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CLIENT FINAL PRESENTATION

NYU Stern Andre Koo Tech & Entrepreneurship MBA

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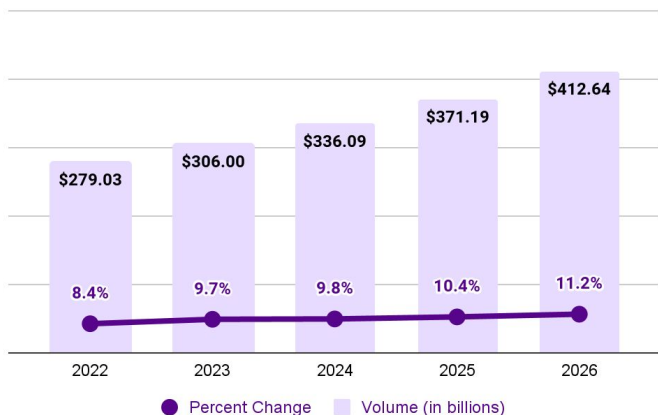**08/16/2023**

THERE'S AN UNTAPPED OPPORTUNITY TO ENGAGE WITH POWER SHOPPERS

01

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RETAILERS ARE SEEING CONTINUED GROWTH IN THE VOLUME OF ONLINE RETURNS

Preventing even 10% of returns is a potential $30 to $40 billion cost savings. Consumers do not enjoy returning products, even if they had planned to make a return at the time of purchase. The process is "annoying" and costly to all parties involved, so it benefits everyone to minimize it.

U.S. Retail Ecommerce Return Volume in Billions

Legend: ● Percent Change ▨ Volume (in billions)

Bars: 2022 — $279.03 (8.4%); 2023 — $306.00 (9.7%); 2024 — $336.09 (9.8%); 2025 — $371.19 (10.4%); 2026 — $412.64 (11.2%)

The Stats Speak to this Trend

- +63% percent of shoppers have engaged in "bracketing," or *shopping in excess with the intent to return a portion of the items).*

- Returns are expected to reach +$400B by 2026, with the growth rate of returns rising YOY.

- Return rates are growing faster than revenues for 91% of retailers.

- It's estimated that 25% of returns end up in a landfill.

- 42% of customers will stop shopping at a retailer after repeated returns.

- 72% of customers will leave a negative review of returned products after repeated return.

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INTRODUCING EMILY THE POWER SHOPPER

Age
27

Gender
Woman

Influencer Content
Emily looks to creators for product reviews and to stay up-to-date on the latest trends.

Top Social Sites

Goal
Emily is invited to a her best friend's wedding in NYC. Amidst all the excitement, she has one daunting task ahead of her: finding a flattering dress that matches the event's blue and green color scheme. A dress that she could wear again would be even better!

Actions
Emily has her go-to retailers: Reformation, Lulus, and ASOS, which she knows do a decent job of handling returns and have great products. This is especially important for Emily as she often buys a large quantity of items at a time. While she hates having to make returns (she's a 20-something in NYC without a car!), Emily will return a product if she knows it is just not going to work for her. Emily purchases two dresses from Reformation, two from Lulus, and two from Asos. She loves dress number one from Reformation and knows this is the one she'll keep!

Challenges
The other dresses she purchased were also nice and fit well, but Emily just can't think of another occasion where she'd wear them and needs to decide if she should return them. She frequently wishes that she could justify keeping her purchased items to avoid the frustrating returns process. With most of her online orders, she will begin the process of contacting different customer service centers to initiate the returns, packing up the remaining products, taking them to the nearest UPS to ship them out, and tracking the shipments and eventual refund.

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THERE'S A SIGNIFICANT PROBLEM WITH THE RETURNS PROCESS

For **online Power Shoppers** purchasing multiple options to try on before an upcoming event, it's a constant challenge to **determine what suits their needs** and **return any unwanted products.** Every instance of disappointment necessitates engaging with a **cumbersome returns process.**

Is there a streamlined and hassle-free solution that empowers these consumers to **make informed choices** through additional data points that **minimize or eliminate** the need to make **returns?**

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SO, WHAT IS THE SOLUTION TO ADDRESS EMILY'S PROBLEM?

02

GENERATIVE AI

Our immersive visualization solution uses Gen AI to present products in real-life scenarios. Allowing consumers to envision themselves wearing an item in unexpected ways and in different environments aims to cut return rates. Demonstrating potential uses of a product and inspiring consumers to be creative with their purchased items opens cross-selling avenues, strengthening brand loyalty and fostering repeat purchases.

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OUR GENERATIVE AI SOLUTION IN ACTION AT REFORMATION

Reformation

STEP 1: SELECT YOUR ITEM

Jamen Knit Dress

STEP 2: KEYWORDS

Picture of me in Greece with bridesmaids wearing long blue dresses

STEP 3: ADD YOUR MEASUREMENTS

Height   Weight   Body Type

OPTIONAL: UPLOAD A SELFIE

Drag and drop or Browse

GENERATE YOUR PHOTO
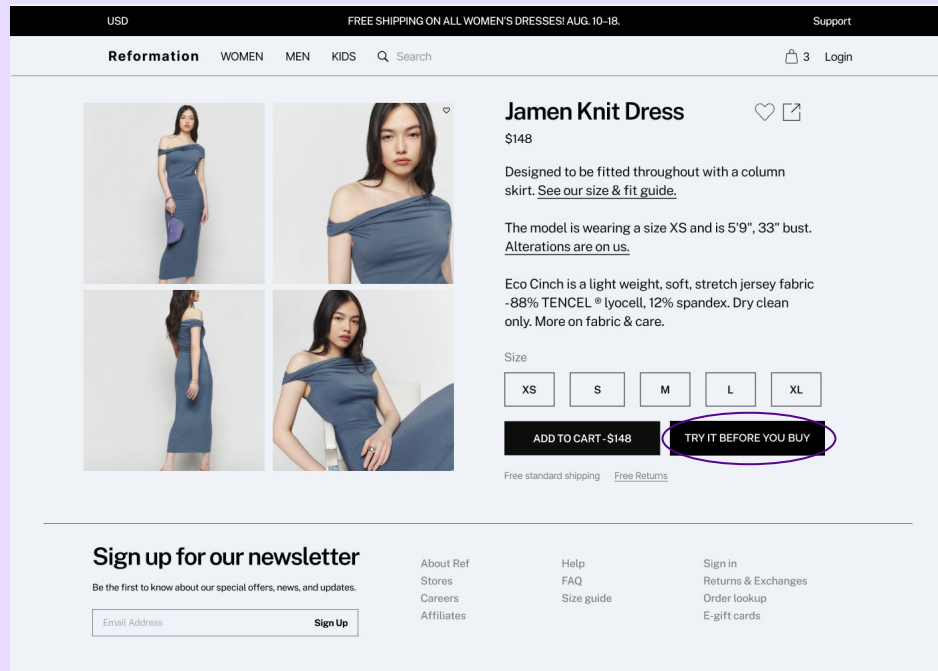
Shop the RefGen AI Looks

Wade Kitten Heel
$278

Annabelle Silk Dress
$448

Medium Rosetta Shoulder Bag
$398

VIEW YOUR FAVORITES

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TOUCHPOINTS AT THE TIME EMILY IS CONSIDERING HER PURCHASE

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TOUCHPOINTS AFTER EMILY MAKES HER PURCHASE

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TOUCHPOINTS EMILY HAS DURING THE "INITIATION" PHASE OF RETURNS

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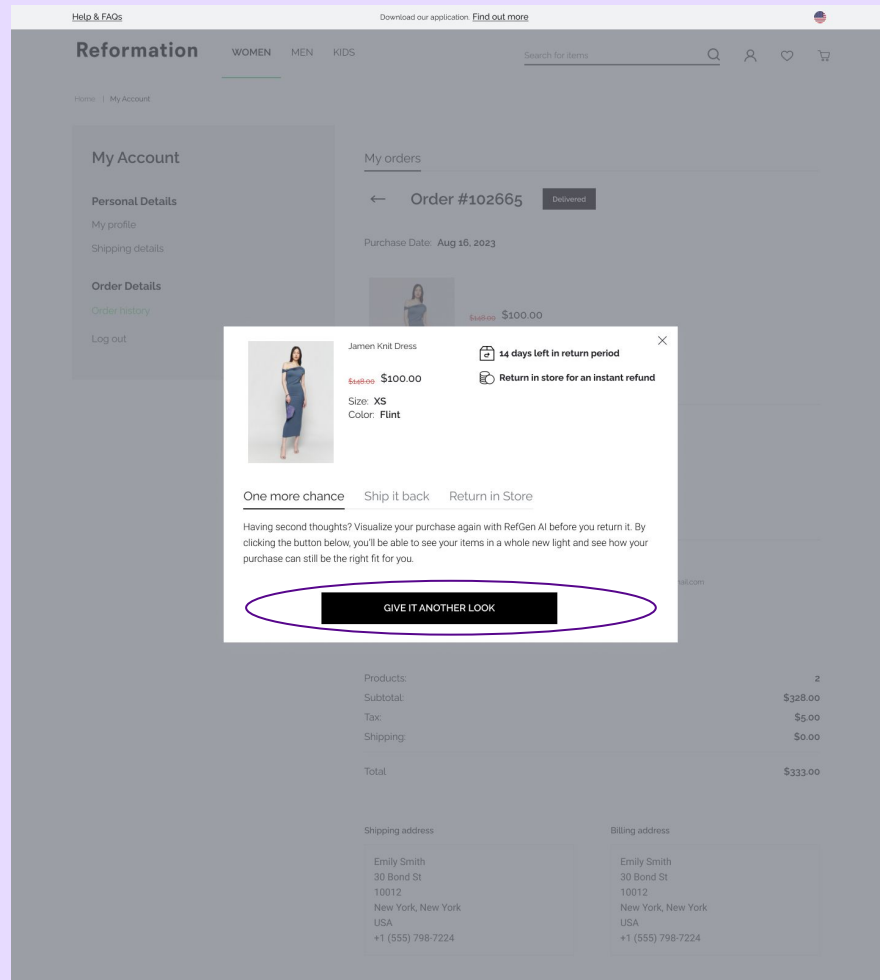
IT'S FEASIBLE TO UTILIZE EXISTING TECH TO BRING OUR SOLUTION TO LIFE
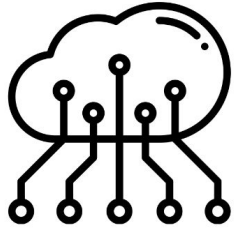
Training Style AI Engines with Data from Social Platforms
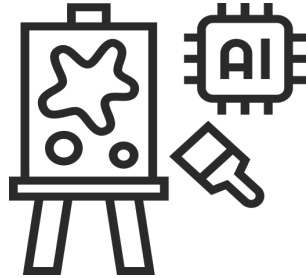
Utilizing Image Gen-AI for Dynamic Situation Creation
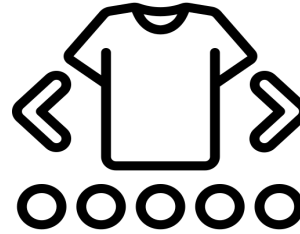
Harnessing Gen AI for Matching Looks and Transforming outfits

Employing Potent Stable Diffusion AI with Repositioning Capabilities

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OUR SOLUTION WILL TRANSFORM THE E-COMMERCE LANDSCAPE

RETAILERS

Decreasing Return Costs and Increasing Transaction Value

Increasing Loyalty by Distinguishing Retailer from its Competitors

Cementing Retailer's Reputation as an Innovator in the Space

CONSUMERS

Wise Spending Through Informed Decision Making

Reduction in Return Hassle with Tailor-Made Shopping Experience

Increased Trust in Brand with Accessibility to Latest Technology

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LET'S EXPLORE NEXT STEPS AND CONSIDERATIONS TO MAKE THIS SOLUTION A REALITY

03

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SIX KEY SUCCESS FACTORS FOR OUR SOLUTION

Strong User Experience
An intuitive, user-friendly, and seamless experience encouraging consumer engagement, increases the likelihood of conversion and reducing return rates.

Personalization
Tailored recommendations and scenarios based on individual user preferences, history, and behavior can significantly enhance the value of the solution.

Scalability
As the solution gains popularity and the product catalog expands, it should be scalable to handle increased user demand and new product additions without compromising performance.

High Image Quality & Variety
Highly accurate and realistic visualizations of products in various real-life scenarios.

Measurement and Optimization
Continuously monitor metrics such as user engagement, conversion rates, return rate reduction, and customer feedback to measure success and iterate on solution.

Data Security and Privacy
Maintaining robust security measures and ensuring privacy of user data is essential to building customer trust

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GO-TO-MARKET STRATEGY

Customer Rollout

Start with large retailers with a significant online presence and high volumes of transactions. They are more likely to be early adopters of innovative technologies and can serve as influential partners. (i.e., Reformation or ASOS)

Pricing Strategy

Consider a freemium approach, bundling a basic version of the tool with client's current suite of solutions to gain initial adoption. Additional pricing tiers can be available for premium features (e.g., put together looks), greater usage (e.g., more visualizations per item) and scalability (e.g., availability for additional brands on website).

Successful Adoption

Measuring the effectiveness of the solution in reducing return rates is crucial. Ongoing analysis of return rates before and after implementation serves as essential validation, showcasing the value to retailers. This feedback directly informs client's product strategy, driving continuous enhancement.

THERE ARE NUMEROUS EXTENSIONS FOR OUR SOLUTION

Social Media Integration

The solution can allow users to share their picture on social, allowing them to get input from friends before purchasing. This social validation can be influential in purchasing decisions.

Collaborative Shopping

Multiple users can join a virtual space, visualize products together, and discuss their potential purchases in real time.

Gamification Elements

Introduce gamification elements where users can earn rewards or points based on their interactions with the visualizations, enabling better engagement.

KEY QUESTIONS GOING FORWARD...

What ROI/KPI goals are necessary to make this a viable solution?

What use cases are most viable?

What other industries would benefit from this solution?

What data privacy considerations must be made?

What infrastructure requirements for this solution do we not currently meet?

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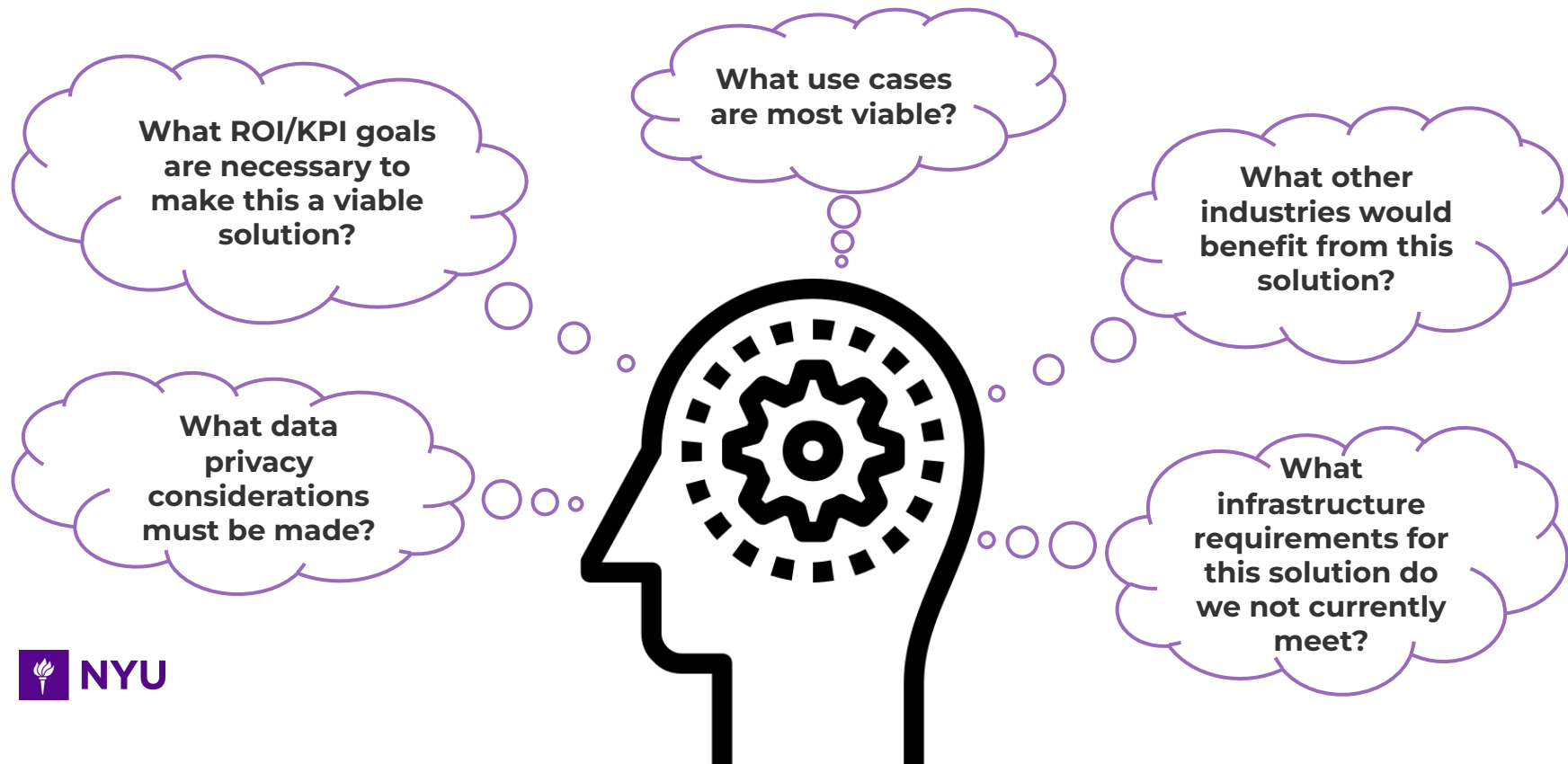
THANK YOU!

APPENDIX

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REVISITING OUR CHECK-INS

Check-in #1

After the first check-in we unpacked the descriptors used in our research and identified a key target persona: Power Shoppers. We investigated who they blame for issues that occur after a purchase and how much blame they associate with the product versus the retail brand.

Check-in #2

Following the second check-in we honed into one key problem and opportunity. We continued to ask "why" do Power Shoppers always go back to the retailer. And finally, we explored how one retailer has the chance to lock in their customer relationship and how they will do it.

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Says

I don't know if I want to keep this item

I'm not sure which product to choose

I don't know if I'll be able to wear this again

I wish I could keep multiple items

Could I justify keeping this for another event?

Thinks

Where would I wear this?

How can I figure out how this will look on me without going to the store?

Is this product worth returning?

Is there a way to avoid the hassle of returns?

Does

Sends pictures of the dress to her friends

Checks out online reviews

Researches company's refund policy

Looks at Pinterest for outfit inspiration
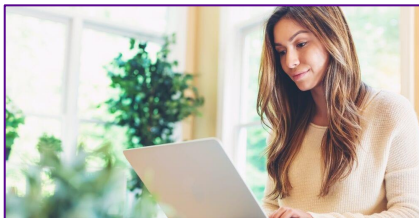
Thinks about future events she has coming up

Tries the dress on over and over

Feels

Overwhelmed

Curious

Inconvenienced

Mixed Emotions

Anxious

Anticipation

Determined

Motivated

Confused

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EXPLORING THE CONSUMER JOURNEY WITH EMILY

	Deliberate a Purchase	Make the Purchase	Wait for the Purchase to Arrive	Receive the Purchased Item	Considering Making a Return
Activities	• Emily is invited to a her best friend's wedding in NYC • She needs to find a dress, matching the color scheme • Emily checks her go-to retailers (Reformation, Lulus, and ASOS), which she knows do a decent job of handling returns and have great products • She finds a couple that might work, but it's difficult to predict how they'll look on her	• Emily decides to purchase two dresses from Reformation, two from Lulus, and two from Asos	• Emily tracks the dress shipments • She contemplates the quality of her dress choices	• Emily tries on all the dresses • She loves dress number one from Reformation and knows this is the one she'll keep!	• The other dresses are also nice and fit well, but Emily just can't think of another occasion where she'd wear them and thinks about returning them • She frequently wishes that she could justify keeping her purchased items to avoid the frustrating returns process.
Touchpoints	• Retailers' websites • Retailers' social media platforms	• Retailers' website • Retailers' social media platforms	• USPS shipment tracking	• Brands' products • Retailers' packaging	• Retailers' customer service channels
Emotion	• Excitement for the wedding • Curiosity about dress options	• Content with final choices • Anxious about dresses not working out	• Anticipation for the dresses to arrive • Concern about delivery timeline	• Excitement and eagerness to see how dresses fit • Attachment to a particular dress	• Mixed feelings about returning items • Desire to avoid the hassle of returns
Pain Points	• Time-intensive to find dresses she likes • Uncertain on how the dresses will look on her	• Having to purchase items without knowing how they will look on her	• Uncertainty around dresses builds • Shipment delays	• Some items may be really nice, but don't make sense for this particular event	• Difficulty in justifying keeping all items • Frustration with the returns process

OPPORTUNITIES THAT EMERGE DURING THE JOURNEY

	Deliberate a Purchase	Make the Purchase	Wait for the Purchase to Arrive	Receive the Purchased Item	Considering Making a Return
Opportunities	• We have an opportunity to show our consumers how a product looks in their desired environment. • Consumers can also join virtual "try-ons" with friends or share their images on social for feedback to determine if they would like to make a purchase.	• Consumers could visualize themselves in their purchased product in their desired location, as well as other locations to inspire them to view their purchased items creatively. • Following that virtual try on, they would be able to add the outfits that appeared in the generative AI solution directly to their cart.	• Once the purchase is complete, a confirmation email could be sent to a consumers' email to redirect them to the generative AI try-on product, which would build anticipation about their purchased item. • There are also opportunities to try on their purchased product with other items from the store while they wait, to encourage another purchase.	• At this phase, consumers are excited to receive their purchase but are unsure about how to style it. So, a generative AI solution could be leveraged at this point in the journey to direct consumers to styles that suit the newly purchased item. • The solution would also suggest locations that the items would be suitable for in the future.	• If the consumer tries to execute a purchase on the product's website, there could be a pop-up option that redirects them to the generative AI try-on product so that the consumer can "give it another look" before they commit to making the return.

Meet the Team

Transforming Post-Purchase Customer Experience: Where Innovation Meets Satisfaction!

Vidisha Holsambre
Former Senior Consultant at West Monroe, a digital services firm

Fun Fact:
I love uncovering the "why" behind user pain points and working closely with organizations to design seamless, user-centric processes that effectively address root issues. Creative problem solving is my jam.

Elizabeth Davis
Former Business Intelligence Analyst at Methods+Mastery (an Omnicom Company)

Fun Fact:
I am a data nerd who loves to get into the weeds and learn from user's behavior. Social media research has been my gig for the past three years, so if there's a new TikTok trend or niche online community, I'm your girl to find it.

Brian Katula
Technical Project Manager at Global Resilience Federation

Fun Fact:
I enjoy taking the path less traveled. Exploring non-traditional solutions to problems excites me. From asymmetric rocket design, to flipping Operational Resilience on its head, the path less traveled is the place I thrive.

Shubhashish Palo
Former Digital Marketing Manager at JustAnswer

Fun Fact:
With a solid decade of Digital Marketing wizardry under my belt, I've been conjuring up value like nobody's business. An enthusiastic digital geek and creator by some strange twist of fate. Call me the AD-Man.