

Africa's app-based taxis battle Uber over market share

Until recently, public transportation in Cairo, Freetown, Lagos, Nairobi and many other African cities was chaotic and accident prone. The mostly unreliable local taxicabs did not alleviate the situation. But Uber's entry into the continent could be changing the narrative.



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Uber, the global ride-sharing company that relies on smartphone technology for dispatch and fee payment, has become the most recognised alternative to traditional taxicabs. Many prefer Uber, launched in the US in 2009, because of its fair prices, quality standards and convenience. The concept has spread globally.

By last June, Uber was operating in 15 major African cities, with some 60,000 drivers in Egypt, Ghana, Kenya, Morocco, Nigeria, South Africa, Tanzania and Uganda.

Uber's ambition is to dominate the transportation sector in Africa, but it faces stiff competition from local companies. Unintentionally, Uber triggered the spread of mobile and mapping technology for collecting geospatial data from a mobile vehicle. And the result is that Africa's local tech companies are creating their own apps that provide different types of services to aid transportation.

And with Africa's growing technical knowhow, local tech companies are producing products and services tailored to suit customers in different countries or even different cities, giving themselves an edge over foreign services.

Localising technology

For example, the Kenya-based Little Cab, an app-based ride-sharing service launched in 2016 by the mobile phone operator Safaricom, operates just like Uber, except that it accepts the local cashless mobile payment system, MPesa, unlike Uber. Uber, however, pays no parking or other city charges, hence charges less.

Still, 94% of Kenyans prefer MPesa to other forms of payments. According to Safaricom's 2016 annual report, Little Cab has been able to slow Uber's attempt at grabbing a huge chunk of the market.

In South Africa, the locally based Africa Ride, which offers a variety of payment options including weekly and monthly payment plans and accepts payment via mobile wallet apps, is gaining popularity with the citizens. The company operates in Cape Town, Johannesburg and Rustenburg—three of South Africa's largest cities—and allows individuals, corporations, non-governmental organizations and government departments to set up their own accounts.

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Uber, however, appears determined to beat back local competition, and is partnering with indigenous companies to broaden its appeal. In Nigeria, Uber has teamed up with the payment platform Paga, allowing users to pay for services through its mobile money app. Paga also facilitates payments via local debit cards and cash for its 6.4 million users.

“Partnering with Paga enables more Nigerians to access the Uber platform, many of whom are not yet comfortable using their debit or credit cards,” said Ebi Atawodi, general manager of Uber Nigeria.

Healthy competition

In total, Africa hosts nearly 60 ride-sharing services across 21 countries. Some services have tried to adapt to local socioeconomic realities, though they have not always succeeded. For example, the Nairobi-based Bodapp, launched in 2016, shut down its (*boda bodas*) motorcycle taxi and cab service after only two months. The company said it decided to concentrate on its core logistics business at a time when competition in the cab sector was growing.

Still, in the face of competition, many African transportation companies have begun offering various forms of incentives to drivers and passengers in a bid to stay afloat. Reacting to complaints of short changing by Uber drivers in South Africa, Africa Ride announced its more than 500 drivers would be given a larger stake in the business.

“Our drivers own the business with us. We have put all the drivers in a trust and the trust owns a certain percentage of the business,” Africa Ride founder Thabo Mashale told *Disrupt Africa*, an outlet for tech start-up news.

In 2017, South Africa-based startup, WhereIsMyTransport, launched its Transport for Cape Town app, which provides information for those planning journeys, including timetables, traffic incidents and places of interest. The scheme is expected to expand to six other South African cities during 2017: Bloemfontein, East London, Durban, Ekurhuleni, Johannesburg and Tshwane.

Mapping out cities

In a related development, the Digital Matatus Project, an initiative of the US-based development design firm, Groupshot, and researchers at Columbia University and Massachusetts Institute of Technology (MIT), together with their local partner, University of Nairobi, successfully assembled a database of various routes for the thousands of minibuses (*matatus*) in Nairobi, using smartphones and GPS units.

The compilation was released in 2014 as an intricate map, which has been adopted by local app builders and mobile developers. Participating ride-sharing platforms allow patrons to access the Digital Matatus map via text message. The project has been praised for helping to improve Nairobi's public transportation system, which runs without established schedules or strict routes.

Although the concept of ride-sharing is not entirely new to Africa as it has been present in the form of traditional modes of transportation such as minibuses, bush taxis and shared cars, it is Uber's unique model, transportation married with technology, that has sparked imagination and inspired innovative initiatives in Africa.

Challenges

Traditional taxi drivers are not happy about the tech-assisted ride-sharing movement, as they fear losing their jobs or incomes. "Uber is destroying taxi work in Nigeria because they charge cheaper fares," Tony Oyesoya, a taxi driver in Lagos, Nigeria, told *Africa Renewal* in an interview.

Oyesoya said while Uber may charge less, the company often hikes its fares as soon as there is traffic congestion. He added that taxi unions in Lagos are thinking of taking up the issue with government.

Like their counterparts in Nigeria, South African drivers are unhappy with what they see as Uber's anti-competitive behaviour. In March, taxi drivers in South Africa mounted a protest against the company by blocking airport roads, while Uber drivers in Kenya have been attacked and their cars set on fire. The South Africa Meter Taxi Association responded earlier this year by developing its own app, Yookoo Ride, designed to connect passengers to metered taxi drivers.

Many African governments seem to have been surprised by this development in the transportation sector and are rushing to put regulatory policies in place. Last year, Ghana became the first country in Africa to have a Standard of Understanding (SOU), signed between its Ministry of Transport and Uber. The SOU provides holistic guidelines for taxi operations, and encourages the use of technology but regulates it for riders, drivers and companies.

Despite such efforts to regulate growth in the transportation sector, innovative approaches will increase, industry experts predict, especially with the potential increase in smartphone penetration in Africa.

While Uber may be leading the charge in Africa, indigenous tech-based transportation companies with better understanding of local socioeconomic situations could still hold on to their niche in the highly competitive transportation sector.

Source: [Africa Renewal](#).

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