



Daffodil
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Assignment on “Pathao App Business plan”

Submitted To:

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Introduction:

Pathao is a platform which enables you make earn money by sharing a ride with people in need of transportation or completing deliveries of food or parcel orders.

Pathao was founded by entrepreneurs Hussain M. Elias, Fahim Saleh and Adnan Shifat in 2015—with the goal of tackling one of the most pressing issues plaguing businesses and commuters in Dhaka City, Transportation. There are two primary verticals of operations of the company: providing delivery and cash collection support to businesses through their Pathao Fulfillment service; and, transportation service, much like Uber but with motorbikes, through Pathao Rides. Using the same base infrastructure, Pathao serves different markets and plans on expanding operations to other delivery services, such as food delivery (Frieschlad, 2017). The trio had worked separately in their own projects, but they had identified a key problem and found a clever solution to one of the most critical problems faced by small businesses and commuters in the city. They found a nifty way to tackle the problem without having to invest huge capital. Its fleet of motorcycle drivers and bike messengers bring parcel to clients in Dhaka and beyond.

How does Pathao Work? :

Pathao Fulfillment delivery service provides logistics support to its customers by connecting the online stores with their customers. Domestic E-commerce businesses i.e., daraz.com.bd; ajkerdeal.com etc. uses Pathao Fulfillment services to deliver the goods brought through their sites directly to the customer in person. The services offered through this vertical of business include: cash-on-delivery (COD); reverse logistics (which is a return to sender/origin support); 24-hour customer service. Consumers benefit through the added convenience of goods being delivered to their home, and businesses benefit by not having to borne huge delivery costs and offering customers a value-added service. The app uses a mobile-friendly interface which enables users to access the services on any platform: web, computer, mobile, and a 24-hour customer service means that

customers can have their problems sorted at any hour of the day. Furthermore, given that the company uses motorbikes and bicycles for most of their deliveries, they have the added advantage of being more environmentally friendly.

How did they raise the Funds? :

Pathao was able to raise funding for its business through seed investment of undisclosed amount through local and foreign investors and friends and family. It had a small operation in the beginning but they were able to expand organically. They are however, looking for venture capital funds to scale-up their business and offer more value-added service to their clients. It is able to meet its short-term financing needs for working capital financing through the cash-flow generated by the business, but they are facing problem in sourcing long-term financing for the expansion of the business, mainly due to the fact that there is little to no successful tech start-ups in the country so-far. Also, traditional financial institutions i.e. banks and NBFIs consider such tech start-ups with no precedence to be risky, and thus do not fund these projects at the initial level. However, the CEO is confident that a proven track record and healthy growth will enable them to acquire funds through institutions (Frieschlad, 2017).

Services Offered by Pathao:

The Company offers information, method and platform for transportation providers, drivers and

Vehicle operators to schedule, obtain and establish contact with Passengers or Customers, but

Does not and does not intend to provide transportation services or act in any way as a taxi

Operator, transportation carrier or provider, and has no responsibility or liability for any

Transportation services provided to Passengers or Customers by you.

Value offered by pathao to the customer:

1. DELIVERIES
2. PARCELS
3. FOOD
4. RIDES
5. CARS

Major Challenges Faced by Pathao:

Over Demanding Consumers Customer becoming impatience day by day which enforce huge pressure on Pathao in every service they are providing. Offering faster service makes customer expect to have Pathao within a minute and get more faster delivery whereas in reality which could not be fully possible due to infrastructure and uncontrollable traffic congestion the country is facing. Local Competitors Pathao is experiencing an influx in the number of mobility and on-demand transportation services in Dhaka. Dhaka has over 9 startups operating in the space including Toma, Chalo, Sam, Oikhali, Pathao, uber, Amarbike, Amar Ride, Bahun and Muv Global Competitors It seems that the market is going to be even more competitive in the coming years. International players like India's Ola and Grab are now eyeing Bangladesh. As we reported earlier, Ola is planning to launch operations in Dhaka by the fourth quarter of this year. Safety Ride Issue Ensuring safety and security for both the packages that are delivered and the passengers that are ferried to various locations. Motorcycles are in general subject to numerous accidents in the city. Pathao is continuously trying to minimize the accident but cannot be fully mitigated. One of its customer said he was in an accident due to an untrained rider who drove his motorcycle at high speed despite being unable to control it. Pathao is trying to eliminate this issue by

riders rating service but due to having not verified riders this could not be fully mitigated. Gender Issue one particular issue has been the almost non-existent female users of this service in Bangladesh. Despite major strides made in female empowerment in the country, norms and religious issues still somewhat restricts the female population of this part of the world from publicly sharing motorcycles with male drivers who are not their legal guardians and spouses. While things have started changing with the rising education coverage throughout the country, there have been very few female passengers and almost zero drivers using Pathao rides service in Dhaka. Pricing Issue Consumer for pathao expect more reasonable price. On the other hand sometimes riders take long route to increase their fare which create dissatisfaction towards customer. Often riders tend to approach higher price even the user get promotion from Pathao. The competitiveness in the business also making this pricing challenge more fierce.

Marketing Strategy:

Pathao is facing fierce competition from the market, due to low entry barrier competition is increasing day by day which make business sustainability more and more challenging. To overcome these challenges the followings are the strategy to ensure sustainability in the business.

This marketing strategy has been formulated in terms of marketing mix through which it is expected to save Pathao in the long run ensure sustainability. The strategy are

Pathao Expe....

As discuss before pathao is facing huge competition from the competitors perspective, on the other hand Pathao has very good brand awareness among its user. Pathao expe... will be the social media site that will encourage customer to share their great experience regarding Pathao ride.

This kind of activity will create social community among the users and will make users into a loyal customer. It will also prevent new competitors taking away

pathao's customer as this kind of social group will create a kinship among the users.

Pathao Smoothie:

Patho is very much popular towards young generation as a ride sharing, but middle age and old people tend not to prefer Pathao motor bike as it seems not to be safe for them, on the other hand this segment might be so economic that prevent them to take Pathao car, as a result it is losing a significant number of customer that falls under this segment. On the other hand no other competitors is offering such service that offers smooth service towards old or middle age people. As a result pathao smoothie will offer smooth ride that don't offer faster ride rather a safe ride ,that will be serve through scotty which is much safer than the normal bike. This service prevent aggressive local and global competitors as it is creating completely a new segments in the market that other competitors is not offering.

Research and Development:

Disruptive technology is a major concern for any kind of business. Pathao is proving delivery service however in western country this kind of service is planned to done by drone. As this has not become so popular due to its huge cost but more research are been done to prevent this cost. On the other hand Bangladesh is not prepare for drone delivery service but in future it can be as it is growing day by day. This technology advancement could threat Pathao in the long run. To prevent this challenge this is high time Pathao should develop a research and development team that will find the other cost effective but faster way of delivery through advance technology, this team will also do research on possibilities on Drone delivery or robot delivery so that it could be the first in the market to offer this service when country is ready to take it and thus prevent disruptive technology to hamper its business. Not only that in the western country the flying cars are also going thorough huge testing and research, Pathao could take part into this initiatives so that when available it could offer this type of service to its consumers.