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Uber South Africa: Driving in a New Direction

Presented to Uber South Africa

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Executive Summary

Opportunities

Global leader in ride sharing

Until recently, and exclusive offering

Large public transportation market

Key Questions

How to improve local perception of brand?

Ensure safety of drivers and passengers?

Which payment gateways?

Recommendation



marketing tailored to local needs.

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Analysis

Strengths

International company

Polished and reliable app and processes

Large financial backing

Opportunities

Taxis / microbuses a popular form of transportation

All income segments

Weaknesses

Low connection to locals

Seen as undercutting local taxis

No strong vertical integrations

Threats

Local backlash against international company

Safety of drivers

Competition from Zebra Cabs

South Africa: and opportunity with contrasts

One of Africa's most developed countries

Economic Inequality

Strong national pride

High crime and unemployment rates



High Use of Public transportation



Entrepreneurial opportunities

Analysis: Taxi and microbus models

Single ride

- High comfort
- High price
- Customized service

Uber microbus

- Sophisticated algorithms increase availability and speed
- Comfort and maximum capacity
- New and safe

Traditional microbus

- Packed with people
- Unsafe and unpredictable

Alternatives

Food delivery

Already established

B2B

Not Uber's core competency

Focus on top Quintile

Higher margins

Exclusive product

Cashless

Small customer segment with high car ownership

Local Focus
Solution

Unique South African tailored service

Many payment gateways

Focus on local entrepreneurship

Improve local image

Recommendation: Local Focus

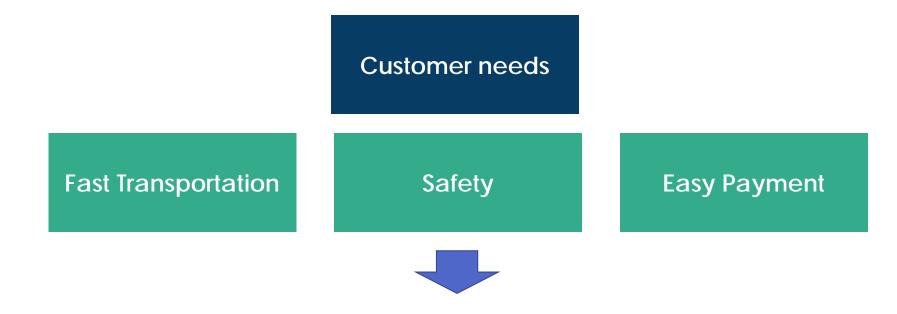


What Service?

What Payment gateways / safety assurances?

Marketing Strategy

The Uber Local Focus Service



Customer Perspective

- 1. Get a prepaid card from your nearest convenience store
- 2. Choose from either a month-long subscription or a value card
- 3. Use a smartphone app or SMS to request a ride
- 4. A ride-share microbus picks you up and delivers you to your destination

The Uber Local Focus Payment Gateways

Prepaid Cards

- Month-long subscriptions or value cards
- Physical and mobile cards (QR Code)
- Discounted: 50% on monthly, 30% on value pay-as-you-go.

Cash Payments

- Priced higher than pre-paid
- Still important to keep this option available

Credit Cards

Infrastructure exists



Get closer to customers with local efforts

Bus buy-back program **Driver training Driver perks** Provide driver training Entrepreneurial Free lunch to motivate opportunity for drivers Insurance Increase safety

The Uber Local Focus Marketing

Local Drivers

 Build on SA local pride

Billboards: "Drive with Joe"

"Safety in Numbers"

- Two employees per bus: driver and concierge
- Buses running at full, but not over-capacity

Radio Ads

Free Cards

First time
 customers can
 get a free tryout
 of two-week
 subscription

In retail locations

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4 different pricing options

	1. Subscription	2. Pre-paid card	3. Cash payment	4. Mobile phone payment	5. Credit card (traditional)
Description	1 month and	J 1 J	For irregular minibus users	Common and safe payment option in Africa	Normal Uber pricing
Price	P - 50%	P - 30%	P + 20%	P -30%	Р
	17.00	0.40	0.68	0.40	0.57

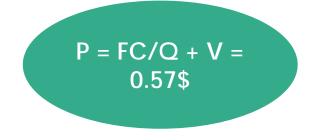
Pricing based on the break-even model

PRICE = FIXED COST / QUANTITY + VARIABLE COST

Fixed costs a year	
Price of bus \$	20,000
Lifetime of a bus (years)	10
Cost per year (10 year depreciation) \$	2,000
Number of buses needed	50
Other fixed costs \$	500,000
FC/year	600,000

population in south Africa	70,000,000
population in Johannesburg	10,000,000
3 lowest quantiles	7,500,000
Bus and Taxi users	6,000,000
Uber 20% market share	1,200,000
-> Q =	1,200,000

Variable cost	
Driver + Safety (hour wage)	4
Nr of people in bus	10
Time of ride min	10
Cost of 1 ride \$	0.07



Risks and mitigation plan

Pricing is too high

- Offer discounts for subscription and entering
- Change target group to higher income

Legal ban

- Work with government to gain trust
- Ensure good service level and safety

Customers remain loyal to local business

- Put effort in marketing to show that the business operates locally
- Take care of the employers

Conclusion

Local Focus Solution

What Service?

Ride Sharing

What Payment gateways / safety assurances?

Diverse payment gateways, focus on prepaid

Marketing Strategy

"Locals drivers"
"Safety in
Numbers""