

Center for Strategic and International Studies

TRANSCRIPT  
**The Reopening**

**“Lyft Co-Founder John Zimmer on the Future of  
Mobility”**

RECORDING DATE  
**Monday, October 26, 2020**

SPEAKERS  
**John Zimmer**  
*Co-founder and President of Lyft*

HOST  
**Scott Miller**  
*Senior Adviser, Abshire-Inamori Leadership Academy, CSIS*

**Andrew Schwartz**  
*Chief Communications Officer, CSIS*

Andrew Schwartz: You're listening to The Reopening. The podcast that asks, "How will America work through the COVID-19 pandemic? How will we innovate, and how will it change our global economy?" Each week we invite top business leaders to share their insights on the road to economic revival here at home, and around the world.

Scott Miller: Our guest today is John Zimmer, co-founder and president of Lyft, the on-demand transportation company. John tells us how Lyft responded to the challenge presented by Covid-19 and shares his vision for the future of mobility. We discussed the importance of rapid innovation in the face of changing customer needs along with the enduring value of hospitality.

Andrew Schwartz: I'm Andrew Schwartz.

Scott Miller: And I'm Scott Miller.

Andrew Schwartz: And this is The Reopening.

Andrew Schwartz: John Zimmer, co-founder of Lyft and president of Lyft, great to have you with us today.

John Zimmer: Great to be here.

Scott Miller: I wanted to ask you just right off the bat, ride-hailing companies like yours are already having a nightmarish year due to Covid, and the pandemic's made a lot of people pretty squeamish about getting in someone else's car. So, what's on the horizon? Everybody was getting in cars, there were ridesharing cars, and a lot of people were getting in your cars before this. How is this affecting your business now and what do you see on the horizon?

David Fishof: Yeah so at its peak, in the beginning of the pandemic, let's say March-April timeline, we saw up to 75 percent of the ridership go down. We've now recovered to about 50 percent, so I never thought I'd be that excited about having 50 percent of the original business but that is progress. We're happy. Still one out of every two rides are happening even with various lockdowns, so it's an essential service that many people are still using. The other thing I can say is that we have taken this incredibly seriously and built an entirely new safety procedure for the rides in a ridesharing business. So that there's a personal certification, health certification, that both driver and rider certify that they're wearing a mask for each ride, and that we've shipped out thousands of plastic partitions, the driver-rider also certify that they have not been in contact with anyone from their knowledge that has Covid, and so that's really helped. A lot of people that potentially were taking transit that don't want to be in a large environment with many people are still finding safety in rideshare. We also have a business now with bikes, so we own the system city bike in New York City for example, that business is actually doing more rides now than they were doing a year ago.

Andrew Schwartz: I want to bring in Scott. Scott, jump in.

Scott Miller: Yes, first, I'm really glad Lyft is operating, in fact I made my first business trip last week, post-lockdowns here, and I took a Lyft to the airport because there were no cabs on the streets of DC. So that was good. What I realized is the taxi business is even worse shape than Lyft. There were 5,000 medallion taxis in DC before Covid, there were 1,000 now. So that's an 80 percent decline in the number of vehicles. So, this is hit the industry hard, no question. Now there are a couple of things that are happening that are likely to slow things down for you and I wanted to get your point of view on that because you know 5 percent of us worked from home before Covid. The projection is maybe 20 percent of us will remain in the sort of remote work situations after all restrictions are lifted. Also, people tend to be moving out of cities now. There's a great demand for suburban real estate. And lo and behold, there's a demand for cars. Cars had a V-shaped recovery and people are buying them again. So, what's your take on all this, how does that affect the future of what started as an urban phenomenon like ridesharing?

Scott Miller: Yeah, I'd say, we're certainly at an inflection point given Covid for lots of changes in behavior. You know you listed how people are going to live, how people are going to work. I mean that's fundamental. To an entrepreneur, that is an opportunity. I see that as an opportunity. Lyft was founded on the idea of changing behavior. Obviously there are behaviors that change that help the business and changes that could potentially hurt the business but you know, if we go back 10 years ago and we had this conversation. I said, "Hey, millions, hundreds of millions of people and rides are going to be completed in personal vehicles." Most people would have told that I was crazy and that wouldn't have happened. And now, 10 years later and Lyft is about eight years old. But 10 years later, that's happening at a significant scale, even in a pandemic. And so what I would say is that the changes of people moving away from car ownership, you know the young generation waiting longer to get their license, having more affordable ways of getting around and, in a way, cost sharing the ownership of the vehicle. I don't see that changing in a broad way.

Andrew Schwartz: I want to push back on that for a second though, because you know I saw what you're saying very clearly with my oldest teenage son. And I saw a lot of his peers, you know, my son couldn't wait to get his license, of course, but like some of his peers, you know, still don't have their licenses. Now, people are really worried about germs and like Scott said, cars are back, sales are up. Are you worried that the germ-phobia and that the health consciousness is going to mean that cars are gonna, people are gonna want to get their licenses again and kids are gonna really want to be in their own cars and young people aren't gonna, their whole behavior isn't going to be centered around ridesharing?

John Zimmer: I agree there is a near term trend when there is a pandemic, of which there is not a vaccine, of which there's not great information because there's you know, too much information spreading around without clear guidance. I agree that will happen in this environment, but this is, if we talk again in a year, I'm confident that we will return back to the trends we were seeing previously. I mean that the things that don't change, it's fine to get around

now when there's less traffic. But traffic's going to come back and there's only limited space for parking of vehicles, we're hitting the peak of, in a normal environment, post-pandemic, we will still have those conditions that made it undesirable to own a car. If we – again, our vision and our belief is that if you think about our country, the car and freedom are almost synonymous; you know, the way it's been marketed, the way it feels, the reality of it and many times it is a source of freedom. But more and more traffic, the cost of car ownership, which is \$9,000 every year for the average American household, Americans spend more money on the car than they do on food and healthcare. And the realities are that it becomes, you know, this \$9,000 ball and chain – not freedom. It's stressful. It's – you have to deal with all the maintenance. We're not saying we want to take away that freedom. I actually believe we can give a much better, realer sense of transportation freedom. You tap a button, you get a car within minutes. You want to rent a car from Lyft, we have Lyft rentals now and you can use that vehicle to go away on a weekend trip. You're in New York City, you want to ride a bike. It's a block away, you can ride a bike. You want to get on transit, you can get on transit. We're just offering a way better overall transportation experience at a more affordable cost. That equation, that proposition does not change coming out of the pandemic.

Andrew Schwartz: It's fascinating what you're saying and equating it with freedom. I think about it that way too, look at Jack Kerouac *On the Road*. The original book about freedom and movement. What's your vision for the future? You know, if ridesharing is coming back, what's your vision for the future of the company and for future freedom around all this?

John Zimmer: For me personally, I was inspired by a course I took in city planning and we looked back at the economy in our country and progress in our country and how it often tied to canal infrastructure, railroad infrastructure, highway infrastructure. And I started thinking, what would be next, both from a sense of freedom, from a sense of opportunity, from a sense of economic development. And you know when they were building the canals. They weren't thinking hey, in 100 years, no one's going to care so much about this. And so I said – this was in 2006, I said what are we missing? We're staring at cars. We're staring at the highways. There's something coming. What is it going to look like? So to answer your question, it is – you do not need to own a vehicle. You will have access to the vehicle or to transportation whenever you need it. And it will be simple and enjoyable. Eventually, there'll be autonomous vehicles in many core urban downtowns, as you know, as well as in suburban areas and you'll be able to not have to worry about parking, not have to worry about maintenance because you know all of those upkeep items will be on a company like ours to do for you. So I actually think we will realize that freedom that was sold as part of car ownership in an even greater way. And you'll have access to a vehicle, but you won't have to deal with the negatives and the stresses associated with it.

Scott Miller: You've got adoption happening. It got a little interruption now because of the pandemic, but your trajectory in the long run, still the same. And your conversion rate actually is helped by things like people don't want to take

public transit. So I can see the model working. Obviously for me, freedom was turning 16 and driving away from my parents' house. That's what we all really wanted to do. And you can, you could do that in a Lyft just as well as you can do it behind the wheel of your own car. So that part still works. Now, how does the disruption in the travel industry affect you in the near term, say if your long-term trajectory is the same. So, take me through the next two-to-five years as business travel either gradually comes back or doesn't and how the kind of business model has changed in that near term.

John Zimmer: Zooming out we think of, we want to provide all your personal transportation that you will need and that for individual changes, there's various use cases, may be a clean way of thinking about it. So there's the airport use case, which you know, typically in a typical year we're investing a lot in improving, in making that really smooth, you know, aligning with the airlines and when you're going to land to make sure your ride's ready for you, things like that. In a year like this where that's now as much the use case, we'll focus in other areas, obviously we're focusing on health safety within the vehicle, because that's the primary use case people are having is, how can I have a safe way of getting where I need to go right now. We're also focusing on the other modes that I mentioned, like bikes and then we're exploring ways to give our drivers more opportunities as well as to grow the business by helping power some deliveries directly for retailers. Not building a consumer delivery platform like a Doordash, Uber eats, or Grubhub. But instead, working directly with certain retailers who want to be able to sell directly to their own customers without going through a platform but need access to the million plus drivers that we have that provide rides on Lyft.

Andrew Schwartz: John, another thing that you've really done that is interesting to me is, you've pledged that every vehicle by 2030 in your company is going to be electric. How are you going to do that?

John Zimmer: Yeah, so, the neat thing about the economics behind an electric vehicle for Lyft is that the payback on a battery versus fuel, is highly tied to the utilization of the battery or the asset, the car, right? And so someone who owns a car personally has extremely low utilization. I believe it's about four to five percent of the time you use your car. Meaning 95 percent of the time your car's idle and parked and obviously that same goes with the battery. So, when you have much higher utilization of someone who's either using the car for work or if we have it in our rental fleet and we can have higher utilization of the asset, then the payback on new technology like batteries is much quicker. So we believe we can have a positive economic story for our drivers by ensuring we push towards this, as well as for the business. And it's something that riders will be demanding more and more. And the bottom line is it's the better thing to do, to reduce emissions in our cities.

Andrew Schwartz: So you're going to require all your drivers to have electric cars?

John Zimmer: If we have to require it – so we have ten years, and in the ninth or tenth year we have to require it, I don't think we've properly done our job. So, one, it should be an economic obvious decision; we should create the right

platform, the right charging infrastructure with partners to enable that. It should be a financial no-brainer for drivers using the Lyft platform. Two, we should have spent over the next decade time with our policymakers to make sure we get the policy right. Often times if you look at incentives that are going to EVs, electric vehicles and market, they go to someone who can afford to buy an expensive Tesla and uses it four percent of the time, instead of a car that's going to be utilized 5-10 times more, which means, much higher emissions reduction. And so, if we work with policymakers, I also believe there are better aligned incentives to create policies that push people using kind of fleet vehicles that are more clean.

Scott Miller: You're moving a company that is basically founded on better utilizing assets. You're using people's time and equipment and space on the highway better than the alternative. When it comes down to that. How is that idea showing up elsewhere? Who else is in your space and how are you out-innovating them when it comes to finding a set of assets that are underutilized anywhere in the transport sector and pushing it forward?

John Zimmer: Yeah, just to zoom out for one second. What I studied in college, hospitality, that was, you look at the business of a hotel and it's all about occupancy. The main metric any hotel owner will talk about is their occupancy. And I was taking that city planning class thinking, what is the occupancy of these cars or the seats in these cars. It's even worse. Because the average car has something like 1.1 people in it when there's four or five or six seats. So you're right. That is the premise of the business, is better occupancy, better utilization, and that's true. There's opportunities in transportation, there's opportunities in housing, in vacation stay. Obviously Airbnb does this to a certain extent. But I really don't believe there's a bigger opportunity than in our space. I mean, the largest household expense in the United States is housing. You are in your house more than four percent of the time. And I don't see that model changing. People are going to live in either a house or apartment, you know, have a more permanent place that they live. The second highest household expense is transportation, and 95 percent of the money spent on transportation on average is spent on a car, of which you use 4 percent of the time. There's no bigger underutilized asset that can transform someone's economics and quality of life like the one we're going after.

Andrew Schwartz: So it's an underutilized depreciating asset.

John Zimmer: Yeah. There's no bigger opportunity than this. Now, there are opportunities around the fringes within transportation, since you asked, you know a bike for example in a city like New York. I think that's a phenomenal product. City Bike. You know, if you live in a small apartment like I used to in Manhattan. And I was up – there was no elevator, it was a walk-up apartment up eight flights of stairs. Having a bike that doesn't get stolen in New York, that I can always have ready to go a couple of blocks from me is quite a phenomenal product. And that's what we're doing on the Bike Share side and then that bike is, to your point, utilized at a much higher degree than maybe a bike that I would have to carry up the eight flights of stairs. You know in car

rentals you can continue to push the utilization, but the primary opportunity is car ownership, to transform into car access.

Andrew Schwartz: Well I feel like we should give your alma matter Cornell a shot out because you obviously picked up quite a lot there. And I just love Cornell, because you know, the greatest rock concert of all time was held there, Cornell '77 for all you Grateful Dead fans out there. And you know, one of America's greatest college towns of course. Let me ask you this. So, some people think, and I'm not personally one of them, but I just wanted to ask you this is out there. In normal times, are you adding to congestion? Because there's more drivers out there, driving people around.

John Zimmer: I think it depends on the city. In some cases we've reduced it and I believe there's also studies that say in certain cases by creating more access to transportation and new modes like this that it has increased. The goal is absolutely to decrease it. A great study that was done, I don't know how long, maybe 10 years ago or more, on car sharing. So that is like Zipcar type car sharing. At first because they created a new way for people to get around, vehicle miles traveled went up. They did this study I don't know how many years later, let's say five. When they came back and did it they found the opposite was true, because it was enough time for people to change behavior.

Scott Miller: Which changed the market.

John Zimmer: Which people then use transit more, they walked more, they used car sharing. They didn't get that second car for the household. Over the last two years we've done a study that on average, each year about 250,000 people because of Lyft are getting rid of a vehicle. And so it's starting. You can go from a two-car household to a one-car household much more easily because of solutions like Lyft. But we have a ways to go. And we need policy support. We believe congestion pricing. It's not popular. But if you want to reduce traffic it is the one way to do it for sure, right?

Scott Miller: There is an infinite demand for free good.

John Zimmer: Yeah, exactly. So take congestion pricing, take the money that comes from it, invest in public transportation to help give broader population access to quality options. That's the best way to address traffic, but it has to be congestion pricing on all vehicles. Not just a subset of vehicles.

Andrew Schwartz: Do you think policymakers in Washington understand your set of issues and understand your vision for where things are headed?

John Zimmer: Yeah you know, that's a broad statement. Some do. Obviously, I spent my life, this is – me and my co-founder Logan, it's our life's work. And so I think we understand it very deeply. As we were talking about before the podcast we're fortunate to work with former Secretary of Transportation Anthony Foxx, who leads our policy team. And he understands it very deeply and he also teaches us what current policymakers think and the near-term things

they need to solve it. I think as we think about infrastructure, coming out of this election. There is a massive opportunity to instead of continuing to invest in the same infrastructure that basically creates traffic – if you create parking you create traffic. If you create roads, you create more traffic. It doesn't – more roads doesn't lead to less traffic. And so – you can have policies instead of building apartment buildings that require parking, that it's optional to the builder if they want to add that.

Andrew Schwartz: Yeah I mean, I've even read about entrepreneurs who are thinking about, and I think they're doing this in San Francisco, repurposing parking lots for pop up restaurants and all kinds of things.

John Zimmer: Yeah, yeah. Coming from – if we want to build for the next hundred years, we can build an entirely new transportation ecosystem. It doesn't – we're still going to have roads. We're still going to have some parking. But we can start changing the way we use space and the space we get back in our cities, you know that extra parking lot, that's no longer needed, can be for local housing of which many cities need, you know, low income housing or local businesses so that they can be near to the customers and compete with things like Amazon. There's a big opportunity and it would mean a lot of jobs in building this new infrastructure. So, I'd love to make sure that the conversation that's had over the next few years on infrastructure does something that is not just status quo.

Scott Miller: If I can ask about the service side of the business, because ultimately you are providing a service. First of all, let me confess my preference as a customer. I prefer Lyft to the other guys, and I do it based on the experience I've had with drivers and I know some drivers drive for both brands but I've consistently had better luck with Lyft drivers. And I wondered how you do that because the people seem happy doing what they're doing. They're motivated. They like being able to control their schedule and they generally are people I have a good time traveling with, even if it's just 10 blocks.

John Zimmer: Yeah you know, one, I'm really happy to hear that. I didn't know what you were going to say when you had that opening part of your statement. But again, my background's in hospitality. So I thought about the end customers, the rider, and we can only provide a great experience in partnership with the driver. And if the driver on Lyft is happy, is motivated, has trust with the company, is shown respect by the company, communicated in the right way by the company, and we're always trying to get better. But that's always been the root of how we think about drivers. I drive every year on the platform to make sure I understand the experience. And the brand stands for the humanity in the situation not just the technology or the transaction. It's broader than that, our business is a people business, is a hospitality business. So I don't think there's one thing – I mean, we had many driver friendly features before Uber did, whether it was instant payout, same day pay, whether it was tipping, things that they followed us on. There's many, many features and ways we've invested first in the driver experience but also kind of just the communication style and building the trust along the way. And we're not perfect. And there's more we can keep doing, but it is absolutely



essential to providing a great quality service, is to build the right relationship with the driver community.

Andrew Schwartz: But it's interesting to me that you describe your company as a hospitality business versus, say, a tech company.

John Zimmer: Others would just say they're a tech company. So I think the difference is we create a transportation platform and we infuse it with hospitality and infuse it with technology.

Andrew Schwartz: Really interesting, I mean, what else can you tell us just in closing? What makes you – what are you optimistic about? I mean, everybody right now feels kind of down in the dumps and we're with good reason. We've been shut in, we've been – we all know people who've been sick, some of us know people who've lost their lives. It's scary out there. And we've been grounded. We haven't been able to fly. A lot of people haven't had the freedom of movement, but what gives you optimism for the future?

John Zimmer: Agreed, it is a tough movement. And a lot of people are going through tough times, whether it's with Covid or with financial situation. What gives me optimism is that out of these challenges, I'm part of and witnessing many conversations about people wanting to fix things. And I think the last few years has really woken people up, shaken people a bit out of status quo. And I don't know how long it's going to take. But I feel strongly that we're moving towards better understanding of each other, better sense of both bigger opportunity, bigger kind of broader economic growth that is more inclusive. And every year that's another new generation of people. I have two daughters that obviously, my daughters are too young, four and a half and one and a half, but I talk to young kids that are just coming up, or that are starting in our company and they want to fix things. And we have the means to fix things. And it's no longer, can we build this technology? It's how are we going to use this technology, why are we going to use this technology? One thing I always talk about with our teams: it's not about the what, it's about the why. And so I'm seeing a lot more people being aware of the purpose behind their actions and from these challenges I'm optimistic that we can move forward in a positive way.

Scott Miller: Yeah that's really encouraging to hear. And let me tell you as a father of two daughters, they'll be bugging you for those car keys before you know it.

John Zimmer: (laughs) I'm going to make sure they don't.

Scott Miller: Good luck with that.

Andrew Schwartz: Just get them the app, they just need the app. Exactly.

John Zimmer: I have 10 years to get a little farther with the business such that they don't want it.

Scott Miller: All right, I wish you all the luck in the world with that. But thanks so much for your time today. It's been great talking to you.

John Zimmer: Thanks for having me.

Andrew Schwartz: Thanks John.

Andrew Schwartz: Thanks for listening to The Reopening. If you liked this episode, please write us a review and subscribe wherever you find your podcasts. You can also find other podcasts from the Center for Strategic and International Studies at [csis.org/podcasts](https://csis.org/podcasts).