

# **It's Not the App or the Map, it's the Stars that Make Uber Transformative**

## ***Why customer feedback leads to better products***

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As the story begins, I'm in China, being escorted around Hangzhou by students at Zhejiang University, and as I usually do, I make my excuses in mid-afternoon so I can return to my hotel and rest up. We make plans that one of the students will come over and pick me up to go to dinner with the group later on. To my surprise, after ten days of heart-stopping rides in rather dirty, ancient VW Santana taxis what greets me at 6 o'clock is a beautiful brand new Jetta.

"Wow! Is this your dad's car?"

"No, it's a new kind of taxi," Yi, my student guide, explains.

We hop in and the immaculately dressed and groomed driver turns, beams a smile and greets us in English. This is unlike anything I've ever experienced in a cab in China before. As tipping is not common for China taxis, it's a low-wage job. Most taxi drivers greet their fares with a grunt and dash off into traffic in a truly scary race against death. A typical trip involves inexplicable detours and extensive time searching for the right destination.

Our ride in the pristine white Jetta is smooth and comfortable with a soft rock soundtrack. We go directly to the restaurant and pull up in front. I'd been discretely looking between the seats for a taximeter figuring that my students had sprung for a limo service. As we disembark multiple cell phones are produced, there is conversation in Chinese and as we walk away I have to say: "But don't we have to pay him?"

"No. I just gave him 5 stars. That was what that was all about. It's a new service from Baidu, kind of like Uber in the States."

Now, I'm no fan of Uber—I think they trample on regulations that serve a good public policy purpose and they have been slow to provide efficient handicap access—but there's no denying that they've achieved incredible growth and extensive customer acceptance. It was there in Hangzhou that I finally got it. Uber's mobile phone hailing and their use of GPS to direct the nearest car to a customer might seem to be their genius. But, when you think about it, although Uber was founded in 2009, there's no technology that taxi companies could not have been using 10 or more years before.

The real genius of the ride sharing companies is that every customer rates every driver on every trip. And the firms are well-known for dropping drivers with low scores (and in this business, lower than 4 out of 5 stars means you're thrown out.) And, even better, drivers rate passengers. If you are unruly or disrespectful of the driver you can expect to be blocked from the service. The "key in the lock" that Uber and the other ride sharing services discovered is a mechanism to deal with the

uncertainties of getting into a strangers car, or, from the driver's point of view, the risks of giving rides to people you don't know.

The same mutual feedback applies to my profession. I often joke with my students that they've probably realized that their instructors become much more friendly towards the end of the semester. Like indolent waiters who suddenly become solicitous, right before the bill is presented and a tip is expected: "So, it was great to see you folks this evening and I hope y'all come back in again soon!" we know that our tip—in our case, the instructor rating—is just around the corner. A single intemperate tirade to a late-arriving student that merely causes students to wince at the beginning of the semester can knock a point off your teaching ratings if you blow your top in the week before ratings are due. And then, of course, after Exam Week, I give my A, B, C, rating to my customers.

While the hoopla has been about the app, the GPS-integration, online billing and so on, it's really the instant mutual feedback that is making ride sharing the un-taxi experience. Unlike taxi drivers who can swerve, hard brake, curse and blaspheme with impunity, everyone in the ride sharing experience is on their best behavior. We can expect to see this trend for mutual feedback to have a long reach into many other industries. ❖