

# Exploring the Supply Chain Management Aspects of Uber in Saudi Arabia

Alan D. Smith  
smitha@rmu.edu

## Abstract

“On a snowy Paris evening in 2008, Travis Kalanick and Garrett Camp had trouble hailing a cab. So they came up with a simple idea – tap a button, get a ride” (Uber Technologies Inc., 2016). Uber is a ride-sharing service that operates in more than 480 cities around the world and continues to grow by the day. Uber has made use of the technology era, by operating a company that operates solely through an application. Through this application, someone in need of a ride can set their pickup location and get taken to wherever they want in minutes. The customer pays for their ride via their smartphone, thereby making the transaction as easy as possible. Of course, Uber’s business is built on the drivers. Uber drivers can be anyone – all you need is a license and a car. Anyone who wants to drive for Uber can sign up on the app and then hit the road and start earning money. Uber’s business platform has been revolutionary by utilizing technology to its fullest extent, allowing people to get an affordable and safe ride with ease, and providing financial opportunity to drivers. With all that Uber has done in about eight years alone, the company continues to grow both in terms of their business line and geographical reach.

Uber began operating in Saudi Arabia in early 2014, but in May 2016, Uber received a major investment from Saudi Arabia’s public investment fund in the enormous amount of \$3.5 billion, which has jump started their business in the country (Reader, 2016). Uber now operates in the majority of Saudi Arabia’s major metropolitan areas with a customer base made up of 80% women (Reader, 2016). Uber’s expansion into Saudi Arabia is a part of their overall global strategy to expand their reach as a

company and operate in numerous countries around the world. Uber must adjust their marketing strategy to reach customers in Saudi Arabia as the customer base and culture is vastly different from that of the United States. Throughout the following plan, strategies are presented that will help Uber achieve success in the Saudi Arabian market.

Uber can provide a great service to almost all individuals that live in or visit Saudi Arabia. However, there are specific markets that may rely more heavily on the services that Uber provides. Such groups include women, college students, and tourists or visitors. Women in Saudi Arabia are subject to many rules and regulations which prohibit certain freedoms that women in other countries may enjoy. One such limitation is that women are not permitted to drive a car in Saudi Arabia. This restriction can impose many barriers on the daily routines of many women, such as getting to work or taking care of household errands (some women make up to 10 trips per day). Approximately 44% of Saudi Arabia's population is comprised of women. Of those women, a portion of them make up 13% of the total workforce in Saudi Arabia. Despite women making up a small percentage of the workforce in Saudi Arabia, the number of women participating in the workforce has increased at least 48% since 2010. This number is expected to grow even more as there is strong support for increasing the number of women in the workforce. Saudi Arabia is hoping to achieve a workforce comprised of at least 30% women by 2030. The growth rates and strong support indicate a new, increasing demand for convenient modes of transportation for women who are not permitted to drive themselves. If the percentage of women working outside of the home is expected to greatly increase, it cannot be successfully done without considering reliable modes of transportation. Moreover, given the fact that many women rely on their male chaperone for transportation, Uber provides a more convenient alternative for traveling women.

Roughly half of Saudi Arabia's population is under the age of 25. There are 24 government universities in addition to other private and community colleges. Over 1 million students are enrolled in some type of higher education program. Given the

large number of young adults in Saudi Arabia, many of whom may not have the ability to own or afford a reliable form of transportation. Uber provides a convenient, low-cost option for travel. As previously mentioned, women in Saudi Arabia are not permitted to drive on their own. With regards to the college student population, women make up approximately 60% of that population. This number is expected to grow as more colleges and universities are expanding fields of study targeted to women. Uber can appeal to not only the average college student in Saudi Arabia, but more specifically women college students, who make up a majority of the population and are unable to drive themselves.

According to the World Bank, over 18 million people visited Saudi Arabia as tourists in 2015. The country receives at least 3 million travelers making religious pilgrimages to Mecca annually. In addition, there are at least 2 million people that travel to the country during the month of Ramadan. Many of these travelers need practical forms of transportation to get to their final destinations. Uber has a rich opportunity to appeal to those traveling to Saudi Arabia for religious reasons, especially during a time when the number of visitors may outweigh the number of transportation options. Not all individuals who travel to Saudi Arabia do so for solely religious purposes. Saudi Arabia receives many business travelers who are also in need of familiar forms of transportation. Given that Uber is growing in terms of global recognition, many business travelers may be more inclined to utilize a mode of transportation that they are familiar with.

**KEY WORDS:** *business strategy, case study, service marketing, service quality, supply chain management, sustainability, Uber.*

**Relevance to Marketing Practitioners:** This case study is relevant to marketers and researchers in dealing with vendor relationships and locational strategies issues for global service organizations in formulating their supply chain management policies and practices.

**TRACK: Business-to-Business/Supply Chain Management**