



Champions Trophy
Case Competition 2016


Case Study:

UBER

Saturday 30 January

Case prepared by Alexander Churchill under the supervision of Mary Dong & Sunny Gu. This case has been prepared solely for the Champions Trophy Case Competition. All data in this case has been obtained from publically available sources and Uber NZ. This case is not intended to serve as an endorsement, a source of primary data, or an illustration of effective or ineffective management.

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From: Lauren Lehman
Sent: Saturday, 30 January 2016 12:30pm
To: Technology Coverage and Advisory Team
CC: Michael Mae and Mary Mac
Subject: Uber New Zealand Presentation

Dear all,

Our client, Uber New Zealand (Uber NZ), provides a smartphone application that connects private-hire driver-partners to their users (“riders”). The company came to New Zealand in 2014 with the vision of providing safer, more reliable and more affordable transport. As it goes from strength to strength in delivering this vision, Uber now ponders what it can do to become New Zealand’s leading transport service.

Uber significantly alters the competitive landscape in the transport industry of almost every country it enters, and New Zealand has been no exception. The company currently operates in Auckland and Wellington, the two largest cities in the North Island, and will soon expand to Christchurch, the largest city in the South Island. The crucial difference between Uber NZ and Uber abroad, however, is that Uber NZ plays by the same rules as all traditional transport providers. Rather than operating its service under the largely unregulated grey area of peer-to-peer or ride-sharing transportation, Uber New Zealand defines its driver-partners as private vehicle hire operators. This means Uber driver-partners must hold the same Passenger Endorsement Licence that all taxi, bus and limousine drivers are required to hold.

The Ministry of Transport recently began a review of licensing regulations that could cut the Passenger Endorsement Licence registration process from three months to 24 hours and the cost from \$2000 to \$100. This proposal represents a significant opportunity for Uber to improve its competitiveness by expanding the supply of its driver-partners, a major hurdle stands in the way of the proposal’s acceptance. Without this regulation change, Uber’s driver-partners will continue to bear identical costs to those borne by traditional taxi drivers whilst providing transport 33% cheaper than New Zealand’s cheapest taxi companies.

Oscar Peppitt (General Manager) has asked us to provide strategic recommendations on the future direction of Uber NZ, which involves looking at the supply and demand of the business.

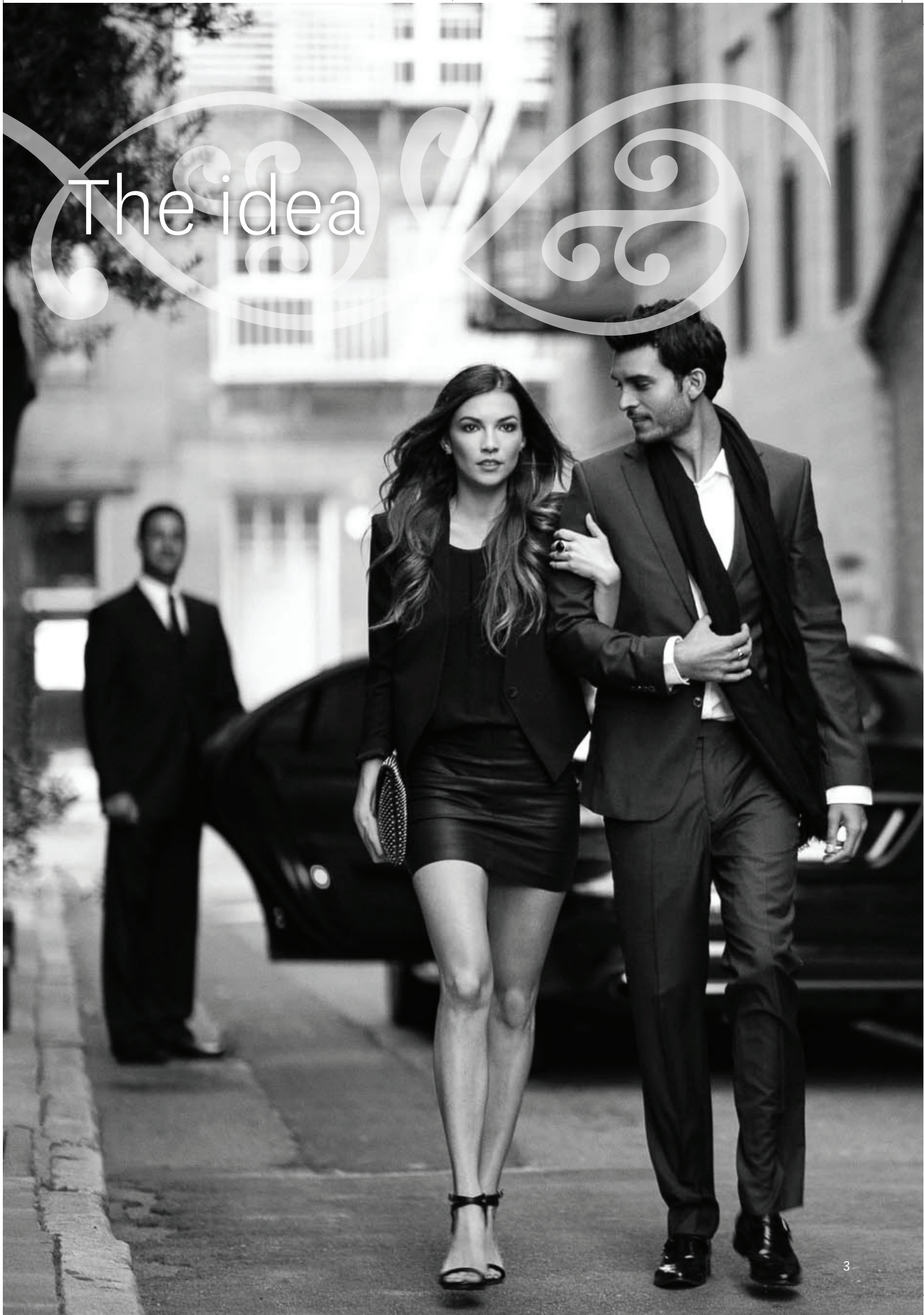
- **Supply side: How Uber can increase its number of part-time and full-time Uber driver-partners.**
- **Demand side: Ideas on how Uber can increase its user-base and ride frequency. This could, for example, involve implementing existing initiatives from abroad such as UberPOOL, expanding into new cities, developing new initiatives with local twists, partnering with complementary public transport providers and/or improving Uber’s core product. We should consider customer segmentation, pricing for both riders and driver-partners, product mix, and any other relevant factors.**

You will have ten minutes to present, which will be followed by a ten minute question and answer session. Attached are documents prepared by our research team that will assist you.

Kind regards,

Lauren Lehman
Senior President
LB Consulting Group

The idea





The company

Introduction

From Blockbuster and Netflix to Kodak and the digital camera, we have long seen that disruptive innovation poses a serious threat to all industries that have preferred 'the old fashioned way'. Until Uber's formation in 2009, however, no one predicted that the next wave of disruption would fall upon the transport industry. Uber began as a product that few understood, but in just six years the tide has turned from "what is Uber?" to "why haven't you called an Uber?". CEO and co-founder Travis Kalanick boils this miraculous pace of growth down to the company's ability to achieve one simple goal: providing "smarter transportation with fewer cars and greater access"¹.

History

Uber was founded by start-up veterans Garrett Camp and Travis Kalanick. The company began as a high-end private car service for San Francisco executives, where riders personally emailed Kalanick for a code that gave them access to the Uber app². As Camp and Kalanick became more exposed to the industry, they soon realised that there was no truly efficient means of linking drivers with empty seats and passengers looking for empty seats. It was from this observation that Uber began to find its feet.

By June 2010, Uber was released in smartphone app stores. The app proved so successful that a year later Uber began aggressive expansion plans to enter into a new city in the United States each month. By 2012, the app began its international roll out. With the help of New Zealand General Manager Oscar Peppit, Uber reached New Zealand in 2014.

Today, Uber is valued as a \$62.5 billion company³ whose app can be used in 67 countries and almost 400 cities worldwide⁴. After only a year of operations Uber New Zealand now partners with 1,500 active driver-partners, and in September 2015 marked its 1 millionth ride⁵.

Competitive advantage

The key factors to Uber's success are efficiency, convenience, safety and affordability.

- **Efficiency:** Uber's ability to act as the middleman effectively automates the process of connecting driver-partners to riders. Previously, individuals had to call taxi companies to give their name and address in order to request transport. By eliminating this process, Uber significantly reduces the time required to request transport from five minutes to 30 seconds.
- **Convenience:** Uber's ability to facilitate charge-free credit card payments for users enables them to simply walk into and out of their requested rides. This is particularly important in New Zealand, where the population generally does not carry cash and are discouraged from paying with their credit cards due to the exorbitant credit card processing fee charged by taxi companies⁶.
- **Safety:** The fact that Uber discloses the driver's name, phone number, car model, licence plate and rating upon connection provides the user with a permanently saved set of information that can be used to either assess the safety of the driver before arrival or make a complaint about the driver after arrival. Uber's five minute free cancellation policy allows both the rider and driver to avoid any perceived danger without consequence.
- **Affordability:** Uber's fares are at least 33% cheaper than those of the cheapest taxi companies in New Zealand.

Behind Uber's core product lies an arguably greater asset – data. Uber can analyse information such as popular pickup locations, peak demand hours, average fare price and ride frequency in order to optimise its core product and fine-tune surge pricing multiples.

However, even in spite of its strong competitive advantages, Uber's user pool in Auckland is still limited to a small portion of the city's population. In the words of Mark Beaven, Operations Co-ordinator at Uber New Zealand, "there is a long way to go before the market can approach anything resembling a saturation point, and the potential growth to be gained in educating the remaining population yet to experience the benefits enjoyed through the Uber platform is large".

Business model

Uber does not employ any drivers. Instead, it acts as a facilitator to better connect passengers and driver-partners through the peering and payment functionalities provided by its app. At the end of every UberX fare, Uber processes the credit card payment by keeping 20% of the fare and paying the driver the remaining 80%⁷. In the case of UberXL, the split is 28% towards Uber and 72% towards the driver⁸.

1 <http://www.businessinsider.com/travis-kalanicks-vision-for-uber-2015-6>

2 <http://techcrunch.com/gallery/a-brief-history-of-uber/>

3 <http://www.ejinsight.com/20151204-uber-said-to-look-for-new-funding-at-us62-5-bln-valuation/>

4 <https://www.uber.com/cities>

5 <https://newsroom.uber.com/new-zealand/2015/09/free-rides-to-celebrate-our-millionth-trip/>

6 <http://www.stuff.co.nz/business/money/8297641/Credit-card-surcharges-fair-or-foul>

7 <http://www.driveuber.co.nz/why-uber-1/>

8 <http://www.driveuber.co.nz/why-uber-1/>

Customers

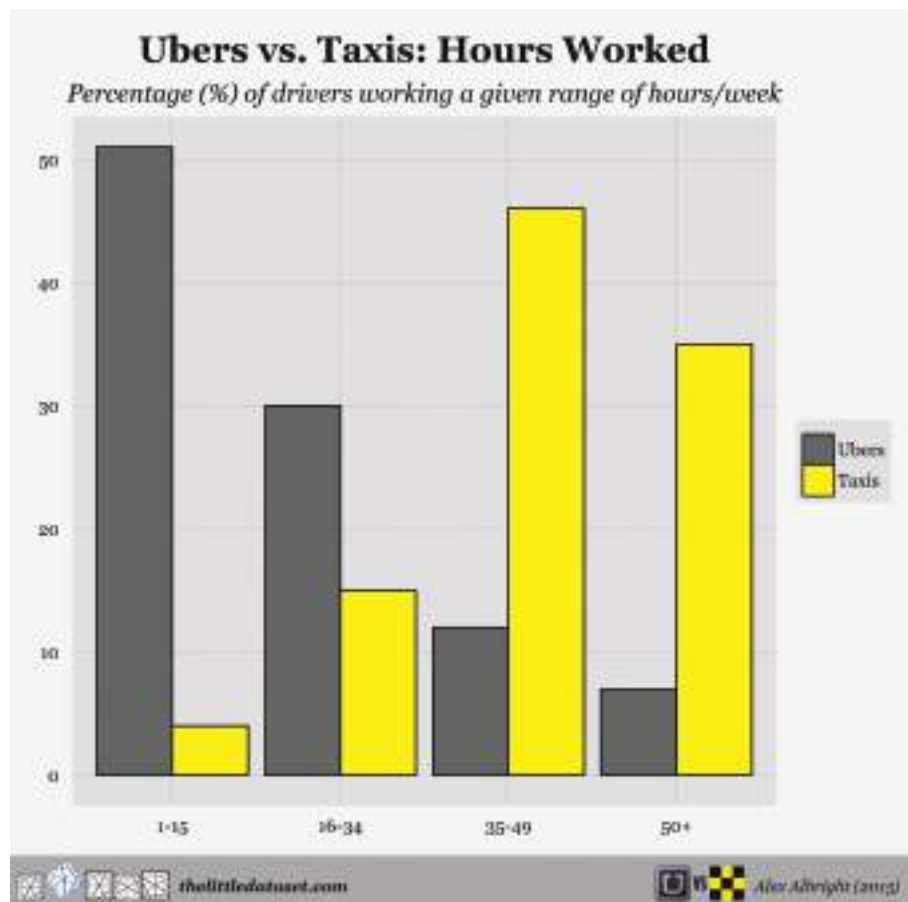
The majority of Uber customers are tech-savvy 17 – 30 year olds that have access to a smartphone and a credit or debit card. These users value time and money: Uber allows them to begin their journey within 10 minutes after the need arises, and the cost of this journey is relatively less straining to their limited purchasing powers. UberX is targeted mostly towards students and young professionals. On average, customers pay \$20 per fare.

For every 7 Uber rides, word of mouth generates a new Uber user⁹. As such, customers are acquired almost entirely through this marketing medium. Kalanick states: "I'm talking old school word of mouth, you know at the water cooler in the office, at a restaurant when you're paying the bill, at a party with friends – 'Who's Ubering home?' 95% of all our riders have heard about Uber from other Uber riders."¹⁰

Driver characteristics

Because Uber NZ is open to partnering with traditional taxi drivers, the majority of its current driver-partners are part-time traditional taxi drivers. However, a growing proportion of supply will come from everyday members of the public looking for additional or supplementary income.

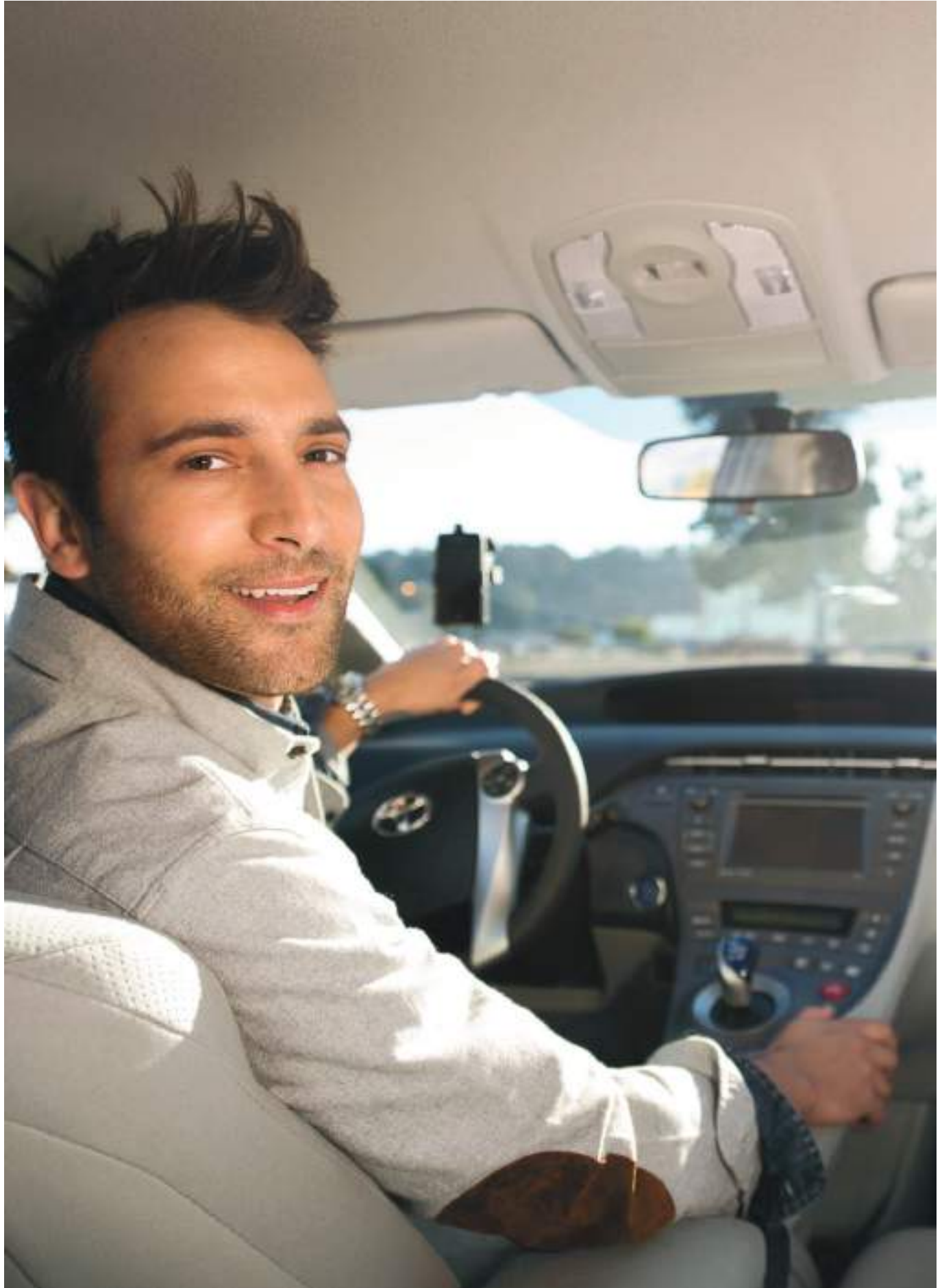
In comparison, full-time Uber driver-partners tend to be younger (within the 18 – 39 rather than 40 – 64 age range) and better educated than traditional taxi drivers¹¹. Uber driver-partners can be described as friendly, accommodating and often talkative.



⁹ <https://newsroom.uber.com/chicago/chicago-ubers-biggest-launch-to-date/>

¹⁰ <https://growthhackers.com/growth-studies/uber>

¹¹ <http://thelittledataset.com/2015/03/30/the-rise-of-the-new-kind-of-cabbie-a-comparison-of-uber-and-taxi-drivers/>



Product range and pricing

Uber offers two services in New Zealand: UberX and UberXL. For a limited time in September 2015, Uber also offered UberBLACK on an eight-week trial basis to test market behaviour.

- **UberX** is Uber's low cost option that gets the user from A to B "without putting a hurt in [their] pocket"¹². A typical UberX car would be a Toyota Prius, Toyota Camry, or Honda Civic.
- **UberXL** is Uber's low cost option for larger groups.

- **UberBLACK** is the luxury version of UberX. UberBLACK riders may enjoy benefits such as the driver opening the door at pickup or arrival, iPhone or Android chargers plugged into each seat, and complementary water or soda¹³. New Zealand's limited-time UberBLACK partner was the Hyundai Genesis, a high-end sedan with leather seats, but a typical UberBLACK car would be a Mercedes S-Class or BMW 7-Series¹⁴.

	Auckland and Wellington	Auckland	Auckland
	UberX	UberXL	UberBLACK
Availability	Auckland and Wellington	Auckland	Auckland (limited time only)
Passengers carried	Up to four	Up to six	Up to four
Base fare	\$1.50	\$3.50	\$6
Per minute	\$0.30	\$0.60	\$0.50
Per kilometer	\$1.85	\$2.30	\$3.70
Minimum fare	\$6	\$8	\$12



Users are charged a base fare upon beginning their ride. After they reach the base fare, they are charged according to a combination of both the per minute and per kilometer charge, not either one or the other. Minimum fares are enforced where the total sum of application fares is less than \$6.

Fares are constantly adjusted using complex algorithms that aim to match supply and demand. Once demand outstrips supply, users are notified upon pickup request that the cost of their fare will be increased by a multiple that reflects the imbalance of supply and demand. This practice is known as Surge Pricing, and can sometimes result in prices equal to almost four times the normal Uber rate¹⁵.



Price reduction

In November 2015, Uber announced a 10% price reduction in UberX fares¹⁶.

The announcement was met with mixed reception: On one hand users flocked to celebrate the news by sharing it on Facebook, but on the other hand driver-partners expressed frustration that their earnings would now be reduced. The driver-partners showed skepticism even though Uber's announcement clearly outlined that the price reduction could help them increase their trips per hour by 54%. Uber NZ has implemented incentives and earnings guarantees in place to soothe concerns. As predicted, driver-partner earnings have now increased as a result of more trips per hour.

¹² <http://uberexpansion.com/what-is-uberx/>

¹³ <http://uberexpansion.com/what-is-uber-black/>

¹⁴ <https://newsroom.uber.com/new-zealand/2015/09/get-behind-new-zealand-in-style-with-uberblack/>

¹⁵ http://www.nzherald.co.nz/business/news/article.cfm?c_id=3&objectid=11556160

¹⁶ <https://newsroom.uber.com/new-zealand/2015/11/save-more-money-this-summer-with-even-lower-uberx-prices/>



Industry information

Broadly, Uber currently faces competition from two forces, traditional taxi providers and unique smartphone application-based taxi services. Public transport such as buses, boats or trains can instead be viewed as complementary services. Peppitt hopes “[Uber] can boost public transport use by providing the option to share a ride to or from the nearest public transport hub, with the remaining leg of the journey completed by bus, boat or rail.”¹⁷

Traditional taxi providers

New Zealand is home to the world's most expensive taxi fares¹⁸, even though taxis are responsible for more than one third of New Zealand's public transport¹⁹.



A Comparison of Taxi Prices by Country

New Zealand and Australia are the most expensive countries in the world to commute via taxi from the Airport to the City Centre. New Zealand (comprising of Auckland, Christchurch, Queenstown and Wellington Airports), is the most expensive country by quite a distance. It is less than half the price in Paris than Auckland to get a taxi from the airport.

The underlying cause of these prices is the New Zealand taxi industry's deregulation in 1989. Before this deregulation, fares were Government-controlled. There were few taxis, only 2,762 across New Zealand, and even fewer providers²⁰. The population per licensed taxi was approximately 870 people per taxi in Auckland and 640 people per taxi in Wellington²¹. Deregulation then led to oversupply, today Auckland is overrun with 5,000 taxis²², and Wellington with 1,400 taxis²³. This has lowered the population per licensed taxi to approximately 300 people per taxi in Auckland and 146 people per taxi in Wellington²⁴.

Although in theory an oversupply in a deregulated market should naturally lead to low prices, reality has reflected the opposite. In the words of Barrie White, General Manager of Auckland's largest taxi company, the explanation may simply be that “[in a deregulated market] people can charge whatever they like”²⁵. Others, however, have suggested that high prices are charged by necessity, drivers do not receive enough work because car ownership is still cheaper than taxi transport, and as such taxi companies are forced to charge higher fares to ensure their drivers can make a living²⁶. “Raise your hand in Queen Street and you'll get 10 taxis lining up,” one driver said. “It's not a healthy environment”²⁷.



There are three key taxi companies in Auckland and two in Wellington. All of these companies are members of the New Zealand Taxi Federation, an entity that acts as a collective voice for the largest traditional taxi companies.

Company	Auckland		Wellington	Auckland and Wellington
	Auckland Co-op	Alert Taxis	Wellington Combined	Corporate Cabs
Total number of vehicles	700	150	497	310*
Smartphone application	Yes, with pre-booking function	Yes	Yes, with pre-booking function	Yes, with pre-booking function
Website booking	Yes	Yes	Yes	Yes
Allows drivers to be part-time Uber driver partners	No	No	No	No
Taxis seating up to four passengers				
Base fare	\$3.00	\$3.00	\$3.50	\$3.00
Per minute	\$0.95	N/A	\$1.00	\$0.92
Per kilometer	\$2.68**	\$2.60	\$2.95	\$3.00
Eftpos surcharge	\$2.50	\$3.00	\$2.30	\$2.00
Taxis seating up to nine passengers				
Base fare	\$5.00	\$5.00	\$13.50	No vans in fleet
Per minute	\$0.95	N/A	\$1.00	
Per kilometer	\$2.85	\$2.95	\$2.95	
Eftpos surcharge	\$2.50	\$3.00	\$2.30	

* 246 vehicles in Auckland and 64 vehicles in Wellington

** The average of \$2.60/km from Monday to Friday 5am – 7pm and \$2.75/km 7pm – 5am Monday to Friday and at all times on Saturday, Sunday and public holidays

Auckland Co-op and Wellington Combined

Both companies operate 'Blue Bubble' taxis. 'Blue Bubble' is New Zealand's largest taxi group that was established in October 2010 through a cooperative between the industry's largest players. The group was created with the aim to combine New Zealand's leading taxi companies under one nationally recognised brand that instantly communicated quality assurance. Combined, the cooperative's taxi companies share 200 years of experience. 'Blue Bubble' taxis can now be found in 16 cities, with each taxi distinctively recognizable through its blue top-lights and signage²⁸. A typical 'Blue Bubble' vehicle would be a Toyota Prius or Toyota Camry.

The cooperative's dominant scale yields significant competitive advantages. Until recently, Auckland Co-op were able to pressure the Auckland Council for a dedicated taxi rank on Galway Street in Britomart, one of Auckland City's busiest locations at all times throughout the week. This left non-'Blue Bubble' taxis vying for parking locations in loading zones and metered parking areas, which led to heavy fines if the drivers were caught by a parking warden. Auckland Council has said it is unwilling to provide more taxi ranks because doing so would reduce already-scarce public parking in the city²⁹. Uber NZ, however, are unconcerned: They perceive taxi ranks as inefficient and inflexible.

Alert Taxis

Since its establishment 1960, Alert Taxis has aimed to position itself as the "young" and "fresh" competitor that is "full of vision"³⁰. This positioning has led to the company developing a competitive edge in providing event taxis. The company is the official transport provider for major international events such as the Air New Zealand Fashion Week, Ellerslie Flower Show and V8 Super Cars Race Day. At these events, Alert Taxis differentiates itself by ensuring timely pickups and sufficient taxis waiting at the end of the event. A typical Alert Taxis vehicle would be a Toyota Prius or Toyota Camry.

Corporate Cabs

Corporate Cabs operates in 5 key cities and differentiates itself by providing a premium service. Its taxis will always arrive five minutes prior to the booked time and be fitted with the daily newspaper³¹. Its drivers must always be dressed in full business attire and must assist with luggage after greeting their guests at the airport. A typical Corporate Cabs vehicle would be a Holden Statesman, which is among New Zealand's most recognised and respected vehicles. Recently, the company invested a significant sum for an exclusive taxi rank under Auckland's largest office tower, the Vero Centre.

Drivers

All traditional taxi companies employ driver-partners as official employees. Although Uber allows taxi drivers to operate on the Uber platform as they please, the majority of Auckland and Wellington's taxi drivers still partner with traditional taxi companies rather than exclusively with Uber for three key reasons.

First, and perhaps most importantly, switching barriers disincentivise traditional taxi drivers from partnering with Uber. 'Blue Bubble' taxi drivers are required to sign an agreement that they will not operate on the Uber platform. Furthermore, drivers are often required to buy shares in their employing company. For example, Auckland Co-op once required a \$140,000 buy-in. Some drivers might also be unable to meet Uber's requirement for a vehicle that is no more than 10 years old. Other drivers are simply unwilling to part with their established client-base who care more about their relationship with the driver than the fare price. These factors combined create a scenario in which the costs of exclusively partnering with Uber outweigh the benefits.

Secondly, Uber lacks consistent demand. The application is extremely busy during rush hour in the weekdays and evenings in the weekends but faces significantly lower demand at other times. Although traditional taxi companies face the same issue, their drivers are able to wait at Airport ranks for arriving passengers that do not have Internet and therefore Uber access.

Thirdly, drivers still perceive partnership with traditional taxi companies to yield higher earnings. This is due to the significant price difference between Uber and traditional taxi fares, and the lack of education that lower fares will yield higher earnings from increased trips. Drivers are still focused on increasing their fare per trip rather than earnings per hour.

Smartphone application-based taxi services

Two key local players directly compete with Uber by adding unique twists to an otherwise-similar core service.

Zoomy

Launched in November 2013, before Uber's arrival, Zoomy is home in 3 cities to more than 1,000 registered driver-partners and 30,000 registered users³². Its application works in same way as Uber's: Customers still request the nearest driver, track the driver's progress on a real-time map, pay using the application and rate the driver. However, Zoomy's app offers three key differentiators. First, Zoomy allows customers to pre-book taxis up to three days in advance. Secondly, Zoomy does not implement dynamic pricing. Thirdly, Zoomy's partners include not only independently licenced driver-partners but also existing taxi companies. In 2014, Zoomy established a partnership with Corporate Cabs to enable pre-booking of the company's taxis through the Zoomy application³³. This point of difference has allowed Zoomy to position itself as the humble local that 'plays by the rules'. Speaking of Uber and the upcoming Ministry of Transport Review, Zoomy's co-founder James Fisk stated that New Zealand's regulations should not be changed according to "the needs of one corporate giant", and that the review was unnecessary because Zoomy proved that smartphone application-based players could operate within the current regulations³⁴. These comments ignore the fact that Uber NZ has strongly refrained from its overseas peers' ridesharing practices.



Zoomy has already received attention from international backers as it looks to expand to Australia and key Asian cities such as Hong Kong and Singapore³⁵. Driver partners are said to receive up to 45 bookings per week, earning in excess of \$200 per day³⁶.

Cabchooze

Cabchooze was established in June 2013 and is now used by 600 driver-partners³⁷. The application shares the same core functions as Uber's, but provides three key differentiators. First, fares are pre-determined through a unique bidding system. Customers input their pickup and drop-off location, which the app sends to all nearby drivers. These driver-partners then submit their bid prices to transport the customer, who ultimately makes a choice based on bid price, driver distance, and driver rating. Through this system, Cabchooze has become New Zealand's only provider of fixed fares. Secondly, like Zoomy, Cabchooze also does not implement dynamic pricing. Thirdly, drivers do not need to partner with Cabchooze in order to participate in bidding; the application is simply an open source platform that any licenced taxi driver can access for free and for \$1.99 per completed fare³⁸. Auckland taxi driver Mr Singh states that Cabchooze has given him five additional jobs per day, which allows him to significantly reduce empty hours³⁹.



Abroad

Compared to Uber NZ, Uber abroad faces greater public opposition and ridesharing competition.

Government and traditional taxi companies

Because Uber drivers abroad operate on a ride sharing platform, they can out-compete traditional taxi drivers on price because they are not subject to the same vetting, insurance and licencing requirements. This fact is the root cause of Uber’s surrounding controversy, and has disadvantaged Uber in two ways.

First, local Governments have often sided with traditional taxi unions and local taxi drivers to penalise or outlaw Uber driver partners.

Uber’s legal status in selected countries (taken from Market-Line Case Study)	
Country	Legal status
Belgium	Banned in Brussels. Fines and impounding for Uber drivers.
Canada	Moratorium in Vancouver, fines in Ottawa
Germany	Cease and desist order from August-September 2014, legal action
South Korea	Moratorium in Seoul, police investigation reopened
Spain	Banned in Madrid and Barcelona, fines and impounding for Uber driver-partners
US	Initial regulatory opposition at a state level across the country, including a moratorium in Virginia

3,000 taxi drivers from Paris blocked the city’s main roads in protest against Uber. These drivers reportedly overturned Uber cars, threw rocks at Uber drivers’ windows and set fire to tyres⁴⁰.

Combinations of these forces show that Uber cannot continue to sustainably grow in its current environment. In the long term, Uber must change the state of regulations to allow for the introduction of legally acceptable ride sharing. In the words of Peppitt. “the real benefits of ridesharing will only be realised in New Zealand when prohibitive barriers are removed and ridesharing becomes a real possibility for more private car owners. Like the stay-at-home mum or dad who wants to offer rides in their spare time or the underemployed professional who wants to supplement their income on the weekend.”



Secondly, when local Governments are ineffective in limiting or banning Uber, traditional taxi drivers take matters into their own hands by actively aiming to harm Uber’s brand image. In June 2015, some

17 http://m.nzherald.co.nz/opinion/news/article.cfm?c_id=466&objectid=11500857
 18 <http://www.gorentals.co.nz/explore-new-zealand/research-lab/taxi-charges-to-the-worlds-most-visited-cities/>
 19 <http://www.taxifed.co.nz/>
 20 <http://www.taxi-library.org/kango898.htm#c3>
 21 <http://www.taxi-library.org/kango898.htm#c3>
 22 http://www.nzherald.co.nz/nz/news/article.cfm?c_id=1&objectid=11256412
 23 <http://www.stuff.co.nz/dominion-post/news/69178213/wellington-overrun-with-taxis-yet-fares-remain-high>
 24 The current population of Auckland and Wellington is 1.5 million and 204,000, respectively.
 25 http://www.nzherald.co.nz/nz/news/article.cfm?c_id=1&objectid=11256412
 26 <http://www.teara.govt.nz/en/taxis-and-cabs/page-3>
 27 http://www.nzherald.co.nz/nz/news/article.cfm?c_id=1&objectid=11256412
 28 <http://www.bluebubbltaxi.co.nz/about-us/>
 29 http://www.nzherald.co.nz/nz/news/article.cfm?c_id=1&objectid=11256412
 30 <http://www.alerttaxi.co.nz/about-us/>
 31 <https://www.corporatecabs.co.nz/>
 32 <http://www.stuff.co.nz/business/small-business/66439593/zoomy-shakes-up-taxi-industry>
 33 http://www.nzherald.co.nz/business/news/article.cfm?c_id=3&objectid=11229759
 34 <http://www.stuff.co.nz/business/small-business/66439593/zoomy-shakes-up-taxi-industry>
 35 http://www.nzherald.co.nz/business/news/article.cfm?c_id=3&objectid=11197318
 36 <http://zoomy.co.nz/driver>
 37 <http://cabchooze.co.nz/faq>
 38 <http://www.scoop.co.nz/stories/BU1309/S00822/cabchooze-app-intial-stats-from-auckland-taxis.htm>
 39 <http://www.scoop.co.nz/stories/BU1309/S00822/cabchooze-app-intial-stats-from-auckland-taxis.htm>
 40 <http://metro.co.uk/2015/06/26/taxi-drivers-are-flipping-cars-burning-tyres-and-throwing-rocks-at-uber-vehicles-in-paris-protest-5267691/>



Selected articles

<http://www.stuff.co.nz/business/better-business/72031567/Uber-hotly-anticipating-result-of-Governments-transport-review>

http://www.nzherald.co.nz/business/news/article.cfm?c_id=3&objectid=11556160

http://www.nzherald.co.nz/nz/news/article.cfm?c_id=1&objectid=11500857

<http://www.stuff.co.nz/business/small-business/66439593/zoomy-shakes-up-taxi-industry>





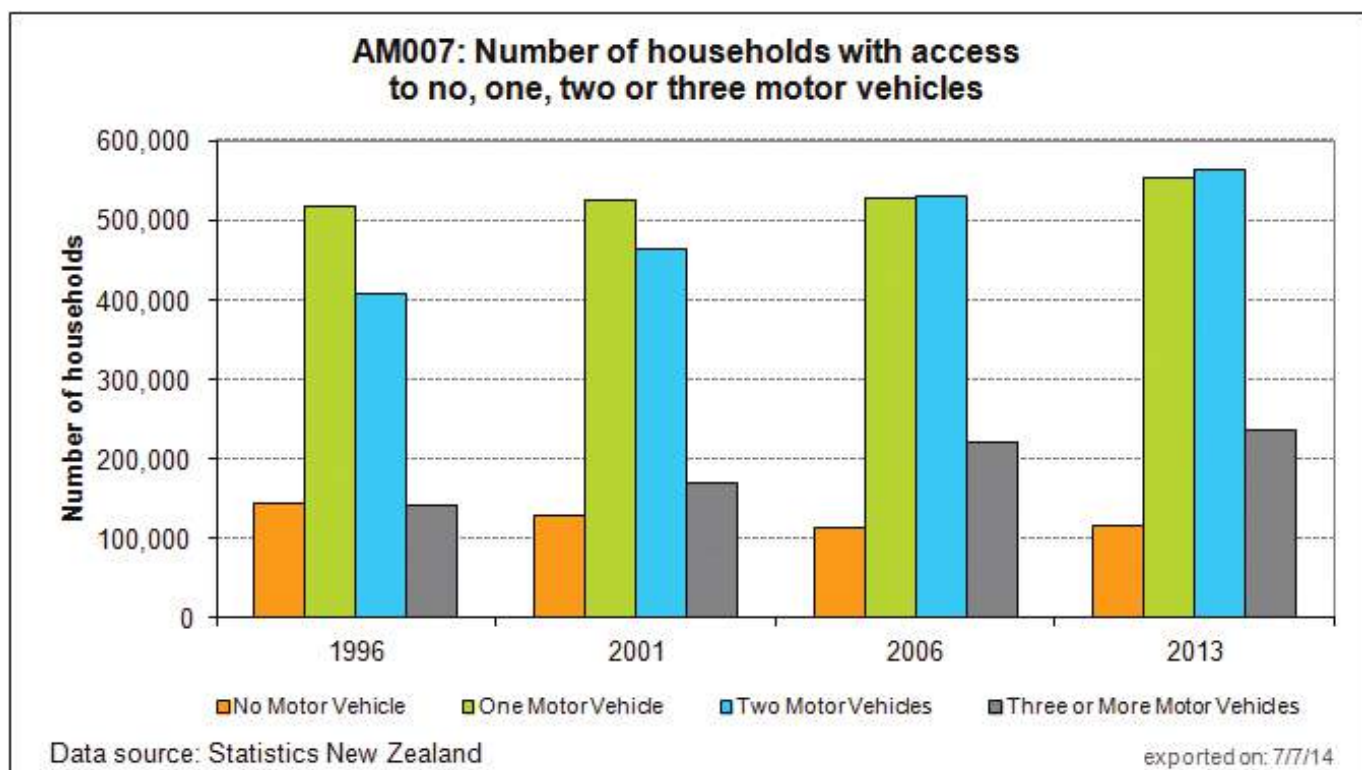
Appendices

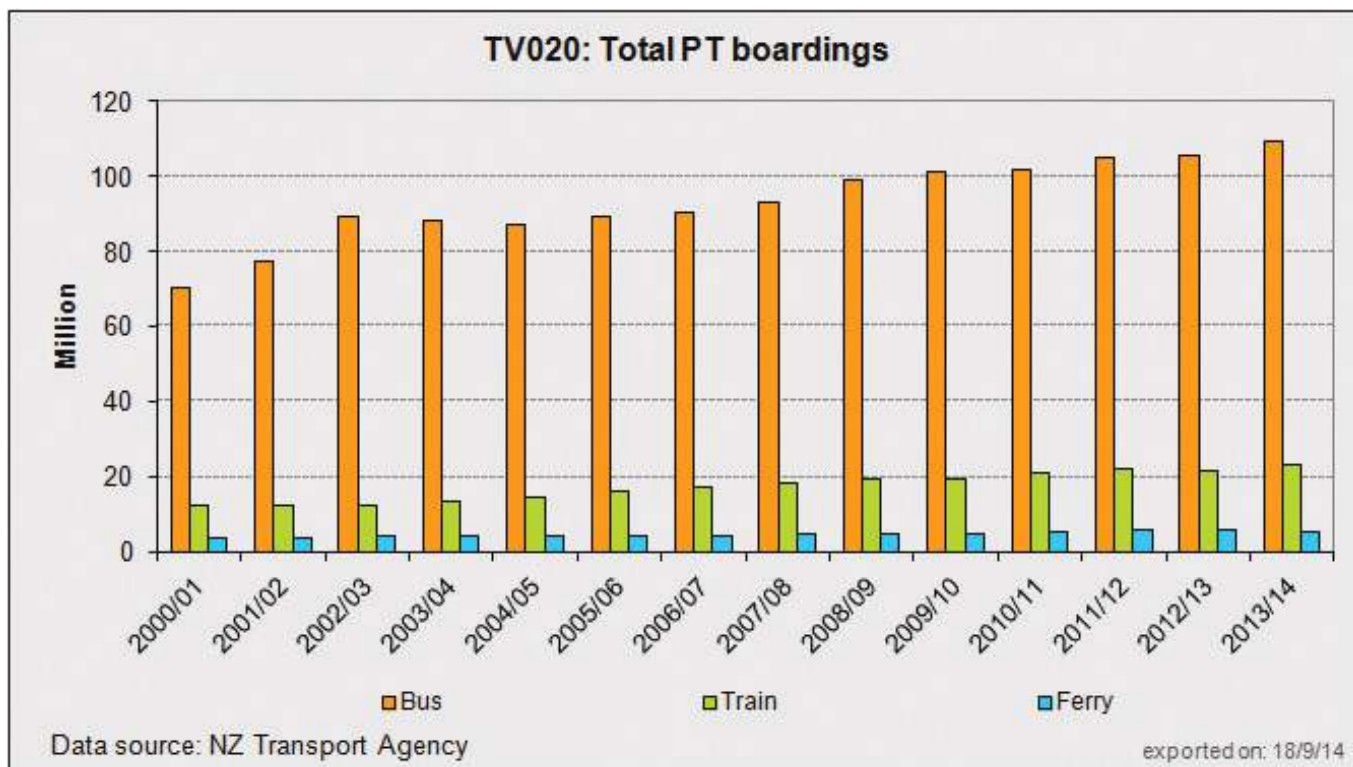
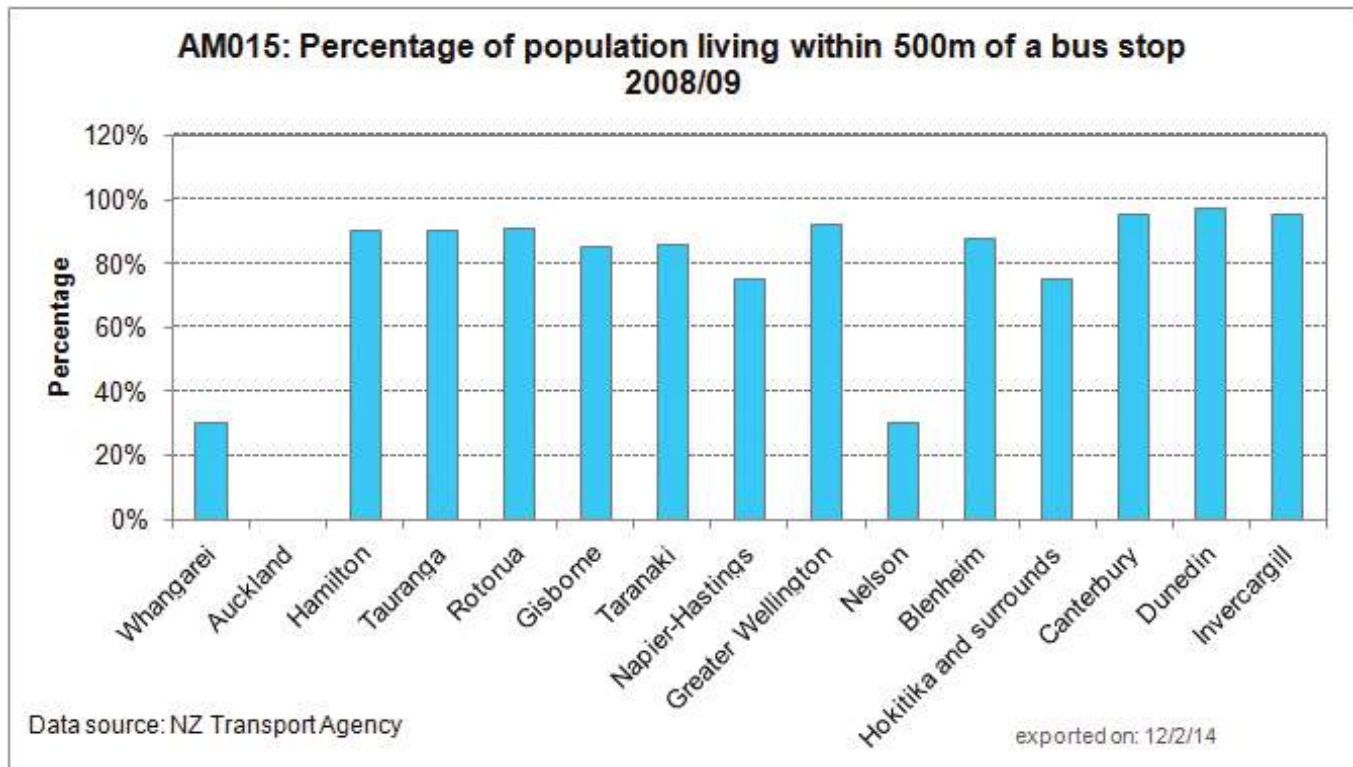
Implied earnings	
Rides per year	1,000,000
Average fare per ride	\$20
Total revenue	\$20,000,000
Less: 20% payment to driver-partners	(\$4,000,000)
Total profit	\$16,000,000
Auckland: Wellington population split	77:23
Auckland revenue attributable to Uber	\$12,320,000
Wellington revenue attributable to Uber	\$3,680,000

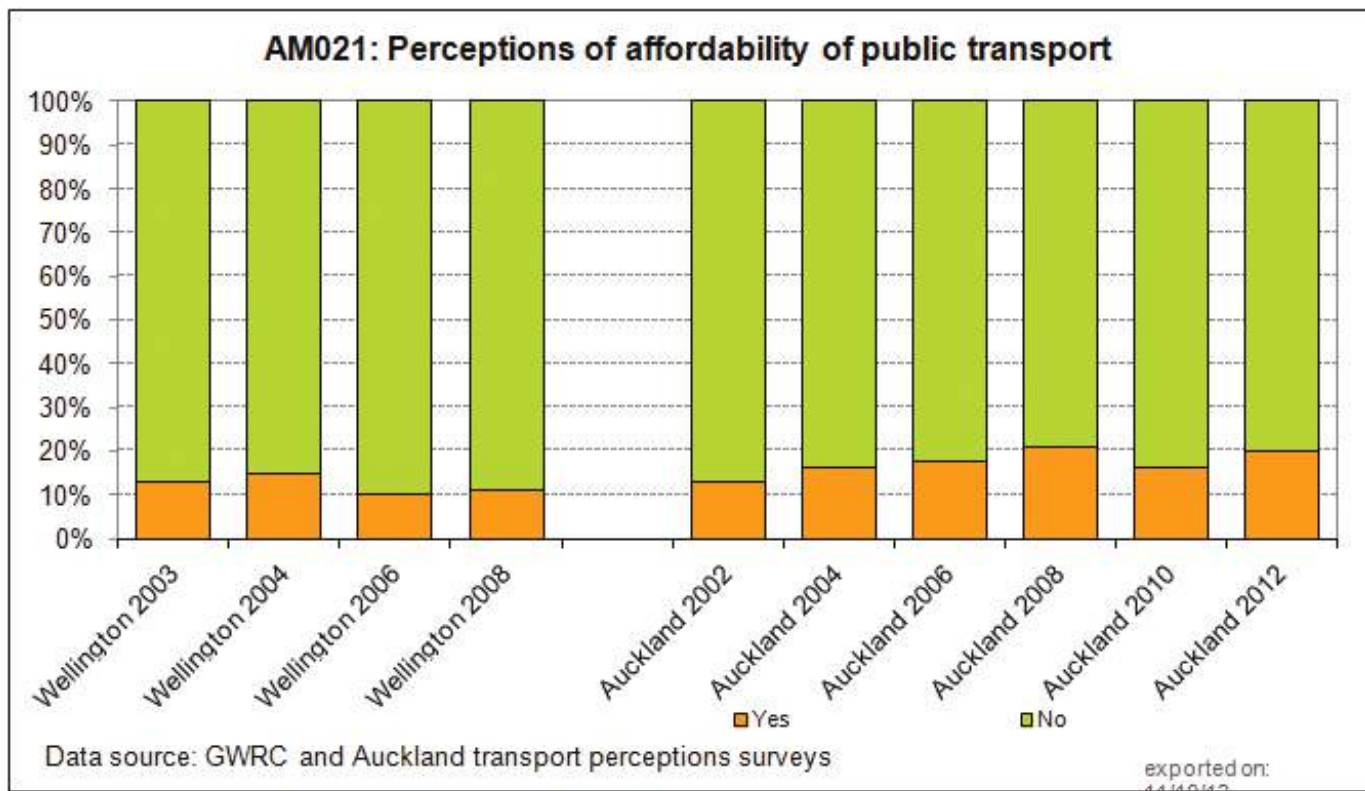
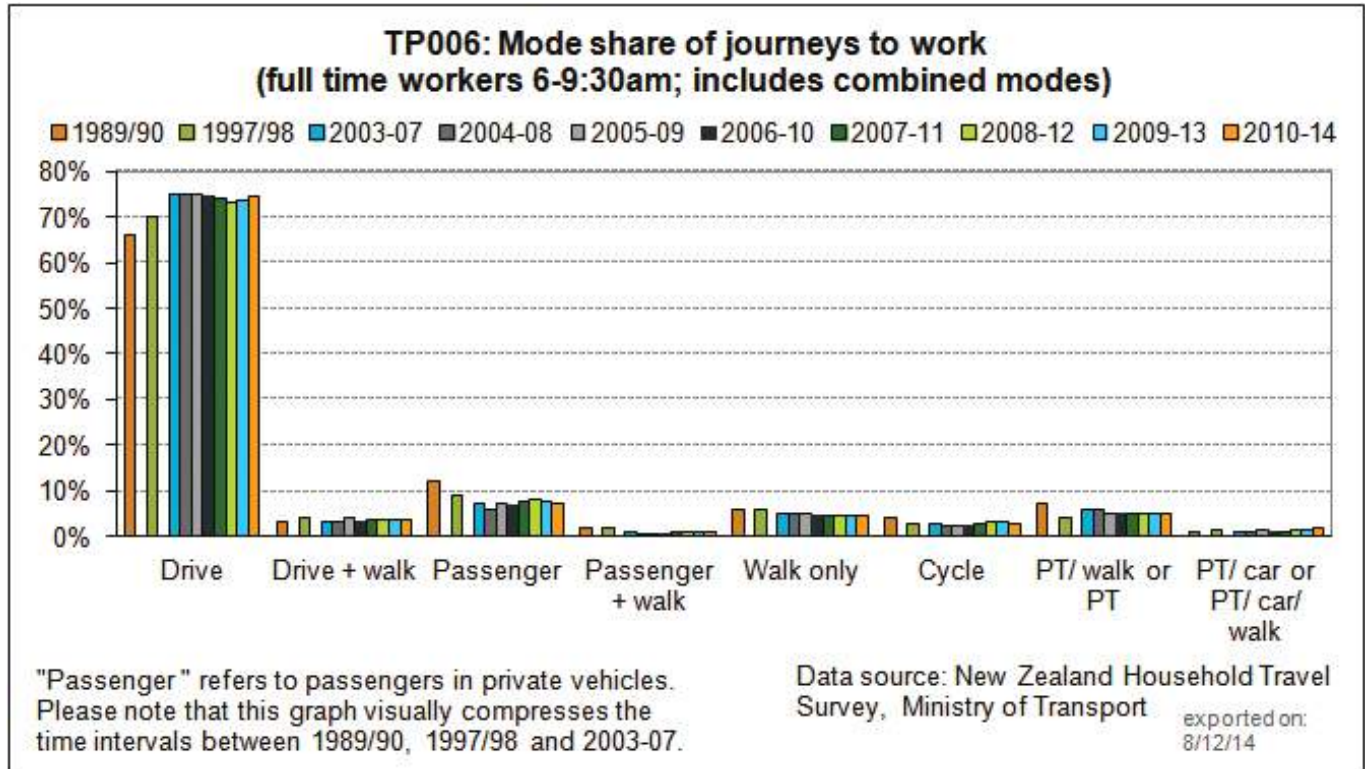
New Zealand population and transport trends	
City	Population
Auckland	1,415,550
Wellington	471,315
Christchurch	353,349
Hamilton	170,571
Tauranga	120,414
Dunedin	112,032

Source: <http://www.citypopulation.de/php/newzealand-southisland.php>

Estimated resident population of New Zealand by broad age group at 30 June						
	All ages	Under 15	15-39	40-64	65+	Median age (years)
Total						
2010	4,350,700	908,100	1,464,600	1,414,400	563,500	36.9
2011	4,384,000	910,700	1,459,100	1,434,100	580,100	37.1
2012	4,408,100	909,800	1,450,500	1,444,700	603,000	37.4
2013	4,442,100	908,800	1,452,300	1,455,000	626,000	37.6
2014	4,509,700	911,100	1,481,100	1,467,100	650,400	37.5
2015	4,596,700	915,300	1,528,600	1,478,500	674,400	37.3







Using Uber

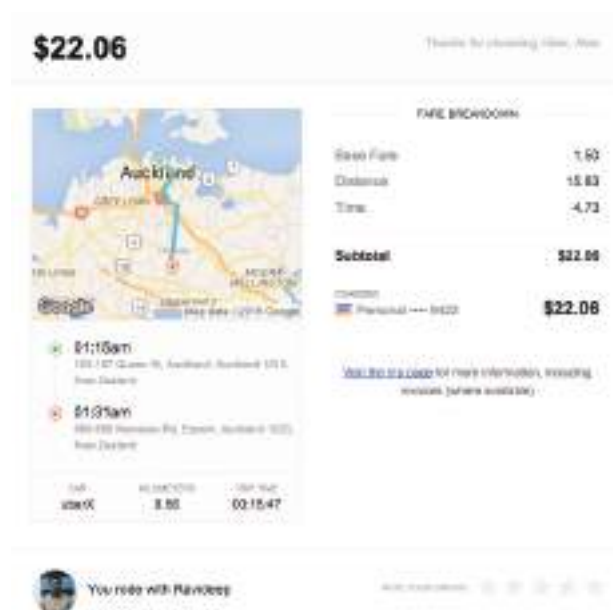
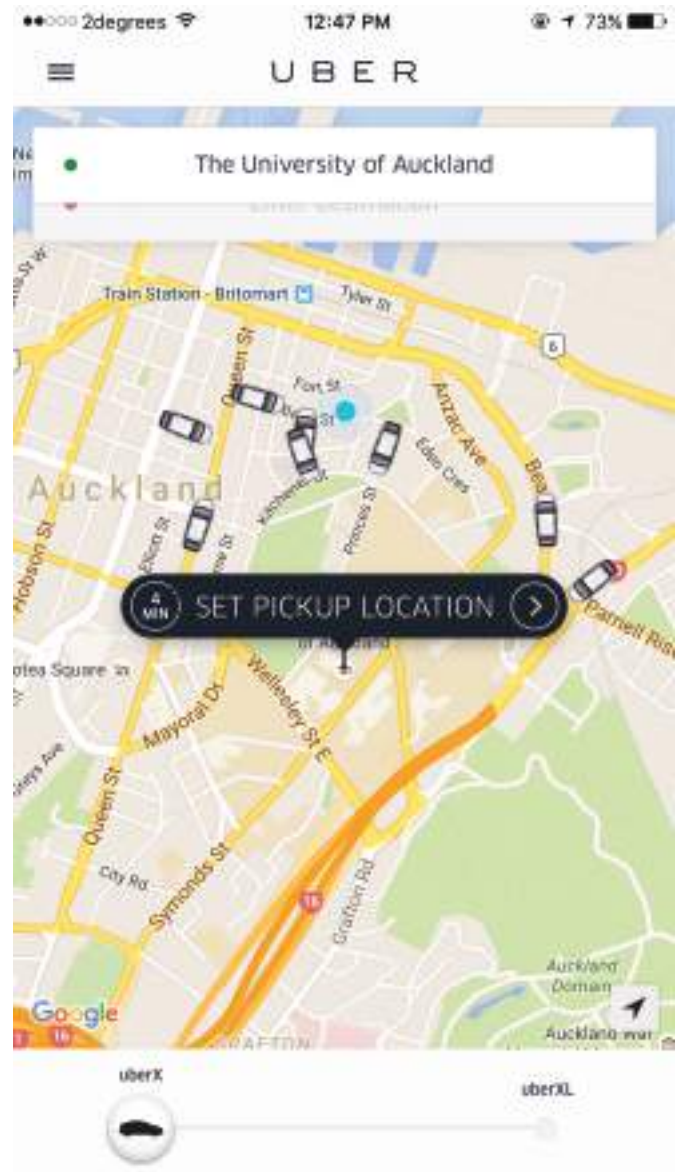
Upon launching the free to download app, first time users are prompted to create a user account consisting of their name, telephone number, email address and credit card details. The app begins by utilising location services to pinpoint the user's location. After doing so, the user's location appears on a Google Maps interface within the app, on which a number of taxis in close proximity to the user are displayed.

To request a driver-partner, the user need only set their pick up location and select the type of Uber to request. If the user wants to be picked up at their current location, the request could be completed with just three taps on their phone screen: One to launch the app, one to select pickup location (set automatically to the user's current location unless specified otherwise), and one to request the Uber.

The app then sends the pickup request to the nearest Uber driver-partner, who receives the request on their own Uber app. Once the driver confirms the request (usually within 60 seconds), the user receives the driver's name, phone number, car model, licence plate, rating and estimated arrival time. The average arrival time in Auckland is 3.4 minutes⁴². The app displays the vehicle's tracked location as it approaches the pickup point, then sends a notification to the user when the vehicle is near.

Upon entering the vehicle, the user is asked where they are going. The driver-partner then enters the address into their Uber app, which provides turn-by-turn directions to the location. Drivers can also request a more personal route. At any point before arrival, the user can split the fare with fellow passengers by using the app to send a fare-split request.

At arrival, no physical transaction takes place between the user and the driver, the user is automatically charged on the credit card registered with their account. Within five minutes of arrival the user receives an email summarising the distance, time and cost of their journey. Users and driver-partners are also able to rate their respective experiences of one another out of five stars before they can continue using the app. Uber driver-partners are not forced to accept passengers, and can choose to decline the trip if the user's average rating is three stars or lower. Uber users may also cancel a request without incurring a fee for up to five minutes after accepting a trip.



42 <https://newsroom.uber.com/new-zealand/2015/11/save-more-money-this-summer-with-even-lower-uber-x-prices/>



Driver requirements

Uber chooses to only partner with independent driver-partners or business owners who are fully licensed by the New Zealand Transport Authority to operate as a private hire service. This manifests into five key requirements⁴³.

1. New Zealand Drivers Licence: The driver-partner must be a Full Licence holder for at least two years. The earliest age at which one can obtain a Full Licence in New Zealand is 17 and a half years of age⁴⁴.

2. Passenger Endorsement: This is a licence required to carry passengers for hire. To obtain the Licence, prospective driver-partners must:

- Complete an approved passenger endorsement course, which costs \$400 and takes two days.
- Obtain a medical certificate, which costs \$70
- Complete a fit and proper persons (background) check
- Pay for the licence, which costs \$160 per year.
- Wait six to eight weeks for the application to be processed.

3. Passenger Service Licence: This is a license to operate a commercial passenger service. All drivers will need to hold this licence or prove that they are under contract to someone who holds one of these licences in order to operate. To obtain the licence, prospective driver-partners must:

- Obtain a Certificate of Knowledge of Law and Practice, which requires the completion of a three hour test and costs \$150.
- Pay for the licence, which costs \$470.
- Wait six to eight weeks for the application to be processed.

4. Private Hire Service Registration: This is a licence to operate a private hire vehicle. As above, prospective driver-partners can also operate under the licence of an employer. To obtain the licence, prospective driver-partners need only complete the necessary documentation.

5. Satisfactory vehicle: Every prospective driver's vehicle must:

- Hold a Certificate of Fitness.
- Hold commercial insurance.
- Be no more than 10 years old.
- Display no external signage.

Since they are not Uber NZ's employees, Uber driver-partners are not charged a fixed levy and are allowed to work for other taxi companies. Partners are able to earn \$1500/week or \$30/hour "by working busy hours".

The Ministry of Transport is currently considering a revision of the above requirements through the Small Passenger Services Vehicles review. If accepted, the revision could reduce the registration cost to less than \$100 and processing time to 24 hours. The revision would also enable online registration, which is currently not available. Pettit states that "much of how this business will grow depends on the outcome of the review". Uber drivers are not charged a fixed levy and are allowed to work for other taxi companies. Partners are claimed to be able to earn \$1500/week or \$30/hour by working busy hours⁴⁵.

The Ministry of Transport is currently considering a revision of the above requirements through the Small Passenger Services Vehicles review. If accepted, the revision could reduce the registration cost to less than \$100 and processing time to 24 hours. The revision would also enable online registration, which is currently not available. Pettit states that "much of how this business will grow depends on the outcome of the review⁴⁶". "Unfortunately", he adds, "the real benefits of ridesharing will only be realised in New Zealand when prohibitive barriers are removed and ridesharing becomes a real possibility for more private car owners. Like the stay-at-home mum or dad who wants to offer rides in their spare time or the underemployed professional who wants to supplement their income on the weekend⁴⁷."

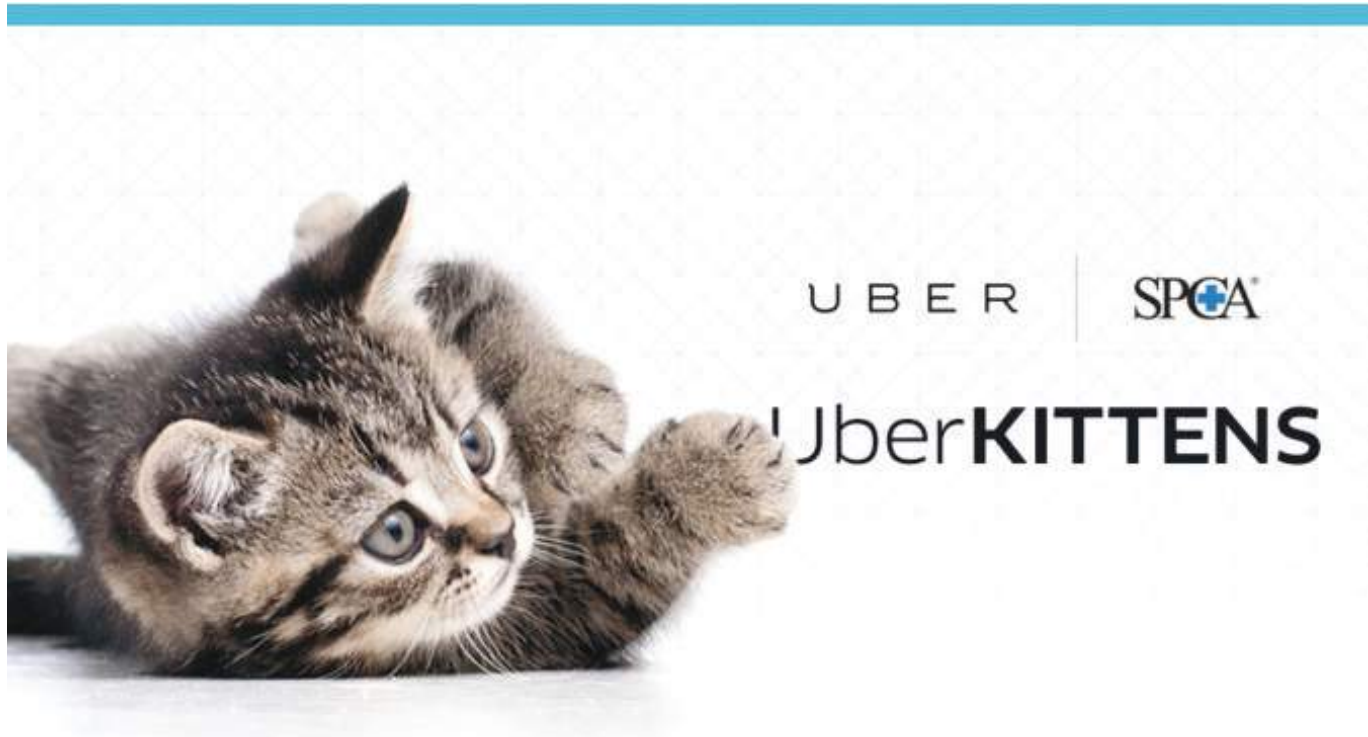
43 <http://www.driveuber.co.nz/requirements>

44 <http://www.vtnz.co.nz/car-licences>

45 <http://www.driveuber.co.nz/new-driver-faq>

46 <http://www.stuff.co.nz/business/better-business/72031567/Uber-hotly-anticipating-result-of-Governments-transport-review>

47 http://www.nzherald.co.nz/nz/news/article.cfm?c_id=1&objectid=11500857

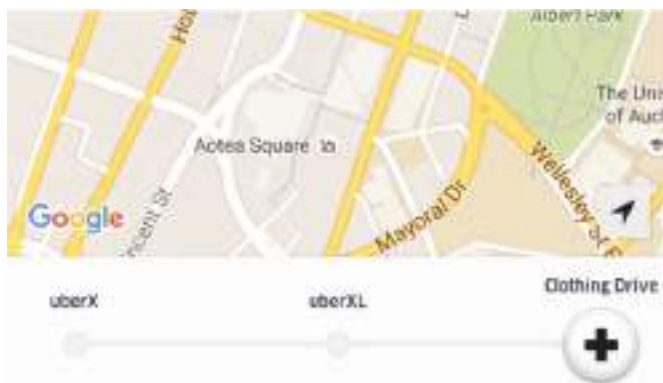


Uber Initiatives in New Zealand

Red Cross collaboration

To celebrate the 100th anniversary of the New Zealand Red Cross, a humanitarian organisation that provides help to New Zealanders in need, Uber initiated a clothing drive across Auckland and Wellington⁴⁸. Users were asked to package any clothing they wished to donate, then order a special 'Clothing Drive' Uber that picked up the package at the requested location for drop off to the local Red Cross store. The service was free of charge.

All those who participated in the clothing drive went into the draw to win a fashion prize pack valued at over \$1,500, and all those who signed up to Uber on that day using the event's promotion code 'UBERNZRC' received their first Uber ride for free, up to the value of \$20. 7,000 New Zealanders got involved with the initiative, resulting in almost 1,000 bags or \$20,000 of clothing donated⁴⁹.



UberKITTENS

Partnering with SPCA, the Society for the Prevention of Cruelty to Animals, Uber introduced a limited-time 'KITTENS' option to its product mix. For \$30, users could request kittens to be delivered to their requested location for "15 minutes of kitten cuteness"⁵⁰. All kittens were accompanied by SPCA representatives, who provided information on how users could help the organisation by adopting a kitten. When Uber introduced a similar initiative in the United States, it helped connect 315+ kittens to new families⁵¹.

All proceeds were donated to the SPCA, and all those who signed up to Uber on that day using the event's promotion code 'UBERKITTEN-SNZ' received either their first Uber ride for free, up to the value of \$30, or a 15 minute 'snuggle session'.

Referral system

Each time a user refers their friend to Uber, both parties receive a free ride up to the value of \$10.

48 <https://newsroom.uber.com/new-zealand/2015/11/uber-nzrc-clothing-drive/>

49 <https://newsroom.uber.com/new-zealand/2015/12/nzrc-impact/>

50 <https://newsroom.uber.com/new-zealand/2015/11/uber-kittens-is-coming-to-new-zealand-this-friday/>

51 <https://newsroom.uber.com/2015/11/kittensimpact/>



Uber Products Abroad

Overseas, Uber has been experimenting with new products that hint towards the company's future direction.



UberPOOL

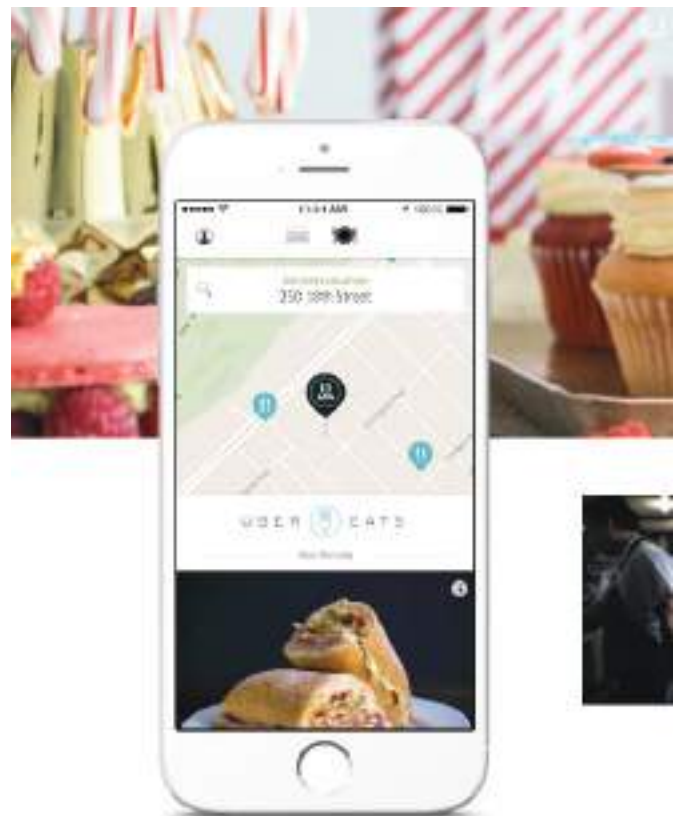
UberPOOL matches riders heading in the same direction and splits the final fare between them. Users need only choose the 'UberPOOL' option when requesting a pickup, at which point Uber automatically finds and pairs the user with a suitable match. A maximum of two users can be picked up per stop, and a maximum of three users can share the same car⁵².

Although the length per ride is said to increase by "a few minutes", the benefits likely outweigh this cost because users pay up to 50% less to arrive at their desired destination⁵³. When UberPOOL was introduced in London on December 2015 it received 45,000 requests in the first week - two-thirds of London driver-partners were said to have tested the product⁵⁴. In San Francisco, UberPOOL reduced CO2 emissions by 120 metric tonnes in a single month⁵⁵. UberPOOL aligns so well with Uber's values that Peppit himself has expressed praise for the product⁵⁶.

UberEATS

UberEATS delivers food on-demand from popular local restaurants in 10 minutes or less⁵⁷. It is generally available during lunch time (11:00am to 2:00pm) from Monday to Friday and covers the central areas of participating cities such as Paris, San Francisco and New York. To use UberEATS, users need simply select the meal icon in the Uber application, choose from the displayed menu options, and then decide whether they will split the final fare with others. The fare consists of the cost of the food along with a flat delivery fee.

Recently, a separate UberEATS app has been made available for download in Toronto. This app provides delivery 7 days a week from 10:00am to 10:00pm, and gives full menu views of over 100 restaurants. The app also offers an "Instant Delivery" menu for quicker delivery options during lunch hours. This is the first instance where Uber has introduced a separate app⁵⁸.



52 <https://get.uber.com/cl/uberpool/>

53 <https://get.uber.com/cl/uberpool/>

54 <http://www.theguardian.com/technology/2015/dec/12/uber-taxi-sharing-service-clocks-up-45000-trips-in-london>

55 <http://www.businessinsider.com/uber-carpool-service-is-saving-120-tonnes-of-co2-every-month-2015-4>

56 http://www.nzherald.co.nz/nz/news/article.cfm?c_id=1&objectid=11500857

57 <http://ubereats.com/eats/nyc/faq/>

58 <http://fortune.com/2015/12/10/ubereats-app/>



UberHOP

UberHOP delivers shared travel by connecting multiple riders traveling a similar route to the same driver-partner. When requesting an Uber the riders need simply select 'Request UberHOP', at which point they will receive directions on where and when they and their fellow commuters will be picked up. All riders will be dropped off at a stop that is pre-determined by Uber⁵⁹.

Although some have perceived UberHOP as a declaration of competition against public transport, Kalanick has stated that the product is part of his much larger dream of providing "the perpetual ride", with pickups and drop-offs synchronised in a way that ensures the driver-partner's car is never empty⁶⁰.

UberCOMMUTE

UberCOMMUTE, described as "carpooling at the press of a button", allows long-distance driver-partners to find commuters along their journey and share the cost of the commute⁶¹. On the driver-partners side, those interested need only sign up to have Uber check their licence and driving record. On the passenger side, those interested need only choose the 'commuters' option under UberPOOL, at which point they will be paired with fellow commuters. The product is generally available from Monday to Friday 6:00AM to 10:00PM⁶².

For driver-partners travelling to and from downtown Chicago, the weekly reimbursement amount as a result of using UberCOMMUTE is said to average USD\$175⁶³.

Rising international ridesharing apps

Unsurprisingly, Uber's success in the infantile ridesharing industry has caused many formidable competitors to follow its trail. The most successful global competitors are Lyft and Didi Kuaidi.

Lyft

Established in 2012, Lyft is a private San Francisco-based ridesharing platform company that has raised US\$1 billion in funding to date⁶⁴. It is the second largest ridesharing player in the American market. Although Lyft's application shares almost identical features to Uber's, the company differentiates itself through execution: All Lyft cars are decorated with distinctive pink mustaches, and drivers are required to 'fist bump' passengers at the beginning of each ride⁶⁵. These quirks have rendered Lyft to be a friendlier experience for not only the customer but also the driver. In the words of a driver partnering with Uber and Lyft, "I prefer driving for Lyft, but I make more money and get more requests as an Uber driver... with Lyft, whenever I drive my passengers they almost always sit in the front seat... it is more friendly⁶⁶."

Momentum seems to be swinging in Lyft's favour. In 2014, Lyft expanded its coverage from 15 to 65 cities and quintupled its revenues⁶⁷. In 2015, Lyft beat Uber to become the first ridesharing platform officially allowed to pickup and drop off, and wait for passengers at the Los Angeles International Airport (LAX)⁶⁸. Lyft currently has no plans to expand to New Zealand.



DRIVER

RIDER

59 <https://newsroom.uber.com/seattle/2015/12/more-people-in-fewer-cars/>

60 <http://www.theverge.com/2015/12/8/9873544/uber-hop-commute-mass-transit-seattle-chicago>

61 <https://newsroom.uber.com/2015/09/ubercommute/>

62 <https://newsroom.uber.com/seattle/2015/12/more-people-in-fewer-cars/>

63 <http://www.uberpartnerschicago.com/ubercommute/>

64 <https://www.crunchbase.com/organization/lyft/funding-rounds>

65 <http://techcrunch.com/2012/09/17/lyfts-focus-on-community-and-the-story-behind-the-pink-mustache/>

66 <https://www.youtube.com/watch?v=XVTElCA3l1A>

67 <https://www.fastcompany.com/3038350/most-innovative-companies/increased-shares-lyfts-rides-and-revenue-grew-five-fold-in-2014>

68 <http://www.theverge.com/2015/12/22/10654476/lyft-lax-airport-garcetti-rideshare-uber>



Didi Kuaidi

Established in 2015 through a merger between Didi Dache and Kuaidi, China's two largest players even before the merger, Didi Kuaidi now accounts for 99% of China's online taxi industry and 78% of China's private car industry, servicing 8 million rides per day⁶⁹. In comparison, Uber in China has only 11% of the private car industry and services only 1 million rides per day⁷⁰. The company's success can be attributed largely to its understanding of the Chinese market. Before the merger Didi observed that WeChat is one of the most popular messaging services in China, and therefore made it their priority to develop a function to request and pay for a Didi driver within the messaging app. In 2014, this function alone yielded 21 million ride requests, equating to 700,000 per day⁷¹.

Didi Kuaidi is set for aggressive growth. It has already raised US\$4.42 billion in funding, US\$3 billion of which was secured only weeks after the merger⁷². The US\$3 billion investment is now known as the largest of its kind in private tech start-ups globally⁷³. In December 2015, Didi Kuaidi announced a partnership with the United States' Lyft, India's Ola and Southeast Asia's GrabTaxi⁷⁴. This partnership will allow customers to use any of the four applications when travelling overseas to find all four companies' vehicles. The partnership will eventually lead to the introduction of joint products. This move shows that Uber's competitors are consolidating in order to compete with its global scale. Didi Kuaidi currently has no plans to expand to New Zealand.

69 <http://www.bloomberg.com/news/articles/2015-08-20/uber-s-china-rival-didi-kuaidi-spends-big-to-defend-home-turf>

70 <https://atlas.qz.com/charts/4kmKOY3C>

71 <https://www.techinasia.com/wechat-21-million-taxi-rides-booked>

72 <http://www.forbes.com/sites/liyanchen/2015/09/23/meet-ubers-mortal-enemy-how-didi-kuaidi-defends-chinas-home-turf/>

73 <http://www.forbes.com/sites/liyanchen/2015/09/23/meet-ubers-mortal-enemy-how-didi-kuaidi-defends-chinas-home-turf/>

74 <http://www.bloomberg.com/news/articles/2015-12-03/didi-lyft-entering-four-way-alliance-to-take-on-uber-for-rides>



Articles

Uber hotly anticipating result of Government's transport review

JOHN ANTHONY

Last updated 09:55, September 15 2015

Uber is a practical pre-pension income source for 62-year-old Lindsay Ferguson.

The Lower Hutt man has spent the past eight years working as a consultant, and before that worked in senior management positions in the public sector.

But a few months ago he turned to Uber as an income source in his lead-up to becoming eligible for the pension when he turns 65.

Founded in San Francisco in 2009, Uber launched in Auckland in May 2014 and then Wellington a few months later.

The private car hire company connects drivers, like Ferguson, with passengers through a smartphone app.

The transactions are cashless with all rides being paid for through credit card details loaded to the passenger's Uber profile.

Drivers use their own vehicle and can work whatever hours they like, with Uber taking a cut from each fare.

Drivers and passengers rate each other using a five star system, which Uber claims enhances user safety.

Ferguson said he enjoyed driving and was attracted to Uber because he liked being his own boss, the flexibility the job provided and the safety of being able to view passengers' rating and not carrying cash.

"I thought it was a brilliant application of new technology to an old industry."

He was clocking up about 35 hours per week, taking home an average income of about \$1200 and sometimes up to \$1700 if he worked more hours.

Ferguson drives his 2009 Subaru Impreza, a car he owned before joining Uber.

Uber New Zealand's general manager Oscar Peppitt said Uber was an attractive job for people wanting to be their own boss and those wanting either a primary or supplementary source of income.

But Uber's future in New Zealand largely hangs on the Ministry of Transport's Small Passenger Services Vehicles review, expected to be completed before the end of the year.

Uber made a submission on the review in April asking for a more flexible, faster and cheaper process for the licence required to operate a small passenger service vehicle.

"Much of how this business will grow depends on the outcome of the review," Peppitt said.

The 28-year-old who introduced Uber to New Zealand said under the current regime it could take up to three months and cost drivers more than \$2000 to get registered.

He said he would like a 24 hour registration turn around which cost less than \$100, something which had been achieved in other markets around the world.

"That is not impossible in New Zealand, it just requires a bit of work to get there."

Reducing barriers would make Uber an attractive way for anyone with a car to earn extra income by sharing their vehicle casually, he said.

"We know that when you lower barriers to entry you encourage people to provide their asset in a way they wouldn't otherwise."

In New Zealand Uber had more than 1000 drivers but in Australia, where there was less red tape in getting registered, Uber had more than 15,000 drivers.

"We think the licensing structure in New Zealand is the single biggest barrier to competition and growth in this industry so we would love for the review to be completed."

When barriers to entry were removed it made it easier to provide a business model in geographical and socioeconomic areas where it was previously not economical, he said.

"It provides income opportunities in the areas where income is needed."

High set up costs also discriminated against people who could not afford it, he said.

Ferguson said he had to pay the authorities \$2000 and wait three months before he could become an Uber driver.

A three-month wait for some people could cause financial hardship, Ferguson said.

One product Peppitt also wanted to introduce UberPool to New Zealand.

UberPool is a car pooling or "ridesharing" service which allowed two strangers to share a ride from a similar start and end point and split the bill, making the ride cheaper for both passengers.

"But the driver actually gets more money for that trip so everyone is better off," Peppitt said.

- Stuff





Uber users getting stung by 'surge' pricing

Ride home cost \$139 instead of \$40 after company applies dynamic pricing policy of higher rates.

5:00 AM Saturday Dec 5, 2015

Uber is under fire for its "dynamic pricing" policy which some users say has left them out of pocket.

The taxi service arrived in New Zealand in May 2014, offering customers cheaper fares than traditional taxis and potentially greater convenience for patrons. About 1500 drivers have been hired here.

Heather Skinner had been at a Christmas work function at the Billfish Cafe in Westhaven last month and decided she would give Uber a go.

About 11pm she requested a ride through Uber's smartphone app, and was under the impression it would cost about \$40 to get home to Kaurilands Rd in Titirangi.

But she was unaware that the company's so-called dynamic, or "surge", pricing policy was in effect, meaning higher rates applied.

"It wasn't until I got the bill after I got home that I realised I'd just been charged \$139," Skinner said. "I've never paid more than probably \$70 for a taxi out to Titirangi..."

Dynamic pricing comes into effect when demand for drivers outstrips supply, and acts as an incentive for more drivers to stay on the road.

Skinner said the only indication she received that there may have been an additional charge was when "3-3" flashed up on her phone as she booked the ride.

"That means they're going to charge you three times the amount, but they don't make that clear.

"You try something for the first time thinking you're going to get a good deal and then to be charged three times what a normal taxi fare is. That's insane."

Another Uber customer complained on Facebook that the policy left her feeling "robbed".

Uber spokesman Caspar Nixon said customers received several warnings when dynamic pricing was in place.

"[Customers] are first of all shown before they actually make the

request how much it is - whether it's 1.5, 1.8 or 2.2 times the normal amount. If they then hit the 'request a ride' button they are then required to manually input the exact surcharge amount.

"They're also able to get a fare estimate with the surge price included. It's a fully transparent process."

He said the company would not be reviewing the policy at this stage.

Uber refunded Skinner \$34.

Consumer New Zealand said it had not received any complaints about the company's pricing policy.

Jessica Wilson, a researcher for the organisation, said the best thing to do was to ask the driver about cost before getting into an Uber car.

- NZ Herald



Oscar Peppitt: Ridesharing the key to Auckland's transportation woes

3:15 PM Friday Aug 21, 2015

Here at Uber, we know that ridesharing can go a long way towards revolutionising cities that suffer from impaired mobility due to congestion and inefficient public transport. Two of Auckland's major transportation issues.

Take car ownership for example. More than 90% of Kiwis have access to a car, but without a credible alternative, car ownership is simply the most convenient and cost-effective method of transportation. Especially when taxis are as expensive as they are in New Zealand, and public transport is neither reliable nor convenient unless you live near the city centre.

While the Government's solution is to spend billions on improving Auckland's heavily congested transport network, ridesharing services could be a more cost effective complement to alleviating congestion and infrastructure strain.

In Chicago, Uber is now an affordable alternative not just to taxis but also to car ownership. Those who've embraced ridesharing avoid the costs of parking, insurance, fuel, maintenance and vehicle depreciation, without losing any of the benefits of owning a car.

The result - car ownership is now more expensive than using Uber, with the annual cost of owning a car at USD\$11,150, compared to riding with Uber at USD\$8,741.

Ridesharing also complements existing public transit services. It can boost public transport use by providing the option to share a ride to or from the nearest public transport hub, with the remaining leg of the journey completed by bus, boat or rail. In Sydney we've already seen ridesharing have a real impact on the lives of those underserved by public transport, with 64.4% of Uber rides beginning or ending in a public transport desert.

Add our carpooling service to the mix, uberPOOL, and you're looking at not just reducing the number of cars on the road, but also a heap of environmental benefits too. A 2013 MIT study of New York City taxi data indicates that carpooling in cities could reduce the number of vehicles on the road by up to 30 per cent, while in San Francisco uberPOOL reduced CO2 emissions by about 120 metric tonnes in a single month - equivalent to burning 58 tonnes of coal.

These are just some of the ways that the application of technology applied to the provision of transport has revolutionised the simple task of getting from A to B in cities around the world.

Unfortunately, in New Zealand ridesharing is not yet set up to flourish in the same way as other places. If you want to earn a flexible income giving someone a ride from A to B, the current licensing framework requires that you pay nearly \$2,000 for three different licenses that can take more than 10 weeks to get.

Only a small part of this cost and time is devoted to making sure a driver-partner is safe, the rest act as unrelated barriers to the provision of rides. For people who want to offer rides in their spare time to earn an extra buck, these unnecessary barriers are simply too high. This leads to less availability and reliability of cars for riders, and drives up the cost for driver-partners.

The real benefits of ridesharing will only be realised in New Zealand when prohibitive barriers are removed and ridesharing becomes a real possibility for more private car owners. Like the stay-at-home mum or dad who wants to offer rides in their spare time or the underemployed professional who wants to supplement their income on the weekend.

Technology affords us the opportunity to revolutionise transport in Auckland, reduce congestion and emissions, provide flexible income for thousands of Kiwis and improve the reliability and affordability of point-to-point transport. We just need reform which says yes to safe, reliable and affordable rides and no to the status quo.

Oscar Peppitt is the New Zealand General Manager at Uber.

- NZ Herald





Zoomy shakes up taxi industry

RICHARD MEADOWS

Last updated 05:00, February 22 2015

Taxi app company Zoomy is flagging down investors to help fuel its ambitious expansion plans.

Zoomy was launched 16 months ago, before the Uber juggernaut hit New Zealand shores.

While Uber's legality here is under question, Zoomy is already offering a smartphone booking service that fits within the rules, by only employing registered taxi drivers.

The company is operating in Auckland and Wellington at present, but co-founders James Fisk and Neil MacDonald believe they have only scratched the surface.

"We're actually aiming for Australasian domination," said Fisk.

While he would not put a number on the capital required for expansion, it was "in the millions", with investors already showing a lot of interest.

The co-founders said the big focus was its recently launched "ZoomyGo" service, a one-touch taxi ordering device provided free to businesses.

One hundred devices have already been installed in bars and restaurants around the Auckland CBD.

Cash from the new investors will help roll out a further 500 units in Auckland, Wellington, Christchurch and Queenstown, with plans for 1500 units in Sydney this year.

Asian cities such as Hong Kong and Singapore are also in the company's sights.

Fisk said traditional taxi companies were "naturally terrified" by the aggression shown by Uber, whose private drivers have lower compliance costs and typically provide cheaper fares.

"The arrival of Uber has left many of them flat-footed and worried sick about the technological challenges," he said.

Uber is facing challenges of its own, with police fining its drivers for using their smartphones as meters.

The private car hire service has struck back, lodging a formal complaint of police harassment, and pressuring the Government into reviewing the regulatory framework.

Fisk said New Zealand's regulations should not be changed "based on the needs of one corporate giant".

He said the review was a waste of time, and Zoomy was proof that smartphone technology could be used within the rules.

Like Uber, the Zoomy app finds the closest driver, lets customers track them to the door, and pay the fare using their phone.

Other features include a 25 per cent discount for in-app credit card payments, and a fixed fare of \$50 from the CBD to Auckland Airport.

Unlike Uber, the company only works with existing taxi companies and drivers, who already comply with the relevant laws.

Fisk said Zoomy had more than 1000 registered drivers on the books, and nearly 30,000 users.

An Uber spokesperson would not reveal numbers, but said the company had "tens of thousands of riders and hundreds of partner-drivers" in New Zealand.

Taxi firms cottoning on to the mobile revolution are also increasingly developing smartphone apps.

Fisk did not see that as a threat, saying companies saw the benefit in using the Zoomy app to get more customers.

For example, Zoomy already had a relationship with Corporate Cabs, the country's second biggest cab firm, even though it also had its own app.

The New Zealand Taxi Federation executive director Roger Heale said the market was booming, with a lot of innovation under way.

"There is a battle for the customer," he said. "Taxis are going to work with whoever will deliver the most customers."

Heale said the locally owned Zoomy was certainly at a disadvantage compared with its international rival.

"They have been very careful to play within the law and have adjusted their business model accordingly, only for Uber to come along and not respect the law."

The industry would remain in the dark until the Government completed its review, Heale said.

- Sunday Star Times



Champions Trophy

Case Competition 2016



BUSINESS SCHOOL