

Problem

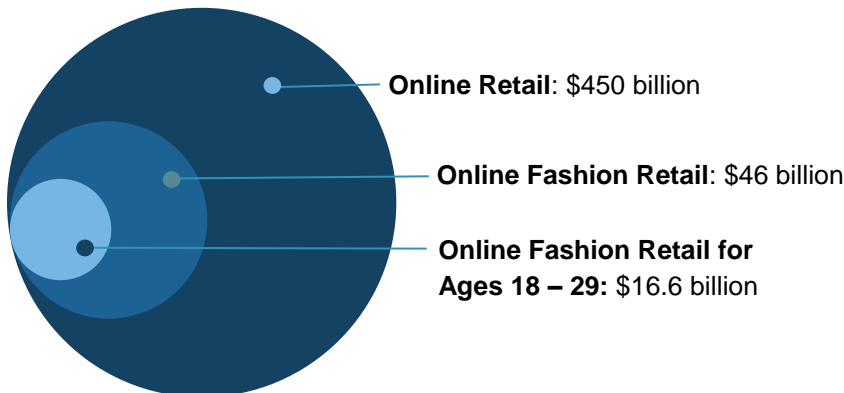
Currently, the cost of processing returns is one of the greatest expenditures of online retailers. The number one reason customers cite as their reason for returning an item is that they ordered the incorrect item or incorrect size.



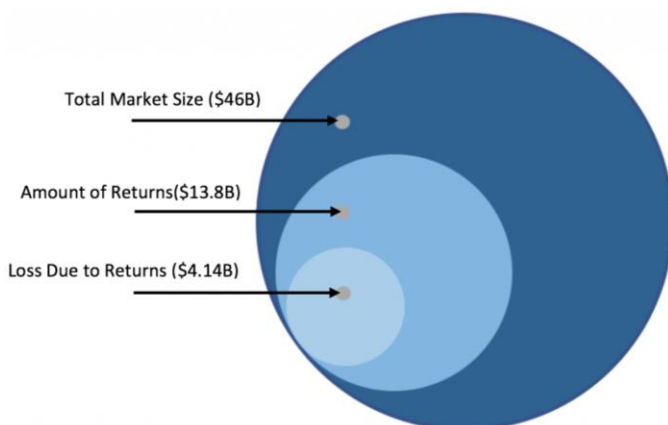
Solution

By giving customers a way to accurately visualize an item of clothing on their own body, they are less likely to order the incorrect size. In turn, this more accurate sizing will limit the total the number of returns, and ultimately lower the costs of returns processed by online retailers.

Market Opportunity: Online Retail



LOSS DUE TO RETURNS



The total market size of online fashion retail is approximately \$46B. With a return rate of 30%, nearly \$14B worth of merchandise is returned annually. With CNBC reporting that the average cost of returns representing 30% of the initial purchase price, the online fashion industry loses \$4.14B annually because of returns.

Meet the Team

A team of passionate, creative, and young bright minds from Boston University

Yaying Zheng | CEO



Anshul Gupte | CFO



Alex Veith | COO



Ben Wong | CTO



Brian He | R&D



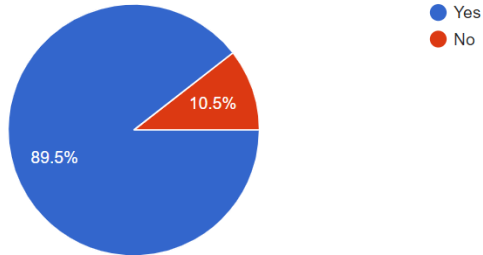
Website: arra.com

Email: onlinefashion@arra.com

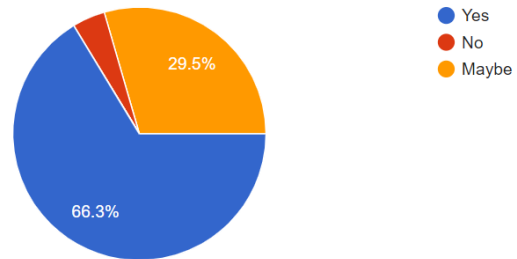
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Online Survey Results

Question: Would you like an option to save and share photos of the virtual outfit with friends to get their opinions before you purchase?



Question: Would you be more likely to purchase clothing online if you were able to try the clothing on virtually, using augmented reality (AR) technology?



Since 2017, the total sales from online retail in America estimated to \$450 billion. By narrowing these sales down to online shoppers from the ages of 18 – 29, we saw a potential market where a software that promotes convenient online shopping can be introduced to. For further validation, a survey was posted online in order to scout out the opinion of consumers within that age group. The results are shown in the chart on the left. 66.3% of responders answered that they would be willing to use the Augmented Reality technology. In knowing that consumers are open to the AR software, we can use this information to appeal to fashion retail companies and convince them to implement our software, guaranteeing that it would help increase their revenue.

BUSINESS MODEL

Our software will be given to online retailers at a **fixed cost**. In turn, we will charge a **1% commission** on any items sold on their website where our technology was utilized. For an **additional fee**, we will offer professional assistance to help retailers implement our product.

CUSTOMER VALUE PROPOSITION

DECREASE ONLINE RETURNS

On average, retail companies that use our software should be able to see an approximate 10 -15% decrease in their rate of returns.



INCREASE SIZING ACCURACY

Retail companies will be able to use our software to help their customers choose more accurate sizes when purchasing apparel online.



INCREASE ONLINE SHOPPING CONVENIENCE

Shopping can now be done not only in store but also at home



INCREASE IN OVERALL PROFIT FROM ONLINE SALES

By decreasing percentage of returns and promoting online shopping, retail companies will be able to decrease losses and increase online revenue leading to a larger profit.



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SALES AND MARKETING STRATEGY



Our marketing strategy will be implemented beginning the final design phase, with a working prototype. The ideal implementation for our AR software is for online clothing retailers to integrate it into their website so customers could visualize an item of clothing on their body. Due to the nature of our solution, we are able to target not only local clothing retailers, but also well-known clothing shops online, such as Nordstrom.



As a startup, we plan to initially build a presence on the web through advertisements, such as Google Adwords. This is a great channel to attract online retail companies because our product will appear when they search for specific keywords such as “Personalize online clothing shopping”. In addition, we plan on emailing newsletters to potential companies hoping to attract their attention.

In addition to attending regular technology conventions where we can appeal to a greater audience, we also plan to sponsor events, such as BostonHacks. By sponsoring events, we can incentivize people to try out our AR software, hence exposing our technology and helping them understand the ease of using it. We plan to promote our software by giving out discounts for the customer on online retail stores that have implemented our technology. This will attract more customers to the retail store, boost revenue for the company, and ultimately market our software to more people.

As the software development matures, we will begin targeting our objective market, the online fashion retail companies. Since potential online shoppers - which are the customers of fashion retail companies - have already been made aware of our software, we can use this to our advantage when promoting ourselves. In the early states, we will target retail companies with a smaller presence online like Patagonia, The North Face, and Supreme because they will be more open to trying out different strategies that could attract online customers. As we secure a place in the market, we will move onto larger and more powerful retail companies such as TJX Companies, Nike, Nordstrom, Macy's, etc.



EXISTING COMPETITORS

AVAMETRIC

Avametric is the first technology company to create an augmented reality fitting application for fashion. Their Fitting Room App takes basic information from users such as their perceived body shape and their typical size for tops to create a virtual 3D model that can be used try on different outfits. Although Avametric technology allows brands to create 3D renderings of their apparel and accessories, it is lacking in personalization and accurate body representation. Another down side to the App is that it is only available on the Apple Store, therefore limiting the usage to only Apple users.

GAP

Gap's "DressingRoom" App takes basic information such as weight and height to create a virtual 3D model that is representative of the customer. A downside of this app is that it is limited to only Google Tango smartphones.



TOPSHOP

Topshop's virtual fitting room is built using Augmented Reality and Microsoft Kinect to allow customers to see themselves onscreen with a 3D copy of a dress and navigate through collection using simple gestures.

CONVERSE

Converse created The Sampler, an Augmented Reality App for iPhones, which allows users to try a pair of converse virtually and share

POSSIBLE ALTERNATIVES



The main source of alternatives for consumers are the retail companies that offer free shipping and deliver on purchase. One example of this is Amazon's Prime Wardrobe.

prime wardrobe

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WHAT MAKES US UNIQUE?

We offer a software that is user friendly, accurate, and fully integrated into retail websites. Our software includes the whole package: the Augmented Reality software, the ability to share on social media site, and an extensive security mechanism to protect consumer's information and privacy. Current AR technology can only be supported on certain platforms, however our product is designed to be compatible across all platforms and devices such as phones, tablets, and laptops.

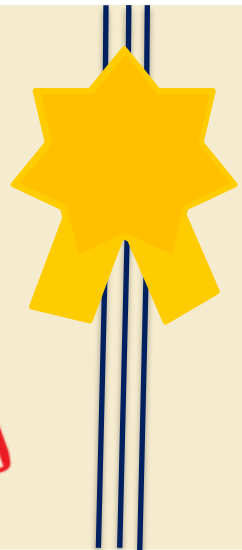
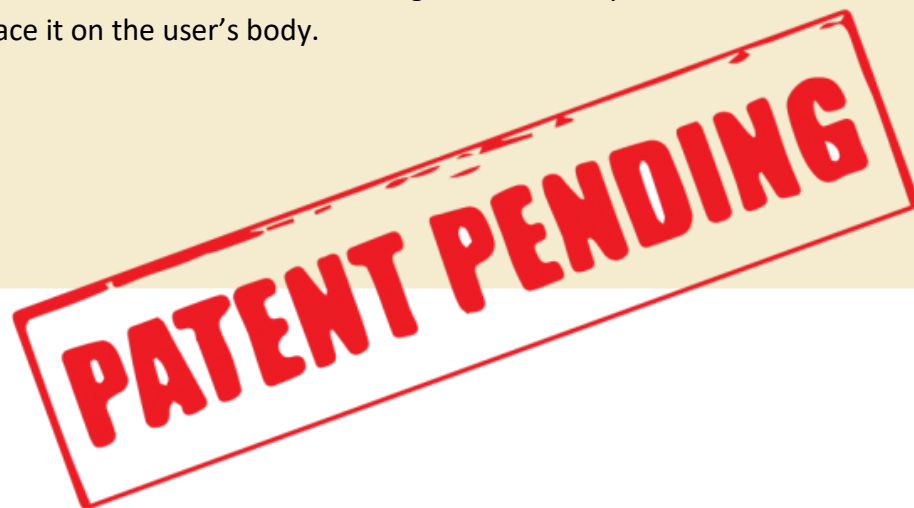


Our software implements a fit prediction algorithm that provides accurate sizing suggestions to online shoppers in order to improve the shopping experience. In doing so, we can help retail companies decrease losses by reducing their percentage of product returns.



PATENT

Personalized AR fitting software that uses the device's camera to generate a 3D model of the clothing and accurately interface it on the user's body.

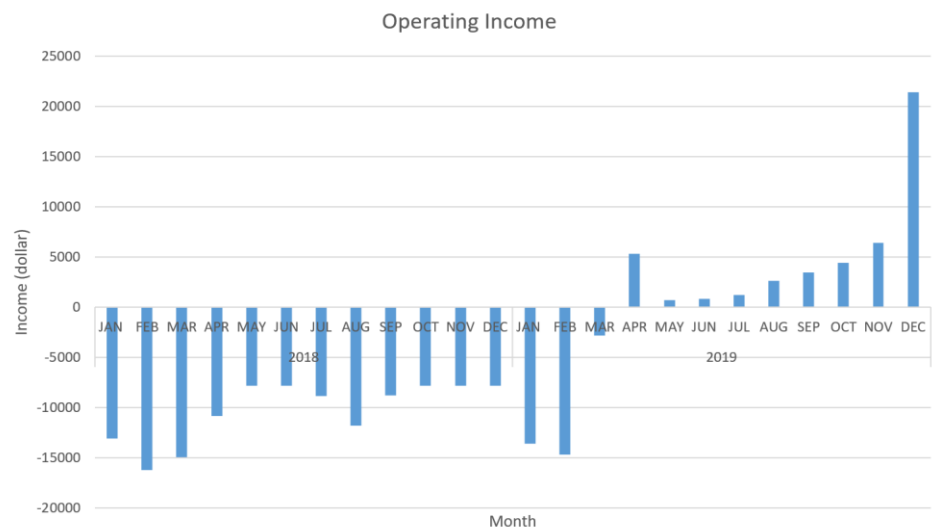


FINANCIALS

(INITIAL SEEDING AND FUNDING: \$150,000)

	YEARLY PLAN				
	Year 1	Year 2	Year 3	Year 4	Year 5
Software Sold	2	13	25	35	50
Average price of Software	2,000	7,500	10,000	10,000	10,000
Revenue from Software	4,000	119,000	250,000	350,000	500,000
Revenue from Commission	58	22,970	500,000	1,000,000	2,500,000
Commission Rate	0.01	0.01	0.01	0.01	0.01
Gross Profit	4,058	141,970	750,000	1,350,000	3,000,000
Marketing Expense	53,000	46,000	30,000	30,000	20,000
Employee Salary	0	0	48,000	48,000	48,000
Employee Headcount	7	7	8	8	8
Total Operating Cost	121,592.50	124,700	520,000	525,000	522,000
Operating Income	-117,535	17,270	230,000	825,000	2,478,000

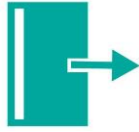
In the first year, we plan to mainly focus our expenses on Research and Development. We set a lower initial cost for the software to allow for easier adaption and promotion. Our initial costs and expenses are very high due to the money invested in filing for the business and acquiring a patent for our technology. In the first two years, we aim to bootstrap the business, as such there will be no expenses dedicated to employee salary. A few months into the research and development, we aim to get an office space, therefore adding the cost of rent and utilities. Overall, at the end of the first year, we are looking at a profit loss for the company.



The second year is all about growth and market traction. As more retail companies buy our software, we will increase the price of the product to its final price of \$10,000. At this point, consumers will see the advantage of using our software when shopping online. This will lead an exponential increase in our revenue from the 1% commission. We hope to break even two or three months into the second year and return a profit by the end of the year. At the end of the second year, the company will be off the ground therefore, we can begin paying employee salaries.

The logo for ARRA, featuring the letters 'ARRA' in a white, sans-serif font. The first 'A' is stylized with a vertical bar through its center. The logo is set against a dark blue background that is part of a larger header design with diagonal teal stripes.

EXIT STRATEGY



Our plan to exiting the market is to have our software acquired by existing technology companies such as Google, Amazon, and Intel

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