

Uber to return to its old pricing model

By [Pericles Anetos](#)

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Uber is returning to its old pricing model on Monday after cutting prices by 20% earlier this year. In April, the ride-booking service cut its prices by 20% in SA in an attempt to mitigate expected lower demand from passengers in the winter months.



Source: [IQ](#) - Police block metered taxi drivers from protesting against Uber cab drivers outside Cape Town airport. Picture: Michael Walker/INLSA

The company confirmed that the price per kilometre was back at R7.50 from the reduced rate of R6 in Cape Town, Durban, and Gauteng (Johannesburg and Pretoria).

In April, Alon Lits, the general manager for Uber in Sub-Saharan Africa, said that during the winter months, riders tended to venture out less, which would affect drivers. The price cut was intended to stimulate demand from passengers. The company at the time said it was confident that the lower prices would not be negative for their revenue, stressing that this would increase the amount of rides as more people would be willing to use the service. The company added that lowering the price in other markets had resulted in increased demand in cities like Istanbul.

But drivers have been up in arms over the price cuts. Earlier this year at the company's headquarters in Cape Town about 200 Uber drivers protested against the plan to slash fares.

In a statement on Monday, Uber said that the system only worked when it was working well for riders and driver-partners.

The company said that they had payment guarantees in place to ensure that the experiment would not affect driver-partner earnings.

"We promised that if reduced fares didn't make sense for driver-partners in the long term, we would go back to our original fares," Uber said. The company said that at 10am on Monday fares would return to their pre-experiment levels.

Uber has faced a number of hurdles since entering SA in 2013. Metered taxi drivers have protested in the Western Cape and Gauteng, claiming that Uber drivers have an unfair competitive advantage due to a lack of regulation for the service, which was dubbed a "market disrupter".

On Friday, meter taxi drivers closed the road to Cape Town International Airport and forced passengers out of Uber cars. Amid fears of violent attacks and the burning of their vehicles, Uber drivers reacted by going offline.

With Bekezela Phakathi

Source: BDpro

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