

Business Proposal: Bike Rental Program

I will review a new and innovative proposal: bringing a bike rental program to Des Moines, Iowa. This program has been instituted in other places, and we will review the success of this program in New Jersey, a comparable state in terms of population, tourism spending and site-seeing activities.

This program can start small, with a limited investment, and can be scaled up significantly over time. The initial outlay will be for 100 bikes and ten “docking” stations, for pick up and drop off. In addition to the initial investment in the bikes, other costs will include site rental, kiosk and credit card fees, bike repairs and station staff.

The first part of this review is to consider an existing rental program, the demographics, costs and possible income. We will first look at the period of time for which bikes are currently rented in New Jersey. Looking at the first graph, we can see that most bike rentals are for a one hour period or less, with over 145,000 customers taking trips of 5 minutes or less, over 100,000 customers taking trips of one hour or less.

When we think about the type of bikes we need to purchase, we see that the majority of users are men at a ratio of greater than 2:1 (Men:Women). We therefore propose to purchase 2/3 of our bikes for male customers, since some women also use men’s design of bike.

Most cyclists tend to pick up and drop off their bikes at consistently “favorite” stations, and as you look at the next graphs of our comparison city, New Jersey, you can see the most frequent sites indicated by the larger and darker circles. These indicate areas that are close to transport, and we propose to select the first ten sites based on similar demographics to these.

When considering what the bikes are being used for, either site-seeing or commuting, we looked at the times of usage during the week when most people are at work, as well as at the weekend. What we found is that most of the bike rentals are from commuters, who are using these to get to and from work at around 8:00 AM and 5:00 PM. We can also see the larger number of usages by men than by women, at all times of day. We also looked at the number of “subscribers” vs the number of single-use customers, and found the same result: the main utilization of the rental bikes is by men commuting to and from work, followed by women commuters, followed by weekend “site-seeing” use. This is excellent, because this model represents a stable customer base which will not vary throughout the year (e.g. based on tourism).

We wanted to look at “down times”, when bikes can be repaired, and when fewer staff can be hired to manage the stations. Looking at our comparison city, we propose that these times be designated as early Saturday and Sunday mornings, with days and times posted to avoid customer disappointment.

This model is highly successful in New Jersey, with many commuters and visitors utilizing this bike rental program. This provides a valuable service to the local communities, in addition to being a fiscally sound model.