

SIGNIFICANCE AND ASPECTS OF THE DIGITAL PLATFORM IN UBER`S BUSINESS MODEL

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INTRODUCTION

SIGNIFICANT INCREASE IN SHARING ECONOMY PLATFORMS

UBER'S APPEARANCE ON THE MARKETS AND BECOMING CENTRE OF DISCUSSION

- ▶ CHANGING THE OFTEN STANDARDIZED OPERATIONS OF TAXI COMPANIES
- ▶ EXPONENTIAL GLOBAL DEVELOPEMENT OF UBER BY:
 - ▶ RELYING ON THE SHARING ECONOMY CONCEPT
 - ▶ ITS AGRESSIVE APROACH
 - ▶ „*beg for forgivness rather than beg for permission*” policy
 - ▶ CLASSIFICATION OF ITS BUSINESS MODEL AS „ride-sharing”
 - ▶ USAGE OF LEGAL GAPS IN THE REGULATORY FRAMEWORK

UBER`S BUSINESS MODEL

- ▶ VEHICLES DID NOT MEET TECHINICAL AND SAFETY REQUIREMENTS
- ▶ UNLICENSED DRIVERS
- ▶ NECESSARY PERMITS NOT OBTAINED
- ▶ LOWER PRICES
- ▶ RELYING ON CONSUMER SUPPORT AT THE MOMENT OF THE „RETROACTIVE REGULATION”

UBER`S BUSINESS MODEL

Germany

- ▶ Prevention of further deregulation and Uber`s expansion
- ▶ Joint action of trade unions and taxi driver`s union

USA

- ▶ Further deregulation

DIFFERENT REGULATORY OUTCOMES
ON TAXI MARKETS WITH SIMILAR
CONDITIONS

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- ▶ LEADER OF THE UBERIZATION PROCESS
 - ▶ *on-demand* services
 - ▶ avoids classic taxi service provider classification
- ▶ IDEA OF PROVIDING SERVICES AND PREFERENCES AT THE REQUEST OF THE CONSUMER
 - ▶ for every consumer request there is an application that meets such request
- ▶ INTRODUCING NEW WAYS OF PROVIDING TRANSPORT SERVICES
 - ▶ based on saving consumer`s time and effort, while justifying and maintaining affordable prices

UBERIZATION

- ▶ MARKET ACCESS
- ▶ CHANGE OF ATTITUDE TOWARDS THE OWNERSHIP OF GOODS/SERVICES
 - ▶ ACCESS TO GOODS/SERVICES
 - ▶ GREATER INTERACTION BETWEEN ENTITIES INVOLVED IN THE CONCEPT
 - ▶ CREATING AND INCREASING MARKET SUPPLY AND DEMAND
- ▶ RAPID GROWTH OF ENTITIES INVOLVED IN SHARING ECONOMY CONCEPT

THE CONCEPT OF SHARING ECONOMY

- ▶ INCREASE IN COMPANIES COVERED BY THE SHARING ECONOMY CONCEPT
 - ▶ adding 500-600 milion euros to EU economy
- ▶ INCREASE IN PUBLIC AWERENESS
 - ▶ half of the EU population knew about collaboration platforms
 - ▶ 27% aged 25 to 39; 22% aged 40 to 54 used them
 - ▶ CRO – 24% use of collaboration platforms

IMPACT ON THE EU

- ▶ ENCOMPASSES BUSINESS MODELS IN WHICH ACTIVITIES FACILITATED THROUGH COOPERATION PLATFORMS
 - ▶ FREE MARKET FOR TEMPORARY USE OF GOODS/SERVICES PROVIDES BY PRIVATE INDIVIDUALS

- ▶ ENCOMPASSES THREE TYPES OF ENTITIES:
 1. SERVICE PROVIDERS
 2. USERS
 3. **INTERMEDIARIES**

CONCEPT OF THE SHARING ECONOMY ACCORDING TO THE EUROPEAN COMMISSION

► TWO MAIN ACTIVITIES:

1. SUPPLY OF GOODS/SERVICES

2. **MEDIATION**

- most often performed by internet platforms
 - **INFORMATION COMPANY SERVICES**
- they can offer other services – combining supply and demand
 - **SERVICE PROVIDERS**

„MEDIATION”

- ▶ SERVICE PROVIDER

- ▶ Provided for remuneration
- ▶ Providing under same conditions as prescribed for nationals of state

- ▶ INFORMATION COMPANY SERVICES

- ▶ via an electronic platform for a fee
- ▶ Such contract entered into and executed with distance
- ▶ Performance of services may differ from the place of establishment
- ▶ Transmission or storage of information received by users
- ▶ Open EU market

SERVICE PROVIDER OR INFORMATION
COMPANY SERVICES

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- ▶ Opened the door to EU market
- ▶ TWO TYPES OF SERVICES AND TWO DIFFERENT ENTITIES THAT PROVIDE SUCH SERVICES:
 1. UBER`S DIGITAL PLATFORM – information company service
 2. UBER DRIVER – transport service
- ▶ only possible if Uber provided only electronic service

UBER AS A INFORMATION COMPANY SERVICE

- ▶ UBER
 - ▶ DIGITAL APPLICATION
 - ▶ TECHNOLOGY AT THE LEVEL OF THE COMPANY ITSELF
 - ▶
 - ▶ Connecting and enabling contacts of entities involved
 - ▶ Prediction of expected supply and demand
 - ▶ Number of application openings
 - ▶ Location of areas with increased demand
 - ▶ CREATES SUPPLY AND DEMAND

LEGAL NATURE OF SERVICES PROVIDED BY UBER

ELECTRONIC SERVICES

- ▶ Digital application
 - ▶ Location of drivers
 - ▶ Connection of drivers and users
- ▶ SECONDARY

TRANSPORT SERVICE

- ▶ Provided by Uber drivers
- ▶ PRIMARELY

INTERCONNECTION AND
SEPARABILITY OF SERVICES

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▶ **TO PROVIDE TRANSPORT SERVICE**

- ▶ digital application:
 - ▶ PREPARATORY PHASE
 - ▶ enables main purpose – PASSENGER TRANSPORT

▶ **SUPERVISES AND ORGANIZES MAIN ELEMENTS OF TRANSPORT SERVICE**

1. PRICE
2. SAFETY CONDITIONS
3. REQUIREMENTS FOR DRIVERS
4. AVAILABILITY OF TRANSPORT OFFER
5. DRIVER BEHAVIOUR

MAIN PURPOSE OF UBER

- ▶ UBER as the application holder exerts influence on Uber drivers
 - ▶ making services inseparable – ECONOMIC FACTOR becomes crucial for their separation
 - ▶ digital application – NO ECONOMIC VALUE
- ▶ **inseparable form passenger transport service**

MAIN PURPOSE OF UBER

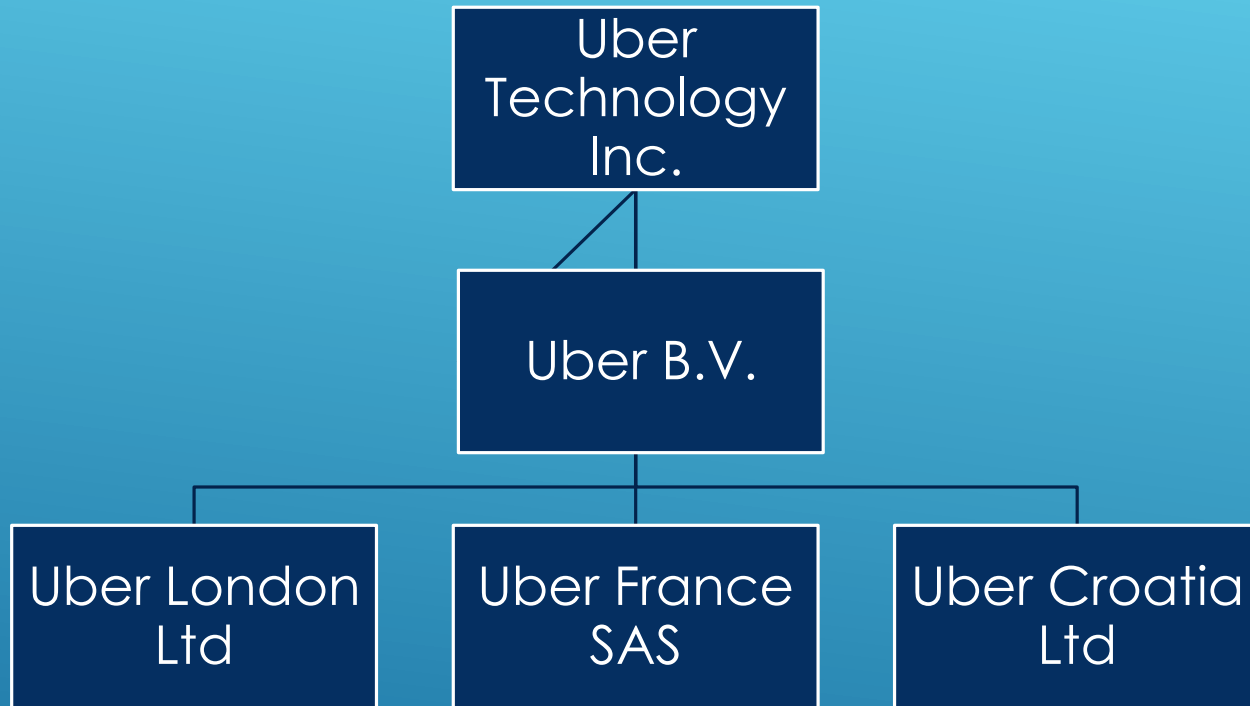
▶ **RIDE-SHARING**

- ▶ digital platform only connects passengers
 - ▶ reducing travel costs
 - ▶ faster transportation

▶ **INTERMEDIATION**

- ▶ intermediary concludes contract of carriage (upon the order of the driver)
- ▶ commission for the conclusion of said contract
 - ▶ establishment of the contractual relationship – if there is certain possibility of implementation of said contract

INTERMEDIARY AND RIDE-SHARING CONCEPT



UBER'S CORPORATE STRUCTURE

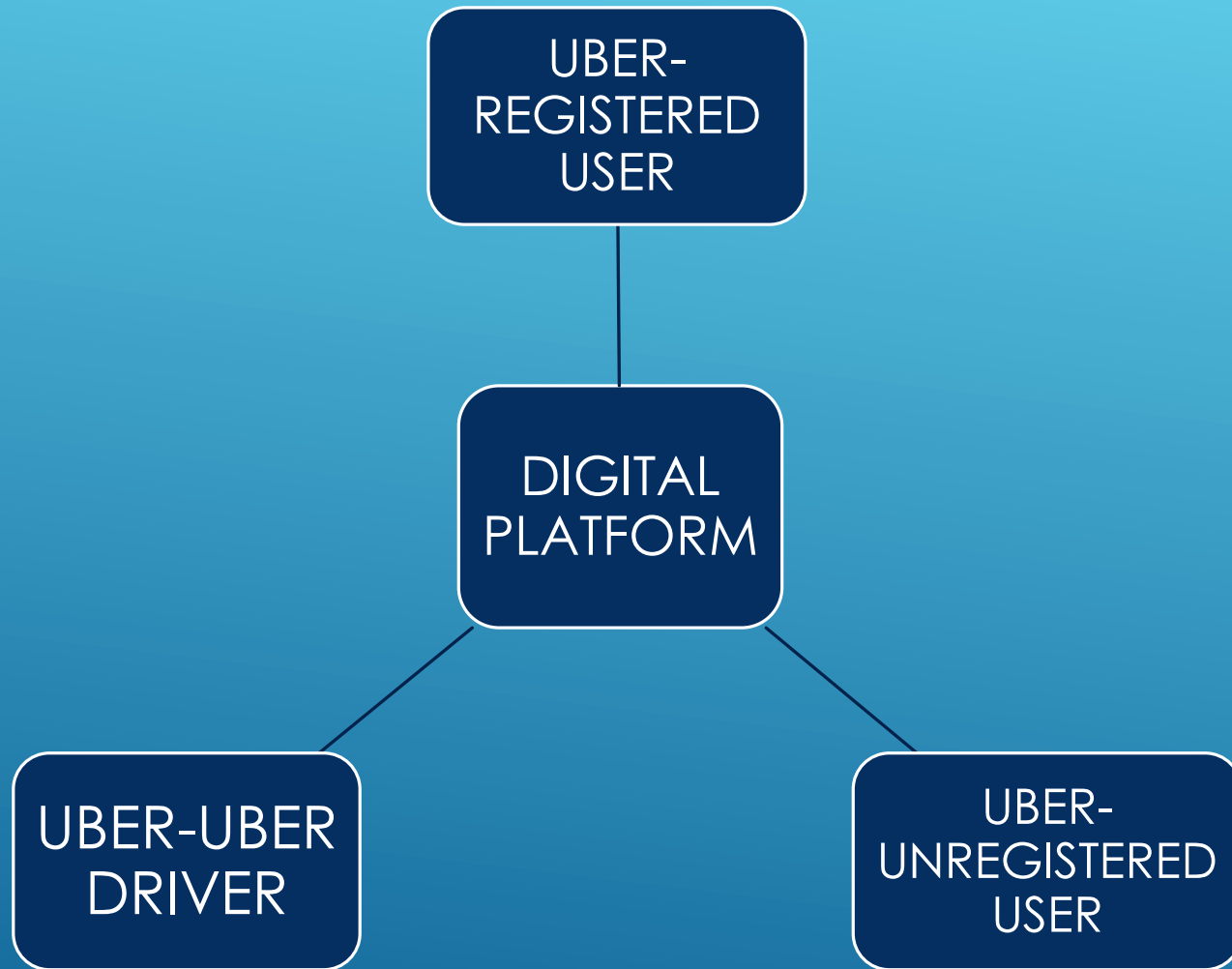
MULTINATIONAL COMPANY

UBER B.V.

registered in Netherlands

Provides the digital application

Establishment of three-way relationship



RELATIONS

Uber's digital platform as the basis
of
**contractual and extracontractual
relations**

UBER – REGISTERED USER

- ▶ INSTALLATION, REGISTRATION AND LOG IN
 - ▶ entering personal data
 - ▶ accepting Uber`s terms and conditions
 - ▶ becoming registered user
- ▶ Uber automatically withdraws calculated amount from bankcard
- ▶ no pressure to tip the driver

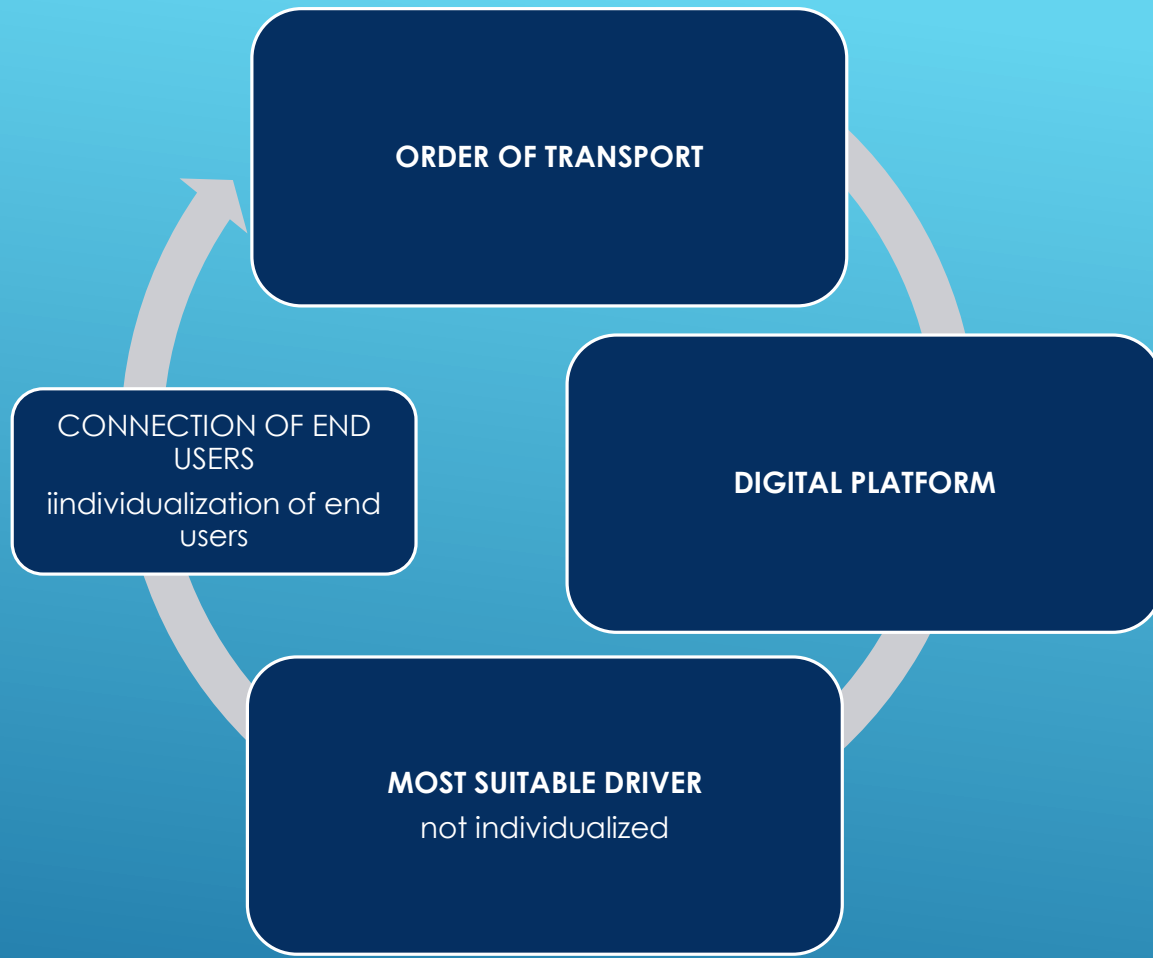
UBER – UNREGISTERED USER

- ▶ no actual possibility of influencing any of the elements of the transport
 - ▶ no access to the application
 - ▶ registered user acts as a intermediary
- ▶ damages?

RELATIONS UBER REGISTERED AND UNREGISTERED DRIVER

- ▶ **UBER DETERMINES PREREQUISITES** FOR POTENTIAL UBER DRIVER
 - ▶ PRESENTATION OF DRIVER`S LICENSE
 - ▶ PROOF OF VEHICLE REGISTRATION AND INSURANCE
 - ▶ CHECK OF DRIVER RECORDS AND DRIVING HISTORY

UBER – UBER DRIVERS



UBER – UBER DRIVERS

► FOUR ESSENTIAL ELEMENTS OF EMPLOYMENT:

1. VOLUNTARINESS
2. OBLIGATION TO PERSONALLY PERFORM WORK
3. SUBORDINATION
4. PAYEMENT

UBER DRIVERS –
EMPLOYEES, SELF-EMPLOYED OR
SOMETHING ELSE?

TAXIMETERS

- ▶ tariffs
 - ▶ minimum and maximum amount of prices
 - ▶ change of price NOT ALLOWED
- ▶ subject to technical inspections

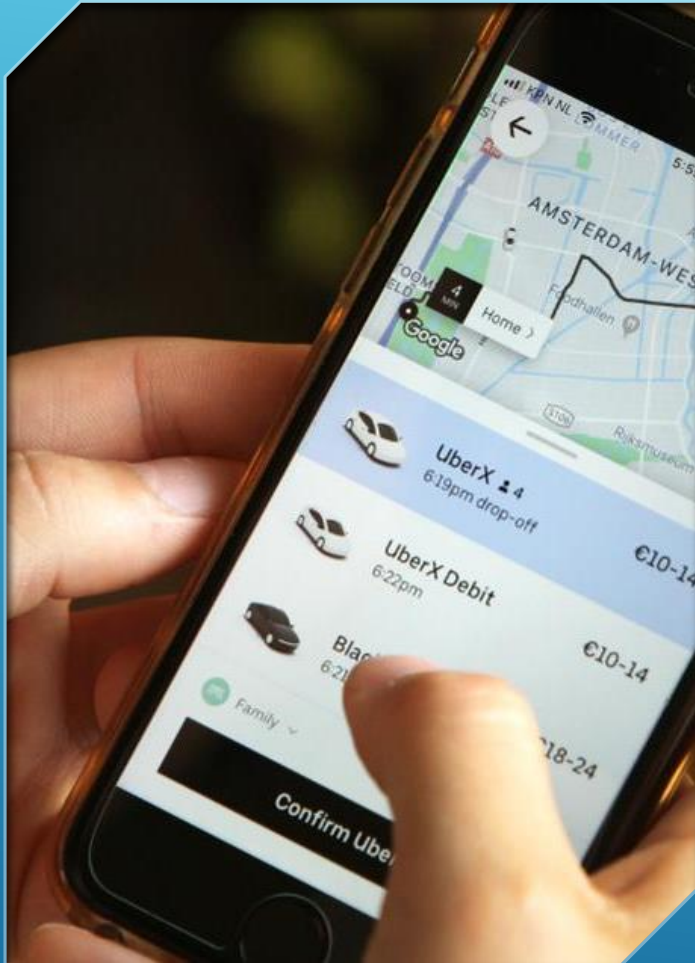
DIGITAL APPLICATION

- ▶ not a subject to technical inspections
- ▶ algorithm not publicly recognized or approved system for measuring and determining prices
- ▶ possible manipulation of price
- ▶ price viewable only upon ordering
- ▶ change of price during transport

DYNAMIC PRICING SYSTEM

- ▶ UPON UBER`S ENTRY – NEED FOR NEW SET OF RULES
- ▶ FURTHER DEREGULATION
 - ▶ implementation of digital platforms as equivalent to taximeters
 - ▶ abandoning the obligation to use tariff models and taximeters in determining the price of transport
 - ▶ issuing license connected to proving financial ability
 - ▶ Issuance of permits not connected to the residence of taxi provider

IMPACT ON THE CROATIAN MARKET AND ZAGREB TAXI TRANSPORT



CONCLUSIONS

not a simple intermediary

need for a faster reaction from regulatory bodies

clarification of the new definitions and set of rules

impact of the COVID-19 on taxi transport