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Ministry of Transport and Communications
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VN/6164/2023

Bolt response to consultation statement: VN/6164/2023

Bolt appreciates the possibility to comment on the memorandum VN/6164/2023 from Ministry of Transport and Communications, and in addition to the submission made by the Nordic Micromobility Association (NMA), Bolt would like to add its view specifically on the procedure for awarding operators a right to operate e-scooters in a given city.

In order to truly capitalise the benefits of micromobility, both in terms of sustainable and green transition of cities as well as consumer benefits, the market needs to be driven by healthy competition. Competition will create incentives for technical innovation and also, mitigate excessive pricing and consumer conditions. If the city sees the need to intervene, then any such proportionate measure should be tailored to leave as much room as possible for competition.

In most cases of regulatory intervention in micromobility, cities have to choose between limiting the number of e-scooters or limiting the number of operators. Bolt strongly suggests that cities at first hand focus on limiting the number of e-scooters.

Low caps on the number of scooters can in some cases create challenging commercial possibilities for participating operators. However, at the same time, this creates very strong incentives to run operations in the most efficient and technologically advanced manner. Any regulation or regulatory intervention which does not encourage such behaviour is misguided and would foster inefficiency, leading to long-term disadvantage to both the consumers and the city.

The profitability of companies in a competitive market should not be a concern for regulators - it is a primary responsibility of the companies themselves. And a regulator for this reason seeking to allow for bigger fleets and fewer operators, is not the right solution. The fact of the matter is that a large fleet size and few competitors is not the path to commercial success. On the contrary, Bolt data shows that our fleets, often sized more purposefully than of other operators, are also utilised more extensively than our competitors.

Inaccurate concerns have also been raised that a challenging commercial setting is creating destructive competition. Experience from other cities shows that healthy competition is not only a matter of affordable prices to consumers. Equally, competition is fierce when it comes to developing safety, accessibility and good parking structures. Operators can not take any shortcuts in these fields, and shortcuts will be punished in competitive markets by both the consumers and city inhabitants.



Bolt therefore supports a solution where legislation allows cities to set a suitable cap of vehicles, and then, within a given set of criterias, and for those operators who meet these criterias, award the interested parties an equal share of the total cap (i.e. 'Stockholm' model).

If however a regulation is considered which would allow cities to limit the number of operators, any such regulation would need to clarify how many operators are needed in order to secure competition. Such clarification needs to take into account the basic understanding that one operator will create a monopoly, two will constitute a duopoly and numerous accounts of cities with three operators are showing strong signs of unhealthy and insufficient competition.

Utilisation data from cities with only three tendered operators (e.g. Paris and London) have shown a lower adaptation and utilisation of micromobility services than in cities with more operators. Furthermore, data from these cities shows clearly stagnated price competition.

Such reduced competition also takes away the impetus for companies to innovate for niche markets with unique needs, such as serving physically disabled individuals or the elderly who may not be able to use traditional e-scooters.¹

A final very strong argument against limiting the number of operators to only three is the present situation of the market. The economic conditions and fundraising climate have drastically changed and the overall industry is expecting a wave of consolidation over the next 12 - 24 months period. If a city would consider three operators being sufficient to sustain competition, and if during the licensing period either one of these three operators either leaves the market, get acquired or else, limits its operation, a city might very well and very quickly find them themselves in a duopoly market, with the evident negative consequences for its citizens, both in terms of undersupply and pricing. This risk is easily mitigated by allowing more than three operators to operate in the market.

Therefore, and in spite of these arguments, if legislation allows cities to limit the number of operators to three or less, any regulation allowing this needs to clearly obligate a city to convincingly motivate why such a measure would not affect competition negatively, also over an foreseeable future.

Bolt is of course at your disposal if there are any further questions or if Bolt in any other way can assist in the continued discussion.

Best regards

Ilja Tauber
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A black ink signature of Ilja Tauber's name, appearing to read "Ilja Tauber".

David Mothander
Director Public Policy

A blue ink signature of David Mothander's name, appearing to read "David Mothander".

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<https://reason.org/commentary/as-cities-seek-to-regulate-scooters-they-should-avoid-picking-winners-and-losers/>