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G2M insight for Investment in Cab Industry

Mar 18, 2024

Executive Summary



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Company Background:

XYZ is a private company based in the US. Given the significant expansion of the cab industry in recent years and the presence of several major competitors, it is considering an investment in this sector. As part of its market entry strategy, it aims to thoroughly analyze the market before making a final decision.

Objective:

Finding the Cab Firm That Is Most Worthy of Investment

Data Exploration



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- 354958 Data points
- 16 Attributes in Total
- 2 Attributes Derived from others

	Transaction ID	Date of Travel	Company	City	KM Travelled	Price Charged	Cost of Trip	Population	Users	Customer ID	Payment_Mode	Gender	Age	Income (USD/Month)	Profit	Date
3303	10004263	42402	Pink Cab	ATLANTA GA	25.07	355.29	285.7980	814885	24,701	29170	Cash	Male	40	11777	69.4920	2016-02-04
3304	10004264	42398	Pink Cab	AUSTIN TX	30.38	210.18	331.1420	698371	14,978	34660	Card	Male	41	3886	-120.9620	2016-01-31
3309	10004269	42399	Pink Cab	BOSTON MA	10.45	104.20	108.6800	248968	80,021	58604	Cash	Male	36	9088	-4.4800	2016-02-01
3310	10004270	42398	Pink Cab	BOSTON MA	18.18	188.53	207.2520	248968	80,021	58907	Card	Male	58	2857	-18.7220	2016-01-31
3311	10004271	42401	Pink Cab	BOSTON MA	38.61	358.05	405.4050	248968	80,021	59321	Cash	Male	45	22849	-47.3550	2016-02-03
...
359387	10440101	43108	Yellow Cab	WASHINGTON DC	4.80	69.24	63.3600	418859	127,001	52392	Cash	Male	24	15651	5.8800	2018-01-10
359388	10440104	43104	Yellow Cab	WASHINGTON DC	8.40	113.75	106.8480	418859	127,001	53286	Cash	Male	32	6528	6.9020	2018-01-06
359389	10440105	43105	Yellow Cab	WASHINGTON DC	27.75	437.07	349.6500	418859	127,001	52265	Cash	Male	56	7966	87.4200	2018-01-07
359390	10440106	43105	Yellow Cab	WASHINGTON DC	8.80	146.19	114.0480	418859	127,001	52175	Card	Male	32	6423	32.1420	2018-01-07
359391	10440107	43102	Yellow Cab	WASHINGTON DC	12.76	191.58	177.6192	418859	127,001	52917	Card	Male	20	11284	13.9608	2018-01-04

Hypotheses



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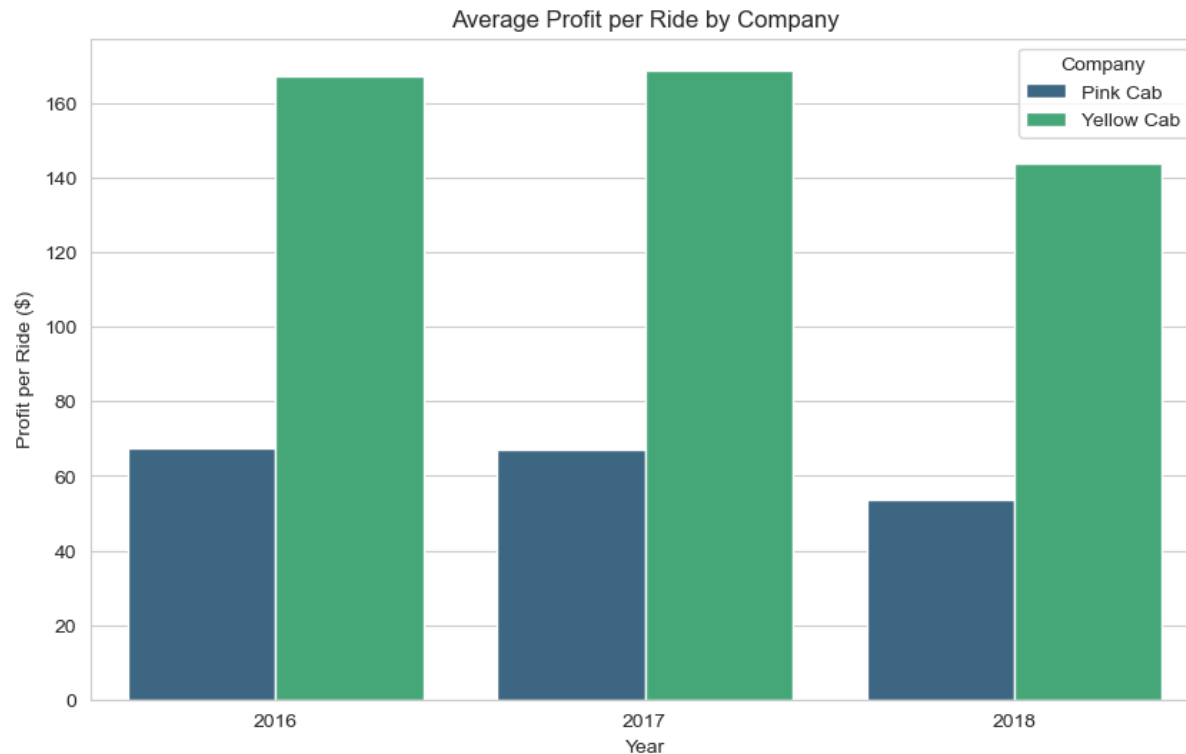
1. The cab company with a **higher average Profit per ride** is a better investment.
2. The company with a **more extensive user base** (higher number of unique Customer IDs) indicates better market penetration and growth potential.
3. A company with a **more modern and affluent customer base** (indicated by higher Income brackets) might be more sustainable and offer higher-value services.
4. The cab company which operates in cities with **larger populations** and **higher utilization** (KM Travelled) has more scalability.
5. **Consistency in performance** (less variability in Profit and Income) over time might indicate a more reliable investment.
6. The company that maintains **competitive pricing** (Price Charged vs. KM Travelled) yet still manages **high profitability** is likely operating more efficiently.

Profit Analysis



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- The Yellow Cab tends to have a higher profit per ride compared to the Pink Cab from 2016 to 2018
- Generally, both cab firms' average profit went down from 2017 to 2018.

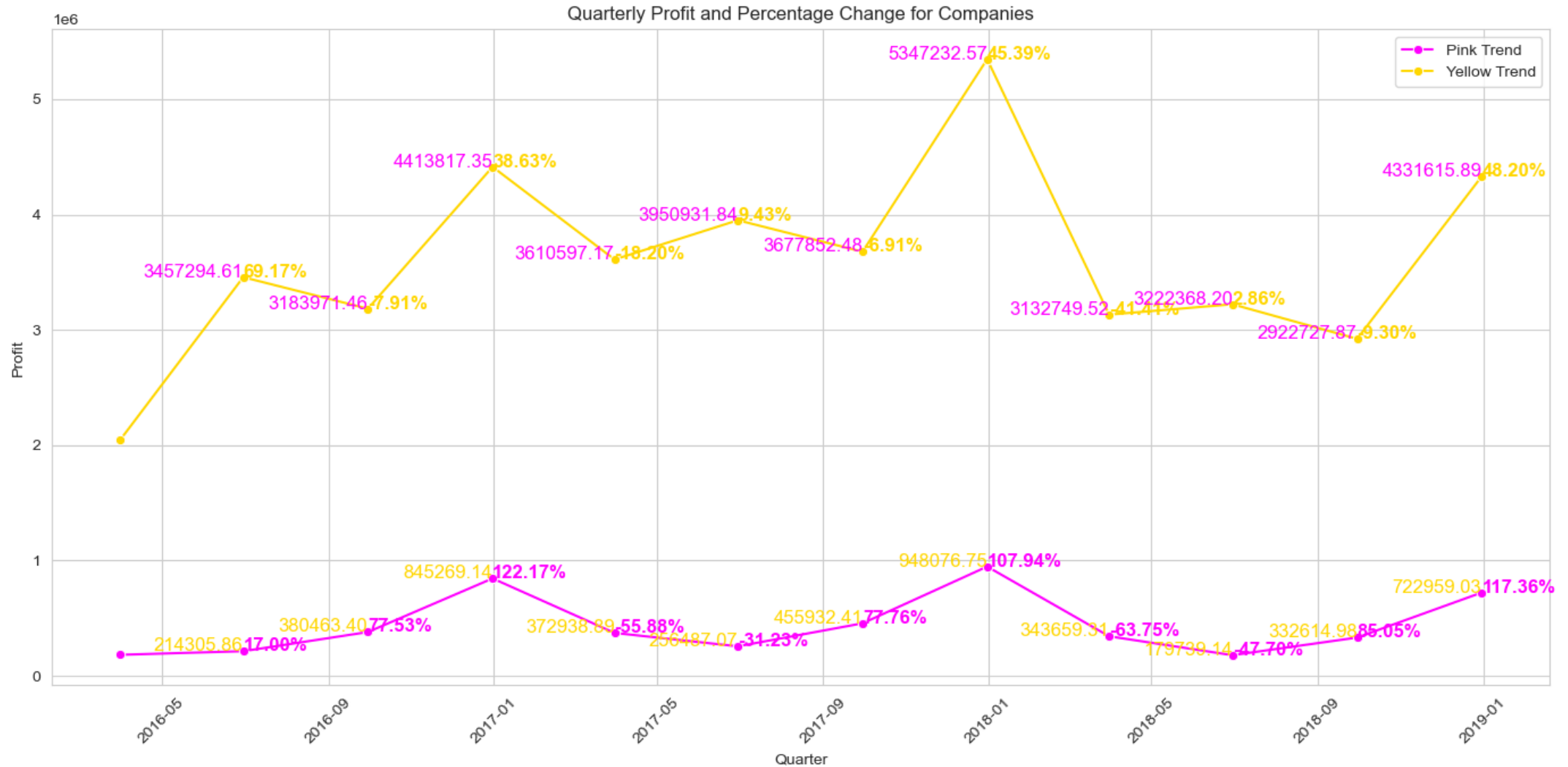
Company	Profit in Total	Total Rides	Profit per Ride
Pink Cab	5,235,616	83,789	62.49
Yellow Cab	43,294,891	271,169	159.66

Profit Analysis



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Company	Average Quarterly Percentage of Change in Profit (%)
Pink Cab	36.93
Yellow Cab	11.81

User Base Analysis

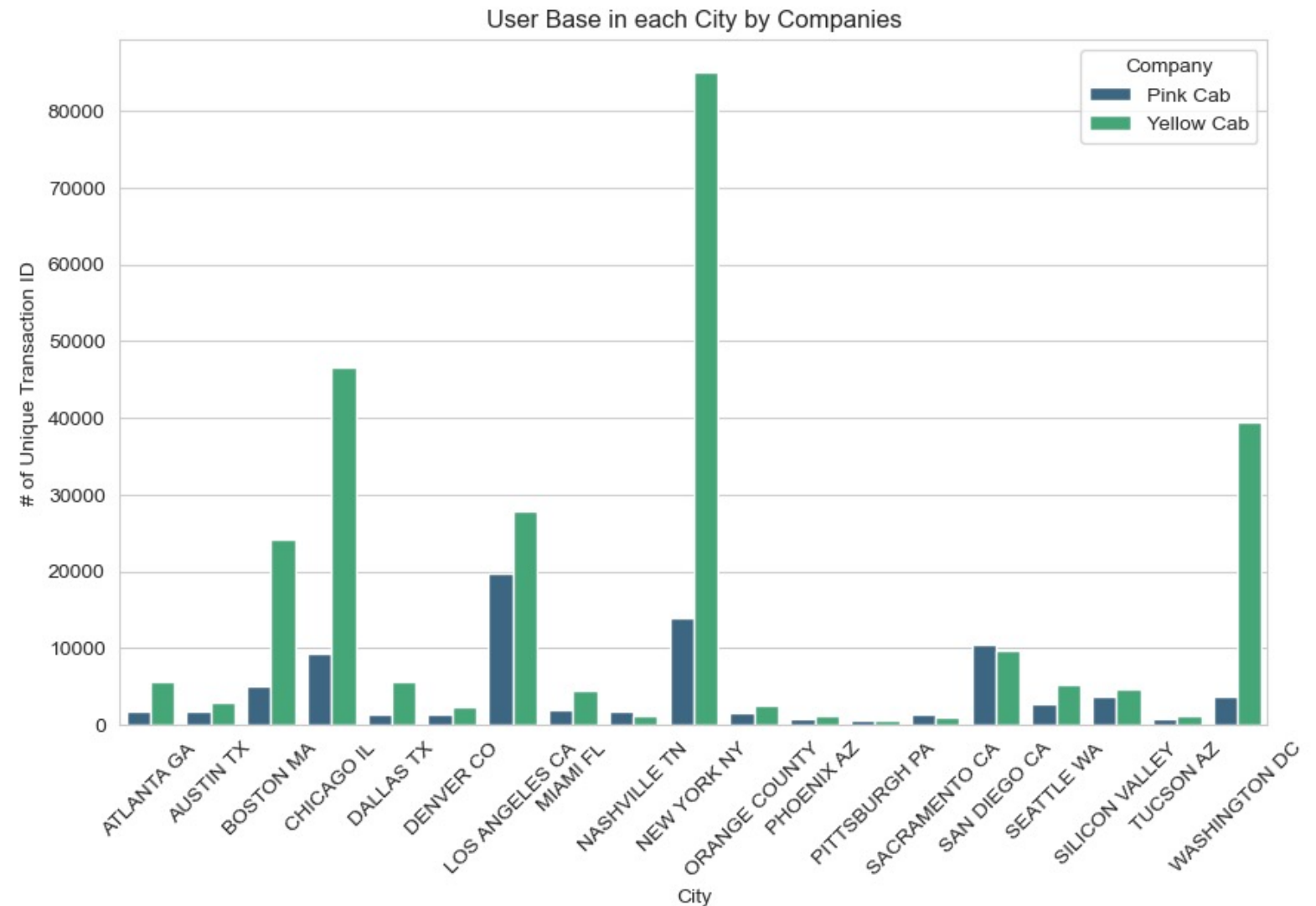


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In the top populated cities, **the Yellow Cab** dominates in term of the number of users.

Company	# of Users
Pink Cab	83789
Yellow Cab	271169



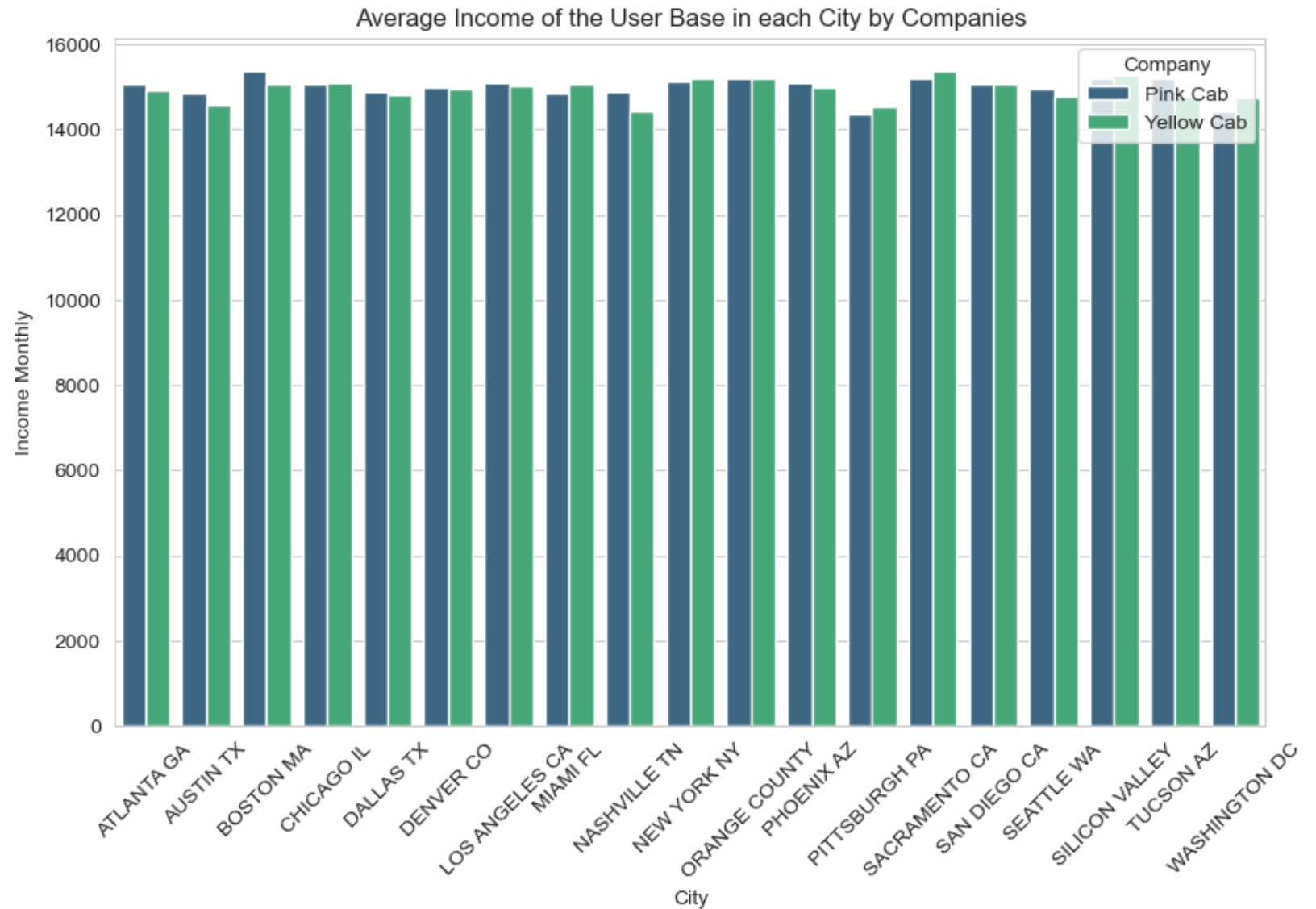
User Base Analysis



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Company	Average Monthly Income of Users
Pink Cab	15058.89
Yellow Cab	15044.66



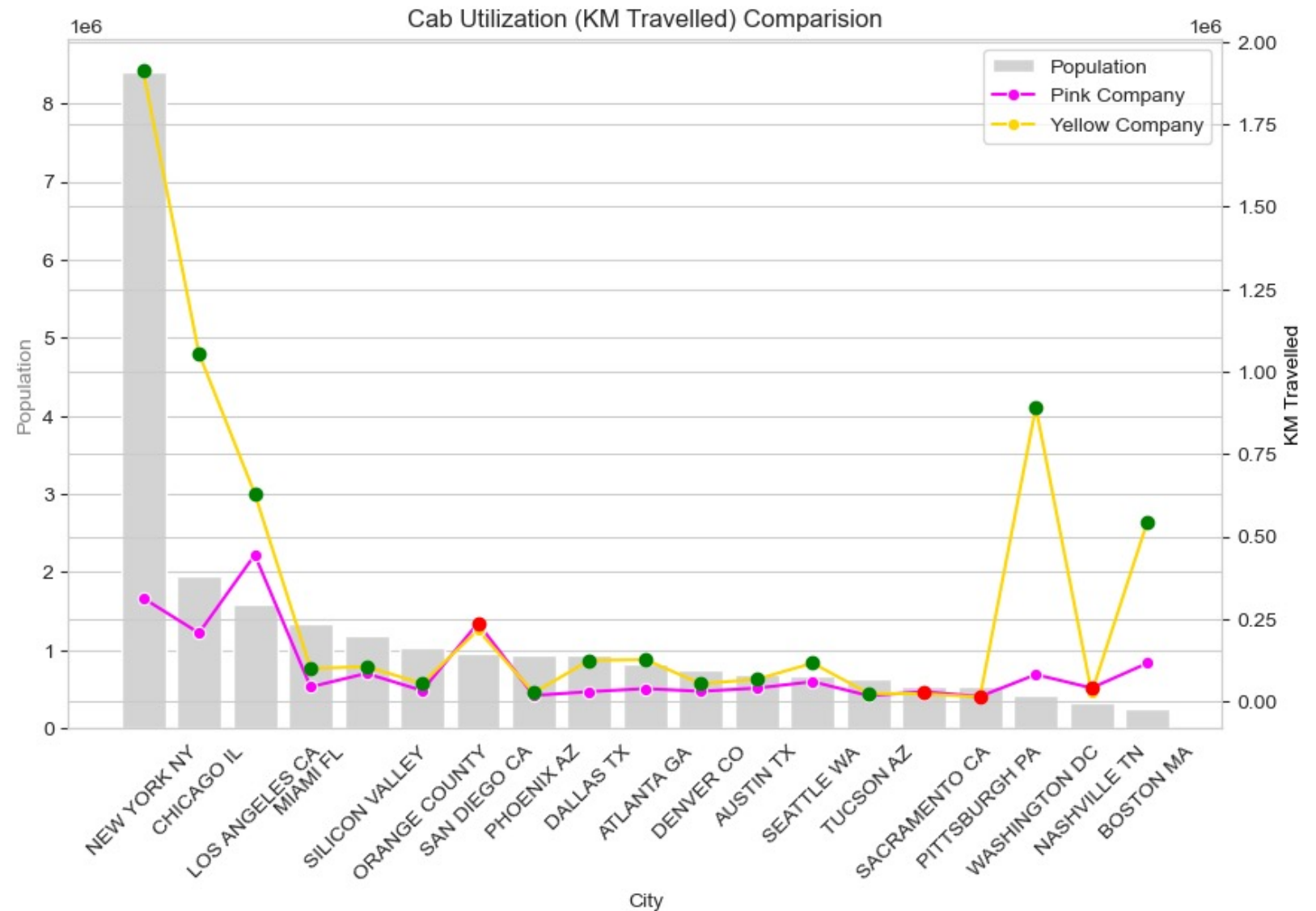
Scalability Analysis



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City	More Scalability?
NEW YORK NY	Yellow
CHICAGO IL	Yellow
LOS ANGELES CA	Yellow
MIAMI FL	Yellow
SILICON VALLEY	Yellow
ORANGE COUNTY	Yellow
SAN DIEGO CA	Pink
PHOENIX AZ	Yellow
DALLAS TX	Yellow
ATLANTA GA	Yellow
DENVER CO	Yellow
AUSTIN TX	Yellow
SEATTLE WA	Yellow
TUCSON AZ	Yellow
SACRAMENTO CA	Pink
PITTSBURGH PA	Pink
WASHINGTON DC	Yellow
NASHVILLE TN	Pink
BOSTON MA	Yellow



Price Competitiveness

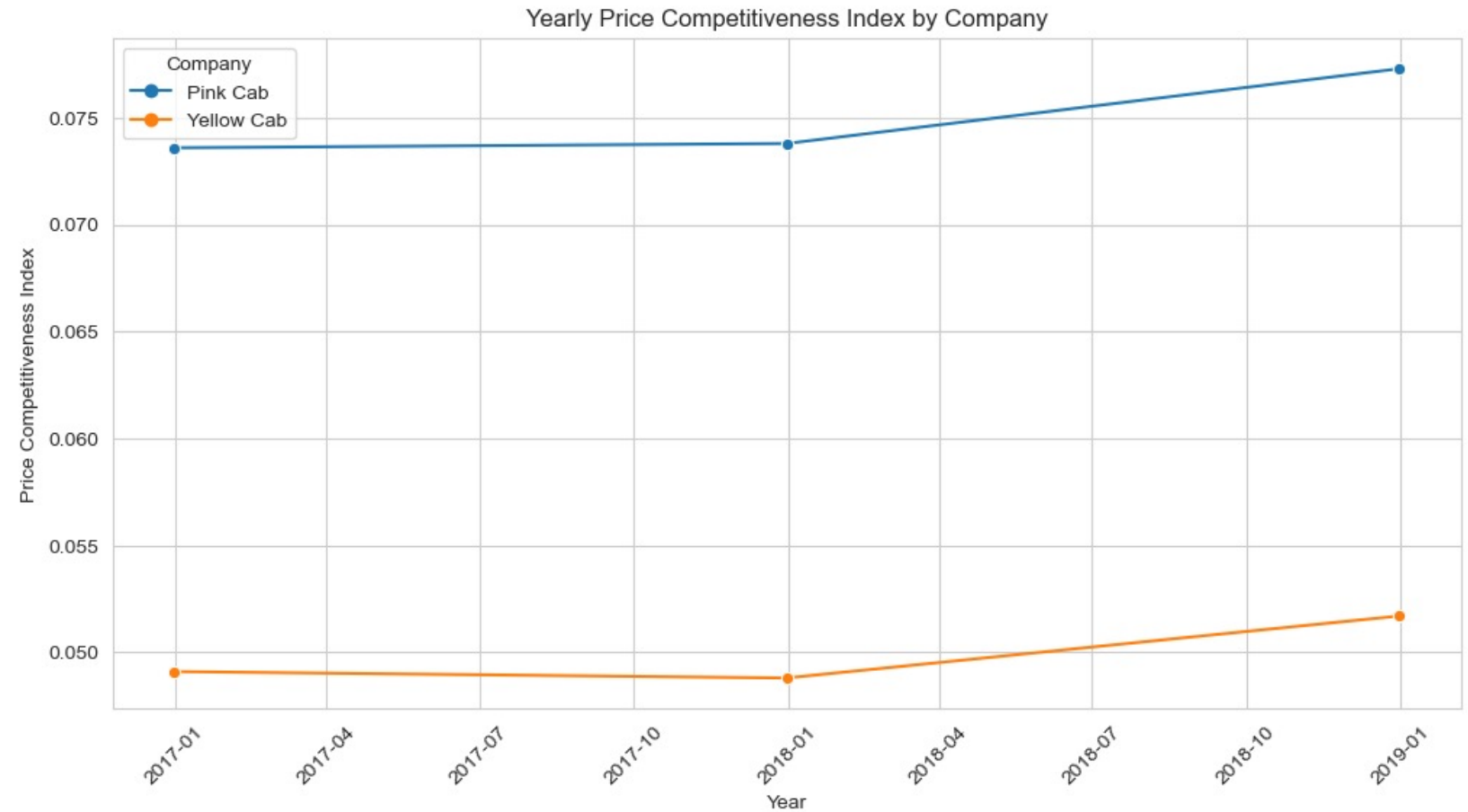


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Price Competitiveness Index
= Average "KM Travelled" /
Average "Price Charged"

When **index** is **higher**, it
means the company is **more
competitive** in terms of its
price.



Recommendations



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1. The Yellow Cab earned a **higher average Profit per ride**.
2. The Yellow Cab has a **more extensive user base**, indicating better market penetration and growth potential.
3. Both company own a **modern and affluent customer base**.
4. The Yellow Cab operates in cities with **larger populations** and **higher utilization** (KM Travelled).
5. **Consistency in performance** (less variability in Profit and Income) over time might indicate a more reliable investment: **Pink Cab**
6. The Pink Cab maintains **competitive pricing** (Price Charged vs. KM Travelled). However, the Yellow Cab operates in a much higher profitability (Approx. 2.6x).

If you aim at high return, I suggest that the Yellow Cab would be a great investment option. If you are more conservative, I believe that the Pink Cab is a more reliable investment.

Thank You



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