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Driving Uber's success

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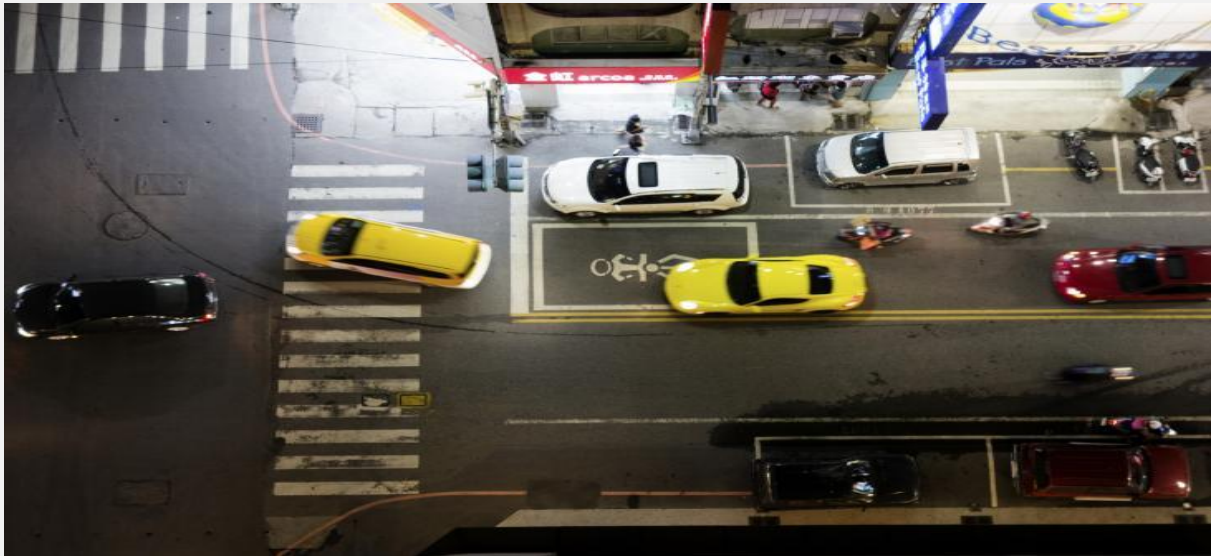
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DRIVING UBER'S SUCCESS

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Besides being a disruptive innovation, Uber's exponential growth has been based on smart lobbying and use of social media

In May, black cab drivers in London staged a protest around the House of Commons against unlicensed taxis in the city. The object of their wrath was ostensibly the car service company Uber, which has made it possible for anyone to provide a ride for a fee, bypassing the four to seven years training that taxi drivers undergo before being licensed.

The BBC reported the Licensed Taxi Drivers Association (LTDA) as saying, "It is nothing to do with technology...The difference is all taxis have to operate legally, they (Uber) should have to apply for the same rules as everyone else."

"Laws are put into place when incumbents react to the disruptive innovation," says **Steven Liew**, Executive Director at consultancy APCO Worldwide as he related the development of U.K. coachman lobby groups against self-propelled locomotives in the 1860s. "The lobby groups were well organised and they knew all the lawmakers in Parliament. When they found out that someone was about to take their lunch, they went to their friends in Parliament and said, 'For public safety reasons, you cannot allow these vehicles to run around on our roads.'"

The rule of (changing) law

The result was the Locomotive Acts, which included the infamous 1865 Red Flag Act which stipulated "a man with a red flag walking at least 60 yards ahead of each vehicle" to avoid accidents. While relevant legislation such as that which regulated speed limits was also enacted, the real motive behind all this was self-interest.

Uber is to taxis what self-propelled vehicles were to horse-drawn coaches in the 1860s i.e. a disruptive innovation. London is one in a long line of cities where the taxi industry has protested against the car service app, with Paris currently being the anti-Uber poster child. When the startup picked Singapore as the place to conduct Proof of Concept testing, it was gearing up for what lay ahead.

“Singapore has business-friendly laws,” says Liew, referring to the ease of setting up operations on the island state. “We also identified the weaknesses and future risks that would affect the future growth of Uber operations in other markets.

“When I took on the Uber project in Singapore,” Liew recalls, “I asked them, ‘What do you want to see in terms of the policy and law changes?’ The answer was: ‘I want to operate freely.’ I followed up by saying, ‘What do you mean by freely?’ ‘Anyone and everyone can drive (a Uber car).’ So I approached it in terms of what needs to be done to achieve that.”

Liew worked with the Land Transport Authority (LTA) to work out what requirements had to be fulfilled for Uber to operate unencumbered. The most important distinguishing factor between a taxi and a Uber car, he says, was that only taxis are allowed to pick up fares anywhere on the streets.

“You will also need to change your insurance because you are now a private car for hire,” he adds. “The typical insurance policy for a private car for hire costs three and a half times that of a private car. You also need to get a company set up.” Once a Uber driver makes a statutory declaration on his criminal record or lack thereof, he is good to go.

“Social media can be very powerful, and this is a great way to organise people who support you.”

“Once LTA requirements were met, I achieved the endgame that Uber defined with me. Two years later, as the business grew and opposition from the taxi industry grew, the goal has been redefined and a new one put up. When laws change, circumstances also change and policies evolve.”

The power of social media

While getting approval to operate in Singapore required a long process, there was little resistance from the political establishment. That was not the case in Taipei where Liew recounted how the mayor threatened to arrest Uber staff and how Taiwan’s government tried to revoke the company’s registration.

“So we went to the Taipei people (via social media) and said, ‘Your mayor is trying to stop this wonderful service you have been enjoying. Do us a favour and tell your mayor that you really want us.’ 9,700 of them replied to our email, and their replies were directed to the mayor’s email address.

“In the end, we had a negotiation where we worked out the parameters under which we could operate, and here we are. Social media can be very powerful, and this is a great way to organise people who support you. These are your customers, your vendors, suppliers, and staff.”

With Uber now in 300 cities and growing rapidly – it expanded into seven more Indian cities in July – the resistance and pushback that characterised its rise to prominence in the U.S. and Europe is now happening in Asia. Uber’s use of social media, as seen in the case of Taipei, helps mobilise support for its causes.

However, Liew cautioned that social media can be a double-edged sword that can hurt a business if handled improperly, as was the case where a Uber driver in India raped a female passenger. Liew describes Uber’s initial statement as “defensive and legalistic”, and the feedback on social media was largely negative.

Uber followed up a few days later with what Liew called the right response: apologise and list what will be done to improve the situation. It also engaged the help of influential bloggers and social media opinion leaders whom it has cultivating actively.

“When the incident happened, we knew who were the friendlier or more vocal bloggers whom we could approach, so we reached out to those guys. We said, ‘You are one of our most vocal and ardent supporters. We messed up, and this is the time we need help. We would like you to say something honest about us. Be fair, don’t be a cheerleader.’

“We followed that up by listing the things we would do to improve the situation. That helped us.”

Steven Liew was the speaker at the SKBI seminar "Technology is disrupting our daily lives. Are we ready for the change?" held on July 8 2015.