

Uber

## Uber loses ground in US as rival Lyft accelerates

Ride-hailing company reels from series of crises



Travis Kalanick, Uber's chief executive, went on leave last week without naming a replacement © Reuters  
Leslie Hook in San Francisco JUNE 18, 2017

Uber is losing ground in the US, its biggest market, to a rival once written off as a bit player, as the ride-hailing company reels from a series of crises including the temporary absence of its chief executive.

An onslaught by San Francisco-based Lyft, is taking its toll, with Uber's US market share dropping from 84 per cent at the beginning of this year to 77 per cent at the end of May, according to data from Second Measure, a research firm that uses anonymised credit card data.

Uber's global sales are still growing, with [first-quarter revenues](#) surging to \$3.4bn, triple the levels of the previous year. However, its growth rate in the US is slowing and investors have become concerned after a period of crisis has left its top ranks in disarray.

While Uber has long dominated its home market in the US, it has faced tough competition around the world from companies like Ola in India and Grab in Southeast Asia.

Because ride-hailing relies on network effects — having more riders and drivers leads to a more efficient system — there is a significant advantage to being the largest player in any given market.

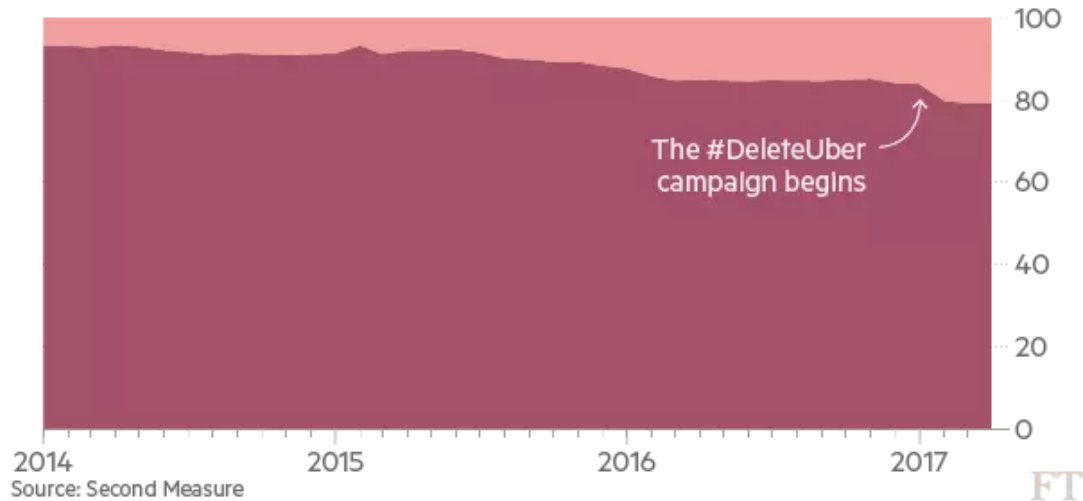
Last week Uber, which is valued at \$62.5bn, tried to reassure investors by sharing new projections for growth, according to several people who were contacted.

“Investors are worried that Uber may be self-destructing to some extent,” said Santosh Rao, head of research at Manhattan Venture Partners. “At such a high valuation it was priced for perfection,” he adds.

## Lyft is slowly eroding Uber's market share

Share of Indexed US sales by company (%)

Uber Lyft



Scandals at Uber — involving allegations of sexual harassment, mishandling the medical records of a rape victim, and a lawsuit over theft of trade secrets — have dented the company’s image and led to a string of senior departures.

[Travis Kalanick](#), chief executive, went on leave last week without naming a replacement, with a statement after a special board meeting saying the company would be run in his absence by 14 executives, many of whom are new in their jobs.

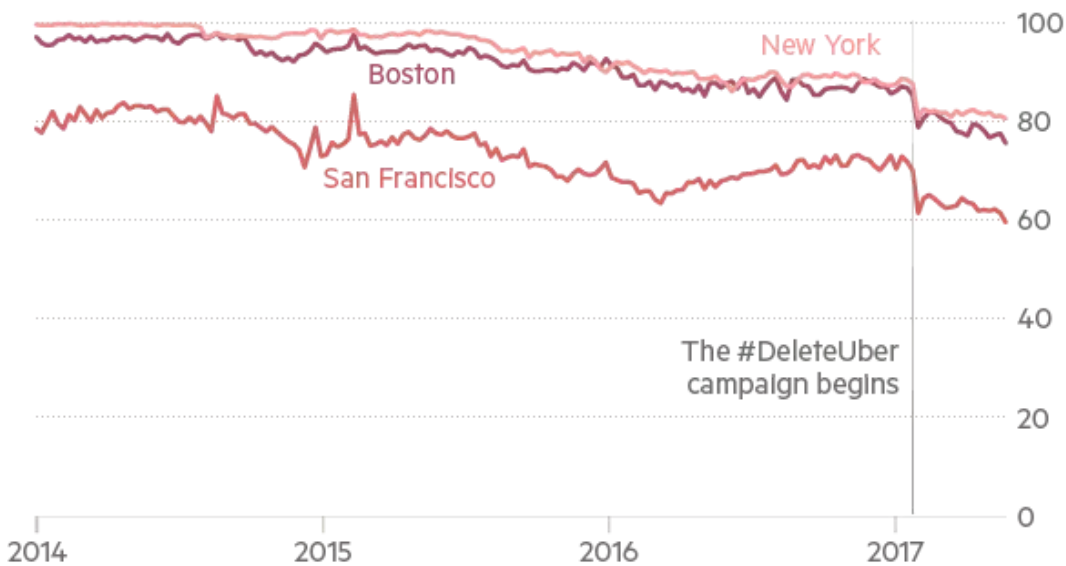
Uber’s annual growth in the US slowed to 40 per cent at the end of May, from 55 per cent in the previous year, according to the data from Second Measure.

Uber’s decline in market share was fuelled by the #DeleteUber campaign at the end of January, which encouraged users to stop using the company due to Mr Kalanick’s role on President Donald Trump’s business [advisory council](#). The campaign hit hardest in New York, Boston and San Francisco, some of Uber’s top 10 US markets.

Lyft, which [completed](#) a \$600m fundraising in April, has expanded into 150 new cities this year and has seen its user numbers boosted by the fallout from Uber’s woes.

## The #DeleteUber campaign had a big impact in urban areas

Uber's market share in three large US cities (%)



Source: Second Measure

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Lyft remains by far the underdog, with last year's revenues of \$708m just one-ninth of Uber's. But it has managed to hang on to its market share gains since the #DeleteUber campaign.

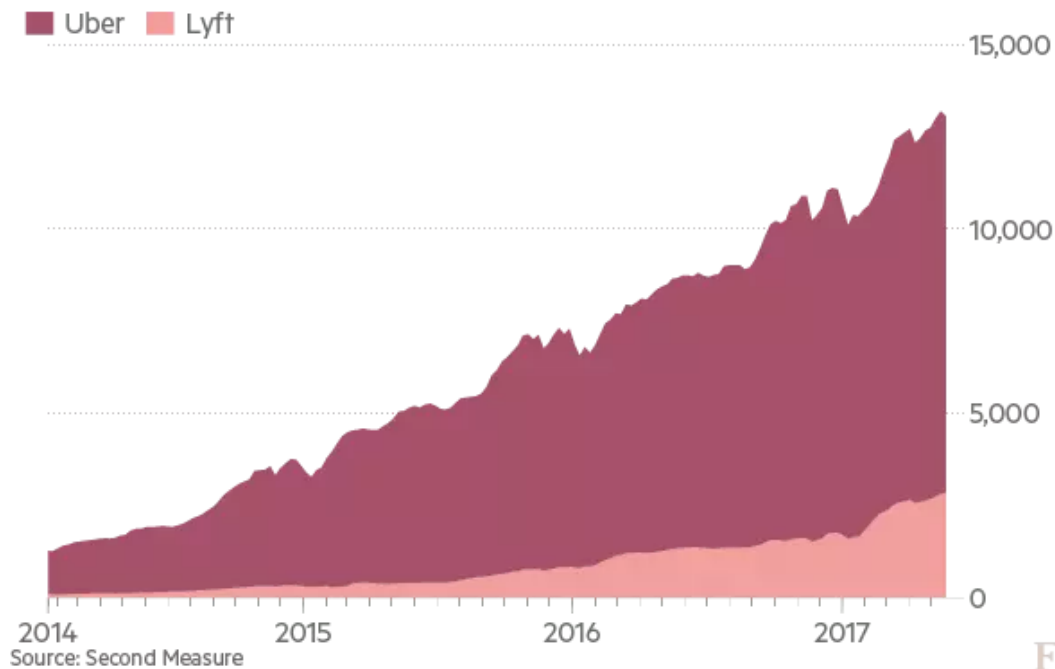
A spokesman for Lyft said that the data from Second Measure underestimated its growth in gross bookings, which the company said was 135 per cent in April.

Calculations by Matei Zatreanu, founder of data consultancy System2, indicate that Lyft's gross ride revenue was \$1.1bn during the first four months of this year (extrapolating from the Second Measure data and from Lyft's 2016 ride value). Uber's gross ride revenue would have been \$4.5bn over the same period in the US, Mr Zatreanu estimates.

Lyft has been particularly successful in its hometown of San Francisco, where it has captured about 40 per cent of the market, according to Second Measure. Uber is also based in the city.

## Lyft's market share is growing

Observed gross fares, four-week moving average according to Second Measure's Index



The data from Second Measure include Uber Eats as well as Uber car fares, which means Uber's share of the ride-hailing market may be slightly overstated. Uber declined to comment.

Consumer surveys suggest the internal turmoil at Uber has had an impact — a quarter of consumers have a negative perception of the company, while 4 per cent have stopped using the app, according to a survey by consultancy cg42.

Stephen Beck, managing partner at cg42, points out that one of the challenges for ride-hailing companies is that switching services is relatively easy for users. "There is no lock-in. There is not a meaningful distinction between services," he said.

### How the rivals stack up

**Lyft: Valuation \$6.9bn — 2016 revenue (GAAP) \$708m — 2016 pre-tax losses \$606m**

**Uber: Valuation \$62.5bn — 2016 global revenue (GAAP) \$6.5bn — 2016 global pre-tax losses \$2.8bn**

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**Latest on Uber**

