UBER

CHICAGO
AN UBER CASE STUDY
<table>
<thead>
<tr>
<th>Section</th>
<th>Pages</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>01 INTRODUCTION</td>
<td>09</td>
<td>IMPROVING THE RIDER EXPERIENCE</td>
</tr>
<tr>
<td>03 GETTING AROUND TOWN: CHICAGO BEFORE UBER</td>
<td>10</td>
<td>Fast and Reliable Service</td>
</tr>
<tr>
<td>04 Riders Received Low-Quality Service from an Unaccountable Taxi Industry</td>
<td>12</td>
<td>Accessibility</td>
</tr>
<tr>
<td>05 Drivers Suffered Under an Exploitative, Inefficient, and Unsafe System</td>
<td>13</td>
<td>Affordability</td>
</tr>
<tr>
<td>06 ENTER UBER</td>
<td>14</td>
<td>Positive Impact on Chicago Taxis</td>
</tr>
<tr>
<td>09 IMPROVING THE RIDER EXPERIENCE</td>
<td>15</td>
<td>CREATING OPPORTUNITIES FOR WELL-PAYING AND FLEXIBLE WORK</td>
</tr>
<tr>
<td>15 CREATING OPPORTUNITIES FOR WELL-PAYING AND FLEXIBLE WORK</td>
<td>16</td>
<td>Increased Income</td>
</tr>
<tr>
<td>16 Increased Income</td>
<td>17</td>
<td>Flexible Work Schedules</td>
</tr>
<tr>
<td>17 Flexible Work Schedules</td>
<td>18</td>
<td>Lowering Barriers to Entry</td>
</tr>
<tr>
<td>18 Lowering Barriers to Entry</td>
<td>20</td>
<td>SUPPORTING A STRONG AND SUSTAINABLE CITY</td>
</tr>
<tr>
<td>20 SUPPORTING A STRONG AND SUSTAINABLE CITY</td>
<td>21</td>
<td>Local Economic Growth</td>
</tr>
<tr>
<td>21 Local Economic Growth</td>
<td>22</td>
<td>Safer Rides and Safer Roads</td>
</tr>
<tr>
<td>22 Safer Rides and Safer Roads</td>
<td>23</td>
<td>Enhancing Public Transit Ridership</td>
</tr>
<tr>
<td>23 Enhancing Public Transit Ridership</td>
<td>24</td>
<td>The Future with uberPOOL</td>
</tr>
<tr>
<td>24 The Future with uberPOOL</td>
<td>31</td>
<td>CONCLUSION</td>
</tr>
<tr>
<td>31 CONCLUSION</td>
<td>33</td>
<td>ENDNOTES</td>
</tr>
<tr>
<td>33 ENDNOTES</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
INTRODUCTION
Until recently, many residents of Chicago lacked safe, reliable, and hassle-free access to for-hire transportation. Taxis are overpriced and under-supplied due to a restrictive medallion system out of sync with the current needs of residents and visitors. Taxi drivers suffer in this antiquated regime, paying substantial daily or weekly leasing fees (up to $707 per week) before ever hitting the road. The city, for its part, loses out on the benefits of a more consumer-responsive for-hire vehicle industry. The only winners in this system have been the owners of Chicago’s limited number of taxicab medallions—city-issued licenses, physically affixed to the hoods of cabs, that allow drivers to pick up passengers in the city. This artificial scarcity of taxicabs results in remarkable profits for medallion owners, poor service for Chicago’s residents and visitors, and unnecessarily low earnings for drivers.

Uber’s arrival in Chicago in 2011 changed how people get around the city. Rather than trying to locate the nearest taxi stand or futilely attempting to hail a cab, Chicagoans can now get a ride with the press of a button and rest assured it will arrive in under four minutes on average. Drivers have been freed from a feudal medallion scheme that put them at the mercy of a small number of powerful and protected taxi owners who controlled their opportunity to earn a living. They have now effectively become small business owners, working hours that fit their needs while keeping 80% of their fares.

Just as Chicago’s riders and drivers have benefited, so has the entire city: local businesses in remote neighborhoods are newly reachable; the city’s bustling downtown nightlife is more accessible than ever with a guaranteed, safe ride home; and, for the first time, reliable rides are available for all Chicagoans, regardless of where they’re from, where they’re going, or what they look like.
GETTING AROUND TOWN:

CHICAGO BEFORE UBER
Riders Received Low-Quality Service from an Unaccountable Taxi Industry

For decades, Chicago’s taxi industry has failed to provide the quality transportation that the city’s residents and visitors deserve. Over the past three years alone, taxi passengers filed nearly 36,000 complaints with the city’s Department of Business Affairs and Consumer Protection, which regulates Chicago’s taxi industry.

Reckless driving and rude driver behavior accounted for over 20,000 of those complaints, while thousands more cited fare overcharges or refusals to pick up, and complaints of verbal or physical assaults by taxi drivers averaged 1.5 a day, every day, over this period. Despite a requirement that all Chicago taxis accept credit card payments, reports of drivers refusing to do so persist. According to taxi complaint data obtained through the Freedom of Information Act, more than 2,700 riders went to the trouble of lodging formal complaints specifically about credit card readers in taxis between 2011 and February 2014. Drivers’ refusal to accept credit card payment not only frustrates individual passengers but exacerbates an already inefficient system, forcing passengers to stop at ATMs while drivers wait for them instead of picking up other waiting riders.

Serious concerns about Chicago taxis have been widely reported. A recent ABC7 Chicago ITeam investigation examining only three months of passenger complaints found that a single taxi driver received six complaints for various offenses, including “refusing a credit card payment, smoking, verbal abuse, and reckless driving.” In fact, it wasn’t until after the investigators reached out to regulators that the driver’s chauffeur license was temporarily restricted for receiving a total of 15 complaints. The investigation also found that 1,400 complaints were filed for reckless driving and 28 complaints of physical assault—again, in just three months!

Despite this public outcry, little has been done to address these failings and to compel taxi fleets to provide better, safer service. A multipart series on taxicab drivers published by the Chicago Tribune in 2011 found that not only are “a far higher percentage of tickets ... thrown out for cabbies on average than for regular drivers,” but, more importantly, “frequent court dismissals have repeatedly helped cabbies keep their chauffeur’s licenses—including drivers who were later blamed for injuring or killing pedestrians.” A follow up report by the Chicago Tribune uncovered that even when judges convicted certain taxi drivers of serious or repeat traffic offenses, including DUI, Chicago’s taxi regulators let them stay on the road.

For some Chicagoans, the lack of any meaningful accountability in the taxi industry is unfortunately far more harmful. Chicago residents have long reported taxi drivers discriminating on the grounds of disability or race, or simply refusing to pick up or drop off in low-income neighborhoods.

Before [living in the White House], Barack Obama was a black man that lived on the South Side of Chicago, who had his share of troubles catching cabs.

First Lady Michelle Obama

6
Drivers Suffered Under an Exploitative, Inefficient, and Unsafe System

Chicago’s taxi system has failed not just its riders but its drivers as well. The root cause of the industry’s dysfunction is its medallion-based ownership structure. There are only 6,999 taxi medallions authorized for the entire city, or one medallion for every 412 people. As a result of this artificial cap, medallions now sell for vast sums. In 2004, the market value of a Chicago taxi medallion was around $50,000. In August 2013, however, 49 medallions sold for a median price of $357,000—enough to buy a two-bedroom condo near Lake Michigan. Unsurprisingly, sky-high prices also mean that medallions are largely controlled by a few wealthy investors, rather than by individual taxi drivers. In fact, only 11% of Chicago’s medallions are owned by drivers.

The drawbacks of this arrangement have been obvious for quite some time. Thirty years ago, the Federal Trade Commission (FTC) issued a report on the taxi industry, concluding that medallion-based “restrictions on the total number of firms and vehicles and on minimum fares waste resources and impose a disproportionate burden on low-income people.”

As much as the medallion system hurts riders, drivers suffer even more. Due to their inflated price, most medallions are owned by big taxi fleets or brokers who make a healthy return on their investment by charging shift drivers high lease fees to rent both the medallions and the vehicles to which they are attached. Drivers pay a lease fee of up to $74 (not including insurance, maintenance, or dispatch fees) at the beginning of every 12-hour shift and, as a result, need to work all day just to cover their operating expenses and extract a reasonable hourly wage. According to Chicago’s Taxi Fare Rate Study, released in August 2014, annual lease fees for full-time drivers run to $21,300, or 83% of all costs. Based on the study’s calculations, a taxi driver who leases a cab for a day and does not drive at least 3.7 hours will end up losing money due to lease and fuel costs, as well as credit card processing fees. The study also revealed that the median part-time lease driver (who drives 31 hours/week) nets an income of $7.74 per hour—less than the local minimum wage of $8.25. Another independent study determined that some full-time shift lease taxi drivers were earning less than $12,000 per year.

Low driver incomes result not just from high lease fees, but also from the familiar structural inefficiencies that have plagued the taxi industry for decades. Obsolete dispatching systems, time-consuming cash payments, and the blind-luck practice of cruising for street hails all cut into the number of paying fares a driver can find. As a result, the Taxi Fare Rate Study found the average Chicago taxi driver completes 16.6 trips per day, despite driving ten hours a day—roughly equivalent to 1.68 trips per hour.

For Chicago’s taxi drivers, this low pay comes with high risk. Driving a taxi is a decidedly dangerous business. In April 2014, CNBC used data from the Occupational Safety and Health Administration to show that taxi drivers are more likely to be victims of a crime than professionals in any other job. Crime statistics bear this out: from 2001 through November 2014, there were 5,554 reported incidents of crime in Chicago taxicabs, amounting to more than a crime a day over that period. In 2010, the Bureau of Labor Statistics found that taxi driver homicide rates were between 21 and 33 times higher than the national average for all workers. The reasons for this are several: taxi drivers are required to service street hails, anonymous passengers cannot be held accountable for their conduct, and, most significantly, drivers carry cash, making them attractive targets for would-be robbers.
ENTER UBER
In 2011, Uber arrived in Chicago and set about fundamentally changing how both riders and drivers moved around the city. Uber is a technology company that provides a smartphone application connecting driver-partners with people who need a ride. With Uber, there’s no need to call a dispatcher or hail a car on the street: getting a ride on the platform is literally as easy as tapping a button. Uber enables driver-partners to use their personal car to provide rides and earn income whenever they want.

Uber’s app allows a rider to request a ride with the push of a button and track the car’s progress toward the requested pickup location. Plus, Uber notifies the rider once the car arrives so she can wait comfortably indoors in the meantime.
Riders enjoy the convenience of paying without cash or the need to tip, with the price of the ride billed directly to the credit card they have linked to their account. Driver-partners not only meet rigorous background check and driver safety standards, but riders’ expectations of high-quality service as well: at the end of each trip, riders rate their experience (from 1-5 stars) and have the opportunity to leave additional written feedback.

Uber’s tiered product options also give riders flexibility. UberBLACK was the original Uber product, providing a convenient, luxury ride with professional drivers. But, in response to tremendous demand among Chicagoans for a lower-priced service, Uber introduced uberX to the city in 2013. Riders using uberX get Uber’s same safe, reliable, and fast transportation at less than the cost of a taxi. The map below shows just how dramatic the growth of uberX has been since its introduction in April 2013, with uberX trips now comprising the vast majority of pickups throughout the heart and suburbs of Chicago.

The vast gulf between Uber and the city’s problem-plagued taxi industry quickly prompted Chicagoans to call for forward-looking regulation that would allow the city to take full advantage of the platform’s innovative technology. On May 28, 2014, Mayor Rahm Emanuel’s administration established new rules for taxis and—for the first time—Transportation Network Company platforms like uberX. By early January 2015, Illinois and 19 other jurisdictions had joined Chicago in adopting permanent regulatory frameworks for ridesharing.
IMPROVING THE RIDER EXPERIENCE
Since Uber launched in the Windy City, over one million unique riders have taken a ride on the platform. Chicagoans have voted with their feet and their wallets, taking Uber trips to and from every neighborhood in the city. The following map shows just a single month’s worth of pickup requests in the Chicago area:

**Fast and Reliable Service**

Riders love Uber because it is fast and reliable, providing service to every corner of Chicago. At the time a driver-partner accepts a trip request from a prospective Uber rider, she does not know the race, gender, destination, or any other details about her passenger except for the passenger’s name and Uber rating. This makes it almost impossible for driver-partners to discriminate against riders. As a result—and in sharp contrast to taxis—Uber’s service operates at a high level throughout the city. In fact, riders throughout Chicago can always expect a pickup within twenty minutes after requesting a ride, with the average wait time less than four minutes.
A full 52% of Uber pickups and drop-offs occur in neighborhoods that Chicago defines as traditionally underserved by taxis. Riders of color have been among the greatest beneficiaries of this leveling of the city’s transportation playing field. One African-American commentator noted that “the quality of our lives improved tremendously once we found a workaround to dealing with rude and racist cab drivers,” while another appreciated that Uber’s “guiding principle [is] based on the color of the money in your pocket and not the color of your skin.”
Accessibility

Chicagoans with visual, hearing, and mobility disabilities are yet another group underserved by traditional transportation options. Accessibility is a top priority for Uber, and the company has a cross-functional accessibility team dedicated to leveraging Uber’s technology to increase the mobility, efficiency, and freedom of riders and driver-partners with accessibility needs.

With VoiceOver compatibility on iOS systems, Uber provides a safe and reliable transportation option for the visually-impaired community. Assistive technology such as visible and vibrating alerts also help deaf or hard of hearing riders use the app.

"[Uber] is a God-send for me and a lifeline for people with disabilities who aren’t allowed to operate a vehicle, [offering] freedom of choice, a safe, reliable option, and the ability to take responsibility for their transportation needs . . . [Uber’s platform provides] those who don’t drive a wonderful way to create opportunities for themselves by providing access, not government assistance."

Danielle C., Uber rider with a visual field cut and a seizure disorder

With various text prompts and visual features, audio is not needed for full functionality of the app, ensuring that requesting a ride and getting picked up is seamless for any rider. Similarly, a number of Uber driver-partners who are deaf have also been able to take advantage of the platform’s technology, receiving location-mapping and directions straight from their riders.

"Uber is by far the closest I have come to getting in a car and driving myself."

Vision-impaired Uber rider

Uber has leveraged its technology to partner with wheelchair accessible transportation providers in multiple pilot programs across the nation, with Chicago’s being the first. While every Uber driver-partner can accommodate folding wheelchairs, Chicago has launched two programs to further expand mobility opportunities for riders with disabilities.

- UberASSIST connects riders with uberX driver-partners trained on the necessary knowledge and safety requirements for assisting riders with accessibility needs into vehicles that can accommodate folding wheelchairs, walkers, and scooters. The program is run in partnership with the Open Doors Organization, a Chicago-based nonprofit leader in disability-related customer service training.

- UberACCESS connects riders with Uber driver-partners who drive wheelchair-accessible vehicles with a ramp. The program is growing the supply of driver-partners with accessible vehicles and transforming disabled transit by allowing on-demand pickups within minutes instead of days.
Affordability

Uber is not just reliable and accessible—it’s affordable. Taking uberX is significantly cheaper than taking a taxi in Chicago. If the same trips that were taken in taxis utilizing the uberTaxi platform from October to November 2014 had been taken in uberX vehicles using uberX rates, they would have cost 46% less on average.

By combining reliability with affordability, uberX is a competitive alternative not only to taking taxis, but to car ownership. Taking uberX rides instead of driving a car allows car owners to avoid the costs of parking, insurance, fuel, maintenance, and vehicle depreciation.
Positive Impact on Chicago Taxis

In addition to providing fast, reliable, and affordable rides on its platform, Uber may be responsible for improving taxi service levels by introducing healthy competition to the for-hire transportation market. Uber’s arrival in Chicago coincided with a noticeable drop in taxi complaints filed through the city’s 311 non-emergency hotline. Uber debuted uberX in Chicago in April 2013 and a direct comparison between the first nine months of 2013 and of 2014 reveals that overall taxi complaints fell 18%, reports of reckless driving dropped 20%, credit card refusals were down 37%, and complaints over taxi drivers’ rudeness fell 25%.21
CREATING OPPORTUNITIES FOR WELL-PAYING AND FLEXIBLE WORK
There are 11,301 active driver-partners using the uberX platform in Chicago, with 603 more taking their first trip every week. That is a clear signal of demand for well-paying, flexible work in the for-hire transportation market.

**Increased Income**

Uber offers driver-partners easy and flexible access to a solid income. By using smartphone technology to match driver-partners to the closest person requesting a ride, Uber allows for unprecedented efficiency and raises the number of trips each driver-partner can make. Whereas taxi drivers in Chicago complete 1.68 trips per hour, uberX driver-partners average roughly 15% more, or approximately two rides per hour.

Not only do Uber driver-partners take more paying fares, they have fewer operating costs. Under no reasonable scenario would an uberX driver-partner’s daily fees to Uber ever exceed a taxi driver’s medallion lease fees, and normally they will be far below. Since Uber driver-partners can mix personal and professional use of their vehicle fluidly, whereas taxi drivers pay cab lease fees for well-defined shifts, the most apt comparison is between uberX driver-partners who already own their car and taxi drivers who own a vehicle but lease a medallion. (Note that the medallion-only lease fee does not cover any lease payments for the taxi vehicle itself.)

A taxi medallion lease costs $350 per week, though taxi drivers may need to spend an additional $150 per week on affiliating with a dispatch service so that they can receive prearranged pickups. Taxi drivers also need to pay for commercial insurance. Assuming a low taxi insurance cost ($5,000 per year) and a high cost of personal auto insurance for uberX driver-partners ($2,000 per year), taxi drivers end up paying an additional $62.50 per week in insurance costs. Altogether, uberX driver-partners in Chicago save roughly $560 a week compared to taxi drivers by incurring no medallion lease or dispatch fees and paying lower insurance premiums. In fact, the average Chicago uberX driver-partner would have to drive for 86 hours before she paid this much in fees to Uber—two hours longer than the weekly legal limit.
Flexible Work Schedules

The absence of any medallion lease fixed costs increases driver-partners’ earnings while also providing complete control over their work schedules. Recall that a taxi shift driver in Chicago pays up to $74 dollars in lease fees alone (not including insurance, maintenance, and dispatch fees) for a 12-hour shift (the longest shift that drivers are permitted to work in one day). According to the cost structure laid out in Chicago’s 2014 Taxi Fare Rate Study, the average driver has to work 3.7 hours before breaking even on the lease of his vehicle. Uber driver-partners, on the other hand, do not pay any fixed cost to accept trips and so have complete flexibility to profitably drive for as many hours (or as few) as they like. They are free to work whenever they choose—for example when their kids are in school or when demand is high. Among driver-partners surveyed, 65% responded that they drove while juggling other commitments and 23% chose to drive when demand was high. The distribution of driver-partner earnings and hours worked per week is further evidence that they are taking advantage of both flexibility and periods of high demand:

Driver-partners value highly the flexibility of working with Uber. Based on a 2014 survey, 22% of uberX driver-partners rated their ability to schedule their own work hours as the top reason why they were interested in driving with Uber and 65% rated flexibility in their top three reasons for using Uber.

I used to drive a taxi and every week I [had to pay] the company $750 + the gas, and I [had] to work 13 to 15 hours to . . . feed my family. Right now with uberX, I work less hours, make the same money, and I have more time to stay with my family.

Osman E., Chicago uberX Driver-Partner
**Lowering Barriers to Entry**

Uber provides residents from every neighborhood of a city the opportunity to earn more by working on the platform. The map below shows that Chicago driver-partners hail from every ZIP code in the Chicagoland area, with concentrations distributed throughout the city. Furthermore, for those uberX driver-partners who hail from communities with a median hourly wage of less than $15 per hour, Uber estimates that 92% earn more than the neighborhood’s median income.20

Uber is able to open economic opportunity to a broad population of driver-partners by giving them complete control over not just when they work, but also where they work. For example, some spouses use Uber as a source of supplemental income when their families relocate to a new city. Military spouses, in particular, benefit from the platform’s flexibility in this way.

The military community is embracing the entrepreneurial opportunity Uber represents. After recognizing that veterans were some of the highest-rated and most effective driver-partners, Uber launched UberMILITARY in September 2014, led by an advisory board helmed by former Secretary of Defense Robert Gates. The campaign plans to onboard 50,000 members of the military community over eighteen months, partnering with both veterans looking for flexible, part-time work while they go back to school and reservists looking for a full-time opportunity between drills. Today, transitioning service members, veterans, and military spouses drive on the Uber platform in over 175 cities throughout the United States.
Similarly, Uber is working to lower the barriers to becoming a small business owner by securing discounts and more favorable financing terms on cars. These programs allow driver-partners to buy or lease their own vehicle according to their preferences for affordability and style as well as earning potential. Through deals that Uber has negotiated with manufacturers, driver-partners can purchase new or used cars at a discount from Ford, GM, or Toyota. By the end of 2014, 313 Chicago driver-partners had already taken advantage of this opportunity, resulting in over $200,000 in total driver-partner savings.

In 2014, Uber also launched its first vehicle financing programs in Chicago. Available to driver-partners who would otherwise not be able to obtain financing or would encounter less favorable terms, these programs help driver-partners purchase or lease to own a vehicle for use on the Uber platform, with payments automatically deducted from their weekly earnings. Unlike taxi drivers who pay just to rent a cab for the day, Uber’s driver-partners are making payments toward owning their own car. In fact, 73 (30%) of the driver-partners in the lease-to-own program are former taxi drivers. Driver-partners working on uberX with financed vehicles also earn about 14% more per hour than the average uberX driver-partner, and they regularly receive higher driver ratings.

Uber recognizes that its driver-partners are building small businesses. To that end, Uber launched Momentum Partner Rewards in November 2014. Momentum is a program available exclusively to Uber driver-partners, designed to provide healthcare navigation services and reduce the costs of vehicle operation. Having surveyed driver-partners and found that 60% were interested in tools to simplify the selection of health insurance, Uber partnered with Stride Health to offer an innovative and first-of-its-kind healthcare recommendation engine to driver-partners at no cost. Stride Health helps driver-partners compare health insurance options, find the best plan to fit their needs, and get answers to their questions about how to use their healthcare throughout the year. Momentum Partner Rewards also includes discounts on vehicle expenses from national auto parts and auto maintenance companies, as well as personal wireless phone service discounts for driver-partners and their families.

Through Momentum Partner Rewards, driver-partners can take advantage of specially negotiated education opportunities. In November 2014, Chicago’s Robert Morris University announced that any active Uber driver-partner is eligible to receive a 10% tuition reduction. With the average cost of attending college topping out at over $30,000 a year, education has become a sizable economic hurdle for many. Robert Morris University and Uber are lowering that hurdle by pairing reduced tuition costs with the additional income and flexibility provided by the uberX platform.
SUPPORTING A STRONG AND SUSTAINABLE CITY
Local Economic Growth

Uber’s technology creates new opportunities that spur local economic growth. In December 2014, Chicagoans earned more than $18.6 million working on the Uber platform. That’s equivalent to $244 million per year—nearly a quarter of a billion dollars supporting local families and businesses.

Uber’s economic impact is felt across Chicago. Riders trust that no matter where in the city they find themselves, they can always rely on Uber to get them home. The platform thus encourages Chicagoans to explore more of their city, connecting them to the local businesses that cannot afford Miracle Mile real estate—or even the rent premium for space near an “L” stop. Combining Uber’s trip data with Yelp’s database of local businesses reveals that roughly one in three Uber trips originates or ends at an independent Chicago business.

Many of our customers and staff members use Uber because they can rely on the fact they are going to get a clean vehicle, courteous driver, and arrive safely at their destination. Thank you Uber for providing a great service to our customers, staff, and community.

Adam M., Chief Operating Officer, State Restaurant

Uber also helps power Chicago’s economy by making the city more welcoming and accessible to tens of millions of tourists. In 2012, Chicago hosted a near record 46.2 million visitors, and in 2013, the Commerce Department reported that Chicago welcomed nearly 1.4 million overseas visitors, just behind Las Vegas, Honolulu, and Washington, D.C. With visitors embracing Uber in their home cities, the platform’s growing presence in Chicago ensures that they now have at their fingertips a familiar, reliable, convenient, and inexpensive way to explore the Windy City. For international travelers, Uber’s map-based destination entry makes language barriers a thing of the past. Unsurprisingly, hundreds of thousands of people who live elsewhere opted to use Uber when visiting Chicago in 2014. From the ride in from the airport to the ride back out, Uber is improving visitors’ first and last impressions of Chicago, helping an already top-notch city raise the bar for other tourist destinations. Uber is also an important asset for locals who travel outside of Chicago: 46% of people who use Uber in Chicago have used Uber in at least one other city.
At the same time as it creates thousands of work opportunities in Chicago, Uber also helps to reduce spending on social safety net programs. During the recent Great Recession, the Chicago metropolitan area saw its number of unemployed residents peak at 479,188 in January 2010 (an unemployment rate of 11.8%). Since opening for business in Chicago, Uber has provided tens of thousands of local residents with an opportunity to earn.

Uber provides qualified driver-partners facing short or long-term unemployment with more than just a source of income. It also offers them the scheduling flexibility they need to pursue job searches or to invest in the training and education necessary to improve their employment options. Governments at all levels spend substantial amounts of taxpayer money attempting to generate these very activities during downturns, often with mixed results. Now, however, direct support payments to the unemployed can be reduced and public funds redirected to other critical programs and investments.

In a recent survey of Uber driver-partners in Chicago, over 40% responded that they were looking for work prior to driving on the Uber platform.

My husband became ill about two years ago and I became very stressed and quit my full-time job. Our son had a seizure shortly after and things got bad...[A]ll the while I tried to stay in school, maintain my family, and try to get back to living. I later met uberX...and it has changed my life. It has helped me meet people, gain confidence about living life again, [and make] money to be able to care for my family. It has given me life. I get to spend so much more time with my children, which is so important to me.

Tricia A., uberX Chicago Driver-Partner
**Safer Rides and Safer Roads**

Uber’s technology puts safety first. Only driver-partners who have passed Uber’s thorough, multi-layered background checks are given access to the platform. Before a driver-partner arrives, the rider can see the driver-partner’s information including photograph, name, license plate number, and vehicle type. Unlike with taxis, riders know exactly with whom they are riding. Riders also see an estimated arrival time and a map with the car’s position as it moves toward them, minimizing the amount of time they need to spend waiting on the street late at night or in low foot traffic areas. At any time during the journey, riders can share current location and estimated arrival time with those who are expecting them, adding yet another layer of security. Because riders rate driver-partners at the end of every trip, Uber is able to monitor platform quality in real-time. In the event of an incident, Uber is able to provide authorities with an unprecedented level of journey information, including route taken and exact pickup and drop-off times.

Recently, Uber’s commitment to safety was embraced by the mayor and police department of Atlanta, who urged all residents to make use of smartphone apps like Uber to protect themselves. Mayor Kasim Reed highlighted the personal safety benefits of Uber to help citizens in the event of an emergency: “We thought, because of the extraordinary platform that Uber has, we really could help the women in Atlanta always have the ability to let somebody know that they are in danger and transportation to get out of there.”

Uber driver-partners benefit just as much as riders from the platform’s safety features. The driver is able to see the rider’s name ahead of the pickup as well as call the smartphone from which the request was made, ensuring the right person enters the vehicle. Unlike traditional taxi drivers who are required to carry cash, Uber driver-partners operate on a cashless system and are therefore far less appealing targets for would-be robbers (driver-partners also no longer need to worry about riders running off without paying). A recent study provides evidence that moving from cash-based transactions to the use of electronic payments reduces crimes like robbery and assault.29 Drivers who partner with Uber also know that any rider can be immediately identified to authorities in the event of an incident, unlike an anonymous taxi passenger. Finally, driver-partners work in not just a safe but a respectful environment. Just as riders rate driver-partners, driver-partners rate riders. As a result, riders are also held accountable for their conduct during the trip.

“I also believe partnering with uberX is a safer alternative to taxis . . . Even passenger has to use the app to request a ride and . . . I do not have to carry cash so there is no incentive to rob me.”

*Joseph, uberX Chicago Driver-Partner*
Uber helps to reduce drunk driving, making roads safer not just for its riders and driver-partners but for other drivers and pedestrians as well. Extensive research has been conducted on the decision-making process that leads to driving drunk, and a small number of influences have been found to play the biggest role in such poor choices: the lack of convenient and readily available alternatives to driving and unfamiliarity with alternative transportation service routes and options. The availability of safe and reliable rides on the Uber platform provides residents and out-of-town visitors with an easy alternative to driving drunk: a bar-goer who sees that an Uber is only four minutes away may be willing to pick up his or her car in the morning rather than risk driving home.

The stakes are incredibly high. Every day in America, 300,000 motorists drive drunk, according to Mothers Against Drunk Driving (MADD)—and yet only 4,000 are arrested. In 2012, 10,322 people were killed nationwide in alcohol-impaired driving crashes, including 239 children under the age of 14. In that same year, drunk driving resulted in 335 deaths in Illinois. Even cities like Chicago that benefit from extensive public transit systems continue to suffer from high rates of drunk driving, with arrests and fatalities peaking late at night. In 2013, the Chicago Police Department alone made 3,395 arrests for DUI, and Cook County Police arrested an additional 306 drunk drivers.

Fortunately, Uber is already helping many Chicagoans make the responsible choice to not drive after drinking. The graph below shows weekend requests by hour of day, broken down by those that were requested from places that serve alcohol. When drunk driving rates are highest, between 10pm and 3am, Uber sees a huge spike in requests and trips from bars. This pattern is particularly stark when compared to the number of requests from locations where alcohol is not served.

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**[N]egative attitudes shown toward the use of public transportation in general, and taxi cabs in particular, indicate that efforts to encourage drinkers to use such systems, without making any changes to those systems, may be a wasted effort.**

*Why People Drink and Drive, National Highway Transportation Security Administration*

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**Drunk driving is 100% preventable. With easy, reliable, and affordable alternative transportation options like Uber, there’s no reason for anybody to get behind the wheel while impaired.**

*Jan Withers, MADD National President*
uberX gives my clients the ability to provide safe transportation to and from events around the Chicagoland area. Obviously when alcohol is involved, you don’t want people driving and when you pair the uberX promotions we’re working on with the already low-cost uberX option, it gives us peace of mind that patrons will get home safely.

Joe C., Chicago Nightlife Marketing Professional

Similarly, Uber sees a citywide spike in ride requests in the middle of the night on weekends. As the graph below demonstrates, it is at precisely those times when alcohol-related driving accidents are likeliest that Uber helps most to take people out from behind the wheel.

[Y]ou have the ubiquitous D.U.I. checkpoints everywhere . . . If you’re going to go to a party, you either don’t drink or you Uber there and Uber back, and problem solved.

Drew H., Uber rider
Anytime that we can offer or increase the options for people to have safe transportation home, it’s a good thing. . . . Once [Uber is] up and running legally here in the city, I predict you’ll see a reduction in drunken driving crashes.

*Chief of Police Art Acevedo, Austin, TX*[^38]

Uber is able to manage late-night spikes in demand and keep wait times low by bringing additional driver-partners onto its platform. When 62,000 fans exit Soldier Field after a Bears game on a Sunday afternoon, Chicago’s taxi supply is hamstrung by the cap of 6,999 medallions. Uber’s dynamic pricing, on the other hand, incentivizes drivers to match demand, keeping arrival times short and helping to discourage drunk driving. On New Year’s Eve 2014-15, for example, Chicago driver-partners signed onto the platform in large numbers to meet the high demand—the taxi system simply cannot respond in this flexible way.

In May 2014, Uber examined public records of DUI arrests in Seattle, Washington, before and after Uber’s platform launched in the city. Employing econometric analysis, which allowed them to account for other variables like the legalization of marijuana and seasonality, Uber’s data scientists found that a relationship exists between people’s decision to drink and drive and the availability of Uber. The analysis suggested that the arrival of Uber in Seattle caused the number of arrests for DUI to decrease by more than 10%.[^38] Something similar may also be happening in Chicago: those 3,395 drunk drivers arrested by Chicago police in 2013 represented a 10.5% decrease from 2012.[^40] This trend is set to continue as Uber arrives in new cities across the country, offering more and more riders a safe, reliable alternative to driving drunk.

Uber has partnered with Mothers Against Drunk Driving (MADD) to help eliminate drunk driving, reaffirming Uber’s commitment to safety—not just for riders and driver-partners, but for everyone on the road.
Enhancing Public Transit Ridership

Chicago’s public transit system provides frequent, efficient, and convenient service across the city, but it only goes so far. Uber offers residents of areas underserved by public transit a reliable and fast link to public transportation, effectively expanding the coverage of existing transit networks.

Uber helps take public infrastructure dollars farther, as riders use the platform to travel to and from the outer terminuses of the "L" train system, making entire neighborhoods newly accessible. By feeding more commuters into public transit, Uber helps take cars off congested downtown roads. Because riders can always be confident of a ride back, Uber also removes the worry over whether transit services will be reliable or operating late at night, encouraging more people to use Chicago Transit Authority (CTA) trains and buses, Metra commuter rail, and other public transit when they head out for a night on the town. In fact, nearly three-quarters of Uber rides are “one-way trips,” meaning that riders completed their start or return journey using another transportation option. An increase in transit ridership also means more paid fares for the CTA and Chicago’s transit infrastructure.

As Uber continues to expand service in Chicago, more and more people will be using the platform to connect to public transit and, in doing so, become less dependent on their private car. A 2013 report by the Center for Neighborhood Technology highlighted the fact that many dedicated public transit riders feel forced to own their own car in order “to meet transportation needs that transit cannot efficiently fill.” With Uber filling in that gap, more people will be able to make the shift from a two-car to a one-car household or, in some cases, even go car-free.
The Future with uberPOOL

uberPOOL is a revolutionary carpooling product made possible by the technology and scale of Uber’s platform. Knowing where its riders are and where they are headed, Uber matches riders with similar routes in real time and assigns them to the same car, providing turn-by-turn directions to each pickup and drop-off location. When riders are matched, they split the cost for that portion of the ride, saving a significant amount of the total fare compared to uberX (which already represents a discount to taxi fares), at almost no cost in extra time.

To match trips, uberPOOL analyzes each rider’s origin and destination and routes driver-partners to pick up and drop off multiple riders in an efficient sequence. Analysis by MIT’s Senseable City Lab suggests that cumulative trip miles can be reduced by 40% or more by implementing a system like uberPOOL.\(^3\) uberPOOL is already available in Uber’s most mature markets (San Francisco, New York City, and Paris) and its future potential in Chicago is immense. Simulations estimate that more than 35% of trips in the city could be pooled with 50% of current Uber riders participating. At those rates, uberPOOL could help take more than 500,000 cars off Chicago roads, or more than 50% of all cars in the city. By working to encourage more riders to participate in uberPOOL, the percentage of matched trips can be raised to 45%, taking even more cars off the road. These numbers will continue to improve as Uber’s rider base grows.
As the previous graph illustrates, the more active uberPOOL riders in a city, the greater the ability to efficiently match and combine trips. The scale and continued strong growth of Uber’s rider base in Chicago permits this type of dynamic matching and pooling of trips. Already, hundreds of thousands of Chicagoans are using Uber every month, taking millions of trips. Automatic pooling would not be possible without this type of scale, without everyone’s phones connecting to a central computer system, or without a frictionless payment system like Uber’s.

At a fraction of the cost of uberX, which is itself one of the cheapest ways to get around a city, uberPOOL has the potential to forever change people’s approach to car ownership. Based on reasonable assumptions about the costs of car ownership, coupled with Uber data that uberPOOL rides are 40% cheaper than today’s uberX, even people who drive in excess of 10,000 miles per year (compared to the 5,000 miles per year illustrated above for uberX) could benefit from abandoning car ownership for ridesharing:

Even traveling 10,000 miles per year, uberPOOL may still be cheaper than the annual cost of car ownership.

In this example, uberPOOL reduces cars on the road by almost 56%.
uberPOOL promises to benefit all Chicagoans, even those who do not use it. With a large percentage of the city’s population pooling its rides, uberPOOL has the potential to take hundreds of thousands of cars off of Chicago’s crowded roads, thereby reducing congestion and greenhouse gas emissions. Fewer private cars means less need for parking spaces and parking lots, freeing up a vibrant urban landscape for people to live, play, and work. Whereas the average Chicago resident’s car currently sits idle in a parking lot or garage for 23 hours of the day, the growth of Uber’s platform has the potential to significantly reduce the amount of scarce real estate set aside for parking.

The ability of uberPOOL to drastically reduce demand for parking spaces represents a huge opportunity for many outer suburban communities. uberPOOL could transform large park-and-ride surface lots into mixed-use transit-oriented development opportunities that better capitalize on the premium real estate surrounding suburban transit stations.

Rather than driving a privately-owned car to a park-and-ride lot and paying to have it sit idle all day, commuters would be able to easily and conveniently take uberPOOL from their homes and be dropped off at the nearest commuter rail station for the remainder of their trip to work. Liberated from long, stressful, and unproductive suburban commutes to the Loop, riders now could be productive for their entire trip, and potentially more productive for the rest of the day. Studies have demonstrated that workers who choose transportation options other than driving alone are happier and less stressed compared to those who drive themselves.
CONCLUSION
In just under three years, Uber has significantly improved how both residents and tourists alike move throughout Chicago, helping to bring people, businesses, and neighborhoods closer together. Removing technological and practical barriers that once stymied willing drivers from connecting with people who needed rides, Uber has had a dramatic impact on the lives of riders, driver-partners, and the city as a whole. Riders finally have near-instant access to rides throughout the entire city, at all times of day or night and at a fraction of the cost of a traditional taxi. Driver-partners are earning additional income in a flexible setting, enabling them to balance other priorities in their lives.

Perhaps the most exciting element of Uber’s impact is that the access, affordability, and opportunity benefits set out above are just the start. In the coming months and years, Uber’s impact will grow and evolve as its technology improves and its network expands.

As more riders and more drivers start using the platform, the distance between any given rider and the nearest available car will shrink. Because Uber’s real-time system is able to intelligently match the closest rider with the closest driver-partner, wait times will drop even further. The end result is a far more efficient use of a city’s vehicle fleet and roads. City planners and architects will be able to imagine and create more parks and fewer parking lots, as a vibrant and increasingly residential downtown core continues its expansion into Chicago’s once-industrial south and west. As the platform’s technology develops even further, ever-increasing economies of scale will provide yet more advantages. Some of them, while difficult to imagine today, will be breathtaking and transformative, for residents, tourists, and employers, but fundamentally for the health and growth of the city itself. The best is indeed yet to come.
1 Response to Uber FOIA, Department of Business Affairs and Consumer Protection data from 2011 to April 2014 regarding Chicago taxi complaints.

2 Id.


16 For Chicago crime data, see https://data.cityofchicago.org/Public-Safety/Crimes-2001-to-present/ijzp-q8t2.


22 An active driver-partner is defined as one who has completed at least four trips in a given month. The figure given is for December 2014.

23 Taxi Fare Rate Study. Final Report, supra note 12.

24 Weekly taxi leases are capped at $707 for a 24/7 lease and $518 for a 12/7 lease. These more expensive leases include insurance, maintenance, and dispatch service. These bundled leases do not make for straightforward comparisons, as we are interested in the costs of someone using their own vehicle and do not want to make assumptions about vehicle choice.


26 Detailed explanations can be found on Uber’s blog. Chicago Drivers Income Study, Mar. 12, 2014 at http://blog.uber.com/ChidriverStudy.


41 Defined as trips for which the user’s next trip starts at least two miles or two days from that trip’s end.

42 Center for Neighborhood Technology (CNT), Transit Oriented Development in the Chicago Region, at http://www.cnt.org/media/CNT_TODinChicagoRegion.pdf.
