AUTORITÀ GARANTE DELLA CONCORRENZA E DEL MERCATO

TAXI DISPATCH SERVICES

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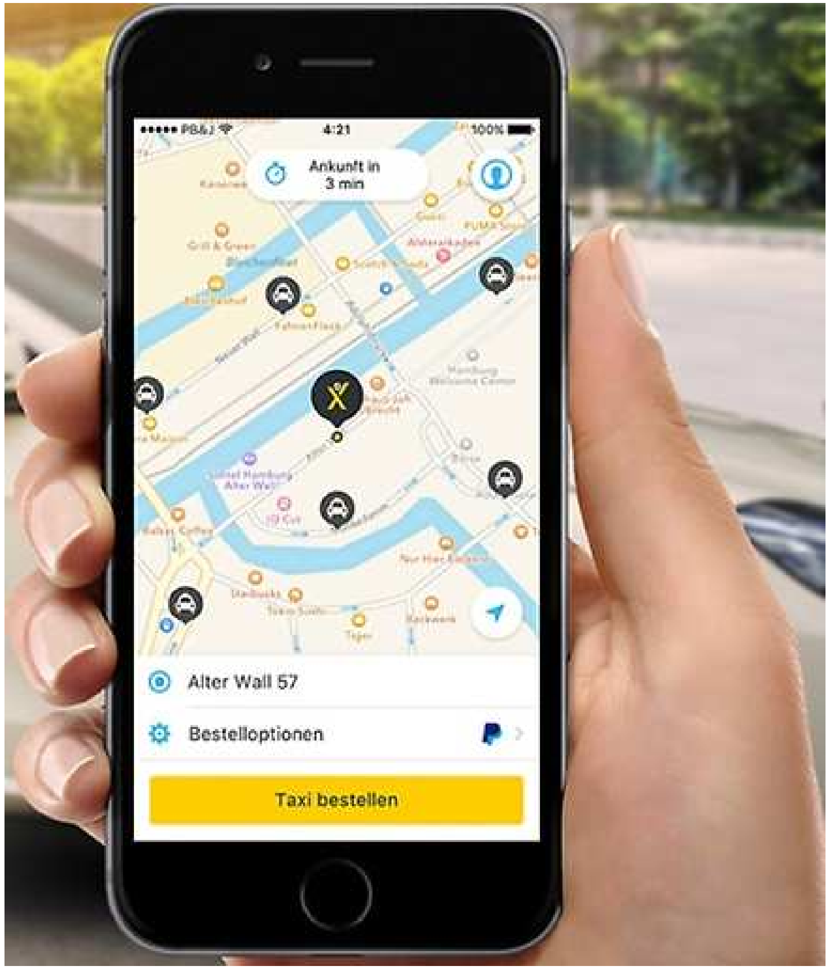
MYTAXI (AKA “FREE NOW”)



Investigations launched pursuant to a complaint filed by mytaxi

Digital-only application to book, pay and rate taxi rides via smartphones

Licensed taxi drivers (only) can adhere to mytaxi

- Download the app (no upfront sunk investment)
- Taxi drivers pay a share of their revenues to the platform

Consumers

- Can use the App to book the (nearest available) driver and to track its arrival
- Pay by credit card via the App and can rate the driver
- Often significant price promotions for customers (also in mature markets)

OTHER DIGITAL-ONLY TAXI APPS

Taxify

- was established in 2013 in Estonia and is currently operating in various countries: the Czech Republic, Estonia, Finland, Georgia, Latvia, Lithuania, Serbia, and Mexico with plans to move to several other countries in Europe. Users can choose their car based on arrival time, prices and service level. Upon request, users can see their car arriving on the map in real-time and pay for the ride via the Taxify app.

Taxi.eu

- declares to have more than 65,000 connected taxis and 205,000 taxi drivers. Taxis can be ordered in more than 160 European cities.

Gett

- previously known as Get Taxi, is an Israel-based software company that connects customers with taxi drivers. Customers can book a cab either through the company's website, or by using the company's GPS-based smartphone app, in more than 50 cities, including New York City, London, Moscow and 13 cities in Israel.

[…]

Source: European Commission, Study on passenger transport by taxi, hire car with driver and ridesharing in the EU, 2016

THE CASE(S) IN A NUTSHELL

Two parallel investigations launched in January 2017

- Milan
- Rome

Exclusivity clauses included in the agreements governing the relationships between dispatch services and taxi drivers, foreclosing new digital intermediation services

June 2018: the ICA found that *complete* exclusivity violated art. 101 TFEU

- Network of vertical agreements, restriction by effect
- No fines were imposed on the parties

Decision quashed by TAR, now under appeal in front of the Council of State

Other ongoing investigations

- Naples (horizontal agreement)
- Turin (abuse of dominant position)

THE CONDUCT BY TRADITIONAL DISPATCH CENTERS

In Italy, most taxi drivers belong to cooperatives, which provide members with a centralized dispatch center service, traditionally by telephone (more recently also with proprietary apps)

- One-off (sunk) investment by taxi drivers for purchasing relationship-specific equipment
- Recurrent (generally, monthly) fixed payment by taxi driver
- Different "business models" (mutualistic services provided to members, consumers targeted: tourists, business accounts,…)

Taxi drivers belonging to the main cooperatives are bound by exclusivity clauses that prevent them from

- being members of competing cooperatives
- "providing services" in competition with the cooperative

Taxi drivers that use incumbent taxi dispatch services are not allowed to use the services provided by mytaxi (or other similar platforms)

- Proceedings aim at ascertaining whether these exclusivity clauses actually limit the capability of competing platforms (such as mytaxi) of entering and developing their presence in the market

RELEVANT MARKET

Traditional dispatch centers
- Telephone
- Taxi booking devices (e.g. in hotels)
- Apps

Public dispatch center
- Telephone
- App
- Request is forwarded to nearest taxi rank (if empty, to nearest taxi driver)

Taxi ranks
- Direct interaction, i.e. no intermediation

Digital-only taxi applications
- Apps

Market for taxi dispatch services

CHOICE OF PLATFORM: CONSUMERS AND TAXI DRIVERS

Consumers

- Relevant factors that may affect choice of platform: probability of finding a taxi ride; waiting times; ability to monitor location of taxi; payment methods; discounts and promotions
- No barriers to multi-homing

Taxi drivers

- Relevant factors that may affect choice of platform: services provided; expected rides; level of fee(s); setup costs
- No multi-homing
  - Digital platforms have reduced the costs to multi-home (it is not necessary to install additional relationship-specific equipment)
  - Incentive to multi-home (each taxi driver cannot do worse by downloading and using the app whenever convenient)
  - In practice, most taxi drivers single-home because of the exclusivity clauses imposed by traditional taxi dispatch centers

LEGAL/ECONOMIC TEST

Delimitis test

Analysis of foreclosure

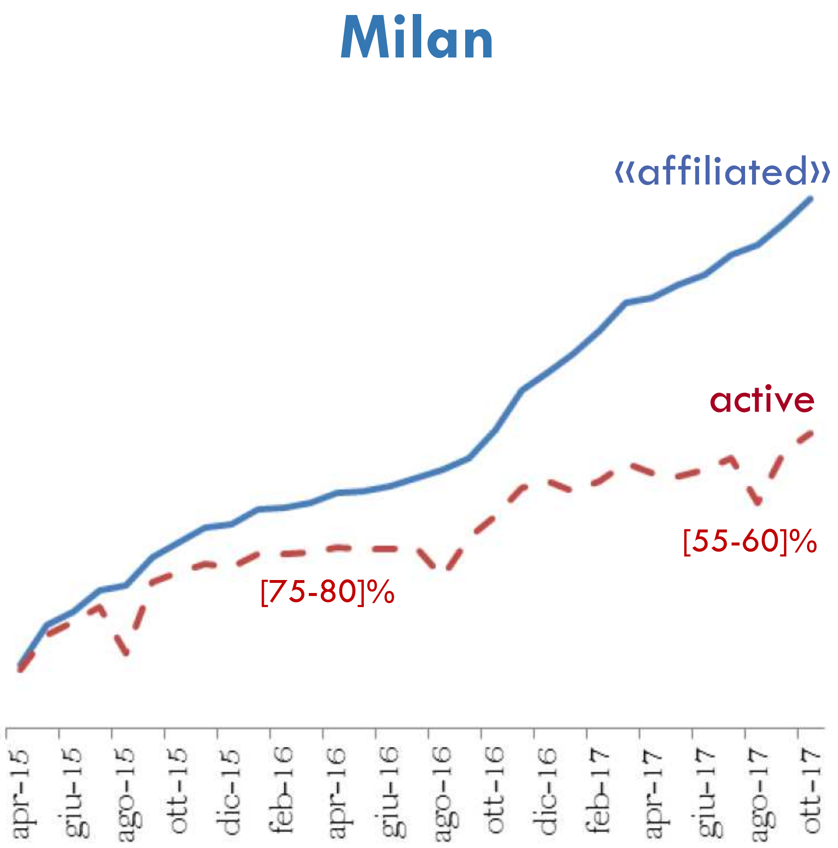
- Market coverage: what proportion of taxi drivers are tied by exclusivity obligations?
- Non-tied suppliers: are «free» taxi drivers «enough»?
- Duration and right to terminate contract: is foreclosure affected by taxi drivers' right to leave their current cooperative?
- Effects: ability to meet consumers' demand

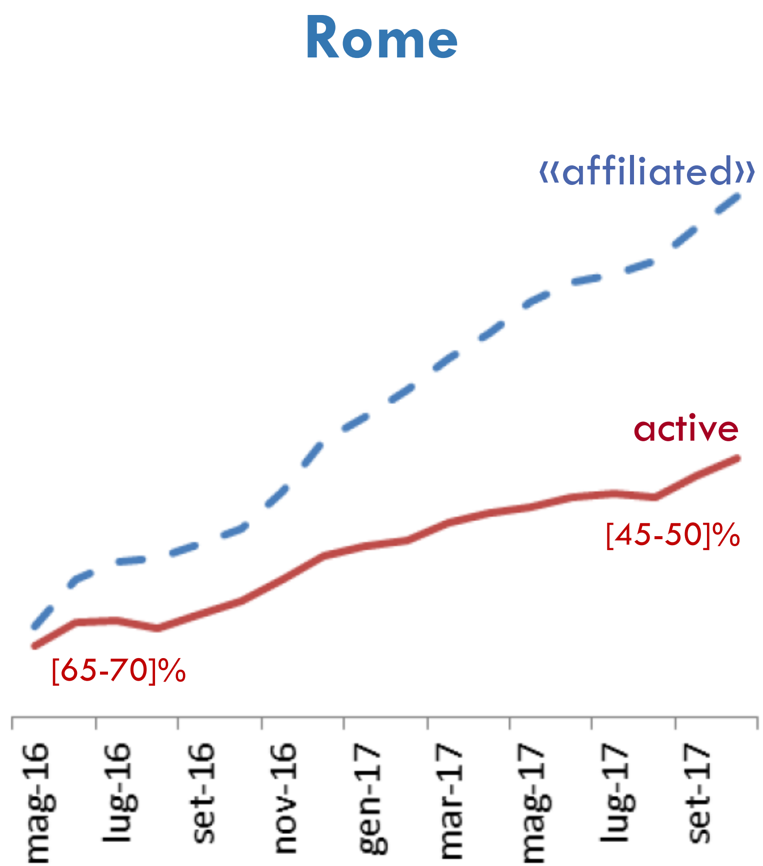
TAXI AFFILIATIONS

Milan	Taxi drivers	% of taxi drivers
Taxiblu	[1,700-1,800]	[35-40]
Autoradiotassì	[1,400-1,500]	[30-35]
Yellow Tax	[1,200-1,300]	[20-25]
Parties (aggregate)	[4,300-4,600]	[85-100]
Independent taxis/other	[400-450]	[0-15]
Total	**4,855**	**100**

Rome	Taxi drivers	% of taxi drivers
Radiotaxi 3570	[3,500-3,600]	[45-50]
Pronto Taxi 6645	[900-1,000]	[10-15]
Samarcanda	[350-400]	[5-10]
Parties (aggregate)	[4,750-5,000]	[60-75]
Independent taxis/other	[2,800-2,900]	[25-40]
Total	**7,690**	**100**

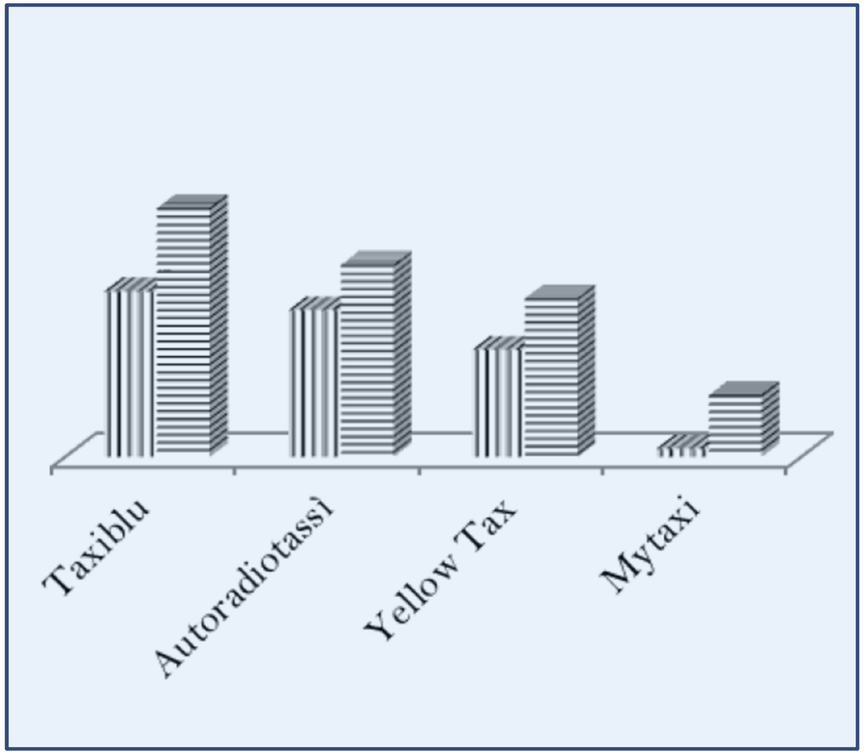
TAXI DRIVERS USING MYTAXI: «AFFILIATED» VS. «ACTIVE»



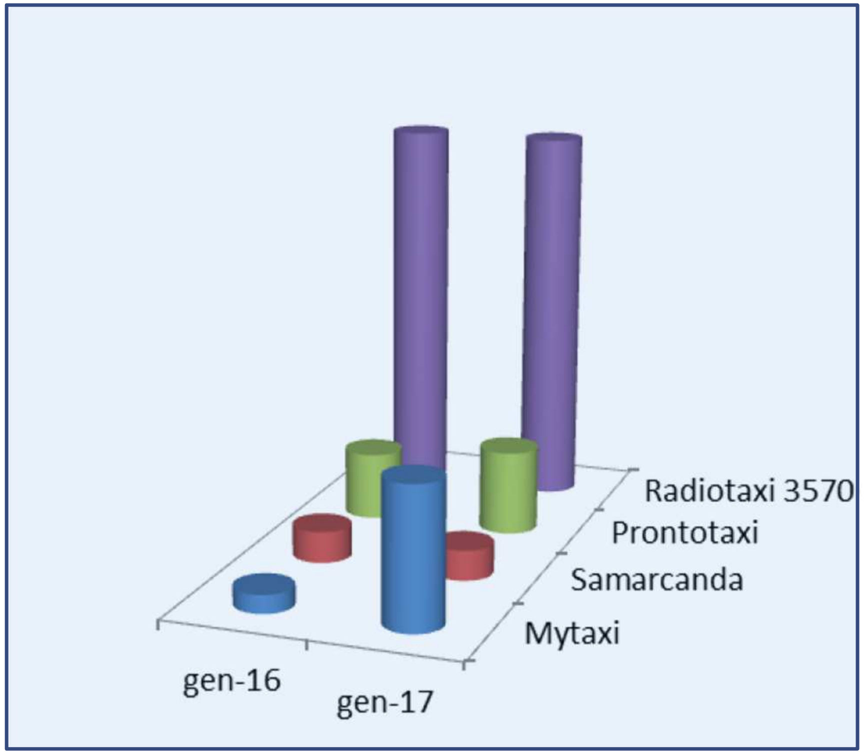


CONSUMER DEMAND

Milan

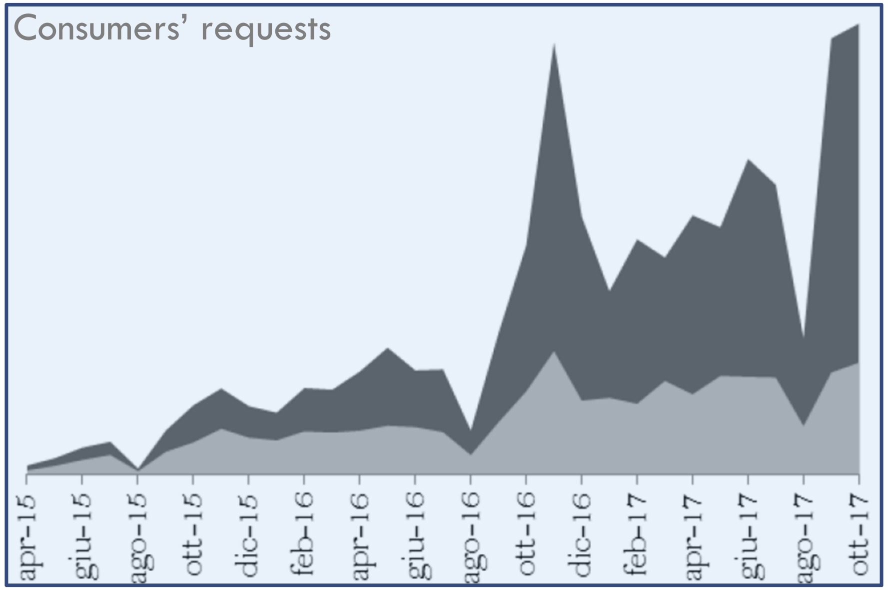


Rome

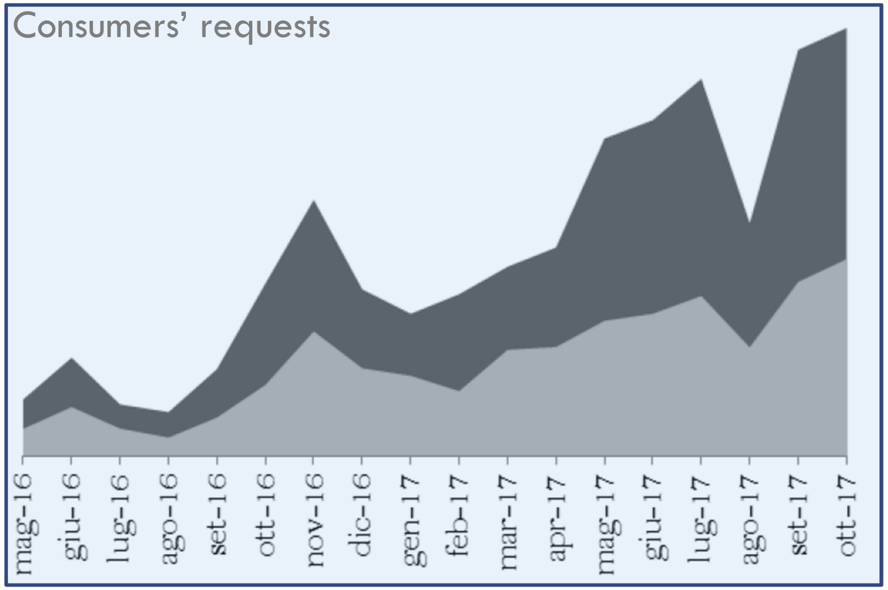


ABILITY TO MEET CONSUMER DEMAND: MYTAXI

Milan



Rome



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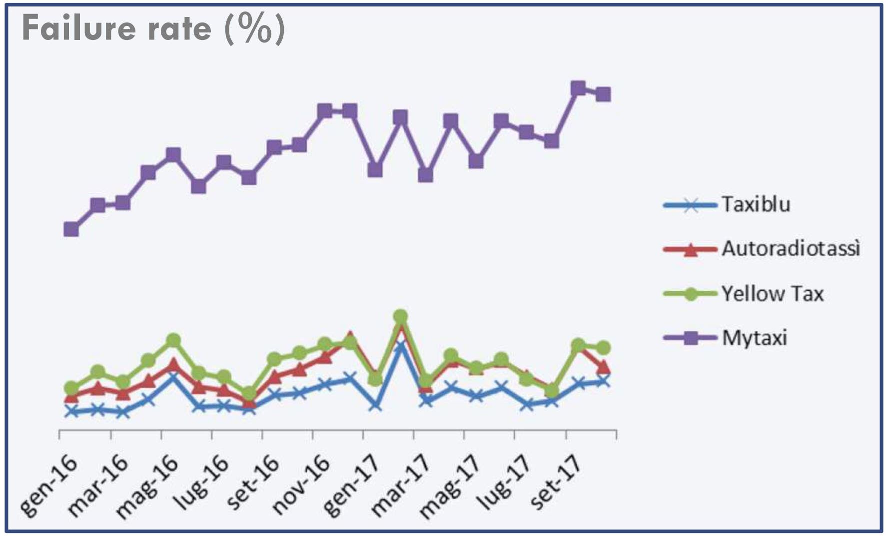
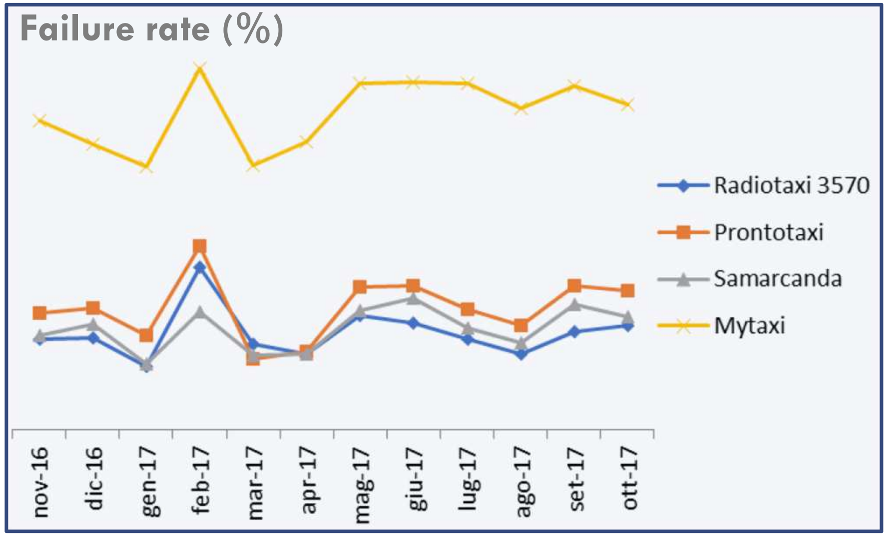
ABILITY TO MEET CONSUMER DEMAND: MYTAXI VS OTHER PLATFORMS

Milan



Platform	Failure rate (%)
MyTaxi	[60-65]
Incumbent platforms' average	[10-15]

Rome



Platform	Failure rate (%)
MyTaxi	[50-55]
Incumbent platforms' average	[15-20]

ABILITY TO MEET CONSUMER DEMAND: MYTAXI VS OTHER PLATFORMS

Milan	Taxiblu	Autoradiotassì	Yellow Tax	MyTaxi
consumer requests (%)	[35-40]	[25-30]	[20-25]	[5-10]
taxi rides (%)	[40-45]	[30-35]	[20-25]	[1-5]

Rome	Radiotaxi 3570	Pronto Taxi 6645	Samarcanda	MyTaxi
consumer requests (%)	[60-65]	[10-15]	[5-10]	[20-25]
taxi rides (%)	[65-70]	[10-15]	[5-10]	[10-15]

ABILITY TO MEET CONSUMER DEMAND: REQUIRED LEVEL OF AFFILIATION

How many taxi drivers (F) does MyTaxi need to «affiliate» in order to be able to satisfy x% of demand from consumers

requests to satisfy = x% of demand

$$F = \frac{CR}{CPM}\frac{1}{R}$$

$$\text{average capacity} \equiv \frac{\text{\# rides}}{\text{\#active taxis}}$$

$$\frac{\text{\#active drivers}}{\text{\#affiliated drivers}}$$

ABILITY TO MEET CONSUMER DEMAND: REQUIRED LEVEL OF AFFILIATION

Milan	MyTaxi affiliates	100%	[85-90]%	Independent taxis
May 2016	[200-250]	[500-600]	[450-500]	[400-450]
Oct 2017	[450-500]	[1,800-1,900]	[1,600-1,700]	[400-450]

Rome	MyTaxi affiliates	100%	90%	[80-85]%	Independent taxis
May 2016	[250-300]	[500-600]	[500-600]	[450-500]	[2,700-2,800]
Oct 2017	[1,500-1,600]	[3,400-3,500]	[3,400-3,500]	[3,100-3,200]	[2,800-2,900]

EXCLUSIVITY AND FORECLOSURE

Independent taxi drivers

- Milan: very few
- Rome: significant number, but «not enough» to meet demand

Taxi drivers affiliated to traditional cooperatives

- Right to terminate affiliation is not enough
- Sunk costs
- Cross-platform network effects and demand-side economies of scale
- Coordination problem
- Telephone still key channel

POTENTIAL NEGATIVE IMPACT OF FORECLOSURE ON WELFARE

Matching frictions

Pricing

Innovation

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