

# Optimising Price and Product offering in London Cycle Hire .

## Research-driven customer segmentation and price strategy

### Situation

- Since its inception, TFL's cycle hire scheme has become one of the most popular methods of navigating London above ground. However, informal feedback from users suggested that the existing tariff scheme was confusing.

### Approach

- We conducted a 2-stage research project, exploring attitudes towards the scheme, perceptions of existing tariffs, and key price comparators.
- In a series of focus groups, we explored the customer buying journey, including attitudes towards walk-up and app-based purchases, and differences by day-parting. We also examined how the introduction of eBikes to the city had changed customer expectations.
- In a quantitative survey, conducted face-to-face with users at docking stations, we were able to measure the effectiveness of new tariff options,

and explore how these would influence customer satisfaction and expected revenue projections.

### Results

Using the insights from research, as well as an accompanying analysis of TFL's existing sales data, we were able to recommend a series of new tariffs designed to simplify the customer experience, without sacrificing revenue.



Based on our analysis the client was able to build their business case for new tariffs internally, accounting for changes in adoption and revenue with confidence



Using the model developed during this process, the team were able to understand the impact of different price changes on migration rates and churn.

