

# Taxis v Uber

## Substitutes or complements?

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Aug 15, 2015

- Uber 妥協, 2019/10/1
- Uber 條款明日上路, 2019.10.5
  - 「人」要有計程車駕駛執業登記
  - 「車」要有計程車牌照

- What black cabs are to London, yellow taxis are to New York
- But ever since Uber, the near-ubiquitous car-hailing app, arrived on the scene in 2011, the taxi fleet's days have seemed numbered.

## Damage and rescue

- The average price of one of the city's 13,771 medallions (licenses to drive taxis) has fallen from an average of \$1m during the summer of 2014 to \$690,000 over the past three months.
- City officials tried to come to traditional taxis' aid, by threatening to cap the growth of "for-hire" cars (the category that includes Uber vehicles) on the grounds that they were exacerbating congestion.

- Uber launched an aggressive public-relations campaign against it, and [NY city] agreed to delay the proposed limits until the completion of a traffic study in November.
- Hard proof that Uber is the primary cause of yellow taxis' woes has been hard to come by.
- Uber is not the only new source of competition for taxis, e.g., boro taxis and Citi Bike

- Uber recently published six weeks' worth of data on its service in New York.
- Taxi and Limousine Commission (TLC), the industry's regulator, released figures on every yellow-taxi journey from 2014 to June 2015.

- The best news for the Uber camp is that the advent of its service has coincided with a significant increase in the total number of rides in New York.
- June 2013: 14.4m yellow-cab trips + 0.333m Uber
- June 2015: 15.8m (taxi + Uber)
- The market is not zero-sum

# Substitution

- However, the figures suggest that Uber is substituting for taxi
- From June 2013 to June 2015: Uber increased from 0.3m to 3.5m; taxi volume has fallen by 2.1m.
- A complete analysis needs to consider many more factors.



## Middle of the night

- A further indication that Uber bears significant responsibility for the drop in cab hails is that the decline is most pronounced in the middle of the night, when passengers place the greatest value on Uber's advantages in convenience and comfort.
- Taxi rides between 11pm to 5am have fallen by 22% since June 2013, whereas trips at all other times are only off by 12%.

# Expectations

- There are expectations that the bite Uber has taken out of taxi earnings is likely to grow.
- And the industry's economics could get even tougher if Lyft, Uber's smaller rival that recently set up shop in New York, decides to set off a price war in the Big Apple, as it previously did in San Francisco.
- Medallion prices probably have plenty of additional room to fall.