Exclusionary effects of incentive schemes: platform rewards and multi-homing in a ride hailing market*

DRAFT – NOT FOR CITATION

13 October 2025
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Abstract: This paper investigates the determinants of multi-homing among ride-hailing drivers. It focuses on the potential role of contractual incentive schemes offered by ride-hailing platforms. We identify specific conditions under which such schemes, particularly those resembling loyalty discounting, are likely to diminish drivers' propensity to multi-home. Using a baseline theoretical analysis and empirical evidence from an original large-scale driver survey, we demonstrate that certain prevailing driver incentive schemes can exhibit loyalty-inducing features and may substantially discourage multi-homing. In contrast, incentive schemes based solely on quantity discounts, absent a loyalty component, have minimal impact on drivers' multi-homing behavior. These findings have implications for platform competition and regulatory policy.

Key words: platforms, multi-homing, ride hailing, incentive schemes

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1.0 Introduction

Ride-hailing companies generally offer a variety of different types of contractual incentives to their drivers. (Hong et al., 2020) Examples include: better financial payments to drivers after achieving a given number of rides in a month; better payments for consistently high star ratings from customers; life, health and car insurance after achieving a clearly identified number of rides; or rush-hour bonuses for completing several rides in rapid succession. The business need for offering incentives to platform participants is not particular to ride-hailing but applies to many platforms seeking to enhance engagement from service providers. A legitimate purpose for such incentive schemes is that they can enhance efficiency by incentivizing drivers on the platform to work harder and rewarding them for the provision of quality of service. For example, with ride hailing, when incentive schemes induce drivers to accept more rides a day, this will improve the availability of drivers for end-customers. (Castillo et al., 2025) Similarly, when drivers are incentivized not to cancel rides, driver-cancellation rates fall and the end-customer experience improves.

However, some incentive schemes that could be rationalized with efficiency considerations can also have the additional effect of reducing multi-homing (Guo et al., 2023) and thus could limit the entry and growth of competitor ride-hailing platforms. (Bai & Tang, 2022; Zhang et al., 2022) These effects on entry and growth can potentially maintain monopoly power in highly concentrated markets. (Bai & Tang, 2022; Calzolari & Denicolò, 2011; Jopson et al., 2025) To the extent that platform incentive mechanism have a primary effect of limiting multi-homing in a way that enhances market power, competition authorities may consider that their legal frameworks apply to such incentives. But a clear mechanism to distinguish incentives that would be justified from those that are not has been lacking. For both theoretical and policy reasons, it is important to distinguish between incentive schemes that can be

presumed to primarily have an incentive effect for drivers to work harder and those that, in addition to the desirable incentive effect, may have detrimental impact on multi-homing in a way that would maintain market power.

This paper seeks to understand and describe the theoretical conditions in which such schemes may be considered pro-competitive or have at least the potential to be anti-competitive by reducing multi-homing. We propose a simple approach to distinguish between incentive mechanisms that reduce multi-homing and those that do not. To do this, we build on methods that have previously been used for examining distributors contracting with retailers under competition law (Kobayashi & Wright, 2025; Morell et al., 2015) and apply it to labor-focused incentives with drivers.

What we cannot tell from the suggested principles, though, is the extent to which these conditions will have practical importance. That is, theory does not permit us to know the scale of the predicted effects. Without knowing the scale of effect, it is difficult to determine whether the principles could be useful for explaining real-world behavior. Consequently, we examine data from a large and non-public driver survey to gain quantitative information that speaks to the extent to which actual incentive schemes can affect multi-homing. This survey is particularly valuable because it allows joint examination of incentive impacts with a large subset of drivers who have previously multi-homed.

The main contributions of this paper are, first, in developing the concept of loyalty rebates as applied to labor multi-homing within platforms (Guo et al., 2023) and, second, developing an approach for interpreting survey evidence to assess the extent of loyalty impacts that can arise from actual contractual incentive schemes used in platform businesses. The approach used is particularly informative because it compares persons who have a proven willingness to multi-home with those who do not.

We find that driver loyalty payments that have discontinuous and large effects on expected remuneration, particularly when combined with reaching tiers that are close together, not only have strong incentive effects, but can reduce multi-homing. (Bryan & Gans, 2019)

The paper proceeds as follows. Section 2 shows that multi-homing can be substantially impacted by incentive effects that, in practice, are similar to those with loyalty discounting. This approach is then combined with consideration of step-wise loyalty via tiering systems and compared to multi-homing effects from small quantity payments. Section 3 analyses the application of this theoretical approach to actual data based on a driver survey. Section 4 concludes.

2.0 The Anticompetitive Effects of Loyalty Discounting

We argue that the way to think about the incentive mechanisms offered to drivers, and their effects on multi-homing, can be informed and can build on the distinction between loyalty rebates and quantity discounts. Economic literature has informed competition enforcement practice by making the distinction between regular quantity discounts and loyalty discounts.

In the economic literature it has been shown that quantity discounts (as other forms of "non-linear pricing") are ways to efficiently give incentives when customers or agents (in our case: drivers) are heterogeneous (i.e., they have different innate incentives to work hard).[1] (Laffont & Martimort, 2002) It is optimal to give hard working drivers, who provide many rides anyway, higher rewards at the margin for their last rides, because their disutility of work is lower. For other drivers who are less inclined to work hard, the trade-off goes more in the direction of paying less for the typical marginal ride. Quantity discounting schemes allow targeting incentive pay to different types of drivers without being able to detect which type

[1] Heterogeneity among drivers is significant (Ashkrof et al., 2020) and could include differential time valuation (M. K. Chen et al., 2019).

they are. Essentially, what the driver has to pay to the ride-hailing company for an additional ride (the commission) goes down as a driver drives more – in other words the driver's retained share of the fare ("retained fare") goes up. Drivers with a high willingness to drive will drive a lot and enjoy high retained fares for their marginal rides. Drivers who do not like driving a lot will drive less and receive a lower retained fare for their last drive.

Regular quantity discounting is considered unproblematic in economics and competition policy practice unless marginal commission payments fall below marginal cost.[2] The latter is highly unlikely for the services provided by a ride-sharing platform since costs are overwhelmingly fixed costs and not marginal costs. This means that an equally efficient competitor can compete for extra rides by matching or undercutting the marginal commission, which allows for intense competition. Since marginal commissions are above marginal costs, a competitor can induce rides from a driver who is already driving with another firm. The first order effect from quantity discounts is thus to induce more efficient driving decisions at the margin and induce more competition for the services of drivers with a high propensity to drive, thus allowing entry and expansion for competitors on the basis of multi-homing.

Loyalty discounting has, in contrast, the impact of deterring multihoming. With loyalty discounting, the commission does not just fall for the next ride, when a target number of rides has been reached, but is automatically reduced for many rides. The classical loyalty discounting scheme gives a discount not only on the last unit when a target is reached, but on *all* previously provided units. This means, that instead of reducing the commission on the later set of ride, the commission is reduced on *all* previous rides, resulting in a one-time large jump in revenue when the target is passed.

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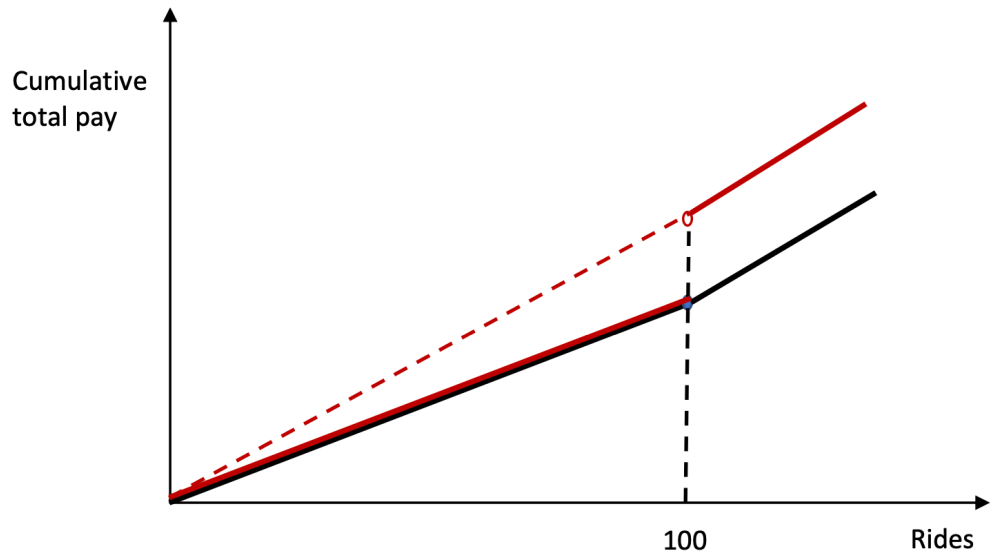
[2] For example, if a ride-hailing platform had marginal costs of a ride of $3 but charged some drivers a commission of $2, the ride hailing platform would be charging a commission below its marginal cost.

The following Figure 1 illustrates the difference between quantity discounting and loyalty discounting by plotting how the *total* retained fares in a given time period depend on the number of rides under both schemes. For purposes of illustration, we assume that the fare for every ride is the same. The basic point would remain unchanged if we allowed for varying fares. The black line in Figure 1 shows the total retained fare of a quantity discounting scheme as a function of the number of rides. We assume that once the target t (for simplicity, here indicated as 100) rides are provided the driver commission decreases and thus the retained fare of a ride increases. This leads to an upward kink in the total retained revenues at 100 rides.

The solid red line in Figure 1 plots the total retained fare for a loyalty discount scheme, where the discount on the commission is not just given for the rides that exceed 99 rides but are given retroactively also for all previous rides. The total retained fare for the 99 previous rides jumps at 100 and then has the same slope as the quantity discounting scheme of the black line. The dotted red line indicates the total retained fare if the commission would have been applied to the first 99 rides from the start. This line meets the solid red line exactly at 100 rides.

Figure 1. Total pay with loyalty discount scheme



Now consider a driver who would drive 101 rides under the loyalty incentive scheme (in black). Note that the driver would also drive 101 rides under the constant commission incentive scheme that is indicated by the red dotted line. The only difference between the incentive scheme with the dotted red line and the solid red line is in the driver's incentives when an entrant tries to challenge an incumbent. If the incumbent uses the scheme associated with the red dotted line, the driver would be willing to drive for a competitor that gives the driver the same marginal retained fare as the driver's current ride-hailing company, independently of the number of rides it has made with that current company.

But now focus on the solid red incentive scheme and assume that the driver can expect to get no more than 90 potential rides from an entrant (because the entrant reaches fewer potential customers than the incumbent). The driver will now at most take one ride from an entrant at the same retained fare as from the incumbent *(the fare for rides above 99)*. Otherwise, the driver would not be able to achieve enough rides to get a discount on 101 rides: If that driver takes more than 1 ride from the entrant, the driver will at most make 99 rides for the incumbent and thus fail to get the discount for any of these 99 rides from the incumbent. If he allocates at least 100 rides to the incumbent, he gets the full discount on all of the units driven. The driver can, therefore, either get at most 90 rides at the discount (by concentrating all rides on an entrant who matches the highest discount) and at most 11 additional rides at the standard commission from the incumbent. Alternatively, the driver can get all 101 rides at the discounted rate by taking at least 100 rides from the incumbent. The driver thus loses the discount on 11 retained fares from doing more than one multi-homing ride with the entrant.[3]

As a result, an equally efficient entrant would need to give a further commission discount on the 90 rides the driver can get. Namely he has to provide compensation for the lost discounts

[3] Note that this is assuming the entrant would provide a discount from ride 1 through 90, which is a better deal than that offered by the incumbent.

on 11 fares. The scheme therefore decreases the incentive to multi-home and makes it potentially impossible for a competitor to cover fixed costs when it tries to compete with the incumbent.

Note that this would not happen with the linear scheme indicated by the dotted red line. But there would also be no effect for the pure quantity discounting scheme illustrated by the black line, where the incumbent only discounts the commission for rides above 99. In that case, the entrant could offer the first two rides just below the discounted commission and charge (just below) the full commission for all other rides up to ninety. The driver could still get the 11 additional rides up to 101 from the incumbent at the non-discounted commission. In fact, if the entrant sets the discounted rate for the first two drives and then the undiscounted rate, any feasible distribution of the 101 rides between incumbent and entrant gives the driver the same total retained fare. An equally efficient entrant can therefore compete on equal terms. It does not have to give a substantial additional price cut to the driver due to a competitive disadvantage is due only to loyalty discounting and not to an efficiency advantage.[4]

It is important that loyalty discounting does not just arise from discounts on past rides. It always occurs, when a large reward is given for reaching a target quantity of rides and the total expected pay jumps at that target. For example, if reaching a target number of rides in a month determines whether the driver must pay a low commission in the next month, then expected pay jumps when the target is reached. In our example this means that the driver expects a discount on *all* 101 rides in the *next* month if he reaches at least 100 rides. Otherwise, he gets no discount in the next month. This forward-looking discount leads to the same jump of expected payoffs in month 1 as in the backward-looking discount in the standard example above.

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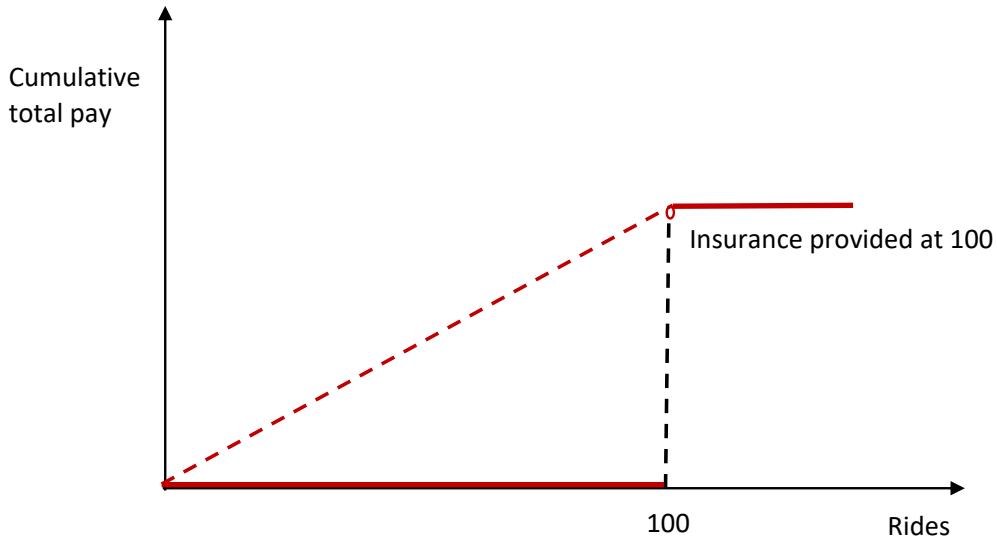
[4] The quantity discounting scheme here gives the driver less payment overall. This discussion, though, assumes that there is no corresponding reduction in overall commission levels in the absence of loyalty discounting.

The large non-linear financial effect of the loyalty scheme can be replicated by a pure bonus scheme (either in cash or in form of insurance) that pays out when a given volume of rides is reached. A bonus scheme has the feature of providing no payment up until the point at which a bonus is reached, after which a large bonus related to average fares is paid. Imagine for example that insurance is provided upon reaching 100 rides. Then the driver will receive no insurance before 100 rides, and only receive insurance after getting 100 rides with the incumbent. If the costs of insurance will only be covered by a driver providing 100 rides or more, the entrant would have to compensate the driver for not obtaining insurance from the incumbent, if he were to take more than one ride from the entrant. But such a value will far exceed a single ride. The total compensation schedule due to the insurance part of compensation is shown in Figure 2. It illustrates the case in which the driver receives no insurance prior up to and including 100 rides, but full insurance after 100 rides. If the driver multi-homes and provides less than 100 rides to the incumbent, the driver will not receive the insurance.[5] As a result, the driver will prefer not to multi-home and single home with the incumbent. However, if the driver received a continuous contribution to the insurance depending linearly on the number of rides performed, as shown in the dotted red line, the discontinuous nature of the reward would disappear. In this case, the driver would get an insurance payment contribution that would increase continuously until a full insurance is reached (presumably at a number of rides that would correspond to a majority of the day worked). Multi-homing would not be discouraged.

[5] The driver will also not receive insurance, offered under comparable criteria, from the entrant, because the driver will not reach 100 rides with either service.

Figure 2. Total pay with bonus scheme



Whether discounts are based on commissions or bonuses when a target number of rides is reached, loyalty incentive schemes generate incentives for drivers to drive exclusively for the ride hailing company that offers such an incentive scheme.

2.A The Tier-System of Many Ride Hailing Schemes amounts to a Loyalty Rebate Scheme

Ride-hailing companies in a number of countries share a mechanism that provides differentiated commissions based on meeting targets for the number of rides over the last month, as well as quality (star ratings) and completion rates over an extended period of time.[6] We believe that the quality and completion rate targets can only have small loyalty effects if at all. Quality and completion rates are primarily directed at incentivizing drivers to give a quality

[6] The compensation model, from the driver perspective, grants the driver the indicated fare for each ride, less the percentage of commission paid to the ride-hailing company by the driver for use of the platform. Under the tiered schemes, higher-tiered drivers are granted lower commission rates, i.e., a higher take-home percentage of the indicated fare per ride.

experience to riders. Our analysis therefore focuses on the targets for the number of rides, which determine whether a given tier is reached as the primary loyalty incentive mechanism.

To be eligible for a tier, the driver must have been above the lower threshold for that tier for the month prior to the current month. This design generates a loyalty discounting effect from a forward-looking discount on all rides in the next month because the expected payment in the following month jumps when a ride target for the tier level is achieved in the past month. Often ride-hailing companies have multiple tiers.

Table 1 shows the targets specified in one major ride-hailing company's Tier system (drawn from their website). Meeting a target not only leads to a decrease in future commission rates but the incentive effect is designed to be larger, the higher the tier. Essentially, drivers that are willing to drive a lot, are more strongly deterred from multi-homing than drivers that are not willing to drive as much. This means that the type of driver that would be the primary target for an entrant, because they have more scope for splitting their drives between companies, are the ones who are most deterred from multi-homing.

Table 1. Sample Tiering System

Tier	**Target Trips per month**	**Required Completion Rate**	**Required Star Rating**	**Commission Rate charged by ride-hailing company**
Platinum	395	85%	4.7	14%
Gold	345	80%	4.6	17%
Silver	265	78%	4.5	19%
Member	-	-	-	20%

Notes: Tiers are based on a driver's rides performance in the past month. The above-indicated targets are for a month with 31 days.
Source: One ride-hailing company's tier definitions for a given month, announced in advance (made available to actual and potential drivers), from website, anonymized.

The incentives for multi-homing are further blunted because in the top tiers a driver can gain additional bonuses from reaching the tier in form of insurance and other supplemental payments. These additional incentives lead to an even larger jump in expected payment,

especially when the Gold tier target is reached. The loyalty inducing incentive effect is therefore greatly strengthened sue to the conditioning of such bonuses on a target number of rides.

The minimum quality targets in the tier system appear less likely to have meaningful loyalty effects. One possible exception is the required completion rate. It clearly appears to be an effective tool for quality control, but it could theoretically reduce the incentive for multi-homing when the offered commissions of competing ride hailing companies differ. For example, absent the completion rate requirement, a driver has an incentive to drop an already accepted ride with the ride-hailing company to accept a more profitable ride with a competing platform. With the completion rate requirement, the driver will hesitate to do this, as it would lead to lower completion rates. However, we think this effect will be marginal relative to the size of the disincentive effects to multi-homing arising from the targets on the number of rides.[7] The criterion on customer evaluation does appear to be a pure quality indicator with no implication for multi-homing. Our focus is therefore on the loyalty inducing effect of effective total pay jumping when reaching a target level of rides.

2.B Rush Hour Incentive Appear to be Pure Quantity Discounting Schemes

Special incentive schemes can be found for rush hour periods. These appear to be targeted at incentivizing a marginal increase of a single ride over what drivers would do otherwise. This is a typical incentive at the margin of the last ride, which we would classify as a standard quantity discounting scheme for rush hour. Note that this is supplemental to surge pricing which has been considered in (Besbes et al., 2021; Chen et al., 2023). Such a scheme is replicable by

[7] All ride-hailing services, and their users, will equally have a legitimate interest to ensure that rides accepted by a driver (and for which messages are sent to customers saying they have a ride) are indeed completed.

an entrant in the way we discussed above. Incentives do not carry over into the next week, so that we do not believe that there are loyalty effects from this incentive program. A rush hour scheme may have features like giving drivers a cash bonus if they accept three rides in a row that are offered to them during rush hour.[8]

2.C Is the Tier System Necessary for Giving Incentives?

Incentives that induce more driving at the margin do not require loyalty discounts but can be given through quantity discounting on commissions.

It is less apparent that conditioning incentives on ride targets can be avoided for other tier benefits like insurance. It seems unreasonable to require uniform insurance benefits for drivers who drive full time and those who only drive part time. However, this problem can be overcome, by giving 100% of the benefit only to full time drivers (possibly defined by current tier cut-offs), but at the same time offer a schedule of partial support for a driver buying such insurance. This would turn the scheme into one that gradually increases the benefits and avoids the loyalty effect from jumping from zero contribution to insurance to 100% payment for insurance.

Loyalty discounting is, prima facie, not a necessary component of an effective incentive scheme. There are therefore no obvious countervailing efficiency arguments that would caution against classifying loyalty discounting schemes for ride-hailing as limiting multi-homing. They will always generate some disincentive to multi-home. In contrast, effective alternative incentive schemes are available and would leave ride-hailing companies with wide discretion over its specific incentive structure.

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[8] Unrecorded oral conversations with ride-hailing drivers in London.

3 Empirical Analysis

To understand the driver response to different contractual mechanisms for incentivizing drivers, we take advantage of an arguably exogenous shock to the Manila ride-hailing market, the merger of the two main ride-hailing companies in southeast Asia, Grab and Uber, in 2018. The surviving company was Grab. The merger was exogenous, from the perspective of Manila, because it was motivated by a broad regional strategy and not a city-specific strategy.

The existing drivers for Uber were given the opportunity to sign up with Grab by filing an application with Grab.[9] Many drivers who chose to remain in the ride-hailing business reportedly moved over to Grab as a result. According to public reports on the merger, the joint companies would have had a market share exceeding 90% after the merger in the Philippines. Similar shares existed in other countries in the region where they had both operated and then merged. The merger was investigated after its consummation by the Philippines Competition Commission. This investigation led to an ongoing public commitment by Grab to ensure that drivers would continue to be open to multi-homing, thus allowing the potential for competition to be preserved.(*Commission Decision 26-M-12/2018*, 2018)

To that authors' knowledge, after 2018 and up until 2022, when the survey was administered, no major competitor has successfully achieved a moderate to large market share.

The lack of success does not necessarily indicate any exclusionary conduct by Grab or its incentives. Rather, Grab may maintain a high share simply because of good service offerings combined with consumer preferences.[10] We are interested though to see how driver preferences

[9] This meant that drivers were not treated like employees and were not moved automatically as could have occurred with employment.
[10] Consumers know, for example, that Grab has the largest network of ride-hailing vehicles and can predict that, for many occasions, Grab will have the lowest response time of drivers.

would be affected by contractual conditions (incentive mechanisms) that are commonly put in place by ride-hailing and related companies. Incentive mechanisms for drivers are an essential tool for ride-hailing companies to ensure that customer demand is met, particularly at rush hour when customers often have difficulty getting a quick match with a driver. The tier incentive mechanisms that may yield a reduction in multi-homing but can simultaneously increase willingness of drivers to participate in the market and deliver more rides to the platform's customers.

For the purposes of analysis, the main types of incentive mechanisms considered are giving better commissions to drivers based on volume driven (and quality of ratings by customers), and offering insurance to drivers who are effectively full-time while offering much more limited insurance under the full-time level.

3.A Survey

The Philippines Competition Commission (PCC) implemented a survey of drivers supported with distribution of the survey link to Grab drivers.[11] This survey helps us to understand the reasoning of drivers working with Grab and further allows us to break out drivers who had driven for both Uber and Grab prior to the merger. This knowledge of drivers who were multi-homing adds a valuable feature to the survey.

The survey suggests that more than 30% of surveyed pre-April 2018 drivers currently with Grab were multi-homing. Note that as these figures are not contemporaneous with the merger, there may be some drivers who dropped out. However, we are not aware of an a priori reason to believe that drivers who multi-homed would have been more likely to drop out from driving than those who did not. Nor are we aware of any contemporaneous data that would

[11] We obtained from the PCC limited rights to release anonymised versions of this data.

have shown the extent of multi-homing. We believe that our estimated extent of pre-merger multi-homing may provide a reasonable estimate of the actual pre-merger rate.

Knowing that drivers were prior multi-homers means that these people have shown, by revealed preference, that under the right conditions, they are ready to consider multi-homing. That is, this group of drivers would not be expected to have an in-built preference to reject multi-homing, e.g., because of administrative complexity or inherent desire to work with only one company.

The survey was administered by PCC to existing Grab drivers from October 24 to 31, 2022. The survey text used questions that were written in Tagalog, the primary language of the Philippines, and provided over Microsoft Forms on a PCC server. The questions were presented in a sequential manner that facilitated completion on mobile devices.

Drivers were not required to participate and were able to cease participation at any point in the survey. They were aware that their answers could be used for better understanding incentive mechanisms for drivers and could ultimately be released publicly in a form that did not identify individuals. With 4,179 responses, corresponding to a response rate of 19.7%, this survey generated a large sample for analysis.[12]

3.B Results

The survey asks the number of reported rides by the respondents in the prior week. From this, we can calculate overall monthly ride levels, assuming a constant rate of driving over the month.

[12] Not all questions received valid or complete responses from each driver, so totals for responses to individual questions and cross-tabulated responses can vary.

Figures 3a-d for monthly rides by current tier (estimated)

Figure a. Member monthly rides (estimated)

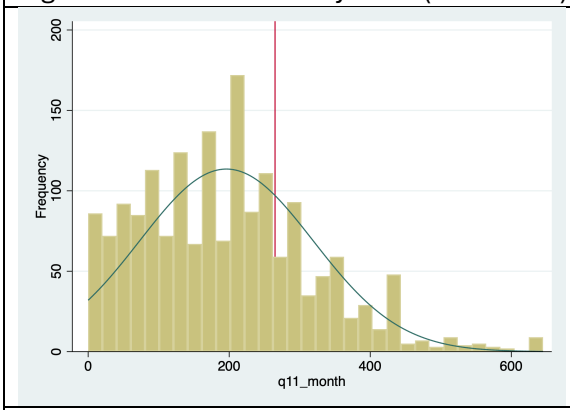


Figure b. Silver monthly rides (estimated)

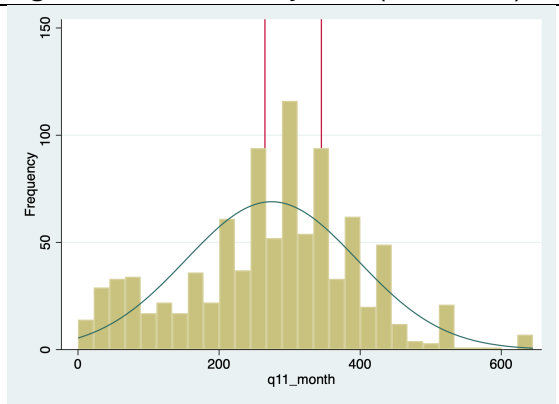


Figure c. Gold monthly rides (estimated)

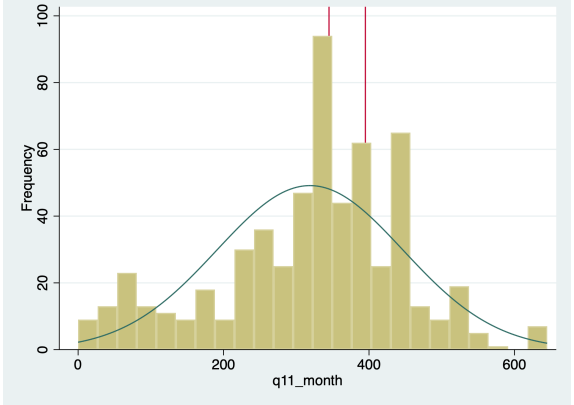
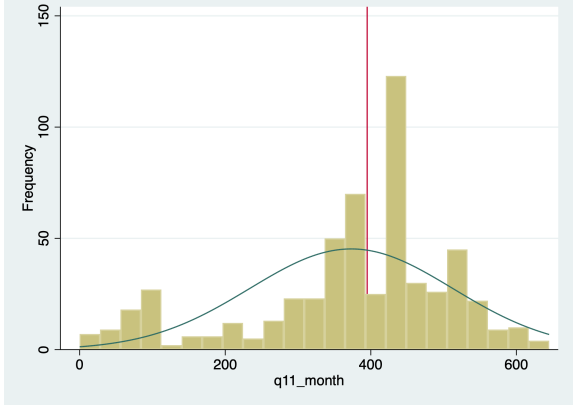


Figure d. Platinum monthly rides (estimated)



Source: Analysis of October 2022 PCC driver incentives survey.

Tiers are narrow and give strong incentives to maintain a top tier, especially for the top two tiers

Figures 3a-d show the frequencies of the number of monthly rides that survey subjects reported for the prior week. We have broken this down by the reported current tier level of the respondent. These figures are aggregated to monthly figures based on a multiplier of 4.3 to convert weekly rides into a monthly figure based 30 days of the month.[13]

The vertical red lines indicate the respective cut off points for a driver of a given tier, where the monthly performance drops or increases by one tier. The distributions indicate that

[13] Note that there may be a slight distortion due to days off, holidays, or weekends that do not distribute perfectly with respect to the month, given the month is not a 28-day month which would likely have symmetry. However, we do not consider this as a condition that would substantially affect our analysis.

there is significant variance of weekly ride numbers for drivers in a given tier level, which means that incentives at different tier levels can have a large impact. Secondly, relative to the distribution of driving, tier levels are fairly tightly spaced. This is most pronounced for the top tiers, which means that we would expect the incentive to avoid multi-homing to be particularly high for the top tiers.

Figure 3a shows that drivers with Member status can achieve the Silver tier only if they reach 265 rides per month.[14] Figure 3b for the Silver tier shows both the minimum level of 265 rides and top level of 345 beyond which a driver qualifies for the Gold tier. Note that the difference between the bottom cut-off and top cut-off is only 80 rides a month or about 3 rides per day over a 30-day period. This means that drivers in the middle between two tiers are no more than 1.5 daily rides away from another tier level. If material multi-homing requires 2 rides a day, this may create a strong disincentive for multi-homing. Figure 3c shows the tier boundaries for the gold tier with the minimum at 345 rides a month and the top level at 395. These bounds are even narrower with only 50 rides between them, which comes to about two rides per day over a 30-day period. This means that in terms of average rides per day, a typical Gold tier driver is less than one ride per day away from the closest tier boundary. Figure 3d shows the platinum tier as the top tier with a minimum of 425 rides per month, which comes to about 14 rides per day, which is a large number.

Note that before the survey was conducted the target level for rides for the Platinum level was 395 rides, though these figures change somewhat from month to month.[15] However, Figure 3c and 3d show considerable spikes at the boundaries to the Gold and Platinum ride level, consistent with drivers targeting these levels or needing to perform extra rides, in the last week of the month, to reach their level target. There is also a somewhat smaller spike at the precise

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[14] They also need to meet the reliability and quality criteria.

[15] The minimum requirements to reach a tier are released prior to the ride eligibility period beginning. Monthly changes may be due to factors such as different numbers of days in different months, leading to higher minimums for a tier in months with 31 days compared to 30, for example.

cut-off for the Platinum level. These findings for Silver, Gold and Platinum tiers are consistent with strong incentive effect from the tier cut-offs.

Within the survey we asked drivers whether they would consider multi-homing and, if so, what factors would affect that decision. The large majority of drivers state that they would not respond to opportunities to multi-home because they would be afraid of losing their tier status.

Table 2. Willingness to join another service by tier level, experienced drivers

Tier Breakdown					
	No due to driver's risk of falling a tier	No due to absence of additional rides	Yes because will get more rides, and maintain tier	Yes because extra rides would compensate if driver tier falls	Other
Platinum	55.4%	19.1%	11.5%	3.4%	10.6%
Gold	58.6%	18.9%	7.7%	4.1%	10.7%
Silver	55.1%	19.8%	8.9%	5.0%	11.3%
Member	48.5%	23.5%	8.1%	6.7%	13.3%
Totals	52.7%	21.2%	8.7%	5.4%	12.0%

In *percentages* of responses. Percentages may not sum to totals due to rounding.
Source: Analysis of October 2022 PCC driver incentives survey, question 16 broken down by existing self-reported tier of driver.

We confirm this conclusion based on the distribution of the weekly number of rides by tier relative to the cut-off rides for the tier with the survey answers of drivers about their willingness to multi-home. Our analysis of the survey responses implies that the disincentive to multi-home is material. Of those drivers who are not currently multihoming, 53.5% would not use another platform due to the risk of going down a KGR tier and 21.2%[16] would not accept rides with another service because it would be unlikely to increase the number of overall rides in a day. This means that overall, 74.7% of the drivers would not multi-home and about

16 Analysis of October 2022 PCC driver incentives survey.

5/7 of those, or half of all drivers, would not multi-home *due to the incentives given by the tier system*. [17]

Table 2 first presents the results for all *experienced* drivers.[18] It shows that 55.4% of Platinum tier drivers are not willing to join another service specifically because of the fear of losing tier status. This even goes up for Gold drivers, with 58.6% stating this as the primary reason not to join another service. This may reflect the narrow range between the tier cut-off levels for Gold drivers who either have to fear to drop one level or have the chance to increase one level. Alternatively, this could also be the result that insurance benefits are granted mostly from Gold level onwards. But even in the Silver tier 55.1% of drivers, almost the same proportion as in the Platinum tier, state the tier system as the primary reason for not wanting to multi-home. And even 48.5% of drivers in the Member tier state this as their main reason. Overall, these numbers indicate that there is no difference between experienced and inexperienced drivers. This, in itself, is remarkable because this group contains a considerable number of drivers who multi-homed before the merger.

Drivers who used to multi-home between Uber and Grab before the merger are included in those who are reluctant to multi-home due to possibility of losing their tier status, despite them being slightly more willing to do multi-homing.

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[17] Question 16 is: Suppose you could add a second service to Grab. The second service would offer you rides at the same commission and fare as you currently have with Grab. Because it is a smaller service, it would offer you about a third of the rides as Grab during the day. Would you take it in addition to Grab.? Choose only one.

- no_1: No, I would do less Grab rides and thus risk going down one Ka-Grab Rewards tier.
- no_2: No, because this second service would not really add to the total number of rides I could get in the day.
- yes_1: Yes, because on average I will be completing more rides and maintain my Ka-Grab Rewards tier
- yes_2: Yes, because the number of ride opportunities added will compensate me even if I fell into a lower Ka-Grab rewards tier.

[18] Experienced drivers are defined as those who started ride-hailing driving before April 2018, and thus active at the time of the Grab-Uber merger.

Another piece of evidence that the Grab incentive system strongly disincentivizes multi-homing is generated by comparing the current willingness to multi-home of drivers who were multi-homers with Uber before the merger and those who were driving for Uber or Grab before the merger and did not multi-home. These drivers are of particular interest because their prior actions show they had not no behavioral rationale for not multi-homing but were in fact previously inclined to do so.

The implication of the responses to this question the prior multi-homers is that low willingness to multi-home is not simply a result of driver preferences but primarily is driven by incentives. Table 3 breaks down the answers by multi-homing status before the merger. Table 3 suggests that former multi-homing drivers give more consideration to joining other networks with less worry about tier levels, consistent with some innate differences in preference between drivers. However even in this sub-group of drivers, 45.4% of respondents state that they would not multi-home due to the concern that they may lower their Tier status at Grab. This is a remarkably large percentage considering that these drivers were *all* multi-homing between Grab and Uber before the merger.

Table 3. Willingness to join another service by pre-merger category of driver

Pre-merger driver status					
	No due to driver's risk of falling a tier	No due to absence of additional rides	Yes because will get more rides, and maintain tier	Yes because extra rides would compensate if driver tier falls	Other
Driving for both Grab and Uber	45.4%	22.1%	14.1%	8.6%	9.8%
Grab only	53.6%	21.2%	7.3%	4.0%	14.0%
Uber only	51.4%	21.2%	6.3%	7.9%	13.3%
Total	50.5%	21.5%	9.3%	6.2%	12.5%

In *percentages* of responses. Percentages may not sum to totals due to rounding.
Source: Analysis of October 2022 PCC driver incentives survey, question 16 broken down for drivers who joined a ride-hailing service before Grab-Uber merger from question 7.

Conclusion

This paper suggests and illustrates a method to examine performance incentives for platform service providers. Such an approach is particularly appropriate for services provided by individual specialists (e.g., drivers) to other individuals (e.g., riders). The approach is adaptable to other activities outside ride-hailing, and consequently may be viewed as having broad value for examining platform applications.

In the specific findings reported above, to the extent that some markets have two major ride-hailing companies, and others only one, the incentive-based limitation on multi-homing may be more serious for competitive effects in a market where there is one dominant firm providing ride-hailing services. This is because, due to hysteresis, both large firms may already have a sufficient number of drivers such that their success does not depend on driver multi-homing.

Principles that could counteract such a presumption would be a demonstration that the legitimate incentive effect could not be obtained without cumulation and that the disincentive to multi-homing would be small relative to this legitimate objective.

Future work could usefully examine why those drivers who previously were open to multi-homing now reject it. One possible explanation would be to examine hysteresis effects from having joined a particular network in a growing market. Another could be a driver's decision to work for a competing ride hailing company, when already working with one that has a large share, depends not only on incentives but also on the expected frequency of rides as a result of the feedback between network densities of users' and drivers' willingness to commit to multi-homing. Small levels of substitution in rides from a driver's main company to another from multi-homing can thus have substantial impacts on the likelihood of a driver reaching the most desired and feasible tier, without a compensating gain in increased revenue. Thus driving for ride hailing companies with few users may inherently be unattractive, as suggested in (Jopson et al., 2025) compared to driving for a company that has large base of users, unless payment levels for drivers are higher than on the main network.

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