

SHERROD BROWN, OHIO, CHAIRMAN
TIM SCOTT, SOUTH CAROLINA, RANKING MEMBER

JACK REED, RHODE ISLAND
ROBERT MENENDEZ, NEW JERSEY
JON TESTER, MONTANA
MARK WARNER, VIRGINIA
ELIZABETH WARREN, MASSACHUSETTS
CHRIS VAN HOLLEN, MARYLAND
CATHERINE CORTEZ MASTO, NEVADA
TINA SMITH, MINNESOTA
RAPHAEL WARNOCK, GEORGIA
JOHN FETTERMAN, PENNSYLVANIA
LAPHONZA R. BUTLER, CALIFORNIA

MIKE CRAPO, IDAHO
MIKE ROUNDS, SOUTH DAKOTA
THOM TILLIS, NORTH CAROLINA
JOHN KENNEDY, LOUISIANA
BILL HAGERTY, TENNESSEE
CYNTHIA LUMMIS, WYOMING
J.D. VANCE, OHIO
KATIE BRITT, ALABAMA
KEVIN CRAMER, NORTH DAKOTA
STEVE DAINES, MONTANA

LAURA SWANSON, STAFF DIRECTOR
LILA NIEVES-LEE, REPUBLICAN STAFF DIRECTOR

United States Senate

COMMITTEE ON BANKING, HOUSING, AND
URBAN AFFAIRS

WASHINGTON, DC 20510-6075

July 3, 2024

David Risher
Chief Executive Officer
Lyft, Inc.
185 Berry Street Suite 400
San Francisco, CA 94107

Dear Mr. Risher:

Second only to housing, transportation costs are Americans' biggest necessary expense.¹ Transportation-related companies' increasing use of dynamic pricing, or "surge pricing," threatens to drive prices even higher. Using algorithms to set prices, including dynamic pricing, abuses consumer data and suppresses competition, making prices unpredictable and taking away people's ability to find the lowest price. Such pricing maximizes profits at the expense of consumers, without improving or changing the service offered. While Lyft was an early adopter of dynamic pricing and has long used this technique to set fares based on consumer demand,² this practice is now spreading to more industries.³

According to your company's website, Lyft's dynamic pricing algorithm handles market volatility by continuously changing prices to determine what to charge for a ride.⁴ Under these shifting conditions, fare rates are highly volatile, making it difficult for consumers to predict how much they will pay for a given ride. While proponents of dynamic pricing often claim that it lowers costs by creating more efficient markets, your company's rising prices cast doubt upon that assertion. Between 2018 and 2022, Lyft's prices increased by 50 percent.⁵

Frequent and opaque price changes and diminishing competition are making ride-hailing services less affordable. I am concerned that pricing algorithms enable corporations to charge higher prices in circumstances where consumers have the greatest need and fewest choices. To better understand how corporations like Lyft use technology to increase prices, the public needs clarity on how Lyft deploys pricing algorithms and uses consumer data, and on how these algorithms

¹ <https://data.bts.gov/stories/s/Transportation-Economic-Trends-Transportation-Spen/ida7-k95k/>

² <https://time.com/3633469/uber-surge-pricing/>

³ <https://www.npr.org/2024/03/06/1197958433/dynamic-pricing-grocery-supermarkets>

⁴ <https://eng.lyft.com/pricing-at-lyft-8a4022065f8b>

⁵ <https://www.labor.ucla.edu/wp-content/uploads/2023/02/Taxi-Commission-policy-brief-2.9.23.pdf>

are affecting American consumers' wallets. Please provide answers to the following questions by August 1, 2024.

1. How does Lyft determine the price of a given ride? How much can the cost of a ride from point A to point B vary? Please also describe Lyft's algorithms for setting prices, and how these algorithms are tested.
2. How does Lyft determine when the price for a ride should change? What factors does Lyft use to change prices?
3. How does Lyft help consumers plan for purchasing costs? Does Lyft communicate changes in prices to consumers, and, if so, how?
4. Please describe the data Lyft uses to determine prices. Please specifically describe where the customer data comes from – including whether an individual's past purchasing behavior, browsing history, device, or device battery level is used to determine prices.
5. Does Lyft apply any strategies to determine the highest price any given consumer will pay? If two different users ask for a ride from point A to point B and the driving conditions are the same, will they be quoted the same price? Does Lyft consistently charge higher prices to more willing consumers? For example, does Lyft consider a customer's previous willingness to pay surge prices when offering them a surged price in the future?
6. What specific steps has Lyft taken to ensure that pricing algorithms do not discriminate based on protected classes, such as gender, age, disability status, or race?
7. When Lyft turns on surge pricing in an area, does this result in more drivers going online?

Thank you for your consideration and your timely response.

Sincerely,



Sherrod Brown

United States Senator