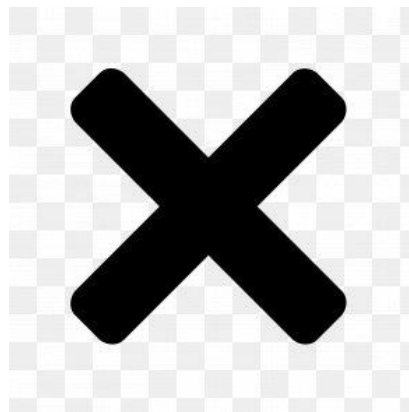




# Finlatics

ENABLING INSIGHTS



Name: ILLUR JYOTHI REDDY

Contact number: 9652377248

Email ID: [nandhu1234789@gmail.com](mailto:nandhu1234789@gmail.com)

## IMPACT OF RAPIDO'S ZERO COMMISSION-BASED MODEL ON PROFITABILITY AND SUSTAINABILITY

Rapido's shift towards a SaaS-based zero-commission model for auto drivers reflects a strategic pivot. This model allows drivers to pay a dynamic fee rather than a fixed commission, providing more control over their earnings.

### **Profitability:**

- **Reduced Direct Revenue from Drivers:** Rapido sacrifices a stable revenue stream from each ride by eliminating commissions. This may lower short-term profits, as they won't earn from each trip.
- **SaaS Fees for Profitability:** Rapido could still maintain profitability through dynamic SaaS fees. However, these fees need to cover operational costs and be attractive to drivers for long-term success.
- **Attracting More Drivers:** Zero commission could attract more auto drivers to Rapido's platform, especially when compared to competitors like Ola and Uber, who charge per ride. This could lead to a larger user base and increased ride volume, compensating for the loss in commission income.

### **Sustainability:**

- **Driver Retention and Satisfaction:** The zero-commission model can enhance driver satisfaction, encouraging loyalty and reducing churn. More drivers mean better availability for passengers, enhancing customer experience and long-term sustainability.
- **Customer Growth:** A larger driver pool may result in shorter wait times and better service for customers, which can drive up user engagement and retention on the platform, improving long-term sustainability.

- Challenges in Scaling: Rapido's ability to balance reduced commissions with growing operational costs could strain resources, making optimizing their tech infrastructure and other revenue streams essential.

## **SWOT Analysis of Rapido**

### **Strengths:**

- Affordable Transportation: Rapido offers a low-cost alternative to four-wheeled vehicles, catering to the price-sensitive Indian market, especially for solo riders.
- Innovative Business Models: The zero-commission SaaS model differentiates Rapido from major competitors like Ola and Uber.
- Strong Presence in Tier 2 and Tier 3 Cities: Rapido is well-positioned in smaller cities where bike taxis are highly appealing due to congested streets and affordability concerns.

### **Weaknesses:**

- Heavy Losses: The company has reported growing financial losses, which could pose a challenge to its long-term viability. In FY23, Rapido's losses surged by 53.76%, indicating financial pressure.
- Niche Offering: Rapido primarily focuses on bike taxis, limiting its appeal to customers who prefer four-wheelers or need group transportation.
- Competition from Giants: Companies like Ola and Uber have established strong brand loyalty and larger service networks, which could overshadow Rapido's reach.

### **Opportunities:**

- Expansion into New Markets: Rapido has the potential to scale its zero-commission model to other vehicle types or new regions, particularly in markets underserved by traditional taxis.
- Diversifying Services: By leveraging its platform for logistics services, Rapido can tap into the growing demand for quick and efficient delivery solutions, enhancing its revenue streams.

- **Rise in Urban Mobility:** As more urban centers grow, the demand for quick, affordable transportation will increase, offering Rapido significant growth opportunities.

**Threats:**

- **Intense Competition:** Major competitors like Ola and Uber dominate the Indian ride-sharing market, and their resources could allow them to quickly adopt competitive pricing or service models.
- **Regulatory Challenges:** As transportation services evolve, local and national regulations may tighten, especially in areas like bike taxis, which could pose risks to Rapido's operations.
- **Profitability Concerns:** With rising losses and high operational costs, Rapido's financial sustainability is at risk if the company doesn't optimize its revenue streams and control costs.

In conclusion, Rapido's zero-commission model could be a game-changer in driver acquisition and customer satisfaction, but balancing profitability will be key to its long-term success.