

The last straw? Uber loyalists tested by string of scandals

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In this Wednesday, March 15, 2017, file photo, a traveler tries to book a ride with Uber at LaGuardia Airport in New York. Through a string of almost weekly scandals, Uber has managed to continue growing and hold onto the title of the world's largest ride-hailing service. In the latest misbehavior, hackers were able to steal data for 57 million riders and drivers, and Uber concealed it for a year. Riders and business experts say that hits people directly, and they won't be happy about it. (AP Photo/Seth Wenig, File)

Uber has managed to hold the title of world's largest ride-hailing service despite its seemingly endless string of scandals.

Its latest misbehavior involving a data breach cover-up revealed this week could be the impetus for people to ride elsewhere—or keep looking the other way.

Hackers were able to steal data for 57 million riders and drivers, and Uber concealed it for a year after paying \$100,000 in ransom for the stolen information to be destroyed.

Riders and business experts say that while Uber's problems such as workplace sexual harassment, drivers with criminal records and other past infractions are serious, stolen data hits people directly and could make them mad enough to delete the app. Then again, riders have fled from the service before, but enough have stayed because of the Uber's convenience so the latest scandal-of-the-week may not make much of a difference. The brand is so well-known for quickly responding to ride requests that it's often used as a verb for such trips, no matter which service is summoned.

Michael Pachter, a technology analyst based in Los Angeles, said he uses Uber five to 10 times a month.

"I don't blame the drivers for the company transgressions, and view Uber as the glue that facilitates drivers willing to drive me around," he said.

But for Vermont resident Jay Furr, the breach was the "final straw." He had stuck with Uber despite recent problems because of the service. But now he'll use Lyft, Uber's main competitor, when he goes to the airport for frequent business trips.

"Why reward crooked behavior?" he asked. "The only way they will

learn is if they lose business."

For much of the past year, Uber has been mired in well-publicized problems. A female former engineer blogged that her boss had propositioned her for sex, exposing widespread [sexual harassment](#). A federal judge urged prosecutors to investigate allegations that Uber stole technology from Waymo, Google's autonomous vehicle unit. The Justice Department is investigating whether Uber used a bogus app to deceive inspectors in several cities, and in London, authorities decided not to renew Uber's operating license in part for failing to report crimes.

Earlier this week the state of Colorado fined Uber \$8.9 million for allowing employees with serious criminal or motor vehicle offenses to drive for the company. Then came the stolen data, which has touched off more government inquiries.

The scandals have damaged Uber's brand reputation over time, said Robert Passikoff, president of Brand Keys Inc., a New York-based customer research firm. The company's polling has found that in 2015 Lyft passed Uber as the most trusted of ride-hailing brands, and trust in Uber has been eroding ever since. Consumers will give technology companies the benefit of the doubt for a long time. But with Uber, "That well of forgiveness isn't bottomless," Passikoff said.

Passikoff doesn't measure the impact on ridership and Uber won't discuss it. But Lyft says its share of the U.S. market has risen 3 percentage points since August to 33 percent. It's up from 12 percent two years ago as Lyft has expanded with more drivers in major U.S. cities.

In the data breach, Uber has said that for riders, hackers got only names, email addresses and telephone numbers. They did not get personal information such as trip details or credit card and Social Security

numbers. For about 600,000 drivers in the U.S., hackers got driver's license numbers, and the company has offered them free credit monitoring services.

While Uber drivers lost personal data and face uncertainty over identity theft, it appears they'll stick with Uber. Many drive for Lyft as well.

Nate Tepp, who drives Uber in Seattle, said he doesn't plan to leave, nor does he think other drivers will.

"All they are doing is cutting out 60 to 65 percent of their income," Tepp said of drivers who might consider leaving. That estimate is based on his own split between Uber and Lyft fares.

Tepp also thinks the last three to four months at Uber have been different and things have "started to go in [drivers'](#) favor." This includes adding an option for riders to tip.

He is also somewhat forgiving about the hacking—and the subsequent cover-up. After all, companies are hacked often, he said.

"Does it make me happy? No. Does it (make me angry) to the point that I am going to stop making money through that company? No," he said.

New Uber CEO Dara Khosrowshahi could do little but admit the problem and promise ethical behavior in the future. "We are changing the way we do business, putting integrity at the core of every decision we make and working hard to earn the trust of our customers," he wrote in a blog post.

Marlene Towns, a professor at Georgetown University's business school who studies brand values, said Uber is testing the boundaries of how many scandals people will endure. While data breaches are personal to

people, she still thinks Uber will get through this scandal as well.

"We have a short memory as consumers," she said. "We tend to be if not forgiving, forgetful."

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