

# RENT.AM project

## TEAM

**Aleksan Hovhannisyan, Tatevik Alaverdyan, Arsen Manukyan, Sona Grigoryan, Vahan Ghazaryan**

## PROBLEM STATEMENT

There is a new tendency among young generation to rent rather than buy. The younger generation is increasingly looking for less expensive alternatives to ownership and renting can be the best solution, especially if the one needs not a chip item for a short period of time. Success stories of Zipcar, Airbnb, Spotify and others can be obvious proof. The impact of this fast-growing trend people buying habits arises a problem, that people are willing to get something easily, with low cost and as soon as possible, however fail to find it. From other perspective also, if you own something which is not in permanent use, it can be given for rent and easily earn you money.

The most common problems in the rent market are as follows:

- ✓ Wasting time on searching process. The potential tenants are not provided with the choice to select several categories of the desired product. Even if in the website they chose several descriptive metrics, they are offered very few number of products, which is not facilitating their search. Inefficient search sometimes causes buying high cost products.
- ✓ Poor content is provided by the announcers. When the users prepare the announcements, the format of the content is not fixed and every announcement has its own “style”, format and even language and keyboard are not matching. There are no special rules for designing the announcements, which prevents engagement of the potential customers.
- ✓ Ineffective procedure of renting. People are going through uncomfortable runaround to get the product. They call to the renter, sometimes fail to connect, make informal appointment, which can be canceled any time before the date. This kind of unpleasant situations make the market very unstable and not user-friendly.
- ✓ People seek for comfort, effectiveness and speed. Review and feedback options, which are considered to be the primary customer attracting tools, are not there. There is no trust in the market among users.

## The Business Model Lean Canvas\_Rent.am

<b>Problem</b> <ul style="list-style-type: none"> <li>✓ To get product for short term usage with little money</li> <li>✓ To utilize unnecessary products you own</li> <li>✓ No trustworthy and updated platform for renting products</li> </ul>	<b>Solution</b> <ul style="list-style-type: none"> <li>✓ To develop rent platform (marketplace)</li> <li>✓ Delivery organization and quality assurance</li> <li>✓ Deposit, insurance and contracting model for ensuring trustworthiness</li> </ul> <b>Key Metrics</b> <ul style="list-style-type: none"> <li>✓ Number of rent orders</li> <li>✓ Frequency of renting orders</li> <li>✓ Number of visitors and announcements</li> </ul>	<b>Unique Value Proposition</b> <p>We connect parties and get them rid of delivery, time and security predicaments</p>	<b>Customer relationship</b> <ul style="list-style-type: none"> <li>✓ Feedback, reviews, rating system development</li> <li>✓ Dedicated quality checking and delivery service</li> </ul> <b>Channels</b> <ul style="list-style-type: none"> <li>✓ Digital ads to targeted customers based on their online activities</li> <li>✓ Word of mouth</li> <li>✓ Social media promotion (Instagram, Facebook)</li> </ul>	<b>Customer Segments</b> <ul style="list-style-type: none"> <li>✓ Target customers are young aged people with low to medium income</li> <li>✓ In B2B platform target is small companies.</li> </ul>
<b>Cost Structure</b> <ul style="list-style-type: none"> <li>✓ Customer Acquisition costs</li> <li>✓ Development costs estimated 10000-15000 \$</li> <li>✓ Initial marketing cost estimated 5000\$</li> <li>✓ Initial sales costs estimated 1000\$</li> <li>✓ Delivery costs – 3\$ per delivery</li> </ul>			<b>Revenue Streams</b> <ul style="list-style-type: none"> <li>✓ Premium announcements</li> <li>✓ Advertisements</li> </ul>	
PRODUCT			MARKET	

### DESCRIPTION OF RENT.AM

For users who need to easily find anything for rent, the “rent.am” product is a web and application based platform that is simple for use and provides full review of rented items. Unlike “Prokat.am” or other similar rent platforms, “rent.am” provides great customer experience, possibility to leave and review feedback on rented items and rentee, gets the rented items delivered right in hand without living the house.

Having emphasized the above-mentioned problems, the possible solution/platform in the form of website and application is developed. Here is the description of the product in some details:

- ✓ Information exchange is based on announcements published by both provider and tenant. The provider is either a person, who has a specific product, or a company with wide variety of goods or services.
- ✓ The content is created by the announcers. The latter are provided with the opportunity to easily select the specifications of the product from a list of attributes fixed by the website and if there is a need they add very few comments manually.
- ✓ Every product has its schedule, which shows when it is available for rent. The dates are becoming unavailable when 2 sides come to an agreement.

- ✓ Wish list functionality and notification pushing if the product is unavailable
- ✓ Delivery option is offered by the website. The payment is done to rent.am and delivery is organized (possible cooperation with courier companies)
- ✓ For different category of a product a specific protection mechanism is offered in the form of deposits. Terms and rules are suggested by site and submitted by the tenant.
- ✓ Advance rating options are offered. The tenant can rate the product and the renter separately. The renter rates the tenant. Rating is also implemented by selecting from category list and giving marks instead of long stories. There is an option to leave additional comments
- ✓ Announcements are set either free of charge or with fee in case of premium announcements.
- ✓ Announcement should include the following attributes:
  - Max/min period available for rent
  - Price per hour, day, month etc.
  - Rating of a good/property and provider
  - Deposit fee (if applicable)
  - Contacts
  - Location
  - Special rules/requirements
  - Item description
  - Photos (optional)

## HOW IT WORKS

### This is how one upload's products on Rent.am

While you can browse [www.rent.am](http://www.rent.am) without signing in, you have to sign up and log in to be able to upload the products to rent, or book product to rent.

#### 1. Upload your product

As an Owner, once you are logged in, you can upload your product with quick and easy to use upload form. You need to provide product details, your contact details and address. Once done, your product is submitted for review. We review and verify the details, as well as fill in deposit and delivery charges based on products. Once confirm we publish the product.

Your product is now live and anyone can see it on website and book it to rent

## 2. Book a product to rent

As a renter you can search or browse the categories and select the product you want to rent. If you want to rent multiple products, add them to cart. For each product, select the time period you want to rent it for from the available dates. Add the products in cart and checkout. You can pay online by cards or you can choose to pay cash on delivery. Note, the payments includes rent as well as refundable deposit and delivery charges as applicable.

If we do not offer your desired product right now, you can place order by describing the product and the period you want to rent it and we will do our best to find it for you. You will be notified about product availability and after your confirmation, it will be delivered

## 3. Handover your product

Once a product is booked, Owner receives message from Rent.am with details of booking. We will collect the product from your doorstep on the evening before the day of booking. This allows us to have enough time to collect, inspect and delivery. Make sure you are available along with product during this time.

## 4. Receive the rented product

We will deliver the product at your doorstep, by noon of the booking date. If you need product early in the morning, make sure to book it from previous day. You will need to show your ID proof and address proof to receive the product. We will take photo of these proofs for our record.

## 5. Return the rented product

When the renting period is over, we will collect the product from you on the evening of 'rent till' date. A product inspection will happen this time to make sure it is received in acceptable condition. Once confirmed, deposit will be returned to you. In case of damage, you will have to sign the statement of damage and the damage will be withdrawn from deposit, otherwise it will go to dispute resolution process. We will keep the deposit until dispute is resolved.

## 6. Get back your product

We will return the product by noon of the day after the booked date. The rent, minus commission, will be paid at the same time in cash or will be transferred to your account. In case of dispute, about condition of product, it will go in dispute resolution process. We will directly pay you damage charges as mutually agreed. You will not need to discuss / manage resolution with renter.

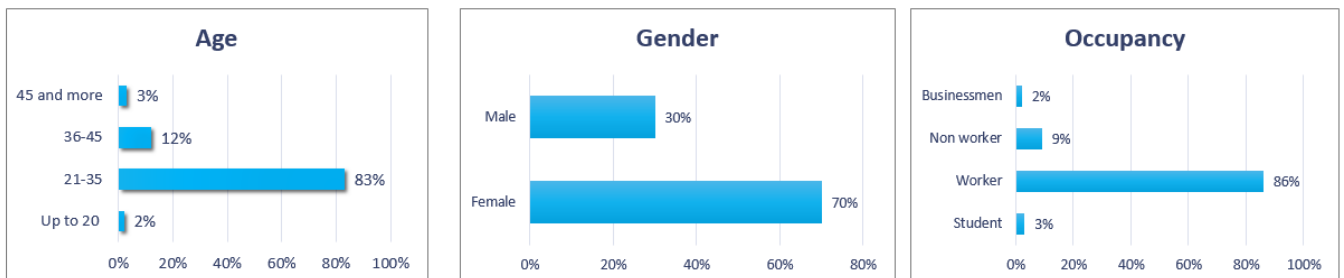
## PRELIMINARY ANALYSIS

### Survey on renting like hood

Number of responders: 100

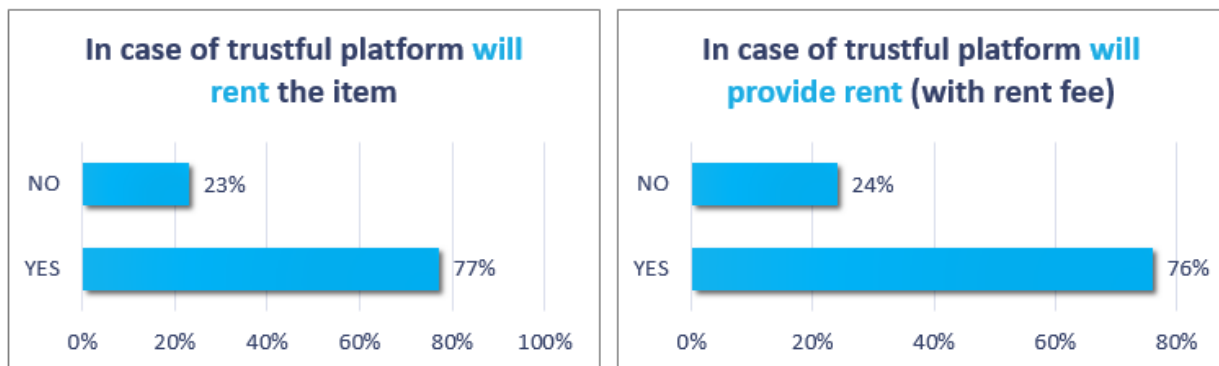
Source used: Monkey survey

Out of 100 participants the split of age gender and occupancy is the following

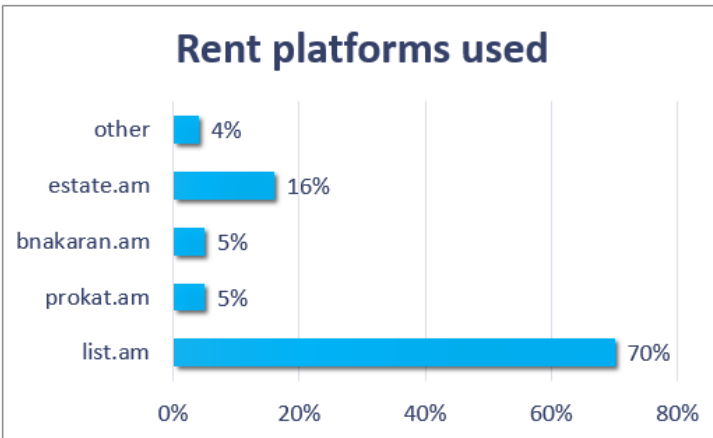


Majority of responders are middle age (21-35) workers. They have enough internet literacy to use online platform for rent.

Out of 100 participants like hood on renting or providing rent is split accordingly

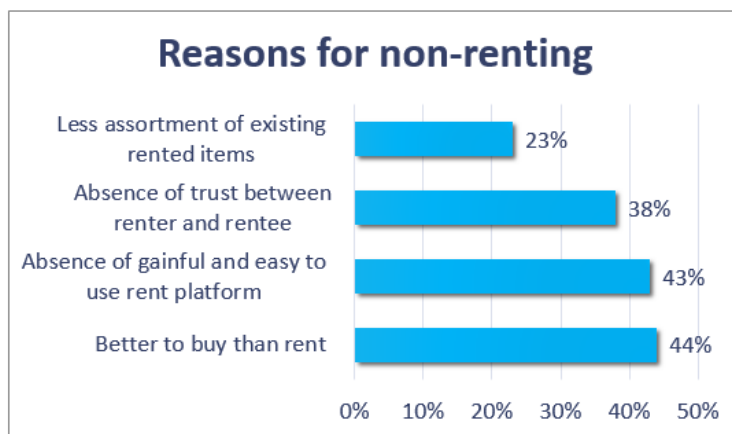


Those show the highest demand of renting and rent provision.



Although prokat.am is dedicated platform for renting various items, it has low popularity, and provide us potential to beat the market niche.

The main reasons of low interest in using rent services (both renting and providing rent) are the following:



The survey shows that there is a demand of trustworthy platform to use it for providing and getting rented products. Although the strange pattern of buying not renting is as well actual, which is mainly explained with the low trust and renting culture.

## RESEARCH OF COMPETITORS

- ✓ There is 1 major competitor on this domain, (except list.am) which is dedicate only to rent. It is Prokat.am platform with monthly less than 5000 visitors (source: [www.similarweb.com](http://www.similarweb.com))

- ✓ The website "Prokat.am" has been operating on the initiative of a group of young friends since May 2012. It was the first official website on the list of the companies offering rental services, which completed almost all the spheres, and being one of the first startup companies, enabled its customers to order any product or service online. This system contributed to the acquisition of new, faithful customers, as well as to the development of the company.

Competitive analyses of Procat.am		
Type of Product or service	Level of provided services	Improvements and alternatives
Computer accessories	Basic	New types of accessories, including mobile accessories wireless devices, etc.
Everything for events	Intermediate	Better classification of G&S
Sound and Lighting Equipment	Intermediate	Offering recent new trends~
Cameras	Intermediate	~
Tools	Basic	Better classification, various types of construction tools as well as services
Tourism	Intermediate	Offering more hammocks, Bicycles, other vehicles ex. Scooter, winter equipment, etc.
Clothing	Basic	Hunting, fishing equipment?
Car Renting	Developed	Emphasis on lower cost if possible?
Services	Upper intermediate	Other services such as construction services, freight workers,
Real estate	Basics not developed	For attracting more users probably needs to work with other similar companies

## INVESTMENT CALCULATION

- ✓ Estimated financial investment needed to launch a service with MVP
  - Development cost is estimated 10,000-15,000 \$
  - Initial marketing cost is estimated 5,000\$
  - Sales costs for engaging announcers from list.am and other websites of 1,000 \$



## MARKETING VISION FOR RENT.AM

Rent.am team intends to offer the potential renters web platform, which will help them easily find and rent the desired products or services. We will provide great customer experience and permanent use of the platform will come to response.

### Goals

The following are the key goals which will be followed by Rent.am

#### Personal goals

Devote at least 3 hours a day to marketing activities

#### Business goals

Earn over 5000 customers in the first year

Achieve a 50% repeated usage rate of customers from year 2 to year 3

#### Strategic Goals

- ✓ Obtain 98% customer satisfaction rate (meeting or exceeding customer expectations) by the end of year 3.
- ✓ Increase conversion rate to 30% in year 3.
- ✓ Increase average transactions per customer per year to 2.5 in year 3.
- ✓ Achieve to 50% referral rate.

## MARKET DESCRIPTION

Armenian market of online renting includes potential renters, who are locals or plan to use the rented item in Armenia (for example foreigner who plan to spend vacation in Armenia rents online a house in Dilijan in advance).

The market is primarily segmented by age as different age groups have different preferences when looking at goods or services for rent. The key market segments for rentals are described below:

- ✓ Youngers (18-26 years): People aged 18-26 look for goods needed for high-energy activities. While some may be wealthy enough to rent luxury car or house, most of this generation will be interested in renting skis, skyboards, hiking equipment, photo, video cameras, bicycles, tents, audio devices and other items related to entertainment.
- ✓ Middle-aged adults (27 up to 44): Interests of people in this age group significantly differ from young. Most of them are young families, who seek for quiet activities, comfort, romance and relaxation. They are most likely to rent, hunting and fishing tools and goods

for family trips and excursions. This segment will also be the primary target for house and car renting.

- ✓ Older adults (up to 45): Even if this generation doesn't feel so comfortable in online platform, still they may be interested in renting houses for vacation in different cities of Armenia. Also, they are more likely to rent some services, such as construction, house repair or cleaning services, computer maintenance and others.

To reach the target market and increase the brand awareness, Rent.am will produce the following materials:

- ✓ Website
- ✓ Digital ads by google AdWords (cost per click mechanism)
- ✓ Sales brochures (to serve as direct mail and hand-out). This will be offered to organizations
- ✓ Email marketing plan

Also, customer satisfaction surveys will be offered to the renters, after the rent is completed. Customers will be given time to fill out as their payment is processed and item is used. Customers who give extremely positive comments will be invited to post these comments by recording on the phone within a week. It is estimated that one out of 20 customers will provide a usable testimonial for the business through this process. Creation of this kind of success stories will be crucial for increasing trust of potential renters.

## **Loyalty Product/Service Offerings**

System of collecting point will be established to engage repeated use. System offers customers who sign up 1 point for every dollar spent at Rent.am. The customers will be given information on a password-protected page on the website which provides details on the points, such as the types of benefits their points can be exchanged with.

For example, this kind of benefits will be offered

- ✓ 500 points free renting of a good for 1-day (The category of the offer can differ based on the previous rentals)
- ✓ 1000 point can be exchanged with 20 % discount for next renting.
- ✓ 2000 points will give additional 3 days for net rented item.

## **Core Branding Elements**

Core branding elements for Rent.am which must be developed include:

- ✓ Logo (A man, sitting in front of laptop, screen of which is full of different items)
- ✓ Tagline (“What can be purchased can be rent”). The content of the tagline is based on the survey results among potential users, from which 55% claim that, they would rather buy, than rent
- ✓ Colors (Blues to bring to mind honesty, trust and dependability)
- ✓ Images (Young groups of people, couples or families enjoying activities using rented items)

These branding elements will be developed with the help of a designer with branding experience. Images will be developed over time, as Rent.am will prefer to use images of real customers. These elements will be used on the company website, application, digital advertising, and any other visual elements.

#### WEB PLAN

The website Rent.am will offer a great deal of information both for potential renters and for owners interested in supplying their goods for rent. The site will inform these parties about the offerings/announcements and availability of goods and allow them to move forward by using a simple reservation form to rent online. The coding and design of the website will be through a Web design firm for \$3,000.

The site will be marketed through the following tactics:

- ✓ Banner ads on related websites
- ✓ Google AdWords text ads
- ✓ Listing in rental databases
- ✓ Search engine optimization undertaken by the initial Web developer and an ongoing SEO specialist (in the first stage the founders will be responsible)

#### SOCIAL MEDIA PLAN

A Facebook Page for Rent.am will be established for creating a community of past customers, especially those who use the platform consistently. The page will offer a means to communicate directly with these past customers by offering deals on specific items, which are not rented out, by promoting other goods and by hearing customer comments and suggestions for the business. Founders will check the Facebook page once per day and post at least every other day. Beyond communication with the business, it is hoped that customers will use the page to communicate with each other, conveying ideas for their experience with Rent.am.

## MARKETING CALENDAR

<b>Quarter 1</b>	Preparation of marketing materials Creation of website and application
<b>Quarter 2</b>	Communication and partnership program development with field related companies Sales process
<b>Quarter 3</b>	Digital marketing activities, creation and promotion of social media marketing campaigns

## FINANCIAL CALCULATIONS

### Cost of Customer Acquisition - 1year

#### Inputs

Total Web Visitors	72,000
SEM cost per click	\$0.30
Conversion to trial %	9%
Trial conversion to usage %	15%
Number of Sales & Marketing Staff	1
Salary per employee per month	\$220
Promotional campaigns (events) cost	\$1,000

#### Quantity.

Total Paid Web Visitors	72,000
Trials	6480
Customers	972

SEM Marketing Spend	\$21,600
Total Headcount Costs	\$3,640
<b>Cost of Customer Acquisition</b>	<b>\$25.97</b>



Customer acquisition cost and

### Market size

#### Inputs

Number of unit rented 1 year	972
Average renting price	\$5
<b>Market size</b>	<b>\$4,860</b>

## WEB SITE DEMO



## TIMELINE

