

Uber Lantern

Scenario: Uber is about to launch an exciting new program called Uber Lantern! Uber Lantern is a digital icon drivers place in their dashboard so riders can easily locate them. The goal of the program is to improve pickup experience to enable more “perfect pickups”, provide an awesome Brand/marketing experience, and improve driver sentiment and loyalty. At Uber every second counts and translates into additional Trips, Gross Bookings and ultimately Net Inflows. The Product team believes that improvement in pickup times and Driver sentiment will drive significant financial benefit.

The Uber Lantern team has engaged “Flashlight”, a development company to design Lantern and manage the overall supply chain for a total cost of \$3M of which \$2M has already been spent. The additional \$1M will be used to finish development and ultimately bring cost down from \$30/unit to \$22/unit fully landed cost including shipping to the United States. “Lite Up,” a Contract Manufacturer in China, will produce these units with a one time setup fee of \$500K and a Tooling cost of \$350K.

At this time, the Uber Lantern team is looking to roll this program out to the United States only and to Drivers with 250+ lifetime trips.

A Controlled Experiment was performed by the Uber Lantern team to determine trip uplift due to Lantern. The treatment group in the experiment was sent communication regarding eligibility to pick up an Uber Lantern. The experiment was conducted with Drivers who had 250+ lifetime trips and have been active in the past 7 days. Those test results are provided in the data set.

Exercise: The Uber Lantern team is looking to evaluate the program benefits and determine whether or not to roll-out across all cities in the U.S. Using the data provided, put together a pitch on your recommendation.

- What cities should Uber launch Uber Lantern in and why?
- After how many months does it take for Uber Lantern to breakeven?
- Provide Sensitivity Analysis of key assumptions
- Provide any Benefits/Risk that you see with this program
- No more than 5 slides

Data: All Data is Fictional

- Test City Results - Results of Uber Lantern Test
- Churn Curve Data Test City - Various churn curves at different lifetime trip threshold
- Churn Curve Cities - Churn curves for City 1-5
- PnL Data - Net Inflow data for City 1-5

Definitions:

- Net Inflows - Incremental profit made per trip
- Churn - Number of Drivers that have not used Uber in past 30 days
- Retention - Inverse of Churn