

Uber and Lyft Sales Will Plummet Before Rebounding in 2021

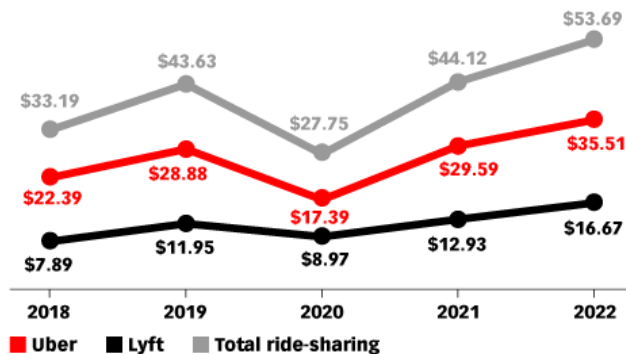
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In 2020's pandemic-ravaged economy, Uber and Lyft will share in the pain.

We expect Uber's ride-sharing sales in the US to decline by 39.8% this year to \$17.39 billion (down from \$28.88 billion in 2019). Lyft's sales will decline by 25.0% to \$8.97 billion (down from \$11.95 billion last year).

US Ride-Sharing Sales, by Service, 2018-2022
billions



Note: includes spending on community-based online transportation services (e.g., Uber, Lyft); excludes taxes, tolls and tips; excludes Uber Eats; not all services shown
Source: eMarketer, July 2020

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www.eMarketer.com

We estimate that the number of Uber users in the US will drop by 28.3% this year, down by 15.2 million from 2019, and the number of Lyft users will drop by 32.3%, down by 10.3 million from last year.

Usage declines for both services have correlated highly with various local and statewide lockdown orders. Although both companies should see better figures in H2 2020 than they did in H1, neither will get close to their 2019 usage levels until next year.

Uber's user base is huge, Lyft's users are loyal—and both groups are staying home. We expect Lyft to suffer a relatively steeper decline in users this year, largely because Uber has its more widely recognized brand name and its food delivery business to drive user growth. In fact, Uber Eats has thrived during the pandemic and kept the company's driver supply in a stronger position. Nonetheless, Lyft's sales numbers will hold up slightly better in 2020, because Lyft's share of highly engaged users appears to be larger than that of Uber.

Both companies should rebound strongly in 2021, assuming there will be a normalized health environment facilitated by a vaccine or by behavioral changes. Consumers may remain wary of using public transit well into the future, giving ride-hailing services an additional leg up in 2021.

The total number of transportation-sharing economy users should rebound to 71.3 million next year, after falling to 51.3 million this year. We also forecast an enormous 70.2% growth rate for Uber's sales in 2021 and a 44.1% growth rate for Lyft's sales. Note, however, that **if Proposition 22 fails** in California in November, both companies will likely see more modest rebounds for their user figures and sales.

"While the effects of Prop 22 on Uber's and Lyft's California businesses are unclear, this measure will likely reduce the number of drivers on the road," said Eric Haggstrom, eMarketer forecasting analyst at Insider Intelligence. "Fewer drivers means longer wait times and higher prices for consumers, which in turn would cause many people to choose other options for transportation."