Transcription of UX Soup Episode 36: Ride Hailing and Other Mobility Services

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0:00:14.3 Chris Schreiner: Hello, and welcome to UX Soup, a short form podcast that looks beyond the buzzwords to give you the latest developments impacting user experience of personal devices and services in the home, in the car and on the go. As always, UX Soup is presented by Strategy Analytics, a global research and consulting firm providing our clients with insights, analysis and expertise.

0:00:37.1 CS: I'm Chris Schreiner, and I'm joined today by one of my Strategy Analytics colleagues from the automotive connected mobility team. Ben Lundin is making his UX Soup debut. Welcome, Ben.

0:00:47.5 Ben Lundin: Hi, Chris, thanks for having me on. Real pleasure to join you today.

0:00:51.0 CS: So Ben, I brought you on because we wanted to discuss mobility services, ride-hailing, car sharing, public transportation, and how these industries have been impacted by the pandemic, what consumers are thinking about them going forward, and what UX issues we're seeing with them. So Ben, could you start off by just telling me a bit about the area of mobility that you handle?

0:01:15.9 BL: Right, so for Strategy Analytics, mobility consists of a few different market segments, including car sharing, ride-hailing, micromobility, so like shared scooters and bikes, and then looking at how public transit kind of integrates into all of these different sectors. So, with COVID-19, obviously mobility generally declined worldwide, right out the gate starting in about January and then continuing up until the present day.

0:01:43.1 BL: For each of those different markets, though, there are a number of different trends that kind of unfolded at the beginning of the pandemic. Car sharing, ride-hailing, micromobility operators all saw precipitous declines in ridership, ride volume, revenue, etcetera. But as COVID kind of began to improve and the landscape began to return to kind of a pseudo-type normal, each of these different operators has seen different results, so ride-hailing companies like Uber and Lyft, Didi and other worldwide operators, in the beginning saw enormous declines, which have continued up until present day. Many of these firms have then pivoted over to things like food delivery, parcel delivery, medical support and supplies, pharmaceutical delivery and more, as kind of these peripheral services or hedges against steep mobility decline.

0:02:41.8 BL: Car sharing operators, on the other hand, like Zipcar, or Turo, Getround, again saw precipitous declines in the beginning of the pandemic, but as mobility demand started to increase, these companies saw enormous surges in membership, and this was mostly stemming from people moving away from public transit due to presumably health concerns being in close proximity to strangers, so these sorts of people who were traditionally using public transit ended up moving over to car sharing services for specifically short errand-related trips, day trips within their local area. These were use cases that people weren't really using shared cars for in the past, so car sharing saw a direct advantage from decline in public transit ridership.

0:03:32.2 BL: Public transit has, before the pandemic, saw declines in ridership over the last decade even more, but the pandemic has created an enormous, enormous void in ridership for public transit agencies. It's forcing many public transit agencies to rethink how they distribute their vehicles across cities. From conversations I've had, and our practice has had with public transit officials, we found that many public transit agencies are rethinking fixed route transportation.

0:04:07.2 BL: So historically, if you go into a city, you might find a bus that goes on a regular schedule, arrives at stops at specific time. Now, with such decrease in demand across these cities, all of these different fixed route services aren't being utilized at the rate that they were in the past. This isn't a very effective use of vehicles. Now they're looking at things like demand response to transport, where instead of serving fixed routes, they can cue a ride on a mobile device and the city will send out a van, a micro transit vehicle or shuttle, what have you, to pick up that person and bring them from point A to point B.

0:04:48.3 CS: So this would be more like putting public transport as a direct competitor to something like Uber and Lyft?

0:04:55.8 BL: In a way, though, Uber and Lyft kind of help support these programs. So in January Uber released its comprehensive public transit white paper where they deployed three different kinds of transportation services they're going to offer to public transportation officials as kind of a supplement. So Uber offers a white label app support to public transit agencies that want to run their own demand-responsive transport systems, they offer different sorts of software compatibility programs for different public transportation agencies. So I wouldn't consider it a competition, I'd consider it more as like a supplement to help them kind of re-think the way that they deploy their vehicles through public transit.

0:05:41.0 CS: So to get back for a second to what you were talking about about consumers not taking ride-hailing services and public transport in the beginning, we just published some survey data that looks at consumer feedback as to how much they've used these services in the past year, due to the pandemic. And in the US, we've seen that more than 1 in 5 people that had been using ride hailings and taxis have stopped using them altogether, and 28% have stopped using public transport because of the pandemic. Certainly, we've seen more than half basically say that they've been using it less than they did before, so that's obviously been a big hit.

0:06:23.4 CS: Car sharing, as you mentioned, car sharing kind of saw a bit of a... It wasn't hit as hard. It wasn't hit as hard as some of the other mobility services. And that showed up in our survey too, where a lot fewer stopped using them because, again, they're not around other people, they have temporarily that space to themselves, and if they have the proper cleaning and sanitization measures in place, then when we ask consumers about what measures like that make them feel more comfortable in using these mobility services, just the basic sanitization for ride-hailing, using a mask, make sure the driver is masked, those went a long way into restoring consumer confidence. So car sharing, as long as there's been some assurance that the car has been sanitized before they got it, then they tend to be okay using it.

0:07:21.9 CS: So one of the things I wanted to ask you about is... And apologies, 'cause this is a bit outside of the UX portion, but it does have UX implications. So all of these companies, Uber, Lyft, Didi that operates in China, and Grab in Southeast Asia, they have all struggled to turn a profit before 2020, and then having all of this hit and hurt them more. What do you see for ride-hailing in the future? How are these companies going to turn a profit, and are they going to do that by impacting the user experience, impacting the usefulness of the cost elements of what consumers in the end are gonna have to pay?

0:08:04.4 BL: Right, so profitization in ride-hailing has to do a lot with cost structure. So as you mentioned, cost is big, and with these companies, which primarily helped them throughout the pandemic to inevitably survive was due to the fact that they had what we call a variable cost structure, where costs will decline as demand or as output declines. So these companies aren't operating at very high fixed costs because they're not paying steady employment to drivers. All of these drivers get paid as they serve demand and produce output. So the cost structure is variable, and throughout the COVID-19 pandemic, many of these companies tried to make their cost structures even leaner, and this resulted in major divestments in things like autonomy.

0:08:58.0 BL: So you saw Uber sell off its Uber ATG to Aurora, you see Lyft just the other day selling off its self-driving autonomous level five program to Toyota at Woven. So you see these companies, at least in the United States, moving away from research and development in long-term business interests in the name of reducing costs. Uber, what many don't know, is that it's been profitable in ride-hailing for at least I think the last year.

0:09:32.1 CS: So one of the ways that ride-hailing companies were looking at to increase profits was to move towards more automated vehicles so that they didn't have to pay drivers at that point. We've had a few episodes of this podcast talking about autonomous vehicles and some of the UX issues with those. We certainly see certain issues that might pop up with autonomous mobility services with particularly first mile and last mile issues. So if you have a human driver, you can tell them, "Hey, drop me off at this particular spot," or you can have some text or voice contact with the driver to help pick you up if you can't find each other. And those are some of the issues that some of these AV mobility services are going to have to deal with. With them selling off their research and development and their AV activities, that's not a signal that we're not going to see these autonomous mobility vehicles going forward, it's just that they're not gonna be the ones developing them.

0:10:39.7 BL: Yeah, I'd agree with that statement. I think many of these ride-hailing companies, again, take different approaches to autonomy, but from what I'm seeing primarily, these ride-hailing companies leverage what we call network effects, where they have a huge array and wealth of people using their applications day in and day out. Uber, Lyft, Didi, Grab, all across the world, Gojek, different ride-hailing operators everywhere around the world have accumulated billion plus members on these platforms. So all of these individuals using these platforms are going to be exposed to different on-demand services offered by each of these companies. Southeast Asia, companies like Grab and Gojek offer financial services and banking to people using these applications.

0:11:32.0 BL: So even though they primarily specialize in ride-hailing, they've moved over to different sorts of on-demand services that end up keeping people on these applications, building a stronger network through more added value services that aren't directly connected to ride-hailing. Again, these companies aren't necessarily moving in one uniform direction towards autonomy, but they will serve as valuable gatekeepers for getting users into the hands of OEMs that are producing these autonomous vehicles.

0:12:06.3 BL: So in my mind, I see Uber moving away from autonomy in order to build out and strengthen their overall network, so we saw move away from autonomy, but also move toward grocery delivery through Cornerstone acquisition or alcohol on-demand delivery through Drizly acquisition. So Uber wants to be an on-demand platform for everything, a la kind of an Amazon for transportation, if you will, instead of being that long-term focused company on autonomous vehicle deployment. They feel that they can be a stepping stone for OEMs to provide autonomous vehicles on their platforms that then get used by Uber users.

0:12:49.1 CS: So, let's talk for a minute about car sharing companies, like Zipcar, Turo or Getaround. We've done so many evaluations of these car sharing services, and we tend to find the same user experience issues with these, from things like just registering and getting your driver's license information into the system and the time that that takes, to connectivity issues of getting into the vehicle. Those first mile, last mile issues that we talked about about getting to the car and getting from the car to where you actually want to be, issues with knowing where you can park if it's a location-based one that doesn't have a set station, issues within the vehicle. There's so many issues, and we have a lot of reports that can talk about that, but do you see car sharing having a brighter future because of the pandemic?

0:13:40.7 BL: Yeah, that's a difficult question. In my mind, it depends on the kind of business model that a car sharing operator might have. So, traditional one-way car sharing services have very tight margins historically, because of what you said regarding operational costs and difficulties with fueling, with maintenance, with making sure vehicles are where they're supposed to be at specific given points in time. But looking at companies like peer-to-peer car sharing, companies like Turo or Getaround, the logistical challenges aren't necessarily there, so, the margins are higher for these companies than far a one-way car sharing service like Zipcar.

0:14:23.0 BL: So, a company like Turo and Getaround doesn't have to focus on the kind of distribution of vehicles from different access points, they just use, again, people as this kind of network driver to just keep vehicles and make them available at their homes, in parking lots where they keep their vehicles or garages where they keep their vehicles within a city. So, I think in my mind, peer-to-peer car sharing companies like Getaround, Turo, I think have a brighter future than a company that has one-way or station-based traditional car sharing business platform like a Zipcar or like a BMW Daimler's ShareNow service, again, mostly in Europe.

0:15:08.8 CS: So, the last topic I wanna talk about is having to do with user needs for transport going forward. So, the pandemic certainly has changed everybody's transport habits, and it will likely have some kind of long-term impact on that. So, we've seen already, there's going to be more people working from home, there's going to be less travel for business, 'cause everybody is now so used to using Zoom and finding it very convenient and cost-effective. We're just starting in the US now to be able to get back to having people come back to some kind of events, and that's certainly different state by state. But some of the long-term transport changes that we're gonna see are going to impact what user needs are for these types of mobility services.

0:16:02.2 CS: For instance, how would this... An increase in working from home and lack of business travel impact Uber, Lyft or car sharing companies, or bike or scooter sharing companies, which one is gonna be more negatively impacted by it?

0:16:21.8 BL: So, I think instead of thinking about the operators, we might wanna focus on the businesses that employ people that work from home. So, if you are a big company that headquartered in New York City, for example, and all of your workers are working at home right now, but you wanna get people back into the office, you're going to have to look at your relationship with your employees a bit differently than you might have had in the past. In the past, workers got to work on their own, they commuted on their own without much interaction with their office on how to get there. But now companies, I think, are going to take a much more rigorous monitoring and control of how they get people into their offices.

0:17:07.9 BL: So, instead of keeping people at home five days a week, you might want to have some of your employees in the office one, two to three times a week, so you might be able to coordinate rides on certain days or certain times for your employees to get them from their home to the office when you need them for in-person activity.

0:17:25.6 CS: I wonder how many employees are going to willingly or be interested or excited about that kind of prospect.

0:17:33.9 BL: Yeah, that's a good question, and I think we'll see how that unfolds. I do think that this need is there for businesses that employ thousands of people, even hundreds of people, just because they will want that ability to flexibly manage who comes to the office and when. Again, as you said, I think that does create a kind of burden on the employee to be available at the whim of their employer by request. So, I think you're right, I think from the kind of... If I'm an employee at one of these companies, will I really enjoy that my employer is kind of facilitating my travel and coordinating my schedule for me? I don't know, but maybe it's something people will get comfortable with over the long term.

0:18:21.1 CS: Alright. So, now it's time for Condensed Soup. And Lisa isn't here, so she can't go Condensed Soup woop woop. [laughter] But that's okay. So, what we wanna do for this week's Condensed Soup, Ben, talk about our best or worst mobility service experience.

0:18:41.7 BL: I love this question. For me, I think my... Maybe not my worse, maybe not my best, my funniest use of a mobility service was in Washington, DC when I started at Strategy Analytics, and I met our director, Roger Lanctot, who lives in Virginia. I met him in downtown DC in Dupont Circle. And at the time, there were scooter operators everywhere, still to this day, I'm sure it's the same, but he wanted to figure out and use one of the scooters in downtown DC.

0:19:16.7 BL: And as someone living in the city for two years, I had been using the scooters pretty regularly to kind of explore the city and bring my friends around when they visited to go see the different monuments in different areas of the city. And so I took Roger to ride a scooter in Dupont Circle and we found an operator and I kind of walked him through how to access it on my phone, and he had this face on, he's like, "Yeah, what is this? This is so hard," it's like, "This interface is difficult." So, we went and found a scooter and I activated it for him, I paid for it, and he jumped on the scooter and couldn't get it to work.

0:19:58.3 BL: So, he was like kick pushing on the sidewalk and couldn't get it to work, and he tried and tried and tried up and down this one sidewalk for about five minutes and he just gave up, couldn't get it to work, couldn't get it to work. And so I was like, laughing. And I was like, "Look, I can do it, I can make it work," I hop right on and make it work. And then he's like, "This is ridiculous. How do you do that?" But for me, that was pretty funny, 'cause I didn't really know Roger at the time, and I was just getting ready to start working with him, and I was gonna be working under him. And our first hang out, we jumped on some scooters and it was a fun time.

0:20:35.9 CS: That's a good story. Yeah. So, mine had to do with a ride-hailing experience back when we used to travel a lot for work. I was out on the West Coast, Southern California, having to fly back to New York, so I would have a very early morning flight and I was going out of John Wayne Airport, just south of LA, on like a 6:00 or 6:30 AM flight. So, I'm out there at 4:00 in the morning, I figure, okay, I'll be able to get an Uber driver or a Lyft driver. And I book one and I'm following where he is, it says, he'll be here in 10 minutes.

0:21:15.9 CS: Five minutes later, I look back and it says that he'll be here in 20 minutes, and I realized looking at the map that he's going in the wrong direction. So, I text him, I call him, no answer. So, I had to cancel that, and then of course, because I'm canceling it, Uber's gonna charge me for it, so I start another one, this one accepts the ride and it's gonna be... He's 15 minutes away. When he's about five minutes away he texts me and says, "Are you going to LAX?" And I said, "No, I'm going to John Wayne." And then I watch him as he comes up to the road that he's supposed to turn in to go to my hotel, and he keeps going. And I text him and I called him and he doesn't respond.

0:22:03.1 CS: I've now wasted 45 minutes and I'm now worried that I'm going to miss my flight, 'cause I've had two Uber drivers decide they're gonna pass me up. And I ended up having to go and thankfully, by that point, somebody was manning the desk and they were able to get a ride for me, but it turns out that, a little travel tip, if you were ever trying to fly out of John Wayne really early in the morning, no ride-hailing person wants to take you there, because there's nobody there for them to pick up. So, they'll take you to LAX 'cause there'll be early morning flights, but it's not profitable for them to take you to John Wayne. And I learned that lesson the hard way. Thankfully, though, I made my flight.

0:22:47.5 BL: Yeah, I think moving forward, at least the next year, you're gonna see a lot of these types of stories where people aren't getting picked up, and it's not for any particular reason, other than the fact that there's just not enough drivers on these apps. And I think you're gonna see many people frustrated over the coming months that they're not able to get rides in a timely manner at the same kind of rate as which they would have in the past.

0:23:16.0 CS: Yeah, and I think that's gonna be a big problem for consumers. I think that's a big UX issue that they're gonna have to face over the next couple of years.

0:23:23.8 BL: Yeah, definitely.

0:23:24.9 CS: Alright, well, if you'd like to chat more about the mobility space, including our UX evaluations, our UX research, or get in contact with Ben to talk about more of the supply side information or to send us any other questions you may have, you can email us at UXsoup@strategyanalytics.com. The show notes on our podcast website, UX-soup.com, there's links to our recent research on connected mobility. There, you can also connect with us on LinkedIn. A reminder that UX Soup is sponsored as always by Strategy Analytics, check out the latest user-focused insights on mobile, automotive and the smart home by visiting strategyanalytics.com. Thanks for joining us. Bye for now.

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