

# OLA's "no rides cancellation" strategy

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# Problem Statement

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## Drop in revenue from cab ride commissions at OLA over past years

- Over the last few years, it has been reported that the number of rides cancelled by OLA drivers has increased significantly, which poses a major risk to the long-term revenue of OLA.
- Customers have been expressing their grievances with the OLA services due to the inconvenience they face.

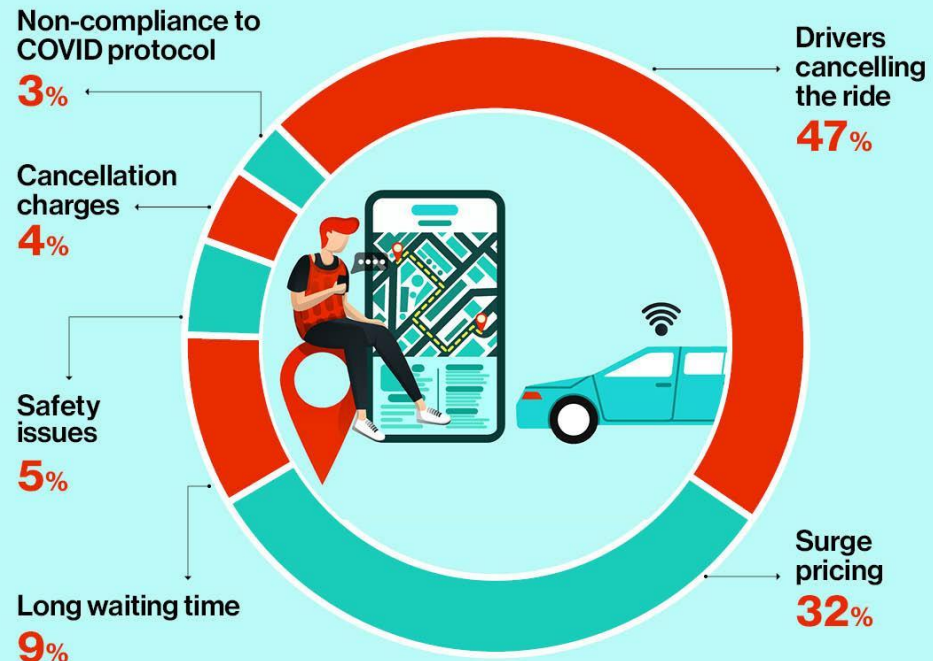
## Supporting Data

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- According to an article in the Times of India from May 20, 2022, a TOI survey was done in New Delhi, and more than 96% of the readers who took part in the survey said they had problems booking cabs. Over 88% of the people who answered said that drivers forced them to cancel rides, while only 12% had never had this problem. The majority of respondents (73%), said the driver insisted on cash payment.
- According to a survey by Local Circles, a community-based platform, as of April 7, 2022, up to 70% of Ola users claim that drivers cancel rides after discovering the destination and non-cash payment method. "Drivers cancelling the ride was the top concern for approximately 47% of respondents, while surge pricing was a concern for 32%.

# TOP CONCERNS FOR APP-BASED TAXI USERS

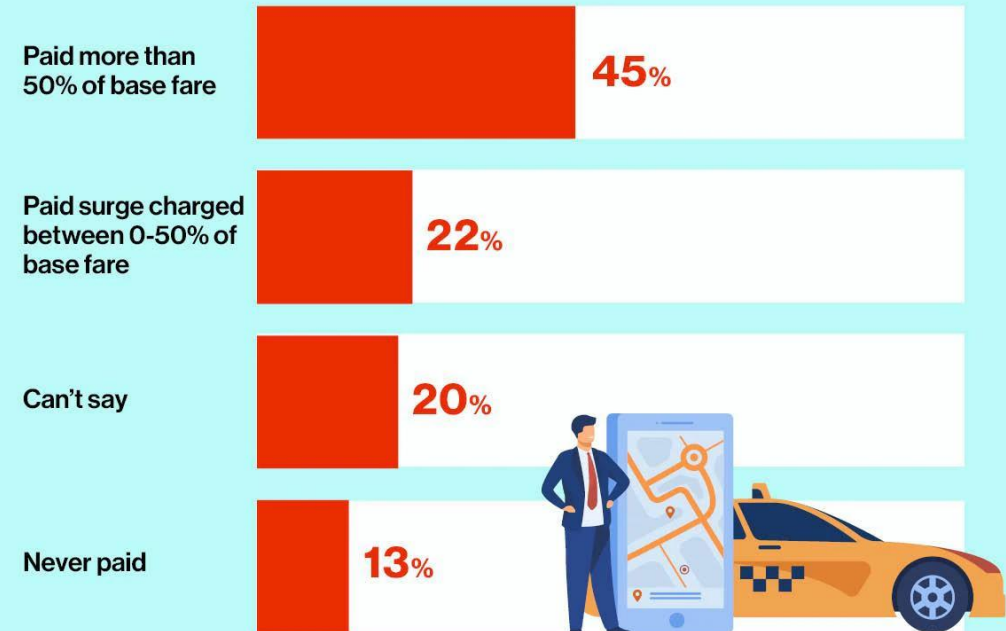
Issues faced / Consumers (%)



Source: Local Circles

# USER-EXPERIENCE WITH SURGE PRICING

Surge charges paid / Consumers (%)



Source: Local Circles

# Possible Reasons behind drivers cancelling the rides

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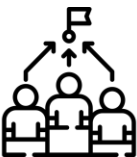
## Undercover rides

The taxi drivers are expected to pay 25–30% of their earnings as commission to the aggregator. Therefore, they request that customers cancel their rides in order to save commission and they generate a profit & go for undercover rides.



## Unsatisfactory fare

The company decides the fare, and drivers do not have the option to alter it. They may find that the amount is insufficient to complete the ride, resulting in a loss for them. Thus, they cancel rides.



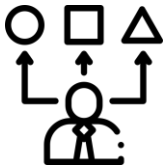
## Alternate competitor options

Drivers no longer rely solely on a single option and are now also considering options provided by their competitors. Consequently, drivers may discover better options, such as a more convenient location or more money, and cancel rides.



### Inclination towards cash payments

The fact that drivers prefer cash payments has become one of the leading causes of ride cancellations. Many drivers cancel rides after seeing the payment method on the app. They find it difficult to set aside sufficient funds to cover their daily expenses.



### Alternate sources of income

Driving taxis is no longer the primary and only source of income for a number of drivers. The drivers accept rides if they find them convenient else they decline them and continue with the remaining tasks.



### Unfavourable locations

The destination doesn't suit their convenience or the location does not provide them with a return ride, which does not allow them to make profits and puts them in the red. This forces them to cancel the rides.

# Proposed Solutions

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**Be early to adopt quick strategies for better results**

## **Shaping the commission (S1)**



- Focus on changing commissions or compensation in a manner that benefits drivers.
- Identifying locations where drivers choose to cancel rides due to inconvenience.
- Charging a reduced commission for locations where drivers are reluctant to go.

## **Strategy against the competitor (S2)**



- Providing drivers with additional benefits for using and delivering our app.
- Rewarding the driver based on rides completed/not cancelled, ride quality, and driver rating.
- Motivating employees by rewarding "Employee of the Month" honorees.

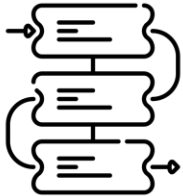
# Focus on building initiatives for employees

## Reshape the employee programme to build trust and increase output



### Building customer trust (S4)

- Concentrating marketing campaigns on portraying ola as superior and secure.
- Building trust so that they use ola service & no. of undercover rides goes down.



### End-Day ride scheme (S3)

- Identifying the location and locality of the driver at the end of the day.
- Launching "End-Day" ride scheme by offering them a ride at the end of the day in their neighbourhood that is convenient for them, so they do not

# Prioritizing Solution

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S1 Must have

S2 Should have

S4 Should have

S3 Could have

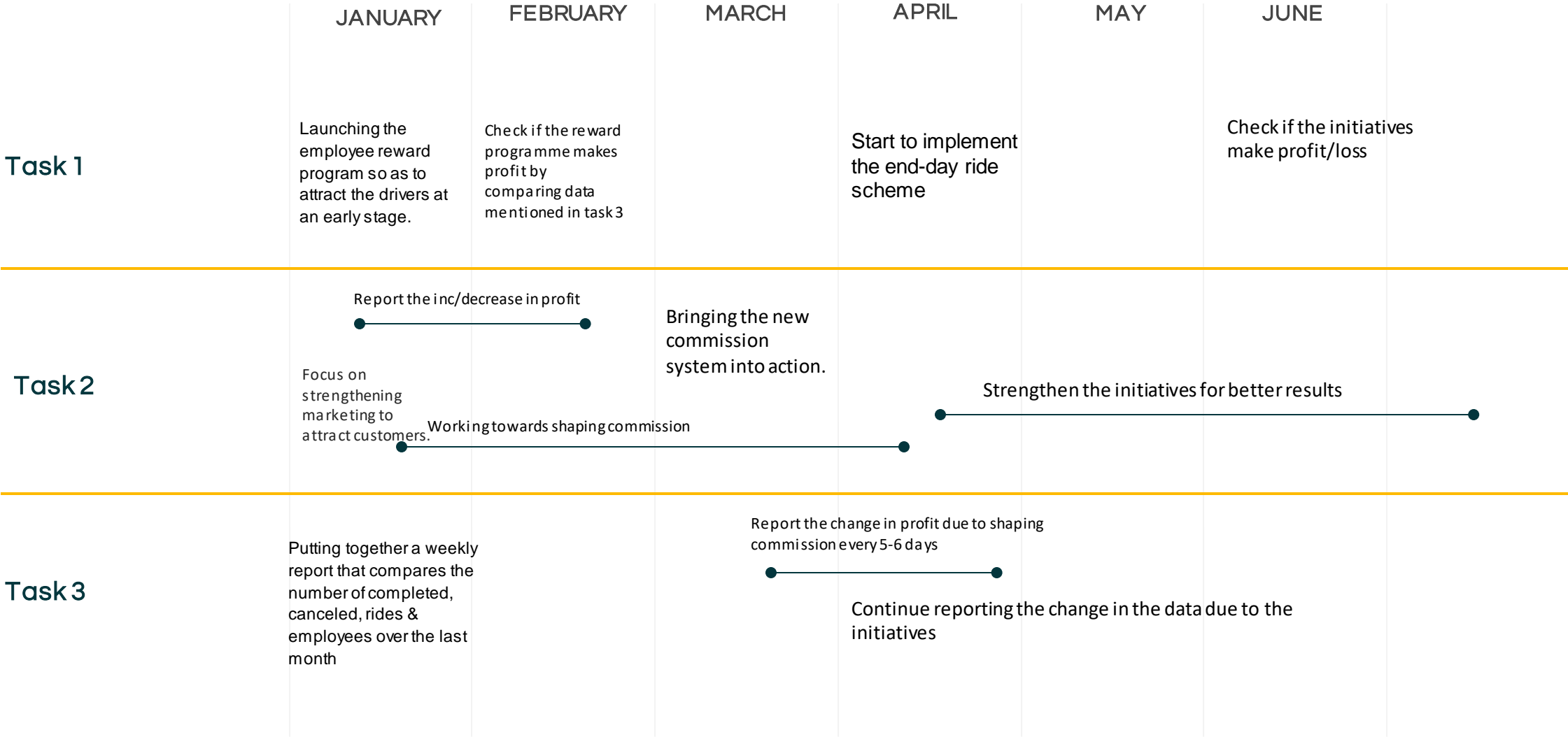
	Pros	Cons
S1	The drivers would prefer to accept long, distant rides.	OLA might have to bear losses due to lower commissions.
S2	Drivers will not look for alternates.	Employee might get demotivated & not work.
S3	No. Of ride cancellations would decrease.	Drivers might not push themselves to accept ride, instead look for comfort.
S4	People will prefer safety, trust ola & not cancel rides.	Revenue of OLA might decline.

## Success Metrics

- Cancellations per day
- No. Of end-day rides per day
- No. Of drivers & customers using the app



BRIEF ROADMAP



Thankyou