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United States Senate
COMMITTEE ON BANKING, HOUSING, AND
URBAN AFFAIRS
WASHINGTON, DC 20510-6075

July 3, 2024

Dara Khosrowshahi
Chief Executive Officer
Uber Technologies, Inc.
1725 Third Street
San Francisco, CA 94158

Dear Mr. Khosrowshahi:

Second only to housing, transportation costs are Americans' biggest necessary expense.¹ Transportation-related companies' increasing use of dynamic pricing, or "surge pricing," threatens to drive prices even higher. Using algorithms to set prices, including dynamic pricing, abuses consumer data and suppresses competition, making prices unpredictable and taking away people's ability to find the lowest price. Such pricing maximizes profits at the expense of consumers, without improving or changing the service offered. While Uber was an early adopter of dynamic pricing and has long used this technique to set fares based on consumer demand,² this practice is now spreading to more industries.³ I want to learn more about the relationship between Uber's use of algorithmic pricing to set fares and growing transportation costs.

According to your company's website, Uber's dynamic pricing algorithm "adjusts rates based on a number of variables, such as time and distance of your route, traffic and the current rider-to-driver demand."⁴ Under these shifting conditions, fare rates are highly volatile, making it difficult for consumers to predict how much they will pay for a given ride. While proponents of dynamic pricing often claim that dynamic pricing lowers costs by creating more efficient markets, your company's rising prices cast doubt upon that assertion. Between 2018 and 2022, Uber's prices increased by 83 percent.⁵

Historically, Uber has denied claims that it uses consumers' private data to set fares; however, in 2016, the head of economic research at Uber, Keith Chen, stated that one of the strongest

¹ <https://data.bts.gov/stories/s/Transportation-Economic-Trends-Transportation-Spen/ida7-k95k/>

² <https://time.com/3633469/uber-surge-pricing/>

³ <https://www.npr.org/2024/03/06/1197958433/dynamic-pricing-grocery-supermarkets>

⁴ <https://www.uber.com/en-GB/blog/uber-dynamic-pricing/>

⁵ <https://www.forbes.com/sites/lensherman/2023/01/16/ubers-new-math-increase-prices-and-squeeze-driver-pay/?sh=1ba22e24c8a2>

predictors of customers' willingness to pay for increased fares was the amount of battery left on a device.⁶ More recent research has shown that Uber's prices increase when a device has low battery – suggesting that Uber preys upon the perceived desperation of their customers.⁷ Instead of enabling consumers to make informed decisions, aggressive companies – like Uber – exploit technology and consumer data to manipulate consumers, extracting every last cent possible from them.

Frequent and opaque price changes and diminishing competition are making ride-hailing services less affordable. I am concerned that pricing algorithms enable corporations to charge higher prices in circumstances where consumers have the greatest need and fewest choices. To better understand how corporations like Uber use technology to increase prices, the public needs clarity on how Uber deploys pricing algorithms and uses consumer data, and on how these algorithms are affecting American consumers' wallets. Please provide answers to the following questions by August 1, 2024.

1. How does Uber determine the price of a given ride? How much can the cost of a ride from point A to point B vary? Please also describe Uber's algorithms for setting prices, and how these algorithms are tested.
2. How does Uber determine when the price for a ride should change? What factors does Uber use to change prices?
3. How does Uber help consumers plan for purchasing costs? Does Uber communicate changes in prices to consumers, and, if so, how?
4. Please describe the data Uber uses to determine prices. Please specifically describe where the customer data comes from – including whether an individual's past purchasing behavior, browsing history, device, or device battery level is used to determine prices.
5. Does Uber apply any strategies to determine the highest price any given consumer will pay? If two different users ask for a ride from point A to point B and the driving conditions are the same, will they be quoted the same price? Does Uber consistently charge higher prices to more willing consumers? For example, does Uber consider a customer's previous willingness to pay surge prices when offering them a surged price in the future?
6. What specific steps has Uber taken to ensure that pricing algorithms do not discriminate based on protected classes, such as gender, age, disability status, or race?
7. When Uber turns on surge pricing in an area, does this result in more drivers going online?

⁶ <https://www.npr.org/2016/05/17/478266839/this-is-your-brain-on-uber>

⁷ <https://www.brusselstimes.com/449143/uber-fares-allegedly-linked-to-phone-battery-levels>

Thank you for your consideration and your timely response.

Sincerely,

A handwritten signature in blue ink that reads "Sherrod Brown". The signature is written in a cursive, slightly slanted style.

Sherrod Brown

United States Senator