

Yellow Cab fights for relevance in ride-hail age

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For a man who's losing cash and cachet to the much-less-regulated ride-hail companies such as Uber and Lyft, you'd think Anthony Palmeri, president of Yellow Cab in San Diego, would have a big chip on his shoulder.

Maybe he does, but Palmeri would rather talk about his button.

That's because this "Ride Yellow" button, inspired by Staples' large, red "Easy" button, is part of Palmeri's multipronged effort to win back [drivers](#) and riders to the beleaguered taxi industry.

The button, the first of its kind in the country, according to Palmeri, is a pure business-to-business play. Equipped with individual SIM cards, the buttons are designed for use by local hotels, hospitals and restaurants that want to provide fast access to taxis for their patrons. Press it, and a cab is routed to pick up a passenger.

"The button tells the driver exactly where you're located," Palmeri said. "Everybody loves the buttons."

Obviously, the implications are far less grandiose than something consumer-facing. So the local Yellow Cab chief, 71, has also created another button of sorts, but this is one the general public can press. Launched in San Diego in time for New Year's Eve, the Ride Yellow smartphone app replicates the digital, push-button process invented by Yellow Cab's technology rivals.

It's everything you've come to appreciate about on-demand transportation, with a few extras. The app locates nearby taxis, lets passengers request a ride for now or later, allows riders to track drivers who are en route and offers app-based payment options. Or you can pay in cash.

Perhaps the most innovative thing about the Ride Yellow app, however, isn't its technology but its hard right turn from standard taxi rates. Cab companies are notoriously reluctant to lower prices, in part because they don't want to anger drivers, who work as independent contractors, but also because the cost of doing business includes costly insurance policies.

In San Diego, most taxis charge customers a \$2.80 base fare, \$3 a mile and \$24 an hour for waiting time. Compare that with UberX's and Lyft's rates, which run about 10 cents per minute and 90 cents per mile, and consumers aren't presented with much of an incentive to hail a cab over the alternative.

So, Palmeri has emulated his competition once again, slashing Ride Yellow's fares to appeal to the Uber crowd.

App customers pay \$2 for the base fare, \$2 per mile and \$20 an hour for idle time. And there are no "surge" rates, which means that unlike Uber or Lyft, the app doesn't charge more during peak hours when demand is highest. The customer savings are ultimately extracted from drivers' earnings, of course, but that's the reality of today's taxi market, Palmeri insists.

"(Drivers) like \$3 over \$2," Palmeri said, "and they like \$2 over \$0."

Creating apps and buttons is the easy part. Reconditioning customers to take a taxi when they've come to expect something cheaper and faster

from Uber or Lyft is the harder task. And as anyone who has taken a cab ride knows, stellar customer service isn't exactly a hallmark of the taxi industry.

To combat negative perceptions, Palmeri is instructing Yellow Cab drivers to open car doors, refrain from talking on the phone while driving or speaking in foreign languages, and treat passengers to complimentary water or mints.

It's these little details that Palmeri hopes will level the playing field, even if patrons are still paying more for essentially the same service. Of course, the taxi industry would argue that's because cabs are held by law to a higher standard, including fingerprint background checks on drivers and more comprehensive insurance plans.

"This is me truly fighting back, fighting back for the customers that I lost, fighting back to stay as alive as I can be in this market," Palmeri said.

Yellow Cab drivers, who either own their vehicles or lease them from other owners, aren't Palmeri's direct employees. They're merely paying to use the executive's dispatch service, which includes the right to drive around in characteristically yellow-colored cars. Some have followed the lead of riders and have defected to Uber or Lyft. But some are also venturing back, Palmeri insists, because they can't make a living on the low wages offered by the competition.

Of course, cab drivers won't be able to make much of a living without customer demand, but Palmeri is adamant that Yellow Cab San Diego is still a viable business.

"We're not even close to closing our doors."

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