

Technology of Parking and Market Disruption

By Jeff Pinyot

THE BUZZWORD IN BUSINESS IS “MARKET DISRUPTION.” The excitement about disrupting a market is that in the first place, we start with a thriving and confirmed market that is in the cross-hairs of investors. Take the parking industry: It doesn’t take much research to acknowledge that parking is huge and profitable, so it’s a market worthy of looking for possible cracks and creases for new methodologies and possible disruption. If it currently takes 10 different vendor or specialty groups, from hangtag suppliers to PARCs providers, to have a functioning piece of vehicle real estate, but only four would be needed through new disruptive technologies, the one who figures out the proverbial Rubik’s Cube would be disruptive and enjoy a lucrative result.

What does market disruption mean and why should you care about it? In layman’s terms, something that disrupts a market is something that challenges the way it’s always been done and threatens its conventional wisdom. Take Blockbuster video stores: Its former stores are now outlets for Halloween costumes in October and sparklers in July. The empty storefronts are a reminder of a disrupted market. Amazon Prime Video, Netflix, and others completely disrupted the video rental business Wayne

Huizenga created. Understand, there is still a market for watching movies—in fact a larger market that also includes the new verb “binge-watching.” We watch our entertainment in a more efficient manner. Similarly, parking won’t go away disrupted—it will just be done differently.

I once heard “Shark Tank” investor Mark Cuban say he would invest in any disruptor of a proven market. Look at our industry, for example. Parking reservation apps are huge market disruptors and getting plenty of attention from venture capital firms. When I go to Chicago overnight on business, I stay at the Palmer House. If I park my car with a valet, it’s going to cost me the price of tuition at nearby Northwestern University. But, if I use a parking app to find a space, I’ll save a bundle. That is market disruption. There will always be an alternative to the posted rate.

Case Study: Pittsburgh

There are three market disruptors in Pittsburgh—three companies building autonomous vehicles. Why Pittsburgh? One reason: the Pittsburgh left (hang on—I’ll explain)! Well, that’s the main reason, but there are others. First, the city’s streets are not in a grid pattern. There are more bridges in Pittsburgh than in Venice, Italy.

Then, there is the Pittsburgh left. Say you are in a left-hand turn lane waiting for a green light, but the light turns green and there is no turn arrow. What to do? Not a problem if you are first in line in Pittsburgh. The first car in line to go left simply turns in front



Bridges over the Allegheny River, Pittsburgh, Pa.

SHUTTERSTOCK / JOSEPH SOHM

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of the oncoming traffic and without anyone getting killed. It's courtesy in the 'Burgh to let the first driver through. The autonomous vehicle companies figured that if their driverless cars could do that, they can drive anywhere.

Transportation network companies (TNCs) Uber and Lyft have severely injured the taxi cab market, but they are also affecting airport parking. Smart airport parking operations are finding ways to make money from these disruptors. The reduced cost of TNCs means people who live closer to the airport Uber or Lyft there instead of driving and parking. Everyone has their own equation as to the economics of Ubering versus driving and parking. But on the business side, fees for TNCs to enter airports and defined staging areas that require payment by the TNCs are making up some of the losses.

New Innovations

Frictionless parking is on everybody's mind in the parking world. What innovation will we see next? One of the big areas the industry has seen growth is in parking guidance systems (PGS). There are many players in that industry, from pucks to ultrasonic to camera-based. PGS can be costly but also can be justified quite easily, as their systems attract parkers to specific facilities. Some operators still guess when the garage is full and put the sign out proclaiming such. I've driven by many "full" garages where two or three cars were leaving.

Finding the Right Disruptors

When considering a new disruptive technology, ask questions! Competitors of new technologies might try to sink the claims of new innovators. Claims that wireless technologies aren't proven, for example, challenge conventional wisdom, considering almost no one has wired phones anymore and we can stream hi-def videos on our smart devices almost anywhere.

The owner who thinks ahead will not only still be in business but will be making more money than ever before. Embrace and be flexible. As autonomous vehicles become common, parking spaces will shrink from nine feet to seven feet wide. Systems will have to adapt—and some already have. Buyers need to think ahead.

Thinking Ahead

Rick West is an alt-use specialist and CEO of the Millennium Parking Garage concession in Chicago, Ill. He is always looking for alternative uses for that massive behemoth. Have an alternative use plan in place so you aren't left with open space and an empty wallet. Some alt uses are making more money than do parking spaces. As an industry, we should freely share best practices in this area.

A way of protection from empty spaces is right-sizing a garage. In right-sizing, design a garage that is the correct size and is flexible and fluid to the actual needs it will see. The best example I have is a mixed-use property that offers public parking on the lower three levels and gated resident parking on the top five levels. This guess rarely pays off. Rather than gating the top five levels, use a flexible line of demarcation. Expand the resident parking from the top down through a PGS and sell the extra spaces to the public, rather than having empty and unsellable spaces beyond the gate.

Change is good and prepared change is better. What new market disruptors will we see in the next few years? Chicken Little, the sky is not falling, and no, little boy, there is no wolf! 



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