

Uber allows riders to tip drivers via app, matching Lyft

June 20 2017, by Michael Liedtke And Tom Krisher



In this Wednesday, March 15, 2017, file photo, an Uber car drives through LaGuardia Airport in New York. Uber is enabling passengers to tip its U.S. drivers with a tap on its ride-hailing app for the first time, part of a push to recast itself as a company with a conscience and a heart. Besides the built-in tipping option announced Tuesday, June 20, 2017, Uber is giving drivers an opportunity to make more money when passengers keep them waiting or don't cancel rides within two minutes. (AP Photo/Seth Wenig, File)

Uber is enabling passengers to tip its U.S. drivers with a tap on its ride-hailing app for the first time, part of a push to recast itself as a company with a conscience and a heart.

Besides the built-in tipping announced Tuesday, Uber is giving drivers an opportunity to make more money in other ways too.

Riders will be charged by the minute if they keep an Uber car waiting for more than two minutes. Uber also is reducing the time riders have to cancel a ride to avoid being slapped with a \$5 fee from five minutes to two minutes after summoning a driver.

Uber won't take any of the tip money. The San Francisco company will continue to collect part of ride-cancellation fees, as well as the waiting-time charges.

The tipping option, long available in the app of rival Lyft, will start Tuesday in Seattle, Houston and Minneapolis. Uber wants it to be in all U.S. cities by the end of July. The other features will roll out in August.

The attempt to smooth over its sometimes testy relationship with drivers is part of a broader effort to reverse damage done to Uber's reputation by revelations of sexual harassment in its offices, allegations of trade secrets theft and an investigation into efforts to mislead government regulators.

"These drivers are our most important partners, but we haven't done a very good job honoring that partnership," said Rachel Holt, regional general manager in the U.S. and Canada. She is on the leadership team running Uber while CEO Travis Kalanick is on leave.

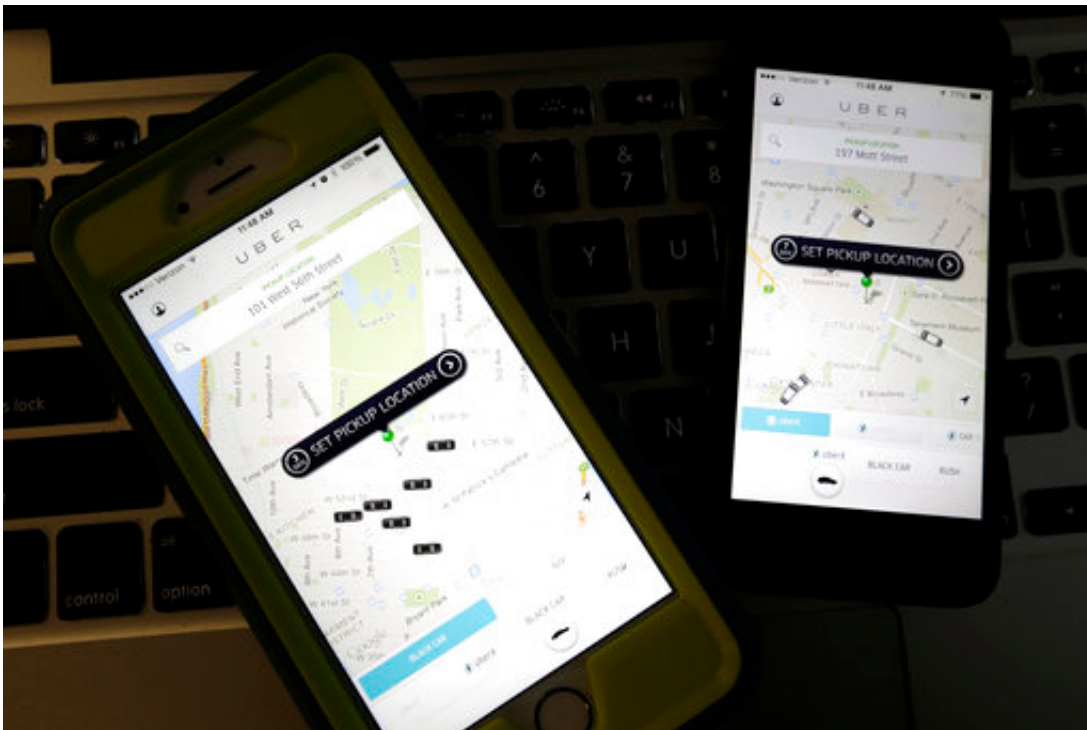
The expanded earnings opportunities are the first step in what Uber is billing as "180 days of change" for its U.S. drivers. Holt wouldn't reveal

the rest of the campaign.

Drivers are happy about the tips but would like more from Uber in New York City, where costs are high and they have trouble making a living, said Luiny Tavares, a driver in Manhattan. He said drivers want Uber to pay a minimum of \$250 per eight-hour shift.

Uber wouldn't budge in previous talks about tipping but relented when it appeared that poor driver relations were hurting its bottom line, said Tavares, a steward for the Independent Drivers Guild, which had pressed for tipping.

"It's about time that they saw the error of their ways," Tavares said.



This Friday, Nov. 21, 2014, file photo taken in Newark, N.J., shows smartphones displaying Uber car availability in New York. Uber is enabling passengers to tip its U.S. drivers with a tap on its ride-hailing app for the first time, part of a push

to recast itself as a company with a conscience and a heart. Besides the built-in tipping option announced Tuesday, June 20, 2017, Uber is giving drivers an opportunity to make more money when passengers keep them waiting or don't cancel rides within two minutes. (AP Photo/Julio Cortez, File)

While building the world's biggest ride-hailing service over the past eight years, Uber developed a reputation for cutthroat tactics that have occasionally outraged government regulators, drivers, riders and its employees.

The company's hard-charging style also has caused legal headaches. The U.S. Justice Department is investigating Uber's past usage of phony software designed to thwart regulators. Uber also is fighting allegations that it's relying on a key piece of technology stolen from Google spin-off Waymo to build self-driving cars.

Drivers aren't the only people Uber is trying to treat better. After an internal investigation uncovered sexual harassment, bullying and other boorish behavior, Uber fired more than 20 employees and pledged to create a more harmonious culture.

A more extensive report from the law firm of former U.S. Attorney General Eric Holder chastised Uber's leadership and recommended changes that Uber's board adopted. Uber also said Kalanick was taking an indefinite leave amid criticism of his management style and following the death of his mother in a boating accident.

As part of its penance, Uber emailed a letter to riders in New York City last week apologizing for its missteps.

Uber also has wrangled with drivers in the courts over its insistence on

classifying them as contractors instead of employees to avoid paying benefits and overtime. The company so far has prevailed.

Holt said the company talked to thousands of drivers before adding tips to the app. It's also allowing more drivers to designate the routes that they want to travel to keep them closer to a destination.

Uber has business reasons to improve its image. Widespread publicity about its bad behavior threatens to turn off drivers and riders, giving them incentive to switch to Lyft.

It's difficult to determine whether Uber's misdeeds have cost ridership nationally. In New York City, ridership has grown, but Uber's growth rate is slowing when compared with Lyft.

In early January, Uber accounted for 56.8 percent of all rides in the city, while Lyft had 9.5 percent. By the end of April, Uber's share rose to 57.2 percent, but Lyft grew 2.2 percentage points to 11.7, according to data from the Taxi and Limousine Commission.

A rider boycott in late January knocked Uber ridership down to 52.7 percent, while Lyft grew to a 12.8 percent share. But Uber has since recovered.

A backlash could deepen Uber's losses, which totaled \$2.8 billion last year. Uber was valued at nearly \$70 billion the last time it raised money.

© 2017 The Associated Press. All rights reserved.

Citation: Uber allows riders to tip drivers via app, matching Lyft (2017, June 20) retrieved 3 May 2024 from <https://phys.org/news/2017-06-uber-caves-pressure-in-app-option.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private

study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.