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WASH Swipe-A-Load Market Plan

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# Situation Analysis

Swipe-A-Load will be part of the washer and dryer industry under the company WASH. WASH is an established business in multiple U.S. states and several provinces in Canada that leases laundry machines to colleges and multi-family complexes, as well as provides maintenance and other service on the machines (Bloomberg, 2014). Swipe-A-Load is attempting to help laundry machine users, as well as the owners of the machines. Users do not want to worry about their laundry being stolen or tampered with if they leave their clothes unattended. Customers want to know that their laundry is safe until they return to the machines.

Swipe-A-Load reads the person’s identification using a unique laundry card in which the card is swiped to lock the machine and swiped once more to unlock it. Problems arise when users do not empty their laundry in a timely manner. With Swipe-A-Load, users will want to take out their laundry promptly because if they do not, there will be a monetary charge to them after every minute once the machine’s cycle is done and a five minute grace period has passed. This motivates users to empty their laundry in a timely manner because they do not want the burden of an extra expense. Swipe-A-Load is a great incentive for multi-family housing and colleges because to gain additional revenue from the penalty charges.

# Market Summary

The main problem chosen to address is extended use of laundry machines after the laundry cycle is finished. Extensive use of the machinery creates conflict between users and leaves them more susceptible to laundry theft or tampering. Creating a product with an automatic locking feature prevents further theft or dishonest behavior. An additional convenience of Swipe-A-Load, is the after-cycle timing feature. After a cycle is complete, users have five minutes to empty the machine before they are charged additional fees. This feature benefits frequently used laundry facilities, where clothes can be easily stolen or taken out of the machine by someone other than the intended user. There is a need for Swipe-A-Load in public laundry facilities because it provides a sense of security for the user. Unsecured facilities are opportunities for theft; Swipe-A-Load prevents theft before it happens. A sense of security is immensely important, especially for users who do not wait with their laundry until the wash cycle is completed.

WASH currently provides the option of renting or purchasing their machines, while offering maintenance, customer service, and installation services to all clients. Everyone has laundry to do and everyone wants a secure place to do it, making the market for Swipe-A-Load very promising. Swipe-A-Load, with WASH’s current 4.5 million annual customers, is destined to succeed in its market by helping customers solve the problem of excessive use of laundry facilities.

Target market includes universities and apartment complexes. These two markets would be best benefitted by Swipe-A-Load because they both contain public, communal laundry service areas. Unattended public laundry rooms can easily become a prime target for laundry theft or tampering. By installing Swipe-A-Load services in universities and apartment complexes, these thefts can be eliminated and give users a greater sense of security. These two markets would make up a vast majority of WASH’s clients. Condos, townhouses, duplexes, mobile home parks, hotels, and laundromats are clients as well, but make up smaller niches of the overall market.

# Geographics

Geographics refers to where the product will be available. (Armstrong & Kotler, 2014, p. 193) Initially, Swipe-A-Load would be premiered in North America. If the idea succeeds, expansion to other countries would be considered. Swipe-A-Load would be best suited for lower to medium income areas, such as urban and some suburban areas where communal laundry services are prevalent. Towns of any size, population, and climate would benefit from Swipe-A-Load services. The beauty the product is that installation is available anywhere laundry services are needed.

# Demographic

Demographics refer to dividing the market based on age, life cycle stage, gender, income, occupation and other factors. (Armstrong & Kotler, 2014, p. 194) Swipe-A-Load is geared towards people 17 years and older. While the system is easy enough for younger users to understand, our market is primarily people who are older and living on their own. Both male and female customers are targeted equally. Swipe-A-Load is a useful service for everyone, ranging from individuals living alone, to busy families with five or more people. The family life cycle can vary from young college students to older businesspeople, to married couples, parents, and elderly users. Most Swipe-A-Load consumers are more than likely going to be lower to middle income users. Generation will vary by individuals; Baby Boomers, Generation X, and Millennials are all expected to be frequent users. One of the largest groups of expected users will be Millennials, better known as Generation Y, or college students. Providing college campuses with Swipe-A-Load laundry services allows students the freedom to return to their dorm rooms, or attend class without having to worry about their laundry being stolen or tampered with. Apartment complexes in lower income areas are the second largest group of users. It is important to provide apartment tenants with these same safety and convenience features, so they can go about their busy lives without having the added worry of something happening to their laundry.

# Behavioral Factors

Behavioral segmentation is the process of segmenting consumers into groups based on their knowledge, uses, and responses regarding the product (Armstrong & Kotler, 2014, p. 198). WASH will be targeting people that do laundry once or more a week because it would be more profitable, rather than if consumers do laundry less frequently. A survey, which is located in the Appendix, was administered to various people ages 17 and older via Survey Monkey. There were 75 responses to questions regarding user lifestyles and laundry experiences and preferences.

Based on the survey that was conducted, every respondent showed they did laundry at least once a week. Swipe-A-Load is targeting users who see a benefit in having locked doors to the laundry machines. This benefit will come with safety of the user’s belongings in the machines so there is no way for other users to steal or tamper with the items. About 47 percent of the survey respondents said that they have had their laundry tampered with or stolen. Even though it is less than half of the respondents, it still shows that there is a problem associated with stolen or tampered laundry. WASH will be trying to target the end user, and will have to convince multi-family housing complexes or college campuses to purchase the product.

# Psychographics

Psychographic segmentation of a market means to divide buyers into separate segments based on social class, lifestyle, and personality characteristics (Kotler & Armstrong, 2014, p. 196). Swipe-A-Load will be targeting the working class end user. Although apartment rent can range from several hundred dollars to thousands of dollars, the average apartment rent in the United States, based on 2013 data, is $1,231 per month (Glink, 2013). The product will also target college students. However it will be difficult to categorize college students into a specific social class because all college students have a wide variety of incomes and backgrounds. The average income of college students in the United States is $14,400, which can also include scholarships and loans (Norman, 2014).

Swipe-A-Load will target convenient and worry free lifestyles. The system allows users to use their debit cards, credit cards, or laundry cards to pay for their laundry, therefore eliminating the need for quarters. The survey indicates about 95 percent of respondents showed that they would rather have a reloadable card than coins to do laundry.

Many people in the United States own credit cards and debit cards. In 2012, 53 percent of high-income families, 31 percent of middle-income families, and 29 percent of low-income families owned credit cards in the United States. Credit cards are convenient for college students in the United States as well. In 2013 in the United States, there were 52.5 million American Express cards, 180 million MasterCard credit and charge cards, and 278 million Visa credit cards (Ghahremani & Ray, 2014).

There were also 144 million MasterCard debit cards and 428 million Visa debit cards. In 2012, 21 percent of college freshmen, 28 percent of college sophomores, 38 percent of college juniors, and 60 percent of college seniors owned a credit card (Ghahremani & Ray, 2014). This shows that there are many credit cards and debit cards throughout the United States, which makes this card market convenient and reliable.

# Market Needs

A recurring issue in self-service laundry centers is delayed use of machines due to others. In addition to this, many people have had their laundry tampered with or stolen while using public washers and dryers. Forty-seven percent of people surveyed have had their laundry taken out of the machines and/or stolen while using the communal laundry station, and 87 percent have been delayed by other users because they failed to remove their laundry on time.

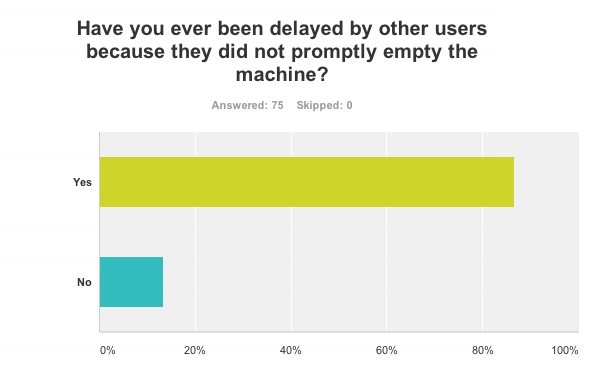


Figure 1: Number of Users Delayed Due to Others

After explaining the Swipe-A-Load service to the survey participants, and giving information on the benefits provided, 92 percent said it would be more desirable to live in a complex that utilized and offered this system.

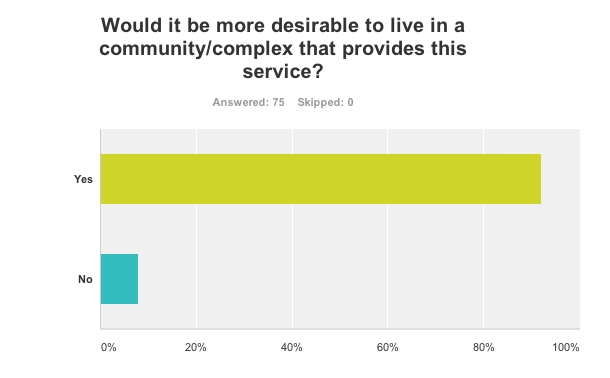


Figure 2: Number of People with a Desire for Service

Lastly, 97.33 percent claimed they would be more likely to remove their clothes on time if they knew they would be charged by the Swipe-A-Load system. Overall, there is a need in the self-service laundry market for a more safe and secure way to do laundry, as well as a motivator to remove laundry on time.

# Market Trends

Many self-service laundry companies provide the option of both coin-operated and card-operated machinery. Of the card-operated machines, most accept debit and credit cards, as well as reloadable laundry cards provided by the laundry service company. In addition, there is an increasing trend of app payment systems, especially in college and university dorms. Of WASH’s four main competitors, three offer an app for smartphones in which the customer can see the number of open machines, machines in use, time remaining on their load, and options for service and repair of the equipment. Only one, however, offers the app payment system.

As the world becomes more technologically oriented, more and more people are looking for a simple way to do everyday tasks. Eliminating coins from laundry services makes it convenient for customers to do their laundry wherever and whenever. WASH currently offers both a card-operated system and a smartphone app. With the addition of Swipe-A-Load and its features that serve the current demand, WASH will be one step ahead of competitors, giving it an advantage over the market.

# Market Growth

The key to identify any potential market growth is being able to reach the consumers and make sure the market is sustainable. Our product focuses on the specific segment of coin-operated laundry service. The coin-operated industry only holds 30 percent of the laundry service industry market. Only four major coin-operated services control this segment market, WASH being one of them. Overall industry growth for laundry service is projected to be a compounded 4 percent per year (First Research Industry Profiles, 2013). The market proves to be sustainable and healthy. However, our product will gain more market share in this growing industry.

Current industry reports indicate that the uses of “smart” washing machines are industry opportunities for growth (First Research Industry Profiles, 2013) (WASH Multifamily Laundry System , 2014). The “smart” machines allow users to use cell phones or cards to pay for laundry instead of quarters. Such machines also allow companies, like WASH, to monitor machine performance and maintenance needs. These cost-reducing factors of efficiency and preventative maintenance reduce operational costs. The industry report acknowledges that growth in the market is dependent on efficient operations. Additionally, our product creates consumer benefits of locking laundry from theft and reducing time laundry remains in the washer. These features differentiate the product from existing “smart” washers. Swipe-A-Load product will be placed in a winning value proposition of more for the same. Without executing industry trend opportunities, WASH would most likely lose market share as other companies integrate “smart” technology.

# SWOT Analysis

## Strengths

WASH currently has an annual customer retention rate of 97 percent. Of these customers, the majority has been with WASH for approximately 20 years. Its quality service and reliability keeps customers coming back. WASH has excellent customer satisfaction for many reasons, but one being that it fixed 97 percent of problems the first time (WASH Multifamily Laundry System , 2014). It also goes a step further and offers other services to clients, such as customizing the laundry rooms. WASH sends representatives to work with the client in creating a washing machine room design plan. The equipment it uses is Energy Star approved, which saves 14.4 billion gallons of water and 826 million kWh of energy a year. “In a real-world comparison, that is the same as removing 3,827 cars from the road for an entire year” (WASH Multifamily Laundry Service, 2014).

## Weaknesses

The current implication of card systems in WASH services is the same as all other competitors. Offering the same product and the same price places it in a neutral value position among competitors. Although the implementation of card keeps it in coin-operated market, it does not place it in a winning value position to gain more market share.

## Opportunities

The laundry industry offers several different opportunities to grow. WASH could take advantage of not only using energy efficient machines, but also incorporating logistics and efficiency monitoring systems to improve machine performance. Theft detection systems are also another opportunity for growth (First Research Industry Profiles, 2013). These systems pull in customers looking for security and efficiency. The product will help in both of these areas by eliminating any theft and reducing consumer costs. Lastly, just as any other business, expanding services is another opportunity for growth. Many companies in the laundry service market offer zipper repair, reweaving, and tuxedo rental (First Research Industry Profiles, 2013). For WASH, mail in service to have articles of clothing repair would be a great solution to breaking into this segment.

## Threats

WASH might be hindered by factors of energy prices, interest rates, technology innovations, and government regulations (First Research Industry Profiles, 2013). As the price of energy increases, the importance of integrating energy efficient systems is crucial for maintaining low operational costs. Technologies like the new card systems can threaten its ability to keep up with competitors and retain market share. Government regulations are the most threatening because of the cost associated with them. As regulations and standards are implemented, companies must enforce them. Regulations from EPA, OSHA, and other government agencies set chemical output, energy usage, and water usage standards. Complying with these regulations increases operation and replacement costs.

# Competition

Currently, WASH has four major competitors: Card Concepts, Inc., Coinmach, SDi Laundry Solutions, and Mac-Gray. Card Concepts, Inc. is an innovative company that produces automated payment systems for self-service laundry providers. The Coinless LaundryCard Software Payment System allows customers to receive a new card or reload an existing card to be used at the facility it services. In addition to the LaundryCard system, Card Concepts, Inc. offers an additional service called Fascard, which allows any existing machine to easily accept reloadable cards or credit and debit cards without having to modify the machine.

Coinmach is a multi-family laundry solutions company that services over 80,000 locations in the United States. Operating mainly in laundromats, colleges/universities, apartment and condominium complexes, hotels, correctional facilities, and truck stops, Coinmach operates and maintains laundry equipment to over 50 million people. Currently, a reloadable card is offered to customers to pay for laundry.

SDI Laundry solutions services over 20,000 machines in the New York and metropolitan area, and emphasizes the environmental and safety benefits of card operated laundry facilities. SDI offers customers a laundry Smart Card that can be revalued when needed and is used to pay for laundry services.

Lastly, Mac-Gray provides commercial laundry equipment, parts, and service for academic institutions, multi-family housing properties, on-premise laundries, military and government facilities, and hotels throughout the country. It offers a card payment system that can be installed on any of its equipment. With the card, customers are able to pay for their laundry and reload it.

# Product Offering

The product offered is a comprehensive system interface, which enables commercial laundry facilities to increase customer satisfaction, user availability, and company revenue. Swipe-A-Load uses a card-based system to charge for washing, drying, and time during which the load is not promptly removed from the machine.

The system is installed directly onto washing and drying machines, linked to the machines’ timing and locking mechanisms. Swipe-A-Load requires users to swipe their student or WASH card to prepay for each laundry cycle. After the load is completed, the user’s card unlocks the machine door. This ensures the user’s clothes will not be stolen or removed. Once the wash or dry cycle is completed, the user has a specified time frame before being charged for the use of the machine he or she has not made available. These two features differentiate Swipe-A-Load from competitors’ current market offers, none of which provide such security or profitability.

Swipe-A-Load is not only a product, but a business-to-business service which incorporates the many services WASH has offered throughout its 65 years of commercial laundry experience (Wash, 2014). The system comes with a one-year warranty and maintenance schedules for purchased machines. Customer institutions and businesses may choose to purchase Full Cycle, an extended warranty and machine recycling service which incorporates repairs, regular maintenance, and bulk purchase of WASH Cards. WASH has been awarded for prompt and effective maintenance performance, the same performance that complements Swipe-A-Load and its Full Cycle extended warranty.

These are the major features that make Swipe-A-Load an unrivaled and comprehensive product. Swipe-A-Load applies technological solutions to all aspects of laundry machines, which conventionally fail to resolve common problems of laundry users and providers. In addition, it provides the customer with security of property and availability of machines, while offering facilities greater customer satisfaction and revenue generation through increased machine productivity.

# Keys to Success

In effort of obtaining market share in the coin-operated laundry industry, there are important factors which will accelerate Swipe-A-Load’s success. Swipe-A-Load works with already installed washers and dryers; the system is easily added to existing setups a business or institution may currently be using. If current WASH customers desire to add the interface to their existing laundry machines, Swipe-A-Load will benefit greatly. This factor is important because WASH’s existing customer base of 4.5 million people is much larger than it expects to obtain throughout the next three years (Wash, 2014). Upgrading these existing systems to Swipe-A-Load would greatly increase sales, installation, and service revenue for WASH.

Increasing college attendance and general urbanization should increase demand for coin-operated laundry services. Swipe-A-Load aims to meet this demand and the resulting demand for more secure, profitable, and customer satisfying laundry solutions. Enrollment in degree-granting institutions rose 37% between 2000 and 2010. Much of this growth is of full-time students, who typically live on campus or in complex housing. Full-time enrollment increased almost 50% between 2000 and 2010 (U.S. Department of Eduacation, 2012). This trend is believed to sustain or increase during this and the following decade. Currently, the U.S. has over 21 million college students, the majority of them reliant upon commercial laundry facilities (U.S. Department of Eduacation, 2012). If the college-enrolled population continues to grow at similar rates, Swipe-A-Load would capitalize on its massive need for commercial laundry.

Much like college enrollment, U.S. urbanization is growing rapidly. It is estimated that the U.S. population will increase by 27.3 million people between 2012 and 2022 (Southern Regional Education Board, 2013). Not all 27.3 million of these people will be living in urban areas, but the addition suggests that significantly more will be living in compressed residency environments. Increased urbanization often leads to centralization of commonly used and needed resources; laundry is a great example. As people live in more condensed, urban cities, fewer will own laundry systems; more people will clean their clothes by utilizing local laundry services, such as WASH’s customer businesses.

Increased college enrollment and urbanization should provide the increased demand for commercial laundry facilities. This will be a demand not only for more quantity, but also more quality, laundry solutions. With more people utilizing shared laundry services, the efficiency of such services must be improved. Swipe-A-Load ensures customer satisfaction by ensuring machine availability and security. Allowing only the user’s laundry or student card to unlock washer and dryer doors, the system prevents all possibility of common Laundromat theft. By charging customers for not emptying out machines, it creates an incentive to remove laundry, leading to quicker availability for the next user. Creating a secure and more available laundry system should fulfill the demands of a growing and urbanized population.

# Critical Issues

Despite the functionality, benefits, and sensibility of Swipe-A-Load, there are issues that possibly stand in the way of its success in the market. The major issue is the cost of installation and services. Swipe-A-Load will appeal to customers installing new machines; adding the system to existing washers and dryers is much different. Adding the system to existing machines demands that businesses and institutions make unnecessary upgrades to functioning systems. Especially for universities, this could be a difficult sale. Colleges have finite funds, and a new laundry system for fee retrieval is not an exciting expense to rally funding for. While institutions and commercial living facilities rely on cost saving practices, installing Swipe-A-Load is an expense many facilities may not be willing to accept. This risks selling too few systems and services, resulting in Swipe-A-Load’s failure in the marketplace. These critical issues must be addressed in order to further secure and promote Swipe-A-Load’s success and growth in the coin-operated laundry industry.

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# Appendix

Swipe-A-Load Laundry Service

1. How old are you?

1. 17 - 24 years old
2. 25 - 32 years old
3. 33 - 40 years old
4. 41 - 48 years old
5. 49 - 56 years old
6. 57 - 64 years old
7. 65 & up

2. What type of residency do you occupy?

1. Apartment/Condominium
2. Dormitory/Residence Hall
3. Townhouse/Duplex
4. House
5. Other (please specify)

3. Do you use communal laundry services?

1. Yes
2. No, I own a washer and dryer
3. No, I go to a Laundromat

4. How often do you leave your laundry unattended?

1. All the time
2. Occasionally
3. Never

5. How often do you do your laundry?

1. Once a week
2. Twice a week
3. Three times a week
4. Four or more times a week

6. Have you ever had your laundry tampered with or stolen?

1. Yes
2. No

7. Have you ever been delayed by other users because they did not promptly empty the machine?

1. Yes
2. No

8. Would you prefer a prepaid/reloadable laundry card over coins?

1. Yes, I would prefer prepaid/reloadable laundry cards
2. No, I would rather use coins

9. Would it be more desirable to live in a community/complex that provides this service?

1. Yes
2. No

10. If you knew you would be charged for leaving your finished laundry in the machine after 5 minutes, would you be motivated to remove your laundry on time?

1. Yes, I would be motivated
2. No