Building a user growth strategy for new target cities by using referral program as strategy

Ritesh Shetty

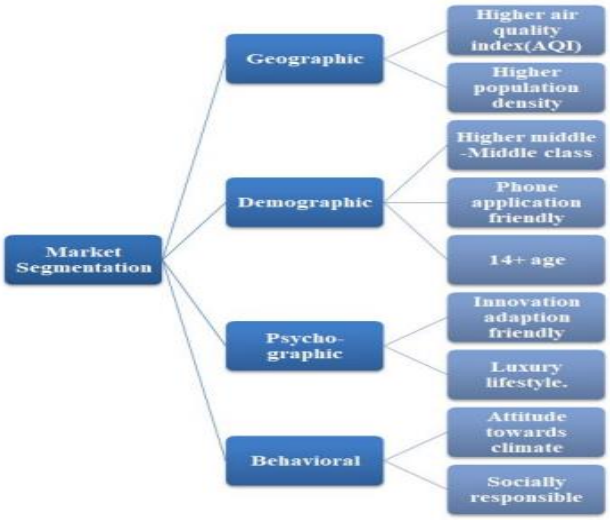
Context and understanding BluSmart

The aim of this document is to come up with a user growth strategy for new target cities via referral program. BluSmart Mobility is a provider of electric shared smart mobility platform for transportation. It is an all-electric, shared, and smart mobility platform for ride-sharing, car-sharing. BluSmart is a 100% electric mobility platform that partners with electric vehicle manufactures. They have recently raised Rs. 51.4 crores from Venture capitalist. Electronic vehicle (EV) is a booming industry and may see exponential growth in next 1-1.5 years.

Problem: What problem is this solving?

- Build a user growth strategy for new target cities by using referral program as strategy.
- Designing a launch plan with success metrics for it

Market Segmentation



User Persona

Harsh, Software engineer
25 years old and lives in Mumbai
Travel every day in traffic to go office.
Has developed allergies due the pollution

Snigdha, Student
20 years old, lives in Madhya Pradesh.
Is active social media user and loves to post pictures.
Prefers to travel alone and avoids public transports.

Vipul, Startup founder
35 years old, lives in Bangalore.
Likes new innovations and willing to try new things.
Very adventurous and like traveling.

Ray, Social activist
40 years old, lives in Hyderabad.
Travels around the city in support of different movement.
Has 2 kids and is a concerned mother

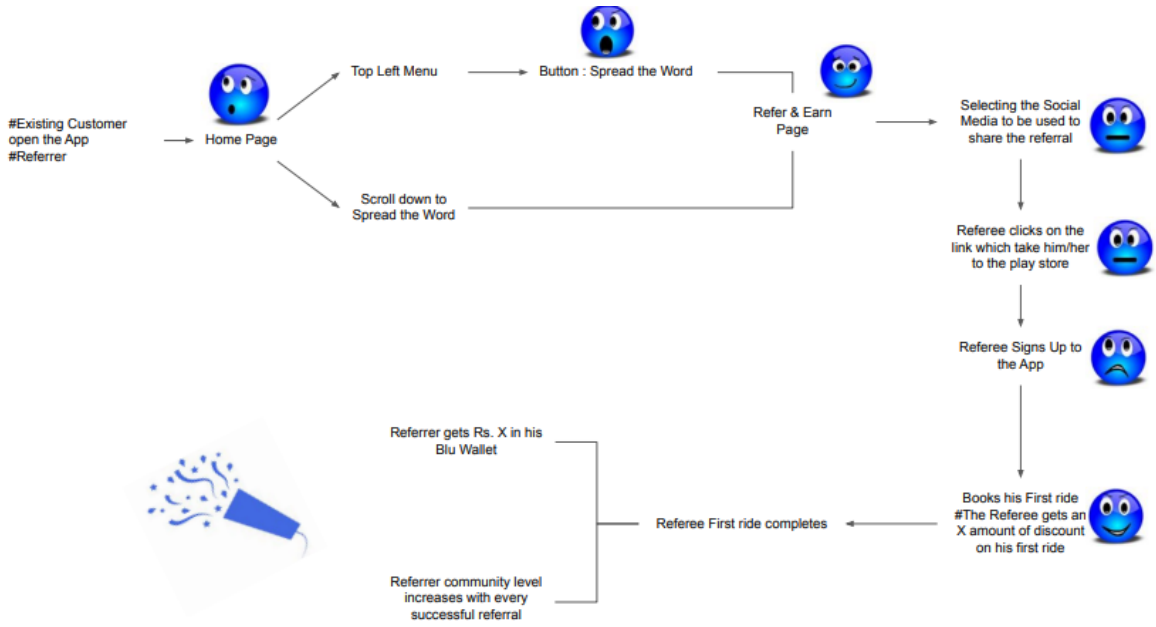
Target Market & Target User

- From market segmentation we analyze that it is preferable to enter into Tier 1 cities which have high population density and higher AQI. We can take in consideration some Tier 2 cities with exceptional AQI. Since literacy rate would be comparatively higher in these cities more user can be accommodated and more social responsibility can be accepted.
- The accessibility to electricity & internet is more in Tier 1 & Tier 2 cities, and also the population with a smartphone would be in majority who are our target user. The charging stations requires the continuous supply of electricity.

	CITY	Population Density	Air Quality index	Literacy rate(%)	Environment friendly
1	Ahmedabad, Gujarat	9,900 people per km^2	155	89.62	
2	Mumbai, Maharashtra	25,357 people per km^2	98	89.2	
3	Bangalore, Karnataka	11,000 people per km^2	129	87.67	
4	Chennai, Tamil Nadu	26,553 people per km^2	150	84.7	
5	Lucknow, Uttar Pradesh	1,815 people per km^2	153	79.33	

TARGET CITIES

Referral Program Journey

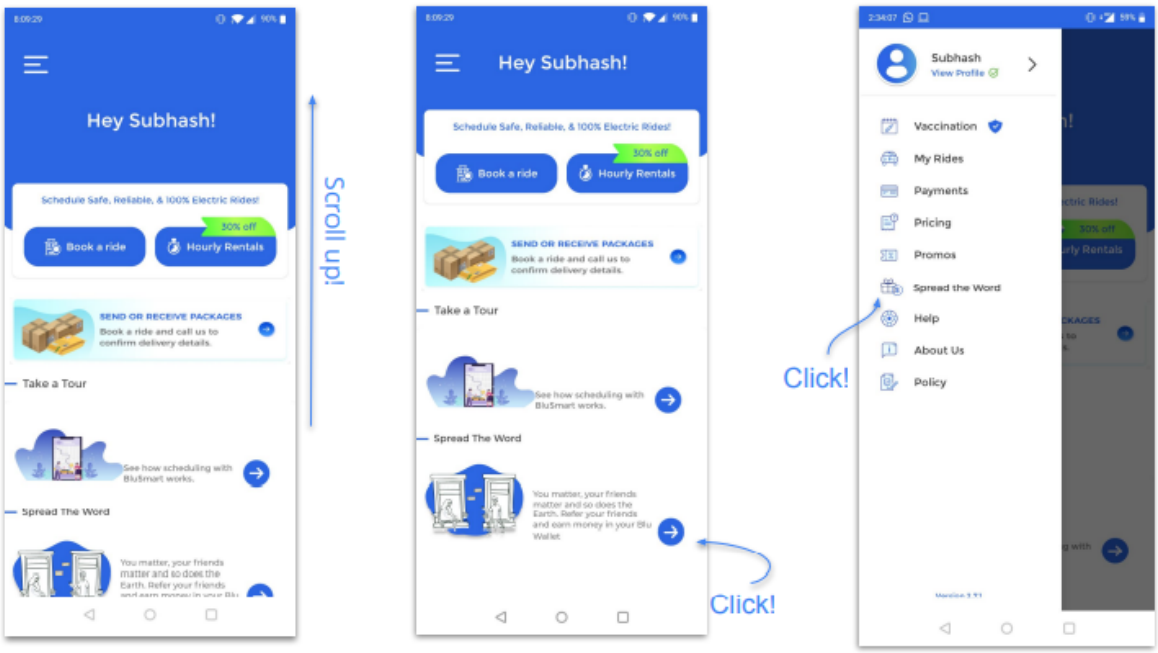


Cost Analysis

Variable Cost = Driver Cost + Electricity Cost + Sanitization Cost

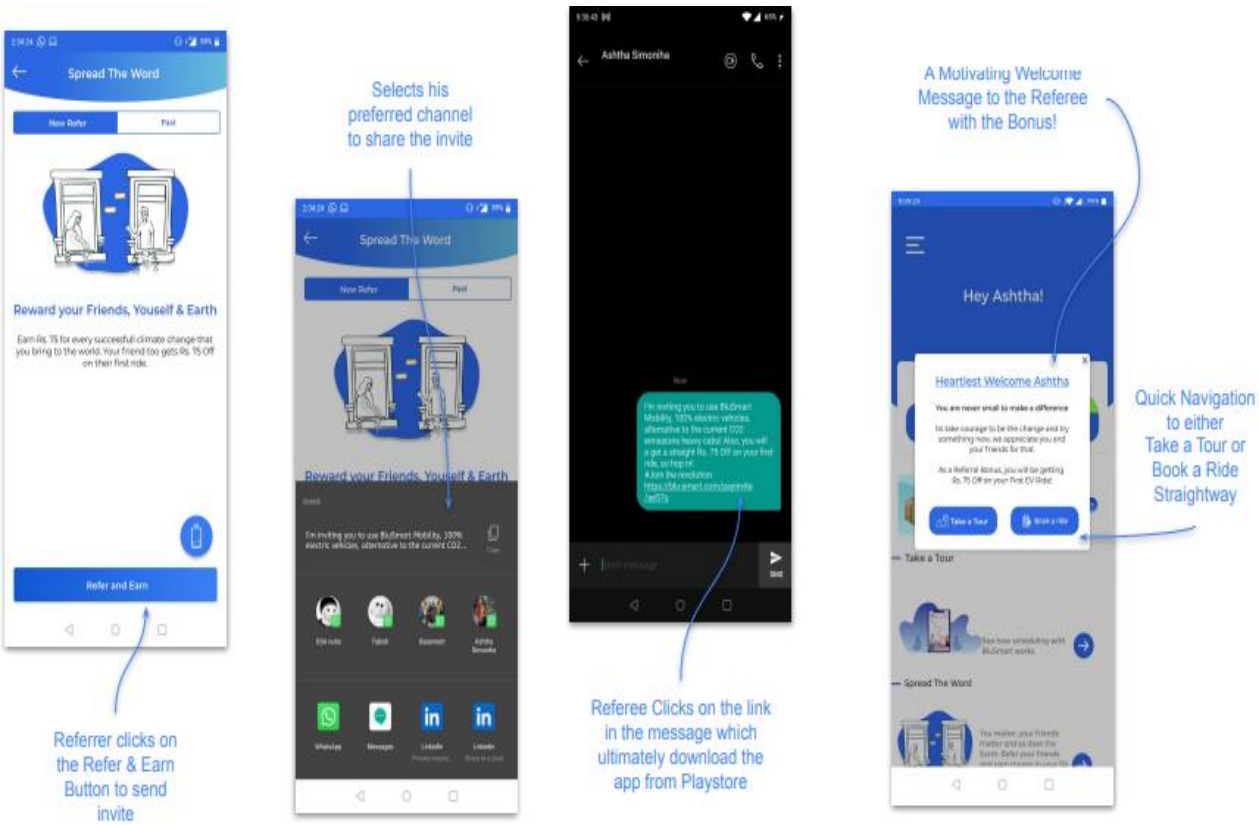
Components	Unit/day	Assumptions
Average Ride Time	45 Minutes	Peak hour+traffic
Average speed of Cars post lockdown	31 Km/Hr	Official data
Average Distance of a ride @45 Minutes	17 Km	20% times car is not moving (traffic+red light
BluSmart Fare @ 17 Km	Rs. 259	Official data
Number of rides for a car per month	260	10 rides/day, 4 days leave/month
Cost Per Driver (1)	Rs. 77	Average monthly salary is 20k
Electricity Cost per Ride @17 KM (2)	Rs. 13.5	Battery size =21.2kW, avg cost of electricity =Rs5 kWH. Can travel 140 km/charge
Sanitization Cost per Ride (3)	Rs. 4.61	Monthly sanitization cost Rs 1200
Variable Cost per Ride	**Rs. 95.11**	**(1)+(2)+(3)**

Ways to go to Refer & Earn Section



Solution #1: STATIC REFERRAL PROGRAM

- As calculated cost per ride is Rs. 95.11 for an equivalent ride of Bill Amount Rs. 259
- In this Static Program, Referrer gets Rs. 75 post the completion of the first ride by its referee!
- Referee too gets Rs. 75 Off on its first ride as a sign-up/referral scheme bonus. Referrer would be earning this money in the BluWallet only, which would later be only used to book upcoming rides.
- Total Rides booked in this chain of referral is 2. Total Cost of referral scheme to BluSmart is Rs. 150

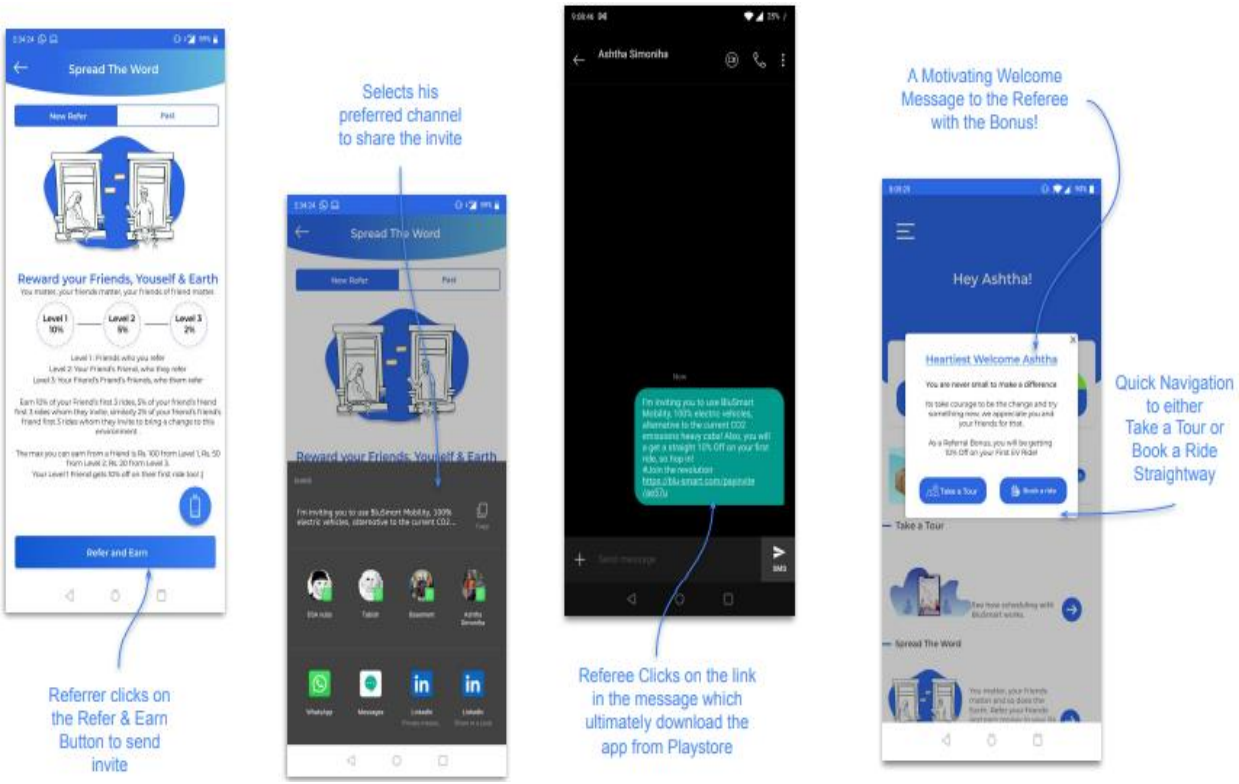


Solution #2: DYNAMIC REFERRAL PROGRAM

- As calculated cost per ride is Rs. 95.11 for an equivalent ride of Bill Amount Rs. 259
- In this Dynamic Program, Referrer earns as per following table:

Level 1	10% of first three rides	Cumulative Max Rs.100
Level 2	5% of first three rides	Cumulative Max Rs.50
Level 3	2% of first three rides	Cumulative Max Rs.20

- Referee too gets 10% off on its first ride as a sign-up/referral scheme bonus.
- Total Cost; For an average ride of Rs. 259 & first 3 rides of each level, the total cost in referral chain (One referrer with 3 successive member in the chain) would be: (259*3)*(0.1+0.05+0.02) + (259*3)*(0.1+0.05) + (259*3)*(0.1) + (259*0.1)*3 = Rs. 406.Total Rides booked in this chain of referral is 9.



Risk Associated & Comparison

- Though the confidence level in the Static Referral Program is more, the one issue with this is; one the referrer receives his reward of Rs. 75, he referrer won't be having any incentives to push his friend for booking more rides.
- Whereas in the dynamic, the referrer would act as a push to his friend for both:
- Booking the rides to earn level 1 incentives
- Pushing his level 1 invite to refer this app to more people so that the referrer can have them in his level 2 chain.
- Cost incurred in a referral chain for static is Rs. 75/Ride (Irrespective of the amount of the ride), whereas in case of Static Referral system cost is Rs. 45.1/Ride (Taking each ride to be of Bill Amount Rs. 269)

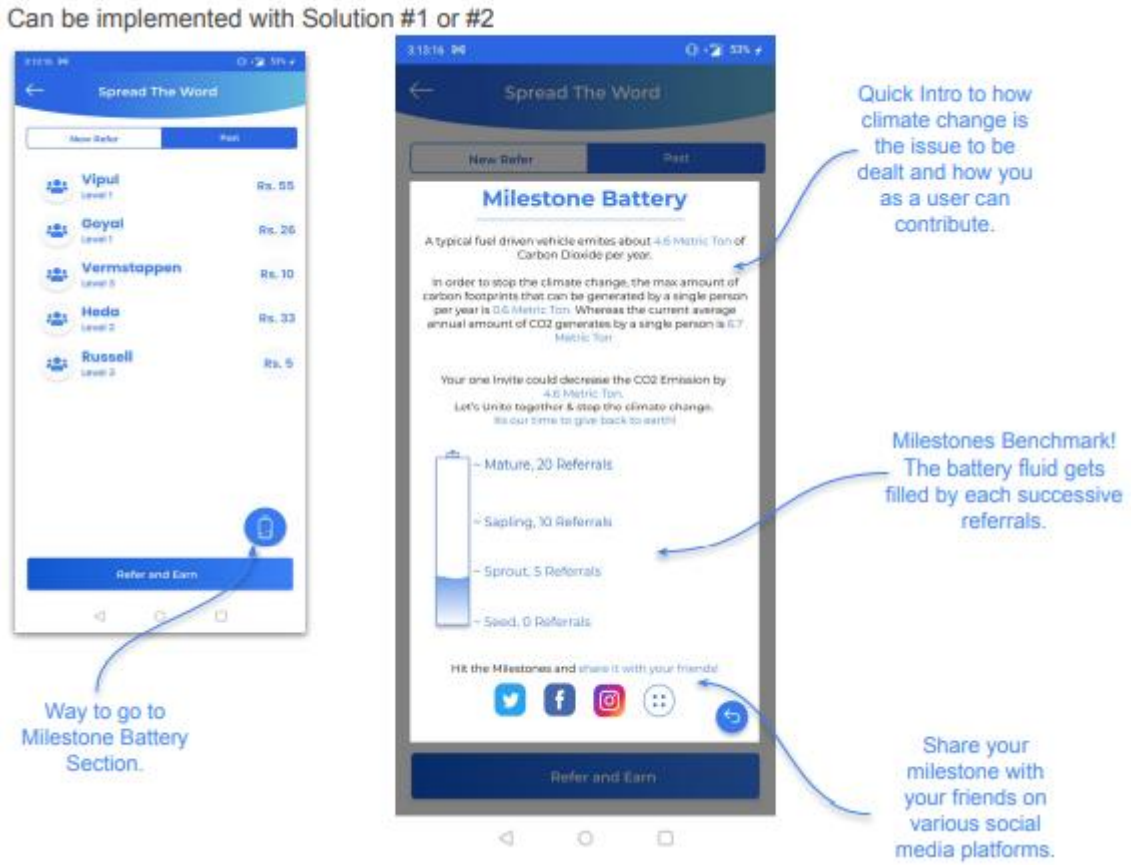
Cost-Impact analysis clearly shows that the Solution#2: Dynamic Referral Program should be preferred seeing the higher impact and lower cost. Though RICE Score is used for feature prioritization, it could act as a good reference here too!

Solutions	Reach	Impact	Confidence	Effort	Total
Static referral page	350	2	95	2	332.5
Dynamic Referral page	600	3	80	3	480

Solution #3: MILESTONE BATTERY

As our persona defined, we have a segment of our target users who are pretty active on various social media platforms. Keeping such Milestone would trigger their behavior of reaching the same and sharing it on various handles.

Furthermore this could be merged with the number of rides as well, creating a point system based on number of referrals + own rides, which collectively would increase your activity in the app.



Launch Plan:

Trigger: The referral program could be launched prior to winter season as Real time AQI

increases at that time. This will acts as a trigger to customers to use our cab services. Organizing social media campaign and highlighting the importance of environment and referral program as an initiative towards the change should be promoted.

Action: The triggered customers will act on it either for sentiments or rewards. The customers triggered in hope of reward will be stronger and will have a higher pull towards the referral program. Sending regular notification of this referral program to make sure it reaches to max people

Variable Reward: Once a customer gets reward it generates a chain reaction and a strong pull towards the referral program. The first level reward initiate the human tendency to get more. Now the initial customer will act as an advocate in their network. Sending BluSmart Blogs / weekly news linked to climate change to the app, to make sure the user is active in the chain

Investment: Since the customer has invested time and money with our services he would be hooked to it. This plan will ensure that not only the customer uses our services once but multiple times which may convert into habit. Furthermore, we can link more rewards to the milestone program too which would increase the users incentive to reach the milestone.

Success Metrics

Target	Objective	Metric
Participation	Increasing the reach of the referral program	(No. of people participated in the referral program) / (Number of Existing Customers)
Share	Tracking the most used channel for sharing referral	Average share per participating customer per channel
Conversion	Tracking the successful signups of the one invited to the BluSmart	(Number of successful signups out of those invited) / (Number of people invited to the platform)
Retention	Increasing the frequency of the cabs booked	(Number of people who books ride with no referral incentive) / (Number of people who books ride)