

# **AI - PLATFORM AUGMENTING HOME LIFE STYLE INDUSTRY**

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# ABSTRACT

With Global home decor market being worth more than **\$665 billion**, Home and lifestyle industry at present is one of the most flourishing and competitive markets with innumerable choices available for the customers to choose from. Delivering a great experience to the customer mandates smart changes with the primary goal of augmented experience. With companies exploring all the dimensions of product quality and functions, market leaders are now targeting inclusion of digital technologies to provide a sophisticated experience.

In the era of IOT, smart decor and furniture is now a reality unleashing a completely new array of opportunities. Businesses now are envisioning a platform that provides end-to-end continuity starting from the product ideation to the manufacture and logistics along with a more sustainable, authentic and augmented service to the customers.

The promising benefits of technology have now enabled the home decor and lifestyle industry to attract the millennials and the tech-savvy generations through the provision of exciting interactions along with enthralling offers.

By the end of the year **2021**, market for AR and VR is expected to reach a profound market of **\$215 billion**. Following this, the AR and VR industry is set to grow at an unprecedented rate of **65%** by the end of the year **2027**. These rising figures point towards the possibility of not just technology growing, but also the industries incorporating them.

Professionals and brand experts consider this a major spot not only to save time and energy, but also aid to a great extent in helping customers visualize their ideas at a much more comprehensive level. With new technologies emerging, the market leaders as well as the new entrants will leave no stone unturned in reaching the pinnacles of customer experience and a better optimized approach.

## DESCRIPTION

Remote selling is gradually becoming the new normal. Brands that previously concentrated on physical stores are now aggressively exploring the expanding dimensions of the markets to ensure differentiation and cap the markets. Surveys further point out that majority of the millennials who form a major part of the pie for shopping, are interested in AR and VR when it comes to shopping rather than visiting the physical stores.

Augmented sales employs a gamut of technologies using which companies can engage the customers remotely with both synchronous as well as asynchronous communications simulating the in-store experience online.

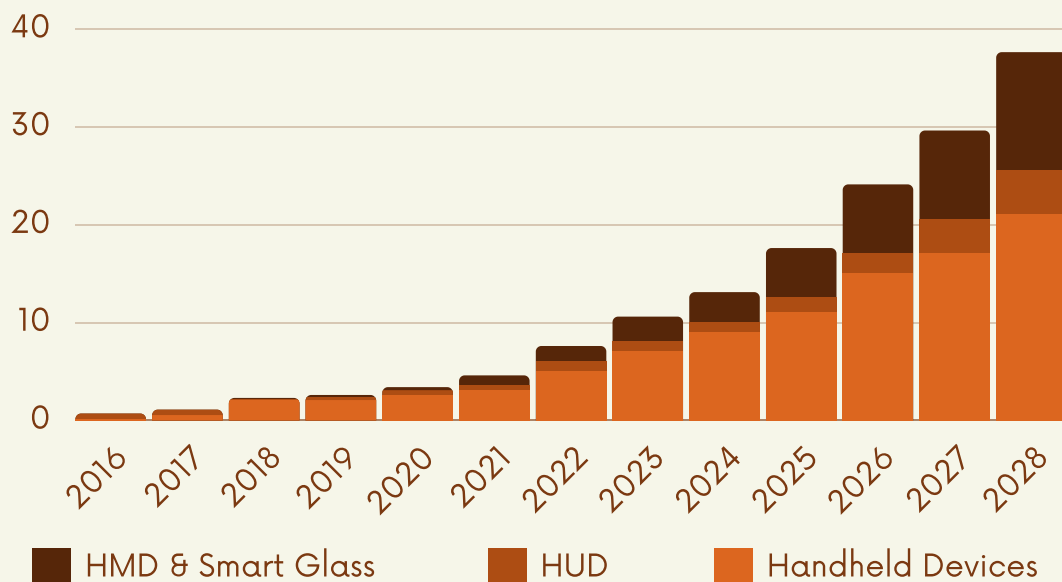
Augmented AI has the capability to perceive human interactions to continuously adapt to the changing preferences and incoming information. With customer as the center, AI can serve as a link bridging the gap between human intelligence and technology.

According to *Augmented Shopping: The quiet revolution* by Allan V Cook, Lokesh Ohri, Luvu Kusumoto, Chuck Reynolds, Eric Schwertzel, "within next year, **100 million** customers are expected to shop using AR either online or in-store"

A renowned home decor and interior brand **Merino Laminates** has partnered with DaveAI for the integration of similar virtually augmented 3D rooms onto their website to better their customer experience. The brand through this integration, facilitated the customers to review its laminates on its website in customized 3D rooms instead of visiting the physical stores. With more than **30000+ customers** exploring the virtual rooms with a **1000+ qualified lead enquiries** at a constantly increasing rate, DaveAI has increased the overall ROI and reduced the product return rates for Merino Laminates.

The following figure represents the rising market size of Augmented reality from the year 2016 - 2028 following the current trend.

**Predicted Augmented Reality Market Size (2018-2028)**



The following paper is a thorough dive into the interactions and insights gathered from industry experts in home lifestyle and architecture, customer insights regarding their experience with augmented and virtual reality to gain inference regarding the prospect of the market and the customer sentiments towards the same.

## **CORE IDEA of the paper**

**To gain a thorough perception of the acceptance level and the scope of augmented platforms in home lifestyle industry.**

# DESCRIPTIVE MARKET RESEARCH

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To approach the problem statement with unbiased methodology, a competitive analysis of the market has been carried out to understand the strategy employed by the leading market players in the interior home decor segment in setting up their online market place.

One major insight from this analysis is that brands systematically precede the display with the most functional part of the house followed by the least. For example, the first thing considered by a customer furnishing their house is the modular kitchen, followed by the living room, bedroom and then the bathrooms.

Other pertinent strategies employed include employing a planning tool to personalize the designs, and providing live consultation for tailor made products.

Brands are predominantly employing **Sales Augmentation** platforms in these marketplaces to ensure increased adaption to the shifting facades of the market. Brands like Pepperfry, IKEA etc have already been exploring these spaces from ears to augment their customer experience.

# PRIMARY RESEARCH

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## Professionals and Brands

In-Depth interviews have been conducted with professionals and leading brands in the architecture and interior design segment to gather practical insights about the market, role of technology and the growth of the market.



## Customer Insights and Preferences

To understand the customer perception of the intruding technology and it's sophistication of their shopping experience, in-depth interviews were also conducted with the customers frequently purchasing home lifestyle products





# ANALYSIS AND INFERENCES

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## Professionals and Brands

### In-Depth Interview 1

Ar. Haider Jamal Khan

Industry - Architect (Commercial & Domestic)

Experience- 2 years

Brand- Fortsmith Architects

Location- Jaipur Rajasthan

#### The Market

- Haider is of the opinion that architecture being an industry highly driven by the most recent trending architectural designs, requires a keen eye at the latest journals and changing trends to leverage on the customers.
  - Clients almost every time expect a new design in preference to the already existing designs. Fortsmith for example hasn't exactly replicated an existing design in the past two years.
  - Since the Code of Conduct for Architects in India limits the scope of online marketing and the installations of hoardings, Mr. Haider feels that the best way to market architecture brands is through word of mouth marketing.
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## Challenges Faced

- Clients often prefer renowned and established brands rather than the new entrants and freelancers.
- Mr. Haider attributes this mindset of the customers to the fact that home interiors is a long-term venture with investments being multi-fold compared to any other verticals in home and lifestyle industry.
- Big brands often white label the designs of freelance architects and small brands hence depriving the credit.
- Client preference for the designs sometimes end up infeasible in terms of space availability and efficiency. Convincing clients in these situations is often very complicated.
- Due to the vast market size, clients often shift to another architect even with a slightest conflict of interest.

## The Role of AI powered Virtual Sales Augmentation Platform

- Mr. Haider opines that the implementation of AI based sales augmentation platform not only depends on the capability of the brand to display the images but also on the customers to adapt to the technology.
  - Majority of the customer's age being over 35, they might often find this technology too much interfering and complicated compared to the conventional method of interaction.
  - Delivering personalized client meetings without being sure that the client would be converted is one big challenge faced in the industry. Through the implementation of the Augmented Sales Platform, Mr. Haider believes that the most prospective clients can be identified and targeted.
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## In-Depth Interview 2

Mr. Hemraj

Interior Designer (Commercial and home Lifestyle)

Brand - Meraki Design Studio

location- Chennai, Tamil Nadu

### Market Scenario

- Hemraj is of the opinion that word of mouth marketing is the most effective form of marketing.
- Positive and negative feedback are vital for the development in this specific industry.
- An effective way to keep up with the trends is to analyze the customer's design as he/she often finds out the designs from Pinterest, etc.
- This also helps to keep a track of the most well performing designs in the industry.

### Challenges faced

The End of the month is often jam-packed with customers due to the following reasons:

- Clients demanding customizations for their designs.
- Additional demands from the clients during the project submitted at once.

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## Customer's Preference Shift

- Despite of the newer trends and designs, 30-40% of the customers often prefer bigger and well established brands.
- Clients with an occupied schedule and clients who belong to age group over 40 often prefer big brands instead of trying out the entrants.
- Both these shifts can be accustomed to the opinion that big brands have a better assurance in terms of quality, speed etc.
- Younger people between age group 35-40 and people who have free time in their schedule on the other hand, prefer smaller brands and entrants owing to optimal costs and enhanced possibility of design customization and personalization.

## The Role of AI-Powered Virtual Sales Augmentation Platform

- Travelling to the client location is an extremely time-consuming task which can be avoided through the use of a virtual platform.
- Visualizations as well as customizations of the existing designs can be done on one single platform saving time for both clients as well as professionals.
- Clients are often rigid in their preferences with little willingness to accept a different approach. Through a virtual platform, it will be easier for the client to visualize the alternate suggestion and decide accordingly.

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# Customer Insights and Preferences

## In-Depth Interview 1

Mr. Prabhat Kumar Sinha

Industry- Rtd. General Manager, Coal India

Location- Ranchi

Prabhat recently renovated his house and had the opportunity to work with professionals in the architecture industry.

### Customer Journey

- A design is usually ideated after in depth analysis of the trends and discussions with the family members along with the help of platforms like Pinterest, Instagram, Facebook etc.
- The customer then decided on his budget and charts out the requirements aligning with the same forming a blueprint of the project.
- Customer then gets in touch with the contractors and the concerned service providers.
- As the work progresses, multiple modifications and customizations are made to the initial blueprint and this is largely affected by the acumen of the professional hired.

The customer has a primary goal of minimizing the asymmetry between his requirements and the raw materials required, costs incurred and the final product being delivered.

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## Customer Experience with Professionals, Retailers and Brands

One of the major downsides of the experience customers had with brands and retailers is that the concepts being delivered to them were either too bookish or extravagant with an aim to paint a false picture in the mind of the customer. Many of the contractors often demand high advance payments and later deliver under quality outputs causing mistrust among customers.

Customers prefer brands with high utility and luxury items owing to their durability and assistance offered throughout the journey. The sales person offers a demo and addresses any queries the customer might be having. This further adds to the customer confidence leading to better satisfaction.

## Views on AI Driven Platform

The customer had a positive response towards AI solving various issues about designers, professionals and other local players bringing them all under one roof. He was however, skeptical about the visual aspects of the platform due to the possibility of mismatch between the product displayed and the actual product. He expects the platform to be interactive enough to understand his specific requirements and offer a customized solution.

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## In-Depth Interview 2

Ms. Srishti

Project manager, Itron  
Bengaluru, Karnataka

### Key Insights

- The idea is generated through social media platforms such as Pinterest, Instagram, Youtube and word of mouth of friends and relatives.
- Influencers on social platforms play a major role in showcasing the latest trends and thereby affecting the customer preferences.
- After surveying the various pictures and examples on digital market, customers set a budget and chart out the requirements which act as a blueprint.

### Goals and Expectations from the Project

The customer expects an overall good experience right from the quality of the product to the after sales experience and services. Online channels could however pose a threat to the assurance of these services and can lead to a possible mismatch between the product displayed and delivered.

Customers often prefer local well-established brands when they want a high level of customization. The design is visualised after thorough analysis across social media for the later trends. The customer hopes for the professionals to handle the minute nuances and tweaks and deliver the result as quick as possible.

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## Customers Experience with professionals, retailers and brands

The customer mentioned noticing lower prices online with seasonal discounts and offers compared to the brick and mortar stores. However, due to the uncertainty of the quality and the lack of known vendors, customers are often concerned about purchasing expensive products online. There is often a difference between the dimensions of the product mentioned online and the actual product dimensions.

When it came to a highly customized requirement however, the customer would prefer a local vendor or brand instead of ecommerce websites. This preference can be attributed to the ensured touch of personalization and actual review of the product being possible with local vendors.

## Views on AI Driven Platform

The customer was apprehensive regarding the depiction of the product offering and the actual product offered to her. She mentioned the necessity of the platform to be highly interactive, cover all the minute nuances and recommend products pertaining to her needs.

If the AI platform resolves these concerns and hosts a substantive catalogue of products from multiple vendors and professionals, customers would be willing to switch to the platform as it will accentuate the convenience factor. She also insisted on the appropriate quality checks to be put in place to give assurance to the customers.

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# CONCLUSION

- The overall sentiment of the market towards AI- driven sales augmentation platform is positive if few shortcomings are overcome.
- The industry professionals prefer looking at augmented platforms as a means of minimizing the time invested in interacting with the customer for background information and instead focus on delivering worthwhile product to the prospects.
- Professionals also expressed their opinion saying people belonging to the most potential age group with the required spending power are often adamant towards usage of similar technologies and hence is a challenge that has to be overcome.
- Having a single platform to monitor all the parallel activities of the business will save a lot of time and effort.
- Having a visualizer platform can help show customers the customized results and hence accept customizations.
- Customers from the home lifestyle industry expect the Augmented platforms to be interactive in order to understand the customer's needs and deliver accurate responses.
- Customers are positive to have a single platform to serve all their needs rather than exploring different websites for different purposes.
- If the AI-Driven platform hosts a varied catalogue from multiple vendors, customers will be willing to try the platform.

# RECOMMENDATIONS

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## Ease of Use

- An informative demo can help the customers understand the navigation through the platform eliminating complexities.
- The demo can make them understand the navigation process and encourage them to use the training modules of the online platform for professionals.
- The professionals displaying their products online should also be provided with a demo or a workshop to let them explore the multitude of features available to the full extent.
- This can also help them understand the important features and how to mix and match various facets of the platform for their advantage.

## Curated Recommendations based on Customer Preferences

- The platforms should leverage artificial intelligence to showcase recommendations to the customers depending on his/her age, gender, location and preferences.
  - This will ensure personalized customer experience depending on his needs and will also help the brands curate the products according to the needs of the customers.
  - It will also help the brands to segment the customers and organize personalized campaigns to capture their interests.
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# Real Time Visualization of the product in Customer's space

- Most of the respondents had the issue of exaggeration of the image on these websites and flamboyant promises which they fail to deliver at the end.
- The customers are unable to visualize the actual setting in their home spaces and hence are often lingering around various possibilities.
- To eliminate this, these platforms should allow the augmentation of the product/design in the customer's space to help them make a more informed decision.

# Quality Assurance and Certified Brands

- While price sensitivity is an important attribute, customers nowadays are shifting towards a quality centric approach when it comes to home lifestyle related products.
  - Since the investment is on the higher side, expectations of quality and longevity go hand in hand.
  - Brands should define a particular standard of quality that can ensure customers a better output.

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# The human touch

- Although predominantly handled by AI, brands should also ensure a human point of interaction to the customers to keep the human touch alive.
- This will specifically benefit the customers belonging to the higher age group who might not be well versed with the technology.
- This would increase the customer footfall on this particular age group constituting a majority of people with the required spending power.

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# ABOUT DAVEAI

DaveAI is a visual AI platform that bridges the gap between self-assisted online discovery & salesperson-assisted offline discovery.

We help brands drive sales with advanced product discovery experiences using an interactive Virtual Sales Avatar that mimics a human sales brain, understands customer requirements & provides hyper-personalized product recommendations.

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