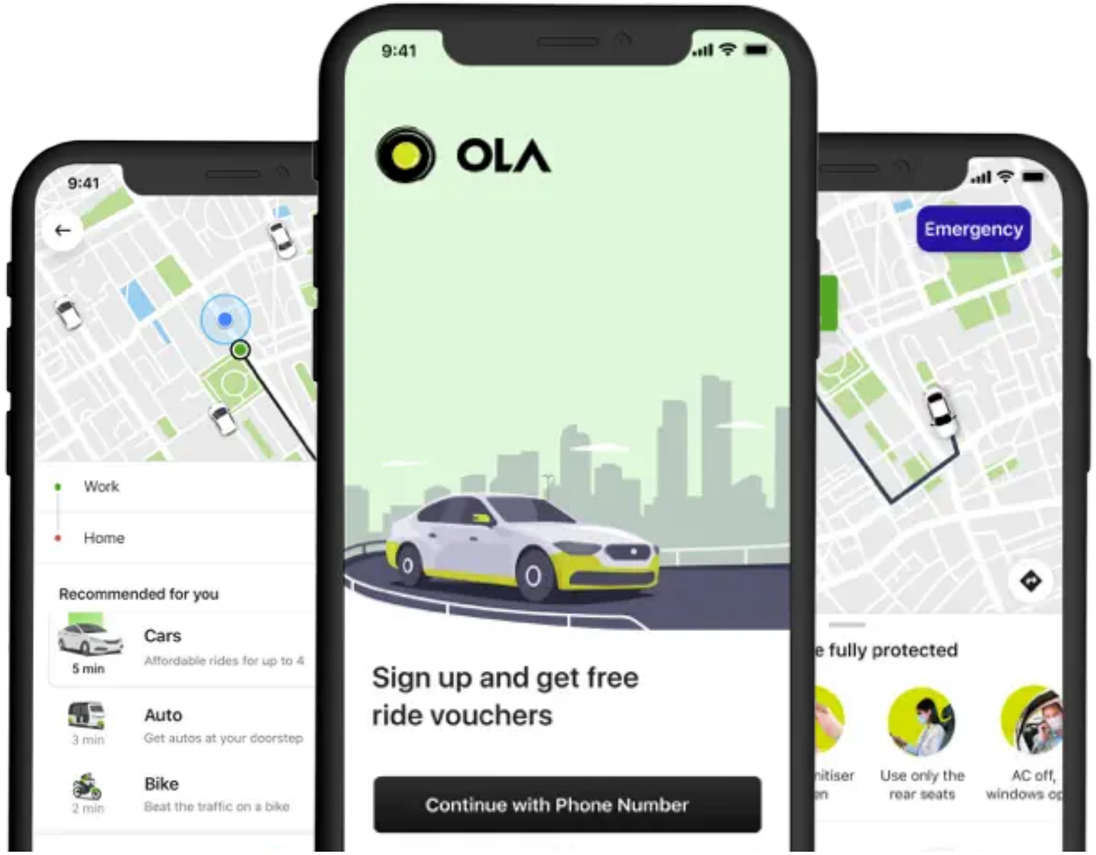
REDUCING UNDERCOVER RIDES IN OLA

A Product Teardown Case Study



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Overview

Headquartered in Bengaluru, Ola Cabs is a mobility and ride-hailing arm of the parent company ANI technologies. Ola cabs offer a wide range of mobility solutions depending on the number of travellers, budget, and convenience such as :

1. Ola Outstation
2. Ola Select
3. Ola Pedal
4. Ola Corporate etc.

Other ventures of ANI Technologies are :

1. Ola Financial Services (OFS)
2. Ola Electric

Financials

Revenue : $131.83 Mn

Funding : $5 Bn

Valuation : $7.3 Bn

Competitors

UBER, MERU, Mega cabs, etc

Acquisitions

Geotagg, TAXI FOR SURE, INDIA, etc

Marketshare

In FY 2019, Ola Cabs accounted for almost 72.44% of the total revenue generated by the online taxi services market in India, whereas, Uber India held a share of ~21.01%

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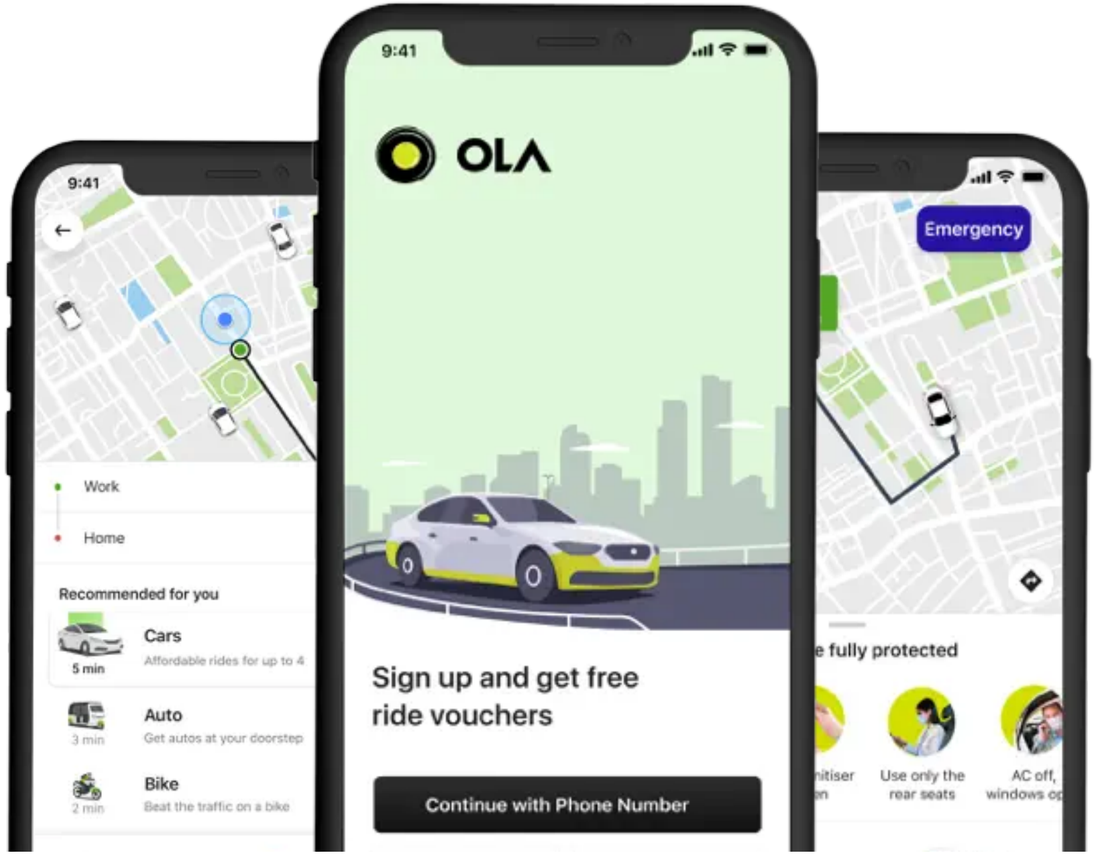
Problem Statement

The objective of the teardown is to address drop in revenue from cab ride commissions. This has been mapped to

- Increase in cancellations due to drivers working for competitors in parallel
- The rising number of undercover rides
- Drivers changing their minds after seeing the destination place.



User Persona

Demography

Age : 31 Y.O.
Job Title : Driver
Gender : Male
Income : < 6,00,000
Location : Bangalore

Age : 27 Y.O.
Job Title : Investment Banker
Gender : Female
Income : >35,00,000
Location : Mumbai

Age : 37 Y.O.
Job Title : Driver
Gender : Male
Income : < 7,00,000
Location : Delhi

User Needs

1. Hassle free billing and payout
2. Values lower take rates
3. Relies on apps for livelihood

1. Affordable commute options
2. Values convenience & safety
3. Has significant disposable income and fixed pattern of usage

1. Hassle free billing and payout
2. Values lower idle time
3. Relies on apps for additional income

User Story

Ryan, is 31 Y.O. driver who relies on ride hailing apps for his livelihood. He's concerned with higher take rates eating into his gross margins. He often resorts to taking undercover rides.

Shanya is 27 YO Investment Banker who wishes for affordable commute. She has significant disposable income and values the convenience and safety.

Ahmed is a 37 Y.O. driver who relies on ride hailing apps for supplementary income. He values lower idle time and predictable ride requests.

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Disintermediation

Disintermediation happens when the parties involved in a transaction tend to transact off platform i.e. the participants use the marketplace for product discovery, lead generation however they tend to take transactions off platform.

Transactional Marketplaces such as Ola, tend to be vulnerable to disintermediation.

Depending on the source of disintermediation :

1. Supply Side Disintermediation
2. Demand Side Disintermediation

Supply Side Disintermediation

A high take rate offsets the value added onto the supply side.

Often marketplaces don't add much value to justify high take rates and risk disintermediation. To tackle this, marketplaces often focus on adding complementary services onto the supply side.

Demand Side Disintermediation

Marketplaces broker trust between participants and streamline interaction by offering standardized contracts of engagement.

However, once trust has been established, there's little value add for demand side to continue to transact on platform.

Depending on the source of disintermediation :

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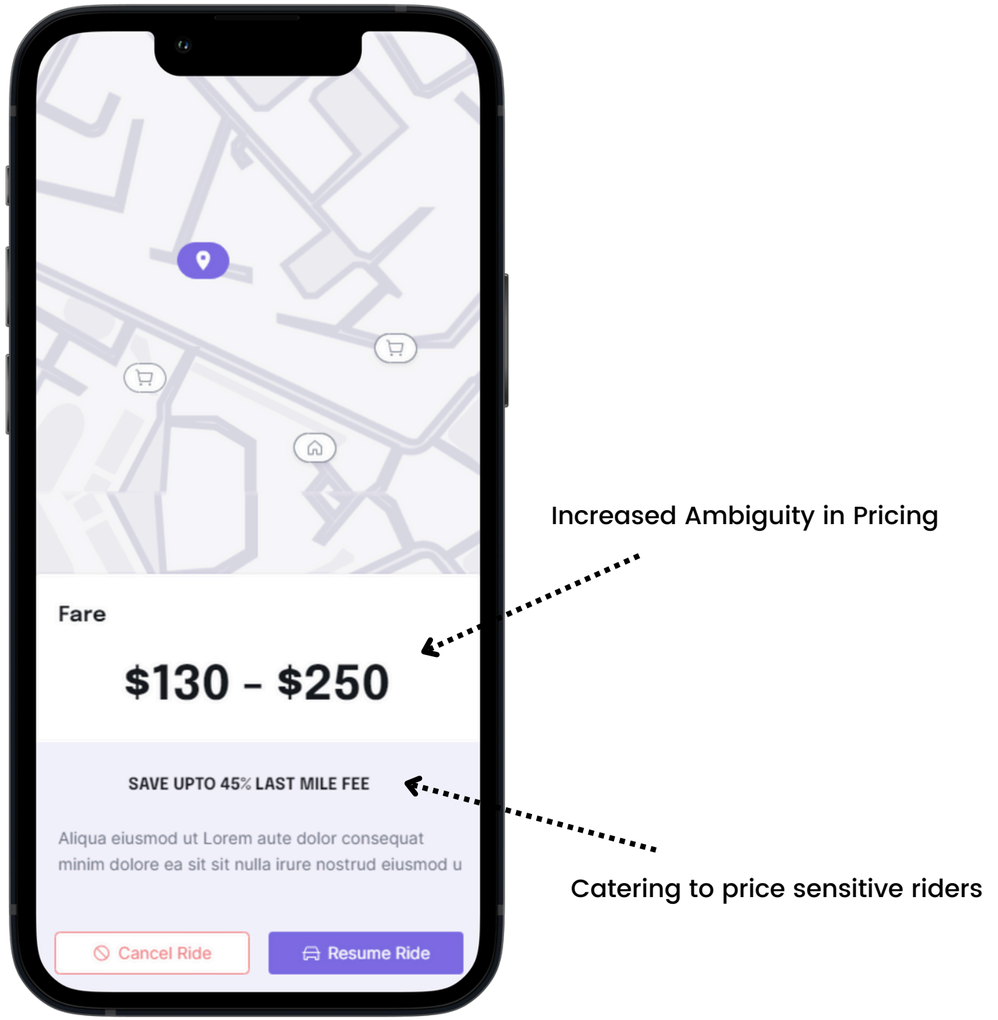
Disintermediation

Tacking Supply Side Disintermediation

The value added onto the supply side, is often extracted by means of a take rate. However when take rate is too high there is a higher tendency for participants to disintermediate the marketplace.

This could be counteracted by increasing ambiguity on the pricing.

Supply nodes (i.e. Drivers) often rely on OLA for pricing the trip thus by introducing ambiguity in pricing, OLA could dissuade drivers and riders to transact off platform



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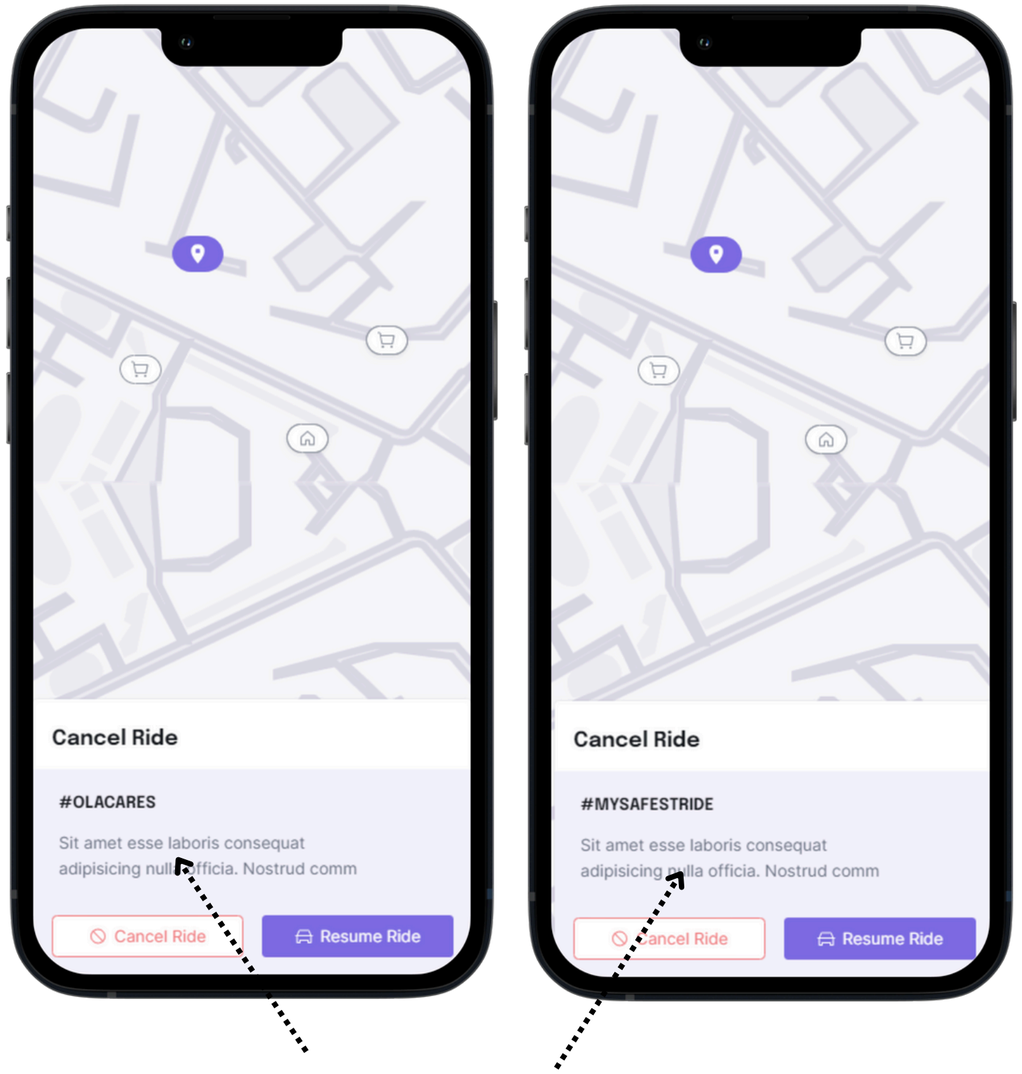
Disintermediation

Tacking Demand Side Disintermediation

Marketplaces broker trust between participants and streamline interaction by offering standardized contracts of engagement.

Disintermediation could be counteracted by improving the positioning of the safety features of the app

By introducing risks into the direct transaction, OLA could dissuade users from agreeing to take transactions off platform.



Positioning the Safety Features on OLA

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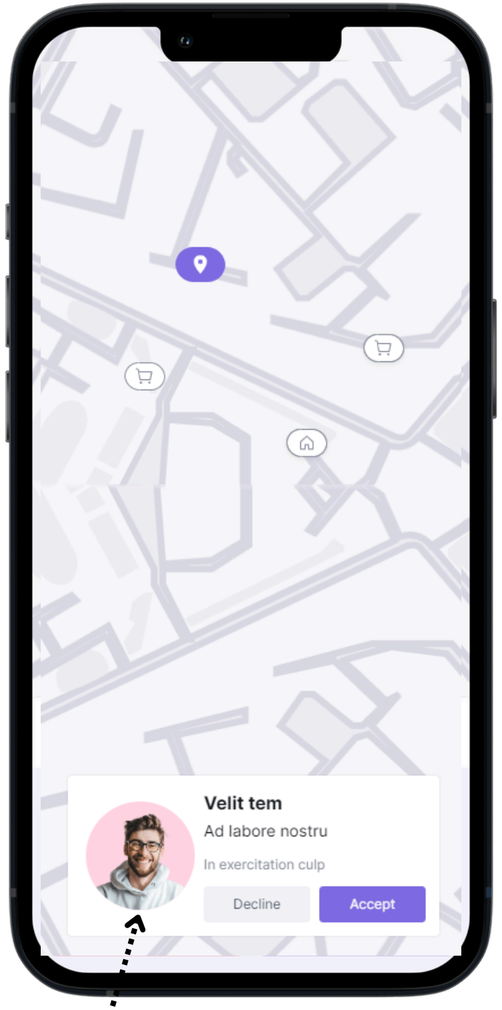
Disintermediation

Tacking Demand Side Disintermediation

Another source of disintermediation is when riders reach out to drivers directly for follow up rides.

This can be prevented by withholding the driver's and rider's details such as phone number etc. throughout the ride.

For example vendors such as Twilio offer programmable temporary numbers with custom call routing.



Withhold the identity of the riders and drivers

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Disintermediation

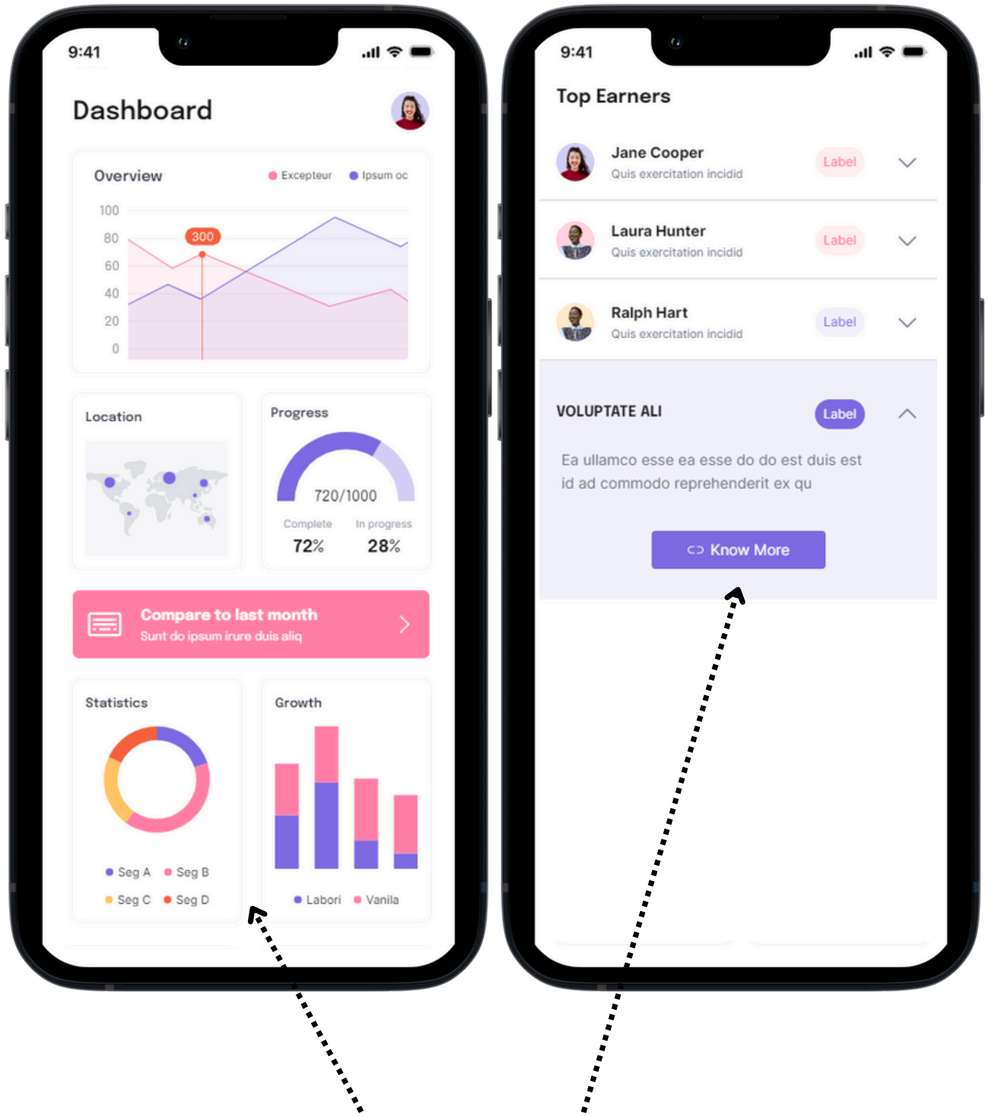
Tacking Supply Side Disintermediation

Humans value social acceptance, companionship. and feelings Of competition and envy could be key drivers for sparking engagement.

Furthermore Leaderboards could bring visibility to incentive structure on the platform.

Leader boards leverage conformity anchors and social norming and could help communicate the benefits of transacting on platform

Other mechanisms could include an incentive structure for riders reporting off platform rides, etc.



Communicating the utility of the platform

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Disintermediation

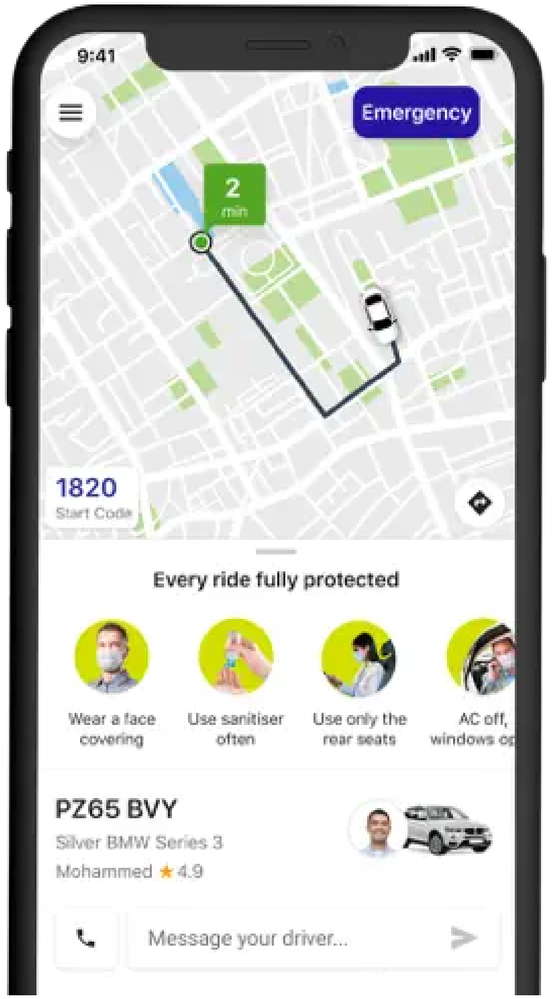
Exploring Fundamentals

However none of these steps could address the disintermediation due weaker platform economics.

For price sensitive marketplaces it's important to reduce reliance on take rates and look out for alternate monetization strategies to cover up the shortfall.

These could include advertising or leveraging interaction data to move into adjacent verticals.

Restructuring incentives structure & preferential listing tied to conducting transactions on the platform could be viable alternative as well.



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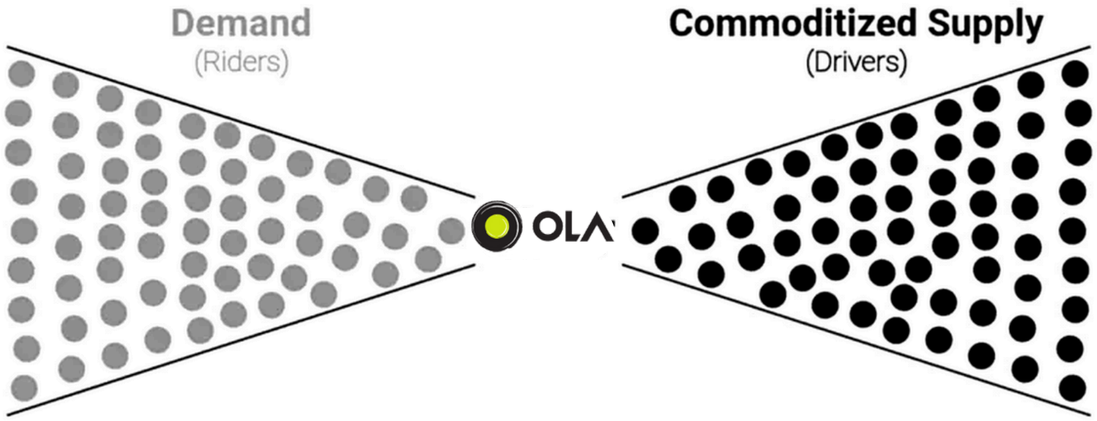
Multihoming

Ride-hailing platforms such as OLA and Uber, compete not only with each other but also with other service providers, including traditional taxis, micro-mobility operators and public transportation.

This partially stems from the lack of competitive differentiation in the category.

In ride hailing platforms, the supply nodes are commoditized i.e. supply nodes are interchangeable, thus riders are not particularly sensitive to driver identity or vehicle brand as long as baseline mobility needs are met.



Commoditized Supply

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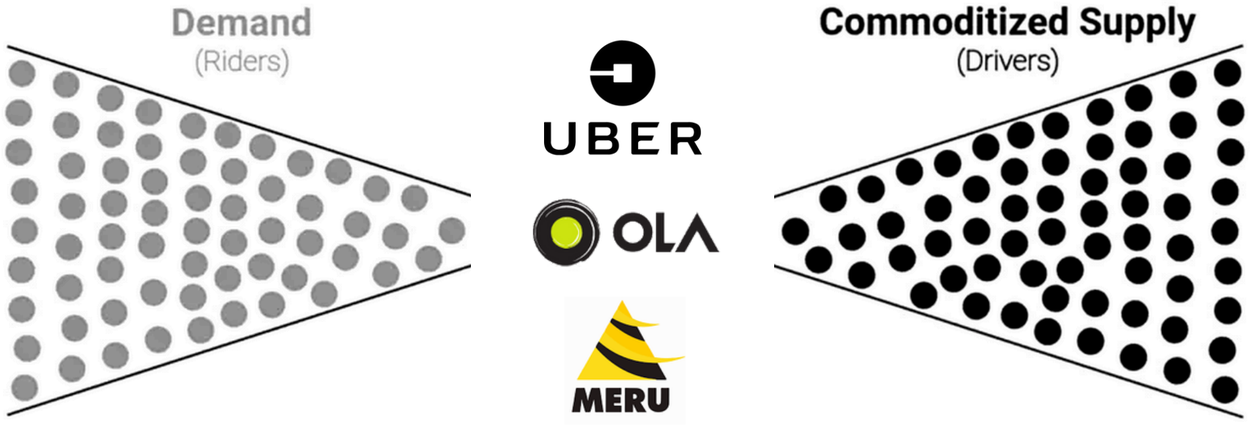
Multihoming

Furthermore, commoditization of supply nodes, imply that drivers are largely indifferent to the platform they use.

The drivers are incentivized to increase capacity utilization of their cars and reduce idle time. Thus they resort to multi tenanting.

Multihoming Costs i.e. the costs to coexist on competing platforms is low in case of ride hailing.

It's vital to reduce multihoming without affecting liquidity on the supply front.



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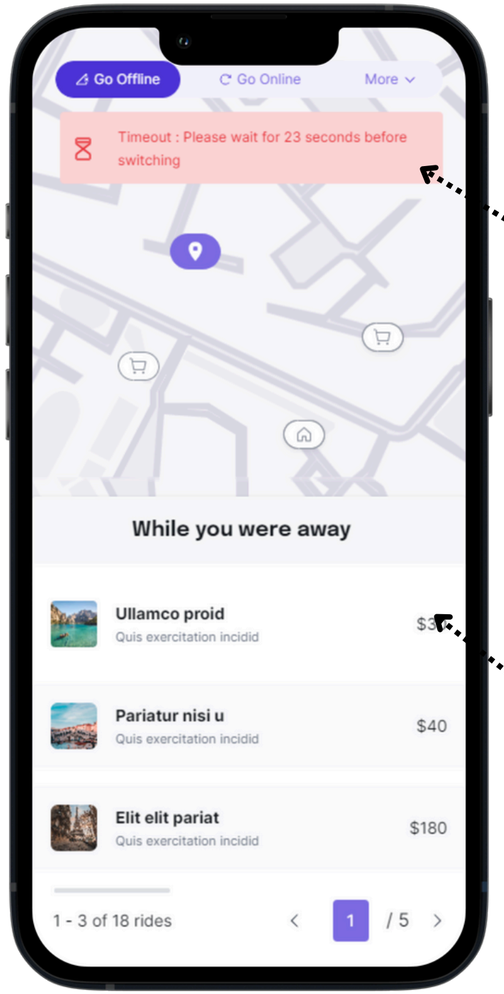
Multihoming

In order to dissuade drivers and riders, a campaign could be architected highlighting the overlap in the audience of competing ride hailing apps.

This could prevent the drivers and riders from proactively switching to competing platforms since they would be targeting the similar demographic.

Another approach to tackle multihoming is by surfacing the loss incurred due to multihoming.

Furthermore, app cooldown could be explored for drivers which frequently switch to competing platforms.



Cooldowns to dissuade drivers from switching to competing platforms

Missed opportunity due to switching

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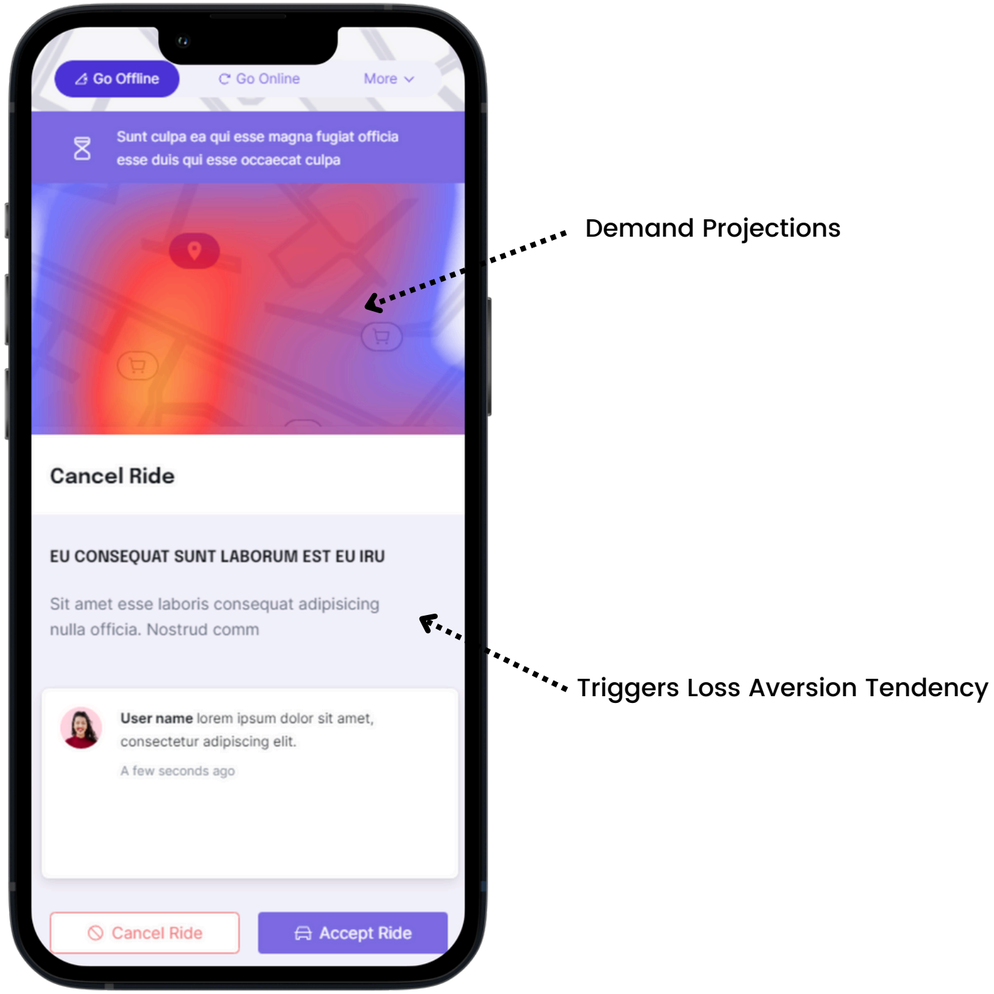
Declined Rides

Declined rides could be attributed to a weaker incentive structure and lower marginal gains on the supply front.

In order to dissuade drivers from declining rides, take rates could be reduced for certain rides.

Furthermore, to trigger loss aversion, ride projections could be used.



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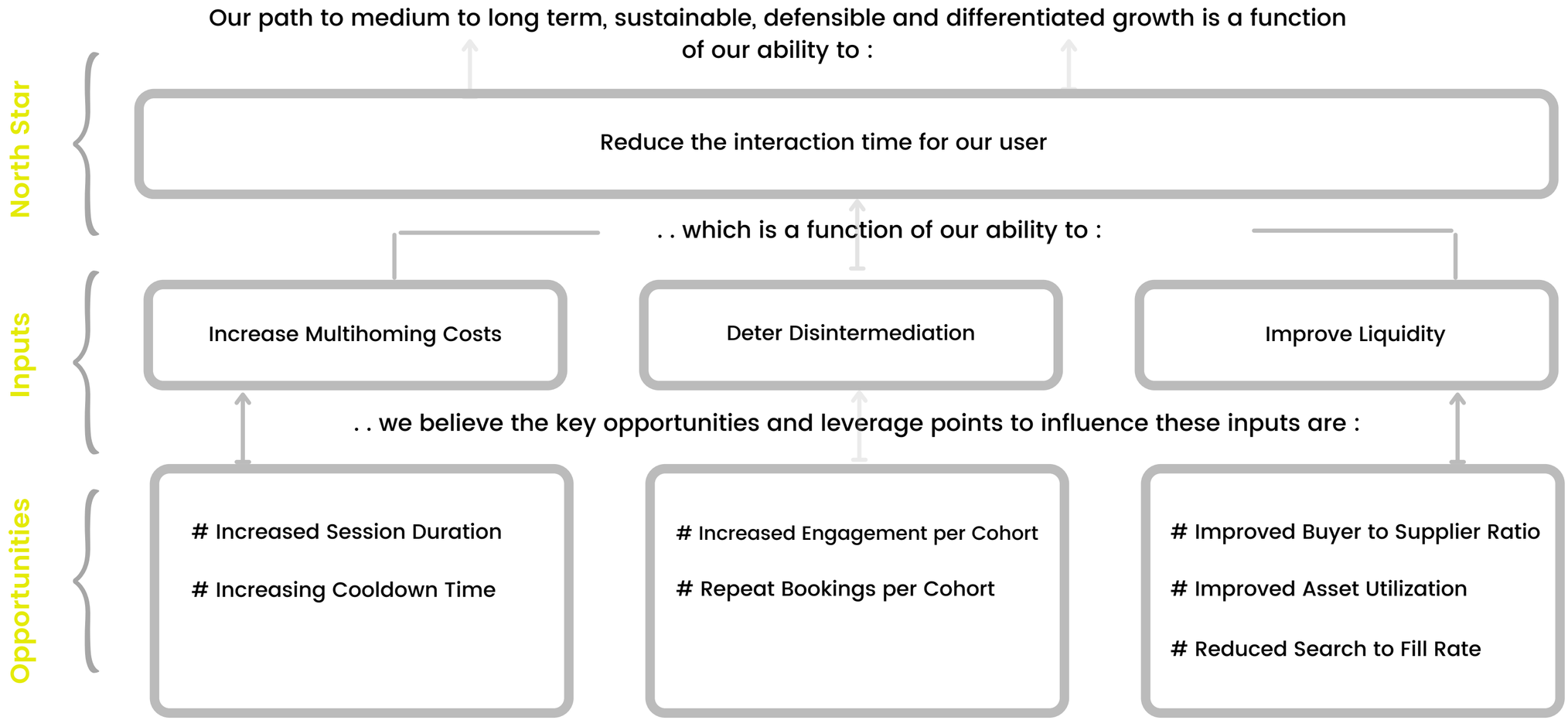
Feature Prioritization

Product Feature	Reach	Impact	Confidence	Effort	RICE Score
Ambiguous Pricing	5	4	1	2	10
Trust Nudges	4	4	1	2	8
Missing Opportunity Nudges	4	5	1	3	6.666666667
Witholding Identity	5	5	1	4	6.25
Reduced Take Rates	4	4	1	5	3.2
Leaderboards	3	4	0.8	5	1.92
App Cooldowns	3	2	0.5	2	1.5

Recommendations for Pilot

KPI Breakdown



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