



RIDE HAILING

THE INFORMATION'S 411 PODCAST SERIES

Host: Jessica Lessin, CEO, The Information

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Jessica: Hi! It's Jessica Lessin here with the information, and I'm sitting in San Francisco with Robin Murdoch of Accenture. Robin is Global Managing Director of Software and Platforms at Accenture, one of the thirteen industry groups overseeing all leading platform companies, which we know is a broad purview in today's day in age. Robin, thanks so much for being here!

Robin: Thank you.

Jessica: So Accenture has some new ridesharing research that's out. Tell us what you found.

Robin: Yes, so we surveyed a number of ridesharing users here in the US. And the headline, really, is that people love ridesharing services. But the brand commitment is not really there. People are really switching between the different services.

Jessica: Then with my business reporter hat on, I see that this is to perhaps explain for some of the challenges Uber and Lyft are still facing here. What did your research show in terms of trajectory, right? Is it tilting one way verses tilting the other way?

Robin: Yeah, I think. I think so. So two key things. Certainly in the near term, people are really satisfied and that's showing up in the fact that people are planning on maintaining or increasing their spend. So the vast majority of people are planning on maintaining or increasing spend on ridesharing over the next year. But interestingly, as you look to sort of over the next decade, two-thirds of people said that they'd consider giving up their car. And the vast majority of people we spoke to did actually own or lease a car. So, certainly from an outlook perspective, people love ride hailing services, and would consider over the longer term switching from owning a car.

Jessica: Well that's fascinating. I remember, you've seen companies like Uber and Lyft and many others say our target market is car ownership, right. It's not the taxi industry or something like that. So, you're seeing that consumers are... there's some evidence that may be possible but not there yet? Is that...?

Robin: Yeah, yeah, no. I think that's fair. I mean so, the people we spoke to, the vast majority of them do still own cars. It's something we can probably expect to see over the coming few years. But in the near term lots more usage of ride hailing.

Jessica: What about micro mobility and scooters? What did your research dig up on that?

Robin: Yeah, yeah. So we asked people if they used different adjacent services, and actually people surprisingly said that they weren't using as many adjacent services. They're sticking to the one thing that they're using. So we found about forty percent of people were using adjacent services like scooters, etcetera. So certainly that's an opportunity.

Jessica: What else is adjacent? So, scooters... What else would fall into that?

Robin: Yeah so there's a whole bunch of things. There's package delivery, there's the likes of Uber Eats food delivery. So people are really, really focused on the main ridesharing services themselves.

Jessica: That's fascinating. Also, kind of baked into the business expectations of these companies is sort of the platform take on Amazon, you know. And while we've seen I think, in food delivery in Uber in particular, a lot of growth... It's just a brutal market I think, in terms of competitive economics and it would be interesting to see how consumers feel given there's still a lot of competition and a lot of choice.

Robin: Yeah and certainly if you look in the US, those adjacent services are very attached to, kind of the original service of ride hailing. Actually if you look outside the US, like into Southeast Asia Grab for instance, it's getting into the payment space. Or if you look at DiDi in China, you see them sort of expanding more vertically into multiple parts of the ridesharing service. So, partnering with electric vehicle companies, charging infrastructure, etcetera. So around the world there are different approaches to really expand from just core ride hailing.

Jessica: Do you think that geographically, we'll see more convergence? I mean, I think, mentioning autonomous... We have Uber that is still investing heavily in that and not sure with what's on traction yet. But, or with your global perspective, you think the markets will keep their distinctiveness?

Robin: Yeah, look. Everyone is trying. Everyone is looking at these new futuristic services like autonomous vehicles. You know, CES this year there was lots of talk about air taxis. There was a mockup of a Hyundai and Uber air taxi. So, you know, certainly leaning into the future there is this promise of autonomous vehicles, and obviously autonomous vehicles in the air, on land. But that, you know, that is uncertain as to when that will really kick in. What does get interesting though, when you start to look to that future position, is the economics potentially change dramatically. So you move from a very Opex intensive ride hailing service to one where, well, if you've got autonomous vehicles, it's much more Capex intensive. So you've got that interesting change in sort of financial position that you might see in ride hailing. But it's uncertain as to when that's actually going to kick in.

Jessica: Do you think the public, perhaps the press, are over or under optimistic on just the timelines for autonomous?

Robin: Yeah, yeah. I mean you hear very different things from different people. There's one interesting school of thought that actually even though it sounds very Jetsony, air taxis are an easier autonomous solution than, you know, traditional autonomous vehicle cars.

Jessica: There's more air than road space, right?

Robin: Right, right. They're actually, the problem areas that you need to overcome, they're actually less from an air taxi perspective, even though it's so futuristic. We actually asked consumers if they were interested in an air taxi service. And about forty percent of people actually said they would consider it. But they were thinking with more in sort of traditional sense. So they were saying, you know, be great to get to the airport by an air taxi service. Or get a tour of a city from an air taxi service. So it was more of that, versus traditionally sort of knocking out your normal ride hailing service.

Jessica: Yeah, I always think that Sebastian Thrun who was basically one of the godfathers of autonomous vehicles at Google has now put all of his eggs in the Kitty Hawk vertical take off and landing bucket. So, yeah, it's easy to forget the air, but we shouldn't.

Robin: Yeah, yeah. I mean I think Hyundai and Uber at CES. There was also Toyota announced a 400 million dollar investment in JB Aviation. So you're certainly seeing vehicle manufacturers looking at this space with real interest.

Jessica: I always wonder if my kids are gonna be getting their drivers license, they're three, so their driver's license, pilot's license, whatever it's going to be in the next generation. Wonderful. Well, Robin, to wrap up what else did the research show that jumped out at you?

Robin: Yeah, I think the flipside to all of this is just brand commitment. That a significant amount of people are switching between the brands. We found over half of people are switching between brands. So, how do you really maintain that brand loyalty? And it's addressing all of the issues that consumers have in the whole riding experience. And that also includes trust, maintaining users' trust, maintaining safety. Those are absolutely critical to users. So, while there's great potential in ride hailing, from people giving up their cars, to spending more money, brand commitment certainly is something that's remaining elusive.

Jessica: Do you feel like the market share picture, and it's such a fascinating industry cause it's global and complicated, do you think it's pretty entrenched? Or does that tell you, you think there could be room for very wild swings?

Robin: Yeah, I mean it's a market that just continues to evolve in almost region. And as you look at sort of the promise of autonomous vehicles, etcetera. There's potential that it will get disrupted again. So it's not stable. But certainly, it's the case that in a given region, there are one or two major players that are dominant.

Jessica: Yeah. Well, as we've been covering it since it's infancy, and it's great to have that context through the research of what we can expect in the years ahead. Thank you so much, Robin, for joining us.