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OLEKSIY DANILIN, Business Analyst

CUSTOMER FUNNEL ANALYSIS:
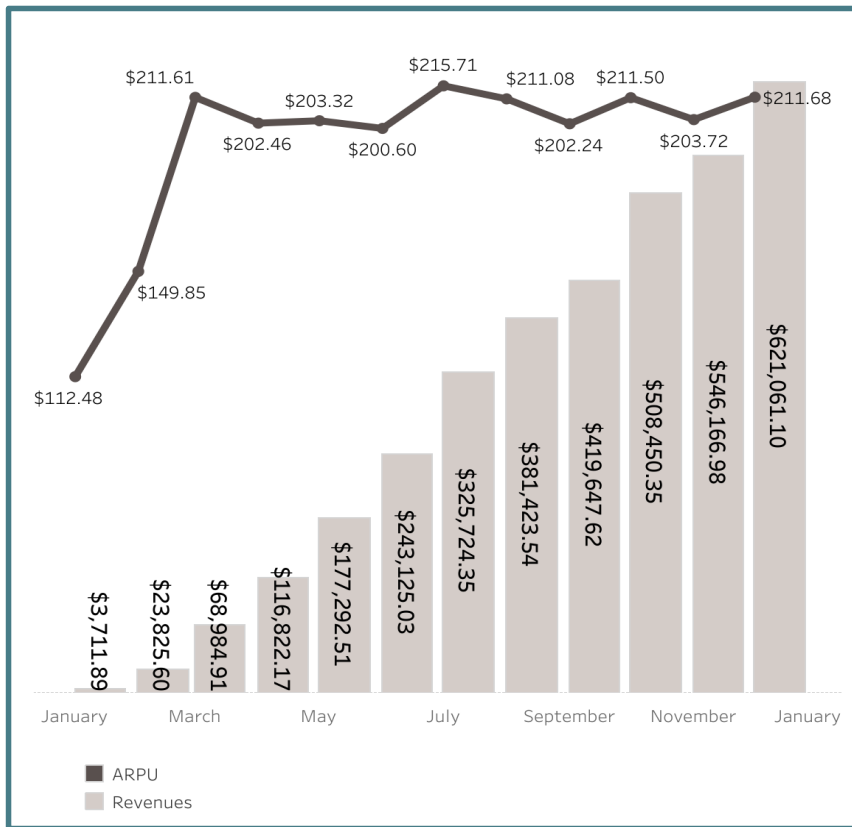Executive Summary

May 2024

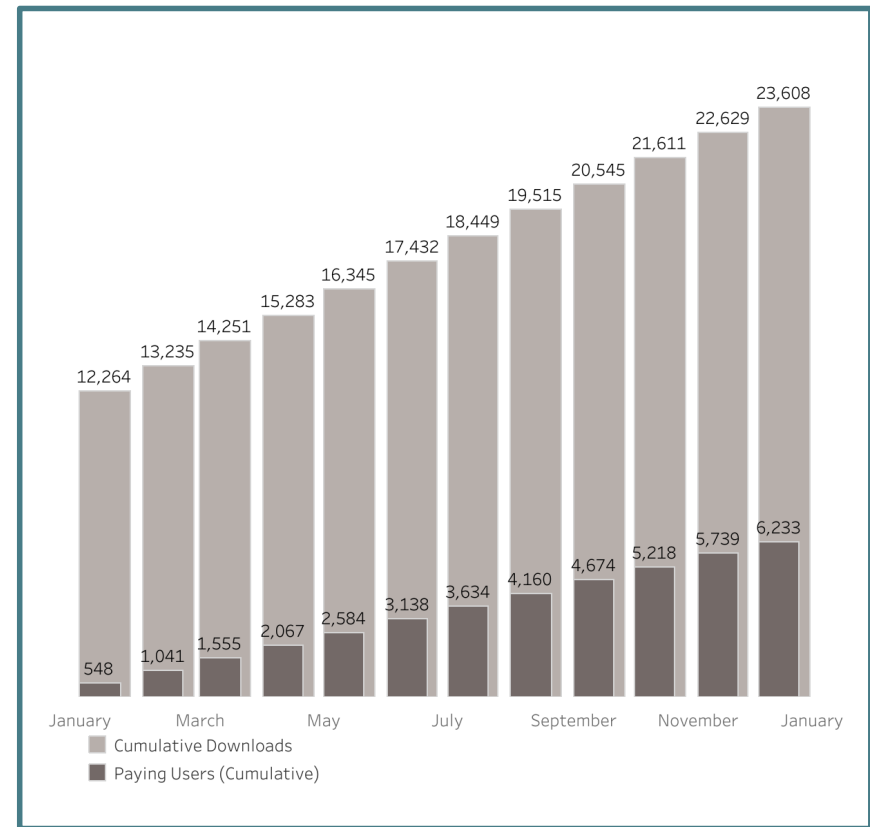Prepared for: **Masterschool**
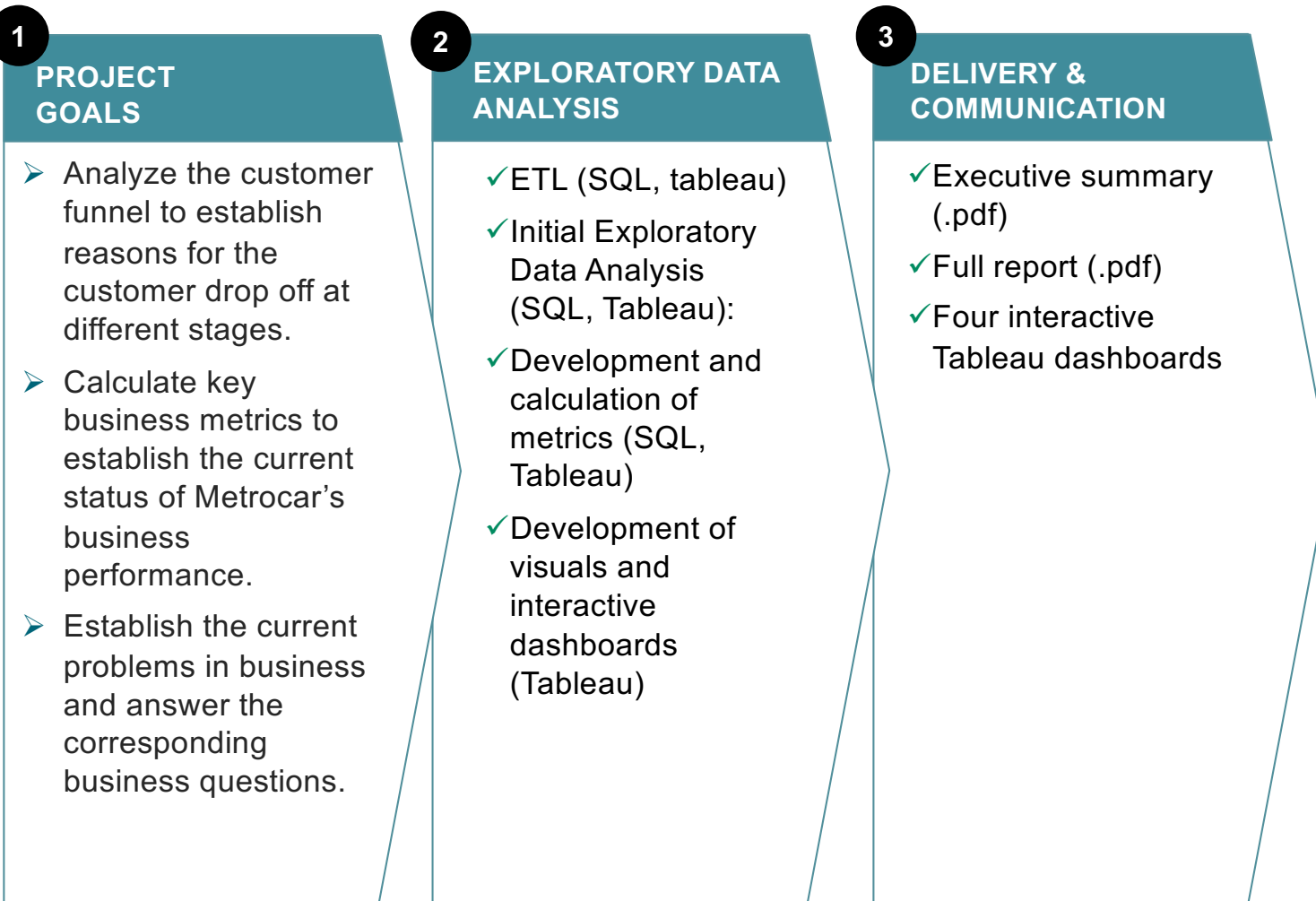
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1

PROJECT GOALS

➢ Analyze the customer funnel to establish reasons for the customer drop off at different stages.

➢ Calculate key business metrics to establish the current status of Metrocar's business performance.

➢ Establish the current problems in business and answer the corresponding business questions.

2

EXPLORATORY DATA ANALYSIS

✓ ETL (SQL, tableau)

✓ Initial Exploratory Data Analysis (SQL, Tableau):

✓ Development and calculation of metrics (SQL, Tableau)

✓ Development of visuals and interactive dashboards (Tableau)

3

DELIVERY & COMMUNICATION

✓ Executive summary (.pdf)

✓ Full report (.pdf)

✓ Four interactive Tableau dashboards

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MONTHLY REVENUES AND ARPU (2021)

ARPU values: $112.48, $149.85, $211.61, $202.46, $203.32, $200.60, $215.71, $211.08, $202.24, $211.50, $203.72, $211.68

Revenues: $3,711.89, $23,825.60, $68,984.91, $116,822.17, $177,292.51, $243,125.03, $325,724.35, $381,423.54, $419,647.62, $508,450.35, $546,166.98, $621,061.10

Legend:
- ARPU
- Revenues

MONTHLY DOWNLOADS AND PAID USERS (2021)

Cumulative Downloads: 12,264 | 13,235 | 14,251 | 15,283 | 16,345 | 17,432 | 18,449 | 19,515 | 20,545 | 21,611 | 22,629 | 23,608

Paying Users (Cumulative): 548 | 1,041 | 1,555 | 2,067 | 2,584 | 3,138 | 3,634 | 4,160 | 4,674 | 5,218 | 5,739 | 6,233

Legend:
- Cumulative Downloads
- Paying Users (Cumulative)

➢ **A successful revenue growth from month to month:** in 2021, the total revenue reached $3,436 million.

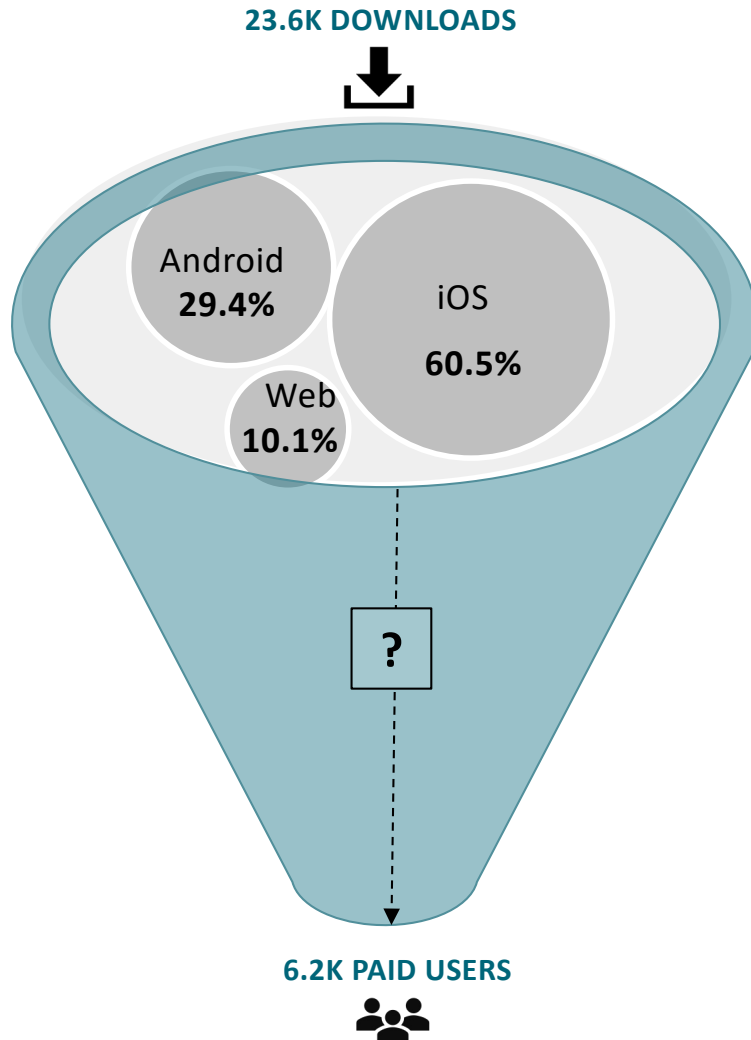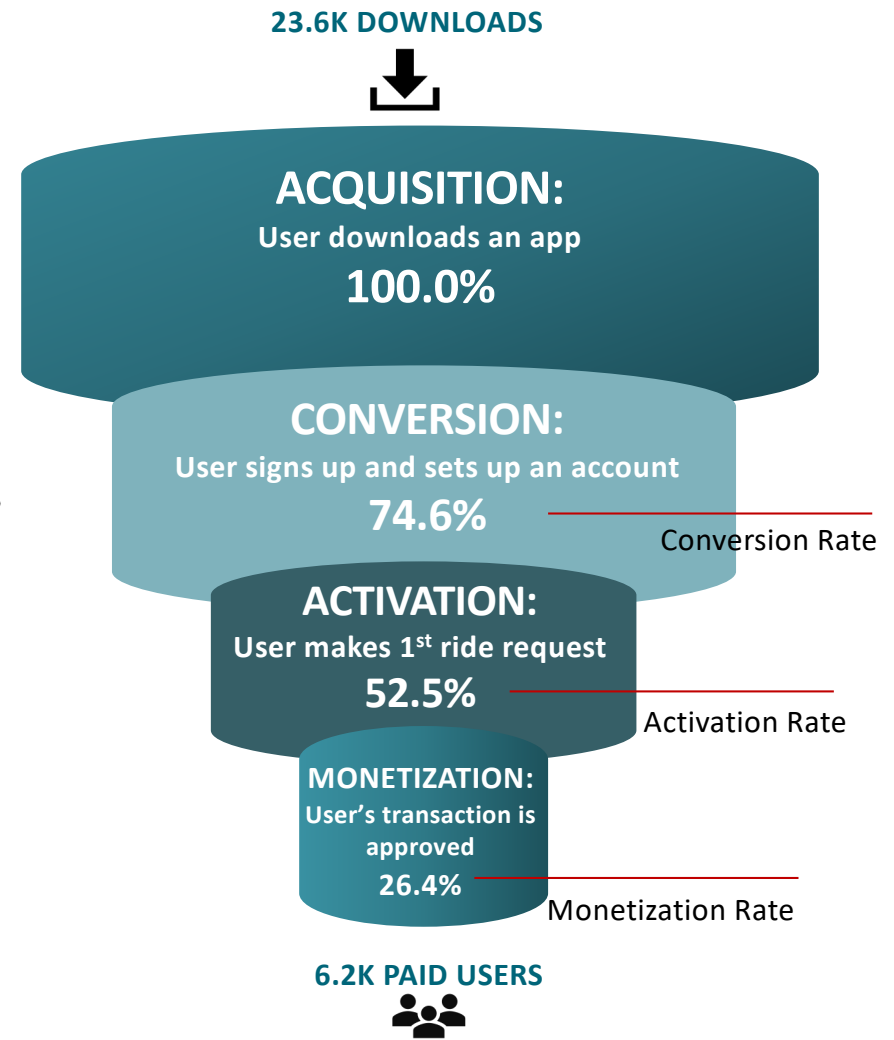➢ By Jan 2022, the monthly revenue increased by 142 times YoY.

➢ **A significant growth in the number of paying users,** which increased from 4.4% of total DLs in Jan 2021 to 26.4% in Dec 2021.

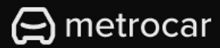➢ With monthly ARPU at approx. $213, a small fraction of loyal paying customers drive monetization.

DEMYSTIFYING THE CUSTOMER FUNNEL BEGINS WITH DEFINING PRINCIPAL STAGES AND ASSOCIATED BENCHMARKS/INDICATORS TO IDENTIFY KEY PROBLEMS
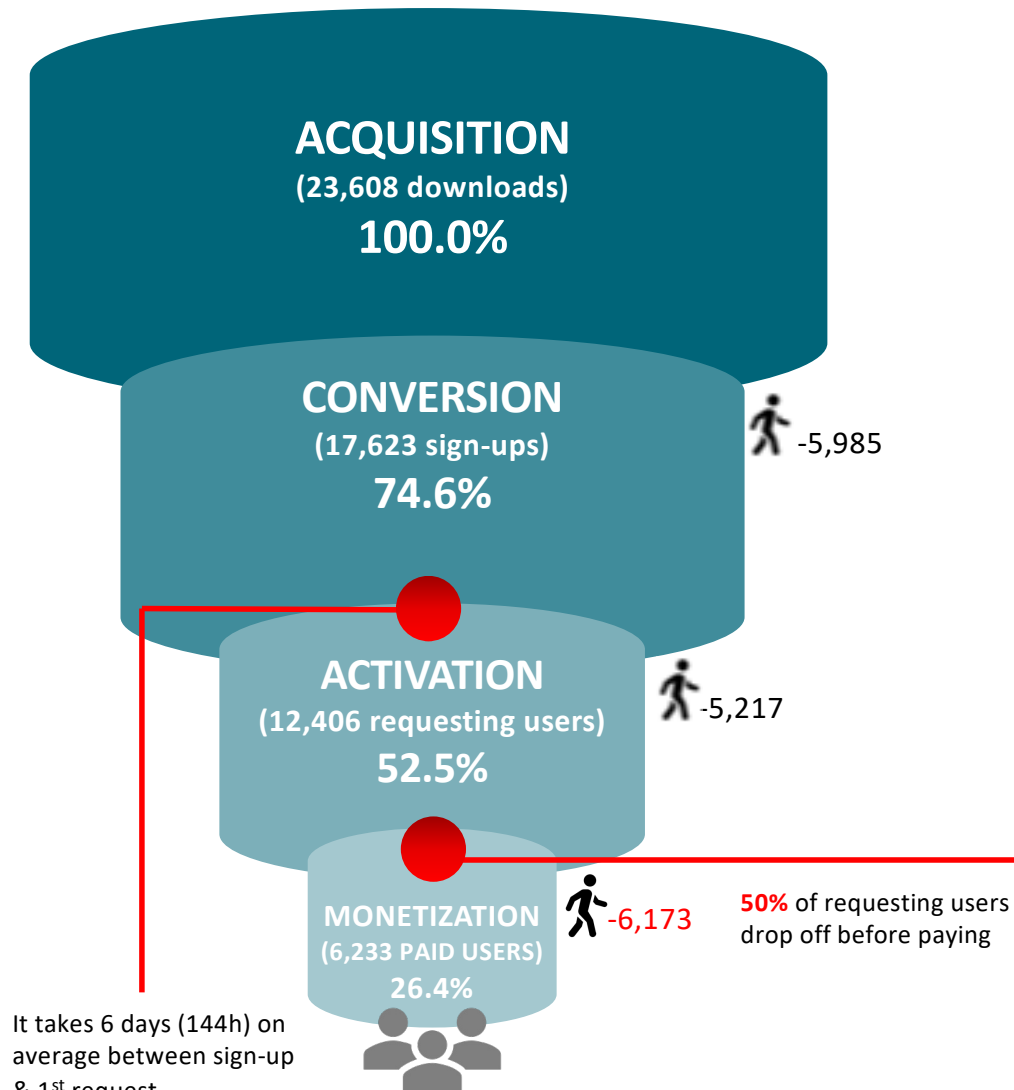
DOWNLOADS STRUCTURE BY PLATFORM

23.6K DOWNLOADS

Android
29.4%

iOS
60.5%

Web
10.1%

?

6.2K PAID USERS

DOWNLOADS STRUCTURE BY PLATFORM

23.6K DOWNLOADS

ACQUISITION:
User downloads an app
100.0%

CONVERSION:
User signs up and sets up an account
74.6%

Conversion Rate

ACTIVATION:
User makes 1st ride request
52.5%

Activation Rate

MONETIZATION:
User's transaction is approved
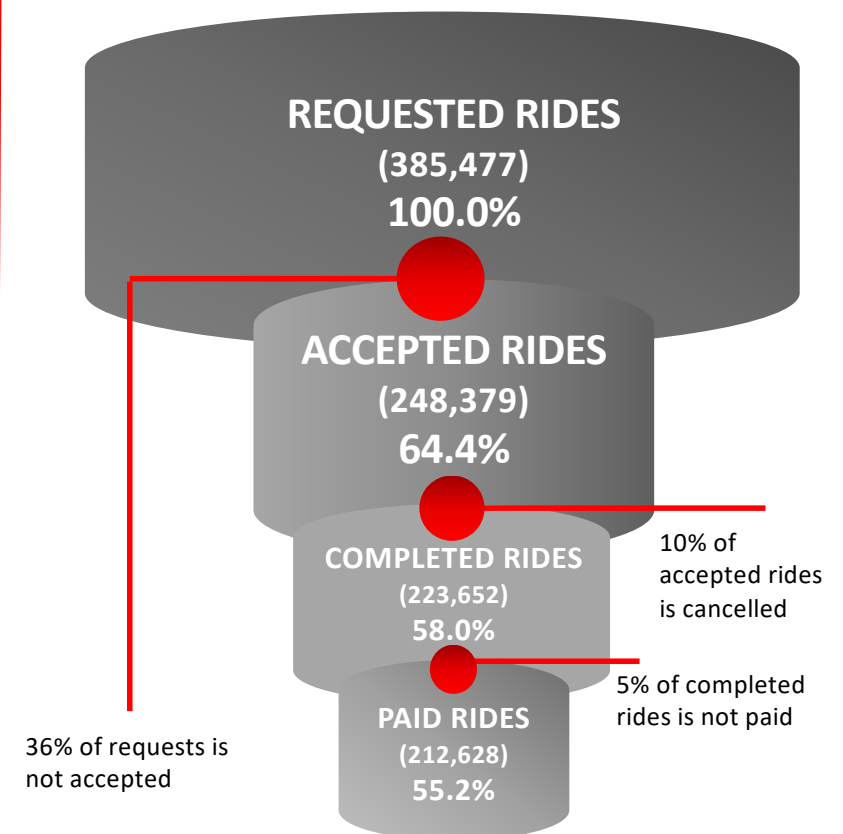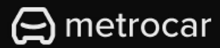**26.4%**

Monetization Rate

6.2K PAID USERS

ACTIVATION IS THE MOST CHALLENGING FUNNEL STAGE, WHERE MULTIPLE UX ISSUES CAUSING ONLY 58% OF THE REQUESTED RIDES TO BE COMPLETED AND 55% TO BE PAID
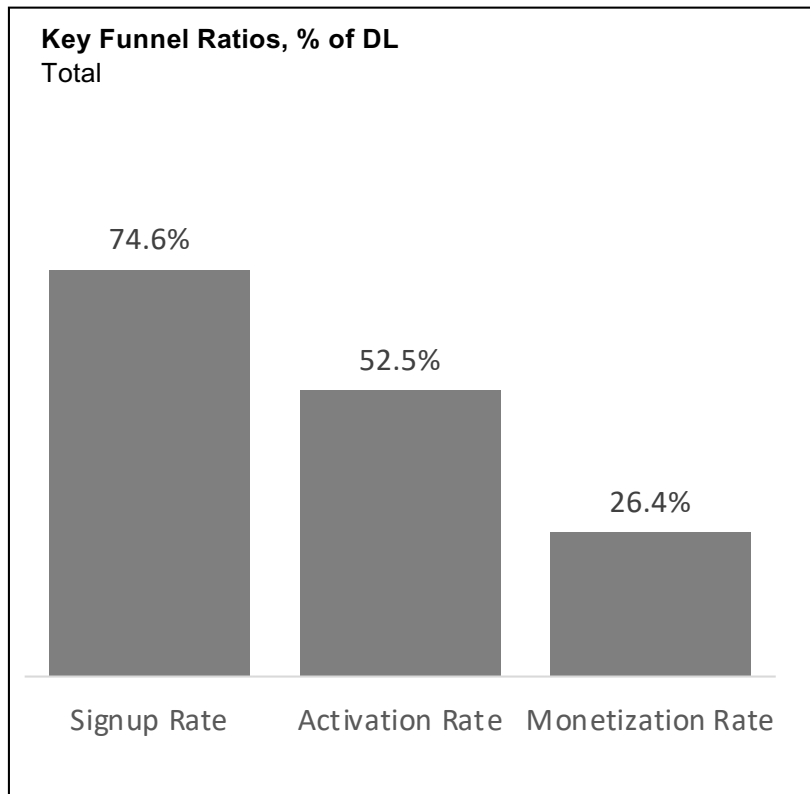
USER FUNNEL

ACQUISITION
(23,608 downloads)
100.0%

CONVERSION
(17,623 sign-ups)
74.6%

-5,985

ACTIVATION
(12,406 requesting users)
52.5%

-5,217

MONETIZATION
(6,233 PAID USERS)
26.4%

-6,173

50% of requesting users drop off before paying

It takes 6 days (144h) on average between sign-up & 1st request

USER EXPERIENCE JORNEY
(FROM ACTIVATION TO MONETIZATION)

REQUESTED RIDES
(385,477)
100.0%

ACCEPTED RIDES
(248,379)
64.4%

COMPLETED RIDES
(223,652)
58.0%

10% of accepted rides is cancelled

PAID RIDES
(212,628)
55.2%

5% of completed rides is not paid

36% of requests is not accepted

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➤ The difference in the funnel ratios is minimal among the user platforms, although iOS users tend to perform better than others.

Key Funnel Ratios, % of DL
Total

➤ Due to these small differences, similar retention strategies could be applied across all the three platforms.
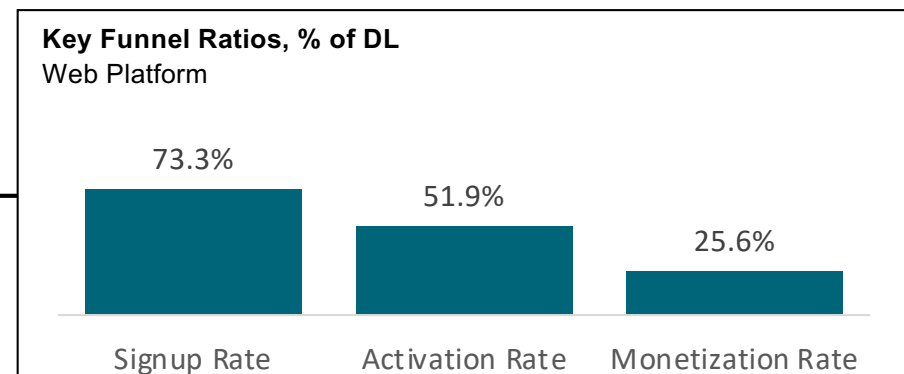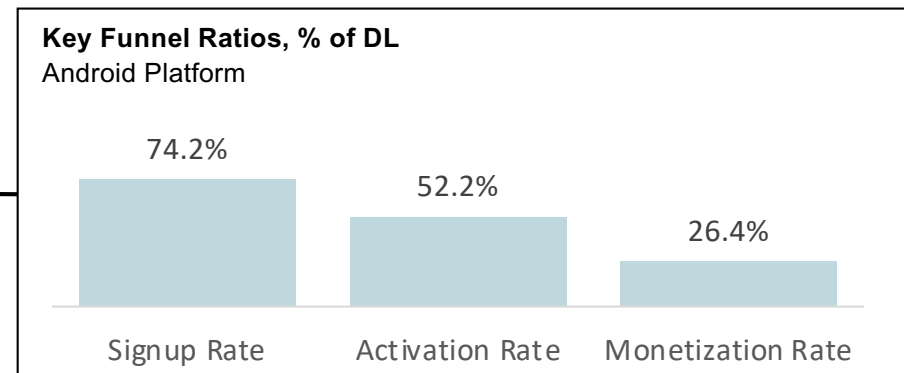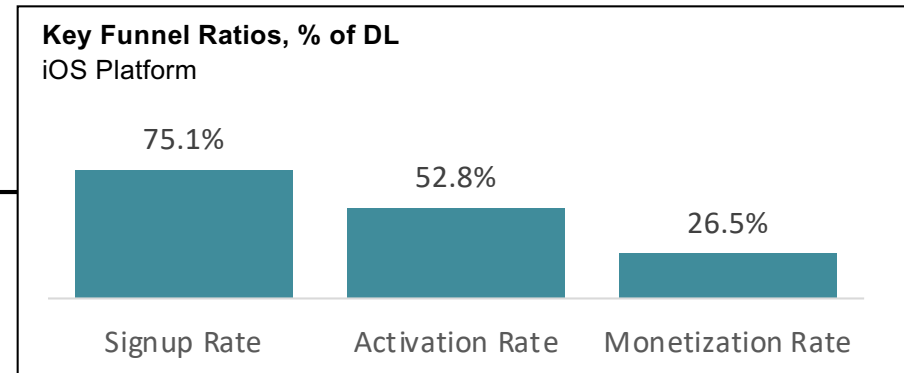
Key Funnel Ratios, % of DL
iOS Platform

Key Funnel Ratios, % of DL
Android Platform

Key Funnel Ratios, % of DL
Web Platform

KEY PROBLEMS ALONG FUNNEL STAGES

PROBLEM'S STATUS

— MODERATE
— CRITICAL

ACQUISITION

1. **Underrepresentation of Android users**: 32% of mobile downloads (excl. web installations) against 40-45% on average in the US market (various estimates for 2021).

CONVERSION

2. **Relatively low Conversion Rate**: 75% of downloads converted to signup accounts.
3. **Relatively long Time from Download to Signup** (24 hours on average).

ACTIVATION

4. **Long Activation Time**: It takes 6 days on average between a sign-up and the 1st ride request.
5. **Low Activation Rate**: Only 53% of downloads and 70% of signed-up users request rides.
6. **Low Completion Rate**: Only 58% of requested rides are completed.
7. **Low Acceptance Rate**: Only 64% of requested rides are accepted by drivers.
8. **High Cancellation Rate**: 42% of requested rides are cancelled by either drivers or users.

MONETIZATION

9. **Low Monetization Rate:** Only 26% of downloads have become paying users
10. **Loss due Declined Transactions:** 5% of declined transactions resulted in a loss of USD 179.1K in 2021 (Collectability Ratio stands at 95% of total transactions).

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A BLEND OF **UX** IMPROVEMENTS, TARGETED MARKETING STRATEGIES, AND BOTH CUSTOMER-CENTRIC AND DRIVER-CENTRIC APPROACHES CAN HELP REDUCE USER DROP OFF AT EACH FUNNEL STAGE

STRATEGY RECOMMENDATIONS

1 ACQUISITION

USER EXPERIENCE
- Optimize Performance of the Android app
- Ensure Feature Parity on Android
- Analyze Data & User Feedback

TARGETED MARKETING
- Android-specific Campaigns
- Incentives for Android Users
- Community Engagement

2 CONVERSION

USER EXPERIENCE
- Optimize Onboarding
- Engage Users Immediately
- Analyze Data & User Feedback

APP PERFORMANCE
- Reduce Friction
- Follow-up Reminders
- Usability Testing

3 ACTIVATION

USER STRATEGIES
- Enhance Booking Features
- Implement a Fair Cancellation Fee Policy
- Improve Customer-Driver Communications

DRIVER STRATEGIES
- Introduce Dynamic Pricing (Price Surging)
- Implement a Reward System for Accepting Rides
- Improve dynamic driver allocation algorithms

4 MONETIZATION

PAYMENT OPTIMIZATION
- Subscription models for frequent users
- Multiple payment options
- Transparent and itemized billing

PAYMENT COLLECTION
- Pre-Authorization
- Auto-Debit
- Post-Ride payments