

PROBLEM

SALES PERSONNEL COST

- Sale associates' wages substantially cut into margins
 - On average, sales associates make about \$10 an hour.¹ These labor costs add up due to relatively long hours and sales personnel. In fact, their payroll constitutes about 10% of all the costs stores cover.²
- Most of the time during the day, the number of sales associates relative to customers is inefficient
 - Customer traffic comes in waves. High traffic hours for shopping can overwhelm the sales associate teams. During most other hours, the number of sales associates exceeds the need of consumers.
- Sales personnel can turn customers off for a variety of reasons but rarely are the deciding contributor of a sale
 - The main reason for customer churn is the overall poor quality of customer service.³
 - Customers with a bad experience tell between two and four times as many people about it than people who had a good experience. This suggests that a good salesman has far less of an emotional impact on the customer than a bad one.⁴
 - Proclaimed Retail Doctor Bob Phibbs says that employees on both end of the spectrum are to blame for turned away customers. "They either have been around so long and know too much that they can come off elitist, judging, disinterested and intimidating, or they're so new that they know too little and can come off as ignorant."⁵

1 Pay Scale

2 Furniture Today

3 60 Second Marketer

4 Retail Doctor

5 Ibid

PROBLEM CONTINUED

ONSITE POINT OF SALE IS EXPENSIVE

- Cost of employee salaries, delivery, shipping and fulfillment
 - Shipping can cost as much as \$100 per item.¹
- Returns
 - Stores must devote human capital to dealing with returned items.

ONSITE INVENTORY IS EXPENSIVE

- Warehouse rent
 - Furniture stores devote on average 22% of their total space to a warehouse area.¹
- Risk of damage
 - Fire and flood can wipe out an entire collection.
- Double shipping cost
 - Retailers have to pay shipping costs to two times– to receive the furniture and then send it out.
- Obsolescence
 - Seasonal or trendy furniture becomes obsolete and practically impossible to sell as time wears on. Time sensitive styles have become increasingly problematic because the time private furniture stores hold inventory rose by nearly three weeks or about 15% in eight years.²
- Theft, both from employees and customers.

CHRONICLED SOLUTION

- Customers can interact with “chipped products” in the showroom environment
 - Each product has a profile with digital content, video, and a link to chat with an expert sales person overseas, as well as numerous additional capabilities
 - The customer can purchase the item with a “buy it now” button
 - Payment, fulfillment, and delivery is powered by an e-commerce back-end
- This approach dramatically reduces the need for in-store sales reps, eliminates the need for in-store POS, and eliminates the need for in-store inventory
- In addition, the chip verifies that a product is authentic, making it impossible for a fraudster to return non-authentic items, which has become a problem for some Brands in the era of counterfeits
- With the Open Registry back-end, third-party developers can create new kinds of consumer engagement experiences allowing for unfettered growth of the ecosystem
 - Brands and authorized developers can create quality, reliable content and supplementary plug-ins

ADVANTAGES OF CHRONICLED

- Far more cost efficient for stores
 - Potential to reduce overhead significantly
- Solves for unpredictability of each unique human interaction and differences in sales associate capability
 - Brands or developers can write a universal description and information feed for customers to interact with
- Customers spend less time researching products before hand and more time engaging with items in the store
 - 89% of shoppers do online research before purchasing an item in-store.¹ This happens mainly because the information available in the store doesn't satiate their inquiries. Having ample credible information accessible in the store will encourage customers to spend more time doing their research in the store and hence spend more time in the store overall.



ADVANTAGES OF CHRONICLED (cont'd)

- Allows shoppers to buy the item in-store at the touch of a button
 - Half of brick & mortar retail customers “showroom”– look around the store and then buy online instead.¹ This process would be expedited and made far less tedious by seamlessly making the purchase on a smartphone in the store.
- Provides information that otherwise would not be available
 - Provenance, materials, and design inspiration are things that can be explored using Chronicled technology. With this information, consumers can make more deliberative choices and do so with more confidence.
- Can assist an unlimited number of customers at the same time
 - Customers can freely learn about items without the having to wait while a salesman helps someone else



EXAMPLE

Katie, a hair-stylist looking for an ottoman, goes into a retail showroom and starts exploring the collection. She strolls around the room searching for the right one. After passing a few, one with plush velvet upholstery catches her eye so she takes out her phone to learn more. Her phone connects with the BLE chip, loading the page created by the manufacturer for this product. She scrolls through a carefully curated message explaining what makes this piece special. Pictures documenting the design process and the designer's artistic intent fill her imagination. However, she struggles to think about how such a flamboyant piece of furniture would mesh with the rest of her home's decor. She navigates to Houzz, a social media site, and looks at pictures people posted of the smart product in their house. Some photos depict rooms with somewhat bland furnishings similar to her home's. She likes how the ottoman gives the room personality and liveliness. This gives her confidence that the piece will work for her own home. Feeling ready to commit, she goes back to the company page and clicks the purchase button. "Thank you for your purchase Katie! Your selection will be arrive at your home in 12-14 business days."

