

Ride-Hailing Startup – Profit Dip Case Study

1. Problem Statement

The ride-hailing startup experienced a 30% drop in profits in the most recent quarter.

This decline was not observed last year, indicating a recent operational or market shift.

2. Step-by-Step Approach

Step 1 – Define scope and measure drop across cities, ride types, and customer segments.

Step 2 – Develop hypotheses for possible causes (volume drop, cost increase, ride mix, etc.).

Step 3 – Collect data on profit, rides, costs, retention, cancellations, promotions, and external factors.

Step 4 – Analyze trends, city-level performance, ride type share, and retention vs cancellation patterns.

3. Root Cause Findings

- Primary: Ride volumes fell sharply in Mumbai and Delhi.
- Secondary: Increased share of low-margin pool/shared rides.
- Tertiary: Higher cancellations and slight drop in retention rates.

4. Recommendations

Short-Term (0–3 months):

- Targeted win-back promotions in key cities.
- Increase driver incentives in peak demand hours.
- Replace blanket discounts with targeted offers.
- Improve driver allocation in cancellation hotspots.

Long-Term (3–12 months):

- Subscription and commuter passes.
- Dynamic pricing to match competitor offers.
- Partner with fuel providers to reduce driver costs.
- Redesign loyalty program for high-value users.

5. Expected Outcomes

- Short-Term: Recover 10–15% of lost rides within 2–3 months.
- Long-Term: Improve profit margins by 8–10%.

Supporting Charts

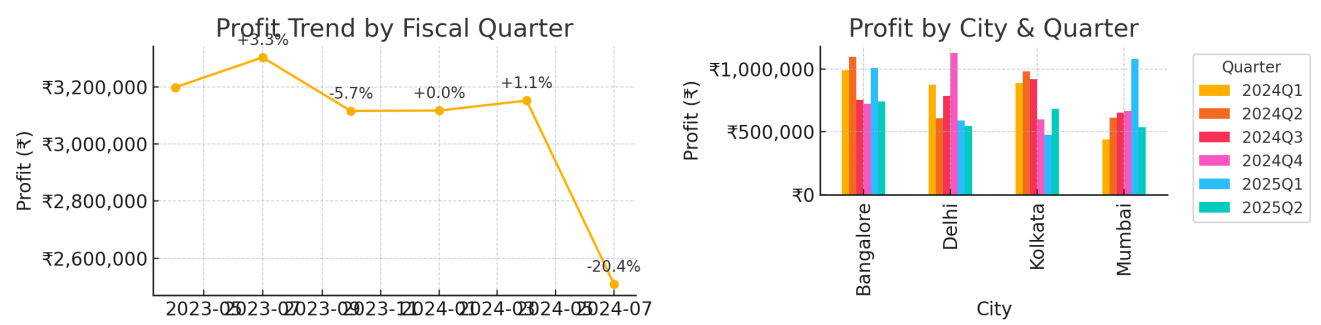


Figure 1: Profit Trend by Quarter

Figure 2: Profit by City & Quarter

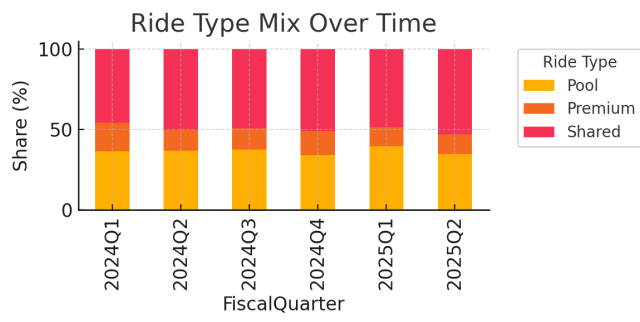


Figure 3: Ride Type Mix Over Time

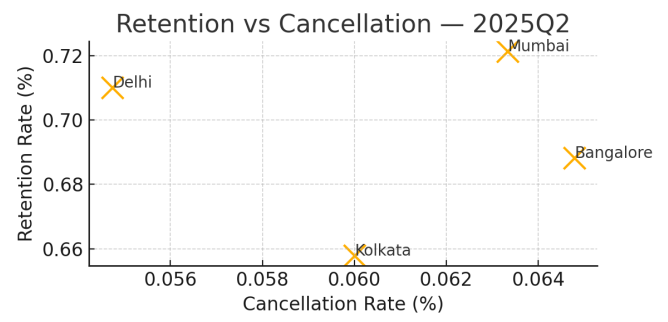


Figure 4: Retention vs Cancellation