

Uber upset shines critical light on ride-booking industry

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14 Apr 2016

Let's be honest, cabs were a luxury (and for some they still are), until Uber entered the scene and flooded the market with cheaper trips and thousands of drivers. Today, Uber is the world's biggest ride-booking services with a presence in 65 countries.



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We've certainly seen its value in South Africa and aren't a bit surprised to learn that every six months it doubles its passenger numbers in our fair country.

In spite of its growing popularity, though, the company's latest sales strategy has caught some unwelcome backlash, shining new light on the ride-booking industry in general.

This week saw Uber driver-partners put a halt to work in reaction to the company's winter discount of as much as 20%, effectively cutting R6 per kilometre from R7, in order to boost demand during the colder months.

While this discount does, admittedly, appear to be a good deal for consumers I, for one, had a mixed reaction. As a consumer I was quite happy at the prospect of paying less per trip, but being in the industry, my next thought was, 'How can they reduce pricing by such a large quantum, particularly with fuel and vehicle price increases, and still allow the drivers to earn a living wage?'

The Uber of it all

When we look at Uber, we think about the convenience, the safety of not driving under the influence, and the relative affordability. We're even understanding of their zero responsibility terms and conditions, because they are upfront and transparent about it. With affordable fares and wide availability of drivers, why would we question their business practices?

Off the face of it, this model brings demand and supply together, affording both the driver and consumer the freedom of choice. It's an ideal employment situation, where you can be your own boss, choose your 'office', and work your own hours, effectively determining your own earning power.

Consider your driver

The discounted rates and subsequent strike has shown us that not all is well in this industry. The harsh reality is that drivers borrow capital to finance their vehicle, incur debt, and come onto the platform ready to work. They are exposed to all the risks in the business but have no say on the price at which their product is being sold.

This leads to drivers working 84 hour weeks to earn approximately R6 – 7k a month. There are only so many hours in the day and with drivers already operating close to the bone, the discounted rates will push them into a potential loss making position. What kind of opportunity is it when you have no say about the price and still have to incur all the risk?



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Consider your own ride

Someone who has worked an 84 hour week probably has the same concentration levels as someone who has had a more than a few drinks. Now, factor in the new discounted rates and you can bet that insurance, regular services, tyres, and brakes and other expendables will go out the window.

This could ultimately result in major losses to the passenger. The fact is that you shouldn't be fooled by the lower rates as these have a wider spread impact and could result in accidents that could affect you financially and physically. You have to ask yourself, how safe is your trip, really?

So what's the solution?

Many consumers would reason that drivers should simply get out if it doesn't work for them – and in a perfect world, they would... if it weren't for the fact that they have purchased a car, quit their jobs, and are, in a way, trapped.

We all want a sustainable and easy-to-use cab environment, one that gives us the satisfaction of knowing that our driver is earning a decent/respectable wage and our ride is that much safer. Realistically, all it would take to create a sustainable, more ethical industry is to increase or indeed subsidise cab fares by 20-25%, allowing drivers the financial freedom to invest in insurance, regular services, and shorter hours.

Until that happens, though, what are we to do?

Using Uber

This isn't a clear cut situation where consumers should boycott Uber as this would surely do more harm than good. But, if you are using Uber, then it is important that you check the condition of the vehicle you're getting into. It is equally important that you engage with your driver because awareness is a vital step in the journey towards change. This means finding out how many hours they have worked, discussing their experience, and talking to them about how getting on the Uber platform has affected their lives. You might be surprised at the answers you get.

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