

Why Uber's €14bn 'Super App' Dream Could Backfire

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Contents

1. Reading Passage
2. Explanation
3. Key Terms Glossary
4. Reading Comprehension Quiz (10 questions)
5. Answer Key with Explanations

Note: the original article is provided as a separate file (attached to the email or downloadable from the website).

1. Reading Passage

It isn't hard to see why Uber wants to be the single app for everything. Piling rides, food, hotels, shopping and finance onto one platform – a 'super app', in industry jargon – offers a giant cross-selling opportunity and a rich seam of customer behavioural data. That, broadly, is the vision CEO Dara Khosrowshahi keeps describing. But the route he is now reportedly exploring – buying Delivery Hero, the €14bn German food-delivery group behind brands like Glovo and Foodora – looks like a complicated and expensive way to get there.

Start with the price tag. Delivery Hero biked almost €50bn worth of meals last year across roughly 65 countries, making it one of the last sizeable independent assets in a sector that has been rapidly consolidating – Deliveroo was acquired by DoorDash, Just Eat Takeaway by Prosus. Bid speculation has pushed Delivery Hero's shares to roughly double over the past month. That makes it hard for Uber to get anything like value for money. Delivery Hero's taxed operating profit this year – a rough proxy for the cash it might generate after reinvestment – is only about 2.4% of its enterprise value. To earn a reasonable 10% return, Uber would need to believe it could roughly quadruple Delivery Hero's operating profit to €2bn.

In fairness, there are ways Uber could juice those numbers up. One is simply to wait: Delivery Hero is growing and is forecast to reach €1bn of operating profit by 2028 on consensus analyst numbers. Another is to slash a chunk of the target's general and administrative expenses – personnel costs alone (excluding delivery staff) ran around \$2.2bn last year

2. Explanation

Uber wants to be the single app for everything in your life. But buying Europe's biggest food-delivery company to get there might prove that ambition is actually a weakness.

What's Going On?

Uber is circling Delivery Hero, the €14 billion Berlin-based food delivery giant behind brands like Glovo and Foodora. CEO Dara Khosrowshahi's pitch: build a 'super app' that bundles rides, food, hotels, shopping and finance into one platform – like China's WeChat. Delivery Hero would deliver scale (it biked nearly €50bn worth of meals last year across roughly 65 countries) plus a goldmine of customer behavioural data.

The problem? Delivery Hero's shares have already roughly doubled in the past month on bid speculation, and it's one of the last big independent players in a sector being rapidly consolidated – DoorDash bought Deliveroo, Prosus bought Just Eat Takeaway. Uber would be buying at the top.

How To Think About It

This isn't really about food. It's about whether bolting on more businesses makes a tech platform stronger – or just bigger and more fragile.

- Think of a Swiss Army knife versus a chef's knife. The Swiss Army knife does many things mediocly; the chef's knife does one thing brilliantly. Uber is betting that customers want the Swiss Army knife, but a Tesla owner doesn't pick the car because it also makes toast.
- Or think of a shopping mall in the 1990s versus today. Stacking everything under one roof worked when foot traffic was scarce and discovery was hard. In a smartphone world where every app is one tap away, the 'all-in-one' premium shrinks – and the cost of running every department remains very real.

Key Things To Know

- Delivery Hero's enterprise value sits around €14bn, but its taxed operating profit this year is only about 2.4% of that – meaning Uber would be paying a steep price for thin earnings.
- To earn a respectable 10% return, Uber would need to roughly quadruple Delivery Hero's operating profit to €2bn – a heroic assumption.
- The supposed magic is 'super app economics': customers who come for the rides stay for the fries, cross-selling between services to lower customer-acquisition costs.
- According to Reuters and CNBC reporting in May 2026, Uber has actually moved: it floated €33 per share (valuing Delivery Hero above €10bn), already owns about 19.5% of the company, and is weighing raising the bid after shareholders pushed for above €40.
- What most people miss: Uber's biggest long-term threat is self-driving cars, which could outcompete its human drivers. Spending billions on side businesses now could look like running away from that fight, not preparing for it.

Why It Matters

Every app on your phone is fighting for the same thing – to be the one you open first, the default. The 'super app' war will shape what ordering food, hailing a ride, or paying a friend looks like by the time you're in college. It also previews a bigger question you'll face in any career: when a company stops growing its core business, is the right move to expand sideways into adjacent ones, or to double down on what made it dominant?

The Bigger Picture

Super apps thrived in places like China and Southeast Asia partly because Western-style app stores and credit cards never fully took over there. Replicating that model in Europe and the US is unproven – and the historical graveyard of conglomerates (think 1970s GE-style empires) suggests bundling unrelated businesses often destroys more value than it creates. Watch for whether Uber raises its bid, how antitrust regulators in Brussels react, and whether autonomous-vehicle progress at Waymo or Tesla makes Uber's whole ride-hailing moat look shakier.

3. Key Terms Glossary

Super app

A single mobile app that bundles many unrelated services – payments, rides, food, shopping, banking – so users rarely need to leave it. WeChat in China is the model.

Enterprise value

The total price tag of a company if you bought all its stock and took on its debt. A more complete valuation measure than just market capitalisation.

Operating profit

What's left from revenue after paying the costs of actually running the business (wages, rent, supplies), but before interest and tax. A measure of core profitability.

Free cash flow

The cash a business generates after paying its operating bills and investing in equipment. It's what owners can actually pocket or reinvest.

Consolidation

When an industry shrinks from many competing firms to a few large ones, usually via mergers and acquisitions. Often happens in maturing sectors.

Antitrust approval

Permission from competition regulators (like the EU Commission) for a merger to proceed, granted only if the deal doesn't unfairly reduce competition.

Cross-selling

Persuading a customer who bought one product to also buy another from the same company – e.g. an Uber rider also ordering Uber Eats.

General and administrative expenses (G&A)

Overhead costs not tied to making a specific product – things like HQ salaries, legal fees and corporate IT. A common target for cost-cutting after a takeover.

4. Reading Comprehension Quiz

Circle the best answer for each question.

- Q1.** The passage most directly argues that Uber's potential acquisition of Delivery Hero would be:
- A) A guaranteed path to dominating European food delivery markets
 - B) An expensive and risky way to chase a vague strategic vision
 - C) The natural conclusion of years of careful planning by Khosrowshahi
 - D) A defensive move forced on Uber by aggressive moves from DoorDash
- Q2.** According to the passage, why is Delivery Hero hard for Uber to buy at a reasonable price?
- A) Its operating profit has collapsed in European markets
 - B) Its share price has roughly doubled amid bid speculation
 - C) Its largest shareholder has publicly opposed any sale
 - D) German regulators have signaled they will block the deal
- Q3.** Which choice best states the central idea of the passage?
- A) Food delivery has become unprofitable and should be abandoned
 - B) Khosrowshahi has lost control of Uber's strategic direction
 - C) Pursuing a super-app strategy via this deal may signal weakness, not strength
 - D) Self-driving cars will inevitably destroy Uber's ride-hailing business
- Q4.** As used in the passage, 'juice' most nearly means:
- A) Squeeze out completely
 - B) Improve or boost
 - C) Refresh or replenish
 - D) Drain entirely
- Q5.** As used in the passage, 'quarry' most nearly means:
- A) A pit where stone is extracted
 - B) An object of pursuit
 - C) A puzzle or problem
 - D) A territorial claim
- Q6.** Which inference about super-app strategy can most reasonably be drawn from the passage?
- A) Its benefits depend on combined growth that the author finds uncertain
 - B) It has already failed everywhere it has been attempted globally
 - C) It works only when customers use rides more often than delivery
 - D) It is illegal in most European Union member states
- Q7.** The passage suggests that Uber's heavy investment in non-ride-hailing businesses could be interpreted as:
- A) Confidence that autonomous vehicles will fail commercially
 - B) A retreat from a core business threatened by self-driving cars
 - C) Evidence that Khosrowshahi plans to step down soon
 - D) A direct response to regulatory pressure in the United States

Q8. The author's overall tone toward the proposed deal is best described as:

- A) Skeptical but measured
- B) Enthusiastic and admiring
- C) Outraged and dismissive
- D) Neutral and purely descriptive

Q9. Based on the passage, which scenario would make the Delivery Hero acquisition most economically defensible for Uber?

- A) If Delivery Hero's operating profit grew toward €2bn while costs were cut
- B) If Delivery Hero exited all European loss-making markets immediately
- C) If DoorDash withdrew from food delivery in the Middle East
- D) If the EU blocked any rival super-app from forming

Q10. Which line from the passage best supports the answer to the previous question?

- A) 'Delivery Hero is loss-making in Europe and Uber already operates in many countries.'
- B) 'Uber would need to believe it could roughly quadruple Delivery Hero's operating profit to €2bn.'
- C) 'Customers who come for the rides stay for the fries.'
- D) 'Delivery Hero is growing and is forecast to reach €1bn of operating profit by 2028.'

My Score: _____ / 10

5. Answer Key with Explanations

Q1. The passage most directly argues that Uber's potential acquisition of Delivery Hero would be:

Answer: B

The passage repeatedly stresses that the deal would be 'complicated and expensive', that Delivery Hero's shares have already doubled, and that the whole endeavour 'looks astonishingly laborious'. A is too absolute and contradicts the sceptical tone. SAT Tip: When a question asks what the passage 'most directly argues', look for the option whose mood matches the author's adjectives – sceptical authors don't produce optimistic theses.

Q2. According to the passage, why is Delivery Hero hard for Uber to buy at a reasonable price?

Answer: B

The passage states Delivery Hero's shares have 'roughly doubled the past month' because it is one of the last sizeable assets in a consolidating sector. C and D are real-world plausible but never mentioned. SAT Tip: 'According to the passage' questions reward you for ignoring outside knowledge – pick only what the text literally says.

Q3. Which choice best states the central idea of the passage?

Answer: C

The closing argument explicitly states that being willing to spend heavily on less-exposed activities 'might be a sign of weakness rather than strength.' D overstates a point the passage raises only as one threat; it's Trap C – true-sounding but not the central idea. SAT Tip: The central idea usually appears near the end of an opinion piece, restated as a thesis.

Q4. As used in the passage, 'juice' most nearly means:

Answer: B

The passage says Uber 'could juice those numbers up' by waiting for profit growth or cutting costs – clearly meaning boost or enhance. A and D are literal/common meanings of 'juice' that don't fit the financial context; that's Trap A (common-meaning trap). SAT Tip: On vocab-in-context, substitute each option into the sentence; only the one that preserves the original sense is correct.

Q5. As used in the passage, 'quarry' most nearly means:

Answer: B

'Pursue its quarry' refers to Uber hunting Delivery Hero as a target. A is the literal mining meaning – Trap A, the common-meaning trap. SAT Tip: When a word has both a literal and figurative meaning, SAT vocab questions almost always test the figurative one.

Q6. Which inference about super-app strategy can most reasonably be drawn from the passage?

Answer: A

The author says super-app economics 'in theory, kick in' if combined growth accelerates – the hedging signals doubt. B is too absolute; D is unsupported. SAT Tip: On inference questions, choose the cautiously worded option over the sweeping one – SAT answers almost never use 'always', 'never', or 'everywhere'.

Q7. The passage suggests that Uber's heavy investment in non-ride-hailing businesses could be interpreted as:

Answer: B

The final lines argue that spending on 'less-exposed activities' might be a 'sign of weakness' because self-driving cars threaten the ride-hailing core. A is the opposite direction – Trap A (right scope, wrong direction). SAT Tip:

Cause-and-effect questions love opposite-direction distractors; if the passage says X causes weakness, the wrong answer often says X shows strength.

Q8. The author's overall tone toward the proposed deal is best described as:

Answer: A

Phrases like 'astonishingly laborious', 'hard for Uber to get anything like value for money' and 'might be a sign of weakness' show clear doubt – but the author also concedes Uber 'could juice those numbers up', so the criticism is reasoned, not furious. C overshoots; that's the trap. SAT Tip: Tone is rarely extreme on the SAT – 'measured', 'cautious', and 'qualified' beat 'outraged' or 'gushing' almost every time.

Q9. Based on the passage, which scenario would make the Delivery Hero acquisition most economically defensible for Uber?

Answer: A

The passage explicitly states Uber would need to 'roughly quadruple Delivery Hero's operating profit to €2bn' for a reasonable 10% return, and mentions cutting G&A costs as a lever. SAT Tip: When a question asks what would 'most defensibly' justify a position, scan for any quantitative target the passage names – that's usually the answer.

Q10. Which line from the passage best supports the answer to the previous question?

Answer: B

B directly states the financial bar Uber must clear, matching the previous answer. D is tempting but only describes existing growth, not the higher target needed; that's Trap B (passage vocabulary, wrong combination). SAT Tip: On evidence-pairing questions, identify the exact sentence supporting your previous answer FIRST, then find the option that quotes that sentence.