



# **Exploratory study of consumer issues in online peer-to-peer platform markets**

Task 4 – Uber – Case study report

February 2017



Justice and Consumers



## EUROPEAN COMMISSION

Produced by Consumers, Health, Agriculture and Food Executive Agency (Chafea) on behalf of  
Directorate-General for Justice and Consumers  
Directorate E - Consumers  
Unit E.1 – Consumer Policy

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EUROPEAN COMMISSION

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Directorate-General for Justice and Consumers  
EU Consumer Programme

2017

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## 1 Introduction

### 1.1 Platform overview

Uber is an urban transport platform (“transportation network company”) that connects people who need transport in cities (peer consumers) with drivers.<sup>1</sup>

Uber is headquartered in San Francisco, California. As of 2016, Uber operates its services in 82 countries worldwide<sup>2</sup>, including 66 cities in 21 EU Member States.<sup>3</sup> Uber has 40 million monthly riders worldwide, but this number is not available in the EU.<sup>4</sup>

#### What is a Transportation network company (TNC)?

In the U.S., TNCs are companies that provide “prearranged transportation services for compensation using online platforms (website or mobile apps) to connect passengers with drivers using their personal vehicles.”<sup>5</sup> The term has been coined by the California Public Utilities Commission (CPUC) when designing a regulatory framework for companies like Uber, Lyft or SideCar. European institutions sometime use this term in their work aimed at analysing the social, economic and legal impacts of those companies in Europe, even though this a U.S. regulatory concept.<sup>6</sup>

According to a European Parliament Briefing, TNCs are examples of collaborative consumption because their business model allows people to share goods and services using ICT resources. TNCs are rapidly expanding all over the world, as part of new mobility solutions complementary to private cars and public transport.

The concept of TNC does not exist in EU secondary legislation. The EU Court of Justice (CJEU) has been requested by a Spanish judge to issue a preliminary ruling concerning the legal qualification of Uber activities and in particular if this should be considered a “mere transport activity” or “an electronic intermediation or information society service” as defined by the Information Society Services Directive. The European Commission has launched two studies, including the present one, to determine whether action at EU level will be necessary.

*Source: European Parliament Briefing on “Social, economic and legal consequences of Uber and similar transportation network companies”, October 2015.*

Different types of services are now available under the Uber brand. Depending on the type of service and country, the Uber transport service is provided either by professional, fully-licensed drivers<sup>7</sup>, or by private peer providers.<sup>8</sup>

---

<sup>1</sup> Within the scope of this case study, desk research and the mystery shopping exercise were carried up until December 2016. Some minor clarifications regarding the core research results were sought until February 2017.

<sup>2</sup> Information available at: <http://uberestimator.com/cities>, accessed on 09/02/2017.

<sup>3</sup> Written feedback received by Uber, 15/02/2017.

<sup>4</sup> Information available at :<http://fortune.com/2016/10/20/uber-app-riders/>, accessed on 07/04/2017.

<sup>5</sup> Information available at : <http://www.cpuc.ca.gov/transportationlicensing/>, accessed on 09/02/2017.

<sup>6</sup> European Parliament Briefing on “Social, economic and legal consequences of Uber and similar transportation network companies”, October 2015. Available at: [http://www.europarl.europa.eu/RegData/etudes/BRIE/2015/563398/IPOL\\_BRI\(2015\)563398\\_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/BRIE/2015/563398/IPOL_BRI(2015)563398_EN.pdf), accessed on 09/02/2017.

<sup>7</sup> For example: Transport for London (TfL) issues private-hire licenses. In France, UberX partner drivers need to obtain a VTC license.

<sup>8</sup> Interview with the platform, 19/08/2016.

This case study only examines two specific types of service operated by Uber in EU countries and Norway: UberPool and UberPop. However, where necessary, reference will be made to other types of Uber services.

- **UberPool** is an instant ride-sharing service that allows peer consumers going in the same direction to split the cost of their journey. The service was launched in San Francisco in 2014, before arriving in the EU – first in France (2014), then in the UK (2015). It is now available in two cities within the scope of this study: London, and Paris.<sup>9</sup>

It is worth highlighting that in these two cities UberPool does not offer peer-to-peer (P2P) services. Providers are not private peers, but professional drivers with a private-hire vehicle (PHV) license. More specifically, UberPool peer providers are UberX drivers who, occasionally – depending on demand – take on UberPool requests.<sup>10</sup>

- **UberPop** is a P2P ride-sharing service where drivers without professional licence offer rides in their own car. The service was launched in Paris in mid-2014. Since then, it has been suspended in many countries (see Table 1 below).

As of 2016, UberPop operates in 14 EU cities in five different countries: Copenhagen, Helsinki, Krakow, Lodz, Prague, Poznan, Silesia, Tallinn, Trojmiasto, Gdansk, Gdynia, Sopot, Warsaw and Wroclaw. Outside the EU and within the scope of this study, the UberPop is also available in Oslo, Norway.<sup>11</sup>

However, the distinction between UberPop and UberPool is not always straightforward. In some cities (Bratislava, Bucharest, and Vilnius), private drivers are allowed to ride for regular Uber services, not only UberPop. The aforementioned distinction, based on the peer provider private or professional status, therefore does not always apply.

The following table summarises in which countries UberPop and UberPool operate, or operated before being suspended. UberPop services have been suspended in Belgium, Bulgaria, France, Germany, Italy, Netherlands, Portugal, Spain, and Sweden.

**Table 1: Countries with UberPop and UberPool**

Country	UberPop	UberPool
Austria		
Belgium	suspended <sup>12</sup>	
Bulgaria	suspended <sup>13</sup>	
Croatia		

<sup>9</sup> The Financial Times, 30 November 2015, "Uber extends Pool service in London and Paris", available at: <http://www.ft.com/cms/s/0/94beae7e-935f-11e5-94e6-c5413829caa5.html#axzz4G4MjTtIA>, accessed on 09/02/2017.

<sup>10</sup> Interview with the platform, 19/08/2016.

<sup>11</sup> Information available at: <https://www.uber.com/cities/>, accessed on 09/02/2017.

<sup>12</sup> Reuters, 13 October 2015, "Uber to suspend unlicensed UberPop service in Brussels", available at: <http://www.reuters.com/article/us-uber-tech-belgium-idUSKCN0S71VQ20151013>, accessed on 09/02/2017.

<sup>13</sup> Novinite, 6 October 2015, "Uber stops offering services in Bulgaria, says it's temporary", available at:

<http://www.novinite.com/articles/171161/Uber+Stops+Offering+Services+in+Bulgaria,+Says+It's+Temporary>, accessed on 09/02/2017.



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Country	UberPoP	UberPool
Cyprus		
Czech Republic	✓	
Denmark	✓	
Estonia	✓	
Finland	✓	
France	suspended <sup>14</sup>	✓
Germany	suspended <sup>15</sup>	
Greece		
Hungary		
Ireland		
Italy	suspended <sup>16</sup>	
Latvia		
Lithuania		
Luxembourg		
Malta		
Netherlands	suspended <sup>17</sup>	
Norway	✓	
Poland	✓	
Portugal	suspended <sup>18</sup>	
Romania	✓ <sup>19</sup>	
Slovakia	✓ <sup>20</sup>	
Slovenia		
Spain	suspended <sup>21</sup>	
Sweden	suspended <sup>22</sup>	
United Kingdom		✓

## 1.2 User experience

The Uber platform can only be used on a smartphone, either supported by iOS or Android. The Uber website contains information and access to the user's personal account, but it cannot be used for ordering a ride.

<sup>14</sup> Euractiv, 23 September 2015, "French court confirms banning of Uber", available at:

<https://www.euractiv.com/section/transport/news/french-court-confirms-banning-of-uber/>, accessed on 09/02/2017.

<sup>15</sup> CNN, 18 March 2015, "UberPop banned in Germany", available at: <http://money.cnn.com/2015/03/18/news/uber-ban-germany/>, accessed on 09/02/2017.

<sup>16</sup> Reuters, 26 May 2015, "Italian court bans unlicensed taxi services like Uber", available at: <http://www.reuters.com/article/us-italy-uber-idUSKBN00B1FQ20150526>, accessed on 09/02/2017.

<sup>17</sup> Dutch News, 18 November 2015, "Uber drops Uberpop taxi services in the Netherlands", available at:

<http://www.dutchnews.nl/news/archives/2015/11/uber-drops-uberpop-taxi-service-in-the-netherlands/>, accessed on 09/02/2017.

<sup>18</sup> Wall Street Journal, 29 April 2015, "Uber ordered to cease Portugal operations", available at: <http://www.wsj.com/articles/uber-ordered-to-cease-portugal-operations-1430326963>, accessed on 09/02/2017.

<sup>19</sup> Branded as UberX.

<sup>20</sup> Branded as UberX.

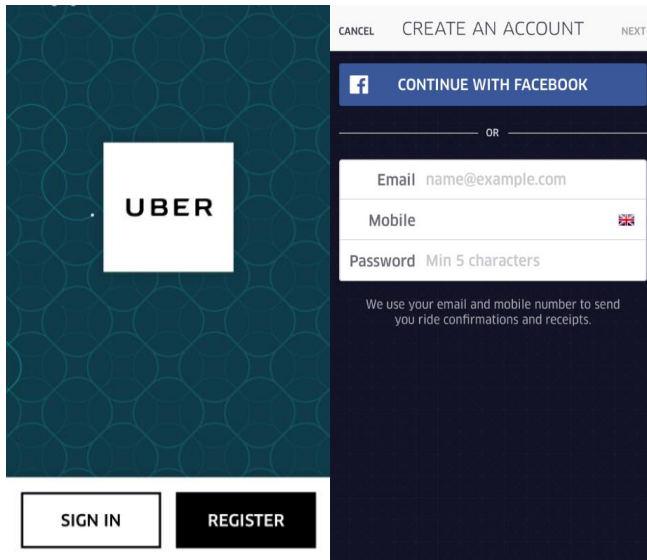
<sup>21</sup> BBC News, 9 December 2014, "Uber taxi app suspended in Spain", available at: <http://www.bbc.co.uk/news/business-30395093>, accessed on 09/02/2017.

<sup>22</sup> Reuters, 11 May 2016, "Uber says to suspend UberPop service in Sweden", available at: <http://www.reuters.com/article/us-sweden-uber-tech-idUSKCN0Y20WN>, accessed on 09/02/2017.

### 1.2.1 Peer consumers

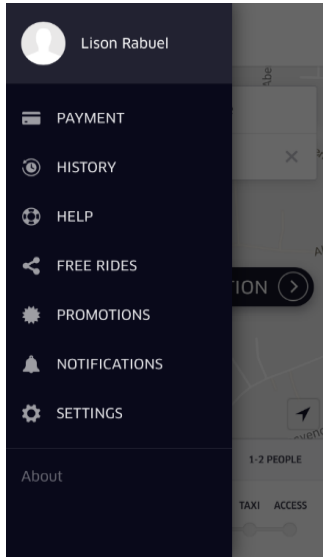
**Peer consumers** can register on the platform using an email address or a Facebook account. A mobile phone number is asked at the registration stage (see Figure 1), and registration also requires a payment method.

**Figure 1: Registration options on Uber (iOS version)**



Once logged in, peer consumers can access the menu on the left to manage payment methods, see trip history, access to helpdesk, manage free rides and promotions, see notifications and access to settings (see Figure 2).

**Figure 2: Uber’s menu bar (iOS version)**



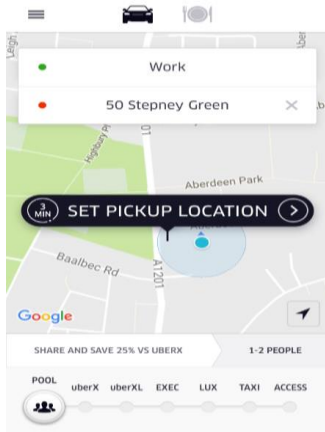
On the main page, peer consumers can see a map where their location is pinned, and they get an estimation of the time distance of the closest Uber car available. Payments are made electronically, so passengers can travel without cash or credit card and since the destination is entered via the app, they do not need to speak the local language.

Although the peer consumer experience is very similar on UberPool and UberPop, there are a few differences which are described below.

#### 1.2.1.1 *UberPool*

On the bottom of the screen, a bar allows peer consumers to choose between various vehicle types, including UberPool.

**Figure 3: Main screen after log-in (iOS version)**



To request a ride, peer consumers must enter the destination address and the number of riders. If there are more than two passengers, the UberPool service is not available.

Peer consumers can request a fare estimate and set up their payment method at the bottom of the screen.

Then, peer consumers are put in contact with a nearby available driver logged onto the Uber app. They are shown his/her name, vehicle type, and Uber rating. Knowing this information, peer consumers are free to accept the ride or not.

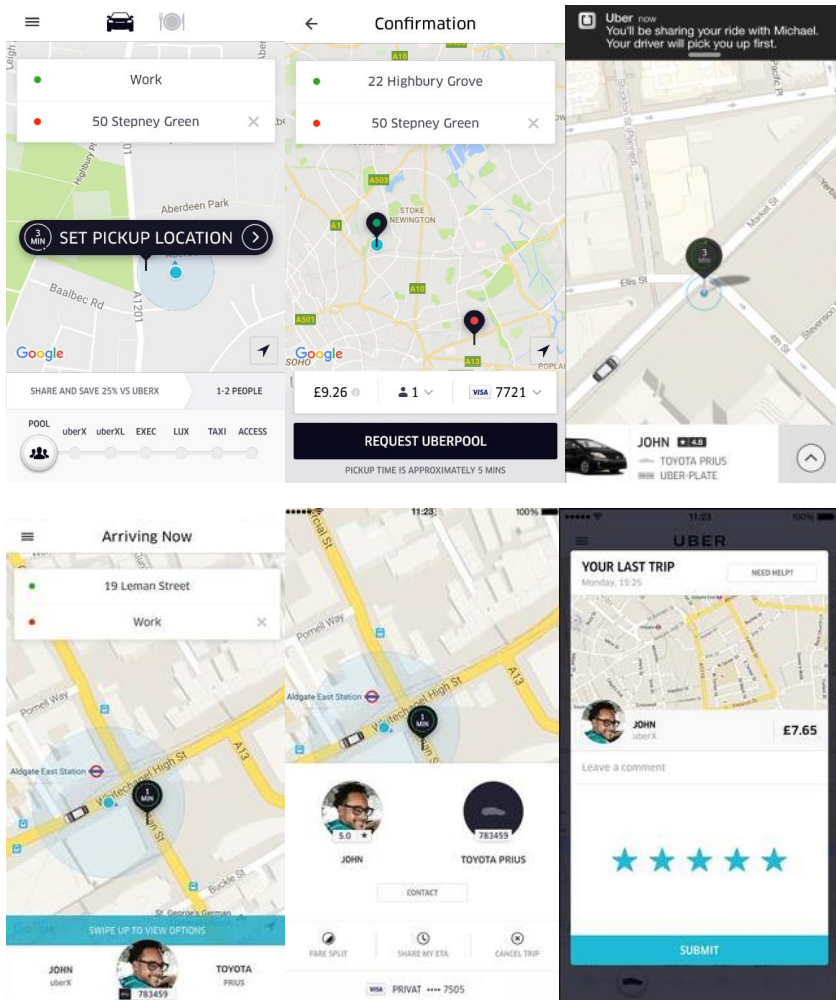
Once the ride has been accepted, peer consumers can follow the driver on the map and they can cancel the request during the first five minutes without being charged; after this time, Uber charges a cancellation fee. The total price of the ride is shown immediately after acceptance.

Peer consumers are informed if their ride will be shared with others or not after the request, but they do not know it in advance. If so, the driver may pick up or drop off other rider(s), adding a couple of minutes to the trip. The identity of the co-rider(s) is not revealed beyond their first name.

After the ride, a receipt is sent to the peer consumer's email address. They can rate the driver both in the app and through their account online using a five-star rating system available throughout all Uber services (see section 2.4.1).

Figure 4 shows the process of requesting a ride with UberPool.

Figure 4: The process of requesting a ride with UberPool (iOS version)

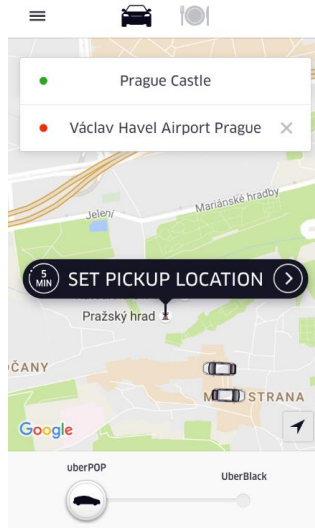


### 1.2.1.2 UberPop

The UberPop peer consumer experience is quite similar to UberPool, with the exception that consumers do not share their ride with other peer consumers.

On the bottom of the screen, a bar allows to choose between various services, including UberPop.

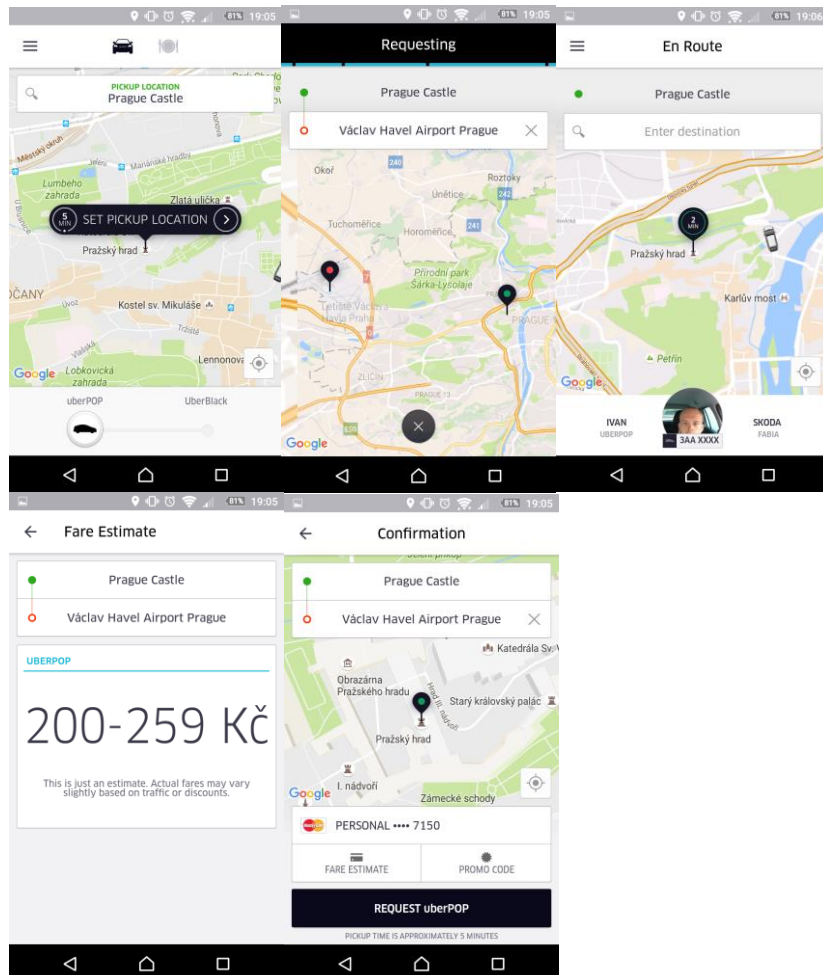
**Figure 5: Main screen after log-in (iOS version)**



Peer consumers must request a ride through the app, enter the destination address and the number of riders. They can request a fare estimate and select their payment method at the bottom of the screen. Peer consumers are put in contact with a nearby driver, whose name, vehicle type, license plate number and Uber rating are shown. They can cancel the ride within five minutes without penalty, and watch the driver arrive on the map. During the ride, they can change the destination or share their Estimated Arrival Time or real-time trip information with contact(s) of their choice. After the ride, a receipt is sent to their email address and they can rate the driver using a five-star system.

Figure 6 shows the process of requesting a ride with UberPop.

**Figure 6: The process of requesting a ride with UberPop (iOS version)**



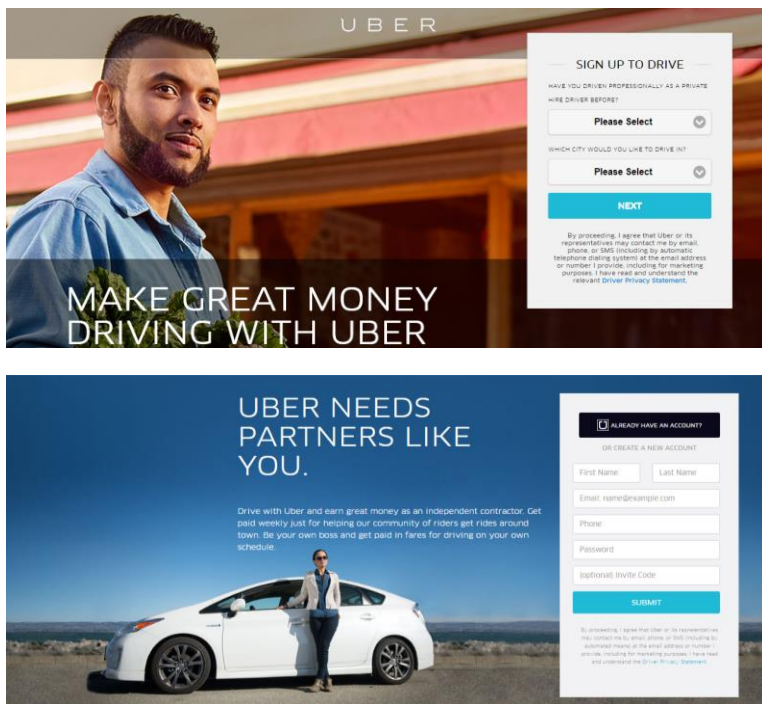
It should be noted that a new version of the peer consumer app was launched in November 2016. It includes new features to improve the pick-up process using device data. It also integrates other mobile apps such as Snapchat, Pandora, Foursquare, Yelp or the food delivery service UberEats. Updates to the app will be available gradually over time.<sup>23</sup> Given the recent introduction of these new services, they are outside the scope of this case study.

<sup>23</sup> Venture Beat, 2 November 2016, "Uber is rolling out a big redesign powered by machine learning", available at: <http://venturebeat.com/2016/11/02/uber-is-rolling-out-a-big-redesign-powered-by-machine-learning/>, accessed on 09/02/2017.

### 1.2.2 Peer providers

**Peer providers** must follow more steps than peer consumers to register on the platform. The first step to becoming a driver using the Uber app is to register on the Uber website specifying city, name, email address and phone number (see Figure 7).

**Figure 7: Registration options for Uber partner drivers (desktop version)**

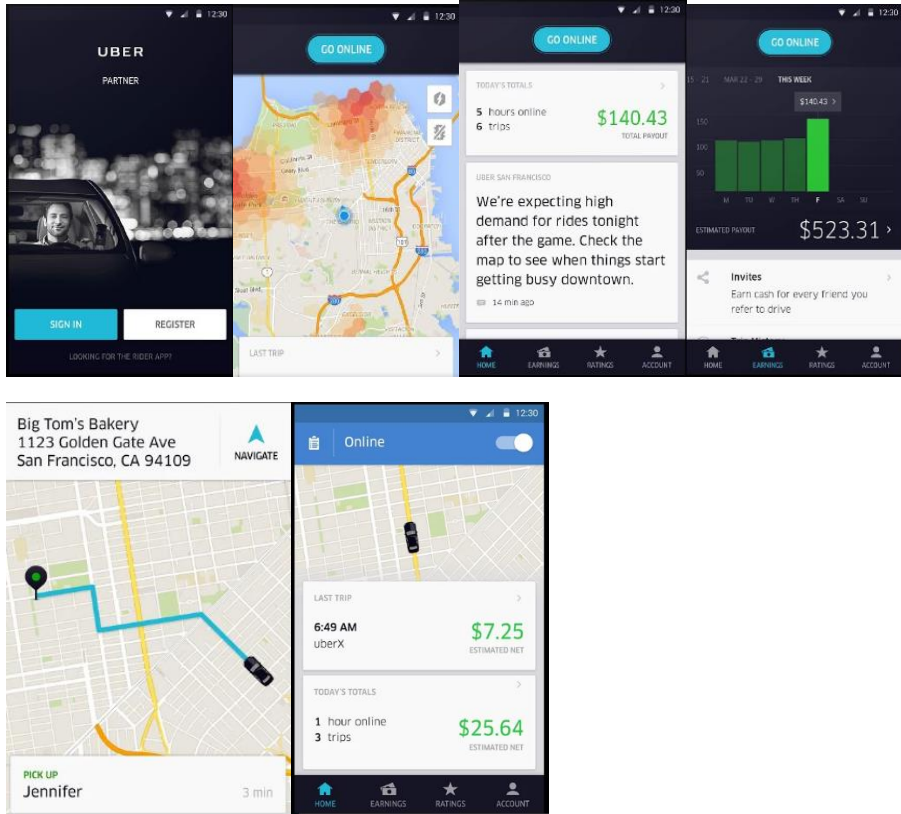


The registration process depends on the country where peer providers operate (see Sections below).

Following registration, both UberPool and UberPop peer providers can see their recent activity and trips completed, manage their car and earnings in a mobile app (Figure 8) and web-based dashboard (Figure 9).



Figure 8: Overview of the Uber partner driver app (Android version)



**Figure 9: Dashboard for Uber partner drivers (desktop version)**

The dashboard features a dark blue sidebar with the 'UBER' logo at the top. The navigation menu includes: SUMMARY & TRIPS, PROFILE (with a red notification badge '4'), INVITES (with a green 'NEW' badge), VEHICLES, INVOICE SETTINGS, PAYMENT STATEMENTS, TAX SUMMARY, PARTNER INVOICES, TRIP INVOICES, VEHICLE SOLUTIONS, and HELP. The main content area has a red banner at the top with the text: 'Payment details are missing or invalid. Please visit <https://vault.uber.com>'. Below the banner, the 'SUMMARY' section has a 'Days: 7' dropdown menu and a table with columns 'DRIVER', 'COMPLETED TRIPS', and 'FARES'. The table contains one row for 'Lison Rabuel' with dashes in the other two columns. The 'TRIPS' section below it displays the message: 'No trip data is currently available.' In the top right corner of the dashboard, there is a star icon, the rating '5.0', and a user profile icon.

DRIVER	COMPLETED TRIPS	FARES
Lison Rabuel	-	-

### 1.2.2.1 UberPool

In the scope of this study, UberPool is only available in London and Paris – cities where only licensed drivers can use Uber services. It means that drivers using UberPool are professional PHV drivers, i.e. UberX drivers. The procedure to become a professional PHV driver varies from one EU country to another depending on regulatory frameworks.<sup>24</sup> Different requirements are set up and enforced by responsible authorities. They are summarised in Table 2 and Table 3 below for London and Paris.

**Table 2: Transport for London: The legal framework for private-hire vehicle drivers (PHV)<sup>25</sup>**

Requirements to become a PHV driver	
Lead time, cost	3 months, ~£500
Legal status	Self-employed or employed
Minimum Age	21 years old
Individual driving license for more than	At least 3 years old
Background check	Full criminal records check ('enhanced DBS')
Medical check	Yes
Competency (training, exam)	Topographical test, forthcoming English language requirement
Driver registration	Yes
Documents to provide	Driving licence with current address, passport/birth certificate, Certificate of Registration/letter issued by the Immigration and Nationality Directorate of the Home Office (for applicants born outside the UK)
Driver admin fee / taxes	£250 license + £60 license application + £60 criminal records + ~£80 medical = £450
Driver caps (hours/earnings/medallions)	None
Requirements for a PHV vehicle	
Vehicle Inspection	MoT every 6 months (vs 12 months for a private car)
Technical Specifications (size, number of doors, etc)	<5 years old for new licenses Euro 4 standards for emissions
Equipment (meter, board computer etc)	None - taximeter prohibited No livery or signage unless explicitly approved by regulator
Vehicle registration	Yes - paper license, also checkable online
Vehicle admin fee / taxes	Yes
Vehicle caps (medallions)	None

<sup>24</sup> Interview with the platform, 19/08/2016.

<sup>25</sup> PHV regulation, See: <https://tfl.gov.uk/info-for/taxis-and-private-hire/licensing/private-hire-driver-licence>

**Table 3: France: The legal framework for private-hire vehicle drivers (PHV)<sup>26</sup>**

Requirements to become a PHV driver	
Lead time, cost	2-6 months, 1.500-5.000 EUR for training
Legal status	Self-employed or employed
Minimum Age	21 years
Individual driving license for more than	3 years
Background check	Criminal background check
Medical check	Yes
Competency (training, exam)	Yes
Driver registration	Yes
Documents to provide	Medical certificate, results of the exam or ID, driving licence, first aid certificate, proof of address, attestation of experience as professional driver for more than 1 year
Driver admin fee / taxes	No
Driver caps (hours/earnings/medallions)	None
Requirements for a PHV vehicle	
Vehicle Inspection	No more than any other car requirement
Technical Specifications (size, number of doors, etc.)	for VTCs 4.50m and 120HP
Equipment (meter, board computer etc.)	No
Vehicle registration	Yes
Vehicle admin fee / taxes	No, but 1.500 EUR financial capacity per vehicle
Vehicle caps (medallions)	No

In London<sup>27</sup> and Paris<sup>28</sup>, professional PHV providers may attend a free information session about how Uber software application works and the licensing requirements. These information sessions are not mandatory but are provided to help new drivers with the registration process. In London, the Uber team helps applicants apply for the DBS background and criminal record check required by Transport for London.<sup>29</sup>

<sup>26</sup>Source: VTC regulation, see: <http://www.chauffeur-uber.fr/questions-reponses-chauffeur-vtc/> and <http://t.uber.com/carteopro>.

<sup>27</sup> Information available at: <http://london.ubermovement.com/how-to-get-a-licence/>, accessed on 09/02/2017.

<sup>28</sup> Information available at: <http://www.chauffeur-uber.fr/devenir-chauffeur-privé-en-4-etapes/>, accessed on 09/02/2017.

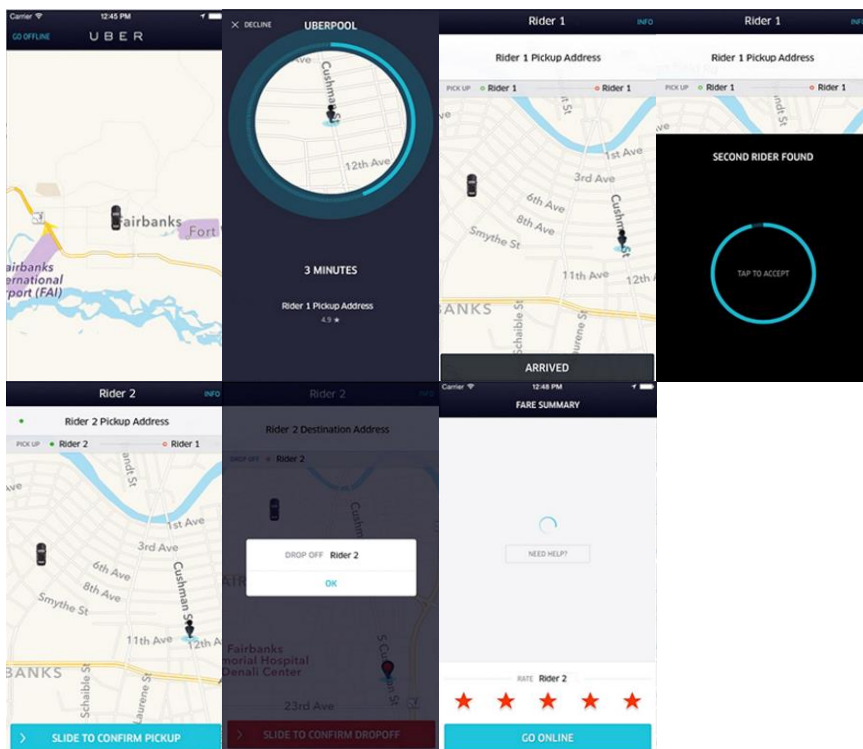
<sup>29</sup> Information available at: <https://tfl.gov.uk/info-for/taxis-and-private-hire/licensing/private-hire-driver-licence#on-this-page-2>, accessed on 09/02/2017.

In Paris, applicants receive information on how to create their business as well as advice on vehicle options.<sup>30</sup>

After Uber’s validation, peer providers become “driver-partners” and they can start accepting rides through the Uber app.

The process of completing an UberPool ride from the driver perspective is illustrated in Figure 10 below.

**Figure 10: The process of completing a ride with UberPool (iOS version)**



Peer providers (drivers) can accept or refuse any ride. They do not know the destination of the ride in advance. At the end of the ride, peer providers rate their passengers with the same five-star system available for peer consumers, which will be detailed in section 2.4.1.

#### 1.2.2.2 UberPop

UberPop peer providers must register to start accepting rides but they do not need a private hire vehicle licence. The procedure depends on where they operate,<sup>31</sup> but

<sup>30</sup> Information available at: <http://www.chauffeur-uber.fr/devenir-chauffeur-prive-en-4-etapes/>, accessed on 09/02/2017.

<sup>31</sup> Interview with the platform, 19/08/2016. No further information was provided by the platform.

generally they have to submit a driving licence (held for more than 3 years), official ID, car registration and insurance documents. They must follow an information session on the basic features and functioning of the Uber app (online or in person), and they are subject to background checks including a criminal record check by Uber or a third-party company.<sup>32,33</sup>

After validation of the documents, peer providers become “driver-partners” and they can start accepting rides using the Uber app.

### 1.2.3 Add-on services

The Uber platform provides add-on services to peers. Most of those services are available with both UberPop and UberPool (except 1 and 2 below which are only available with UberPop):

1. Uber gives fare estimates to peer consumers before the booking is made
2. Peer consumers using the app travelling together can split the fare if they all have an Uber account.
3. Peer consumers can add “favourite places”, for instance home or work.
4. Peer consumers can create a “Family” profile to pay for their family members, or a “Business” profile within the same account.
5. Uber gives tips to peer providers for getting good ratings, such as cleaning standards for vehicles and support for passengers. They receive notices during peak hours with indications on the busiest areas, but there is no requirement for them to follow those suggestions, as indicated by the platform during the interview.
6. Uber has a reward system for peer user’ referral. All peer consumers receive a referral code when they subscribe. Every new user entering this code gets a first free ride, up to a certain amount which varies depending on countries. Once this ride is completed, referring consumers receive a free ride in return.<sup>34</sup> Peer providers can also receive monetary rewards for referring new partner drivers.<sup>35</sup>

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<sup>32</sup> Information available at : <https://newsroom.uber.com/france/uberpop-facts-2/>, accessed on 09/02/2017.

<sup>33</sup> No further information regarding the requirements of the vehicle was provided by the platform.

<sup>34</sup> Information available at : <https://help.uber.com/h/3a80367e-a160-47a0-b63e-99d39c380c39>, accessed on 09/02/2017.

<sup>35</sup> Referral amounts and requirements vary by vehicle type and are subject to change throughout the year. Information available at: <http://london.ubermovement.com/refer-driver-partners/>, accessed on 09/02/2017.

## 2 Assessment of the platform

### 2.1 Evolution of the platform business model

#### *Development of the platform*

Uber (originally “UberCab”) was founded in 2009 by Travis Kalanick and Garrett Camp as a service offering rides in luxurious black cars.<sup>36</sup> The mobile app was launched in San Francisco a year later, in 2010.<sup>37</sup> In 2011, the company expanded to New York, Seattle, Chicago and Washington D.C.<sup>38</sup> and changed its name from “UberCab” to “Uber”.

From December 2011, Uber started to expand in the EU, starting with Paris and followed by London.<sup>39</sup> In 2013, the company expanded to Asia, Africa and South America. To finance the expansion, Uber raised money on capital markets. The most recent investment was \$2 billion in January 2016.<sup>40</sup> In 2015, the Uber platform was valued at \$41 billion (€36.8 billion).

Uber’s services diversified over the years (see overview Table below), from the more affordable UberX to the luxurious UberLux, as well as delivery services such as UberRush or UberEats. In 2014, Uber released the carpooling service UberPool in San Francisco and the ridesharing service UberPop in Paris.

**Table 4: Uber’s different services**

Service	Characteristics
UberX	Low-cost, 1-4 riders
UberXL	Low-cost, 1-6 riders
UberSelect	Low-cost, sedans car, 1-4 riders
UberPop	Low-cost, ridesharing
UberBlack	Premium, 1-4 riders
UberSUV	Premium, SUV car, 1-7 riders
UberLux	Premium, sedans car, 1-4 riders
UberGreen	Hybrid and electric vehicles
UberTaxi	Local taxi cars
UberRush	On-demand delivery
UberEats	On-demand food delivery
UberPool	Shared UberX, 2 riders maximum

<sup>36</sup> Techcrunch, 15 October 2015, “UberCab closes Uber Angel Round”, available at: <https://techcrunch.com/2010/10/15/ubercab-closes-uber-angel-round/>, accessed on 09/02/2017.

<sup>37</sup> Ibid.

<sup>38</sup> Vator News, 7 December 2011, “Uber pulls in another \$32M for app-based car service”, available at: <http://vator.tv/news/2011-12-07-uber-pulls-in-another-32m-for-app-based-car-service>, accessed on 09/02/2017.

<sup>39</sup> Ibid.

<sup>40</sup> Juggernaut, 24 September 2015, “How Uber Works: Insights into Business and Revenue Model”, available at: <http://nextjuggernaut.com/blog/how-uber-works-business-model-revenue-uber-insights/>, accessed on 09/02/2017.

### 2.1.1 UberPool

**UberPool** relies on an algorithm that matches passengers' ride requests, pools them<sup>41</sup> and divides fares among passengers sharing all or part of their ride.<sup>42</sup>

UberPool was launched in Europe around the same time as UberPop was suspended in several countries. According to an Uber representative reported by the Financial Times, "Pool is the substitute for what UberPop was on a price basis. In terms of pricing, it's the only thing we can offer to someone who wants to travel for less than €10".<sup>43</sup>

### 2.1.2 UberPop

As mentioned above, **UberPop** was introduced in Europe in 2014 (Paris) and has since been suspended in many countries.

Indeed, taxi drivers in several countries staged large-scale protests against UberPop, arguing that the service does not comply with taxi regulations and therefore engages in unfair competition.<sup>44</sup> This resulted in prohibition or suspension of the service in France, Spain, Germany, Italy, the Netherlands, Belgium, Bulgaria, Sweden, and Portugal. Concerns that led to the suspensions were mainly about the legality and safety of a service provided by non-licensed drivers.<sup>45</sup>

Uber is currently involved in several court cases aimed at defining the nature of the company and services provided. The main questions under scrutiny is whether Uber is a digital platform or a transport company, and if it has with actual employees. However, in some EU countries, such as in Estonia, Uber has been able to find a solution with governments to offer its services legally.<sup>46</sup>

## 2.2 Current business model

### 2.2.1 Business model and pricing

Uber's business model can be represented through a business model canvas which graphically captures the current strategic landscape of the service.

**Table 5: Canvas Business model for UberPool**

Key Partners	Key activities	Value proposition	Customer relationship	Customer segments
Community (drivers) Investors Third party	Product development and management	Facilitate P2P transactions by:	Co-creation (ratings) Automated	Mostly mass market

<sup>41</sup> Information available at: <https://www.uber.com/ride/uberpool/>, accessed on 09/02/2017.

<sup>42</sup> Interview with the platform, 19/08/2016.

<sup>43</sup> Financial Times, "Uber extends Pool service in London and Paris", op. cit.

<sup>44</sup> Petropoulos G., 22 February 2016, "Uber and the economic impact of sharing economy platforms", Bruegel, available at: <http://bruegel.org/2016/02/uber-and-the-economic-impact-of-sharing-economy-platforms/>

<sup>45</sup> European Parliament, "Social, economic and legal consequences of Uber and similar transportation network companies (TNCs)", Briefing, 2015.

<sup>46</sup> Plucinska J., 11 January 2016, "Europe wrestles with Uber", Politico, available at: <http://www.politico.eu/article/trailblazing-uber-gets-burned/>, accessed on 09/02/2017.



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providers of add-on services (payment processing, other apps)	Marketing and customer acquisition Customer service Recruiting partner drivers <i>Key resources</i>  Technology Community (drivers)	Generating trust among peers Setting terms of P2P transactions	services   <i>Channels</i>  - Website (only for information and customer account) - Mobile app
<i>Cost structure</i>  - Fixed (technological infrastructure) - Variable (promotions and incentives) - Advertising and PR		<i>Revenue streams</i>  - Transaction fees on rides	

Uber’s business model is based on transaction fees.<sup>47</sup> Trust between peers is primordial for the success of the platform and the main tools that the platform uses to foster such trust are user profiles and ride ratings (see section 0).

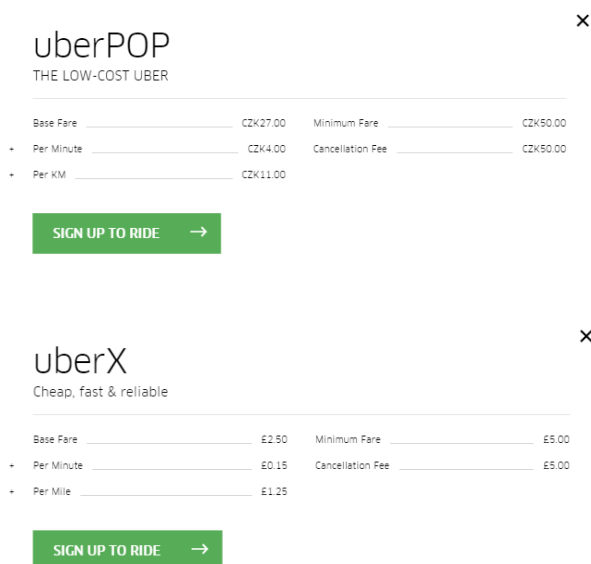
UberPool and UberPop have the same revenue generating system as other Uber products. The platform takes a transaction fee of 20% of the ride price. Recommended price is based on a fixed element, a base fare which varies depending on cities, and two variable elements: time, and distance of the trip.<sup>48</sup>

Uber’s pricing structure is publicly available on the website and the mobile app under the helpdesk section “Understanding Uber Fares”. Before the ride, it is possible for peer consumers to get an estimate of the total price under the “Fare estimate” section.

The figure below shows this information on the website.

<sup>47</sup> Interview with the platform, 19/08/2016.  
<sup>48</sup> Interview with the platform, 19/08/2016.

**Figure 11: Information on Uber pricing structure (desktop version)**



80% of the price of the ride goes to partner drivers, who receive payments weekly into their bank account.<sup>49</sup> Confidential Uber financial documents released by the American press in 2016 show that the main costs of the platform are:

- promotions and incentives for driver;
- operating expenses (e.g. infrastructure, administrative expenses);
- marketing activities (advertising and public relations).<sup>50</sup>

Written feedback from an Uber spokesperson also added technology development and product design.<sup>51</sup>

One particularity is the use of “dynamic pricing” which adjusts ride prices depending on demand and supply. Periods of high demand or scarce supply – (i.e. when there are more peer consumers than peer providers), typically at weekends or on national holidays are subject to “surge pricing”. The aim of dynamic pricing is to provide a better match between demand and supply with peer providers focusing on areas where they can earn the highest revenue per ride and peer consumers reducing demand during periods of surge pricing.<sup>52</sup> Surge prices can differ by area. The level of the surge price is set by a multiplier whose value depends on the scarcity of available drivers. The surge multiplier is based on the proportion of

<sup>49</sup> Information available at: <https://help.uber.com/h/cac1cbab-fdae-4d43-b49a-bce7a7cd49c5>, accessed on 09/02/2017.

<sup>50</sup> Solomon, B., 12 January 2016, “Leaked: Uber’s Financials Show Huge Growth, Even Bigger Losses”, Forbes, available at: <http://www.forbes.com/sites/briansolomon/2016/01/12/leaked-ubers-financials-show-huge-growth-even-bigger-losses/#2b5fc9075c99>, accessed on 09/02/2017.

<sup>51</sup> Written feedback received from Uber, 13/12/2016.

<sup>52</sup> Information available at: <http://uberestimator.com/uber-surge-pricing>, accessed on 09/02/2017.

supply to demand within the area, but Uber does not share information on how high it can go, or how it differs by city.<sup>53</sup>

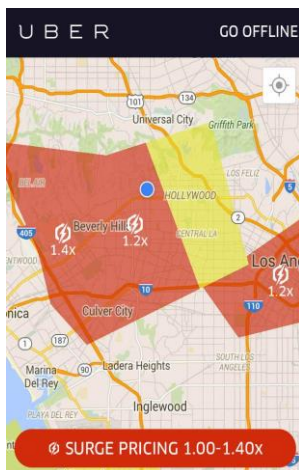
The figure below shows Uber’s main screen when peer consumers are notified of surge pricing.

**Figure 12: Peer consumer screen during surge pricing**



The figure below shows the map peer providers see on their screen when surge pricing applies, with the multipliers attached to each area.

**Figure 13: Peer provider’s screen with dynamic pricing**



<sup>53</sup> Harvard Business Review, 21 December 2015, "Everyone Hates Uber's Surge Pricing – Here's How to Fix It", available at: <https://hbr.org/2015/12/everyone-hates-ubers-surge-pricing-heres-how-to-fix-it>, accessed on 09/02/2017.

The system of dynamic pricing has been criticised by peer users, especially consumers, but Uber argues that it is the only way to guarantee that cars arrive within minutes, even in peak hours.<sup>54</sup> Studies by U.S. universities<sup>55</sup> show that dynamic pricing broadly does achieve what it was designed for: it brings more peer providers online during surge pricing, and it allocates available rides to peer consumers who value them most.

Uber drivers may charge additional fees to peer consumers, such as cleaning fees, tolls, parking or airport fees and<sup>56</sup> peer providers can also accept tips from peer consumers.<sup>57</sup> However, there is no booking fee in the EU<sup>58</sup> and waiting time is not included in ride prices in the EU, so peer consumers only pay for the duration of the trip.<sup>59</sup> Peer consumers are made aware of any surge effect on the price before the ride. And after the ride in case of surge pricing, addition of tolls or cleaning fees.<sup>60</sup>

An Uber spokesperson underlined that peer providers can decide to charge a lower price but not a higher than the one suggested by Uber.<sup>61</sup> If a peer provider wants to charge a lower price, they have to notify this on the Uber app after completing a ride. Despite this limited price flexibility for peer providers, Uber has important price setting power.

Besides those common elements, there are a number of pricing features that apply only to UberPool or UberPop.

#### 2.2.1.1 *UberPool*

Prices with UberPool are discounted against UberX prices irrespective of whether peer consumers actually share their ride with another passenger.<sup>62</sup>

The total price is shown to the peer consumer just after the ride begins, and a receipt is sent at the end of the ride. There is no breakdown of the fare; the peer consumer can only see the total price.

#### 2.2.1.2 *UberPop*

The base fare for UberPop varies by city. It used to be €4 in Paris and Brussels before suspension of the service.<sup>63,64</sup>

The following table shows a price comparison between UberPop, UberX and UberBerline (French equivalent of UberBlack, one of Uber's luxury offers) at the time when UberPop was available in Paris.

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<sup>54</sup> Information available at: <https://newsroom.uber.com/the-effects-of-ubers-surge-pricing/>, accessed on 09/02/2017.

<sup>55</sup> Hall, J., Kendrick, C., Nosko, C., (2015). "The Effects of Uber's Surge Pricing: A Case Study". Available at: [http://economicsforlife.ca/wp-content/uploads/2015/10/effects\\_of\\_ubers\\_surge\\_pricing.pdf](http://economicsforlife.ca/wp-content/uploads/2015/10/effects_of_ubers_surge_pricing.pdf). Chen, K., and Sheldon, M., (2015). "Dynamic Pricing in a Labor Market: Surge Pricing and Flexible Work on the Uber Platform, UCLA Working Paper, available at: [http://www.anderson.ucla.edu/faculty/keith.chen/papers/SurgeAndFlexibleWork\\_WorkingPaper.pdf](http://www.anderson.ucla.edu/faculty/keith.chen/papers/SurgeAndFlexibleWork_WorkingPaper.pdf).

<sup>56</sup> Information available at: <http://www.uberfee.com/>, accessed on 09/02/2017.

<sup>57</sup> Mohammed, R., 5 May 2016, "Uber's New Tipping Policy Is a Mistake", Harvard Business Review, <https://hbr.org/2016/05/ubers-new-tipping-policy-is-a-mistake>, accessed on 09/02/2017.

<sup>58</sup> Information available at: <http://uberestimator.com/booking-fee>, accessed on 09/02/2017.

<sup>59</sup> Interview with the platform, 19/08/2016.

<sup>60</sup> Information available at: <http://uberestimator.com/uber-surge-pricing>, accessed on 09/02/2017.

<sup>61</sup> Interview with the platform, 19/08/2016.

<sup>62</sup> Information available at: <https://help.uber.com/h/d6d1e001-d7ec-43fb-9d8a-5f6f9e44a93b>, accessed on 09/02/2017.

<sup>63</sup> Information available at: <https://newsroom.uber.com/france/uberpop-facts-2/>, accessed on 09/02/2017.

<sup>64</sup> Information available at: <https://newsroom.uber.com/belgium/uber-arrives-in-brussels-with-uberpop/>, accessed on 09/02/2017.

**Table 6: Price comparison between UberPop, UberX, UberBerline<sup>65</sup> in Paris**

	UberPop	UberX	UberBERLINE
Base fare	€4	€8	€12
Driver	Private	PHV driver	PHV driver
Type of Vehicle example	Citroen C3	Peugeot 508	Mercedes Class E
Bottle of water	Yes (recommended)	Yes (recommended)	Yes (recommended)
Trip estimate example Place de l'Opéra > Hotel de Ville	€7	€10	€14

*Note: UberPop is now suspended in Paris; data above refer to the period before suspension of the service*

The total price is shown to the peer consumer after the ride, on the receipt sent by email or on the app. There is a fare breakdown between base fare, time and distance.

### 2.2.2 Payment

All payments are processed online and managed by Uber itself or by a third party. Peer consumers can pay using debit or credit card, PayPal, or Uber credit (e.g. if they benefit from a promotion). When registering on Uber, peer consumers must add a payment method to their account. When the trip ends, Uber charges peer consumers via their preferred payment method.<sup>66</sup>

This way to manage payments allows the platform to monitor the success of transaction before releasing payment.

## 2.3 Transparency aspects

### 2.3.1 Information to platform users (clarity, accessibility)

Uber's terms and conditions provide information regarding the private or commercial status of peer providers. The information is accessible on the website and the mobile app.

According to a spokesperson for Uber, terms and conditions vary in function of the legal regime by country or city. For example, in some places the only system that fits the law is to use licensed (PHV) drivers, as in London; while others are open to allowing drivers without a licence (i.e. reforms underway in e.g. Estonia).<sup>67</sup>

A common element in T&Cs is that they describe peer providers as "*independent third-party transportation providers*".<sup>68</sup> The company argues that peer providers are independent, in the sense that they are not employed by Uber and free to connect to the app as often as they want and at the time they prefer.<sup>69</sup> There is no

<sup>65</sup> Information available at: <http://preprod.rudebague.com/2014/02/04/uberpop/>, accessed on 09/02/2017.

<sup>66</sup> Information available at: <https://help.uber.com/h/8f78dca4-9d75-44f1-bdc1-e90ca3da0319>, accessed on 09/02/2017.

<sup>67</sup> Interview with the platform, 19/08/2016 as well as written feedback received on 30/08/2016.

<sup>68</sup> "The Services", available at: <https://www.uber.com/legal/terms/gbl/>, accessed on 09/02/2017.

<sup>69</sup> Interview with Uber, 19/08/2016.

information available on peer providers' average revenue, nor how much time they spend completing rides for Uber in all countries. In France however, Uber commissioned a study to analyse driver data. The study has found that 71% of French drivers for UberX report to earn their "biggest source of income" or their "only source of income" through Uber. Furthermore, the study has shown that 44% of drivers work more than 30 hours a week on the platform.<sup>70</sup>

Recent court cases show that this denomination of Uber drivers as "independent" is under debate. In the UK, a tribunal ruled in 2016 that drivers could be classified as worker, not self-employed, which would imply that they would have to be paid the minimum wage, get breaks during shifts, and be paid holiday leave.<sup>71</sup>

This uncertainty about peer providers' status and the diversity of situations between countries and services can lead to confusion among peer consumers regarding the nature of the peer to peer contract. This applies in particular to whether the peer driver is acting in a private or professional capacity.

Uber provides no public information about applicable taxes on its website. However, the platform informs peer providers by email about the income tax framework that applies to them, and it has partnerships with local tax experts —such as Crunch in the UK— which can be consulted for advice.

According to an Uber spokesperson, the company's policy in the EU is to simplify the information and to provide peer providers with help in complying with the rules.<sup>72</sup> Uber emphasised during the interview that they do not provide more assistance because the company does not know drivers' costs, and because it sees peer providers as independent contractors who are responsible for meeting their own tax obligations.

In the U.S., Uber provides more guidance to peer providers, including detailed income tax summaries, as shown below.<sup>73</sup>

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<sup>70</sup> Lander A., Szomoru D., Thesmar D. (2016) "Working in the on-demand economy: An analysis of Uber driver-partners in France", pp. 5-6.

<sup>71</sup> Politico, "Europe wrestles with Uber", op. cit.

<sup>72</sup> Interview with Uber, 19/08/2016.

<sup>73</sup> Interview with Uber, 19/08/2016.

### Uber income tax information provided to peer providers in the US

In the US, Uber provides pre-filled income tax documents and annual tax summaries for peer providers. The tax summary is an annual document indicating the amount of taxes peer providers may have to pay according to the number of rides they performed.<sup>74</sup> Peer providers are free to use other tools or contact a tax expert for more information.<sup>75</sup>

U B E R

## 2014 TAX SUMMARY P2P

Many of the items listed below may be deductible; please consult with a tax expert for more guidance.

**1099-K BREAKDOWN**

Gross Fares (Uber Fee included)<sup>1</sup>.....

Tolls.....

Split Fare Fee.....

Safe Rides Fee.....

**TOTAL**.....

**1099-MISC BREAKDOWN**

Referrals.....

**TOTAL**.....

**OTHER ITEMS**

Uber Fee.....

On-Trip Mileage<sup>2</sup>.....

<sup>1</sup>Gross fares are calculated as base + time + distance (this includes the Uber Fee).

<sup>2</sup>On-trip mileage only. Additional mileage may be deductible.

Items in **bold** may be deductible. Check with a tax professional to learn more.

Source: <http://ridesharedashboard.com/2015/01/30/uber-taxes-2014-tax-summary-deducting-fees>

This example from the U.S. is of interest as similar features are currently being implemented in Europe. Uber is conducting an experiment in partnership with the Estonian government to facilitate income tax collection. Estonian citizens can log into an online tax portal where their personal information is stored by the Estonian Tax & Customs Board (TCB). The government is currently exploring how to link this easily and securely to Uber's systems.<sup>76</sup>

Uber dedicates a part of its website to safety advices:<sup>77</sup>

- Before the ride:
  - Peer consumers do not have to wait on the street;
  - Peer consumers cannot be discriminated by peer providers based on race, gender, pick-up or drop-off location;
  - Both peers can see each other's' profiles, names, photos and ratings

<sup>76</sup> Information received from Uber through written feedback, 30/08/2016

<sup>77</sup> Information available at: <https://www.uber.com/en-GB/ride/safety/>, accessed on 09/02/2017.

- Phone numbers are anonymous and contact details confidential, so personal information stays private;
- During the ride:
  - GPS data allows the rider to follow the route with the app;
  - GPS data allow Uber to know which peers ride together and where they are.
  - Ride details can be shared with peer consumers' friends or family;
  - There is no cash payment;
- After the ride:
  - Receipts give the name of the driver, route taken and price paid;
  - Uber's Customer service is available 24/7 and an Incident Response Team can react to issues.

Finally, no information regarding entitlement to refunds nor insurance is available, which may bring uncertainty to peer users in case something goes wrong.

To sum up, the level of transparency depends on the topic covered. Information is available in the T&Cs or the helpdesk – which is clear and easy to use, on both website and mobile app. Uber provides detailed information on prices, with the possibility (on UberPop) of receiving fare estimates and detailed breakdowns of the price, and safety advices. However, there is no information regarding refunds or insurance on the website; and the status of Uber drivers is stated in the T&Cs, but is questioned by regulatory authorities. It is not made clear to peer consumers if peer providers are private drivers or professional drivers with license.

### 2.3.2 Terms and conditions

Uber's terms and conditions are available both on the website and the mobile app. As already pointed out, they may vary between countries.

The platform terms and conditions are 9 pages long, and structured along several headings. The sections on the platform's liability and disclaimers are written in capital letters, to distinguish them from the rest of the text and highlight their importance. Nevertheless, sentences in the terms and conditions remain long and the vocabulary employed is technical which may prevent peers from fully understanding all the content.

The terms and conditions notably state Uber's liability for damages. No distinction is made for UberPop and UberPool.<sup>78</sup> Uber rejects liability for issues related to the transportation service (i.e. resulting from peer provider actions or peer interactions) because the platform does not consider its drivers to be Uber employees but independent contractors. However, Uber takes responsibility for damages related to the platform service up to €500.

Uber's Community Guidelines<sup>79</sup> set standards for interactions between peers. They are exclusively available on the website, the language used is simpler than for the terms and conditions', and the content is divided into several headings to facilitate understanding.

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<sup>78</sup> Interview with Uber, 19/08/2016.

<sup>79</sup> Information available at : <https://www.uber.com/legal/community-guidelines/en/>, accessed on 09/02/2017.



The Community Guidelines contain standards regarding professionalism and respect, safety, and emergencies. It is specified to peers that "*violations of the Community Guidelines could result in loss of your Uber Account.*"

Specifically, the Community Guidelines set standards for non-discrimination, kindness, appropriate behaviour, compliance with the law and disabilities. The terms and conditions set rules for services, payment and liability. Both documents specify that breaching of any of these provisions can entail exclusion from the platform. Nevertheless, there is anecdotal evidence of Uber drivers or passengers violating Community guidelines though it is not clear how frequently this occurs.<sup>80</sup>

At the same time, in its terms and conditions, Uber denies liability for problems resulting from peer interactions.<sup>81</sup> There is therefore a discrepancy between what the platform claims in its terms of use and the standards it sets for peer interaction.

### 2.3.3 Data protection

Uber's privacy policy<sup>82</sup> is the same for all Uber services, and applicable to UberPool and UberPop. It is available both on the website and the mobile app.

There are different privacy policies tailored to each peer user category: one for peer consumers, two for peer providers (for the U.S./outside the U.S.), one for candidates, and a last one about cookies. The text is divided into different headings, and the language used is simple to facilitate understanding.<sup>83</sup>

Uber's privacy policy gives details about:

- Which data Uber collects (i.e. location, contact, usage and preference, device, call and SMS, log information) and from which sources, including external sources;
- How Uber uses information (i.e. to improve its services, facilitate peer communication, communicate with users, etc.);
- Who Uber may share information with. This includes other peers, but also third parties such as consultants, public authorities, other companies, social media, analytics and advertising services in the context of audience measurement.
- Uber specifies that it does not share data with other third parties than the aforementioned without user's consent: "We otherwise notify you and you consent to the sharing".

The information provided is clear, well structured and illustrated with several examples. This helps the reader be aware of the implications of the platforms data privacy policy.

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<sup>80</sup> Juggernaut, op. cit, available at : <http://nextjuggernaut.com/blog/how-uber-works-business-model-revenue-uber-insights/>, accessed on 09/02/2017.

<sup>81</sup> Information available at : <https://www.uber.com/legal/terms/gb/>, accessed on 09/02/2017.

<sup>82</sup> Information available at : <https://www.uber.com/legal/privacy/users/en/>, accessed on 09/02/2017.

## 2.4 Trust building and verification of information

### 2.4.1 Peer reviews and ratings

The feedback and rating system is the same for all Uber services.

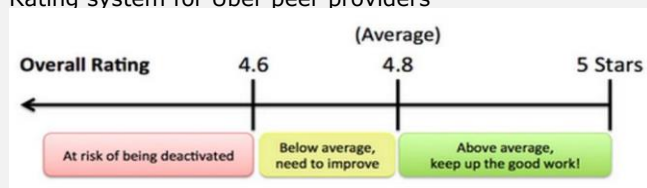
After each ride, peer providers and consumers can rate each other on a scale from 1 to 5 stars, through the app or the Uber website. Peer consumers have the possibility to highlight particular strengths of a peer provider such as “driving”, “service”, “car quality” and others. Feedback can be provided until the next ride is ordered; it is optional and anonymous. The overall rating is the average of the 500 most recent rides. Peers can give more detail in an additional feedback form if they so wish.<sup>84</sup>

The feedback and rating system also allows peer users to alert Uber in case a problem has occurred during the ride. Uber has the right to put a user account on hold in case of violations of the standards contained in the services agreement.<sup>85</sup> This last element highlights that ratings are not only a tool to foster trust among the peers, but also a way for the platform to monitor user behaviour. Consistently bad ratings can even lead to deactivation of drivers (see below).

#### Uber’s account deactivation policy in the US<sup>86</sup>

Peer providers can be deactivated if their rating falls below the minimum average rating, which varies for each city.<sup>87</sup> Uber explains this variation by cultural differences in the way people rate each other. Uber alerts peer providers over time if their rating is approaching this limit, and give them information about quality improvement courses available. Peer providers are deactivated after multiple notifications. According to Uber San Francisco, 4.6 stars is the minimum average below which peer providers may risk being deactivated in order to ensure a same level playing field in terms of quality experience that riders reasonably expect when using the corresponding product offered by the relevant partner driver. The following figure replicates the diagram used by Uber San Francisco to illustrate the rating system for peer providers.<sup>88</sup>

Rating system for Uber peer providers



Uber does not provide data on the number of deactivated accounts due to low ratings.

<sup>84</sup> Information available at : <https://newsroom.uber.com/us-california/ride-like-a-pro/>, accessed on 09/02/2017.

<sup>85</sup> Interview with Uber, 19/08/2016.

<sup>86</sup> Uber specified that deactivation also applies in the EU but there is no publicly available information on rules governing deactivation of users.

<sup>87</sup> Information available at: <https://www.uber.com/legal/deactivation-policy/us/>, accessed on 09/02/2017.

<sup>88</sup> UK Business Insider, 11 February 2016, “The incredible simple way to find your ‘secret’ Uber passenger rating”, available at: <http://uk.businessinsider.com/uber-passenger-rating-how-to-customer-stars-how-do-i-2015-2>, accessed on 09/02/2017.

## 2.4.2 Verification of peer information by platform

Uber conducts pre-screening (called “background check” at Uber<sup>89</sup>) for peer providers before registering them as driver-partners. This check generally includes verification of identity documents such as driving licence and ID card, and criminal records checks, but this varies in function of local regulations. In some countries, such as the UK, a criminal records check is included in the regulatory application procedure for a PHV driving licence.<sup>90</sup> Peer consumer identity is not verified by Uber, but they need to enter valid email address and phone number, as well as and a payment method to register on the platform.

According to the platform, protection of user data to prevent fraud is a major subject of research and development at Uber.<sup>91</sup> An internal team of engineers develops fraud prevention practices including encrypted data monitoring, testing for vulnerabilities, anti-hacking measures.

## 2.5 Complaints, redress and insurance

### 2.5.1 Complaints handling mechanisms

The complaints handling mechanism is the same across all Uber services. Both peers can report issues through the rating system, as well as through the feedback menu in the app and help desk.

An electronic helpdesk is available on the platform’s website and mobile app for help in cases where something goes wrong. It is divided into sections related to different types of issues. Some sections just provide answers to questions peers might have, whereas others allow to report an issue to customer service.

It is worth noting that there is no other means to reach the Customer service: neither mobile line, nor live chat.

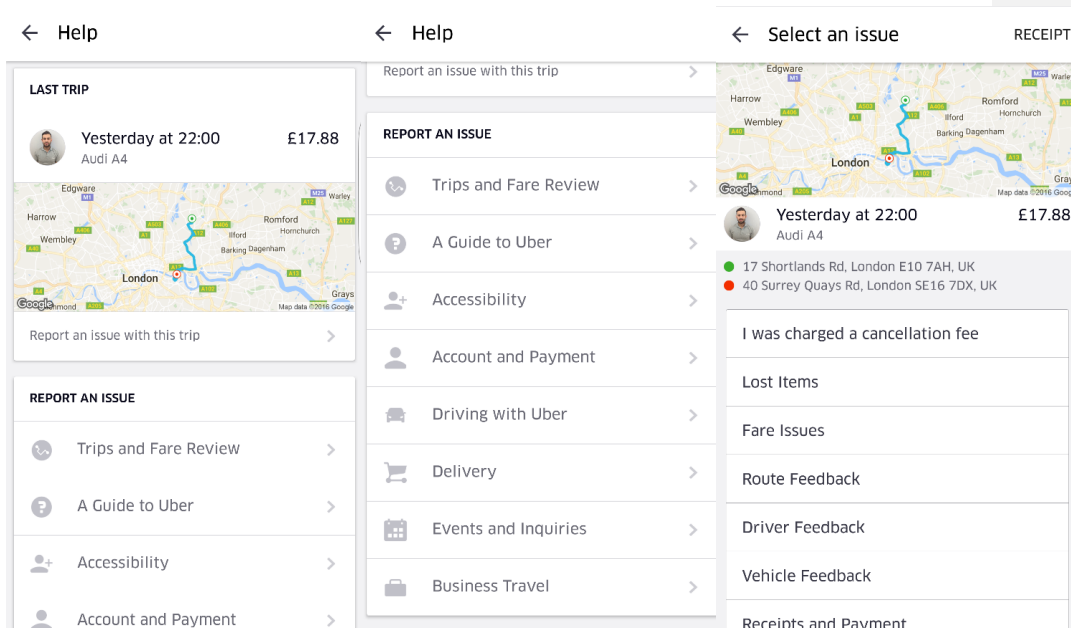
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<sup>89</sup> Information available at: <https://help.uber.com/h/56ca4396-81e1-4a79-b0d6-ab56ebb1da8b>, accessed on 09/02/2017.

<sup>90</sup> Interview with Uber, 19/08/2016.

<sup>91</sup> Information available at: <https://eng.uber.com/fraud-prevention-team-profile/>, accessed on 09/02/2017.

**Figure 14: Uber’s help desk (Android version)**



When making a complaint, the peer can choose items from listed options, including cancellation fee, lost items, fare issues, route feedback, driver feedback, vehicle feedback or payment and receipts. Complaints must be linked to a trip or a specific enquiry within the categories predefined by Uber. Figure 15 shows a complaint regarding the cancellation fee submitted as a part of the mystery shopping exercise. The Customer Service team answered promptly and solved the issue. After handling the complaint, Uber asks peers for feedback about the service.<sup>92</sup> It is estimated that initial answers to customer queries are provided within one or two hours<sup>93</sup>, which coincides with the mystery shopping experience for this case study.

<sup>92</sup> Mystery shopping, 04/08/2016.

<sup>93</sup> Information available at: <https://www.quora.com/How-can-I-reach-Uber-customer-service-Do-they-have-a-phone-number>, accessed on 09/02/2017.

**Figure 15: Complaints mechanism on Uber (via email)**

**I was charged a cancellation fee:**

You may cancel your request without charge for up to 5 minutes after your driver accepts your trip.

Cancellations made after 5 minutes will incur a fee to compensate your driver for his or her time. If your driver waits more than five minutes after arriving at your request location and cancels the trip, you will be charged a cancellation fee.

Please note: if your driver is running more than 5 minutes behind the provided ETA, you will not be charged a cancellation fee.

If you believe you were charged unfairly, please share details below so that we may follow up.

**Cancellation Details:** I called a cab and the gent couldn't find me although I was in a fairly easy to get to area. He called me and I explained exactly where I was and he could not tell me more than that his car was red. Before hanging up on me he told me to get myself another **uber**.

As you can see in my records, I use your company quite regularly. I truly believe that I was unfairly charged 5 pounds because it was not my mistake and therefore I would like a refund.

I am looking forward hearing from you.

Kind regards,  
Madalina Nunu

U B E R

##- Please type your reply above this line -##

Your request (99934239) has been updated. To add additional comments, reply to this email.

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**Maria (Uber)**  
Jan 8, 16:28

Hi Madalina,

Very sorry to hear that you weren't able to get in the ride that you requested. Upon checking, it appears that your driver mistakenly hit **Begin Trip** instead of cancelling that is why you were charged. Definitely not the experience we want you to get from **Uber**. We'll be sure to take the necessary action with the driver here.

But since you were not able to use this service, I will definitely wipe this fee off of your account and the changes will apply in a few business days.

We value the input made by loyal riders such as yourself, so thanks for writing in. Please let me know if I can help with anything else.

Best,

**Maria**

U B E R

##- Please type your reply above this line -##

Hi Madalina,

Thanks for reaching out to us for help with your recent **Uber** issue. Feedback from your support interaction is important to help us improve your experience in the future.

To let us know how we did, please fill out this short 1 minute survey: <http://survey.uber.com/csaf?tid=99934239&rid=1416707503>. We look forward to hearing from you.

Best,  
**Uber**

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This email is a service from **Uber**.

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If a peer consumer sends a complaint about a ride, the peer provider is notified, without exposing the identity of the user (Figure 16) and Uber gives advice on how to improve performance.<sup>94</sup>

**Figure 16: Tips from Uber on how the driver can improve its performance following a complaint**



Another way to complaint is to rate less than four stars; the peer is asked about what went wrong, and can select the different categories (i.e. cancellation fee, lost items, fare issues, route feedback, driver feedback, vehicle feedback or payment and receipts), including the option "other". Under the "other" category peer consumers can complain about a general issue – still, this issue has to be linked to a specific trip, since the rating given to the drivers is linked to an individual service.

To sum up, Uber's complaint system covers a wide range of issues, is easy to use and efficient in answering peer user requests. However, the fact that complaints must be linked to a specific trip or predefined categories may prevent peer users to complain about more general issues which do not fit any of these pre-defined categories. For instance, if there is a technical problem with the app.

### 2.5.2 Access to redress

Uber does not grant a right of withdrawal or a right to reimbursement to peers. The terms and conditions mention that "*Charges paid by you are final and non-refundable, unless otherwise determined by Uber*" and later specify that "*Uber reserves the right to establish, remove and/or revise Charges for any or all services or goods obtained through the use of the Services at any time in Uber's sole discretion.*"<sup>95</sup>

The mystery shopping experience has confirmed that Uber could issue refunds to peer consumers as a result of the complaint procedure at discretion of the platform.

Peer consumers can be held responsible for the cost of damage or cleaning of the peer provider's car. In this situation, Uber does not refund the driver but acts as an intermediary: the peer provider reports a need for repair or cleaning, the request is

<sup>94</sup> Mystery shopping, 04/08/2016.

<sup>95</sup> Information available at : <https://www.uber.com/legal/terms/gb/>, accessed on 09/02/2017.

verified by Uber, and if validated the amount required is taken from the peer consumer's payment account.<sup>96</sup>

Uber gives peers the right of cancellation within 5 minutes after the driver has accepted the ride (if the provider cancels), or 5 minutes after the request has been sent by the peer consumer (if the peer consumer cancels). After this timeframe, cancellation is possible, but the platform charges peers with a cancellation fee – which amount is not specified.<sup>97</sup> Terms and conditions specify that *"You may elect to cancel your request for Services at any time prior to the commencement of such Services, in which case you may be charged a cancellation fee on a Third-Party Provider's behalf."*<sup>98</sup>

### 2.5.3 Access to Insurance

All Uber peer providers must have an auto liability insurance to be registered as partner drivers. Moreover, licensed professional drivers (including UberPool drivers) are required by their professional licence to be insured to cover any injury or damage to others.

In addition to the driver's own insurance, Uber has an additional auto liability insurance that covers the driver for property damage or bodily injury to peer consumers and third parties such as pedestrians or other drivers. This coverage is provided by an international insurer. Uber does not give the name of the insurer but specifies that it is rated "A" by the credit agency of insurance companies A.M. Best.

On the website or app however, the platform does not indicate details on this additional coverage. No further information regarding claims or pay-outs was provided by the platform. Lack of clarity about what is covered by the platform's own insurance, in addition to the driver's may lead to uncertainty for peer consumers and peer drivers.

## 2.6 Cross-border dimension

UberPool operates in 2 EU countries, whereas UberPop is active in 8 countries (Finland, Czech Republic, Denmark, Estonia, Poland, Norway, Romania, Slovakia). Uber services must therefore adapt to different national legal frameworks.

According to the platform, cross-border trips in EU only represent a very low percentage of overall trips. To put this into perspective: about 80 trips per month took place in April and May 2016 between Malmo and Copenhagen. On average about 100-200 trips take place every month between Vienna and Bratislava.<sup>99</sup> No further information regarding cross-border trips were provided by the platform.

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<sup>96</sup> Ibid, "Repair and Cleaning Fees".

<sup>97</sup> Information available at : <https://help.uber.com/h/eebc0564-5228-4d70-997c-0fe63f0753c2>, accessed on 09/02/2017.

<sup>98</sup> Information available at : <https://www.uber.com/legal/terms/gb/>, accessed on 09/02/2017.

<sup>99</sup> Written feedback received on 30/08/2016.

## 3 Conclusions

### 3.1 Main findings

#### 3.1.1 Contribution to the business model typology

Uber business model corresponds to **the second type of business model of “active management”** because of the following features:

- Active matching of demand and supply through search functions/filters and instant messaging system
- User information checks (through email or social media)
- Pre-screening, including criminal records check and verification of identity documents of peer providers
- Monitoring of user activity and controlling access to platform (suspension of user account in case of violations of the standards contained in T&Cs)
- Management of peer reputation system (ratings)
- Monitoring of peer reputation system with the right to deactivate account with bad ratings

In addition, Uber business model corresponds to **the third type of business model identified (“platform governed peer transactions”)** because the platform:

- Sets standardised T&Cs that define interaction between peers
- Imposes rules and fees for cancellations
- Sets maximum price per ride
- Manages payments and monitors success of transaction before releasing payment to peer provider
- Manages complaints and refunds of P2P transactions
- Provides insurance for peer providers as part of the transaction fee

The extensive involvement of Uber in the performance and quality of the peer to peer transaction contrasts with the platform’s claim not to be liable for issues stemming from peer interactions.

#### 3.1.2 Transparency of the platform, including information provided to peers

Uber provides information to peer users in its terms and conditions, privacy policy and help desk, available both on the website and the mobile app. They are common to UberPool, UberPop and the other Uber services insofar as they relate to riders, but can vary between countries.

The platform makes efforts to clarify the information provided, which is noticeable in the privacy and help desk sections, but could be improved as regards T&Cs – where more technical legal language is used. Information is especially detailed on prices, safety and privacy. Community Guidelines are available for interactions between peers.

However, transparency should be enhanced regarding entitlement to refunds and insurance, for which information cannot be found on the website. Also, there is a discrepancy between the platform’s denial of liability and its involvement in setting the terms of peers’ interactions and ensuring performance and quality of transactions.



### 3.1.3 Trust building and verification of information

Trust building and verification of information are common to UberPool, UberPop and all other Uber services.

The rating system allows Uber to monitor peer user activity, to encourage peer drivers to improve their performance if needed and to suspend accounts that consistently receive bad ratings. Peer providers undergo pre-screenings, including verification of identity documents and criminal records checks before being able to take rides. Both peers can be banned from the platform in case they do not respect the terms and conditions or Community Guidelines set out by Uber.

### 3.1.4 Access to complaints, redress and insurance

Complaints, redress and insurance are common for all Uber services, including UberPool and UberPop. A customer service is available 24/7 to answer peer user questions, and it provides quick support.

Uber does not have a defined policy for refunds and does not give information about refunds on the website. However, the mystery shopping experience has shown that Uber could issue refunds to peer consumers as a result of a complaint. Also, Uber acts as an intermediary to reimburse peer providers for repair or cleaning costs by taking the amount from the peer consumer's payment account. Cancellation is possible but the platform charges a cancellation fee – which amount is not specified – to both peers from 5 minutes after the ride request has been sent or accepted.

Uber offers additional liability insurance that covers the driver's liability for property damage or bodily injury, but more information is not available on the website.

Uber frames the way peer users can reach its customer service. All complaints must be linked to a trip, and queries must fit into predefined categories, which restricts the possibility to contact the service if the request is not linked to a particular trip or does not fit in any category. No mobile line or live chat are available to contact the service.

## 3.2 Good practices

At the platform level, the following good practices can be highlighted:

- The following information is clear and detailed:
  - Ride price and arrival time of driver is given upfront ;
  - Detailed pricing mechanism given for each city;
  - Privacy policy uses simple language and is clear about data sharing policy
  - Tailored information about income taxes.
- Uber monitors if users do not respect the platform's rules, which can lead to the suspension of their account;
- Identity verification, especially criminal background checks of peer providers, increases trust between peers.

## 3.3 Elements of concern

There is a discrepancy between what the platform says about its non-liability for the peer to peer transaction, and its actual involvement in defining the terms and ensuring the quality of the peer to peer transaction. This can lead to uncertainty among peers regarding the liability of the platform for the transactions that it facilitates

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There is no defined policy for refunds, and the website lacks information regarding entitlement to insurance.

Lack of information about the difference between the different types of service provided by Uber can lead to confusion among peer consumers regarding the contractual nature of the peer to peer contract, in particular whether the peer driver is acting in a private (UberPop) or professional (UberPool) capacity.

### 3.4 Future developments

Uber is currently researching the use of telematics data to increase safe driving<sup>100</sup> and working to measure indicators of unsafe driving, such as harsh braking and acceleration, detected by the mobile devices on which the app is installed and transmitted to the company through the app.

In the U.S., the platform provides targeted advice to peer providers to help them stay safe on the road. Success is measured by the reduction in the number of car crashes, driving-related complaints, and trips during which unsafe driving is detected.<sup>101</sup> This technology could be implemented in other countries in the future.<sup>102</sup>

It is likely that over time Uber will develop into a broader service which uses the significant amount of user data that it collects to offer a wide range of services going well beyond ride-sharing. It will be important to monitor the extent to which the platform's data use and re-use policies reflect this development. For instance, the new app contains new algorithms allowing to access peer consumers' and their friends' location data.<sup>103</sup> It also combines peer to peer rides with trains or bus timetables to e.g. reduce layovers and provide a more comprehensive mobility service.<sup>104</sup> New lifestyle features allow peers to personalise the user experience, using tools such as calendars, weather and news information, and restaurant reviews.<sup>105</sup>

Finally, an Uber spokesperson indicated that Uber was planning to make its services available in more EU countries, depending on market demand and local regulation.<sup>106</sup> In addition, the expansion of UberPop, despite the recent bans, is not excluded by Uber.

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<sup>100</sup> Interview with Uber, 19/08/2016.

<sup>101</sup> Information available at: <https://eng.uber.com/telematics/>, accessed on 09/02/2017.

<sup>102</sup> Interview with Uber, 19/08/2016.

<sup>103</sup> Venture Beat, op. cit, available at: <http://venturebeat.com/2016/11/02/uber-is-rolling-out-a-big-redesign-powered-by-machine-learning/>, accessed on 09/02/2017.

<sup>104</sup> Venture Beat, op. cit., available at: <http://venturebeat.com/2016/11/02/uber-is-rolling-out-a-big-redesign-powered-by-machine-learning/>, accessed on 09/02/2017.

<sup>105</sup> Financial Times, available at: <https://www.ft.com/content/e7113970-a06b-11e6-891e-abe238dee8e2>, accessed on 09/02/2017.

<sup>106</sup> Interview with Uber, 19/08/2016.

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