Park+ Problem Statements

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Problem Statement 1

UrbanClap barely has any competition for its kind of services. If you led Growth at UrbanClap, what are the top 10 things you would do there to prevent any emergence of competition?

Urban Company is an experiential marketplace that provides customers services by connecting them with partners.
Services include:

➔ Cleaning
➔ Maintenance
➔ Repair
➔ Homes
➔ Massage
➔ Grooming
➔ Fitness

Urban company is currently present in 18 cities in India and 4 countries abroad.

If I was leading growth at Urban Company, I would focus on:

● Improve the current setup
● Prevent movement of users to competitors
● Be on the lookout for competition and copy their innovation

Partner-side initiatives

1) Improve Partner support

While getting the Appstore/Playstore reviews and ratings, the Partner store is rated at 2.6 on the App store and 4.0 on the Playstore. On digging a little deeper a few issues stand out:

➔ Poor customer support
➔ Not enough leads
➔ Partners not being registered on the Partner app quickly

A few suggestions here:

● Training to help partners with the basics of sales and best practices for lead conversions

● For the newer partners onboarded they could either be partnered with a buddy who's been with Urban Company for a while or there could be a chatbot builtin in the partner app responding to the most frequent concerns raised by partners.

● The best practices shared by the high performing partners in a category with the larger group, tied with a monetary incentive to share those best practices regularly in meetups

This would build trust and create a level-playing field for the partners

2) Partner lockin initiatives

One of the most important ways to prevent competition for upstarts to emerge is to create lock-in on the supply side.

There are numerous initiatives taken by Urban Company already such as providing them with loans and insurances, some other initiatives could include:

Urban Company Training Institutes - institutes could provide people on-the-job training as partners could help train people on the job as new partners could shadow the experienced partners.

The <u>highly rated partners</u> who've spent enough years with Urban Company could transition into leading <u>teaching sessions</u> for the larger groups.
This initiative does have the risk of partners leaving halfway in their training but enrolling partners through referrals can have potential upside.

Urban Company has impacted a lot of lives in a positive way. Some of the best-performing partners have been able to afford cars and houses for their families. So this builds an aspirational quotient.

Exclusive Partnership with Urban Company Contracts - The longer the contract the more the upside for partners, this would enable partners to stay on the Urban Company marketplace for a longer duration and not go independent or join a competitor if one emerges.

Demand Side Initiatives

While consumers are ultimately going to make decisions based on partner availability and price, there are added services that may help get consumers to stick with the service more.

1) Subscription Model for new appliances

This provides Urban Company to verticalize as well as get closer to customers. As soon as customers buy a new appliance - Urban Company can provide them with a 3-5 year contract to get services and maintenance done from them for that time period. This has a potential upside for customers as well as Urban Company as the customers stay locked in.

Once a customer is locked-in for a particular appliance - Urban Company can then look to cross-sell other services based on the services provided in that location.

2) Customer Care Improvement

While Urban Company would already be taking initiatives for helping the customers with their complaints and queries, this was another key concern of clients in the Playstore reviews.

Rescheduling and cancellation of appointments by partners seem to be the biggest pain points for customers. This can be resolved by:

- Proactive Communication → As soon as an appointment is affected by the Partner's side, Urban Company should reach out to the customer with the reason
- A small discount or an option to refund full payment would solve the problem and there is a good chance these complaints won't even reach the Appstore/Playstore

Making these minor changes can go a long way in improving Customer NPS.

For Urban Company, the key to build defensibility is to provide customers with a delightful product experience, provide support and exceptional customer service.

Strategic Expansion

Diversification

Urban Company has learned from its mistakes as they quickly shut down their non-core activities such as wedding and photography services back in 2019. So sticking to their core and focusing on their core strengths, my suggestions for diversification:

1) Movers and Packers

Urban Company's core competency is services related to homes. Post COVID, there would be a lot of movement of people within cities as well as people moving from one city to another.

For people moving from one city to another, Urban Clap could help pack all the stuff and give the customers - transport recommendations or do it for them. When the luggage reaches the other city, if Urban Company has operations in that particular city, it could help users unpack as well.

This service has the potential to bring in to use the other services as well such as electricians, plumbers, painters, and other technicians as people moving from their old home to their new home would require these basic utilities to be set up by experts.

This has the potential to improve retention if Urban Company does a good job with helping move which could be a stressful affair.

2) Offer yearly contracts to Societies, apartments, offices and Vacation Rental Companies

Urban Company with its aggressive Sales Team could reach out to builders, society unions, office complexes and rental companies and offer yearly contracts.
For a lot of societies that rely on the management for services such as electricians, plumbers etc. who may not have dedicated services available, this could be a great opportunity for Urban Company

Although this would require partners to be dedicated to specific areas and societies and there would be an expectation to resolve problems on an urgent basis.

3) Buy companies that are solving edge case problems

Urban Company hasn't been the one to shy away from acquisitions. They have acquired 3 companies in the last 4 years - Glamazon, HandyHome, and Good Service.

The best companies realise that they won't be able to build everything themselves so buying more companies and pushing them down the channel could lead to countering the competition in the early days.

4) Partner with Appliance Brands for After Sales service

A large majority of the Indian consumers who buy an appliance such as AC, heater, geyser, fridge, TV, etc. look for after sales service from unorganised technicians - someone in the vicinity.

This is largely due to the fact that official service from companies such as Godrej, Samsung, Whirlpool, Panasonic are expensive or have the perception to be expensive. Partnering with brands can have potential upside for both the Urban Company as well as partner brands.

Geographic Expansion

1) Southeast Asian countries

With regard to the emergence of competition for Urban Company, one of the important considerations would be to expand geographically.

Urban Company is already present in 18 cities in India as well as 4 countries - Singapore, Dubai, Abu Dhabi, and Australia.

For some countries in South East Asia such as the Philippines, Vietnam and Malaysia have seen growth in their GDP, have tackled COVID well and would be the first ones out the door next year as we recover from COVID.

Of course after more ground research, the fragmentation in the home and beauty services market in these countries could provide a great opportunity for Urban Company to enter.

One of the keys is to take cultural contexts in mind and offer just the right services in these countries, as Urban Company has done with introducing gardening services in Australia.

2) Indian Towns and Cities

According to a study, urbanization in India is on the rise with close to ~ 480 million people living in cities. This presents a great opportunity for Urban Company.

Staying on top of these trends and entering into some of these markets in 2021-22 would be great timing as the adoption of mobile and internet as by these people grew exponentially in the last couple of months. Increase in disposable income in the last few years has also helped.

There are a number of cities with a population of about 1-2 million with solid internet penetration and an increasingly urban population, cities such as Coimbatore, Nashik, Patna, Ludhiana and many more could act as a great launching pad for growth of Urban Company.

Problem Statement 2

If a Parking App functioned on a marketplace-pick basis like Uber (vs OYO where the user picks a listing), how would you design the matching algorithm? Please mention no less than 15 mutually exclusive factors.

The assumption here is that the Parking App will follow the Uber model of auto-selecting a parking space for the user, the user won't have an option to choose their parking space.

The user would look up a location on the map to check for availability of a parking spot and then make a booking.

15 factors of consideration for designing an algorithm for the parking app:

1). User Information

- User will have to enter vehicle details like name and type of vehicle
- User has the option to store location
    - Home
    - Office
    - Most frequently travelled

This will be helpful for calculating the space taken up by the vehicle at the parking lot.

2). Parking Location Details

- The size of the parking lot will help optimise for the parking space to calculate the amount of vehicles that could fit into the lot

3). Cost

- While matching customers with the parking spot, the cost would have to be displayed on an hourly basis
- Variable costs would need to be factored in case some locations have the first hour free and the cost increases after 3 hours
- Discounts to members, application of coupons and offers would also be included in the cost

4). Vehicle type

- Based on the vehicle type either a 4 wheeler or a 2 wheeler, adjustments in calculating fee and space availability will be done accordingly.

5). Location Tracking

- For users

    - Ability to search for location
    - Parking availability at the required time
    - Distance from origin point to the parking lot and then to the destination
    - Note Pillar Number or Landmark where the car is parked so that user can reach back to their car
    - Alternate parking arrangements during peak hours
    - Distance from a petrol pump

- For Parking lot

    - Track ins and outs for vehicles through sensors
    - Real time update on the app
    - Is the vehicle parked at the designated spot?
    - Factor in increase in parking usage on weekends and holidays

6). Time

- Duration of parking for calculating parking fee
- Time saved by user by using the app (factor in the average parking search time saved)
- Track average time session a car is parked to estimate future availability, the more the data the better the accuracy

7). Surge Parking

- Parking charges higher in case the availability is high during peak hours
- Parking charges lower in case the availability is extremely low during off hours (this benefits both customers and the Parking lot owners)

8). Valet availability

- Users can choose valet wherever available (Yes/No)

9). Recurring Bookings

- Users going to offices, teachers going to schools, doctors going to hospitals where such arrangements are not available.
- Recurring bookings will help provide better understanding of the availability of parking space, time duration, peak hours etc

10). Book for a friend/ family member

- In case the original user's phone is not available at check in or check out, a workaround
- If user books for a friend or a family who's not a member, booking needs to go through

11). Environmental Impact

- Amount of paper saved when bookings go through app and there are no parking tickets
- Amount of time saved for the user when they're looking for parking spots
- Amount of petrol saved where users did not have to look for a parking spot
- Amount of money saved by using the parking app instead of making ad hoc bookings

12). Sending updates to users through SMS/Whatsapp/Notifications

- Reminders, notifications, parking slips, users can choose to opt in to these notifications once they've availed the service
- The app will trigger notifications after, before and during the service based on the context

13). Predicting and balancing parking systems to predict demand

- Once there is a certain amount of data after usage, the algorithm will need to predict demand especially on public holidays and weekends when people tend to be out more often
- System failure is something to be considered as well

14). Weather Conditions

- During heavy rains and extreme weather conditions, when it's too hot or too cold, the demand for parking spaces will go down as the assumption here is people would prefer to stay indoors.

15). Parking Slots Counter

- To display the number of cars parked and the free parking spots at the entrance of residential areas, malls, markets etc for display boards

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Problem Statement 3

What can Park+ do to make $10B in annual revenue while sticking to its core competencies? You may consider exploring all things in the intersection of cars, consumers and real estate.

$10B in annual revenue would require a combination of a number of different ideas and potentially owning a number of different offerings in the vehicle category.

If we break down $10 B into $1000 x 10 mn customers, that would require us to serve 10 million users paying Park+ $1000(~75k INR) yearly.

Or if we could break $10B into $100 x 100 mn customers, that would translate to 100 mn customers paying $100 (~7.5k INR) yearly.

Idea 1: Partner with Garage Owners / Parking Owners / Unused Land Owners

Post-COVID, major cities will (hopefully) undergo a transformation. In New Delhi, last year there was a proposal that the big markets Connaught Place & Karol Bagh will not allow cars to enter.

In my opinion, this should happen in all major cities. Cities are meant for people to come together and not dodge cars while people are walking on the roads and sidewalks that barely exist.

This brings an opportunity for Park+ to partner with the government and garage owners near major markets among other places such as airports, hospitals, residential areas, offices where the population density is high and people find it tough to park their vehicles. This can be done in all major cities.

Napkin Math

Outlining 3 scenarios based on our execution capability. Sociocops a data intelligence platform mapped about ~4200 parking lots in 12 cities. The assumption here on an average there are 350 car parks in a city.

	Okay	Good	Great
# Cities	50	75	100
# Car parks/city	350	325	300
# Cars per car park facility	250	225	200
Revenue per car per day	$1	$1	$1
Yearly Revenue	~ $ 1.6 B	~ $ 2 B	~ 2.2 B

As we increase our market share and move towards smaller cities, the number of average cars in a parking lot and the average number of parking facilities itself would decrease as the population and vehicles are skewed towards the larger metropolitans.

This translates to 16-22% of our yearly vision of $10B in revenue.

The larger cities would have more parking lots and more cars compared to smaller cities. So just focusing on our core offering in the post-COVID world where people begin to travel could be a tremendous effort towards the ~10B goal.

Idea 2: Partner with Corporates and Societies

Parking is a major pain point for people living in societies and people working at corporate offices. This is one of the biggest opportunities for Park+.

Napkin Math

2500 of the 4200 parking lots in 12 cities belong to corporate offices and societies. Each of these parking facilities accommodates 500 cars on an average. Assuming a price point of about $1 a day, this translates to **~ $500 Mn in yearly, that's about 5% of the $10B vision [the timeline is dependent on our ability to capture this market share]**

Idea 3: Partner with Airports

Airports see a lot of traffic every single day and see high usage of parking. The charges for parking also tend to be the most expensive. Interestingly, airports have a lot of traction from buses besides 4 wheelers, 2 wheelers and buses.

Napkin Math

India has 123 airports that help operate commercial flights including 34 international airports.

The airports in metropolitan cities have parking capacity for about 4000-5000 cars. So, we assume the airports to have an average capacity of ~2000 cars
The parking price varies from $7-10 a car/day.

Considering 3 different scenarios based on our ability capture market share.

	Okay	Good	Great
# Airports	75	100	123
# Cars per airport	2000	2000	2000
Revenue per car per day	$ 10	$ 8.5	$ 7
Yearly Revenue	~ $ 550 Mn	~ $625 Mn	~ 630 Mn

We assume as we increase the number of cities, the revenue per car per day would decrease because the airports at smaller cities have lower parking prices.
This translates to about 5-6% of the $10 B in yearly revenue.

With regards to partnering with airports there is also an opportunity to go International. If we partner with GMR, they have airports in the Philippines and one under development in Greece as well.

Park+ could also look to partner with high traffic airports such as Changi in Singapore, Dubai and Abu Dhabi in the Middle East, Bangkok in Thailand. These places see a lot of footfall from Indians every year. Partnering with these airports that have high footfall will bring in exponential revenue since the cost of parking is much higher than what is being charged in India.

Idea 4: Partner with car dealers

Cars Dealers need space to park their cars and it's not really possible to park their cars on the street. This is a pain point in many many cities. This is a potential problem that could be solved.

The number was at 7 million cars a year in 2017, my assumption is that growth would have doubled in the last 3 years to about ~15mn cars. Some of these car dealers pay

Napkin Math

Even if 50% of the 15mn vehicles could be provided with parking spaces at a convenient location. This translates to 7.5 mn cars. The parking charges would be low ~ $0.5 a day/car.
This translates to **~$ 1.5 B in revenue, about 15% of our $10B vision**.
This seems like a 3 year project and an extremely hard problem to solve since most car dealers won't be paying for parking charges.

Idea 5: Partner with Event Organisers - Live Events & Trade Shows etc

The number of live events, trade shows, fairs, sports games have grown tremendously popular among Indian folks over the years.

Napkin Math

There were more than [17500 live events](#) across India in 2019. Book My Show and Paytm were the biggest portals for event organisers. The audience varies from 100 people to as large as 70,000 people.

There were more than 200 cricket matches played in cities all across India drawing thousands of fans every single game.

	# Events	Average Visitors/Attendees with 2/4 wheelers	Average Parking Price/Vehicle	Total Revenue
Live Events	17500	5000	$ 2	~ 175 mn
Crickets Matches	200	25000	$ 3	~ 15 mn

This translates to about ~200 mn in revenue. With other events such as marriages, corporate events, sports events, this could go upto 5-10% of our target revenue.

Idea 6: Offer various services for vehicle owners

- Insurance
- Repair
- Buying & Selling vehicles
- Upgrade vehicles
- Emergency services eg. Towing, 24 hour services

This is an extremely competitive space with a lot of players already serving customers, partnering with these customers over the next 5 years could more than make up for the remaining ~35 % of our $10B in revenue.

The services could be listed on to the app once Park+ sees user growth and this could potentially help partner companies with discoverability.

The vision here for Park+ would be to provide users all vehicle related services.