Marketing 3433 Promotional Strategy

Client: Uber
UBER – Project Outline

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Executive Summary

Uber will do its best to set itself apart from the competitors by being the best in the market of personal drivers and ground transportation. Not only will we reach businessmen and women, but also college students and travelers. Consumers will have a quicker, more convenient and personal ride with Uber, in comparison to a taxi service.

By using social media and word of mouth more than we do already, the company will continue to grow. Overall, Uber will ensure people become more aware of the brand. We have created one of those outstanding products that is hard not to share with friends and family. By creating incentives, specifically referring a friend, the positive word of mouth is bound to keep increasing. Our target audience, ages 18-25, has been immersed in the social media era for years. This is excellent for Uber because we can reach our target audience with minimal advertising costs.

At Uber, we want to ensure the best quality atmosphere for our drivers. Our drivers work around their other priorities and choose the hours they are available. We want our drivers to love what they do and especially love whom they drive. Through our mutual rating system, we are able to make sure that not only customers receive a great driver, but also that our driver receives excellent customers. Driving for us should feel more like an opportunity to keep others safe, rather than a job. Ultimately, Uber would not be possible without the drivers who give up their time, put their personal cars at risk and simply serve the community.
Company Analysis

General Information

Uber is a rapidly expanding, ground transportation service that was founded in 2009. The company’s goal is to connect riders to drivers with a simple and user-friendly, smartphone app. Uber is constantly growing and becoming present all over the world. Currently, drivers are found in 60 countries. It is rare to wait longer than 15 minutes for a ride from point A to point B. The app has many features that make riding easy, such as fare splitting, fare estimate and the ability to share estimated time of arrival.

The leadership team consists of three men and one woman, who are focused on the expansion of the multibillion-dollar company. “Travis Kalanick, CEO of Uber, believes his company will go neck and neck with car dealerships.” His goal is to keep Uber’s prices so low that the company will compete with owning a car.


Strengths

a. Pay with card, no cash necessary
   
   • The fare is charged automatically to the credit card filed on the app
   
   • Receipt emailed straight to the customer

b. Clear Pricing
   
   • Various rates per city
• Enter pick-up and drop-off locations to get a fare estimate
c. Fare can be split between friends
  • Customers can charge their friends, then they opt in to help pay the fare
d. The Uber driver finds users through the smart phone GPS
  • He or she sends a text message when they are at the location.
e. Driver’s are background checked
  • County, federal and multi-state criminal background checks take place
  • Motor vehicle records are checked as well
f. The drivers arrive straight to the location and take riders straight to their destinations.
g. Each driver can be rated, plus riders can provide feedback and comments about the experience.
h. The Uber App has driver profiles with the driver’s name, license plate number, photo and ratings.
i. Having high prices during “surge” time when traffic is heavy or a large event is occurring.

(https://www.uber.com)

**Weaknesses**
a. Uber is not available in small towns
b. Some cities are more populated with Taxi Cabs, so there are fewer Ubers, which means a longer wait time.
c. Having high prices during “surge” time when traffic is so bad or a large event is occurring.
**Products**

Uber offers service to transport riders from various locations at an affordable rate. Customers can also pick from five different styles of rides and prices.

a. **UberX**
   - The low-cost Uber, which are cars considered for everyday use. Uber claims that they are better, faster and cheaper than a taxi.

b. **UberTAXI**
   - The Uber TAXIs look just like a normal taxi, but without the hassles of waving the taxi down or paying the driver with cash.

c. **Uber Black**
   - The drivers are private and on demand. The customers can expect to be picked up in a more expensive sedan.

d. **Uber SUV**
   - UberSUV is convenient when customers are travelling in large groups. The SUV can fit up to six people.

e. **UberLUX**
   - This is the best of the best cars, making the rides more expensive.

f. **UberEats**
   
   Food can be ordered and delivered through UberEATS, similar to requesting a ride. The customer can still pay without needing any cash. UberEats is not available in many locations yet, but this branch of Uber is beginning to grow.
g. UberBusiness

- It is a travel management program for businesses to have centralized billing, easy transportation and complete control over who is riding.

(https://www.uber.com)

Pricing

Pricing is dependent on the location, distance of the ride, as well as service/style chosen. Uber occasionally implements surge prices, which means prices are raised because of a high traffic event, high demand of drivers, bad weather or rush hour (http://www.cnet.com/news/detest-ubers-surge-pricing-some-drivers-dont-like-it-either/). Because of population differences and demand of drivers, rates vary from city to city. Prices are calculated by a simple formula: Base Fee + (Cost/minute * Time in Ride) + (Cost/mile * Distance) + Safe Rides Fee. Below are examples of UberX, UberBlack, and UberLux prices in Stillwater, Dallas, and Los Angeles (https://www.uber.com)

<table>
<thead>
<tr>
<th>City</th>
<th>UberX</th>
<th>UberBlack</th>
<th>UberLux</th>
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<tbody>
<tr>
<td>Stillwater, OK</td>
<td>• Base Fee: $1.90</td>
<td>N/A</td>
<td>N/A</td>
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<tr>
<td></td>
<td>• Cost/minute: $.25</td>
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<tr>
<td></td>
<td>• Cost/mile: $1.75</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Safe Ride Fee: $1</td>
<td></td>
<td></td>
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<tr>
<td>Dallas, TX</td>
<td>• Base Fee: $1</td>
<td>• Base Fee: $7</td>
<td>N/A</td>
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<tr>
<td></td>
<td>• Cost/minute: $.10</td>
<td>• Cost/minute: $.35</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Cost/mile: $.85</td>
<td>• Cost/mile: $3.45</td>
<td></td>
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<tr>
<td></td>
<td>• Safe Ride Fee: $1</td>
<td>• No Safe Ride Fee</td>
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Los Angeles, CA

- Base Fee: $0
- Cost/minute: $.18
- Cost/mile: $1
- Safe Ride Fee: $1

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<tr>
<td></td>
<td>Base Fee: $8</td>
<td>Cost/minute: $.45</td>
<td>Cost/mile: $3.55</td>
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<tr>
<td></td>
<td>Base Fee: $20</td>
<td>Cost/minute: $.60</td>
<td>Cost/mile: $5</td>
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**Distribution**

Uber originally started out as a luxury car company but now is for everyday use. Their distribution in the market is virtually limitless. Uber customers use the rides for everything from everyday use, to an option for college students to call for designated drivers from the bars. Uber does not favor a certain population; instead it is user friendly to all.

**Marketing Communications**

Uber strives to go local and stay interconnected with their marketing tactics to find the best of the best people to hire. To have a strong presence locally, specifically in university environments, Uber will hire on-campus student representatives and offer commission based off new user sign-ups. In addition, first time users will be offered a promotion off their first ride free. The company promotes themselves on Facebook, Twitter and Instagram. Uber also uses Google Adwords for relevant potential users in the area. Not only is our goal to gain new customers, but also to find more drivers. In order to have continued success as a business, we must have drivers. To do so, Uber is advertising the excellent benefits of being a driver. The benefits include choosing the hours, competitive salary and it is as simple as driving one’s own vehicle.

**Past Budget**
Uber’s annual marketing budget in 2013-2014 hit a peak of 359,000. Their PPC budget, pays per click, was between $82,000 and $121,000. Overall, Uber’s total annual marketing and advertising budget is roughly $1 million. (http://blog.ispionage.com/uber-vs-lyft-ppc.html)

Competitive Analysis

The evolution of smart phones and the Internet has drastically changed how we use public/private transportation. Today, Uber competes with several companies to maintain their spot at being on top. Basically, drivers and passengers use their smart phones to be connected to a web service (uber.com) to arrange a pick up time and place. Since the company’s founding in 2008, Uber has been connected to people everywhere in 132 cities.

Lyft is Uber’s top, direct competitor. Lyft is a privately held American transportation company based in San Francisco (www.lyft.com). Lyft is very similar to Uber because they both target people through their smart phones and using an app. The drivers will pick the customer up at their location, same as Uber. Some differences include: Uber has more investors and a higher rate of popularity. When one says “Uber,” generally people know what is being talked about. Also, Uber has more drivers than Lyft and offer their services in more cities.

Another competitor of Uber is the generic Taxicab. According to an August 2015 article in the Huffington Post, “Uber’s reputation isn’t great: It has barged relentlessly into new markets, both in the U.S. and internationally, upsetting local governments and riling up traditional taxi drivers.” Bigger cities like Los Angles and
New York for example have not been as welcoming to Uber as some other smaller metropolitan areas. If one were to visit larger cities outside the state of Oklahoma, they would know Taxicabs are a huge value to the area. In bigger cities, most people don’t own a car due to the drastic number of Taxicabs and Ubers available. When Uber first appeared in 2008, many taxi drivers were in an outrage because people were choosing to ride in the more “luxurious” Uber cars rather than old yellow taxis.

There is a big difference in pricing as well. When people consider how they want to get from point A to point B, price definitely comes to mind. When Uber first started, they only offered black town cars that would come pick riders up. Now, UberX is available. UberX is a less expensive car that you can request. It’s usually smaller and will be less expensive. The purpose of adding UberX was to compete with Lyft. Uber is about ten times more expensive than a ride in a Lyft car or taxicab, but it’s also more luxurious so customers are paying for the service they are getting.

The main difference is this: Lyft and the regular Taxicab cars offer standard public transportation and Uber offers a more luxurious enjoyable service. Uber’s common slogan is “Arrive in Style” (uber.com). Uber is more about the arriving in style and looking good versus Lyft and taxicabs just offering the basic transportation experience.
Situation Analysis- UBER

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
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<tbody>
<tr>
<td>· Easy for the customer to use</td>
<td>· People may order a certain category of car and may not know what it means or how much it may cost them. Such as, Lux.</td>
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<tr>
<td>· Shows where the driver is and how long until he/she arrives</td>
<td>· If stuck in traffic, customers are charged a lot more for something they cannot control</td>
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<tr>
<td>· Credit card is on file</td>
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<tr>
<td>· Option on the app to tip the driver</td>
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<tr>
<td>· Drivers are rated</td>
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<tr>
<td>· Everything is through the app and you do not have to call to order a ride</td>
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<tr>
<th>Opportunities</th>
<th>Threats</th>
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<tbody>
<tr>
<td>· Unlimited locations that Uber can develop into</td>
<td>· Taxi drivers in some countries such as France, have revolted (some taxi drivers kidnapped Uber drivers in other countries)</td>
</tr>
<tr>
<td>· Using an app, there are countless ways they can continue to grow and make their services even better</td>
<td>· Lyft, Sidecar and Curb are all similar to Uber</td>
</tr>
<tr>
<td>· Testing out a food delivery service through Uber</td>
<td>· No certainty in employees because they are not hired directly by Uber</td>
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**Target Audience:** Uber is geographically targeting the city of Chicago specifically on the age group 18-25 year olds. The targeted audience mostly consists of college students, or young professionals. The range of our services will be within the busy city, but typically will average around 5 miles for each trip. Uber’s services will primarily be used on the weekends, Thursday through Sunday. The target audience needs safe transportation on these days because of the nightlife scene. Uber can also be heavily relied on for concerts, NFL, NBA, MLB and NHL games, and other special events.
Communication Situation

The communication situation for Uber is for the target audience of 18-25, but is quickly growing to reach the older generations. Not only does Uber interest the younger generations, but also businessmen and women, and travellers of all ages. Consumers receive advertisement from social media and promotion codes from their friends. Uber wants to reach customers attention by providing many different services from luxury vehicles to every day rides, all for a lower price than a taxi or personal vehicle. Uber’s promotional communication attempts to strengthen brand awareness by stating they are the best option for transportation within the city. In addition, it is our goal to find the best drivers through competitive pay, background checks and the ability to pick one’s own hours. It is important that advertising goes just as much to finding drivers as acquiring new customers.

Recommended Positioning Statement

“For people of all ages, specifically men and women ages 18-25, Uber is the quickest and most convenient way to travel among all forms of ground transportation because of the background checked drivers, minimal wait time and user-friendly phone app.”
Comprehensive IMC Plan

Uber’s Integrated Marketing Communication Plan is being used to ensure that each element of the marketing mix and media platform comes across as “one voice.” Basically, all of our forms of advertisement will work together for the common goal of gaining new customers, while keeping current customers engaged. We want the customers to be informed and knowledgeable of Uber and its products. With our recommended positioning statement and communication objectives, we will focus on outdoor advertising, social media, television spots, Pandora and Spotify advertisements, as well as athletic event advertising. All are key components for our IMC campaign to help better Uber as a whole, but specifically in Chicago, Illinois. Our main goal is to spread awareness of our products to gain new customers.

Components of the campaign

Outdoor Advertising

Out of Home advertising is focused on marketing to consumers when they are "on the go" in public places, in transit, waiting. Out of home advertising formats fall into four main categories: billboards, street furniture, transit, and alternative. We chose to put a big portion of our media budget into out of home because we believe the everyday Uber passenger is a busy individual that is on the go and will unconsciously see these ads placed around the city. Whether it is a billboard, ad placed inside the subway or bus stop
– we agree this will be one of the most beneficial parts to our media mix. Chicago O’Hare International Airport is the largest in the world and generates thousands of people each day. We believe placing advertisements on the walls around the airport will generate revenue from people leaving the airport needing a ride to their desired destination.

**Television Spots**

A television advertisement or television commercials are known as a span of television programming produced and paid for to promote a certain product or service. TV spots are going to take up more than half of our overall budget due to the extensive cost of just one spot. Studies show people spend more hours per day watching television than paying attention to any other medium. Knowing when to advertise is most important for TV spots because you want your commercial to come on when the most people are watching. Early in the morning around 7 a.m. – 8 a.m. and the nightly news around 8-9 p.m. are the best and most expensive times for your commercial to air.

**Athletic Advertising**

We believe it is important that we advertise at athletic sporting events because Chicago is a hub for many major league sports throughout the year. We would like to advertise at these games: MLB Chicago Cubs, the NFL Chicago Bears, NBA Chicago Bulls and NHL Chicago Blackhawks. These are perfect opportunities for advertisement, so fans do not have to worry about finding a parking spot or driving through heavy traffic. In turn, we can implement surge prices during times of high demand. The advertisements would consist of digital ads during timeouts, halftime or pregame activities.

**Social Media**
Social media is an inexpensive and effective way to advertise. Social media is heavily used by many ages, but specifically our target audience of college students, ages 18-25 years old. Social media sites such as Facebook, Twitter and Instagram are the best platforms to reach this audience. We can easily put promotions and coupons on these sites to encourage users that we have better prices and deals than our competitors.

**Pandora & Spotify Ads**

Music streaming has become extremely popular among our target audience and working adults. Although it is not extremely expensive, it is effective because people can’t avoid the ads unless they upgrade to ad-free subscription by paying more money. It will consist of a 30 second spot that runs one month at a time. It will be similar to a generic radio spot by focusing on what Uber can do for them and how to download the app.
Media Objectives & Schedule

After much thought about the endless advertising possibilities we have to reach the public, specifically in Chicago, we have decided the importance of advertising for new customers, as well as new drivers through the professional sporting events held in Chicago. Games are played throughout the whole year, and it is an option that will reach customers in our target audience. Out of Home advertising, television, Spotify and Pandora, as well as social media can reach our customers, but more importantly help us find new drivers.

Athletics

- MLB Chicago Cubs
  - Month: April-October
- NFL Chicago Bears
  - Month: September-January
- NHL Chicago BlackHawks
  - Month: October-June
- NBA Chicago Bulls
  - Month: October-June

Out of Home

- All year
  - Extra in winter & summer
    - Winter- Cold
    - Summer- Hot & vacationers

Television/Pandora/Spotify/Social Media

- All year
- Specific to holidays
- February- Valentine’s Day
- March- St. Patrick’s Day
- May- Cinco De Mayo
- July- 4th of July
- October- Halloween
- December- Christmas parties and New Year’s Eve

**Recommended Budget**

Although Uber has not spent much money on big-time advertisement placement in the past, we have done well at producing a decently well-known service. With a new annual marketing budget of $6.5 million, we will be the first transportation service that comes to people's minds. The following is a breakdown of the budget:

- **OUTDOOR ADS- $114,000/year**
  - Billboards - $3,000 x 12 months = $36,000
  - Subway - $1,000 x 12 months = $12,000
  - Airport - $4,500 x 12 months = $54,000
  - Bus Stops - $1,000 x 12 months = $12,000

- **TELEVISION SPOTS- $4.8 million/year**
  - $400,000 x 12 months = $4,800,000

- **ATHLETIC SPONSORSHIPS (CHICAGO)- $1.39 million/year**
  - Bulls: $10,000 per game x 40 home games = $400,000
  - Bears: $15,000 per game x 10 home games = $150,000
  - Cubs: $10,000 per game x 40 home games = $400,000
  - Blackhawks: $10,000 per game x 44 home games = $440,000

- **SOCIAL MEDIA- $84,000/year**
  - $7,000 x 12 months = $84,000

- **PANDORA/SPOTIFY ADS- $120,000/year**
  - $10,000 x 12 months = $120,000

<table>
<thead>
<tr>
<th>Outdoor Ads</th>
<th>Television Ads</th>
<th>Athletic Sponsorships</th>
<th>Social Media</th>
<th>Pandora/Spotify</th>
<th>Total (yearly)</th>
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Advertising Budget

- Social Media: 21%
- Outdoor Ads: 2%
- Pandora/Spotify: 2%
- Television: 74%
- Sports Advertising: 1%
Sources


(n.d.). Retrieved September 24, 2015, from http://www.huffingtonpost.com/entry/uber-countries-governments-taxi-drivers_55bfa3a9e4b0d4f33a037a4b
