THE RIDE-HAILING CONUNDRUM

WHAT PLATFORM COMPANIES CAN LEARN FROM RIDE-HAILING’S COMMITMENT CHALLENGES
CONSUMERS LOVE RIDE-HAILING, BUT COMMITMENT IS ELUSIVE

AMERICA’S RELATIONSHIP WITH THE AUTOMOBILE IS CHANGING.
The auto industry’s relentless campaign to win the hearts and minds of consumers produced a century long “love-affair” with the automobile. However, as the sharing economy matures, urban populations explode, and sustainable mindsets evolve, experts argue that automobile ownership is losing its grip on the American psyche and pocketbook.

A trend that is central to this shift is that consumers love ride-hailing! As one of the most disruptive technologies of the 21st century and one of the fastest growing sectors (65% compound annual growth rate between 2015 and 2020) it’s clear that ride-hailing is firmly cementing itself as a common part of daily life.

In a recent Accenture survey of more than 1,000 US consumers, nearly two-thirds (63%) of car owners who use ride-hailing services would consider giving up their personal vehicle over the next decade in favor of ride-hailing. While this statistic and others like high consumer satisfaction rates and an appetite for increased spending indicate a bright future for the industry, the road ahead is not without speed bumps.

Those ride-hailing brands that want to retain brand loyalty and expand their appeal must deepen their customer intimacy while creating higher levels of trust and relevancy.
CONSUMER SATISFACTION WITH RIDE-HAILING COMPANIES IS VERY STRONG, AT 92%, DRIVEN BY RELIABLE PICKUP AND DROP-OFFS, HIGH SATISFACTION WITH DRIVERS, AND EASE OF BOOKING AND PAYMENTS.

While only time will tell if this trend away from vehicle ownership is permanent, the love of ride-hailing services is a critical indicator of the new reality of the modern sharing economy.

So, who are the consumers at the heart of the ride-hailing movement?
FREQUENT RIDERS
– THOSE WHO USE RIDE-HAILING SEVERAL TIMES PER MONTH OR MORE – REPRESENT OVER HALF OF RESPONDENTS

These riders tend to be under 45, live in urban areas, and use a variety of services offered by ride-hailing companies including food delivery and multimodal transportation such as scooters or dock-less bikes. This segment continues to prioritize access to services, walkability, and low commute times over ownership of cars or homes.
More than 90% of respondents expect to maintain or increase their spending on ride-hailing services this year with nearly 20% reporting a “significant” increase in spending.

SATISFACTION IS VERY HIGH; HALF WILL MAINTAIN SPENDING AND 40% WILL INCREASE SPEND IN NEXT 12 MONTHS

SATISFACTION WITH RIDE-HAILING PROVIDER

- Very Satisfied: 64%
- 2: 28%
- 3: 7%
- 4: 1%

Not Satisfied at all

SPEND CHANGE IN NEXT 12 MONTHS

- Increase Significantly: 17%
- Increase Slightly: 23%
- Stay the Same: 53%
- Decrease Slightly: 5%
- Decrease Significantly: 2%

92% of US ride-hailers are satisfied with their primary provider

93% of US ride-hailers will maintain or increase spend in next 12 months

NOW WHAT?

SATISFACTION AND SPEEDBUMPS
ROOT IN TRUST
LEAD WITH PURPOSE
RELEVANCE IS KING
DESPITE CONSUMER AFFECTION FOR THE SERVICE,

COMMITMENT TO A SINGLE BRAND REMAINS ELUSIVE.

Nearly 40% of US ride-hailers use both Uber and Lyft and more than half (52%) reported switching who they use as their primary ride-hailing service.

This lack of allegiance to a single ride-hailing brand is predicted to continue with more than 40% of respondents indicating an intent to switch providers in the next 12 months.

Those most likely to switch are younger frequent ride-hailers who use ride-hailing for commuting and everyday activities such as shopping or going to a doctor appointment.

As ride-hailing brands seek to garner long-term customer loyalty there are a few key factors outside of price and product performance that need to be considered.

41% LIKELY TO SWITCH IN THE NEXT 12 MONTHS

<table>
<thead>
<tr>
<th>Age</th>
<th>Gender</th>
<th>Frequency</th>
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<tbody>
<tr>
<td>18-34</td>
<td>Male</td>
<td>Daily/weekly ride-hailers</td>
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Purpose

- Commuters, shoppers, and doctor visits

Social

- Book on behalf of others
PRICE IS THE NUMBER ONE REASON FOR SWITCHING.

Yet, when asked what attributes are most important to riders, price surprisingly ranks just ninth. Therefore, a myopic focus on keeping prices artificially low won’t be the only factor in maintaining customer loyalty.

Through our analysis Accenture has identified three key areas that brands need to get right in order to develop long-lasting relationships.

THREE KEY FACTORS IMPACTING CONSUMERS’ ALLEGIANCE AS THE RIDE-HAILING SECTOR MATURES:

1. Relationships must be rooted in trust
2. Brands need purpose to endure
3. Relevance is still king

Now What?

Satisfaction and speed bumps  Root in trust  Lead with purpose  Relevance is king  Now what?
While consumers are highly satisfied on many important dimensions of the ride-hailing experience such as booking and payments, only a minority of consumers are satisfied with safety and protection of personal data—top of the list of important qualities.

Nearly 70% of ride-hailers say that having their personal data protected is an extremely important aspect of the ride-hailing experience, but just 48% are satisfied with how their ride-hailing firms deliver on this key attribute and only one in four (27%) say they completely trust their provider with their personal data.

\[
\text{ONLY ONE IN FOUR COMPLETELY TRUST RIDE-HAILING COMPANIES WITH THEIR PERSONAL DATA}
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This lack of trust has significant implications for ride-hailing companies that want to strengthen customer relationships.

Accenture’s 2019 Global Keep Me Index (which measures customers likeliness to stay with a brand for the long run) found customers who trust a brand highly are three times more likely to remain a customer than those who distrust a brand. Additionally these trusting customers are four times more likely to share valuable personal data.

The ability for companies to gain exclusivity and provide additional relevant services is dependent on obtaining high value data about who their consumers are and what they want.

Considering these dynamics, it should concern providers that only 20% of US ride-hailers reported being completely willing to provide additional personal data for the benefit of enhancing their experience. That figure is significantly lower among those 45 and older.

Trust is difficult to build but easy to lose – today’s reality is that consumers now demand products and services designed to proactively address their concerns about privacy, transparency, safety, and integrity. Companies must meet this expectation to develop trust and build stickier consumer experiences.
The growing demand for purpose-led brands is reflected in the ways that consumers assess what a brand says, what it does, and what it stands for. Consumers support companies whose brand purpose aligns with their beliefs, and they reject those that don’t. Fewer than 1 in 3 US ride-hailers strongly feel that their primary ride-hailing brand is a "responsible business that promotes environmental and social interests." Other attributes such as "treating drivers well" and "sharing the same values" also score low, with less than 30% strongly agreeing these are attributes exemplified by their primary ride-hailing brand.

These perceptions are generally consistent across ride-hailing brands, although pockets of differentiation exist within specific customer segments. Customers respect the value that purpose-led brands bring to communities - socially, environmentally, and culturally. Other Accenture research found that two-thirds of consumers find purpose-led brands more attractive, and prefer to purchase from companies that stand for a shared purpose. Accenture’s Global Keep Me Index revealed that customers are also twice as likely to share personal data with brands that give back to their community – data that is critical for ride-hailing companies to provide engaging and relevant experiences into the future.

Sources: (1) nytimes.com/2019/10/14/opinion/benioff-salesforce-capitalism.html, (2) Accenture’s Keep Me Index
BRANDS ARE SEEN AS RELIABLE IN THE SERVICES THEY OFFER,
BUT LACKING IN A FEW KEY ATTRIBUTES THAT LEAD TO LONG-TERM BRAND LOYALTY

**BRAND ATTRIBUTES: % STRONGLY AGREE**

- Is reliable: 46%
- Is safe: 42%
- Is a leader in the industry: 42%
- Is good value for the money: 40%
- Is innovative: 40%
- Is trustworthy: 39%
- Treats me like a valued customer: 39%
- Is future-looking: 34%
- Treats its drivers well: 29%
- Is a responsible business (promotes environmental and social interests): 29%
- Shares my values: 27%

Accenture’s 2019 Global Keep Me Index reveals that customers are twice as likely to share personal data with brands who give back to their community.
Adjacent services from ride-hailing companies such as multi-modal transport, food delivery, and city tours diversify revenue streams, lower the financial burden of ride insurance, and enable greater scalability, however, ride-hailing customers have developed high expectations around the adoption and usability of these services.

Less than half of US ride-hailers express interest in existing adjacent services like food or package delivery from ride-hailing companies, and even fewer (one in three) show interest in multi-modal transportation such as ride-hailing paired with bikes or scooters.

**WHILE MANY YOUNGER CONSUMERS ARE THE MOST ARDENT ABOUT USING ADJACENT RIDE-HAILING SERVICES,**

**THEY ARE ALSO THE LEAST LIKELY TO COMMIT TO A SINGLE BRAND.**
INTEREST IN RIDE-HAILING COMPANY PROVIDING ADJACENT SERVICES

Very interested  | Somewhat interested

Restaurant food delivery | 25%  | 23%

Hourly, half-day or full-day tours when visiting a new city | 21%  | 24%

Subscription service for ride-hailing services to access lower fares and/or preferred benefits | 21%  | 24%

Package delivery to your home | 23%  | 20%

Grocery delivery | 22%  | 20%

Secure package delivery to your car or home with one-time user codes for drop-off | 21%  | 20%

Subscription services for combining ride-hailing and multi-modal transportation services to access lower fares and/or preferred benefits | 16%  | 19%
To keep customers loyal, ride-hailing companies need to be more transparent in how they are using—and protecting—riders’ personal data, continue to re-imagine the ride-hailing core and adjacent service experiences, and create a brand perception that is seen as socially, environmentally, and culturally conscious.

The high level of satisfaction and growing use of ride-hailing services show a positive outlook for the industry and its role in every-day consumer life.

But love of the service has yet to translate into brand loyalty and exclusiveness.

Price and service levels motivate riders to switch between brands, but trust, purpose, and relevance rank the highest in terms of importance.
WHAT CAN OTHER PLATFORM COMPANIES LEARN FROM RIDE-HAILING TRENDS?

Less than a decade ago, consumers likely wouldn’t have considered using a ride-hailing service, yet today it’s one of the most popular services in the transportation market. Consumers love a great idea and will gravitate in droves to innovative solutions for everyday issues.

As seen in the ride-hailing market, however, platform companies need to think beyond the basics of technology and price and understand the bigger picture of consumer needs.

Trust is everything
From personal data management to brand perception, the overall integrity of a platform and its reputation will contribute heavily to consumer loyalty.

The future is connected
Demand for more personalized experiences will require significant data integration with other entities, services and providers. Consumers expect the right services at the right time without sacrifice to data security / integrity.

Your purpose is your brand
Bottom line, consumer’s spend money and stay loyal to companies that provide a purpose they believe in and exhibit relatable values. Everything a company does is a reflection of their brand, and platforms should be wise to the power that purpose has on consumer spending.
METHODOLOGY

Accenture Research conducted an online survey of 1,003 consumers in the United States who use ride-hailing services to understand their perceptions of ride-hailing companies, usage habits, brand loyalty and additional services that consumers would be interested in using from these types of companies. The survey was conducted in November 2019.

ABOUT ACCENTURE

Accenture is a leading global professional services company, providing a broad range of services in strategy and consulting, interactive, technology and operations, with digital capabilities across all of these services. We combine unmatched experience and specialized capabilities across more than 40 industries — powered by the world’s largest network of Advanced Technology and Intelligent Operations centers. With 505,000 people serving clients in more than 120 countries, Accenture brings continuous innovation to help clients improve their performance and create lasting value across their enterprises.


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