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Uberfying: how to run a traditional business in the digital age

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Now you can order a taxi or a takeaway with a flick of an app. **Rich McEachran** explores how SMEs can keep up with companies like Uber and Just Eat

Rich McEachran



42

42

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With services like Just Eat, takeaway is always an option. Photograph: Tara Moore/Getty Images

Over the last few years, a new generation of digital apps such as Uber and Just Eat have been available to download to our smartphones and tablets. They're designed to make it easier to find a taxi or order a meal, but have received as much criticism as they have praise for the way they have taken control of traditional markets and damaged business models.

We spoke to two businesses - one in the takeaway industry and the other in the private minicab industry - about the challenges these disruptive companies pose, what they're doing to combat them and how other small businesses can follow suit.

The takeaway industry business

A 2014 survey by Priceday, a technology company that provides food businesses with digital solutions, suggested that two-thirds of takeaways are unhappy with the service being provided by Just Eat. The main reason cited was the extortionate commission fees charged - £75 a month on average. Half also said they'd go elsewhere if there was an alternative.

Mac Rahman used to be one of these owners. He's now the founder of the infant startup Quikr, a commission-free alternative that he says is focused on quick delivery speed rather than profit.

"I used to have a couple of pizza delivery joints in Central London, and worked with Just Eat and Hungryhouse, but realised there was a better way," explains Rahman, who argues that the current third-party model is too complex. "The customer is left in limbo - if there is a problem with the ordering process, [the service] places the responsibility on the takeaway," he explains. "At the same time, the takeaway neglects the customer because they are pushed down the order hierarchy."

His solution was to build a click-through site that gives detailed information on delivery times, ensuring its orders are prioritised in the kitchen. Meanwhile, takeaways join for a flat monthly fee - he doesn't divulge an exact figure - at a fraction of what other services take in commission.

Quikr has signed up more than 50 establishments so far, and since its official launch at the end of July, has been used to make roughly 10 orders a day. The numbers may seem low, but Rahman says this has all been through word of mouth and often involved him visiting takeaways and restaurants in the evenings, trying to get owners to sign up face-to-face.

Other than signing up to a site like his, Rahman advises other takeaways to consider investing more in external marketing. The cost may be high in the short-term, but it helps to build a loyal customer base over time.

"The problem with third-party services is that customer relations are eroded away because takeaways are prohibited from marketing to the consumer outside of the transaction," says Rahman. "Seven or eight years ago these services had a relevancy as most takeaways weren't set up for email, let alone online ordering. As things have crossed over to digital, more businesses can have their own merchant-enabled sites and apps.

"If takeaways want to get control of their businesses, and return to healthy financials, they first need to ensure they have their own ordering systems on their websites," he adds.

It may seem like a no-brainer, but doing this can bring a sustainable stream of direct traffic to your website, and ensure you're not depending on certain third-party services for a high proportion of your online sales.

The minicab industry business

Since Uber launched on London's streets, the number of private hire cabs in the capital has reportedly increased by 26%.

Green Tomato Cars is one of its competitors, but aims to do things differently. The private minicab firm's model has successfully combined both digital and traditional elements of a taxi business.

"We're a customer service (private transport) business that uses technology where appropriate, not a technology company that happens to connect drivers and passengers," explains co-founder Jonny Goldstone, who launched the company in 2006. "The difference might be slight, but it's critical. In terms of business culture, and in turn, what drivers and passengers expect of us."

Green Tomato now operates in the UK, US and France, has apps on the Apple and Android stores and a fleet of more than 600 cars. The vehicle of choice is the hybrid Toyota Prius, which Goldstone says fits with the company's green ethos - a passenger's low-emission journey is designed to be as smooth as the way the business is run.

Key to how the company operates is personal interaction. Commonly reported problems with Uber include passengers finding the service impersonal and a lack of direct customer support lines. Goldstone says communication is one of the basic aspects that needs to be done right, and that it should apply not just to passengers but also to drivers. Creating a dialogue with the latter allows you "to find out how they are doing, bounce ideas around ... in short, foster the dynamics on which a personality-based business thrives".

Other essential components to running an efficient taxi business are managing control of your own fleet and having a stringent process when it comes to recruiting drivers, says Goldstone. Not only does it help streamline the financial side of things, but it means any problems that arise can be ironed out, which might not be the case if, say, a car was managed by a third-party or not at all.

"Managing our own vehicles ensures the quality and road-worthiness of our fleet, as well as providing the ongoing opportunities to speak face-to-face with the drivers," he adds. "Because we own the cars, and they're branded, we care much more about how they're being driven. We're very careful about who we recruit and what expect of them. Fewer than one in five applicants ends up driving with us."

According to Goldstone, doing these things can help build a personality of which you can be proud.

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