BUSINESS PLAN FOR IDEHEN RENTAL SERVICES

BY: OMOREFE IDEHEN

COLLEGE:SCIENCES

DEPARTMENT:GEOLOGY 200 LEVEL

MATRIC NO: 18/SCI14/013

STATEMENT OF PURPOSE

There is a possibility for an exciting and profitable new business in Eugene, Oregon. University Mopeds will to rent mopeds to University of Oregon students, as well as anyone who would have a need for efficient, around-town transportation. There is currently no business like this, in Eugene, which caters to this market.

For slightly more than the cost of a monthly cellular phone bill, it is possible for a student to have their own mode of transportation during the school year. Mopeds have many positive advantages over cars: lower operating costs, fuel efficiency, and are less costly to maintain. It is also possible to insure these vehicles for around $30-$50 per year.

The target market for this business would be the approximately 15,000 full-time students. There are also thousands of students who are commuting daily from the Autzen Field area. Parking on campus is hard to find, and the bus offers few options. This is where the economical moped comes into play.

Many students do not have the disposable income that it takes to purchase a moped, but they are in a position to pay $50 per month to rent one. University Mopeds would purchase used mopeds for $400-$700 and lease them out. The average moped would be paid off in under one year.

In year one, University Moped would attempt to get 1% of all full-time students. This would equate to 150 mopeds rented. We expect the five year growth rate to be at least 15%.

Assuming an average purchase price of $550, and a ten month rental contract at $50 per month.

MARKETING

 We see this market as mainly made up of university students. Since a majority live close to the campus (within five miles) and have a limited budget, this will be a good option for them. We also anticipate getting a small amount of customers that are outside of the university community. These customers would be ones who typically have a shorter commute or want a change of pace.

 Market Growth

We anticipate that this market will grow in two ways. First, it will grow will be as gas prices continue to increase. This will make the cost of driving an automobile even more expensive and University Mopeds a more attractive option. Second, it will grow with the University. As the number of students increases, so will the target market and the number of students who

 are interested in our product.

STRATEGY AND IMPLEMENTATION

The following sections will outline the Strategy and Implementation plan for University Mopeds.

5.1 Marketing Strategy

The main marketing strategy that we will pursue will be to make potential customers aware of us via campus publications. We will advertise in such things as the Daily Emerald, Register-Guard, UO Student phonebook and the Greek directory.

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5.1.1 Distribution Strategy

The method of distribution for this business would be to rent mopeds directly out of the shop. As far as getting the mopeds to Eugene, the main method would be to use a freight shipper such as UPS.

5.1.2 Marketing Programs

In order for University Mopeds to reach both the three and five year goals, one of the things that must happen is to get the idea of a moped as an acceptable means of transportation accepted. People must see others on mopeds around campus as well as the presence of advertising.

5.1.3 Pricing Strategy

We will price our products at a level that is affordable for the student and that provides financial substinence for the company and its owners. The mopeds will be priced at a rate of $50.00 per month. A discount will be offered to those who sign up for a school year lease (10 months). The accessories will be offered above cost, but at a reasonable level.

5.1.4 Promotion Strategy

This business will be successful only if the target market knows about University Mopeds and how affordable a moped rental can be. University Mopeds will advertise in the Daily Emerald. Another good source of advertising, which is also relatively inexpensive, would be in the Greek Directory. We would also try, at some point, some promotions such as free moped rental contests and free safety courses.

5.2 Sales Strategy

Since the main part of the business will come from customers ready to rent, there will not have to be much direct selling. We will use knowledgeable sales people to assist any customers who have doubts regarding renting a moped. The sales staff will know the benefits of the moped and explain this to the potential customer. Some customers will worry about the safety and whether or not they can ride a moped with no experience. We will service this customer with safety and instructional classes.

5.2.1 Sales Forecast

We predict that there will be variation in monthly sales forecasts, but we expect to reach 450 units in the first school year of operation. The variation will be due to lower sales when school is out of session.

PERSONNEL PLAN

As this is a small business, there will be no real management structure except for the owner. He will run the business on a daily basis and oversee all facets of the operation. Assisting him will be various employees who will work the shop. An on-duty mechanic will also be on duty some 20 hours per week.

6.1 Personnel Plan

Our personnel assumptions are based on a shop employee working 40 hours per week at $7.00 per hour. The mechanic will work approximately 20 hours per week at $15.00 per hour. As the number of moped rentals increases, the mechanics weekly hours will increase. The owner will also fill in and oversee the business. The owner salaries with not be drawn until the business is profitable and all investments have been paid back in full.