

Marketing management uber analysis



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Application software has been very popular as distribution platforms since 2008 due to rapid spread of smartness all around the world. According to a marketing research done by Garner (2013), there is an increasing trend in mobile APS usage worldwide. He indicates that 21.58 billion dollars of revenue has been made by mobile APS in 2013. Auber was established in 2009 as a digital platform that connects cab drivers and customer, by downloading the online application. Auber determines the location of customers and shows the location of the cabs nearby.

Once the customer accepts to get a ride with push of a button, the application is then authorized to take the payment based on the credit card information that has been registered under the customer's name, without any further exchanges. Auber was established in San Francisco and has become the world's most valuable startup in the past five years. Buyer's latest market value has been determined as 18.2 billion dollars in June 2014. However, as a disadvantage of developing markets, the entrance of Get and Hallo in the I-J market, decreased Buyer's market value.

The major advantage of Get in this competitive market against Auber is charging flat fees unlike Auber. Auber has a surge pricing strategy depending on the demand, weather and distance, which is not a cost efficient way for customer. Therefore Auber it is not the cost leader in the I-J e-hail market. On the other hand surge pricing has persuaded more driver to work for Auber, as it is more in their favor so that, they will not have to go through bad weather conditions or give rides in the rush hour with the usual flat fares.

2. Audit 2. Organizational environment The increasing trend of smartened usage especially in younger generation, technological

improvements and increasing value for time perception established Buyer's increasing value. 2. B Buyer's business model Auber employs driver after they and their cars have been screened by Auber to ensure comfort and safety of customers, Drivers are also given an phone once they have become a member of Auber. Auber drivers have higher income compared to traditional taxi drivers also they do not have to pay for the taxi license and the taxes that black cab driver are obligated to pay.

On the consumer side, after downloading Auber, they can track the car as it approaches them on their as well as having some information about their driver before arrival such as previous reviews and ratings and their hot. Auber ' s pricing strategy is based on the demand, distance and the car type, incase of high demands or bad weather conditions customers may have to pay a higher fee for their Journey or depending and the type of car they request prices are different. Payment is done by the credit card information that the customer is registered the app with. Transactions are totally safe and secure.

Auber splits the ride receipts with the driver. Auber originally used to take 20% margin of the transaction between the customer and the driver, which is now reduced to 15% due to high comtuitions with Get and Hallo. Auber covers its Research and technology developments, marketing and employees expenses by the percentage they take on each transaction. Another advantage is that Auber does not own a fleet of cars so they are much less costly than their competitors, This low cost business model enables Auber to keep the large percentage of it's revenue as profits.

Auber grows by reinvesting in R&D and acquisitions rather than investing in cars or expensive infrastructures. In the spotlight of this information, it is possible to say that Buyer's business model is low inventory, high transaction and high margin. Moreover, its cuisines model is receiving the majority of funding from Google Venture. 2. C External and internal analysis of Auber Analyzing Auber from the resource-based view is crucial to understand competitive advantages of it in London taxi hailing app market. Constraints imposed by environment can have a big impact on Buyer's strategic planning and marketing.

Therefore, six external conditions (Political, Environmental, Social, Technological, Economical and Legal) will be examined in relation to Buyer's business situation by using PESTLE analysis. PESTLE ANALYSIS Political Economical Social Technological Environmental Legal Emissions Recession Big Events Auber App Unstable Environment Government Regulations Climate Gas Prices Rising Shared Culture New Competitors Taxes Different Cultures Figurer : Presents the PESTLE Analysis Political factors effects transport services external environment in terms of CA emissions and climate change.

Even though Political factors are more in favor of public transport in order to decrease CA emissions and help with the climate. Auber however is providing a superior service comparing to their competitors for instance Auber is offers hybrid cars, which is low in emissions and makes it easier for Auber to eave some advantage when it comes to the political factors. Environmental factors such as weather conditions can affect Auber for

instance higher demand due to bad weather conditions is evident. The price of the Journeys also increases when the demand is higher.

Social factors including the change in lifestyle and high percentage of younger population using smartness, indicates the customer needs, which brings them to the market. Technology developments have a major impact on Buyer's business. Increasing role of Internet in people's life is also crucial for Auber to make innovations. Economical factors such as recessions influence directly the customer's budget, therefore their buying power. On the other hand volatile fuel prices can have a huge impact on pricing and they are also quite unpredictable. Legal constraints also have a direct impact on Auber.

Governments have the possibility to ban Auber, which is already the case in Germany, or even set new regulations for Taxi hailing APS such as Auber which can affect their performance in the market. In the next section we under take a SOOT analysis in order to analyze Buyer's Capabilities, which enables us to determine the company's Strengths and Weaknesses as well as pointing out Threats and Opportunities. It is essential in a competitive market to be aware of the weaknesses and threats in order to be able to find solutions for them and also use the opportunities to gain more of them market share and hence increase the revenues.

Figure 2: Presents SOOT analysis Strengths; which consist of internal capabilities, Auber was first in the market which creates a competitive advantage by high consumer awareness. One of the strengths of Auber is that, it has different alternatives for different customers. For example, Auber

POP and Auber car alternatives are available for a cheap and fast drive, whereas if the customer is searching for quality it offers them the Auber Black Car and Auber SUB. Another strength of Auber is that it has spread worldwide starting from USA. It has expanded through 200 cities worldwide.

Moreover, the transactions are easy, safe and trustworthy. It offers a convenient way of traveling for costumers. Weaknesses indicate the areas that could be improved internally. The major point that is considered as a weakness for Auber is that they do not charge flat fees whereas Get, which is their main competitor, offers flat and predictable prices. Moreover, Auber drivers do not have a taxi license, which can cause legal problems by time. However it operates in many cities, Auber does not operate in rural areas, which can be considered as a weakness.

One of the complaints that Auber is facing is the poor consumer service. Auber offers a surge pricing for its drivers and do not hire them, but find them through agents. Analyzing the opportunities in depth we can determine that the most influential aspect in Buyer's business model is the fact that it's a service rather than a product hence they do not have the high sunk costs that their competitors have to deal with. Moreover, being a mobile platform and not having a fleet of taxis, which is highly costly, has enabled the firm to turn most of its revenues into profits.

These revenues are made from transaction costs rather than production cost. Auber does not employ drivers, which in this case allows the drivers flexibility also permit Auber to employ more drivers. The most important external threat for Auber in UK e-hail app market is the decreasing market

share due to competitors such as Get. The flat prices of Get and some other competitors are creating a disadvantage for Auber. Not having the proper taxi license is another disadvantage for Auber. Did from that, there have been many protests by taxi companies in Germany, France, England and other nations accusing Auber to be illegal due to the fact that their driver are not paying the same tax rates as other taxi drivers, and other taxi companies accuse Auber of compromising passenger safety, and undermining legislations which exists for them. Competitors: According to the statistics of market shares of taxi hailing APS in London, Get with 20-30% of market share is the market leader, Auber with 20% shares is the market challenger and Hallo with 10% is the follower in the market.

Auber as the challenger is in a position where they can undertake some of the facilities and services that Get is already providing for their customers in order to be able to improve their service, gain more customer and consequently gain more market share over time. Outlining the competitive landscape is important to appraise competition and indicating the strengths of the competitors can give the company objectives on what can be improved and examine whether they can be implemented by Auber.

According to national statistics from department for transport, it is estimated that there are 78 thousand taxis and 153 thousand licensed private hire vehicles in England. The figures present that the number of PH are twice the number of taxis operating in England. 31% of total licensed taxis and private hire vehicles in England are in London from which we can assume that private hiring is a popular choice for Londoner.

Analyzing Get-Taxi as the market leader we can imply that some of their most influential advantages are: Competing with flat and predictable prices: People who take taxis are not usually loyal to a specific brand and most people would choose the cheaper option and Get has the advantage by having predictable prices without surge pricing. Enables Advance booking: Unlike Auber, Get offers advance booking 2 weeks prior to Journey whereas Auber has failed to implement this feature in their app. Offers 24 hours customer service for driver and customers: Auber has proven to be quite poor at following through with customer enquiries.

On the other hand the only major advantage of Hallo that we came across is the fact that they are the only company, which has a real taxi license for all their cars. 3. Strategic Options: According to Porter, competitive advantage is derived from the value a firm is able to create for its buyers that exceeds the firm's cost of creating it. Utility of Auber can be increased by the following three categories: ; Service: Reducing the time to reach customers when they need the service can enhance Buyer's service.

The cab and the driver have to be reliable and can provide modern and comfortable cabs for service. ; Personnel: service can be provided with professional drivers, drivers must be trained to provide personalized customer service. ; Image: Advertising, promotions on special days and to first users. Porter's Generic Strategies: Porter called the generic strategies has three direction where the market can be segment or focused on particular path. They are 1. Cost Leadership, 2. Differentiation 3. Focus The Focus strategy has been subdivided into two parts: " Cost Focus" and " Differentiation Focus". Refer below figure) The Cost Leadership Strategy This <https://assignbuster.com/marketing-management-uber-analysis/>

strategy will help to gain competitive advantage through two main methods such as maximizing profits by declining costs while selling for average price in the particular industry or growing market share through selling for lower prices, although still producing an even-handed profit on each sale as you've focused on lowering the cost. The Differentiation Strategy This strategy involves in creating your goods or services different from others and are eye-catching for your customers as well as to your competitors.

Differentiation strategy can be achieved in a success way through good exploration about the goods or services, expansion and innovation of the goods or services, and the ability to provide superior quality products or services. This will create an inimitable image in the particular industry and alongside some scopes will lead to be valued by consumers. The Focus Strategy The Focus strategy is concentrating on specific niche markets through considerate the associations of that specific niche market and the exceptional needs of consumers in it. This can be exclusively low-cost or well-specified goods or services on that particular industry.

This will construct strong brand loyalty among consumers. This will lead the market segment to be less attractive to the competitors. Buyer's marketing strategy is to provide a premium service at premium price and have loyal customers. It aims at hip, tech-savvy customers whose time is valuable and who are willing to spend money for convenience. The campaign of Uber focuses on the service. The ice cream campaign in NYC is an example of the difference in convenience and experience. Where else could you have an on demand ice cream rack pull up in front of your house delivering ice cream for few people?

The focus is on providing an extraordinary experience for the customer and let them do the talking about the brand and the unique service. Auber is having partnerships with Virgin America, which offers Buyer's points to its flyer members which increases awareness and credibility to their service. And Trivial is a real-estate company provide prospective renters a discount for up to three apartment visits as long as they registered for this promotion. Potter's Five Forces Analysis states that business can be affected by some facts which re determine the competitive power of the business to drive in reality.

The fact can be classified into five important forces. They are Supplier power, Buyer power, Threat of substitute, Threat of New Entry and Competitive Rivalry. 1 . Supplier Power: the number of suppliers involved determines the supplier power in the particular business and the exclusivity of their goods or service, their business strength and power over your business, and the cost of swapping from one supplier to another. Buyer's suppliers power is high because AUBER don't employ drivers, free- enhanced drivers get register with AUBER and get the training and the guidelines before start their self-employment. . Buyer Power: the number of buyers involved determines the buyer's power in the particular business, the cost to the buyer to swapping from your goods and services to someone else. Buyer's buyer power is high because it's a mobile platform and customers have different alternative services like Get and Hallo. 3. Competitive Rivalry: the number of capability of your competitors determines the competitive rivalry. When the business has more competitors, and if the competitor an offer equally attractive products and services, then the competitive rivalry is high.

Buyer's competitors are Get and Hallo, they provide service in lower cost and they have their own drivers. 4. Threat of Substitution: the number of alternative options of your customers determines the threat of substitute. When the service or the goods has more substitute, then the threat of substitute is high. Buyer's threat of substitute is high because in London there is many substitute such as tubes, trains, buses, and black cabs. 5. Threat of New Entry: the capability of other business can enter into your market space by starting up a similar business like you is the threat of new entry.

If the startup cost is low in terms of capital, time, and technology the new competitor can enter in to your market easily. Buyer's threat of new entry is very high because entering to taxi service business is very easy because the new business needs a simple mobile application and some free-lanced drivers. Alternative Market Directions for Auber Diversification strategies/path: Auber can focus on Event specific marketing like special events such as Valentine's Day, Harvesting day, Children's Day, Christmas and New Year days. Auber can provide facial offers or promotions for its loyal customers.

Personalized Car/Cab with the special trained driver for business people, celebrities and high-class tourists. Market development Strategies/Path: ; Expand the market with average pricing in nearby small cities and rural areas to attract more new customers. ; Initiating and developing new long term partnership with local hotel chains and airport local travel unit to provide transport service such as site seeing, and airport pick & drop to their

customers. ; Initiating and developing new long-term partnership with local schools to provide service for their students.

Initiating and developing new business wing/unit for disabled people to accommodate their transport need with the special features they need. ; Initiating and developing new long term partnership with courier service organizations like Royal Mail, DHL, and FedEx to provide their delivery service to their customers. ; Initiating and developing new long term partnership with local manufacturing companies to support their logistic service such as transporting to shipping, delivering goods to their customers, and transporting their raw materials for their production. 4. Marketing Strategies Uber focuses on hiring local drivers in each city.

They are trying to localize the company in each city in every aspect they see. The effect of that is building a trust between the company, the drivers, and the customers all together. After hiring local drivers, Uber give these drivers trainings and guidelines to teach them the “ Uber Way”. They also provide their employees with a global chat room that they interact in, talk, give ideas and suggestions, and best practices are shared across the company. So by cultivating collaboration and building trust internally and externally, Uber is trying to gain a competitive advantage in order to increase their market share, therefore increasing revenue.

Uber likes to surprise and delight their customers. For example they delivered kittens and ice cream in New York. This is one of Uber's ways to allow customer actions to go viral on social media and offline to try to send their message to new markets in order to gain new opportunities. Uber uses

a unique way in serving their customers. They have a special team whose mission is to make sure customers get their taxi when and where they need them in no more than 9 minutes. They created a referral program integrated in the Auber app.