



# UNIVERSITY TRANSPORTATION CENTER

# RESEARCH BRIEF

## Understanding the Impact of TNC Pricing Strategies on the Prospect of Transit Agency-TNC Partnerships

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### Background

The rapid growth of app-based on-demand mobility services presents both a major challenge and exciting possibilities for public transportation, which has long been struggling with the lack of economic efficiency due to stagnating or declining ridership and an unmet desire for service innovation and improvement. It is conceivable that transit agencies can generally improve residents' mobility and accessibility by partnering with private providers to fill service gaps (e.g., providing first and last-mile connections), increase travel options for people with disabilities or in less accessible areas, and reduce service operation costs. However, the potential for establishing such partnership depends significantly on the costs of these new mobility services. This research aims to investigate the impact of Transportation Network Company (TNC) pricing strategies on ride-sourcing fares and gain an understanding of the implications for transit agencies interested in incorporating ride-sourcing into their transportation services. Because many transit agency-TNC partnerships target serving people with disabilities, this project examines the paratransit service provided by King County Metro (KCM), the primary transit service provider in the Seattle region. The project explores different price scenarios in which transit agency-TNC partnerships are established and analyzes the cost-effectiveness of each scenario.



### Research Project

This research aims to answer the following research questions:

1. What factors contribute to TNC price changes? Consequently, what are the likely changes in TNC pricing strategies and service fares in the coming years?
2. How will TNC price increases in the short term (surge pricing during peak times, key events, or crises) and long term (anticipated increases in average service fares) affect the prospect of building partnerships between transit agencies and TNCs?
3. What are the alternative conditions under which public transit agency-TNC partnerships can efficiently supplement existing transit service supply, such as ADA paratransit while ensuring transportation equity and service quality?

We are developing an analytical framework consisting of three major components; analyzing the price, revenue, and operating data of TNCs; and conducting scenario analysis that evaluates the impact of TNC short-term and long-term pricing scenarios on different forms of transit agency-TNC partnership and the consequent cost-effectiveness and equity implications.

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### ABOUT THE AUTHORS

The research team consisted of Qing Shen of the University of Washington.

### ABOUT THE FUNDERS

This research was funded by the Pacific Northwest Transportation Consortium, with additional support from the University of Washington.

### EXPECTED DATE OF COMPLETION

March 2023

### FOR MORE INFORMATION

<https://depts.washington.edu/pactrans/research/projects/understanding-the-impact-of-tnc-pricing-strategies-on-the-prospect-of-transit-agency-tnc-partnerships/>