

## **L.I.R.A Marketing Project:**

Laundry, Ironing, Renting, and Alterations

*Being Presentable is what we deliver*



Aniket Kulkarni  
Bhushan Bhor  
Chetan Awachat  
Jigar Gala  
Mihir Mehta

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# 1. Introduction:

Do you still hunt for quarters or still carry quarters in your wallet? And how do you spend your weekend or at least alternate weekends? And do you still need to make a run to the mall to buy clothes for a special occasion? Well, we know the answers to the above questions. With our business proposal, we plan to change your answers to these questions. So what exactly is LIRA?

According to the study of 2016, women spend an average of 17 minutes per day doing laundry and men spend 4 minutes per day. Although you might think that 17 minutes is a really small value only until you reference it with a higher standard, meaning with just 24hrs in a day i.e 1440 minutes in a day, you would be dedicating a little more than 1% of your life doing laundry. This is an example for just one of the 4 different services that LIRA offers for all different income groups and age groups. With LIRA, we plan to give you back that precious time of your life so that you could make it worthwhile.

As it is correctly said that “For someone to listen to you, you first need to look presentable”, with presentability comes clothing, and with every service related to clothing comes LIRA. LIRA is focused on creating a single platform to deliver all services required for clothing. Today, when everyone needs to do laundry they need to adjust their busy schedule every day or wait till weekend, if they want to dress-up for special occasions and can't afford to buy expensive designer clothes, if they need to do some stitching work they need to rush to the nearest supermarket to get it done, well LIRA provides all these services at your doorstep. As this generation compares their time to money and as they are willing to pay for quality products and services without a need to visit multiple platforms, we have consolidated into a single platform for everything.

# 2. Problem Definition:

Imagine a situation where you have to attend a friend's wedding and you don't have time to go and buy a new pair of clothes, in fact why would you buy something expensive when you can rent for a day, which is a much cheaper affair than buying a new set of expensive clothes. Or a student has an urgent interview and needs urgent dry cleaning and ironing services. This is where LIRA comes into picture, LIRA is a one of its kind business initiative that provides a common platform for a variety of services that is beneficial to everyone irrespective of the age group or sex of an individual. In today's digital world, having access to a website or a mobile application would help with a variety of services like Laundry, Renting and alteration of clothes in a few clicks and also help you dodge the traffic to commute to the location.

### 3. Situation Analysis:

#### Our Customers

Our platform would be considered an absolute necessity for the people with all age groups in the US for whom it's an arduous task to go to the laundry themselves carrying a load. The target audience in our case would be the old adults, institutions such as old age homes. One of the surveys published by Erin Duffin in Sep 2020 claims that about 16.5 percent of the American population was 65 years old or over in 2019 and this figure is expected to reach 22 percent by 2050. This is a significant increase for the aging population in the US and as the population is expected to grow in number, the needs for such services would ultimately increase. Some other clients include households with new births since the door service would save time for them and they can focus on some other trivial activities. Also, the dedicated working professionals who spend the majority of the time outside their houses or need to travel a lot due to job demand would be potential customers.

Therefore, our potential customer is going to be anyone who is busy and cannot visit laundry by themselves such as working professionals or people who cannot take care of such activities due to old age or households with newborns. Our web application would be just appropriate since the user would just have to register once and they can place their order online. Our various features and facilities would provide an advantage of "One platform for all clothing related services" to people who would want their needs to be handled by a single service provider which will serve a hassle-free door to door services to them.

2050

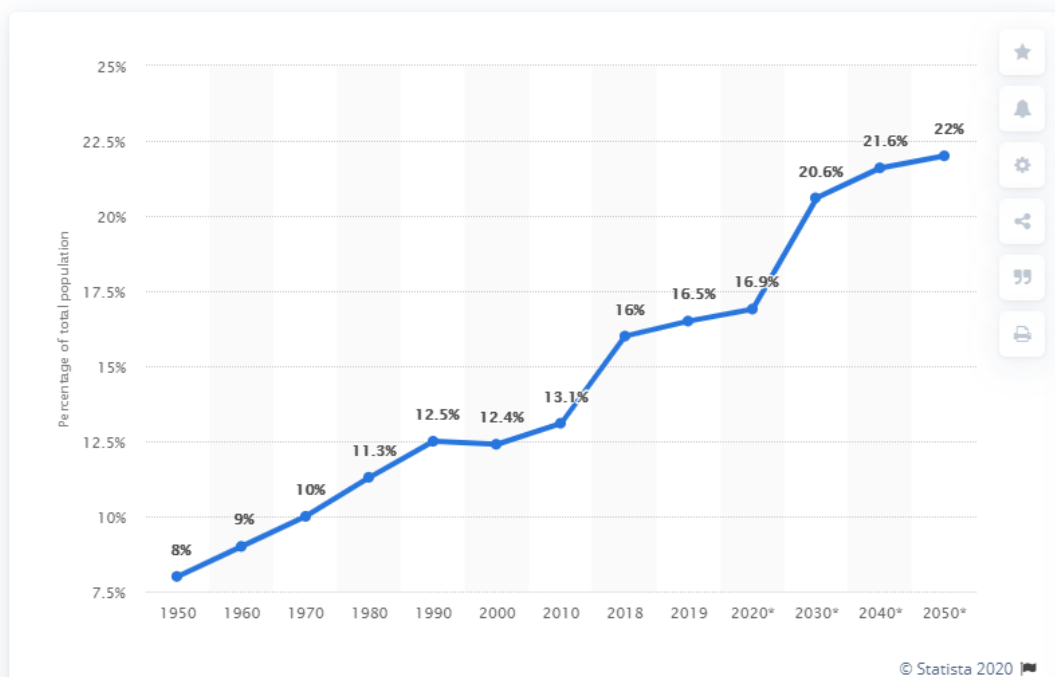


Fig:- Share of old age population (65 years and older) in the total U.S. population from 1950 to 2050

## Our Competition



**Rinse. Inc.** is an American Laundry and dry-cleaning web service and mobile application founded in 2013 with headquarters based in the San Francisco Bay Area. It provides a pick and drops laundry service at your doorstep with service spread across 5 cities in the country.

Services: Wash and Fold, Dry Cleaning, Hand Dry, Leather Cleaning, Repairs



**DRYV** is another web and mobile application that offers local laundry and dry cleaning with customization service, easy ordering and a widely covered network. Headquarter is located in Chicago, Illinois with service spread across 7 cities in the United States of America.

### Competition Analysis:

#### Rinse

The company is concentrating majorly on increasing their service from a handful of major cities to around 10 new markets and eventually covering nationwide service. The company has been successful in raising good funding from investors like Javelin Ventures, Arena Ventures, Accelerator Ventures, and Structure Capital which will help them in increasing the customer base and work on a quality service.

**DRYV**

The company is focusing on improving the currently provided service. With the total funding of \$ 5.5 million and being one of the biggest dry cleaners in Chicago, they are working on their expansion plan and increasing their market cap.

Features	Rinse	DRYV
Stage in Service Cycle	Introduction	Introduction
Year of foundation	2013	2013
Market Type	Metro/Top cities	Metro/Top cities
Services	Laundry Specialization	Laundry Specialization
Customer base	10,000 - 12,000	5000 - 7000
Funding received	\$ 23 million	\$ 5.5 million
Est Revenue	\$ 3.5 million	\$ 4.3 million
Mobile App	Yes	Yes

*Table 1: Competitor Features*

**Assumptions about the company**

LIRA shall be a luxury clothing service which will provide door to door service for all clothing related services such as Ironing, Renting, and Alteration. Being a startup, initially we will be targeting densely populated cities such as New York or metropolitan areas and then our company will be conducting extensive research with respect to demography, to launch our services in other regions of the country. After a good initial success, we are planning to expand our services nation-wide.

### Costs for the Company

Yearly Services	2021	2022	2023	2024
<b>Website/App development</b>	\$15,000.0	\$1,000.0	\$1,000.0	\$1,000.0
<b>Advertising Cost</b>				
Search Engine Optimization	\$1,000.0	\$1,000.0	\$1,000.0	\$1,000.0
Pay-per-click	\$0.25	\$0.25	\$0.50	\$0.50
No. of Clicks	3000.00	10000.00	20000.00	50000.00
Cost per Click	\$750.00	\$2,500.00	\$10,000.00	\$25,000.00
Email Marketing	\$200.0	\$200.0	\$200.0	\$200.0
Content Marketing	\$4,000.0	\$2,500.0	\$2,500.0	\$2,500.0
Social Media Marketing	\$6,250.0	\$6,500.0	\$7,000.0	\$8,000.0
Pamphlet Cost	\$500.0	\$2,000.0	\$10,000.0	\$20,000.0
<b>Advertising Total</b>	<b>\$15,700.3</b>	<b>\$24,700.3</b>	<b>\$50,700.5</b>	<b>\$106,700.5</b>
<b>Labor Costs</b>				
Labor Cost/Hour	\$9.0	\$10.0	\$10.5	\$11.0
Working hours/employee (4hrs)	1,456.0	1,456.0	1,456.0	1,456.0
Number of Employees	7	17	31	45
Work hours	10,192.0	24,752.0	45,136.0	65,520.0
<b>Total Employee Cost</b>	<b>\$91,728.0</b>	<b>\$247,520.0</b>	<b>\$473,928.0</b>	<b>\$720,720.0</b>
Delivery Cost	\$6,387.50	\$15,512.50	\$28,287.50	\$41,062.50
<b>Broker Cost(2-8% OF SALES)</b>	<b>\$30,000.0</b>	<b>\$40,000.0</b>	<b>\$45,000.0</b>	<b>\$50,000.0</b>
<b>Promotional Costs</b>	<b>\$15,931.6</b>	<b>\$33,073.3</b>	<b>\$60,891.6</b>	<b>\$93,948.3</b>
<b>Total Overall Costs</b>	<b>\$205,247.33</b>	<b>\$403,806.03</b>	<b>\$714,807.60</b>	<b>\$1,083,431.30</b>

Table 2: Estimated Cost

## 4. Potential market (Dollars, Profits, and Sales):

### Brief description about the numbers

Below table lists pricing for our services. Based on the anticipated percentage share of each service we calculate average spending per order as 10.25\$

Services	Average Service Price	Forecasted Order Share
<b>Laundry</b>	<b>\$4/load</b>	<b>50.0%</b>
<b>Ironing</b>	<b>\$5/dress</b>	<b>25.0%</b>
<b>Renting</b>	<b>\$10/dress</b>	<b>15.0%</b>
<b>Alterations</b>	<b>\$35/dress</b>	<b>10.0%</b>

Table 3: Service Distribution

**Sales Forecast:**

We have calculated the revenue for each year, based on total number of orders received during the year and the average spending per order, which we calculated as \$10.25.

Sales Forecast USD	2021	2022	2023	2024
Total Cost	\$205,247.33	\$403,806.03	\$714,807.60	\$1,083,431.30
Orders	2,600	31,200	72,800	130,000
Revenue	\$26,650.00	\$319,800.00	\$746,200.00	\$1,332,500.00
Profit/Loss	-\$178,597.33	-\$84,006.03	\$31,392.40	\$249,068.70

*Table 4: Sales Forecast*

**Break-Even Analysis (2023):**

	Unit	Total
# of orders	72800	
Price	10.25	
Revenue		746200
Variable cost	2.5	182000
Contribution margin	7.75	564200
Fixed Cost		532807.6
Profit		31392.4
No. of orders for Breakeven	68749	

*Table 5: Break-Even Analysis*

- We have calculated the average spending per order to be \$10.25 based on our forecasted order share per service
- We need to have a minimum of 68749 orders per year to break even based on costs for 2023
- We forecast 72800 orders in year 2023, hence breaking even in 2023 with profit \$31392.4
- We anticipate increase in number of orders in the following year to 130,000 with profit of \$249,068.70



## 5. Marketing Plan for the introduction:

### About the Service

The brand name is to grow exponentially in the metropolitan cities as it would help the working class save time, it will be launched in collaboration with the communities where there aren't any washers/dryers. The doorstep services are also expected to be spread via word of mouth across communities.

- Collaborating with Communities to distribute pamphlets to the current and prospective tenants
- Adding generic tags on the rented and altered clothes
- L. I. R. A. promotion over communities' and supermarket's websites
- Collaborating with Supermarkets like Walmart and Target for Renting and Alterations
- Collaborating with modeling agency and photographers for designer wear renting
- Delivering Laundered/Altered and Rented clothes in customized L.I.R.A brand name handbags



**Promotion of the Service**

In today's ever-growing world, where time has become an expensive commodity, the discovery of the internet has proven a revolutionary discovery where-in million-dollar dealers are cracked through the internet. Statistics show that almost 90% of the adult US population uses the internet, so we will be focusing on online marketing along with targeting the old age homes and day care centers through brokers.

We plan to spend roughly 30 percent of our marketing budget on Facebook ads since one of the target groups belongs to the age group 30-49 years, among which 97 percent uses the internet according to statistics shared by statista.com. On top of this we are planning to have a dedicated Instagram page, for advertising different promotions offered by our company. Here, we plan to publish 10-15 seconds of video testimonials from our customers, which would definitely help build our brand since it's coming straight from the end user.

Furthermore, being a startup, we would approach brokers to market our platform since brokers would be more aware of the clothing market and brokers are one of the cost effective ways to market our service. Typically, brokers charge 2-8% of total annual sale or depends on the number of customers landed by the broker. Brokers would be responsible to approach old age homes and day care centers, and this would help us save time since the broker would take care of sales while focusing on running our business.

**Distribution**

The initial plan is to target a metropolitan city. Here we would collaborate with the local Laundry and other service providers to get these services delivered to the customer's home steps. We would also collaborate with the local communities to promote our services. We will charge a commission to the service providers based on the number of orders we receive for them on our webpage.

**Price for the service**

The price of our service will be set low compared to our competitors. This will help us to attract customers. We would provide initial discounts to gain their attention. We would also provide discounted services to the customers who would subscribe to our services i.e. monthly or yearly subscription for the services such as Laundry and Ironing. We have also planned to provide referral bonuses to the old and referred customers.

Approximate Laundry Price by Vendors -

Wash and Dry: \$4/Load

Approximate Ironing Price by Vendors -

Iron: \$5/Dress

Approximate Renting Price by Vendors -

## High-End:

Rent the Runway (Starts at \$30 per rental)

Rebecca Taylor RNTD (\$159 per month)

## Work-Ready:

Infinite Style by Ann Taylor (\$95 per month)

Express Style Trial (\$69.95 per month)

## Trend-Savvy:

Le Tote (Starts at \$69 per month)

The Ms. Collection (Starting at \$59 per month)

Gwynnie Bee (Starts at \$49 per month)

## Mens:

The Black Tux (Suit rentals start at \$95)

Approximate Alteration Price by Vendors -

Hemming Pants, Skirts, or Dresses: \$10 to \$25

Shortening Sleeves: \$15 to \$40

Adjusting a Waistband: \$15 to \$25

Taking In a Dress Shirt: \$15 to \$30

Taking In a Jacket or Vest: \$20 to \$50

Taking In a Sheath Dress: \$30 to \$50

Shortening a Suit Jacket: \$30 to \$40

Replacing a Zipper: \$20 to \$30

Replacing the Lining on a Garment: \$50 to \$150

Our company shall provide the best offers and discounts compared to any other online site. We shall have excellent customer care service where the issues get addressed within 24 hours. Basically, this application provides A to Z clothing services for its customers with a chatbot in the application and website.

**Time frame, national or regional rollout**

The time frames will be different for different demographic areas. In metropolitan regions we expect the business to spread faster than the countryside.

Metropolitan Timeframe -

The metropolitan crowd is socially active offline and online, optimizing the online ads to the target audience will help the business grow within a year or two and establish a presence.

Country-side Timeframe -

The countryside isn't as fast paced as the major metropolitan regions, it is expected for them to be aware of our doorstep services and establish a presence in a little more than 4-5 years.

### Rollout -

The rollout will begin first on websites and social media in the form of advertisements, word of mouth promotion in friends and families, and in urban communities via pamphlet distribution. Once the brand name is popular, we will look for launching the services in neighboring countries and Continents with the similar strategy with which we were successful in our initial stages.

### **Limitations and Threats to Success:**

- Insecurity among customers regarding unknown person coming to their doorstep
- Limitations in expansion in increasing vendors entering new cities in initial 3 to 5 years
- Monitoring vendor performance and customer feedback to maintain quality service
- Recruiting good driver and providing training can be an expensive process and can eventually affect revenue
- Possibility of a major company in entering the market on a larger scale
- Customer satisfaction which would be affected by bad service that depends on the vendors and delivery employees

### **Competition:**

According to our market research, the combination and variety of clothing services offered on a single platform is the USP for the company. There is a possibility that the company will face some competition from bigger organizations because of the uniqueness and opportunity of capitalizing on the market. We should consider this situation and concentrate on the following points to succeed:

- Most primarily, we would focus on providing a quality service for customer retention
- Work continuously on customer requirements, feedbacks and expectations
- Make sure that we communicate regularly with the vendors as they are the prime aspects responsible for customer satisfaction
- Regularly provide referral offers and festive discounts
- Work on increasing the number of vendors and expanding to new cities before the competition manages to copy the platform

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