loc8

don8

Find Locations for Your Donations

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Table of Contents

Mission

Our mission is to reduce global waste and to help the less fortunate by ensuring that all unwanted items are distributed to those who need them. Although clothing is only one of many items that our business addresses, clothing waste is a severe and growing problem in America. Only 15% of clothing is donated or recycled, leaving 85% in landfills.[1] This equates to 10.5 million tons of wasted clothing each year.[2] In addition, these numbers are growing. The amount of Post-Consumer Textile Waste increased by 40% between the years 1999 and 2009, and it is expected to grow again by 40% between 2009 and 2019.[3] Once they reach landfills, these items give off methane, contributing to the greenhouse gases that fuel global warming.[4]

The lack of donation also robs the less fortunate of the opportunity to secure the items they need to thrive. Our community, Silicon Valley, presents an extreme level of wealth disparity, where entrepreneurs and executives live alongside the unemployed and impoverished. Not only is San Francisco home to the second-largest population of billionaires in the United States, but 11.3% of its residents live below the poverty line.[5][6] In addition, San Francisco has the second-highest level of income inequality of all American cities.[7] In cities such as San Francisco with an uneven wealth distribution, we hope to make it easier for everyone to share.

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[1] http://www.weardonaterecycle.org/about/issue.html

[2] http://www.theatlantic.com/business/archive/2014/07/where-does-discarded-clothing-go/374613/

[3] http://www.weardonaterecycle.org/about/issue.html

[4] http://www.triplepundit.com/2012/01/textile-waste-be-banned-landfills/

[5] https://en.wikipedia.org/wiki/List_of_cities_by_number_of_billionaires

[6] http://www.city-data.com/poverty/poverty-San-Francisco-California.html

[7] http://www.brookings.edu/research/reports2/2015/03/city-inequality-berube-holmes

Product Description

Loc8Don8 simplifies the process of finding donation locations. Users first select clothing, toys, books, appliances electronics, and/or food for the items they would like to donate. Next, they can either enter in their zipcode or use Loc8Don8's location sensor feature to find their current location. Finally, Loc8Don8 displays a list of matching results sorted by the distance from the user's location. For example, the following results are shown when a user searches for centers that accept clothing near the zipcode 94061:

When a user clicks on a result, they can see detailed information such as the telephone number, website, address, and categories of items the donation center accepts. They can also view the donation center on a map.

To allow for a greater number of donation centers to be featured in our app, we have created an online database that stores the names, addresses, phone numbers, websites, and acceptable items of donation centers. When a user creates a new search on Loc8Don8, it searches the database to find the best donation centers. Since the database in stored in the cloud, users will not be required to update the app to have access to newly added donation centers. In addition, users have the option of adding their favorite donation center to our database, which will allow it to grow. No such database currently exists, and ours will be essential to our success.

Loc8Don8's ability to quickly and easily find donation centers will encourage users to donate more.

Team Summary

Loc8Don8 was founded in Redwood City, California by two sisters: Jennifer John and Allison John. Because we have similar abilities, we collaborated on the majority of tasks. However, Allison spent slightly more time on the programming of our app and financial analysis, and Jennifer was the primary writer of the business plan and pitch script.

We received assistance in developing our company by two mentors, Adrian Cockcroft and George John. Adrian has lots of experience in technology and business, having worked on Web Engineering at Netflix and engineering at EBay. He is now a Technology Fellow at Battery Ventures. Adrian offered us guidance in creating our company by helping us to interpret user feedback and supplying other strategic advice.

George is the founder and former CEO of Rocket Fuel Inc., which uses artificial intelligence to show more relevant ads. He assisted us in the programming of our app. In particular, he offered us advice on how to build our database of donation centers. He also helped us with financial modeling.

Keys to Success

Loc8Don8 has the potential to become successful for three reasons.

First of all, Loc8Don8 is appealing to users because it is easy to use. The elegant User Interface eliminates the possibility of confusion while using the app: the screens are intuitive, making the process of using the app simple.

Second of all, Loc8Don8 will support more customers because our extensive database will include multiple organizations that accept many different kinds of donations. This means that users will use Loc8Don8 when they want to donate multiple kinds of items. For example, our database contains donation centers that accept food and some that accept clothing.

Finally, Loc8Don8 will be a success because there is virtually no competition. Currently, if a person wishes to donate an item, they must search on Google to find a location that accepts it. That process may not be efficient, as it is not always easy to see the acceptable donations on the website. The person will likely become discouraged during the process, and the item will end up in a landfill instead of in the home of someone who needs it more.

Branding and Promotion

Branding

We chose our company name, Loc8Don8, because it is simple and easy to remember. Our logo places "loc8" and "don8" in opposite corners to symbolize the path from locating a donation center to donating the items. The background is green to represent the positive environmental and humane effects of donation.

We will highlight Loc8Don8's environmental and humane benefits during branding to appeal to people's sense of altruism. Users who may have had not ideal experiences with donation in the past will be attracted to its simplicity, speed, and easiness. They will be intrigued by the opportunity to help both the earth and the less fortunate, and as a result, will be eager to download our app.

Promotion

Loc8Don8 will be promoted using a variety of platforms. First of all, we will advertize on Google and Facebook. We will also recruit donation centers to promote Loc8Don8 by hanging fliers and sending notices. We believe they would be willing to do this because it will attract more donations to their facilities. Later on, we will also add a feature that allows users to notify their friends when they make a donation using Loc8Don8, and the app will spread by word of mouth.

Market Analysis

Potential Market Size

Loc8Don8 is addressed at middle and upper income households in the San Francisco Bay Area. We plan to later serve the New York, Chicago, and Los Angeles metropolitan areas, and eventually we hope to make our app accessible to people worldwide. We hope that our app will become a staple in households as it gains popularity.

According to a Pew Research Center study, 50% of the 242.1 million American adults live in middle-income households, and 21% live in upper-income households.[8] This means that 71% of American adults live in middle- and upper- income households. In 2010, there were 2,608,023 households in the San Francisco Bay Area.[9] Assuming the percentage of lower-income households is approximately the same in the Bay Area as in the United States, we estimated that there are 71% × 2,608,023 = 1.85 million middle- and upper-income households in the Bay Area. The following is a table of the number of users we hope to target in Phase 1 and 2 of the expansion of our app:

Phase	Cities	Potential users (million)
1	San Francisco Bay Area	1.85
2	SF Bay Area, New York, Chicago, LA	9.27 [10] [11] [12]

We have not yet analyzed the number of potential users worldwide, as the great differences in wealth across countries makes this very difficult. However, we speculate that there will be a large number of potential users, especially in wealthier cities.

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[8] http://www.pewresearch.org/fact-tank/2015/12/09/are-you-in-the-american-middle-class/
[9] http://www.bayareacensus.ca.gov/bayarea.htm
[10] http://www.baruch.cuny.edu/nycdata/income-taxes/hhold_income-numbers.htm
[11] http://www.census.gov/quickfacts/chart/IPE120213/06037
[12] http://censusreporter.org/profiles/16000US1714000-chicago-il/

Market Analysis (cont.)

Competitive Analysis

There are currently apps on the Google Play Store that find donation locations, but these apps only include a specific donation organization. For example, the app Goodwill Locator only displays Goodwill locations, and the app Salvation Army Family store is limited to Salvation Army Family stores. Furthermore, both of these apps have received complaints from users regarding basic functionality. For example, the Salvation Army Family Store received the following reviews on their Google Play Store page:

Kristen Parker
★★☆☆☆ 1/9/16

Wanted to love this app...
Nothing seems to work. Locations do not appear. It's a great idea, keep trying!

Mary Kaye Lavorato
★★☆☆☆ 3/23/16

Really?
Does not show any locations..cannot add any donations unless you choose a location..worthless..don't bother installing. Let's get this fixed please.

Sherri Mangis
★☆☆☆☆ 1/4/16

Worthless app
Installed twice in a week. Can't ever even get the store locator to function. Keeps indicating "error"

As the app is run by a nonprofit, its developers likely have limited time and money to fix bugs and improve their apps.

Loc8Don8 offers a revolutionary user experience by including multiple organizations such as the St. Vincent de Paul society, Second Harvest Food Bank, Goodwill, and more. Since the database is constantly growing, it offers a breadth of organizations available to users. This breadth will improve user retention rates by allowing users to use the app for more occasions.

Financial Projections

Annual User Count
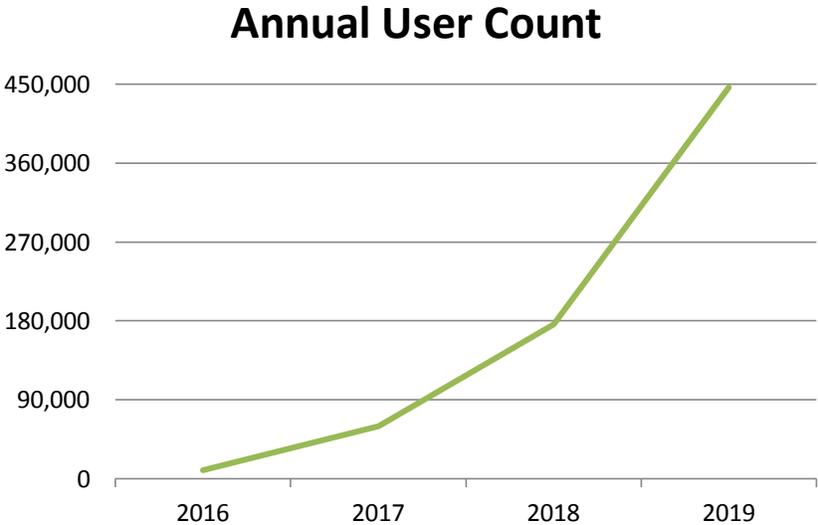
We assumed that about 0.4% of households would download our app in the first year, which equates to 10,000 downloads. In 2017, we will have a retention rate of 50%, but we will get 55,000 new users from advertising and word of mouth. In 2018, our retention rate will climb to 80% because the new tax report feature will keep customers motivated to use the app, and we expect to almost triple the number of new users. We also plan to invest more in marketing as the company becomes more profitable, as our ultimate goal is for the app to be used worldwide. By 2019, we will have a retention rate of 83% and 446,080 total users.

Average Revenue Per User (ARPU)
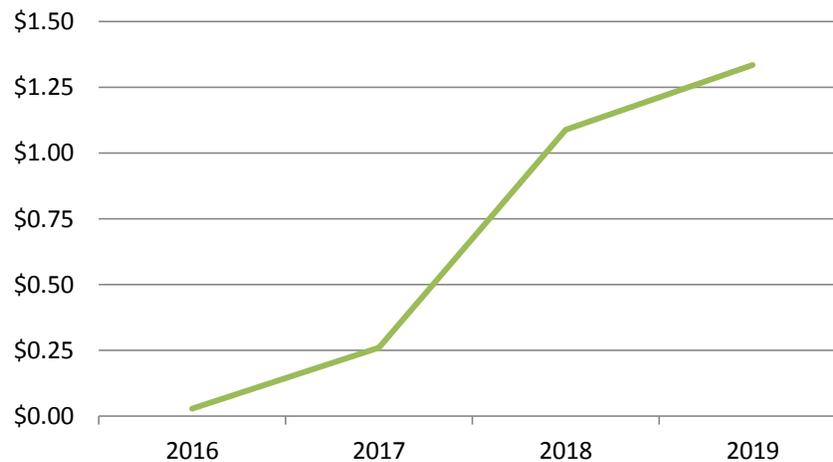
We have chosen not to charge money for our app, because people are much less willing to download an app that costs money. In July of 2013, only 6% of the apps that were downloaded were paid for.[13] And out of all the people that own cell phones, only 33% of them ever spent money on an app in 2015.[14] By making our app free, we will be able to attract a much wider audience.

To make money, we will instead show ads, and add premium features. We've assumed a user will see a few ads per use, and in 2016 the CPM will be $0.50, meaning we will receive $0.50 per thousand ads.[15] The CPM will rise over the next few years as our audience becomes larger and more interesting to advertisers.

In 2018, we plan to introduce a feature that will allow users to view their donations for their tax reports for a cost. Our Average Revenue Per User (ARPU) will increase dramatically in 2018 as a result of this feature.
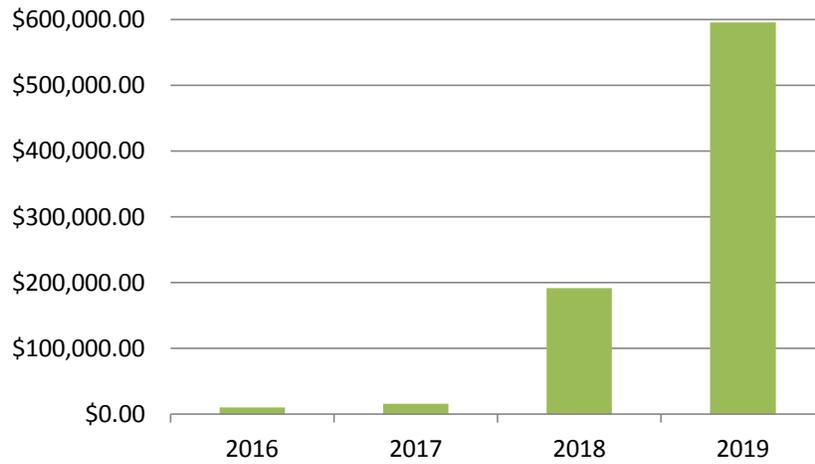
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[13] http://qz.com/129699/the-amount-most-people-are-willing-to-pay-for-an-app-is-0-until-theyve-actually-downloaded-it/

[14] http://www.emarketer.com/Article/Only-33-of-US-Mobile-Users-Will-Pay-Apps-This-Year/1011965
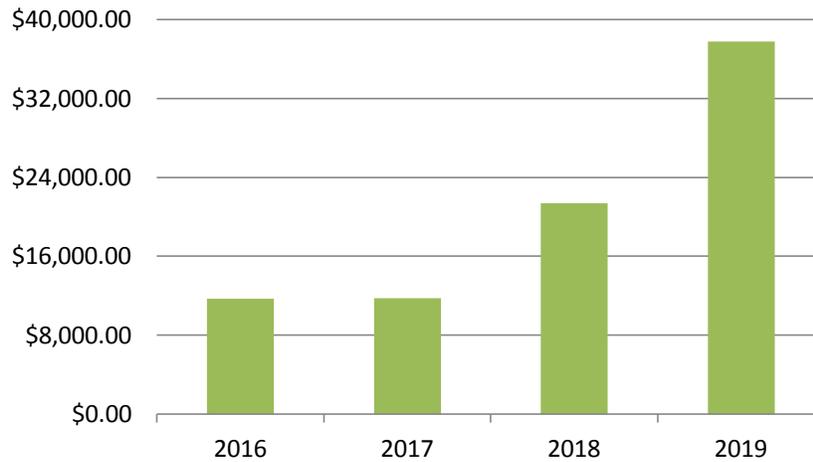
[15] http://monetizepros.com/cpm-rate-guide/mobile/

Annual Revenue

Based on our calculations of the user count and ARPU, we expect our annual revenue to increase steadily over the next four years, from $10,280 in 2016 to $595,249.15 in 2019.

Annual Costs

Our annual costs account for the funding needed for office space, salary and benefits, supplies, administration, and marketing. The costs increase in 2018 and 2019 because we plan to add one new employee each of those years and spend more on marketing.

Annual Profit
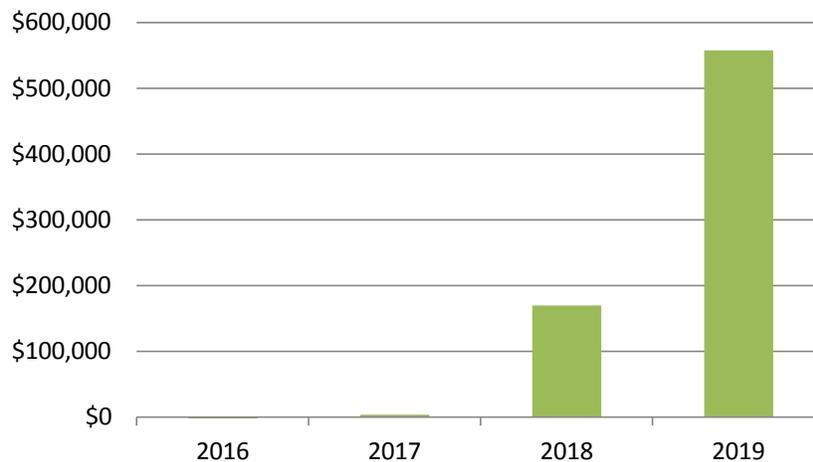
Although we will incur a loss of $1,428.40 in our first year, we will become profitable in 2017. By 2019, we will have made $557,498.68.

Future Direction

We have several plans for the expansion of our app. First of all, we will develop an iOS version. We will also expand our app to serve New York, Chicago, and Los Angeles. Finally, we hope to add a gamification feature to our app to make it even more appealing. We will award people points for donating their items, and they will be able to compete against their friends.

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