

## **Mexico Ride-Hailing Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)**

Market Report | 2023-01-23 | 100 pages | Mordor Intelligence

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### **Report description:**

The Mexico ride-hailing market is valued at USD 3.24 billion and is expected to reach USD 4.14 billion by the next five years, registering a CAGR of 5.02% during the forecast period.

#### **Key Highlights**

The COVID-19 pandemic had a severe negative impact on the ride-hailing market in Mexico. The halt of passenger transport and mobility due to the lockdown has forced the market towards an economic slowdown and caused major growth hindrances. However, post-2021, the country regained its growth phase and portrayed strong demand for ride-hailing services.

Ride-hailing platforms increase their value when they attract new users and deepen engagement with existing users. Both dynamics grow the network scale and liquidity, further expanding the platform's value to existing drivers and users due to benefits such as route traceability, real-time verification of the driver's location and approach, and electronic payments. Reduced taxi fares and ease of booking through mobile apps are the major factors driving online taxi booking to capture a significant share in the region. With the advent of e-hailing taxi applications, such as Uber, ride-hailing has been one of the game-changing innovations in the transportation sector.

The increasing need for personal mobility in the wake of rising urbanization and a fall in car ownership is driving the demand for ride-sharing. Some other factors that would positively impact the market are increasing concerns regarding air pollution levels and growing investments by several major players, such as Uber and Didi Chuxing.

#### **Mexico Ride Hailing Market Trends**

Internet and Smartphone Penetration is Expected to Drive the Market Growth

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The increasing adoption of smartphones embedded with GPS, linked with the availability of digital road maps through APIs, offered essential supporting facilities such as navigation and tracking for ride-sharing services. The factor in the Mexico ride-sharing market includes the development of shared mobility services, such as Uber, Didi Chuxing, and Cabify (Easy Taxi) are increasingly adopting established transportation business patterns across the region.

Similarly, the increasing volume of transactions made through these digital platforms provided by the shared mobility service companies has been on an upward trend since its launch. In 2021, 71.2% of Internet users (60 million) in Mexico made purchases or paid for services through an application or website, 2.1% more than last year. This will have a positive impact on Mexico's hailing market in the future.

Moreover, Companies operating in this market are offering consumer-centric mobile platforms as well as various vehicle options in order to cater to a larger customer base. For instance, Cabify, a private taxi platform similar to Uber, Didi, and Lyft, will be offering more transportation options in Mexico in the near future. Cabify has broken ground in all the capitals of Latin America and, with their new merger announcement, will continue to expand. Cabify, Easy Taxi, and Movo are combining resources to offer transportation on scooters, public and private taxis. Such approaches will create more opportunities to ride-hailing market in the region.

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#### Socio-Economic and Behavioral Patterns Promoting Adoption of Ride-Hailing Industry in Mexico

Mexico is one of the fastest-growing regions for ride-hailing companies, but there is a gap in knowledge regarding the reasons for this growth and perspectives on its future. There has been extraordinary demand for ride-hailing platforms in Latin America, including Mexico. Their business model has succeeded through a combination of different elements, including geographic factors such as high levels of urbanization, demand for transportation solutions, and poor public transport. Latam is the third-largest car-owning region in the world and has structural labor market conditions.

The growing urban population is one of the major drivers for market growth. The total regional population in Latin America will exceed 660 million, with 82% living in cities. This rapid urban growth has yielded significant challenges in the form of poor urban planning and limited mobility. Such challenges have compelled the population to rely on cars as a primary mode of conveyance. This will positively impact the ride-hailing market across the region, including Mexico. For instance, Uber has had almost full coverage in large cities in three countries (above 85%), namely Chile, Mexico, and Uruguay.

Among unemployed individuals and students, joining the ride-hailing platforms was an opportunity to generate income. In Mexico, The share of individuals who were unemployed the month before starting to drive with Uber was 16%. With significant employment opportunities for youngsters, the ride-hailing platforms witness a positive impact on the growth within this region. On the other hand, these companies pose a real threat to normal taxi drivers in the region and thus face a lot of protests from these taxi drivers operating only on an offline basis without any infrastructural support in terms of unfair competition from ride-hailing services like Uber, Cabify, and Didi.

#### Mexico Ride Hailing Market Competitor Analysis

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The market in this region is dominated by ride-hailing giants, such as Uber and Lyft, accounting for the majority of the market share. Agreements between corporations and ride-sharing companies to reduce traffic congestion and control pollution from vehicle emissions have been major driving factors of the market in this region.

In April 2022, Lyft, a ride-hailing service provider, expanded its services in Mexico. The company announced to build of a technology hub for Latin America.

In Oct 2021, Cabify expanded its product offering delivery services with motorcycle delivery services to grow in the Mexican and Latin American regions.

Additional Benefits:

The market estimate (ME) sheet in Excel format  
3 months of analyst support

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