Case Study
Innovative Solutions: Revamping Fastricity's Market Approach

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A R T I C L E   I N F O

A B S T R A C T

The case study highlights the bicycle boom in India, particularly in the post-COVID era, when most of the population is becoming more health conscious. It is a narrative of Fastricity, a startup that manufactures smart bicycles that produce electricity and offer environmental and health benefits. Their bicycles come with Bluetooth speakers, energy generation tools, USB ports, and GPS. The stations it established are aimed at both public and private settings. While they experienced success in educational institutions, they have encountered troubles in public locations. The primary obstacles confronting the organisation are excessive maintenance expenditures, static revenue expansion, inadequate customer engagement, and maintaining operational efficiency. The firm implemented several solutions in response to consultant recommendations. These include improving mobile functionality, enhancing product customisation, implementing dynamic pricing, increasing user engagement, and optimizing station locations.

Introduction

Looking at India's big bicycle boom and market growth during &the post-COVID-19 Pandemic, four friends, after passing out from Panipat Institute of Engineering & Technology in 2020, came up with a start-up named *Fastricity.* An Energy Generating Smart Bicycle that primarily benefits people with their health issues & fitness tracking by preserving the environment through clean and green ways of generating energy. Cycle stations at public places, institutes & large corporate houses were their targets as a unique strategy to capture the market. However, even after almost one and a half years of establishment, the firm was not earning sufficient profits and; hired VKT Consultancy, a startup consultancy firm to analyze the business & help the firm grow and survive and per suggestions introduced a few changes in the marketing strategy and the working of the company to expand and grow.

About Fastricity

Fastricity was established in September 2020 by four friends: Ruchi (MBA Marketing), Lucky (B. Tech CSE), Jitender (B. Tech CSE), and Lakshay (MBA Finance). They began with a self-funding of Rs. 25 Lakh and collaborated with Vatlas Cycle Manufacturer to provide them with normal cycles in bulk. Later converted them into Fastricity bikes which contain various features, such as

- **USB Port:** This port charges cell phones, a headlight, and other small electronic devices.

- **Bluetooth Speakers:** The rider can enjoy their favorite music while riding without having to plug in any ear device.

- **Mini Headlight:** It allows the bicycle to be used in the evening or at night, increasing convenience and reducing the number of accidents.

- **GPS:** A GPS assists in tracking the location & distance traveled, and the AI in the mobile application will analyze and provide the rider's performance record based on the distance traveled and the speed.

- **Energy Generating Device:** It contains a pair of rotators on the wheel, dynamo & cadmium battery. The rotator converts the kinetic energy generated by wheels into electric power with the help of a dynamo & stores it in the battery attached. This was the key feature of the cycle.

- **Anti-Theft Feature:** An anti-theft lock is installed near the cycle seat to make the cycle theft-free.

- **Handle Sensors:** These sensors in the handle help monitor SpO2, heartbeat, and other health statistics. This data can be stored in the mobile for evaluation and monitoring.

The Case

Fastricity is a one-of-a-kind Indian start-up that uses an innovative sustainable smart cycle to empower and motivate citizens to live healthier, safer, and more active lifestyles while preserving the environment. Selling in stores and installing the cycles at cycle stands and stations for revenue.

The first 12 public Fastricity sharing stations were installed in Sonipat and Kundli, followed by eight private Fastricity sharing stations in Haryana's universities and prominent institutes. Each station had ten cycles, charging Rs. 12 per 30 minutes for public sharing Fastricity rides. Public stations were those installed and maintained by the organization, whereas private stations were those sold to universities and maintained by the buyer. Private Fastricity stations were used for commuting by day scholars and hostlers in large educational institutes. When given feedback, the stations were running well in the institutes; aside from commutability, students mentioned the utility of the USB port the most after tracking their performance and health, and later comparing it to their peers in the same or different campuses—selling the eight stations generated enough revenue for the company to expand in Karnal. Within a year, there were 147 stations in the Delhi NCR and a few other Haryana cities.

When Fastricity first began promoting the standard Fastricity, the primary goal was to provide a smart, affordable, competent, and long-lasting product. The primary focus of private stations was commutation and environmental contribution in the form of energy generation; however, the energy generation was very small but any substantial positive impact on the environment was a positive sign for the users. For public stations, banners on roads and the 'Smart City with Fastricity' campaign were popular in the initial months. With everyone's enthusiasm, a significant investment was made in public stations because it was a consistent source of income with a reasonable expected return on the investment. However, Lucky and Jitender, looking for mobile applications and

registrations on the portal, recently discovered that the statistics had lowered to 50% since the first two quarters. Lakshay, in charge of finances, informed the team about the rising maintenance costs at public stations. Following these observations, Ruchi thoroughly examined the sales and revenue data and discovered that revenue from public stations has been nearly stagnant at some stations and declining at others. After a lengthy discussion, Dr Arsh from VKT consultancy was appointed to assist the firm with the problems that have arisen in recent months. Dr Arsh spent a week reviewing all the data and paying attention to customer feedback. He discovered the major reasons for declining revenue and registrations after employing some analytical techniques:

- **Rusting Cycles:** There were stations where many cycles had not been used in months, and these cycles were costing the organization extra money because they were non-performing.

- **Stations in Congested Areas:** Most later stations were located on congested roads, which caused issues for users when moving the cycles for use.

- **Variation in expected Value:** Each user had unique requirements. Some may want a speaker on the cycle, while others may believe that the speaker is costing them money they are unwilling to pay.

- **Technical Inconvenience:** Many potential users experienced glitches and inconveniences while using and booking rides through the mobile application. This was another reason they did not use the cycles at stations.

- **High Maintenance:** Maintenance costs were high because the users damaged the cycles intentionally or unintentionally.

- **Reliability Issues:** Most of the time, the mobile application will indicate that cycles in the nearest station are under maintenance. As a result, people stopped using the service because it was unavailable at the appropriate times.

Aside from these concerns, some critical observations were made, including different consumers' primary motivations or perceptions behind using Fastricity. Stations were doing well in educational institutes because students found them to be an ideal solution for commuting. However, it was discovered that a few Fastricity features in institutions, such as Bluetooth speakers, were barely used, and students hardly had time to explore the tech features while commuting from one department to another. Many people find it convenient to use public sharing cycles because they do not have to worry about caring for and storing their bikes. Recently, service issues such as the non-availability of working cycles at the appropriate time have arisen, as they were frequently displayed under maintenance when booking or during a spontaneous ride.

What next?
People have begun to recognize Fastricity because of its highly innovative AI feature that allows them to track fitness statistics and compare the health of two or more peers or people in the same family. The business is growing in standard Fastricity sales, but in public station sales, it is declining. The company cannot divest from public stations because it has recently invested heavily in the segment, and doing so would result in a blemish on its image. How will they improve service and generate revenue if they continue to operate these stations with the same strategies? Incorporating all of Facticity's features costs the institutes more than anticipated. As a result, the company must act in this area, or else the private station business will also suffer in the coming years.

Alternatives available
Dr Arsh suggested a few strategies that can help the firm come out of the problems:

- Those who leave the bicycle in its original condition can be rewarded with fast points (fast points are the points that can be used to get future rides for free without paying in terms of money). Those who destroy the cycles can be penalized for money from the payment wallet. This solution will reduce damage to the cycles, reduce maintenance costs, and minimize misuse.

- Different choices and needs can be solved by introducing a new customized Fastricity variant, which can include converting users' old bicycles into Fastricity or adding features to the cycle based on the customer's needs and requirements. Stations can also be pitched and sold to sports academies and gyms to increase revenue from this segment. The buyer will manage these, and the firm will be free of the risk.

- It promotes public sharing cycles by various means, including furnishing them for marathons within the city. This will significantly improve visibility. Advertisements in city parking lots can be displayed to raise awareness of the stations and the availability of public sharing cycles, along with the rewards that will be given to those who rank top on the portal in terms of performance of health and electricity production.

- Fastricity earns enough from standard Fastricity sales to cover operating costs while the station business grows. Campaigns in collaboration with city authorities can help people rely on Fastricity. For the time being, stations that are not performing well or where cycles are not being utilized, their resources can be diverted into other stations to better utilize the resources.

Conclusion

The cycle market in India is still expanding at a rapid pace. This is because individuals are becoming more health-conscious, and some are even concerned about environmental issues such as pollution and heavy traffic on roads. Moreover, governments in India are also constructing lanes or tracks for riding bicycles. Fastricity is an ideal product that a customer can demand. As a result, Fastricity has decided to launch three variants in the market: Standard Fastricity (the basic version with all the features), Customized Fastricity (users can have their old bicycle converted into a new one or tell the company what features they want on their Fastricity), and Public & Private Stations (gyms & sports academies were added a new target market). Ads are now displayed in city parking lots to raise awareness. They started a new reward and penalty system, which greatly aided them in better maintenance and reduction of costs. Monthly marathons have now been transformed into a 'GO, GET ON THE ROAD' campaign everyone loves and enjoys. City-specific plans for methodical growth have been developed. Stations were shifted to less congested roads and within societies, near public parks. Surveillance cameras have been installed in the stations. One major strategy change adopted was about positioning; now, Fastricity has positioned itself as more of a health-tracking health-comparing, and sustainable product instead of simply a smart cycle.

Disclaimer

Teaching Notes

A Synopsis of The Case

The case describes Fastricity, a company that began innovating bicycles to create smart energy-generating bicycles. Despite its early expansion and a distinctively innovative product, the company encounters a multitude of operational challenges and experiences dull growth. The case also encompasses the measures implemented by the organisation after obtaining advice from external consultants.

The Target Learning Group

This case is suitable for graduate and post graduate students studying entrepreneurship development, strategic management, or marketing management.

The Learning/Teaching Objectives And Key Issues

To analyze the strategic challenges faced by start-ups in scaling up.

1. To understand market segmentation and product differentiation.

2. To evaluate the importance of operational strategies and customer engagement.

3. To discuss the impact of technology integration on product development and improving customer experience.

4. To explore strategic responses to the changing market conditions.

The key issues in the case study are customer feedback, station locations, maintenance costs. And product customization.

The Teaching Strategy

Provide a summary of the case and analyse the notion of a smart bicycle sector in India. Engage in small-group discussions regarding the discussion questions. After each group has presented their responses to the class, the instructor and fellow students provide feedback.

summarise the essential insights gained and deliberate on practical implementations of these approaches in distinct sectors. Participation in class discussions, the calibre of analysis in the written assignment, and the originality and applicability of the presented strategic plan will all contribute to the evaluation process.

Questions For Discussion

1. Given the diverse preferences and usage patterns of consumers, what actions should Fastricity take to accommodate these variations effectively?

2. Considering the overutilization of certain stations and underutilization of others, what strategies should Fastricity implement to optimize the usage across all stations?

3. How should Fastricity adjust its positioning strategy to attract a new customer base?

Notes

(1) Oxygen saturation (SpO2) is a measurement of how much oxygen your blood is carrying as a percentage of the maximum it can carry (Collins et.al. 2015).

(2) Public places are accessible to everyone and typically state or community-owned; private places are owned by individuals or entities, restricting access (Madanipour, 2003).

(3) Divest means selling or discontinuing a business segment to focus on more profitable areas (Berry, 2010).

(4) A payment wallet is a digital account used to store electronic currency for transactions, including penalties and rewards (Guo & Bouwman, 2016).

(5) Positioning is the process of establishing a brand's unique place in the market and in consumers' minds relative to competitors (Thompson, 2003).

Possible Solutions To The Discussion Questions

Question 1: Given the diverse preferences and usage patterns of consumers, what actions should Fastricity take to accommodate these variations effectively?

Accommodating diverse preferences and usage patterns is very important for Fastricity's survival and growth. The company should introduce more customizable feature options, which can allow personalization for the users.Users' needs should be found through conducting user preference surveys. As a result, launching multiple bike models tailoring to the needs of different consumers, and keep refining it as per the regular feedback of the users. The tailored products should not be just based on the features but flexible pricing plans too. Targeting all should not be the right approach therefore the company should target some selected segments. In addition, the company should work on enhancing mobile app functionality to improve user experience and enagegement digitally.

Question 2: Considering the overutilization of certain stations and underutilization of others, what strategies should Fastricity implement to optimize the usage across all stations?

Optimizing the usage across all stations will not just improve the profits but also customer satisfaction. To handle this issue Fastricity can incorporate dynamic pricing, balanced according to the demands. It can also enhance station accessibility and visibility through digital access increased through promotion and collaboration with local events to boost visibility. The stations which are still unutilized can be relocated to other places. In addition, a proper reservation system can also help in managing the demand and supply better.

Question 3: How should Fastricity adjust its positioning strategy to attract a new customer base?

Adjusting thepositioning strategy to attract new customers would help in the survival of the firm. Fastricity should focus on the fitness, wellness, and health benefits of its products. Partnering with other health brands for co-marketing opportunities can also help in raising its health image. In addition to health, it can promote the product's environmental impact. Currently, the firm is targeting the youth it can target different age groups to increase its customer base. It can showcase technology innovations to motivate technological enthusiasts to use it.

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