Shopbox

Finding the perfect products for you Fast *and Easy*

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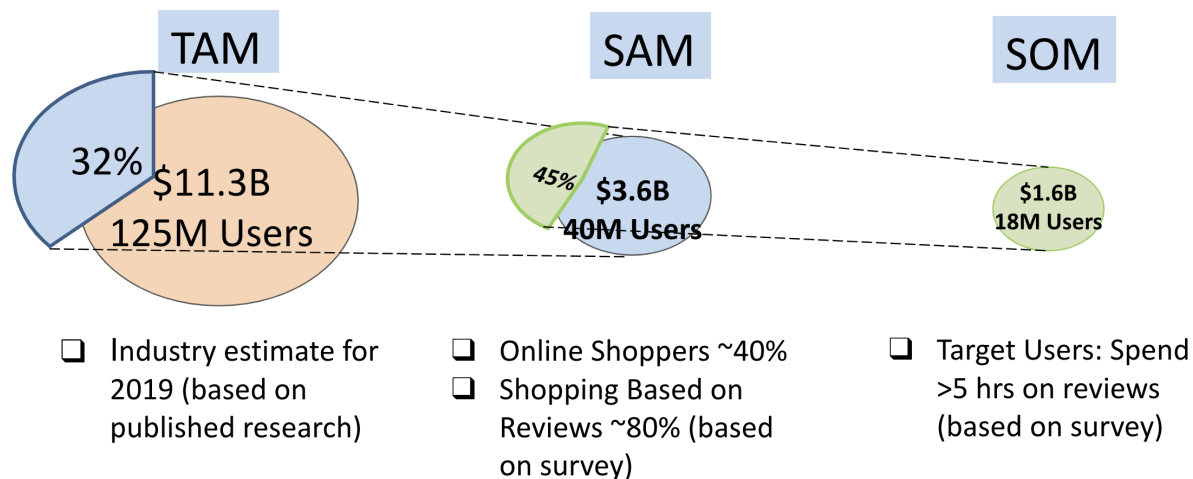ENGINEERING LEADERSHIP PROFESSIONAL PROGRAM

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E-commerce has allowed a much wider selection for consumers than was available before via retail shopping. This has led to analysis paralysis for shoppers as they often spend hours researching products. This can be particularly difficult for complex items like consumer electronics. ShopBox seeks to simplify the shopping experience by doing much of the data coalition for the shopper, providing suggestions, and fetching friend recommendations.

ShopBox's goal is to be a data warehouse with the purpose to ease the shopping experience. We plan to hold zero physical inventory and endeavor to be the software solution to online research.

The e-commerce market around consumer electronics is estimated to be over $120 billion in 2019. With 40 million shoppers that do some sort of research online before purchasing items. Over 18 million in the US alone will spend over 5 hours doing research for their purchases. We believe that we can provide a service these shoppers find useful. ShopBox will capture a portion of this market over time because it simplifies their shopping experience or, at the very least, simplifies their research experience.

TAM	SAM	SOM
32% $11.3B 125M Users	45% $3.6B 40M Users	$1.6B 18M Users
❏ Industry estimate for 2019 (based on published research)	❏ Online Shoppers ~40% ❏ Shopping Based on Reviews ~80% (based on survey)	❏ Target Users: Spend >5 hrs on reviews (based on survey)

Target Market: Online Reviewers, Consumer Electronics, US -$1.6B, 18M Users

ShopBox collates data from other e-commerce sites and applies ML to summarize customer reviews to reveal summarized information beyond the typical 1-5 star rating system. ShopBox instead intends to give shoppers summarized features reviewers have given in the past. For example, with cell phones ShopBox will give information about camera quality, call quality, battery life, screen resolution, heat, ability to play games, support, etc. Shoppers can then receive; based on the aspect they are most interested in, what options are available to them.

Recommendations from friends and trusted reviewers are one of the most influential aspects in influencing shoppers purchasing decisions. Therefore, in addition to general review collation, ShopBox plans to offer a BoxScore system that provides a social aspect to ratings so that shoppers can get reviews and suggestions from friends or trusted reviewers.

BoxScore will also offer some gamified features to encourage shoppers to provide their purchase data, submit reviews or give feedback on items before purchase so that there will always be a robust set of friend data available when shoppers are looking for recommendations. This also encourages frequent use of the service beyond only when making purchases, which keeps ShopBox top of mind in addition to providing a steady data stream.

A market survey was conducted to reach out to shoppers aged from 20 - 45 years old, male/female, with different ethnic background and from different communities etc. Among the 70~ responses we received, around 85% people spend time doing research online before purchasing consumer electronics, 60% people would also consult with their friends.
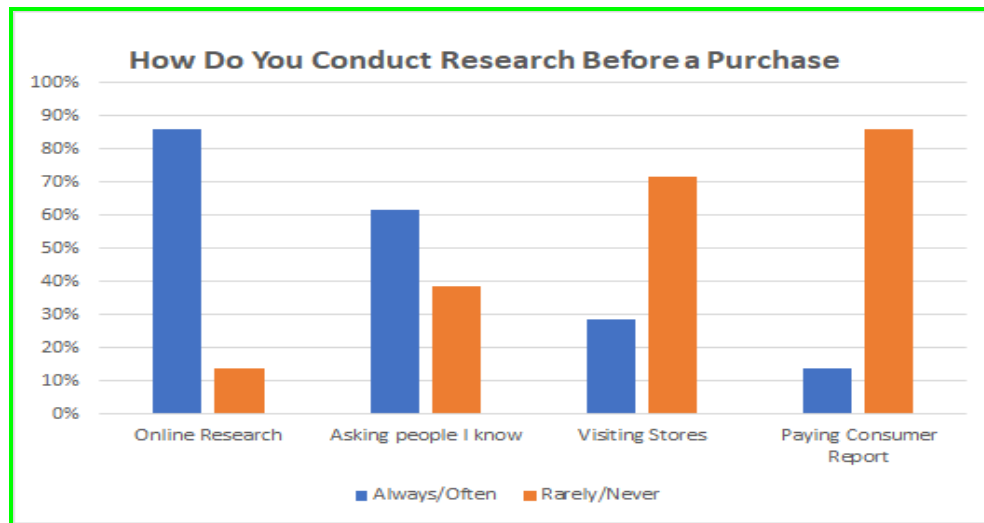
Over 97% of respondents replied that they spend more than 1 hour doing research online, with 18% saying they spend 5-10 hours, 12% spend 1 - 3 days, and 5% spend longer than 2 weeks. Statistica offers similar numbers showing that over 50% do research before doing purchases with over 70% of the younger demographics doing research before making purchases. We estimate the target market in the US around 18 million people. That market alone is valued over a billion dollars.
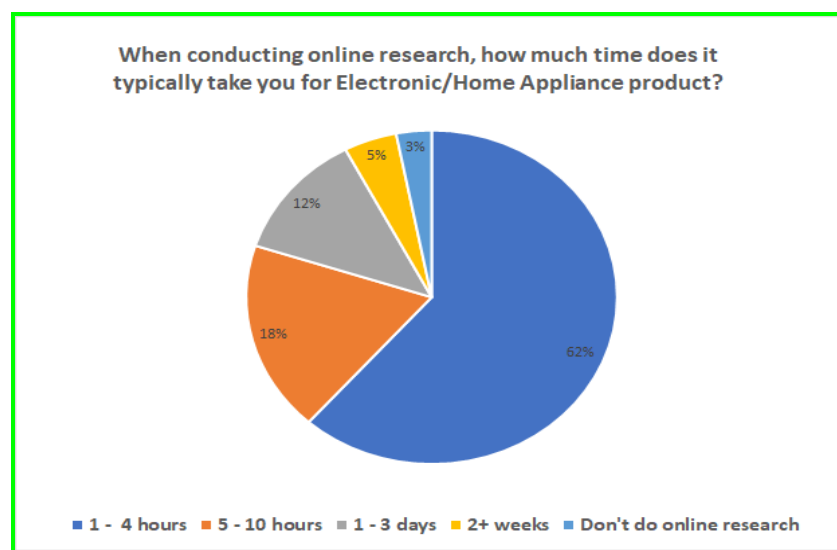
There are many players in this field (such as bestreview.com, smartpix.com and bestreviews) who provides a consolidated recommendation. These competitors are missing some of the unique features of Shopbox, to list a few:

- Recommendations are highly personalized
- Product search is tailored for user
- Establish a social platform for users to connect and trust each other.

This personalized experience makes Shopbox outstanding and a unique Player to compete against others in the market.

Key Feature	BESTREVIEWS	smartprix	buysmaart	SHOPBOX
Product Review	✔	✔	✔	✔
Personalized Product Recommendation	✖	✖	✖	✔
Community Driven	✖	✖	✖	✔
AI Driven	✖	✖	✖	✔
ML Drived Sentiment Insight	✖	✖	✔	✔
Price Comparison	✔	✔	✔	✔

Shopbox brings together eCommerce, Artificial Intelligence and Social technologies to provide best of the digital world and physical world shopping experience for customer delight.
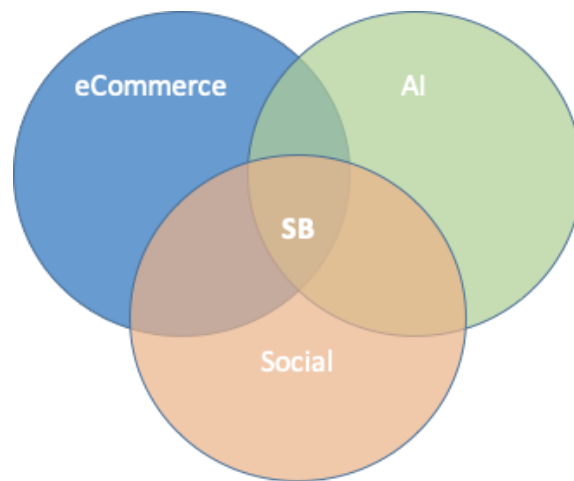
Shopbox collects all the product data - via crawling ecommerce sites as well via seller onboarding process. It also provides customer signup process and starts learning about the customer right from the sign-up process via explicit and implicit signals. Below is the high-level block diagram of key platform components:
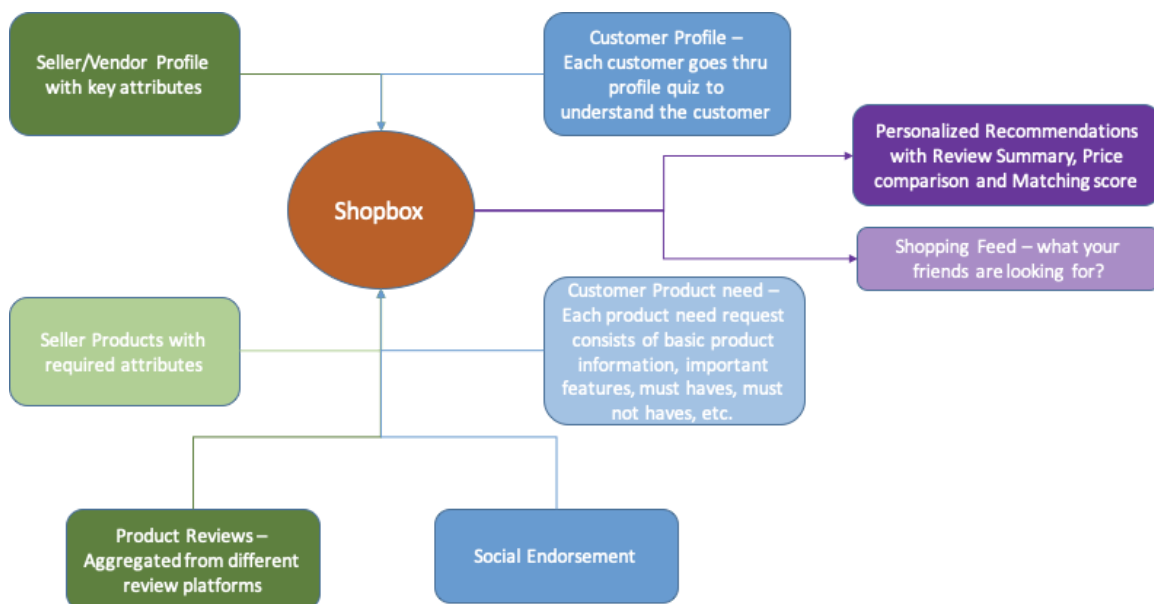
Seller Profiling:

- Each seller/vendor profile is created to identify differentiating attribute of the seller/vendor

Seller Products:

- Each product from seller also goes to attribution process to identify key attributes and understand product offering

Product Insights:

- Aggregation of all product reviews from different platforms as well as expert reviews from professional reviewers
- Product knowledge base from product experts

Customer Profiling:

- Each customer answer set of questions during profile creation to identify key customer attributes

Customer Product Need:

- With each product needs, customer provides information of the product, key features required, must haves and must not haves, seller preferences, budget, etc.

Social Endorsement

- This platform supports social connections, customer can invite/connect with their friends and family.
- Customers connections will always be private and not open to anyone
- Customer can choose to keep their product need private or open to connections
- Customer can anonymously review/endorse/score any item their connections are looking for and if it is open to connections
- Shopbox's AI engine will include score of social endorsement if available from similar connections
- Shopbox encourages social endorsements by providing BoxScore to each customer – if a connection buys customer's endorsed product, he gets boost in BoxScore

Product Feeds

- Shopbox provides continuous feed of products that their connections are looking for, once can share feed item to their connections for endorsements
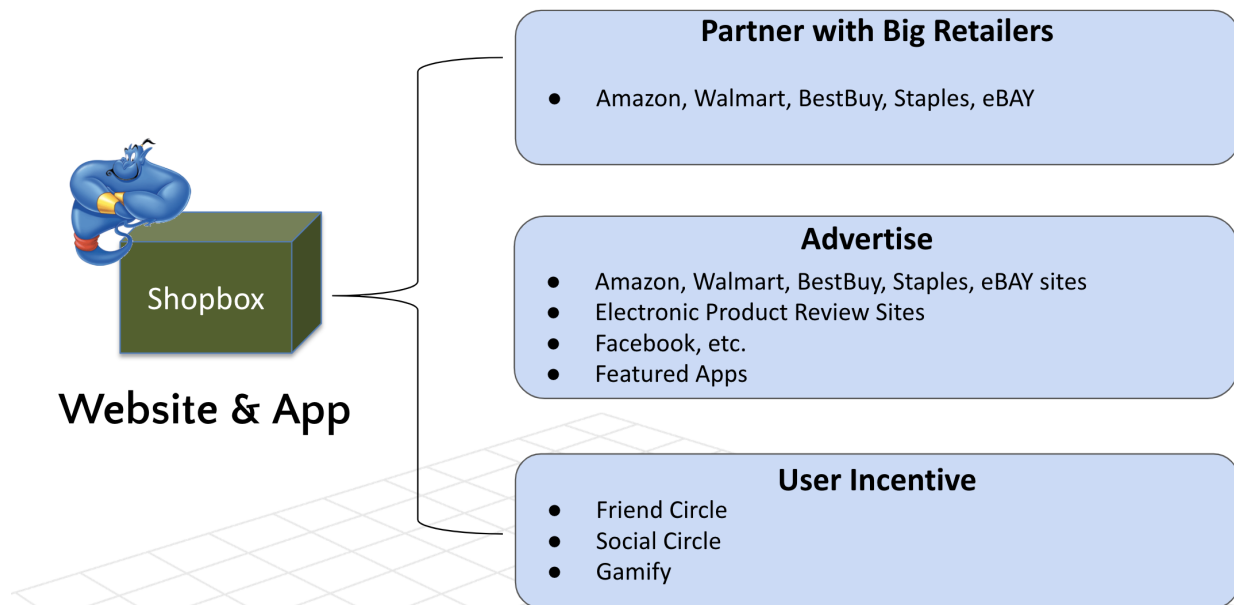
Personalized Recommendations

- After combining all information from customer, product need, seller, products from seller, social endorsements – Shopbox provides best matching products with review aggregation, price comparison, matching score and explanation of why the recommendation fits the customer need

Initially, ShopBox's plans to leverage various social and online tech news websites as well as friend recommendations to create the initial customer base. At the same time, we will be using the traditional online means like social networking platforms and other avenues, such as electronic product review sites. This will begin during the beta phase to help refine the product offering.

Next phase, ShopBox will offer incentives like discount rewards or cash back to build install base. For example, providing shoppers of the system a portion of ShopBox's proceeds when sales are made through ShopBox's systems, for signing on new members, small one time discounts for app installation at partnered retailers to encourage signups or gamified systems based around BoxScore to encourage bringing in friends and family.

During the third phase, we will rely on many users to convert to paying customers. We will offer discounts to these paid subscribers on products they purchase through Shopbox. Over time, we will also form partnerships with other local retailers to extend our reach.

Shopbox

Website & App

Partner with Big Retailers

- Amazon, Walmart, BestBuy, Staples, eBAY

Advertise

- Amazon, Walmart, BestBuy, Staples, eBAY sites
- Electronic Product Review Sites
- Facebook, etc.
- Featured Apps

User Incentive

- Friend Circle
- Social Circle
- Gamify

We are going to focus most of our first one and half years on development of ShopBox's foundational technology: apps, website, the review collation technology and the recommendation engine. Our strategy is to have the best quality roll out, to give the best experience to our customers from the beginning. We expect this will help us to get an exponential increase in customer base, through referrals, loyalty programs and social circles.

Our projection on the number of clients bases on the Market validation slides on the Serviceable Addressable Market (SAM). Our intention is to be a major player in that market in 5 years.

The Operating expenditure includes the employee build-up and compensation as well as other fixed costs like office rentals etc. The fixed costs include Marketing and other sustaining costs as we grow.

Our ramp up plan include

- Shop ShopBox will work with e-commerce sites to create commission/affiliate programs where we receive a portion of the sale when we direct customers to that website.
- ShopBox will also have non-targeted ads to provide some additional revenue as the customer base is built.
- Additional years will add additional revenue streams to the service. Advertising, commissions, partnering with online retailers for traffic acquisition, subscription services to encourage more reviews and that provide a larger cash back program, and expansion to other market segments.
- ShopBox also plans to offer shopping assistance via more targeted ads. Ads will be related to the product shoppers are interested in, as opposed to ads of the product the shopper is interested in as targeted ads often work today. For example, if a shopper is purchasing swimwear we may offer ads for tropical vacations.
- With a robust enough database of shopper's desires, Shobpox will look into providing BoxScore results to retailers to display on their websites next to products as a value added service and sell data to retailers and manufacturers about what features shoppers actually value to help them with their product development.

The details of revenue and cost structure is as given below

Revenue
1. 20% market share by CY3
2. CY4 & CY5, 25% of users retained by loyalty program
3. CY4 & CY5 100% growth in non-loyal user base

4. 20 clicks/user per year (based on market size $200B, US population between 20 – 45 ages = 113M, average consumer electronic product cost = $400, 5 clicks per product purchase)
5. CY 1-3:2% clicks convert into transactions, CY4 & CY5: 100% growth
6. Non-targeted Add click rate: 10% of total clicks
7. New Market Revenue in CY5 = 100% of CY2 revenue
8. Subscription: $15.99/yr (1% of annual spend per user)

Cost of Services

1. CY1: $2M for SW development, CY2: 100% increase in cost + 1M for maintenance
2. CY4: Additional $2M for loyalty program
3. CY5: Additional $2M for new market
4. CY1: $0.5M for Server, + 3.5M for CY2, CY3 + 10M
5. CY5: Additional $2M for new market server

The Table below shown the P&L estimates for the first 5 years:

Summary:

	CY1	CY2	CY3	CY4	CY5
Users		0.5M	3.6M	6.3M	8.6M
Revenue	$0M	$9.5M	$68.4M	$202.5M	$445.5M
Operating Ex.	$2.5M	$9M	$19M	$21M	$25M
Gross Profit	-$2.5M	$0.5M	$49.4M	$181.5M	$420.5M
Fixed Cost	$0.6M	$1.8M	$6.8M	$10.7M	$13.8
Net Profit	-$3.1M	-$1.3M	$42.6M	$170.8M	$406.7M

Below are detailed calculations:

	CY1	CY2	CY3	CY4	CY5
Phase	Phase 0	Phase I	Phase I	Phase II	Phase III
Non Loyal Users	0	0.5M	3.6M	5.4M	6.3M
Loyal Users				0.9M	2.25M
Total Users		0.5M	3.6M	6.3M	8.55M
User Base Expansion, %			620	75	36
Clicks	0	10M	72M	126M	171M
Revenue from PPC	$0	$5M	$36M	$63M	$85M
Transactions	0	0.2M	1.4M	6.3M	17.1M
Purchase Value of Transactions	$0	$80M	$576M	$2520M	$6840M
Affiliate Program Revenue	$0	$4M	$29M	$126M	$342M
PPC Revenue from NT-Ads	$0	$0.5M	$3.6M	$6.3M	$8.6M
Revenue from Subcribtion				$14.4M	$36M
Cash Back				*$7.2M*	*$36M*
Revenue from new market					$9.5M
Total Revenue	$0	$9.5M	$68.4M	$202.5M	$445.5M
SW Development & Maintenance Cost	$2M	$5M	$5M	$7M	$9M
Server Cost	$0.5M	$4M	$14M	$14M	$16M
Gross Profit	$-2.5M	$0.5M	$49.4M	$181.5M	$420.5M

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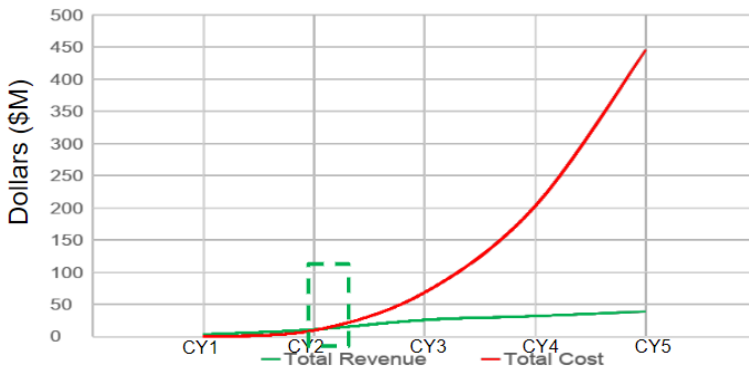
☐ Break even at between CY2 and CY3

FUNDING NEEDS

During the first two years, we focus on building the foundational technology platform for Shopbox. Starting from the third year onwards, we foresee positive net cash flow to benefit our stakeholders.

ShopBox seeks **$5 million** in seed funding to cover marketing, salaries, development and fixed costs over 3 years. ShopBox believes it can be revenue neutral between calendar year 2-3.

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