



## UBER: A SIGN OF NEW TIMES

### 3 WAYS UBER SHOWS HOW THE BUSINESS ENVIRONMENT IS TRANSFORMING

By IMD Professor Cyril Bouquet

**IMD**  
Chemin de Bellerive 23  
PO Box 915,  
CH-1001 Lausanne  
Switzerland

Tel: +41 21 618 01 11  
Fax: +41 21 618 07 07  
info@imd.org  
www.imd.org

Uber is now present in more than 300 cities worldwide, where its mobile application puts clients looking for a quick ride in contact with drivers who can pick them up and drop them off. Already widely used in the US, the California-founded company is now spreading all over the world. Everywhere, or almost, its arrival and success have sparked controversy to the point that Uber has become so well-known that it barely even has to advertise. Local taxi companies are doing it for them. The taxi companies are reacting terribly to this new form of competition, which they see as illegal and dishonest.

Whatever comes out of the complicated legal battles that the company is facing, one thing is for sure: the very existence and success of an innovation like Uber is a sign that a new times are emerging. And this is for three reasons:

### **1] Technology**

Communication technologies and forums have been making it easier for people to connect and exchange with one another for a while now. The basic functions of social media and the like are not really new anymore. They are not only used by the younger generation or the rich. They have become a mass-consumed tool, an everyday companion. The proof is that 93% of Swiss senior citizens between 65 and 69 have a mobile phone and 79% use the internet, just about the same proportion as other age groups.

This makes for a huge pool of potential users for companies who launch innovative new mobile applications. Many innovative initiatives will fail, but some will succeed. Uber is a perfect example.

### **2] Economics**

These days a lot of people do whatever they can to have as much buying power as possible. That's why a company like Uber can easily find drivers who are ready to offer their services as well as clients who want to take advantage of the savings and experience.

On the offer side, there are those who are trying to make some money or more money than they already make, and there are a lot of these. A city like Lausanne has about 7% unemployment. In the Canton of Geneva, the unemployment rate is 5.5%. This is almost full employment according to economic theory. But it still means that 16,000 people are looking for work in Geneva. With middle-class wage earners looking for a second income and students looking for part-time jobs, Uber isn't struggling to find drivers.

On the demand side, there is a large number of people who want to pay the lowest price possible for their rides, either because they don't have the means, or because they want to spend the money on something else. In recent years, more and more people are increasingly concerned about saving money on food, clothing and travel. Advertising by big brands and low cost companies have responded to this tendency and have encouraged it. This now applies to all types of products and services. Everyone these days wants to pay less and get more.

### **3] The environment**

Society is becoming increasingly environmentally conscious. This growing awareness has led to new behavior. A sharing economy is taking shape, which is tackling waste and making for more efficient use of available goods. Here are some examples:

More than ever when people are finished reading a book, watching a DVD or are tired of their brand named clothes, they sell or give them away. Sharing websites and swap clubs are multiplying. We now trade goods and vacation homes, or even slots of our time against vouchers.

Many new entrants are getting into the real-estate market and making their properties available on sharing and rental websites. The most visible symbol of the sharing economy is the car. Car-sharing by companies like the Swiss-based Mobility or websites on which private individuals offer car-sharing or rent their personal vehicles are proliferating. We are even beginning to see people share and recycle smaller more day-to-day items. You can now rent a secondhand smartphone for a week. Recommerce, a company specializing in secondhand mobile phones, has been offering this service since May.

All of this stems from the fact that society is no longer happy with passive consumerism. People want to make a difference. They are also no longer content with passively accepting information fed to them by the media. Private individuals now produce enough content on blogs, and express their views on social media, that they have become competition to the traditional media.

As for products, consumers can now easily share their product or service reviews, and add complementary information or photos to existing ones. Their level of satisfaction or dissatisfaction is instantly public. We are reaching new heights of commercial transparency.

This is why Uber is more than just a new competitor for taxis or other local transport companies, it is a sign of new times emerging.

*[Cyril Bouquet](#) is Professor of Strategy at IMD. His major interest is the interface between organizational psychology, strategy and leadership.*

## Related Programs



### **ORCHESTRATING WINNING PERFORMANCE - <http://www.imd.org/owp>**

**The global business program for individuals and teams**

Program Directors Michael Wade and Dominique Turpin

- Get exposed to the latest management thinking and to practical and innovative solutions for your business
- Anticipate global business trends
- Boost your performance, broaden your perspectives and expand your global network
- Design the program that suits you and your team
- Become a complete executive through activities that develop your mental, physical, and emotional health