ENGLISH **Summary**

Development in the taxi market from 2020 to 2023 - deregulation and the Covid-19 pandemic

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Many new players have entered the taxi market following the deregulation in November 2020. These have particularly emerged in and around the largest Norwegian cities. Due to the pandemic, revenue decreased. Revenue has picked up since the pandemic but was still lower in 2022 than in 2019. The same time as the number of licenses, cars, and businesses have increased, while the fleet has shifted towards zero-emissions cars and cheaper vehicles.

The deregulation of the taxi market that took place on November 1st, 2020, was the biggest regulatory change in the Norwegian taxi markets since the 1940s. Earlier that same year, the coronavirus pandemic also hit. Both have had a significant impact on the taxi markets and how they have developed in the period from when the deregulation was implemented to March 2023. This report presents some of these trends.

The most visible development has been the increase in the number of actors in and around the largest cities. There have been an increased number of intermediaries/dispatchers/platforms, especially with app-based services as the main sales channel, examples include Bolt, Ridel, Uber, and Yango. Also, there are more issued licenses, in April 2023 there were over 18,100 licenses, compared to about 8,000 just before deregulation. The number of businesses, and the number of businesses with active licenses, has also increased dramatically in the period from November 2020 to March 2023, but not to the same extent as the number of licenses.

Figure S.1 shows the development in the number of businesses registered with taxi operation as their stated purpose, using data from the Business and Enterprise Registry (VoF). It also shows the number of passenger cars registered as taxis the number of licenses registered with activity at Statistics Norway (SSB), and the number of licenses issued in the license register.

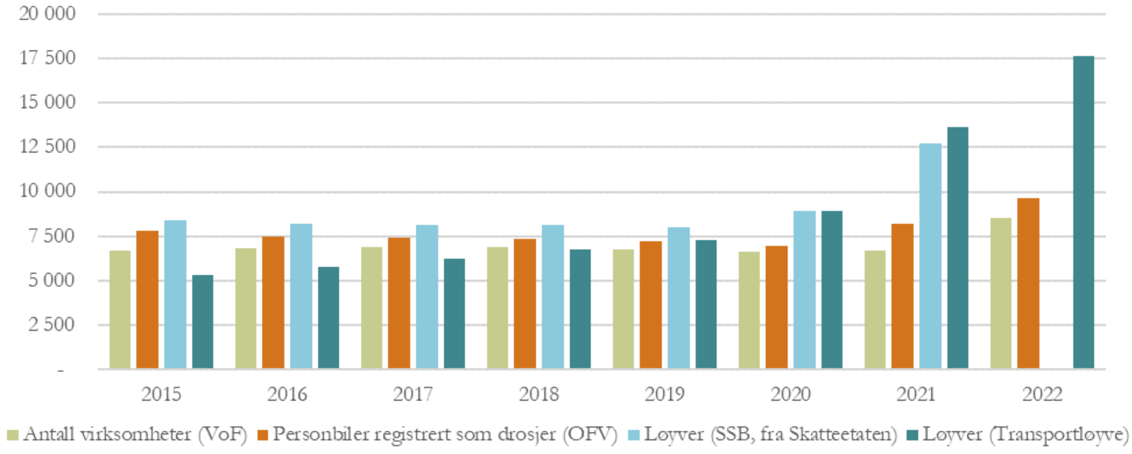

Figure S.1: Comparison of number of enterprises, vehicles, active licenses and registered licenses from 2015-2022. (VoF, OFV, SSB table 07278, TØI)

Figure S.1 shows that the change in the supply side of the taxi market is significant, irrespective of which indicator one chooses to use. Furthermore, the data shows that there are several processes going on simultaneously. The indicator that is increasing the most is the number of issued licenses. This is in many ways the first step in establishing a taxi business, so we expect that one applies for a license before investing. At the same time, the figure shows that the number of licenses issued in the license register is significantly higher than the number of licenses in the data from Statistics Norway in 2021, suggesting that there are probably some licenses without activity. The number of licenses at Statistics Norway is based on the number of licenses registered with economic activity at the Norwegian Tax Administration.

The number of passenger cars registered (in the vehicle registry) as taxis is always slightly lower than the number of licenses, which historically could be explained by the fact that there have been a number of buses and trucks registered as taxis. However, this explanation is no longer valid after 2020. In 2021, the difference was also significantly larger than in the period leading up to the deregulation. There may be various explanations for this, but it suggests that many cars that have been used as taxis have not been registered as such. Why this is the case is unknown, but a lack of competence among license holders could be an explanation. The consequence of not registering the vehicle is that it cannot be insured for taxi transport.

The development in the number of companies has two interesting features. Firstly, the number of companies is increasing. The majority of companies that operate in the taxi transport sector are still sole proprietorships. At the same time, the proportion of sole proprietorships without employees is increasing. This supports the claim that a number of people who previously worked as drivers for license holders have chosen to take out their own license and work for themselves, or that a number of new license holders are operating without employees, potentially on a part-time basis. At the same time, the increase in the number of cars and licenses indicates that in addition to these new and small businesses, there are also a number of larger actors, i.e. companies that have taken out a large number of licenses and operate them.

In the previous report of this project, which looked at the period leading up to 2020, many actors in the taxi industry expressed great uncertainty about the future. This picture is supported in this report by analysis of the vehicle fleet. Many established taxi operators seem to have postponed investments. The size of the taxi fleet is changing, with new cars being taken into use without a corresponding number of existing cars being discarded. At the same time, the composition is changing rapidly, with the new cars that arrive being mainly electric or other low- and zero-emission vehicles, and cheaper than the vehicles that have been used as taxis earlier. The development in the number of cars with wheelchair accessibility is uncertain, as we do not know if the vehicles have actually been converted to accommodate wheelchairs, only that they are of a type that can be converted.

There are significant differences between urban and rural areas. The changes described seem to apply mainly to areas in the three most central centrality classes, i.e., larger cities and their surrounding areas. Outside of these areas, both the regulatory changes and the pandemic seem to have had far less impact on taxi businesses. In the rural areas, defined as areas in centrality classes 4 to 6, the supply has remained unchanged or worse, meaning growth from 2019-2022 years, but to a lower level than in 2010. The negative development in the least central areas dates back in time, at least to 1998, possibly longer. This means that the development cannot be attributed to either regulatory changes or the pandemic.

The service provided to the public is more complex than it was before the regulatory change. The number of vehicles has increased, and the number of relevant intermediaries/dispatchers/platforms has also increased. Overall, this provides better accessibility to taxis. Intermediaries/dispatchers/platforms seem to compete more with each other for trips booked by individuals than was the case before the regulation change. The result has been many campaigns aimed at both the public and drivers, and generally lower prices in this market segment. For individual trips hailed from a taxi stand or the streets, the market situation for customers is worse than it was before the regulatory change. It is even more difficult to obtain relevant information about price and quality. The cars that are on the stands are often unmarked or almost unmarked, and price information is very difficult to access. The contract market segments seem to be less affected, and if anything, the change seems to be positive. In some cases, there have been more potential providers in the larger cities. In the districts, the situation is still challenging.

The working conditions in the taxi industry have been challenging over time. The changes in the regulation does not seem to have improved this. Lifting the quantitative restrictions made it easier for former drivers to become taxi owners. The turnover for the average company has decreased compared to the situation in 2019, but this is not only due to changes in the regulations, the pandemic probably being the main explanation. There has been a decline in the number of employees from 2019 to 2022. The decline from 2019 to 2020 is likely due to the coronavirus pandemic. At the same time, we see no increase in the number of positions after this. The decline in wages for employed taxi drivers in connection with the pandemic was significantly lower than the decline in turnover in the industry, which suggests that the primary effect of the pandemic was that many formerly employed drivers left the industry. The wage rates did not become lower. There were also geographical differences. From 2020 to 2021 and to 2022, wages for employed drivers increased in most areas. This wage growth can be explained by several factors, including increased fares and bonuses as a result of high demand for employed drivers. However, in centrality class 1 (the most central areas), wages fell again from 2021 to 2022. This may suggest that the market became more saturated during this period.

In terms of organisation, the regulatory changes and the emergence of new platforms revitalise questions concerning control and employment forms. There are also challenges related to reporting data and revenue, which makes control more difficult. At the same time, there is a pervasive challenge in the organizational structure of the industry, in that the employer responsibility lies with the license holder, which creates a very fragmented industry. This makes ordinary labour regulations more difficult to implement.

Interviews with stakeholders in the industry reveal that working conditions remain challenging. Generally, the established actors involved were sceptical to the regulatory changes in 2020. On the other hand, platform companies believe that their model solves most challenges in the parts of the market they serve.

Our analysis shows that the Covid-19 pandemic and the 2020 regulatory changes have created a lot of uncertainty and changes in the industry and market. The government has initiated a process to introduce several new regulations, some of which were implemented early in 2023, and other measures are likely to be introduced later. This makes it difficult to predict with certainty how the taxi industry and market will develop in the future.