Black cab trade needs overhaul to compete with Uber, say researchers

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Credit: University of the West of England

London's traditional black cab industry needs regulatory reform to respond to the emergence of Uber, a university study suggests.

Research examining the impact of Uber on the capital's transport network found the US ride-sharing service had disrupted the market, with black cab drivers reporting a loss in custom.

The study found Uber – which has rapidly assumed a leading position in London's private hire market - had made it easier for people to move around the city and driven a fall in prices.

Academics from the University of the West of England (UWE Bristol) and University of Greenwich have now recommended a series of policy changes that could help the historic black cab service remain competitive amid increasing rivalry.

For their pilot study, researchers interviewed 40 taxi drivers (20 black cab drivers and 20 Uber drivers) about the impact of changes in the market and carried out an online survey of 31 customers about their reasons for using taxis and the effect of Uber's entry into the industry.

Researchers said the responses highlighted how Uber had disrupted the market, with 18 of the survey participants reporting that their transport habits had changed since the introduction of the phone app-based transport service in 2012.

Many reported switching to Uber from the bus or tube, while some respondents cited cost as a reason for choosing the digital service over black cabs.

Of the black cab drivers interviewed, some reported working longer hours or leaving the industry because of the economic downturn and increased competition. They complained of a lack of work and a fall in pay due to the influx of private hire vehicles flooding into the market.

The researchers say barriers to entry now must be tackled to allow black cabs to compete more effectively. They pointed to black cab drivers having to pay more than three times that of private hire drivers to enter the industry and the requirement that they must pass The Knowledge test before starting work.

They say streamlining the assessment process using technology could help reduce costs and the length of time taken to complete The Knowledge, which typically takes three years to achieve. The researchers

also recommend revising the method of assessment, suggesting drivers be permitted to ply their trade while learning The Knowledge. Offering more flexibility in the pricing structure – set by Transport for London (TfL) – was another suggestion from the academics aimed at boosting black cabs' competitiveness.

The lead investigators of the research, Professor Glenn Parry from UWE Bristol and Dr Zena Wood from the University of Greenwich, said: "The initial findings suggest that the digital innovations introduced by Uber have disrupted the market and changed the nature of how people interact with the wider transportation system. For example, the introduction of Uber has led to many of our interviewees moving away from night buses. Uber has made it easier for individuals to move around the city, and it appears to be fulfilling a gap in the existing transportation system where other modes of transport do not fully support the transport needs of individuals."

Their report continued: "Throughout the Provisional Taxi and Private Hire Strategy of 2015, suggestions are made to increase the regulation for private hire vehicles but there is no real discussion of evolving strategy or the policy that dictates much of the business model for black cab provision in the city. The suggestions in the strategy could remove some of the innovative aspects introduced by private hire operators like Uber that are welcomed by customers, but are not offered by black cabs due to TfL regulation. The proposed strategy developments would not enable black cabs to become more competitive and this is a key problem that we have identified with the current regulatory approach. Black cabs are not able to control their competitive boundaries such that their business model cannot be adapted to compete or morph to meet specific customer requirement."

A larger study is now being prepared which will look at the impact of digital innovation on the London transport network in more depth, with

findings due to be compared with those of other European cities.

Provided by University of the West of England