

## **Case Study Uber Success Brings Uber Public Relations Problems**

Behold the phenomenon that is Uber.

The 21st century personal taxi cab service, headquartered in San Francisco, is worth approximately \$50 billion and isn't even public. It is a staple in 300 cities in 58 countries, employs 300,000 drivers and generates annual revenues of \$10 billion.

### **Uber Impactful**

Uber was founded in 2009 by Travis Kalanick and Garrett Camp as a transportation network company that uses an app to allow consumer to submit a trip request then routed to Uber's nexus of drivers. Uber lore suggests that Kalanick and Camp hatched the idea one snowy night in Paris when they couldn't find a cab.

Almost immediately, the concept disrupted taxi companies and governments around the world.

Meanwhile, private investors piled on to finance the upstart company, assuring it of one of history's most monumental public offerings—if and when it decides to go public.

Uber's impactful growth appeared unstoppable. In the summer of 2015, CEO Kalanick announced plans to invest \$1 billion in China, increasing to 65 the number of Chinese cities served by Uber. Despite challenges from entrenched taxi companies and the Chinese government, Kalanick predicted that China might turn out to be a more important market for Uber even than the U.S.

## Uber Arrogant

Despite Uber's roaring success, it suffered public relations problems from its start.

One primary reason was its not-yet-40-year-old CEO Kalanick. While any Silicon Valley "disruptor" must be a feisty competitor by nature, the Uber founder found himself in more hot water virtually every time he opened his mouth.

- On the long-standing industry he wished to dethrone, CEO Kalanick immediately enraged taxi drivers and local governments when he declared, *"It's not Pinterest where people are putting up pins. You're changing the way cities work, and that's fundamentally a third rail. We're in a political campaign, and the candidate is Uber and the opponent is an a—hole named Taxi."*
- On the upstart competitor Lyft raising money to challenge Uber, Kalanick made a veiled threat to investors, *"Just so you know, we're going to be fund-raising after this, so before you decide whether you want to invest in them, just make sure you know that we are going to be fund-raising immediately after."*
- When asked by an interviewer about his skyrocketing "desirability" as young CEO of a multi-billion company, he responded, *"Yeah, we call that 'Boob-er.'"* And if that didn't reflect enough public relations tone deafness, Kalanick followed the comment up by blaming the media for reporting a claim by a political organizer that she was choked by an Uber driver; dismissing the accusation that Uber was somehow liable *"for these incidents that aren't even real in the first place."*

Unfortunately for the CEO and his company, Uber's public relations "incidents" kept on coming.

## **Uber Crises**

Kalanick's "take no prisoners" attitude permeated his company and antagonized taxi drivers and governments throughout the world.

In cities from Paris to London, from Shanghai to Mexico City, taxi companies and unions protested against Uber alleging that

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its use of unlicensed drivers was unsafe and illegal (**Figure 5-6**). Joining the protests were city governments and their taxi commissions that regulated taxis and depended on cab revenues. In New York and other cities, governments proposed regulations that would rein in car-service apps.

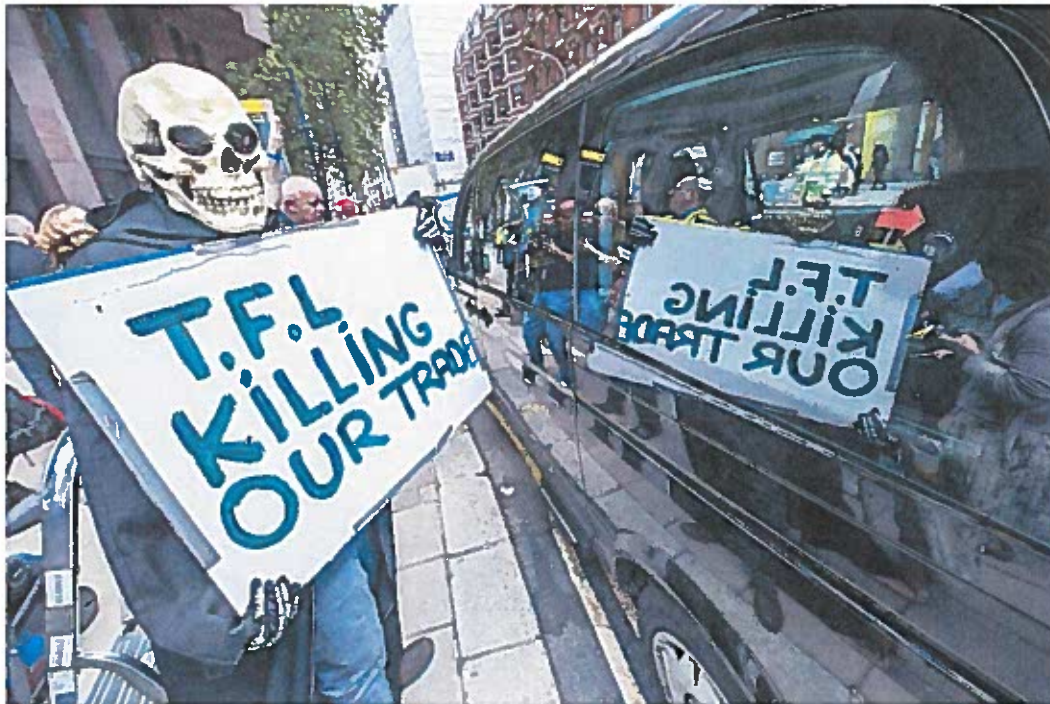


Figure 5-6 Not so jolly Old London.

London taxi drivers blocked the streets with a go-slow protest outside the Transport for London offices to protest Uber's invasion in the spring of 2015.

*Photo: Guy Bell/REX Shutterstock/Newscom*

Then there were mounting safety issues stemming from allegations against Uber drivers.

- A woman in New Delhi accused an Uber driver of raping her, and in response, the Indian capital banned the taxi-booking service.
- In Chicago and London, female passengers accused Uber drivers of sexually assaulting them.
- In Los Angeles, an Uber driver was arrested and charged with kidnapping a drunk woman and taking her to a hotel to sexually assault her.

Then on top of all the other public relations challenges being thrown at it, an Uber executive acknowledged in the winter of 2014 of telling reporters at what he thought was an off-the-record gathering that he proposed spending \$1 million to dig up damaging information that would discredit journalists critical of the company. According to BuzzFeed, he singled out one technology reporter, saying he wanted to prove a “particular and very specific claim” about her personal life. When BuzzFeed exposed the story and the company was engulfed in a social media firestorm, even the pugnacious Kalanick unreservedly apologized for his subordinate’s stupefying stupidity.

And even as the revenues rolled in, the public relations problems just kept on coming, from criticisms for aggressively poaching drivers and using dirty tricks to undermine rival services to offering rides to “hot chicks” to promote Uber in France to allegedly pushing subprime auto loans on drivers to not doing enough to address female passengers receiving unwanted sexual attention.

No wonder that in 2015, Kalanick, according to TechCrunch, had embarked on a public relations campaign to convey a “kinder, gentler Uber.”

And not a moment too soon.\*

## Questions

1. Were you Uber's public relations director, what strategy would you recommend the company adopt relative to the taxi industry and competitors?
2. How would you attempt to "clean up" the image of Uber's CEO?
3. What public relations response would you recommend Uber adopt relative to the claims of sexual harassment by drivers?
4. What public relations strategies would you use to prepare the company for going public?

*\* For further information, see Kevin Allen, "The Continuing Saga of Uber PR," Ragan PR Daily (December 20, 2014); Johana Bhuiyan, "Uber's Travis Kalanick: Takes 'Charm Offensive' to New York City," BuzzFeed (November 14, 2014); Jessica Gwynn and Elizabeth Weise, "Uber's Plot to Spy on Reporter Is Latest Controversy," USA Today (November 18, 2014); Neil Irwin, "Uber Scandals Highlight Silicon Valley's Grown Up Problem," The New York Times (November 19, 2014); Mickey Rapkin, "Uber's Cab Confessions," Gentlemen's Quarterly (March 2014); Veronica Rocher, "Uber Driver Accused of Kidnapping Clubgoer, Taking Her to Motel," Los Angeles Times (June 3, 2014); and Kara Swisher, "Man and Uber Man," Vanity Fair (December 2014).*