

# Defending Community

Lyft & Texas Senate Bill 8



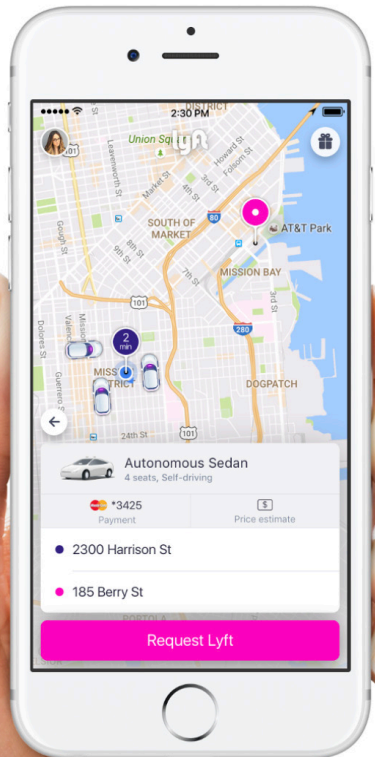
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# Page Society Principles

*Throughout this case study there are interjecting slides that link Lyft's actions to the seven Arthur W. Page Society's principles. Page Society members "regard these principles as the guidelines by which they, and indeed all communications professionals, should undertake their role," enabling the "effective practice of public relations" at the enterprise level.*



**Look for this symbol, noting an applicable principle.**

# Overview

- Founded in 2009
- Offers several transportation options beyond rideshare
- Operates in 645 US Cities and 10 Canadian Cities
- Went public in 2019, trading on the NASDAQ as LYFT



Logan Green  
CEO & Cofounder



John Zimmer  
President & Cofounder



Sean Aggarwal  
Executive Chairman

# Under the Hood

## Mission

Transform Lives Through The World's Best Transportation

## Vision

Lyft seeks to connect communities by reducing personal car ownership

## Values

Be Yourself / Uplift Others / Make It Happen



September 08, 2021

**Lyft Becomes Official Rideshare Partner of First-Ever Car-Free Neighborhood, Culesac Tempe**



August 31, 2021

**Help After Hurricane Ida**

# Prove It With Action



*Public perception of an enterprise is determined 90 percent by what it does and 10 percent by what it says.*

- Lyft historically created programs and initiatives that support its corporate values, especially uplifting others through its LyftUP initiatives for vaccination.
- Lyft “makes it happen” by crafting strategic partnerships (like with Culdesac Tempe) to make its vision for a future with reduced personal vehicle ownership realistic.

## Situation: Texas SB8

- “Heartbeat Bill” bans abortions as early as the **sixth week** of pregnancy
- Enables **private citizens** to file lawsuits against anyone who **performs** an abortion or **aids someone** in getting an abortion, **whether or not they knew it would be performed**
- Challenges federal precedent set in *Roe v. Wade* (1973)



*Texas Governor Greg Abbott signed SB8 into law on May 19, 2021. The law took effect September 1, 2021.*

# Listen to Stakeholders



*To serve the enterprise well, understand what the public wants and needs and advocate for engagement with all stakeholders. Keep top decision makers and other employees informed about stakeholder reaction to the enterprise's products, policies and practices. To listen effectively, engage a diverse range of stakeholders through inclusive dialogue.*

- Co-founder John Zimmer stated in an NPR Interview that the company received multiple statements of concern from Texas-based drivers about Senate Bill 8.
- These concerned drivers were the impetus for Lyft to take action against the Heartbeat Bill.



# Defensive Driving

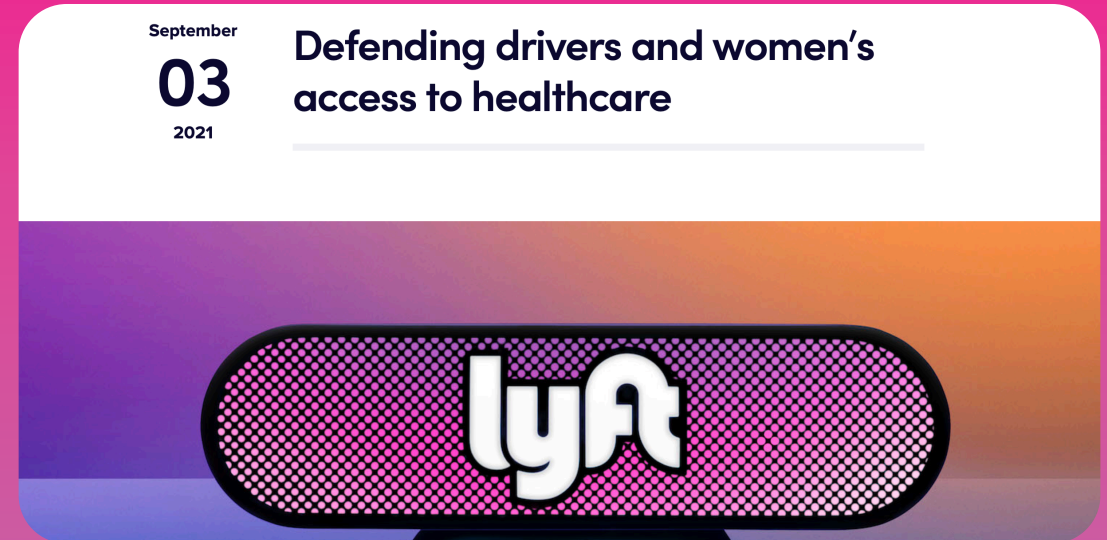
- On September 3, Lyft issued a blog post, internal memo and tweet from CEO Logan Green on its actions, cementing the company in opposition to SB8.
- Messaging consistently relayed that SB8 “**threatens to punish drivers for getting people where they need to go — specifically, women exercising their right to choose and to access the healthcare they need.**”
- The internal memo to drivers reinforced that “**it is not their responsibility or, frankly, their business to be asking where a passenger is going,**” simultaneously assuaging driver fears of being sued in the course of conducting business and making clear that drivers should not concern themselves with drop-off locations under any circumstance.

# Defensive Driving

- Lyft created a **Driver Defense Fund** that would pay all legal fees for drivers sued under SB8 while driving for the company.
- Lyft donated \$1 million to Planned Parenthood “**to help ensure that transportation is never a barrier to healthcare access.**”



Tweets from the Brand and CEO



Blog Post Announcing Fund

# Tell the Truth



*Let the public know what's happening with honest and good intention; provide an ethically accurate picture of the enterprise's character, values, ideals and actions.*

- Lyft's communications surrounding the creation of the Texas Driver Defense Fund and \$1 million donation to Planned Parenthood were accurate and informative representations of potential implications the law posed to its business.
- Lyft's actions painted an ethcially accurate picture of the enterprise's character and supported its values and ideals through action, even in the event that no driver would be sued in the company's posed hypothetical situations.

# Timeline

3/11/21: SB8  
Introduced  
to the Texas  
Legislature

5/19/21: SB8 signed  
into law by Texas  
Governor Greg  
Abbott

9/1/21: SB8 takes effect,  
banning abortions  
after the sixth week of  
pregnancy

9/1/21: SCOTUS  
rejects requests to  
block the law

9/9/21: USDOJ files to block  
the law for breaking the  
Supremacy Clause of the  
Constitution

9/5/21: Brand retweets  
Green, adding context  
and language from  
blog post

9/3/21: Lyft announces  
Driver Defense Fund  
& Planned Parenthood  
Donation

9/21/21: Lyft joins 50+  
companies who declare  
SB8 is antithetical to its  
corporate values

10/6/21: Federal  
Judge Robert  
Pittman bars Texas  
from enforcing SB8

10/08/21: Federal  
Fifth Circuit allows  
law to remain  
in effect

11/2/21: Lyft announces  
Q3 results that would  
indicate repercussions

# Checking Gauges - Stakeholder Responses

- Evaluation is the most important facet of public relations execution, establishing outcomes from a practitioner's efforts. This is also a core component of **Page Principle 3** (Slide 8).
- This step also allows communicators to **gauge the organizational relationship** with its **target publics**, setting context for future communications planning.
- Evaluation tactics must consider varying **internal** and **external stakeholders**.
- This case study uses a Twitter **social media audit** to gauge responses of the following key publics:

## Internal

- Drivers
- Employees

## External

- Competitors
- Riders & The General Public
- Shareholders & Wall Street

# Internal Responses

- Drivers are the key stakeholder targeted by the communication, therefore their responses are most critical to knowing if messaging was effective.
- Multiple internal stakeholders noted that the stance made them **“Proud to work at Lyft.”**
- Driver complaints were limited to gripes saying drivers should be paid more in lieu of the corporation making donations, or that the brand should “stay out of politics.”
- Another said she would prefer drivers be classified as employees instead of contractors, so that Lyft would **“[take] on the liability for anything they might be sued for in the scope of their employment.”**



# Realize an enterprise's true character is expressed by its people



*The strongest opinions — good or bad — about an enterprise are shaped by the words and deeds of an increasingly diverse workforce. As a result, every employee — active or retired — is involved with public relations. It is the responsibility of corporate communications to advocate for respect, diversity and inclusion in the workforce and to support each employee's capability and desire to be an honest, knowledgeable ambassador to customers, friends, shareowners and public officials.*

- Lyft's leadership made critical decisions on how to best protect its drivers, with communications advocating for respect of rider privacy and driver security.
- When pressed on the possibility that Lyft received feedback from a driver supporting SB8, Zimmer stated that the company would “likely not support that individual.” This does not align with Principle Six's dedication to each employee, but upholds corporate values strengthened by this action.

# Competitors Responses

- Uber, Lyft's primary rideshare competitor, announced that it would mirror Lyft's protections for drivers via a tweet from its CEO Dara Khosrowshahi approximately an hour and a half after Lyft.
- Many headlines about the funds mentioned both companies, but primarily lead with Lyft.
- Replies to Khosrowshahi were extensively negative, claiming Uber's move to copy was an **inauthentic attention-grab with no strategic or emotional significance.**
- One respondent to Khosrowshahi noted that Nevada drivers could be similarly charged with sex trafficking if they transported sex workers, and asked what the company would do to protect them.





# Riders & General Public - Positive Response

- Alienation of current and potential Lyft users was the looming threat to taking a stance on this highly-politicized human rights issue.
- Multiple simple “Thank You” and “Well Done” responses offered positive reinforcement.
- One user thanked the company for “taking a common sense stance” and for **“being a leader.”**
- Another user said that she was choosing between Lyft and Uber when she saw the announcement and was “definitely going with Lyft!”
- An Austin, Texas-based attorney commented that she hoped **“other employers follow suit and speak out against this heinous law.”**



# Riders & General Public - Negative Response

- Numerous negative comments relayed that respondents had deleted their Lyft accounts or apps because of the company's stance **“regarding the rights of the unborn.”**
- Several claimed the announcement made them permanently shift loyalty to Uber, unaware that both companies made mirroring pledges.
- Many comments reflected opinions that Lyft should not take stances on issues not directly related to their business, but previous evidence shows how SB8 posed an imminent threat to Lyft drivers.
- One commentor from Idaho said the decision would financially cause huge revenue losses **“because we use our wallet[s] with discretion!”**



**Billy Acres**  
@billy\_acres

Replying to @lyft

I just deleted my Lyft account. Thank you for making it clear where the company stands regarding the rights of the unborn. No way I could ever support anyone or any company which supports such a horrific act.

12:33 AM · Sep 4, 2021 · Twitter for iPhone



**Turret View**  
@Turretview

Replying to @lyft

I needed a ride, not your moral and ethical stand on issues. You are going to lose huge revenue, because we use our wallet with discretion! **#ProLife @Lyft**

11:33 AM · Sep 4, 2021 · Twitter for iPhone

# Manage for Tomorrow



*Anticipate public reaction and eliminate practices that create difficulties. Generate goodwill.*

- Lyft consistently used hypothetical examples of a rider seeking medical care and a driver fearing retribution as evidence of how the Heartbeat Bill could affect its operations.
- Zimmer noted that Lyft “can’t solve everything about this law,” but they can “take a stand and encourage others to do the same.” Zimmer also said his hope is that Lyft’s stance “leads to further action and potentially further legal challenges against this law, which we believe does not fit the rights to privacy and, frankly, the Constitution.”

# Shareholders: Financial Metrics

- Green's tweeted about 45 minutes before the NASDAQ closed for Labor Day Weekend 2021.
- Share prices fell 3% on the day, but trading **volume remained consistent** with surrounding days.
- Trading volume reached 6.1 million when trading resumed on September 7th, which was high but **within the stock's normal range**.

## LYFT Historical Data

1M 6M YTD 1Y 5Y MAX

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Date	Close/Last	Volume	Open	High	Low
09/08/2021	\$49.81	3,456,417	\$50.48	\$51.24	\$49.03
09/07/2021	\$50.59	6,127,327	\$48.58	\$50.825	\$48.45
09/03/2021	\$48.21	3,750,636	\$49.19	\$49.19	\$47.73
09/02/2021	\$49.3	3,809,374	\$49	\$49.968	\$48.2
09/01/2021	\$48.37	4,550,301	\$48	\$49.59	\$47.84
08/31/2021	\$47.61	5,075,580	\$47.16	\$48.1	\$47.13
08/30/2021	\$47.13	4,307,026	\$48.43	\$48.71	\$46.92
08/27/2021	\$48.39	2,766,947	\$48.115	\$49.25	\$48.115

# Shareholders: Non-Financial Metrics

- Q3 revenues announced on November 2 were up 13% compared to the second quarter of 2021, implying that Lyft **suffered no financial repercussions as a result of taking their stance.**
- The company saw a 45% material increase in driver supply in Q3, with 60% of those being new drivers who had never previously driven for the platform.
- Lyft had 18.9 million active users in Q3, a 10.5% increase compared to Q2 (or 89.3% of their pre-pandemic demand), showing that **significantly more customers used Lyft.**
- The company also reported record non-GAAP quarterly average revenues per active rider of \$45.63, signaling that **each active customer used Lyft services more frequently.**

	Active Riders			Revenue per Active Rider		
	2021	2020	Growth Rate	2021	2020	Growth Rate
	<i>(in thousands, except for dollar amounts and percentages)</i>					
Three Months Ended March 31	13,494	21,211	(36.4)%	\$45.13	\$45.06	0.2%
Three Months Ended June 30	17,142	8,688	97.3%	\$44.63	\$39.06	14.3%
Three Months Ended September 30	18,942	12,513	51.4%	\$45.63	\$39.94	14.2%
Three Months Ended December 31		12,552			\$45.40	

# Conduct public relations as if the whole enterprise depends on it

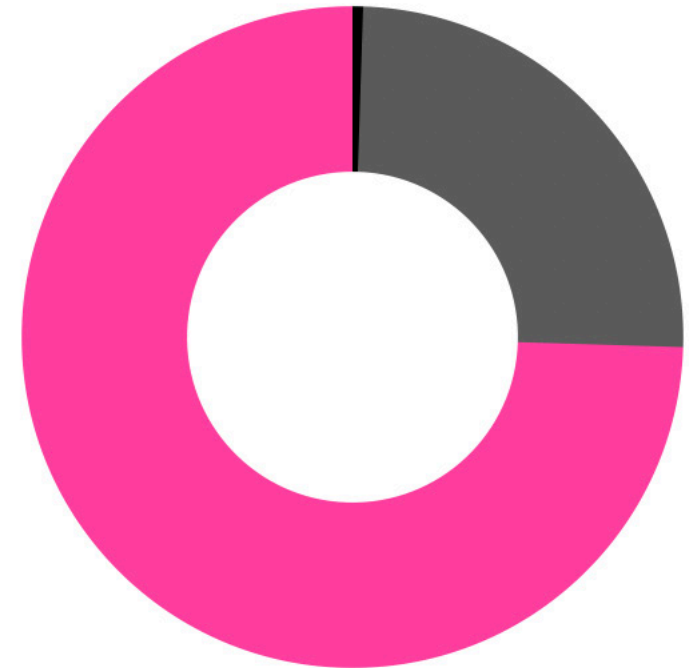


*No strategy should be implemented without considering its impact on stakeholders. As a management and policymaking function, public relations should encourage the enterprise's decision making, policies and actions to consider its stakeholders' diverse range of views, values, experience, expectations and aspirations.*

- Looking collectively at all responses, Lyft's actions sought to advance protections for internal stakeholders, resulting in positive outcomes for other stakeholder groups.
- As a management function, this creation of goodwill through public relations initiatives dictates future policy approaches for the brand.

# Media Response

- According to TrendKite, an industry-standard media coverage tracking tool, Lyft received 1,796 total mentions in relation to its stance against SB8.
- Of those, artificial intelligence gauged that nine had positive sentiment, 440 had negative sentiment, and 1,347 had neutral sentiment.
- Manual analysis showed that some articles labeled neutral or negative were attributed as such due to others elements of the text not pertaining to Lyft, such as quotes from politicians or executives of other companies.



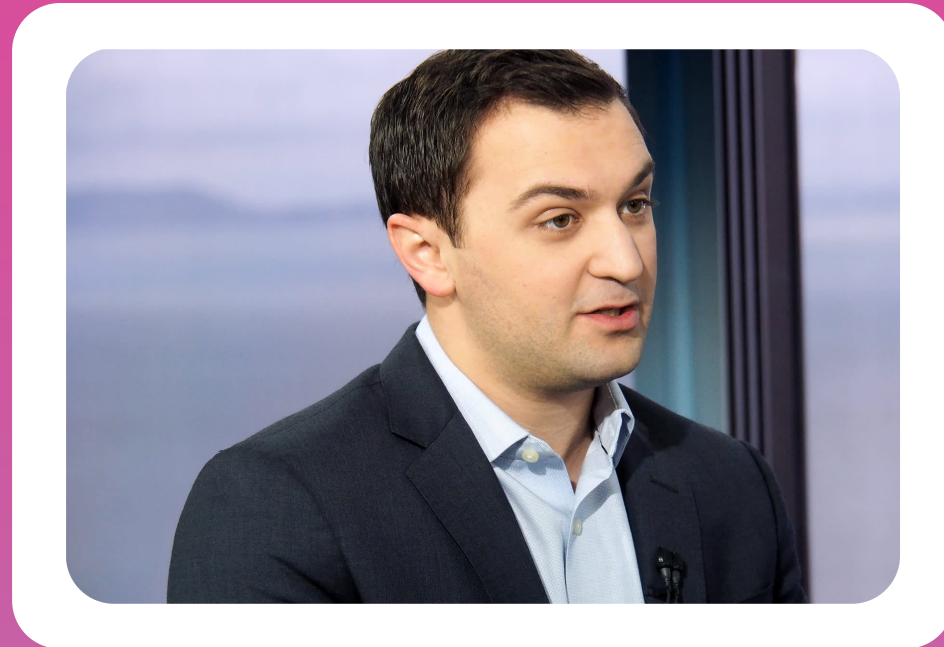
## Sentiment Breakdown

74% neutral, 25% negative and 1% positive

# Thought Leadership

**“This decision was not made with the bottom line in mind. It was made based on our values, based on what we believe to be the very bad precedent that a law like this could set. This was based on the fact that decades of law have followed *Roe v. Wade*, and this threatens to undermine that. And that’s how we made this decision.”**

*- President John Zimmer, President & CoFounder*





# Thought Leadership

**“Abortion is a constitutionally protected right, and so I’m happy to see us here taking a voice and I hope that more of corporate America does this. Now, that said, governments should also be passing fair legislation and not look to inappropriately ban a constitutional right as they have here. But I do think it’s important that corporate America holds government accountable and speaks out on important issues.”**

*- Kristin Sverchek, Pres. of Business Affairs, Former General Counsel*



# Remain Calm, Patient and Good Humored

*Lay the groundwork for public relations successes with consistent and reasoned attention to information and stakeholders. When a crisis arises, remember, cool heads communicate best.*

- Through media interviews both Lyft's president and co-founder, John Zimmer, and Lyft's then-General Counsel, Kristin Sverchek, remained calm and patient, using poise, sophistication and clear articulation to deliver key messages effectively.
- Being that this case study is highly political and pertains to human rights, this was not an instance where Lyft would want to be viewed as good-humored. Lyft's responses were reflective of the situation at hand.



# The Road Ahead

- The 40-year positive trend of incorporating authentic corporate social responsibility initiatives intersecting with modern tech access leaves businesses hyperexposed to societal accountability pressures.
- In 2019, The Business Roundtable - a coalition of 181 top executives from the world's largest companies - redefined the the purpose of a corporation as not just to serve shareholders, but “to create value for all our stakeholders.”
- While some CEOs are truthful in their pledge to conduct business practices from the lens of stakeholder rather than shareholders, other signatures are hard to take as word, as very few executives who signed the statement submitted it for board approval (Goodman, 2020).

Overarching PR Ethical Dilemma:

**How to distinguish authentic responses from “woke-washing”**

## In Lyft's Case

- Stakeholder responses showed that political advocacy does have the power to change consumers' opinions on a corporation responses in both positive and negative ways.
- Lyft's communications proved while some people are growing more cynical about how pervasive politics have become in their day-to-day lives, the majority of commentary surrounding Lyft's actions were either neutral or positive in nature.
- To remain authentic, Lyft must continue to advocate for pro-choice policy, especially in light of new precedent-altering cases like *Dobbs v. Jackson Women's Health Clinic* (2021).
- Ultimately, Lyft's response was an authentic representation of corporate social responsibility, advancing conversations on how enterprises can value stakeholders and discussion surrounding hot-button issues through action and advocacy.