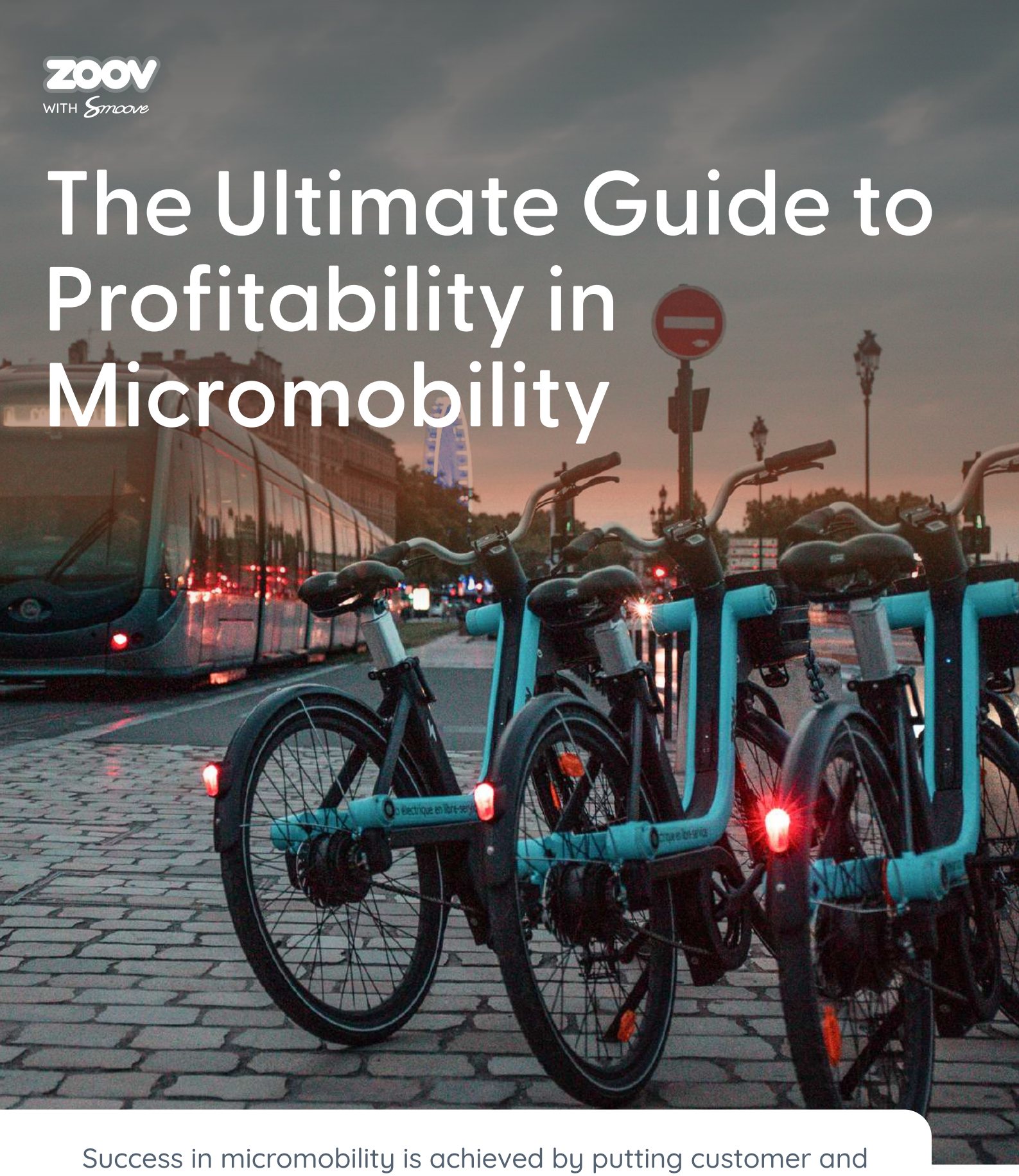
ZOOV WITH Smoove

The Ultimate Guide to Profitability in Micromobility



Success in micromobility is achieved by putting customer and community at the center of your business, through the continuous optimization of products and operations, and by focusing on sustainability. Here's our ultimate guide to reaching profitability.

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Preface

Founded in 2017, Zoov has become the technological benchmark for self-service electric bikes thanks to connected, efficient and reliable electric bikes, as well as the world's most compact and lightweight charging station.

We are on a mission to cut carbon emissions by promoting the use of electric bikes in cities across the world. We partner with governments to help them build successful and sustainable bike-sharing schemes, but also with operators that want to operate our technologies as their own. On top of the high-performance hardware, we provide turnkey solutions to lower operational costs and make biking accessible to anyone.

In March 2021, Zoov joined forces with Smoove to become a European leader in sustainable mobility.

> "Thank you for downloading our guide. We hope it will answer your questions and, ideally, leave you with some new ones to be answered! If you would like to discuss a project with us, please don't hesitate to send me an email or reach out to me on LinkedIn".

AMIRA HABERAH,
CO-FOUNDER OF ZOOV

Paris, FR

Chapter

01. Profitability in micromobility

Growth is not profitability

Profit is the revenue that you generate after you subtract your costs or expenses. In micromobility, this means generating more revenue from rides than you are spending on your vehicles and operating your service.

There are many costs associated with micromobility and, like any industry, a successful company plans appropriately before launching their services (either for the first time or in a new city/country).

Growth must not be confused with profitability. **Expansion is no guarantee of turning a profit**; if the fundamental business plan is flawed, then growth is short-lived and unsustainable.

So, what's the first step towards creating a sustainable micromobility operation?

Forget CAPEX, think Total Cost of Ownership

As a micromobility company, there are 2 main costs:

- **CAPEX:** Capital Expenditure is the initial investment that you make to go live with your service. This includes the cost of user-facing software, operational tools and the largest part of the investment: the vehicles themselves.
- **OPEX:** Operational Expenditure is the sum of the costs related to running the service e.g. customer service, service improvements, fleet management, repairs, energy management and salaries.

Too often, operators think about CAPEX and OPEX separately and, since CAPEX is the significant initial investment, they focus on trying to reduce this as much as possible.

What should be considered is the sum of these two parts: the **Total Cost of Ownership (TCO)**. TCO is the initial cost of a product (hardware or software) combined with the operating costs over the asset's lifespan.

Your TCO will be completely different depending on whether your vehicle has a lifespan of six months, one year or three years. For example, **cheap hardware can easily double or triple your TCO.**

CASE STUDY

mobike

When Mobike - one of the pioneers in bike-sharing - first came to Europe, it came with bikes that were not vandal and theft-proof.

> "Companies like Mobike and Ofo failed on an incredible scale because they were producing hundreds of thousands of bikes that were never tried on the ground. And it's impossible to anticipate all the issues that come with operating these fleets."
>
> PAUL-ADRIEN CORMERAIS, CEO OF PONY

Vehicles did not spend enough time on the streets before they could turn a profit, which was true for many other companies in the industry. Research from McKinsey shows that it takes 4 months on average for a scooter to become profitable but, in 2019, it was reported that the average life of a scooter on the streets was 3 months. The larger players were able to re-think and invest into technology that would last longer, whilst many other companies went bust or were acquired as a result.

The lesson that Mobike unfortunately learned was that they had to test their vehicles extensively before producing and launching thousands of them. For them it was the vehicles, but it could have been the user app, the maintenance tools or the supply chain. A successful operator deals in 'what ifs' and is prepared for every eventuality.

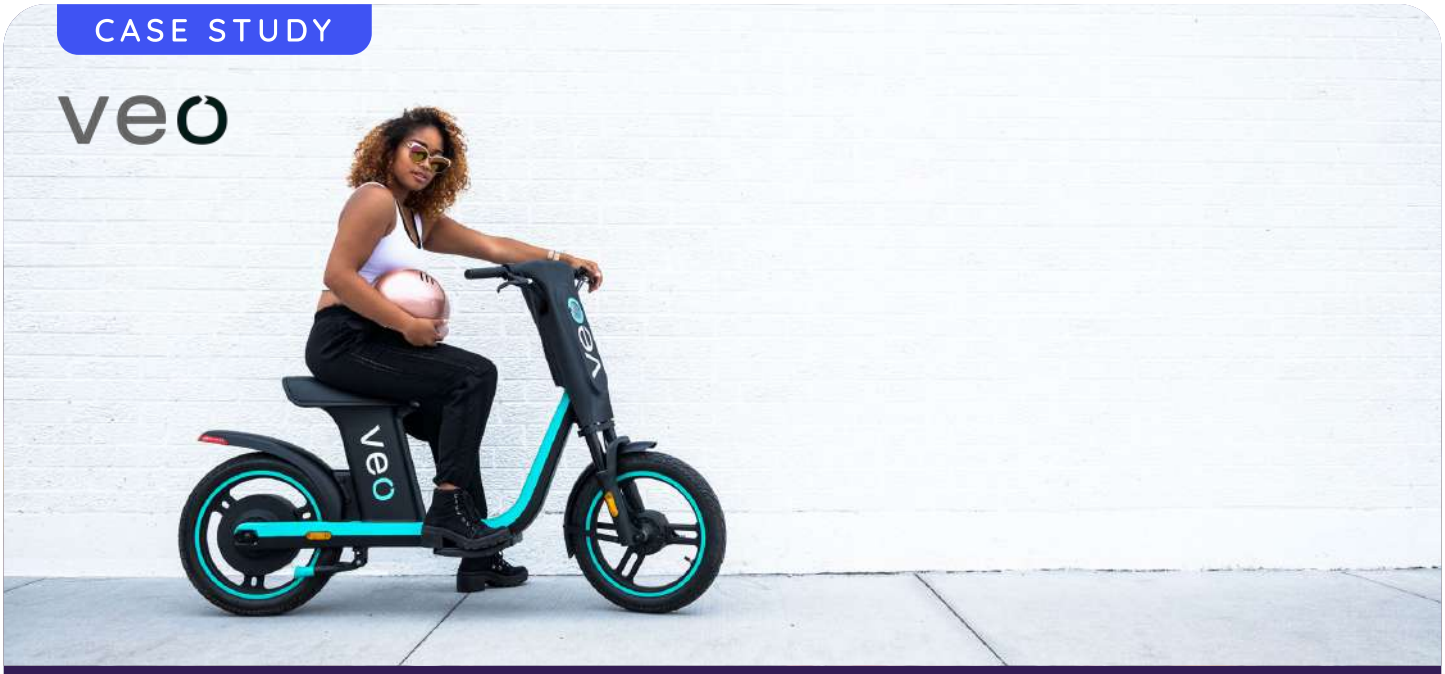
Reduce costs, increase margins

Customers often complain that the cost of using a micromobility scooter, in particular, is too high. The truth is that lowering prices any further puts profitability at risk. Since increasing prices does not seem realistic, reducing costs will be the key to increasing margins.

Lowering costs, together with user acquisition and user retention, are the 3 pillars of profitability. First, we must look at what companies need to consider before they launch. Then, we will look at what operators can do to minimize operational costs and stay relevant to users. Finally we will think long-term and explore what operators need to think about to be successful in the years to come.

CASE STUDY

veo



Veo is a profitable operator, and has been since May 2020. As a smaller player, they reached profitability by mastering their business model and then growing. They have never been motivated by potential 'unicorn status' and say they owe their growth to focused, responsible, profitable operations.

Their plan for expansion is great advice for any operator: "We're going to continue expanding in the same way we always have — by putting the customer and community at the center, by continuously improving our products and operations, and by focusing on sustainability strategies in every market".

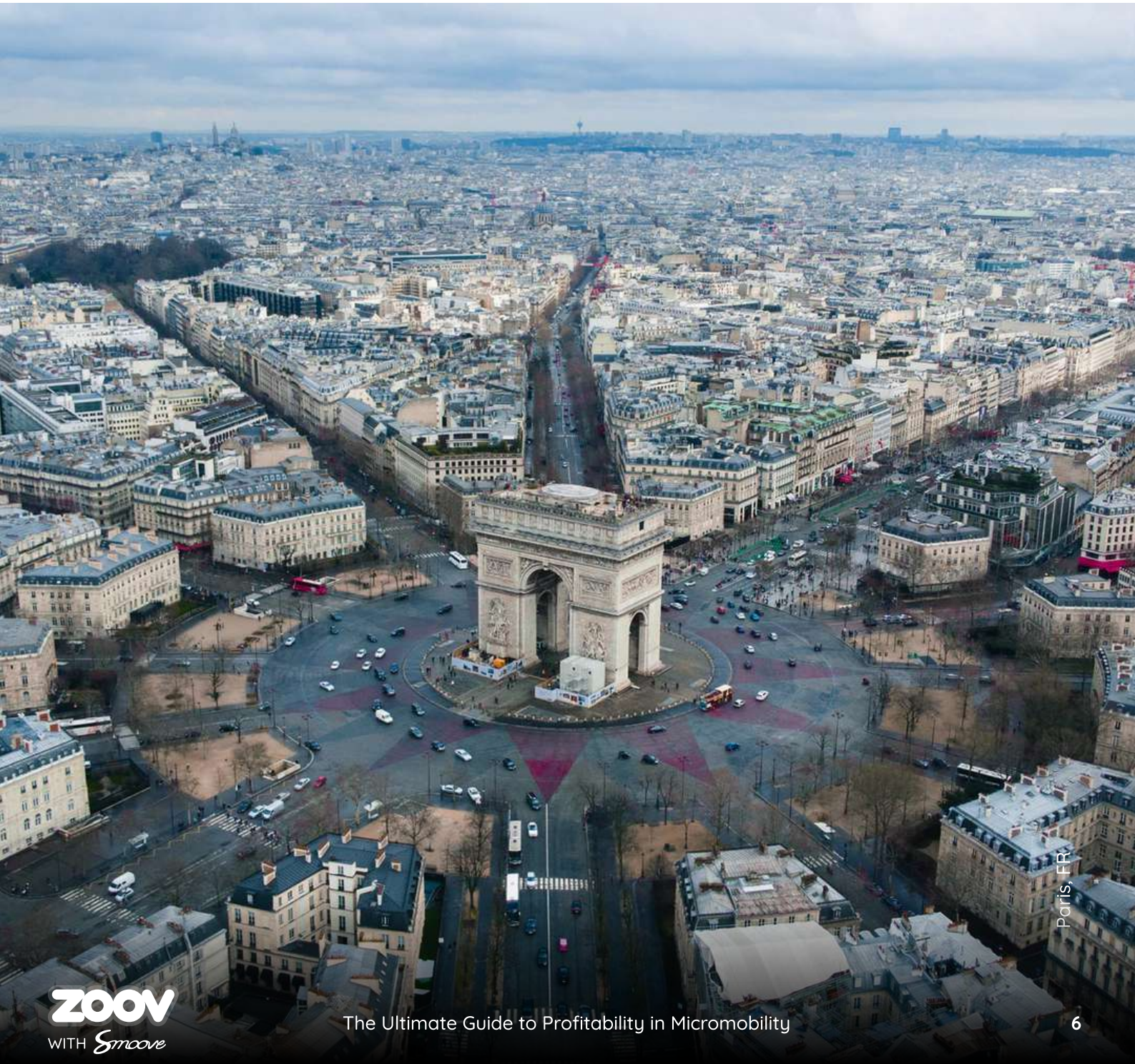
> "We're going to continue expanding in the same way we always have — by putting the customer and community at the center, by continuously improving our products and operations, and by focusing on sustainability strategies in every market".
>
> CANDICE XIE,
> CEO OF VEO

Chapter

02. Find the right spot

The first thing to consider (or perhaps the second if you have already fallen in love with the hardware you want to deploy) is deciding where to deploy it.

There are many things you should consider when choosing where to set up new operations. When the industry took off in the mid-2010s, mobility players went straight for the largest cities in the world. That was where the biggest opportunities were. Let's explore whether this is still the case.



Paris, FR

Population size and density

Theoretically, the largest cities have the highest demand - and the highest revenue potential.

The greater the population size, the more people there are to use your service. When you have lots of demand, you would expect a higher number of trips taken per vehicle per day. The same goes for population density: if a city is very densely populated, one would assume that vehicles are less likely to be dropped off in areas where they won't be picked up again.

There are drawbacks to operating in the biggest cities too. Firstly, there is a correlation between population size and **vandalism and theft**. For an operator, this may mean shelling out considerably on replacement parts, repairs and, most costly of all, full vehicle replacements.

The largest cities also have the most **fierce competition**. Deploying a fleet in a city where there are already 3 or 4 established operators using the same types of vehicles as you could be considered a risky move (and even more so if they are using the exact same models!)

Another pitfall of large cities is that there is often **significant congestion**. From an operator's perspective it:

- Slows down operations
- Threatens the user experience
- Increases operational costs (especially when using fossil-fuelled maintenance vehicles).

Perhaps small and mid-sized cities are the way to go. In March 2021, **Bird announced that they would be allocating €150m to fuel their expansion into 50 new European cities**. There is no doubt that the opportunity is not limited to the largest cities, but population size and density must always be given careful consideration.

We are all waiting to see what the 'new normal' for working will be after the pandemic. Many companies have decided to switch to permanament remote working, which could, in the next few years, see people moving out of the biggest cities and head for smaller cities to enjoy a better quality of life. As a result, we could witness a population surge in the smaller cities, driven by people who are tired of the capitals but don't want to abandon urban life completely. They still might be required to commute to the big city once or twice a week, meaning that there is a new 'first mile' problem to be solved. For operators, increasing populations could present a great opportunity.

Surface area and topography

Speaking very generally, if a city has a very large surface area and is more sparsely populated, electric bikes and mopeds could be best suited to the needs of the citizens. For a smaller, more densely-populated city, electric scooters might be a good solution.

Surface area will also give you an indication of average trip length. 65% of scooter trips are less than one mile, whereas electric bikes have an average trip length of 5-10km, depending on the city. There will always be demand for short and long trips, but it is important to consider the split between them. 'Do people need to travel far to reach the suburbs (where they live) from the center (work)?'. Such questions will help you decide what vehicle to choose. It may also help you decide whether or not that city as a worthwhile venture at all.

You must also know the lay of the land. Do your vehicles suit the topography of the city? It's really important to understand whether the vehicles that you are planning to offer will actually help people get around.

If a city is very hilly - like Bristol, England - is a mechanical bike going to be the best form of transport for citizens, or would they prefer using an electric bike or a scooter? Could mopeds bring yet more demand?

Bristol, UK

On the other hand, what would the best form of transportation be for a much flatter city, like Amsterdam? Which vehicles wouldn't suit the Dutch capital?

Transport networks and infrastructure

An existing functional transport network is often a very good sign for mobility companies. It suggests that there is a system in place that people rely on to commute and to get around the city.

This means that there is quite likely to be a 'first mile' and 'last mile' problem to be solved, for example: getting people from the train station to their house, or from the metro station to the office. Do people drive to the station and then get the train to get to the office? Locating these transport hubs is a good first step to understanding how (well) your service can integrate with the existing transport network.

The absence of a connected transport network, on the other hand, does not mean that the city is not a promising location. Public transport struggles could equally indicate an opportunity for a mobility company with a well-thought through plan. A free-floating electric bike service, for instance, would help people travel short and long distances, allowing them to travel to areas where they would usually have to take a car, due to the lack of (reliable) transport links.

An **in-depth analysis of the city's infrastructure** is vital. Are there enough cycle lanes to run successful operations? What are the city's plans to improve or expand these lanes, if any? Are scooters allowed on the streets? Are the streets cobbled, or are the road surfaces poorly maintained (potholes etc.)? Are streets too narrow?

All of these questions will help you decide whether or not you can be successful with scooters or electric bikes. Many cobbled streets or potholes could be a big no for scooters; insufficient cycle lanes could discourage the use of bikes; and narrow streets could deter users from using mopeds or shared cars.

Space comes at a premium in many cities and can jeopardize your long-term operations in a city. If there is limited space and you are planning on operating dockless vehicles, you must keep on very good terms with the city to ensure that your tender is renewed. Vehicles must be parked properly - be smart about the areas where your users can leave them, and make sure that they are being respectful. Virtual parking spaces and geofencing are two ways to achieve this.

If you are running docked operations, what can you do to make the most efficient use of the space you are given?

Los Angeles, USA

Existing competition

As previously mentioned, the largest cities have the most fierce competition. Being the first mobility operator to set up in a smaller location - a large town or a small city - can be a great way to set up long-term relationships with users and governments.

It can also bring a certain degree of uncertainty. You are entering into new territory where you are the sole service provider, meaning one of two things: a) no one has been there before, or b) operators have already tried and failed to set up a fleet there. Even if their failure was down (in part) to a flawed go-to market strategy or inferior software or hardware, it's important to consider whether the factors discussed above may have also played some role. Perhaps city officials were very demanding and difficult to work with. These are all things to consider.

The much safer - and potentially more profitable - option is **setting up in a location where there are already a couple of players**. Firstly, **you know the market is there**. If one or more operators have been there for an extended period of time (more than 18 months), it's certainly a positive sign.

The question is then, 'can I attract new users?'. You will certainly be able to poach some users for your competitor's services, but it shouldn't be your main strategy. There are many more potential customers that are yet to pick up micromobility than there are users of competitors' services. Your goal should be to offer a service that is better: more convenient, more comfortable, more available and better integrated with the public transport network. If you can do this, the users will come.

Chapter 03. Invest in quality

Don't be fooled, the days of low-quality hardware in the sharing industry have met a definitive end. A successful operator must win tenders - and hearts. Since hardware is at the very core of the user experience, operators should aim to offer customers the same level of experience as if they were using their own personal vehicle.

Quality hardware may cost you more upfront (CAPEX), but it will save you significantly in operational costs in the months and years ahead (OPEX). Not only that, but investing in the very best today will help you compete with the new vehicles that take to the streets in the years to come.

Let's explore these ideas in more detail.

The ride

The first thing to consider is whether the vehicle is **suitable for the proposed city or location.** Operators must be certain that the vehicles they have chosen are capable of delivering great experiences to users, and that they foresee the associated mechanical challenges.

For example, if the city is very hilly, motors could wear out faster because of the extra stress they are under when going uphill. Is the same true for the brakes, considering all of the downhill rides? The specifications of the hardware is crucial here: opting for tougher motors at the beginning will ensure users get the best experiences - for longer. The upfront cost will save significant investment in replacement parts.

From our experience, there are **4 critical things that users pay attention to when picking up a shared vehicle**. These are:

- Handling
- Comfort
- Power
- Braking performance

We could also add a far more subjective 5th item to this list: how it looks. Aesthetically-pleasing vehicles are likely to be picked up more often. If your vehicles stand out because they look good, that's a big positive. Of course, this always comes secondary to the performance of the vehicle.

The key take-away here is to **never cut corners on the user-facing aspects of your offer**. They will notice if something is missing from your ride; whether it's a lack of reactivity in the brakes or a slight imbalance in the steering - the little things can be the tie-break between taking your ride and a competitor's.

For more, read our full guide on Choosing a Hardware Partner for your Sharing Business

Built-to-last

Shared vehicles live a tough life. They have to live through extreme weather, misuse and attempted vandalism and theft. As previously illustrated, you can't build a profitable business if your scooters have a street life of 3 months, but need to be on the street for 4 months before they break even.

> "Short-term savings will cost you dearly in the long run".
>
> 
>
> AMIRA HABERAH,
> CO-FOUNDER AT ZOOV

Built-to-last vehicles are the key to a sustainable fleet, in both senses of the word:

Sustainable as steady return on investment

With better-designed hardware that is built to live on the streets for two or more years yields a higher return on investment. They also require less maintenance, meaning drastically lower operational costs. Again, this is not the time to cut corners, invest in engineering decisions that will keep your fleet healthy for as long as possible.

Key features found in electric bikes or scooters that contribute to a profitable operations:

- Frame made from a sturdy material (e.g. aluminium)
- Overall vehicle assembled in as few pieces as possible to avoid breakages
- High-capacity battery and easy charging, thanks to swappable batteries or charging stations
- Any specifications or technology that reduce wear and maintenance

Sustainable as environmentally-friendly

Fewer repairs and maintenance makes fleet operations more environmentally-friendly. Swapping a vehicle out every 6 months or every 2 years is a no-brainer. Focusing on batteries for a moment, as the environmental impact of these batteries is a hot topic, investing in quality early is more sustainable. Higher-quality batteries will last longer and retain energy better and result in fewer battery swaps and charges to make, meaning fewer (potentially fossil-fuelled) vehicles making trips around the city.

Sustainability pledges are often a central requirement of winning tenders and are, therefore, vital in winning renewals. After all, isn't that the reason why we're in this business?

Future-proof

One of the revolutionary changes to electric fleets was the introduction of the swappable battery. Early electric scooters and bikes would have to be collected, taken to a warehouse and recharged before being put back on the street. This was wholly inefficient and unsustainable. With the swappable battery, operators have saved thousands on fleet maintenance costs and have been able to increase their fleet availability significantly.

Any scooters that didn't have swappable batteries became redundant and needed to be replaced quickly - at great cost. Perhaps we should ask ourselves: what is 'the next swappable battery'?

Is it that electric vehicles should all have swappable batteries, but they should also be compatible with charging docks? Docks would recharge batteries without operator intervention, which is a win for the balance sheet. This would allow operators to adapt to different cities' needs and offer free-floating or docked operations... or both. Or, does the future lie in user battery-swapping?

To the best of your ability and with as much knowledge as possible, you will have to **bet on the features that will make your bikes as exciting and relevant as possible - for as long as possible.**

Using the **example of screens on electric bikes and scooters**, let's make a quick assessment and see whether they will be relevant in the long-term:

Screens on mobility vehicles

Pros	Cons
User-friendly, displays speed & battery %	Vandalism leads to costly repairs
Helps acquisition as it's attractive to users	No need, people have an app that can tell them speed, battery % & provide route planning
No need for a phone mount (unless route planning is required)	Higher initial investment (CAPEX)

Choosing the best hardware for your sharing business is about finding the right balance between high-quality specifications and sustainability constraints. If a specific electric bike or scooter model enables you to offer customers a great experience and keep operating costs low in the meantime, you may have found your winner.

Once you've challenged every feature of your potential partner's hardware, you will be ready to make a decision on what technology suits which location.

Go hard on software

What do users want from a micromobility experience? We can sum it up in one word: **seamless**. They want to find a vehicle, unlock it and arrive at their destination with minimal effort. Everything about their journey should be simple. Investing in quality software is just as important. The two main areas are:

User-facing software: Think about what is going to make your user experience (UX) stand out. Think about your app. Does it have route planning functionality, is it easy to unlock/lock, pause a trip, report problems and contact customer service? All of these things will be crucial in retaining users - if your competitors have these features, they might switch.

Maintenance tools: Investing into and equipping your teams with the best fleet management tools will help you keep your fleet healthy. Launching a service well is so important and, if you're properly equipped from day one, you give yourself the best chance of success.

Chapter 04. Use your data

At this point you've chosen your hardware and location.
Now it's all about being a smooth operator.

Data is everything. As vehicles are getting smarter, they are able to record and send more and more valuable information that will unlock insights on how to best manage your fleet.

It started off with very basic trip data such as: time of trip, time elapsed, start and end location, distance covered and average speed. Now, especially with the arrival of smarter vehicles, you have a wealth of information at your disposal.

Putting your fleet in the right places

One of the great challenges of the industry is that users are responsible for altering the supply of vehicles in a given location. Quite often, users can take a vehicle from an area of high demand to an area of relatively low demand - with no guarantee that the trend will reverse. In fact, relocation costs account for 40-50% of the unit cost per scooter trip.

The first, most obvious, way to ensure that your vehicles are being used regularly is physically picking them up and relocating them. This is commonplace in the industry. Trip data will be able to give you a very good insight into where your vehicles should be - and when. Here are some questions you can ask yourself:

Everyday

- At 8am, where are users requesting the trips? Where do they go?
- How many people are looking for vehicles in this area at this time?
- How many of these users don't take a trip?
- If we relocated these vehicles, would users end their trips in more favourable places than they are now?
- Do we need to allocate more vehicles to this station?
- Should we relocate vehicles once or twice a day? At night, or during the day?

Circumstantial

- Can you make the most of scheduled closures/repairs for a given metro or train line?
- What big sporting or cultural event is taking place that could require more mobility solutions around stations?
- What is the weather like? Is it time to put more field agents on the ground to recharge vehicles?

Most importantly, **however: how much is it costing me to relocate these vehicles?** If it is costing more to relocate them in certain areas than just wait for them to be picked up, that's a problem! Which leads us onto our second - quite intuitive - way of ensuring your vehicles are in the right places: **adapting your pricing**.

Your pricing will sometimes decide how far your users travel with your vehicles - or whether they use them at all. Adapting your pricing to encourage users to take vehicles that are in less desirable areas (vehicles that have less chance of being picked up organically and will have to be moved by your field agents) is a possible way to boost profitability.

Using your data, you can identify and monitor the areas where users are leaving vehicles that are not being picked back up again and create an incentive to get them moving. For example, you can introduce the concept of 'discounted vehicles' so that users know, just by looking at them on the map, which ones will give them a cheaper ride.

CASE STUDY

ZOBA

"Until now, the micromobility industry has focused aggressively on hardware innovation, since hardware can be a huge cost center if you don't invest in quality. Thanks to this, we have succeeded in making robust and long-lived vehicles the norm. On the other hand, on the operational side, operators have simply placed vehicles by intuition, usually in busy places like train stations. Operations are labor intensive and expensive, and most operators lack advanced data analytics beyond basic hotspot forecasting and mapping. Acting through intuition alone is often inefficient; making smart decisions driven by the data your vehicles produce is a faster path to both higher revenue and lower operational costs. With algorithmic decision automation, operators can leverage their historical data to predict which vehicles will get rides downstream after a deployment or a battery swap, and thus prioritize vehicle interventions to maximize ridership and revenue.

Ultimately, the goal is to do the right tasks, at the right time, in the right order, which requires both effective task creation and routing.

At Zoba, we think about productivity in terms of both 'tasks' and 'vehicle visits', and look to pick the highest-value tasks and the most efficient vehicle visits. Typically, fleets think about tasks in separate categories: 50 battery swaps and 50 rebalances means 100 separate vehicle visits.

By adding a combined task, fleets can consolidate their work. The 100 separate vehicle visits are consolidated into 75: 25 swaps, 25 rebalances, and 25 combined swap-rebalances. The result is a 25% improvement in labor productivity for the same work".

> While global coronavirus lockdowns challenged the industry in 2020, we are now seeing a tailwind as users shift transportation modes toward micromobility as the world opens up. Higher demand and more efficient operations mean it is even more important to take advantage of data for ridership and operational gains
>
> JOSEPH BRENNAN,
> CO-FOUNDER OF ZOBA

There are hardware partners that also provide advanced analytics to help you understand your vehicle usage and make key decisions on pricing strategy - take a note of this and be sure to ask about fleet management tools when you are choosing a vehicle manufacturer.

Speaking your vehicles' language

Some hardware, especially the recent models, have sensors to monitor the status of everything worth knowing. They can detect mechanical, software, connectivity and battery issues, as well as attempted theft/vandalism. Once the vehicle has detected a change, it transmits this information to the back end, where a human can look at it. If the vehicle detects a critical fault, it can take itself offline and request a maintenance visit to resolve the problem.

These are commonly called **self-diagnosis features**, and they are essential for fleet management. If you know exactly what the problems are, field agents can go to the vehicles equipped with the right tools and solve issues faster. On a higher level, it will help you prioritize which vehicles are quick fixes (increasing ridership that day) and which ones need to be transported to the warehouse to fix. All of these additional rides, when multiplied over a year, could increase revenue significantly.

If you are building your own vehicle, make sure you think about retrieving valuable information and how you will send it to your back end. Ask yourself: 'what, specifically, do we want to know about the performance and status of our fleet?', and, 'what data will make repairs simpler for our operations team?'. Partnering with a company with IoT or data expertise might be a good idea.

Chapter 05. Create an exceptional customer experience

Micromobility is an incredibly competitive industry. By nature of the service you offer, there will be many similarities between you and your competitors. What will make a user use, stay with or switch to your service will be down to a number of different factors: hardware (comfort, safety, speed etc.), availability, price, marketing/branding, user-app interface and customer service. All of these things make up a customer experience.

Aside from hardware (a subject that we have already looked at in detail), there are two key business differentiators that can help you both acquire new users and retain existing ones.

A 'seamless' app experience

Your app is the face of your business. It is where your users will spend all of their time and, together with your fleet, will be what customers think of when they hear your brand's name.

In our industry, users want to get where they need to go without hassle and, quite often, as fast as possible. Remember the word that we used earlier to describe the perfect user experience? Seamless.

Your goal should be to get people on and off your app as quickly as possible. It may sound counterintuitive but, in reality, the longer you keep users on the app, the more likely you are to frustrate them. Here are some questions to ask yourself when building or evaluating your app:

- How long does the app take to load?
- How long does the sign-up process take for new users?
- Are new users informed how much a ride will cost them?
- Is it simple to unlock a vehicle?
- If someone has vandalized the barcode on a vehicle, is there an alternative way to unlock it?
- How many taps does it take from opening the app to unlocking a vehicle?
- If they encounter issues, can they get all the help they need?
- Is there route-planning functionality?
- Do you display 'cost of trip' when a journey is active?

If you get all of these things right, you are bound to create a great customer experience. By prioritizing functionality and simplicity, your app will be memorable for the right reasons.

On a very basic level, creating a simple sign up process will help you acquire users. Making the app experience seamless will ensure that you keep them.

Excellent customer service

Customer service is a key business differentiator because it is the only time where your users have a conversation with you. The way you speak to them and solve their problems is going to create a lasting impression.

If the company's customer service is excellent, **78% of consumers will do business with a company again after a mistake**. (Salesforce Research)	**89% of companies with "significantly above average" customer experiences perform better** financially than their competitors. (Qualtrics XM Institute)
Businesses can **grow revenues between 4% and 8%** above their market when they prioritize better customer service experiences. (Bain & Company)	Roughly **50% of customers say they would switch to a new brand after one bad experience**. (Zendesk)

Customer service is not only a crucial part of creating loyalty and boosting user retention, it plays a vital role in customer acquisition too.

Some companies now consider their customer service to be 'the new marketing'. People are very used to speaking about customer service experiences, so when you give users something good to talk about, you can improve acquisition significantly - just by word of mouth.

That said, how can operators create outstanding customer service experiences? Here are some of the key things that matter to users in our industry:

Speed

71% of consumers aged 16-24 believe that a quick response from your customer service team can drastically improve their customer experience. At Zoov, 75% of feedback and emails directed to our customer service team are addressed within 2 hours.

Personalization

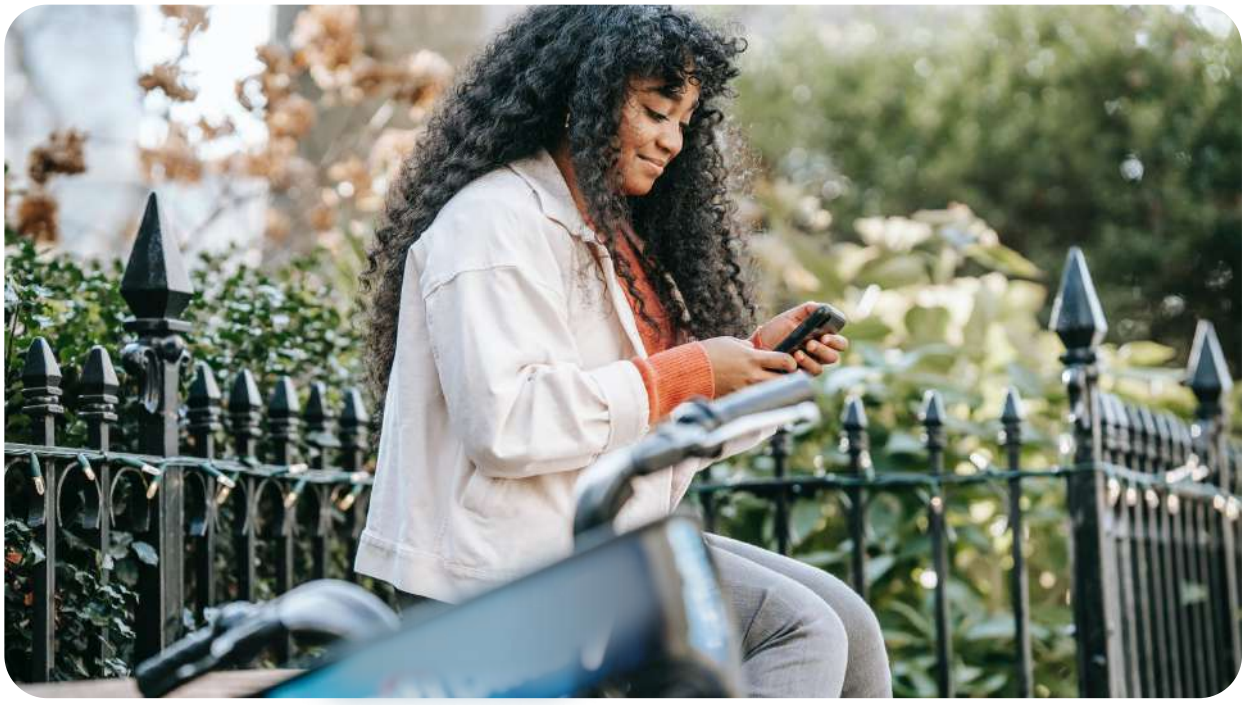
A personalised response for feedback/email/chat messages. E.g. addressing problems with fares (refunds and/or discounts) delicately. Users want to know that they are being heard - agents that display listening skills and empathy heavily contribute to a positive experience.

Simplicity

An important factor is the availability of agents by email, chat and phone (not through a platform). Users a want a range of contact channels, which includes the use of an FAQ, which allows customers to self-solve and also reduces customer contacts.

Proactivity

Users value proactive support. For example, reaching out to users when they have unfinished journeys to check if you could help them is a big positive.

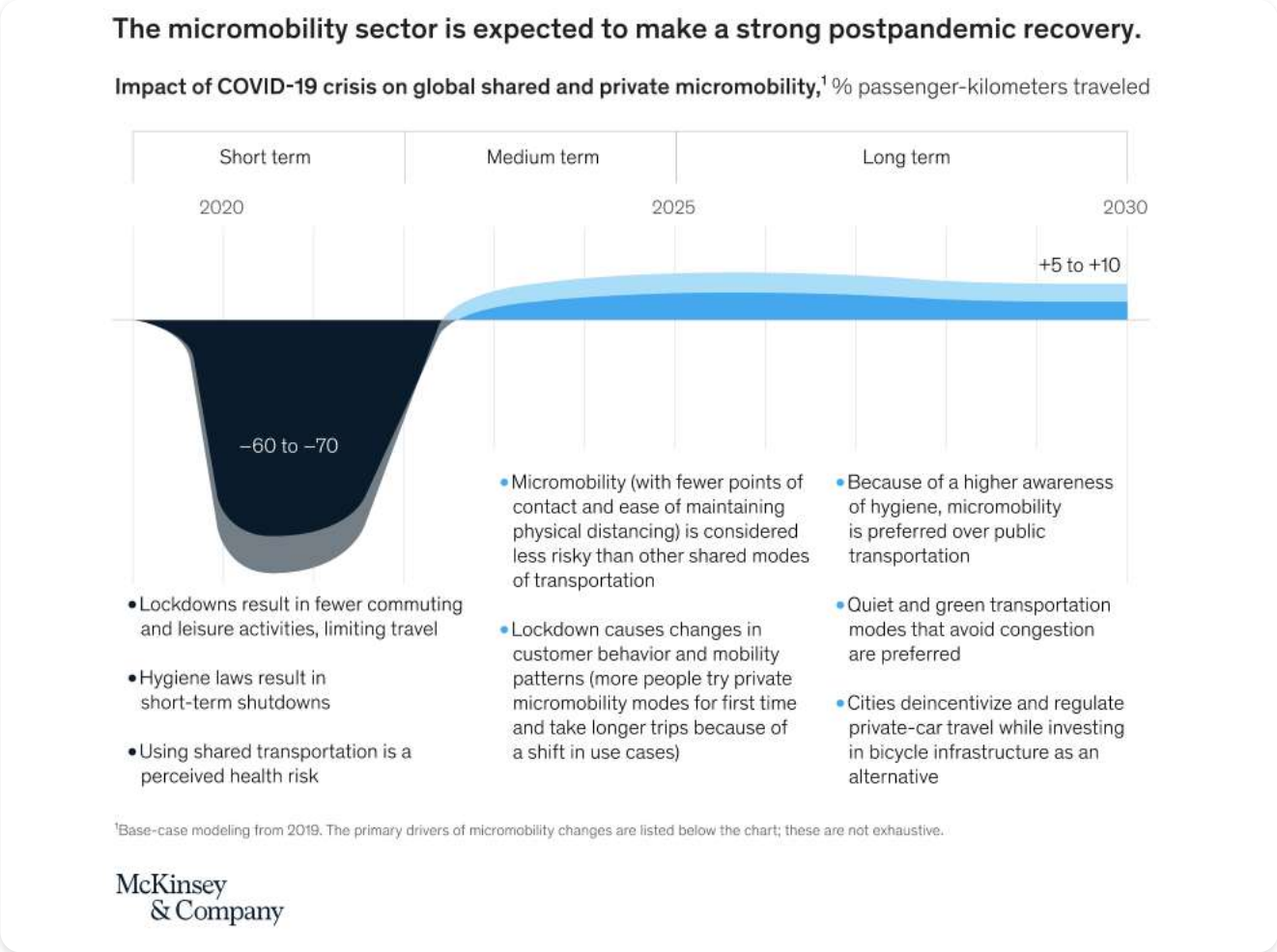


Chapter

06. Evolve your offer

By far the most challenging aspect of being a micromobility operator is having to constantly adapt: user habits and preferences; technological trends and innovation; city requirements and legislation; and global pandemics...

At the time of writing, we are still yet to discover how the world will emerge from the pandemic. Will we see a full recovery?



Following this research from McKinsey, it seems that vehicle-based revenue thinking will have to adapt, at least in the short and medium term. As an industry, operators will have to adopt a more-customer-centric approach in their pursuit of increased adoption in this much-changed post-pandemic environment.

How much money do users have, how much are they travelling, how much do they want to travel?

Stay relevant

This can be interpreted in many different ways; all will be correct. Operators must do whatever they can to stay their users' first choice:

- Diversify fleets to give users more choice (e.g. a scooter company adopting electric bikes - dott and TIER did this in early 2021)
- Release vehicles that are aesthetically pleasing, or release new, attractive branding
- Run marketing campaigns to increase adoption in your existing territories
- Always hunt for new opportunities

CASE STUDY

One of our partners, **pony**, came up with an innovative idea when they launched with Zoov in Paris. Towards the end of the pandemic (early 2021), they launched a pilot with 500 bikes in the French capital.

They deployed the fleet around two of the busiest metro lines in the city and made using a bike for 30 minutes the same price as a metro ticket (€1.90). The goal was to a) help people avoid public transport and respect social distancing, and b) reduce traffic in the center of the city for those that would have otherwise taken cars.

This is innovative thinking, but let's consider the pros and cons:

- ⊕ Attractive pricing encourages user acquisition
- ⊕ Launching in a smaller area means lower operational costs
- ⊕ Significantly less relocation required as bikes are contained in the center
- ⊕ More rides per day - no vehicles taken far out and left not to be picked up again
- ⊖ Smaller margins
- ⊖ Not being able to park outside of these zones can frustrate users
- ⊖ Miss out on certain customers (suburbs) / restricted user base (city center)
- ⊖ Potentially shorter trips

What do you think about this system?

Foster great relationships with cities

Micromobility leaders are united behind the idea that **cities and operators can't keep existing completely independently from one another**. Cities can't keep launching new tenders for new players to come in and try to do a better job than those that came before.

Not only that, micromobility operators must realise that they aren't competing with other modes of transport. It's not 'cars v bikes' or 'mopeds v scooters'. What we're trying to do is **build a frictionless ecosystem of urban mobility** that solves the 'last mile', benefits public transport systems and reduces congestion.

The end game is that cities and operators will eventually work hand in hand to create one perfectly integrated transport system.

As the saying goes, 'you have to be in it to win it'. Everyday, operators will be thinking about how they can put themselves in the best position to get their tender renewed.

- What can we do to reduce congestion?
- How can we make our users park more responsibly?
- How can we reduce our environmental footprint?

It's no secret: the **better your relationship with a city, the more likely you are to build a sustainable and profitable operation**.

Final Word

Thanks for reading! You might also like ‘6 Things to Consider When Choosing a Hardware Partner’.

We were able to write this guide thanks to **our partnerships with 30+ operators and cities**.

If you would like to learn more about how we partner with micromobility operators, please get in touch!

Ready to launch?

Discover Zoov’s turnkey solutions for operators: connected electric bikes, smart stations and extensive software services.

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For operators that take sustainable mobility seriously

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