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State of the Art

With Uber, Less Reason to Own a Car



Uber's most recent funding round valued the start-up at \$17 billion.
Lucy Nicholson / Reuters

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By FARHAD MANJOO

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With [a near record-setting investment](#) announced last week, the ride-sharing service Uber is the hottest, most valuable technology start-up on the planet. It is also one of the most controversial.

The company, which has been the target of protests across Europe this week, has been accused of [a reckless attitude toward safety](#), of [price-gouging its customers](#), of putting existing cabbies out of work and of evading regulation. And it has been called trivial. In The New Yorker last year,

[George Packer](#) [huffed](#) that Uber typified Silicon Valley's newfound focus on "solving all the problems of being 20 years old, with cash on hand."

It is impossible to say whether Uber is worth the \$17 billion its investors believe it to be; like any start-up, it could fail. But for all its flaws, Uber is anything but trivial. It could well transform transportation the way Amazon has altered shopping — by using slick, user-friendly software and mountains of data to completely reshape an existing market, ultimately making many modes of urban transportation cheaper, more flexible and more widely accessible to people across the income spectrum.

Uber could pull this off by accomplishing something that has long been seen as a pipe dream among transportation scholars: It has the potential to decrease private car ownership.



Farhad Manjoo

Earl Wilson / The New York Times

In its long-established markets, like San Francisco, using Uber every day is [already arguably cheaper than owning a private car](#). Uber says that despite dust-ups about "[surge pricing](#)" at busy times, its cheapest service, UberX, is usually 30 percent less expensive than taxis.

Now that Uber, Lyft and other rivals are embroiled in a [vicious match for dominance across the globe](#), ride-sharing prices over all are sure to plummet. The competition is likely to result in more areas of the country in which ride-sharing becomes both cheaper and more convenient than owning a car, a shift that could profoundly alter how people navigate American cities.

Over the next few years, if Uber and other such services do reduce the need for private vehicle ownership, they could help lower the cost of living in urban areas, reduce the environmental toll exacted by privately owned automobiles (like the emissions we spew while cruising for parking), and reallocate space now being wasted on parking lots to more valuable uses, like housing.

Paradoxically, some experts say, the increased use of ride-sharing services could also spawn renewed interest in and funding for public transportation, because people generally use taxis in conjunction with many other forms of transportation.



[Stuart Goldenberg](#)

In other words, if Uber and its ride-sharing competitors succeed, it wouldn't be a stretch to see many small and midsize cities become transportation nirvanas on the order of Manhattan — places where forgoing car ownership isn't just an outré lifestyle choice, but the preferred way to live.

“In many cities and even suburbs, it's becoming much easier to organize your life car-free or car-lite,” said David A. King, an assistant professor of urban planning at Columbia University who studies technology and transportation. By car-lite, Dr. King means that instead of having one car for every driver, households can increasingly get by with owning just a single vehicle, thanks in part to tech-enabled services like Uber.

Transportation scholars are just beginning to study whether the ride-sharing industry will encourage us to give up our cars, but results from some related studies look promising.

Susan Shaheen, the co-director of the Transportation Sustainability Research Center at the University of California, Berkeley, has found that car-sharing services like Zipcar and bike-sharing services have already led to a significant [net reduction of car ownership among users](#). While she is beginning a study into whether Uber-like services have the same effect, she said it was plausible to guess that they would also reduce levels of car ownership.

[Video | Uber's Eye-Popping Valuation](#) [Travis Kalanick, chief of Uber, said the car ride service had raised \\$1.2 billion at a \\$17 billion valuation, surpassing virtually every one of its peers in the latest generation of apps.](#)

“I’ve been studying this area for about 17 years, and what we’re seeing now is a ubiquity of mobile devices that is really altering this industry,” she said.

To see why Uber and its ilk could prompt many of us to give up our cars, it helps to understand the role that taxis play in urban transport. Taxis and other car services are usually seen as the province of the rich, but that’s only partly true, [studies show](#).

The richest Americans do use taxis more often than middle-class Americans, but so do the poorest Americans, who rely heavily on taxis for trips that aren’t practical through public transportation — shopping trips that involve heavy parcels that wouldn’t be convenient to take on the bus, say, or a ride back home after a medical procedure.

And though you may think of taxis as a competitor to subways and buses, several studies have found just the opposite.



[Slide Show | Demonstrations Across Europe Against Uber](#) Europe’s largest cities were snarled by traffic jams on Wednesday when thousands of taxi drivers blocked roads and held rallies to protest the start-up.

In one recent study based on GPS data from New York City cabs, Dr. King and his colleagues found that many taxi trips are “multimodal,” meaning that riders mix taxis with other forms of transportation. For instance, people from other boroughs might get to Manhattan by train, and then use cabs to return home late at night.

“The one-way travel of taxis allows people to use transit, share rides and otherwise travel without a car,” the researchers wrote. “In this way taxis act as a complement to these other modes and help discourage auto ownership and use.”

A [survey commissioned by regulators in San Francisco](#) found that if taxis were more widely available, people would use public transit more often, and would consider getting rid of one or more cars.

There’s only one problem with taxis: In most American cities, [Dr. King found](#), there just aren’t enough of them. Taxi service is generally capped by regulation, and in many cities the number of taxis has not been increased substantially in decades, despite a vast increase in the number of

miles people travel. In some places this has led to poor service: In the San Francisco survey, for instance, one out of four residents rated the city's taxi service as "terrible."



[Travis Kalanick, Uber's chief. Now that Uber, Lyft and other rivals are embroiled in a vicious match for dominance across the globe, ride-sharing prices overall are sure to plummet.](#)

[Jack Atley for The New York Times](#)

Ride-sharing services solve this problem in two ways. First, they substantially increase the supply of for-hire vehicles on the road, which puts downward pressure on prices. As critics say, Uber and other services do this by essentially evading regulations that cap taxis. This has led to intense skirmishes with regulators and questions over who has oversight to maintain the safety of the blossoming new industry.

These questions are likely to be worked out as these services mature; like most new technologies, this one too will attract increased legal oversight and a gradual regulation of the business.

But Uber has done more than increase the supply of cars in the taxi market. Thanks to technology, it has also improved their utility and efficiency. By monitoring ridership, Uber can smartly allocate cars in places of high demand, and by connecting with users' phones, it has automated the paying process. When you're done with an Uber ride, you just leave the car; there's no fiddling with a credit card and no tipping. Even better, there's no parking.

Compared with that kind of convenience, a car that you own — which you have to park, fill up, fix, insure, clean and pay for whether you use it or not — begins to seem like kind of a drag.

"And if your car sits there five out of seven days, suddenly you're starting to look at that fixed cost as being a waste," Dr. King said.

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