UBERPRENEURSHIP: TO BRAND OR NOT BRAND, THAT IS THE QUESTION

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ABSTRACT

Uber owner-operators have faced significant challenges in South Africa, Australia, the United Kingdom and a multitude of other marketplaces. This can be attributed to the lack of licensing, fee structure, employment practices and disruption of the existing public transport sector. Consequences have included violence against owner-operators, legal challenges, parliamentary enquiries and proposed regulatory mechanisms. As a result, owner-operator drivers have faced a loss of income, danger to life and property, and therefore their livelihood. These consequences however present an opportunity for owner-operators to diversify to similar mobile applications and service providers such as Taxify. Branding traditionally holds significant value for any organisation, this can be witnessed in the significant marketing spend of established companies. However in this case, the lack of vehicle branding presents brand equity and opportunity to cross-subsidise owner-operator income. The lack of branding on Uber vehicles results in lack of formal attachment of owner-operators to the Uber brand from a marketing point of view, which triggers the question, can value be derived from not branding, rather than branding.

This study aims to propose the creation of entrepreneurial opportunity for Uber owner-operators, by not branding. The study is qualitative in nature and makes use of a narrative review methodology. The study proposed a conceptual framework, derived from literature, illustrating how personal brand equity can be built by lack of branding. The value of the research lies in the identification of entrepreneurial opportunity by not branding. Owner-operators and application developers can utilise the conceptual model to pursue new business ventures and diversify income streams, while still remaining independent and relevant in the transport industry.

1 INTRODUCTION

1.1 Background

In recent times, Uber has established itself as a viable alternative to other forms of public and private transport. The nature and scope of Uber's market is one that cannot easily be defined, with some authors suggesting that Uber falls within the broad market of all public transport by road. In addition, Uber's business model is unique in that it does not own the vehicles used for the service, Uber drivers and owner-operators are not employed by the company, and Uber is not responsible for the service of the vehicles (Weil, 2017). While this business model ensures a low fixed cost base for Uber, the company posted significant losses due to recruitment of additional owner-operators, fighting regulators and in particular, significant marketing efforts (Bales & Woo, 2017). It is therefore surprising that Uber vehicles do not carry any branding, with only the app itself bearing the Uber logo. This is contrary to other competitors, such as traditional meter-taxis, or other forms of public transport, which bear the name of the company. This approach is necessary to allow virtually anyone to become an Uber driver, or owner-operator, as long as certain requirements are met. These requirements include background and licensing checks, owning a suitable motor vehicle and the existence of motor vehicle insurance. It is this flexibility and low barriers to entry that have allowed for the rapid expansion and growth of the Uber service (Bales & Woo, 2017). The lack of branding and firm commitment further allows Uber drivers and owner-operators to offer their services in a multitude of ways, such as to a number of different mobile applications, to traditional meter-taxi services, as private transport, or merely as a part-time after-hours job (Liss, 2015; Speta, 2016). Lastly, due to recent incidences in South Africa which have put driver and passenger safety in the spotlight, the lack of branding, contrary to traditional branded meter taxis, can provide some safety for drivers and passengers as vehicles are not easily identifiable.

1.2 Problem statement

Uber has rapidly established itself in the public transport marketplace as a viable alternative to other forms of public transport. Uber drivers and owner-operators have faced numerous challenges around the world, experiencing violence from other transport providers, as well as licensing and legislative issues. Despite these challenges, Uber has grown and increased its presence exponentially. One firm advantage Uber owner-operators have over other branded transport providers is the lack of branding, thereby allowing the same vehicle to be utilised across different platforms, as well as for private trips. This flexibility allows owner-operators to become platform-independent, thereby allowing for cross-subsidisation opportunities. Yet, to date no study has conceptualised the entrepreneurial and marketing value of a lack of overt branding in the transport sector holds.

1.3 Aim of Paper

The purpose of this study is to conceptually propose the entrepreneurial opportunity value of a lack of branding for Uber owner-operators. In order to attract new sales, entrepreneurs and their ventures often have to engage in marketing. A strong link exists between marketing efforts and entrepreneurship, as the entrepreneur aims to satisfy a need in the marketplace (Mahadea & Youngleson, 2014). The study therefore discusses entrepreneurship and the components of an entrepreneurial opportunity, as well as the nature of brand equity and brand value. The study culminates in a novel conceptual framework that highlights and describes the entrepreneurial value of not branding. The conceptual framework is derived from a narrative review on the subject topics. Recommendations are proposed which aim to provide entrepreneurial value for private transport operators, as well as Uber owner-operators.

2 LITERATURE REVIEW

2.1 Entrepreneurship

The term 'entrepreneurship' is derived from the French term 'entreprendre', meaning 'to undertake' (Kuratko, 2017). The entrepreneur is the person who takes initiative to gather resources, manage a venture and assume the risk of doing so (Kuratko, 2017). Although in literature it is often stated that no universally accepted definition of entrepreneurship exists, entrepreneurship is most commonly defined as the "emergence and growth of new business" (Nieman & Nieuwenhuizen, 2014:9). The primary motivation behind the emergence of new businesses is often due to the profit motive, although the process of entrepreneurship commonly results in fundamental changes in the economic system through innovation, which came about as a result of an opportunity in the marketplace (Nieman & Nieuwenhuizen, 2014). Mahadea and Youngleson (2014) explain that entrepreneurship plays an important role in a country's economic system, most importantly by means of innovation, providing job opportunities and positively contributing to a country's Gross Domestic Product (GDP). Entrepreneurship should however not be confused with small business management. Small businesses lack the growth motive, overarching need for innovation and risk-orientation that define entrepreneurial enterprises (Mahadea & Youngleson, 2014; Nieman & Nieuwenhuizen, 2014). Kuratko (2017) argues that entrepreneurship can also be considered a mindset, as the need to bring about change, innovate and pounce on opportunities in the marketplace demands a special mindset within individuals. In reference to the context entrepreneurs tend to find themselves in, the management guru Peter Drucker quite aptly states "entrepreneurship is based upon the same principles, whether the entrepreneur is an existing large institution or an individual starting his or her new venture single-handed. It makes little or no difference whether the entrepreneur is a business or a non-business public-service organisation, not even whether the entrepreneurs is a governmental or non-governmental institution" (Drucker, 1985). This implies that the principles underpinning entrepreneurial efforts are universal in nature, with only contextual nuances differentiating entrepreneurial efforts.

2.2 Entrepreneurial opportunity

Timmons and Spinelli (2007) explain that not every entrepreneurial opportunity is necessarily viable. The authors state that in order for an entrepreneurial business opportunity to be considered viable, it should have "the qualities of being *attractive*, *durable* and *timely* and is anchored in a *product or service* which creates *value for its buyer, end user and initiator*. It offers a *competitive advantage* and *rewarding*, *forgiving* and *durable profit* margins and returns to the enterprise". An entrepreneurial opportunity is most often present during the new venture creation phase, in which value is created. Mishra and Zachary (2015) conceptualised the entrepreneurial value creation theory by stating that entrepreneurial value is created in two iterations. Stage one consists of new venture formulation, while stage two comprises of venture monetisation. The authors argue that many new ventures fail at stage one of the model, while additional investment and effort is required to successfully monetise the venture at stage two. In order for an organisation to reach stage two of its evolution, it must create value for the customer. Smith and Colgate (2007) developed a customer-value creation model that consists of four types of value that an organisation can create:

- **Functional/instrumental value:** This refers to product attributes, the usefulness of the product and extent of fulfilling customer needs
- **Experiential/hedonic value:** this type of value is more subjective in nature and makes reference to the extent to which a product invokes feeling, emotions and experiences from the customer's perspective
- **Symbolic/expressive value:** this makes reference to the meaning the customer ascribes to a product
- **Cost/sacrifice value:** the last type of value refers to the monetary sacrifice the customer has to make for the product

The four types of value indicate that an entrepreneurial opportunity can be met, from the customer's point of view, from a number of distinct, combinable value creating elements.

In order to harness the entrepreneurial opportunity by means of using existing organisational resources and providing the customer with value, Timmons and Spinelli (2007:89) propose a model for the entrepreneurial process. This can be viewed in Figure 1.

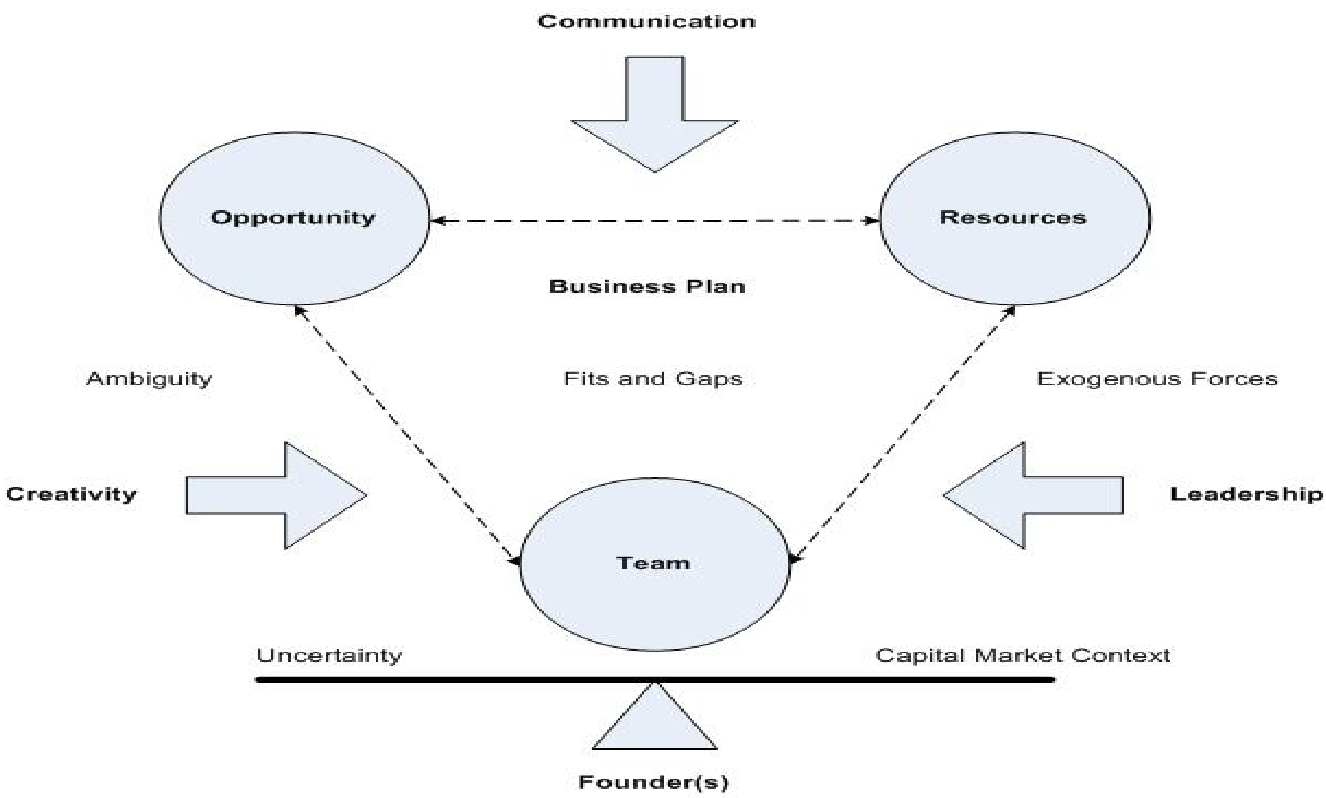

Figure 1: Timmons Model of the Entrepreneurial Process

Source: Timmons & Spinelli (2007:89)

The model combines the entrepreneurial opportunity with organisational resources, as well as the venture team. Exogenous factors such as creativity, communication and leadership all play an important role in influencing harnessing of the opportunity in the form of a gap in the marketplace.

2.3 Brand equity

Siu, Kwan and Zeng (2016:246) define brand equity as the incremental utility or value added to a product or service by its association with a brand name and/or symbol. Shahvari and Bagheri (2016:625) further define the same concept as a set of attributes and credits associated with a brand name and logo which increase or decrease the value of the products in the minds of customers and organisation. The frameworks in Figure 2 and 3 advanced by Aaker (1996) and Keller (1998), respectively, propose that brand equity originates from diverse sources such as brand loyalty, brand awareness, brand associations/brand image, and perceived quality.

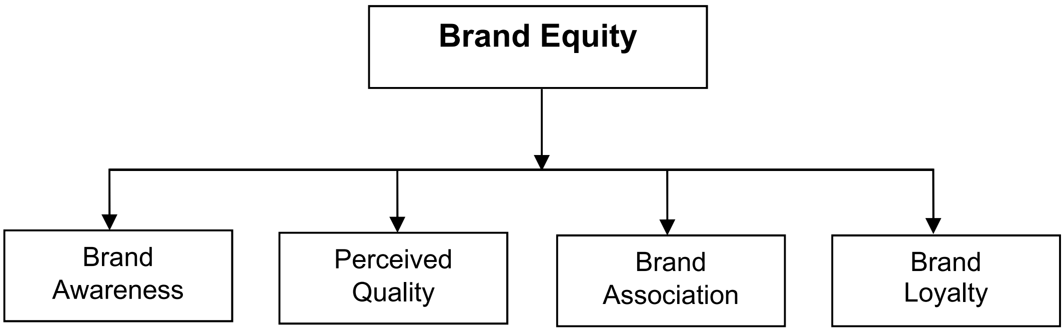

Figure 2: Aaker's brand equity framework
Source: Gupta and Adil (2014:109)

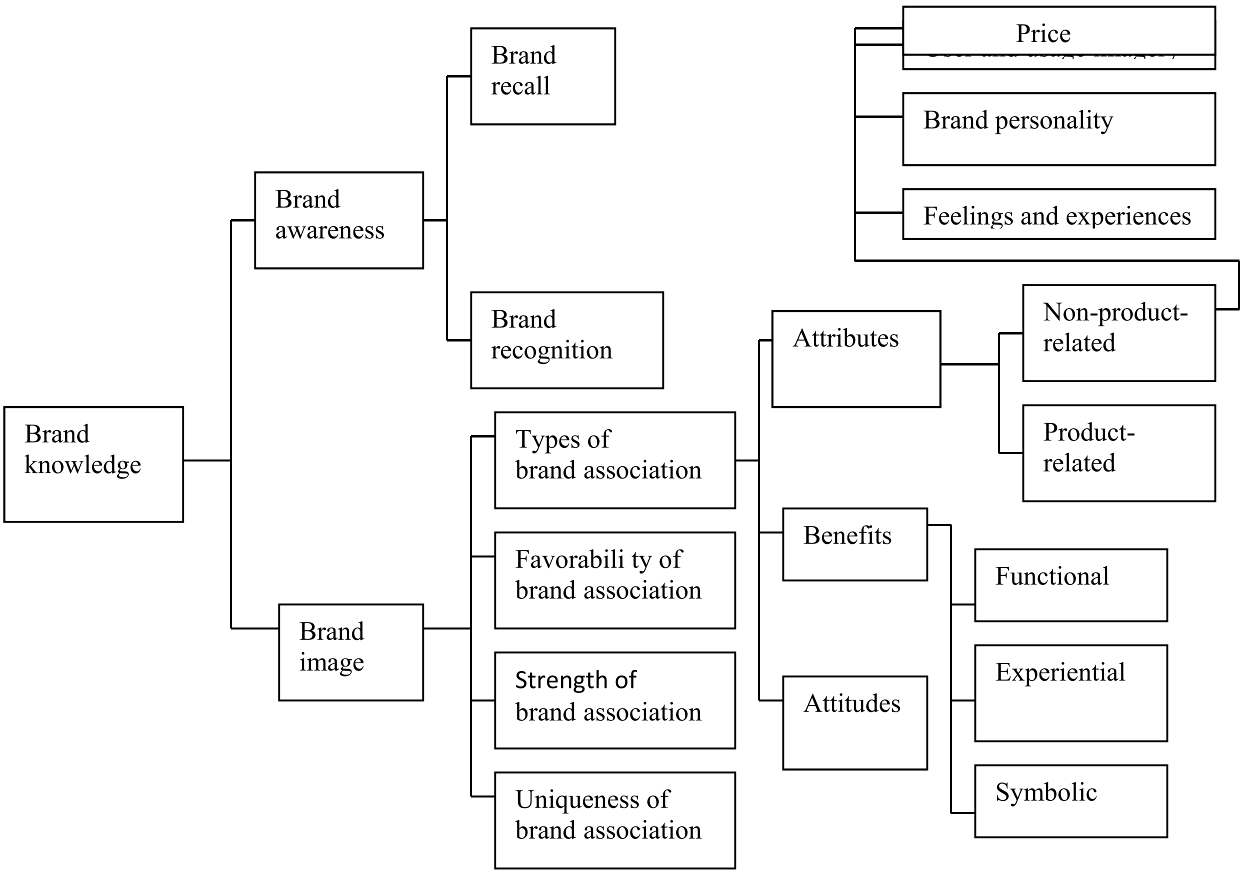

Figure 3: Keller's brand equity framework
Source: Kaynak, Salman and Tatoglu (2008:341)

Authors describe Aaker’s and Keller’s brand equity sources in numerous ways. Khan and Mahmood (2012:33) regard brand loyalty as the customer’s unconditional commitment and a strong relationship with the brand. According to Ding and Tseng (2015), brand awareness is achieved when consumers recognise and recall the brand under different situations. Brand awareness plays in integral role in the creation of brand image, which is the perception consumers have about the brand (Oakenfull & McCarthy, 2010). Keller, Aperia and Georgson (2012) suggest that consumers who have a high level of awareness and familiarity with the brand tend to hold favourable and unique brand associations in their memory. As a result, a brand with positive image among consumers is associated with unique benefits and favourable quality expectations (Hyun & Kim, 2011). Saleem, Rahman and Umar (2015:68) define perceived quality as a psychological assessment of consumers about the quality of any product based on their perceptions.

There are benefits associated with branding, which an organisation enjoys. An established brand gives consumers assurance about the product’s quality (Alam & Saeed, 2016). Consumers are willing to pay a higher price for a credible brand (Buil, Martinez & de Chernatony, 2013). Consequently, an organisation generates high profit margins (Steenkamp, 2014). However, there are limitations associated with strong a brand. According to Rusetski (2012), a strong brand has to perform consistently to meet consumers’ expectations because if not, consumers can switch to competing brands. Furthermore, organisations incur marketing and advertising expenses in order to sustain the brand’s position in the market. Lee, Conroy and Motion (2009) indicate that even if an organisation invests resources to grow its brand, the brand can still suffer from continued phases of brand avoidance due to consumers’ unfavourable attitude towards the product. Another prominent drawback linked to branding is that companies invest resources to build a brand at the expense of customer service (McQuiston, 2002). Uber states that it’s name implies “topmost", "super", and "above". Therefore, customer service, and not branding, should be at the epicentre of this company’s strategic focus, notwithstanding the importance of branding. Considering the merits and demerits of the arguments presented above, a relevant question to pose is what are the benefits of branding or not branding for Uber owner-operators?

3 METHODOLOGY

This study adopted a qualitative research design in the form of a narrative review. The narrative review was conducted in prominent social sciences databases. Databases such as Ebscohost, Emerald, de Gruyter, Springerlink, Researchgate, Google Scholar and SAePublications were consulted during the review process. The results of the narrative review were analysed by means of content analysis. The components of each discovered conceptual model were analysed in terms of their relevance and potential in creating entrepreneurial value. The analysis further aimed to determine an interplay between the field of branding/marketing and entrepreneurship. Commonalities in these fields and models were integrated in the final proposed conceptual model. The gathered data is presented graphically in the form of a conceptual model. The conceptual model combines major findings from the branding body of knowledge, as well as from prominent entrepreneurial literature. Key discovered theories and frameworks are outlined in the literature review section.

4 PROPOSED CONCEPTUAL FRAMEWORK

The proposed conceptual framework is derived from the outlined literature, as well as the models by Timmons and Spinelli (2007), Aaker (1996) and Keller (1998). The framework is depicted in Figure 4.

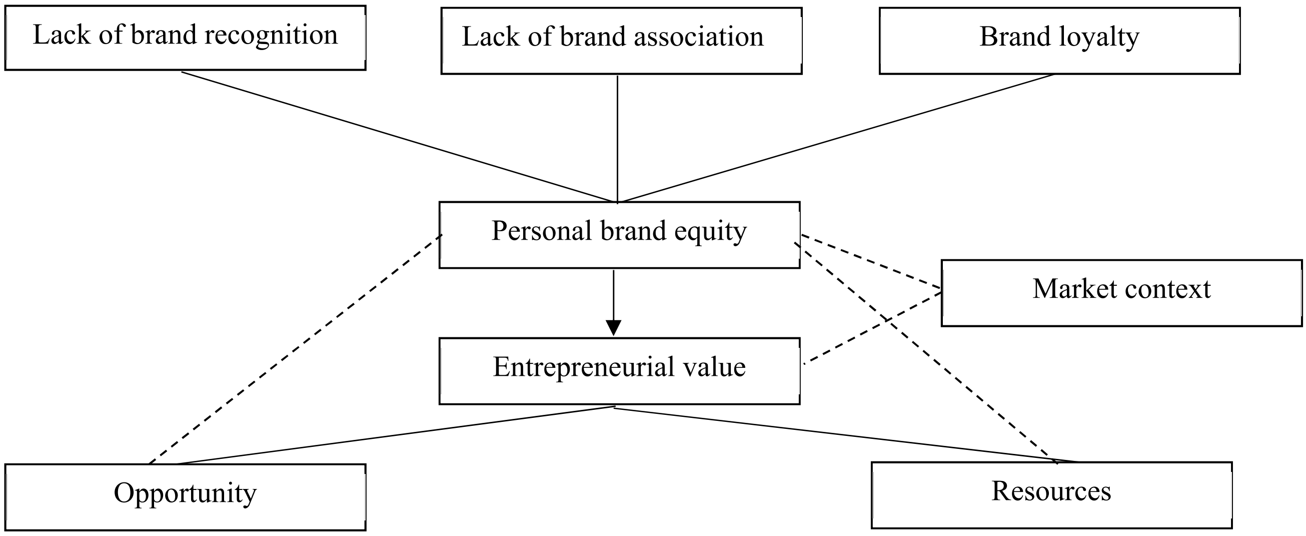

Figure 4: Proposed conceptual framework

The proposed conceptual framework proposes that a lack of brand recognition, association and loyalty by the consumer positively influences the personal brand equity of the Uber owner-operator. This is achieved by means of the Uber owner-operator being brand agnostic, with no visible external branding on vehicles, as well as no binding attachment to one particular brand, such as Uber or Taxify. The created personal brand equity is independent of the underlying platform the owner-operators associates him/herself with. This in turn creates entrepreneurial value, as the owner-operator is free to choose an underlying platform such as Uber, Taxify or Lyft, and thereby allows for cross-subsidisation of income when a particular platform is not in demand. Additionally, prominent platforms such as Uber, Lyft or Taxify do not explicitly restrict drivers to committing to a single platform (Anon, 2018), thereby allowing for platform fluidity. This implies that the owner-operator can harness the entrepreneurial opportunities available in the marketplace. Also, as the owner-operator is able to make his/her services available across different platforms, a wider market audience can be reached who may be loyal to a single platform. This therefore increases the scope of opportunity for potential riders. The underlying resources necessary to harness this entrepreneurial value are items such as financial resources, physical resources (i.e. vehicles) and human resources (the driver). The financial resources are provided by the vehicle owner, as they are the party financing the vehicle. Physical resources such as the type of vehicle and its condition can be a source of entrepreneurial value as better maintained vehicles tend to receive higher driver ratings. Lastly, human resources, namely the driver, plays an important role in enhancing entrepreneurial value. Good customer relations and friendly service holds the potential to build entrepreneurial value by ensuring customer satisfaction and retention.

The components in the proposed conceptual framework are interrelated, as indicated by solid and dashed lines, influencing each other by means of creating personal brand equity and thereby entrepreneurial value. Entrepreneurial value is embodied by the interplay between opportunity and resource availability.

5 CONCLUSIONS & RECOMMENDATIONS

The purpose of this study was to conceptualise the entrepreneurial value, by considering the concept of brand equity, of a lack of branding for Uber owner-operators. The study proposes a novel conceptual framework that combines established entrepreneurial opportunity theory with theories from brand equity. Uber owner-operators, as well as other transport providers, can utilise the framework to better understand the value in a lack of branding. Further, other transport providers can evaluate whether additional entrepreneurial and business value could be derived from removing existing branding. Entrepreneurs can further enhance their businesses' value proposition by harnessing elements of the proposed conceptual model, such as utilisation of resources, analysis of competitor branding activities, as well as recognising the potential in usage of multiple platforms. Lastly, academics and researchers can use the conceptual framework to develop measuring instruments, as well as deepen research in a cross-disciplinary manner in the field of entrepreneurship and brand equity.

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