**Competitor Pricing Models**

**1. Lime**

* **Pricing Structure**: Lime utilizes a combination of unlocking fees and per-minute charges.
  + **Unlock Fee**: £1
  + **Per-Minute Rate**: Varies by location and time; typically around £0.17–£0.29 per minute
  + **Monthly Passes**:
    - £39.99 for 300 minutes
    - £54.99 for 750 minutes
* **Target Audience**: Young professionals and commuters seeking flexible, short-term rentals.
* **Revenue Model**: Revenue is generated through frequent, short-duration rides, with additional income from monthly pass subscriptions.

**2. Beryl**

* **Pricing Structure**:
  + **Pay-As-You-Ride**:
    - **Pedal Bikes**: £1 unlock fee + £0.06–£0.08 per minute
    - **E-Bikes**: £1 unlock fee + £0.14–£0.18 per minute
  + **Passes**:
    - **Day Pass**: £9 for 60 minutes
    - **Flexi Pass**: £32 for 300 minutes
    - **Commuter Pass**: £36 for 600 minutes + £1 start fee per ride
* **Target Audience**: Commuters and casual riders in urban areas.
* **Revenue Model**: A mix of per-ride charges and subscription-based revenue, with a focus on encouraging longer-term usage through pass options.

**3. Santander Cycles (London)**

* **Pricing Structure**:
  + **Single Ride**:
    - £1.65 for up to 30 minutes
    - £1.65 for each additional 30 minutes
  + **E-Bikes**:
    - £3 for up to 30 minutes
    - £3 for each additional 30 minutes
  + **Day Pass**:
    - £3.50 for unlimited 60-minute rides
    - £1 per journey for e-bikes
  + **Annual Subscription**:
    - £90 for unlimited 60-minute rides
    - £1 per journey for e-bikes
* **Target Audience**: Daily commuters and tourists in central London.
* **Revenue Model**: Primarily based on single-ride fees, with additional income from annual subscriptions and e-bike usage.

**Pricing Structure Comparison**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Scheme** | **Unlock Fee** | **Per-Minute Rate (Pedal)** | **Per-Minute Rate (E-Bike)** | **Pass Options** |
| Lime | £1 | £0.17–£0.29 | £0.17–£0.29 | £39.99 for 300 min, £54.99 for 750 min |
| Beryl | £1 | £0.06–£0.08 | £0.14–£0.18 | £9 for 60 min, £32 for 300 min, £36 for 600 min |
| Santander Cycles | £0 | £1.65 per 30 min | £3 per 30 min | £3.50 for unlimited 60 min, £90 annual |

**Impact of Pricing Changes on Revenue Projections**

* **Dynamic Pricing**: Implementing variable pricing based on demand (e.g., higher rates during peak hours) can optimize revenue but may deter price-sensitive users.
* **Subscription Models**: Offering monthly or annual passes can provide steady cash flow and encourage customer loyalty.
* **Discounts and Promotions**: Introducing promotional rates or discounts for frequent users or students can increase ride frequency and overall revenue. Students are also less likely to use bikes at peak times as they have varying classes throughout the day smoothing out peaks in demand.
* **E-Bike Premiums**: Charging higher rates for e-bike usage can capitalize on the growing demand for electric mobility options.

**Strategic Recommendations**

* **Competitive Pricing**: Set pricing comparable to competitors, ensuring affordability while maintaining profitability.
* **Flexible Pass Options**: Offer a range of pass options to cater to different user needs, from casual riders to daily commuters.
* **E-Bike Incentives**: Consider introducing e-bikes with a slight premium to capitalize on the trend towards electric mobility.
* **User Experience**: Focus on providing a seamless user experience through an intuitive app, reliable bike availability, and convenient docking stations.
* **Marketing and Partnerships**: Collaborate with local businesses and events to promote the scheme and offer special discounts.

**Research into dynamic pricing**

In the context of UK cycle hire schemes like Lime, Beryl, and Santander Cycles, the use of dynamic pricing is very limited or mostly absent compared to other rental markets (like scooters or cars). Here’s a breakdown:

1. Lime

* Globally, Lime has the capability for dynamic pricing for e-scooters and bikes in some markets.
* UK-specific cycle hires: Lime mostly uses a flat-rate per minute plus unlock fee, with monthly passes available.
* There is no evidence of time-of-day or location-based price adjustments for UK Lime bikes.

2. Beryl

* Pricing is generally fixed per minute with pass options.
* There is no public indication of dynamic pricing based on demand, peak hours, or location.
* Their model focuses more on encouraging subscriptions rather than varying ride prices.

3. Santander Cycles

* Uses a flat fee per ride and annual subscription, with higher rates for e-bikes.
* Pricing is standardized, so no dynamic pricing is applied.

**Why dynamic pricing is not used**

* Simplicity for users – Fixed rates are easier for commuters and tourists to understand.
* Public sector involvement – Schemes like Santander Cycles are partially funded by Transport for London, which favours predictable pricing.
* Short rides – Most trips are short (under 30 minutes), so dynamic pricing offers limited incremental revenue.

Although if we were to use a dynamic pricing model it could be an innovative differentiator with users looking to try get the best deal, we could base it purely on time of the day which is more adaptive than any of the other schemes already or it could be more complex such as weather based or current demand based.

Another idea would be to reward riders for completing return trips or for parking in bays which need bikes as the redistribution of bikes can be a great operational cost, so these incentives would prevent that. Students are also likely to complete round trips as they would mainly use it for commuting to and from university, this could justify a lower price for a student membership, but it would need to be monitored in case round trips aren’t the case leading to essential redistribution of bikes.

I have created some basic pricing models to demonstrate different models, and I am more than happy to share it with you to show you how it works and what it means.

The figures are just to demonstrate, obviously you would need to strategically determine prices and multipliers based on how they influence demand but that would require a pilot study to gather data.