

Impact of Taxi and Private Hire Booking Apps

Focus groups debrief

November 2016

Transport for London

Contents

- Background and Objectives
- Method
- Overall impact of apps
 - The impact of apps on the market for private hire vehicles
 - The impact of apps on travel behaviour and mode usage
 - The limits of the impact of apps on travel behaviour
- Apps in detail
 - The benefits of apps
 - The drawbacks of apps
 - The differences between individual apps
 - Apps and customer service
- The future
 - The factors behind Uber's success
 - The opportunity and challenge for Black Cabs
 - The sharing economy and UberPOOL
 - Concluding comment

Background and objectives

- The context to this research is the very rapid growth in the use of apps for booking taxis and minicabs, which doubled in a single year from 2014 to 2015, when a third of minicab journeys were booked using an app+
- The overall aim of the focus groups was to understand qualitatively how taxi and minicab booking apps have impacted on the overall private hire market, and particularly whether it has expanded the market or simply shifted demand from one type of supplier to another.
- It follows analysis in New York which suggested that in “taxi-starved” areas 80% of the demand for Uber is generated, whereas in the central business district 87% is captured from existing Yellow cab journeys*.
- The focus groups therefore aimed to explore within a London context key questions such as:
 - Which apps Londoners are aware of, which they use, and why they use them
 - Whether they use apps only in specific circumstances and what these are
 - What the experience of using apps is, what their good and less good aspects are
 - How costs compare with a black cab
 - Whether users of apps have changed their travel behaviour as a consequence of using apps.

+ Black cabs and Minicabs Customer Satisfaction Survey Quarter 3 2015/16, TNS

* The Economist, August 15th 2015

Method

- Three focus groups - 1 hour 30 minutes to 1 hour 45 minutes each.
- Two groups at Steer Davies Gleave office in Waterloo SE1, and one group at Research House, Wimbledon SW19.
- Group 1 – 4 respondents; Group 2 – 3 respondents; Group 3 – 8 respondents.
- Groups 1 and 2 recruited from the PanelBase online panel, group 3 by Animate Research & Vision.
- Research was conducted on 10th & 11th February and 8th March 2016.
- All groups:
 - Mixed gender
 - Wide spread of ages and socio-economic class
 - All users of taxis and/or minicabs
 - All currently use at least one taxi/minicab app
 - Mix of users of different apps
 - Specified apps: Uber, Addison Lee, Kabbee, Hailo
 - Wide spread of frequency of usage - weekly to once every 3 months.

Context - terminology

- The terminology used by Londoners and our focus group participants can be confusing but also quite revealing. It can be confusing because it is slightly at odds with the official terminology – this is particularly important in the context of the verbatim quotes which report exactly what the participants said.
- A key point is that people use the term ‘taxi’ as a generic term for any private hire vehicle, minicab, black cab, or chauffeur drive vehicle.
- The term black cab is used when talking about an official London Taxi, and is used to distinguish the vehicle from a minicab or unlicensed taxi.
 - People do recognise that black cabs are licensed and this is partly what makes them different. There is confusion though over whether minicabs are licensed in any way or not.
- One interesting point is that the term ‘Uber’ has started to enter the language as a specific type of service, with a clear differentiation between Uber vehicles and other minicabs, and even vehicles hired using other apps.

Overall impact of apps

The impact of apps on the market for private hire vehicles

- For those using apps the private hire market has fundamentally changed – the app (and more specifically Uber) is much more than just a way of booking a taxi or minicab.
 - In fact, from the customer point of view the market can be described in terms of the following types:
 - Black cabs, the traditional London taxi
 - Addison Lee – a specific service which is positioned somewhere between a black cab and a minicab, with a focus on the business market
 - Uber – through its scale and marketing reach Uber has successfully differentiated itself from other apps
 - Minicabs – booked either using an app other than Uber, by phone or in a minicab office
 - Chauffeur drive – a relatively niche product for special occasions
 - Unlicensed cabs – that is, cabs that tout for business illegally.
 - It seems that the spending on apps comes partly from user's budgets for social activities: this implies that in terms of transport it is not a 'zero-sum' game but that apps can expand the market.
- *It is so easy to use. It has been quite revolutionary for me.*
 - *I seem to use it more when I have friends or family visiting from abroad because you know it is part of the London experience so they like to ride in a black cab.*
 - *I think it [black cab] is always a bit of luxury.*
 - *Uber works very much on spontaneity or laziness almost.*
 - *It [spending on Uber] is part of your social life.*

The impact of apps on travel behaviour and mode usage

- The availability and use of apps has had a complex set of impacts on behaviour, many of which are quite subtle and hard for users of the apps to recognise. Nevertheless, users indicated each of these effects:
 - An increase in use of minicabs facilitated by increased convenience combined with a lower cost
 - An associated increase in spending on minicabs
 - Switching some trips from bus (particularly night buses) to minicabs
 - Switching some walk trips to minicabs
 - Switching of trips by traditional minicabs to minicabs booked via an app
 - Switching some trips from taxi to a minicab booked via an app.
 - At the same time it is worth recognising the current limits to these effects...
- *I feel like I do more or go further afield because I can get an Uber.*
 - *I would say I am using taxis more with the app. Like I say I am very much 'Oh just get a taxi it will be here in a minute, lets do that and do that'. It has taken the place of walking and tubes really.*
 - *I feel like I don't use the night bus as much anymore.*
 - *I would say there is a time for Uber and a time for public transport where they do not cross over.*
 - *It has made me lazier. I have to go to the doctors sometimes and I can get a bus and it is only fifteen minutes and I think I can't be arsed I will just get an Uber it is only four quid.*

The limits of the impact of apps on travel behaviour

- The effects on travel behaviour of apps appear to be constrained currently due to the limits of the circumstances in which the apps are commonly used.
 - The core market for apps currently is spontaneous leisure trips, particularly at night or in places where hailing a taxi is difficult.
 - Uber in particular has tapped into and developed this market, and conversely therefore is not widely seen as an option for business trips or planned leisure trips such as to an airport (the market for which is largely minicabs booked by phone).
 - The Addison Lee app seems to have helped the brand to secure its place in the market and to retain its loyal customers. It's less clear whether its had a more fundamental impact on behaviour, with the same being true of black cab apps such as Hailo and Gett, the role of which seems to be more about defending their position against the newcomers.
- *When you are in a black cab it feels like it is very professional. Sometimes when you are with other companies including with Uber it can feel like you are just in someone's car.*
 - *I have always used local minicabs for the airport because for early flights you need to be sure.*
 - *Sometimes you do just put your hand out in the road. I like that actually when you put your hand out and they stop for you, which is really cool. I don't have to even call someone I just have to do that (waves hand). That is definitely even better than an app.*

Apps in detail

The benefits of apps - overview

The things participants liked about the best apps can be summarised as:

1. Super convenient
2. Better value for money
3. Shared benefits from incentivisation
4. Virtually instant
5. Feeling of safety through provision of information
6. Modern and fun – the ‘in-thing’.

- *Cashless is a big plus for me ... I also like the idea that you don't have to tip as well because the price is the price. It isn't that you then have to start giving cash as well or even include a tip in the quote; I mean the quote you get is the quote the journey is going to cost in advance.*
- *There are lots of their details, name, number plate, picture, so you feel that they are easy to trace. And also because all these people have been reviewed before you can check if it is someone you can trust because I guess you know there is always a little bit of suspicion so I feel like you know I like the fact that you can know a little bit more about this person who is going to drive you home.*

The benefits of apps – 1

Super convenient

- Since most taxi/minicab users have a mobile phone with them, using an app is extremely quick and easy.
- It means the booking can be done without unnecessary interactions with other people.
- The GPS means the taxi/minicab knows where you are and can find you easily wherever you are, even if you don't know yourself.
- There's no need to carry cash.

Better value for money

- Not only are fares lower, but payment is remote and painless making it feel even less expensive.
- There's certainty over the fare.
- There's no meter reminding you constantly of how much it's costing you.

- *I use them because I have got them in the palm of my hand.*
- *I do find it convenient using Uber if I don't have cash on me, as my card details are stored.*
- *It has made taking a taxi easier...It knows where I am so it has made it easier.*
- *You know up front how much you are going to pay.*
- *I never enjoy black taxi rides because I am sitting there watching the meter – how much is it going to cost me.*

The benefits of apps - 2

Shared benefits from incentivisation

- Word of mouth recommendation appears to have been the key to the quick adoption of app technology, and this in turn has been driven by referral code promotions for new users.
- The key here is that this has mutual benefits for both parties: both the recommender and new user receive money off.
- This can even lead to competition between friends to see who can make the most recommendations.

Virtually instant

- An attraction is that all you have to do is press a few buttons and a vehicle is on its way, and then arrives just a few minutes later. There's no waiting for someone to answer the phone, and (generally) no waiting for a vehicle to be available.

- *When he said it I thought 'Oh many people keep talking about this Uber. It is the best thing, it is the next level, you don't have to worry about money. So I thought 'Alright then I will do it because you are obviously getting a kick back'. So then I thought this is pretty great.*
- *I was under pressure to use it and it became a bit of a competition in our house to recommend other friends because you would get the ten pounds off.*
- *That is the really great thing about it. It knows where you are and it comes to you instantly. In two minutes or three, which is really good.*

The benefits of apps - 3

Feeling of safety through provision of information

- Using an app is quite a different experience because of the amount and quality of information provided:
 - Where the car is, when it will arrive
 - What the fare will be
 - Colour, make, model, and registration number of the car
 - What the driver looks like, their telephone number
 - The driver's rating.
- This means that users feel safer and less anxious – it all provides peace of mind.

Modern and fun – the 'in-thing'

- A less tangible but still important benefit (for some) is that apps are in vogue.
 - They are seen as progressive and using the services are a topic of conversation.

- *But they send you a photograph of the driver - they know who is going to be driving you and you know who is going to be driving you...I feel really safe. I am happy.*
- *I love that you can see the car coming to you, where it is. You know exactly how long it is going to be cause it counts the time down for you.*
- *You feel safe as a woman that you have all this information in front of you.*
- *They have to make that effort [because they are rated] or else they won't get repeat business.*

The drawbacks of apps - 1

The apps are not perfect and some drawbacks and issues were highlighted (see below).

In general, these drawbacks were forgiven and far outweighed by the benefits:

1. Deficiencies with GPS
2. Issues with mobile phone battery life
3. App usability issues
4. Minimum charges
5. Surge pricing.

Yes well while GPS means you don't need to know every street in London the really good thing about black cab drivers is that if they need an alternative route or if the GPS takes you down the main road or the straightest route, a black cab driver can say 'Well it is Friday night and if I take you down by Liverpool Street Station we are going to be stuck in traffic for an hour so actually I can do these back routes and get you there more quickly'...It is nice that black cabs will know the fastest route and also I feel that when I've got black cab they haven't ripped me off trying to make the journey longer - they have always taken back routes and made the journey shorter.

The drawbacks of apps - 1

Deficiencies with GPS

- May not be accurate every time – can cause difficulties for driver and passenger finding each other.
- Drivers tend to be reliant on GPS for directions:
 - Can lengthen journey and cost more
 - Do not know short cuts to avoid traffic, road works etc.
 - May ask passenger to direct – can irritate – it is meant to be a service.

Issues with battery life

- Limited battery life can mean that the phone ‘dies’ so cannot book via app in the first place.
- Or phone may die after having made the booking so driver can’t ring you and may not be able to find you.

- *I think it can take you a long time to get to where you want to go because they do not know all the short cuts and some roads are chock a block with traffic...*
- *You do not have that problem with a black cab - they do the Knowledge*
- *So my phone died just as I ordered it and it was only two minutes away. So I literally ran down the road looking for this car and I remembered the registration and I flagged him down so it was fine.*

The drawbacks of apps - 1

App usability issues

- There can be some lack of clarity on how to use the app, especially for first time users.
- This can result in booking a minicab by accident when actually just looking for an estimate.

Minimum charge

- There was some irritation that even when a minicab is booked by mistake or cancelled, there's still a charges (of £5).

Surge pricing

- Surge pricing evoked some differing reactions:
 - Many dislike it and find it unacceptable at any time
 - Some feel it is acceptable on certain occasions such as New Years Eve - drivers are working whilst others are on holiday
 - Some acknowledge that it is just a factor of supply and demand , and that it means they will be able to get a taxi/minicab more easily at busy times.

- *That is one thing when you try the fare estimate you actually book it when you are just trying to see how much it will be. And then you panic and just go out of the app but you have already booked it.*
- *You should not be charging me that five pounds - that really irks me.*
- *The price surge is the one thing I really hate about Uber. It is a Saturday night and it is three in the morning and they really put the price up.*
- *It [doubling the price]was fine by me because otherwise they would have been inundated.*

The differences between individual apps - 1

Uber

- Uber is quite clearly THE taxi/minicab app
 - The most well known, the most widely used
 - Considered by some as ‘revolutionary’
 - Good enough service that many feel no need to look at alternatives
 - It is even entering our language as a verb “let’s Uber it”.
- It benefits from scale and being international
- Provides some good options in terms of:
 - Types of car
 - Splitting fares / sharing / pooling.
- Customer service seen to be good.
- Main negative identified was not being able to book in advance.
- Professionalism, knowledge of London and language skills of drivers varies, but seen to be above average on the whole due to driver ratings.

- *It is big so the chances are that there is going to be a taxi near you.*
- *Yeah I think Uber is probably the cheapest.*
- *So you have a trust in something that has a worldwide reputation.*
- *Uber has had a large amount of press; there have been lots of articles about Uber.*
- *We all order Ubers when we finish [work] to take us back to the hotel.*
- *Yes you can get a luxury car or a people carrier type car. You can get everything.*

The differences between individual apps - 2

Addison Lee

- Well known and trusted brand generally felt to be between Uber and black cabs in terms of professionalism and fares:
 - More expensive than Uber; cheaper than black cabs
 - Drivers more professional than Uber; but have not done the knowledge like black cab drivers.
- Often used for work accounts but sometimes for personal use too.
- Were innovators before Uber - but now playing catch up.
- Main differences with Uber are that:
 - Can book in advance – good for airports, hospital trips
 - Choice of how to pay – on account, card or cash
 - Drivers and cars consistently smart and professional
 - But less London wide availability than Uber.

- *They are very reliable, very trustworthy. I would never put my boss in an Uber but I would put him in an Addison Lee.*
- *They are a lot more professional. And I do use that [Addison Lee] a lot more for work than for personal use, as they are quite expensive. But yeah, I do prefer Addison Lee.*
- *I would compare Addison Lee with black cabs and Uber with Kabbee and minicabs.*

The differences between individual apps - 3

Hailo

- A few had used Hailo in these groups which was generally known to be a black cab app:
 - App was rarely used by them and some has deleted it
 - More expensive than Uber
 - Only suitable for Central London.
- Very patchy experience of taxi availability via Hailo:
 - Often predicted wait times of 25 minutes – too long for most
 - Some bad experiences – e.g. booked for airport but cab 30 mins late.

Kabbee

- Two of our participants had used Kabbee: mixed experiences.
- Point of difference is that it is a comparison site.
- Can book cars in advance.
- Can pay by account, card or cash.

- *I downloaded it [the Hailo app] and to be honest it was pretty good until I saw the Uber app and the Hailo app just had not kept up with that progression I think.*
- *'Hailo' - I have heard about that one but I have not used it because you see I have not seen promotions for other cab apps. Not even on the Internet. Uber is really well promoted. Other ones not so much.*
- *Well yes Uber is competitive generally but with Kabbee it gives you options with different mini cab companies as well so definitely you have more options price wise.*

The differences between individual apps - 4

Other apps

- A number of people had used other apps on the odd occasion.
- These included Bounce, Wheeley, Minicabster, Gett, Cabbit, Dial-a-cab.
- However none had stuck with these apps for various reasons
 - For one user Bounce didn't ever show that there were taxis available so the user deleted it
 - Gett offers black cabs and prices are high vs. alternatives.
- So people migrated over to Uber for most journeys.
- Customer Satisfaction Survey (CSS) data* confirms the dominance of Uber which represented 70% of all app minicab bookings in (Addison Less was second with 10% and Hailo third with 8%).

- *I have Uber, Addison Lee, Kabbee, and Hailo. And the reason being especially at night on a Friday and Saturday night the waiting time could be quite long so I do just check all of them to see you know which one is the fastest.*
- *They [Uber] have just taken over. Drivers are not going to Bounce or these other ones...It is like one gets the monopoly and everyone is recommending it to everyone and they are just wiping the floor with all these other ones.*

* Black cabs and Minicabs Customer Satisfaction Survey Quarter 3 2015/16, TNS

Apps and customer service

- Most people in these groups had had no problem with using their taxi/minicab apps so had no experience of using customer services.
- It was often clear how to email customer services but finding a telephone number could prove more difficult.
- All want to be able to call so want a telephone number prominently displayed on the app.
- Those that had contacted customer services were generally happy with their experience – customer services tended to be very responsive and sympathetic to customers – this would seem to be a deliberate policy adopted by the app operators.
- But there was one incidence with Uber over an outstanding fare which was not resolved so the woman had to get another phone to be able to use the app again as her original phone was barred.

- *I had an Uber driver who threatened me and my friend to get out of the car in East London at four in the morning and he then took us home to New Cross via Vauxhall...I emailed Uber and they actually gave me some compensation for it because it was so stressful and it actually put me off using Uber for a little while.*
- *I like talking to someone over the phone; it is like I like being heard.*

The future

The factors behind Uber's success

- It would be misleading to pin the success of Uber down to one thing: there are many factors including:
 - They have recognised the fact that the world is becoming increasingly fast moving with people becoming increasingly impatient, so looking for quicker and easier ways of doing things.
 - Other trends they've tapped into include:
 - The desire for accurate real time information
 - Increasing reliance on mobile technology
 - The move away from cash and even from cards
 - The expectation of instant customer feedback
 - The sharing economy and car-free lifestyle.
- Arguably, these all apply to any app, so what makes Uber different?
 - Perhaps the key factor is the scale of their ambition and vision – their starting point is to think big and not to expect overnight success, but to have a longer term view
 - They can afford to do this in part because of their international standing.

- *As soon as I said 'Taxi', he said 'Oh don't call a taxi use Uber'.*
- *It does it all for you. It pinpoints where you are doesn't it? If I got my app out now it would tell me where they are, what's available. It has got your history in there so I know that if I am going to the airport or I am just going home it is all there so I can just click it immediately and it will give me the fare estimation and it is all done.*
- *Also it [Uber] is international. It is everywhere.*

The opportunity and challenge for black cabs

OPPORTUNITY

- Iconic, traditional values
- Part of the image of 'London'
- On the tourist to do list
- The Knowledge
- A treat
- Transparent, honest
- Vehicles everyone can use

CHALLENGE

- Old fashioned, out-dated
- Only available in central London
- For visitors not Londoners
- Increasing use of sat-navs in place of the knowledge
- Only for special occasions
- Relies on meters and cash
- Mixed attitudes of drivers towards people with disabilities

I did not know who Uber were until there was a massive taxi gridlock with all the taxis objecting to them so that is what made me go and explore and that is when I found out about Uber.

I feel sorry for the black cabs because they are just not moving with the times and like they are an institution. And if I had money I would travel in black cabs the whole time.

The sharing economy and UberPOOL

- While there was some evidence of the growth of the sharing economy, it appears only to be reaching a minority as yet.
 - One participant had tried giving up their car and it would appear that apps such as Uber has helped them maintain a car free lifestyle.
 - There was some awareness of UberPOOL and some interest in using it, but also a lot of scepticism.
 - Given a sufficient price-differential this reluctance to share personal space is likely to be eroded, albeit probably quite slowly unless there's a significant disruptive event which forces a change in attitudes.
- *We just thought why don't we get rid of the car and see how we get on without it. It started out as a bit of an experiment really and we have not missed it, not at all.*
 - *I just feel like I might be vulnerable. I just would not feel comfortable sitting in a car with a stranger on my own.*
 - *I would not want a stranger coming outside my house at a certain time of night.*
 - *I think it is a great idea if money is the issue. If money isn't an issue I certainly wouldn't bother. It [saving money] is the only driving force to use the Pool.*
 - *I think the less cars we use the better so if we can car share we create less [environmental] damage.*

Concluding comments

- The impact of taxi/minicab booking apps is complex and uncertain, in part because their very rapid growth has not yet allowed the market to settle down. The growth has been led by Uber which is in a dominant position within this market, and may be difficult to dislodge.
- Addison Lee has also managed to establish a strong market position which its app can help it to maintain.
- Currently, the black cab apps such as Gett have made relatively little impact, and this is mainly because, unlike Uber, they are basically just a method of booking a black cab:
 - It is important to recognise that 'Uber' is becoming a new form of private hire, distinct from other minicabs. This is a consequence of various features of Uber such as the way fares are paid, the information which is provided to users, and the ratings system which is perceived to be a way of ensuring quality standards are maintained.
- In terms of the future, one point to note is that Uber has demonstrated an ability to be agile, so can be expected to react quickly to emerging trends and issues, including competitor activity.
- It does appear that by leveraging new technology, Uber has expanded the overall private hire market (and potentially the overall travel market), as well as capturing demand from other modes including bus, walk, and black cabs*.
- In terms of the future for black cabs, while there is an affection for them and a desire to see them survive, there is also a need for them to modernise, albeit in a manner which doesn't compromise their core values.

* Based on CSS data (Q3 2015/16) 15% of minicabs trips booked by an app were abstracted from black cabs

DISCLAIMER: This work may only be used within the context and scope of work for which Steer Davies Gleave was commissioned and may not be relied upon in part or whole by any third party or be used for any other purpose. Any person choosing to use any part of this work without the express and written permission of Steer Davies Gleave shall be deemed to confirm their agreement to indemnify Steer Davies Gleave for all loss or damage resulting therefrom.