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Entrepreneurial Proposal: VirtuFit

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Honors Capstone Project

Entrepreneurial Proposal: VirtuFit

Introduction

There are many stages that products go through until they reach the market, and the purpose of this research is to take a deeper look into the very first step in this process; *the innovation phase*. This is essentially where the target industry is analyzed, ideas are generated and flushed out in high volumes, and customer feedback is retained. Understanding the true voice of the customer is crucial in this phase because this data will shape the product itself but also will show if the industry is worth entering at all. The following analysis discusses the e-commerce industry and acknowledges that there is an unmet need here. A potential product is proposed, and primary data is collected and analyzed in order to give a final recommendation on next steps that should be taken.

Online Shopping Industry Analysis

The COVID-19 pandemic has totally disrupted our lives and altered our consumer behaviors. While it is true that things will return to a new normal in due time, industries are nevertheless going to be affected indefinitely. The retail industry, in particular, has taken a major hit, as it was already feeling the pressure from e-commerce before quarantine. According to a study done by Deloitte, from 2018-2019 foot traffic in stores was down 22%, and when looking at February in particular, this number becomes a more dramatic 42% drop from February 2019 to February 2020, which was before the pandemic actually hit. At the same time, however, global retail shopping has seen a steady increase of 3.6% from 2018 to 2019. This is due to the fact that

e-commerce is exponentially more convenient, and has become the preferred method of shopping for some. In fact, only 24% of consumers say they shopped in enclosed malls a week before they knew about the pandemic. This number has shrunk dramatically, however, and only 12% of consumers expect to do their shopping in physical malls after the pandemic has settled. Thus, it appears that online shopping should be the central focus for companies going forward.

These major shifts do not happen overnight and retail stores are still going to exist for at least the foreseeable future. The question is, though, what kind of role will they play, and what amount of energy and resources should be spent on enhancing the in-person shopping experience? Even before COVID, the data seemed to show that the correct answer is that companies are going to spend less on physical stores. Unfortunately, however, some companies failed to recognize the severity of the industry shift to online platforms. For example, there were some companies that heavily invested in adding activities to their in-person stores, like rock climbing or even full service bars, in order to keep shoppers around their products for long periods of time. Looking back on the start of 2020, studies have shown that these kinds of investments are now considered impractical and shoppers consider them to be unsafe. It is companies like these who filed for bankruptcy during the pandemic, or even closed their doors entirely because they failed to allocate their resources correctly. Thus, the past few months have shed light on major weaknesses that lie in some organizations' business models and these businesses are scrambling to put a strategic model together that revolves around online shopping, rather than enhancing the shopping mall experience. The focus now, according to the Chief Executive of WSL Strategic Retail, truly lies on shopping quicker, easier, and safer. Thus, given

the hesitancy to return to physical retail stores due to health reasons and the convenience of online shopping, it is expected that this trend will stay in place long after the pandemic.

The solution that users are looking for lies in enhanced online features. For example, some basic features like self checkout or curbside pickup have become incredibly popular during the pandemic and are expected to only become more widely used even after COVID. In the innovative era of today stores are expected to get even more creative with how they approach the next coming months, and even years, in regards to their online shopping platforms. Customers now more than ever have the power to demand what they want in a retailer, and the pressure is on for retail companies to meet these needs.

With this in mind, a survey of 150 online shoppers was conducted. The questions were centered around online shopping frequency and habits. The results showed that 62.5% of respondents online shop at least once a week and 60% of people found themselves shopping online significantly more since quarantine began. Therefore, it is clear that people are shopping online a great deal. However, they are not totally satisfied with the quality of their online shopping experience. Looking back at the data once more, 85% of online shoppers have ordered something online only to receive it in the mail and find that it is not what they expected. Since this happens so frequently, a lack of trust or certainty in the quality and accuracy of online products has become prevalent. 80% of respondents said they are uncertain if the clothes they purchase are going to fit their body type, 52% said they are hesitant especially when trying out a new clothing site because sizes can be so different from store to store, 50% said they wish they

could feel the fabric of the clothing, and 50% said the model wearing the specific article of clothing looks much different to them which makes it difficult to understand what it looks like.

Thus, the data not only showed that online shopping platforms are becoming more and more popular in this technologically driven era, but the survey also showed that, because of this, the disadvantages of online shopping are coming to the surface in a very real way.

Introduction to Concept

Online shopping is becoming the focus of the new normal but the current e-commerce platforms are not living up to the needs of the customer. The immense opportunity that lies in this market shows that the retail environment has the potential to be totally transformed. This is where VirtuFit enters the market.

Vision: *To revolutionize the online shopping experience, one retail company at a time.*

Mission: *To increase levels of confidence in online shopping platforms by bringing retailer's fitting rooms into the homes of their customers.*

The proposed product is an augmented reality platform that can holographically place desired clothing items on the user. The technology will have the capability to synch up with the data of retail stores that have online clothing applications so shoppers can try on items of their choosing. The camera on smartphones, tablets, or laptops will be able to resemble a mirror and show what the clothing will look like on the user through the screen in high definition. The technology will also have the capability to take the measurements of the user or this data can be manually implemented. With this data, VirtuFit will be able to recommend sizes for each user based on the specifications of the given retail stores sizing. This is due to the fact that sizes can

vary significantly from one store to the next, making it difficult to be confident in the size that will fit best when shopping online. Another notable feature of the application is that it will give the customer an idea of the material of the proposed article of clothing by showing a popular piece of clothing that the item may resemble. For example, if the product is extremely stretchy and breathable or 100% spandex, it would tell the user that it resembles most leggings or sports spandex that customers are likely to have in their closet. This gives customers an increased awareness of the material of the clothing they are buying.

Archetypes discovered through primary data

The primary data has shown that there is a real need for a product like this and certain respondents were extremely excited about the concept. Of the 150 online shoppers surveyed, 69% expressed general interest in the idea. Just about half of respondents, however, said they loved it and would spend money on this kind of platform, given it was within their budget and if it worked effectively. Like any instance where you are interviewing a possible customer about a product concept, it is very important to give people the opportunity to leave any comments or concerns about the product. Respondents gave an abundance of specific reasons why they would be interested in the platform (and this data can be seen in detail on the final page of the research paper), and this information allowed for three major archetypes to be identified.

The first is archetype A, the busy shopper who doesn't have the desire or the time to go to a shopping mall and pick out their clothes. They prefer to have the flexibility of online platforms because they can buy a variety of retail items, from a variety of stores, all at the ease of their fingertips. Their major pain points include: uncertainty of how items will truly fit, if they

will be high quality, they are too busy to shop in person, but also too busy to spend a lot of time returning unwanted items, and they have an overall lack of confidence in some of the clothes they purchase online. Even if they are finally comfortable with buying from one website, it is very unlikely that they will buy every single item from this retailer. A size 10 for their favored retailer is likely not the same size 10 as a new online store they want to try out. This product is going to enhance their experience by allowing them to be more confident in how the clothing items will look on them. Additionally, since this group is so busy, they will be very attracted to the fact that this is going to decrease the frequency they need to take the time to return items, because of this heightened sense of confidence.

Second, Archetype B, consists of families with young children or special needs family members that do not feel comfortable in physical retail stores. Their major pain point occurs when this group gets overwhelmed or overstimulated by the abundance of people, loud noises, and wide array of options presented to them during in-person shopping experiences. This product is a proposed solution to this problem because customers can make these essential purchases from the comfort of their own home.

Finally, Archetype C, is the younger shopper (ages 17-25). This group enjoys the thrill of shopping, and tends to shop in higher volume. Since they shop so frequently, however, they have an increased rate of clothing they are not satisfied with or have to return. This tends to happen because the fit of the clothing might not fit their specific body type. Members of this archetype have a higher likelihood of having a low self-esteem. This can be attributed to constantly seeing photoshopped men and women or models that set unrealistic expectations for what someone's body should or shouldn't look like, which can have a big impact on the customer's perception of

themselves. This commonly stems from retail websites because there is usually a variety of unrealistic-looking men and women that model the clothing. If someone is online shopping and they do not look like the model in the photo, it is possible that they might be disappointed when the clothing arrives and doesn't fit them the same. The way that VirtuFit can provide a solution is because shoppers can see exactly what the article of clothing looks like on him or herself. This way, they become their own model of the clothing and don't have to base their shopping decision on a 2D photograph of someone that they do resemble.

Every person's body differs in some way, and it is such a challenge to look at a screen and visualize if an outfit will fit someone's unique shape. Thus, augmented reality has the capability to change the realm of online shopping forever. The future of online shopping does not require us, as humans, to adjust our way of life to a 2 dimensional screen, but instead, technologically will begin to adapt to our needs as a unique human being.

Alternate benefit of product

While the desire to go to shopping malls is declining, it has not yet become obsolete. Therefore, there is also a secondary opportunity that lies in physical retail stores as well. The augmented reality technology will also be able to be translated into a full length mirror in select stores, which will allow customers to see what certain clothes will look like on them, specifically, without ever having to physically try it on. This will get people in and out of stores at a rapid pace, which benefits the peace of mind of the managers. From a consumer perspective, this allows shoppers to feel clean and safe since they don't have to try on items that have been on a number of other customers already and it still allows them to be confident in their purchase.

The implementation of this physical mirror in retail stores will be able to accelerate the adoption of the online shopping platform because shoppers will be able to experience how well the technology works, and be prompted to shop online more often.

Marketing Strategy

The VirtuFit platform will be sold to retail companies and will serve as an extension of their online shopping website. For example, if we were to partner with American Eagle, someone who is shopping for a pair of jeans on that site could click on the pair they were interested in, the site would bring the user to VirtuFit's third party platform and prompt them to turn on their camera. From here, the consumer will be able to visualize themselves wearing the article of clothing and determine if they want to proceed to checkout or continue shopping. Essentially, even though the buyer is going to be the end user of the product, the retailers themselves are going to be our source of revenue because they are going to purchase the platform for their website.

After talking to a small online retail business owner, Connor McEachern, owner of Unearth (a small-scale online retailer), the product concept was very well received. He stated that this is a problem his customers run into on a regular basis, especially because his products range from a more form fitting style to a baggier or comfier fit. He sees a platform like this being extremely beneficial and would make his customers more confident and aware of their purchases. He saw very specific benefits as well, like customers being more aware of the length of the sleeves and the cut of the neck. He also saw a lot of value in the feature that gives a physical comparison of how the material will feel. Connor stated that he would see it bringing

more visitors to his online store, so he would be willing to pay a premium price since he believes that the return on his investment would make it well worth it.

As a startup company, it makes the most sense for us to partner with small retail businesses, like Unearth, to start off. As popularity grows and our reputation betters we will be able to sell our premium platform to larger scale businesses. Ideally, we can get companies like American Eagle, Lululemon, Gap, Kohls, and other businesses of this size. In order for this to happen, we have to prove our technology to be effective, show that past users have had increased rates of visitors to their online website, and that they experienced increased sales.

Conclusion

Relating this back to the Deloitte study, the researchers concluded that there will need to be three crucial changes that retailers and malls will have to embrace if they want to grow their customer base. First, they need to **focus on safety and convenience**. The very nature of online shopping with VirtuFit is exponentially more convenient and faster, and does not require customers to go in the store at all, which increases feelings of safety. Even with the extension of our product being offered in physical stores, customers who prefer shopping in malls will feel safer since they don't have to try on clothes that other people have already worn and it is quicker than trying on outfit after outfit. Second, malls have to **rethink the role of the store**. VirtuFit assists with this as well because the physical store becomes secondary to the online platform. The in-person version of VirtuFit will actually change the nature of online stores by allowing mall visits to be a quicker, easier, and safer place to visit. Thus, redefining the entire purpose of in person stores. Third, stores have to **embrace technology**, which fits perfectly with VirtuFits

mission. To some, VirtuFit might seem like an unattainable technology that will take years to implement, but augmented reality already exists and is used in many other products. The need for a product like this is long overdue and the primary data proves this because many respondents expressed how they “needed a product like this to exist”. While the consumer is anxiously waiting, the retailers have yet to take the necessary steps to supply a product like this. Thus, VirtuFit will provide this long-awaited technology which will benefit retail platforms while satisfying their consumers.

Final Recommendation

The goal of this research, as stated initially, was to understand the industry, the unmet needs, provide a possible solution, and collect feedback from potential consumers on if they see value in the solution. The conclusion that can be pulled from the primary and secondary research is that there is definitely a serious need for this kind of technology and both retailers and consumers see benefit from it. Thus, the recommendation would be to move forward with this product concept.

Upon approval, the next steps will be to analyze the competitors of the market, determine feasibility, costs, get a clearer picture of how much customers are willing to pay, determine an implementation plan, and also figure out a more defined marketing strategy for the company.

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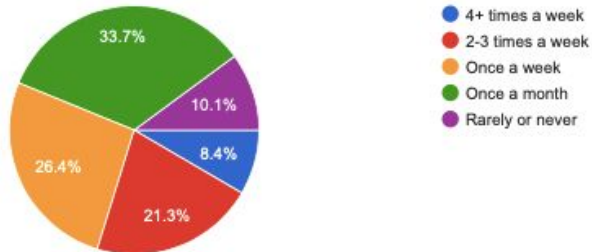
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Excerpts from Primary Data

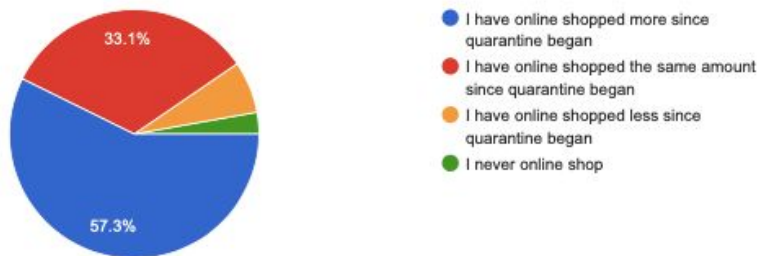
How frequently do you online shop?

178 responses



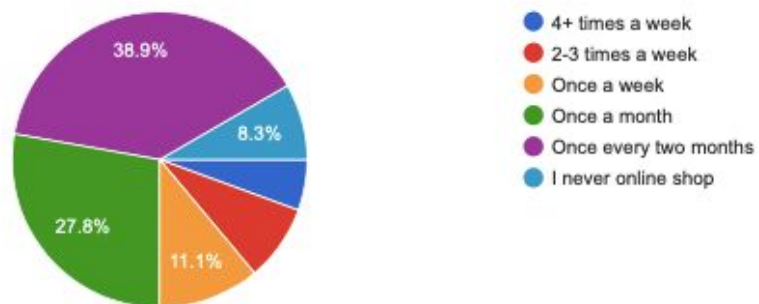
Due to quarantine, have you found yourself shopping less, the same amount, or more?

178 responses



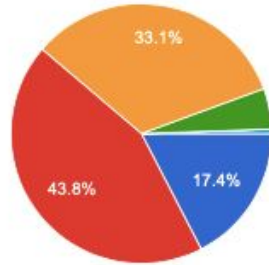
How frequently do you online shop for clothes?

36 responses



When online shopping, how confident are you that the item you receive will be exactly what is shown in the preview pictures?

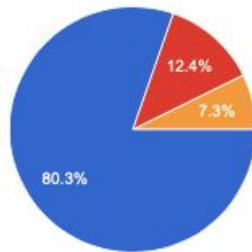
178 responses



- Extremely confident - 99% of the time when I order online, the item I receive is exactly what I expected
- Very confident
- Somewhat confident - There is a 50/50 chance that I will receive exactly what I...
- Not so confident
- Not at all confident - I hardly ever receive what I expected
- I never online shop

Have you ever received clothes in the mail after online shopping, only to find that they don't fit or look the way you imagined they would?

178 responses

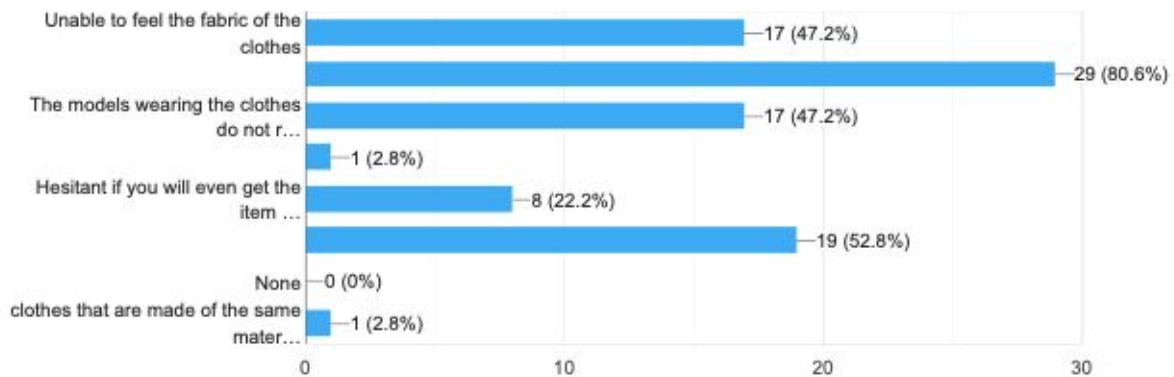


- Yes
- No
- I never online shop for clothing or apparel

Which of the following is your biggest pet-peeve when online shopping? Select all that apply.



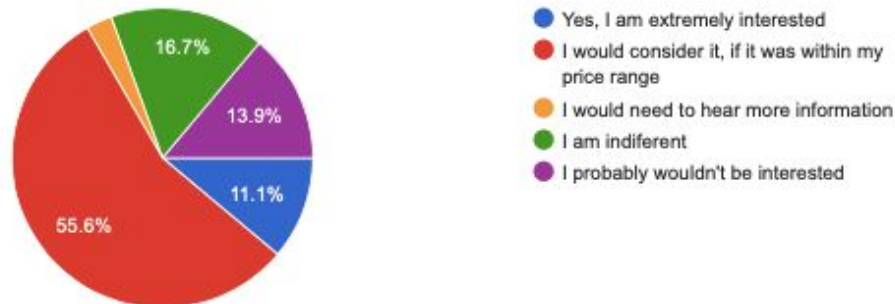
36 responses



This question was asked after the product concept was explained:

Would you consider buying this product?

36 responses



32 Positive Open Response Comments From Primary Data

My initial reaction is that this is something I would definitely want as it would so easily help to see how clothing fits and looks before spending the money

I think a lot of people would like this because then you don't have to return anything if you don't like it.

I would love this because i hate ordering clothes online, waiting days for them and then me not even liking how they look/not fitting.

I think this is a great idea. You really never know what the clothes are going to look like on you so the fact that they show you is awesome

I think this would help the shopper visualize the clothing in a potential outfit better and would help a customer chose between sizes

This is a great idea. A consumer can see not only how it would fit them, but also how it looks on them. They could take this to create outfits before owning the clothes to make sure everything goes together well.

This is a dream item! I often don't buy clothes because I'm not sure they'll fit or look good on my body type. But, that does tend to save me money, so maybe this is dangerous!

Need it!

this would allow me to make less returns due to clothing not fitting or guessing the size

I think this would be super helpful when shopping for clothes! I think would be more likely to shop for clothes online because this takes the mystery out of buying clothes online (mystery = knowing how the clothes will look on you)

Would definitely be useful and probably would buy more things

I think this would work well for everyone trying to find clothing that fits online. Very useful and needed!

I would enjoy the easy shopping experience

Sounds perfect.

Again, amazing! How do I get one of these? I have very limited free time these days to go out and try on clothes. This sounds wonderful!

This product would be helpful as long as it accurately shows how the clothes fit exactly when I would be wearing them

Sign me up!!!!

Extremely beneficial - especially when shopping for my kids!

This would be amazing

I would be very interested!

Very interesting, the feel or the way the fabric will lay, but if it worked I would never try things on at the store again

Wow - this would be interesting because it could save you so much time trying everything on. Although, my concern would be that you never know how something truly feels unless you have it on.

This paired with a stylist like stitch fix would be amazing. Would depend on the cost.

Could try. Different brands fit differently. Never sure if I need a large or an extra large to feel more comfortable and hang free.

I need it now

If this has to do with augmented reality tech I'm all for it.

I think this is also a great idea. I think it would make buyers a lot more confident if they can see how each product would fit their specific body type.

I like this a lot. I would use it all the time before picking something.

I have thought this would be a great idea for a long time.

A much needed timesaver

I would love to try it.

This is really awesome and again very intelligent. I would be interested in buying this product and hopefully it's not too expensive either.