



# LEADING THINKING

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## Congress Votes Uber

### Findings:

- **Members of Congress and their campaign committees have begun to adopt Uber for rides this cycle.**
- **For low dollar rides Uber has overtaken taxis in both number of rides and amount spent.**
- **The overall market demand for ride services has increased since Uber launched.**
- **The trend we see in Congress is likely representative of local dynamics where regulators are also becoming consumers and adopters in this new part of the economy.**

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As the peer-to-peer economy continues to grow and push the boundaries of services and the regulations that govern them, one aspect of the debate adds a twist to the typical regulatory process. The people tasked with drafting the laws and enforcing the regulations are consumers as well.

Data from the Federal Election Committee (FEC) gives us a glimpse into the consumer habits of one key rule-making body – Congress.

Members of Congress, more specifically their campaign committees, report on a regular basis not only where they raise their campaign funds, but also how they spend them. Typically, this data is used to evaluate and offer additional context for analysis of campaigns and elections. For this paper we use that data to understand how Congress has become a participant in the peer-to-

peer economy over the past three election cycles through ridesharing.

In the 2010 election cycle ridesharing was absent in political spending reports. Uber was only launched the summer before the election. Taxis, limos, rentals, and other car services were the only option for campaigns at the time. For simplicity in this report, we will refer to other types of car services generically as taxis.

As we look at spending on these car services broadly, some are also used by campaigns for group transportation (e.g., coaches, buses). These can be significant purchases, so it is helpful to limit this analysis to spending that is below \$100. What we found was in these trips Uber not only quickly overtook taxis in both number of rides and amount spent, but has also increased the overall market demand for ride services.

## The Findings

In the 2012 cycle as Uber was just getting started, there were only about 100 Uber rides for less than \$100 on congressional campaign filings. This compares to about 2,800 low dollar taxi rides during the same period.

Fast-forward to the 2014 cycle and we see a transformation in the market. Uber is now the dominant provider of rides; it is both taking more of the market in the low dollar ride space *and* expanding the overall market size.

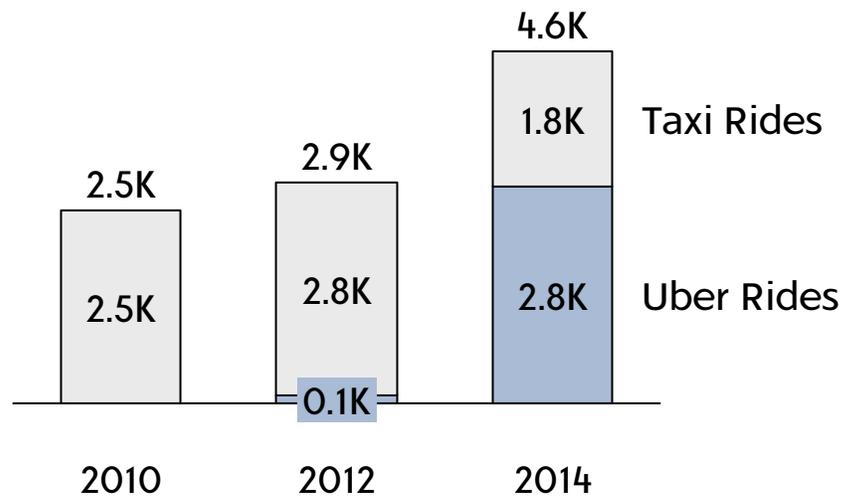
In this market Uber increased its number of rides to roughly 2,800 so far in the 2014 cycle, more than 25 times the volume of the previous cycle. During this same period of time we saw taxi use decrease by 33 percent going from about 2,800 rides to just under 1,800 rides (Figure 1).

Uber has undoubtedly caused disruption to the status quo of ride services.

In the last cycle Uber had no significant market share, but today they exceed 60 percent of the ride services market for congressional campaign committees.

In addition, Uber has created

**Fig. 1: Uber Has Taken Share From Taxis, But Has Also Increased Campaign Committee Consumption**



Source: FEC data, rides under \$100

greater demand for these services than had previously existed, increasing the overall number of low dollar rides by 60 percent over the past two years.

This slice of the ride services market is unique in that the data is closely tracked by the government. But it is

a textbook example of disruptive innovation.

### Impact Of The Disruption

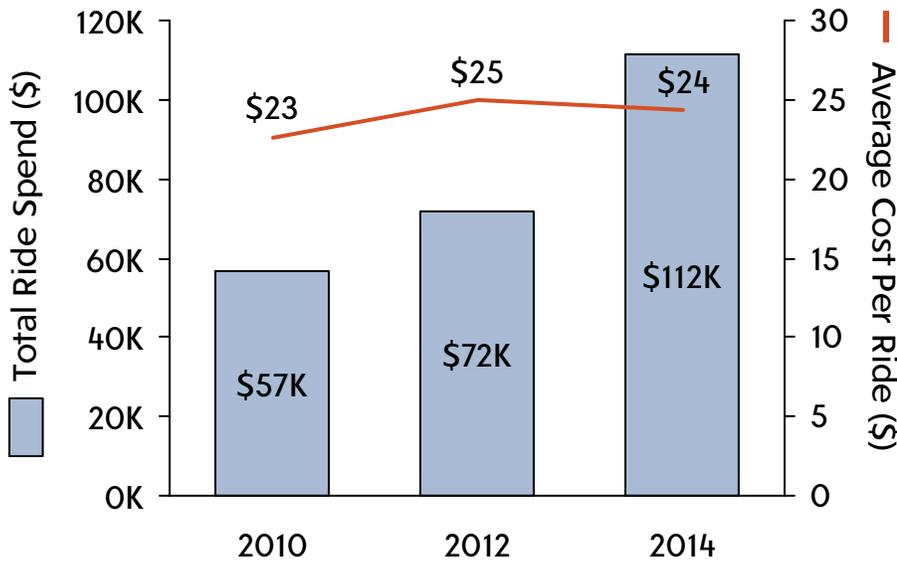
Disruption can mean different things depending on whether your role in the market is that of a taxi company or a driver. Because of increased demand, those who are drivers or have become drivers have a demand for their services. Taxi companies in contrast have

a new competitor.

This is true at the operational level of a campaign as well. These rides may not be new rides, but rides that were taken with a campaign car instead. If this is the case the disruption within campaigns may free up time for junior staffers to do other work.

It is not uncommon for young staffers or interns to drive the member from point A to point B and make sure they get there on time. Driver duty is often a first and formative job for many in political circles regardless of political affiliation. We will have to wait and see if the next generation of campaign strategists will continue to look back fondly on their days driving the “Boss” around or if there will be some other way for people to get their foot in the door.

**Fig. 2: Uber Has Increased The Total Amount Spent But Average Cost Has Remained Stable**



Source: FEC data, rides under \$100

### Regulatory Implications

Members of Congress represent only a small portion of the total number of lawmakers across the country. Many of the regulatory decisions in this space are being made at the local level, not in Congress.

However, it is likely that the same dynamics impacting Congress are also happening in communities across the country. Furthermore, as members of Congress become early adopters and consumers they may exert an influence on their local counterparts as these regulations are debated at the local level.

These dynamics have big implications for how regulators navigate the peer-to-peer economy. The nature

of oversight changes when someone is both regulator and consumer.

It is not hard to imagine the personal interactions of

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regulators with these innovative technologies will in some way shape how they approach regulating them.

This debate will undoubtedly be one of the most significant policy conversations of the coming decade. It will be addressed at all levels of government as companies go

from disruptive startups to creating the new normal for what consumers expect from companies big and small.

Ride sharing represents only one part of an evolving peer-to-peer economy that is making it more efficient for consumers to get the goods and services they want when they want them. As this market continues to evolve we will have to wait and see if politicians turn to Task Rabbit to help with “Get Out The Vote” (GOTV), or if AIRBNB replaces Hyatt and Marriott as the “hotel” of choice on the campaign trail, or if the next big campaign fundraiser is hosted at a Meal Sharing home instead of a restaurant.

One thing is clear: members of Congress have embraced peer-to-peer car services for themselves. They are voting Uber with their rides. []