

Top Deal: Baby Gear Rental for Travelling Parents



Key Stats:

RAISE TO DATE \$66,000	INVESTMENT MINIMUM \$10,000	MINIMUM RAISE N/A
\$9M	RAISING PLATFORM SeedInvest	SECURITY TYPE Preferred Equity
TARGET SUMMARY N/A	START DATE 10/08/2019	END DATE N/A

Problem:

Given that [roughly 3.8 million babies are born in the United States each year](#), there are more than 10 million American families with a baby under three years old at any given time, and many of those 10 million families are keen to travel like they did before having kids. In fact, [Americans spend \\$160 billion on family travel each year](#); the majority of that market, \$106 billion, is spent on overnight trips.

However, travelling with an infant or young child is notoriously difficult, particularly for overnight trips. Small children demand a host of gear and equipment to get through a day and night: car seats, cribs, playmats, toys, and much more. Many families find the prospect of travelling with an infant overwhelming, because they simply can't keep baby healthy and happy with the gear that can fit in a suitcase. With family reunions, spring breaks, and holidays still calling, they face a stubborn problem: how can they use baby gear when they're away from home?

Solution:

BabyQuip is a baby equipment rental marketplace delivering rented baby gear to travelling parents on-demand. BabyQuip functions much like Airbnb, Getaround, or other rental marketplaces - 550+ "Quality Providers" from 400+ cities in the US and Canada list baby gear available for rent, and deliver that baby gear to parents' hotels, relatives' homes, or other lodgings when they're on vacation. Parents can visit BabyQuip to order any and all baby gear that they need for their trip, ranging from cribs to books and toys.

Where does BabyQuip deliver? Anywhere, but most orders are received at vacation rentals (32% of orders), private residences (46% of orders), or hotels (22% of orders). Vacation renters are seeking a fully home-like experience, and want to furnish their rental appropriately for their child's home-like comfort. Those who deliver to private residences are often staying with family or friends while on the road, and often those hosts don't supply adequate baby gear. Those who stay in hotels value convenience and are seeking an easy solution to help their baby rest and recharge.

BabyQuip's network of Quality Providers are primarily stay-at-home moms who value the flexibility of the BabyQuip gig and earn extra income without setting up a full business of their own. BabyQuip is proud that its marketplace is the second most lucrative opportunity for side hustlers, with an average monthly income of \$557 per Quality Provider, second only to Airbnb at \$924 per month. BabyQuip provides the online platform to conduct business, advertising and lead generation, training, and community to ensure that Quality Providers are supported in their entrepreneurial endeavor.

The quality of Quality Providers is of paramount concern to BabyQuip. The company carefully vets each Provider, onboards and trains them on how to provide safe and clean gear, and monitors ratings from renters to ensure quality. Renters are pleased with BabyQuip's Quality Providers: BabyQuip boasts an 82 Net Promoter Score, and 81% of customers rate their Provider as "excellent."

In line with its marketplace business model, BabyQuip generates revenue by collecting a percentage of rental and delivery fees (20%), and charges an additional 7% service fee. BabyQuip reports that its average order size is \$160, on which they net \$40, which covers their cost of acquisition. So far, BabyQuip has served over 30,000 orders, and projects generating \$1M of revenue in 2019.

Team:

BabyQuip is led by Fran Maier, an experienced entrepreneur who previously co-founded Match.com and TRUSTe (now TrustArc) privacy solutions. She has spent more than 20 years building and operating internet businesses; an Airbnb superhost herself, Fran realized the opportunity to leverage the marketplace model to solve the pressing issue of baby gear needs while travelling.

BabyQuip's CTO is Joe Maier, a developer who previously developed backend architecture and web applications as a consultant at Accenture.

Growth Plan:

BabyQuip spent its early years proving its concept, building a national brand, and developing a wide network of Quality Providers. Moving forward into the company's next crucial growth years, BabyQuip intends to lean into partnership opportunities. BabyQuip currently partners with leading travel brands like Wyndham, Destination Hotels, Booking.com, and HomeAway, and plans to expand their partner network moving forward. These partnerships are a lucrative opportunity for BabyQuip, as the cost of customer acquisition is much lower than via traditional advertising.

In the slightly longer term, BabyQuip intends to expand beyond the United States and Canada into an international renters' network. It is also investigating expansion into long-term rentals, perhaps via a subscription model wherein families with long-term rental needs pay a monthly fee to use their baby equipment. This model would also drive profitability, as long-term rentals under a subscription model further reduce the customer acquisition cost to lifetime value ratio.

Why We Think BabyQuip is Worth Watching

- **Caters a millennial marketplace to millennial parents:** [The average age of first-time parents in the US is 26 for women and 31 for men](#), meaning that today's parents fall firmly into the millennial generation. They have experienced their twenties with marketplace sharing services like Airbnb, Uber, etc. and are fully accustomed to renting from strangers via the platform model. Moreover, [millennials are increasingly embracing minimalism](#), and reject overconsumption in favor of sustainability; therefore, their preference for sharing rather than buying also increases their willingness to embrace a rental service like BabyQuip.
- **Potential for partnerships:** BabyQuip has already forged important partnerships with hospitality brands and travel booking sites; expanding those partnerships into reliable lead sources with reduced customer acquisition cost will prove crucial in BabyQuip's growth plan. Cemented relationships with major travel brands will cement BabyQuip as the market leader in baby gear rental and will greatly reduce the likelihood of competitors stealing market share.
- **CEO:** While BabyQuip's team is small, the company is led by a proven entrepreneur with deep expertise in business-building. Fran Maier's experience as a co-founder of Match.com and CEO of TRUSTe lends credibility to the BabyQuip brand and signals that the company will scale responsibly into a major player in the growing sharing economy.

The Rating: Top Deal

BabyQuip is led by an incredibly proven entrepreneur, Fran Maier who co-founded Match into a \$15B+ company and Truste, which is now worth in excess of \$100M+. She and her team are capitalizing on the expanding sharing economy to solve a very straightforward problem for millions of parents. Its target audience

embraces similar services like Airbnb and Uber, and clearly finds the notion of renting baby gear while on vacation obvious and desirable given BabyQuip's traction of 30,000+ plus orders in only three years.

If BabyQuip continues to grow steadily as a leader in marketplace platforms, investors will be interested in exit opportunities. BabyQuip has the market potential to develop into a major hospitality brand like Airbnb, and could feasibly IPO if they execute well and nurture channel partnerships with major travel brands in coming years. Alternatively, BabyQuip could be a desirable acquisition for major travel brands; large hotel conglomerates could find an in-house baby gear rental service advantageous to round out their guest offerings. The fact that few precise models for a BabyQuip exit exists only underscores the unique value proposition of the company.

However, potential BabyQuip investors should consider the possibility of an existing hospitality giant, namely Airbnb, creating its own baby gear rental service. BabyQuip currently boasts few proprietary assets, and the barriers to entry for an established marketplace like Airbnb are low. While Airbnb and its competitors' interest in providing a baby gear rental service could prove advantageous for BabyQuip's acquisition potential, it could prove disastrous for BabyQuip's ability to command market share.

In sum, BabyQuip is a company delivering a unique and much-needed service; the obvious appeal of its offering to millennial parents, combined with its early traction and seasoned CEO are all positive indicators of the company's future growth and success. Therefore, BabyQuip is a Top Deal.