



The Spot Room

White Paper

thespotroom.com

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See you on the
phygital side

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Abstract

We help create fashion in three different dimensions – physical, digital and virtual.

While the fashion industry is still exploring different applications of Web3, the majority of the activities in metaverse/Web3 has been in promoting and raising brand awareness. The financial impact to sales has been minimal. Although most consumers' Web3 journey starts in gaming or with an NFT purchase, the market has matured and now consumers crave a deeper experience and interaction with creators and within the community.

We believe that a more long-term use case for fashion to engage with consumers lies in phygitalization and the use of NFT as digital twin of a physical item. NFT digital twin in the form of digital wearable or AR filter can extend the product life cycle of the physical item into different dimensions. For consumers of these phygital goods, we expand the realms of their ownership and form a continuity in their self-expressions and experiences across all dimensions.

Therefore, we help create fashion in three different dimensions – physical, digital and virtual. While a consumer enjoys a physical product in real life, the virtual version in the form of an AR filter allows them to show it off in the digital space. Its digital form in an NFT is the proof of authenticity, a consumer's proof of true ownership, as well as their bragging rights in the metaverse.

In addition to the multi-dimensional creation, we recognize that the only way to help fashion creators achieve meaningful and sustainable financial reward in Web3 at scale, is to build onramps to Web3 bridging Web2 and Web3 economics. Therefore, we build onramps, removing the frictions in adapting a Web3 business strategy for creators, extend fashion creations beyond its physical dimension and help the industry take another step towards sustainability.



The Rise of Web3

From exchanges, NFTs to gaming, the expansive Web3 ecosystem offers opportunities for creators and communities to collaborate and monetize.

Since 2014, we have witnessed the rapid growth of Web3 technologies and the development of the ecosystem. As users embrace the technology revolution brought on by Web3 and its applications, many are still learning and gradually adopting the various use cases of Web3.

The first wave of the onramps is the exchanges, which is the closest proxy to Web2. Early Web3 adopters can buy and sell, and in some cases, issue crypto in these not yet decentralized marketplaces.

Wallets naturally followed and formed the second wave of onramps to store crypto. Although the risk factors and complexity of use hindered the adoption of wallets, in the near future, wallets will become users' Web3 identity, social network and many more applications.

NFT marketplaces and the influx of NFT projects are the third wave of onramps we have been witnessing. Currently, the NFT market is dominated by a small number of traders chasing the next flip. Therefore, NFT marketplaces are not yet equipped to facilitate the discovery and transaction from mass market adoption.

Besides these three major onramps to Web3, many industries are exploring other onramps and its commercial feasibility. Pioneering industries include gaming and social networks (Creator Economy by PY, 2022). From exchanges, NFTs to gaming, the expansive Web3 ecosystem offers opportunities for creators and communities to collaborate and monetize. Thus, the growing demand for Web3 access becomes a priority focus for other industries in order to take part in the ecosystem.



The Role of Web3 in Fashion

Web3 provides a new medium for fashion brands to take part and engage with consumers. While the industry is still exploring viable applications of Web3, the current use cases are either in housing product knowledge or raising brand awareness.

The Aura Blockchain Consortium was created in 2021 by LVMH, Prada and Cartier. It aims to provide product authentication, provenance, ownership certification, CRM management and product information transparency. The technology is relatively new but has shown promising benefits. Although, the potential of Web3 in driving transparency through trackability and accountability in fashion has not been fully explored, we expect to see rapid growth in the adoption of blockchain by fashion brands in the near future.

The other use case is in marketing. Common Web3 tools include gaming, digital skin, NFTs and virtual experiences. Most of these Web3 PR products are delivered in partnership with established producers or platforms/worlds, such as Roblox, Fortnite or Decentraland. The first roadblock for brands to adopt or continue investing in these Web3 products lies in the inability to monetize.

Secondly, the lack of interoperability between Web3 platforms/worlds is costing brands consumer adoption and engagement. Although, brands are able to build communities and capture consumer intelligence through Web3 activities, monetization opportunity remains scarce.



Commercialization of Digital Fashion

There are currently three categories of commercialization when it comes to digital fashion. While only NFT is Web3 native, digital outfits or objects that have evolved into 3D or AR are still primarily used in Web2 environments. Digital skin for an avatar is typically used for gaming, applicable to both Web2 and Web3.

Brands take different paths into Web3. Nike chose to focus on Web2 metaverse platform Roblox, before diving into Web3 through the acquisition of digital studio RTFKT. Adidas, on the other hand, dove headfirst into Web3 through a collaboration with Bored Ape Yacht Club and purchasing land in Sandbox. Thus far, the majority of activities in metaverse digital fashion has been in promoting and raising brand awareness. The financial impact to sales has been minimal.

Category	Environment	Company
NFT as Collectibles	Web3	Nike, Gucci
Digital outfits or objects	Web2	Snapchat, DressX, The Fabricant
NFT as digital outfit, Digital Skin on Avatar	Web2 & Web3	Dematerialised, Ralph Lauren, Balenciaga

Consumer Landscape

We see the future of metaverse as an extension of reality.

Currently, Millennials and Gen Zs make up the majority of the Web3 and metaverse users. While Millennials and Gen Zs grew up with the internet, Gen Alpha is maturing in the metaverse. In a recent survey, more than half of Gen Z and Gen Alpha reported feeling freer to express themselves in games/metaverses than in real life; 45% said their virtual identity is closer to who they really are (Forbes, 2022).

We see the future of metaverse as an extension of reality, where consumers benefit from an

enriched digital experience, tightly knit community and an additional platform for self-expression. It will complement rather than compete with the real world, enhancing the real-life experience rather than supplanting it. As we see consumers' appetite increase for digital and virtual fashion assets, their demand for physical fashion is still a necessity and remains strong.

While most consumers' Web3 journey starts in gaming or with an NFT purchase, they have matured into craving a deeper experience, including interaction with the creators and within the community. The evolution of NFTs continues to explode as creators move from simple JPG collectibles to real-life experiences, thus increasing engagement and gaining loyalty. Furthermore, blockchain technology allows consumers to have true ownership of both the physical and digital assets, where consumers are finally able to have continuity between the real-life and digital identity.

10%-15%

DIGITAL
WARDROBE

Experts predict that 10%-15% of our wardrobe might become digital in the near future for the \$3T global fashion industry.

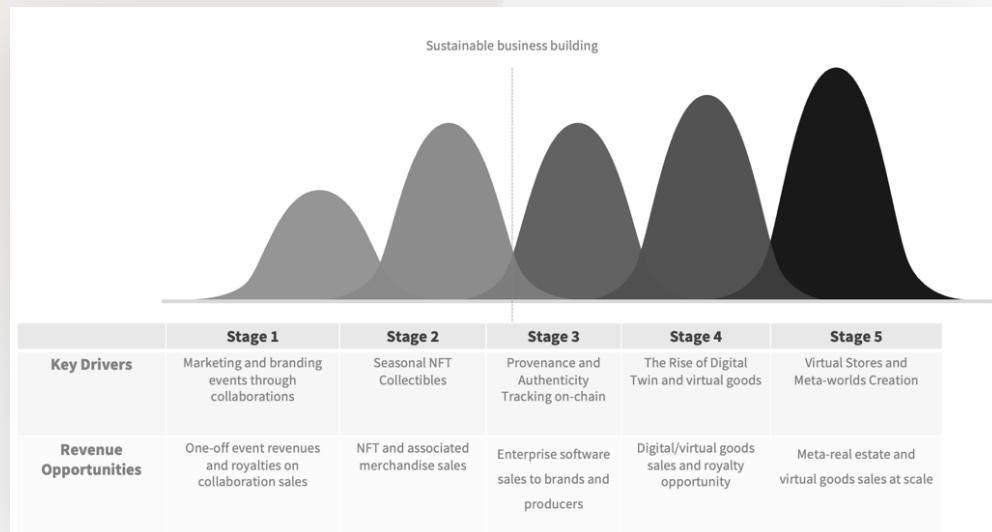
Fashion's Journey into Web3

The fashion industry has been slowly but steadily adopting blockchain technology. Brands tested the water of Web3 with marketing and consumer engagement, then moved into NFT collectibles as an additional revenue stream and to increase cultural relevance. With fashion industry's unique ability to produce in both physical and digital forms, fashion creators can easily tap into consumers' growing appetite for self-expression in the digital space. In the parallel digital world, consumers seek creativity, exclusivity, status and in some cases, financial gains, just like in the real world.

As the world is still riding out the hype of NFT as art collectibles, we believe that a more long-term use case for fashion to engage with consumers lies in phygitalization and the use of NFT as a digital twin of a physical item. NFT digital twin in the form of digital wearable or an AR filter that can extend product life cycle of the physical item in different dimensions. For consumers of these phygital goods, we expand the realms of their ownership and form a continuity in their self-expressions and experiences across all dimensions.

The NFTs can also host information about the product's provenance, authenticity, ownership and chain of custody, while the on-chain transactions allow creators to earn royalty on resales. Membership tokens can trigger loyalty benefits such as early access to new products or an invitation to exclusive in-person events.

As the tech community builds out the metaverse ecosystem, we predict that the fashion industry will go through 5 stages to full metaverse immersion.



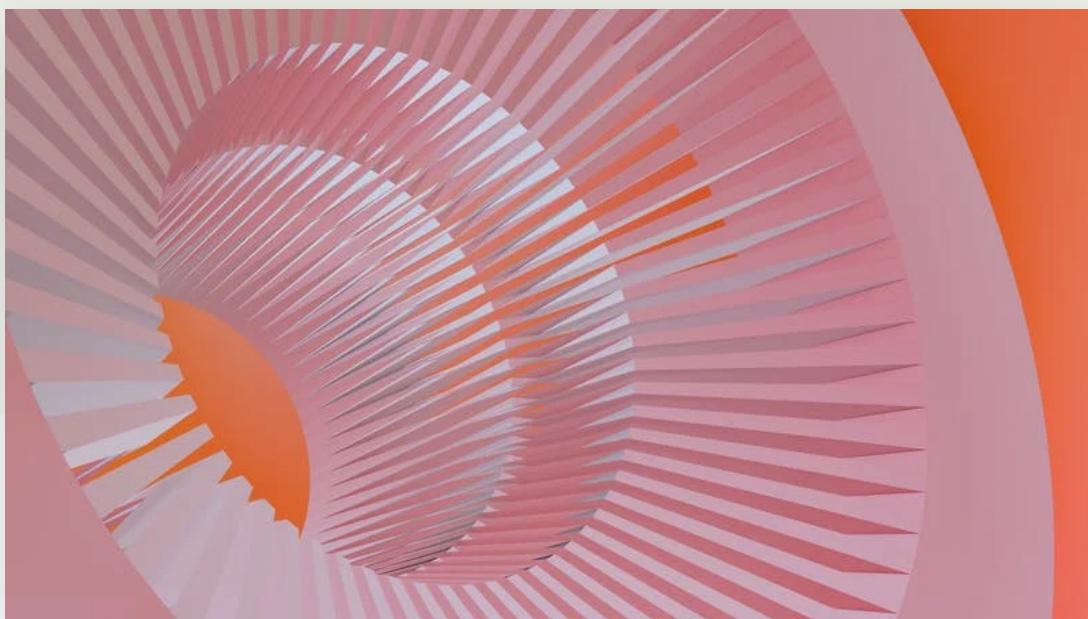
Our Vision

NFT is the proof of provenance, authenticity, ownership, as well as your bragging rights in the metaverse.

We believe that most fashion creations should exist in three different dimensions – physical, digital and virtual. While a consumer enjoys a physical product in real life, the virtual version in the form of an AR filter allows you to show it off in the digital space. Its digital form in an NFT is the proof of provenance, authenticity, ownership, as well as your bragging rights in the metaverse.

We recognize that the only way to help fashion creators achieve meaningful and sustainable financial reward in Web3 at scale, is to build onramps to Web3 bridging Web2 and Web3 economics. It is critical to build a seamless end-user experience for consumers to travel between Web2 and Web3.

Therefore, we are building the onramps to Web3 for creators to remove the frictions in adapting a Web3 business strategy, extend fashion creations beyond its physical dimension and help the industry take another step towards sustainability.





Creator

01

We help to maximize the use of the creator's intellectual property by expanding the creation into multiple dimensions. Through a product's existence in all three dimensions – physical, digital and virtual, creators not only extend the product life beyond its physical form, they can also engage with consumers in multiple channels, which ultimately leads to increased loyalty and revenues.

Through the permanent NFC chip in the physical item, the corresponding NFT ensure authenticity of the physical in the secondary market. Our marketplace is designed to facilitate those exchanges and to ensure that creators can collect revenue beyond first sale. The transfer of NFTs with the physical product attachment provides insight into resale activities and allows creators to collect royalty.



Consumer

02

The NFT that is linked to the physical product is not only a proof of authenticity and ownership, but also a collectible to be displayed in the metaverse or in any digital space. The attachment of NFT plays a vital role in resale, as it hosts essential information on authenticity and chain of custody.

The virtual form of AR filter provides utility in a new dimension. Consumers now have continuity in product usage across real life identity and digital identity. Virtual filters can be accessed anywhere, anytime in a digital format without the need of carrying the physical item, allowing consumers to enjoy the benefits of the product without physically having it.



Community

03

NFTs help creators build strong bonds with consumers and find a voice in the world of Web3. Our marketplace allows creators to engage with not just the first product owner, but all subsequent buyers through resales. Physical goods consumers and NFT enthusiast come together to support common creators and discover new utilities in multi-dimensions.



Sustainability

04

We want to extend the product life cycle beyond its physical form. While physical products typically have a limited shelf life, its digital and virtual twin can live indefinitely. By pairing each physical item with its digital twin which can be utilized in the digital space or the metaverse, we increase the life span of the physical product, reduce over-production waste and promote fashion creation in a more sustainable way.



Marketplace

05

We believe the biggest roadblock to mass adoption of Web3 lies in the unfamiliarity of the non-custodial experience. Therefore, our mission is to leverage some familiar Web2 experiences in order to help both creators and consumers to reap the benefits of Web3 without a steep learning curve.

Additionally, since we are the creator of the three-in-one phygital system (physical + digital + virtual), we also carry the responsibility to educate, facilitate and govern the buying and trading activities in both primary and secondary market from its inception. It is critical to create a platform to allow easy and secure phygital goods exchanges in the secondary market.

As the ecosystem develops and the creators and consumers become more familiar with the exchanges, they can easily participate in more creator economies and not be held to a single platform.

Our Story

We see the advent of Web3 and blockchain technology as the definitive solution to the most critical issues in fashion.

The Spot Room started with a simple vision to utilize new technology to advance the fashion industry forward. We see the advent of Web3 and blockchain technology as the definitive solution to the most critical issues in fashion, including those of provenance, authentication, ownership and sustainability. To carry out our vision of Web3 and blockchain enabled fashion, we built a team of seasoned fashion industry leaders and blockchain experts. As a technology company, The Spot Room's mission is to bring fashion into Web3.

Our Team



Vivien Zhang
Founder & CEO

Seasoned fashion entrepreneur generating over \$50M in revenue.

Fashion innovator and Web3 advocate.



HanSong
Co-founder & CTO

Experienced R&D strategist and product lead in Fortune 500 company ventures.

A 0-1 technical builder and early crypto investor.

Technology

We take pride in the innovation and adoption of our technology. Our team of seasoned engineers and designers utilize the latest technology to create each NFT and AR filter, as well as ensuring the security of each transaction on our platform.



NFT

Inspired by the physical item, we treat each NFT as a piece of original artwork. To ensure a high imagery quality and a realistic lighting effect, we use fabric simulation and automatic exposure technology with industry-leading rendering engine to artistically mirror the weight, movement, material, and luster. Our NFT collections are all created by our team of artists, musicians and technologists.



AR Experience

Our base layer uses the 3D objects from the NFT. The filter algorithm can automatically detect the shape of the body and map the mesh onto it accordingly. The tracking technology allows the material to fit perfectly and smoothly with the target. We re-interpret the digital form artistically to ensure a realistic experience through the lenses, as close to real life wearables as possible.



Blockchain

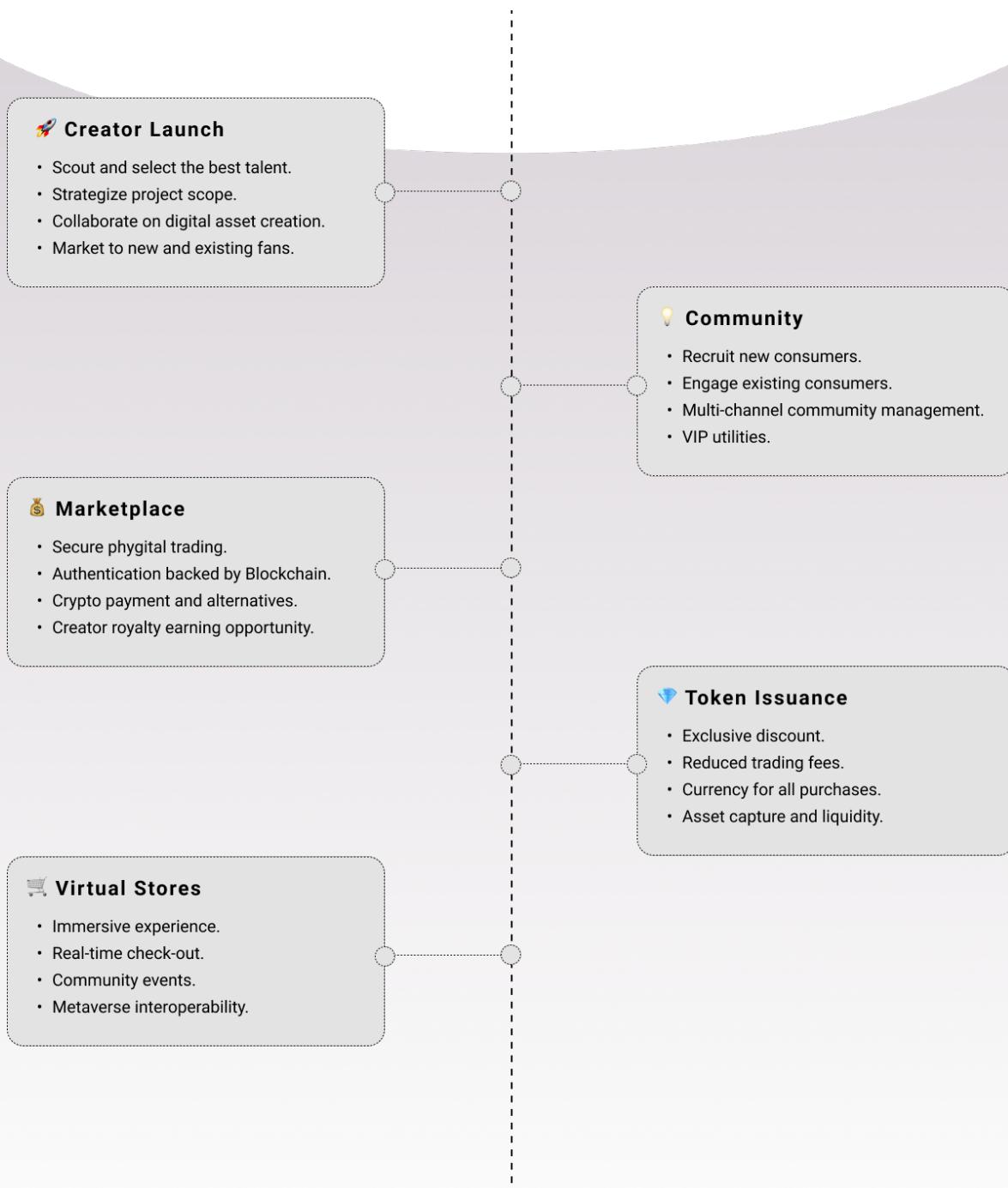
The Spot Room operates on the Ethereum Chain. Ethereum is a pioneer in Automated Smart Contracts, it exceeds its peers in stability and scalability. The Ethereum ecosystem is also the most active and developed, which provides an optimal environment for our platform.



Physical Items

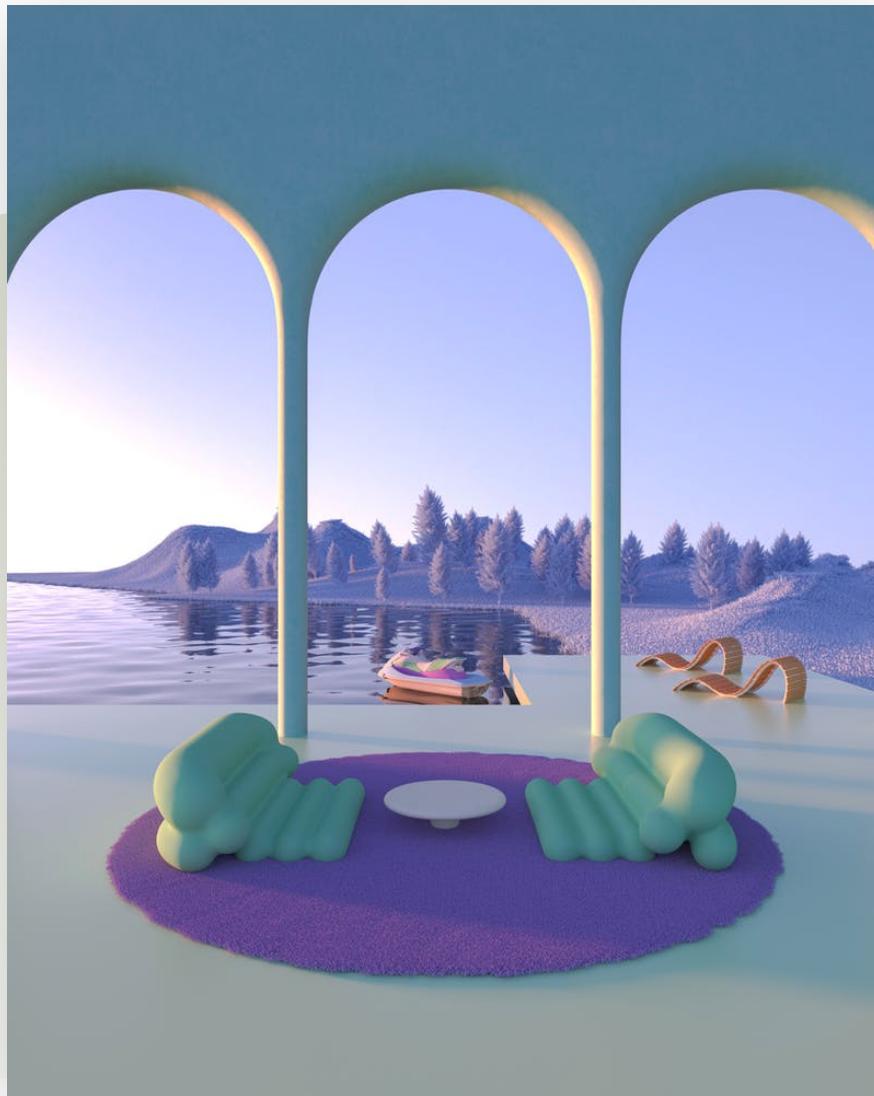
The Spot Room connects each physical item to its digital twin using an on-product digital label, such as RFID, NFC and QA Code. These physical IDs are permanent, tamper proof and washable, while the information stored on the ID can be easily accessed on a mobile device.

Roadmap



Outlook

We are leading a movement in fashion consumerism towards phygitalization and sustainability. Our goal is to create a standard for authentication and ownership through digital assets. The Spot Room marketplace will evolve and play a crucial role in the Web3 ecosystem, facilitating the transition from Web2 to Web3. Our user-centric approach to product design will ensure a seamless experience for new and existing Web3 users in adopting this new way of shopping fashion. We are part of the movement into the metaverse and this is just the beginning.



Reference

Peter Yang (2022), 'Web3 Onramps for the Next 1 Billion People', Creator Economy by PY, accessed at <https://creatoreconomy.so/p/web3-onramps-for-the-next-one-billion?s=r>

Greg Petro (2022), 'Gen Z Set To Lead Retailers Into The Metaverse', Forbes, accessed at <https://www.forbes.com/sites/gregpetro/2022/05/14/gen-z-set-to-lead-retailers-into-the-metaverse/?sh=7395208118edque cum que re dolestireiustioMaedem esitio conihicien>

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