

Case Study

Design Thinking Approach for Start-ups

About Client

A start-up that is working on developing an app that will connect riders with taxi services with much more ease and which will be beneficial to both stakeholders.



Objective

The program aimed at creating a platform that would provide equal value to all the stakeholders, such as drivers and riders in the cab aggregator market. The goal was to create a company that would revolutionise the ride-hailing industry by making a number of ground-breaking changes to existing models' user interfaces and revenue models.

Challenges

The market for online taxi services in India was pegged at a market value of INR 30.72 billion in FY 2020 and is anticipated to increase at a compound annual growth rate (CAGR) of 12.93% to reach a value of INR 55.15 billion by FY 2025, as per the visit researchandmarkets.com

At the moment, the market is oligopolistic. An oligopoly is a market structure in which there are a few, sizable, interconnected enterprises that each have a significant portion of market share. This leaves very little room for healthy competition and does not provide an equal footing for the entry of smaller innovative players.

Major challenges of starting the business were:

- Who should be targeted first for acquisition? Drivers or Riders?
- How can one acquire enough drivers into the platform without spending too much on individual customer acquisition?
- Will the differentiators be enough to establish a strong foothold in the market, especially with big competitors like Ola and Uber?
- What kind of pricing strategy would be best suited for all stakeholders?
- There are already similar apps in the market, how will we be different?
- Which are the geographies we should target first?
- How do we ensure customer retention, once someone subscribes to us?

Design Clinic Methodology

The design thinking approach was applied to identify the main pain points. Interviews were conducted among the drivers of current taxi service providers.

Following pain points came out:

For Drivers:

The incentives had been reducing year by year.

Online payment to be transferred to the driver as payment is often delayed.

The cost of each km is charged at Rs. 20, out of which 20% was provided as commission to these platform providers, and the drivers spend the rest on fuel, vehicle maintenance, EMI, etc.

No Savings at all.

For Riders:

The offers and discount options for riders are of benefits to the riders.

A primary concern faced by the riders was the problem of cancellation, where drivers often canceled the rides after knowing the destination.

The riders either had to go through a tedious process of checking questionnaires that did not completely solve their problem.

A structure that appears to be so well-organized and immaculate on the outside also has distinct customer expectations and fulfilment gaps, it was discovered after conducting a study of stakeholders. The pricing and the facilities being offered are not to the drivers' and passengers' satisfaction. Over time, the incentives and independence provided to the drivers have only decreased. The quality of the rides being offered, which frequently get cancelled, and the expensive costs with no offers or reductions cause the riders to feel unsatisfied as well.

Conclusion:

After going through all the pain points, the team decided that:

It was determined that starting a business that would meet the issues of both stakeholders would be necessary as a remedy for the pain points. In order to alleviate this problem, a business model was developed that focused on providing drivers with convenience and riders with rides.

Drivers will be able to see riders' chosen destination. Those drivers willing to drive to that destination can place their bids on the fare price that the rider would have to pay. This ensures that drivers do not simply cancel out on the riders after acceptance of the ride. Finally a cap should be placed on how high the driver can fix the amount.

The rider will be immediately notified of the available drivers with their bids. Riders will also be able to see expected time of arrival (ETA), how far the driver is, driver ratings, model of the car, etc. The rider can decide who they want to go with based on this information. This provides the users with a unique experience that benefits both of them.

The use of lady drivers is an important differentiator. This would boost the safety of women riders, provide more jobs, and attract more drivers. By boosting the participation of women, the firm wants to mainstream this rather than regard it as a novelty.

