

FIT3134

ASSIGNMENT 1A

PROJECT PROPOSAL AND COMPETITIVE ANALYSIS

Group members and Email

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How did you identify the problem and opportunity? What was the process your team went through?

Firstly, we set the team's mindset straight before proceeding with any of the brainstorming activities, as ensuring the team is on the same page is imperative to the success of any project. We decided to approach this task by tackling the empathy aspect of humans. Building empathy would help us as business owners, to truly understand our end-users and their feelings.

During the brainstorming session, we identified issues that we faced in our daily lives, such as mental health, sleep schedules, trouble getting money, and others. To shortlist the issues for our business idea, we did the design challenge, a method designed for focusing and framing a problem. This ensures that the issue selected is future-oriented and opportunity focused. Essentially, we had to think of a feasible solution to the issue faced which has a short payback period, ability to generate steady profits and has the potential to scale in terms of the target audience. Besides that, we integrated the usage of HMW statements during this process. We would think of our intended action for the target user to generate an intended outcome. These two methods significantly assisted us in shortlisting the issues that had no business opportunity in them. We ended up on two main issues:

- Product verifier
- No friends

Next, creating a product that can solve these issues. The approach we adhered to when devising the product was the Human-Centered Design, a process that starts with the end-user, and ends with new solutions tailor-made for end user's needs. This approach helps to develop a deep empathy towards our end-user, hence helping us understand their needs, pain points, and desires. By resonating deeply with the target user, our product would be able to theoretically drive engagement and growth with ease, thus having high scalability in terms of the target user, functionalities and features.

The Design Thinking process was also adhered when devising the business product to solve the issues listed. This process solves issues by having a deep interest in understanding the target user that we are designing for. This approach focuses on the intention to improve the product with the understanding of the interaction of the end-users and other products while investigating the conditions in which they operate. Dam's article (2021) states that there are 5 stages in the Design Thinking process. However, due to this being only a brainstorming session for business ideas, we neglected the last two stages - prototyping and testing, as it was not doable at this stage. The first stage involves empathy and understanding our end-user, thus, eliminating any assumptions we had. The next stage was to define the problem. The information that we compiled in the previous stage was used to create a problem statement. We also created HMW statements during this stage, as it helped us to properly understand the issue and solution we planned to create. Finally, the ideation stage was where we generated ideas to solve the issue. This stage was difficult due to the many competitors in the industry which already exist. Therefore the main challenge was in finding the "gaps", essentially functionalities or features that existing products did not offer.

During the weekend, our group managed to make an appointment with our mentor, Teoh Yew Jin, the co-founder of Carlist.my. Within the limited time we had, we managed to share the two business ideas we had, mentioning its features, competitors, key points, and other important information. During the one-hour session, he not only identified certain weaknesses in our business

ideas, but he also shared with us the important things to think about when building a business. He also shared with us his experiences and how he overcame his issues.

Through the insightful meeting with Yew Jin, we finally devised a product that we were passionate about - a clothing/accessories renting service which will be called PLUM - Professional Lending Under-worn Materials. This idea stemmed from the fact that the pandemic was ending and therefore events had begun to take place, which meant attendees would have to dress up in formal outfits. However, either due to the pandemic or a small wardrobe, people may not have the clothing needed for the event that they are going to. Hence, arises the opportunity, where seldom worn outfits that often end up being stored in the closet indefinitely may be listed on a platform, to either be rented out or to be sold off. By doing so, wastage of clothing and closet space is prevented, while allowing people to try out a wider variety of outfits. The target user of our service would be two types of people - people who own unworn clothing wanting to earn some money, and people who do not own pieces of clothing needed for a certain event. The HMW statement that we created was “how might we create a platform for people who do not own a lot of clothing so that they can borrow a few pieces for a short time?”. When devising this product, we thought about the core of desirability, which concerns the customer, the beneficiary and the end-user. We identified that the people who want to borrow clothing would be our customer, beneficiary and end-user, whereas the people with unwanted pieces of clothing would be both our beneficiary and end-user. The beneficiary would be both parties because the person borrowing the clothing benefits from our service as they get an outfit for their event, while the person renting out the clothing would benefit financially, either from the rent or through the sale of the clothing piece. Furthermore, our group thought of the Innovation Sweet Spot when devising this product. The first aspect that was considered was in terms of desirability, which is to understand our end user. This would theoretically ensure sales of our product. Another aspect we focused on was feasibility, where we considered how everything would happen behind the scenes, from hiring the right people, using the right tools, to focus on the right set of activities. Our business would need to run in a way that is constantly feasible or scalable, lest we want it to implode. The final aspect that was the most pivotal in assisting us when devising the product, which is its viability. No matter the legal structure, our business idea needs to succeed financially, whereby a surplus is often present. Regardless of the creativity or innovation of a product, Yew Jin also advised us the importance of a profit-making business that can self-sustain and scale in the long-term.

Finally, to visualize the entire process, from the customer side to the business side, we used storyboarding. By storyboarding, we are also able to identify when, why, and how our customers would use our product. The software was sketched on Paint (Appendix I).

Conduct competitive analysis with 3 different competitors. What are the similarities and differences in terms of their offering?

Conducting an in-depth competitor's analysis is crucial when starting a new business. Competitor analysis is a tool that can be applied at every stage of the business life cycle. Constantly revisiting and updating your competitor analysis can identify new trends in the market and help you uphold a competitive advantage over other companies in your industry.

Similarities and differences

As we are mainly an outfit renting platform, our direct competitors were Byrotation and Rent the Runway. Similarly, these are platforms that offer user-to-user outfit renting services. Besides renting services, our platform offers users the option to buyout outfits which have also been implemented by Rent the Runway. However, these companies are currently operating within their region, thereby, it would not be a direct competition for our platform as we would be operating locally in the initial stages.

Moving on, our indirect competitors are Carousell, Facebook, and Zalora as they also allow users to sell their pre-loved items on their platform. Even so, these platforms have not established any renting services yet. Nevertheless, these companies also have their own strengths and unique niches which made them successful. For instance, Facebook has its marketplace whereby end-users can easily adjust the radius of their search query for their item, making it more efficient than using filtering methods. As for Zalora, they have an efficient logistic infrastructure which makes them faster and more cost-effective when it comes to streamlining operations. Carousel on the other hand has a slight edge over the other two competitors in terms of their search engine as they incorporated a newly advanced machine algorithm, allowing end-users to query efficiently.

All in all, what truly distinguishes us from our competitors is our integration of Artificial Intelligence (AI) into our platform. As mentioned previously, our platform has special features like the ability for automated sizing checks and categorization of items using AI. This would be further discussed later. Essentially, many customers may not have trust in us as we do not have the protection services to guarantee the end users would not get scammed. Thus, in the future, we might establish insurance services to gain the trust of our consumers.

The Market

In 2020, Zalora's market share was 24%("Southeast Asia Trender Report", 2022), Facebook's market share was 36.64% ("Top 10 Social Networking Sites by Market Share Statistics [2022]", 2019), and Carousell's market share was 32.19% ("Similar Web", 2022). From the statistics above, it can be observed that our competitors do have solid market shares, so it will be challenging considering they have a stronger customer base compared to our business. Besides, our target audience includes people who want to save or make money, people who want to save space, and people that are concerned about the environment. However, children are not our target audience because they do not have access to online payment methods.

Rates / Prices

The commission that the Facebook marketplace takes is around 5% ("About Fees for Sales | Help Centre", n.d.), Carousel takes around 2.5% ("[Singapore] Fees and Payments", n.d.). Byrotation's commission rate is 15% from the renter and 15% from the lender. ("What are the fees?", 2022). Zalora does not take any commission from the end-user because they do not offer pre-loved items. The commission rate that our business plans to take is around 2.5% to 5%. Rent the Runway offers subscription plans that range from \$89 - \$199 in USD ("Pick a Plan", n.d.).

Our Strategy

Our marketing strategies include sending promotional information and activities via email, an advertisement that combines multiple videos or images into a single advertisement. Besides, giving out flyers and renting billboards to advertise our platform can also have a stronger visual impact. Essentially, we plan to create a website and a mobile app for our end-users since these are the common marketplace used.. We also plan to set our commission slightly lower compared to the other business, as a lower commission and good service can aid us in gaining a good customer base.

Identify key point(s) that differentiates you and your competitors.

Essentially, it is crucial for an organisation to stand out from the competition through specific elements. This is because it would not only provide a superior level of value to our consumers but also enable our organisation to develop unique niches within competitive industries. As mentioned, a few of our competitors include Carousell, Facebook, ZALORA and Byrotation. The main key elements that distinguish our organisation from them are the Artificial Intelligence (AI) features used in our rental platform. Batok (2020) proves that AI has been making dramatic improvements on the efficiency of workplaces, such that, it can eliminate the necessity for workers to perform tedious and repetitive tasks. Therefore, our team has decided to integrate AI into our platform thereby, making our rental service more efficient and user friendly for all consumers.

Our application will be divided into two types of user interface (UI) such as the renter's UI and the rentee's UI. A renter's UI would include inputs of images of the rental clothing and its details like measurement, quality, occasion and its rental price. Taking advantage of AI, our platform will strive to use Augmented Reality with AI to ease renters from measuring the size of the clothing manually. To put it into simple terms, Augmented Reality (AR) can track real-life items accurately and place virtual items into a camera feed, allowing this feature to make a good estimate of the size of an item using the camera (Amadeo, 2021). Moreover, Hajjar (2022) points out that integrating AI with AR can enhance the experience, thereby, creating features like object detection, text analysis, etc. Hence, our rental service platform would integrate augmented reality with AI to measure the size of the rental clothes. Thus, renters would not have to go through the hassle of manually measuring the sizing of the clothing. Additionally, AI is also used to determine the type and occasion of the clothing item based on the images that have been inputted. On the other hand, a rentee's UI would include personal measurements, budgets, occasions and more. Furthermore, sizing accuracy can be determined by the feedback of the users allowing greater customer satisfaction and a reduction in the number of returns (Byres, 2020). With that information, our rental service platform will depend on AI to matchmake rentees with suitable clothing items from renters, making renting clothing online a lot more convenient and efficient.

In short, the main key points of our rental service that differentiate us from our competitors would be the integration of augmented reality and AI in our platform.

Research/ findings done to support.

As proposed above, we have researched why renting clothes is a more futuristic and revolutionary option. This is evident as there is a more than 100% increase in the number of users of By Rotation, a rental platform, since 23 March 2020 (Conlon, 2020). Contrastingly, the outcome was not as optimistic in China since 2018 as there is scarce financing for the garment rental industry under the sharing economy (Mu & Li, 2021). Numerous clothing rental platforms have withdrawn from the market due to poor management, resulting in the shrinkage of the clothing rental industry in China. Despite having cultural differences in serving the clothing rental services, it is still a revolutionary business that entrepreneurs are trying to approach.

The pros of having a clothes rental service is it allows the consumers to have varieties, without having to pay the full price and owning the piece of clothing forever. Consumers have the privilege to try out different top designer brands. Besides, most people nowadays prefer not to wear the same piece of clothing for special occasions, thus, renting clothes facilitates them to worry less about spending on a new piece of clothing while having a variety of choices to rent.

According to Campbell (2019), renting clothes makes a huge impact on the environment. Many people prefer buying clothes but only wearing them for once. As a result, fashion pollution has become a problem to our planet. Carbon and water footprint is generated, with the fashion industry's CO2 emissions expected to rise to nearly 2.8 million tonnes per year by 2030. In the past 15 years, clothing global production has doubled, leading to £140m worth of clothing which is sent to landfill every year in the UK alone (Hanson, 2019). Platforms such as My Wardrobe HQ use recycled packaging, green couriers and ozone cleaning, reducing the carbon footprint.

Though renting clothes has its benefits, the cons of this service as a business is that the profit growth rate is not that high compared to other businesses. Problems such as rapid change of fashion trends, the difficulty of cleaning clothes, and the expensive delivery fees are the cause of imbalance in the profit growth rate of rental clothes companies. Despite that, there are solutions to these problems. According to Mu and Li (2021), some of the platforms have achieved overall profits by changing their policies and improving their operating models. Therefore, these platforms have to adapt to the changes and make changes accordingly. Moreover, expanding your target market will also change the problem of a single point of profit and attract a wide range of potential users to try the clothing rental service. There is also a problem where the supply and demand cannot be matched, thereby there are too many renters but too few rentees or vice versa.

As we live in a technological era, most businesses are working more systematically and effectively. For instance, implementing AI into their business can have a significant impact on the business progress. This is because AI can be used as a Product Recommendation System, thereby it can filter the data to provide relevant recommendations to users. Schiavini (2019) states that the algorithm behind product recommendation involves analysing user's visited pages and time spent on different categories, items clicked on and more. Additionally, we would also have an option for users to filter out "not interested" items which can enhance our recommendation system on our platform.

Types of validation done to support

To ensure that our product is legitimate and useful, our group has carried out research to validate our product. According to Sutevski's article (n.d.), three stages can be used for the idea validation process. Firstly, the market validation stage's purpose is to clear any assumptions to provide an end goal. This is where our group members asked questions regarding the product. For example, if there is a market for the product as a result of the issue that we thought of. Furthermore, we tried assessing the market size and share by estimating the target market size and share that our product may potentially capture. This enables us to gauge the business's potential and justify its launch. Not only that, we researched the search volume of related terms. We used services such as Google Trends to search the monthly search volume of terms related to our product (Appendix II) as consumers would most likely use a search engine to look for options. With this information, we can theoretically reduce risks, minimize costs, test assumptions and speed up the delivery of service in the market.

The second stage is called the idea validation stage. A process of obtaining evidence regarding the business idea or product, made through different means of testing to make decisions with confidence, minimal risk and delay. There are four steps in the idea validation stage - defining goals, developing a hypothesis, experiment, and finally validation (Kylliäinen, 2019). Our group defined our business goals by identifying how to effectively solve a real-world issue with a product integrated with technology. Besides that, we created our HMW statement. Then, we asked a few questions regarding the product, such as if the problem was worth solving while earning a steady profit, how the core features of our product would work and if the business model is viable and scalable. The next step we took was to develop a hypothesis. This step was mainly addressing assumptions regarding our business idea, where we assumed most factors to be true for our idea to be feasible. Through this process, we were able to identify the minimum success criteria for our product - for end-users to be able to rent clothing on an online platform. The penultimate step was to experiment. However, we were limited in terms of the methods available to us, due to our product still only being in the "idea phase". Regardless, we used Google Trends to check the popularity of the key terms related to our product. Finally, the validation step essentially acts as the green light for our business idea, by checking if our assumptions were valid. Had this not been the case, our group would have pivoted and thought of alternative ways to improve the current product.

Our group was unable to perform the final stage which was the product validation stage, due to not having a product yet. Regardless, we were still able to go through most of the validation processes in terms of the idea through our research findings.

What did you learn and/or experience? Why does it matter?

Throughout this assignment, our teammates have agreed that the most valuable lesson learnt was realizing the importance of empathy when it comes to devising a business idea. The ideation processes that we adhered to largely integrate the usage empathy towards its consumers. Through empathy, we would be able to truly understand people and their feelings, thus being able to understand their needs, pain points, and desires. Resonating with the target audience also helps us to identify their motivations. Consequently, this allowed us to create concise and accurate HMW statements, which assisted us in devising a good product to solve the issue identified.

Besides that, we also learnt the importance of teamwork. Through working together as a group, we were able to tackle complex problems together and share different perspectives. This helped to spark ideas between each other and to inspire some changes to current ideas. Furthermore, we were able to increase the productivity and efficiency of the work done. This was evident through the delegation of responsibilities. Each group member had their assigned parts to complete in the assignment document. By setting a deadline and writing our parts in a shared document, each group member was able to overlook each other's progress, while getting motivated to complete their part and be accountable for each others' progress. This not only helped the group morale, but it also helped to improve the group's dynamic and chemistry.

Finally, our consultation experience with our mentor, Yew Jin. Despite it being only an hour-long, we were able to learn a lot from him. Firstly, his creative thinking was able to think about multiple real-world problems and the solutions to them in a short period. However, a common aspect with all the solutions was empathy, allowing us to realize its importance. This was in line with what Mr Alvin Koh mentioned in the guest lecture recording video in Week 1, where we should think of what the consumer wants, and not what we want to build. Besides that, he made us realize the importance of validating a business idea, in the sense that it was not "just another fun idea", thereby ensuring certain aspects, such as its profitability, scalability, risk and cost.

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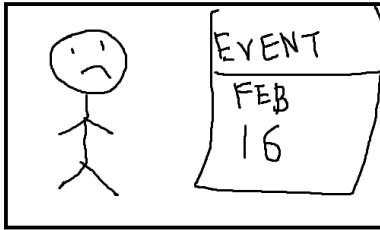
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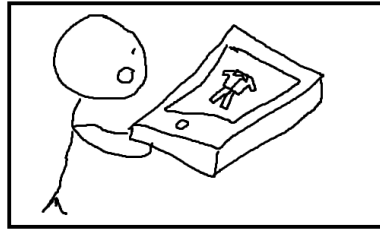
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Appendix I

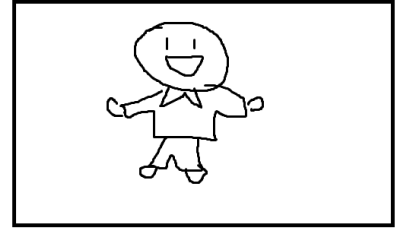
Scenario 1: Rentee



User has no clothing to wear for an upcoming event.

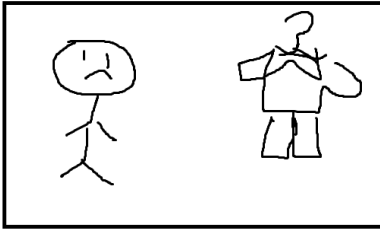


User uses our product and sees clothing pieces that are suitable to wear for

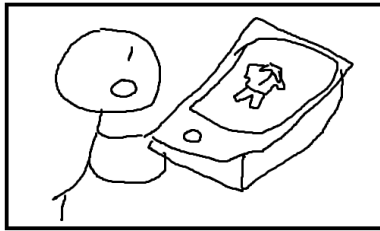


User rents the clothing pieces and is happy.

Scenario 2: Rentor



User has clothing that has not been worn for a long time.



User uses our product and lists the clothing pieces up for rent with the option to buy.



User earns some money when somebody rents his clothing pieces.

Appendix II

