

SHOP-A-BLOCK

THE ULTIMATE SHOPPING EXPERIENCE

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1. Executive Summary

About Shop-a-block

Shop-a-block is a shopping website designed to provide online shoppers with a unique personalized shopping experience. Besides having access to a wide variety of brands and stores to shop from at great prices; a Shop-a-block user discovers clothing brands that fits them best. This is accomplished by means of our intelligent best fit algorithm which computes user inputted values of anthropogenic parameters to our databases of brand's clothing size parameters to come up with best fit brand recommendations. In addition the website features permits the user to share look-alike Avatars sporting styles and colors with friends in their social network.

The product categories targeted by Shop-a-block are apparels, shoes, accessories, bags, jewelries and beauty products for Women, Men and Kids. An additional product category for Home completes the one-stop-shop experience of Shop-a-block users. APIs provided by Shopzilla, Shopping.com, Become.com are integrated to the website. Revenue is generated through CPC revenues sharing models under the publisher affiliate programs of these companies.

Surveys conducted by Shop-a-block over a wide sample size indicated that two primary factors cause online shoppers to make buy or do not buy decision during clothing purchases. Will the clothing they are purchasing fit them well? How would they look in the dress they are purchasing (assurance from friends that matter)? We at Shop-a-block believe that if we can help substantially alleviate these two concerns, the browse to purchase action could be significantly improved.

Shop-a-block provides an interface to simplify the browsing experience. Online shopper can find what they need and prices they are looking for with fewer intuitive clicks. Features like 'Check your best fit brand' and 'Share your Avatar on Social Networks' allays the two major concerns online shoppers have with fit and the assurance they need before a purchase.

Page visits

	FY2011	FY2012	FY2013	FY2014	FY2015
Page Visits/Year	50,000	700,000	1,500,000	4,000,000	8,000,000

Yearly Marketing Budget

	FY2011	FY2012	FY2013	FY2014	FY2015
Spending	\$ 1,574	\$ 22,040	\$ 47,228	\$ 125,940	\$ 251,880

Financial Summary

	FY2011	FY2012	FY2013	FY2014	FY2015
Revenue	\$2,063	\$28,875	\$61,875	\$165,000	\$330,000
Gross Profit	(\$438)	\$27,875	\$60,875	\$164,000	\$329,000
Opex	\$2,524	\$22,990	\$48,178	\$126,890	\$252,830
Net Income	(\$2,962)	\$4,212	\$8,253	\$24,122	\$49,511

	FY2011	FY2012	FY2013	FY2014	FY2015
Cumulative Free Cash at the end of FY	\$ 538	\$ 4,750	\$ 13,004	\$ 37,125	\$ 86,636

2. Company Summary

a. Our Business

Shop-a-block is a shopping website designed to provide online shoppers with a unique personalized shopping experience. Besides having access to a wide variety of brands and stores to shop from at great prices; a Shop-a-block user discovers clothing brands that fits them best. This is accomplished by means of our intelligent best fit algorithm which computes user inputted values of anthropogenic parameters to our databases of brand's clothing size parameters to come up with best fit brand recommendations. In addition the website features permits the user to share look-alike Avatars sporting styles and colors with friends in their social network.

The product categories targeted by Shop-a-block are apparels, shoes, accessories, bags, jewelries and beauty products for Women, Men and Kids. An additional product category for Home completes the one-stop-shop experience of Shop-a-block users.

APIs provided by Shopzilla, Shopping.com, Become.com are integrated to the website. Revenue is generated through CPC revenues sharing models under the publisher affiliate programs of these companies.

b. Problem Statement

Surveys conducted by Shop-a-block over a wide sample size indicated that two primary factors cause online shoppers to make buy or do not buy decision during clothing purchases. Will the clothing they are purchasing fit them well? How would they look in the dress they are purchasing (assurance from friends that matter)? We at Shop-a-block believe that if we can help substantially alleviate these two concerns, the browse to purchase action could be significantly improved.

c. Shop-a-block's Solution

Shop-a-block provides an interface to simplify the browsing experience. Online shopper can find what they need and prices they are looking for with fewer intuitive clicks. Features like 'Check your best fit brand' and 'Share your Avatar on Social Networks' allays the two major concerns online shoppers have with fit and the assurance they need before a purchase. Additional information about the website and these features are provides in the next section.

3. Website and Features

a. Website

The main purpose of Shop-a-block is to create a lifestyle website which improves customers' online shopping experience for products such as apparels, shoes, accessories, bags, jewelries and beauty products for Women, Men and Kids. An additional product category for Home completes the one-stop-shop experience of Shop-a-block users. From a customer's perspective, we recognize that there are some challenges associated with the online shopping of lifestyle products. For example, very often customers' avoid shopping clothes online because there is no reliability when it comes to finding a good fit. Further still, customers find themselves in a place where they cannot share their online shopping experience with friends and family. If they had to seek a feedback for making a purchase there is no way of doing it. Shop-a-block intends to address these challenges and create a reliable, hassle-free and fun online shopping experience for online shoppers in the US domestic market.

Shop-a-block intends to integrate Shopzilla catalog API's for the following Category and Merchandise:-

Category	Merchandise
Women	Apparel, maternity clothes, shoes, accessories and bags.
Men	Apparel, shoes and accessories.
Kids	Accessories, bedding, clothes, furniture, shoes, baby gear, healthcare, maternity clothes.
Home	Dining room, bedroom, décor, living room, bath, kitchen, home lighting, tableware, outdoor living.
Jewelry	Earrings, watches, rings, bracelets, necklaces, pins and brooches, jewelry sets, charms and cuff links.
Beauty	Makeup, skincare, bath and body, perfume/cologne and hair care.
Sale	All, by 20%, 40% , 60% and 80% or more.

b. Check your Best Fit Brand

Shop-a-block will provide a virtual fitting room experience for online clothing customers through an optional 'Find your Best Fit Brand' feature. To use this feature, customers will provide their physical measurements which will be dynamically compared against a database of available sizes across a wide range of brands of clothing. Based on these comparisons, the customer will receive suggestions for their 'best fit' brand of available apparels.

This feature is not currently available on the website and will be added subsequent to the launch of the basic website.

c. Social Experience

To further enhance the online shopping experience, Shop-a-block will provide its customers with an opportunity to share their online shopping experience with friends. Using this feature, online shoppers will be allowed to share their purchases with friends on social networking websites such as Facebook and Twitter. Customers will be allowed to superimpose the images of clothing on a look-alike 'avatar', which can be shared on social networking websites. Additionally, customers will be given an option to seek feedback from online friends and family to choose between two to three of their top selections.

This feature is not currently available on the website and will be added subsequent to the launch of the basic website.

4. Market Analysis

a. Competitive Analysis

A Shop-a-block staff compiled the tables below to understand top sites in this market:-

	Beso	TheFind local	Bluefly	Zappos	Sierra Trading Post	6pm.com
Company website	www.beso.com/	http://www.thefind.com/	www.bluefly.com/	www.zappos.com/	www.sierratradingpost.com/	www.6pm.com
Overall Alexa traffic rank in US	2,079 Sites linking in: 223	400 Sites linking in : 6,559	1707 Sites linking in : 2,306	231 Sites linking in : 5,777	1486 Sites linking in : 986	798 Sites linking in : 753
Products offered	META-AGGREGATION OF BRANDS AND RETAILERS FOR CLOTHES, ACCESSORIES, SHOES, FRAGRANCES , BEAUTY PRODUCTS, DINNERWARE AND HOUSEWARES.	META-AGGREGATION OF BRANDS AND RETAILERS FOR APPAREL, CAR PARTS,ELECTRONICS, GARDEN, ACCESSORIES, you name it..!	AGGREGATION OF DESIGNER BRANDS FOR CLOTHES, ACCESSORIES, SHOES AND FRAGRANCES.	AGGREGATION OF BRANDS FOR CLOTHES, ACCESSORIES, SHOES, FRAGRANCES AND HOUSEWARES.	AGGREGATION OF BRANDS FOR CLOTHES, ACCESSORIES, SHOES, FRAGRANCES AND HOUSEWARES.	AGGREGATION OF BRANDS FOR CLOTHES, ACCESSORIES, SHOES, FRAGRANCES

	Beso	TheFind local	Bluefly	Zappos	Sierra Trading Post	6pm.com
Value proposition	<ol style="list-style-type: none"> "All the stores and brands you love, in one place". "Browse products at thousands of stores - from big name retailers to exclusive boutiques" Mom bloggers - expert opinion, trends Discounts are NOT a value proposition Sweepstakes every Monday - \$250 gift card for Beso Personalized Beso shopping 	<ol style="list-style-type: none"> Based on preferences such as brands, distance, price, mode of payment, discounts, shipping deals, coupons TheFind provides : <ul style="list-style-type: none"> * Local physical stores *Online stores *Reviews for products on partner websites/web. Offers online retailers to showcase their stores and products for FREE. Check out - https://merchant.thefind.com/ Set preferences for TheFind website anywhere on the 	<p>Bluefly is a website for fashion obsessed.</p> <ol style="list-style-type: none"> Latest fashion trends Good online deals Create your online closet Shortlist your designers Email alerts on deals 	<ol style="list-style-type: none"> Procure inventory from brands, ships on its own. Variety for customers Good online deals Free shipping and 365 day return policy. 	<ol style="list-style-type: none"> Great deals, COST ADVANTAGE STRATEGY Variety of brands One great deal per day Free shipping and returns 	<ol style="list-style-type: none"> Sales, clearance, deals , savings of up to 75% off. COST ADVANTAGE STRATEGY 6pm.com Coupon codes Variety of brands One great deal per day Paid shipping and returns within 30 days \$100 Weekly sweepstakes

	Beso	TheFind local	Bluefly	Zappos	Sierra Trading Post	6pm.com
Key activities required for the value proposition	<p>1. Access to a huge directory of brands and stores that sell online.</p> <p>2. Access to influential mom bloggers.</p> <p>3. Strong presence on social networking websites.</p> <p>4. Incredibly well organized website</p>	<p>1. Access to inventories, locations, modes of payment, discounts, coupons of physical and online stores and brands.</p> <p>2. Integration with facebook to set preferences on TheFind website</p> <p>3. Strong presence on social networking websites.</p>	<p>1. Access to latest fashion trends, designers, brands, retailers and online deals.</p> <p>2. Procure inventory from brands, ships on its own.</p> <p>3. Strong presence on social networking websites.</p>	<p>1. Customer not referred to brand websites</p> <p>2. Good online deals through bulk discounts</p>	<p>1. Customer not referred to brand websites</p> <p>2. Good online deals through bulk discounts</p>	<p>1. Customer not referred to brand websites</p> <p>2. Good online deals through bulk discounts</p>
Customer relationships	<p>Beso encourages customer feedback</p> <p>Following depends upon the brand/retailers customer shops: *Shipping experience</p>	<p>Following depends upon the brand/retailers customer shops: *Shipping experience *Size charts *Returns</p>		<p>Very customer centric. Great deal of emphasis on good customer service, corporate social responsibility, employee</p>		
Channels used to reach customers	<p>*Social networking websites *Mom bloggers * App. For iphone an ipad</p>	<p>*Social networking websites *App. for iphone an ipad</p>	<p>*Social networking websites *App. for iphone an ipad</p>	<p>*Internet *News media *Social networking websites *App. for iphone</p>	<p>*Internet *News media *Social networking websites *App. for iphone</p>	<p>*Internet *News media *Social networking websites</p>
Cost structure	<p>Referral website, cost stays the same as partner website.</p>	<p>Referral website, cost stays the same as partner website.</p>	<p>Cost is decided by brands and Bluefly together</p> <p>If it's a referral website for a retailer, cost stays the same as</p>	<p>Cost is decided by brands and Zappos together</p>	<p>Cost is decided by brands and Sierra Trading Post together.</p>	<p>Cost is decided by brands and 6PM together.</p>
Revenue stream (s)	<p>Number of clicks/customers referred. Customer has to buy for Beso to make revenue? Not sure.</p>	<p>Number of clicks/customers referred. Customer has to buy for TheFind to make revenue? Not sure.</p>	<p>Bulk discount deals with brands. Number of clicks/customers referred. Customer has to buy to make revenue? Not sure.</p>	<p>Bulk discount deals with brands. Number of clicks/customers referred. Customer has to buy to make revenue? Not sure.</p>	<p>Bulk discount deals with brands. The company purchases name-brand overstocks and closeouts and passes savings on to its customers—selling dress, casual and outdoor clothing,</p>	<p>Bulk discount deals with brands.</p>

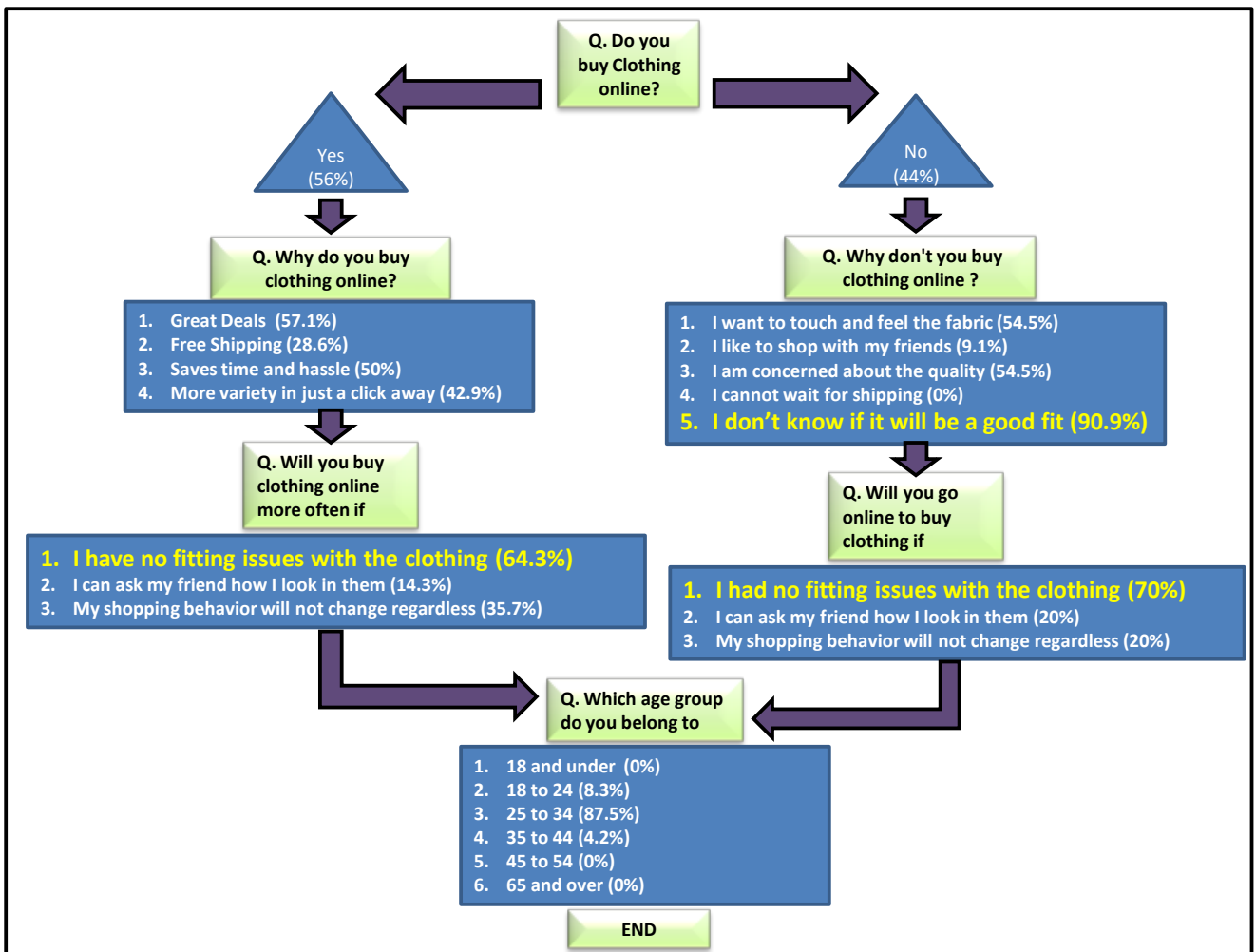
Based on the market analysis- there are mainly two categories on how online retailers source these products-

1. Through retailers and brands
2. Through brands only

Retailers may offer only designer brands, superior value, and upscale products with cost savings- example Bluefly. Retailers may offer average and elite brands example 6pm, Beso and Zappos with cost savings. Retailers may offer average brands example Sierra Post Trading with huge cost savings.

b. Market Survey

The below survey was conducted by Shop-a-block with response sample size of 2456.



Discussions-

Among the respondents who are not currently buying clothing online, 90.9% stated that not finding the right fit clothing is an issue. 70% of those respondents also stated that they would go online to buy clothing if they had no fit problems. 64.3% of respondents who currently buy clothing online stated that if there were no fit issues they would go online to buy clothing more often.

This supports the idea that 'Check your best fit Brand' could be a useful tool.

Though the idea of how a respondent could share their look-alike avatar was not clearly expressed in the survey; 14.3% of respondents who currently buy clothing online would like to ask a friend how they look on the clothing and 20% of people who do not buy clothing online would go online if they could ask a friend how they look in the clothing they are purchasing. This data provides some support in the value of the social experience Shop-a-block website intends to create for its users.

c. Target Market Growth

Shop-a-block is targeting to reach 8M page visits by 2015. The marketing channels used to reach this target are discussed in the section below.



d. Marketing Channels and Acquisition cost

The table below shows the advertising channels used by Shop-a-block and the acquisition cost per user to be redirected to the partner sites. For example with Yahoo in the table below, Shop-a-block's cost of redirecting an internet user to a partner site is 20c. Channel saturation implies here that the cost of acquisition goes up after certain number of users were already acquired using that channel. % of total users attracted until channel saturation implies- out of all users redirected to the partner website in a year, 16% were redirected through Yahoo for example and at over 16% the channels user acquisition cost goes up significantly (or the channel is saturated).

This data was estimated and compiled from similar businesses with which the founders are currently involved. Mypoints is a company the founders have worked with before to launch customized marketing campaigns and received good results in number of redirects and user acquisition cost.

Channel	CPC	% of total Users attracted until channel saturation
Mypoints	\$ 0.13	32%
Google	\$ 0.33	12%
Yahoo	\$ 0.20	16%
Bing	\$ 0.28	6%
FB & Social Network	\$ 0.35	14%
Twitter	\$ 0.18	5%
Ref Program	\$ 0.15	7%
Banner	\$ 0.24	2%
PR web & Blogs	\$ 0.10	3%
Affiliates	\$ 0.12	3%

5. API Partnerships and Operations

a. API Partnership Companies

Shop-a-block will integrate Shopzilla, Shopping.com and Become.com APIs on the website. Revenue is generated through CPC revenues sharing models under the publisher affiliate programs of these companies.

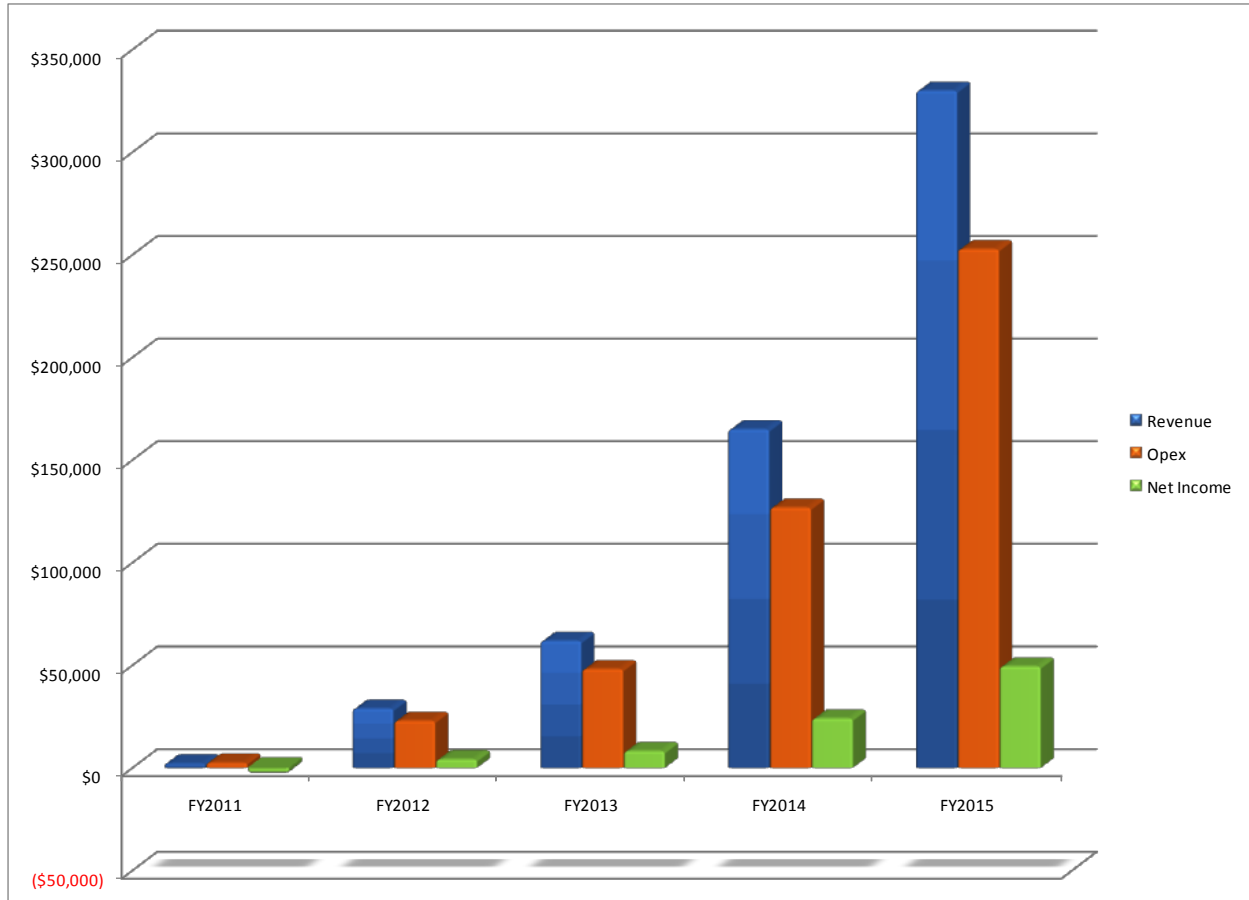
b. Project Gantt chart

Gantt chart below show the intended project timelines-

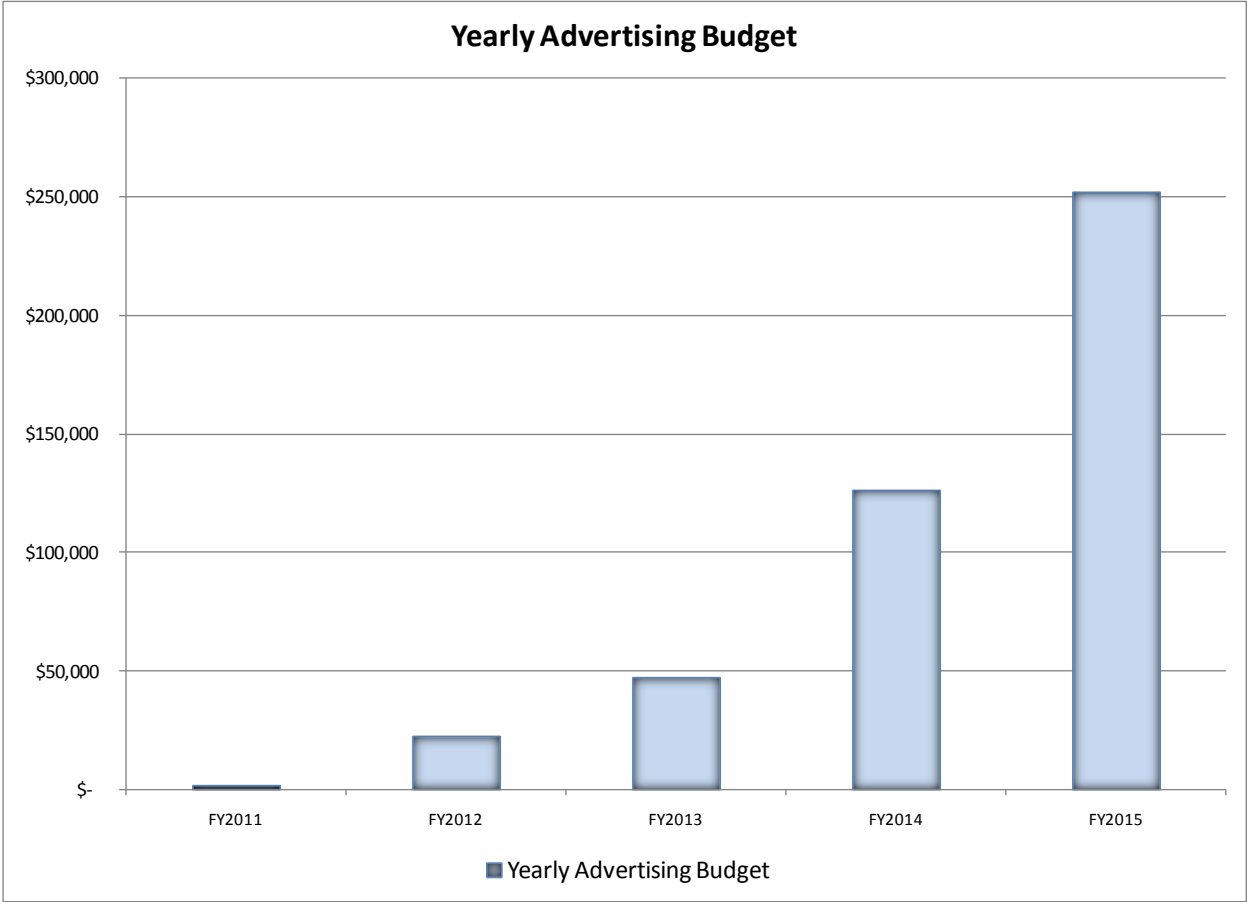
Task ID	Task Name	Duration	Start	Finish	Predecessors
1	Market Prospect Research	25 days	Tue 2/22/11	Mon 3/28/11	
2	Survey design on market prospect	10 days	Tue 2/22/11	Mon 3/7/11	
3	Send out survey	15 days	Tue 3/8/11	Mon 3/28/11	2
4	Focus group - 20 people	5 days	Tue 3/8/11	Mon 3/14/11	2
5	Market research	20 days	Tue 2/22/11	Mon 3/21/11	
6	Brands	20 days	Tue 2/22/11	Mon 3/21/11	
7	Competitors	20 days	Tue 2/22/11	Mon 3/21/11	
8	Platform	219 days	Mon 2/14/11	Thu 12/15/11	
9	Define set of anthropometric parameters- 2/13	3 days	Mon 2/14/11	Wed 2/16/11	
10	Best fit algorithm- 3 weeks	17 days	Thu 2/17/11	Fri 3/11/11	9
11	Phase 1- Define objectively what we need to learn to create best fit algorithm-	12 days	Thu 2/17/11	Fri 3/4/11	
12	Define building blocks of the algorithm-	5 days	Mon 3/7/11	Fri 3/11/11	11
13	Create Avatar from anthropometric parameters- 2 weeks	10 days	Mon 3/14/11	Fri 3/25/11	10
14	Dynamic clothing layover on Avatar- 1 week	7 days	Mon 3/28/11	Tue 4/5/11	13
15	Avatar Sharing on social network sites- 4 weeks	25 days	Wed 4/6/11	Tue 5/10/11	14
16	Define consumer step and website flow chart- 2 weeks	10 days	Wed 5/11/11	Tue 5/24/11	15
17	Software vendors to communicate with- 4 weeks	20 days	Wed 5/25/11	Tue 6/21/11	16
18	Website creation- 14 weeks	100 days	Wed 6/22/11	Tue 11/8/11	17
19	Functionality Testing- 2 weeks	10 days	Wed 11/9/11	Tue 11/22/11	18
20	Beta run- 3 weeks	15 days	Wed 11/23/11	Tue 12/13/11	19
21	Commercial launch (labor day)- 9/5/2011 (27 wks- starting 2/9)	2 days	Wed 12/14/11	Thu 12/15/11	20
22	Brand Communication-	60 days	Tue 3/29/11	Mon 6/20/11	1,5
23	Style files	60 days	Tue 3/29/11	Mon 6/20/11	
24	Color files	60 days	Tue 3/29/11	Mon 6/20/11	
25	INV APIs	60 days	Tue 3/29/11	Mon 6/20/11	
26	Marketing strategy	60 days	Tue 6/21/11	Mon 9/12/11	22
27	Target market	60 days	Tue 6/21/11	Mon 9/12/11	
28	Channels	60 days	Tue 6/21/11	Mon 9/12/11	
29	Marketing strategy for each	60 days	Tue 6/21/11	Mon 9/12/11	
30	Marketing budget	60 days	Tue 6/21/11	Mon 9/12/11	
31	Business Plan	45 days	Tue 9/13/11	Mon 11/14/11	26

6. Financials

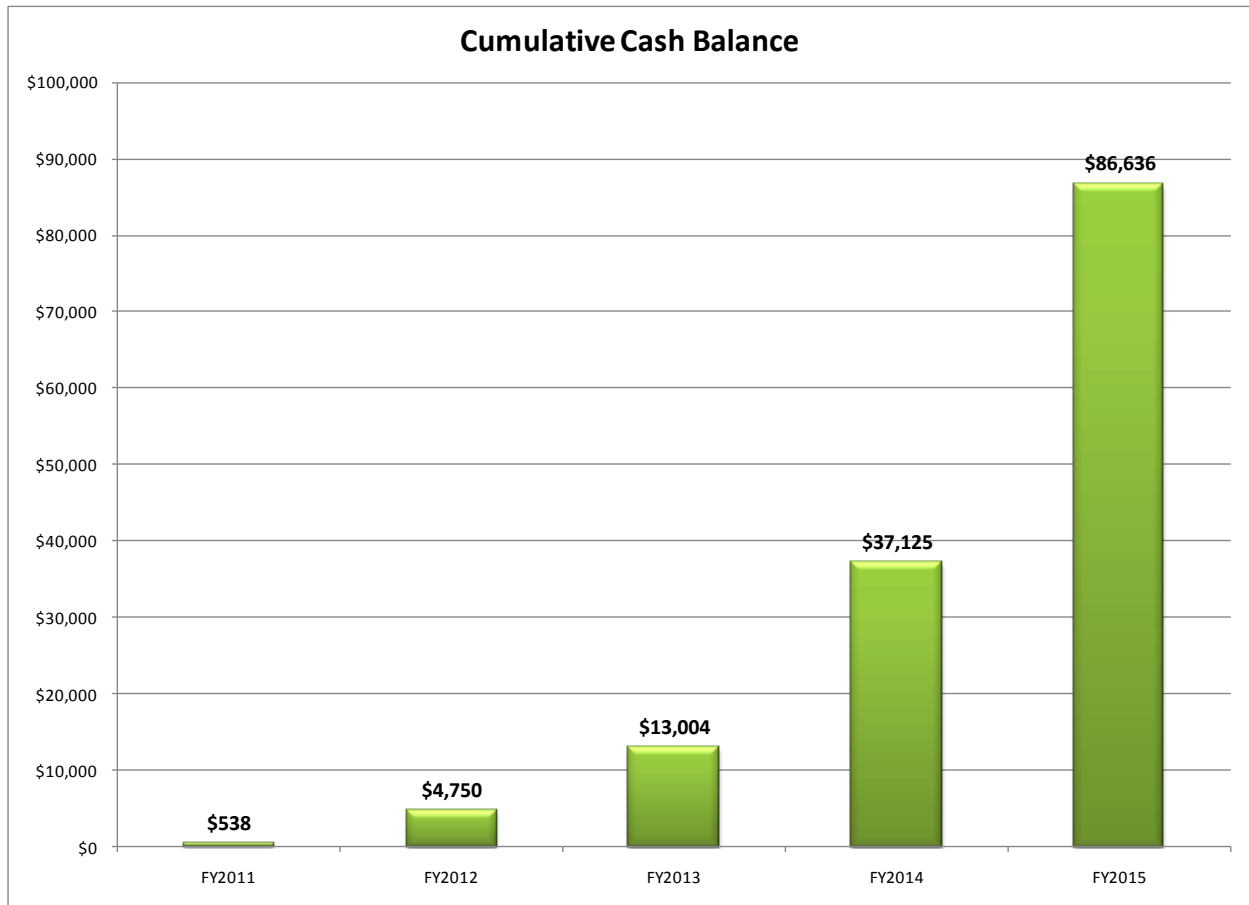
a. Profit and Loss Projections



b. Yearly Advertising Spending



c. Cumulative Free Cash Balance



d. Financial Statements

i. Income statement

Revenue	FY 2011	FY2012	FY2013	FY2014	FY2015
	Amount	Amount	Amount	Amount	Amount
Gross sales	\$2,063	\$28,875	\$61,875	\$165,000	\$330,000
Net sales	\$2,063	\$28,875	\$61,875	\$165,000	\$330,000
Cost of Sales	Current Month	Year to Date	Year to Date	Year to Date	Year to Date
	Amount	Amount	Amount	Amount	Amount
Website Construction Cost (contracted)	\$2,500	\$1,000	\$1,000	\$1,000	\$1,000
Total goods available	\$2,500	\$1,000	\$1,000	\$1,000	\$1,000
Total cost of goods sold	\$2,500	\$1,000	\$1,000	\$1,000	\$1,000
Gross profit (loss)	(\$438)	\$27,875	\$60,875	\$164,000	\$329,000
Operating Expenses	Current Month	Year to Date	Year to Date	Year to Date	Year to Date
	Amount	Amount	Amount	Amount	Amount
Selling					
Advertising	\$1,574	\$22,040	\$47,228	\$125,940	\$251,880
Total selling expenses	\$1,574	\$22,040	\$47,228	\$125,940	\$251,880
General/Administrative					
Rent	\$800	\$800	\$800	\$800	\$800
Utilities	\$100	\$100	\$100	\$100	\$100
Office supplies	\$50	\$50	\$50	\$50	\$50
Total General/Administrative expenses	\$950	\$950	\$950	\$950	\$950
Total operating expenses	\$2,524	\$22,990	\$48,178	\$126,890	\$252,830
Net income before taxes	(\$2,962)	\$4,886	\$12,698	\$37,110	\$76,170
Taxes on income	\$0	\$673	\$4,444	\$12,989	\$26,660
Net income after taxes	(\$2,962)	\$4,212	\$8,253	\$24,122	\$49,511
Net Income (Loss)	(\$2,962)	\$4,212	\$8,253	\$24,122	\$49,511

ii. Cash Flow Statement

	FY2011	FY2012	FY2013	FY2014	FY2015
Cash flows from operating activities					
Cash received from customers	\$2,063	\$28,875	\$61,875	\$165,000	\$330,000
Cash paid for merchandise	(2,500)	(1,000)	(1,000)	(1,000)	(1,000)
Cash paid for wages and other operating expenses	(2,524)	(22,990)	(48,178)	(126,890)	(252,830)
Cash paid for interest					
Cash paid for taxes	0	(673)	(4,444)	(12,989)	(26,660)
Other					
Net cash provided (used) by operating activities	(\$2,962)	\$4,212	\$8,253	\$24,122	\$49,511
Cash flows from financing activities					
Net cash provided (used) in financing activities					
Increase (decrease) in cash during the period	(\$2,961.750)	\$4,212	\$8,253	\$24,122	\$49,511
Cash balance at the beginning of the period	3,500.0000	538	4,750	13,004	37,125
Cash balance at the end of the period	\$538	\$4,750	\$13,004	\$37,125	\$86,636

iii. Balance Sheet

Total assets	538	4,750	13,004	37,125	86,636
Liabilities and owner's equity					
Current liabilities:	2011	2012	2013	2014	2015
Total current liabilities	-	-	-	-	-
Long-term liabilities:	2011	2012	2013	2014	2015
Mortgage payable	-	-	-	-	-
Total long-term liabilities	-	-	-	-	-
Owner's equity:	2011	2012	2013	2014	2015
Investment capital	3,500.00	538.25	4,750.44	13,003.81	37,125.31
Accumulated retained earnings	(\$2,962)	\$4,212	\$8,253	\$24,122	\$49,511
Total owner's equity	538.25	4,750.44	13,003.81	37,125.31	86,635.81
Total liabilities and owner's equity	538	4,750	13,004	37,125	86,636

e. Financial Assumptions

Average revenue shared per redirect by Shopzilla and other API partners per click- \$ 0.275

Out of people who visited Shop-a-block site, 15% clicked on Merchants sites and these clicks generated the average revenue