BRANDING MISSTEPS DOG UBER

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Abstract:

After e-commerce, the taxi booking space is seen as the next big thing by investors. Customers using a smartphone application hail taxis and private drivers from a company's network of hired drivers. Uber, being one such company in this space, had a lot at stake to consistently maintain the brand that it had created for itself. With a lot of competition and also a lot of hurdles and obstacles it was trying to maintain its brand. It had a lot of mishaps Globally wherever it operated, the most recent being the rape case by one of its driver in India. Did all these cases dent Uber's brand image? It made a lot of compromises across various nations that created legal issues for Uber. It rubbed hard with the local governments in the countries it operated and with the customers also.

Keywords: Uber, Taxi hailing app, Branding, Speed bumps, Transport Department.

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In this technology predominant day and age, it is difficult to sustain consistently a brand identity from inception. It needs transparency, dedication, and a bit of luck to stumble upon a concept that *just works*. Uber happens to be one of these brands that has triumphed; securing successful branding across 200 cities and 45 countries.

Let's take a deep dive into how it was done.

Whatis Uber-Foundationand Original Strategy?

Uber is a smartphone taxi-hiring application which hails taxis and private driver's on-demand from the company's network of hired drivers. The concept is to enhance convenience and solve transportation issues for bigger metros.

Uber's founding was on a whim for founders Garrett Camp and Travis Kalanick in 2008. While living in San Francisco, California, Kalanick often felt frustrated on never being able to find a taxicab when he needed it most.The urge to solve the taxi service problem led to this transportation idea.

Like every start-up's early stages, the duo realized they needed a general manager to keep them on track. In an effort to find the right candidate, Kalanick took to Craigslist and Twitter looking for their next GM. Funny enough, the pick came from Twitter; which explains the agile state of this soon-to-be successful brand.
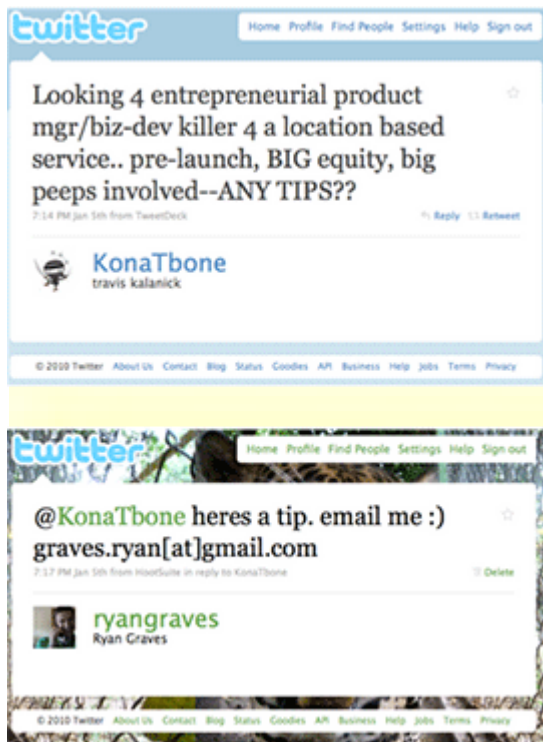
Fig.1

In finding Ryan Graves, Uber was able to take off. The trio then spent weeks going over product, driver training, pricing, and anything else you can think of to get the service going.On May 31, 2010 the service launched as UberCab in San Francisco with Camp and Kalanick inviting a few friends, and Graves inviting those with heavy pockets in the tech demo scene.

By October of 2010, UberCab announced on their blog, "We've always been Uber, now it's official," dropping the 'Cab' from their name, but not their mission.

Within just 18 months, UberCab acquired new investors, like Goldman Sachsand Bezos Expeditions, to raise $32mn in funding to power a global expansion across Europe, North America, and Asia.

Product Expansion

As Uber grew, they experimented with new partners and creative ways to leverage those partners' services to expand their on-demand and convenience mantra.

UberPool: In partnership with Google, Uber launched a beta product to encourage carpooling in their participating cities. In their blog post they mentioned, "They [Google] share our vision of a more energy-efficient world with less traffic congestion and pollution in our cities…" Talk about sticking to their convenience model AND helping the environment!

UberFamily: Originating in New York City, Uber started an on-demand car seat option for parents. With just a ten dollar surcharge, city parents can ensure safety for their children when traveling around their chosen metropolis. With collaboration from Care.com Uber even offered a special Mother's Day sale (right after launch) for a surcharge-free weekend during the holiday!

Uber Corner Store: This beta project in Washington, D.C., is a limited-time-only experiment bringing convenience stores to a select number of Uber DC riders between the hours of 9am and 9pm when they may be tied up at the office and unable to get the simple items they need. Deodorant and baby diapers are some of the items that are included in this Inventory. Obviously combining their service with a wealth of partners to beef up this inventory list, Uber is further associating their brand with simplicity and accessibility.

Open API Opportunities

The continuity with their original brand reputation hasn't halted at these innovative product services. Uber announced they have opened their API to be integrated with services in exclusive contracts. TechCrunch reported 11 launch partners, including OpenTable and United Airlines.

With OpenTable for example, the dinner reservation app users can make a reservation for dinner AND book a car to or from the restaurant. The same concept can be applied to those who book a flight with Unitedand need a cab in order to get to and from the airport. The possibilities are endless with the number of service apps that are out there to provide a life that is easier and more convenient for anyone who interacts with the Uber brand.

Uber's India Presence

Here are some facts about this cab service venture in India

•Uber launched services in India, its second-largest market outside the US, in September 2013.

•Uber is available across 11 cities including Mumbai, Kolkata, Delhi and Bangalore.

•In India, drivers are given an iPhone, which has an Uber application. So the driver can track a customer and that helps them reach the location on time.

•However, the flip side is if the phone is switched off, the GPS does not work. The cars do not have GPS systems so there is no way to track cars once the phone is off.

•Uber's services in India flouted norms of the Motor Vehicles Act, 1988. For a small trip within Delhi, the company provided a taxi with an all-India tourist permit which is against the laws.

•RBI had raised objection when Uber initially launched services in India. The central bank was against direct transactions on app as it results in foreign exchange leaving the country as payments are made in dollars. Uber has however accepted the mandatory regulatory measure by the RBI and teamed up with an online recharging portal called PayTM to facilitate payments.

•Uber charges higher than metered taxis and the customer can pay only with a credit card after registering and creating an Uber account.

•Uber hires just three employees in each city, who manage all the operations in the city from partnering with drivers and managing them and serving clients.

•Uber also rates its customers. If the driver is kept waiting, you are considered a less preferred customer!

•Uber launched its more affordable version UberX with a base fare of Rs. 50.

•Uber drivers are allowed to operate with other travel operators and pick Uber customers only when they are free.

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Fig.2

Industry Perspective

The discount war between online marketplaces that has customers cheering and traditional retailers up in arms is being replayed in the taxi business where cab booking companies such as Ola, TaxiForSure and Uber are offering low fares to users and higher ones to drivers as they seek to build loyalty and the largest fleets.

Much like Amazon.in,Flipkart or Snapdeal, the taxi booking companies are funded by investors or a well-heeled parent, and millions of dollars are being burnt on deep discounts.

For instance, a customer may pay Rs.280 for a ride from the Delhi airport to the city centre on Ola or Uber; the driver could actually receive Rs.500 for this from the company.

After e-commerce, "the taxi booking space is seen as the next big thing by investors", saysAprameya Radhakrishna founder and director at TaxiForSure, owned by Serendipity Infolabs Pvt. Ltd. "The goal is to replace car ownership, so it's a very large, mostly unorganized market worth billions of dollars over time. It's already growing exponentially and there are no clear market leaders, so there's room for all current incumbents to prove themselves."

Ola, promoted by ANI Technologies Pvt.Ltd., TaxiForSure, Savaari (promoted by Savaari Car Rentals Pvt.Ltd.), bookmycab (LiveMinds Solutions Pvt.Ltd.) and ZoomCar India have together raised roughly $365 million from investors so far, according to data by Tracxn, which tracks private companies.

Fig.3

Out of these, Ola has raised about $276 million, including $210 million from Japan's SoftBank Group last month. Uber, one of the most valuable start-ups globally, is in talks to raise $1 billion in fresh funds, after it received $1.2 billion from Fidelity Investments, Black Rock Inc., Google Ventures and others recently. It isn't clear how much Uber has invested in its Indian operation.

Ola and TaxiForSure have emerged the leaders among local cab-booking start-ups, and along with Uber, these companies are grabbing significant market share from Meru Cab Company Pvt.Ltd.

Market leader Meru was the first company to succeed in a fragmented space. It provided cabs for airport drops and pick-ups, and became popular among business travellers.

The company owns many of its cars but is trying to move to an asset-light model by encouraging its drivers to buy cars. Uber, Ola and TaxiForSure don't own cars; they simply connect customers with drivers through their apps and charge a commission on every ride. According to

several industry executives and 10 cab drivers, Ola and Uber charge a commission of 20% on every ride while TaxiForSure charges 13-14%.

Only, right now, no one is really charging commissions. Instead, they are offering cheap fares to customers and compensating drivers themselves.

Uber and Ola work with individual drivers as well as taxi operators and are engaged in a fierce battle to get more of both to use their services. Many drivers sign on with several services, experiment, and then use the one that gives them the most money. Rides are accepted by drivers on apps, much the same way customers choose rides. TaxiForSure works only with cab operators and not with individual drivers, but its model remains the same. Uber offers the most attractive incentives. The company pays them extra for achieving a certain number of rides and for keeping its app open throughout the day.The logic is simple: the more you work with Uber, the more you earn.

Ola also pays extra cash to drivers for doing more rides, but doesn't pay them to keep its app open. Unlike Ola, which has fixed fares, Uber significantly increases prices when demand is higher than supply, sometimes charging customers twice or more the regular fares. This also helps boost driver earnings. Uber, Ola and TaxiForSure have all tapped into the growing use of mobile phones for buying products and services. Their asset-light model also allows them to increase supply at a faster rate than Meru, which has lagged rivals in improving its technology.

Uber's smooth mobile app and cashless payment offering were a hit with customers but Uber was eventually forced to switch to a payment wallet after the Reserve Bank of India (RBI) insisted on a two-step authentication process for all card transactions.Wallets are digital dockets that are filled with money using debit or credit cards or net banking; customers then use them to pay for products online.

"India has been Uber's fastest-ever ramp-up and it is now the second-largest market in terms of cities after the US," said Bhavik Rathod, general manager at Uber Bengaluru. "We think the potential is huge and hence we're working very hard on localizing our solution according to what Indian consumers want. We've launched the Paytm wallet as well as a new product Uber Go specifically for India".Uber orders are growing by more than 35% on a month-on-month basis, Rathod added.

Some analysts say the forced switch may hit Uber, but Rathod said it would significantly increase the potential user base for the company in India. Credit card penetration in India is just around 3% while more than 600 million people can potentially use Paytm's wallet, he said.

SpeedBumps-Globally and In India

The scorching growth of cab booking services necessitates the addition of thousands of drivers, some of whom are not well-educated or trained to provide the standard of service that these companies promise. According to the social media accounts of Ola, Uber and TaxiForSure there are hundreds of complaints on a monthly basis about smelly cars, rude driver behaviour, cancelled rides and other such customer hassles.

According to Airwoot, a Delhi-based company that helps brands provide customer support on social media, the number of support queries directed to taxi brands via social media rose 200% in the last three months—coinciding with the time the companies started offering deep discounts.

About 40% of the queries are about cabs being unavailable, 27% about bookings being cancelled and 15% about the apps not working, said Airwoot's co-founder Saurabh Arora.

Service is important but for now, it is the ability to raise money, to fund discounts and expansion that will decide the winner, say analysts.

"Today, the demand outstrips supply by such a huge margin that I don't think service is going to be the key differentiator," said Abhishek Goyal co-founder of Tracxn. "Raising capital, ramping up supply and making the experience as fast and seamless are much more important. And on these metrics, currently Ola and Uber clearly look like they will be the dominant forces within the next two years or so. The others, including Meru, will have a very tough time and consolidation is inevitable."

While seemingly a Cinderella story, there were definitely some speed bumps for the on-demand taxi service along the way.

The biggest one they faced was legality. Starting in San Francisco, then in Washington, D.C., Uber saw conflicts with Commissioners in both cities. Transportation authorities tried to deem

the service illegal since it clashed with the traditional taxicab model that had been established in these cities for years. These complaints were first heard by the original taxicab driver who is losing out on the fare that Uber was taking over; considering they would be unable to make back the taxes they must hand over for hosting their cab in the first place.These legal issues are still festering, but as the company become bigger and bigger, these issues seem smaller and smaller.

There were also issues between Uber and its users with surge pricing. The general concept is that during really busy periods of the day – when it is raining or at rush hour – the fare of the time/distance charge can go up by two, three, or more times the normal amount depending on how busy the drivers are racing around the city. Users were in frenzy feeling like Uber was more worried about protecting their bottom line than their users. This was especially true on nights like Halloween or New Year's Eve where users are trying to use Uber to get home safe.

While both of these disputes could have been harmful for the brand, Uber knew how to communicate with their community to sooth the wounds. Using their application notifications, email lists, and blogs, Uber spoke to their users to be completely transparent throughout the situation. They were able to explain how they are trying to serve the demands of their convenience. They turned a negative experience into a positive one by listening to these complaints and changing rules about price surging to be more limited.

Owing a taxi-hiring app, Uber has had difficulty marrying its confidence with responsible behaviour

Uber's ride in India came to a grinding halt recently, with transport authorities banning the US-based firm from operating in New Delhi with immediate effect. The directive follows a taxi driver associated with Uber allegedly raping a 27-year-old woman on a Friday night.And the impact of the crime will not be felt just by Uber but by other app based taxi service companies as well. In a release, the Delhi Transport Authority said that only six taxi companies – Easy Cab, Mega Cab, Meru Cab, Chanson Cab, Yo Cab and Air Cab are allowed to operate as they are licensed with the Transport Department for 'Radio Taxis' in the National Capital Region.

All other taxi service providers which include the likes of Ola Cabs and TaxiforSure among others are prohibited from operating in Delhi till they get license/permission from the Transport Department.

Uber cabAaron Lazare, a pioneer in the field of psychiatry, who served as the dean of Massachusetts Medical School, in his book 'On Apology' states four steps to render an effective apology.

For an effective apology, there should be acknowledgement, remorse, explanation and reparation.

While the author's observations were on personal relationships, the same holds true for brands.

Uber, the $40 billion (Rs 2.47 lakh-crore) on-demand cab service, which is in the midst of a raging controversy, has not done enough to deliver on its claims of providing 'safe' and reliable rides, especially since the company's website claims: "Wherever you are around the world, Uber is committed to connecting you to the safest ride on the road.

That means setting the strictest safety standards possible, then working hard to improve them every day.That claim is in tatters following the Delhi rape case.

Following the incident, the taxi-hiring app firm has been banned and blacklisted in Delhi and there is a government advisory to do the same in other states.

The police were unable to find any contact of the company's office and had to take a Uber cab to reach the company's training centre in Gurgaon, giving credence to the perception that Uber has grown too much too soon. Uber as a brand has grown too fast in a very short time and has not been able to put a proper redressal mechanism in place.

"In today's world, a brand has to be more human, otherwise you risk of losing an emerging market like India which contributes a substantially to revenues," says Saurabh Parmar, founder and CEO of Delhi-based brand consultancy, Brandlogist.

Unlike other taxi firms, Uber does not have any customer care number, it contacts customers via e mail and gives statements through blogposts.

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The Delhi incident can render a serious blow to the brand's image, which has taken a beating globally.

Home-grown taxi booking companies which have a business model similar to Uber's might have stricter security norms imposed on them.

While the incident is bound to have an impact on Uber's operations in India, its second-largest market outside the US, other states Uber operates in such as Maharashtra have ruled out a ban.But home-grown taxi booking companies, which have mushroomed of late and have a business model similar to Uber's, might have stricter security norms imposed on them.The Centre is understood to be of the view that banning Uber won't help resolve the issue of the company flouting norms such as police verification of its drivers. In the absence of police verification, which takes months at times, the government is likely to propose Aadhaar as the basis for verification of drivers."Penalise the person for the act, not the entire company," said a government official, adding the employment-generating potential of companies such as Uber had to be kept in mind.

The Delhi government's directive has put those associated with the company in a quandary.Lokhendra Singh, 27, quit his job as an executive at a back-end processing unit of a credit card company to start driving a taxi registered on the Uber network.

Singh has all the requisite permits from local authorities. On Uber being banned from carrying out operations here, he said: "Main sadak pe aa jaunga (I will lose my livelihood)." Enrolling with Uber's rivals wouldn't help, as all such companies followed the same operating model" he added.

The police alleged Uber didn't carry out adequate background checks on the accused, previously acquitted of raping a victim inside his taxi in Delhi, after seven months in judicial custody in 2011.

Uber's services were in contravention of the Motor Vehicles Act, 1988, and the rules framed under it.For a journey within Delhi, the company provided a taxi with an all-India tourist permit, through its web application, which wasn't allowed by law.

In today's competitive environment where brand-building is a significant part of a business model, such failures can prove fatal.

Being a reputed global brand, Uber should have communicated more with its customers and the government, to reduce the effect of backlash it is receiving. It has built its reputation by offering safety and a reliable ride, but this incident contradicts that claim.

It makes it look like any other taxi companies. So, it would have to either raise its standard or lose business.

It is not helping that radio taxi competitors -- who have been under pressure due to Uber's deep pockets and forced to cut rates -- are capitalising on the issue.

Uber's rocky ride, however, started at the regulators doors. Uber came under Reserve Bank of India's glare for its one-swipe credit card payment as opposed to the guideline of a two-step authentication process. Uber ultimately relented by tying with a mobile wallet service, but not without a jibe: One of its blogposts says, "Uber is now compliant but less convenient".

Uber's casual comments have often evoked strong reactions. So much so that it prompted one of its senior executives to suggest that it could 'spend a million dollars' to hire investigators to dig up dirt on journalists who wrote negative articles about it, a comment made in the presence of a Buzzfeed editor, earning it further bad press.

It was in response to a journalist protesting Uber's a sexist promo in Lyon, France, which said "Who said women don't know how to drive?" with objectionable visuals.

UBER'S SPEED-BREAKERS IN 2014

•July: Ryan Simonetti, CEO of Convene, a conference centre network, alleged that he was kidnapped by a Uber driver in Washington

•Sep: Faced a ban in Berlin and Hamburg after being served a notice that its app-based platform was in violation of passenger transportation law. The ban was later overturned

•Oct: Came under severe criticism after Uber Lyon (in France) posted a promo offering escorts as drivers. The post was deleted later

•Nov: The city of Toronto appealed to the court for a ban on the service saying "Uber was operating in flagrant disregard of the laws"

•Nov: Buzzfeed reported that a senior VP said that Uber should spend "a million dollars" to spy on the private lives of journalists who criticised the company

•Dec: The city corporation of Portland approached the court for an injunction on Uber services saying that it can't operate in the city without adhering to city's safety, health and consumer protection rules

 While Thailand is set to ask the company to cease operations in that country because it uses private cars, which lack fare meters, among other issues, in Vietnam, a government official said Uber's operations were illegal, as the company wasn't authorised to operate as a taxi service.

What's Next?

Uber has clearly carved out an image that smacks of arrogance.

Almost every mention of the rapist in media has Uber as a prefix, so it can sure work on its PR. Internet taxi services have been running successfully, convincing investors to fund them.

Uber CEO, Travis Kalanick, blogged a statement after the Delhi incident, saying Uber will work with the government and invest in technology to ensure women's safety. That is still better than many of its other messages, but experts say it is different from owning responsibility, like what Flipkart CEO Sachin Bansal did with his apology after the much-touted big-billion day, saying the failure was due to technical shortfalls.

But Uber's communication strategy could change. Uber has hired David Plouffe, who ran Barack Obama's 2008 campaign, to drive its communication, with a focus on wooing customers and regulators. With the Indian government mulling a blanket ban on radio taxis, Plouffee may have plenty to work on.

More news from Uber surrounds their current valuation. After securing $1.2 billion in funding, the ride-hailing service was valuated at around $40 billion. With such a high valuation, the talks of an IPO have been at the helm of every report.

A potential IPO can have a lot of different consequences for a company that is having rocket-powered success. It could all go to their heads and leave them to make bad decisions. It is doubtful this will be the case for Uber. Through all of the headaches and tribulations they have dealt with so far, the brand knows who they are and they are sticking to it.

Key Takeaways

What's the best advice to take away from this brand's story?

Solve a problem. Define who you are. Stick to your identity. Be agile and flexible, but never lose sight of your original company definition. Make changes solely based on demand, innovation, and careful partnerships.

What would be the result?

Success.

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