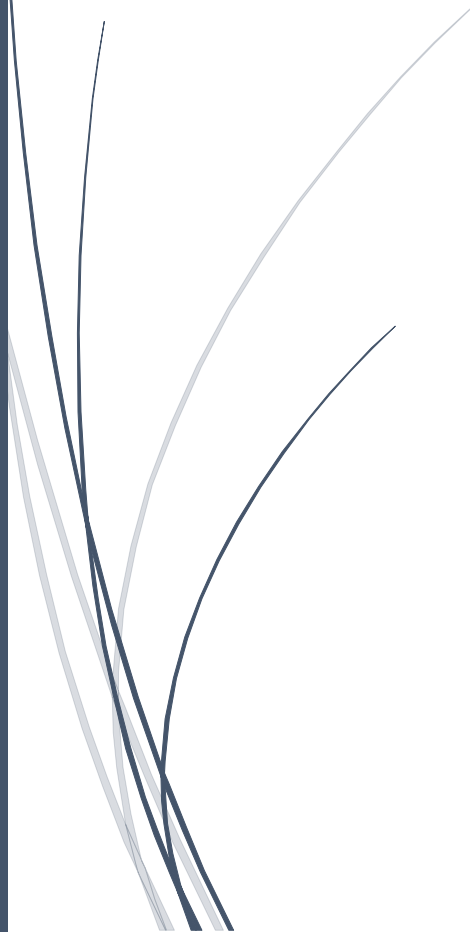# Uber consumer behaviour report

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Contents

1.0 Context, Problem and Opportunity

Uber has been successful in establishing itself in Australia and offers the future of social ridesharing through efficiency and convenience. Ubers' business model is simple yet effective; "tap the app, get a ride" (Uber, N/A). Not surprisingly, Uber's primary (75%) users are consumers aged 18 to 34 years as naturally those brought up with technology are the biggest consumers of it (Levine, 2016). However, Uber is moving into the maturation phase of the business cycle and is looking to become more competitive in the 40 to 60-year-old market in Queensland. To do this, Uber must re-evaluate its marketing efforts as this demographic is in a later stage of life and therefore holds different values.

2.0 Literature Review

Uber has identified that there is low adoption among the 40 to 60-year-old demographic. Currently, this demographic makes up less than 15% of Uber users and on an average weekend the majority (57%) of this age group will catch a cab at least once (Bruce, 2013; Levine, 2016). However, research indicates that this demographic is significantly undervalued in modern marketing and holds untapped potential by possessing high disposable incomes, openness to try new technologies and a need for convenience (Stubbs, 2012; Reisenwitz & Iyer, 2007).

A possible underlying issue for low adoption among these consumers is due their habitual decision making behaviour. Generally, for consumer's, 'routine' travel is a low-involvement decision due to an established method of transport to suit their needs which becomes habitual such as by personal vehicle, public transport or taxi. Habitual decision making often inhibits consumers from developing their evoked set even though new alternatives may exist (Laroche, Kim, & Matsui, 2003; Klenosky, 1990). A consumers evoked set comprises the alternative products or services which they would consider when making a purchase decision (Grewal, 2015). Inertia is the usage pattern where consumers unknowingly consume a product or service out of habit because less effort is required (Saqib, Mahmood, Khan & Hashmi, 2015; Solomon, 2013). Research distinguishes between levels of inertia in consumers. High-inertia consumers are passive in searching for alternatives, resulting in them remaining with their service providers, however they may have low involvement or loyalty to the brand and simply consume a service due to its convenience (Solomon, 2013; Lee & Neale, 2012). For Uber, this is the issue they face.

Marketers must invest significant efforts to increase the awareness of these consumers of alternative offerings (Troye, 1983). In general, high-inertia low involvement consumers will switch products or services when marketing influences their evoked set and the new option is somehow easier to

consume (Lee & Neale, 2012; Solomon, 2013). For Uber, this is likely the case as their target demographic have adopted suitable methods of travel for their needs and exhibit inaction in considering possible alternatives. Therefore, marketing to this 40 to 60-year-old age group must consider their various needs and how to best communicate Uber's services to reduce inertia.

The older cohort (aged 50 to 60) are referred to as Baby Boomers and are categorised by their shift in mindset from 'achievement orientated' to 'quality of life' (Solomon, 2013; Chua, Cote & Leong, 1990). Whilst this demographic is generalised to be 'technological laggards', Nielson reports that Baby Boomers represent 20% of all online traffic (Nielsen, 2012). As Australia has an ageing population this 50+ age group will continue to grow with increased purchasing power. When marketing to this demographic it is important to be mindful of several factors; ensure credibility and quality, emphasise choice and contribution and offer a good deal (McCrindle, N/A; Solomon, 2013).

It is likely that the younger cohort (aged 40 to 49), known as Generation X, are still at work in their highest earning phase of their career, have children living at home and have a strong focus for personal growth (McCrindle, N/A). This group are astute consumers; they are well educated and have a need for convenience (Grewal, 2015). As a result, Xers are savvy shoppers but are more risk averse than other generational cohorts. Factors to consider when marketing to Generation X include; emphasise convenience, shoot straight and deliver on advertising claims and where possible reduce concern about risk (Anderson, 2006; Wolff, 2006).

3.0 Theory/Model/Framework

The consumer decision process model, seen at right, shows the stages consumers go through before, during and after making purchases (Grewal, 2015). For Uber, it is identified that there is a breakdown or loss of consumers from the 40 to 60-year-old market in two places. An informal survey of a small sample of this demographic (Appendix 6.1) was used to gauge their usage of Uber's services.

The majority of consumer loss occurs in the evaluation of alternatives stage when the consumer begins to explore and then evaluate the possible options to satisfy a need. To do this, consumers organise alternative products or services to aid their decision making (Solomon, 2013).

Figure 1 EKB model of consumer decision-making process. Retrieved from: http://research-methodology.net/consumer-decision-making-process-a-detailed-analysis/

Inertia is highlighted as this demographic, may tend to, out of habit, use taxi services. Recommendation 1 suggests a possible method of changing the buying patterns of these consumers in a corporate environment.

In the need recognition phase and consistent with inertia, three respondents surveyed (Appendix 6.1) report that they simply have not had the need for Uber. Needs arise when a consumer recognises that they have an unsatisfied problem (Grewal, 2015). Whilst these consumers may report that have not had the need for Uber it may be they have not considered Uber for their routine travel such as getting to work, going out for dinner or to cultural or sporting events. Recommendations 2 and 3 provide potential options for which Uber can communicate uses for their services which this demographic may not have previously considered Uber for.

4.0 Recommendations

4.1 Business Travel

Currently in Australia, there is a business taxi culture, in that, corporates have negotiated a discounted fare for employees with local taxi companies. Employees are expected to keep the fare receipt so that businesses can track employee travel and record expenses. Whilst companies such as Cabcharge offer 'company credit cards' and services to account for business travel there is an opportunity for Uber to provide a more effective solution for business travel.

Currently, the Uber business travel option is not widely known. Four of the ten respondents surveyed working in businesses in Brisbane's CBD report using Uber whilst only two knew of Uber's business travel option.

Since being legalised in most areas of Australia, Uber has reported an increase in the uptake of corporate clients, with analysis showing that companies could save us to 40% using UberX rather than taxi's (Akeroyd, 2016; Rohrsheim, 2016). Furthermore, with Brisbane, Sydney and Melbourne airports announcing dedicated ridesharing pick-up zones the opportunity for Uber to capitalise is growing (Ironside, 2016).

Uber should move its business travel option to a new application such as UberBUSINESS, similar to UberEATS. This new application will provide the current functionality of allowing customers to set up a business profile with a separate credit card, have receipts sent to a business email and monthly reports detailing expenses of business travel, in a more developed interface. In addition, corporates will be able to track their employees and then make decisions about expenditure aided by detailed reports using Uber travel data.

Another issue is that corporates may prefer employees to travel with taxi services. To change this, Uber must influence thinking at the corporate level. Research shows that inertia by habitual consumption (e.g. always using Taxi's for business travel) is easily changed given the right incentive as

there is little resistance preventing brand switching (Solomon, 2013; Saqib et al., 2015). Uber can achieve brand switching for corporate clients by promoting their efficient business travel options and simply showing that they are cheaper and more innovative than taxi companies.

4.2 Leisure travel

Leisure travel for consumers travelling to and from social gatherings such as family events, work functions or dining out provides another opportunity for Uber to attract this target market. Logistically getting to and from these events can become complicated with a lack of parking or in a situation where alcohol is consumed a designated driver is required.

Uber can provide a simpler alternative. To appeal to these consumers Uber should promote the economic and social benefits of its services in situations where traditionally they would have driven or caught a cab. Research shows that the best way to reach baby boomer consumers is through credible, informative and clear marketing messages (McCrindle, N/A). Therefore, the opportunity for Uber is to create a marketing campaign to communicate uses for their services for 40 to 60 year olds in social environments.

This demographic was raised with passive media advertising but also have a relatively high technological adoption rate and therefore can be targeted through various platforms (McCrindle, N/A; Reisenwitz & Iyer, 2007). Research stipulates that 'opinion leaders' in advertising are more successful targeting the baby boomer population when they are 7-10 years younger (McCrindle, N/A), therefore, Uber should look to candidates in their late 40s to endorse their campaign. The campaign should be a mix of new media advertising and point-of-purchase displays in the inner-city.

The advertisements should show these people catching an Uber and enjoying themselves with others at several different locations; for example, arriving at a family event and catching an Uber home after dinner. This will communicate to the targeted demographic some possible uses for Uber. The catch line for this campaign could be something like "We're driving so you can have a good time."

Point-of-purchase promotions can be used at relevant locations (e.g. the city and other urban hubs) to encourage 40 to 60 years old to catch an Uber next time they travel for leisure with the incentive of offering discounts on first rides and providing instructions on Uber's services.

4.3 Entertainment collaboration

Since its introduction Uber has been proactive in collaborating and being involved in timely pop-culture events with Generation X. A similar potential opportunity exists in the entertainment events that the 40 to 60-year-old demographic attend including musical concerts, sporting events and

theatre shows. The opportunity for Uber is to enhance the overall experience of these consumers. This could be done by either promoting Uber's services at entertainment events, such as UberZONE at the Caufield Cup, or by collaborating with event organises to offer packages for cultural events around Brisbane.

Brisbane is home to many great locations where masses of people go to seek entertainment experiences. In Australia, over 2 million people aged 45 to 64 attended at least one sporting event per year in 2010 (ABS, 2012). Horse racing is the second most spectated sport in the country (ABS, 2012), and, in Brisbane there is a prospect for Uber to be involved in the racing carnivals by bringing UberZONE and other initiatives to Queensland.

Brisbane hosts many cultural events at venues such as QPAC, BCEC and Suncorp Stadium and visitbrisbane.com highlights all the upcoming arts and entertainment events on offer. To promote the experience of these events, venues offer dinner and show packages. The target demographic are big consumers of these events and therefore there is an opportunity for Uber to collaborate in some of these packages. 45 to 64 years olds frequently attend theatre performances (19.5%), musicals and operas (19.4%) and other classical music concerts (12%) which is on average a higher attendance rate than any other generation is these categories (ABS, 2011). Uber could collaborate with relevant venues and event organises. Opportunities range from increasing driver supply in the area before and after the event to collaborating with an event package that venues may offer. For example, QPAC has dinner and theatre package which may encourage people outside of the CBD to attend; Uber could aid by providing transportation for the night. This also may be an opportunity to use the UberSELECT option, where customers can travel in style which will improve the overall experience.

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6.0 Appendix

6.1 Uber usage survey results

About participant	Do you use Uber?	Did you know Uber currently offers a business travel option?	Extra info
Female, 52 years old Company = Boeing	No	No	From initial conversations: reports lack of use due to lack of need for Uber and routine travel norms
Male, 53 years old Company = QLD rail	No	No	From initial conversations: agreed that lack of use was due to lack of need for Uber and routine travel norms
Male, 49 years old Company = Boeing	No	Yes	
Male, 54 years old Company = Boeing	Yes	No	
Female, 56 years old Company = Mission Providence	No	No	From initial conversations: reported that lack of use was due to lack of need or presence of alternative transport (eg. car)
Female, late 50s Company = Regional Development Australia	Yes	No	
Male, late 50s Company = business owner/consultant	No	No	
Male, 58 years old Company = QLD rail	Yes	No	
Female, 45 years old Company = QLD rail	No	Yes	
Male, 42 years old Company = Queensland Government	Yes	No	
Total	**4/10**	**2/10**	