

You Can Know Tomorrow's Big Gainers Today

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In the *Back to the Future* films, the “baddie” (Biff) makes a fortune. He does this by travelling through time, to give his younger self a book of sports results. After a few trips to the bookies, Biff’s a multi-millionaire.

What if you could also see the future, when you place your bets?

If you could go back 20 or 30 years, it’s clear that one of the best places to put your money would be marketplaces. The leading firms in this sector have become titans: Amazon, eBay, and Airbnb. These have become household names – all based on a revolution in online marketplaces.

The betting guide from the future is readily available

If you want to see the future in an industry, you don’t need a time machine. You just need to look at comparable industries, and see how they’ve been disrupted. That’s why marketplaces are one of the key sectors I’m active in. The disruption that’s happening today, in dozens of sectors, is very like the disruption that ebay and Airbnb have already caused.

You might think this is old news, and that the opportunities have passed. But even today, many industries are virtually untouched. Today, we’re talking to a young entrepreneur who has found a sector he believes is ripe for disruption. The history of huge profits achieved by established marketplaces suggests that he’s making a very smart move.

I’ll let Rashide Carvalho, from Whipgo, tell you all about his online car hire marketplace.

AL: How have marketplaces changed the way we live?

RC: Online marketplaces have changed the way we consume in the 21st century. You can now access a vast number of products on one platform, without much effort – comparing prices from products around the world. You get a wider variety, and have a better customer experience. In the car rental industry, you previously had to use your yearly Yellow Pages to find a car rental company – but now you can use services like whipgo.com to rent cars from hundreds of independent rental companies near you. The process works in seconds – without having to deal with the boring paperwork.

AL: Why are people drawn to use marketplace platforms?

RC: People usually turn towards marketplaces because of the efficiency, convenience and variety of options. I now do 90% of my shopping online, and most of what I buy isn’t available near where I live.

Trust has also played a big part in growing these platforms. A lot of marketplaces are focused on community. This is very important, as people feel like they are part of the company – and not just another consumer on the platform. This helps the platforms, because the experience becomes so good that customers become “evangelists”. They then naturally spread the word to their friends and family. People don’t remember what you say to them, they remember how you made them feel – and that is one of the most important points in every business.

AL: How have marketplaces disrupted industries?

RC: Marketplaces have helped new industries to emerge. These platforms helped businesses and people with skills and talents to get more exposure all around the world. Great examples are platforms like TaskRabbit, where you can find people to do DIY tasks for affordable prices; and Fiverr, where you can get freelance services for as little as \$5.

AL: What made you create your own marketplace?

RC: Everything started when I was 20 years old and tried to hire an Audi R8 to celebrate an achievement. But it was really hard to find a company who had that car; I looked everywhere with no luck. I then thought “Why not buy an R8 and rent it to people who want to drive these vehicles – that would be cool.” After trying to search for companies doing similar things I noticed how hard it was to find them – and that is where whipgo.com was born. The aim is now to improve users’ experience renting vehicles. Today, it takes an average of one hour from the point of arriving at the branch to driving off with the vehicle; we are aiming to bring this down to five minutes.

AL: What makes a good marketplace platform?

RC: The secret behind a great marketplace is to solve a problem affecting millions of people. Take a good look around the products you use and ask “Why does it take so long to do something so simple?” or “I’ve had such a bad experience, how can I make it easier?” This is what the founders of some of the biggest marketplaces in the world, like Amazon, Uber and Airbnb, asked – and they were able to create billion-pound industries and get people connected.

People didn’t know they needed services like Deliveroo and Just Eat – but now does it even cross your mind to leave your house to get a takeaway?

AL: Where do you see the future of marketplaces?

RC: As long as an industry is disconnected, then there will always be space for a new marketplace to emerge. As an increasing number of industries get disrupted, this will change the way we live our lives: in transport, food, and retail. Marketplaces improve our way of living, and that is never a bad thing.

AL: What’s next for Whipgo?

RC: We launched our “minimum viable product” (MVP) in November 2016, and we received great feedback and traction. Close to £150,000 worth of leads were sent to rental companies. We are now working on Version 2.0. This is going to be released in a few weeks, and we are looking for angel investors. These should be people who believe in our vision, and want to take this exciting journey with us.

Are you in the market for marketplaces? Let us know: andrew@southbankresearch.com.

Best,

Andrew Lockley
Exponential Investor