



Rideshare and Chill? Lyft Introducing a Spotify/Netflix-Inspired Subscription Service

Insights

10.23.18

In many of the U.S.'s most congested cities, ridesharing is a way of life because owning a car is expensive and inconvenient. Among frequent riders, many use Uber and Lyft apps interchangeably depending on driver availability and cost.

In recognition of this reality, Lyft will begin to provide a flat rate, all-access subscription plan for \$299 a month. The plan covers 30 rides worth up to \$15 every month. Riders will pay the difference for rides in excess of \$15. All additional rides are discounted by five percent. Lyft states that the value of the subscription service is up to \$450 per month.

The subscription service may provide stability to both subscribers and drivers alike, but in the employment litigation context, rideshare has been anything but. In 2017, for example, Lyft paid out \$27 million to drivers to settle a class action brought by drivers who alleged that they were misclassified as independent contractors.

Now, post-Dynamex, it is going to be even more difficult for rideshare companies to claim that their drivers are independent contractors in California. If the new subscription service helps Lyft avoid undercutting prices to compete with Uber and other rideshare apps that regularly come online, it may be able to keep its drivers happier. It remains to be seen whether this will result in less litigation against the company, and whether other gig companies will join the subscription model in order to attract and retain new business.