

Analysis of uber business model



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Uber was established as a technological firm in 2009 in San Francisco and facilitates an inventive and reliable platform to link customers in transit with vehicle drivers for services such as ridesharing and renting (Cusumano, p. 34). The organization has employed eight hundred and twenty-two staff members as of the year 2014 in July and has accrued an amount of \$1. 5 billion USD funding capital from numerous business projects and angel investors (p. 34). Statistics dictates that the Uber Company has received a tremendous amount of funding in comparison to related organizations dealing with collaborative consumption. The funding that the Company acquired in the year of 2014 amounted to an approximate of \$1. 2B USD (p. 34). This came from several venture capitalists thus making the valuation of the organization to accrue \$18. 3 billion USD.

Innovation of the Uber taxi business model

Customers targeted

The target customers of Uber organization are divided into two sides; they involve the riders and the drivers. From riders target customers, the organization concentrates on the individuals residing in cities where the transportation system is challengeable especially in the use of taxi as a

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mode of transportation. The main platform used by Uber is the application of a smartphone and further the organization aims at expanding its platforms towards the use of tech-savvy and on-the-go most popular application for the young professionals in the urban city. In the beginning of the year 2014 the firm launched Uber for business platform that allows the managers to develop firm accounts and incorporate staff members to the account. In this case, the Uber workers are allowed to credit the account when the customers are using the rides to report to work. On the driver's side as the target customers of the Uber Company, the drivers market is divided further into three segments that is;

- UberBlack: these are the professional chauffeurs that have acquired commercial license and viable auto insurance.
- UberTaxi: these are the professional drivers who possess the certificate and license for driving by the city.
- UberX: It refers to the type of drivers that are of at least twenty-one years acquiring the personal license and automobile insurance.

Uber value proposition

The major value proposition for the two sides of Uber's target market is the availability and use of an application that enables continual of the demand for conveyance services and connections between the drivers and the passengers. In the case of passengers, Uber organization has established a fast, consistent, and convenient mode of transportation in the city (Eckhardt, Giana M., & Fleura Bardhi, p. 2). The essentiality of the application is depicted in its ability to simplify the manner in which passengers can request

for a ride, be informed the duration it will take for the ride to avail, and mode of payments. Further, the organization focuses on making the services provided by UberX cheaper than the use of taxis; this is to expand the accessibility of private rides to more passengers in the city. In the year of 2014 July, the company managed to make the UberX services cheaper by 20% than the alternative use of New York taxis (Allen, p. 3). By use of Uber services, it provides the drivers who possess the professional licenses with a chance to receive additional income through increasing their accessibility to a large pool of customers or travelers. In addition, the organization's application and system helps the drivers to feel secure because they acknowledge the passengers in their car and there is no need to carry money. Further, the drivers are offered smartphones that have been installed application by the Uber organizations.

Uber technologies

The main technical capability of the Uber is the use of smartphone applications that facilitate easy simple and secure mode of transacting between the chauffeurs and the travelers. Other capabilities that the company acquires comprise of ability to deliver quality control and consistency in enabling the customers to experience high quality of services. Uber is acknowledged as the pioneer in services dealing with ride-sharing in the field of transportation and further holds the skills and efficiencies in subduing monitoring setbacks and attainment of legal position that disrupts the regulated scrutiny and strictness of the taxi industry (Katz, p. 1085).

The management of infrastructure

Configuration of activities

Initially, the Uber organization began its activities in San Francisco with an objective of connecting the passengers with luxury and comfortable driving experience. The type of services offered by the organization focused on developing a transportation experience to passengers that was swift and luxurious rather than establishing a transportation means that enabled the passengers to move from one place to another by use of a vehicle. This goal led to enabling the company to offer services that were of high quality and of affordable prices. After accomplishment of this goal the Uber organization added a feature in their application that motivated the drivers to share promo code of Uber as a present to their acquaintances and the social media. In this way, the drivers are able to accrue additional credits in their Uber accounts. Uber sought to expand its business platforms by rendering its services to multiple cities so as to concentrate on making its operations fully efficient and serviceable in each city before going to the next city.

The company conducts sufficient and effective research prior to selecting the next city to launch its business. In that, before it launches its business to a city, the city must have sufficient demand for their services. If the city meets the defined criteria of Uber to enable its development then the services will be offered; factors considered by the Uber Company are such as the availability of vibrant restaurant, availability of events such as sports and traditional activities and weather conditions that deter individuals from walking on the streets. Moreover, Uber has to follow its business model prior to launching its services in a city that incorporates;

- Designating a team to research the potential regulatory hurdles of the city.
- Choosing a team to employ drivers through calling or approaching automobile organizations.
- Dispatching a team to focus on creation of social media to promote the launching of the business and
- Preparing launching a party for the VIPs in the city.

The use of the matching mechanism application is simple because it makes use of GPS to match the travelers with the closest driver available thus no feature for searching in the application's layout. However, so as to enhance the satisfaction accrued from matching two sides in the marketplace, Uber has implemented several tools for application for the two sides. For instance, if a passenger prefers to acquire vehicle that meets his/her budget demands, luxury, and of quality, the Uber Company provides a strict value control policy in the city and offers the travelers three different vehicle options he/she can choose. These options vary from the usage of a luxurious limo and town taxis to other non-trading vehicles that are budget friendly. On the drivers' side, the chauffeurs can choose to whether pick up the traveler basing their reasons on their previous encounter with the passenger (Cusumano, p. 34).

Uber application controls, carries out, and monitors communication between the drivers and the travelers. The application allows the travelers to signal drivers by pinning their immediate location or by keying manually their addresses, with preference; the passengers can directly contact their

chauffer when he/she is in the same direction as the pickup point either by use of phone call or typing an SMS from Uber's application. Therefore, Uber continues to establish and strengthen the normal transaction and connection between the travelers and the drivers via its application and the use of credit cards as a mode of payments. For security purposes, the app allows the traveler to view and confirm their location of pickup by use of the map provided by the application as well as matching the traveler to the nearest Uber driver. Further, the Uber firm provides the travelers with an estimation tool that calculates the fare, the duration a driver will take to arrive, driver's identity and reviewing of scores. All the charges paid and the tips are made via Uber credits, use of debit cards, or Google Wallet in which the travelers have the details and enter when requiring a vehicle for transportation.