

Project name : Frodo



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Executive Summary

Body measurement while doing online shopping has been very troubling issue and causes unpleasant online shopping experiences to the consumers. In business perspective, juggling between strict and lenient return shipment policy is a critical business strategy decision to be made. Free return shipment incurred redundant costs but can secure consumer loyalty and boost company sales. Hence reduction in return shipment incidents is the workaround solution to improve company cost-saving scheme. Since the prime cause of returned goods is due to unfit sizes, Frodo offer a user-friendly and clean-cut approach in taking consumers' finger measurement to help consumer to do better judgement in choosing the right size prior to purchasing.

Introduction

Most of the online retailers has been trying to increase their shop traffic and customer satisfaction through better online experiences and lenient shipping policies. Frodo is targeted to provide service to e-commerce companies especially apparels and accessories to address issues mentioned through better goods measurement tool.

Problem Statement

As a point of establishment, not having free return shipping policy has been a huge business lost to future sales for online retailers. Based on ShopRunner study of over 2,800 online consumers, 81% of survey respondents mentioned that they are unlikely to shop on websites that charge for return shipping. Consumers who paid for return shipping at a particular online retailer intended to decrease their purchases by 75%-100% within 2 years duration. On contrary, those retailers offer free return shipping experience increased sales by 158% to 457% within 2 years.

Indeed free return shipping has become a paramount service, however, very few online retailers provide that due to the risk of bearing extra cost incurred due to return goods shipment. Based on the statement by Rue La La, an online retailer based in US, return shipping costed the company \$5million in 2012. Another crucial problem faced by online shopping stores is that 70% of their potential sales were gone due to their shoppers hesitation caused by fit issues. Hence, if online retailers do not provide a quick and clear way in their goods measurement, they may lose customers.

Proposed Solution

Since the top reason for returned goods is poor fitting, an effective way in goods measurement can create significant impact on industry profits. Frodo is a straightforward and user-friendly web application that addresses the e-business needs in measurement tools. Prior to purchasing, the online shoppers can take their body measurement through their laptop's webcam. At current stage, the application we developed focuses on finger size measurement for ring merchants.

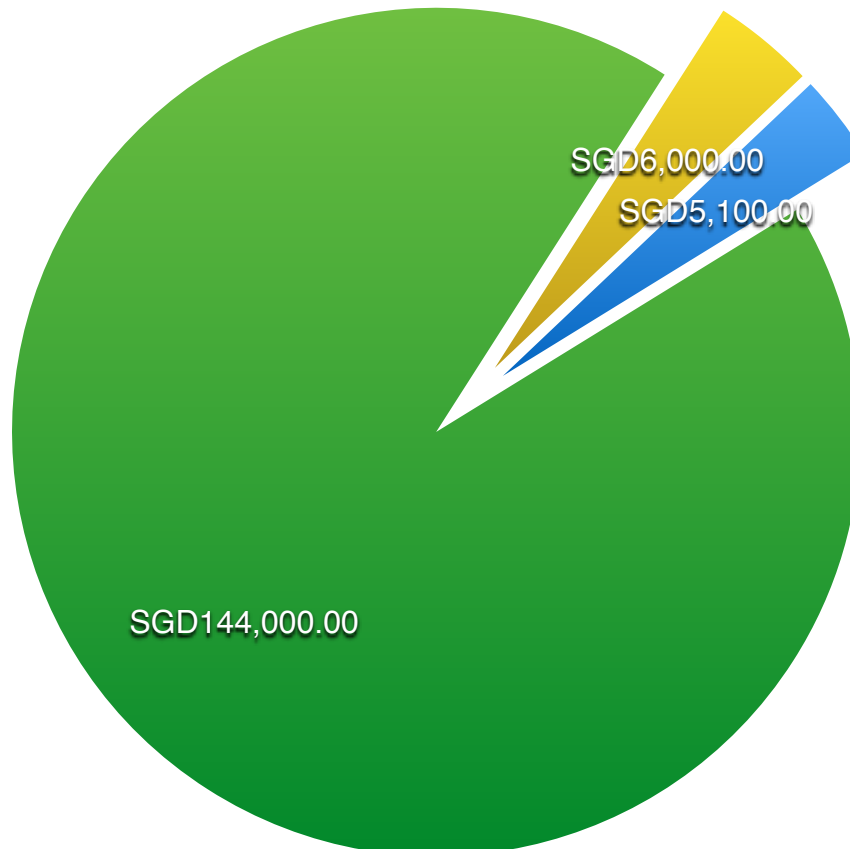
Benefits:

Frodo helps shoppers choose better ring sizes for the first time without troubling them to learn the method of measurements which varies based on geographical reason. In return to the e-commerce companies, better judgment of choosing the right sizes by their customer decreases the incident of return shipping and hence improves cost-saving scheme. This app also boosts the shoppers confident in choosing the best-fit merchandises, therefore helps the companies to secure their lost sales due to shoppers' fear of uncertainty.

Annual Costs

MySQL annual subscription for more than 5 socket server costs USD 4000 which is equivalent to SGD5100. Three employees with average base salary of SGD4000 per person costs SGD 144,000 annually. Marketing and sales campaign is budgeted with SGD500 per month which costs SGD 6,000 annually.

- MySQL subscription (5+ socket server)
- Labour Costs (For 3 employees)
- Marketing/Sales



Annual Cost Breakdown

Conclusion

Business growth in e-commerce is irrefutable in near future. Position differentiation in this competitive industry is very critical to increase profit margin and market share. Frodo offers a solution to align with this business strategy by enhancing online shopping experiences.