A Work Project, presented as part of the requirements for the Award of a Masters

Degree in Management from the NOVA – School of Business and Economics.

INTERNATIONALIZATION OF UNIPLACES TO THE SPANISH MARKET

Internationalization plan to Madrid, Spain

Maria do Carmo de Beires Sarmento Pimentel | 1395

A Project carried out on the Field Lab in Entrepreneurial Innovative Ventures, under

the supervision of:

Professor Filipe Castro Soeiro

Lisbon, 6th January 2013

Executive Summary

The rise in global students mobility is a long-term trend which is set to continue, and has created excellent investment opportunities in key European cities. Currently, 46% of international students study in Europe, and it's expected that this number will increase in coming years. After becoming a competitive player as a two-sided platform offering quality and verified accommodation to students, UniPlaces decided that internationalization to Madrid was a viable option to increase its sales, revenues, and to improve its awareness in the European market. Although it was recently launched the company has since gain support from several investors, and practical knowledge in this market. This Work Project will study the implementation process of UniPlaces in Madrid. After doing an internal and external analysis it was defined the marketing mix, the mode of entry (creation of a branch in Madrid) and also people, investment, deadlines, and objectives. Finally, a risk assessment was also made, together with some final recommendations aiming to achieve a successful implementation and adaptation of UniPlaces to the Spanish market.

Keywords: UniPlaces; Student accommodation; Internationalization Plan; Multi-sided platform; e-business.

Glossary

- Listing: the accommodation's advertisement at the website, containing a description and photos of it.

- Verified accommodation: property inspected by UniPlaces, to make sure it meets Unipol Code of Standards[1] (Unipol is a non-profit organization that provide quality accommodation to students of both of Leeds' universities).

- Viewing: is considered as a visit to the accommodations.

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[1] The purpose of the various Codes is to drive up the standards in student accommodation by ensuring that, rather than simply meeting the minimum legal requirements, providers go above and beyond; offering good quality, safe and well managed housing for students. All the Codes have been developed in partnership with their local universities and students' unions.

- <u>Commission fee</u>: the amount the User pays to Uniplaces in respect of its fees when a Booking is confirmed. It is calculated as a percentage of the Total Contract Value and is capped at £150 or €150 as applicable.

Purpose of the Thesis

The scope of this work project is the internationalization of UniPlaces to Madrid.

The university student accommodation market has started to emerge as a mainstream investment category. We have witnessed a growth in university student numbers worldwide, as well as an increase in international student mobility, which is forecasted to reach 7.6 million students studying abroad by 2025. With the growth of Internet access worldwide, new opportunities for the renting market, and student accommodation accordingly, emerged. Also different players with different strategies on the online booking business started appearing, but none of these were providing a reliable, online marketplace for students. In this context, four bright and motivated international entrepreneurs found an innovative way to create value in spite of the prevailing structure of the industry. They decided to create UniPlaces: "The international 2-sidded platform for student accommodation", which positions itself as a solution by helping students find and rent verified accommodations, while giving landlords targeted and direct access to a pool of students who are looking for accommodation. After becoming a competitive player in the Portuguese market, and giving the first steps in the London market, its business model has been constantly tested and proved in ways to achieve success. UniPlaces sees internationalization as a viable strategic option to not only increase its sales and expand revenues but also to establish itself as the global brand for student's accommodation, as well as achieving higher quality service and productivity. In addition to that, as the platform is already developed they can easily obtain economies of scale and scope. The Spanish market was the evident next choice due to its

attractiveness: increased number of international students, geographical proximity, Iberian culture aspects and the potential access to South America market.

The research question chosen for this project was **how can UniPlaces implement and potentiate its value proposition in the Madrid Market?** Other sub-questions were analysed to answer the main question: which are the main challenges in the student accommodation Spanish market? how to approach them?, which are the competitive advantages of Uniplaces, and how they can be potentiate within an internationalization to Madrid?, and finally what are the main factors that influence the mode of entry?

Methodology

The first phase of the project was dedicated to the understanding of the business, key strategic objectives, and to the performance of a competitive assessment of UniPlaces. This phase required a deep information collection on the student accommodation market and competitors in order to perform an external and internal scanning analysis to establish the competitive advantages of the firm and discuss major opportunities. The second phase was devoted to the analysis of the Spanish market and its main attractive aspects, and to the definition of the best mode of entry. To delineate this internationalization business plan was necessary to visit the company, have several meetings with the founders and to consult several literature reviews (research studies, papers, case studies and books covering the external analysis, the internationalization processes and the student accommodation market themes). A survey was also conducted to better understand the experience students pass through when renting an accommodation in Madrid. This questionnaire was crucial to design and implement the best strategy in this market. Moreover, three universities in Madrid (Rey Juan Carlos, Alcalá and Pontificia Comillas) were contacted in order to comprehend what type of information concerning accommodation these institutions give to their international incoming students. Finally, a risk assessment was suggested and a set of

recommendations to support the mode of entry and the implementation plan in Madrid was developed.

Literature review

The international student flows and exchanges are a reality across the globe. It is a relatively recent phenomenon, and the structure of the market has not had time to adapt to the increase in demand. In fact up to now student accommodation has mostly been provided in student residences developed by the public universities and/or social services and through the private letting market in rooms spread all over the main "universities cities" [Worx 2013].

The student accommodation market has proved to be a good investment opportunity in mature markets especially when one takes into account that the rate of growth is likely to be maintained. Research compiled by the Global Student Accommodation Group confirms that "over the past ten years applicants for higher education grew by 78% and this rapid growth is set to continue". Besides this, the provision of housing for this emerging university population will be a critical factor especially when it is forecasted that the number of students studying abroad will reach 7.6 million by 2025 [Coral Portfolio 2013]. The growth and sustainability of this market niche has demonstrated to be not only a good visiting card for foreign students but also a driver for the rehabilitation and rejuvenation of the centres of many universities cities.

According with Savills World Research, the European Student Housing market has registered a successful growth over the past decade. "Europe's rapidly growing student housing sector is supported by Europe's robust and fast-growing student market. The number of higher education students is anticipated to grow to 262 million globally by 2025 and Europe is one the biggest recipients of these students"[Savils 2013].

According to data from the Ministry of Education, the demand for higher education is counter-cyclical. In financial difficult times, where youth unemployment has reached high levels in many European countries, more people tend to continue their studies, or seek

higher education levels to improve their chances of getting a job. This trend was more evident after the Eurozone crisis, where "the total number of student registrations increased by 5% in Spain, 4% in France and 9% in the Netherlands between 2010 and 2011" [Savils 2013]. This counter cyclicality is interesting for investors because it's a chance for them to get secure income during an uncertain economic period. Investors already began to look to Europe for new opportunities, after having positive feedback in the UK market. "While the UK is now well established as a destination for student housing investment, the European market remains relatively untapped". Europe presents another advantage for students since tuition fees are quite low. This affordability and the growth of the middle class in emerging economies have been key drivers for the increasing growth in student numbers.

The provision of student house differs across Europe. According with Eurostudent, in northern Europe students tend to live in student's accommodations or seek housing in the private rented sector. On the other side, students from southern Europe are more likely to live with their parents, and study near their home town[2]. In Spain, for example, 51% of students live with their parents. Nevertheless, it is important to note that those who do not live with their parents tend to seek accommodation in the private sector. Savils research states that "rising incomes, improving standards of living, and rapid growth in the number of international students means a significant group of students have higher expectations of their accommodation". The study also adds that mainland Europe presents an opportunity to meet this increase in demand for quality accommodation. As a result, in the past five years, the student housing sector has been a major target for property investors mainly because of its high yielding, with low voids. "The volume of student housing transactions in Europe increased by almost 81% per annum, exceeding €1.4 billion in 2011, according

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[2] Please consult Appendix 1 for more detailed information regarding student accommodation by type.

to Real Capital Analytics. In the first half of 2012 investment volumes in the sector reached €1 billion, double that of the same period a year earlier". The greatest investment opportunities lie in cities with large student markets, strong, high quality institutions and more affordable living and tuition costs. Adding this to the growth of student population and the supply-demand imbalance in many of European markets, investors and developers have in front of them an opportunity, despite the fact that each country poses specific prospects and challenges, namely in legal, regulatory and culture aspects. One last aspect that investors should have in mind is that the European student housing market can be challenging for international students to navigate. Therefore, those who can present a one-stop-shop in these markets will probably find a commercial advantage.

The term "Digital Economy"[3] has showed how Internet would change the way people do business. We are at a place in time where technology has become savvy enough to provide solutions to stale business models. The internet transformed many aspects of the global marketplace - from consumer behavior to new business models, with mobility, cloud computing, business intelligence and social media supporting this shift. The internet empowered the creation of new markets, and provided the conduit for the fluid movement of resources and demand. This allowed firms and individuals all around the world to participate in innovation, wealth creation and social interactions in ways never before possible [Oxford Economics June 2011]. In conclusion, with its infinite space, instant access and seamless connectivity, the Internet provides the perfect medium to aggregate the long tail of fragmented and illiquid markets. This dynamic has made the opportunity for creating online marketplaces so compelling.

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[3] The term "Digital Economy" was coined in Don Tapscott's 1995 best-seller The Digital Economy: Promise and Peril in the Age of Networked Intelligence.

Business Description[4]

UniPlaces is a two-sided online platform that helps students, through a simple and user-friendly way, find and book suitable accommodation near their university. It **history** started in November 2011 when the founders[5] (Ben Grech, Leo Lara, Mariano Kostelec, and Miguel Santo Amaro) understood that the student accommodation market was very informal and fragmented, and could be a major business opportunity. So, they developed the idea of connecting university communities with landlords in an efficient and transparent way. They initiated in Portugal, where the student accommodation market was less developed and underexplored, so it could play the role of a testing market. UniPlaces started as a classifieds site, but while was taking the first steps, the team kept tracking of user's feedback[6] to develop the platform. As a result, they concluded they needed to change completely their business model, and transform UniPlaces into a closed platform, where the company had control over all content published. A modification was also necessary because the team wanted to start operating in London, since UK is the world's second largest and growing recipient of international students. The main idea was to learn how the market operates and which changes would be necessary on the platform, and also to show that if UniPlaces worked in a developed market, yet profitable, such the London market, they could prove the company could work anywhere in the world. So, in June 2013 it's launched a new platform (only in Lisbon and London), where all properties listed now are fully verified by UniPlaces, and students can book a place online. To guaranty a "No surprises" policy the company sends a representative to check each property, takes photos and writes complete and accurate descriptions, making sure that what clients see is what they get. UniPlaces has been able to

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[4] To read the complete history of UniPlaces please consult Appendix 2
[5] Please consult Appendix 3 for more information about the UniPlaces' founding team.
[6] Please consult Appendix 4 for more detailed information concerning feedback provided by students and landlords.

finance itself because throughout the years it attracted the interest of European investors[7] and wan several prizes[8] that brought not only money but also notoriety.

UniPlaces' **vision** is to be the world's best student accommodation booking service and to be recognized as the brand students feel identified with when talking about students accommodation for mid-term period (between 6 to 12 months) in 2018. The company's **mission** is to "build the largest database of verified student properties and local knowledge and automatically match students with their ideal university home, which they will book on UniPlaces". "By aggregating and organising the current supply of student accommodation, UniPlaces aims to make the process of finding and renting accommodation safer and simpler within this sector" [Worx 2013]. UniPlaces' **strategic objectives** are: to be present in 30 cities all over Europe by 2018; to reach an average of 40 bookings per day and city, making 4.5 million euros in two years; reach break-even in 2015; strengthen the relationships management with landlords and students. UniPlaces also wants, until the end of 2015, to be able to process rents (receiving commission fees) and sell additional services to students and landlords through the platform.

Business Model

Value proposition

With its new platform, Uniplaces made the process of renting the ideal property easy, safe and relevant for students. Moreover students no longer were exposed to the possibility of being victim of fraud or other problems because UniPlaces holds the payment until 24 hours after check-in before giving it to the host, which reinforces the value creation process. This gives both parties time to do a walkthrough upon check-in, to make sure that everything is as expected and to ensure UniPlaces can enforce cancellation policies before the

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[7] Shilling Capital Partners; Alex Chesterman (Zoopla, Founder & CEO); William Reeve (LOVEFiLM, Co-founder).
[8] Current achievements: Startup Pirates @ Porto 2011 (winner), Startup Weekend Lisbon 2011 (winner), So you think you can pitch? 2012 (winner), Finalist at Creative Business Cup 2012 & Pioneers Festival 2012.

transaction is completed. Landlords also benefit with the new platform. Most of them are busy and don't have time to deal with lots of questions/enquiries from students, and others are still struggling with online advertisement and communication. As a result, landlords can rent their properties with minimum fuss and also have them exposed to a larger pool of potential tenants. All these unique attributes were perceived as superior to or different from alternatives available by rivals. Furthermore, Universities began to have a simple and secure way to help their students find verified accommodations.

In terms of students, UniPlaces' **target market** is the Erasmus students. The main objective of the platform is "to make it easier for international students to find and rent accommodation, suitable for their time at university" [Framework 2010]. In terms of landlords, the target is private owners who have between 20 and 200 rooms.

Revenue model: The main aspect of the platform is the bookings of the properties through the site. When students want to book a property they select the duration that they want to book it for, and pay a reservation fee through the site. The fee will depend on the property and the duration, as it will be calculated as a percentage of the total rent. To landlords, UniPlaces offers a listing process free of charge and it is the company that takes care of all (descriptions and photography), only charging a commission fee per each accommodation booked. Having said this, from each booking UniPlaces receives a transaction commission which is deducted partially from the amount of money the landlord receives[9] (4% + VAT), and partially charged to the student (3%). In addition to that it is expected that the revenue process evolve by selling extra added value services, which will reinforce the customer relationship process and increase average revenue per user, customer satisfaction and word-of-mouth.

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[9] "The "Contract Value" paid by landlords is the sum of all the rent to be paid by a student during his/her stay at the accommodation. E.g if a student books a room that cost €250 for 5 months, the total Contract Value will be €1250, and the UniPlaces commission will be €1250 * 4% = €50 + VAT. At the current VAT rate of 23% in Portugal, the total commission would be €61.50".

Operating Model[10]

UniPlaces' **value chain** is defined by four primary activities and three supporting activities. The four primary activities are the core of the business and incorporate the all process from acquiring a property until the moment it is booked. The marketing and sales activities are the ones with the biggest cost contribution impact since they employ
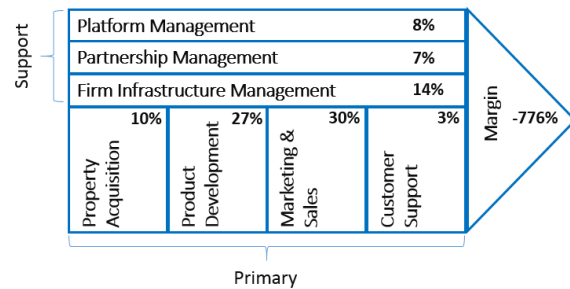
Figure 1 - Value Chain Analysis

the greater number of people, and the costs with online marketing tend to be higher with the entrance in the Spanish market. In addition to that, as UniPlaces is always making improvements to meet customer expectations, the product development is also considered a core activity. Platform management, partnership management, and firm infrastructure management, are the secondary activities. However, this last one has some significance because the company is rapidly growing and expanding. UniPlaces' present margin is -776%, which means the company has more costs than revenues. This is due to the fact the platform is only operating its business since June 2013, and the business model suffered a substantial transformation. Yet, this situation is expected to change by 2015, according with UniPlaces' strategic objectives.

Organization and Partnerships: UniPlaces is composed by an international team of 32 ambitious and fully committed people with strong technical and commercial experience with leading firms in Europe, Asia and North America, and who have lived, worked and studied all around the world. There are 6 people working at the London office, and 26 in Lisbon, where three of them work for both cities. At the moment, UniPlaces has partnerships with 25 Universities in Portugal. These partnerships are supported by exclusive, 4 year

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[10] The numbers used in this analysis are approximations to the real values. Since UniPlaces didn't provide its updated financials, it was necessary to calculate approximations based on the financials of the old business model.

promotional agreements: on one side UniPlaces helps the students find quality accommodation, both safely and easily. On the other side Universities promote the platform directly to their students. Other key partners are students' organizations such as ESN (Erasmus Student Network), AISEC, CEMS, and UNITE, the UK's leading operator of purpose built student accommodation.

Competitive advantages (VRIO Framework)

To create and acquire sources of competitive advantage, UniPlaces must create more value than its competitors, and these advantages are only sustainable if the firm is able to maintain them despite efforts of competitors to duplicate or neutralize them. The valuable team (with entrepreneurship skills and experience in fast-pace businesses), the informal relationships within it, and the fast decision making and adjustments (due to an informal organization) are important capabilities and considered sources of sustained competitive advantages. Furthermore, the permanent customer service allows a deep knowledge about consumers' needs and desires that competition find difficult to acquire. Regarding temporary advantages, the relationships with partners are considered vulnerable to imitate because there are no legal attachment with any students' organizations which means they can be acquired by competitors. Also, UniPlaces' service is perceived by its customers as valuable for money[11], as a result from the capability of offering an efficient and suitable service to their needs, at a price worth paying[12]. Although this is a very important advantage, it still can be imitable by competitors. Concerning the

Resource / Capability	V	R	I	O	Competitive Implications
Human Capital	✔	✔	✔	✔	Sustained Advantage
Platform	✔	X	X	✔	Parity
Adaptability of the business model	✔	X	X	✔	Parity
Relationships with partners	✔	✔	X	✔	Temporary Advantage
Quick decision making and agility responding to clients' demands (flat and small Organizat.)	✔	✔	✔	✔	Sustained Advantage
Customer relationship management process	✔	✔	✔	✔	Sustained Advantage
Efficient and suitable service	✔	✔	X	✔	Temporary advantage

Figure 2 - UniPlaces VRIO framework

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[11] Value for Money is the perception of the buyer of products and/or services. Proof of good value for money is in believing or concluding that the products /services received were worth the price paid.

[12] Students have at their disposable a "one-stop-shop" with all information and safety necessary to rent a place without needing to visit it. Landlords find a "fuss-free" service to promote and rent their accommodation, priced below what normally Agencies charge.

platform and the fact that the business model can be easily adapted to a new market, there is little cost in obtaining these rare and valuable resources, meaning other firms can imitate the competitive advantage in order to gain competitive parity.

Student Accommodation Market in Madrid[13]

The rental market in Madrid is under-developed compared to other capitals cities in Western Europe, and for foreigners, this means that it is challenging to find a quality flat. Flatsharing is developing itself in Madrid, and is slowly becoming the default option for students and young professionals who want to live in the centre, but who cannot afford to pay rent on their own. It is helpful, and in many cases necessary, to speak Spanish when searching for accommodation, and when arranging leases with landlords. Many newcomers favour hiring an estate agent to do the groundwork for them, who normally charge a standard fee for their services equivalent of one month's rent. But Madrid only has a few small companies who cater specifically to foreigners. What is possible to find in large quantities are relocation agencies that tackle all the issues a foreign faces when moving to a new city: utility set-up, visas, administrative requirements, best deals for internet and phone, etc.

To better comprehend the process and experience people face when trying to rent a place in Madrid, a survey focused only in this market was conducted. It was also established contact with Universities, to understand the information given to income students concerning accommodation. The results from the survey[14] reveal that 55% of respondents rented the accommodation after arriving in Madrid, and from these ones 51% answered that they didn't search for any accommodation before arriving because they thought it would be better to start looking only after arriving, and 17% answered they searched for accommodation before arriving, and found some possible places to rent, but they preferred

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[13] A PEST analysis was also made to better comprehend the Spanish market. Please consult Appendix 5.
[14] More detailed information concerning the survey can be consulted in Appendix 6.

to see them before renting. While looking for accommodation in person in Madrid, 51% stayed in a Hostel, and it took them, on average, 4 days to find a place. Web search was chosen 45% of the times as a method to find an accommodation, follow by friends and family recommendations (18%) and social networks (16%). Idealista is clearly the preferred website, being used 60% of the times, follow by a great distance by Enalquiler, Easy Pisos and Facebook. What people valued the most in a website while they were looking for apartments was the good quality of the photos and the accurate description of the accommodation. Almost 80% of respondents said they do not value the possibility of not having to visit the place when quality is ensured, and 62% answered that they also not value verified properties. After finding a place to rent, 67% of the population visited it mainly to be sure about the information in the advertising and have no surprises when moving in. 48% responded that they found the task of renting an accommodation in Madrid between somewhat difficult and very difficult. As main difficulties faced during the process stand out the bad quality of accommodations offered and the bad quality of the listings (poor descriptions, bad photos, etc.).
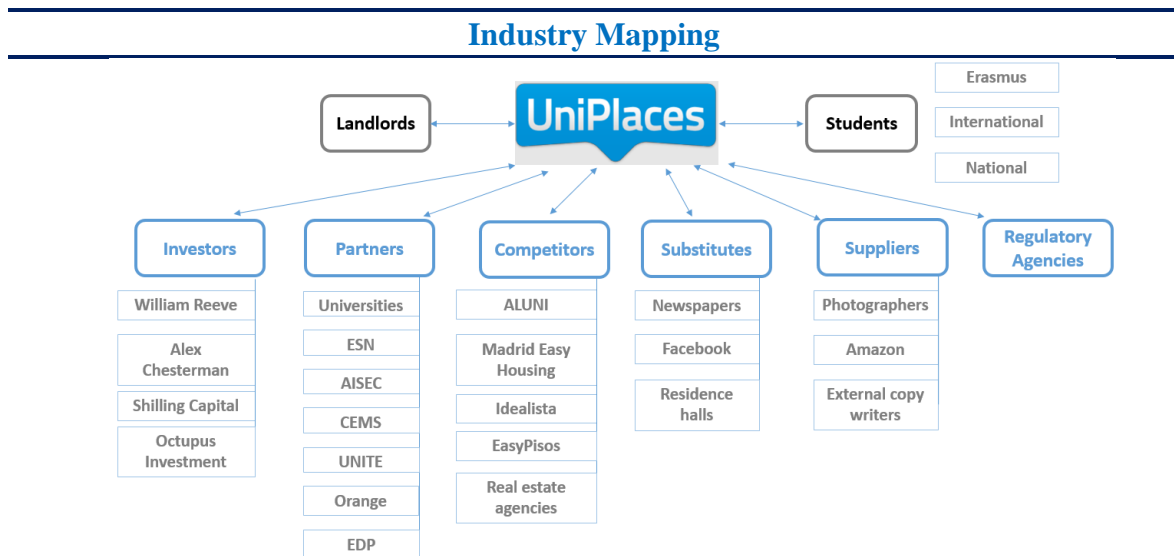
Industry Mapping

Figure 3 - UniPlaces' Industry Mapping

The present industry mapping will help to better comprehend which are the players that will interact with UniPlaces in Madrid. As UniPlaces is a two-sided platform attracting

students (lister) and landlords (renter), that focused on transactional added value services, it has two types of suppliers: direct and indirect. The direct suppliers are the accommodation providers and the indirect suppliers are Amazon, as storage service, the professional photographers, and external copy writers. As aforementioned, the partnerships with universities will be important to UniPlaces in order to promote the platform to students. As it will be further explained, the survey demonstrated that several people is interest on having complementary services in addition to the booking service[15]. So it's foreseen a partnership with telecommunication operator Orange, and EDP (energy operator)[16].

TOWS Analysis

A TOWS analysis is an essential tool to draw strategies, because it allows a better comprehension of the opportunities in the Spanish market and the risks to mitigate. Thus, one important conclusions is that students still find some difficulties understanding some of the value-added features offered by UniPlaces.

	Internal Strengths • Value for money positioning • Great customer support • Valuable team • Business model adaptable to several markets • Already a player at PT and UK market • Focus on accurate and complete description of properties and surrounding areas	**Internal Weaknesses** • Lack of brand awareness • Lack of landlords exclusivity • Centralized platform • Low automatized process • Non-scalable user acquisition process • Low diversification of services • Platform possible to imitate
External Opportunities • Spain as one of the most popular destination among Erasmus students • Private rented accommodation is usually favoured by them • Gateway to Latin America • Similarities between Madrid and Lisbon market • Present players in Madrid offer a low quality service • Increased interested in cross-selling services • Non-scalable user acquisition methods have proven to be successful	**SO** *Use strengths to maximize opportunities.* Knowledge and experience acquired in Lisbon will facilitate operation in Madrid. Internationalizing to Madrid as a strategic move to later pursue opportunities in Latin America. Uniplaces must keep focusing its efforts on providing great listings, with complete and accurate description of the accommodation to show evidences to tenants on how different and better its service is comparing with competitors. Intensive promotion of UniPlaces' added value service to off-set competition.	**WO** *Minimize weaknesses by taking advantage of opportunities.* Internationalization to Madrid, and later to Latin America, will increase brand awareness. As a consequence more landlords will be interest to work exclusively with UniPlaces. Airbnb and SitterCity were succeeded as marketplace companies using non-scalable user acquisition methods. Develop cross-selling services as differentiation features, and to increase revenues streaming and customers' acquisition.
External Threats • Low entry barriers • Reaction of players already at the market • Difficulties understanding "No viewings" policy • Students' resistance to pay commission fee • "Mutual baiting problem" • Competitors already partnering with universities • Potential backward integrations by Landlords	**ST** *Use strengths to minimize threats.* The fact that the business model can be easily adaptable to new markets and specific market needs, will help to tackle possible reactions of players already in the market. The customer support will be important to clarify those having difficulty understanding the no viewings policy, and the value added of it. To succeed as a two-sided platform, UniPlaces will have to ensure the most well-known universities partnered with it, to get a greater pool of students. This way, more landlords will want to use the platform to rent their places. This process must be accompanied by a promotion of all the benefits and differentiation characteristics that UniPlaces offer to its customers. Focus quality to differentiate from current players (direct and indirect) in Madrid.	**WT** *Minimize weaknesses and avoid threats.* By turning the booking confirmation process more automatic, UniPlaces will be able to surpass present and future competitors. As business grows, start applying a hybrid approach, by centralizing some aspects of the platform (such as photography, payments, user verification, ratings and reviews, and customer support) and decentralizing others (pricing, listings, and users' profile).

the value-added features offered by UniPlaces.

Figure 4 - *TOWS Analysis*

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[15] Please consult Appendix 7 to see the complementary services' degree of appreciation in more detail.

[16] Orange and EDP are the more appropriate companies to partner with since they are already operating in Portugal and in the UK. Therefore, economies of scale could be easily reached in these countries and many other where the companies are also operating. For more information about EDP and Orange please consult Appendix 8 and Appendix 9, respectively

Yet this is a good investment opportunity since the student accommodation market is growing at a fast pace[17], in terms of students' needs, and increase interest from investors. The strategic combinations of SO and WO were considered to provide guidelines for the Implementation Plan, like the objective of becoming a well-known brand in Spain, to facilitate the expansion to Latin America and worldwide. ST and WT combinations were also designed for the Risk Assessment, for example the promotion of all benefits and differentiation features of the service, aligned with a great customer support, to educate users about this new service.

Competitive Assessment

International Benchmark

Airbnb[18] is the player at the market considered as the most relevant to UniPlaces to benchmark certain elements, because this company had a great success over the past three years by applying the same business model to short term rentals. UniPlaces must pay attention especially to how Airbnb displays certain elements at the platform (such as listing's details, ratings, pricing, facilities, awards, cancellation policies, "things to note", etc.), but more important how this company succeed building and growing its network using an un-scalable process. This last aspect will be further explored in the Mode of Entry chapter to improve the UniPlaces business model.

Competitors Analysis[19]

At the moment UniPlaces has only two direct competitors in Madrid: ALUNI and Madrid Easy Housing, which also focus on serving students and providing verified properties. Uniplaces distinguish from its competitors by providing a higher quality and secure service. ALUNI and Madrid Easy accommodation offer is good in terms of quality, although

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[17] Market Opportunities - In 2014, EU pretends to launch the "Erasmus +", a new programme for education, training, youth and sport. It will be built on the legacy of Erasmus, and it will represent a major business opportunity for a platform such UniPlaces since it will offer opportunities for a further four million people to go abroad to study, train, or do voluntary work by 2020.

[18] Please consult Appendix 10 for more information about Airbnb and its decision to start with a non-scalable business model.

[13] For more information about UniPlaces' competitors in Madrid please consult Appendix 11, 12 and 13.

descriptions aren't very detailed, and ALUNI listings' descriptions are in Spanish (the rest of the website is in English). Through ALUNI or Madrid Easy students have the possibility of visiting the place before renting it. However, those who do not visit the place but decide to reserve it online assume the responsibility for losing the deposit if they do not like the apartment upon arrival. On the contrary, albeit it doesn't have yet a reviews' tool on its website, UniPlaces applies a "No surprises" (or "No viewings") policy and takes full responsibility for what is published on the platform. Regarding extra value added services, competition is sort of balanced. The three platforms still need to improve their search engine, and UniPlaces must start developing a strategy concerning cross-selling services. Hence, when the company is able to offer these to its customers, it will stand out by far from competitors. A last aspect that can be observe is that both Madrid Easy and ALUNI have great advantage concerning awareness and partnerships. ALUNI is the biggest threat in this aspect because it works closely with the international relations offices of major universities, offering a 40% discount on the management contract to students from educational institutions that have signed a cooperation agreement with ALUNI.

Concerning indirect competitors, the most relevant are Idealista, Easy Piso, Piso Compartido, FotosCasa, Loquo and Enalquiler. Although they do not focus on students neither verified listings, these websites benefit from great brand awareness. They also have great search engines with several filter possibilities, which make an individual's search very personalized. But since the content uploaded is not controlled by the platform, they can't guarantee the correctness or accuracy of it, neither the security nor legality of what is offered on the website. So, they exclude all implied warranties, and recommend users to always organize a viewing before agreeing to rent a room.

Michael Porter's Five Forces Analysis[20]

Using Porter's Five Forces framework it will help to determine the student accommodation market's attractiveness, interpreting the implications of the various features of this industry to potential profitability. As can been seen from figure 5 the competitive rivalry among existing firms is **high**. The online accommodation market is filled with websites offering renting services, and customers can also use other means to rent a place, such as real estate agencies. Buyers are very price sensitive and have very low switching costs, which increases the propensity of them to switch to alternatives if they perceived UniPlaces' prices as too high. Although it charges a higher price than its indirect competitors, Uniplaces offers a better, easier and safer way of renting an accommodation. Despite this, indirect competitor websites still pose a threat since they are better known in the market, and have a considerable brand awareness worldwide. Concerning direct competitors, the two most important that will be consider will be ALUNI, for its strong partnership with almost all universities in Madrid, and Madrid Easy Housing, for its "personalized service" and great number of cross-selling services.

Threat of New Entry
- Low structural and strategic barriers
- Business model easily copy
- Profitable market

High

Buyer Power
- High number of potential buyers
- Low switching costs
- High Price sensitive

Medium

Internal Rivalry
- Few number of direct competitors, but high number of indirect ones
- Low exit barriers
- ALUNI's strong partnership with universities

Threat of Substitutes
- Low switching costs
- Low price of substitutes
- Low quality of substitutes
- Difficult access to substitutes

Low

High

Supplier Power
- High fragmentation of suppliers (direct & indirect)
- High threat of forward integration by landlords

Medium

Figure 5 - *Michael Porter's Five Forces Analysis*

Internationalization Process to Madrid

Mode of Entry

The recommended strategy for Uniplaces to enter in the Spanish market is by Direct Foreign Investment (FDI). The company should set up a branch in Madrid[21] just like it did when it entered in London. The bottom line is that UniPlaces needs to find the very best

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[20] For more detailed information concerning this analysis please consult Appendix 14
[21] A branch doesn't has its own legal personality, meaning that its activity and legal liability will at all times be directly related to the parent company.

initial supply in Madrid to seed its marketplace to fuel optimal growth and scalability. By having an office "on the ground" UniPlaces can meet landlords in person, and therefore avoid missing out on what they think about the other side of UniPlaces' market. It is possible to find the right supply via email or by telephone? Maybe, but Uniplaces would miss on so much rich information on the supply side. Companies tend to focus too much time on changing small parts of their product or marketing materials in the hope that it will somehow negate the need to get out there and just meet people in person. Technology won't spark the market. UniPlaces needs quality and real-world people who are willing to hustle, both online and in the real world. Airbnb had huge success by applying this non-scalable user acquisition method when it started. After working restless to build their two-sided network, the Airbnb team was coached to get out and just start meeting with customers[22]. Other example is SitterCity[23]. Genevive Theirs, the CEO, started acquiring users by papering dorms around her campus with fliers for the service. Although it was a non-scalable and not cost effective model, it helped her get in touch with her customers and get immediate feedback on the service as well as provided a solid seed for the network. This applies not only to property providers but also to gain partnerships with universities. By being "physically" present in Madrid, UniPlaces will learn more about its Spanish customers and their unique set of needs. It will understand all the features and services that are important to the landlords, students and universities, understand every way in which their service might add more value to them than the competitors' one, and every way that a change in a customer's behaviour could add more value to UniPlaces. Finally, setting an office in

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[22] Airbnb offers its hosts free professional photography services. The startup realized the long-term benefits – like improved aesthetics and verified property addresses - far outweighed the costs. Travellers are two and a half times more likely to book these enhanced listings. "Do things that don't scale," Airbnb founder Brian Chesky says, "We start with the perfect experience and then work backward. That's how we're going to continue to be successful." It is more important to worry about building something good, then worry about making it scale.

[23] Chicago based company that has built a two-sided network that helps connect parents to babysitters.

Madrid will allow the company to have better coverage of the whole Spanish market, and will facilitate internationalization in the future to Barcelona and other Spanish cities.

Implementation Plan

Marketing Mix – 7 Ps

The Spanish market is different from the Portuguese and English one, so it will be necessary to do some changes in UniPlaces 7Ps, to have a successful implementation.

Product - When entering in Madrid, UniPlaces should keep its closed platform model, to ensure high quality of the listings and consistent customer experience, therefore providing a solid value proposition. The focus on quality and trust will be the main *points of differentiation* of UniPlaces to stand out from its competitors. In a second phase of the implementation, it can start a hybrid approach, by decentralizing some features in order to reduce costs. But this will only occur after UniPlaces had ensure its brand awareness as the company providing the most secure and high quality renting service at the market. From the survey can be concluded that some people still have difficulties understanding the "No viewings" policy and advantages of verified properties. This means that in terms of *product diffusion* the Early Majority (who tends to avoid risk) will rely on recommendations from others who have experienced the service. To capture this segment UniPlaces should implement a rating and reviews tool which would built a credible online reputation within the platform just like Ebay or Airbnb. These reviews would be written by students who have booked through UniPlaces and want let other users know about their experiences. To avoid scams by landlords, these reviews would be written 24 hours after a reservation is confirmed. Some complementary services should also be added, e.g., cleaning service, and help getting the transportation pass. For those apartments which don't have expenses included in the monthly rent, UniPlaces could partner with EDP and provide the contracts with Electricity, and Gas. UniPlaces together with Orange could also provide TV and Internet contract, and

help getting a mobile phone, a SIM card and phone and data plans. These extra services would transform UniPlaces' expected service into an *augmented service*, where customer's expectations are exceeded, creating a higher level of delight. Finally, a better search engine has to be added, to personalize each student's search. Multiple filters are missing, especially the ones that allow to sort accommodation by price, "most up to date", relevance, availability and floor area. Other features that should be added is the possibility of a student save favorite properties, comparison system to see differences between listings, and receive free alerts concerning options suitable with their search.

Price - UniPlaces is a two-sided platform so it is important to distinguish the price charged to tenants and to landlords. When entering in Madrid, to avoid having to lower the offered price explicitly, and to diminish students' price-sensitivity, UniPlaces could bundle value-added services to attract them and win their patronage. Therefore, the 3% commission fee would be seen as an "all inclusive price", bundling the booking service and some complementary services. Since customers don't value all services in the same way, with an unbundling pricing strategy Uniplaces would avoid losing sales to customers who are not high service users, and would keep satisfied customers who do value certain services and are willing to pay a premium price to have them.[24]

At the moment UniPlaces' charged fee to landlords is lower when comparing with what real estate agencies charge (normally the first month rent). Therefore, a *penetration pricing strategy* should be maintained. Comparing with indirect competitors, which offer a free listing service, UniPlaces charges more, but offers a better service since through it landlords can rent their properties with minimum effort and fuss.

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[24] In 2011 Accor hotel chain successfully applied this same strategy to its budget brands. It brought together in one family the ibis, ibis Styles and ibis budget. The ibis "mega-brand" intended to adapt to customer's needs in different situations: "*Whatever the reason for your stay, **the ibis family** has the hotel you're looking for*". This means each hotel's services include just those features that customers are willing to pay for, without those that unnecessarily drive up cost by more than they add to value. As a result, ibis chain was able to create a better experience to its customers, and to differentiate itself from competitors. Finally, ibis made sure to actively manage how the prices were communicated to minimize adverse feelings concerning price.

Place – Uniplaces has easy access to its customers because it's an online platform. As the product is internet based, the channel coverage is intensive, increasing the level of *convenience to buy.* UniPlaces uses its indirect competitors and Facebook as main distributions channels, accounting for 45% and 20% respectively[25], being able to reduce its advertising costs and their level of threat as internal rivals. Other channels used are Google (search engine), universities and students associations which have partnered with UniPlaces.

Promotion - UniPlaces is introducing a new type of renting service in the market, so it is essential to make category-build strategies in order to establish the verified properties concept and "No viewings" policy in the minds of consumers. Moreover, UniPlaces has a broad target (students, landlords and partners), so it is important to define a segmented promotion strategy to communicate the right benefits to the right target. So the primary goal of UniPlaces' promotion will be to build the "No viewings" category in the mind of potential consumers, so that they can recognize they might have the problem UniPlaces solves, and perceive the benefits of it. This will also increase product awareness and brand awareness. The marketing strategy should be split into two stages: Launch stage (first 6 months of entering in Madrid) and Growth stage (after having some recognition keep investing into steadily growing in the market). The first stage should be dedicated to building the category and introducing UniPlaces in Madrid and Spain. The second stage should be dedicated to the acceleration of the diffusion process and increasing the rate of adoption. The student rental market is very seasonal, with the major peek in July, August and September, and a smaller peek in December, January and February. Therefore, UniPlaces should focus on targeting students consistently throughout the year, and multiply the exposure by 5 during the peak seasons. This way, during the low periods UniPlaces can focus on the "educational"

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[25] UniPlaces uses its indirect competitors' brand awareness and free listing advantages to advertise its properties, and connect customers who enter in these websites directly to UniPlaces platform.

part of the service to students, and getting landlords and partners. During the high seasons it should give especial attention to getting bookings and increase sales. The advertising channels will be mainly indirect competitors and Facebook ads to reach students, and direct phone calls and meetings with landlords and partners.

One last important aspect is that price and value messages must be adapted to the customer's purchase context. UniPlaces must adjust the message depending on whether the customer is more conservative or more innovator, and depending on where the customer is in the buying process. When customers are at the information search stage of the process, the value communication goal is to make the most differentiated (and value creating) features salient for the customer so that he or she weights these features heavily in the purchase decision. This means focusing on quality and safety, when communicating with students and universities, and a way of renting an accommodation with minimum fuss, when communicating with landlords. As the customer moves through the purchase process to the fulfilment stage, the nature of messaging will have to shift from value to price, and frame prices the most favorable and competitive way[26].

People – Economies of scale can be obtained with the current team in Lisbon, which centralize most of the operating process. However, it is required at least three more employees to work on students, landlords and partners acquisition[27].

Physical Evidences - the main physical evidence of UniPlaces' booking service is provided by the website. This tool presents a very "clean" and simple layout, with all the important information for users easily accessible. The website is very "user-friendly", allowing an effortless navigation. Therefore, apart some modifications already aforementioned, it won't need any modification.

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[26] Example: Uniplaces could frame the price charged as a commission fee with how much students spent in a hostel while they are looking for accommodation plus the amount of hours spent looking for accommodation and visiting it.
[27] This same model was already applied in London, and proved as successful.

Process: Major efforts should be directed to the improvement of the booking confirmation process. At the moment this service is still substantially manual which hinders a fast growth of the business. Since Uniplaces' service has new characteristics in the market, it will be very important to maintain a dedicated customer support before, during and after each booking, in order to respond to all students' questions and doubts. Moreover, students' satisfaction has to be evaluated concerning the booking process[28], and their stay at the place[29]. This could also be applied to landlords, with quarterly emails being sent asking for their feedback, to measure the level of satisfaction with UniPlaces' service.

Collaborative arrangements

As already mentioned, universities represent an important partner for UniPlaces. But since ALUNI already has a powerful partnership with almost all universities in Madrid, UniPlaces should try a different approach to have access to those students. The company could implement an ambassadors' program, who would be former customers and university students acting as Uniplaces' sales force. This is a good strategy because it represent low costs for UniPlaces (these ambassadors wouldn't require a high salary), and a direct contact with students.

As mentioned before, to offer complementary services UniPlaces will need to partner with EDP and Orange, and a partnership with a local cleaning services' company could also be beneficial. This partnerships can be settle as win-win situations (without any of the companies having to pay fees to the other) since all of them would see their sales level increase with it. EDP and Orange were considered as best options because they are currently operating in Portugal and UK, and in many other countries to which UniPlaces wants to expand in the future.

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[28] This could be made by having a very small inquiry after the booking is completed, just with 4/5 questions concerning the student perception about the site and the process.
[29] This could be made by sending an automatic email after the checkout date asking for reviews about the accommodation and landlords, which could also be included in the website for future students.

4M's methodology

In order to successfully internationalize to Madrid, UniPlaces needs a precise plan covering personnel, time, objectives and financial issues.

Man - Applying the same strategy that was used when entering in London, UniPlaces will need a team in Madrid of three people working full time. These employees are already members of UniPlaces, so they won't need any training. The country manager in Madrid will be Spanish, which facilitates and accelerates the bureaucratic process of opening UniPlaces in Madrid. Two members will be focus on landlords' acquisition and the other one will be working on acquiring partners and then students. As already explained, it is very important to rapidly acquire a great number of accommodation providers, so UniPlaces should start with two employees in this task. The office in Lisbon would be responsible for uploading the contents in the website and for bookings confirmations. It would also help with operations regarding online commercial tasks. Direct sales would be perform by the team in Madrid. UniPlaces will also need to contract a professional photographer[30].

Money[31] - It is foreseen an initial investment between 1.800€ and 2000€. The country manager will travel alone to Madrid to set-up the office, and only after that the other two team members will fly to Madrid. This initial investment includes the three plane tickets, hotel stay for the country manager, legal costs to open UniPlaces' branch, and extension of the platform. It is also important to take into consideration other costs while analysing monetary issues: operational and structural costs. After considering them, the net income at the end of 2014 is €50.630, and it is predicted to increase in the following years.

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[30] Depending on the results achieved throughout the first six months, an office could be opened in Barcelona. If this happens, two members should be mobilized to that location, and two more should be added to the team in Madrid.
[31] For a detailed analysis concerning monetary issues, please consult Appendix 16

Minute[32]

	Code	Activity	Duration	Dependency
Pre-entrance	Act. 1	Platform extension and development	1-2 weeks	
	Act. 2	Legal requirements	1-2 weeks	
	Act. 3	Definition of the team to expatriate	1 week	
Phase 1	Act. 4	Set office in Madrid	2-3 weeks	2
	Act. 5	Landlords acquisition	Continuously	
	Act. 6	Partnering with Universities	1 month	5
	Act. 7	Launch the Platform	-	Act. 1 - 6
	Act. 8	Start approaching possible Ambassadors	1 month	
	Act. 9	Develop partnerships with EDP and Orange	1 month	5, 6
	Act. 10	Marketing campaigns	Continuously	5
	Act. 11	Implementation of new features in the platform	6 months	
	Act. 12	Improvements on the platform	6 months	
	Act. 13	Star selling complementary services	6 months	9
	Act. 14	Evaluate customers satisfaction	Continuously	5,6,10,11,12
Phase 2	Act. 15	Start analysing student accommodation market in Barcelona	3 months	All
	Act. 16	Start analysing other possible Spanish regions	3 months	All

Table 1 - Implementation Plan: Minute

Memo

In order to control and monitor the implementation process in Madrid, UniPlaces will have to define the important objectives in each strategic area, and to establish initiatives to achieve them.

Strategic Theme	Objectives	Measurement	Target	Initiative
Financial	Increase revenues and profitability	Number of bookings	5% of International students in Madrid by 2015	Promotional and communication strategy; Partnerships
Customer	Create awareness among potential customers; Increase customer satisfaction	Level of awareness (market study); Questionnaires to customers	40% of potential clients aware of the brand; Gain partnership with three major Universities	Participation in Study Abroad and Erasmus Fairs; Ambassadors;
Internal	Recruit polyglot employees;	Certificates and CV;	Recruit employees with German and Spanish speaking capabilities	Recruitment
Learning	Fast implementation; Learn which cross-selling services are most valued	Time of implementation; Questionnaires to students	2-3 weeks to start having bookings; 2 cross-selling services	Cooperation between UniPlaces offices to ensure fast and smooth implementation; Feedback from students desires;

Table 2 – Implementation Plan: Memo

Risk Analysis and Contingency Plan

There are certain risks in this plan, so in the case things doesn't happen as expected there are measures that UniPlaces can take to adjust the flow of operations, and maintain its presence in Madrid. The major risks cover five important areas as it is possible to observe

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[32] Please consult Appendix 17 for the detailed timeline of the Minute analysis.

in the table below. The worst risk that UniPlaces faces is not having a sufficient number of bookings to cover the costs, which may result from not being able to create valuable partnerships, and eventually hindering the brand awareness process. In case results aren't being achieved as expected, UniPlaces can close the office in Madrid, and start exploring the student accommodation market in a smaller Spanish city, such as Salamanca or Seville. This will allow UniPlaces to keep a presence in the Spanish market, and avoid the high competition and other possible risks of Madrid.

	Risk Analysis	KPIs	Contingency Plan
Business Model & Partnerships	1. Universities, EDP and Orange not interest in partnering with UniPlaces; 2. Imitation of the business model by other players.	1. Outcomes from meetings 2. Penetration rate; Competitors research	1. Negotiate with other companies, and create partnerships with other students' entities. 2. Ensure clear product differentiation from competitors (focus on quality and trust)
Financial	3. Continuous negative Net income	Net income level	Reduce structural costs
Operational	4. Inability to automatize the booking confirmation process	Time to confirm a booking	Incentive landlords' exclusivity
Commercial	5. Not achieving the strategic objective of 3% of international students as clients; 6. Ineffective communication	Number of bookings, number of page views	Improve ambassadors incentives to capture more clients; Implement more marketing campaigns
Implementation	7. Failure in building the category; 8. Assumptions made do not correspond to reality	Level of brand and service awareness; Customer base's size	Clear communication of service's benefits; Re-define assumptions

Table 3 *- Risk Analysis & Contingency Plan*

Conclusion and Final recommendations

After 6 months in Madrid UniPlaces should start analysing Barcelona. This is the second most important city in Spain, especially in terms of international students, with an established positioning as one of the leading destination cities in the world. A rapid expansion to Barcelona must be studied in order to take advantage of increased brand awareness, word-of-mouth and also scale economies. Other important cities are Granada, Sevilla and Salamanca. University of Granada and University of Seville scored 1st and 2nd, respectively, in the Top 100 higher education institutions receiving Erasmus students in 2011-2012. This expansion process can be accelerated by using some of the grants and

incentives provided by the Spanish Government[33]. This recommendation is based on the "Value Net concept", which would potentiate the interrelation, synergies and impacts on the value chain of the different players in the market.

Other important aspect is that UniPlaces should clearly differentiate from competitors. Madrid is a market where students and other tenants find difficult to trust what they see advertised, that is why the majority always wants to visit the accommodation before renting it. UniPlaces must take advantage of this opportunity, connecting it with its service and its internal sources of changes. UniPlaces already was able to understand the changing in the market environment and in the customers' needs of a quality and trustful renting service. Now, it has to "educate" its customers, showing them all the problems the service solves, and allowing them to recognize and perceive all the benefits of it.

Only after establishing itself as the brand providing a quality and secure process of renting an accommodation online, is when UniPlaces can start externalizing the listing process to landlords. This strategy should be based on the following two pillars: "reduce costs by maintaining quality standards". But this can only happen after several procedures are implemented. First, a rating and reviews tool has to be install at the platform. This way students and tenants can evaluate their landlords and their accommodation, and is an opportunity for landlords to build a good reputation. Second, UniPlaces has to create a content management tool that would approve all content inserted by landlords (descriptions, photos, maps, etc.) before being published. This content would also have to follow a list of guidelines corresponding to a minimum set of standards. Third, a set of auditing processes would also have to be implemented to verify all properties' information published on the

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[33] With the aim of promoting investment, employment, competitiveness and growth, the Spanish central government is fostering, within the limitations imposed by the current economic context, a range of aid instruments and incentives mainly targeted at boosting indefinite term employment and at research, development and technological innovation. Furthermore, since Spain is an EU Member State, potential investors are able to access European aid programs, which provides further incentives for investing in Spain. More information can be found at the "Guide to incentives grants and state aid in Spain" provided by the Government at http://www.investinspain.org

website. This process would run quarterly, in order to ensure that quality levels were being met. To incentive landlords to have good photos and accurate descriptions, those listings with the best ratings and reviews would showed up firstly. Also, landlords who would have exclusivity contract with UniPlaces would have their accommodations listed first than those with no exclusivity. This strategy would not only create benefits regarding landlords, but it would also improve and accelerate the booking confirmation process.

In the long-run, UniPlaces could consider a new approach to the booking process. Students and Landlords would communicate directly, and UniPlaces would act only as the mean of communication between them. To ensure trust and safety, only communications and bookings through the platform would benefit from re-funds in case of any problem. This would avoid cases where landlords and students have transactions out-side the platform to avoid paying the commission fees.

A final aspect important to mention is the <u>limitations</u> of this work. In the Quantitative Research the main limitation was the small number of observations (only 75 questionnaires completed), and the representativeness of the sample due to the higher percentage of Portuguese respondents. Also, UniPlaces didn't provide all the information needed, so some aspects had to be calculated as proxies. Finally, the collaborative arrangements with EDP and Orange are merely suggestions, no contact was establish with these companies so it is impossible to be absolutely sure if starting a partnership with them is viable.

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Degree in Management from the NOVA – School of Business and Economics.

Appendices

INTERNATIONALIZATION OF UNIPLACES TO THE SPANISH MARKET

Internationalization plan to Madrid, Spain

Maria do Carmo de Beires Sarmento Pimentel | 1395

A Project carried out on the Field Lab in Entrepreneurial Innovative Ventures, under

the supervision of:

Professor Filipe Castro Soeiro

Lisbon, 6th January 2013

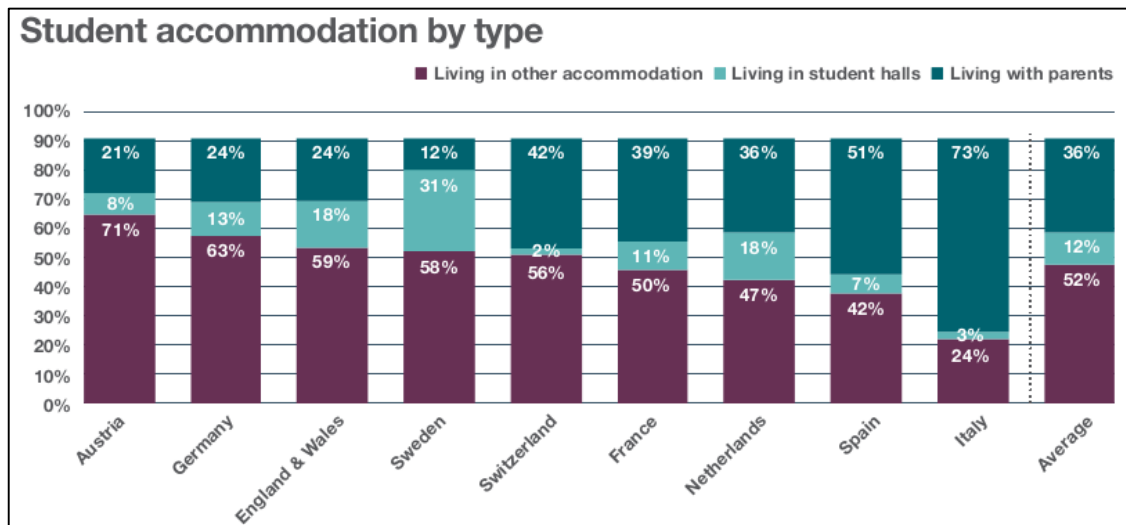## Appendix 1: Student accommodation by type

Figure 1 - Student accommodation by type (Source: Eurostudent Survey IV)

Appendix 2: UniPlaces' completed history

UniPlaces is a two-sided online platform that helps students, through a simple and user-friendly way, find and book suitable accommodation near their university.

UniPlaces **history** started in November 2011 when the founders (Ben Grech, Leo Lara, Mariano Kostelec, and Miguel Santo Amaro) understood that finding accommodation as a student was a difficult process. During a personal experience in London, they noticed that the best accommodation ads could be found at the notice boards and even at trees in universities. This situation made it very hard for universities and students unions to keep updating all information. They also noticed that the intensive use of the Internet by landlords only brought more confusion instead of transparency and organization to the market: students started having more difficulty to distinguish which were the real good offers as they went through endless lists, and rents dropped substantially due to increase of supply. The four entrepreneurs came to the conclusion that the student accommodation market could be a major **business opportunity**. To end with this informal and fragmented market and with printed ads spread all over, they decided to create a classified web page where they could consolidate all the offer from landlords in one single platform. The objective was to

connect university communities with landlords in an efficient and transparent way, offering to "students and professors the largest availability of rooms, while giving landlords a targeted and direct access to a vast pool of students" [Startup Pirates 2012]. Besides the online booking, the founders also realised that cross-selling services could also be a potential business opportunity.

The idea was born in London, but the founders decided to initiate in Portugal. Here the student accommodation market was more favorable, since it was less mature and underexplored. Besides, one of the founders is Portuguese and already had some knowledge about how the market was and some contacts. Noticing the South American market suffered many of the same problems as the Portuguese market, and seeing the high growth rates of international students there, the team applied to Startup Chile contest, and wan €30.000 to begin their development in that country.

In 2012 UniPlaces not only wan Prémio Nacional Indústrias Criativas 2012 (€25.000) but also an office in Startup Lisboa. It was also during this year that they were able to attract several European investors[1] (€200.000) and wan several other prizes[2] that brought not only more money but also notoriety. In November, 2013 UniPlaces raised over £700.000 of seed funding led by Octopus Investments, with Alex Chesterman and William Reeve joining the funding round as angel investors.

UniPlaces started as a classifieds site which centralized different advertisements of students' accommodation (all over Portugal and Chile) in one website. Landlords could publish listing of their properties, and students could search through the listings, view details and message landlords of the properties they were interested in. As the company was taking the first steps, the team kept constant tracking of user's feedback to develop the platform.

[1] Shilling Capital Partners; Alex Chesterman (Zoopla, Founder & CEO); William Reeve (LOVEFiLM, Co-founder).
[2] Current achievements: Startup Pirates @ Porto 2011 (winner), Startup Weekend Lisbon 2011 (winner), So you think you can pitch? 2012 (winner), Finalist at Creative Business Cup 2012 & Pioneers Festival 2012.

They came to the conclusion that what users valuable the most was trustful and transparent adds. Therefore, in December 2012 the team decided to change completely their business model by closing the classifieds website, and transforming UniPlaces into a closed platform, where the company had control over all content published. This change resulted not only from users' feedback but also because the team wanted to start operating in London, since the UK is the world's second largest recipient of international students, just after the US. So what the team decided was to implement the business model in London, to learn how the market operates and which changes would be necessary on the platform to penetrate this high competitive market. As the London renting market is a copy of the US market, but in a smaller scale, after this learning experience, it would be easier to replicate UniPlaces in the US market, and increase the chances of success in an even more competitive market. The main idea was to show that if UniPlaces worked in a mature market, yet profitable, such the London market, they could prove the company could work anywhere in the world. So, to correspond to users' requirements and to be able to operate in London, they needed a different platform. The team also decided to close the office in Chile, since they didn't' have enough capital to implement the new business model in the three countries.

In May 2013 it's launched a new platform (only in Lisbon and London). UniPlaces decided to differentiate itself from other players at the market, and to provide a unique service that customers would value, and that rivals would find difficult to match. In the new closed platform, all properties listed now are fully verified by UniPlaces, and students can book a place online. To guaranty a "No surprises" policy the company sends a representative to check each property, takes photos and writes complete and accurate descriptions, making sure that what clients see is what they get.

Appendix 3: Uniplaces Founding Team

Leo Lara: CTO & Product manager

- Over 12 years of experience in product engineering

- Led first efforts on Server Software at ARM

- BSc. (Hons) in Computer Science, 1st Class, University of Bath.

Ben Grech: UK Business development & Finance

- Business development associate at H.I.G. Capital

- BA (Hons) in Finance, 1st Class, University of Nottingham

- Founder at Nottingham Entrepreneurs & NACUE.

Mariano Kostelec: Operations, Business intelligence & Programming

- Managing Director at Wimdu China ($90 million funding)

- Leadership role at Groupon Japan and China

- Analyst at Goldman Sachs.

Miguel Santo Amaro: Portugal Business development & Partnerships

- MSc Global Entrepreneurship

- VC consulting in USA, France and China

- Leadership roles at AIESEC, ESN (Erasmus Student Networking), Nottingham

  Entrepreneurs and SIFE (Student In Free Enterprise).

Appendix 4: Feedback provided by students and landlords

What UniPlaces learned from students	What UniPlaces learned from landlords
- Unverified and unreliable ads means students have to contact each provider, and physical viewings are a necessity. - Rental process is risky and confusing – insecure payment methods, lack of information/communication. - Unverified content leads to high levels of fraud. - Expect to be able to book online.	- Just want to let their property. - Unqualified leads are time wasting. - Good providers struggle to differentiate themselves (no ratings or reviews). - Operators of purpose built student accommodation have no efficient way to reach students.
90% of the problems derive from untrustworthy and incomplete online information	

Conclusions:

Focus on quality enables students to book online

Streamlined process adds value for students & landlords

Commission model provides stronger revenues than freemium or pay-to-list.

Appendix 5: PEST Analysis of Spanish Market

Political factors: Spain is the second largest country in EU, and according with data from OCDE, it is one of the countries with fewest restrictions on FDI, ranked seventh in terms of openness to foreign direct investment. The government has been implementing a series of measures to pave the way for growth and job creation, and so promoting investments in Spain. In February 2013 an array of measures to encourage Spanish and foreign entrepreneurs to invest in Spain were adopted. These measures include financial and tax benefits in order to make entrepreneurship more accessible and to encourage young people to start their own business in Spain. As a general rule, foreign investments are only subject to reporting requirements once the investment has been made, while exchange control and capital movements are fully deregulated in Spain, there being complete freedom of action in this regard in all areas. According with the legislation on foreign investment, the Royal Decree 664/1999 has deregulated practically all transactions of this kind, adapting Spanish domestic law to the rules on the freedom of movement of capital contained in Articles 56 et seq. of the Treaty of the European Union.

All acts, businesses, transactions and operations between residents and non-residents which involve or may involve payments abroad or receipts from abroad are completely deregulated. This includes payments or receipts (made either directly or by offset), transfers to or from abroad and changes in accounts or financial debit or credit positions abroad. It also covers the import and export of means of payment. One last aspect that makes Spain very appealing for investors is due to not only the considerable purchasing power of its domestic market (with over 47 million consumers), but also because it's a gateway for other markets: European Union, North Africa and Latin America, which together count for 1.3 billion consumers.

Economic factors: It is expected that the Spanish economy will continue to contract over the coming months, and the fall in GDP in 2013 is projected to be similar to that of 2012, with the economy shrinking by around -1.6%. Domestic demand is expected to remain weak, and this will only partially be offset by a more positive contribution from external demand. GDP forecasts for 2014 indicate that growth will be close to 0.5%, boosted by an expected improvement in the global economy [Knight Frank 2013]. The harmonised unemployment rate in Spain is the second highest in the OECD area (26.9% in May 2013), well above the OECD average (8%). According to the Eurostats' May 2013 projections, it is likely to remain at this high level through to the end of 2014. The economic crisis seems to have hit the young more than other age groups, where youth unemployment has risen to alarming levels (55% in Spain) and the persistence of such high unemployment among young people risks compromising their long-term career prospects. This can be an opportunity for UniPlaces since the demand for higher education is counter-cyclical: when youth unemployment reaches high levels, more people tend to continue their studies. As a consequence, the student accommodation market will tend to grow. Although an economic

recovery does now appear to be closer, forecasts for the real estate market have improved, and it is possible that some form of recovery in the sector will be seen by the end of 2013.

Social factors: According with data from The Expat Explorer Survey 2012 (HSBC) Spain is the 1st country in Europe in terms of quality of life for expats and 3rd worldwide. With large communities of many different nationalities Spain is known for its highly cosmopolitan character. On average, 12,2% of the Spanish residents are foreign-born, a figure that rises to 16%-17% in regions like Madrid or Catalunya. All these factors turn Spain an attractive country for Erasmus and International students. Since they are the target market for UniPlaces, these aspects are important opportunities for the company. Furthermore, according with Erasmus Statistics, in 2011-2012 the most popular destination among European students and staff was Spain, which received 39.300 students. In terms of education, Spanish Business Schools have three MBA programs among the top 25 in the world, and IE Business School in Madrid holds the No. 1 position in the 2012 Financial Times ranking of European business schools. In addition to Spanish Universities, there are also three American universities in Madrid: Schiller International University, St. Louis University and Suffolk University (where all classes are taught in English). Moreover, during the 2010-11 academic year, the number of foreign student registrations increased by 5% in Spain. According with European Commission, Italy, France, Germany and United Kingdom are the top four countries students coming from to study in Spain. This is a major opportunity for UniPlaces since these students have high purchasing power. 69% of Spain's foreign students are non-EU, with Latin American students choosing Spain as preferred destination to study since tuition fees are a major draw for this group.

Technological factors: technology progress, and the development of the internet, have transformed the way in which many businesses work. One of the biggest technological evolution was the increased availability and reduced cost of transport. The appearance of
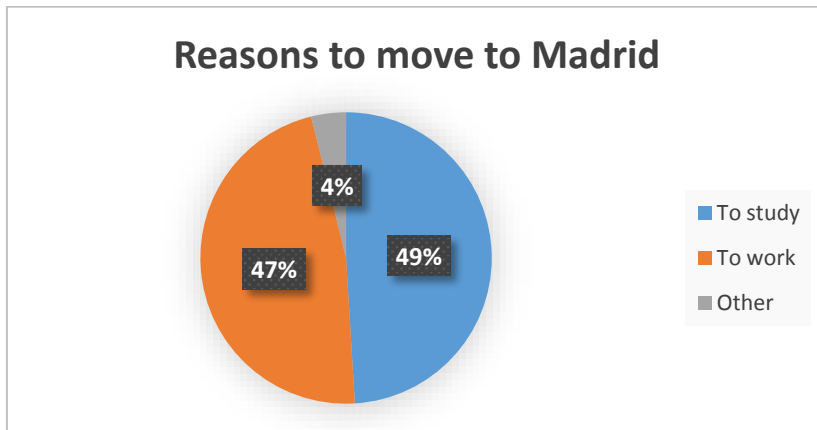
low-cost airlines made it possible for many students to study abroad or out of their home town. Advances in online money transfers enabled people to make online payments easily and securely. Improvements in telecommunications have made it easier for potential migrants to discover what job opportunities are available. Through online chat rooms, they gain information and advice from other migrants from their own country and can keep in contact with friends and family in their home countries.

Spain was a late starter with respect to R&D and innovation, but the country has done well in recent years to come up to the standard of the other EU nations. The government has initiated measures to address the shortfall in the innovation system by revamping the education system and introducing new technologies. Nowadays 72,2% of the Spanish people has a computer and 64% access to internet. Furthermore the Spanish government has implemented a series of initiatives to promote the development of information society.
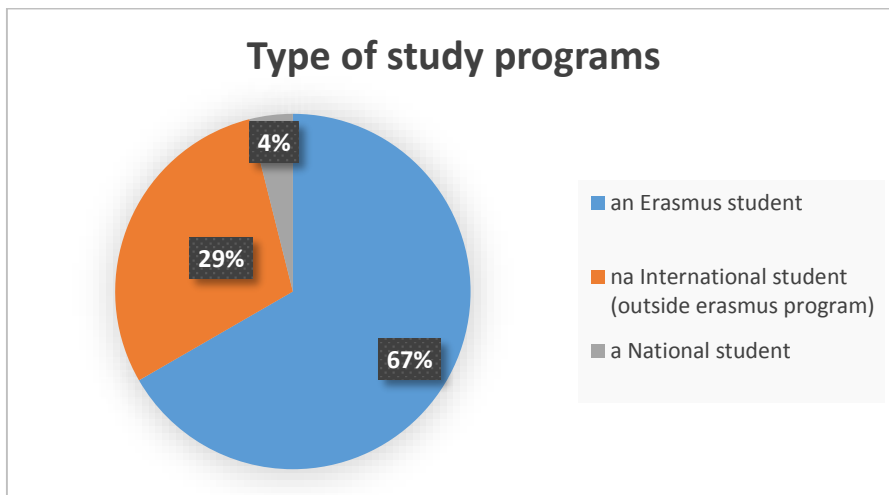
Appendix 6: Survey Results

The following survey was conducted in English during fifteen days, accessed by internet and only oriented to people who lived, or was living, in Madrid for at least 3 months in the last three years. The sample was composed by seventy five answers, being 62% women and 38% men. 85% were between 20 and 24 years old, and 15% were 25 to 34 years old. In what concerns the occupation, 54% were employed and 46% were students. 49% of the respondents moved to Madrid to study, 47% moved to work and 4% went to Madrid for other reasons. From those who went to Madrid to study, 67% went as an Erasmus student, 29% as an international student outside the Erasmus program, and 4% were national students. The respondents were mainly from Portugal (72%), and the remaining were from Spain, Germany, UK, Italy, Poland, France, Greece, Iraq, Belgium, The Netherlands, Sweden, Colombia, USA, and Canada.
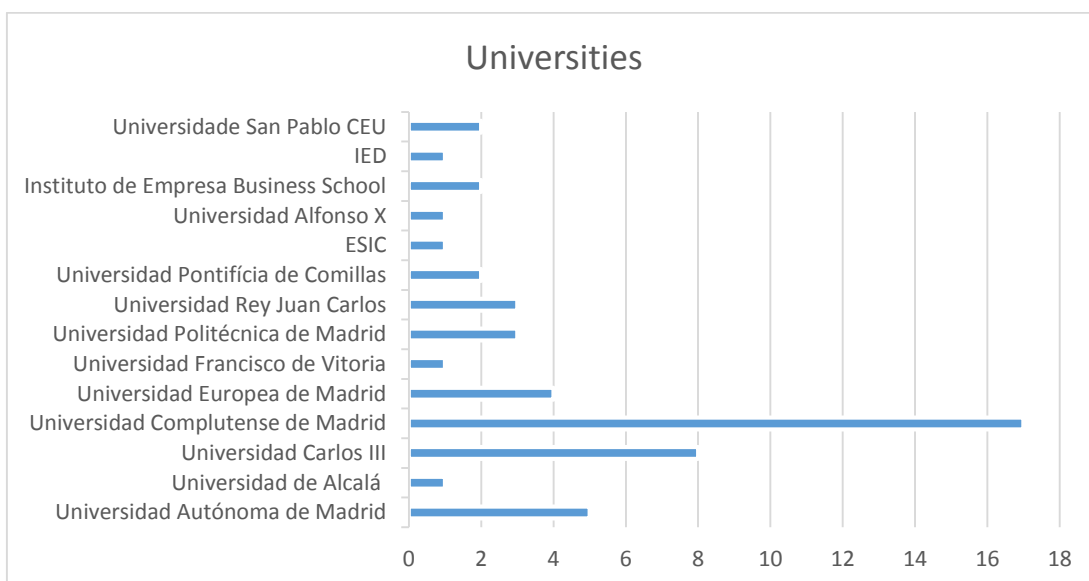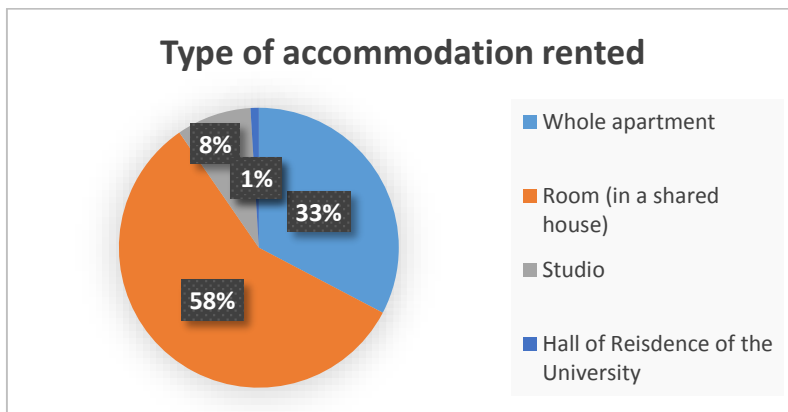
1. Why did you move to Madrid?

Reasons to move to Madrid

- To study — 49%
- To work — 47%
- Other — 4%

2. You went to Madrid to study as a: (in case of answering to study in question 2)

Type of study programs

- an Erasmus student — 67%
- na International student (outside erasmus program) — 29%
- a National student — 4%

3. In which University did you study/are you studying? (in case of answering to study in question 2)

Universities

University	Value
Universidade San Pablo CEU	2
IED	1
Instituto de Empresa Business School	2
Universidad Alfonso X	1
ESIC	1
Universidad Pontifícia de Comillas	2
Universidad Rey Juan Carlos	3
Universidad Politécnica de Madrid	3
Universidad Francisco de Vitoria	1
Universidad Europea de Madrid	4
Universidad Complutense de Madrid	17
Universidad Carlos III	8
Universidad de Alcalá	1
Universidad Autónoma de Madrid	5

4. What type of accommodation did you rent?

Type of accommodation rented

- Whole apartment
- Room (in a shared house)
- Studio
- Hall of Reisdence of the University

8%
1%
33%
58%

5. When did you rent the accommodation?

- Before arriving in Madrid
- After arriving in Madrid

45%
55%

6. Choose the option that best describes your situation

Choose the option that best describes your situation:

Legend:
- ■ "I searched for accommodation before arrinving but didn't find anything good"
- ■ "I searched for accommodation before arriving, and found some possible places to rent, but I preferred to see them before renting"
- ■ "I searched for accommodation before arriving, and found some possible places to rent, but it was difficult to establish contact with the landlord"
- ■ "I didn't search for any accommodation before arriving because I though it would be better to start looking only after arriving
- ■ I didn't have time to search for accommodation before arriving

Pie chart values: 8%, 17%, 9%, 51%, 15%

7. Where did you stay while you were looking for accommodation?

Where did you stay while looking for accommodation?

Legend:
- ■ Hostel
- ■ With a friend/family
- ■ Hotel
- ■ Other

Pie chart values: 51%, 30%, 7%, 12%
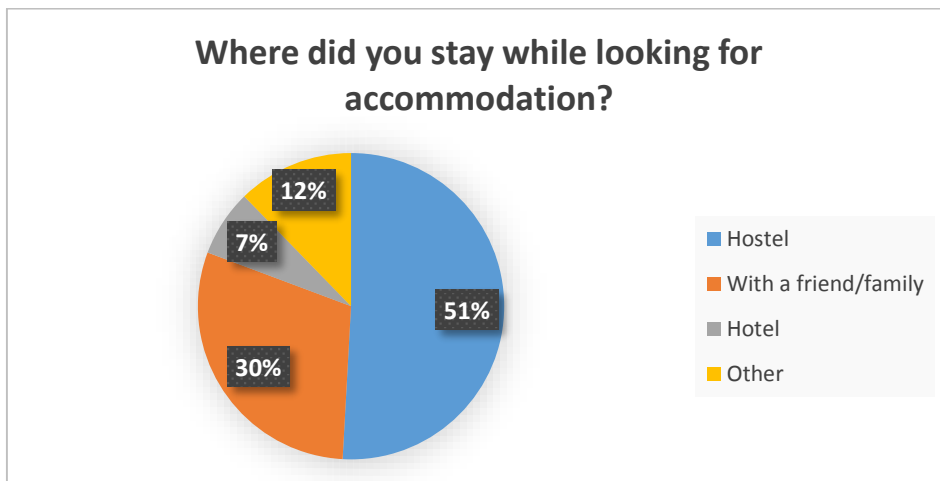
8. How many days took you to find an accommodation?

Number of days it took to find accommodation

- 1 — 14%
- 2 — 9%
- 3 — 30%
- 4 — 7%
- 5 — 3%
- 6 — 12%
- 7 — 3%
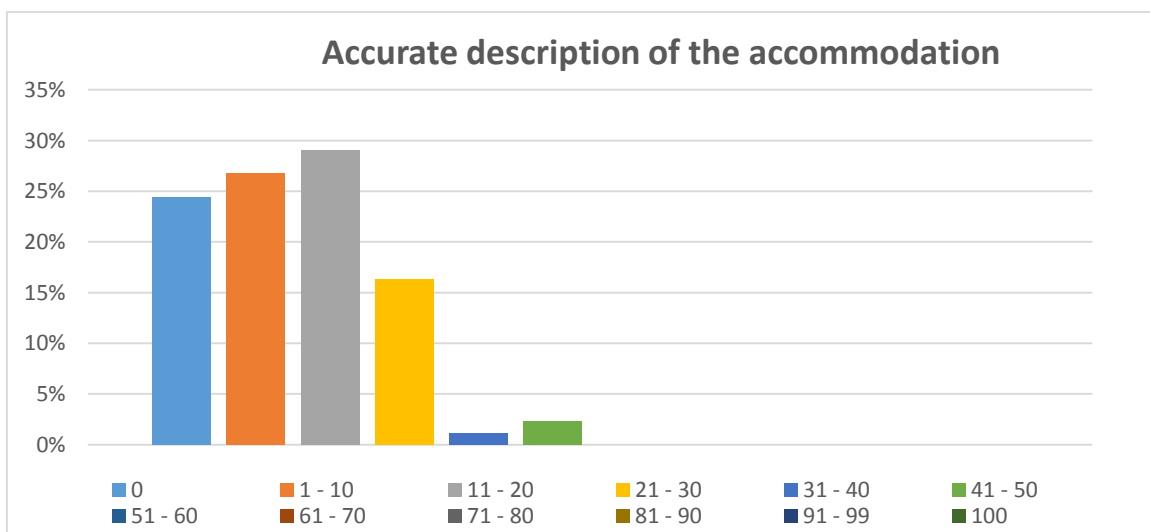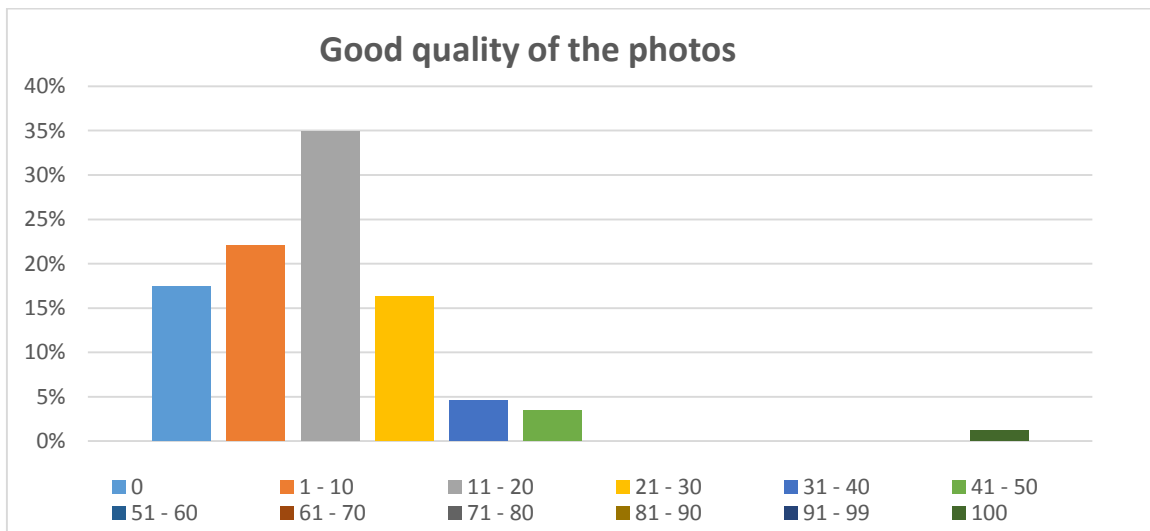- 9 — 4%
- more than 10 — 18%
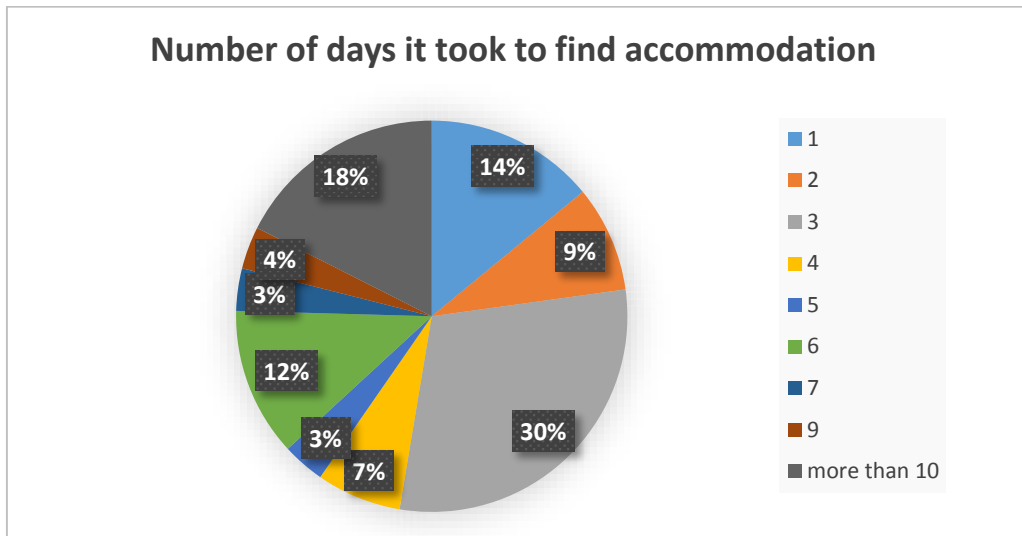
9. Which method(s) did you use when searching for accommodation? (Please select all that apply)

Methods used to find an accommodation

- Newspaper — 2%
- Real Estate Agency — 10%
- Social Networks — 16%
- Web search (websites) — 45%
- Host University reccommendation — 4%
- Friend/Family reccommendation — 18%
- The University took care of everything — 1%
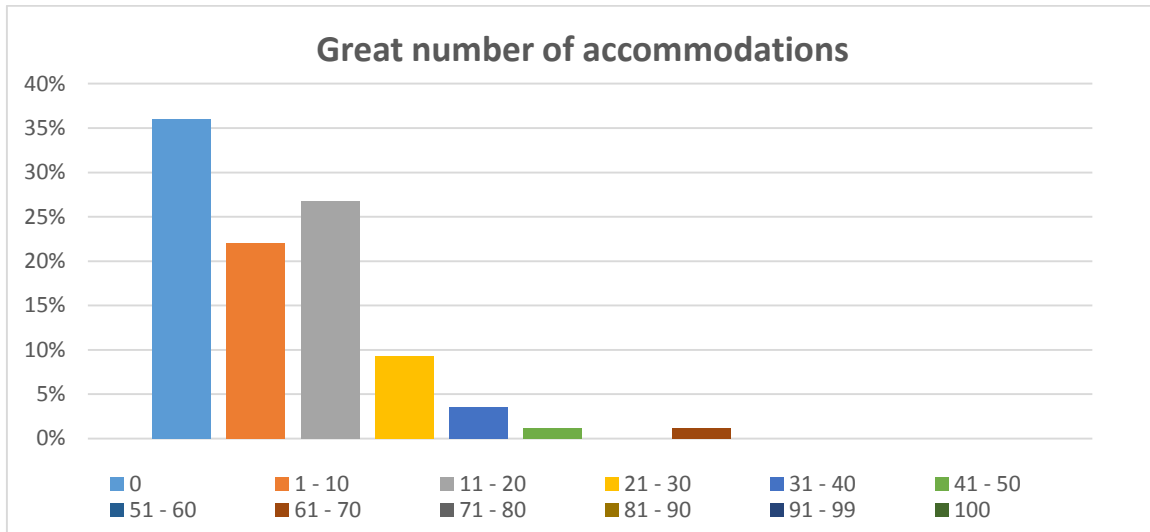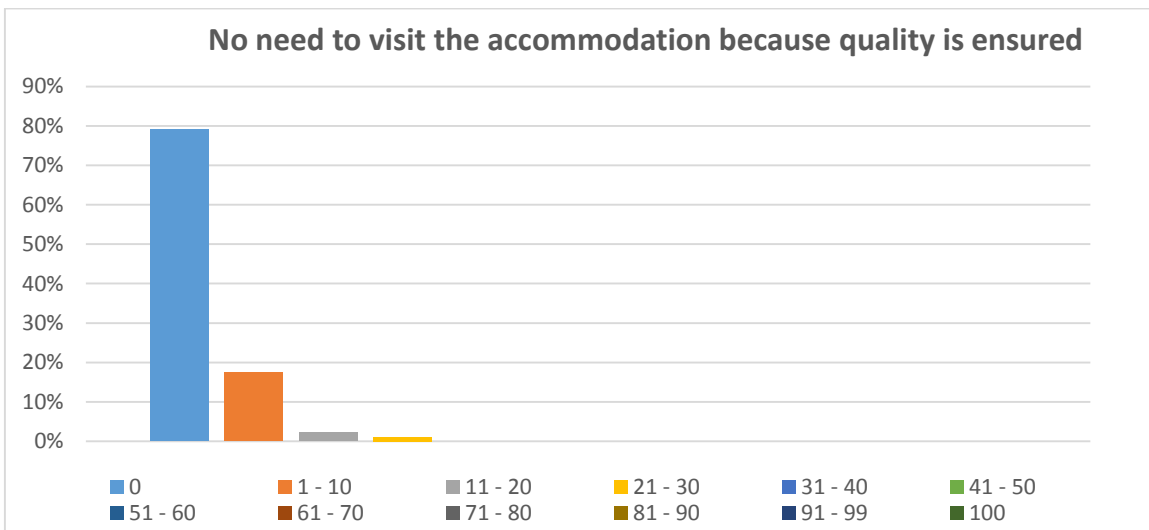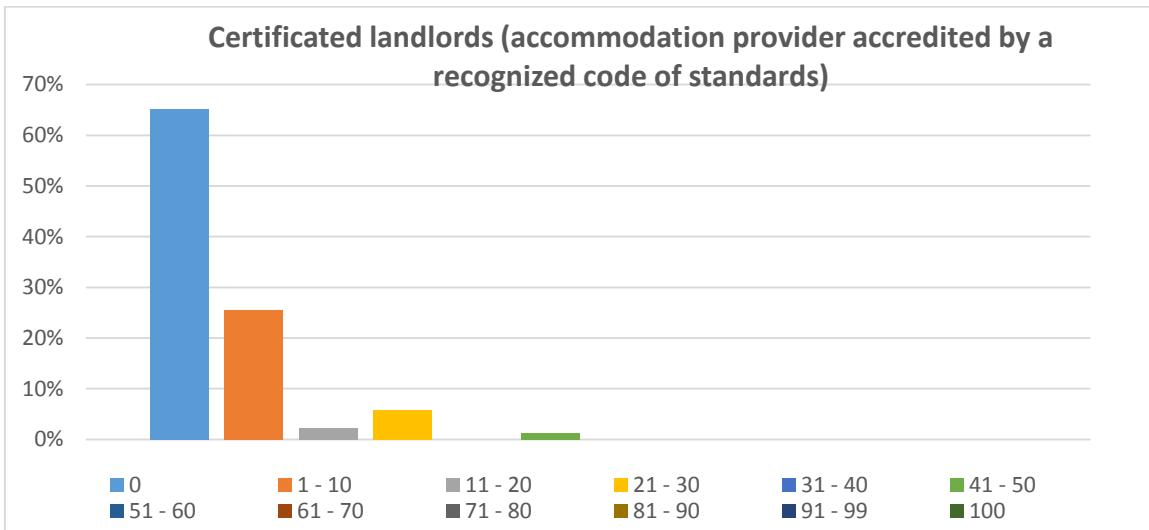- Other (walk around the streets and pamphlets) — 4%
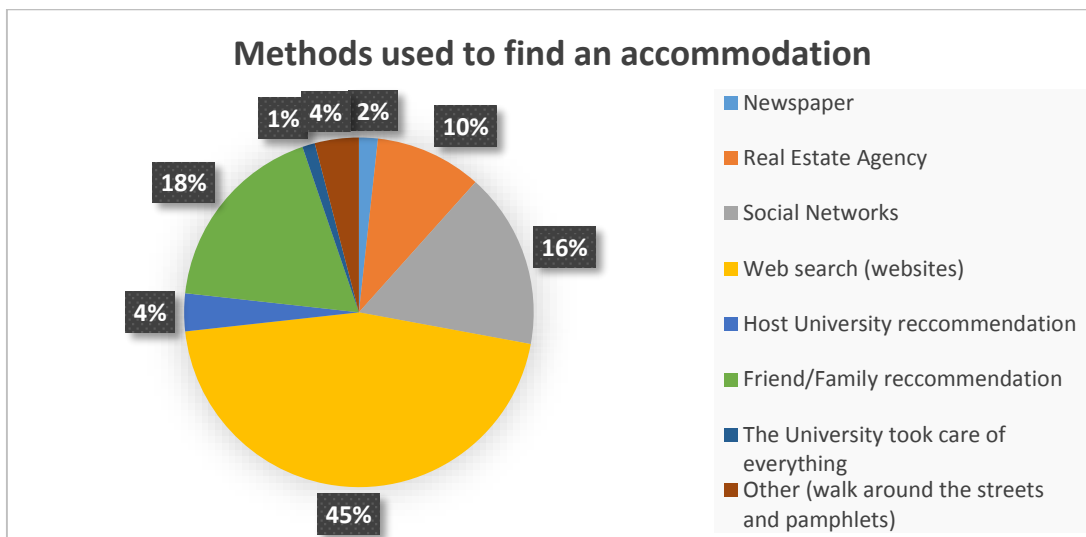
10. Which website(s) did you use to search for accommodation? (Please select all that apply) (in case of selecting Social Neworks and/or Web search in question 9)

Web sites used to find accommodation
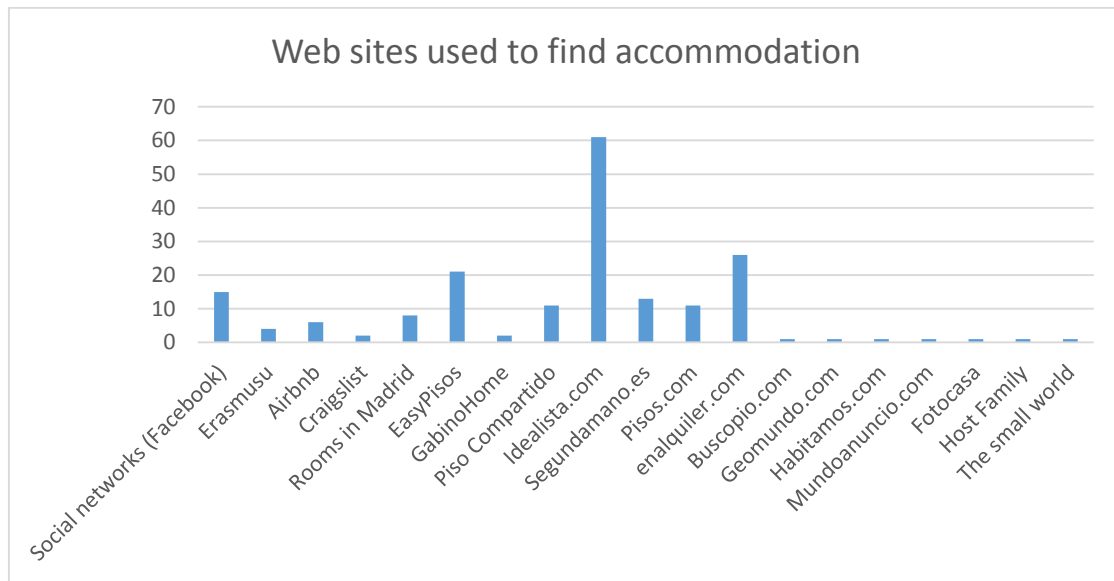
12. What do you value the most in a website when looking for accommodation? (Distribute 100 points between the option(s) which are most relevant for you)

Great number of accommodations

Good quality of the photos

Accurate description of the accommodation

Verified properties (each accommodation is personally assess to ensure it mets the right code of standards)

Legend: 0, 1 - 10, 11 - 20, 21 - 30, 31 - 40, 41 - 50, 51 - 60, 61 - 70, 71 - 80, 81 - 90, 91 - 99, 100

Certificated landlords (accommodation provider accredited by a recognized code of standards)

Legend: 0, 1 - 10, 11 - 20, 21 - 30, 31 - 40, 41 - 50, 51 - 60, 61 - 70, 71 - 80, 81 - 90, 91 - 99, 100

No need to visit the accommodation because quality is ensured

Legend: 0, 1 - 10, 11 - 20, 21 - 30, 31 - 40, 41 - 50, 51 - 60, 61 - 70, 71 - 80, 81 - 90, 91 - 99, 100

Appropriate search engine (with several filter possibilities)

Legend: 0 | 1 - 10 | 11 - 20 | 21 - 30 | 31 - 40 | 41 - 50 | 51 - 60 | 61 - 70 | 71 - 80 | 81 - 90 | 91 - 99 | 100

Description of the surrounding areas

Legend: 0 | 1 - 10 | 11 - 20 | 21 - 30 | 31 - 40 | 41 - 50 | 51 - 60 | 61 - 70 | 71 - 80 | 81 - 90 | 91 - 99 | 100

Map search

Legend: 0 | 1 - 10 | 11 - 20 | 21 - 30 | 31 - 40 | 41 - 50 | 51 - 60 | 61 - 70 | 71 - 80 | 81 - 90 | 91 - 99 | 100

Websites' simplicity / user friendly

Legend: 0, 1 - 10, 11 - 20, 21 - 30, 31 - 40, 41 - 50, 51 - 60, 61 - 70, 71 - 80, 81 - 90, 91 - 99, 100

Reviwes/comments from previous users

Legend: 0, 1 - 10, 11 - 20, 21 - 30, 31 - 40, 41 - 50, 51 - 60, 61 - 70, 71 - 80, 81 - 90, 91 - 99, 100

Option to book online

Legend: 0, 1 - 10, 11 - 20, 21 - 30, 31 - 40, 41 - 50, 51 - 60, 61 - 70, 71 - 80, 81 - 90, 91 - 99, 100
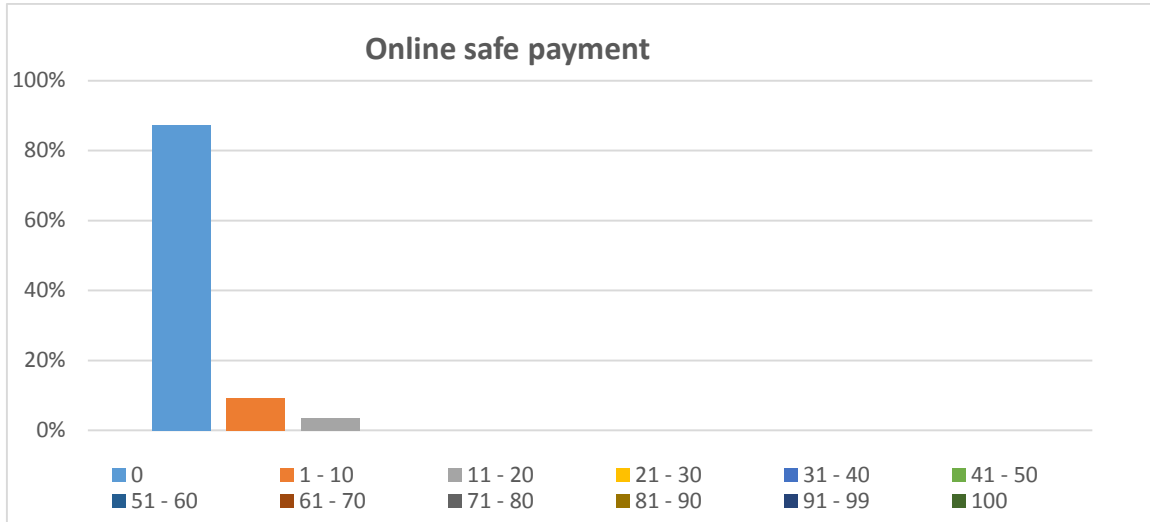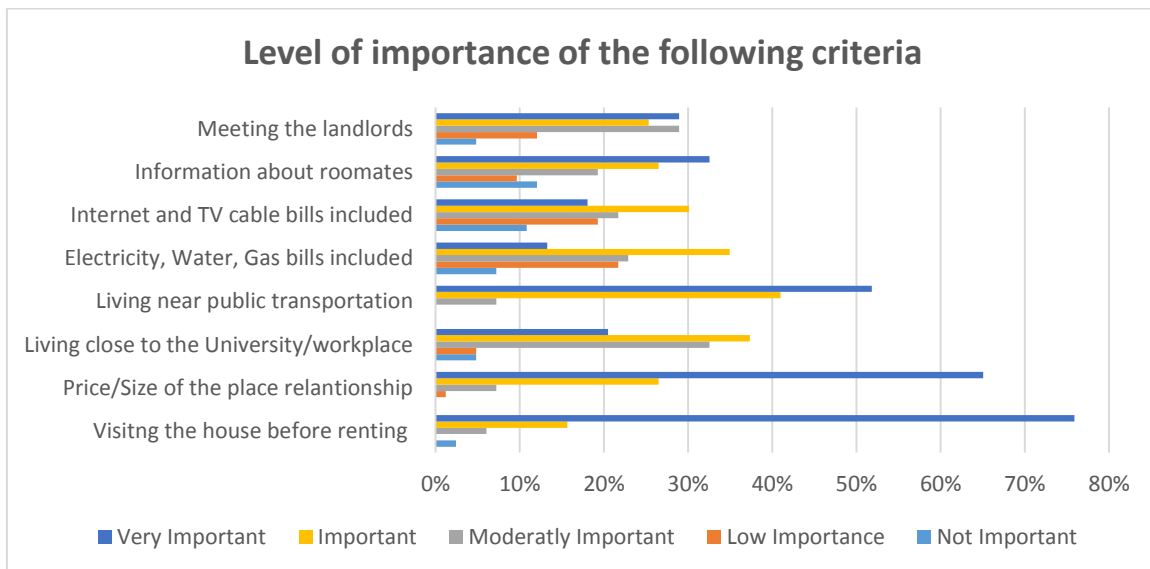
Online safe payment

13. Please evaluate the importance of the following criteria when searching for an accommodation

14. Did you or someone you know personally visit the accommodation before renting it?
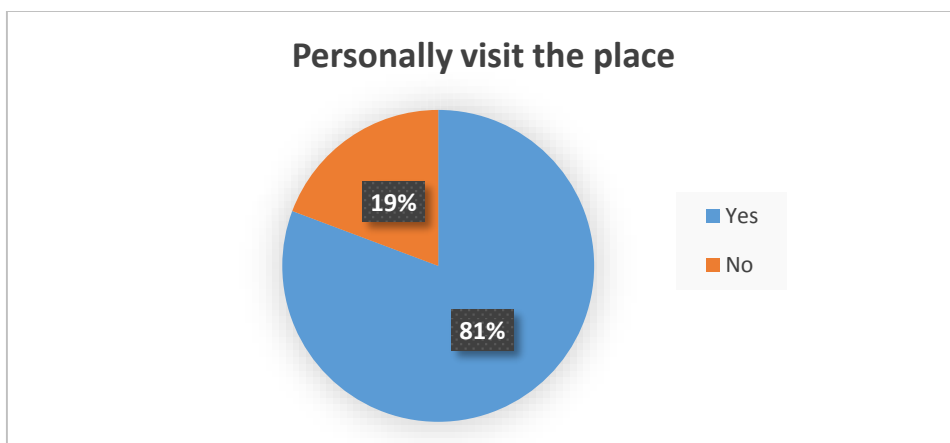
15. Please rank the options that lead you or someone you know to / visit the accommodation before renting

Main reason to visit the place before renting it:
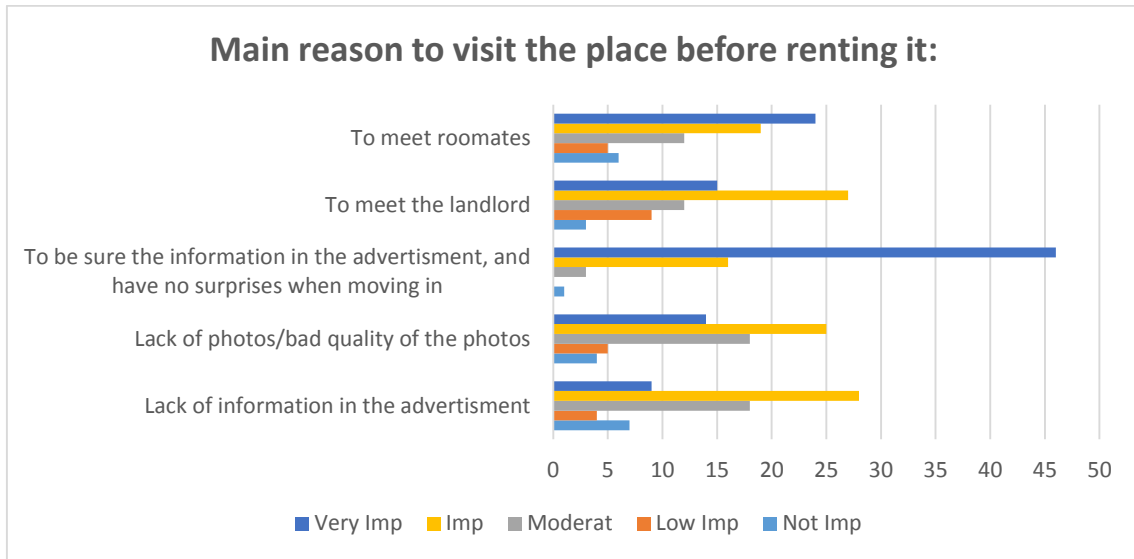
17. How would you classify the task of renting a place in Madrid?

Degree of difficulty of renting an accommodation in Madrid
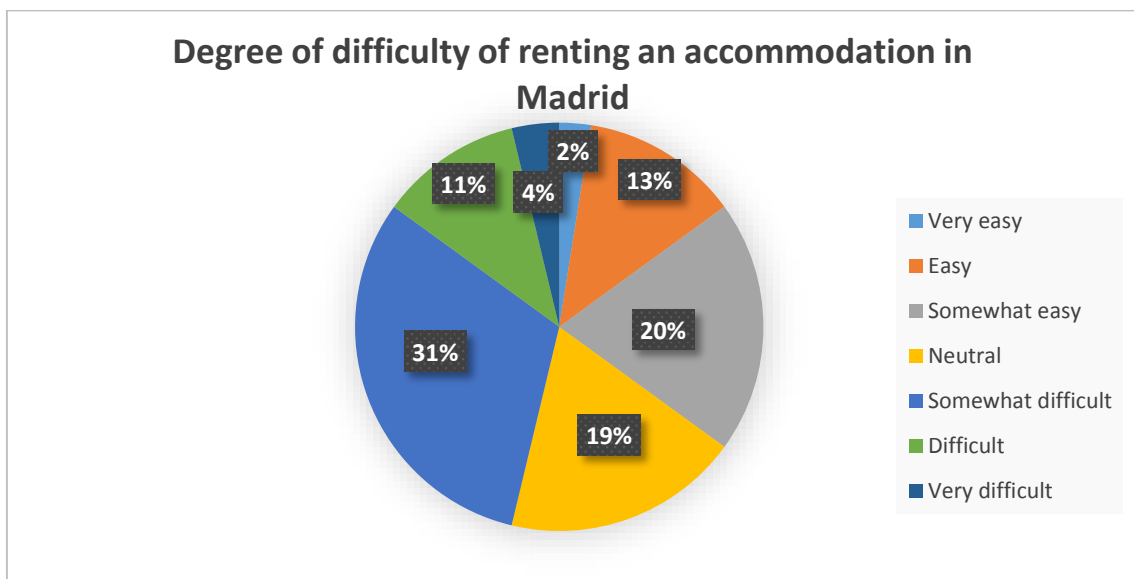
18. Which were the main difficulties you had to deal with?

(Please select only the relevant options for you. Select them in order of difficulty, where the first is the most difficult, and the last the least difficult)
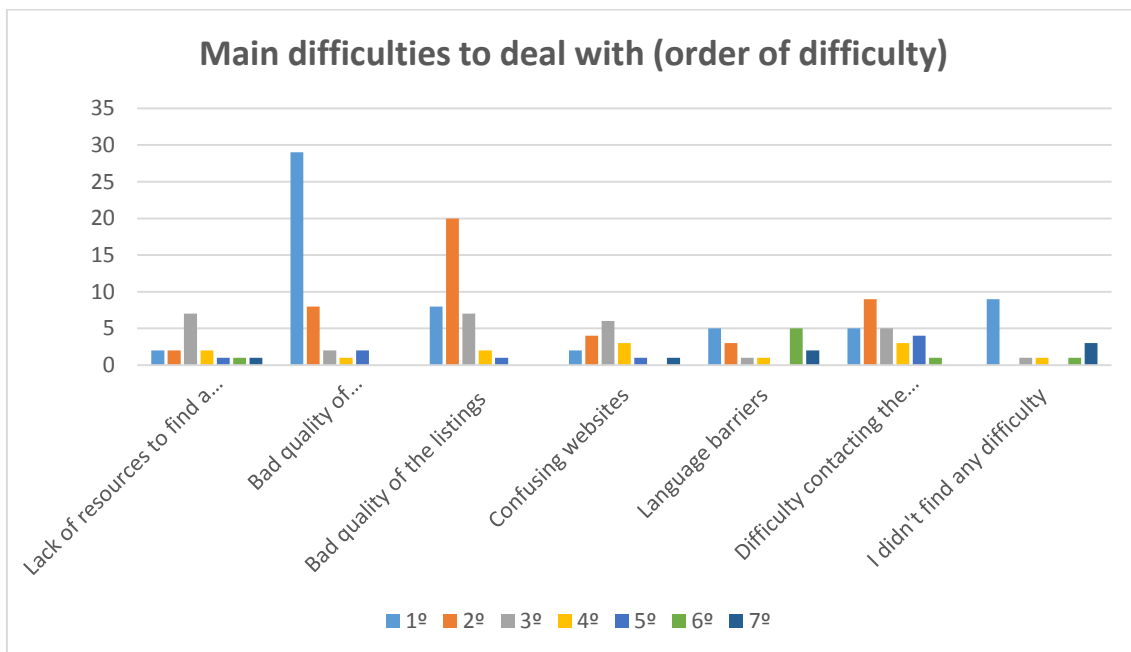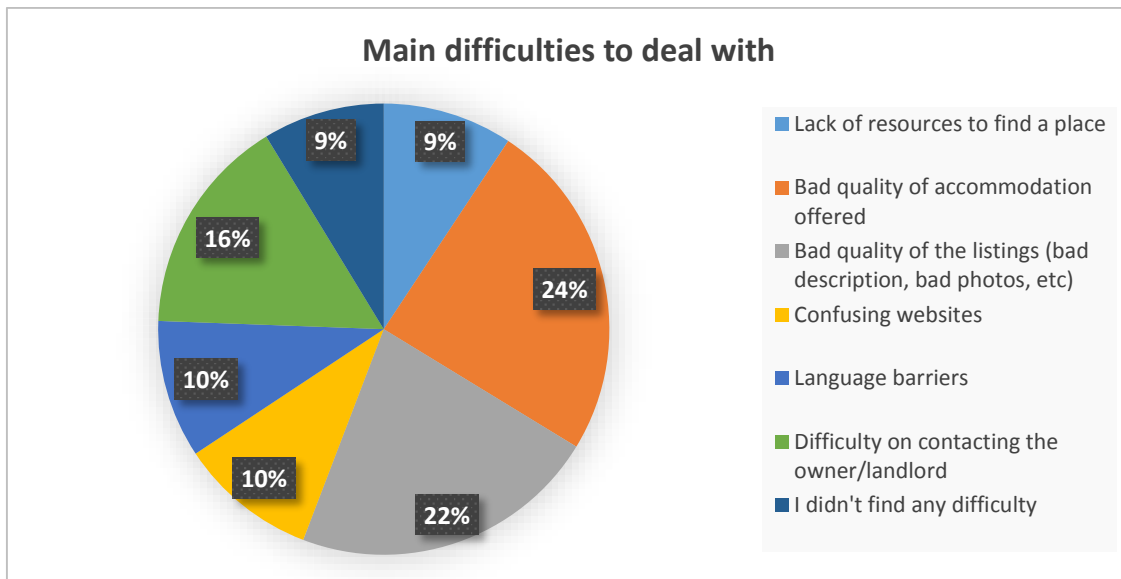
19. If there was a new online renting platform, what aspets should be improved? (Please select all that apply)
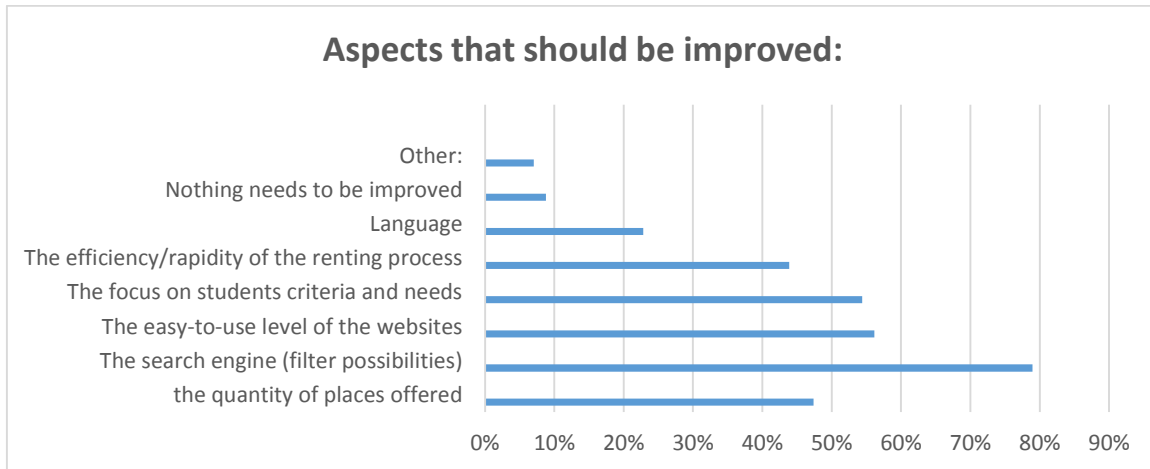
20. Imagine that a new online renting platform offers photos with excellent quality, and a very good description of the property and surrounding areas. This platform would have every single property verified to make sure that you could trust all information provided, and to ensure you wouldn't have any surprise when moving in. Besides this, the company would contact the landlords for you, and you could book the place you wanted through a safe online payment system. Given these reasons, you wouldn't have to loose time visiting the place or contacting the landlord, while having the assurance that "what you see is what you get".

Given this information, how likely would you:
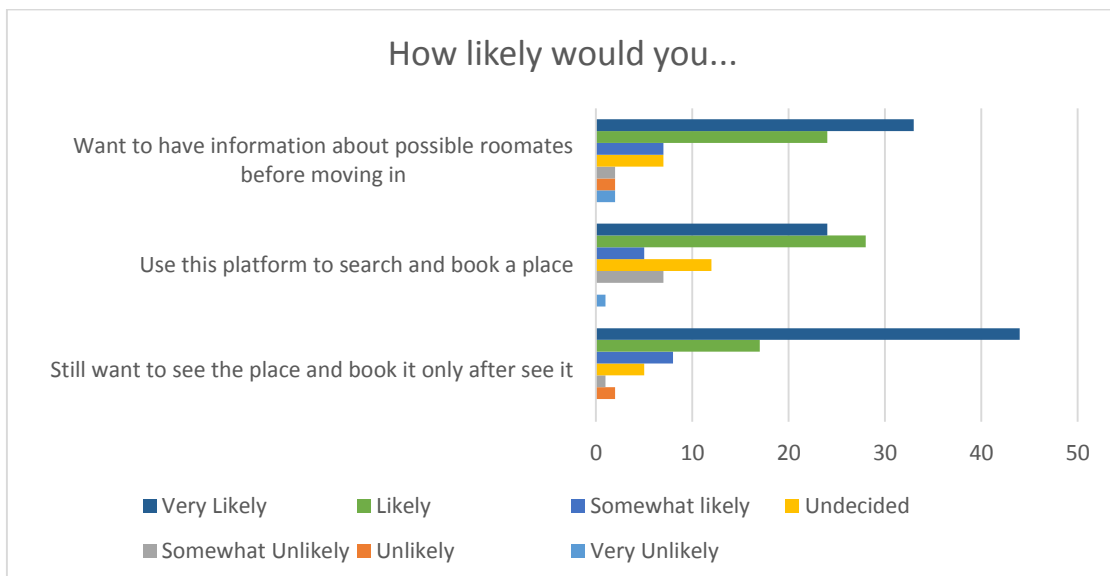
21. How much would you be willing to pay for this service? (commision fee calculate as a % of the total value of the rent)

(total value of the rent = rent per month * number of months of stay

How much people are willing to pay for this service

- 0%: 32%
- 1%: 9%
- 2%: 16%
- 3%: 18%
- 4%: 8%
- 5%: 13%
- (4%)
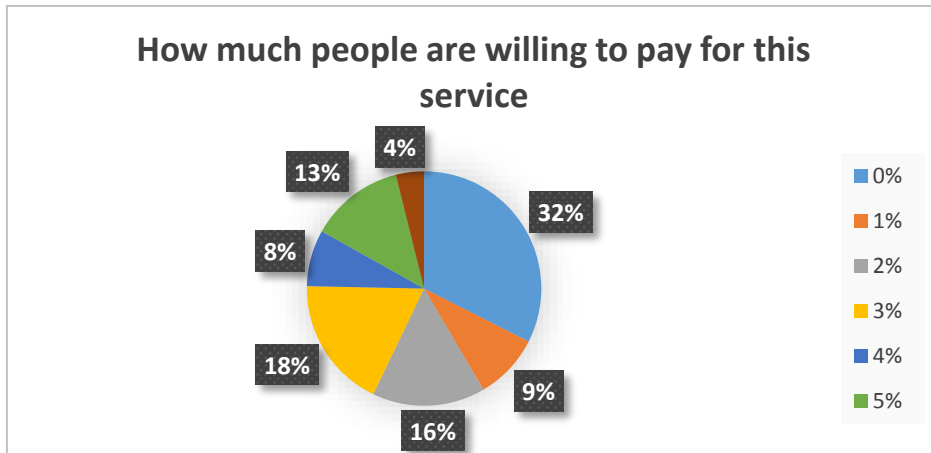
22. When moving to another country/city, would you like to be helped with:

(Please select only the option(s) relevant for you)

- Visa: 10%
- SIM card: 7%
- Cleaning service: 6%
- Guarantor service: 1%
- Bank account: 18%
- Water, Gas, Electricity contract: 22%
- TV and Internet contract: 19%
- Cards with discounts for supermarkets, restaurants, gym, etc: 9%
- Book a flight: 2%
- I wouldn't like to be helped withh anything: 4%
- Other: 2%
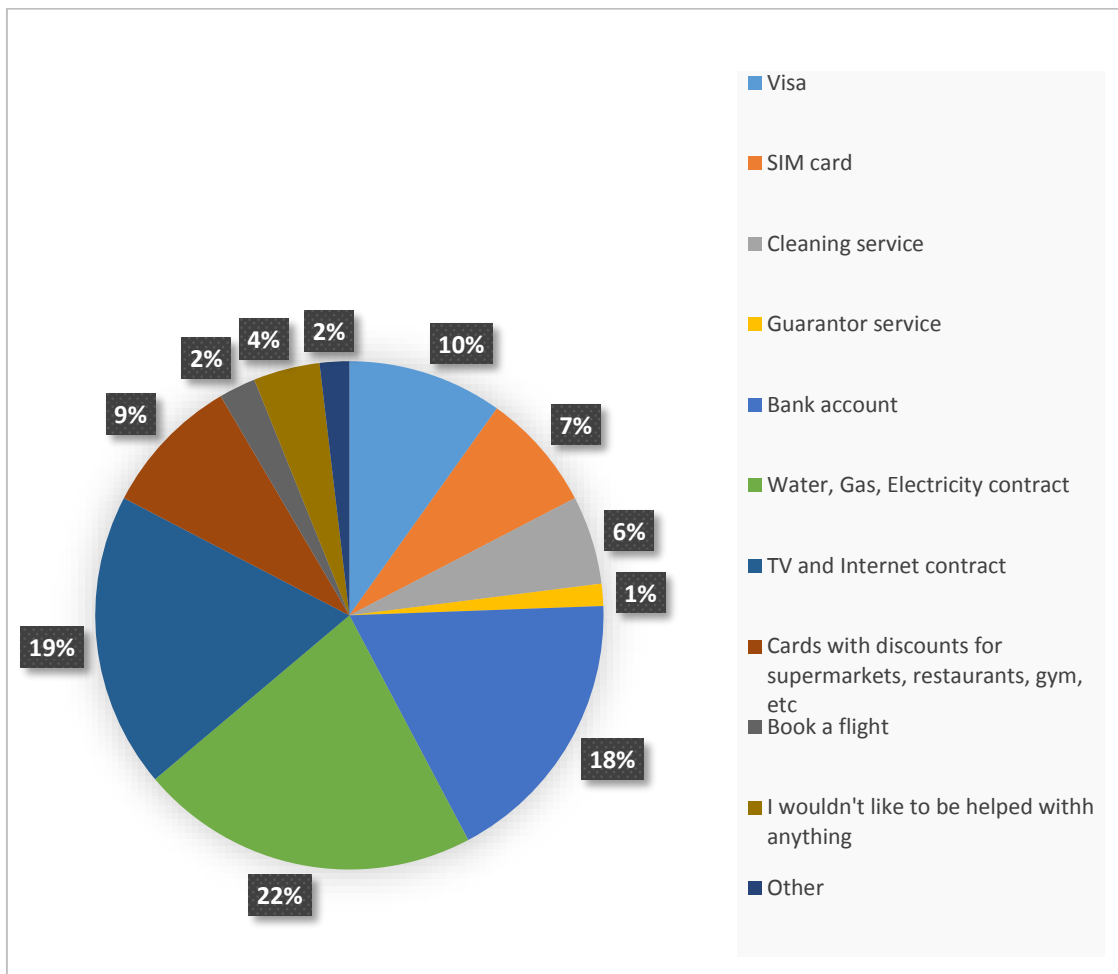
23. Imagine you had to pay a certain service fee to get assistance. Please select the ones you still would like to be helped with:

(select only the option(s) you would be willing to pay extra)
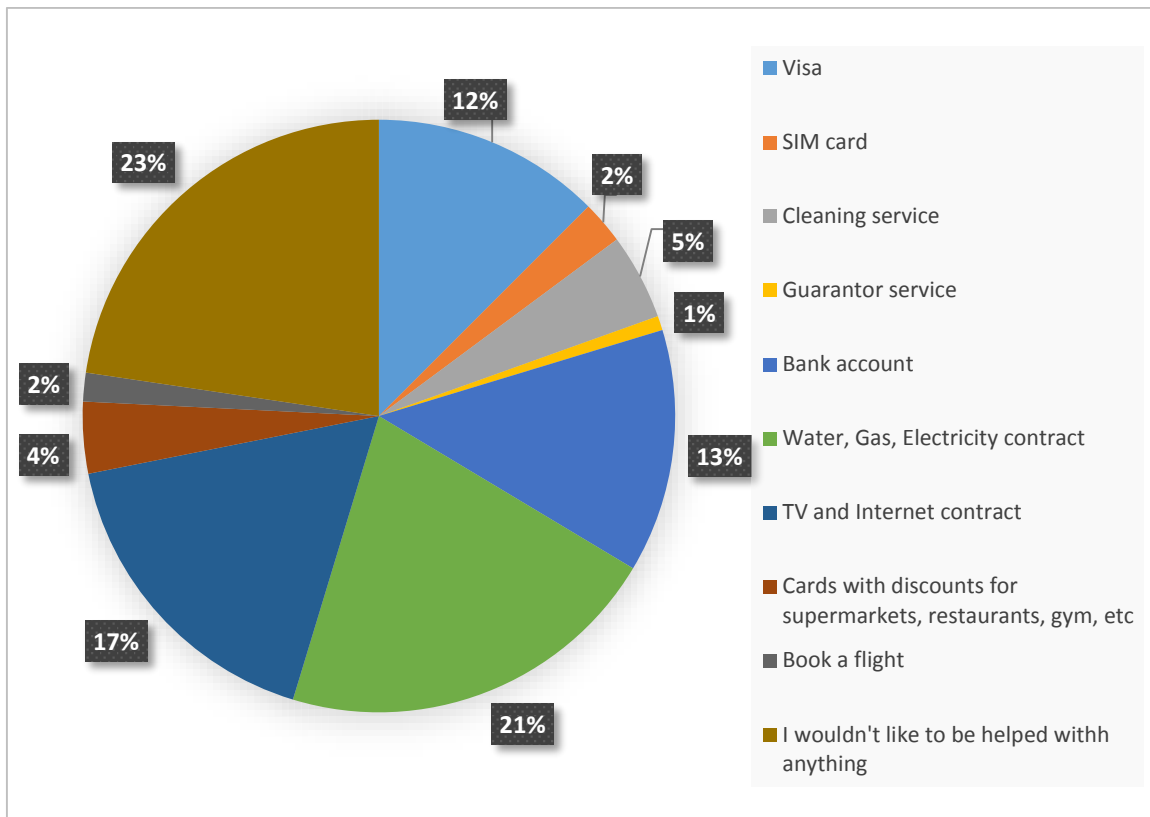
Appendix 7: Complementary services' degree of appreciation

As can be concluded from the graph, even when having to pay a service fee some people still value having Energy, TV and Internet contracts. Although having help with a Bank account was also favourable by respondents, since this is a very bureaucratic service it wasn't recommended to Uniplaces, at least for now.

Extra services' degree of appreciation

Service	With service fee	Without service fee
Other	3	4
I wouldn't like to be helped withh anything	29	9
Book a flight	2	5
Cards with discounts for supermarkets,…	5	19
TV and Internet contract	22	40
Water, Gas, Electricity contract	27	46
Bank account	17	38
Guarantor service	1	3
Cleaning service	6	12
SIM card	3	16
Visa	16	21

■ With service fee   ■ Without service fee

Appendix 8: EDP

EDP - Energias de Portugal is a Portuguese company among the major European operators in the energy sector. At the moment, EDP is also one of the largest energy operators of the Iberian Peninsula, the largest Portuguese industrial group as well as the 3rd largest producer of wind energy.

Besides the electricity sector - generation, distribution and trading – EDP has also significant presence in the gas sector. After taking over Horizon Wind Energy (a Texan-based wind power producer) in March 2007, EDP become the fourth largest wind power producer in the world. In 2009 the company ranked 239 of the Forbes Global 2000, and in December 2011 China Three Gorges Corporation acquire the Portuguese government's 21,35% interest in the company. EDP is present in Europe (Portugal, Spain, Italy, Poland, Romania, France, Belgium and UK), United States of America, Canada, Brazil and Macau.

Finally, EDP integrates the Dow Jones Sustainability Indexes (World and STOXX), the world's most demanding ranking, that distinguishes the best performing companies on issues related to transparency, sustainability and excellence in economic management and social environment.
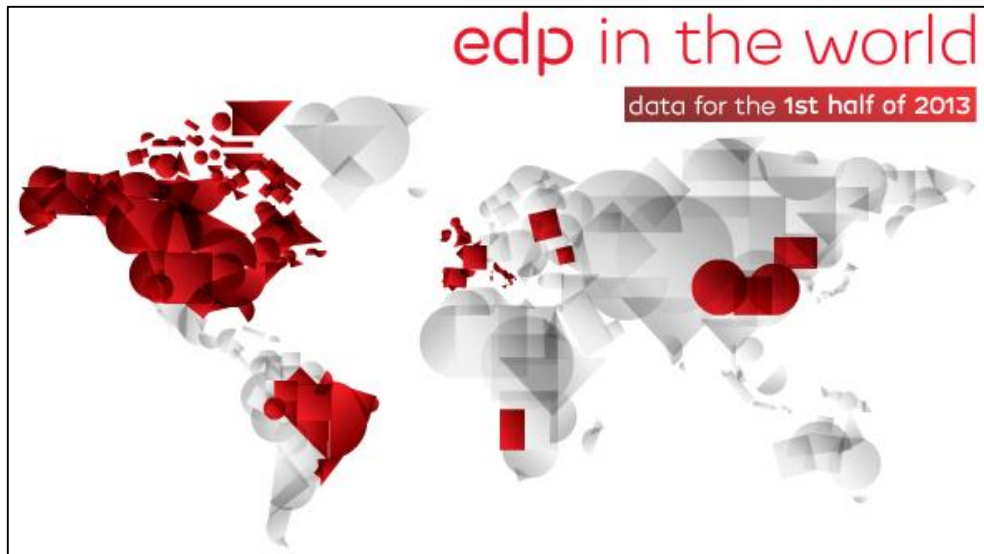
Figure 2 - EDP in the World
Source: *EDP "A world full of energy – Annual report 2012"*

Appendix 9: Orange

France Telecom - Orange is one of the world's leading telecommunications operators. Its sales reached 45.3 billion euros in 2011, and at the moment it employees 170.000 people worldwide. Present in 33 countries, the Group has a total customer base of 227 million customers, including 169 million mobile customers and 15 million broadband internet (ADSL, fibre) customers around the world. Under the brand Orange Business Services, the company is leader in providing telecommunication services to multinational companies. In what concerns mobile and broadband internet services, Orange is one of the main European operators.

France Telecom (NYSE:FTE) is listed on NYSE Euronext Paris (compartment A) and on the New York Stock Exchange.

Orange presence:

- Europe: Armenia, Belgium (through Mobistar), Spain, France, Luxembourg, Moldavia, Poland, Portugal (through Optimus), Romania, Slovakia, Switzerland, United Kingdom (where Orange UK has merged with T-Mobile UK, forming EE, a joint-venture).

- Africa and Middle East: Egypt, Cameroon, Ivory Coast, Israel, Madagascar, Mali, Senegal, Tunisia, Réunion, Mauritius, Botswana, Uganda, Mali, Senegal, Niger, Guinea, Equatorial Guinea, Kenya, Thailand, Jordan and Morocco.

- Latin America: Dominican Republic, Guadeloupe, Martinique, Dominicana, Saint Martin, French Guiana, Saint Barthélémy.

## Appendix 10: Airbnb - company information

Airbnb is the player at the market considered as the most relevant to UniPlaces to benchmark certain elements, since they have a business model very similar (two-sided platform for online renting), but more important how this company succeed building and growing its network using an un-scalable process.

Founded in San Francisco (California), in August 2008 by Joe Gebbia, Brian Chesky and Nathan Blecharczyk, Airbnb is a trusted community marketplace for people to list, discover, and book unique spaces around the world. With more than 10 million nights booked worldwide, Airbnb is the world leader in travel rentals. Present in 34.000 cities, 192 countries, and with more than 500.000 active listings, the company reported $500 million in transactions in 2011, on which it charged up to a 15% fee. Airbnb charges guests a 6-12% service fee every time a reservation is booked for the use of the platform which covers the cost of running the site and the offer of 24/7 customer service. The higher the total, the lower the percentage so guests can save money when booking large reservations. To hosts, Airbnb charges a 3% host service, which includes the cost of processing guest payments and comes out of the host payout. Both guest and host service fees are calculated from the reservation subtotal. The subtotal is the complete price of a reservation before service fees have been added and is calculated from the listing's pricing settings.

In 2009, like many other syartups, Airbnb had been launched but barely anyone noticed. Limited by Silicon Valley idea that every feature had to be scalable, the company was almost bankrupted, with revenues flat lined to $200 per week. It was only when the team decided to experiment non-scalable changes to the business that they climbed out the "trough of sorrow". Together with Paul Graham (venture capitalist and co-founder of Y Combinator seed capital firm), they delineate a completely non-scalable solution: travel to New York, spend some time with customers listing properties, and replace the amateur photography with professional pictures. There wasn't any data to back this decision originally, they just went and did it. This was the turning point for Airbnb: a week later, the results showed that by improving the pictures the weekly revenue double to $400.

"Gebbia's experience with upgrading photographs proved that code alone can't solve every problem that customers have. While computers are powerful, there's only so much that software alone can achieve. Silicon Valley entrepreneurs tend to become comfortable in their roles as keyboard jockeys. However, going out to meet customers in the real world is almost always the best way to wrangle their problems and come up with clever solutions". [FirtRound.com. "How Design Thinking Transformed Airbnb from a Failing Startup to a Billion Dollar Business"]

Appendix 11: Competitors' Analysis
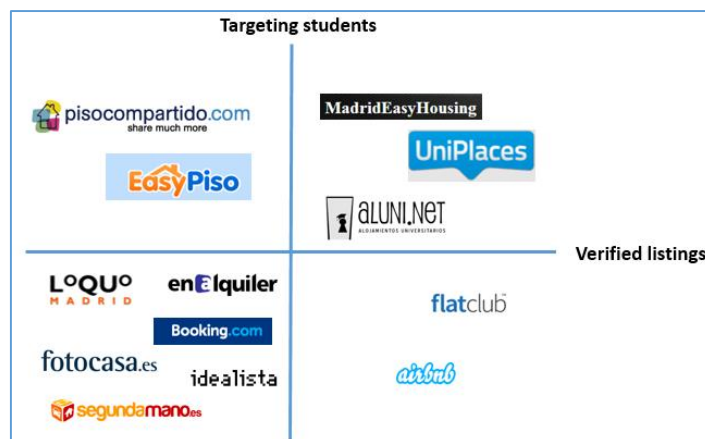
	Professional photos	Accurate description of the accommodation	Language	Verified Properties	Certificated Landlords	No viewings policy (quality is ensured)	Search engine (with several filter possibilities)	Description of the surrounding areas	Reviews previous users	Option to book online	Charges tenants a service fee	Charges landlords a service fee	Extra-services
UniPlaces	Yes	Yes	English	Yes	Yes	Yes	Improve	Yes	No	Yes	Yes	Only when booking is confirmed	No
Madrid Easy	No	Poor description	English	Yes	Yes	No	Very bad	No	No	No	150€ + 45€	Percentage of each month's rent	Yes
ALUNI	No	Poor description	Spanish*	Yes	Yes	No	Improve	No	Yes	No	77€ **	65€ for service costs + deposit of 50€ per room	Yes
Idealista	No	Poor description	English/ Spanish	No	No	No	Yes	Very poor	No	No	No	Premium service	N/A
Enalquiller	No	Very poor	Spanish	No	Optional	No	Yes	Very poor	No	No	No	Premium service	N/A
Piso Compartido	No	Poor description	English	No	No	No	Yes	No	No	No	No	Premium service	N/A
FotoCasa	No	Poor description	English	No	No	No	Yes	No	No	No	No	Premium service	N/A

* Users can view the website in English but descriptions are available only in Spanish

** Those who have a partnership with ALUNI have 40% discount

Assumptions:

City: Madrid; Province Madrid, Capital   Only advertisements with photo

Type of accommodation: Rooms, Flats & Studios   Only furnished places

Appendix 12: UniPlaces' direct competitors

ALUNI is a Spanish company which rents individual rooms in shared flats to university students, students enrolled in Spanish courses, as well as young professionals in Spain. At the moment ALUNI is operating in Madrid, Barcelona, Alcalá de Henares, Granada, Seville and Valencia. ALUNI is more than an intermediary between students and apartment owners because, in addition to setting students up with apartments, it also oversees that the contracts are fulfilled until the last day of the student's stay, acting as a referee should any conflicts arise. In this way, it is ALUNI that holds onto your initial deposit money, instead of the apartment owner. Furthermore, it works closely with the International Relations Office of major European and American universities, both public and private, as well as with businesses that sponsor student interns from other cities. Besides helping promoting the apartments, this relationship with Educational Centers allows ALUNI to have references about the students who occupy the flats.

ALUNI tries to well inform students about each apartment through the internet by including photos, floor maps, distances from the metro, other students' references, etc. so that the student can pick his or her room without needing to visit the apartment directly. There is always the possibility of visiting an apartment before paying the deposit. However, students who do not visit the apartment but do decide to reserve, assume the responsibility for losing the deposit if they do not like the apartment upon arrival.

ALUNI charges 77€ per student for the administration costs of the first contract, and later any more contracts will be lowered to 47€. Students of educational institutions that have signed a cooperation agreement with ALUNI will enjoy 40% discount on the management contract. Also, contracts beginning between the dates of June 1st and August 1st will also have a 40% discount.

ALUNI also offers the possibility of *solidarity accommodation* with an elderly or sick person that requires nursing for a monthly rent from € 175 up (the price varies in proportion to the attention the needy person demands). Moreover ALUNI offers the possibility to **accommodate oneself with a** *family* in Madrid or Valencia, where the student lives as part of the family they are staying with.

Landlords who which to work with ALUNI have to apply for a first visit to the place by an ALUNI responsible, so the company can verify the apartment's conditions and advise on possible improvements. If the accommodation is approved by ALUNI, then the landlord has to deliver the photos and a plan of the house indicating where each piece of furniture, door and window is located. If the landlord has more than two apartments, then these services are provided by ALUNI. Finally, Landlords have to pay 65€ for service costs, and a deposit of 50€ per room. The price of each room is set by the landlord together with ALUNI, and range from 230€ to 490€ monthly in Madrid and Barcelona, from 150€ to 320€ in Alcalá de Henares, Valencia and Grenada, and from 200€ to 360€ in Seville (the difference in price refers to the difference in size, quality and location of each apartment). ALUNI offers to landlords three types of services. Each type corresponds to a different management monthly fee, which landlords only paid when students rent rooms, and in proportion to the number of days that they may stay in the house.

Normal service:

- Promotion of the apartment(s);
- Close the accommodation contracts with students, and assistance to the owner during the term of the contracts (legal assistance in case of defaults, etc);
- Show the apartment to students when the landlord cannot.

"Collection service" includes normal service plus:

- Collection of rent each month, and transfer it to the accommodation provider;

- Management of minor repairs in case of damages (the cost of any technical and spare part are billed to the owner);

- Cleaning and Maintenance Management (housekeeper or maintainer costs are billed separately to the owner).

"Full service" includes normal and collection services plus:

- Welcome and check-in the student at the apartment;

- Inspect the apartment before returning the deposit back to the student;

- Buy and restock the necessary equipment (bulbs, sheets, tableware, etc).

MadridEasy, provides an online platform that connects hosts who have accommodations to rent with guests seeking to rent such accommodations. Madrid Easy makes no warranty regarding the quality of any listings, accommodations, the services or collective content or the accuracy, timeliness, truthfulness, completeness or reliability of any collective content obtained through the site, application, services or referral program. To landlords, MadridEasy charges a percentage from every month's rent, while to tenants is charged a one-time service fee of 150€ (VAT included) plus 45€ concerning administrative, banking and legal services.

Landlords

- *Landlords have to create their own listings (The only paperwork required from property owners would be: all relative info of the property, pictures, description, detail of the neighbourhood and transportation, proof of ownership of the property as well and of course signature of the contract.*

- Extra services to landlords:

- Complete management of expenses: manage all the expenses and rent. That also includes managing the expenses if damages should occur in the property, unless of course the property owner chooses to become involved with the process.
- Complete management of check ins & check outs
- No commission on first month's rent

Tenants:

MadridEasy conducts thorough inspections of all of its properties, before and after each tenant leaves or moves in. If ever an incident should arise, MadridEasy handles all mediation between tenant and insurance agency, so as to handle the problem swiftly.

- ❖ **100% Trust Worthy Advertisements**: Since MadridEasy has sufficient amount of properties and the fact that it deals directly with the property owners it gets a first look at the property.

- ❖ **100% Hands On**: the relationship with tenants does not end after they sign. MadridEasy is in constant contact with them, making sure that everything is functioning properly in the apartment and if tenants are also content with the property, neighborhood and roommates.

- ❖ **Full Maintenance and Cleaning Services**: If a problem should arise in the property, MadridEasy immediately sends someone of the staff to assess the problem, and depending on the initial evaluation a technician will be sent to resolve the matter, and rest assured that it will be dealt with swiftly. The same thing applies to sanitation, before a property is inhabited MadridEasy thoroughly clean and sanitize the entire property, this also applies after a tenant vacates the property.

Additional services:

- Linens Kit: blankets and quilts priced between 5€ & 10€.

- Cleaning Service: daily or weekly cleaning service. The price is 10€ per hour, with a minimum of 2 hours per day.

- Airport Pick Up: The fee is 50€ per person, per trip.

- Bed&Bath Pack:

  - *Textile Pack* (19.50 €): Set of bath towel + hand towel Bath mat

  - *Hygiene Pack* (6 €) Roll of toilet paper, Toothpaste and toothbrush (travel size), Soap and shower gel (travel size)

- Metro Card: On tenant's request MadridEasy can arrange a transport pass before he or she arrives. The price is 6.50€ per card plus the monthly subscription fee.

- Mobile Phones: Madrideasy, in collaboration with Piccel Wireless, offers a low-cost mobile phones and SIM cards rental service. More information concerning prices can be checked on www.piccellwireless.com

- Kitchen Utensils Kit: option of purchasing brand new kitchen utilities. These utensils include a set of plates (2 regular, 2 dessert plates and 2 bowls) as well as a pair of forks, knives, spoons, coffee spoons, cups and glasses.

- Lots More Stuff: MadridEasy also offers some additional assistance: activities, hobbies, job opportunities and some entertainment as well, so that students can take full advantage of their time in Madrid.

Appendix 13: Uniplaces' indirect competitors

Idealista is the leading real estate website in Spain. It operates under a freemium model, where landlords can choose to be a Basic or Premium user. With Idealista, the first advert is free, but the service must be purchased after the second advert. However,

the adverts for rooms (flatshare) are always free. Landlords can contract several services to stand out their properties, such as **preferential highlighting** ads, property management software, professional video and professional photography. No fee is charged to tenants. Idealista also offers advertising space on its website, such as premium space in the home page (5.000€/day), "home page estático" (6.000€/month), banners (22€ cost per click), and several other possibilities. The website is easy to use, having a great search engine with several filter possibilities to personalize each tenant's search. The listings' description are written in English, although only describing main characteristics of the place, not offering many details neither a depiction of the surrounding area. Still, tenants can contact the advertiser and ask for more details, but an answer in English will depend on the advertiser's literacy degree. The website offers other features to tenants, like the possibility of receiving free alerts by email when the price comes down or about similar properties. In general, Idealista provides a good service and it's often recommended by universities to their international students, even though it is not focus on student's needs, and doesn't offer verified properties. Idealist offers several services offered to make adverts stand out, which can go from preferential highlighting to professional photos, virtual tours or even a professional video.

EasyPiso:

Easy roommate is a subscription based website that matches people advertising a spare room with those locking for a room. Through its unique personalised ads approach, the site provides a high volume of rooms to rent around the world. Easy roommate is safe, scam free and its content is kept up to date by a dedicated customer service team. The name of the website is adapted to the country where is operating. In Spain, this website is called Easy Piso. With **Easy Piso** landlords enter their property details and tenant

requirements, and these are then matched against suitable tenants. Landlords can choose to call or email all the tenants in their matching list directly or wait for them to contact them, safe in knowledge that their ad will only be seen by tenants who match landlord's criteria. Easy Piso's revenue model is "Free to post and pay to contact". Putting a property on the website is free, but once the ad has been posted either the tenant or landlord needs to upgrade in order to see contact details. As a Basic member one can only read messages from Premium Members. To read messages from all users and everyone can read the messages that one send them, it is necessary become Premium Member. There are several premium packages. For landlords it can goes from 22,90€ for 10 days up to 79,70€ for 1 year. For tenants, it goes from 11,90€ for 5 days up to 54,90€ for 6 months. Although EasyPiso offers a targeted service, both the website and the listings are only in Spanish. Furthermore neither tenants nor landlords are certificated by the company, so the website itself recommends to its users to always organize a viewing before agreeing to rent a room, to not trust landlords/users that claim that no viewing is possible and to not send any money via Western Union, Moneygram or by cheque. This means that it is not safe for a student to rent a place before moving to the Madrid, since he or she will have to check the place before renting it.

Piso Compartido is a site dedicated to people who want to share an apartment in Spain. It provides a meeting point for people looking for partners to share their place, and those looking to rent a room. At this website posting and highlighting an ad is completely free. Users can browse through all ads, contact all the listings that interest them and post their ad (whether it is an apartment, a room or their own profile if one is looking for a place). It is also possible to manage messages, favourite ads and data from the personal area.

Fotocasa is a property portal which acts as an intermediary between buyers and sellers, and landlords and renters. Private users can publish up to two adverts for free, and renew them (also cost free) as many time as they need. Real-estate agencies have to pay 37,15€ (without tax) for each advert published, which will be active for 30 days. It is possible to hire several services to highlight adverts, extend the time in which the ad is active, put the ad again at the top, have a virtual tour, and many others. Buyers and tenants don't have to pay anything to navigate throughout the listing pages, and can apply to receive free alerts of new flats relevant for them in their email, and notifications concerning decreases in prices. This is other platform that doesn't have certificated landlords neither verified properties. Therefore, Fotocasa alerts its user to not send money in advance, or as "signal", "entrance", "reserve" or any other reason, since the platform never acts as an intermediary for the sale or rental, it's just a website for bringing together supply and demand. Therefore, in any situation can be imply a transfer of responsibility to Fotocasa. The website itself advises users that the best option is to make inquiries in person.

Appendix 14: Analysis of Potential new entrants, Substitutes and bargaining power of Clients and Suppliers

The threat of potential new entrants is **high** since structural and strategic barriers to entry in the online renting market are low. It is relatively easy for a competitor to establish a platform similar to UniPlaces, and to start the same business model. Furthermore, the student accommodation market has been growing, and providing profits for those who are investing in it, which will attract possible new entrants looking to get part of those high returns. UniPlaces has already advantages over new entrants because some lead in terms of seed network, and understanding on how to scale this type of business. The threat of substitutes is **low**. Students may use newspapers or flyers at the street to search for accommodations, but that means they will have to be at the city during the research

process and can't book a place from anywhere in the world. This is a tremendous disadvantage and very inefficient way of getting an accommodation, and therefore represents a low threat to UniPlaces. The <u>bargaining power of buyers</u> is **medium**. UniPlaces doesn't depends only on one or few customers, and therefore they won't have too much power over the company neither to set prices. Moreover, buyer's threat of backward integration is also very low. Nevertheless Uniplaces must bear in mind that customers are very price sensitive, mainly due to low switching costs, and the existence of multiple sources of renting an accommodation, creating a very elastic demand. The <u>bargaining power of suppliers</u> is **medium.** The indirect suppliers have a low bargaining power because they are limited in the price they can charge. UniPlaces can easily contract another photographer or copy writer if the present one is charging a price too high. The biggest threat concerning the suppliers is threat of forward integration by landlords. Since there is no exclusivity contract between accommodation providers and UniPlaces they can advertise their listings in other websites, and try to rent the apartment without having to pay a commission fee to UniPlaces. If the landlord possess a great number of rooms this threat is not significant since he or she will be better by using UniPlaces service. The threat is more relevant in the case of private owners with a small number of rooms.

Appendix 15: Implementation Plan – Money

Type	Description	Cost
3 Plane Tickets	Ticket to Madrid (EasyJet) - 50€	150€
Hotel	Hotel ibis (Centro las Ventas); 1 person; 8 nights – 47€/night	376€
Legal Costs	Legal and accounting advisor	650€
Platform	Platform improvements to incorporate the new page for Madrid	690€
	Total Initial Investment	**1.866€**

	2014		2015	2016
	1st Sem.	2nd Sem.		
Number of bookings	182	545	1816	2723
Commission received per booking	144 €	144 €	144 €	144 €
Revenues	**26 143 €**	**78 430 €**	**261 432 €**	**392 148 €**
Operational Costs	**11 508 €**	**30 987 €**	**97 674 €**	**143 424 €**
Paypal service fees & VAT	9 150 €	27 450 €	91 501 €	137 252 €
Sales & Marketing expenses	2 358 €	3 536 €	6 173 €	6 173 €
Online paid advertisment	248 €	372 €	744 €	744 €
Marketing materials (design&printing)	1 000 €	1 500 €	3 000 €	3 000 €
Sales phone bills	600 €	900 €	900 €	900 €
Partner management travel	510 €	764 €	1 529 €	1 529 €
Gross Profit	**14 636 €**	**47 443 €**	**163 758 €**	**248 724 €**
Structural Costs	**19 400 €**	**29 100 €**	**62 800 €**	**62 800 €**
Admin. Expenses	2 800 €	4 200 €	6 000 €	6 000 €
Office rent	1 000 €	1 500 €	3 000 €	3 000 €
Office expenses	180 €	270 €	540 €	540 €
Accounting & Legal	1 200 €	1 800 €	1 200 €	1 200 €
General phone bill (non sales staff)	300 €	450 €	900 €	900 €
Bank charges	120 €	180 €	360 €	360 €
Staff Remuneration	16 600 €	24 900 €	56 800 €	56 800 €
Director	6 000 €	9 000 €	21 000 €	21 000 €
Business development	8 000 €	12 000 €	28 000 €	28 000 €
Ambassadors	600 €	900 €	1 800 €	1 800 €
Photographers	2 000 €	3 000 €	6 000 €	6 000 €
Net Income	- 4 764 €	18 343 €	100 958 €	185 924 €

Implementation Plan - Net profit from 2014 to 2016

Assumptions	
Nº Bookings (Until June/2014) - % of International Students	1%
Nº Bookings (After June/2014) - % of International Students	3%
Nº Bookings (2015) - % of International Students	10%
Nº Bookings (2016) - % of International Students	15%
Average Contract Value per booking	300 €
Average duration of a contract (Months)	6
Comission per booking	8%
Average total commision received by UniPlaces	144 €
Paypal service fees (5%) & VAT (30%)	35%
Online paid advertisment per month (Idealista & EasyPiso)	61,99 €
Marketing materials (design & printing) per month	250 €
Sales phone bill per person per month	75 €
Staff travel per month (monthly travel card - 63,7€)	127 €
Office space required per person (sq. m.)	5
Cost per sq. m. Per month	15 €
Cost per person per month	75 €
Rent per month	250 €
Office supplies per person	15 €
General phone bill per non sales staff per month	25 €
Banking charges per month	30 €
Accounting & Legal per month (First 6 months)	300 €
Accounting and legal per month	100 €
Salary for Director per month	1 500 €
Salary for sales (full-time) per month	1 000 €
Student Ambassadors per month	150 €
Photgrapher - 50€ per house; 10 houses per month	500 €

Implementation Plan: Assumptions made to calculate Net Profit

Revenues were calculated multiplying the number of bookings by the commission received for each booking.

The number of bookings was estimated based on the percentage of international students in Madrid that UniPlaces would capture. Since it is foreseen that the platform will be launch in March/2014, it was assumed the company will be able to capture 1% of international students until June, and after gaining some awareness this penetration rate would increase to 3% until the end of 2014, then to 10% in 2015 and to 15% by 2016.

The average commission fee received by UniPlaces was calculated in the following way:

$$(Average\ Contract\ Value\ \times Average\ duration\ of\ the\ contract) \times Comission\ fee\ (percentage)$$
$$= (300€\ \times 6\ months) \times [3\% + (4\% + VAT)] = \mathbf{144€}$$

Operational Costs – the Paypal commission fee and VAT were calculated having revenues as a reference. The marketing and sales costs are explained in the Assumptions

table. From a tax standpoint, a branch is, in general terms, liable for Spanish non-resident income tax at 30% on their net income.

Structural Costs:

Office rent – After doing some research it was found that Madrid offers several coworking offices, where companies can rent at a low price, ranging between 150€ and 250€ per month (depending on the space and location). The rent already includes water and electricity expenses.

Office Expenses – It is estimated that the three members of the team will spend 45€ per month with office supplies. Each member already has his or her own computer, so it won't be necessary to buy or lease any technical equipment.

Accounting and Legal expenses will be higher in the first 6 months because they involve issues with setting-up the office in Madrid. After that, they will remain constant.

Bank charges and **phone bills** for non-sales staff were also considered as constant values throughout the years.

HR – The salaries were estimated having in consideration the present wages being paid by UniPlaces to employees in Lisbon and London. The calculation was based in 12 months plus two subsidies.

Appendix 16: Implementation Plan – Minute

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