

# **An Introduction to micro-seminar: Nudging Ride-hailing Platform Users to Book a Ride when Fares are Low: A Large Scale Natural Field Experiment**

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## **1. What is the question?**

Within the rise of ride hailing service platforms nowadays, this paper hopes to find out how should such platform such as Grab induces users to book a ride when the fare is relatively low.

## **2. Why should we care about it?**

Ride hailing service platforms introduces dynamic pricing scheme in order to match on-road demand and supply, this causes the trip fare to fluctuate over time. The trip fare is low when an oversupply occurs, therefore, facing the problem of how to increase the probability of service users to book a trip when the fare is low is the on-demand mission. Overall, the findings of this paper are likely to be apply to other fields that also faces dynamic pricing scheme, which would be beneficiary for lots of enterprise. It also enhanced the importance of these large-scale natural field experiment and econometricians to a company.

## **3. What is the answer to the question?**

This paper suggests that using low-fare reminder messages while the price is moderately low has the most effectiveness of inducing users to book a trip. Besides, varying wordings of the message appears to have different influence on the booking probability to the extend. Semantic cues signaling the time scarcity due to the dynamic pricing mechanism of the low-fare trip such as the sentence “Grab now while the fare is low” has the most effectiveness. Also, infrequent users are more likely to book a trip with the low-fare reminder messages than frequent users.

## **4. How did the author get there?**

This paper formed a large-scale natural field experiment through the platform Grab. They divided ride hailing service users who encountered qualified low fare at least once into four groups. Setting one as a control group which has no message reminder when encounter low-fare, and three other treatment groups each with a unique message reminder when low-fare. Then by analyzing through simple regression and graphing the purchase decision from different groups, the author conducted this paper.