

Beyond Ride-Sharing: How Network Effects Are Transforming Uber into a SuperApp

By Zimeng Li

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Zimeng Li is a rising senior at Crofton House School in Vancouver, British Columbia. Her academic interests include business strategy, economics, entrepreneurship and how digital platforms are transforming the current world we live in. She conducted this research under the mentorship of Dr. Colin Agur and hopes to continue exploring the intersection of technology and business through future research.

ABSTRACT

Uber has transformed from a premium ride-sharing service into one of the largest global digital platform ecosystems. This investigation studies the influence of network effects in driving Uber's growth and assisting its expansion beyond transportation into sectors such as food delivery, logistics, and enterprise mobility. The analysis starts by outlining the economic concept of network effects and demonstrates how the increasing number of drivers and riders generates a self-perpetuating cycle that improves the platform, while additionally highlighting the unequal distribution of benefits between riders and drivers. Subsequently, the paper studies Uber's tiered marketplace structure, major milestones in its business model, and its evolution toward a super app. A comparative assessment of Uber and Lyft illustrates that Uber's diversified platform strategy has resulted in stronger network effects and greater prospects for ongoing growth. The paper ends by proposing three prospective avenues for expansion—on-demand skilled services, logistics solutions for small and medium-sized enterprises, and tourism experiences—and assesses their feasibility and constraints. To summarize, this research contends that Uber's achievements go beyond ride-sharing; its ability to harness network effects across multiple services provides a framework for platform-based companies to broaden revenue streams and remain competitive in an ever more interconnected digital economy.

Keywords. *Uber, network effects, super apps, ride-sharing, platform economy, digital platforms, logistics, platform ecosystems, enterprise mobility*

INTRODUCTION

Uber is one of the most dominant ride-sharing companies in the 21st century, with more than 7 million drivers in its network (Uber Technologies, Inc., 2026). This extensive network provides a strong foundation for future service expansion. Uber is a great example of how a company can leverage its current network and expand beyond its singular focus. The company's expansion into food delivery, logistics, and enterprise services shows a shift into creating a super app platform (Uber Technologies, Inc., 2026). The question remains: how can it expand its current network beyond rides and deliveries while continuing to meet consumer demand for those new services?

This paper first examines the role of the network effect in relation to Uber's growth, followed by an analysis of the company's current ride offerings and key milestones that established Uber as a dominant ride-sharing platform. It then studies the concept of "super apps" before comparing Uber's diversified platform strategy with Lyft's more focused ride-sharing model. Ultimately, this paper argues that Uber's extensive network provides a strong foundation for expanding into adjacent markets and offers insights into how platform-based companies can leverage network effects to support their future growth.

METHODOLOGY AND SOURCE SELECTION

This paper draws on secondary research to examine how Uber's network has supported its growth and expansion. Academic sources primarily explain the role of network effects and platform ecosystems, while company reports and other reliable sources provide information about Uber and Lyft. The comparison focuses on the two companies' scale and differences in their business models. The proposed expansion opportunities are then considered based on how well they fit with Uber's existing platform and network.

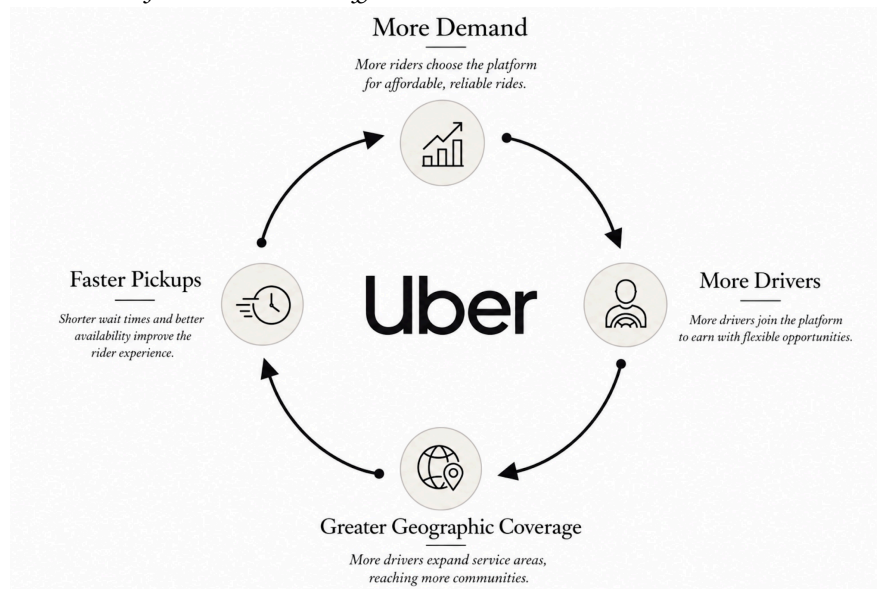
The Role of Network Effects

From an economic perspective, Uber's success can largely be explained by network effects. Network effects occur when the value of a platform increases when more users join it (Stobierski, 2020), meaning the product or service improves simply by having more users, without any change to the underlying technology or service (Parker et al., 2016, p. 25-30). In Uber's case, more drivers reduce riders' wait times, and more riders increase drivers' earning opportunities (Currier, 2019; Cramer & Krueger, 2016). This mutually beneficial cycle helped Uber scale (Katz & Shapiro, 1985; Bartels & Schmitt, 2022). Conceptually, this means Uber's most valuable asset is the size of its network, which reflects a defining characteristic of modern platform businesses

(Cusumano et al., 2019). A rival could replicate Uber's technology relatively easily, but replicating eight million drivers across thousands of cities is challenging (Parker et al., 2016; Rochet & Tirole, 2003). The diagram below illustrates how this loop works: as the network grows, each new connection lowers the cost of doing business, and a portion of those savings is passed on to riders through lower fares, which in turn attracts more demand.

Figure 1

Illustration of Uber's Network Effects



Note. Figure created by the author

However, the benefits of this loop are not shared equally. While Riders benefit directly from a larger network, with shorter wait periods and lower fares, the economic reality for drivers is different. Research by Mishel (2018) for the Economic Policy Institute found that after accounting for Uber's commissions, vehicle expenses and the costs of benefits that drivers must fund themselves as independent contractors, Uber's drivers earned the equivalent of only \$9.21 per hour in net wages. A separate study by Hall and Krueger (2018) found that as more drivers join the platform, earnings per driver decline rather than increase, suggesting that as Uber's network grows, the company — not its drivers — captures most of the financial gains.

As Uber's network expands, its network effects extend beyond improving the user experience to strengthening the company's competitive position within the ride-sharing industry. Once a platform reaches a certain size, it becomes harder for competitors to catch up (Eisenmann et al., 2006). However, research from

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Harvard Business School emphasizes that ride-share competition remains largely local; a rival company only needs to gain traction city by city, not all at once, meaning that Uber's size advantage also has limits. Even Uber's 76% U.S. market share and presence in 70+ countries create a strong cycle (Uber Technologies, Inc., 2025). Chung et al. (2025) found that the same driver network made Uber's push into food delivery possible, showing that the network effect extends far beyond ride-sharing.

The more drivers there are in the network, the greater the geographic coverage, leading to faster pickup times, which in turn create more demand. However, the benefits of this network effect are not distributed equally. While riders encounter reduced prices and faster service, drivers often see their earnings per trip decline as increased competition reduces individual margins. This suggests that Uber's network effects primarily optimize for consumer convenience, even if it comes at the expense of driver profitability (Hall & Krueger, 2018).

Uber's Tiered Marketplace

To answer how Uber can expand, we need to examine its current ride offerings. Uber operates in a tiered mobility marketplace, segmenting demand by price and purpose (Chen & Gong, 2024). As the base tier, UberX is the standard and cost-efficient on-demand ride service. Uber Share further reduces the cost per passenger by maximizing vehicle utilization through ride matching with different passengers. In the mid-tier segment, Uber Comfort differentiates itself from the base tier by offering newer vehicles and additional legroom, targeting riders willing to pay a higher fee for a more premium experience. While Uber XL accommodates up to 6 riders, it also offers extra luggage space for those airport days. At the premium end, services such as Uber Black offer luxury black vehicles and professional drivers, targeting higher-income consumers and time-sensitive business travellers.

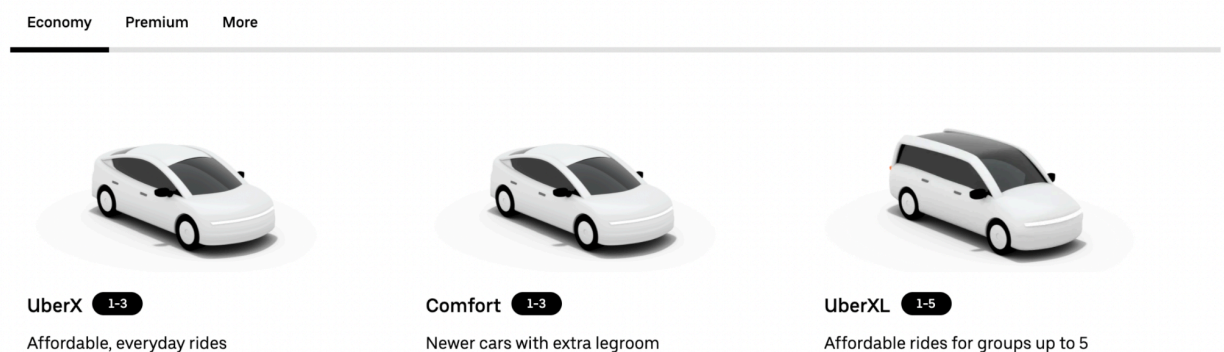
From a driver's perspective, this stratified structure creates multiple income hierarchies one can pursue. Drivers who meet the higher vehicle and rating requirements can access premium tiers such as Uber Comfort or Uber Black, which charge higher fares per trip. This gives drivers a financial incentive to invest in and better maintain their vehicles, and to continue strong performance to earn higher ratings. This keeps their interests consistent with Uber's goal of quality service.

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Figure 2

Uber's Tiered Ride Options

Ways to ride in the area



*Note. Screenshot from the Uber app showing examples of UberX, Uber Comfort, and UberXL. Adapted from the Uber app. Copyright 2025 by Uber Technologies, Inc.

The Evolution of Uber's Business Model & Milestones

Uber's tiered structure surfaced through a sequence of deliberate expansions that progressively transformed it from a luxury service into a mainstream platform for everyone (Garud et al., 2022). Founded in 2009 by Travis Kalanick and Garrett Camp, Uber initially operated as a premium black-car service in San Francisco. However, the launch of UberX in 2012 signified a turning point, enabling everyday drivers to use their personal vehicles and ultimately increasing the driver supply and reducing fares. This decision altered the company's model, prioritizing scale over exclusivity. Several key milestones further demonstrate this evolution. UberPool introduced ride-sharing for passengers travelling in the same direction, reducing both costs and road congestion in cities (Zha et al., 2016). Initiatives such as UberMilitary allowed over 50,000+ military personnel and their families to earn income through the platform, while accessibility features helped accommodate deaf or hard-of-hearing drivers. Uber also experimented with social initiatives like UberKIT'TENS, which partnered with animal shelters to let riders interact with adoptable kittens and raise funds for them. In 2017, Uber launched a six-month initiative focused on improving the driver experience, introducing features such as tipping after drivers had been requesting them for years. The COVID-19 pandemic was a turning point in Uber's business model. As global lockdowns caused ride demand to rapidly decline, Uber shifted its focus toward delivery services, particularly Uber Eats, which experienced significant growth (Chiappetta, 2020). The company also introduced safety measures such as mask verification and contactless delivery to adapt to changing consumer behaviour (Uber, 2020). This period demonstrated the flexibility of Uber's platform: its existing network and

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infrastructure allowed it to reallocate resources quickly and sustain operations despite disruptions to its main business model. These developments illustrate that Uber is continuously strengthening and diversifying its network. Each initiative increased platform participation or enhanced user engagement, deepening the network effects that underpin Uber's long-term growth.

The Rise of the “Super App”

An important concept for understanding Uber's growth is the emergence of the “super app” model. A super app integrates multiple services into a single platform, increasing convenience and user retention (Hasselwander, 2024; SDK.finance, 2024). Uber increasingly fits this model through its expansion into food delivery and business services, allowing it to utilize its existing network to fulfill multiple consumer needs (Garud et al., 2022). Uber's primary competitor, Lyft, had taken a different strategic approach by remaining largely focused on ride-sharing rather than expanding into multiple services. In contrast, Lyft remains largely focused on ride-sharing, limiting its ability to diversify demand and capture cross-platform network effects. Super apps offer major advantages such as cross-selling opportunities and higher switching costs for users. However, they also encounter trade-offs, as expanding into multiple services can reduce specialization and operational efficiency. Uber is essentially becoming a new kind of super app, centred on moving people and goods, but it also emphasizes the challenge of growing at scale while still delivering consistent service (Tiwana, 2014). The development of Uber can be better understood by looking at Asian super apps. For example, platforms like Grab and Gojek have also expanded from transportation into areas such as food delivery, logistics, payments, and other services, showing how transport networks can form the basis of wider digital ecosystems (Grab Holdings Limited, 2026; GoTo, 2026). WeChat offers an even more comprehensive approach by incorporating messaging, payments, commerce, and third-party services through its platform (Jia et al., 2022). While Uber is developing into a super app, it remains more focused on moving people and goods than broader platforms. These examples suggest Uber represents a distinct, mobility-centred form of the super app model with potential to expand into related services.

Uber Vs Lyft

To better understand Uber's strategic direction, it is useful to compare it with its closest competitor, Lyft. While both companies operate within the same ride-sharing market, they have adopted notably different approaches to expansion and service diversification. This comparison helps contextualize the role of network effects and the growth of the super app model discussed in earlier sections. Comparing the key differences in geographic reach and business offerings, this section highlights how Uber's broader platform strategy contrasts with Lyft's more focused approach, shedding light on how different business models shape competition in the ride-sharing industry.

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Table 1
Comparative Analysis of Uber and Lyft (2024–2025)

Metric	Uber	Lyft
Year Founded	2009	2012
Headquarters	San Francisco	San Francisco
Founders	Travis Kalanick, Garrett Camp	Logan Green, John Zimmer
Drivers	~8.8 million globally	~2 million
Annual Trips	~11.27 billion	~945 million
Monthly Active Users	~180 million	~25-26 million
Services Offered	Rides, Uber Eats, Freight, Business, Grocery, Delivery	Primarily ride-sharing
Revenue (2025)	~52 billion	~6.3 billion
Net Income	~10 billion	~2.8 billion
Market Value (Approx.)	~\$147 billion	~\$5.3 billion
Geographic Reach	70+ countries, 10,000+ cities	Mostly the U.S. and Canada
Market Share (2024 U.S)	76%	24%
Trend	↑ Strong growth, 18% revenue YoY, expanding globally & into AVs	↑ Slower growth, 3% Q4 revenue YoY, U.S./Canada focused

*Source. Compiled by the author using Uber Technologies (2025) and Lyft (2025)

The information in Table 1 illustrates that, although Uber and Lyft both operate within the ride-sharing industry, their business strategies differ significantly. Both companies were founded in San Francisco within a three-year span; however, Uber has diversified well beyond its initial ride-sharing model. Currently, Uber operates in over 70 countries and provides services such as food delivery, freight, grocery delivery, and

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enterprise transportation. In contrast, Lyft remains primarily focused on ride-sharing services within the United States and Canada.

These strategic differences are evident in the scale of each company. Uber serves approximately 180 million monthly active users, compared to Lyft's 25–26 million, and completes nearly twelve times as many annual trips. Uber's larger driver network and wider geographic presence enhance the indirect network effects previously discussed. This allows Uber to offer faster service and greater potential for expansion into adjacent markets.

Financial metrics further underscore this distinction. Uber reports significantly higher revenue, net income, and market value than Lyft, indicating that investors have greater confidence in its diversified platform strategy. Instead of relying exclusively on transportation, Uber has utilized its existing network to develop a multi-service ecosystem that produces multiple revenue streams. Conversely, Lyft's specialized approach grants heightened operational focus but restricts its capability to capitalize on cross-platform network effects.

To summarize, this comparison indicates that success in the ride-sharing industry increasingly depends not only on connecting riders with drivers, but also on the effective use of existing networks to develop complementary services. Uber's approach demonstrates how network effects can go beyond transportation and serve as the basis for a broader digital platform.

Short-Term Expansion Beyond Rides

Beyond transportation, Uber has increasingly expanded into other markets. Uber Eats had become one of the largest food delivery services in the world, connecting restaurants with consumers through the same platform infrastructure used for rides. The company has also entered the grocery delivery market, including convenience store and alcohol delivery, in regions that permit it. These services demonstrate Uber's attempt to evolve into a company that offers more than rides.

Another important development is Uber's expansion into enterprise and logistics services. Uber for Business enables companies to subsidize employee commutes, provide courtesy rides for customers, and arrange meals for employees (both in the office and at home) (Uber for Business, 2025). Uber Direct provided same-day delivery services for businesses using Uber's courier network, while Uber Freight connects shipping companies with truck drivers through its platform (Uber Freight, 2025). These initiatives indicate that Uber sees itself as a platform capable of moving any type of goods and services efficiently.

Medium-to Long-Term Expansion Opportunities

Building on Uber's large network of drivers and its current platform infrastructure, Uber has the potential to expand into adjacent industries. The following three opportunities demonstrate how the company can leverage its existing capabilities to generate new revenue streams. The following three expansion opportunities are proposed:

1. On-Demand Skilled Services ("Uber for Tasks")
2. Logistics Services for Small and Medium-Sized Businesses (SMBs)
3. Tourism and Experience Services ("Uber Guides")

1. On-Demand Skilled Services ("Uber for Tasks")

One potential expansion is into on-demand skilled services, where Uber could connect users with workers who provide services such as furniture assembly, moving assistance, cleaning, or even event staffing. This model follows a structure comparable to TaskRabbit's (TaskRabbit, 2025), but Uber's existing user base and advanced infrastructure would allow for greater scalability.

Since Uber has millions of active drivers and has already cemented itself as a trustworthy platform, it could reduce customer acquisition costs and offer more competitive pricing than current models. In addition, this model could be extended to higher-value services, such as in-home health and wellness (e.g. personal training or physical therapy). This model would need a careful regulatory process and a credential verification system.

2. Logistics Services for Small and Medium-Sized Businesses (SMBs)

A second opportunity lies in expanding Uber's logistics capabilities to better serve small and medium-sized businesses. While Uber Direct already permits businesses to deliver locally to their customers (Uber, 2025), a more specialized platform could enable businesses to transport inventory between their own locations. This could look like moving supplies between their warehouses and their restaurants or transferring goods between retail stores.

This model builds off of Uber's current delivery infrastructure but targets a different demographic. Unlike large-scale logistics providers, many small businesses require flexible, short-distance delivery solutions rather than bulk shipping. Uber's driver network is well-positioned to meet this need.

3. Tourism and Experience Services ("Uber Guides")

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A third expansion opportunity is in tourism and local experiences. As global travel continues to recover following the COVID-19 pandemic, many travellers are increasingly seeking a more personalized and authentic experience than traditional group tours offer (UN Tourism, 2024). An “Uber Guide” service would allow drivers to serve as both transportation providers and local guides, providing a curated experience informed by their knowledge. A key feature of this model would be continuous service, where drivers remain available throughout the customer’s stay. Instead of completing a single trip, the driver would wait for the customer at each destination before transporting them to the next location. This reduces stress for travellers by eliminating the need to repeatedly request new rides, creating a more seamless, convenient experience.

Because Uber already operates in 70+ countries and 10,000+ cities worldwide (Uber Technologies, Inc., 2026), it is well-positioned to scale these services globally. This model would also increase driver earnings by allowing longer bookings and also give travellers a more relaxing service compared to standard point-to-point rides.

Of the three proposals, expanding logistics services for small and medium-sized businesses is the most feasible option, as it leverages Uber’s existing infrastructure and customer base. The “Uber for Tasks” initiative presents a moderate-risk, high-growth opportunity contingent on implementing enhanced worker verification systems. Conversely, “Uber Guides” offers the greatest potential for product differentiation but requires substantial investment in training, regulatory compliance, and quality assurance, making it the most costly and complex initiative to execute.

CONCLUSION

In conclusion, these ride-share services are more than ride-share; they are ecosystems of networks that connect people to one another. Uber’s growth depended heavily on an atmosphere of trust, and that trust helped it evolve from a ride-sharing service into a superapp. In our current society, living without a platform like Uber is hard to imagine because it is already so integrated within our daily routines, with features like food deliveries and ride services. Uber is a generative, experimental platform-based company (Garud et al., 2022), and this structure is likely to continue and expand new ideas for the app; some will succeed, and some might not, but ultimately, this continuous innovation is what keeps Uber relevant and ahead within the constantly changing market. As more companies adopt platform-based business models, Uber demonstrates how network effects are able to transform a single-purpose application into a multi-service ecosystem, reshaping not only how services are delivered but also in which digital platforms compete and create value.

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