EVEREST BUSINESS CASE COMPETITION

Team : PLUTO

Category: Kanchanjunga

Established in 2017 with the aim of providing convenient and affordable travelling services, Tootle is the first ride-sharing app established in Nepal. Despite its popularity in the early years of establishment, Tootle is facing a huge crisis with increasing competition, declining customers and decreasing fundings. Following is a case study conducted with the main purpose of finding a theoretical solution to these problems.

Overview

Current Situation

Increase in competition

Less funding

Decline in number of customers

Issues
- Increase in competition
- Unsatisfactory customer service
- Security and privacy issues
- Limited Services and locations

Recommendations
- Attractive offers like discount coupons, exclusive offers
- Proper management team ensuring quick response to complaints; better user interface
- Insurance policies for the workers
- Broaden locations and domains and also introduce iOS version

Issue Analysis

01. Increasing competition

Tootle is the first ride sharing app of Nepal and had positive reviews in the beginning as it made transport convenient for the general public. However it failed to keep up with the growing market as other ride sharing apps were started.

Increase customer loyalty and retention. Have attractive offers like providing discounts, exclusive offers after a number of rides and reward system on recommendation of the app to others. Incredibly important from an economic standpoint. According to Bain & Co., a 5% rise in customer retention can lead to a 75% increase in company profitability. [1]

Issue Analysis

02. Unsatisfactory customer service and limited user experience:

Compared to its early days of establishment, the trust in users towards Tootle has decreased. The app has received many complaints about its poor management services. The reviews of an app reflect the reliability and Tootle is underperforming compared to its competitors.

There have been mentions of app service stopping, no response to customer complaints, etc ADD Tootle negligence has led users to opt for other services. According to a review by a user, "Tootle is a quite reasonable in price but their app service sometimes doesn't work. I keep trying but in vain... Then I leave to look for Pathao service.." [2]

A good customer service experience heavily impacts recommendations. Consumers who rate a company's service as "good" are 38% more likely to recommend that company.
36% of consumers will share their customer service experience, whether good or bad. More than one-third report posting on Facebook, followed closely by Instagram. [3]

Issue Analysis

03. Safety and privacy issues:

Being a platform where sensitive information like phone numbers are shared, complete security is necessary for users to gain trust but Tootle has not been able to guarantee it. Many users have had complaints about people misusing their phone numbers which causes safety issues. The information shared in this platform should be strictly confidential and should be monitored regularly.

In addition, riders do not have social protection rights, and are responsible for their own motorcycle/phones/cars. These innovations have also created ambiguities in absence of government regulation on how these should be functioning in terms of platform and worker relationship.[2]

The platform workers are subject to algorithmic management, little job security and lack of legal protection, as they are legally partnering with the platforms.[4]

Issue Analysis

04. Narrow range of services and limited locations:

While its competitor Pathao has broadened its services by including food delivery, Tootle still lags behind in its services. By providing a wide range of services like parcel delivery and food delivery. Tootle could once again be the first choice of customers.

Although more than 80% of people in Nepal have access to the internet, the ecommerce sector of Nepal is still far behind due to lack of awareness.[5] Expanding the business to various other locations in Nepal means creating more opportunities for both people and the business.

Develop Tootle partner app for iOS as well to increase number of riders on the app.

SWOT Analysis

Strengths: ● First ride-sharing app of Nepal and a well known brand ● Loyal customer base in its initial phase.	**Weakness** ● Not enough rides ● Poor customer service and problems with management. ● Privacy and security issues
Opportunities: ● Improving the application and Customer service ● Expanding domains and locations ● Better advertising	**Threats:** ● Increase in competition ● Low funding ● Decline in trust of users

Addressing funding problems:

Funding fuels a business towards growth. For all the above problems to be solved, proper capital is essential and this has been a problem for Tootle with its declining profit rate. While the overall low commission rate of Tootle and its commission exemption policy during the pandemic attracted more partners, it has been detrimental to the company's growth. Tootle takes only 4% commission from the riders if they manage to share more than five ride a day. Whereas, Pathao takes 20% commission from riders.[6]

Increasing rate of commission and partnering with local organizations for funding can bring Tootle back on the right track. Attractive marketing policies and advertisements can increase awareness. As Tootle is a Nepalese owned company, partnering with other local companies could help raise awareness in people to support local companies.

Recommendations

1. Have a quick response team to handle complaints within minimum of 48 hours

2. Create better user interface for better user experience

3. Collaborating with local business to raise awareness and promote Nepalese companies.

4. Insurance Policies(health, vehicles) and proper terms and conditions for both riders and customers to ensure complete safety and privacy.

5. Better advertising schemes and discount coupons and exclusive offers to attract customers.

6. Expanding business to other locations of Nepal and also expanding services(food delivery, parcel delivery)

Reference:

[1]https://www.forbes.com/sites/alexlawrence/2012/11/01/five-customer-retention-tips-for-entrepreneurs/?sh=786a3c395e8d

[2] Google reviews

[3]https://cdncom.cfigroup.com/wp-content/uploads/CFI-contact-center-satisfaction-2020.pdf

[4] and [6] https://thesis.eur.nl/pub/51332/Hamal-Pritee_MA_2018_19_SJP.pdf

[5]https://kathmandupost.com/money/2021/11/08/nepalis-are-avid-internet-users-but-lag-behind-in-e-commerce

Any questions?