

Lavapp

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The Care Economy
Knowledge Hub

the-care-economy-knowledge-hub.org

Profiling Businesses in the Care Economy

The care economy consists of paid and unpaid labor and services that support caregiving in all its forms. In Africa, Asia and Latin America, women spend between three to five times as many hours on unpaid care and domestic work as men. This represents 80 percent of a household's total hours devoted to unpaid care work.

Care economy businesses can help recognize, redistribute, reduce and reward – also known as the 4 Rs – unpaid and paid care and domestic work in the following ways:



Recognize: Initiatives that increase visibility and recognition of paid and unpaid care and domestic activity as "productive" work that creates real value and contributes to economies and societies.



Redistribute: Services and initiatives that redistribute care work from individuals to public and private sector entities, and redistribute care and domestic work within the household.



Reduce: Products and initiatives that reduce the time spent on and burden of unpaid care and domestic work.



Reward: Products, services and initiatives that ensure that care and domestic workers are paid fairly and have professional growth potential. This provides them with financial reward and security.

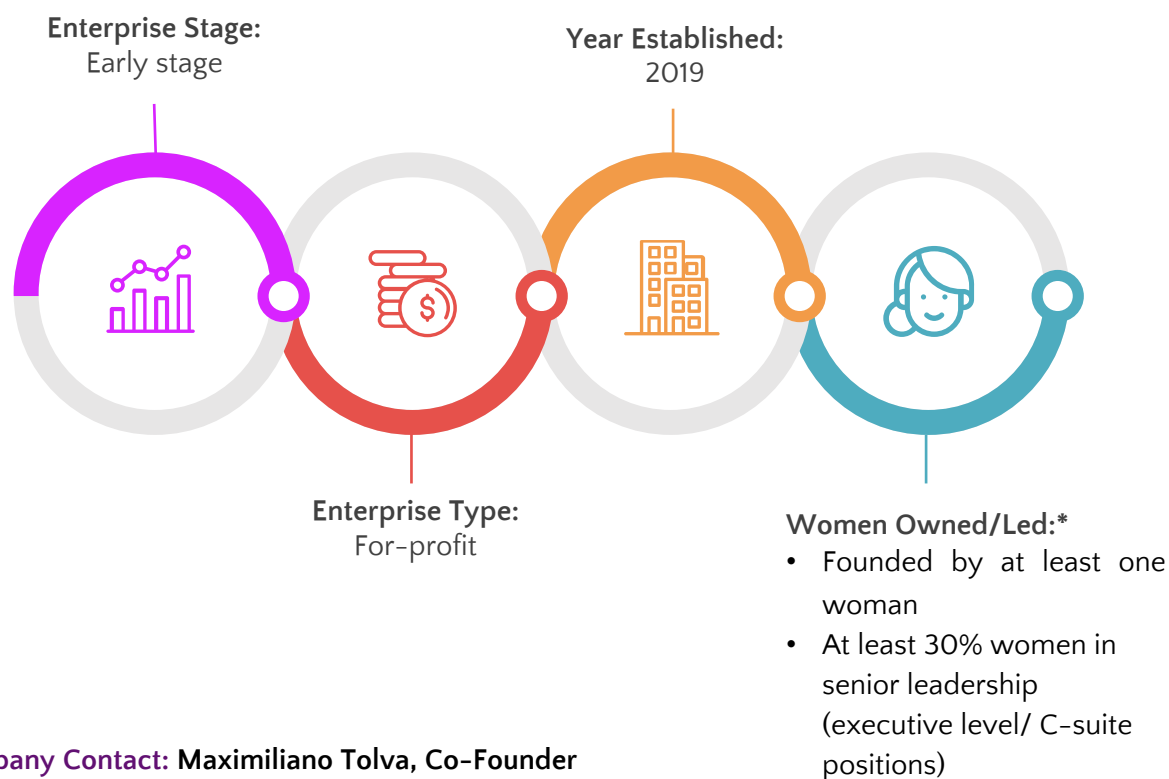
The Care Economy Knowledge Hub aims to address the knowledge gap around care businesses by showcasing various business models and creating a resource base for relevant stakeholders. It also aims to raise awareness and increase knowledge of the state of impact-driven care economy business models and attract a broad range of funders to invest in care economy solutions by showcasing opportunities. These business profiles are intended to showcase said potential investment opportunities. They have been created from information and data provided by the business itself.

This project is supported by Canada's International Development Research Center, in partnership with the Soros Economic Development Fund at the Open Society Foundations. Building on their track record and commitment to transforming the care economy and mobilizing finance for gender equality, they have jointly launched this action research program to help transform the care economy through impact business and investment.

Executive Summary



Lavapp is a for-profit company based in Argentina that provides laundry delivery and dry-cleaning services throughout 4 Latin American countries: Argentina, Ecuador, México, and Paraguay. Lavapp's services aim to reduce the amount of time households (particularly women) spend on domestic work. This is achieved through Lavapp's digital platform, which matches households with laundry shops nearby. So far, the company has connected more than 10,000 households, reducing the time and effort previously devoted to washing, drying, and folding. Data on number of employees and 2021 revenue are not available.



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* According to 2X "women entrepreneurship" and "women leadership" criteria: [2X Challenge Criteria](#)

1. About The Enterprise

1.1 Problem

In Latin America, domestic chores and care activities have traditionally been performed by women. In many cases, this leads to women deprioritizing their personal and professional projects and therefore prevents them from participating in the labor market.¹ Despite increasing female labor participation over the last decade, unpaid domestic work remains steady. On average, women dedicate more than 20 hours a week to unpaid domestic tasks. This is compared to men's 7 hours a week, on average.² In particular, Argentinian women spend an average of 22 hours on unpaid domestic work, including activities such as: cooking, cleaning, laundry, ironing, and grocery shopping. The average time spent by Argentinian men on the same tasks is just 7.7 hours.³

A growing urban population, changes in consumer lifestyles and improvements in standards of living have contributed to the increasing demand for domestic services, such as laundry activities.⁴ In most Latin American countries, lower-middle and low-income households often cannot afford time-saving appliances⁵ (like washing machines), or to outsource domestic chores.⁶ In Argentina, sky-rocketing inflation (up to 83% in 2022) and high tax burdens on imported products⁷ mean a washing machine can be priced at 160%-800% of the monthly average minimum wage.⁸ This makes these appliances luxury goods, only accessible for the wealthiest households. Some residential buildings in the city have on-site/self-service laundromats. However, when the washing or drying machines do not work properly, residents who lack these in-home appliances are forced to either commute to find the nearest laundry shop, or hand-wash their laundry. This imposes an additional burden, especially in terms of time and travel expenses. In addition, given the accelerated growth of labor participation, households now experience more time scarcity. This makes them less likely to want to spend time commuting to distant laundry shops, even if they provide more affordable (or higher quality) services.

1 ILO. (2021). Making decent work a reality for domestic workers: Progress and prospects ten years after the adoption of the Domestic Workers Convention, 2011 (No. 189). P. 13. Retrieved from: https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_802551.pdf

2 ECLAC. (2021). Repository of information on time use in Latin America and the Caribbean. Retrieved from: https://oig.cepal.org/sites/default/files/c2100832_web.pdf

3 ECLAC. (2021). Repository of information on time use in Latin America and the Caribbean. Retrieved from: https://oig.cepal.org/sites/default/files/c2100832_web.pdf

4 Research and Markets. (2022). Global Dry-Cleaning and Laundry Services Market Report 2022-2026. Retrieved from: <https://www.globenewswire.com/en/news-release/2022/05/31/2453045/28124/en/Global-Dry-Cleaning-and-Laundry-Services-Market-Report-2022-2026-Sustained-Growth-in-the-Market-for-Cashless-Self-Service-Laundries.html>

5 Time-saving appliances reduce the time required for household chores.

6 IDB. (2019). The Acquisition of Home Durables among the Low-Income in Latin America and the Caribbean.

7 Retrieved from: <https://elpais.com/argentina/2022-10-14/la-inflacion-asfixia-a-los-argentinos-y-alcanza-el-83-interanual.html>

8 Argentina's average minimum wage is around US\$ 350. Information retrieved from: <https://www.larepublica.co/globoeconomia/chile-y-peru-tienen-precios-mas-bajos-de-la-region-en-dispositivos-tecnologicos-2159301>

Furthermore, small-sized laundry and dry cleaning shops usually face challenges in scaling up their operations. One of the biggest hurdles faced by these kinds of neighborhood businesses is the lack of a digital marketing strategy, which is essential to attract and keep customers. As a consequence, many laundry shops strive to market their services outside of the immediate neighborhoods where they operate.

1.2 Solution

Lavapp is an online platform that serves as an intermediary between customers and partnered laundry shops. Registered households are able to choose from a wide variety of affordable and high-quality laundry services, all including free pick-up and delivery. By paying a service fee, households can select their preferred shop (based on proximity, price, and customer reviews) and indicate a time preference for laundry pick up and delivery. Laundry services may include: washing, drying, ironing, folding, and dry cleaning. The app allows customers to use their location to identify laundry shops that suit their specific needs and preferences, request the service, track its status, and pay fees online. In addition, customers can access a number of daily discounts.

Lavapp contributes to reducing the amount of time households, particularly women, spend on both commuting and cleaning laundry. It redistributes these tasks to specialized laundry stores that satisfy the customers' preferences in terms of location, quality, and price.

Lavapp also helps local laundry and dry-cleaning shops to successfully market their business and improve their customer outreach. To establish partnerships, Lavapp carries out an initial assessment and only accepts shops with a total rating of 4.5 out of 5 (or higher). This is based on internal evaluation indicators, as well as additional input from reviews on Google. Once a laundry store becomes available to customers on the Lavapp platform, the company tracks its performance and conducts regular satisfaction surveys with customers, in order to guarantee the quality of the service.

1.3 Customer Segment

Lavapp's main customers are individuals between the ages of 24 to 38, nearly 60% of whom are women. Currently, the company has partnerships with 40 laundry shops in Argentina, 5 in Ecuador, 3 in Mexico, and 1 in Paraguay. It also partners with financial institutions and other organizations, such as Cuponstar, Club Personal, Galicia Move, and the newspaper Club La Nación. This allows customers to access a number of daily discounts and additional benefits.

Customer Segment	Product / Service Provided	Paid / Unpaid
Households	Laundry delivery services: Through its app, Lavapp enables customers to access various shops throughout nearby cities, all of which provide free pick-up and delivery services. Laundry services cover: washing, drying, folding, stain treatment, and ironing.	Paid: Customers pay a fee per service. Payments are performed through the Lavapp, which then transfers the corresponding fee to laundry stores.
Laundry services	Matching with customers and marketing: Lavapp connects laundry shops with potential customers through its platform, allowing them to increase their market outreach and increase their customer base.	Paid: Laundry stores and dry cleaning shops must pay a 15% commission for each service provided through its platform.

Lavapp is currently conducting a pilot program in Buenos Aires. The program will enable 7 low-income women over the age of 45 to become self-employed and provide laundry services from their homes. Services will be offered to customers within a five-block radius. This model, if successful, will be expanded to allow other women to access similar income-generating opportunities.

1.4 Team And Governance Structure

Lavapp's management board consists of 3 people: 1 woman and 2 men. The company has 4 co-founders, all of whom are part of the management team of the company. One of the co-founders is female.

1.5 Enterprise Policies

Policy	Yes / No
Overall HR Policy	No
Equal pay for equivalent work policy	No
Non-discrimination / Equal employment opportunity / Diversity and inclusion policy (gender, LGBTQ, PWD, etc.)	No
Anti bullying and sexual harassment policy / Respectful workplaces	No
Whistleblower policy / Employee grievance mechanism	No
Maternity / Paternity leave policy	No
Safeguarding policies for vulnerable groups (children, elderly, PWDs)	No
Safeguarding policies for the environment or to reduce detrimental impact on the environment (covers reducing carbon footprint, reduced water consumption etc.)	Yes ⁹

2. Impact

2.1 Mission Statement

By connecting customers with a wide variety of local laundry shops (from the comfort of their homes), Lavapp aims to reduce the time households, particularly women, spend on performing domestic chores. In particular, it enables households that lack a washing machine or a dryer to do their laundry, no matter the distance.

2.2 Intended Impact

Lavapp currently impacts the following Rs:

- It **redistributes** domestic work (particularly laundry responsibilities) that are often undertaken by women in households, to a private third party.
- It **reduces** the amount of time households, particularly women, spend on unpaid domestic work.

⁹ Lavapp is currently working on establishing a written policy regarding the usage of biodegradable laundry supplies.

2.3 Monitoring And Measurement

Lavapp captures the following indicators in order to monitor the quality of its services:

- Number of services provided
- Number of customers
- Service quality: through a customer satisfaction survey, captured upon service completion.
- Laundry shop rating: based on the quality of services, which is captured by the platform at the end of each service provided.

2.4 Results To Date

Having partnered with 40+ laundry shops in Argentina, Lavapp has reached more than 10,000 customers. In addition, Lavapp also has partnerships with 5 laundromats in Ecuador, 3 in Mexico, and 1 in Paraguay; additional customer data is not available for these geographies.

Lavapp's' work is aligned with the following Sustainable Development Goals (SDGs):



3. Financials

3.1 Financial Status

Lavapp aims to be financially profitable in the next year. Specific financial data was not made available.

3.1.1 Revenue Streams

Lavapp's business model functions by charging a 15% commission on service fees earned by the laundry shops. Currently, 100% of Lavapp's revenue comes from these commissions. Further revenue details are not available.

3.1.2 Expenses

Expenditure details are not available.

3.2 External Funding Sources (Past and Current)

Since its launch, Lavapp has relied exclusively on its founders' personal investments and the sales of its services. An initial investment of US\$28,000 was made by the co-founders.

3.3 Challenges Faced In Accessing Capital

So far, the company has not attempted to raise any kind of external capital, as it has managed to operate with its founders' investments and operational revenue. However, it expects to strengthen its business model and growth strategy throughout the next year, which will enable Lavapp to attract new capital investors.

4. Path To Scalability

4.1 Potential Avenues For Growth

Lavapp has identified the following avenues for growth:

- **Geographical expansion:** In Argentina, Lavapp's next step will be increasing its coverage to 80% of the Buenos Aires Metropolitan Area. The company also aims to re-establish its operations in Peru, which were previously suspended due to mismanagement and communication difficulties with its former partners in the country. In addition, the company will expand operations to Brazil in the next two years. Finally, it has started to contact laundry businesses in Spain, to expand its app to Europe.
- **Self-employment opportunities:** Lavapp aims to scale up its pilot program in Argentina, enabling low-income women over the age of 45 to generate income as self-employed laundry workers.
- **Independent laundry stores:** To expand its market share and increase its coverage in Buenos Aires in 2023, the company aims to create its own independent laundry stores, with the highest standards of quality and customer service. To do so, the company expects to raise external capital in order to purchase transport equipment and laundry appliances.

4.2 Risks And Challenges

The company has identified the following main challenges:

- **Operational challenges:** Lavapp's current regional market expansion demands a constant increase in investments, advertising, and marketing in order to attract new partners and broaden its customer base. In addition, high taxes on imported products and Argentina's increasing inflation rate compromises laundry stores' capacity to acquire new equipment. This may jeopardize Lavapp's scalability strategy. Lastly, Lavapp's laundry stores partnership model may present management challenges, as the company does not have an influence on the business decisions of its laundry partners.
- **Technology:** Although Lavapp's platform is highly functional, it requires regular investments to maintain optimal platform performance. This includes regular software updates and the addition of new functionalities, to enhance customers' experiences.
- **Regulatory framework:** Like most Argentinian companies, Lavapp's scalability capacity is strongly compromised by difficulties in maintaining a consistent work team. This is difficult due to high tax burdens on payroll, which considerably increase labor costs.

4.3 COVID-19 Impact On The Enterprise

Lavapp launched its operations in February 2019, which restrained the company's ability to contact new laundry stores and attract new customers during the COVID-19 lockdowns. However, the pandemic led to new sanitary measures and therefore contributed to the rapid expansion of the company across different countries in Latin America. In fact, as many laundry and dry cleaning shops were unable to provide their services due to lockdown measures, Lavapp was able to digitally connect them with potential customers. This allowed them to maintain its service supply without any physical contact. Moreover, as a way to help laundry services and prevent them from closing, Lavapp provided the service without a commission fee throughout the pandemic.

4.4 Support Received To Date

Lavapp has received growth strategy and business case advisory support from Google for Startups. It has also received training support and advice from the Development Center for Entrepreneurs and Exporters, within the Universidad de Palermo in Argentina. The organization has mainly provided support in developing Lavapp's business model and accessing external networks.

4.5 Inputs Required For Growth

Financial support: Lavapp is seeking US\$100,000, preferably in the form of equity, in order to launch its first physical and independent laundry service in Buenos Aires. The investment will also be used to reinforce Lavapp marketing strategies and to enhance the company's partnerships in Argentina, Mexico, and Peru. This will increase its market share across the Latin American region as a whole.

Non-financial support: The company is seeking support in terms of networking, marketing, and publicity, as its market outreach depends heavily on brand positioning.