



KRISHNA GOEL BA GOLD RAPIDO CASESTUDY

Q1. Impact of Rapido's Zero Commission-Based Business Model on Profitability and Sustainability

Profitability:

1. Revenue Generation:

- With a zero-commission model, Rapido's direct revenue from ride commissions will be non-existent. This will significantly impact its traditional revenue streams, necessitating alternative revenue models such as advertisements, partnerships, or subscription-based services for premium features.

2. Cost Structure:

- Operating without commission could lower costs associated with driver management and incentivize more drivers to join the platform. However, maintaining a high-quality service and the operational costs might pose challenges without a steady income from ride commissions.

3. Market Share:

- Offering zero commission could attract a larger user base and driver pool, enhancing market share. This increased volume might offset the lack of direct revenue through economies of scale and network effects.

Sustainability:

1. Long-term Viability:

- For long-term sustainability, Rapido would need to establish robust alternative revenue channels. Depending solely on auxiliary services without commission might be risky and could lead to financial instability if not managed well.

2. Competitive Positioning:

- A zero-commission model could position Rapido uniquely in the market, differentiating it from competitors. However, sustaining this model would require continuous innovation and efficiency in operations to keep costs low and services attractive.

3. Investor Confidence:

- The business model's sustainability would be scrutinized by investors, who typically seek a clear path to profitability. Rapido would need to demonstrate how its alternative revenue strategies can compensate for the zero-commission approach.

Q2. Rapido's Current Market Position (SWOT Analysis)

Strengths:

- 1. Innovative Business Model:**
 - The zero-commission approach is a strong differentiator in the market, potentially attracting a loyal customer base and a large pool of drivers.
- 2. Customer-Centric Services:**
 - Focus on customer satisfaction through affordable rides and driver incentives enhances user experience and loyalty.
- 3. Technology Integration:**
 - Strong use of technology for efficient ride matching, tracking, and user interface enhances operational efficiency and user satisfaction.

Weaknesses: 1. Revenue

Dependency:

- Heavy reliance on alternative revenue sources which may not be as reliable or substantial as traditional commission models.
- 2. High Operating Costs:**
 - Maintaining operational efficiency and service quality without commission revenue could strain financial resources.
 - 3. Scalability Challenges:**
 - Rapid expansion might be challenging without a solid and consistent revenue stream, especially in diverse and competitive markets.

Opportunities:

- 1. Market Expansion:**
 - Potential to expand into new geographical markets, especially where traditional ride-hailing services are expensive.
- 2. Partnerships and Collaborations:**
 - Opportunities to collaborate with businesses for advertisements, corporate ride solutions, and other value-added services.
- 3. Technology Advancements:**
 - Leveraging emerging technologies such as AI and machine learning for improved services and operational efficiency.

Threats:

1. **Intense Competition:**
 - Established ride-hailing giants with significant financial resources pose a substantial threat to market share and growth.
2. **Regulatory Hurdles:**
 - Regulatory changes and compliance issues in different regions can impact operations and profitability.
3. **Market Acceptance:**
 - Convincing the market of the zero-commission model's viability and ensuring it attracts enough drivers and riders could be challenging.