

Parking alternatives business plan samples

[Business](#), [Marketing](#)



Business Plan

Executive Summary

The objective is to help customers park their cars in busy cities, where parking may be difficult, frustrating, or expensive.

The concept is based on Valet Parking. Valet Parking is presently common only in a few specialized fixed locations, such as high class restaurants.

Parking Alternatives will expand this Valet Parking concept across a central city, whereby valets will meet customers, take their cars, and park them away from the city center in less busy areas. Later, the valet would return the car to the customer's desired location.

The valets would be pre-positioned at strategic points in the city, able to quickly respond to requests.

The service would be enabled by a smart phone application, which would take care of scheduling, billing, and administration.

The capital cost to enter a market is low. The main expense would be valet compensation, which is a variable cost. In today's job market, valets would be easy to hire on an "as needed" basis.

Parking Alternatives could gain a "first mover" advantage, and by becoming dominant in a city, could effectively prevent competitors.

The service would be a "high potential venture" as expansion from city to city could be very rapid.

The Customer

The current situation

Parking in central cities is difficult.

In the USA, parking is generally available in expensive parking garages. However, these garages may not be easy to find, and may be full. The price may easily be \$30 per day, and so the price level is already fixed at a high level.

In international cities like Beijing or Sao Paulo, or even London and Dublin, parking can be next to impossible.

Hence, people are not satisfied with the current situation, and would be willing to look at alternatives.

Customer Identification

Depending on the city, maybe half the working population comes to work by car – more in Los Angeles, fewer in Moscow. In a big city this potential count may be a million people per day.

The customers are easy to message, as they all come to one city center. So billboard advertising would be very effective.

There are 3 types of customer:

- The regular worker. He comes to the same place, at the same time, every day. This is convenient for scheduling. The pricing would match his alternative of buying a monthly parking garage space. The pricing could be a monthly subscription.
- The less frequent business visitor. This would be a person who visits often enough to make ongoing plans for parking. As Parking Alternatives expands, the multi-city visitor would be very attractive. The pricing would be a “ per event” charge.
- The evening entertainment visitor. This is a person from the suburbs who

comes often to the city center for entertainment. They go to varied places on different evenings. The pricing would be a “ per event” charge.

Customer Incentive to Purchase

A main reason for a person to consider Parking Alternatives is that current choices are not attractive.

Searching for meter street spaces is frustrating and time consuming. Often, meters only last for 2 hours, and then there is a big fine for overstays. Two hours is not long enough for a business meeting.

Parking garages are expensive. 2 hours parking in Manhattan is US \$32.

Monthly parking in Boston is upwards of US \$350. This sets the lower limit for pricing for Parking Alternatives.

Parking Alternatives offers a premium service and can probably charge a 20% premium over garage rates.

So for a little extra, the customer has a seamless visit to his office.

Add On Services

As an additional revenue source, and an incentive for the customer, Parking Alternatives could also take the customer’s car to a repair facility, car wash, or even pick up dry cleaning, etc. If you work full time in a big city, it is very frustrating to take time from work to get an oil change.

Congestion Pricing and Discount Incentives

As the whole system is operated from a smart phone application connected to a central server, there are many possibilities for Loyalty Programs, Early Bird Specials, etc. These will attract first time buyers, and also keep repeat customers.

The Market

It is best to consider this a worldwide market for cities over a certain size – perhaps 1 million people.

In the USA there are 10 cities of this size, though each needs individual analysis. It is easier to park on the street in Phoenix, compared to the smaller San Jose.

The average Monthly Parking Rate is a good indication of the attractiveness of each city to Parking Alternatives. Parking Alternatives expenses will initially be higher, until operations are refined. The initial target market will be cities where the Monthly Parking Rate is over US \$300 (100 KD).

Figure 1 Monthly Parking Rates

In New York there are about 81, 000 parking spaces and 1 million daily vehicle visits.

So the potential Manhattan market is thousands of people. Obviously the goal is a smaller percentage of this large number. It is always difficult to predict the market size for a service that does not yet exist.

Worldwide, there in excess of 50 mega-cities which have a potentially larger market than the USA.

Government Regulation and Safety

As the valet employees will not be transporting passengers, it is unlikely that government regulations will apply.

Safety and insurance will be very important, regardless of any regulation.

Parking Alternatives must impress upon the drivers the need for careful driving. As the company grows, Parking Alternatives may self-insure for vehicle damage, but will need very high liability insurance levels.

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There are no moral issues that need to be considered. This is a useful service being delivered on the open market to willing customers.

Competition, Barriers to Entry, Market Life Cycle

The first few months will be a tremendous logistical challenge.

The computer programs will be quite complex and need to be very easy to use. Easy to use programs usually require very high quality programming.

During the first few months, the need will be to develop a cadre of reliable valets. The valets must be incentivized to be diligent, even when the workload is not very high. Customers will need to be carefully handled, as the number of valets and their locations will not be very dense.

However, these difficulties will soon be overcome, and the operation will run more smoothly with lower costs.

The result will be a network effect, in which customers will use the first and most popular service. Parking Alternatives will have the lowest costs, the most valets, the mature smart phone application, and the most advertising, and so will be the dominant player.

Similar to a package delivery service, there is no philosophical barrier to entry, but people want to use the most popular service. DHL could not compete with UPS, even though DHL had the resources of the German Postal System. A similar experience has been demonstrated with Zip Car.

Therefore this will certainly be a classic “ First Mover” opportunity, where the first established service becomes more efficient and more popular just because it is becoming more efficient and more popular. This will create a de facto Barrier to Entry.

The parking situation is getting worse, especially in overseas cities, such as

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Beijing, where buildings were never built with attached parking spaces. This is a market which will not disappear in our lifetime.

Technology

The technology will be quite complex in order to provide all the scheduling, billing, and valet compensation features in an accurate and attractive fashion.

Fortunately the most difficult components of the technology - smart phone applications and geographic computation - are now not new technologies. So there are no unknown technical items which could stop the project.

As a new service, the basic system will be custom designed and programmed. However, individual components, such as a Customer Billing and Geographic Location Identification could be purchased subsystems.

The intent is to write the technical specification in house and then contract the actual programming. Final testing will be performed in house.

The application will be written to be multi-lingual, so it may be quickly exported overseas.

Sales and Distribution

Given the individual low transaction size (\$30 for example) there will be little room for paid Sales Representatives. Customers will be reached by web advertising, bill boards, and radio ads during traffic reports.

Customers will sign up on the web, and download the smart phone application. Messaging to their smart phone will help them get started.

Franchising

Parking Alternatives is a perfect franchise opportunity, both for the company and the potential franchisee.

Parking Alternatives may well decide to be a largely franchised enterprise, with up front franchise fees and ongoing revenue percentages.

Human Resources

In general, this will be a “ Virtual Company” with most work performed by contract employees.

The company will have a single General Manager, who will:

- Choose the pilot city, coordinating with investors
- Write the Technical Specification
- Coordinate the programming with contractors
- Write the Operational Plan
- Coordinate Advertising with contract designers
- Hire initial valets, who will be independent contractors, paid by the work unit
- Do daily operational and financial management until the company grows.

Financial Estimates

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Assumptions:

Revenue per customer 6KD

Gross Margin % 30%

Administration % of Revenue 4%

Advertising % of Revenue 8%

Insurance % Revenue 2%

Credit Card Fees % Revenue 2.5%

Other Expenses % Revenue 4%

Computer Service includes program modifications

Conclusion

This is a “ High Potential Venture” with a large potential market.

This type of service is not presently available, even though the need is great, and increasing.

There will be considerable “ First Mover” advantage in this market, and customers will be attracted to the first and biggest player.

There is an excellent opportunity to expand quickly to multiple cities using a mixture of company branches and franchisees. There will be no delays caused by obtaining buildings, or licenses, etc.

Overall, this is a rare situation with low initial capital costs, a large untapped market, and fast growth potential.