

MISQ Archivist

Show Me the Way to Go Home: An Empirical Investigation of Ride-Sharing and Alcohol Related Motor Vehicle Fatalities

Brad N. Greenwood and Sunil Wattal

Abstract

In this work, we investigate how the entry of ride-sharing services influences the rate of alcohol related motor vehicle fatalities. While significant debate has surrounded ride-sharing, limited empirical work has been devoted to uncovering the societal benefits of such services (or the mechanisms which drive these benefits). Using a *difference in difference* approach to exploit a natural experiment, the entry of Uber Black and Uber X into California markets between 2009 and 2014, we find a significant drop in the rate of fatalities after the introduction of Uber X. Further, results suggest that not all services have the same effect, insofar as the effect of the Uber Black car service is intermittent and manifests only in selective locations (i.e., large cities). These results underscore the importance of coupling increased availability with cost savings in order to exploit the public welfare gains offered by the sharing economy. Practical and theoretical implications are discussed within.

Keywords: Uber, sharing economy, ride-sharing, drunk driving, vehicular fatalities, difference in difference, natural experiment, platforms