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Uber's Impact on the Taxi Industry

The development of new technologies has affected all aspects of people's everyday lives. The sphere of transportation has not been an exception. Conventional taxi usage, such as "catching" a cab directly on the street or calling an operator to order one, is gradually giving way to app-based services—the most successful of which is Uber. After having risen from an ambitious startup relatively recently, Uber has already managed to exert a tangible impact on the taxi industry.

In the countries where it operates, Uber is gradually taking away customers of conventional taxi companies. The reasons why people choose it include the greater convenience and the lower price. Uber can charge significantly lower tariffs than their competitors since they do not to pay a number of specific fees and taxes under which the conventional taxi companies fall. Thus, Uber drivers are not required to use taxi plates, which are mandatory for ordinary taxi drivers (McCarthy para. 5). In addition to the advantageous nature of legislation concerning regulatory processes, Uber also benefits from the convenience of their program. As a logical conclusion, these factors force numerous customers to choose them instead of standard taxi services.

The situation described above may create the impression that Uber is gradually destroying the conventional taxi industry. However, in fact, existing studies prove that this

statement is hyperbolic. Researchers from the University of Oxford have analyzed the official statistics regarding the largest cities in which Uber operates, including San Francisco, Los Angeles, and New York, and came to a set of conclusions. First, the launch of Uber has always led to an increase in the number of self-employed drivers. On average, this growth was about fifty percent (Berger et al., 10). Such dynamics is logical, since independent drivers are the foundation of Uber's service. At the same time, it did not cause a reduction in the number of the wage-paid taxi drivers, but on the contrary, leads to an almost ten percent growth in this indicator. It demonstrates that Uber has stimulated market expansion and its development through the implementation of additional competitive factors.

Another aspect of the industry that Uber has affected is average wages. Unlike the previous factor, this indicator is more favorable for Uber and self-employed drivers in general. According to the study, the average income of waged taxi drivers has dropped by about ten percent in cities where Uber has started operating. At the same time, self-employed drivers passed through a ten percent increase in profits (Berger et al., 9). This means that, on average, Uber drivers (and other self-employed drivers) receive more hourly earnings than conventional waged drivers working for taxi companies. Taking into account that the tariffs of Uber are lower than the those of conventional taxi companies, such a situation is the logical outcome of higher capacity utilization. It demonstrates that the worsening of the economic situation in the traditional taxi industry has occurred, but its level has not been high enough to talk about a catastrophic destruction of the entire sphere.

Considering the given findings, the impact that Uber has made on the taxi industry is ambiguous. On one hand, after the service had been introduced in certain cities, the profits of waged taxi drivers usually reduced by about ten percent. At the same time, the earnings of self-

employed drivers who became the basis for Uber's personnel grew. In addition, the number of industry workers, both independent and waged, has increased in all cities where the service began to function. Although it has certain flaws, the service has stimulated economic competition and led to the creation of numerous jobs. It demonstrates that Uber's impact on the taxi industry had brought about more benefits than drawbacks.

Works Cited

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