

## **STF NEWS DECEMBER 2015**

Dear Member

Roadshow:

I had the opportunity to attend a roadshow being held in Glasgow by the technology company Autocab. This roadshow was put together by Autocab to update their customers on what was happening with other technology companies, and to suggest to their customers how they are able to raise their game to compete with the threat posed by technology companies such as Uber. It also provided an opportunity for them to showcase their new software products and how these can be best be utilised to assist in heading off the competition for drivers. In terms of combating such as Uber and Gett taxi, it is clear that retaining drivers is crucial as without them as service providers, booking offices can and will find it difficult to survive and flourish. The same also applies to the Uber's of the world.

No doubt much of what I pass on in this report may already be known to you and if not already in place, may well have been considered. In terms of this communication I will be referring mainly to Uber and since the majority of Autocab's customer base is derived from the private hire sector this should not surprise. So what was Autocab's advice in terms of competing?.

The first thing I learned was that Uber's technology platform / APP had a development cost of around 25 million dollars and to finance this and their attempts to establish a worldwide network and domination of the hire trade, they have raised around 5 Billion dollars from investors. This investment has been provided on the basis of a 5 year investment with repayment falling due at the end of this 5 year cycle. The return to investors is apparently due in around 2.5 years' time and this could well impact on Uber at this point in time. The point was made that if Uber, as a company, becomes too successful and thereby too valuable, investors may cease investing in it and there could then be a fall out from lack of funding. Not being a financial wizard I must confess this was lost on me as I have always believed the more successful a company is, the more likely investors will be to get a return on their investments.

As you are aware Uber and their like don't supply vehicles and as a consequence they very much depend on attracting drivers from the established private hire sector, or in terms of Gett, the established Taxi trade. In order to do this they incline towards making the drivers feel they are an important part of the Company mainly by offering driver incentives. Such as;

- \* They guarantee every driver is treated the same via unbiased dispatch to the nearest available car, no dispatchers are involved.

- \* All drivers attend a company training scheme with the emphasis on customer satisfaction at all times. Send the customer away with a smile is the motto they have adopted, drivers who go the extra mile benefit most.

- \* Drivers are currently being guaranteed that if they are not given a fare within a specified period the company will pay them at the rate of £10 per hour.

- \* There is a £500.00 bonus paid for every driver referral/introduction for introducing drivers who sign up.

- \* Bonuses are paid up to £150 when a driver has completed 150 fares within a specified time.
- \* Uber also run a weekly quality competition with drivers able to earn up to £250 just for being nice and helpful to customers. I presume this is derived from customer feedback which is a feature of their App.
- \* There are partner incentives available whereby drivers can earn cash bonuses and benefit from their surge pricing with fares increased by up to 2.5 times the normal rate and all in the name of providing best service at all times. Surge pricing apart there really is nothing new in all of this as it is all designed to put the customer first and provide the type of service the present and future generations expect.

#### Strategies to Compete:

Autocab suggest that circuits should consider mergers and acquisitions.

- \* Increase booking automation such as IVR, APPS, EBOOKING etc. all of which reduce the cost of hiring staff.
- \* Offer the best of both worlds in terms of cash and credit and payment methods such as apple pay, not just credit as offered by Uber
- \* Copy bonus schemes and referrals bonus, driver training, make drivers feel they are important to the company, provide system information on advance bookings EG time, zone and destination and if drivers are leaving your circuit get them to fill out exit interview slips to enable such as earnings potential comparisons to be pointed out.

Please don't take it that I am lecturing you all on how to run your respective businesses, I am not. This is simply a reporting exercise on what was said at the roadshow. However, perhaps making drivers feel a valued part of the business and in essence extending the carrot and the stick philosophy would pay more dividends than using a sledge hammer to crack a nut. Just a thought.

I was unable to stay for the system part of the event but before departing it was interesting to note the amount of information captured within their system software, for example; It is now possible to view to the penny what each driver is earning on a daily, weekly and monthly basis and in fact just such information as HMRC would no doubt like to see. Strikes me that the absence of such information could well act as an incentive on its own.

#### Comment:

Seems to me that Uber and company are striking a cord with their target customers who tend to be the younger generation, who are more aware of technological advances and how these are to be used to the customers benefit. This allied to good old fashioned customer service is the way forward for all taxi and private hire companies and that after all is how it should be. We are after all in a service industry. Time to wake up and smell the coffee?.

General meeting:

I thought the recent General meeting went reasonably well with some good advice being given and hopefully taken on board. Please remember that system info on street pick-ups does not form part of any booking office's working practice and as such it is info that you do not require to retain.

On behalf of the Executive Committee, I take this opportunity to extend season's greetings to you all. "Have a very Merry Christmas and a Happy, Healthy and Prosperous New Year".

Bill McIntosh  
General Secretary.