

Developing a Commission Optimization Platform for a UK Taxi Platform



The Client

A United Kingdom-based taxi platform that provides customers with transportation services from a number of taxi companies. Customer log on to a website or use the company's app to order a taxi. The client is exclusively a platform and does not own or operate any taxi cabs.

The Main Challenges

Taxi prices through the taxi platform are based on two elements: the actual cost of the taxi ride and a commission. The taxi company receives payment for the taxi ride, while the taxi platform's earnings come from the commission. Like online travel agencies and other service platforms, this is a pure margin engagement.

The taxi platform operates in a highly competitive marketplace, which pushes commissions down as the different players fight to maintain and grow market share. The taxi platform approached Quicklizard looking to maximize profits by finding the right commission level.

The QL Solution

QL integrated real-time AI elements into the solution, as it designed a comprehensive dynamic pricing solution for the taxi platform. The solution set to optimize a commission based on a number of user and environmental factors.

The QL platform analyzed the effect changing levels of demand had on commission, and cross referenced it with different user behavioral actions, including user frequency, competitive price comparisons, and conversion rates.

The QL Solution

The platform also analyzed aggregate routes, so it could recommend a commission based on neighborhood-to-neighborhood trips rather than specific address-to-address trips.

The Result

The QL platform combined demand data, competitor analysis and user behavior to recommend real-time optimized commission prices for the taxi platform. As a result of QL platform recommendations, the taxi platform started seeing a 16% increase in revenue, coupled with a 7% increase in profits.

The Future

The taxi platform plans to continue utilizing dynamic pricing to calculate optimal commission pricing for the foreseeable future. Over the coming quarter, the company will work with QL to find two key commission levels. First, they will continue to tweak their commission to find the optimal retail commission for day-to-day operations. Second, they will find the optimal discount commission for promotions and special offers.