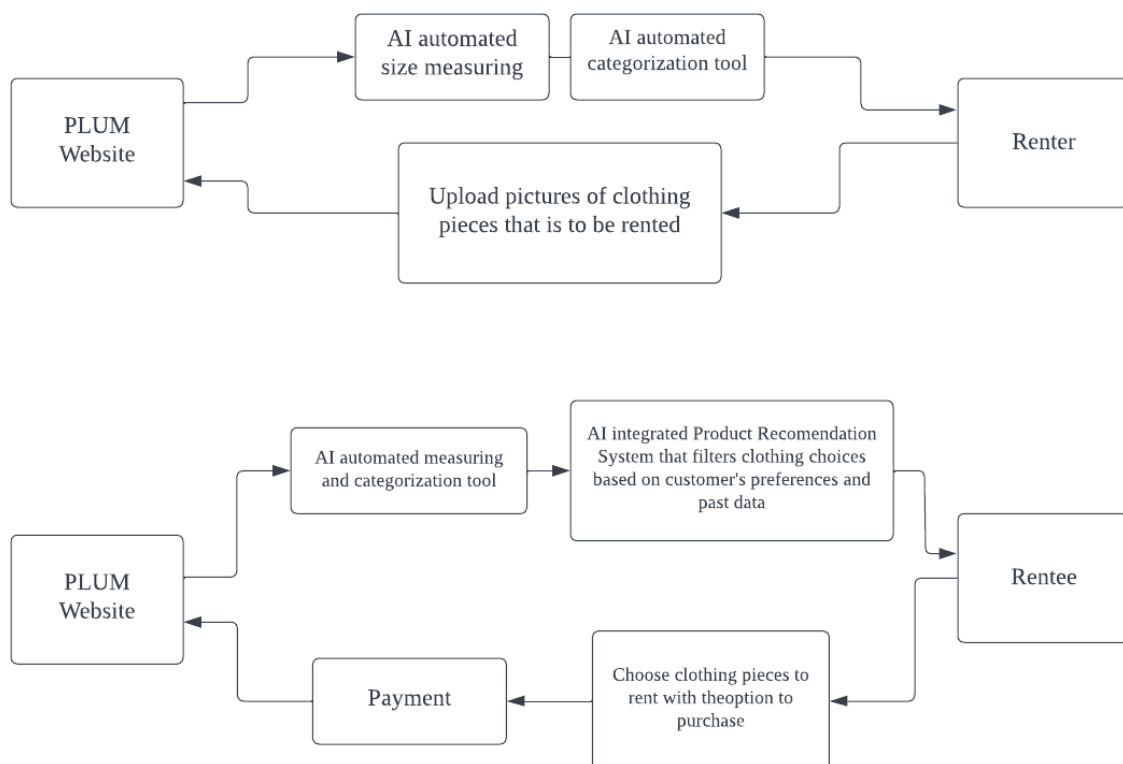


Business Model Analysis

Channels

Based on the nature of our business, our services are targeted towards individuals who attend formal events or parties and require high end / expensive clothes, since there would only be a need to rent when the individual is not willing to pay/ cannot afford high-end clothing. Therefore, we would be focusing our marketing efforts to cater to the customer base, which includes teenagers and young working adults alike that come from middle-class families. This is why we chose to reach out to them through social media platforms since about 84% of adults between the age of 18 - 29 are on social media (*Social Media Fact sheet, 2022*). We also have our website and mobile application as our channels since that is where our service platform will be, and we will place focus on the overall user experience when using our services so as to retain our customer base after their first visit.

Business Model: A critique of our business model



Business Model Analysis

The business model that we will be using is the leasing and rental business model (Lundi, 2021). This is due to the nature of our business which is to rent clothing pieces between two people. This business model allows customers to use a product for a limited time without actually owning the product. In return, for using our company's services, they would pay us a percentage of their total bill for renting clothing pieces (Lundi, 2021). We opted for this business model as other models did not suit us. For example, the subscription model (Kriss, 2020) is not suitable for a time-based payment such as incurring a payment every month does not make sense for a rental service. Besides that, a franchise model (Kriss, 2020) will not make sense as we only need to operate online in the form of a website to provide our service to our customers.

Sustainability

We realise that we have to balance our costs with the revenue in order to sustain our business. Costs such as development and maintenance of the platform are mandatory to ensure our site is running at full capacity and is secure and safe from any cyber-attacks. This is because we would be taking customers' personal information and payment details, thus the security of our website should be our top priority. Furthermore, Chromatix (2021) states that on average 30,000 new websites are hacked every day. Therefore, it is crucial for us to constantly maintain our website as it avails our site to stay armed against any security breaches and vulnerabilities. Additionally, our organization would also have to pay for our management and operational fees to ensure our business is able to continually operate smoothly while generating revenue. Lastly, as finance is the pivot of any business, it is critical for us to ensure our business is able to generate profit while minimising the total amount of expenses. Therefore, our business would be generating our revenue by profiting 2.5% to 5% commission from renting clothes and 5% commission from selling clothes will be our revenue. In short, based on our business model, it is expected that our business is not only sustainable but also profitable as we expect the integration of AI would allow us to generate a great amount of revenue.

Benefits

Based on our business model, both our rentee and renters can benefit from the integration of Artificial Intelligence into the system. As Artificial Intelligence is used in both our size measuring and categorization tool, renters would not have to manually key in these clothing details. On the other hand, these tools can be used to recommend rentees' clothing choices that are based on their size as well as the selected categorization of clothing. Besides that, our team also has decided to further enhance our product recommendation system too by integrating Artificial Intelligence, thus filtering the choice of clothes based on the customer's preferences and past data. Therefore, the use of Artificial Intelligence will not only make our platform more user friendly but also efficient and accurate as well. In return, our customers will enjoy online shopping with us and this will lead us to generate more revenue and profit. Lastly, as our organization mostly generates income from collecting commissions from our renters, our renters would still have the advantage of retaining ownership of their product, which ensures additional income in the event of resale (Lundi, 2021). Therefore, we believe that with our business model, both parties - our customers and the organization itself are in a beneficial position.

Challenges

There are a few challenges that our business model brings to our business. Firstly, we are well aware that our revenue is inconsistent. This is due to the nature of our business, where we will not be able to estimate how many clothes we will be renting and when we will be renting them. We would handle this with a heavy emphasis on our marketing. We believe that with more marketing, we would be more known by our target market, consequently increasing the likelihood of our service being used. Subsequently, customers will review our service and good reviews would then attract even more users, thus ensuring a greater likelihood of receiving commission from customer transactions. Besides that, the customers will be subject to a double surcharge. The first surcharge will essentially be a tax for using our service, which is where we earn a commission for each rental or purchase made. On the other hand, a delivery fee will be charged for each rental or purchase made. These surcharges may vary depending on the customer's delivery location or the number of clothing pieces rented or purchased by the customer.

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