

Porter's Five Forces

Applied on the ride-hailing industry with focus on Uber

More details:

<http://www.innovationtactics.com/porter-five-forces/>

- Bargaining power of drivers: **LOW ***
- Switching costs of the drivers: **LOW**
- Value proposition for drivers: **MEDIUM**
- Barriers of entry for drivers: **LOW**

** may increase with legislative changes*

⇒ **Bargaining power of drivers: LOW but likely RISING**

- Car sharing: **LOW/MEDIUM**
 - Self-driving cars: **MEDIUM** (but Uber one of the leaders)
 - Better public transport: **LOW**
 - Bike sharing: **LOW/MEDIUM**
 - Other (e.g. working from home): **LOW**
- ⇒ **Threat of Substitutes: LOW** (too different value proposition)

Threat of Substitutes

Rivalry among Competitors

- Existing rivals (OLA, Lyft, Didi): **HIGH**
 - Direct rivals in non-US: **LOW/RISING**
 - Direct competition from niches: **LOW/RISING**
 - Locally focussed: **MEDIUM/RISING**
- ⇒ **Rivalry among competitors: HIGH & RISING**

Bargaining Power of Drivers

Bargaining Power of Riders

- Bargaining power of customers: **HIGH**
 - Switching barriers for the demand side: **LOW**
 - Value proposition for customers: **HIGH**
 - Buyer information availability: **HIGH**
- ⇒ **Bargaining power of riders: HIGH**

Threat of New Entrants

- Barriers to entry: **HIGH/LOW ***
- Barriers to exit: **LOW**
- Economies of scale: **MEDIUM**
- Industry profitability: **LOW/RISING**
- Incumbent powers: **MEDIUM**

** high for another US-based globally operating but low for non-US local or niche entrant*

⇒ **Threat of new entrants: MEDIUM/HIGH**

(especially locally/niche-focussed)