

# BUSINESS MODEL CANVAS

- Lyft, headquartered in San Francisco operates in USA and Canada. It serves 30M+ riders and has more than 2M drivers. Lyft's market share in the USA is 35% and total company valuation is \$20B+.
- The main idea behind Lyft is "Finding Friends with Cars". The company facilitates ride sharing in a friendly way for both riders and drivers on scheduled and real time basis.
- As soon as a rider sends a request on the app or website, Lyft matches them with the nearest drivers displaying ETA and driver details on the App. Payments are taken care of on the app itself.
- Lyft takes a commission of 20%-30% (on the basis of cost per hour, and cost per km, timing and base fair) on each ride and remaining share goes to the driver. From that 20% fare, the city takes a sales tax of 8.875 % and the Black Car Fund takes a fee of 2.5 %.
- Lyft offers the 9 types of taxi services ([link](#)) from most affordable to luxury bookings available.
- The company uses a surge pricing model during high demand/busy hours for extra revenue.
- Lyft also provides car rental opportunities to drivers by partnering with third party car rental companies. 'Express Drive Program' facilitates the transaction between driver and the rental company and keeps a cut.
- In 2019, Lyft added self-driving section to its platform to provide scooters, bikes, public transport, rental and an autonomous commute facility to riders.
- For competitors to enter ride sharing market, there is very low entry barrier. All it needs is a better app, and handsome cuts to drivers to breakthrough in this industry. In essence, Lyft's business model possesses a threat of new entry at every stage.
- Lyft's "operations and support," "research and development," "sales and marketing," and "general and administrative" costs were larger than its gross profit in 2018.
- Lyft has partnered with Airbnb, University of Southern California, Ascension, Blue Cross Blue Shield, SAP Concur, Delta, Logistic Care, Salesforce, Slack, etc. In essence, medical aids, insurance companies, database providers, communication channels, etc.

# Value Proposition Canvas

- Lyft offers special discounts and free rides to users on specific occasions
- The tag line highlights friendship more than taxi services which makes it more comfortable for both users and drivers.
- Lyft prices are way less than ordinary taxi fares
- Once the ride is confirmed, drivers get the most optimized route to pick up the rider and reach the destination
- Riders are free to work on their preferred timings.
- Lyft provides high demand and surge timings to drivers and provides a bonus on the basis of ride streak, etc.
- Drivers, if tipped extra don't have to give a cut from that to Lyft.
- Both the rider and driver end up making new friends and have an option to rate and review each other at the end of trip.
- For some drivers, it is an extra pay and a way to make new friends while for others it is a comfortable and friendly employment opportunity.
- Lyft provides referral rewards to both riders and drivers.
- Lyft also provides automotive insurance to its drivers.
- Lyft's Driver Services composes of 'Lyft Direct Debit Card' (no bank account fee, instant money transfer after the ride, and cashbacks on groceries, gas, etc.), 'Drive Centers' (for cheap repair and maintenance), 'Mobile Services' (for on demand repair services), 'Skills certification', and more benefits for drivers.

# BUSINESS MODEL CANVAS (For India)

<p><b>Key Partners</b></p> <ul style="list-style-type: none"> <li>• Internal communication channel like slack</li> <li>• Service providers like Salesforce</li> <li>• Payment partners like Paytm, Google Pay</li> <li>• Investors</li> <li>• Drivers</li> <li>• Insurance Companies</li> </ul>	<p><b>Key Activities</b></p> <ul style="list-style-type: none"> <li>• App and website development</li> <li>• Managing customer and driver user bases</li> <li>• Marketing and promotion</li> <li>• Managing drivers and customer safety</li> </ul>	<p><b>Value Propositions</b></p> <p><b>Riders</b></p> <ul style="list-style-type: none"> <li>• Cheaper fares than ordinary taxi services</li> <li>• Opportunity to make friends and network with drivers, co passengers</li> <li>• On demand or scheduled taxi bookings, GPS tracking</li> <li>• No hassle of parking</li> <li>• Referral bonus, first free ride scheme</li> </ul> <p><b>Drivers</b></p> <ul style="list-style-type: none"> <li>• Opportunity to network, make friends and work in a friendly environment which isn't common in India</li> <li>• Flexible working hours</li> <li>• Source of income</li> <li>• Insurance schemes</li> </ul>	<p><b>Customer Relationships</b></p> <ul style="list-style-type: none"> <li>• Providing customer support</li> <li>• Review and rate options</li> <li>• Ad campaigns on social media</li> <li>• Sharing driver and customer experience videos</li> </ul>	<p><b>Customer Segments</b></p> <p><b>Users</b></p> <ul style="list-style-type: none"> <li>• Riders who don't know how to drive or don't have a car. Majorly in metro cities, aged between 21-50</li> <li>• People looking for cost efficient commute</li> <li>• People looking for friends while driving</li> <li>• Travellers and tourists</li> </ul> <p><b>Drivers</b></p> <ul style="list-style-type: none"> <li>• Drivers looking for employment and want friendly environment</li> <li>• People looking for extra income and own a car</li> </ul>
<p><b>Key Resources</b></p> <p>The people, knowledge, means, and money you need to run your business.</p> <ul style="list-style-type: none"> <li>• Drivers</li> <li>• Technology platform and services</li> <li>• Regulatory compliance and state transport authority support</li> </ul>		<p><b>Channels</b></p> <ul style="list-style-type: none"> <li>• Mobile Application</li> <li>• Website (Both IOS and Android)</li> </ul>		
<p><b>Cost Structure</b></p> <ul style="list-style-type: none"> <li>• Driver and permanent staff salaries</li> <li>• Resources for research and technical development of app and website</li> <li>• Insurance costs</li> <li>• Operations and customer support staff and infrastructure</li> <li>• Marketing and publicity campaigns cost</li> </ul>			<p><b>Revenue Streams</b></p> <ul style="list-style-type: none"> <li>• Cost per ride on the basis of per km, time and base fare</li> <li>• Promotional offers like 'Ditch your car' challenge</li> <li>• Price surge by generating heat maps</li> <li>• Lyft's multimodal strategy through scooter and bike services in India</li> </ul>	

# Value Proposition Canvas

## Value Proposition

## Customer Profile

### Products & Services

1. Book shared ride in advance
2. On demand ride
3. Rate and review experience
4. Cheaper service for regular customers



### Gain Creators

1. Experience of luxury car rides for everyone
2. Escape surge pricing by pre-booking
3. Friendly, private or jolly environment
4. Cheaper
5. Sleep during ride



### Pain Relievers

1. Away from intoxicated driving experience
2. Drivers have flexible working hours, so they aren't sleep deprived
3. Pre-booking facility to escape surge pricing
4. No frustration with other riders as it is a choice
5. Save money and also being planned



### Customer Gains

1. On demand booking
2. Comfortable, reliable than public commute
3. Discounts for regular customers
4. No worry of parking
5. Friendly and productive environment
6. Pre-booking facility to avoid price surge



### Customer Pains

1. Arrival time delayed than app
2. Slow GPS tracking
3. Safety issues in India
4. Surge pricing
5. Difficulty in finding pick up point
6. Extra charges on changing destination

### Customer Jobs

1. Local commute
2. Outstation commute
3. Friendly/ non boring ride
4. Economical ride
5. Luxury ride
6. Find a parking spot
7. Pre book
8. Anxiety free travel, location tracking

# References

## References:-

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4. <https://www.theverge.com/2018/9/26/17900970/lyft-ditch-car-challenge-cities-new-york-san-francisco-boston-washington>
5. [https://www.lyftbusiness.com/?utm\\_medium=web&utm\\_source=headernav](https://www.lyftbusiness.com/?utm_medium=web&utm_source=headernav)
6. <https://help.lyft.com/hc/en-us/articles/115013080008-How-and-when-driver-pay-is-calculated>
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