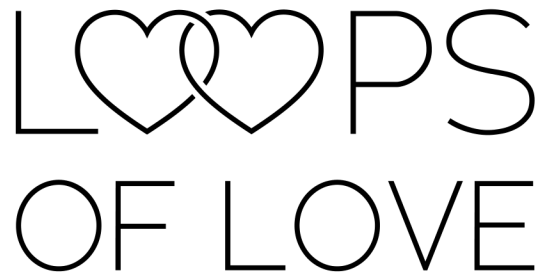# L♡♡PS
OF LOVE

ASSIGNMENT 2

Product Management: Scoping
Your Product

TEAM MEMBERS:

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LOOPS OF LOVE

PITCH:

Loops of Love solves the inaccessibility and waste of children and maternity clothing for low-income families and conscious mothers by providing a circular economic sharing model that allows families to trade in, pay or swap second-hand and new sustainable clothes for in-store credits that can be used for renting or buying a more preferable wear. We're interesting because, unlike alternatives, we offer a customer-centric payment option to ensure the accessibility for our target customers while providing a vast product selection of sustainably and ethically produced clothing and versatile features as a one stop service platform.

HYPOTHESIS 1:

[Differentiator side/creative payment] We know that current solutions in the children and maternity clothing industry are expensive and unsustainable, and believe that low-income families and conscious mothers should have access to more affordable and sustainable options. Through delivering a one-stop circular economic sharing model that offers a vast product selection and allows families to trade in, pay or swap second-hand and new sustainable clothes for in-store credits that can be used for renting or buying more preferable wear, we expect an increase in the affordability of children's and maternity clothing and an increase in sustainable and circular clothing consumption.

This hypothesis confirms if our differentiator is interesting, beneficial, and attractive to customers. As our competitors have already tested and validated the maternity and children's segments, our top priority should be to focus on testing and validating our differentiator. This includes offering affordable, sustainable clothing with a unique creative payment option that no other competitors are offering.

HYPOTHESIS 2:

[Maternity side] We know that women spend an average of $500 on maternity clothing, which they only wear for about 5 months during their late pregnancy, and believe that they are looking for alternatives to save money. Through delivering/testing our one-stop circular economic sharing model for pregnant women, we expect a huge number of customers to rent or purchase affordable, sustainable maternity clothing, decreasing the amount of money spent on maternity clothing.

Maternity is the second most important segment because we believe that if we can attract mothers to our platform initially, they will be more likely to continue to subscribe to our model for their children.

HYPOTHESIS 3:

[Children's side] We know that over 183 million pieces of outgrown children's clothing go to waste every year as children often move through 10 sizes in their first year, which costs an annual $700 on children's clothing and believe that parents are looking for alternatives to save money and decrease waste. Through delivering/testing our one-stop circular economic sharing model for newborns and children, we expect to reduce the annual cost of children's clothing while reducing the amount of textile waste of outgrown children's clothing.

This hypothesis is aiming to validate the effectiveness of a one-stop circular economic sharing model for newborns and children in reducing both the annual cost of children's clothing and the amount of textile waste from outgrown children's clothing. To validate this hypothesis, we would need to assess the effectiveness of the model in terms of both cost savings and waste reduction.

BUSINESS OBJECTIVES

MONETIZE CIRCULAR ECONOMY MODEL:

Financial Target Metric: Have target ARR by EOY, and have a baseline revenue goal of at least 100,000 by the end of the first year with a net operating income margin of at least 20%.

PARTNER WITH AT LEAST 20 OTHER BRANDS:

Partner Program Metric: Number of businesses that are enrolled in our supplier's program.

DEVELOP SUSTAINED RETENTION OF CUSTOMERS VIA PRODUCT LIFECYCLE:

Retention Metric: Keep track of CHURN rates and percentage of repeat customers. Keep track of what product offerings customers are using in 2nd and 3rd purchase behavior.

VALIDATE HYPOTHESIS: ONE STOP-SHOP OF AFFORDABLE SUSTAINABLE/ SECOND-HAND ITEMS:

Retention Metric: Percentage of customers who signed up and continued to use the product after 1, 3, 6, and 12 months.

GENERATE ENOUGH SUPPLY/ DEMAND IN MARKETPLACE:

Marketplace Metric: Number of items sold versus a number of items available.

CONTINUALLY MONITOR CUSTOMER FEEDBACK TO DEVELOP PRODUCT OFFERINGS:

Satisfaction Metric: customer satisfaction ratings, comments, basket behavior, and number of gifts purchased.

OUR MAIN BUSINESS GOAL

Monetize the Circular Economy Model

Measured by the amount of net operating income and ARR by EOY.

From our conversations, we identified that monetizing our business model was one of our biggest risks when attempting to develop a new pricing strategy. Thus we decided to prioritize it as our top priority in order to make our business viable.

ADDITIONAL VALUABLE OBJECTIVES

- **Product–Market fit**, ensure the number of subscriptions is growing while controlling Churn Rates.

- **Suppliers–Partners**, ensure the number of partner suppliers is consistently growing while maintaining quality.

- **Marketplace Success,** ensure that marketplace demand and supply are in sync in order to have a functioning market.

- **Track user conversion** from maternity products to baby apparel.

LOGIC EXPLAINED

When thinking about the core of our business model while also assessing the risks associated with our vision, product offerings, and functionalities, our team consistently surfaced the need to make money. We often questioned ourselves if we would be able to generate enough revenue to keep the business afloat.

While conducting competitor analysis and research, we learned the multitude of fixed and variable costs associated with this business model. A clothing company itself alone already carries many financial and inventory risks. Loops of Love takes a step further by juxtaposing an eCommerce website with a subscription model and a marketplace. Thus, our number one priority when launching the product is understanding if our innovative solution is able to meet our bottom−line needs.

Naturally, this financial challenge is reflective of a circular economy model where very few companies are able to effectively monetize their sales and thus have turned into non-profit organizations such as SupperLooper or Vigga. Accordingly, we determined that many of our other goals would be accomplished given the achievement of our financial goal. After all, if the circular economy model fails, a large portion of our business model and strategy will need to shift. This would put at risk the entirety of the trade/return structure as well as the envisioned partner supplier program.

When considering other business objectives, we also identified product market fit and user retention of mothers as they transition from maternity to birth as priorities. However, we chose to focus on financial metrics because if the pivot did not succeed, it would have a bigger impact than making changes to our marketplace offering or subscription model, for example. Analogously, replacing the circular model would mean changing the face of the business while failing to accomplish other goals would simply mean adjusting physical accessories or small physical traits (if the business was a person).

SUCCESS METRICS

Primary Metric: Net Income

Target NOI of 100,000 by the first year and growth rate of 25% YOY.

- Is our business profitable when considering all of our revenue expenses? This will be the catalyst factor in order to scale the business.

SECONDARY FINANCIAL METRICS:

Customer Lifetime Value (LTV)

By offering a variety of products and services for different product needs of the customer (maternity vs motherhood) is the business able to increase the value of the customer over time?

Customer Acquisition Cost (CAC)

Are our expenditures in finding the ideal personas and customers efficient when compared to these customer's LTV?

Churn Rate

Are customers unsatisfied with the product and leaving? What are the principal reasons for this?

Customer Retention

What are returning customers shopping behaviors and are customers returning at all?

PROPOSED CONSTRAINTS

Customer Type (Mothers): Our target customers are mothers who are currently pregnant or have recently had babies. Due to the characteristic of our eCommerce platform, we are targeting mothers that are currently on maternity to retain them through the product lifecycle as they transition to baby apparel when they have their children. Additionally, we will also be targeting mothers who have just recently had their babies or that have younger children. Tangentially, our platform will also target the gifting market specifically targeting middle-income individuals between ages 28-36 as they are more likely to gift friends and family baby gifts.

- Explained: We identified our target customers as a potential constraint due to the historical customer behavior where parents are expected to buy new clothing for their children. Given the cultural and societal purchasing expectations, we believe that customers will need to be educated on the benefits of our platform. We will face the risk of having to explain the benefits of the circular economy, the sustainability,

Channel: While our products will only be available through our e-commerce platform, Loops of Love relies on a large network of partners and sales channels to accomplish our mission. On one side, we have our partner brands and wholesalers that will supply a large number of items. We also have logistics partners that will continually develop our products and our customers who choose to participate in our circular economy functionalities (such as the marketplace).

- *Explained:* Managing all the stakeholders involved in our business is complicated. It will require industry knowledge, human resources, and effective supply chain management. It is not only costly but also a complex task. At the same time, having channel prowess is essential to have an effective business model in our target market (apparel).

Function: We are introducing a circular economy model that is unique to our business model. Customers can either purchase new or used clothes, exchange clothes for credit, or trade them. This new pricing strategy will incentivize customers to be more sustainable and engaged with the platform.

- *Explained:* The circular economy model is a tremendous risk financially and also in terms of product-market fit. First, the circular economy model needs to be financially sustainable in order to sustaining the needs of the business model effectively. Second, this emerging business model, is one that few customers have access to. Because of this there will need to be an investment in educating our customers on how the product works.

Product Surface Area: Loops of Love will be an all-in-one eCommerce maternity and baby apparel company. Because of this, our platform will cover a large surface area in terms of functionality. We will offer a subscription model (click-rent), a retail model (click-buy), and also a marketplace (click-earn) in order to service the needs of our customers throughout the whole maternity/baby product lifecycle.

- *Explained:* Loops of Love will offer several functionalities, developing these however will require a lot of investment in technology and human capital. Paired with the high fixed costs of the clothing business such as sourcing material and fulfillment of orders, Loops of Love faces constraints in understanding what is possible or not.

User Lifecycle: We will focus on a product journey that services the mother throughout her pregnancy in terms of clothing. Strategically, the platform will offer maternity clothes that can later be traded in /exchanged for baby clothing.

- *Explained:* We have determined that the user lifecycle may emerge as a constraint as few to no competitors offer the breadth of offerings Loops of Love is developing. Because of this, very little research and customer behavior (other than ours) have been documented to understand if customers are truly interested in products that support our customers throughout the whole maternity lifecycle.

VALUE PROPOSITION

LOOPS OF LOVE

STAKEHOLDER 1: SUPPLIERS

- You can **clear** all hanging **inventory** and **clearance** section by **selling** us products at **wholesale price**.

- You can **retain customers** through our **Return and Earn program**. Customer's that donate partner clothes into the loop earn **Partner store credit**.

- You can develop new **market insights**, uncover **innovative opportunities**, and **join** part of a **circular sharing platform** allowing you to tap into new **demographics** while uncovering previously inaccessible markets.

BRANDS

STAKEHOLDER 2: MOTHERS

- You can quickly **exchange** your current **items** as soon as you **receive** the **new** ones by using the **reusable packaging** and the included **return label**.

- You can quickly access a **range** of **sustainably** and **ethically** produced clothing at **affordable** prices and **consciously consume** while **feeling confident** in your **changing body**

- You can keep the **rented clothes** for as long as they fit and can **resell** or **return** your items to be **looped** and **loved** by others when you are ready for the **next size** preventing new clothes from being produced and reducing textile waste.

SAVE: MONEY, TIME, SPACE & THE PLANET

By picking "**new**", you **start the loop**, providing many families after you with ethical and sustainable items. When you pick "**pre-loved**" you **keep the loop going** by giving products a longer life, while reducing your overall expenses and your impact on people and the planet.

USER STORIES

"

As a **pregnant woman** that is still actively going to work, I need to rent out maternity wear that is affordable and stylish as I know that I will need them for a short period of time (2-3 months) so that I can save the money for other necessities while still looking good during pregnancy.

"

- 1st persona - Value: Killer / Urgency: ASAP

- Highest cost of delay.
- By engaging customers during their pregnancy stage, it increases the likelihood that they will also use our service for their newborn later.

"

As a **mother of a newborn**, I need to rent my baby clothes as they will grow out of their size within a month so I can minimize the expense and reduce wasted space for keeping these unused clothes. However, I also want to keep some of my children's clothing as a reminder of their childhood.

"

- 2nd persona - Value: Killer / Urgency: Soon

"

As an **environmentally conscious mother**, I want to be able to take part in a circular economy and purchase items from sustainable, ethical fashion companies so I can feel confident that my purchases are contributing to a more circular industry and I do not create more waste while getting clothes with good quality for my kids.

"

- 3rd persona - Value: Bonus / Urgency: ASAP

FEATURE:	DESCRIPTION:
Easy return/ exchange item option	• Allows customers to easily return or exchange items they purchased if they are not satisfied with the product or if it does not meet their expectations (example, no longer fit their size).
Trade-in for in-store credit option	• Allows customers to trade in their old clothes for in-store credit towards new purchases.
Product description	• Provides customers with detailed information about the product, including its features, materials, care instructions, and sizing information.
Verified Values for sustainability	• Ensures that the clothes sold on the platform are sustainable and environmentally friendly.
Product review	• Allows customers to leave reviews and ratings for products they have purchased.
High quality image	• Provides customers with clear and detailed images of the product.
Personalized Recommendation (Style/Size)	• Provides customers with personalized size and fit recommendations based on their pregnancy stage or children's age as well as their browsing and purchase history, using advanced algorithms.
Product Catalog	• Provides customers with a comprehensive catalog of all the products available on the platform.
Payment option	• Allows customers to pay for their purchases using a variety of payment methods. (Credit cards, Paypal, Apple Pay, Store credit)
Buy or rent option	• Allows customers to add items to their shopping cart and proceed to checkout to purchase or rent the items.
Advanced search option	• Allows customers to search for products using advanced filters, such as color, size, price range, and brand.
Product comparison	• Allows customers to compare different products side-by-side based on their features, price, and other criteria.
Responsive customer service option	• Provides customers with responsive customer service, such as live chat, email, or phone support.
Product Traceability	• Provides information on the product's supply chain and manufacturing process, including the previous owner of the product.
Style Quiz	• Allows customers to answer questions about their style preferences/receive personalized product recommendations

Feature Ranking:	Urgency	Value	Reasoning
Easy return and exchange item option	ASAP	Killer	This feature has both a high urgency (ASAP) and a killer value. Having an easy return and exchange option is essential for customer satisfaction, loyalty, and sales, making it a must-have feature that should be available as soon as possible to provide a positive customer experience and drive repeat business.
Buy or Rent option	ASAP	Bonus	Providing customers with the option to buy or rent items belong to ASAP as it is important for customer satisfaction/ it promote the circular economy The feature offer both buy and rent options can provide a competitive advantage and may lead to a higher ROI
Trade-in for in-store credit option	Soon	Killer	While this feature is not as critical as some other features, it is still essential to offer customers the ability to trade in their old clothes for credit. However, it may not be a priority to implement it immediately. On the other hand, this feature provides customers with an incentive to continue shopping on the platform and is a great way to encourage repeat business for the low income group to minimize their expense
Personalized Recommendation (Size and Style)	Soon	Bonus	Providing personalized recommendations based on browsing and purchase history can help increase sales and provide a better customer experience. It has the bonus value band as the personalized recommendations increase customer loyalty but it is also widely adopt by many e-commerce platform
Payment option (Credit cards, Paypal, Apple Pay)	ASAP	Meh	Providing multiple payment options is essential for any e-commerce platform and should be implemented as soon as possible. However, this option is expected and does not provide a significant competitive advantage.

Feature Ranking:	Urgency	Value	Reasoning
Responsive customer service	ASAP	Meh	This feature is considered critical because it can affect the customer's perception of the e-commerce platform as a whole. Responsive customer service can help resolve issues quickly and effectively, which can increase customer satisfaction and loyalty. Therefore, it is considered a feature that should be implemented as soon as possible. However, it is not considered a bonus feature because it is expected as a basic feature of any e-commerce platform.
High quality product image	Soon	Meh	High-quality product images are important to showcase the product and provide customers with a better understanding of what they are purchasing. While not critical, it can be implemented whenever without much urgency.
Verified Values for sustainability	Soon	Bonus	While the feature is important for sustainable conscious customers, it is not our key value proposition. Therefore, it is not urgent to implement this feature. However, providing environmentally-friendly products with verified values can be a selling point for conscious customers and may lead to increased sales.
Advanced search option	Whenever	Bonus	The search option can be helpful for customers, it is not an urgent feature to implement an advanced one. On the other hand, this options can improve the customer experience when navigating through the platform and may lead to increased sales.
Product comparison	Whenever	Bonus	This feature is also not critical for the basic functionality of an e-commerce platform, but it can help customers make informed purchasing decisions. It is useful for customers who are considering multiple products and want to compare features and prices side by side. Therefore, it is considered a bonus feature that can be implemented whenever the resources are available.