	Analogue till 2012, electronic since	Analogue till 2012, electronic since	GPS based	No- meter, fare shown on Smartphone/ email

Why the Perception Survey?



Strong opposition by traditional and radio taxi/ auto drivers to entry of Ola/ Uber



Frequent agitations & even strikes to protest against their operations



General satisfaction of passengers using Ola/ Uber fares and services quality



Hence the Perception Survey of Passengers by MGP – India in 2016

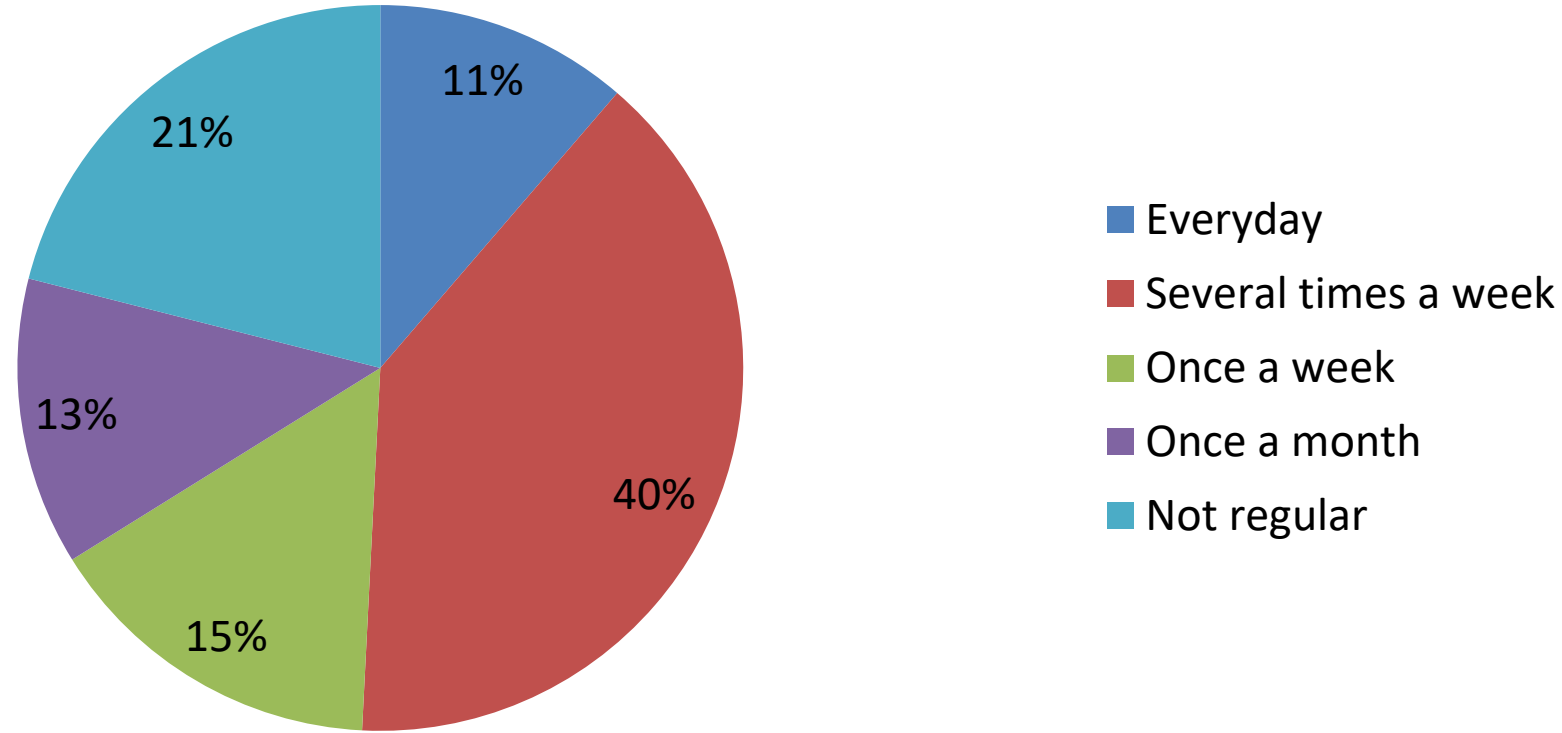
MGP's Perception Survey of Uber/ Ola - 2016

City	Responses (out of 76169)	% Responses
Mumbai	62691	82.31
Thane	6547	8.60
Navi Mumbai	3195	4.19
Pune	1037	1.36
Mira Road/ Vasai/ Virar	443	0.57
Bangalore	172	0.23
Hyderabad	74	0.10
Nasik	64	0.08
Ahmedabad	54	0.07
Kolkata	53	0.07
Miscellaneous	1849	2.42



Regularity of using Ola/ Uber

Population

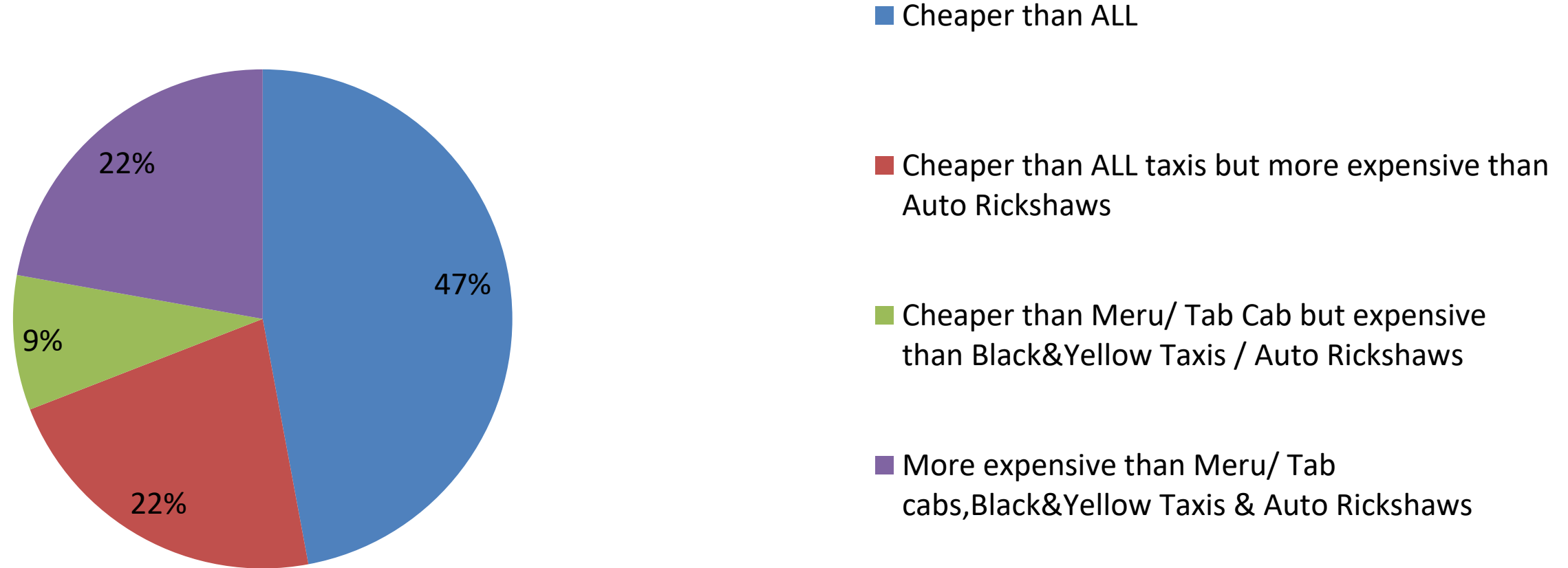


Regularity	Responses (out of 76169)
Everyday	8,463
Several times a week	30,143
Once a week	11,715
Once a month	9,788
Not regular	16,060



Fares of Uber/ Ola compared to rest

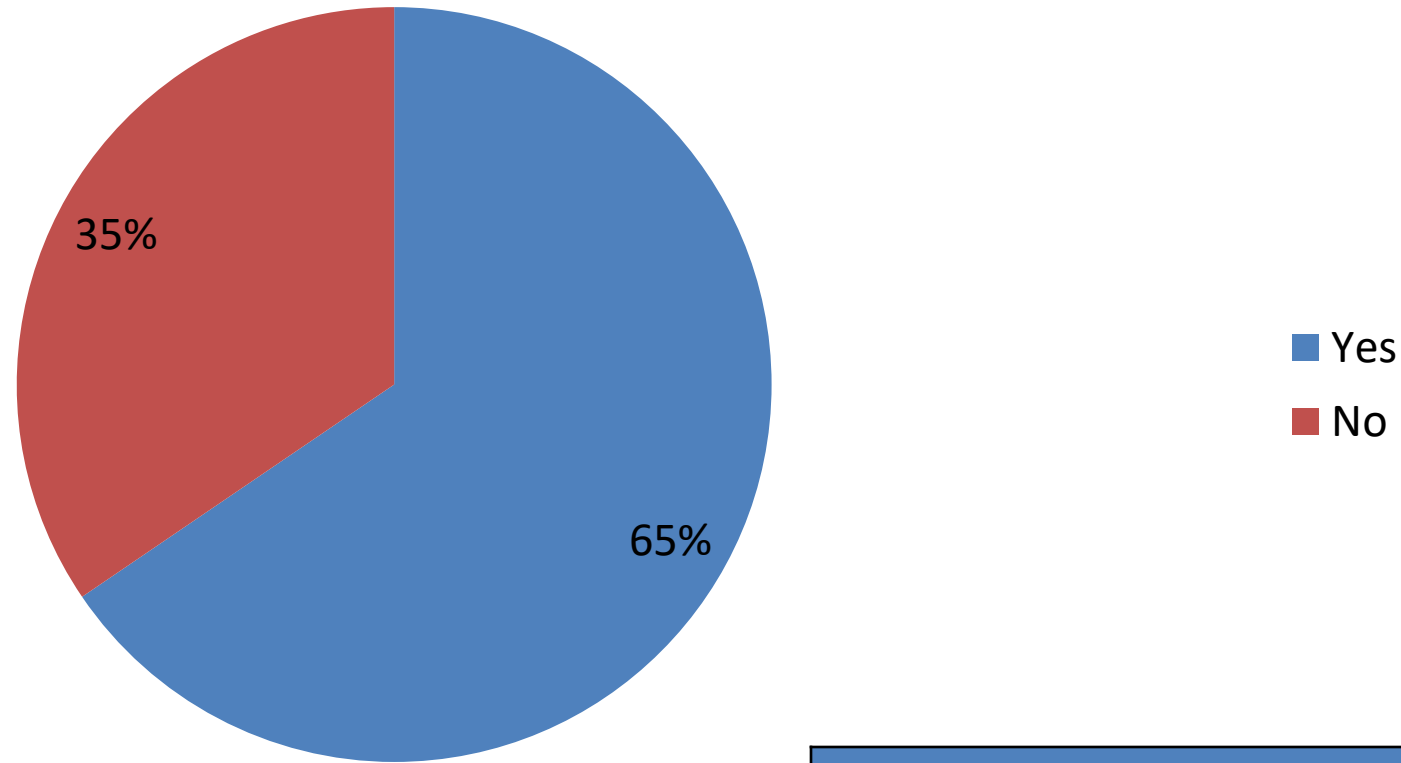
Population



Fares	Responses (out of 76169)
Cheaper than ALL	35,850
Cheaper than ALL taxis but more expensive than Auto Rickshaws	16,772
Cheaper than Meru/ Tab Cab but expensive than Black&Yellow Taxis/ Auto Rickshaws	6,652
More expensive than Meru/ Tab cabs, Black&Yellow Taxis& Auto Rickshaws	16,895

Find Surge Pricing expensive?

Population

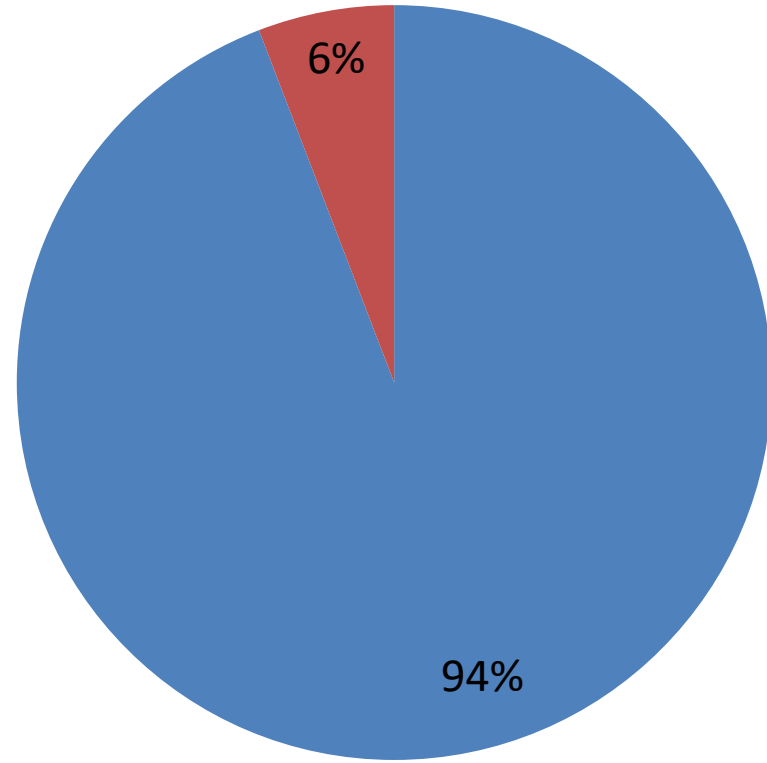


Opinion	Responses (out of 76169)
Yes	49,887
No	26,282



Feel harassed by refusal by Autos/ Taxis

Population



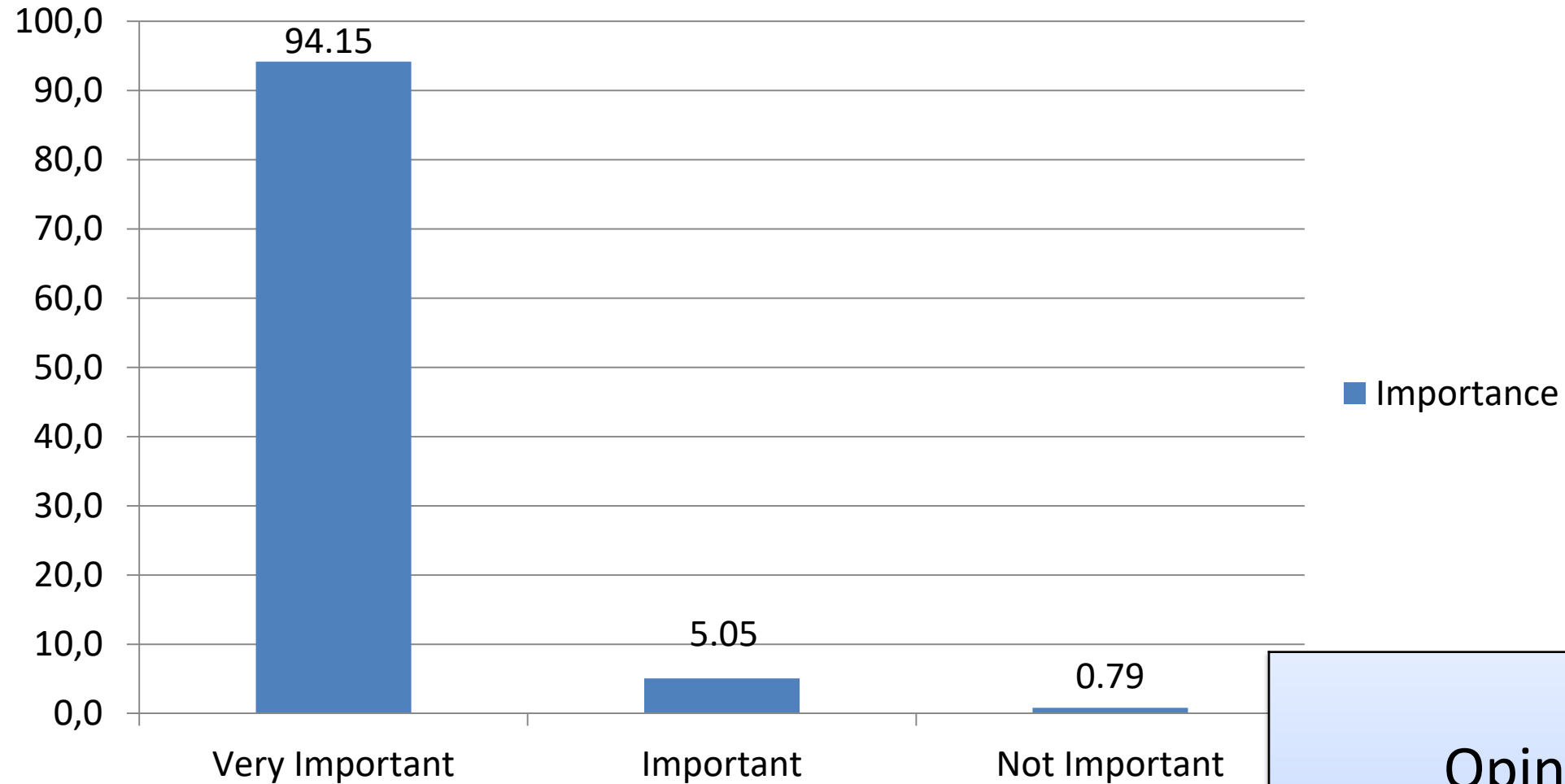
■ Yes
■ No

Opinion	Responses (out of 76169)
Yes	71,726
No	4,443



Rate the importance of these aspects of travel [Accepting where the commuter wants to travel]

Importance

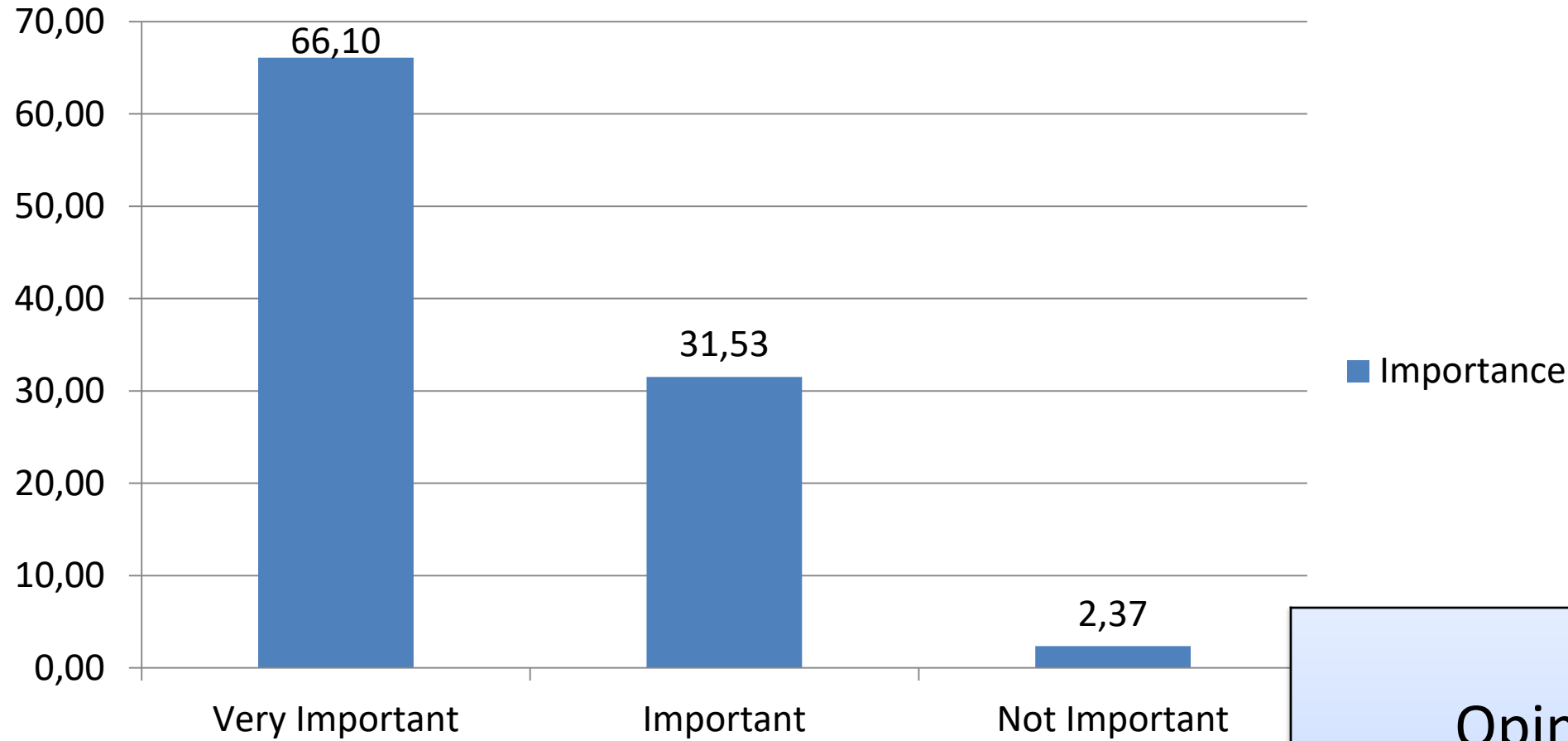


Opinion	Responses (out of 76169)
Very Important	71,716
Important	3,850
Not Important	603



Rate the importance of these aspects of travel [Efficient central digital based support system]

Importance

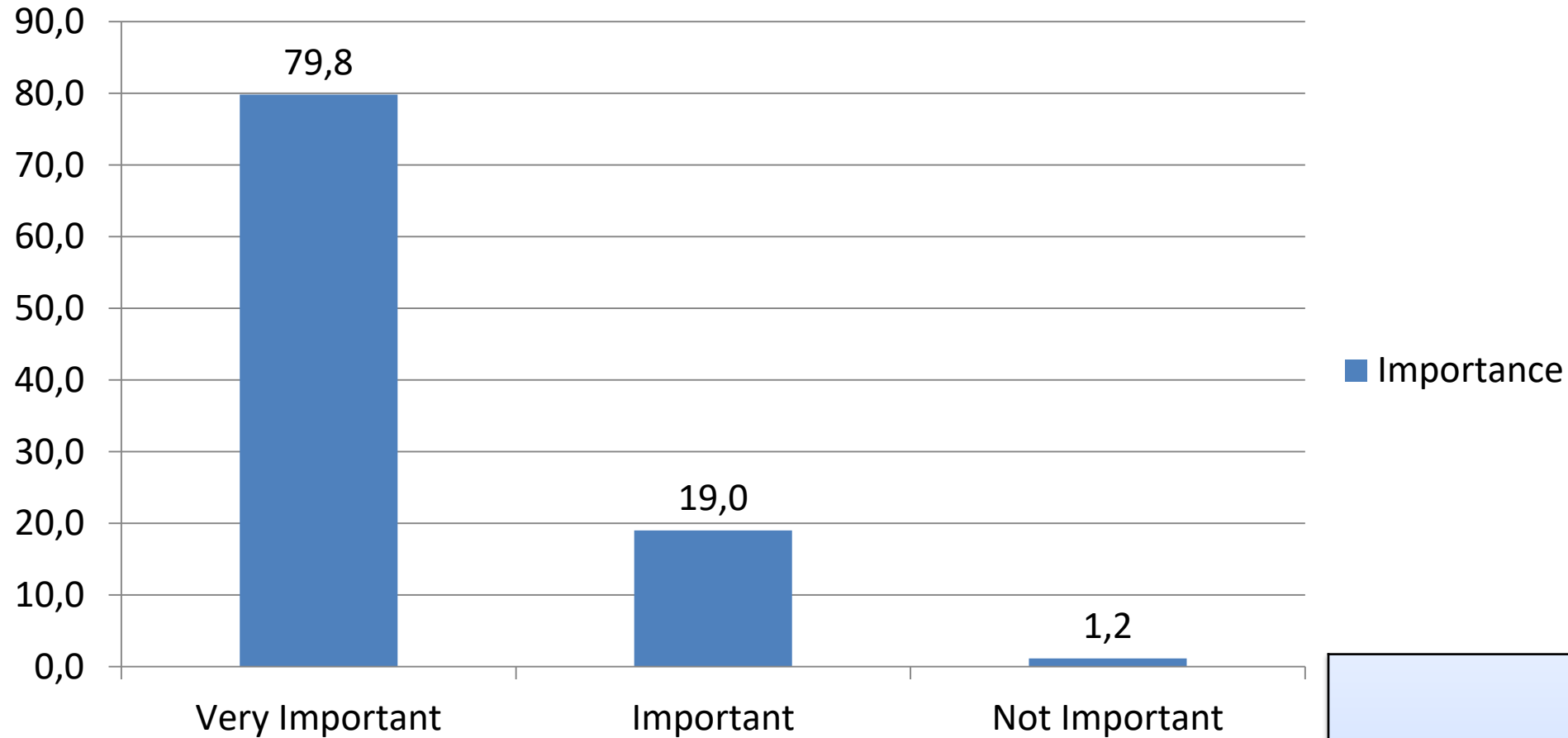


Opinion	Responses (out of 76169)
Very Important	50,345
Important	24,019
Not Important	1,805



Rate the importance of these aspects of travel [Good condition of cars]

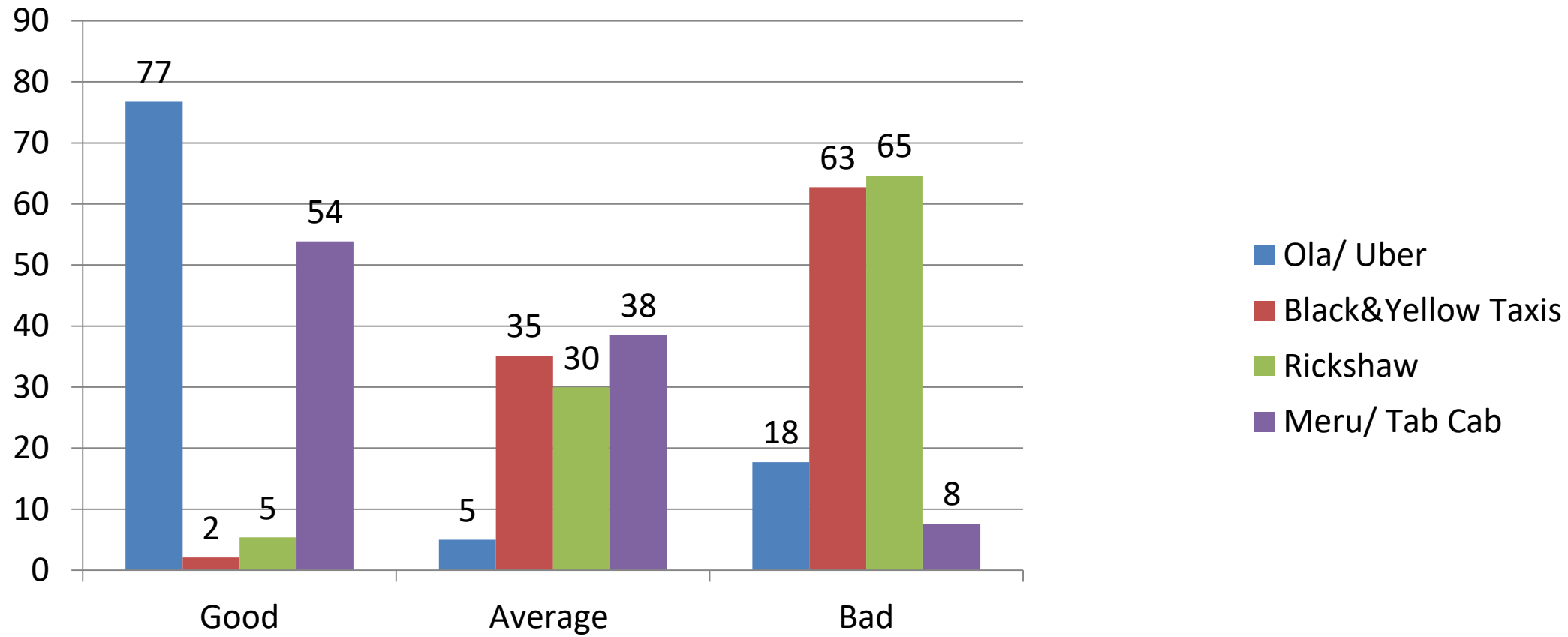
Importance



Opinion	Responses (out of 76169)
Very Important	60797
Important	14484
Not Important	888

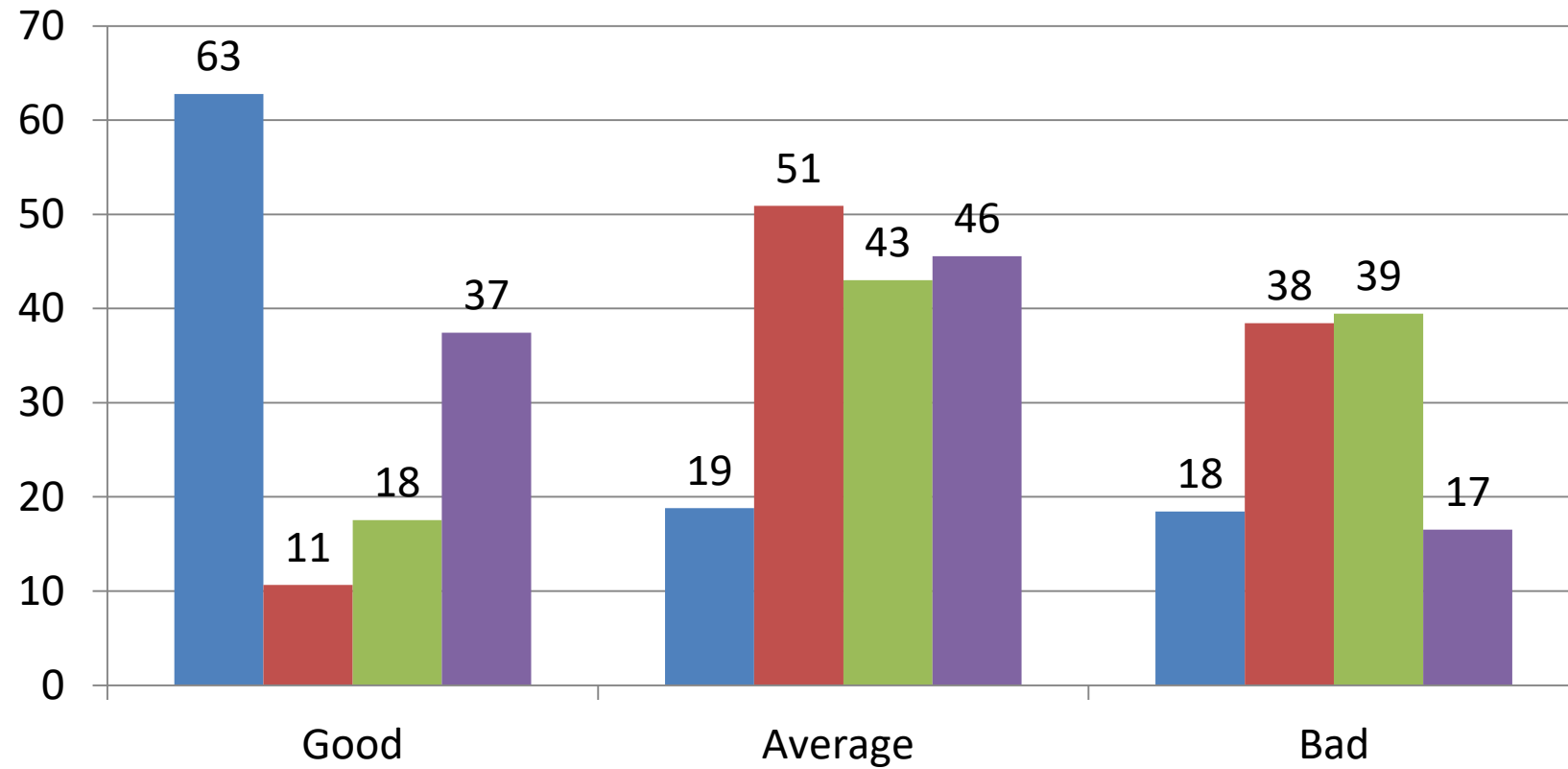


Rate the following aspects[Willingness of drivers to take commu where desired]



Responses (out of 76169)	Ola/ Uber	Black&Yellow Taxis	Rickshaw	Meru/ Tab Cab
Good	58,450	1,586	4,103	41,027
Average	4,236	26,781	22,822	29,322
Bad	13,483	47,802	49,244	5,820

Rate the following aspects of [Availability of cabs]

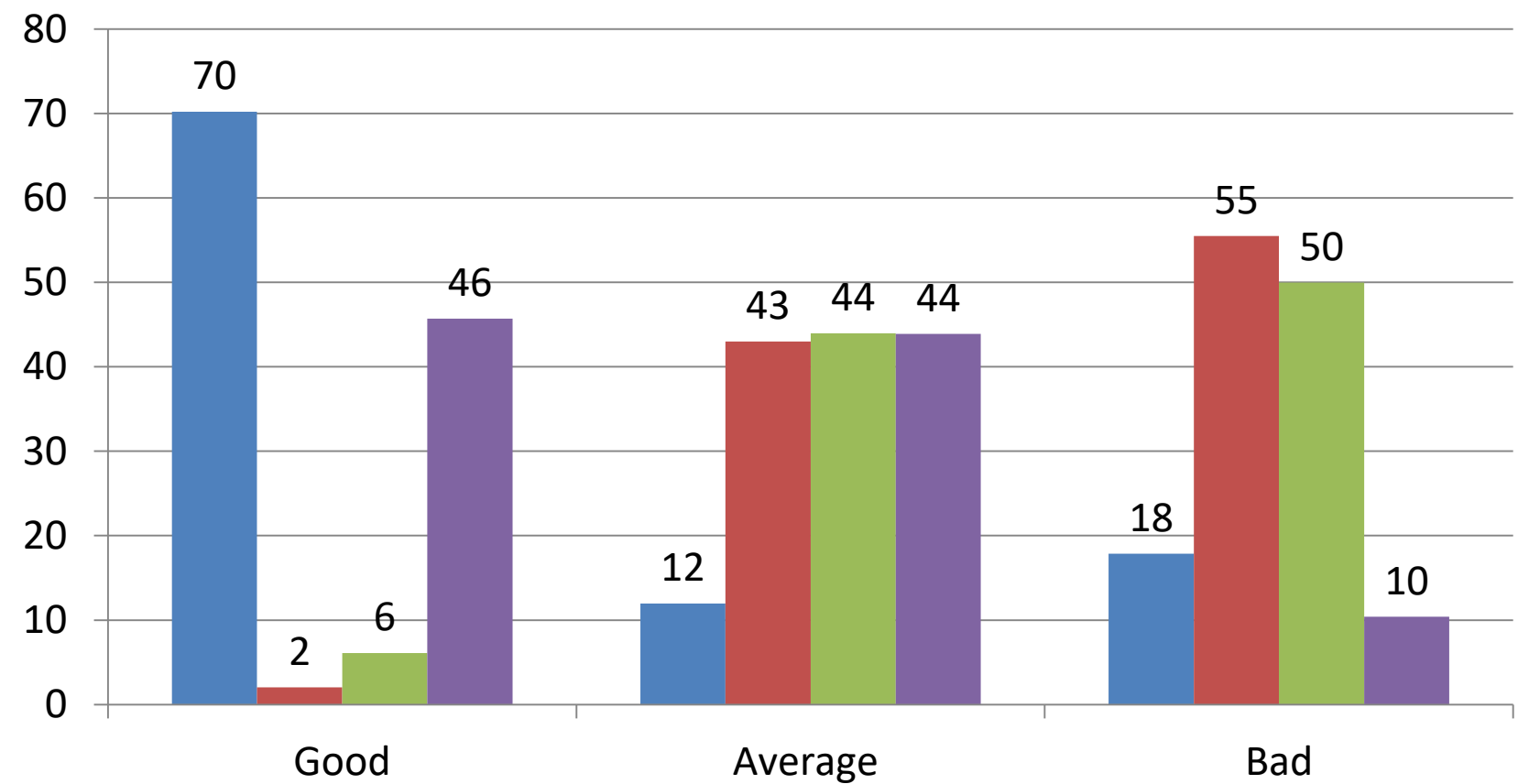


- Ola/ Uber
- Black&Yellow Taxis
- Rickshaw
- Meru/ Tab Cab

Responses (out of 76169)	Ola/ Uber	Black&Yellow Taxis	Rickshaw	Meru/ Tab Cab
Good	47,812	8,114	13,358	28,521
Average	14,315	38,761	32,752	34,692
Bad	14,042	29,294	30,059	12,956



Rate the following aspects [Presentability & Appearance]

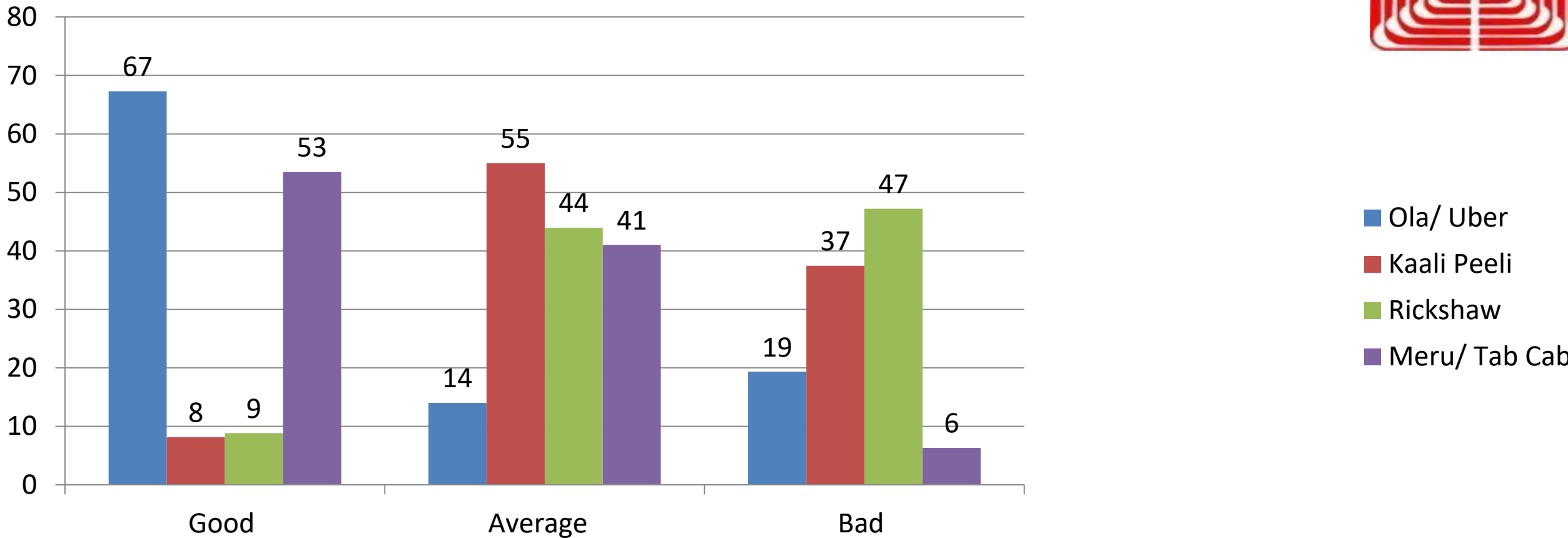


- Ola/ Uber
- Black&Yellow Taxis
- Rickshaw
- Meru/ Tab Cab

Responses (out of 76169)	Ola/ Uber	Black&Yellow Taxis	Rickshaw	Meru/ Tab Cab
Good	53,460	1,537	4,640	34,812
Average	9,115	32,358	33,480	33,433
Bad	13,594	42,274	38,049	7,924



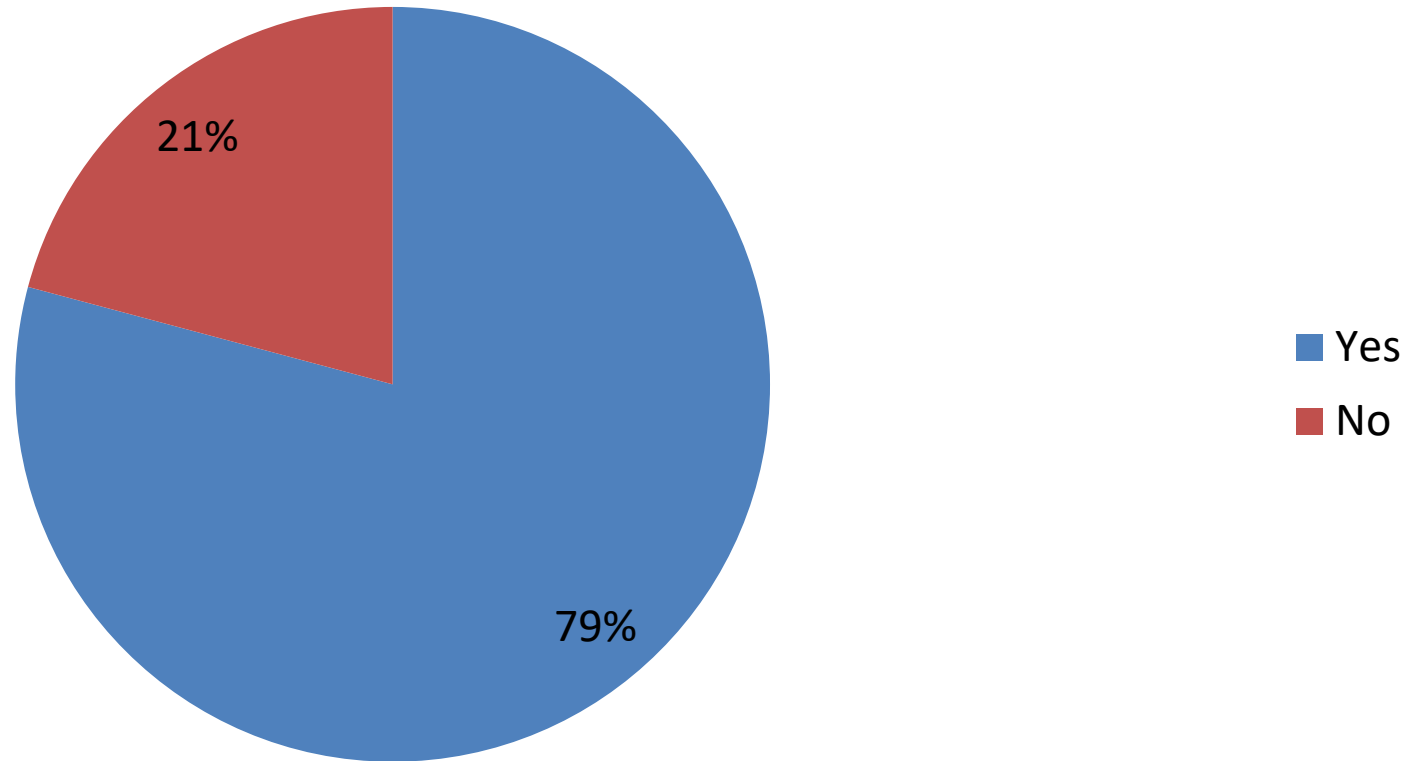
Rate the following aspects[Behavior of Driver]



Responses (out of 76169)	Ola/ Uber	Black&Yellow Taxis	Rickshaw	Meru/ Tab Cab
Good	51,244	6,209	6,724	40,725
Average	10,201	41,431	33,475	30,650
Bad	14,724	28,529	35,970	4,794

10) Are the drivers of Ola/ Uber comfortable with the mobile GPS system?

Comfortable with the mobile GPS system

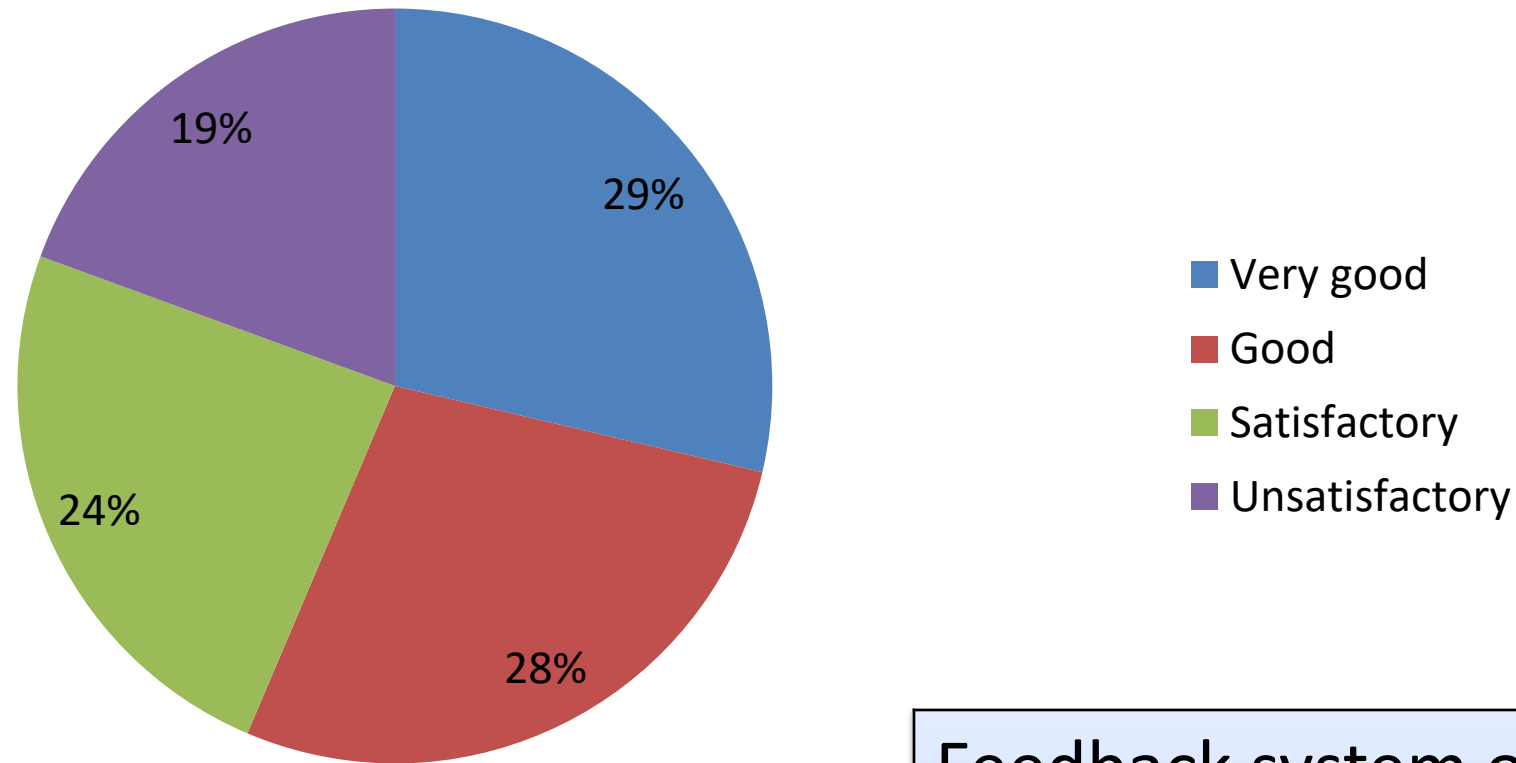


Comfortable with the mobile GPS system	Responses (out of 76169)
Yes	60,293
No	15,876



11) How do you find the feedback system of Ola/ Uber

Feedback system of Ola/ Uber

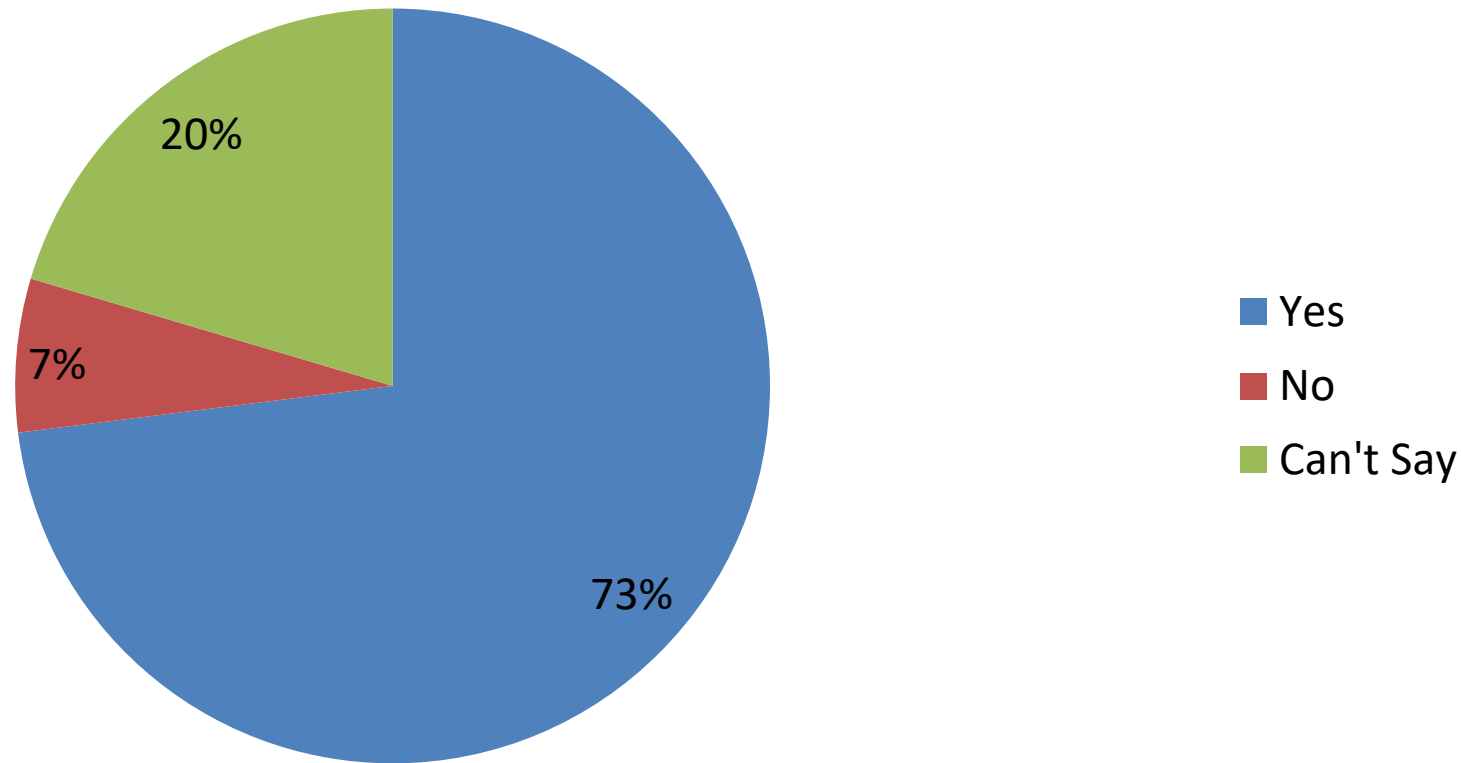


Feedback system of Ola/ Uber	Responses (out of 76169)
Very good	21,838
Good	21,114
Satisfactory	18,426
Unsatisfactory	14,791



12) Would you like to have GPS based meters installed in Ola/Uber?

GPS based meters installed in Ola/Uber

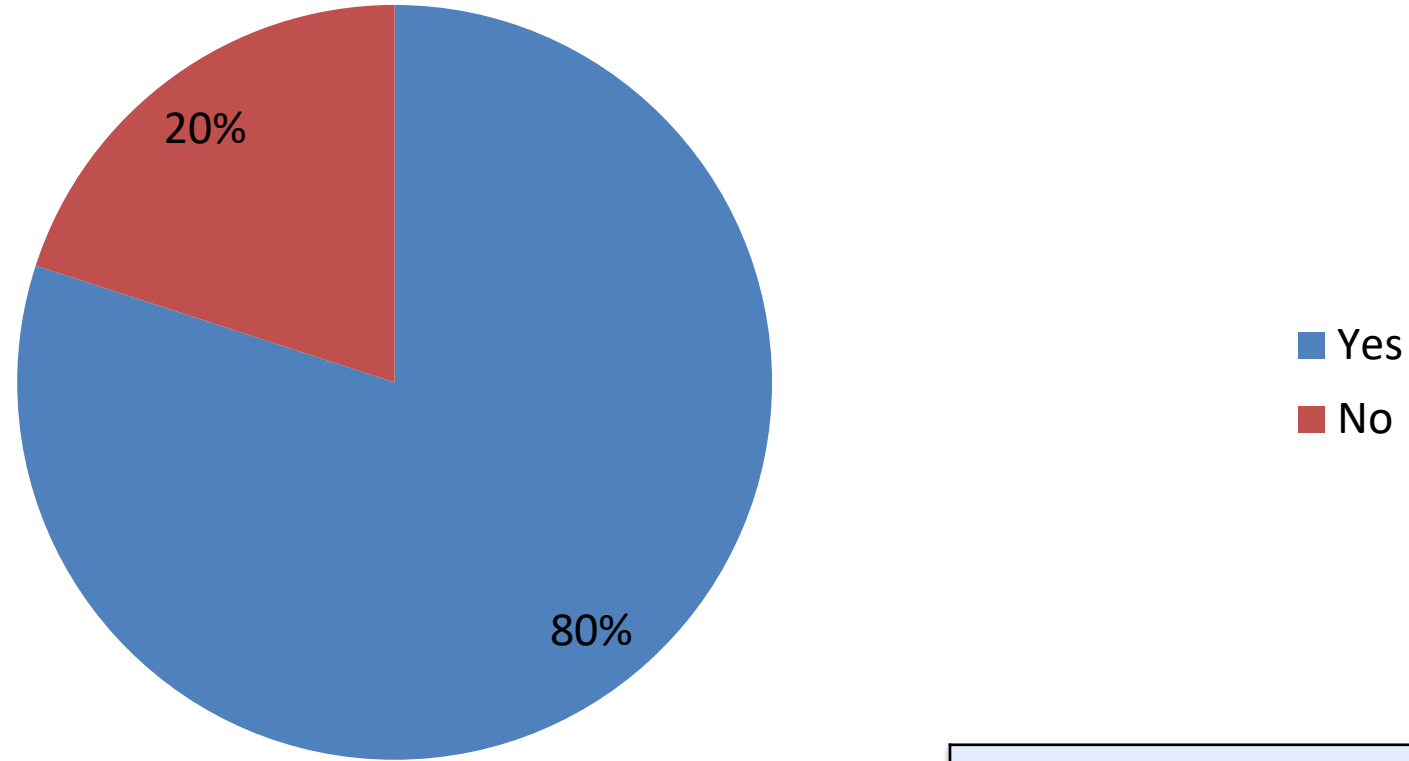


GPS based meters installed in Ola/Uber	Responses (out of 76169)
Yes	55,620
No	5,003
Can't Say	15,546



13) Are Ola/ Uber offering better option of travel?

Ola/ Uber offering better option of travel?

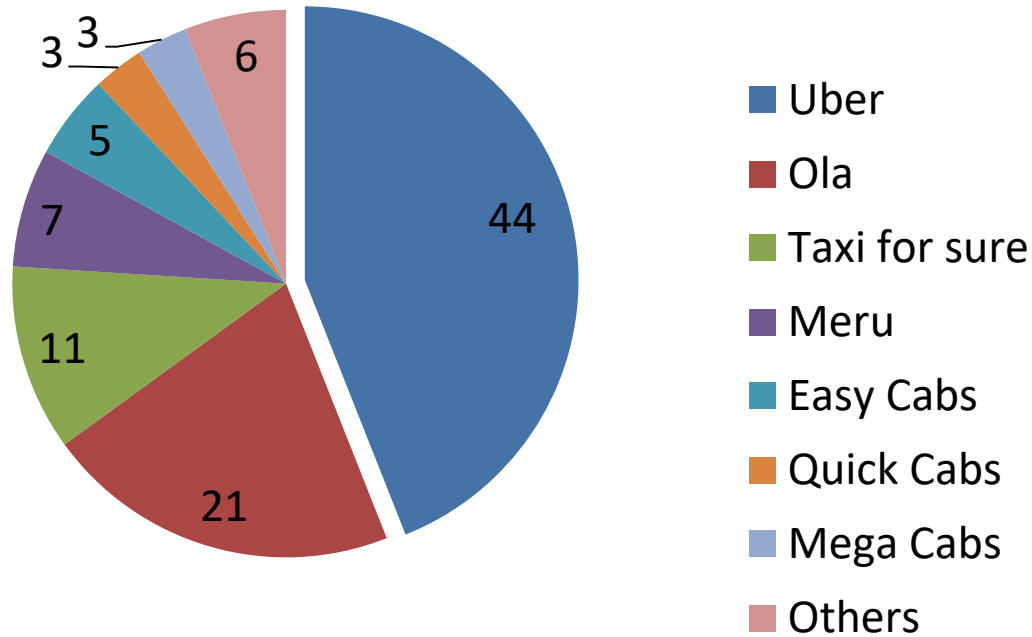


Ola/ Uber offering better option of travel?	Responses (out of 76169)
Yes	60,939
No	15,230

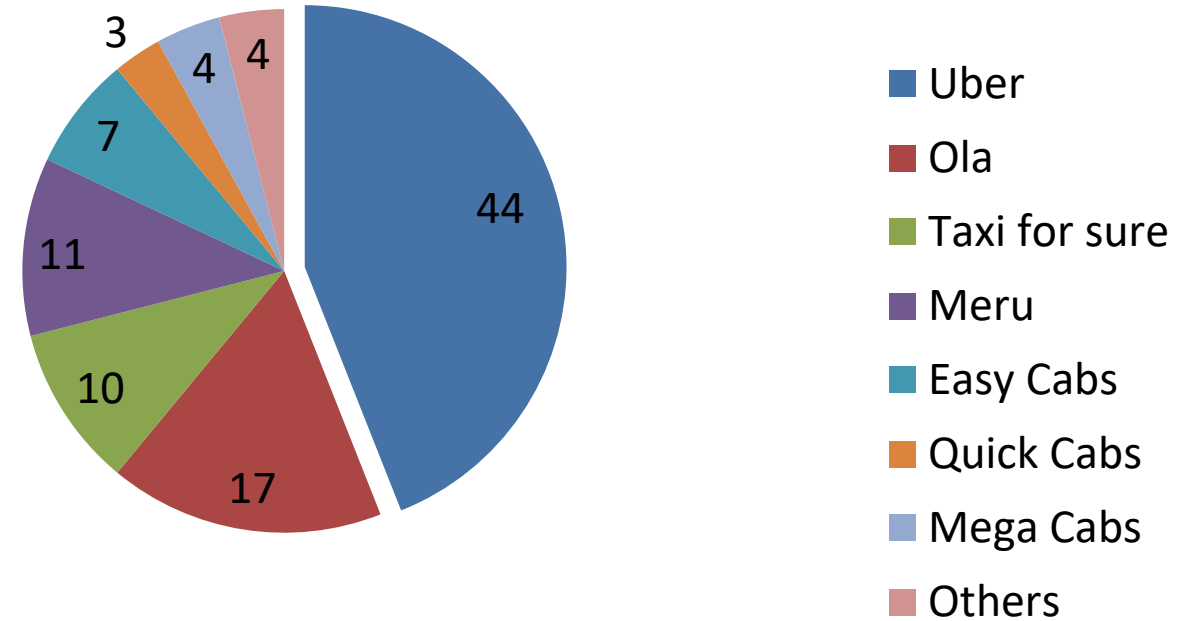


UBER Market Dominance – Delhi/ NCR

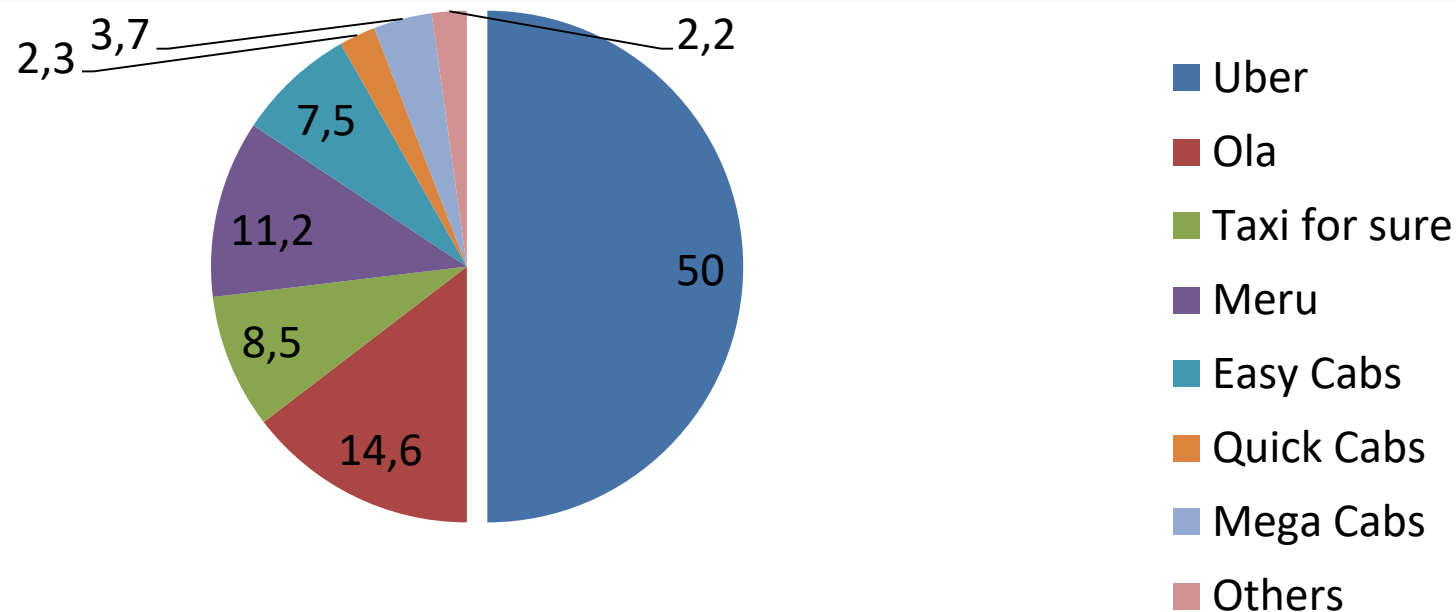
By Total fleet size (%)



By Active fleet size (%)



By Total trips per day (%)

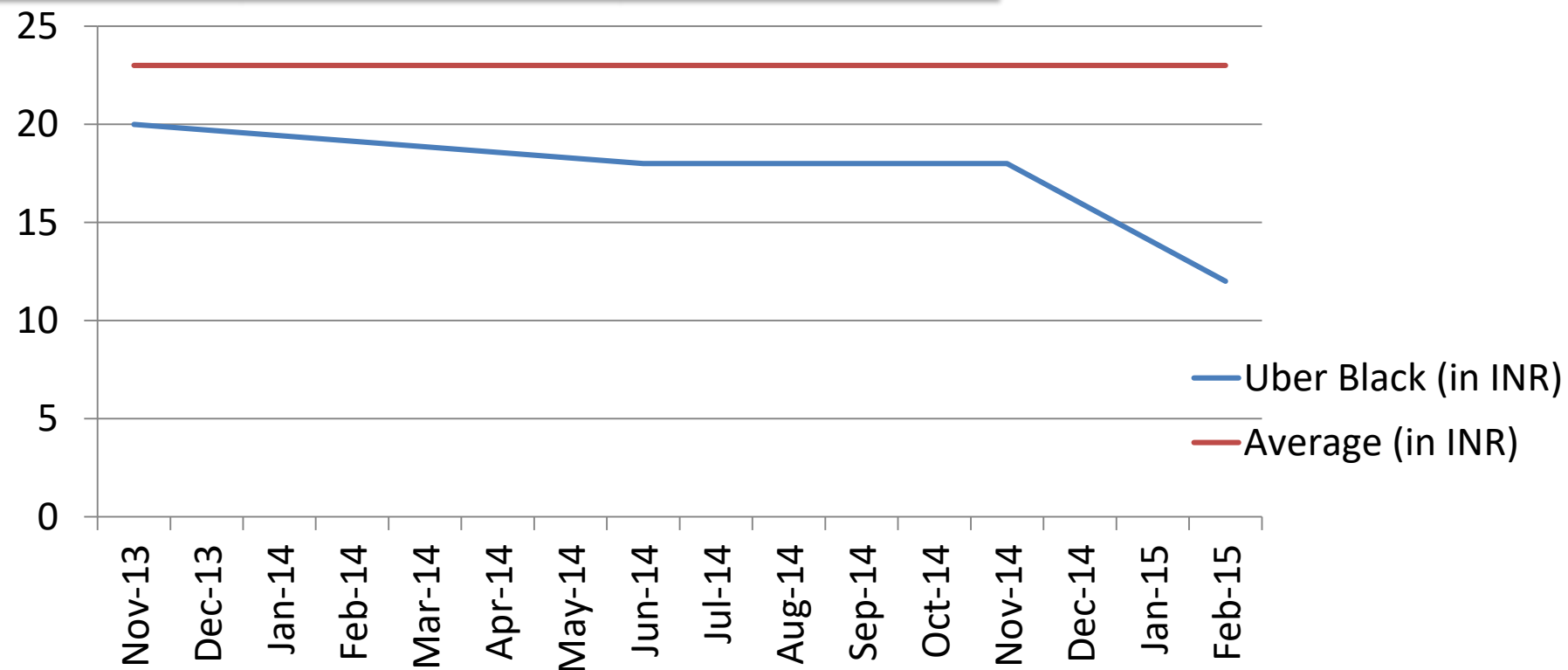


Source : Report 30.9.2015 of
NewAge Tech Sci Research Pvt.
Ltd.

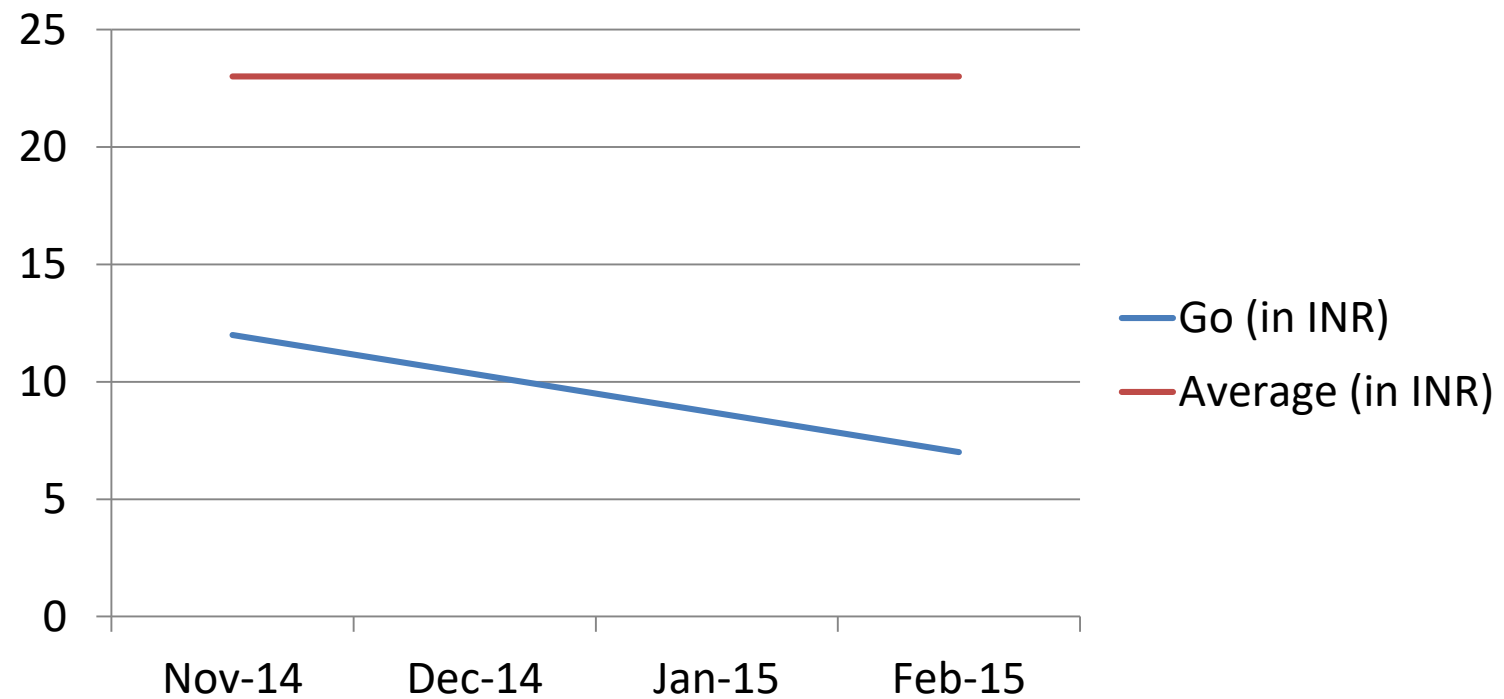
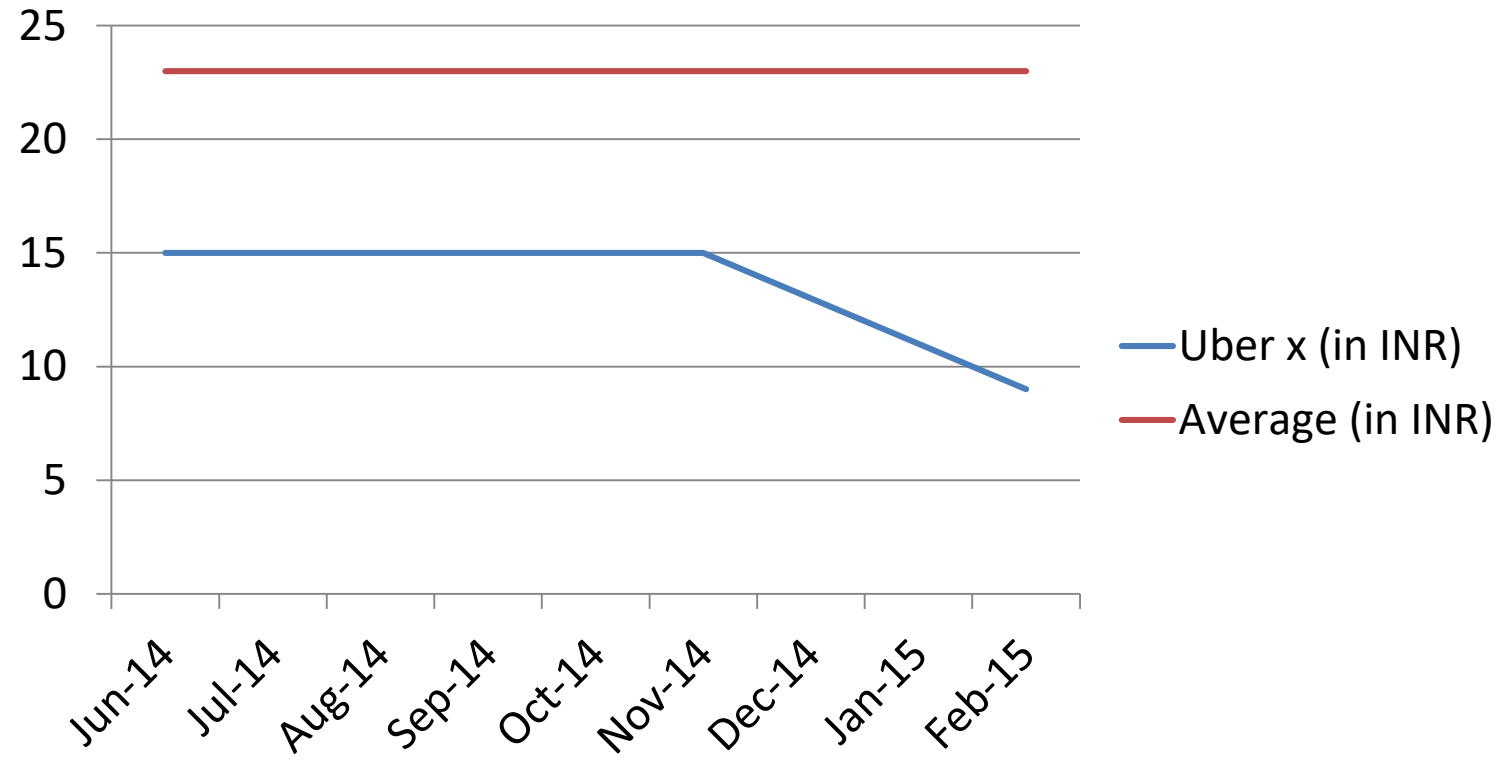
Predatory Pricing by UBER

The **average market price of radio taxis** existing in Delhi – NCR before the launch of Uber was about **INR 23/ km**

	Uber Black	Uber X	Uber Go
Nov-13	20	Not launched	Not launched
Jun-14	18	15	Not launched
Nov-14	18	15	12
Feb-15	12	9	7



Predatory Pricing by UBER



Competition Commission of India rules



No Market dominance by Uber

Hence

No question of predatory pricing by Uber

Competition Commission of India rules



Prima Facie Market Dominance by Ola

Predatory pricing under investigation

App based taxi journey in India



○ **2013:** Uber launches in India
2014 : Ola launches its app

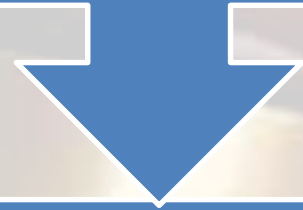
○ **March 2016 :**
Uber claims to have 35-40% of the market share

○ **June 2016:**
Uber and Ola operating in over 20 cities with 3,50,000 drivers

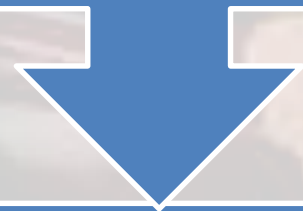
○ **2017:**
Number of vehicles affiliated dropping by almost 25% due to lesser incentives to drivers

○ **June 2017:**
Ola & Uber come under regulatory framework

Transport Regulators Decide To Regulate Uber & Ola in India



State of Maharashtra notifies Regulations to regulate App based taxi services



- * No Predatory Pricing allowed
- * No Surge Pricing allowed
- * Uber & Ola to operate within minimum & maximum fare slab to be prescribed by Transport Regulator

Post - 2013

- Competitive/ discounted fares

- Surge Pricing

- Better quality vehicles

- No refusal

- Good behavior



COMpetition

TRIGGER

Pre - 2013

- High fares

- Over-charging

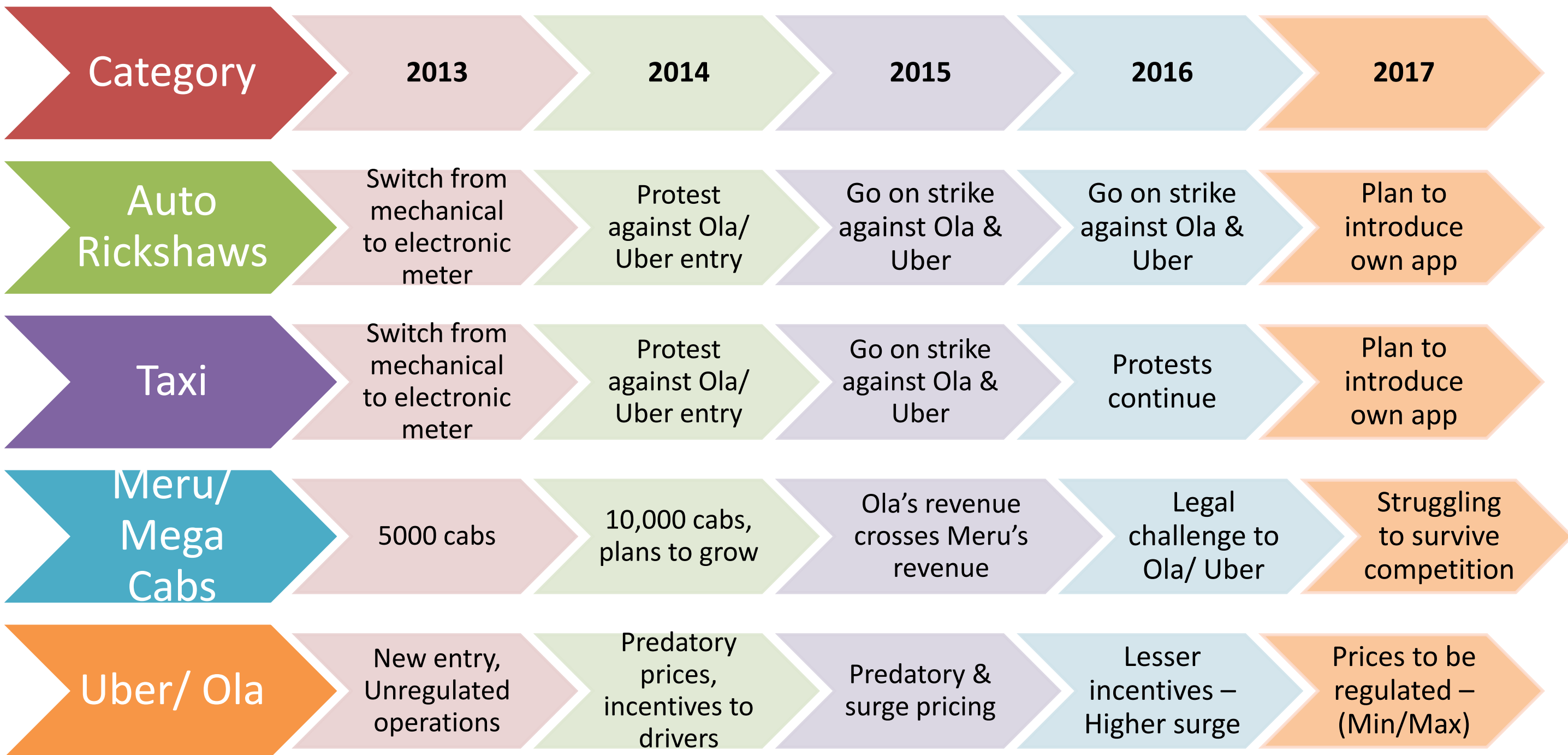
- Poor quality vehicles

- Frequent refusals

- Rude behavior



Taken for a ride? (2013 – 2017)



Way forward

Players

Live and let live

**Modern technology
within regulatory
framework**

**Legal
accountability &
transparency**

Passengers

**Wider and better
choice**

**Comfort &
convenience**

**Competitive
Regulated fares**

Drivers

More secured

Better conduct

Better living

Acknowledgement

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&
Mr. Rishi Sane
acknowledged with gratitude**



Thank you!

**Adv. Shirish Deshpande,
Chairman,
Mumbai Grahak Panchayat
(MGP - India)**