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SEEDING

Social Economy Enterprises addressing Digitalisation,
Industrial relations and the European Pillar of Social Rights



**CASE
STUDY
ITALY**

appTaxi

appTaxi

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COCETA

FISE



GRUPPO
COOPERATIVO
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Zdrúženje
SOCIALNA EKONOMIJA
SLOVENIJE

**SYNDICAT
EUROPEAN
TRADE UNION**





NAME OF THE PRACTICE	appTaxi
Responsible actor	<ul style="list-style-type: none"> management (with the involvement of workers)
Type of practice	<ul style="list-style-type: none"> other: creation of a consortium of cooperatives
Challenges addressed	<ul style="list-style-type: none"> platform work
Employment impact	<ul style="list-style-type: none"> job retention equal opportunities
Geographical coverage	<p>appTaxi's member cooperatives are active in several Italian cities. They are concentrated in the north-east of the country (Modena, Rovigo, Padua, Verona, Vicenza, Treviso and Venice – including its water taxi service and gondolas), but also come from the north-west (Milan, Monza and Varese) and the centre (Viareggio, Lucca, Florence, Rome and surroundings). As to the other areas of the country, the consortium reaches only Cagliari (Sardinia), Palermo and Catania (Sicily).</p> <p>This should be understood in the light of the lesser availability of taxi drivers in the south of the country (Istat, 2016; ART, 2019).</p>
Sectoral coverage	<p>The practice concerns taxi services and can be seen as a reaction of cooperatives to the rise of urban mobility apps, often in the shape of platforms matching ride requests with unauthorised taxis. In particular, appTaxi provides an app via which customers can seek licensed taxis in a number of places in Italy.</p>

	<p>Whilst several legal rulings since 2015 have banned app-mediated taxi services implemented by unlicensed drivers, like Uber Pop, the distinction between taxi drivers and 'car rental with driver' operators (NCC), subject to lower costs and duties, is still very opaque and difficult to monitor.</p> <p>This is even more true following the development of apps, like Uber Black, which exploit the spread of portable devices like smartphones, and of GPS technology, to match passengers with NCC drivers in a way similar to what taxi companies do with taxi drivers.</p> <p>The sector was also recently shaken by the entrance into the market of mytaxi (now FREE NOW). This company, also operating by means of an app, works only with licensed taxis.</p> <p>To challenge incumbent players, it has initiated legal disputes on the legitimacy of non-competition clauses that link taxi drivers with their cooperatives (see occupational coverage below), and is also increasing its market share by a wide set of promotions, despite the legal provision that prices must comply with rules set by local authorities (see AGCM, 2018).</p>
Company coverage	<p>The appTaxi service was launched in 2012 by nine cooperatives, which then fell to six. It established a formal consortium of cooperatives in 2014. Generally, each city is covered by one cooperative only. As of 2020, the network covers about 6,000 self-employed taxi drivers.</p>
Occupational coverage	<p>The practice addresses taxi drivers, enabling them to access clients requiring services by means of apps for smartphones or portable devices.</p> <p>Taxis are subject to numerical and qualitative licensing by local authorities. Drivers have to enrol with the Chamber of Commerce as self-employed drivers, possibly associated with other drivers in consortia of enterprises or in cooperatives. The latter may be established as providers of services to self-employed drivers, as is the case with appTaxi, or as workers' cooperatives which own the vehicles and hold the licence themselves for as long as the driver is affiliated (possibly hired through an employment contract).</p> <p>Many self-employed taxi drivers work through service cooperatives. These enterprises use call centres, radio signals and GPS technology to track their members' positions and match them with passenger requests, in exchange for a membership fee and annual fees. Cooperatives may provide their members with additional services such as training and promotions.</p> <p>As taxis are a public service, they operate within rules set by regions and municipalities, which affect both working conditions (shifts and shift length, time off for holidays etc.), and service quality (obligation to accept passengers, behavioural and safety standards etc.).</p>
Workforce addressed	<p>Most taxi drivers of the cooperatives affiliated to the network are male Italian citizens. Women make up a 5%-10% share of drivers depending on the city.</p>
ACTORS INVOLVED IN THE ACTION	
Company management	<p>Yes</p>

Worker members of the cooperative at large	Yes
Works councils	No
Trade unions	No
Employers' organisations	No
NGO	No
Public authority	No
DESCRIPTION	
Rationale for the adoption of the practice	<p>The practice represents a reaction to technological developments which led to web-based services and apps for services alternative to public transport (like BlaBlaCar), and, later, to services matching passengers with drivers. In this respect, the first large competitor was Uber, and its Uber Pop app, which was seemingly a 'sharing service' but was later recognised by case law as performing an undeclared and illegal taxi service. The platform, now active through its Uber Black service, has some peculiarities which challenge the incumbent players and rules. In detail:</p> <ul style="list-style-type: none"> • the platform matches available drivers with clients on the basis of their distance and their ratings; • drivers rate passengers, and are rated by passengers. Low ratings by passengers lead to a temporary suspension of the account or to the disconnection of the account; • drivers are not subject to shifts, and are in theory allowed to refuse rides, even if this can lead to a suspension or disconnection of their account; • the platform's user interface is quite easy to use, is available in different languages and can be used from different countries and locations, and so is particularly convenient for tourists and people that do not know the local language; • prices for drivers and passengers are set by means of algorithms. This means drivers earn on the basis of the distance and of market conditions, whilst passengers may be subject to price surges during peak hours (when they might turn to regular taxis) but benefit from cheap prices for most of the time (See Birgillito 2016; Uber 2020; Voza 2017). <p>While having a rating system based on passengers' evaluations (whose actual use by the company is unclear), the key features of FREE NOW are different from those of Uber. In particular: (i) this platform has operated since the beginning with licensed taxi drivers; (ii) drivers must accept ride requests and apply local prices, in line with national law – albeit promotions may lower the final price for customers; (iii) drivers can access immediate ride requests, but access to rides booked in advance depends on a score system based on previously completed rides (FREE NOW, 2019).</p> <p>Both platforms do not require membership fees but apply levies based on rides accepted.</p>

Process of the adoption of the practice

The practice was initially adopted by nine cooperatives across the country, following internal agreement on the need to introduce a new channel to reach customers.

Back in 2012, the managers of some of these cooperatives noted the presentations by platforms like mytaxi and Hailo at the Cologne Taxi Fair and came up with the idea to create a joint app.

The idea was then implemented through a coordinated effort by the boards of the cooperatives involved, who in turn received inputs from taxi drivers and call centre operators, who were closest to the customers' needs and requests.

The project had to cope with different situations across large and small cities, as regards both local taxi byelaws and market conditions. Whilst in some cities only one cooperative of taxi drivers is in place, affiliated cooperatives in cities like Rome and Milan face competition both from other cooperatives and from platform companies. This means a balance had to be found whenever partnerships were discussed which conceded promotions to some categories of customers, e.g. clients of the loyalty programmes of large train operators and airlines. For cooperatives in a monopolistic position in their city there was no advantage in conceding such promotions, therefore, in the end, the cooperatives that were able to gain most advantage from the partnerships agreed to bear a larger share of the related costs.

Similar discussions arise concerning the extension of membership. Currently, the appTaxi consortium needs to gain the approval of its local members in cases where a taxi cooperative from the same city wishes to join. For instance, in Cagliari, an agreement was made to guarantee the incumbent cooperative access to customers already registered on the app, while sharing rides requested by new customers equally during a transition period. Afterwards, customers will be able to choose freely which of the two cooperatives to pick.

The search for consensus between representatives of affiliated cooperatives (who in turn seek consensus among the members of their cooperatives) guarantees democracy and unity within the consortium, although this may slow down the decision-making process compared to much more centralised competitors.

Description of the practice

The practice concerns the development of an app which clients can use to book taxi rides in several Italian cities. The app redirects the request to the local taxi cooperative.

From the client's side, the practice provides an easy way to book a taxi, as an alternative to making a reservation via a call-centre or other system. Should the client require assistance or wish to submit a complaint, the app gives the possibility to send an e-mail or a text message.

The platform does not entail any rating system nor affect the relationship between the taxi driver and the cooperative in any way.

The driver remains subject to the cooperative's rules and to the legal provisions concerning taxis as a public service. This means among other things that:

	<ul style="list-style-type: none"> • drivers are only licensed taxi drivers. They are not subject to user ratings or automated evaluation systems but to possible controls by the cooperative and public authorities, which may lead to a suspension or interruption of the relationship with the cooperative if legal breaches are found; • prices are set according to the administrative fees, yet the app shows the passenger the expected prices in situations of average, good or bad traffic conditions; • the drivers are subject to rules on the organisation and quality of services established by the local authorities and the cooperatives themselves; <p>Among other features of the app, users can specify preferences (e.g. travel in hybrid, air-conditioned or bigger cars), and the option to share rides with other passengers is to be introduced.</p>
Dismissed alternatives	None
ASSESSMENT	
IMPACT OF THE PRACTICE ON:	
Job stability and secure employment	The practice provided taxi cooperatives with an additional tool to manage ride requests and transmit them to drivers, thus keeping pace with competition from other platforms.
Skills needs and training	<p>Some affiliated cooperatives organise meetings or provide video tutorials on the features and functioning of the app.</p> <p>However, taxi drivers do not need particular competences, as the app directs the ride request to the cooperative's call centres, which in turn contact the drivers with the usual devices.</p> <p>Some affiliated cooperatives offer other courses designed to improve the overall quality of the service (e.g. on the English language or on cultural and historical facts concerning their city).</p>
Working conditions	<p>The app matches the technological innovation behind taxi platforms with the provision of taxi services in compliance with national and local rules. This means that taxi drivers are not subject to arbitrary decisions by the platform on the suspension or termination of the account, nor to restrictions on the number of rides they are offered if they are less available than their colleagues, as the duration of shifts and working periods are set according to local provisions.</p> <p>At the same time, clients can easily address complaints to the local cooperative matching the ride through the app via mail, phone call or text message.</p>
Company performance	The app keeps growing, both through expanding to new cities and by enabling an increase in rides per city. Given the technological developments, these trends are in line with an increasing reliance by customers on apps as a channel to book taxi rides. Nevertheless, it should be pointed out the app required significant investment, discouraging some of the cooperatives which were initially involved.

	<p>In order to expand to smaller cooperatives, aside from the standard monthly fee of €8 per member for cooperatives to join the network, the consortium introduced a pay per ride fee (€0.50). Fees are not necessarily charged directly to taxi drivers; each cooperative decides if and how to distribute the costs among its drivers, possibly including the use of resources earmarked for investment.</p>
Overall strengths and weaknesses	<p>The strength of the practice is to equip licensed taxi drivers and companies with innovative technologies, whilst at the same time trying to provide a user-friendly service in compliance with the law.</p> <p>This is done by adding a technological service to the activities of taxi cooperatives, while overcoming two main barriers: (i) language skills, as the app is available in English and other languages, including Chinese; (ii) fragmentation of cooperatives, as the app connects passengers with different taxi cooperatives depending on the city.</p> <p>At the same time, while the basic functions are available in several languages, some information and features are available in Italian or in Italian and English only. Together with the unavailability abroad, this aspect represents a gap compared with leading platforms as concerns foreign tourists or occasional visitors to Italy.</p>
Overall opportunities and threats	<p>The company is seeking to expand its presence abroad, an attempt which could increase its network of clients and trigger economies of scale by providing tourists or workers who travel for business with a single app to manage their trips across many countries, in a similar way to leading platforms. For instance, work is in progress to integrate the app into the software for booking taxi rides embedded in Alipay and WeChat.</p> <p>In addition, in order to simplify payment while complying with regulated prices, the consortium is testing a prepayment option, allowing the client to prepay the estimated amount of the ride, and to pay the difference once the ride is over, thus saving time on arrival.</p> <p>One threat is the ongoing discussion on the overall taxi regulation and licence system (beyond the scope of this case study), and on the relationship between taxi drivers and cooperatives. While companies like FREE NOW ask for the removal of the non-competition clauses adopted by most cooperatives, the latter, including those affiliated to appTaxi, deem these necessary for the proper functioning of the cooperative and of the service itself.</p> <p>On one hand, lifting the non-competition clauses, meaning a taxi driver could connect both to appTaxi and FREE NOW, is likely to improve the efficiency of the service, as taxi drivers could access more requests than by working for only one company. But on the other hand, this could weaken the associational link between the taxi driver and the cooperative, risking the creation of monopolies by companies offering short-term advantages such as initial price-cutting.</p>

	<p>Finally, the practice, and sectoral trends in general, may in the near future trigger redundancies among call-centre operators, as the number of clients using the app may grow at the expenses of those previously calling a call centre for the same service.</p> <p>Although currently call centre operators send taxi ride requests to drivers, this step may be automated in the future. Some training is already under way to train call centre operators to provide more specialised customer care services.</p>
Potential for social partners and collective bargaining to upscale/transfer the practice	<p>As appTaxi is not the only network of taxi cooperatives providing an app-based booking system, organisations of taxi drivers should consider the promotion of mutual learning initiatives to improve the functionalities of the existing apps used by licensed taxi drivers.</p>
Potential for public authorities to support upscaling/ transferring the practice	<p>The practice shows that technological innovation is possible without dismantling existing regulation and practices, and unveils the incongruencies of the narrative that rules on taxi drivers do not suit modern technologies. It helps to distinguish the innovative features of apps, like app-based booking and estimation of the price in advance, from those which hide social risks, like the inability to guarantee a public service for customers, and the (quasi) delegation of contractual relationships and prices to ratings and algorithms, regardless of whether infractions are actually committed.</p> <p>Forthcoming regulations aiming to address the existing bottlenecks in the sector, including the long-discussed limits in the accessibility of the service due to the unavailability of drivers and to prices, should take these aspects into consideration.</p>
List of annexes, sources	<ul style="list-style-type: none"> • AGCM (2018), Provvedimento Radio Taxi Roma, available at: https://www.agcm.it/dotcmsDOC/allegati-news/l801A_ch.%20istr._omi.pdf • ART (2019), Sesto Rapporto Annuale al Parlamento, available at: https://www.autorita-trasporti.it/wp-content/uploads/2019/06/ART-Sesto-Rapporto-Annuale-2019.pdf • Birgillito, M.(2016), Lavoro e nuova economia: un approccio critico. I molti vizi e le poche virtù dell'impresa Uber, Labour & Law Issues, vol. 2, no. 2, available at: https://labourlaw.unibo.it/article/view/6491/6279 • FREE NOW (2019), FREE NOW La formazione per i tassisti, 21 October, available at: https://www.youtube.com/watch?v=pvrYltomY84 . • Istat (2016), Mobilità Urbana. Anno 2014, available at: https://www.istat.it/it/files/2016/06/mobilit%C3%A0_urbana_2014_1.pdf • Uber (2020), How star ratings work, available at: https://www.uber.com/it/it/drive/basics/how-ratings-work/

	<ul style="list-style-type: none"> Voza, R. (2017), Il lavoro e le piattaforme digitali: the same old story?, WP CSDLE “Massimo D’Antona”.IT –336/2017, available at: http://csdle.lex.unict.it/Archive/WP/WP%20CSDLE%20M%20DANTONA/WP%20CSDLE%20M%20DANTONA-IT/20170829-115917_voza_336-2017itpdf.pdf
Company website	https://apptaxi.it/

This case study was prepared by Fondazione Giacomo Brodolini (Italy).