iJRASET
International Journal For Research in Applied Science and Engineering Technology



INTERNATIONAL JOURNAL FOR RESEARCH

IN APPLIED SCIENCE & ENGINEERING TECHNOLOGY

Volume: 12 **Issue:** XII **Month of publication:** Dec 2024

DOI:

www.ijraset.com

Call: 08813907089 | E-mail ID: ijraset@gmail.com

International Journal for Research in Applied Science & Engineering Technology (IJRASET)
ISSN: 2321-9653; IC Value: 45.98; SJ Impact Factor: 7.538
Conference 'Technology and Knowledge Based Entrepreneur for Sustainable Industrial Development', held at Sridevi Women's Engineering College, Dec 2024

A Study on Financial Growth of UBER

P. Vaishnavi[1], Mrs. B. Vijaya Lakshmi[2]
[1]MBA II Year, [2]Assistant Professor, Sridevi Women's Engineering College, Hyderabad

Abstract: ***Financial growth of UBER is a leading ride-hailing and mobility company, from 2015 to 2022. Using financial statements and market data, we analyze UBER's revenue, profitability, and cash flow dynamics. Here results show rapid revenue growth driven by expanding ride-hailing and uber eats services. However, high operating expenses and regulatory challenges hinder profitability net income margin is –5.5%. We identify key drivers of growth, including strategic partnerships, technological innovation and market expansion. Regulatory challenges, particularly in the areas of labor laws and data protection, pose significant risks to Uber's financial growth. Our analysis highlights evolution as a global leader in the mobility and delivery sectors, emphasizing its financial growth, adaptability, future potential, challenges, such as competition from Lyft and Door Dash and regulatory uncertainty, financial growth and initiatives that will shape its future success. Uber has maintained its market leadership through diversification of services, expansion into new markets.***
Keywords: Financial growth, ride-hailing, mobility, profitability

I. INTRODUCTION

According to the uber Archives, the company's founding All came from a "simple Idea"- what if you could request a ride right from your phone? The infamous snowstorm incident took place in pairs, in December 2009. Experiencing the COMM Urban wed of net giving a cab in a storm, Travis Kalanick and Garrett camp soon Brainstorm an idea for a new company called Uber cab. The name Uber is derived from the German Word meaning "Above All the Rest", a Bedrock principal Kalanick and camp wanted for their fledgling company with uber cab, the origin of the connectivity portion of the company-client dynamic was introduced. All a rider had to do was open their mobile phone, tap a button, and find an affordable ride in minutes within months, uber dropped the "cab" portion of this company name, opting to stock with uber alone the company's founders reasoned that uber really wasn't a taxicab company in the traditional sense, so there was no attach the term "cab" to its name.

Uber Technologies, Inc is an incorporated American multinational company that provides a peer-to-peer ride sharing transportation services through its platforms, such services include ridesharing, ride service hailing, food delivery, couriers, freight transportation and a micro mobility system with electric bikes and scooters. It is headquartered in San Francisco, but it has its operations and presence in over 700 cities globally. Since its inception in 2009, the company has experienced rapid growth over the years due to its adaptability to changes, savvy marketing ploy, and its services being priced lower than the traditional cab companies.

The mission statement of Uber is "Transportation as reliable as running water, everyone" and

The vision statement of Uber is "We ignite opportunity by setting the world is motion"

Uber makes statements that concern the welfare of individuals and how good things occur to individuals if they are enabled to move to make their dreams happen. It's through the movement were opportunities come up and become a reality. With the help of Uber Technologies, Inc, billions of people have connected in different parts of the world through a simple button tap on their gadgets (Kreutzer, 2019). The values adopted at Uber Technologies, Inc are "we build globally, we live locally, we customer-obsessed, we celebrate differences, we do the right thing, we act like owners, we persevere, we value ideas over hierarchy, we make big bold bets". The company is committed by applying technology to ensure safety. There have been partnerships with the advocates of safety for the development of advanced technologies and systems aimed at the creation of a safe world that will facilitate easy and safe travel.

II. REVIEW OF LITERATURE

UBER'S FINANCIAL PERFORMANCE of analysis of revenue growth and profitability by S. KIM et al (2020) journal of business and economic studies. Examines Uber's revenue growth and profitability from 2015 to 2019. The financial dynamics of ride-hailing companies by A. KUMAR et al (2019) international journal of financial management analyses Uber's financial statements to identify key drives of growth. "An empirical analysis of Uber's Financial industry by J.LEE et al (2018) journal of transportation economics investigates uber financial growth and its effect on the traditional.

©IJRASET: All Rights are Reserved

III. OBJECTIVES

1) To assess profitability and sustainability of uber
2) To analysis global presence and market share.
3) Challenges and initiatives to understand challenges of Uber.

IV. RESEARCH METHODOLOGY

A. Collection of Data

1) *Primary Data:* Primary sources of data refer to original, raw, and unprocessed data collected directly from the source, such as Surveys, Experiments etc.
2) *Secondary Data:* Secondary data is already available information collected by someone hence for their own study purpose and it is the published sources of information. The secondary data sources get this purpose are textbooks, website, documents and material.

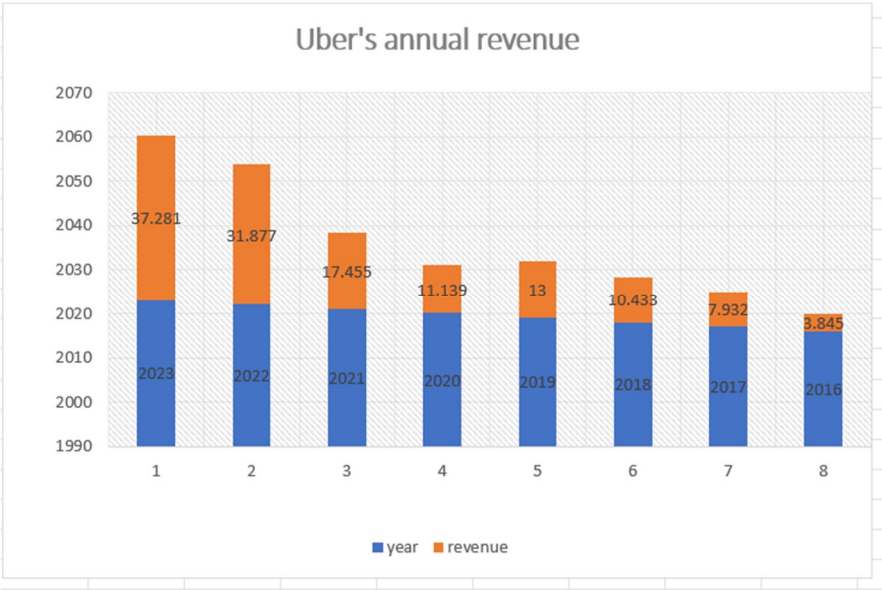
In this research study, secondary source of data is added.

V. DATA ANALYSIS

1) *To Access Profitability And Sustainability Of Uber*

Uber annual revenue 2016 – 2023

Year	Revenue
2023	$ 37.281
2022	$ 31.877
2021	$17.455
2020	$11.139
2019	$13
2018	$10.43
2017	$7.932
2016	$3.845



Uber Technologies revenue for twelve months ending September 30,2024 was $41.955B, a 16.7% improve year-over- year

- Uber Technologies annual revenue for 2023 was $37.281B, a 16.95% rise from 2022
- Uber Technologies annual revenue for 2022 was $31.877B, an 82.62% rise from 2021
- Uber Technologies annual revenue for 2021 was $17.455B, a 56.7% rise from 2020
- Uber Technologies annual revenue for 2020 was $11.139B
- Uber Technologies annual revenue for 2019 was $13B
- Uber Technologies annual revenue for 2018 was $ 10.433B
- Uber Technologies annual revenue for 2017 was $ 7.932B
- Uber Technologies annual revenue for 2016 was $3.845B

2) To analysis Uber global presence and market share

Global Ride-Hailing Market

Year	Market size	Market share
2020	$ 82.2	72.4
2021	$93.4	73.1
2022	$105.6	74.2
2023	$119.5	75.5
2024	$134.9	76.9

Global Food Delivery Market

Year	Market size	Market share
2020	$115.1	22.1
2021	$127.4	23.5
2022	$141.3	25.1
2023	$156.9	26.9
2024	$174.3	28.9





Global Ride-hailing market

- Market size: $82.2B (2020), projected to reach $220.4B by 2025 increase by 21.4%.
- Uber's market share: 72.4%

Global Food Delivery market

- Market size: $115.1B (2020), projected to reach $154.3B by 2025 increase 6.1%
- Uber Eats market share: 22.1% (2020)

Regional performance

- United states: $14.5B (2021)
- Europe: $6.3B (2021)
- Asia-pacific: $5.5B (2021)
- Latin America: $2.5B (2021)

3) To understand the challenges faced by uber

Regulatory uncertainty

- Licensing and permitting: uber faces regulatory challenges in obtaining licenses and permits to operate in various cities and countries
- Taxation: Uber's tax obligations are unclear in many jurisdictions, leading to disputes with tax authorities
- Labor laws: Uber's classification of drivers as independent contractors rather than employees has sparked controversy and regulatory challenges.
- Safety and security: Uber faces regulatory pressure to enhance safety and security measures for passengers and drivers.
- Data protection: Uber must comply with various data protection regulations, such as the General Data protection Regulation (GDPR) in the EU.

Financial impact of regulatory uncertainty

- Increased costs: Regulatory challenges can lead to increased costs for uber, including legal fees, fines, and penalties.
- Revenue impact: Regulatory challenges can impact Uber's revenue growth, particularly if the company is forced to suspend operations in certain markets.
- Investment impact: Regulatory uncertainty can impact Uber's ability to attract investors and raise capital.

4) Competition from Lyft, Door Dash and others

- Lyft's market share gain: Lyft's gained significant market share in the US ride-hailing market, particularly among younger riders.

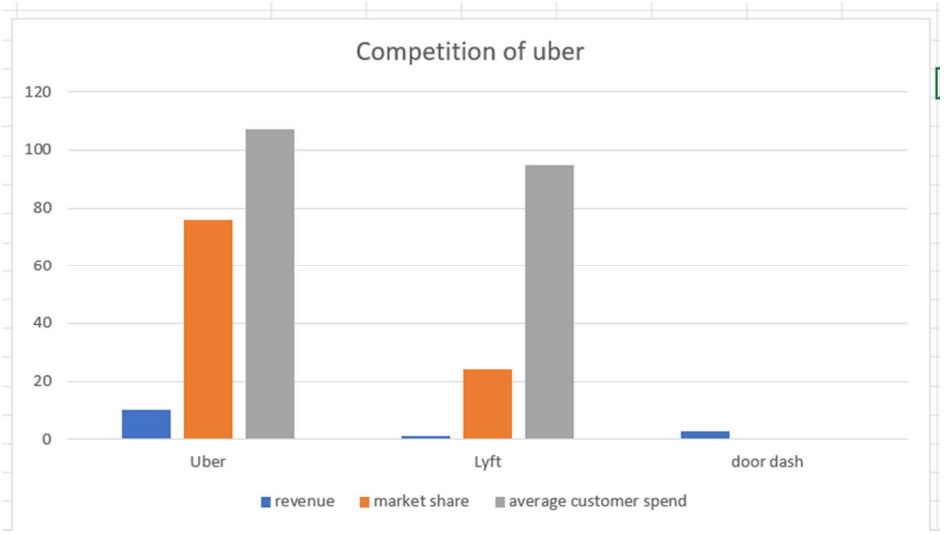
Uber's market share declined from 90% in 2016 to around 70% in 2020

- Door Dash's Dominance in Food delivery:_ Door Dash gained significant market share in the US food delivery market, particularly due to its wide restaurant selection and fast delivery times.

Uber's Eats market share declined from 30% in 2018 to around 20% in 2020.

- Revenue growth: competition from Lyft, Door Dash and others has slowed down Uber's revenue growth. Uber's revenue growth rate has declined from 100% in 2016 to 20-30% in 2020
- Market share: competition has also led to a decline in Uber's market share in the US ride-hailing market has declined from 90% in 2016 to around 70% in 2020
- Pricing pressure: competition has led to pricing pressure, which has impacted had to reduce its price to remain competitive, which has impacted its revenue growth from 100% in 2016 to 20-30% in 2020
- Increased Marketing expenses: Competition has led to increased marketing expenses for uber. Uber has had to increase its marketing spend to attract and retain customers, which has impacted its profitability from 1.1B in 2018 to 2.2B in 2020

Metric	Uber	Lyft	Door Dash
Revenue	10.1	1.3	2.7
Market share	76%	24%	-
Average customer spends	107	95	-



5) High Operating Expenses

Uber faces significant challenges with high operating expenses due to its reliance on driver incentives, regulatory compliances costs, technology investments and operational expansions

a) Driver Incentives

- To maintain a competitive edge, Uber spends heavily on bonuses and incentives for drivers, especially in markets where competition is intense.
- Rising fuel prices further increase these expenses as uber often provides subsidies to drivers.

b) Regulatory Compliance

- Compliance with labor laws, particularly the reclassification of gig workers as employees in some regions, has significantly increased costs

c) Technology Investments

- High R&D spending on autonomous vehicles, AI, and platform improvements to ensure customers satisfaction and safety.
- Partnerships like the one with Waymo add additional development costs.

d) Market expansion

- Global market operations in diverse regulatory environments lead to higher legal and administrative costs.
- Building infrastructure in food delivery like Uber Eats, freight and new service categories incurs additional financial strain.

e) Low Margins in Delivery

- Uber Eats operates in a highly competitive space with low competitive space with low profit margins compared to ride sharing, further pressuring its profitability.

VI. INITIATIVES

To determine the initiatives implemented to overcome the challenges

1) Diversification of services:

- Expanding offerings like Uber eats, grocery delivery, freight logistics and "Uber Explore" for event bookings helps to spread risks and generate additional revenue streams
- Uber One subscription provides a steady income stream by bundling ride and delivery discounts.

2) Focus on high Growth Regions

- Prioritizing growth in markets like Latin America and Asia, where demand for ridesharing is high, while scaling back in less profitable regions

3) Cost optimization

- Utilizing dynamic pricing algorithms improve revenue per ride
- Partnering with autonomous vehicle companies to reduce long term labor costs
- Increasing efficiency in operations, such as using a hybrid driver-partner model in delivery and freight.

4) Investing in technology

- Developing autonomous vehicle technology to reduce driver dependency and operating costs in the long term
- Utilizing AI for route optimization to save costs and improve delivery times.

5) Strategic Partnership

- Collaborating with companies like Waymo for autonomous ridesharing
- Partnerships in freight and package delivery to expand its logistics capabilities.

6) Profitability Focus

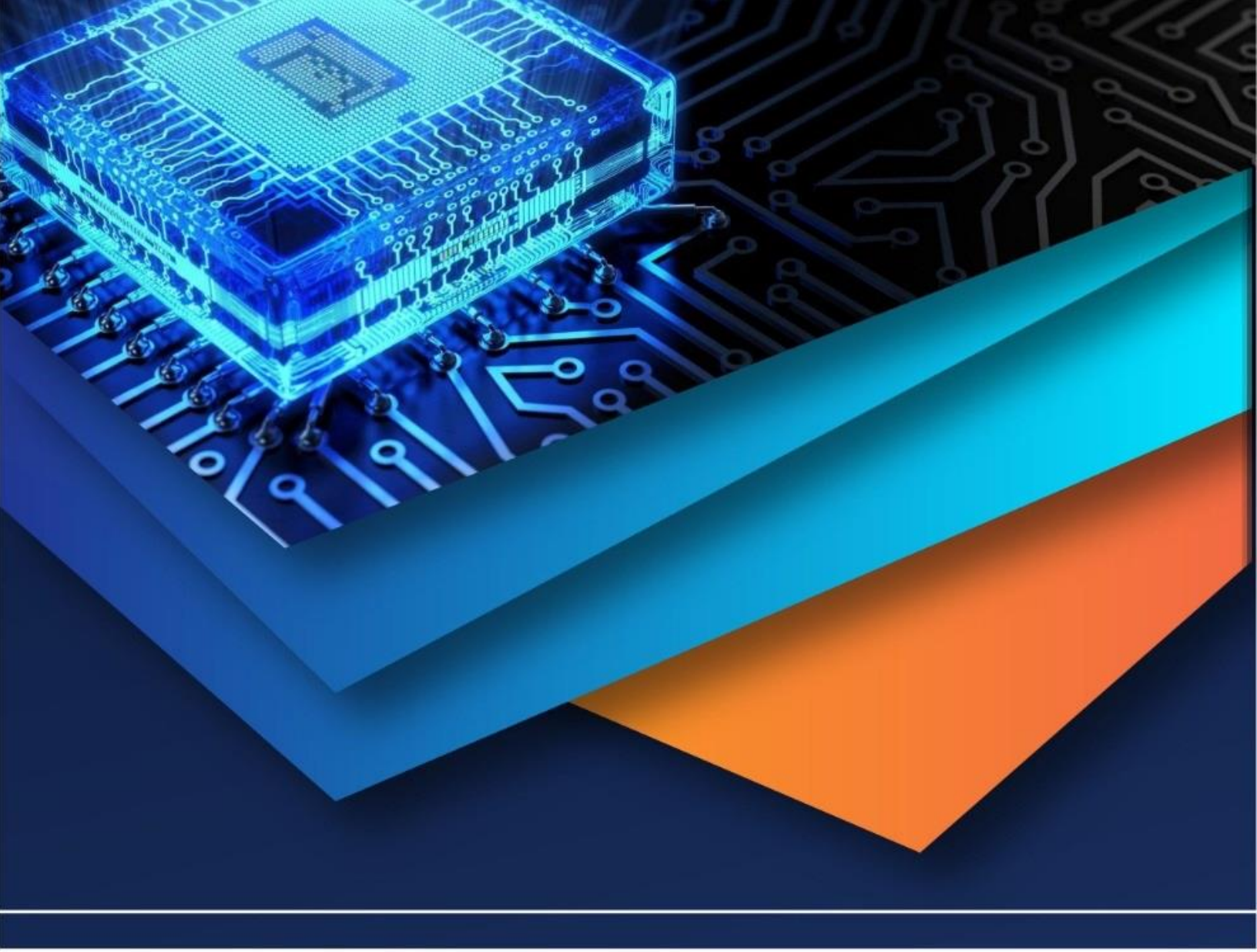
- Uber reported its first annual operating profit in FY23, driven by better cost management and increased customer spend. Continuing this momentum with a focus on operational efficiency is key to sustaining growth.

VII. CONCLUSION

Uber's financial growth has been remarkable, with revenue and demand increasing for mobility and logistics services. Despite challenges, the company has opportunities for expansion and innovation, growing competition and regulatory challenges, Uber is expected to continue growing, innovative, improve its customer experience, and adapt to changing regulatory environments. With its strong brand, diversified services, and commitment to innovation. Uber driven by increasing demand for ride-hailing and food delivery services, investment in technology, and enhancement of customer experience will be key to Uber's future success. Uber is well-positioned for continued financial growth and success. With ongoing investments in technology, sustainability initiatives, and strategic partnerships, Uber is positions for future financial growth. However, regulatory compliance, market competition, and economic conditions remain critical factors.

BIBLIOGRAPHY

[1] Kreutzer,R.T.(2019). Vision, Mission and goals. In toolbox for Marketing and management
[2] Uber Technologies Financial ratios for analysis 2016-2024
Uber Technologies Financial Ratios for Analysis 2016-2024 | UBER | MacroTrends
[3] Uber Market data analysis
Uber Target Market Analysis & Marketing Strategy | Start.io
[4] Uber challenges
Uber Target Market Analysis & Marketing Strategy | Start.io
[5] S. KIM et al (2020) journal of business and economics studies. Examines Uber's revenue growth and profitability.
[6] J.I.EE et al (2018) journal of transportation economics uber financial growth and its effect on the traditional.



10.22214/IJRASET

45.98

IMPACT FACTOR: 7.129

IMPACT FACTOR: 7.429

INTERNATIONAL JOURNAL FOR RESEARCH

IN APPLIED SCIENCE & ENGINEERING TECHNOLOGY

Call : 08813907089 (24*7 Support on Whatsapp)