

Investment Analysis: US Cab Industry

XYZ Capital seeks the optimal investment opportunity in the competitive cab market. This comprehensive analysis examines customer behavior, pricing dynamics, ride patterns, and geographic coverage across 2016–2018 to identify the strongest performer.

Through rigorous data cleaning, exploratory analysis, and hypothesis testing, we've uncovered compelling insights that point to a clear investment recommendation.



The US Cab Market Opportunity

Industry Landscape

The US ride-hailing market has experienced remarkable growth over the past five years, driven by smartphone adoption and changing consumer preferences. Two dominant players—Yellow Cab and Pink Cab—compete for market share in this expanding sector.

Tech-savvy millennials and Gen Z riders now represent the core demographic, creating opportunities for companies that can deliver seamless digital experiences and reliable service.



Market Growth

Consistent year-over-year expansion in ride volume and revenue across major metropolitan areas

Digital-First Consumers

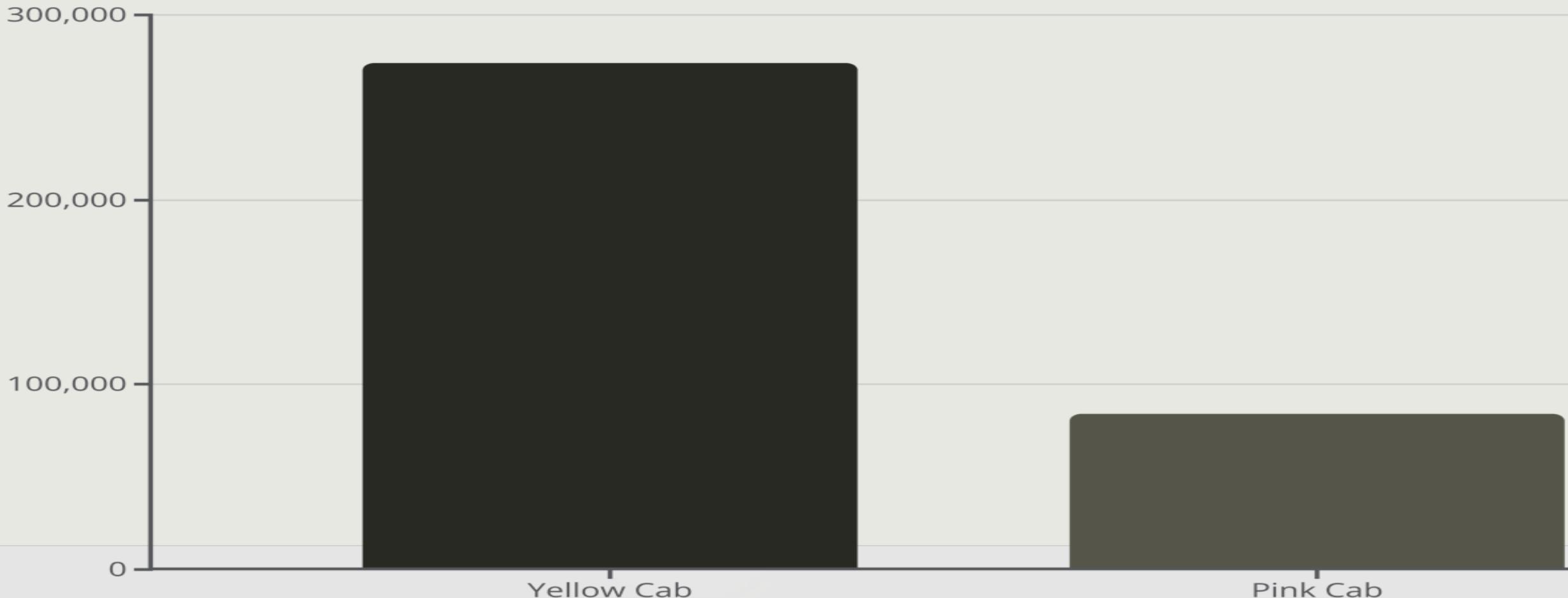
Young, mobile-native users dominating platform adoption and usage patterns

Urban Concentration

Major cities drive demand, with emerging opportunities in mid-tier markets

Ride Volume & Market Dominance

Yellow Cab demonstrates clear market leadership with approximately 274,000 rides compared to Pink Cab's 84,000 rides during the analysis period. This 3.3x volume advantage reflects stronger brand recognition, broader coverage, and superior customer retention.



Monthly Trends

Yellow Cab exhibits consistent month-over-month growth, indicating reliable customer acquisition and retention. Pink Cab shows irregular patterns with significant volatility, suggesting operational challenges or inconsistent service quality.

Weekly Patterns

Weekday rides account for the majority of demand across both companies, driven by commuter traffic and business travel. This predictable pattern enables optimized fleet management and driver scheduling.

Pricing Power & Revenue Potential



\$458

Yellow Cab Avg Fare

\$311

Pink Cab Avg Fare

3.3x

Volume Advantage

Premium pricing reflects superior service quality and brand value

Lower pricing suggests budget positioning or shorter trip distances

Yellow Cab's ride volume multiplier over Pink Cab

Revenue Analysis

Yellow Cab's combination of higher average fares and significantly greater ride volume creates a powerful revenue engine. The 47% fare premium, multiplied by 3.3x more rides, positions Yellow Cab as the clear profitability leader.

Pricing Dynamics

While both companies experience occasional high-value outlier trips, Yellow Cab maintains consistently higher baseline fares, indicating stronger pricing power and potentially more affluent customer demographics.

Customer Demographics: The Growth Segment

Age Distribution

Majority aged 20-35 years

Young, digitally native consumers form the core user base. This demographic shows high lifetime value potential, strong app adoption rates, and openness to loyalty programs and premium features.

Gender Balance

Roughly equal male/female split

The balanced gender distribution indicates broad market appeal and suggests opportunities for targeted marketing campaigns that resonate with diverse customer segments.

Income Profile

Middle-to-high income bracket

Users demonstrate disposable income and willingness to pay for convenience and quality. This economic profile supports premium service offerings and subscription models.

"These riders represent the future of urban mobility—young, active, and ready to embrace innovative transportation solutions and app-based conveniences."



Geographic Coverage & Expansion Opportunity

Market Concentration

The top 10 cities account for the overwhelming majority of ride volume, reflecting natural urban concentration patterns.

Yellow Cab maintains presence in more cities than Pink Cab, providing superior brand visibility and network effects.

Analysis reveals a strong positive correlation between city population size and cab user density, validating the strategy of prioritizing major metropolitan areas while identifying attractive mid-sized market opportunities.



Current Strongholds — 1

Top 10 major cities drive consistent volume and revenue with established brand presence

2 — *Expansion Targets*

Mid-sized cities present growth opportunities with less competition and lower entry barriers

Future Saturation — 3

Strategic coverage in emerging markets positions Yellow Cab for sustained long-term growth

Smart geographic expansion into underserved mid-tier cities could unlock significant untapped demand while competitors remain focused on saturated major markets.

Validated Hypotheses & Key Findings

01

Market Leader Identified

Yellow Cab commands 3.3x more rides than Pink Cab, demonstrating clear market dominance and customer preference

02

Demand Patterns Confirmed

Weekday rides significantly outpace weekend volume, driven by commuter and business travel

03

Pricing Premium Validated

Yellow Cab maintains 47% higher average fares, indicating superior value proposition and brand strength

04

Urban Correlation Proven

Strong positive relationship between city size and user volume validates metropolitan focus strategy

05

Demographics Aligned

20-35 age group dominates usage, representing high-growth, tech-savvy segment with strong lifetime value

- Critical Insight:** Our comprehensive data investigation confirms Yellow Cab's market dominance across every key metric—ride volume, pricing power, geographic reach, and customer demographics all point to sustainable competitive advantage.

Investment Recommendation: Yellow Cab



Superior Volume

274k rides vs 84k generates significantly higher revenue and market share



Broader Coverage

Multi-city presence builds brand recognition and network effects



Ideal Demographics

Customer base perfectly aligns with high-growth tech-savvy segment



Pricing Power

47% fare premium demonstrates strong brand value and profitability

Strategic Growth Initiatives



Geographic Expansion

Target mid-sized cities with limited competition for rapid market share gains



Premium Services

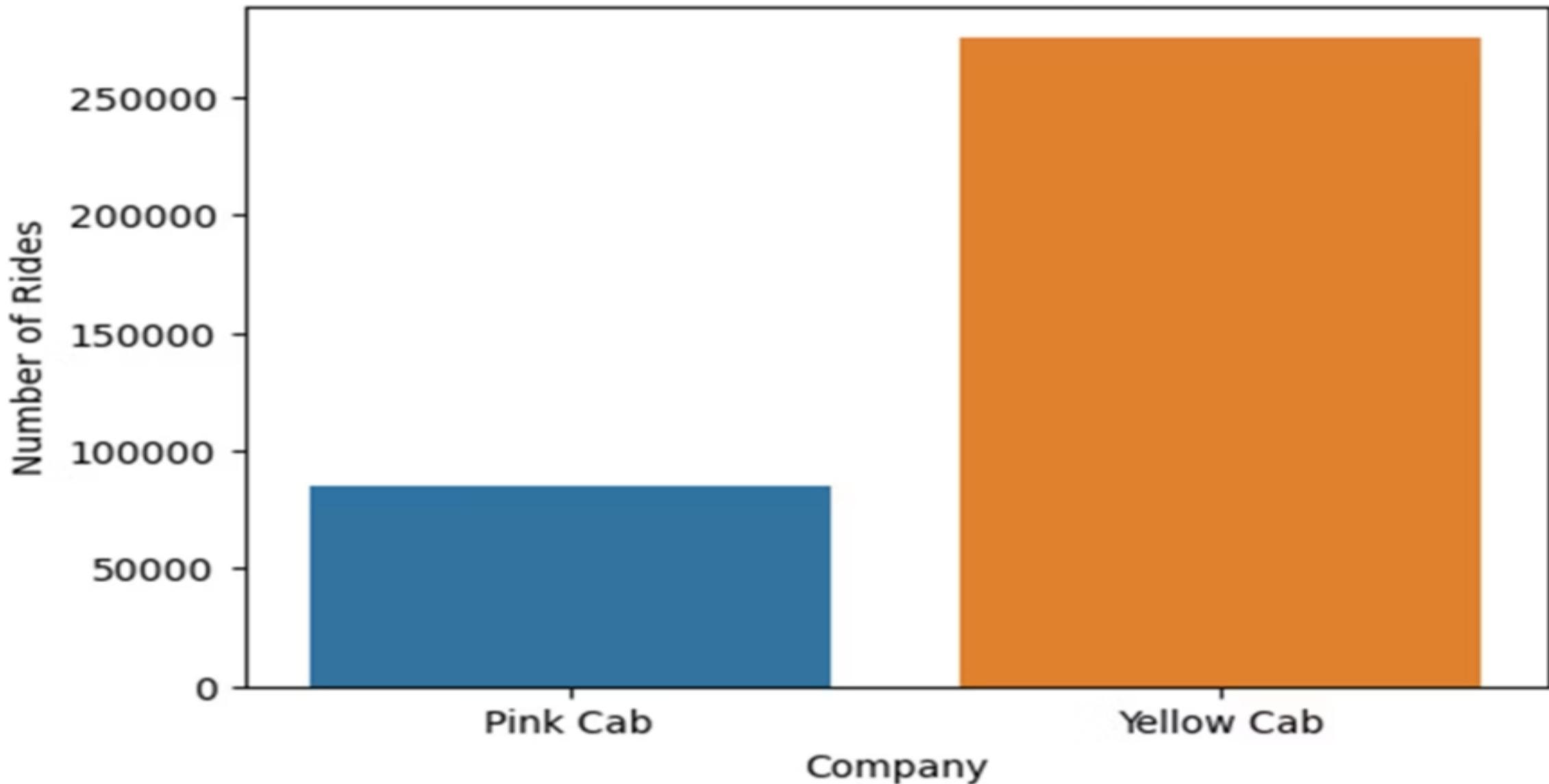
Launch subscription tiers and luxury options to capture high-value customers



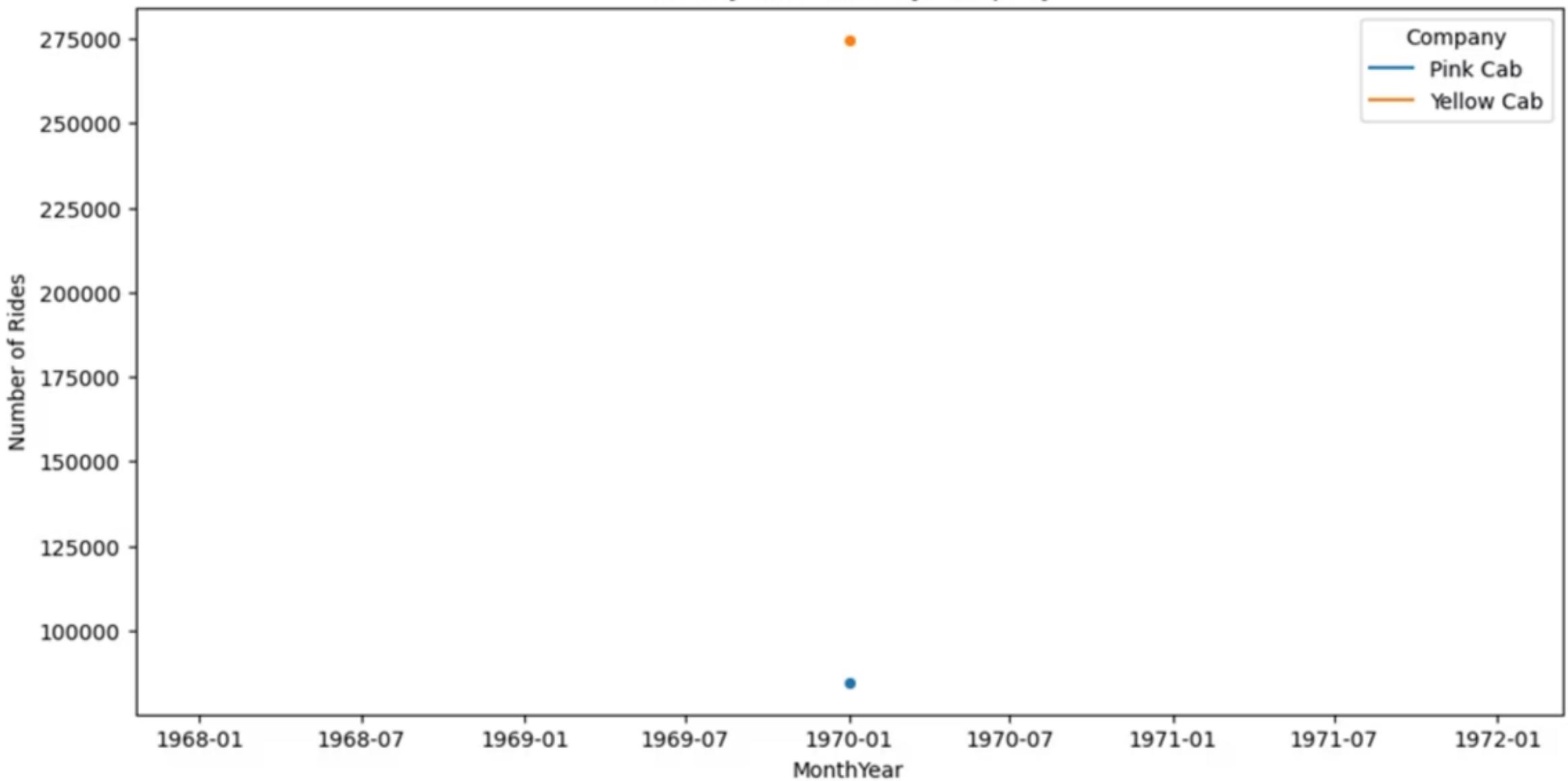
Demand Optimization

Fine-tune operations for weekday peak demand while building weekend volume

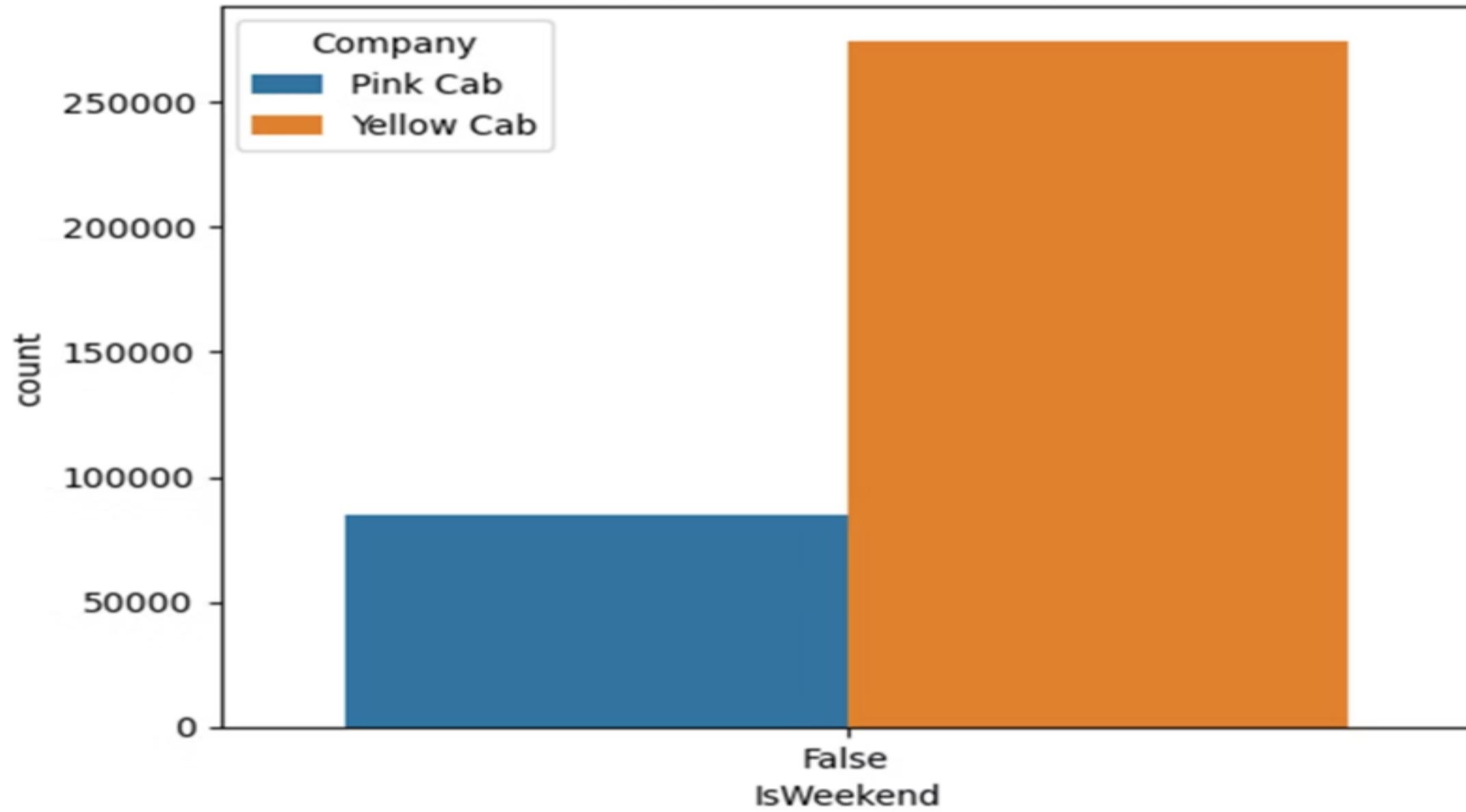
Total Rides per Company



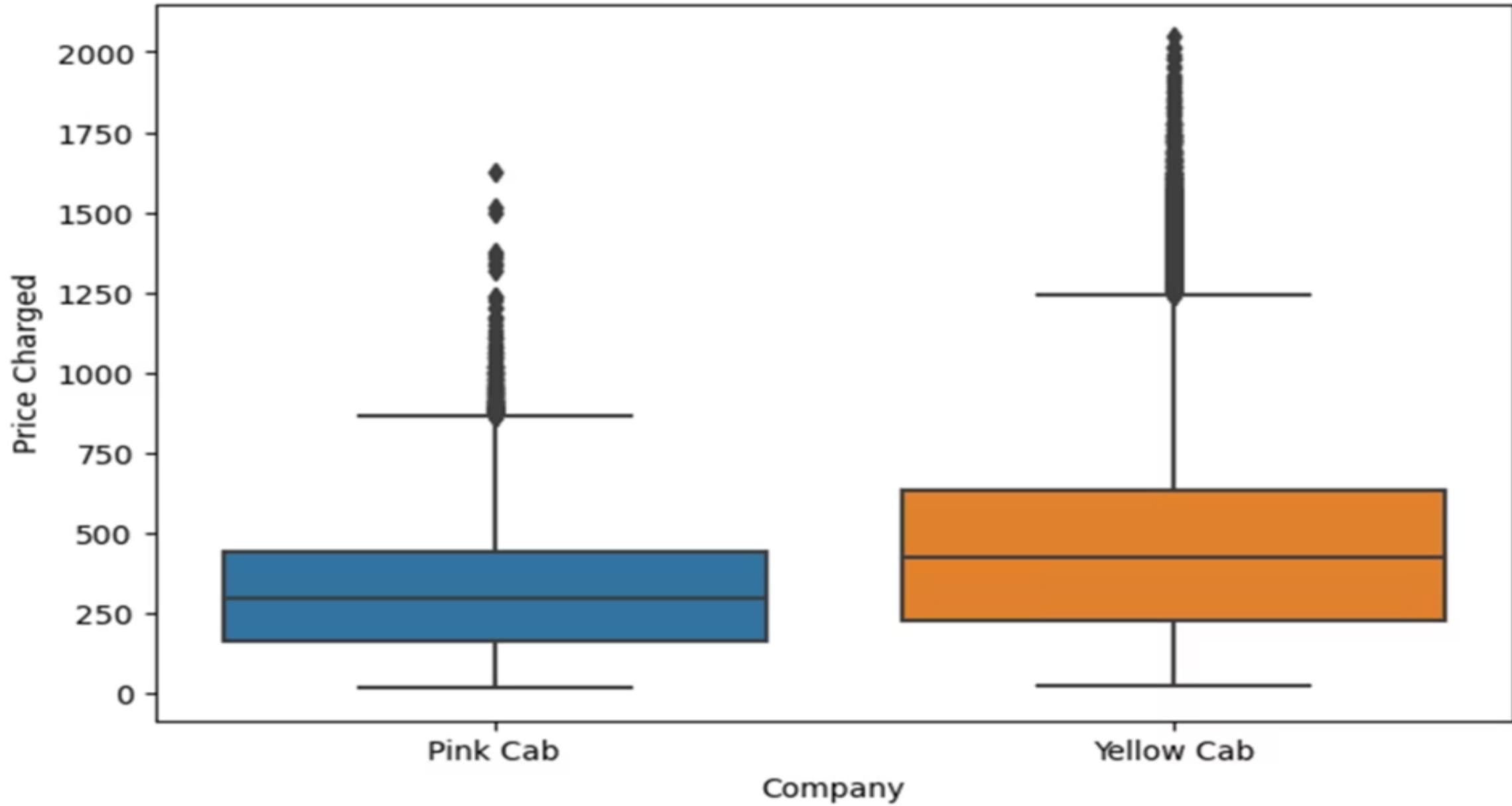
Monthly Ride Trend by Company



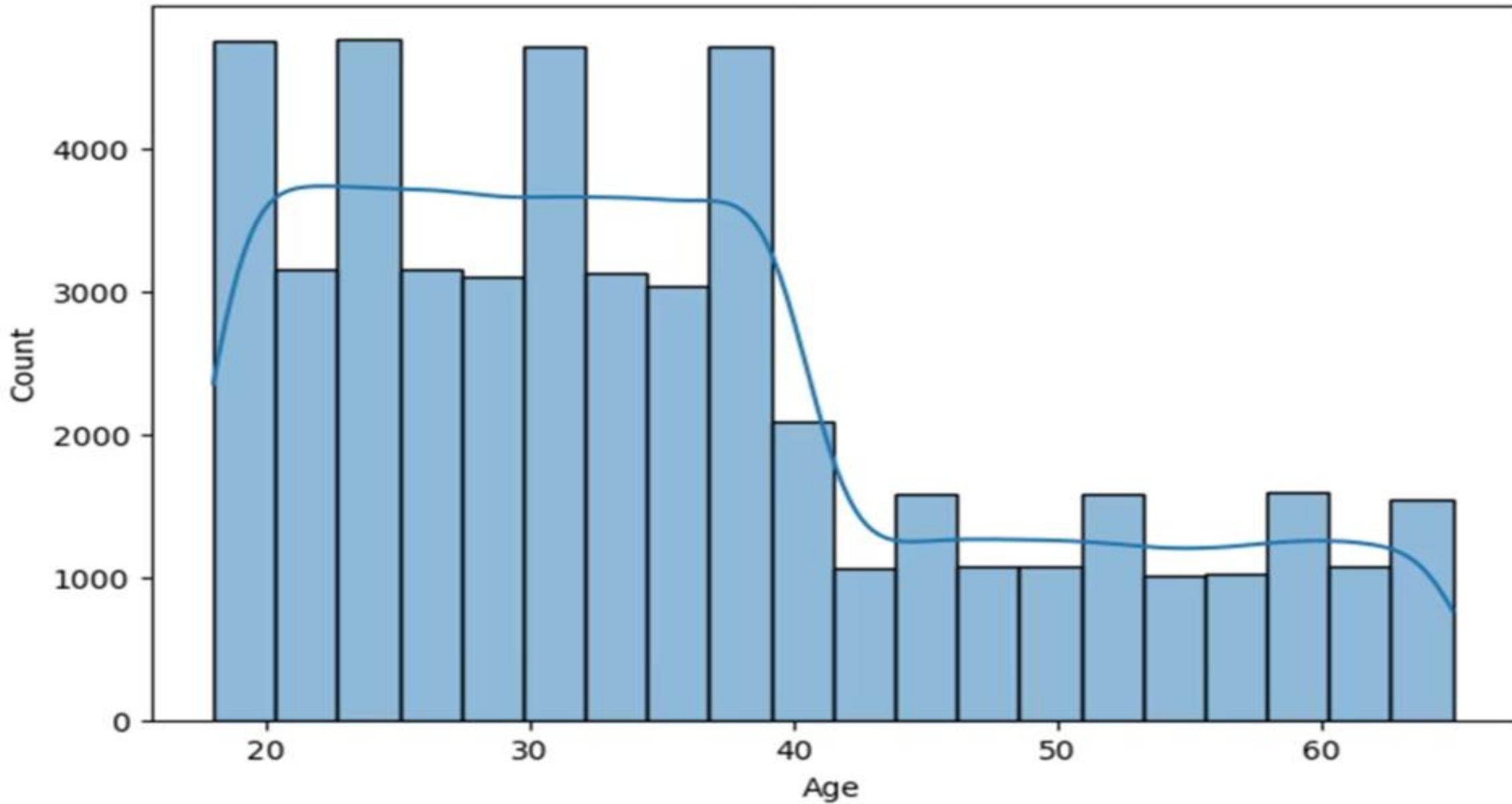
Weekend vs Weekday Rides by Company



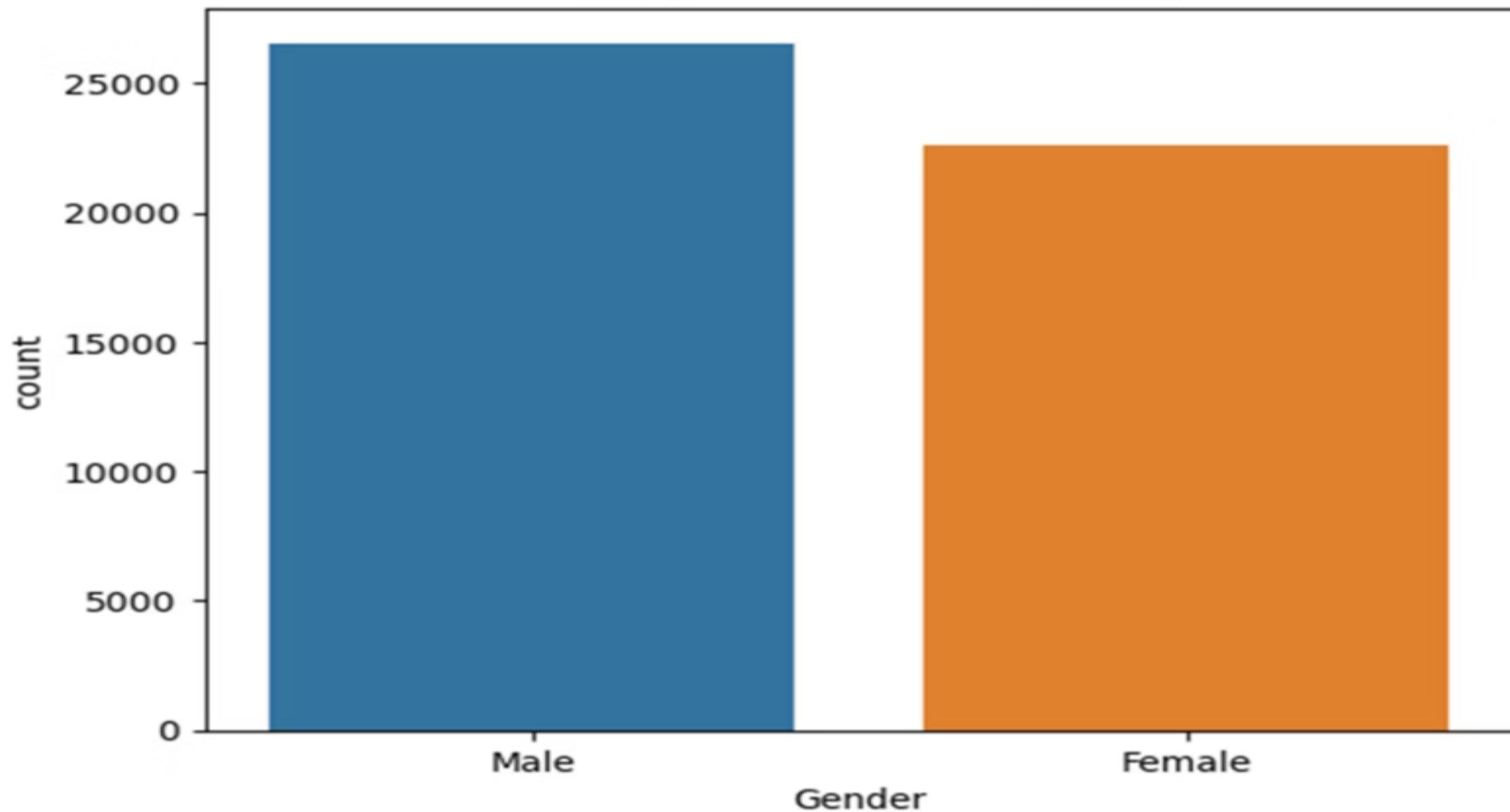
Price Charged Distribution by Company



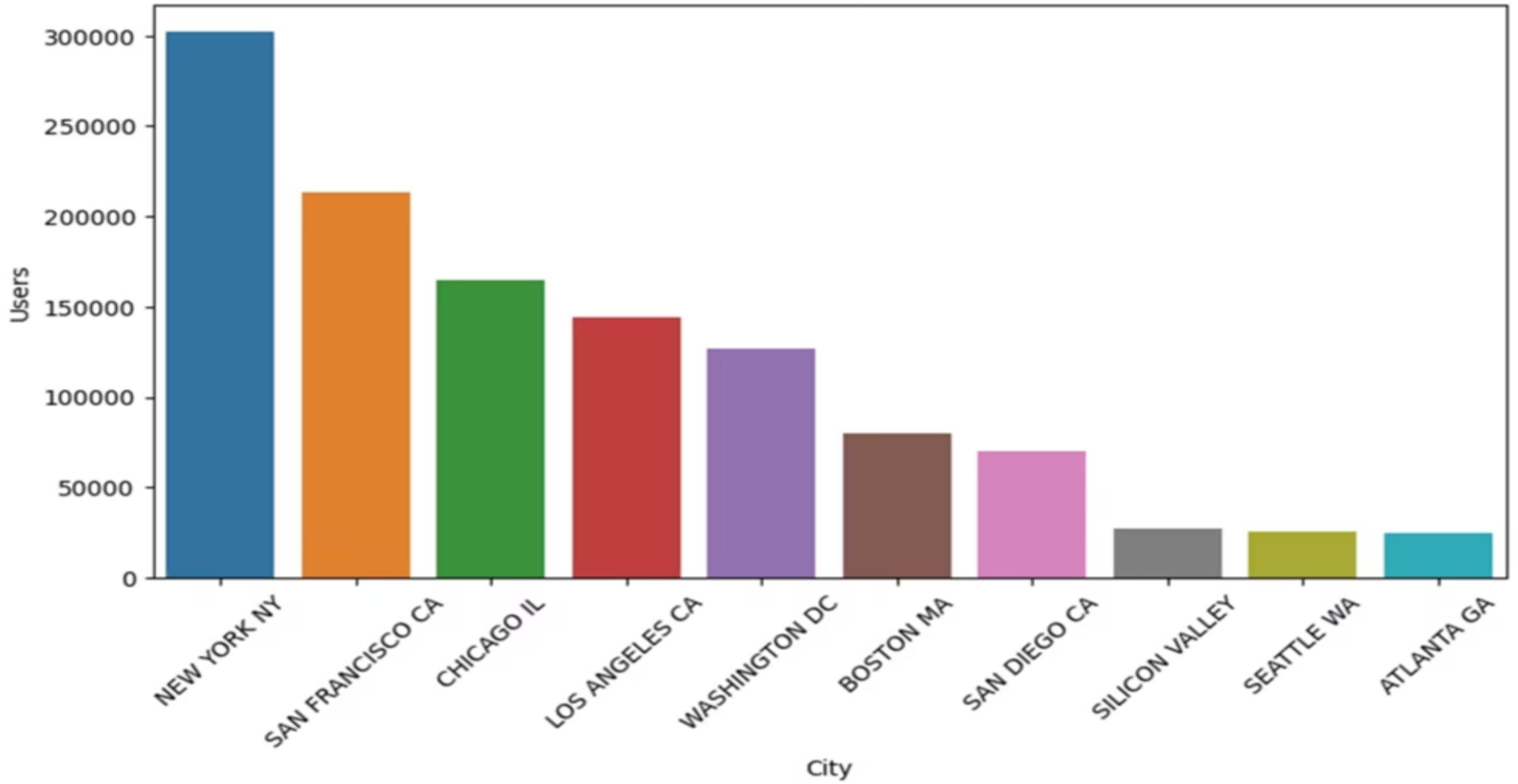
Customer Age Distribution



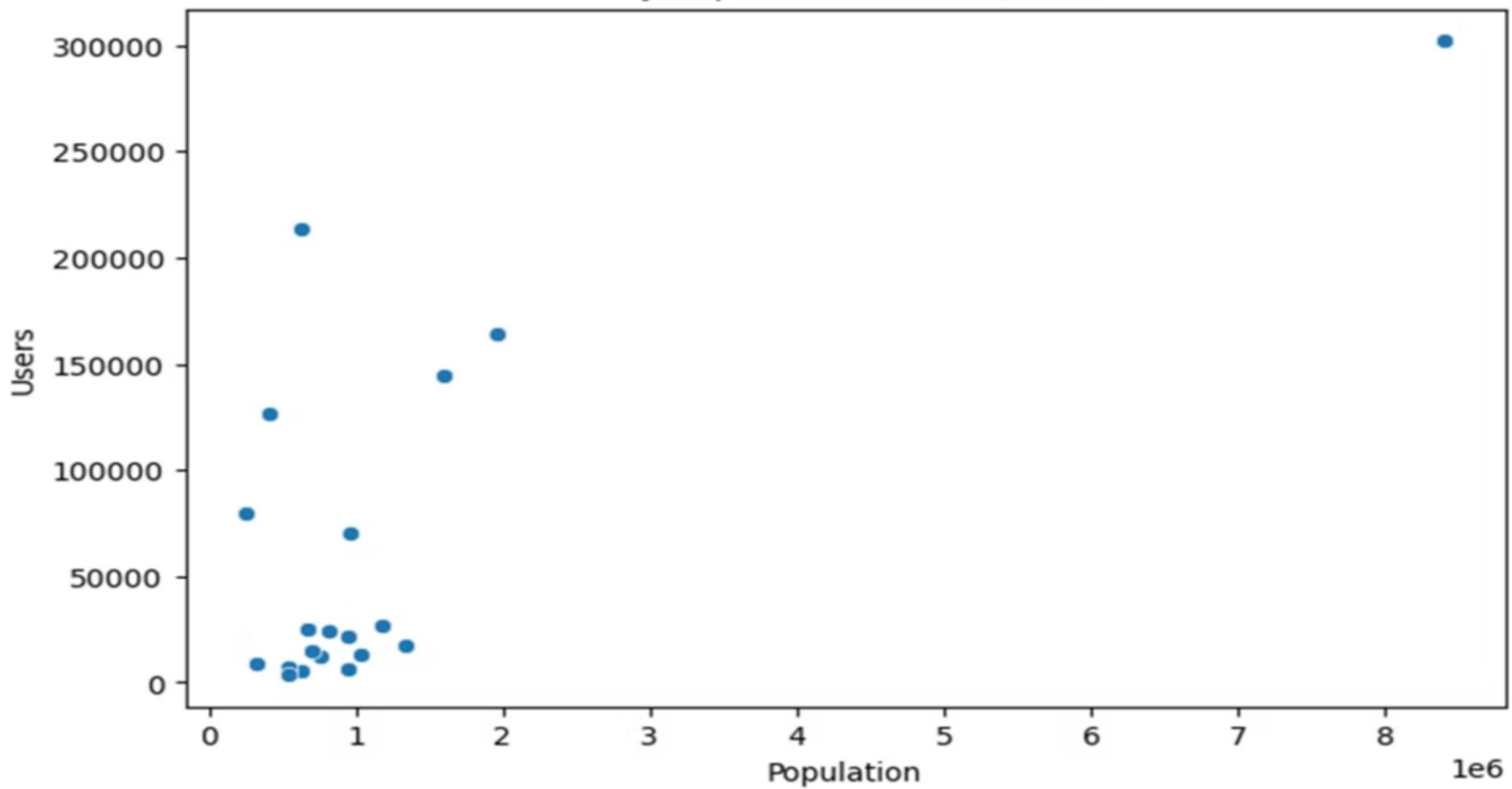
Customer Gender Distribution



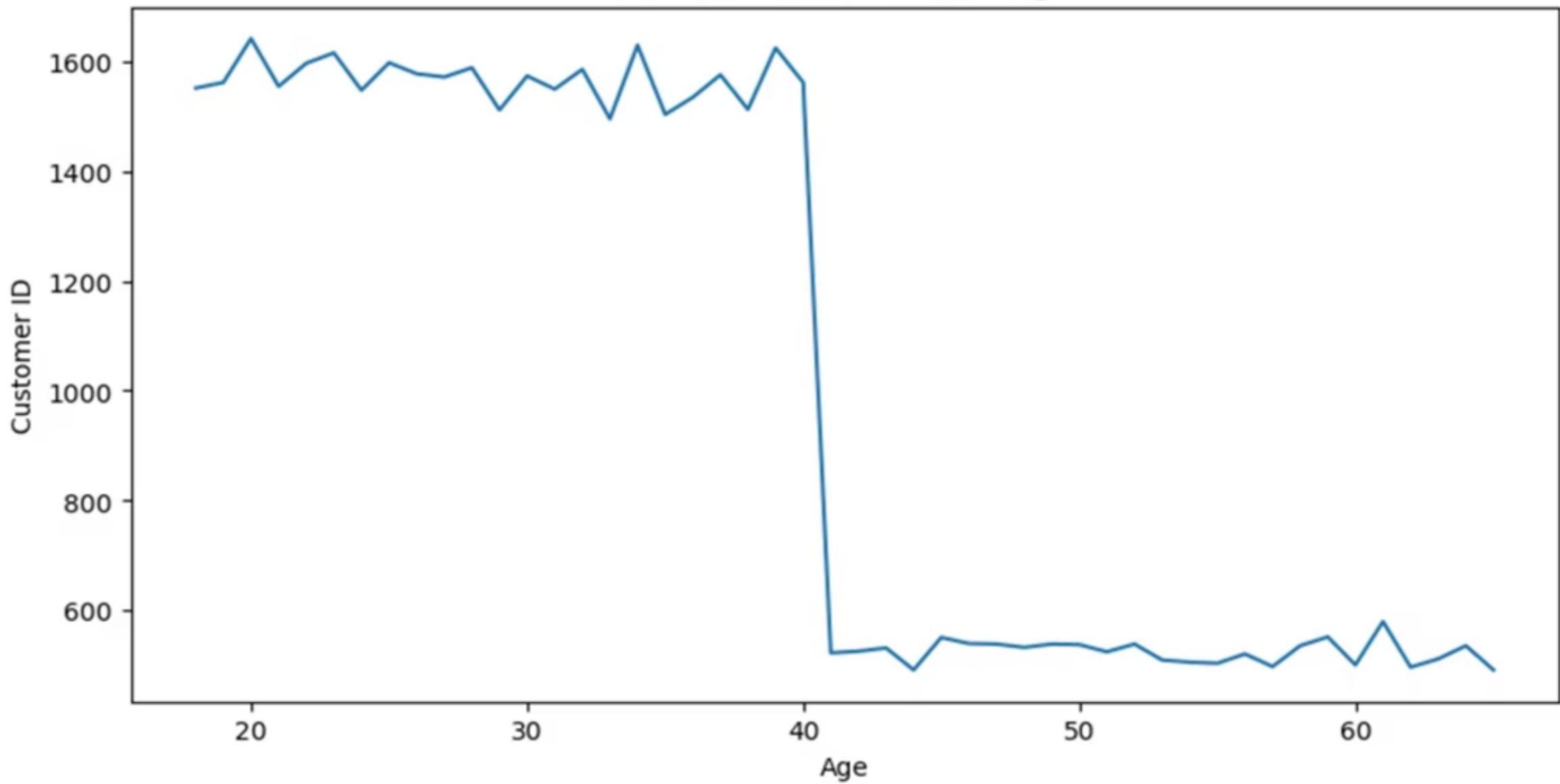
Top 10 Cities by Cab Users



City Population vs Cab Users



Number of Customers vs Age



THANK YOU