

Uber, Lyft rerouted for post-pandemic profitability

18 February 2021, by Damian J. Troise



A passer-by walks past a sign offering directions to an Uber and Lyft ride pickup location at Logan International Airport, in Boston, Tuesday, Feb. 9, 2021. Uber and Lyft are taking different routes around the roadblock the virus pandemic dropped on their paths to profitability. The companies have racked up tens of billions of dollars in losses since starting up, and the slump in passenger activity has pushed profitability ever further off into the future. (AP Photo/Steven Senne)

Uber and Lyft are taking different routes around the roadblock the virus pandemic dropped on their paths to profitability.

The companies have racked up tens of billions of dollars in losses since starting up, and the slump in passenger activity has pushed profitability ever further off into the future. A mix of cost-cutting and shifting the focus from moving people to delivering [food](#) has helped them weather the downturn, while raising investors' confidence that each could finally make a profit before 2021 ends.

Uber has been the most proactive of the two passenger-focused businesses. Its food delivery business has either approached or surpassed the rides business in terms of sales for each of the last

three quarters. The company expanded Uber Eats with the acquisition of food delivery service Postmates last year, and recently made a deal to buy alcohol delivery service Drizly. Although it lost nearly \$1 billion last quarter, that was Uber's smallest loss since going public in May of 2019.

Meanwhile, rival app Lyft posted a loss of \$458.2 million during the same period. That was typical for the ride-sharing company in 2020. The [company](#) has been dipping into the food delivery [business](#) with partnerships, but has mainly focused on cutting costs to hold the line until the [pandemic](#) ends and ridership returns to normal.

Both companies say they'll reach profitability in 2021, and analysts have been mostly positive about their prospects.

"We see continued strength in food delivery as the pandemic has created a permanent shift to on-demand delivery," said KeyBanc Capital Markets analyst Edward Yruma in a note to investors.

While food [delivery](#) will likely be a winner for Uber, both companies are likely to also benefit later in the year as the world hopefully returns to normal with a pandemic tamed by vaccines.

"There is pent-up demand to start moving again, and we expect an inflection in mobility in the back half" of the year, Yruma said.

Uber and Lyft must start making profits to justify their values. Uber's stock hit a record high on Feb. 10 and is hovering around that mark for a roughly 17% gain on the year. Lyft shares may not be near their all-time highs but are up about 15% for the year.

Both companies have outpaced the 4.4% gains made by the broad S&P 500 index this year.

© 2021 The Associated Press. All rights reserved.

This material may not be published, broadcast,
rewritten or redistributed without permission.

APA citation: Uber, Lyft rerouted for post-pandemic profitability (2021, February 18) retrieved 18 April
2021 from <https://techxplore.com/news/2021-02-uber-lyft-rerouted-post-pandemic-profitability.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.