

# BUSINESS MODEL CANVAS FOR Lyft

## What is Lyft?

- Lyft is an on-demand transportation service platform that lets people hire a cab with the help of a tap on their smartphone. The business model of Lyft is something similar to that of Uber and that's why Lyft is often termed as an alternative to Uber.
- Lyft matches drivers with passengers who request rides through their smartphone app. Passengers pay through the app.

## Lyft – Company Snapshot

- **Founders:** John Zimmer, Matt Van Horn, Logan Green & Marcus Cohn.
- **Company Headquarters:** San Francisco, California, USA.
- **Founded:** As Zimride in 2007 and became Lyft in year 2012.
- **Lyft Valuation:** \$21 Billion. Source [WSJ](#)
- **Lyft Funding:** \$2.01 Billion (Till April 2016).
- **Lyft Revenue:** [\\$3.6 billion in 2019](#) versus \$2.2 billion in fiscal year 2018, an increase of 68 percent year-over-year
- **Number of Rides** = 619.4m ( Source : [Statista](#) )
- **Number of Lyft Drivers** = 100,000 (As of March 2015).
- **Logo / Mark:** Pink Colored Moustache on front grill of car.
- **Net loss:** \$2.6 billion for 2019 versus a **net** loss of \$0.9 billion in fiscal year 2018
- See more in the [dashboard](#).

## Why Lyft?

- Brand Positioning – Friendly, Fun, Peer to Peer, Lively, Casual but memorable ride sharing service.
- “Simplicity is the whole reason Lyft exists in the first place”. Source : [Lyft brand guidelines](#)

## How Lyft differs from Uber

- Lyft has a tag line - “Find a new friend every day”. Message to customer is “Your friend with a car”.
- Uber tells users that they have a personal driver.
- Lyft passengers almost always sit on the front seat. ( Source : [entrepreneur.com](#) )
- Uber passengers sit on the back seat.

- Lyft allows tips through the platform and let drivers keep all the tip.
- Uber does not allow tips through the platform.
- Lyft is present only in the USA.
- Uber is present in 67 countries in the world.
- Uber on the other hand is the wall mart of transportation ( Source : [entrepreneur.com](https://www.entrepreneur.com) )

#### How lyft works for Drivers:

- Step 1: Open your Lyft Driver app, search and select your destination.
  - Lyft will now find the closest passenger to your location requesting a ride.
- Step 2: Accept the ride request.
- Step 3: Pick up your passenger
- Step 4: Once the ride ends, the app processes payment from passenger's saved credit card.
- Step 5: Rider and Driver rate each other after the ride

#### How lyft works for Riders:

- Step 1: Open your Lyft rider app, search and select the destination you wish to go to.
- Step 2: Select the mode of transport. Lyft will show all the vehicles near you.
- Step 3: Select when you wish to go.
- Step 4: Once the ride ends, the app processes payment from passenger's saved credit card.
- Step 5: Rider and Driver rate each other after the ride

#### Lyft vehicle options:

- Bikes & Scooters - Unlock a bike or scooter and pay right through your app. The app shows how to ride, where to park.
- Share a Car - Pay less for a shared ride. (LYFT, SHARED, SHUTTLE).
- Wait & Save - Avail cheaper prices during non peak hours.
- Lyft - You'll get a standard car with four seats all to yourself, and all the trunk space you need for your groceries or your luggage.
- Lyft Rentals - You can rent a car for road trips, errands, and weekend escapes — right from the Lyft app. (LYFT XL, SELF DRIVING)
- Lyft Lux - A premium experience with a top driver (and extra legroom) for business, pleasure and Premium cars. (LUX, LUX BLACK, LUX BLACK)

#### Customer Segmentation

1. **Travelers who prefer public transport** – Solo travellers who chose ferry, bus, train and need schedules for them plus those who need quickest route to reach destination.
2. **Travelers who prefer scooters & bicycles** – Solo travellers needing low cost mode of transportation. Scooters go up to 15 mph and cycles need to be peddled. Health, environment or cost conscious users.
3. **Travellers who prefer sharing a car** – Solo travellers seeking safer option than scooters & bikes and the convenience of car.

4. **Travellers who need to book a car within city** – Those who travel with family within city or those who require additional space to travel to airport.
5. **Travellers who book a car for a weekend gateway** – Those who don't want a driver a bigger care or another car to enjoy weekend gateways with guests, extended family or friends.
6. **Travellers who prefer premium cars** - Those who need high end sedans or limousines.

### Revenue Streams

Lyft is basically a cab aggregator that matches people who want a ride with drivers who have a car. Each transaction happening on Lyft's technology based model is divided between the driver and the company. The main revenue models of Lyft include:

- **Lyft car ride** - Lyft takes a 20% cut from the total amount paid by a passenger and the rest 80% cut goes to the driver.
- **Heat Maps (Surge Pricing)**: Just like Uber's surge pricing, Lyft also has heat maps that define an area where the demand is more. In case of high demand in a particular area, more price is charged by the cab company. This adds up to the revenue model of Lyft. The heat maps are location specific as well as time specific.
- **Lyft Plus (More seater vehicles)**: To give its customers another option apart from the normal 5-seater cabs, Lyft has got "Lyft Plus" which are basically a 7-seater vehicles. The charges for Lyft Plus are higher as compared to normal Lyft. Over here again, Lyft earns net 20% of each ride.
- **Lyft Line (Discounted Rides)**: Promoting car share among people and to give an option to those who do not wish to hire an independent cab, Lyft initiated "Lyft Line". As the name suggests, it enables a user to ride along with others on a pre-specified route. It can be thought of as an alternative to public transport but with the service of Lyft.

# Value Proposition Canvas

Lyft offers excellent value proposition for both its front end stakeholders – Riders and Drivers.

- **For Drivers**

- a) Provides a reliable alternate source of income
- b) Flexible working hours. Work as long as you wish.
- c) Helps drivers find customers
- d) Provides tools to drivers to navigate easily to destination.
- e) Provides additional car and accident insurance.
- f) Drivers keep 100% of the tips.
- g) Cheaper maintenance for their cars at designated locations.
- h) Mobile service vans to assist during car breakdown.
- i) Drivers are treated as friends.
- j) “Whether you’re trying to offset costs of your car, cover this month’s bills, or fund your dreams, Lyft will get you there”.
- k) Easy payments. Lyft pays 20% of the total ride cost to drivers immediately after the drive.

- **For Riders**

- a) Prices are often cheaper than regular taxis
- b) Customers feel that they are riding with a friend instead of a driver.
- c) Avail discounted price at non peak hours.
- d) Cashless payment.
- e) Book the nearest car instead of booking a taxi

# BUSINESS MODEL CANVAS

<b>Key Partners</b> <ul style="list-style-type: none"> <li>• Drivers with their cars</li> <li>• Payment processors</li> <li>• MAP API providers</li> <li>• Insurance Companies</li> <li>• Investors</li> </ul>	<b>Key Activities</b> <ul style="list-style-type: none"> <li>• Product development and management.</li> <li>• Marketing and customer acquisition.</li> <li>• Hiring drivers and background checks.</li> <li>• Managing driver payouts.</li> <li>• Customer support.</li> </ul>	<b>Value Propositions</b> <p><u>Customers</u></p> <ul style="list-style-type: none"> <li>• Minimum waiting time.</li> <li>• Cashless ride.</li> <li>• Price lesser than normal taxi fare.</li> <li>• Can see the ETA and can track the cab on map.</li> </ul> <p><u>Drivers</u></p> <ul style="list-style-type: none"> <li>• Additional source of income.</li> <li>• Flexible working schedules.</li> <li>• Easy payments.</li> <li>• They are not treated as cab drivers.</li> </ul>	<b>Customer Relationships</b> <ul style="list-style-type: none"> <li>• Social Media</li> <li>• Customer Support</li> <li>• Reviews, rating and Feedback system.</li> </ul>	<b>Customer Segments</b> <p><u>Users</u></p> <ul style="list-style-type: none"> <li>• Those who prefer public transport.</li> <li>• Those who prefer scooters and bicycles.</li> <li>• Those who prefer to book a car within the city.</li> <li>• Those who prefer to book a car for weekend gateway.</li> <li>• Those who prefer premium cars</li> </ul> <p><u>Riders</u></p> <ul style="list-style-type: none"> <li>• Those who own a car and want to earn money</li> <li>• People who live to drive</li> <li>• Those who do not want to be treated as drivers.</li> </ul>
<b>Cost Structure</b> <ul style="list-style-type: none"> <li>• Technology infrastructure</li> <li>• Salary to permanent employee</li> <li>• Pay-outs to drivers</li> <li>• Marketing expenditure</li> </ul>		<b>Revenue Streams</b> <ul style="list-style-type: none"> <li>• Car rides on per Km/Mile basis</li> <li>• Car options – Lyft, Lyft rentals, Lyft lux</li> </ul>		

# Value Proposition Canvas

## Value Proposition

## Customer Profile

### Products & Services

1. Easily find cars & bikes
2. Shows fastest route to destination
3. Cashless payment
4. Friendly drivers
5. Safety and Customer service



### Gain Creators

1. Save time & money
2. Increased productivity. Plan better.
3. Less cars on road, lesser pollution.
4. Fun ride. Chat and interact with others.



### Pain Relievers

1. Simplifies finding drivers and customers
2. Simplifies e-payment
3. Simplifies finding the best way to reach destination.
4. Doorstep pickup and drop.
5. Saves time spent in finding a parking slot



### Customer Gains

1. Convenience of doorstep service, easy to find & pay.
2. Companionship.
3. Time & Money Saving.
4. Be productive while travel.



### Customer Jobs

1. Go from point A to B.
2. Find easiest route to destination.
3. Find a mode of transport.



### Customer Pains

1. Driving in traffic.
2. Hassle of parking.
3. Don't want to walk till bus stop or train station.
4. Don't want to wait for public transport.
5. Don't want to book a full car.



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