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Is Uber a taxi company or a technology company?

Uber has faced several issues in the Indian market too and former CEO Kalanick told other executives that he believed the incidents had been staged by rival Ola.



December 5, 2014, a cold, foggy, dark December night in New Delhi. A routine transaction by a lady taking a cab home after dinner with friends ended up in a terrible incident of rape by the driver who drove the Uber taxi. The news went global as Uber (Uber Technologies Inc) was an international company based out of San Francisco in the US.

In 2015 the Delhi high court sentenced the accused Uber driver to life in prison and the victim settled a civil lawsuit in the US against Uber. That should have been the end of the matter. What happened next made it worse.

Uber was accused of accessing the victim's medical reports to portray her in a negative manner and to support Uber's attempt that the entire episode was orchestrated by competitors. According to a Reuters report, the then [CEO of Uber Travis Kalanick](#) had told other Uber executives he believed the incident had been staged by their Indian rival Ola.

But the victim sued Uber again in the San Francisco federal court and claimed in the lawsuit: "Uber executives duplicitously and publicly decried the rape, expressing sympathy for plaintiff, and shock and regret at the violent attack, while privately speculating, as outlandish as it is, that she had colluded with a rival company to harm Uber's business." Needless to say, Uber settled the second lawsuit also out of court in 2017.

The above are the facts. [However, when one digs deeper, it gets worse.](#) Uber did not conduct any background checks of the driver who was an accused in four other criminal cases. Would this have been allowed if Uber was a recognized and registered taxi service provider?

In 2017 multiple Uber drivers were accused of unpleasant behavior by a wheelchair-bound woman. Again, the relevant question to consider is: would this have happened if Uber was a recognized and registered taxi service provider?

So, how should we view Uber? Are they a taxi company, which does not follow the rules meant for other taxi drivers? Or, are they a technology company who connect people with taxis? In the latter case, does it also mean that they have a lesser responsibility towards their customers? Is their service only to connect cars and customers? Is there a corporate ethical issue of Uber dishonesty in trying to position itself as a technology company and arguing in the court to be listed as one?

Some of the so-called professionals, marketers and other intellectuals bought into Uber's positioning while the layman on the street understood it much better! They did not blink, they did not hesitate in answering the question, they came right out and said – Uber is a taxi company!

How should we approach this question? In order to best answer this question, three approaches are possible.

One, we go back to the theory, and two, we talk to management graduates who understand product and positioning, and third, we talk to the customers.

Let us start with the theory first. If we use categorization theory, taxi service is at the basic category level. There are a number of criteria used to classify new objects into a category. At the basic level, the key factor is homogeneity within and heterogeneity across. So, we look at taxis and buses, we see that we can easily distinguish between the two, even though at times they provide essentially the same services – transportation (which is a higher order category). All taxis generally look alike, provide the same service at the individual level, and we use them the same way.

From this point of view, Uber performs essentially the same as Fast Track or the black/yellow taxi which was so common in India in the years past. We interact with them by hiring them at the individual level, they have no fixed routes, and they pick us up from our origin and take us to our destination. There is a driver devoted to the taxi who provides this service, and we pay the driver based on some combination of distance and time. So, categorization theory would suggest that Uber is very much a taxi service provider, maybe a better one than the others, but nevertheless a taxi company.

So, let us turn to the second group – the management group.

In several management development workshops and MBA classes when we asked the multiple-choice question of Uber positioning and reception in the market, a significant number of professionals responded with the choice that Uber is a technology company, exactly what the registered name of the company wished to convey - registered company name in the US is Uber Technologies Inc.

However, it is important to note that a significant number of MBA students considered them as a taxi company. So, there is no unanimity in how Uber is viewed by professionals and students. It appears that the December 2017 ruling by European Court of Justice (ECJ) that Uber is a transportation company and not a digital service company was not powerful enough to filter through to Uber's hard positioning in the minds of some professionals, but not for students.

And finally, we turn to customers and competitors.

1. Kuppuswamy (name changed) who owned three taxis and was running a profitable business at the Sony world junction in the Koramangala suburb of Bengaluru said Uber is a taxi company that took his regular taxi business away. Kuppuppu who had a booming taxi service at the Bengaluru railway station identified Uber as the company taking business from him. Hence, they view it as a competition.

2. Mrs. Sardamma who took taxi from Kuppuswamy for more than 10 years also said Uber is the taxi she now takes. Multiple friends and colleagues talk of taking an Uber or a taxi, clearly indicating that they view Uber as an alternative to current taxi services.

Then how did seasoned marketing professionals get this wrong?

The answer lies in branding and positioning by Uber that was done in such a way that the intellectually engaged group got sucked into Uber's marketing hype and its misleading registered company name. But customers like Saradamma and MBA students and Uber's competitor like Kuppuswamy got it right.

Uber's market positioning is a wakeup call for regulators. Several courts around the world have found Uber liable for damages caused to the rider and have not completely blamed the driver of the vehicle. It would not be right to allow Uber to use their marketing and positioning to avoid responsibility.

Uber should be classified as a taxi company only and must come under the regulations of a taxi business, and every time a customer uses an Uber taxi service the legal contract is between Uber and the customer for providing the taxi service by Uber in exchange for the payment from the customer. Uber is a taxi company, there are no two ways about it!

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