

Lab #1 - ORF401 EL, SP, JJ

Name: HopStar



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Part 6: Business Model

Monetization Strategy:

Hopstar should be a business to business enterprise. To monetize our startup, we will sell our software web-app as an extension to current event hosting platforms based on a carbon credit business model. Since events, especially large events like concerts and conferences, result in the emission of carbon, we find an arbitrage opportunity to help them reach net-zero. We can provide

a service in which we are able to issue carbon credits directly proportional to the number of rides (and thus CO2 emissions) saves.

Being a B2B, we don't worry about consumer advertising or marketing. We will allow companies like Tixr or StubHub to market HopStar with the understanding that the more customers they acquire, the more they benefit. Through partnerships, we would integrate our product directly into the event company's user interface experience so that we don't need to allocate as much resources to an entirely unique front end. We let the ticketmasters of the world figure out how they will market "saving the environment," while we focus on the logistics of saving rides and providing convenience.

Think about how easy it would be to tell a young liberal college student going to a big concert that the plastic cups and the amount of waste created and electricity used to go into this musical performance is bad for the environment! What could be better than sharing a ride to save the environment without having to give up the concert itself?!

What is beneficial about a proportional model is that working with companies like Evite can enable small events attendees to use our platform as well.

Scope/Size of the Market:

We estimate the market size to include all major event venues and ticket sellers. The market size for online ticket sellers alone was roughly \$8.1 billion in 2023. The average price of a concert ticket in America is roughly \$120. Live Nation alone sold roughly 140 million tickets in roughly the first three quarters of 2023. Evite is reported to have over 120 million users. Our strategy would be to partner with a large ticket company on a series of pilot events then work to create a long term partnership. Assuming ticket companies make roughly 20% profit on ticket sales, they make \$24 for every ticket sold. With a driverless car model, we would ask for less than 50 cents per ticket. Alternatively, in the event we use human drivers, further analysis of our costs would determine a fair price.

Costs:

Our main costs will surround SWE, data security, paying drivers or developing/purchasing an autonomous vehicle fleet, and customer service. People need to feel safe and supported as they share rides. Since we would be utilizing individuals' data such as where they are leaving from as well as demographic information, data security will have a relatively high maintenance and upkeep cost. Lastly, hiring an overestimate of human customer service representatives will be a necessary cost to ensure our product does not lose momentum in early stages as users become adjusted to the ride service. A legal team to help us structure our carbon credit program will be necessary, especially at the beginning. Furthermore, if we are to do this with human drivers vs. autonomous obviously our costs would vary significantly. Human drivers are more expensive in the long run!