Uber and Lyft’s Take Rate

Ride sharing companies have been under increased scrutiny lately with regard to how much drivers make per hour and the employment status of drivers. California has completely disrupted the gig economy by passing Assembly Bill 5, which forces companies to hire workers as employees, not independent contractors. Uber and Lyft were not exempt in the bill. This could raise costs per driver by around 30% in business costs for ride sharing companies. New York City’s Taxi and Limousine Commission voted to enact a $17.22 minimum wage in NYC after expenses for rideshare drivers after the commission found that nearly 20% of drivers receive food stamps and 40% receive Medicaid. This helped add a level of financial security that’s lacking in the gig economy. Overall, there’s a large spotlight on the ride sharing space. I want to draw attention to issues related to driver pay and the employment status of drivers by examining driver trip data.

I plan to collect Uber driver trip data including how much the driver received, how much the passenger paid, the trip length, when the trip took place, and where the trip place. I would like to aggregate this data to calculate Uber’s take rate (a percentage of much they’re taking on average per ride) over time and come up with a measure for hourly wage / booked hour revenue for the drivers over time and by location.
I plan on creating a Chrome extension that a driver would have to download and configure in chrome. Then the driver would need to login into the Uber’s driver site (partners.uber.com) and the chrome extension would be able to scrape for all their trip receipt data by making requests using their cookie for the site. A trip receipt includes how much the driver received, uber received, state taxes incurred, how much the rider paid, the length and time of the trip, and where the trip took place.

Taking this data, I would implement a nice interface for the drivers to see the data. I would also create a profile for each driver where only they can see their individual info. They could see how much Uber it taking from them for long rides vs shorter rides, how it’s changed over time, and other interesting statistics they don’t get from Uber. They could also see aggregated information across drivers such as the take rate and average hourly wage. Potentially with time permitting, I would create this same tool for Lyft so drivers that ride for both companies can compare their take rates and average hourly wage to make more informed decisions.

Once the technical parts are met, I would release this chrome extension onto the Chrome Web Store and post the extension and accompanying website onto relevant Uber forums to get drivers to participate.

There has also been a study conducted by Jalopnik using a data sets of 8,962 driver trips where trip receipts were manually submitted. Jalopnik found that Uber’s take rate was 35%, substantially higher than the reported take rate for 2018 of 21.7% and 19% for the second quarter of 2019. Some problems with this study, however, include driver bias in choosing to submit receipts where Uber had a high take rate (such as shorter, surge charge trips). Taking all the trips
a driver has done eliminates this problem. Many drivers have completed over 500 - 2,000 trips so collecting data from a few drivers could lead to a larger and potentially better data set than existing studies.

Uber and Lyft have denied that earnings for drivers have decreased over time — I’d like to see if this claim is true.

A frequently cited May 2018 report published by the Economic Policy Institute found the median wage for Uber drivers after expenses and fees is $9.21 an hour. This study came to this conclusion by estimating the wages off weekly driver hours (not off real wage data). This study was based on Uber’s old formula for calculating how much a driver would make off base fare plus a per-mile and per-minute rate. This study’s expense estimation techniques could be applied to this driver data to establish a median wage for Uber drivers in 2019 off real driver trip receipt data.

This project is subject to IRB approval. My fall back plan is to use simulated data and potentially pursue this project further independently. There are risks to Uber drivers in giving me permission to analyze their anonymized data.