

Consultant Report: Launching Doghouse

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Executive Summary

Introducing Susan, the driving force behind Doghouse, a pioneering platform redefining pet care by connecting owners with passionate enthusiasts for vital tasks such as feeding, dog walking, and much more. With a rich background as a serial entrepreneur, Susan is committed to streamlining and enhancing pet care accessibility. We will navigate Doghouse's developmental journey within this report, providing actionable insights to facilitate a seamless launch from addressing the prevalent "Penguin Problem" to crafting a compelling Customer Value Proposition (CVP), Profit Formula, and look into the strategic decisions crucial for Doghouse's sustained growth and market prominence. Drawing inspiration from industry leaders like Rover, Uber, and Airbnb, the recommendations are steeped in pragmatic knowledge from real-world experiences.

The strategy includes leveraging technology for seamless scheduling and payments, dynamic pricing, and fostering a community through events and an online forum. Doghouse's Customer Value Proposition (CVP) emphasizes safety, flexibility, and personalized care for pet owners, while providing pet service providers with flexible earning opportunities, professional development, and a supportive community. To establish and grow, Doghouse plans to implement a subscription model with different tiers, charge service fees, and explore additional revenue streams such as event hosting and future affiliate partnerships. The first year's financial projections anticipate initial losses with a strategy for rapid growth and profitability.

The goal is to chart a course for Doghouse's ascent within the competitive pet care sector, where pet owners indulge in premium care and companionship at their fingertips.

Addressing Penguin Problem

Many dog owners develop a strong emotional attachment to their pets, similar to the bond between a parent and child. Certain states like California, New York, Texas, and Florida tend to spend more on pets than others in the United States. They are consistently ranked among the top pet spenders, with New York pet owners spending an average of \$2,167 on medical expenses annually for their pets, and 59% of New Yorkers use regular walking or pet sitting services, indicating a commitment to pet well-being according to an article by DollarGeek. What gives way to this is the large populations, affluent communities, and strong pet culture create a high demand for pet-related products and services.

An experiment conducted by Nate Rattner, a former professional dog-walker, found that Manhattan boasts the highest density of dogs, particularly in neighborhoods like downtown Manhattan, the Upper West and Upper East sides, Greenwich Village, and Chelsea. (Villalba, n.d.). These areas, known for their affluence and high living costs, attract a significant number of dog owners who view pet ownership as a luxurious expense. Consequently, there is a strong demand for dog walking services in these neighborhoods. To meet this demand effectively, Susan should adopt a platform-based business model, as advocated in the Alstynne(2016), and focus her initial efforts on targeting these affluent neighborhoods to establish a robust client base.

Susan's primary challenge will be distinguishing her business from existing competitors like Rover, MixyPaws, and Bark Ave Dog Walkers to attract customers. To do precisely this, Susan's brand positioning will be in the premium category as here the forces of market and competition will be the weakest and offering not just services like solo walks or group walks, but additional features like on-demand walks with Instant scheduling, premium subscription benefits, Elite dog Walker selection where the customer could pick from a pool of the walkers with elite dog walker certifications like Canine Care Specialist Certification (CCSC), Advanced Canine Care Certification (ACCC) , which will enhance the quality, safety, and professionalism of pet care services, which ultimately provides a superior

experience for both pets and their owners. GPS tracking and real-time updates during dog walks, providing owners with route details, distance covered, and critical updates via text or email for customer satisfaction, Doggy Behavioural Training where there will be interactive games, and practicing obedience skills these activities will be aimed to address any behavior issues and improve the dog's listening skills during walks, Custom luxurious pampering packages for dogs, featuring spa treatments, organic treats and Partnering with upscale pet boutiques and luxury brands for exclusive amenities for the dogs. The above will help Susan's brand deliver a superior pet care experience, setting it apart as the epitome of luxury and professionalism in the industry, and thereby helping reshape the forces of customer power to substitute other platforms difficult and differentiate in product offerings where the prices can be controlled much more freely as stated in (Porter, M. E. , 2008).

The Second action would be to find walkers to join Susan's business. Through the premium offerings and rates, the service providers will also realize the earnings, incentivizing them to switch the platform to Doghouse and offering higher earnings. Susan should advertise the new platform to the targeted cohort of dog walkers through the analytics platforms and promote them with incentives.

Picking up elements from Uber's business model, as seen in the reading, they leveraged technology to connect riders with drivers (Acocella, 2020). Susan should utilize mobile apps to connect affluent pet owners with professional dog walkers in upscale neighborhoods while offering seamless scheduling and payment options, thus enhancing convenience and accessibility for her target audience. Susan should implement a subscription-based model akin to the Uber One subscription, which offers premium members exclusive benefits. In this case, add-ons like Instant on-demand walks, elite dog walker selection, and custom pampering kits will help build customer loyalty. Susan should also incorporate dynamic pricing strategies, similar to Uber's surge pricing model, to adjust service rates based on demand and availability, which will help optimize revenue and incentivize dog walkers to meet peak demand periods.

Furthermore, Susan should incorporate user reviews and ratings, which would also show how many times a specific walker was booked. All these features in the app will help build trust and credibility among

customers. To create a buzz about her business, Susan should host pop-ups at high-traffic areas for pet owners, like parks showcasing the premium amenities and personalized services available through her brand; this will act as a feeder to gain initial customers and early adopters of the subscription service and add to the network effects for the other services on her platform. Taking a page from Airbnb's success in fostering a sense of belonging among hosts and guests (Sayan, 2016). She can create an online community forum using hashtags and a dedicated Instagram page for her business where dog walkers can connect, share experiences, and support each other. This shared content will further enhance the network effects.

Doghouse's Customer Value Proposition (CVP)

Doghouse's CVP should focus on the ideas below, creating a mutually beneficial ecosystem for both pet owners and pet service providers.

Customer Value Proposition for Pet Owners

Table 1: CVP of Doghouse for Pet Owners

Pet Owners Needs	Doghouse tailored offerings
Advanced safety protocols	Equip dog walkers with emergency kits, training in first-aid, GPS trackers on all walks, vetted and inspected dog walkers only, customer support offering 24x7
Flexible and on-demand services	Sufficient pool of dog walkers, allowing scheduling, recurring walks.
Transparent communication	Platform availability on web and mobile, chat feature with dog walkers, photo and video sharing on the platform, GPS tracking with on-demand customer support; user reviews and ratings
Community engagement	Online forum, experience sharing on the platform, popup events (group dog walking, volunteering at animal shelters)
Personalized care and attention	Collect detailed information of pets likes, dislikes health issue, and offer enhanced matching with suitable dog walkers
Engaging walks focusing on dogs health and wellness	Walks that include physical exercises tailored to the dog's age, breed, and health condition, Provide regular health and wellness reports to owners
One stop solution	Expanded to services for grooming, vet visits, training and learning through strategic partnerships

Doghouse focus on these offering should attract dog owners to the value proposition above due to following reasons:

- I. ***Peace of Mind*** Doghouse branding itself as a premium offering whose main focus is a sense of security and comfort that is not offered by other platforms, referencing Airbnb's similar strategy of offering safety protocols by having verified hosts and properties on the platform (Sayan, 2016).
- II. ***Flexibility/Speed*** With offering of on demand services, smooth technology user experience and reliable payment solutions Doghouse will be positioning itself in terms of being user friendly and easy to operate.

- III. *Experience*** Positioned as a premium brand that creates a nurturing environment that goes beyond the standard dog walking service.

Customer Value Proposition for Pet Service Providers

Table 2: CVP of Doghouse for Pet service providers

Pet Service Providers Need	Doghouse offerings
Flexible earning opportunity	Pet service providers to customize their working hours according to their availability, offer dynamic pricing, and transfer benefits of surge pricing to providers
Community and networking	Provide opportunity to service providers to share experiences, guide and support each other on the platform
Transparency in earnings	Breakdown on earnings / commission cuts for each job done, offer customer support 24x5
Professional growth and development	Encourage feedback and recognition for exceptional service through platform providing service providers public profiles, helping providers build their reputation within the community; access to training and certification program through partnerships on platform

Focusing on these offerings should attract the service providers to join the platform due to the following reasons

- I. *Enhanced Earning Potential*** Enabling them to maximize their income while maintaining work-life balance. This flexibility, combined with diverse earning opportunities, makes the platform an attractive option for service providers
- II. *Professional Development and Community Engagement*** Doghouse offers continuous learning opportunities through training and certifications, alongside a strong community network for peer support

By implementing these actionable steps, Doghouse can effectively tailor its CVP to meet the needs and desires of both pet owners and pet enthusiasts, establishing itself as a leading provider of pet care services. In essence the above CVP is designed to deliver a superior experience to pet owners while

simultaneously empowering service providers. This dual focus not only will Doghouse apart in the competitive pet care market but also will cultivate a loyal customer base and a dedicated workforce

Implementation of CVP

To effectively communicate and deliver the above CVP, Doghouse must ensure that every aspect of Doghouse's operations, from the platform interface to customer service, aligns with these core propositions. This includes

- I. *Clear communication of CVP*** Developing marketing messages that clearly articulate these benefits to both pet owners and enthusiasts.
- II. *Technology to enhance value*** Ensure the platform's functionality supports the seamless delivery of these services, such as a matching system, easy payment processing, and robust support channels.
- III. *Building a Community Around the CVP*** Host community events, both online and offline, encourage users to share their experiences, positive word-of-mouth and social proof are powerful tools for reinforcing the CVP

By focusing on these key areas of value, Doghouse can attract and retain users, establishing a loyal customer base and a network of dedicated service providers, and thus reinforcing the CVP to set Doghouse apart in the market and also creating a strong foundation for sustainable growth and success.

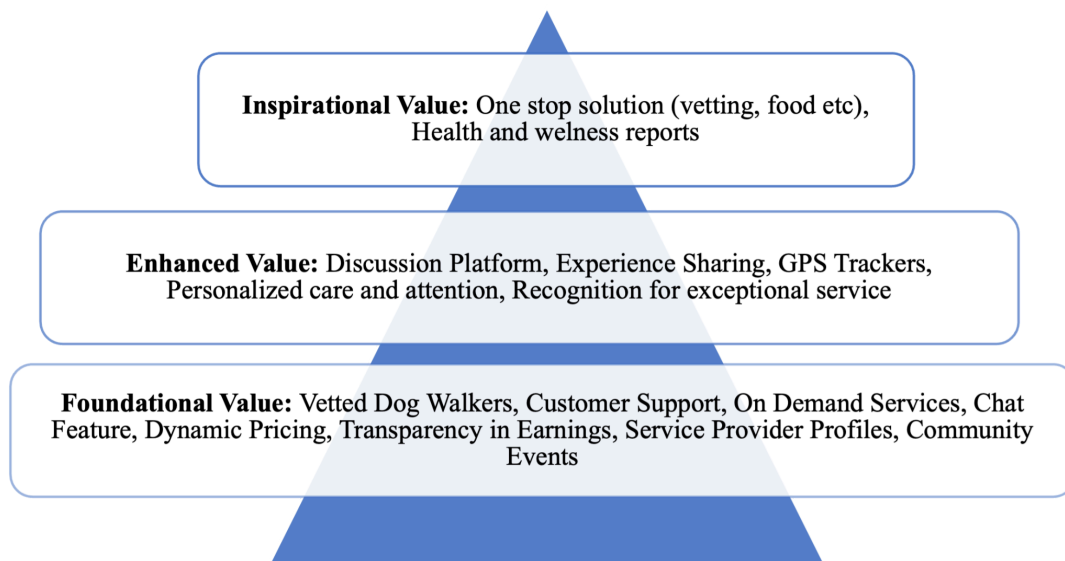
Porter's Five Forces Analysis for Doghouse

Susan's strategic planning for Doghouse should focus on building strong brand loyalty, differentiating service offerings, leveraging technology for a superior customer experience, and developing a loyal community of pet enthusiasts and owners. Continuous monitoring of these forces and adjusting strategies accordingly will be key to navigating the competitive pet care industry successfully.

Table 3: Porter's Five Forces Analysis on Doghouse (Porter, 2008)

Force	Impact	Factors	Actions
Threat of New Entrants	Medium	Low barriers to entry; Brand loyalty and trust play significant roles in customer retention	Building a strong brand identity Focusing on superior customer service Leveraging technology for innovative service offerings
Bargaining Power of Suppliers (Pet Enthusiasts)	Low to Medium	Widespread availability of pet enthusiasts looking for flexible earning opportunities	Training and certification programs; Dynamic Pricing
Bargaining Power of Buyers (Pet Owners)	High	Wide range of choices for pet care services High sensitivity to trust, convenience, and price	Ensuring high-quality service Personalizing the customer experience
Threat of Substitute Products or Services	Medium	Substitutes include informal pet sitting arrangements, traditional pet boarding services, and self-service pet care	Differentiating services with unique offerings Community-building efforts to enhance customer loyalty
Intensity of Competitive Rivalry	High	Several platforms with competitive factors including price, service variety, user experience, and brand reputation	Differentiation through a superior user experience Leveraging data analytics for personalized services Fostering a strong community

Implementation Hierarchy



Profit Formula for Doghouse

Considering the customer value proposition (CVP) focused on offering a premium service for pet owners connecting with pet enthusiasts and everything around offering a platform for dog owners, there are multiple revenue streams coming from customers, business partnerships, community engagements. Each CVP also centered around acting as upsell and feeder to other products.

Revenue Streams

I. The Subscription Model.

Offering a subscription model proves to be a key value proposition for business, but it also brings following key business values.

- A. Predictable Financials* The financial metrics become more predictable compared to traditional business models. It brings in monthly recurring revenue (MRR), and helps in predictable long term financial analysis.
- B. Enhanced Customer Lifetime Value (CLTV)* It also increases revenue per customer, where subscribers typically spend more in comparison to one time purchaser, and also increases retention of customers as it encourages longer term customer relationships. This helps in enhancing the customer lifetime value (CLTV)
- C. Improved Cost Predictability* Improve management and cost predictability - offers predictable demand which helps in accurately optimizing the pricing and negotiating the prices for suppliers (ex: dog walkers)

This subscription model should also have service diversification, with the subscription tiers, it will help to accommodate a wider range of customer needs. The subscriptions main offering is discounts which helps incentivize more frequent bookings and increasing overall revenue.

A. Standard Subscription

- i. Offering - A discount of 2-5% on bookings over standard rate, along with enhanced customer support

- ii. Objective - Provides value over standard rates, fostering initial loyalty and habituating customers to using Doghouse services

B. Premium Subscription

- i. Offering - Even higher discount rate on services 5-10%, along with additional perks like priority booking, access to local events, access to online dog training modules
- ii. Objective - Target more engaged customers looking for comprehensive petcare solutions and willing to pay more for premium services

C. Elite Subscription

- i. Offering - A top tier subscription having even higher discount rates, with all above offering, along with exclusive access to premium pet products at discounts.
- ii. Objective - Targeted to most dedicated pet owners, who seek luxury and exclusivity which will increase the CLTV

The above tiers help diversify, the offerings and their cost should be in such a way it follows the **value ladders**. The value ladder encourages customers to move up, increasing the average revenue per customer over time. This strategy is infamously adopted by Apple and many other companies. A customer continues to climb the ladder, and justifies the small price increment.

B. Service Fee Revenues.

Each service booked generates revenue. This service fee with discount applied offers steady revenue to the company and is the main revenue generating stream apart from subscriptions.

A dynamic service fee model apart from dynamic pricing can also be introduced in pilots, booking in advance offers incentive on service fee. This helps in generating larger revenue from service fees.

C. Event Hosting Revenues.

As discussed one of the key strategies of the penguin problem will be hosting local community events at high demand and popular areas. Hosting these events although will be burning cash, but will act as feeder to the actual services offered by the platform.

A small minimal fee charged for accessing the event to non-members can help reduce the cash burn on the events.

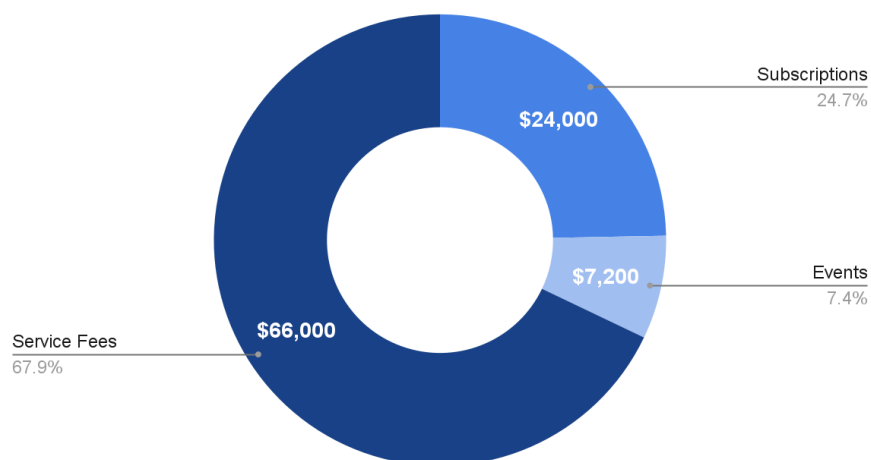
D. Future: Affiliate Revenues.

In future additional revenue stream from sales commissions and markups can be brought by partnering with other dog services like food, pet product companies

Table 4: Revenue Projections for Doghouse in Year 1

Revenue Stream	Description	Assumptions	Projected Annual Revenue (Year 1)
Subscriptions	Three tiers offering discounts and additional perks	100 non-subscribers 500 Standard subscribers @ \$20 300 Premium subscribers @ \$30 100 Elite subscribers @ \$50	\$24,000
Service Fees	Commission on booked services	Average cost of 30-min dog walk: \$35, Service fee: 4%, Commission: 3.5% Average 2000 walks per month	\$66,000
Event Hosting	Hosting local community events	Fee of \$15 for non-members, 2 events per month, 30 headcount for each event	\$7,200
Future: Affiliate Revenues	Commission on sales with pet product companies	(Not included in Year 1 projections)	\$0
Total Projected Revenue (for year 1)			\$97,200

Revenue Streams (%)



Cost Calculations

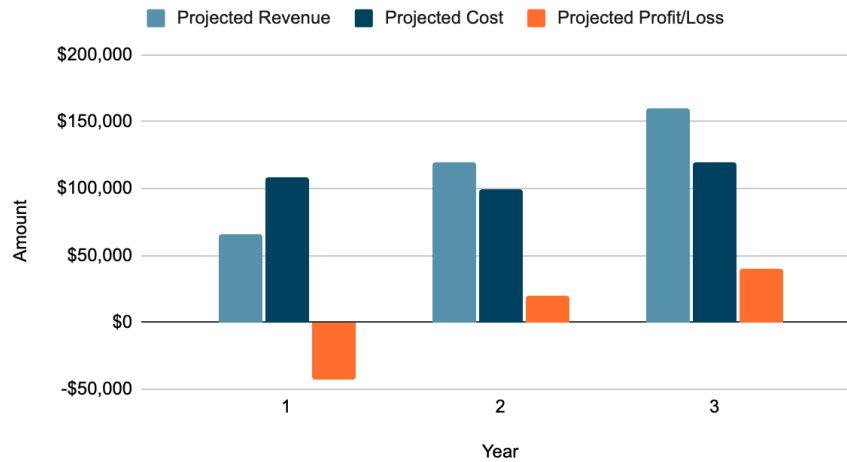
Table 5: Projected Cost Calculations and Profit/Loss summary for Doghouse in Year 1

Cost Category	Description	Projected Annual Cost (Year 1)
Marketing	Social media ads, community events, partnerships	\$20,000
Platform Support	Cloud storage, software maintenance	\$6,000
Operational Costs	Customer service, payment processing	\$5,000
Employee Costs	Initial team (BDR, Engineer x2, Marketing)	\$100,000
Projected Cost		\$131,000
Projected Revenue (from Table 4)		\$97,200
Profit/Loss (Year 1)		-\$33,800

Profitability Timeline

Based on these initial projections, Doghouse is expected to be in the red for the first year. However, the revenue is projected to grow steadily as subscriber base and service bookings increase. Below chart shows the projected profitability timeline, with Doghouse projected to be profitable in year 2 (by \$10000). Break even would still take time and capital will be required to start.

Profitability Timeline



In conclusion this simplified financial overview provides a concrete example of how Doghouse could structure its profit formula focusing on the premium pet market.

This model demonstrates the feasibility of achieving profitability by targeting the premium segment, with careful management of costs and strategic pricing. It includes potential revenue streams from subscriptions, on-demand services, product sales, events, and partnerships, balanced against the costs of platform maintenance, service provision, marketing, operations.

Platform Strategy

Marketing Strategy

Implementing a marketing strategy requires a focused effort on understanding the target market, leveraging high-quality branding, and creating engaging, community-focused marketing initiatives. Use

I. Target Market Identification

Objective: Focus on affluent neighborhoods in Manhattan High population density and pet ownership rate provide a concentrated customer base. (Sayan, 2016)

- A. One of the most densely populated areas in the United States, with approximately 72,000 people per square mile (Rattner, 2017)
- B. According to a survey by the American Pet Products Association, approximately 68% of households in Manhattan own pets.

Actionable Items:

- A. Conduct market research to identify specific affluent neighborhoods with the highest rates of pet ownership.
- B. Analyze demographic data to tailor services and marketing messages to the needs and preferences of cohorts

II. Brand Identity Development

Objective: Develop a brand identity that communicates luxury, professionalism, and exclusivity.

Actionable Items:

- A. Design high-quality branding materials, including a logo, website, and app interface, that reflect the luxury and professional aspects of Doghouse.
- B. Create brand messaging that emphasizes the exclusivity and premium quality of Doghouse services.

III. Customer Acquisition

Objective: Utilize targeted marketing efforts to build brand visibility and acquire customers.

Actionable Items:

- A. Social Media and Online Marketing: Develop engaging content featuring premium services and use targeted ads to reach affluent pet owners in Manhattan.
- B. Community and Social Events: Partner with local businesses for premium giveaways and set up photo booths with custom hashtags for social media sharing.
- C. Partnerships with Local Businesses: Collaborate with upscale pet businesses to offer exclusive deals to Doghouse customers and negotiate partnerships for co-marketing and exclusive offers. Few potential partners include Whiskers Holistic Pet Care, Marscare Petcare Ltd.

Technology and Platform Infrastructure

Delving deeper into the technology and platform infrastructure is critical for Doghouse to ensure the platform's success, scalability, and user satisfaction.

Table 6: Platform Infrastructure Requirements for Doghouse

Component	Description	Strategic Importance
User Interface (UI) / User Experience (UX) Design	Intuitive, easy-to-navigate app and website	Essential for user satisfaction and retention; drives the first impression and ongoing engagement
Matching Algorithm	Sophisticated system to match pet owners with enthusiasts based on preferences, location, and ratings	Key to delivering personalized care and enhancing user experience
Service Providers Profile	Individual pages for pet walkers/service providers with certification badges, user ratings	Helps in matching algorithms, build identity for service providers
Payment System	Secure, reliable, and flexible payment options for users	Facilitates smooth transactions and trust; supports different monetization strategies
Review and Rating System	User-generated reviews and ratings for services	Builds trust and community; informs quality control and provider recognition

Data Science and Analytics	Effectively collect, store, and analyze data to inform business decisions and personalize user experiences.	Enables data-driven decisions, helps understand user behavior, and measures key metrics like user engagement, retention, and conversion rates.
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Comprehensive Risk Management

I. Obtaining Appropriate Insurance and Registration:

A. General Liability Insurance:

This insurance protects against potential liabilities, like advising injury, Bodily Injury, and Property Damage coverage. Since Doghouse is starting as a small premium pet care platform, the annual premium for General Liability Insurance ranges from \$500 to \$2,000.

B. Registration Of Business as LLC/DBA:

Susan must choose between registering her business as an (LLC) or a (DBA). Forming an LLC typically ranges from \$200 to \$500 or more, registering a DBA generally costs less, ranging from \$10 to \$100.

II. Walker Background Checks & Monitoring:

A. Criminal Background Checks:

- Utilize reputable background check services to search for any criminal history, like convictions related to theft, animal cruelty, or any other relevant offenses.

B. Verification of Certifications or Training Credentials:

- Request copies of any certifications or training credentials attained by the candidate to verify the authenticity of these documents

C. Continuous Monitoring:

- Implement regular performance reviews to keep track of signs of misconduct or deviation from expected platform standards.

III. Upholding Regulatory Compliance & Industry Standards:

- A. Susan must familiarize herself with all applicable pet care industry regulations, including licensing requirements, health and safety standards, and data protection regulations for the website. The platform will avoid costly fines or legal disputes by ensuring compliance with these regulations from the outset. Additionally, adhering to pet care service industry standards will help build customer trust and credibility.

IV. Risk Mitigation Through Premium Brand Positioning:

- A. By positioning itself as a premium provider, Doghouse attracts discerning customers who value premium services and are willing to pay a premium price for superior care. This positioning not only distinguishes Doghouse from competitors but also serves as a barrier against price-based competition. Customers who prioritize quality and reliability are less likely to switch to cheaper alternatives, reducing the risk of customer churn.

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