



New Channel for a Better In-Store Experience

Udaibir Chopra, Jon Chu, Henrique Setton



The Problem & The Solution

The Problem

Bridging the gap between the user and the retailer is ever increasing important. As Mobile commerce increases year over year (by 2018 MCommerce will grow 16%*) we see the gap widening between the concepts of in store shopping.

Based on recent survey* with 60+ regular clothing stores' customers Purch@se team performed, customers are loyal to their brands, but they have a hard time finding products in-store they are looking for due to lack of information or bad service, specifically when they are in the fitting room. Several times they have to go online and end up buying something different or even from a different brand.

That means retailers are leaving more than \$74.4B on the table!

*Source: eMarketer, 2014

The Solution

PURCH@SE, a mobile commerce platform, will achieve what most salespeople don't - **CUSTOMERS' SATISFACTION** - by providing a complete personalized shopping experience. This solution will bridge the mobile experience into the store sales channel. Additionally, Purch@se will provide you with information on discount, rewards, product information (availability, sizes, and accessories)



How does it work?

1



Customer pre-selected clothes from the Purch@se app. App will locate the nearest store for a personalized visit

3



Purch@se proprietary algorithm analyzes check-in data. You will see mutual friends on what they have brought and generalized product reviews.

2



Sales associates scans you in for your visit. Once you have check-in, offers & rewards will pop up.

4



Just like a showcase, Purch@se will allow customers to see **matching/similar products** they did not selected previously, but may be interested in purchasing.

5



Customer selects items and sizes on the screen. The ones available at the specific store will be brought by the salesperson in **real time**. The others can be **purchased right on spot** and delivered or picked up in-store. As you leave, Purch@se provides nearby partner offers based on our algorithm.

6



Personalized Experience
=
Happy Customer



Market Opportunity & Competition

THIS IS A \$321M BUSINESS OPPORTUNITY WITH A \$74.4B ANNUAL POTENTIAL IMPACT!

| Segment | Monthly Revenue in the last 12 months (in \$ mi)* | 12-month Projection (in \$ mi)** | Revenue Year 1 (in \$ mi)** | Revenue Year 2 (in \$ mi)** | Revenue Year 3 (in \$ mi)** | Revenue Year 4 (in \$ mi)** | Total in 4 Years (in \$ mi) |
|--|---|----------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Clothing & clothing accessories stores | 21,500 | 258,000 | 270,900 | 284,445 | 298,667 | 313,601 | 1,167,613 |
| Department stores | 56,000 | 672,000 | 705,600 | 740,880 | 777,924 | 816,820 | 3,041,224 |
| Total | 77,500 | 930,000 | 976,500 | 1,025,325 | 1,076,591 | 1,130,421 | 4,208,837 |

| Purch@se Commission Scenarios | Revenue Year 1 (in \$ mi)** | Revenue Year 2 (in \$ mi)** | Revenue Year 3 (in \$ mi)** | Revenue Year 4 (in \$ mi)** | Total in 4 Years (in \$ mi) |
|-------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| 5% | 46.5 | 48.8 | 51.3 | 53.8 | 200.4 |
| 8% | 74.4 | 78.1 | 82.0 | 86.1 | 320.7 |

*Base period: Dec/2013 to Nov/2014 (source:http://www.census.gov/retail/marts/www/marts_current.pdf - the U.S. Department of Commerce report released on 12/11/2014).

**Conservative scenario: assumed no growth during Year 1 and 2% growth on the following years. Assumed 2% U.S. market penetration. \$74.4B refers to 8% increase on sales, but the simulation above adopts a conservative scenario of 5% increase.



Point-of-Sale (PoS) solutions, like Intuit's QuickBooks: focus mostly on the store management (inventory, revenue, profits, sales per salesperson, etc) and less on the sales.

Customers' own smartphones and tablets: customers can do their own web search while in the store. The problem is that usually they look for competitors' products and prices and the store ends up not selling as much.



Retailer's own e-commerce platform (e.g.: macy's.com): as the understanding is that it is better for the store to have customers buying the desired products right away (avoiding their willingness to give up on the purchase later), Purch@se is offering a faster way to retain customers and guarantee the sale.

Retailer's sales team: they might feel Purch@se will "steal" their customers and consequently their sales commission. As part of the implementation strategy, retailers should pay commission to salespeople for sales originated in-store or through Purch@se.





Milestones & Strategy

Step 1 – Months 0-3 – Initial Pilot:

- Goal: validation of the API and the User Experience.
- 3-month period test in 3 outlet stores (TBD) located in Philadelphia's Premium Outlet (Limerick).
- They will be granted the solution for free for the first year along with the required tablets for the test to be performed in as a compensation for allowing us to operate their stores as labs.

Step 2 – Months 3-9 – Pilot Expansion:

- Goal: validation of the Revenue Model.
- Implementation of the solution in another 6 stores for 6 months.
- 3 pilots will be charged with an annual membership fee and a monthly per individual fitting room maintenance fee. 3 pilots will be charged with a commission-based model (between 5% to 8% of the sales generated by the solution).

Step 3 – Months 9-15 – White Label Solution:

- Goal: getting one big paying customer and fund raising.
- Targeting of one big retailer like Macy's, Forever 21, etc.
- White label solution will ease the in-store adoption and maintain the retail store identity. The focus on one big retailer has a reasoning: if we approach more than one (or get two big names) at once, it is likely that we end up with none.
- Opportunity for exclusivity and, therefore, higher payments.
- Series A Round of Investment and focus on VCs with expertise and connection in the retail industry.

Step 4 – Months 15-future – Scaling up, reports and customer analysis:

- Goal: scaling up and launch of complementary products.
- Big Data: development of deep understanding of the segment and in-store purchase process reports based on data collected and crossed among other different databases (always fully respecting customers' privacy).
- Purch@se will be open to multiple retailers/potential customers.



Team & Capital Needs



Henrique Setton

- **Co-Founder, BD, and Operations**
- MBA Candidate at Wharton, Production Engineer
- Co-founder of SiliconHouse (<http://www.siliconhouse.us/>)
- Previous experience: e-commerce, insurance, banking, consulting



Jon Chu

- **Co-Founder and CTO**
- Computer Scientist
- Digital Strategist at Deloitte, Mobile Strategist at Bridgewater Associates, VP at Goldman Sachs
- Previous experience: mobile technologies, entrepreneurship



Udaibir Chopra

- **Co-Founder and CFO**
- MBA Candidate at Wharton, Corporate Lawyer, Finance Specialist
- Investment Banking at UBS
- Previous experience: financial modeling and structuring, due diligence

- The initial capital needed for prototyping, tablets purchase, and steps 1 and 2 is **\$150K**. This amount will allow Purch@se to operate for 9 months.
- For steps 3 and on, Purch@se will require a new round of fund raising (Series A) with the targeted amount of **\$1.5M** to be used for data mining activities, servers, development of new features, increasing in staff, partnership development, hiring of a sales team, and paying the founding team market competitive salary.

