

Lyft turns to in-app advertising for revenue boost

Article

The news: Lyft is diversifying its revenue streams by introducing in-app advertising. According to The Wall Street Journal, these ads will be present at various stages during a user's experience with the app: While waiting for rides, upon matching with drivers, and throughout the journey.

- Lyft intends to serve display ads and plans to introduce video ads by year's end.
- Beyond the app, the company aims to use digital screens for advertisements at its bike-share stations.
- Lyft will use its vast amount of user data, which includes payment methods, ride histories, and lifestyle segments. This targeting will be based on anonymized and aggregated data to ensure user privacy.
- While users can opt out of data sharing, there's no avoiding the ads themselves.

This initiative follows in the footsteps of its competitor, **Uber**, which announced its own in-app advertising [earlier this year](#).

Behind the numbers: The in-app advertising move isn't arbitrary. Lyft says its users check the app **nearly nine times per ride**, offering ample opportunities for them to notice the new ads.

- The ride-hail service has around 6,500 in-car tablets and 800 car-top displays, offering multiple advertising touchpoints. Its presence in major cities like New York, Chicago, and San Francisco also promises substantial visibility for ads.
- According to consumer intelligence firm Global Wireless Solutions, despite Uber's considerable market share, Lyft's ad revenues have surged, demonstrating a staggering **400% growth** year over year in the second quarter.

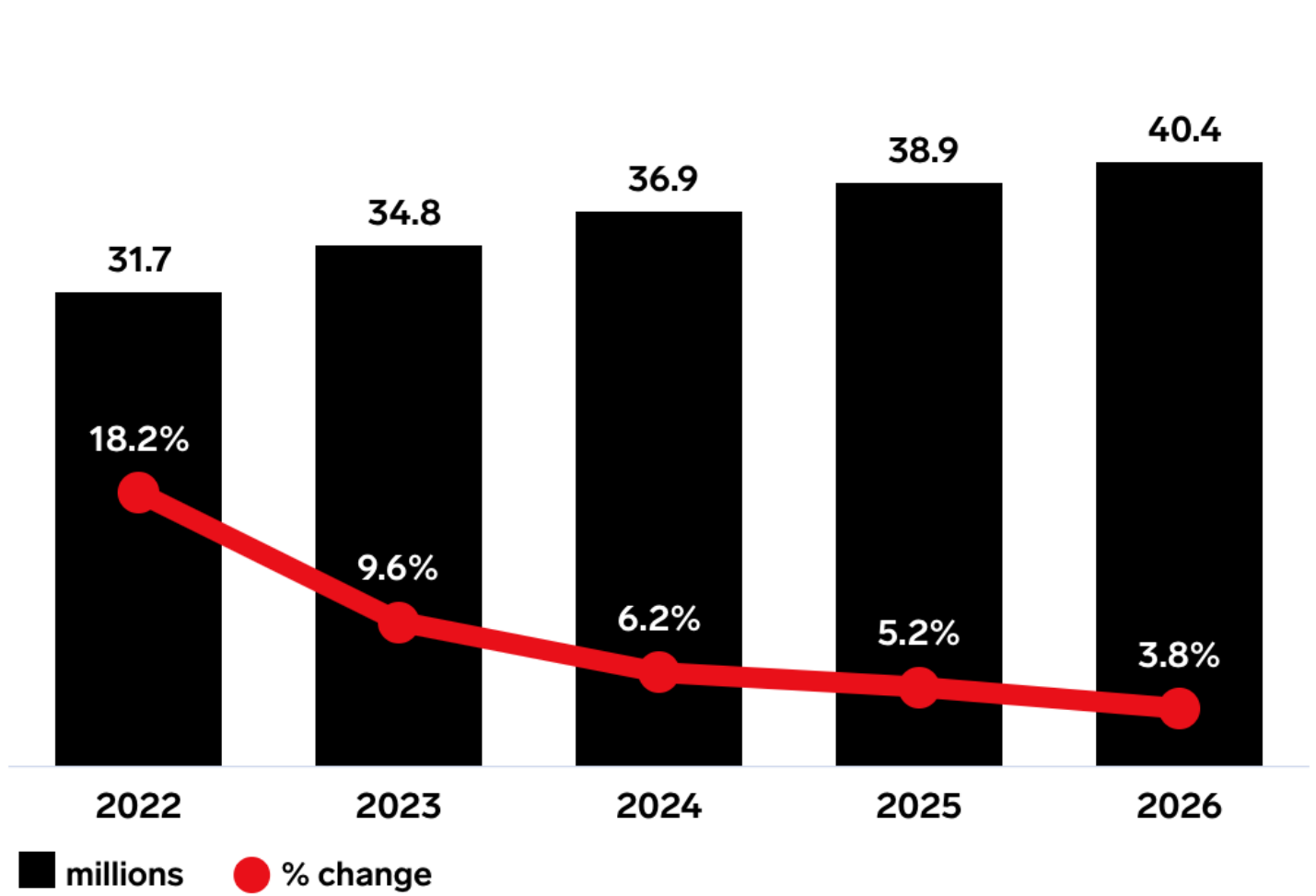
Why it matters: In a market characterized by stiff competition and fluctuating revenues, diversifying income is crucial. The integration of ads in the Lyft app can be seen as a strategic move to capitalize on frequent user engagement and vast amounts of user data to drive consistent revenues. However, as Search Engine Journal points out, there's a fine line between providing targeted ads and risking user annoyance or potential privacy concerns.

Our take: The pivot toward in-app advertising could prove to be a double-edged sword for Lyft.

- On one hand, a novel advertising surface can provide an essential revenue buffer in volatile times, and the app's regular user interaction offers a ripe opportunity for advertisers.
- That said, there's inherent risk. Overloading users with ads might push them away, and mishandling user data might lead to privacy issues. Balancing these factors will be essential for Lyft in this new venture.

Lyft Users

US, 2022-2026



Note: individuals ages 18+ who have used their Lyft account for transportation services at least once during the calendar year

Source: Insider Intelligence | eMarketer, August 2022

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