
VALIDATION REPORT

Group 3

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INTRODUCTION

University students who live away from their primary residence during the academic season typically employ the services of storage companies to store their items over the break periods. Simultaneously, high living costs push many students to search for additional sources of income. We believe that our platform, SocialStore, solves both sides' issues.

SocialStore connects students searching for a storage solution with others in their local area who have extra space in their accommodation. This allows students renting space (storage renters) to bypass traditional storage companies entirely, while providing a source of passive income to those offering space (storage providers). The service enables storage providers to advertise their available space and list the price they intend to charge potential customers. The competition between providers is expected to lead to lower prices for renters compared to established alternatives.

SocialStore differs from a traditional company in the self-storage market in the following ways:

- **Significantly smaller operating costs** - Since there is no infrastructure, no bills for heating nor water, and no security investments, our main costs stem from paying the providers, application development and maintenance team.
- **The price is set by the market** - Storage providers can set a price when they advertise their space.
- **Renters can choose the location of storage based on availability** - Storage can be local for convenient drop-off and collection.
- **Revenue stream is fundamentally different** - We receive a commission from the total amount paid by renters to providers

The total size of the potential market is the number of international students in the UK in addition to UK students who study away from their hometown. SocialStore is specifically aimed at university students in search of low-cost alternatives to student storage companies and to those seeking a source of passive income. The service will initially be tested with students in London and will later be rolled out to other parts of the UK. This is how SocialStore segments its market.

THREE RISKIEST ASSUMPTIONS

We used the Assumption Matrix to help us decide the riskiest assumptions for our business model. A copy of the matrix is attached in the appendix. We chose the following 3 assumptions as the riskiest ones.

- **Storage companies do not offer sufficient services in terms of convenience, flexibility and affordability required to satisfy students.**
- **The student market is large enough such that there are enough renters and providers.**
- **Renters and providers would be willing to use this service with less of a guarantee of safety to find cheaper space.**

As we are part of the target market, we noticed that perceptions about established companies can vary significantly. The first assumption checks if there exists room for improvement in the current storage market or if it is too mature for new entrants to outcompete the incumbents. The second assumption is used to investigate if the business model will be sustainable based on the number of people interested to be either renters or providers. A key difference between our venture and the competition is customer's confidence in the service. Without the reputation of a major firm, it will be harder for potential customers to feel their items will be safely stored. If their trust cannot be earned, the platform will prove unprofitable. The rest of the assumptions listed are related to the platform's smooth operation, which do not pose as significant a threat to the core business.

Pricing was not directly validated at this stage because it depends on several variables, including insurance coverage, transportation arrangements and commission. It is preferable to extract reliable conclusions about customers' sentiments on these topics and then develop a pricing strategy based on these constraints.

ASSUMPTION 1:

Storage companies do not offer sufficient services in terms of convenience, flexibility and affordability required to satisfy students.

A survey was chosen to validate this assumption. This validation method was selected in order to gauge the opinions of a wider sample on a more quantitative basis with some qualitative features. The questions were structured in such a way that determined whether storage companies were considered ‘student friendly’ in terms of convenience, flexibility, and affordability. The survey reached 129 responses and out of these, 33 people had used storage companies before.

The information received in interviews conducted complemented the data from the survey. The data from these is summarized below:

Convenience

As a result of storage companies being located a long distance away from most students’ residences, numerous boxes may need to be transported which can be cumbersome. Given that university students have a time-sensitive schedule, a service located close to their residence would be preferable. To address this issue, most storage companies offer additional services such as collection and delivery, but these services are only offered at a premium. Therefore, the higher costs due to storage companies’ inconvenient location directly affects affordability.

Convenience is impacted by the number of items stored because a higher number will require a more robust transportation solution and is thus more likely to require pick-up/delivery.

The survey’s findings are summarized in the following table. Most respondents indicated they would need a moderate number of boxes, which means there will likely be enough space for a renter’s belongings in a standard London flat.

How many items did you store?	Number of responses
1-2 boxes	8
3-4 boxes	15
5-6 boxes	2
7-8 boxes	2
9+ boxes	6
Sofa	1

The length of a storage agreement also influences the choice of storage provider. Based on the answers provided, most students would need to store their items for at least a 3-month period.

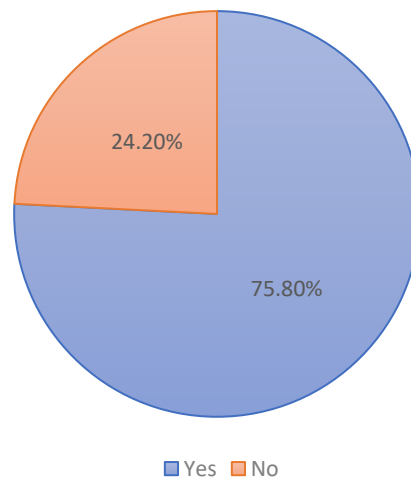
How long did you store your items for?	Number of responses
<3weeks	4
1-2 months	4
3-4 months	20
5-6 month	4
>6 months	1

Flexibility

Flexible contracts which allow students to access their belongings earlier than planned are a major consideration for students. We assumed that current services do not provide enough flexibility or that they charge an unreasonable premium for a degree of flexibility.

The results from our survey showed that approximately 75% of people who have used storage companies before did not think flexibility was an issue when their circumstances changed unexpectedly. However, interview participants indicated that firms' responsiveness regarding a change in circumstances, such as collecting belongings earlier, could be improved.

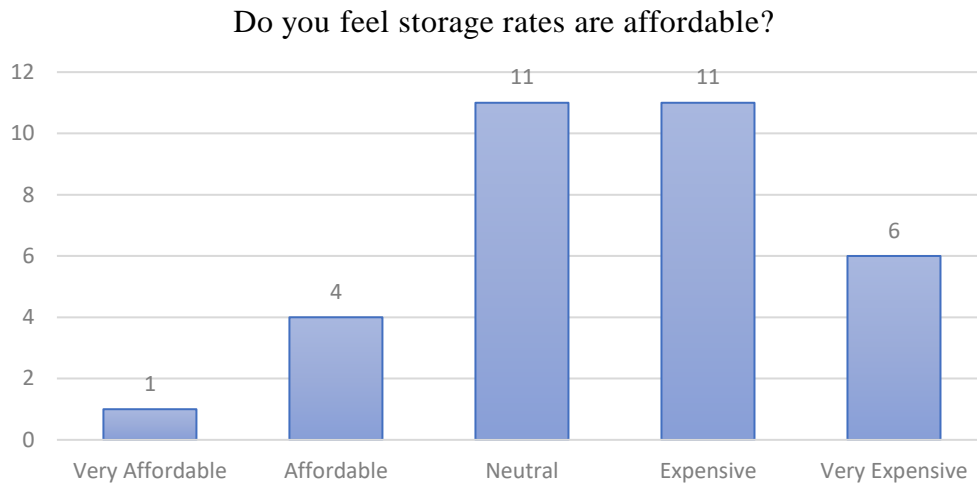
Do you believe that storage agreements offer flexibility
for when your circumstances change?



They also mentioned they would prefer a local storage solution which would offer more flexibility in the drop-off and collection of items. They cited examples of companies, including Lovespace and Big Yellow Box, which require customers to be available for an extended time window, usually from 7am to 7pm.

Affordability

Most UK students are budget conscious. Validating whether the current storage solutions are affordable is an important consideration for the idea's success. When being asked about how expensive they thought the current solutions were, more than half of respondents stated that they feel the current options are expensive, as shown in the figure on the next page.



They were then asked to provide a price range of the monthly cost they incurred per box. Given their prior answer about affordability, it is evident that our storage platform must charge customers less to be competitive.

How much did you pay per box per month?	Number of responses
£1-9	10
£10-14	7
£15-19	3
£20-24	3
£25- £30	10

Overall, it has been established that students consider storage companies' plans more flexible than we thought and find providers who can give precise collection and delivery time estimates preferable. There also exists evidence that suggests storage rates currently being charged are not affordable.

ASSUMPTION 2:

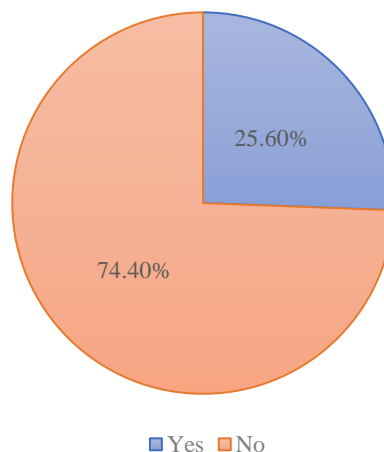
The student market is large enough such that there are enough renters and providers.

For the purpose of validating this assumption, a landing page was chosen because it can capture people's attention by helping them visualize how the service would look. It also presents to them the value proposition concisely. This assumption is quantitative as it investigates the potential market size, which suggests a method that can check interest with a sizeable sample is the most appropriate. The link for the website is in the appendix.

After promoting the idea through personal social media accounts, we had 214 visitors within the first 14 days. Specifically, 59 people were interested in becoming providers and 37 people interested in being renters. Some people contacted us with questions for further discussion regarding the service. It can be noted that the number of renters was lower than the number of providers. This may be due to the current pandemic, with students not actively seeking storage. Alternatively, the incentives for providers are more appealing than those for renters, resulting in different sizes.

Ultimately, the response for the landing page suggests there exists a significant amount of interest in our venture, given that no money was spent on advertising the page to a broader audience. We also included questions in our survey to further validate our findings, which are shown below:

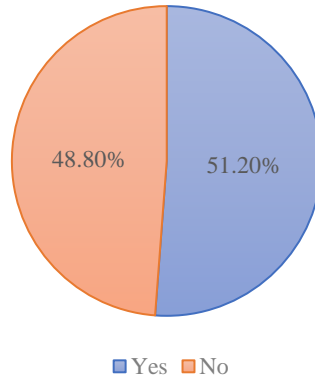
Have you ever used a private storage company?



There is reason to believe that our number might have a bias for the percentage who said yes. This might be because several students were left with no other option but to use storage companies if their tenancy contract was ending and they were outside the country due to the pandemic. Three out of eight people from the focus group mentioned that they were less inclined to use storage companies due to their pricing as well.

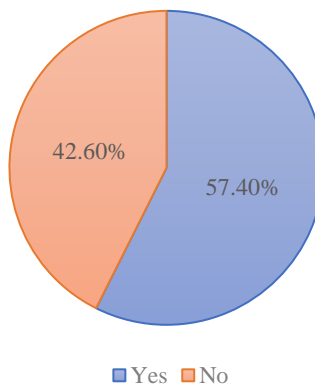
It can be inferred that roughly over one in four students could be viable customers provided our service is on par with storage companies but at a cheaper rate.

Have you ever stored your items in somebody else's accommodation?

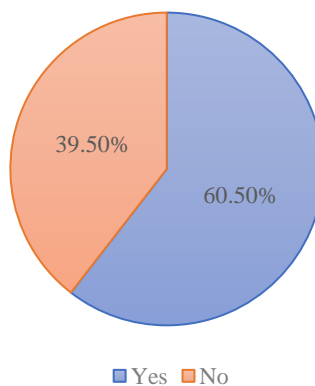


This graph also shows that students do need storage but prefer storing items at a friend's place due to factors mentioned in assumption one. This validates our understanding that there would be a significant segment of students who would want to be renters on our platform.

Do you believe you have sufficient space in your housing to store someone else's items?



Are you interested in being paid to store someone else's items in your space?



University students based in London usually have compact rooms with barely enough space for essentials; this leads to an overlap between students who would want to be providers and those who do not have enough space (16 students).

There are multiple students who share a house with their friends and hence have more living space and thus more space to rent out. This leads to an overlap between students who would want to be providers and those who have enough space (62 students).

From the students who have enough space, a portion of them did not want to bear the responsibility and stress of taking care of someone else’s items. This led to an overlap of students who do not wish to be providers and those who had enough space (12 students).

When asked why people do not want to rent out their space in exchange for money, the most frequent responses were lack of space and concerns about potential liability associated with storing other people’s belongings.



Based on the above research, we can conclude that there is a significant portion of our target market interested in this platform. Albeit, we might have more providers than renters which will lead to higher competition and better pricing for renters.

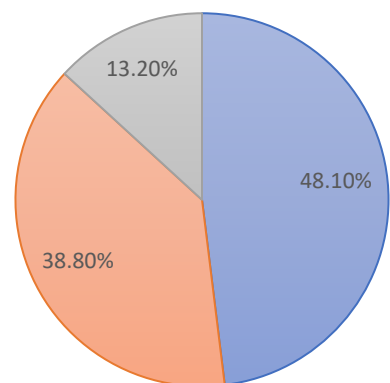
ASSUMPTION 3:

Renters and providers would be willing to use this service with less of a guarantee of safety to find cheaper space.

The third assumption was tested using a combination of two focus groups consisting of university students and a survey. Validating through a focus group allows us to find ideas which had not been initially considered in the lean canvas. In this case, it helped us investigate the concerns of potential customers and storage providers and understand their reasoning. The survey complemented the focus group, allowing us to verify some results with a larger student sample in a timely manner.

For almost all respondents, price and value for money is a major factor in their storage provider choice. Maintaining an adequate level of service at a lower price point than competitors would lead respondents to choose our offering. Providing comprehensive insurance coverage was a major consideration based on the analysis of the survey results.

Is content insurance an essential condition for you to use any storage solution?



■ Absolutely ■ Maybe ■ Not Essential

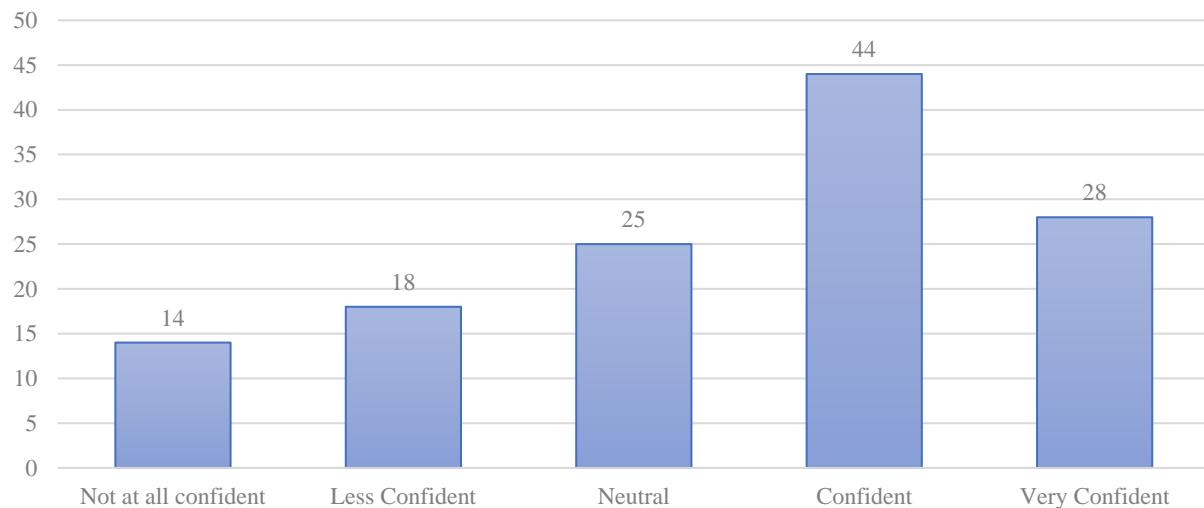
However, the focus group participants indicated that whilst having insurance would boost their feeling of safety, it was not a significant factor and by itself was insufficient. One of the participants suggested the use of lockboxes instead of conventional cardboard boxes. However, the majority disagreed and said they would rather be able to trust their storage provider by having access to pictures of the space and reviews from previous customers.

Their confidence would further increase if there were assurances that providers will be responsive to their calls and messages. Focus group responses indicated that students would not use this service to store expensive items, but mostly inexpensive clothes, crockery, and stationery, which means a comprehensive insurance policy would not be needed.

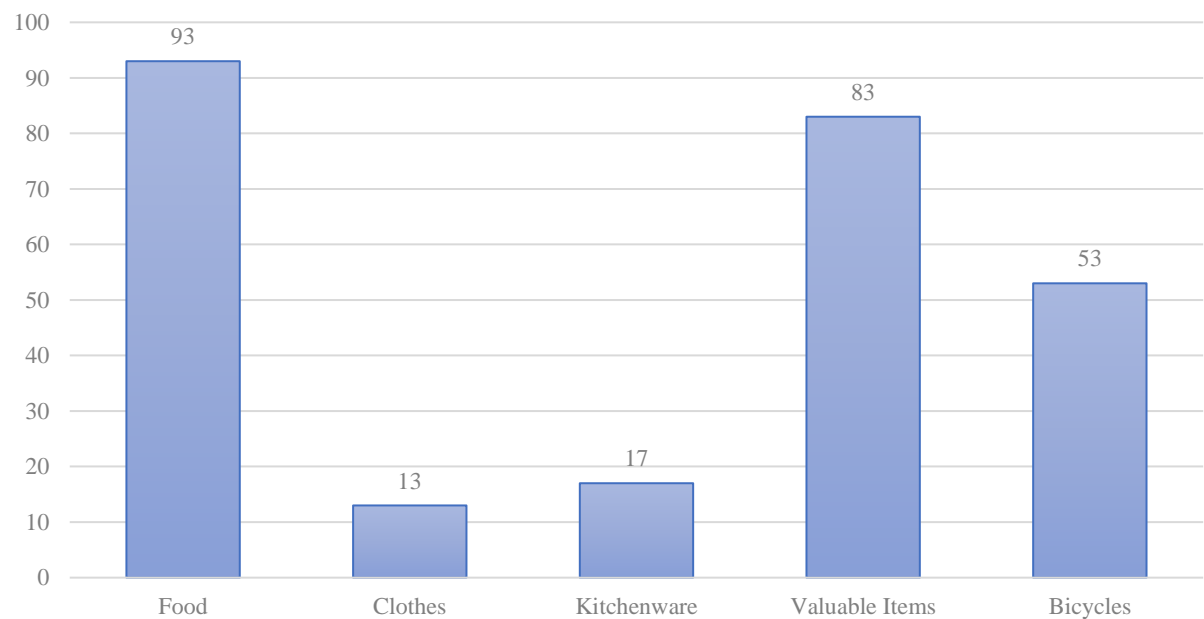
Participants were later asked about their willingness to be a provider on this platform. Their main concerns were related to how high margins can be and how well defined the rules about storing

people's items are. One of the rules should be about what items renters are allowed to store. Respondents highlighted that perishable and valuable items should not be stored under any circumstance. Provided these conditions were satisfied and they had enough available space, they would be willing to act as providers. The following survey results confirm the sentiments about assuming the role of a renter or provider and placing restrictions on the types of items that can be stored.

Would you feel confident storing your items in someone else's home if they provided pictures of the space they would be offering you? Assume your items are insured?



Which items would you not feel comfortable storing?



DISCUSSION & CONCLUSION

The validation process helped the group better understand the opinions and concerns of the initial target market. In terms of the market incumbents, we correctly predicted that students believe storage prices could be lower. However, satisfaction with the flexibility and storage process offered by established companies was significantly higher than expected. Despite this, interview responses suggested that people are interested in our business model. Based on the engagement with the landing page, there exists promising demand for and supply of storage space, though the deviation between the two should be further investigated. We also overestimated the importance of content insurance in addressing safety concerns. Instead, it is more important to develop a system that checks if providers offer quality service and includes ratings, reviews, and pictures of the space advertised.

Based on these conclusions, the group has decided to persevere with the initial idea. Given the low operational costs needed to launch and that potential customers indicated insurance is not a guarantee of safety by itself, our platform could better compete in terms of price by allowing them to opt-out of insurance coverage.

Looking back to our original lean canvas, we have tested the problems, the solution, and the unfair advantages our business model has. The revised canvas includes the insurance, transportation, and legal costs, which had not been initially considered. Based on focus group and interview remarks, potential customers are open to the idea of paying for storage per day, instead of per week or per month.

Our next step will be to develop a more comprehensive Minimum Viable Product (MVP) focusing more specifically on features, whilst also performing a cost analysis and creating a thorough pricing strategy. Using the customer feedback from the MVP, we will continue to develop our service and expand our user base.

APPENDIX

LEAN CANVAS

The Lean Canvas		SocialStore– Group 3		Date : 08/11/2020 Iteration #1			
Problem Lack of low-cost options for students moving out of accommodation, who need a place to store their belongings over break periods. Students must pay for the full storage contract length even if they collect their items earlier. High cost of living for students pushes them to part-time work, which can be hard to balance with their studies The potential market is large as the number of international students admitted to UK universities has increased by 9% (44,300 in total for 2020-2021)	Solution Online platform and a mobile application that connects students looking for low-cost storage with students who have extra space in their flat. Platform is only accessible to students (can verify using an email ending with .ac.uk) Competition among storage providers will lead to low prices Alternatives: student storage companies with their own facilities (Lovespace, Big Yellow SafeStore)	Unique Value Proposition i) Storage Providers Storage providers gain passive income from their extra space ii) Storage Users Likely to be cheaper than traditional storage company operators Provides a more convenient solution than traditional storage as the storage space is likely to be nearby to potential customers. Flexible agreements for storage users (items can be collected earlier or later than date initially specified) Personalised support can be offered to storage users- e.g. storage providers can help transport the items for an extra fee.	Unfair Advantage Low/ non-existent operating expenses (founders can work from home and no need to maintain on a large storage facility) Self-regulating marketplace (prices set by storage providers) Founders have the required technical background Founders share the same perspective with potential customers as they can be both users and customers Exclusivity to university students	Broad customer Segments University students seeking a source of passive income University students in search of low-cost alternatives to student storage companies Early adopters/first users First-year Imperial College students looking for storage space over the summer break	Key Metrics Number of accounts created and the number of active users looking for storage. Number of available storage providers Number of boxes stored Frequency of potential incidents leading to customer dissatisfaction.	Key Costs App development and maintenance Application promotion Purchase of packaging materials (purchased in bulk to resell) Domain Hosting and backend costs Recurring developer fee to access the Apple App Store (\$ 99) , one-time fee for the Google Play Store (\$25)	Revenue Model Commission from each transaction – specified minimum charge per transaction Sales from packaging materials (tape, cardboard boxes, stickers etc.) Possible targeted in-app advertisements
PRODUCT Lean Canvas is adapted from The Business Model Canvas (http://www.businessmodelgeneration.com) and is licensed under the Creative Commons Attribution-Share Alike 3.0 Unported License. The above version has been adapted by Dr Harveen Chugh, September 2020 for busi96010.			MARKET				
Imperial College Business School			Imperial means Intelligent Business		1		

Revised Lean Canvas

Revised Lean Canvas		SocialStore– Group 3	Date : 15/01/2021 Iteration #2	
Problem <p>Lack of low-cost options for students moving out of accommodation, who need a place to store their belongings over break periods.</p> <p>Students must pay for the full storage contract length even if they collect their items earlier.</p> <p>High cost of living for students pushes them to part-time work, which can be hard to balance with their studies.</p> <p>The potential market is large as the number of international students admitted to UK universities has increased by 9% (44,300 in total for 2020-2021).</p>	Solution <p>Online platform and a mobile application that connects students looking for low-cost storage with students who have extra space in their flat.</p> <p><u>Platform is only accessible to students (can verify using an email ending with .ac.uk)</u></p> <p>Competition among storage providers will lead to low prices Alternatives : student storage companies with their own facilities (Lovespace, Big Yellow, SafeStore)</p>	Unique Value Proposition <p>i) Storage Providers Storage providers gain passive income from their extra space</p> <p>ii) Storage Users Likely to be cheaper than traditional storage company operators</p> <p>Provides a more convenient solution than traditional storage as the storage space is likely to be nearby to potential customers.</p> <p>Flexible agreements for storage users (items can be collected earlier or later than date initially specified). <u>Option for a daily contract instead of per week or per month.</u></p> <p>Personalised support can be offered to storage users- e.g., storage providers can help transport the items for an extra fee.</p>	Unfair Advantage <p>Low/ non-existent operating expenses (founders can work from home and no need to maintain on a large storage facility)</p> <p>Self-regulating marketplace (prices set by storage providers)</p> <p>Founders have the required technical background</p> <p>Founders share the same perspective with potential customers as they can be both users and customers</p> <p><u>Exclusivity to university students</u></p>	Broad customer Segments <p>University students seeking a source of passive income</p> <p>University students in search of low-cost alternatives to student storage companies</p>
Key Metrics <p>Number of accounts created and the number of active users looking for storage.</p> <p>Number of available storage providers</p> <p>Number of boxes stored</p> <p>Frequency of potential incidents leading to customer dissatisfaction.</p>		Channels <p>Instagram promotion through advertisements and sponsored posts.</p> <p>Promotion through Facebook groups</p> <p>Outreach to Halls of Residence and Union representatives</p> <p>University events – attending/sponsoring events</p>	Early adopters/first users <p>First-year Imperial College students looking for storage space over the summer break</p>	
Key Costs <p>App development and maintenance</p> <p><u>Delivery</u></p> <p><u>Insurance</u></p> <p><u>Legal Fees</u></p> <p>Application promotion</p> <p>Purchase of packaging materials (purchased in bulk to resell)</p> <p>Domain hosting and backend costs</p>		Revenue Model <p>Commission from each transaction – specified minimum charge per transaction</p> <p>Sales from packaging materials (tape, cardboard boxes, stickers etc.)</p> <p>Possible targeted in-app advertisements</p> <p>Insurance</p> <p>Earnings from delivery & Insurance</p>		
PRODUCT <p>Lean Canvas is adapted from The Business Model Canvas (http://www.businessmodelgeneration.com) and is licensed under the Creative Commons Attribution-Share Alike 3.0 Unported License. The above version has been adapted by Dr Harveen Chugh, September 2020 for busi96010.</p>		MARKET 		
Imperial College Business School		Imperial means Intelligent Business 2		

Changes made to the original canvas are underlined and italicised.

ASSUMPTION MATRIX

IMPACT IF WRONG	High	<p>The student market is large enough such that there are sufficient numbers of renters and providers.</p> <p>Renters and providers would be willing to use this service with less of a guarantee of safety to find cheaper space</p>
	Low	<p>Storage companies do not offer sufficient services in terms of convenience, flexibility and affordability required to satisfy students.</p> <p>Proximity of storage space to renters and cost of transport</p> <p>Renters would be willing to (most likely) use public transport or taxis to carry their stuff to somebody else's flat instead of having a company van pick them up</p> <p>Providers would be content to pay the platform some compensation</p>
		DEGREE OF UNCERTAINTY
		Low High

INTERVIEW QUESTIONS

1. What kind of flexibility would you need with a storage provider?
2. Have you ever had any problems with storage providers and how quickly were they resolved?
3. How was their responsiveness?
4. How content were you with their pick-up and delivery services?
5. What bundled services would you like to opt out of?

N.B. Follow up questions also asked based off of response.

SURVEY QUESTIONS

Section 1

1. Have you ever used a private storage company to store your belongings?

Section 2 – (Only asked if answer to Q1 “Yes” was)

2. Did you store your items inside London?
3. How safe do you think is storing your luggage with luggage companies?
4. How often do you use storage companies to store your items?
5. If you have used storage companies' services, how long did you store your items for?
6. How many items did you store? (e.g., 1 small suitcase and 2 boxes)

7. Do you believe that storage agreements offer flexibility for when your circumstances change (e.g., you need access to your items sooner)?
8. How much did you pay per item?
9. Do you feel that storage rates are affordable?
10. How happy are you with pick-up and delivery time reliability offered by storage companies?
11. How did you obtain the boxes needed for packing?
12. Were you happy with the condition in which your luggage was returned?

Section 3

13. Would you feel confident storing your items in someone else's home, if they provided pictures of the space, they would be offering you? Assuming your items would be insured for damages.
14. Have you ever stored your items in somebody else's accommodation before?
15. For how long would you need to store your items approximately?
16. Is content insurance an essential condition for you to use any storage solution?
17. Would you be willing to pay more for content insurance?

Section 4

18. Do you believe you have sufficient space in your housing to store someone else's items?
19. How confident do you feel to store someone else's belongings in your home?
20. Are you interested in being paid to store someone else's items in your space for a certain time period?
21. If you answered no to the previous question, can you explain why not?
22. Which of the following would you not feel comfortable storing?

FOCUS GROUP QUESTIONS

N.B. Focus group was more conversational, with questions used to open a larger discussion.

1. Firstly, does this platform interest you (either as a tenant or a provider)?
2. What specific issues, concerns, or problems do you have about using this platform?
3. How do you feel about having special lockboxes for additional security?
4. How important is insurance for you when looking for storage options?
5. What features do you like about this service? (For example, Flexibility, Ease of Access, Negotiable Price)
6. What changes could be made to make you feel more comfortable using this platform?
7. What is off-putting/attractive about storage companies?
8. What are some services that you wish storage companies provided you with? What would you be willing to pay for these services realistically?
For example, Transportation of items to and from Storage place?
ii) How much would you be willing to pay for these additional services?
If the provider's home is quite close, would you be willing to carry your stuff there or is pick-up/delivery a must?
9. How much extra space do you have available to rent?

10. How much are you willing to pay/be paid?

How much are you willing to pay per medium box per week?

Options in £:

1.8, 2.4, 2.7, 3

Notes: We started with £2.4 and observe how customers responded to increasing price points.

11. How many boxes/suitcases would you be willing to store?

WEBSITE

Link: <https://sites.google.com/view/socialstore-icl/>