

INCREASING E-LOYALTY: A ROADMAP TOWARDS GROWTH WHILE ENHANCING THE BRAND LOYALTY OF HOME DESIGN SHOPS

Master thesis

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INCREASING E-loyalty:
A roadmap towards growth while
enhancing the brand loyalty
of Home Design Shops

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THANKS EVERYONE

After 7 inspiring and challenging years of studying, the time has finally come to graduate. A journey that started at the faculty of Industrial Design Engineering where I still believed that I would become a car designer. As I progressed over time, I became more and more interested into the topic of branding and marketing. After which I decided to specialise myself into this topic with the help of the master Strategic Product Design.

After 7 months of exploring, researching and designing I am proud to present my thesis for this master. First, I would like to give acknowledgment to the wonderful people without whom this project would have never been possible.

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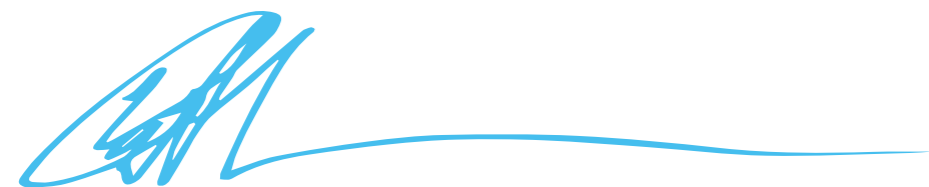
My family, for always showing interest in the project and supporting me throughout my whole study career.

And last but not least, my friends who always were there for me and made sure I had a great and fun study time.

Enjoy reading!

Yours truly,

Jelmer van de Scheur



EXECUTIVE SUMMARY

The past 10 years internet retail sales have been rapidly growing. The gradual shift from offline to online shopping comes with its own set of unique challenges for brands and business operations. Consumers are almost effortlessly able to compare different competitors that offer the same product or service. "The result is fierce price competition and vanishing brand loyalty." Kuttner (1998)

This is also a problem that Home Design Shops encounters as an e-commerce company in the living/home-goods sector. The company wants to distinguish itself from colossal competitors like FonQ, Bol.com and Amazon by offering the best service and service support during the complete customer journey when renovating a house.

The past years Home Design Shops has showed remarkably growth with revenue growth numbers up to 50% per year. To maintain this sustainable growth while at the same time distinguishing themselves from their competitors, there was the need for a new long-lasting strategy. Therefore, the goal of this graduation project was to develop a strategy that would result in an increase in brand loyalty combined with growth on the long run.

The foundation of the strategy has been developed by performing an extensive internal analysis of the company and an external analysis consisting of a consumer, competitor market and trend analysis. The result was summarized into a future vision which describes the desired effect that needs to be achieved with the future strategy:

Empowering customers to become proud and delighted home-owners. By supporting them along every stage of their journey and exceeding all their needs. Giving them confidence and confirmation by offering personalized help, advice, products and services.

In order to realize this strategy three overlapping continuous cycles (Horizons) of strategic business innovation has been constructed:

- **Delighting the customer.** By providing them with all the support, content and product knowledge needed to confidentially make their own product choice and get the job done.
- **Recommending customers.** By becoming personal: getting to know their preferences and recommending a fitting interior or product combinations to them.
- **Empowering customers.** By helping them to achieve their project goals, providing an ecosystem with all the services, tools, content and products to confidentially plan and shape their own project.

The strategy is presented in the form of a roadmap providing a chronological step-by-step approach in order to reach the future vision. Providing an overview of the: value propositions, features of the products/services, needed technology & data stream and the corresponding revenue models. Three design solutions have been conceptualized in order to make them tangible and validate hypotheses with in the form of a user test.

READING GUIDE

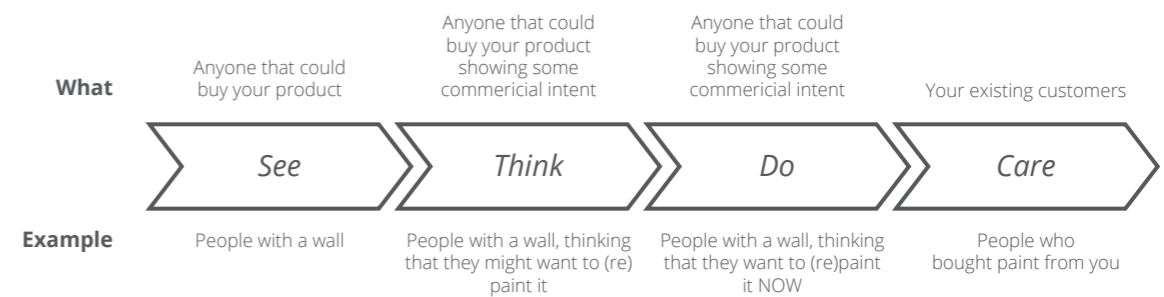
ABBREVIATIONS

- HDS** Home Design Shops
- B2B** Business to Business
- B2C** Business to Consumer
- IOT** Internet of Things
- AI** Artificial Intelligence
- AR** Augmented Reality
- SDK** Software Development Kit
- WOM** Word of mouth
- CLV** Customer lifetime value
- UI** User Interface
- SEO** Search Engine Optimization
- UCG** User-generated content
- MVP** Minimum viable product

GLOSSARY

The See-Think-Do-Care Framework

The See-Think-Do-Care model is a framework developed by Google that describes the different phases a potential customer can be in. In the see phase a customer is passive and does not have a purchase intention. After the see phase a potential customer can get in the next phase: the think phase. In this stage a potential customer is mainly looking for inspiration, performs (product) research or compares different products/services. In the do phase the potential customer knows what she/he wants and is ready to make the purchase. After the purchase is made he/she ends up in the care phase and has become a customer of the company.



CONCLUSION & OPPORTUNITIES

Key insights and conclusions can be found in this box at the end of each (sub) chapter

TABLE OF CONTENTS

1. PROJECT INTRODUCTION 10

1	PROJECT INTRODUCTION	
1.1	BACKGROUND CONTEXT	12
1.2	AN INTRODUCTION TO HOME DESIGN SHOPS	12
1.3	PROBLEM DEFINITION	13
1.4	RESEARCH QUESTIONS	13
1.5	PROJECT SCOPE	14
1.6	PROJECT APPROACH	15

2. DISCOVER 18

2	LITERATURE & DESK REVIEW	
2.1	AN INTRODUCTION TO E-LOYALTY	20
2.2	FACTORS INFLUENCING E-LOYALTY	21
2.3	HOW TO MEASURE E-LOYALTY & C. SATISFACTION	24
2.4	AN INTRODUCTION TO CUSTOMER DELIGHT	26
2.5	AN INTRODUCTION TO THE EMOTION PRIDE	27
2.6	A CASE STUDE OF E-LOYALTY & GROWTH	30

3	INTERNAL RESEARCH	
3.1	ORIGIN OF HOME DESIGN SHOPS	36
3.2	VISION AND MISSION	37
3.3	PRODUCT & SERVICE PORTFOLIO	38
3.4	SWOT ANALYSIS	41
3.5	E-LOYALTY ANALYSIS	44
3.6	CURRENT BUSINESS MODEL CANVAS	51
3.7	CURRENT E-MAIL CAMPAIGNS	52

4	EXTERNAL & MARKET ANALYSIS	
4.1	COMPETITOR ANALYSIS	54
4.2	MARKET ANALYSIS	63
4.3	TREND ANALYSIS	66

5	CUSTOMER ANALYSIS	
5.1	BUYING & VISITING BEHAVIOUR	70
5.2	INTERVIEW RESULTS & INSIGHTS	73
5.3	OVERALL CUSTOMER JOURNEY	80

TABLE OF CONTENTS

3. DEFINE 86

6	DEFINING THE PROJECT	
6.1	PROBLEM DEFINITION	88
6.2	LIST OF REQUIREMENTS	89
6.3	OPPORTUNITY MAPPING	91
6.4	FUTURE VISION & DESIGN CHALLENGES	94

4. DEVELOP 96

7	DEVELOPING IDEAS, SOLUTIONS AND KNOWLEDGE	
7.1	CREATIVE SESSIONS: IDEA GENERATION	98
7.2	CLUSTERING THE IDEA'S	100
7.3	MAPPING THE CLUSTERS & SERVICE PROPOSITIONS	102
7.4	TECHNOLOGY SCOUTING	104
7.5	OVERVIEW SHORT-LONG TERM DESIGN SOLUTIONS	108

5. DELIVER 110

8	DELIVERING THE STRATEGY, CONCEPTS AND ROADMAP	
8.1	DESIGN ROADMAPPING	112
	8.2 THE HORIZONS	114
	8.2.1 HORIZON 1: DELIGHTING THE CUSTOMER	114
	8.2.2 HORIZON 2: RECOMMENDING CUSTOMERS	118
	8.2.3 HORIZON 3: EMPOWERING CUSTOMERS	122
8.3	THE CONCEPTS	126
	8.3.1 INSPIRATION TOOL	128
	8.3.2 INSPIRATION "TINDER" TOOL	130
	8.3.3 BUYING TOOL	134
8.4	CONCEPT VALIDATION : USERTEST	138
	8.4.1 CONCEPT USERTEST RESULTS	139
8.5	TACTICAL ROADMAP	142
8.6	STRATEGIC ROADMAP	144

9	CONCLUSION & RECOMMENDATIONS	
9.1	CONCLUSION	146
9.2	RECOMMENDATIONS	150
9.3	REFLECTION	152

	REFERENCES	154
	APPENDIX	158

1

1.1	Background context	12
1.2	About Home Design Shops	12
1.3	Problem definition	13
1.4	Research questions	13
1.5	Project scope	14
1.6	Project approach	15

PROJECT INTRODUCTION

The first chapter starts with introducing the graduation thesis in order to explain the relevance and importance of this project. The company Home Design Shops will be shortly introduced as they initiated this assignment based on a problem that they encountered. The problem definition and background context of the project will be discussed in the second part. Furthermore, the design and research approach used to solve this problem will be explained.

1.1 BACKGROUND CONTEXT

The past years internet retail sales have still been rapidly growing. In 2018 the turnover of the Dutch e-commerce market has increased again. According to Thuiswinkel Waarborg (2019), Dutch consumers spent € 23.7 billion online on products and services, an estimated growth of 10% compared to the previous year.

The ongoing growth of the e-commerce market reflects the numerous advantages that it can provide over established brick-and-mortar stores. This illustrates the fact that internet shopping is nowadays fully established into people's daily life: 96% of Dutch consumers aged 15 and over made one or more online purchases of products and services in 2018 (Thuiswinkel Waarborg, 2019)

The gradual shift from offline shopping to online shopping comes with its own set of unique challenges for brands and business operations. Consumers are almost effortlessly able to compare different competitors that offer the same product or service. According to Kuttner (1998) "The Internet is a nearly perfect market because information is instantaneous and buyers can compare the offerings of sellers worldwide. The result is fierce price competition and vanishing brand loyalty."

As an e-commerce company in the living/home sector, fierce price competition and vanishing brand loyalty are also problems that Home Design Shops encounters. With high acquisition costs per customer and a customer retention rate of 3% Home Design Shops has a great interest in lowering their acquisition costs while at the same time increasing their brand loyalty (the positive association consumers attach to a particular product or brand). Customers that exhibit brand loyalty are devoted to a product or service, which is demonstrated by their repeat purchases (Hayes, 2010) which will eventually result in a higher customer lifetime value.

1.2 AN INTRODUCTION TO HOME DESIGN SHOPS

A first introduction to the company, see chapter 3 for a complete company analysis

Home Design Shops is an e-commerce company with a focus on interior, home-goods and furniture products. The past years Home Design Shops has showed remarkably growth with revenue growth numbers up to 50% per year. The company wants to distinguish itself from its competitors by offering the best service and fully supporting the customer during its complete customer journey. Not

just selling products, but also delivering advice free of charge and fully helping the customer during its job. They don't want to participate in fierce price competition with big platforms like Bol.com and Amazon, where it's just about delivering the lowest price and not about delivering the best experience or service. To maintain this vision and at the same time achieve similar sustainable growth it becomes



harder over time to obtain sufficient funds and compete with their colossal competitors. At this moment Home Design Shops sells products that can be used to decorate a house (paint, paper, furniture, floors, carpets

etc.) Currently they are very good at selling one kind of product to a customer, but fail at supporting her/him throughout its whole customer journey (a rebuilding or a rehousing for instance).

1.3 PROBLEM DEFINITION

Home Design Shops wants to maintain their continuously sustainable growth by increasing their E-loyalty. Not only among their existing customers but also among new customers. This means that this project is not only about serving their current customers better, but also about creating a growth strategy with new products and services.

For Home Design Shops it is essential to understand their customers and the complex customer journey that they encounter during a rehousing or renovation in order to support them throughout this chaotic period, which will eventually result in a higher brand loyalty.

This will be achieved by doing an extensive qualitative and quantitative research among the customers of Home Design shops. The complex customer journey of a rehousing or rebuilding needs to be understood including the most important pain points, eventually different personas can be created. In order to design a customer-centric strategy that meets the needs of the customer during this chaotic period.

The deliverable will be a strategic roadmap that describes what Home Design Shops needs to do to enhance their E-loyalty while they grow at the same time. The content and completion of the most important aspects will be created into a viable and feasible concept (for instance a brand loyalty program).

1.4 RESEARCH QUESTIONS

This project is centered around one major research question:

How can Home Design Shops increase its brand loyalty (E-loyalty) incorporated with a growth strategy?

This major research question can be divided into seven smaller research questions:

- What is the definition of E-loyalty and of what factors does it consist?
- How can E-loyalty be measured?
- What opportunities and threats are there for Home Design Shops for the near future?
- How does the customer journey of someone moving/renovating look like? What are the major pain points or obstacles?

- How can Home Design Shops differentiate themselves from their competitors?
- How can the company Home Designs realise a strategy where they enhance their E-loyalty while at the same time keep sustainable growing?
- What new services and products could Home Design Shops offer to create value for the customer as well for the company?

1.5 PROJECT SCOPE

According to Chou et al. (2015) E-loyalty consists of 2 big factors E-satisfaction and E-trust (figure 1). E-satisfaction consists of Delivery efficiency and web site design. The overall service of an e-commerce company can also be considered part of E-satisfaction Srinivasan et al. (2002) state that E-loyalty is affected by 7 C's: community, cultivation, choice, character, care, customization and contact interactivity. This project will focus itself on improving and enhancing the E-satisfaction (including the 7 C's) and overall service of the company and not on improving E-trust.

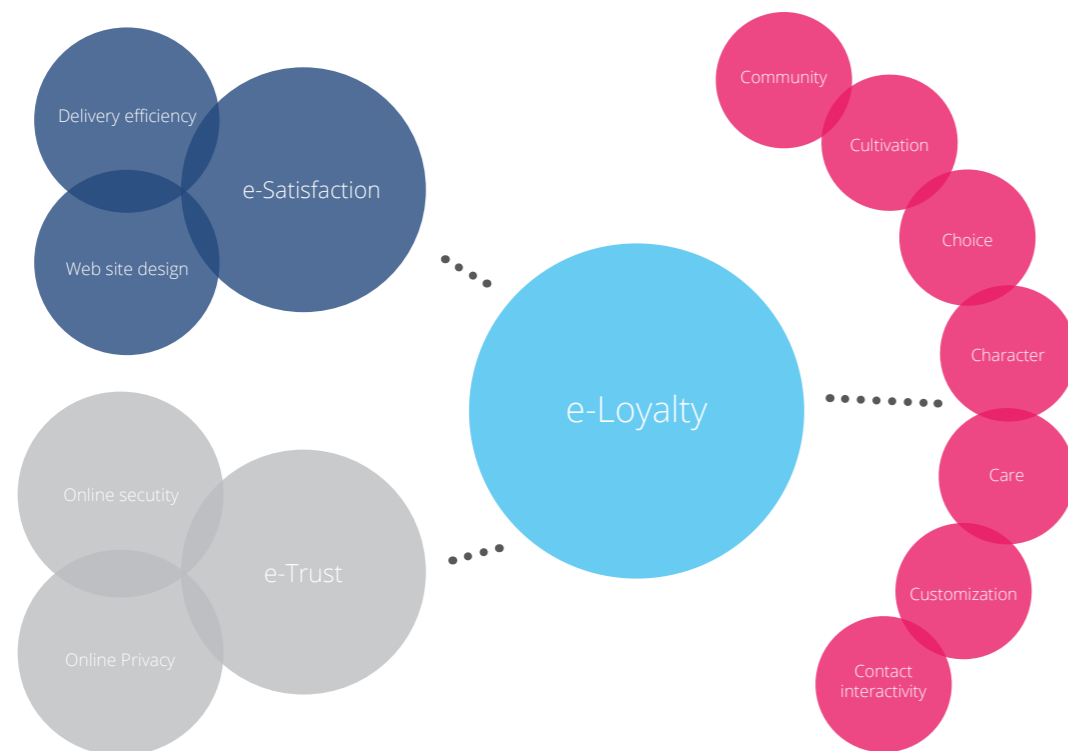


Figure 1: The focus of this project based on the models of Chou et al. (2015) and Srinivasan et al. (2002).

1.6 PROJECT APPROACH

The approach of this project is structured with the use of the Double Diamond model (Design Council, 2005), which is frequently used worldwide by designers and non-designers.

This approach is aimed at solving wicked problems and illustrates an iterative process of diverging and converging, structured in four phases: discover, define, develop and deliver. The first two phases are aimed on widely exploring and understanding the wicked problem by performing extensive (user) research and summarizing the most relevant insights into requirements and a clear design challenge. The last two phases focus on using all the gained insights and transforming them into ideas, testing and refining those ideas and eventually turning them into viable concepts.

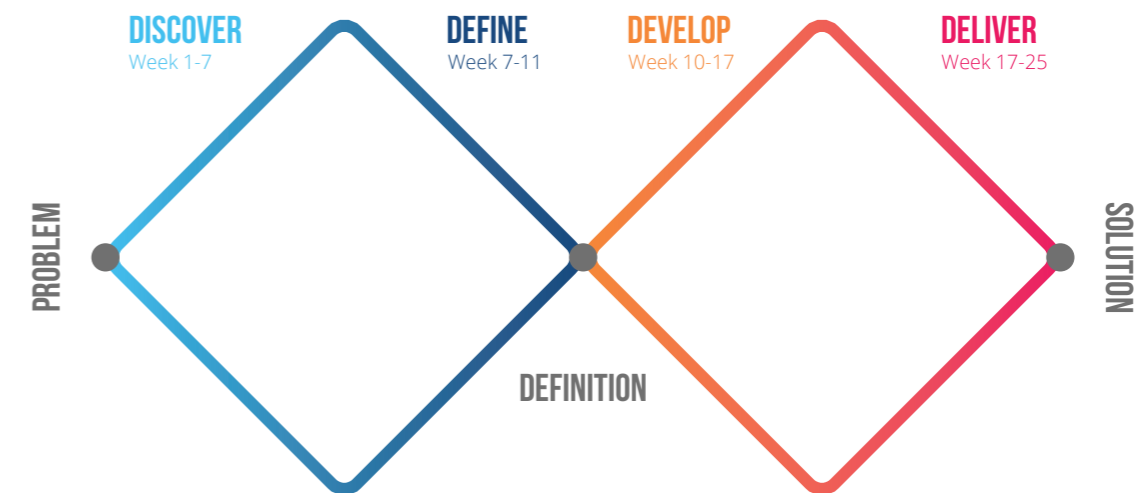


Figure 2: The double diamond model has been used as the approach of this project

Discover

The first phase of the project will be used to gain insights in the topic of E-loyalty/brand loyalty, the company and the needs of the customer. First of all, a literature review and desk research are performed in order to gain initial insights into the broad topic of E-loyalty combined with growth strategies. Next to that an internal and external research will be executed to understand the company, its competitors and the current market they are operating in. Lastly, an extensive consumer research will be performed to gain insights in their needs and the complex and customer journey during the chaotic period of renovating and rehousing.

Define

The define phase is used to translate and synthesize all the gained insights and knowledge into persona's, requirements and a clear design challenge. This design challenge will give a clear description of the requirements that needs to be met by the idea/concept designed in the next phase.

Develop

During the develop (and ideation) phase ideas will be generated with the help of brainstorming and creative sessions. The ideas will be tested as soon as possible (in a minimum viable product way) with real end users, to test if certain assumptions are valid and viable. Eventually an evaluation of the ideas will be made and

turned into final concept(s). The results of the user tests will be used as starting point for the deliver phase.

Deliver

The deliver phase is used to turn the final strategy or service into a strategic roadmap in order to explain the company how the strategy can be realised and Implemented. The final design will both be validated by the end-user and the company.

TOOLS AND METHODS USED



Desk research



In depth inter-views



Customer journey mapping



Creative sessions



Digital Prototyping



User testing



Design Roadmapping



Internal & External analysis

2

2	Literature & Desk review	20
2.1	An introduction to E-loyalty	21
2.2	Factors influencing E-loyalty	24
2.3	How to measure E-loyalty & C..	26
2.4	An introduction to Customer Delight	26
2.5	An introduction to the emotion pride	27
2.6	A case stude of E-loyalty & growth	30
3	Company Analysis	36
3.1	Origin Of Home Design Shops	36
3.2	Vision and mission	37
3.3	Product & service portfolio	38
3.4	SWOT analysis	41
3.5	E-loyalty analysis	44
3.6	Current Business model canvas	51
3.7	Current e-mail campaigns	52
4	External & Market analysis	54
4.1	Competor analysis	54
4.2	Market analysis	63
4.3	Trend Analysis	66
5	Customer analysis	70
5.1	Buying & Visiting Behavior	70
5.2	Interviews & insights	73
5.3	Overall customer journey	80

DISCOVER

These chapters provide an overview of the discover phase which incorporates an extensive literature, desk, internal and external research. The internal research was aimed at creating a company profile of Home Design Shops, while the external research was aimed at exploring the market, customer needs, trends and competitors. These insights functioned as a starting point and were synthesized into a future vision for the strategy which is presented in the define phase.

2. LITERATURE & DESK RESEARCH

A literature & desk research was performed in order to get a thoroughly (academic) understanding of the subject E-loyalty. The aim of this research was to abstract factors that influence and cause E-loyalty. These factors will be applied in the ideation phase in order to form successful ideas.

2.1 AN INTRODUCTION TO E-LOYALTY

The ongoing gradual shift from offline shopping to online shopping comes with its own set of unique challenges for brands and business operations. Consumers are almost effortlessly able to compare different competitors that offer the same product or service. According to Kuttner (1998), "The Internet is a nearly perfect market because information is instantaneous and buyers can compare the offerings of sellers worldwide. The result is fierce price competition and vanishing brand loyalty."

From the perspective of e-companies E-loyalty has been recognized as one of the most important ways to profitability. E-loyalty is defined by Srinivasan et al. (2002) as: **"a customer's favourable attitude towards the e-retailer that results in repeat buying behaviour"**.

According to Reichheld et al. (2000) the high acquisition costs can result in unprofitable customer relationships for up to three years. Therefore Reinartz & Kumar (2002) state that it is crucial for e-commerce companies to create a loyal customer base and to monitor the profitability of each segment as well.

Reichheld & Schefter (2002) claim that "The value of loyalty is often greater on the internet than in the physical world" and "for all companies doing business on the web: you cannot generate superior long-term profits unless you achieve superior customer loyalty".

The benefits of E-loyalty

- **More profits:** Loyal customers and engaged customers are more profitable: they buy 90% more frequently and spend 60% more per transaction resulting in a higher customer lifetime value. (Rosetta consulting, 2014)
- **Easier to increase profits:** A 5% increase of customer retention can increase profits by 25-95% Reichheld & Schefter (2000).
- **It is cheaper to retain customers than acquiring new ones.** Decreased costs of acquiring new customers Forbes (2018) State that it is 5 times more costly to attract new customers than to retain existing ones.
- **Loyal customers are more tolerant** in case of anything goes wrong (Gefen, 2002).
- **More referrals and word of mouth (WOM) benefits:** loyal customers are more likely to refer a company to their friends or family.
- **Price insensitive customers:** A loyal customer is much less affected by the price of a product when compared to a non-loyal customer (Kanghyun and Thanh, 2011).

Model of customer loyalty



Figure 3: The customer's purchase diagram and marketing funnel as described by R.L. white (2017)

2.2 FACTORS INFLUENCING E-LOYALTY

Several Academic resources (Ribbink et al., 2004; Kim & Swinney, 2009; Chou et al., 2015) sources discuss that E-loyalty is influenced by two main factors. Those factors are:

- E-satisfaction
- E-trust

E-satisfaction

Ribbink et al. (2004) argue that satisfaction is one of the most important factors to establish E-loyalty. E-satisfaction is defined as "the contentment of the customer with respect to his or her prior purchasing experience with a given electronic commerce firm." (Anderson & Srinivasan, 2003). This experience may originate from 2 sources: the service of the company and the website (design) itself. Satisfied customers tend to be more willing to spread word of mouth while at the same time they are more likely to make a purchase.

At the same time a dissatisfied customer will be much more likely to look for alternatives and is more likely to resist attempts to develop a closer relationship with the company. (Anderson &

Srinivasan, 2003).

E-satisfaction is also a widely studied phenomenon in academic research. A summary of factors that have a significant effect on E-satisfaction as described by Kim & Swinney (2009) , Branch (2011) and Chou et al. (2015):

- **Convenience** (shopping time, ease of browsing, easy access)
- **Merchandising** (number of offering, variety of offering, quality of information)
- **Site Design** (Navigation structure, web design & interface, fast presentation, customized content and updated information)
- **Service ability** (complaints redressal, customer support, packaging, timeliness of delivery, post services and possibility to return)
- **Company** (company size, reputation, technology and antiquity)

E-trust

E-trust is defined as the degree of confidence customers have in online exchanges, or in the online exchange channel (Ribbink et al, 2004). According to Chou et al. (2015) online privacy and online security are the two main concerns while consumers are shopping online and are the two factors that have a significant effect on E-trust. Chou et al. (2015) state that when trust is formed people are more likely to purchase or repurchase from a company and thus a relationship can be formed eventually resulting in brand loyalty. Gaining trust online is harder, since customers do not have the ability to interact with the e-commerce company the same way as offline physical stores. (Ribbink et al., 2004)

THE 7 C'S THAT INFLUENCE E-LOYALTY

Srinivasan et al. (2002) extensively investigated the antecedents and consequences of customer loyalty in an online environment. The research is widely accepted and cited (2878 times) by other researchers who studied E-loyalty. Srinivasan et al. identified seven factors that appear to impact E-loyalty.

Community

(Online) communities can be highly effective in facilitating word-of-mouth. Frank (1997) stated that a customer's ability to exchange information and compare product experiences can add to customer loyalty. By facilitating this exchange of information through the use of an (online) community an ecommerce company can further increase the E-loyalty among its customers.

Cultivation

The extent to which an e-commerce company proactively provides incentives and relevant information, for example in the form of cross

selling and offering desired information.

Choice

An e-commerce company that offers a wider range of products compared to its competitors can appear as a dominant, top-of-mind one-stop destination shop and as a result enhance E-loyalty.

Character

Character is defined as the overall image or personality that an e-commerce company is trying to establish with the use of inputs such as: images, logos, text, colours and slogans on the website.

Care

Care is defined as the extent to which a consumer is informed about the availability and status of orders and products. It also incorporates the level of effort expended to minimize disruptions in providing desired services.

Customization

Is the ability of an e-commerce company to tailor their products, services, offers, advertisement and transactional environment to individual customers. Srinivasan et al. (2002) operationally defines customization as "the

extent to which an e-retailers web site can recognize a customer and then tailor the choice of products, services and shopping experience for that customer."

Contact interactivity

Is defined as the operational availability and effectiveness of customer support tools on a website. It also incorporates the degree to which two-way communication with a customer is facilitated. Interactivity enables a search process that allows the consumer to quickly locate a desired product or service.

A visual summary describing the different factors influencing E-loyalty according to various academic sources:

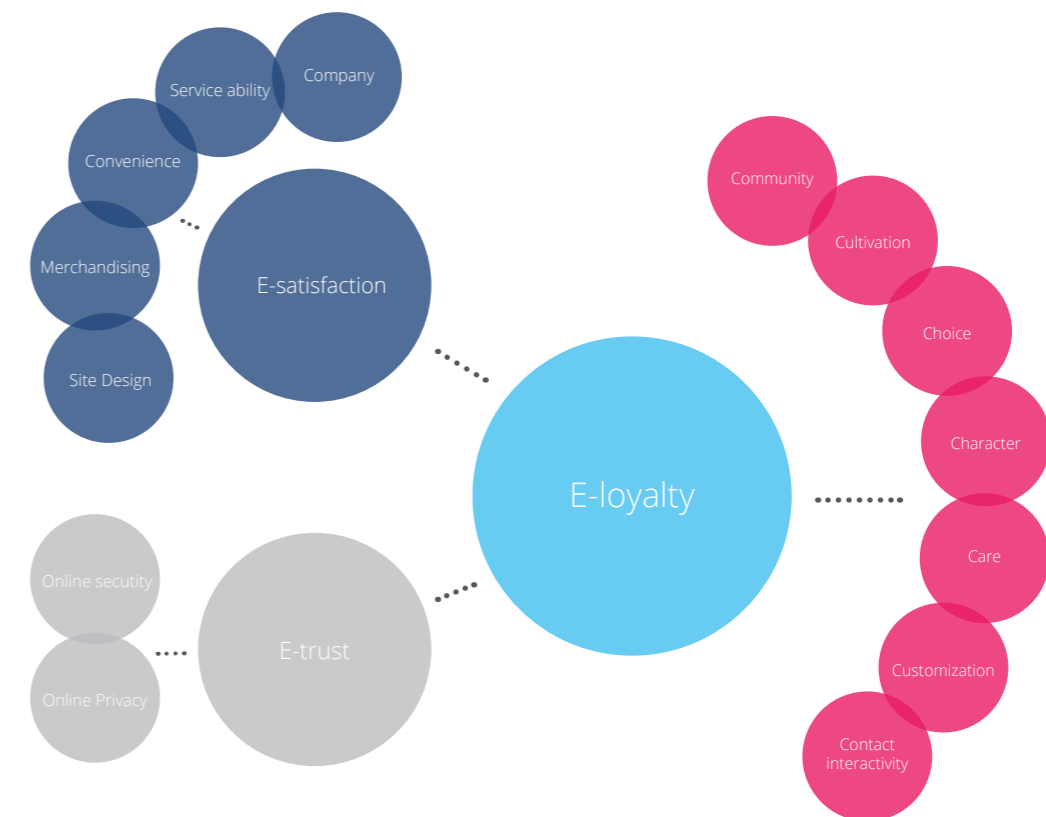


Figure 4: A visual summary describing the different factors influencing E-loyalty according to various academic sources:

2.3 HOW TO MEASURE E-LOYALTY&CUSTOMER SATISFACTION

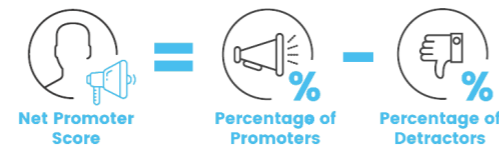
When aiming for enhancing E-loyalty, it is important to be able to measure and monitor E-loyalty over time in order to tell the effect of the applied changes. Measuring E-loyalty can be divided into three categories:

- Measure retention
- Measure advocacy/ Word of mouth
- Measure future purchase intent

Net promoter score (NPS)

This metric describes the likelihood of a customer recommending a company to their friends. An NPS survey will ask a customer how likely she/he is to recommend a company/product to a friend on a scale from 1-10.

This method divides the results into three categories: anyone with a score of 9 or 10 is considered a promoter, while consumers responding with a 7 or 8 are passive. Those responding with a score of 6 and lower are defined as detractors. The final NPS score is calculated by subtracting the number of detractors from the number of promoters. This gives the company a good idea of how much people would be willing to recommend your store to a friend. Since a loyal customer is much more likely to recommend you to a friend this a good indicator to measure how loyal the customers of a company are.



Customer lifetime value



Customer Lifetime Value (CLV) is a metric that assesses how much value an individual customer will bring to a company over their entire lifetime. CLV is directly linked to how often

customers shop and how much they spend over time. If the CLV value of a customer increases this means she/he is spending more over a longer time and can therefore be classified as more loyal.

Repeat purchase ratio / Customer retention ratio

While customer life time value is a very suitable way of measuring loyalty over a long time the repeat purchase rate is a great method to measure customer loyalty over a smaller period.

The repeat purchase rate is the percentage of the customers that has made a repeat purchase in a defined period of time (the standard is 365 days). It is very valuable to know the repurchase ratio, hence the fact that if a consumer has already bought two items from a company he is 45% more likely to buy a third time (McEachern ,2018). Since the definition of E-loyalty is: "a customer's favourable attitude toward the e-retailer that results in repeat buying behaviour." (Srinivasan et al., 2002), the repeat purchase ratio is a very valuable metric to measure customer loyalty.



Customer Loyalty index (CLI)

This is a metric suitable to track customer loyalty over time incorporating NPS values, repurchase and upsell potential. This method calculates all three values with the help of a questionnaire on a 6-points scale. 1 stands for definitely yes and 6 for definitely no. The three questions are (Userlike, 2016):

1. How likely are you to recommend us to your friends or contacts?
2. How likely are you to buy from us again in the future?
3. How likely are you to try out other of our products/services?

The total CLI score is the average of the three scores. The downside of this method is that it asks directly for the intention of a customer instead of actually measuring it.

Customer engagement

Bingham (2014) states that measuring customer engagement is the most effective way to predict customer loyalty. He explains that positive interactions and experiences will eventually result into customer loyalty and that tracking customer engagement is a much more effective method compared to NPS and CLI. He also states that customer engagement numbers are more strongly correlated to the revenue and profits of a company.

Nirpaz (2011) suggest 3 metrics to measure customer engagement:

- **Activity time:** The average time a customer spends with the service of a company during a defined period of time.
- **Visit frequency:** Tracks how often a consumers return to the service.
- **Core user actions:** Tracks the use of core actions which is a good indication of value that customers gain. If a consumer is consistently using core actions, it is a good indication of adoption. When consumers explore new actions, this means the service is growing on her/him.

2.4 AN INTRODUCTION TO CUSTOMER DELIGHT

What is customer delight?

“a profoundly positive emotional state generally resulting from having one’s expectations exceeded to a surprising degree” (Oliver et al., 1997)

Why is it important for E-loyalty?

Customer delight is in a couple of aspects closely related to E-loyalty. Next to loyalty it also increases customer satisfaction. When customer delight is achieved it will result in:

- Repurchase intentions and increased word of mouth.
- Satisfaction, and both significantly brand loyalty (Barnes & Krallman, 2019)

How can customer delight be achieved?

Source: Customer Delight: A Review and Agenda for Research by Donald C. Barnes & Alexandra Krallman 2019 (this is a review paper that cites a lot of other papers that have thoroughly researched the subject)

- Employee effort
- Exceeding expectations of customers
- Giving a customer sincere and personal attention
- Unsolicited (employee) recommendations
- Unexpectedness (surprise)
- Higher frequency customers experience a stronger relationship from joy to delight.
- Hedonic-oriented self-serve environment, customer fun (and not efficiency) leads to customer delight.
- Surprise is not required to experience delight, but the presence of surprise can strengthen the experience of customer delight.
- With the use of customer satisfaction. The path to delight is stronger than satisfaction. Physical environment, interaction with staff, and interaction with other customers significantly impacts delight and satisfaction.

2.5 AN INTRODUCTION TO THE EMOTION PRIDE

What is pride?

“A feeling or deep pleasure or satisfaction derived from one’s own achievements, the achievements of those with whom one is closely associated, or from qualities or possessions that are widely admired.” – Oxford Dictionary

Why is it important for this project?

The emotion pride is closely intertwined with the vision and mission of the company Home Design Shops (see chapter 3.2). This is why it was decided to further investigate this emotion in order to later process it into the strategy.

How do you become proud?

- From own achievements – Having achieved something meaningful
- From qualities or possessions that are widely admired.
- Positive self-evaluation
- The achievement should meet or exceed certain standards of behaviour
- Sharing and showing successes
- Setting goals and rewarding yourself when goals are achieved
- Take Responsibility For Your Success
- “one’s praiseworthy behaviour surpassing internal and external standard, and/or one recognizes that others appreciate it”

Source: S.A Haug (N.D.)

What does it result in?

- It fosters achievement motivation. It is both a response to one’s achievement as it’s a motivator of future achievements
- It contributes to self-esteem development
- Pride can contribute to social status when the achievement is socially accepted
- It can cause people to to “swagger and strut” and promotes public announcements of the achievement.
- It is experienced as a feeling of swelling or expansiveness.

Desmet, P. M. (2012).

CONCLUSION & OPPORTUNITIES

Customer delight is a very positive emotional state which results in customer loyalty, WOM and repurchase intentions. For achieving customer delight, one's expectations must be exceeded to a surprising degree. This means that the expectations of a customer must be clear in order to know how to exceed them. Home Design Sops can achieve customer delight by:

- Giving a customer personalized attention and recommendations,
- Exceeding expectations and delivering beyond expectations
- Knowing customers' needs and issues and anticipating on them even before they arise
- Helping customers achieving their goals
- Keep delighting customers post purchase
- Showing thoughtful acts of kindness (giving a free gift with an order, or sending a birthday email)
- Enabling customers to share their delight by building a community

Pride is a feeling derived from one's own achievements evoked from successful behaviour which meets or exceeds certain standards of behaviour. Pride can cause people to "swagger and strut". The moment this achievement is noticed by others a person can feel appreciated and meaningful. Home Design Shops can help their customers to become proud by:

- Supporting customers and helping them setting and achieving their goal(s)
- Giving their customers the feeling that they accomplished their goal thanks to their own effort
- Helping customers to show and share their achievement and success

2.6 A CASE STUDY OF E-LOYALTY & GROWTH

A case study among existing companies has been performed with a focus on enhancing brand/ E-loyalty and serving customer journeys in the best way possible. The aim of this study was to get insights and inspiration from strategies that have led to success in the past. These insights will be used in the ideation phase as inspiration in order to form successful ideas.

Amazon: the absolute number 1 in E-loyalty

Amazon has hit the number-one spot once again on the Brand loyalty list in 2019 (as well in 2018 and 2017) according to Brand Key's (2019) annual Loyalty Leaders survey, beating major companies like Google, Apple and Samsung.



A huge factor of that success can be accounted for by the loyalty program Amazon Prime. In the US there are already an estimated amount of 105 million members (this is 82% of the American households). Members have a retention rate of 93% (M. Rodríguez ,2019) after the first year and 98% after the second year, they also spend as twice as much as the average buyer. The program launched in 2005 as a service for unlimited two-day delivery for \$79 a year. Nowadays you get free same day delivery, free grocery delivery, exclusive product deals, unlimited streaming of movies series and songs and last but not least unlimited reading of e-books.

According to A. McEachern (2017) Amazon prime is such a huge success because:

- The program is easy to understand and well explained
- Amazon gives the customers exactly what they need instead of offering a one size fits all solution by offering a broad choice of shipping methods & speeds.
- Prime comes with additional Perks: music, series, movies, and books. In this way Amazon was able to build a complete ecosystem of products and services. It can be concluded that the main factor success factor of Amazon prime is that it offers lots of perks in a well sufficient and complete ecosystem for a very reasonable price.

According to M. Rodríguez (2019) other reasons why Amazon has such a high retention rate are:

- It is the one-stop shop, (almost) everything you need can be bought at Amazon.
- They tailor user experiences by displaying products and offers on their website (and other channels) that are most likely the most relevant for the consumer.
- They create a sense of urgency and fear of missing out by offering Prime day sales, flash offers and sale for a limited amount of time.
- They stay relevant for users that didn't buy and have left their site by sending incentivizing and tailored emails. In this way they get the consumer back to their site and close the deal.
- They offer a simple and easy checkout process. According to the Baymard institute (2019) an average of 69% of the e-commerce shoppers abandon their cart without

making any purchase. By eliminating steps in the checkout process Amazon's makes purchasing a lot easier which results in more sales.

How Coolblue turns customers into loyal ambassadors by serving them in the best way possible along their complete customer journey

Coolblue is the second biggest e-commerce company in the Netherlands. They achieved this by fully focussing on customer satisfaction. With their mantra "Everything for a smile" and even a Director of Customer Satisfaction they are able to achieve a net promoter score of +63 (where the average company achieves a score of +7). Such a high customer satisfaction enables them to turn customers into loyal ambassadors (Thijssen M., n.d.)



They achieve this satisfaction and brand loyalty by serving the customer in the best way possible along their customer journey of orienting, comparing, buying a product and aftersales care. The company achieves this satisfaction by:

- Making the orientating process as easy as possible, so the customer can quickly find exactly what he/she needs.
- Giving advice at the right and relevant moments in order to take away any doubts and unclarties.
- Reducing the product range and offering products with clear differences.
- Offering a quick and excellent customer service
- Offering quick and free delivery at the right moments
- Providing easy (mobile) checkout and offering a wide range of payment options

And turn this satisfaction into ambassadorship by:

- An attractive and recognizable package
- Giving free incentives that stimulate sharing
- Inviting people to share positive reviews

The company Drone etc. : an example of the 8 c's in practice

The company Drone etc (the online store servicing "all things drone") has maximised their customer satisfaction and thereby improved their customer loyalty with the help of the "8 C's" (Loyalty Lion, n.d.).

Contact interactivity: Drones etc. offers a live chat service which allows customers to ask the company real time about even the most technical problems.

Cultivation: The company shares freely their expertise knowledge on their blog. They also offer incentives through the use of their customer loyalty point program.

Community: A shared forum is created which contains topics attractive to potential and current customers. The forum facilitates the engagement with other community members which improves the experience of customers allowing them to develop strong, trusting relationships with the company.

Convenience: Is achieved by offering a simple, intuitive and user-friendly website. Together with an easily navigable structure and attractive design a high ease of use is achieved which increases the customer satisfaction.

Care: The company takes care of the customer even after the purchase by offering extensive support free of charge.

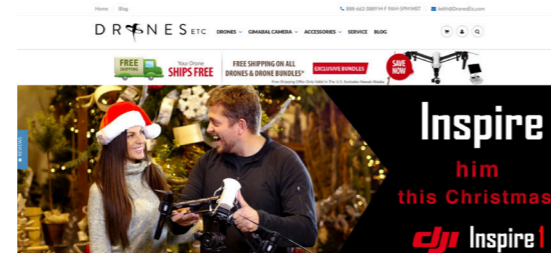


Figure 5: The website of Drone etc. which is optimized for E-loyalty with the help of the "8 C's"

Choice: A huge range of drones and products are offered, while at the same time search time is reduced by offering decision support.

Customisation: The customer is provided a lot of options for customization on their drones and products. Which results in a tailored solution for each customer.

Character: By mixing informative content and attractive images their extensive retailing experienced is emphasized which results in a unique character.

What blog posts and articles state about gaining customer loyalty

- Set and beat customer expectations by under-promising and over-delivering
- Personalisation: learn about your customers and present relevant products to them based on their preferences
- Offering an account for tracking orders, receiving offers and making repeat purchases a lot easier.
- Easy repeat purchases by offering one-click payments and saving customer details for future payments.
- Get the packaging right with a wow factor
- Improving email customer service: According to G. Charlton (2018) email is the preferred customer service for 44% of the consumers.
- Offer free and easy returns: it persuades first-time customers while at the same time customers are more likely to come back again
- Offer a loyalty programs in order to reward consumers for their repeat purchases, increase revenue, and retain customers. It also incentivizes and encourages the re-purchasing process as users feel like they're taking advantage of deals.
- Maintain a consistent, signature brand look.
- Win back campaigns: contact customers you haven't heard from in a while in an attempt to win them back.
- Welcome campaign: according to A. McEachern (2018) once a customer made a purchase the likelihood that he will make another purchase goes up as much as 27% by a customer's third order. The hardest part about this is making one-time buyers making a second purchase. Welcome campaigns are a simple and effective way to do this. (J. Reed, 2017)
- Turn the customers into brand advocates by encouraging them to create user-generated content (UGC).

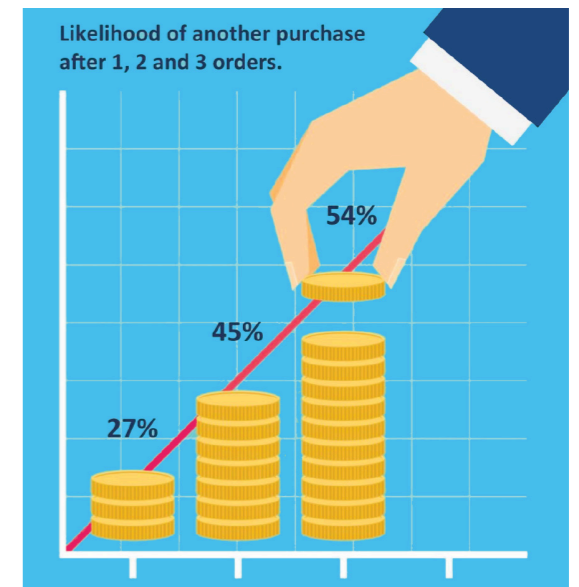


Figure 6: The challenge is making a customer make their second purchase, as the likelihood that he/she is going to make another purchase will grow significant.

- Start with delivering value for the customer before the first purchase is made (also after the purchase). Not only purchases should be rewarded but also actions like writing reviews, referring the company, liking the social media page etc. (Frankwatching, 2014)
- A research performed by H. Custers (2019) revealed that attaching a handwritten message to a purchased item which made personalised (product) recommendations positively affects the E-loyalty of a brand.

Loyalty programs: a useful way of incentivising first-time buyers and turning them into returning customers

With the use of a loyalty program companies are able to incentivise first-time buyers into repeat customers and (hopefully) eventually into brand loyalists. Loyalty programs can roughly be divided into three types:

Point programs: The more a customer spends the more points she/he gets in return. The points can be redeemed into discount or rewards.

Paid programs: Customers pay a monthly/annual fee to receive special perks. These types of programs are the most suitable for existing customers or frequent buyers. New customers are unlikely to join a paid program. Unless the company is already a big recognizable brand.

Tier programs: This system focuses on levels of loyalty. The more loyal a customer is, the higher level he reaches and the greater the rewards/discount she/he receives is.

An overview of different companies that have created successful loyalty programs (D. Jabłońska, 2019):

Sephora

Sephora is a French retail chain of beauty stores that offers a comprehensive loyalty program "Beauty Insider" that combines a tier program with a point program. Next to the benefits the company offers exclusive access to a community of like-minded people. In this way they also have access to a lot of consumer insights.

Nike plus

Nike plus is a free progress-based loyalty program that allows their members to: unlock members-only gear, receive expert guidance, receive same day delivery and a birthday gift. Users get rewards for being active: with various apps they can track their training progress and receive badges and rewards linked to their progress. The benefit of a progress-based program is that people link their success to the brand that made the difference. This way, the more success their customer achieve with their training the more loyal their customers will be.

2019 Beauty Insider Benefits			
Spent per calendar year	INSIDER \$100	VIB \$250	ROUGE \$500
Points per \$1	1 point	125 points	15 points
Birthday gift	2 choices	4 choices	4 choices
Seasonal savings	\$	\$ \$	\$ \$ \$
Tier celebration gift		3 choices	3 choices
Free standard shipping			•
Early access to products			•
Exclusive events			•
Rewards Bazaar	•	•	•
NEW \$100 Rouge Reward			•

Figure 7: The different tiers and rewards that can be achieved with Sephora's loyalty program.

CONCLUSION & OPPORTUNITIES

These case studies teaches us that the following factors have a big positive influence on E-loyalty:

- Being a one-stop shop by offering a wide range of relevant products
- Personalizing and tailoring experiences (content and offers)
- Fully understanding and supporting the consumer in the best way possible along it's complete customer journey
- Offering an account for tracking orders, receiving offers and supporting repeat purchases
- Offering a very flexible return policy
- Offering email campaigns such as: welcome back campaigns, anniversary and referral.
- Supporting user generated content and a community
- Delivery value to a customer even before she/he made a purchase
- Facilitating a customer as soon possible in a second purchase

3. INTERNAL RESEARCH

An internal research was performed in order to discover the strengths and weaknesses of the company, the origin, the current/future strategy and the vision & mission. As a result, a design challenge can be formulated that aligns with this strategy.

3.1 ORIGIN OF HOME DESIGN SHOPS

Home Design Shops is a home goods & furnishing e-commerce company that was founded in 2010 by the two founders when they felt the need to expand their brick and mortar shop “Binnenspecialist Den Heijer” to an online environment. At that time online shopping was not as commonly and accepted as it is nowadays. The total turnover of the E-commerce branch was only good for 10 billion euros (compared to 25,7 billion in 2019); the market was still in an early stage.



Figure 8: In the early years the packages were transported with their own car to the delivery point, nowadays Post NL collects the packages each day at location

The company started with selling doormats and (chalk) paint online with the help of their own created platform and webshop “Site Manager”. Over the years the company continued to grow and the founders decided to partner up with “Inventive Partners”. A company ran by two young men who were specialized in search engine and conversion optimization. As Home Design Shops continued to grow and started to become more time consuming, the two owners of Inventive Partners were asked to get fulltime involved and become co-owners in the year 2015. From that moment Home Design Shops began expanding rapidly and started selling additional products like curtain rails, wallpaper window films, screen doors/windows, bedding, laminate flooring, skirting boards, decorative frames, carpets, rugs, PVC flooring, lighting, artificial grass and furniture. This growth also required to expand in staff as well, currently there are 15 people working at the company.

The company has shown remarkably growth numbers of 50% increase of revenue the past three years. The name Home Design Shops originates from the fact that the company has different domain names and “shops” for each different product category that they offer. For instance: doormats are sold online on the domain veegjevoeten.nl whereas curtain rails are being sold on railsopmaat.nl. Nowadays Home Design Shops is formally separated from their “parent company” De Binnen Specialist, and acts as a stand-alone company (although they still partner up in order to benefit from purchasing profits from their suppliers). Home Design Shops is also able to online offer a lot of leading home-goods brands thanks to the partnership with “De Binnen Specialist”.

3.2 VISION & MISSION

The vision and mission that Home Design Shops communicates on their website and uses in marketing statements is: “Trots op thuis” which can be translated into “Proud of (your) home”. The company’s mission is to turn every home owner into a proud home owner that enters his house with a satisfied smile.



Figure 9: The mantra of the company which can be translated into: Home Design Shops, makes you proud of your home.

A mantra that Home Design Shops often uses on printed matter and that reflects their vision perfectly is: “A proud happy smile when you enter your home: that is what we want to achieve. From the moment that you start with your job till the moment that you are 100% satisfied: we are there at every important moment. Always clear and tailor-made advice even with the most technical questions. Made a mistake or not fully satisfied? We never bother!”

This reflects the three pillars that Home Design Shops applies to make every customer a proud happy home owner.

100% pride guaranty: By offering a wide assortment of the most beautiful and carefully selected living products. When a customer has made a mistake or is not fully satisfied, Home Design Shops never bothers and is happy to take back the product and think along with the customer.

Trust at every moment: Home Design Shops always wants to be there for the client. Not only at the moment when the product is bought but also along its entire customer journey: from the moment that the customer starts orientating till the moment the job is fully finished. It does this by offering tailor-made (technical) advice at any moment free of charge.

Reliable. Clear. Fast.

Reliable: with more than 1800 reviews an average satisfaction score of 9.1 and a certified Qshops seal of approval, the customer is always assured that it orders at a trustworthy webshop.

Clear: crystal clear delivery times, delivery and return options. A customer is always well informed about the status of his/her order.

Fast: Home Design Shops is able to deliver (almost all of) their products the next day to the customer. Thanks to a good decision aid and search function a customer is also able to make a quick decision.

3.3 PRODUCT & SERVICE PORTFOLIO

Products	Website	Delivery time in working days	Delivery costs (NL)	Free delivery for orders over	Send from own storage	Top 5 bands	(Free) samples available	Carrier	Channel
 Wallpaper	behangsite.com	1 when ordered before 13.00	€5,95	€20	Yes	Eijffinger, Arte, Élitis, Farrow & Ball, Esta Home	✓		
 Bedding	Woontextiel-designshop.nl	Up to 5	€5,95	€20	No	Beddinghouse, Cinderella, Damai, Heckett & Lane, Auping	✗		
 Door mats	Veegjevoeten.nl	1 when ordered before 17.00	€5,95	€20	Yes	Forbo Coral, Ambient, Zeno protect, Hamat, Cunera	✓		
 Curtain rails	Railsopmaat.nl	Up to 2	€9,95	€50	No	Goelst, Interstil, Forest, Somfy, Dcs	✗		
 Window films	homedesign-shops.nl/squid-raamfolie	1 when ordered before 19.00	Free	-	Yes	Squid	✓		
 (Chalk) Paint	paint-paper.nl paint-pure.nl paint-brush.nl paint-green.nl	1 when ordered before 19.00	€5,95	€20	Yes	Farrow & Ball, Pure & Original, Painting the Past, Little Greene	✓		
 Laminate flooring	Laminaatdesignshop.nl	Up to 3	Free	-	Yes	Quickstep, Meister, Ambient, Krono, Berry Alloc	✓		
 Skirting boards & decorative frames	decorlijst.nl	Up to 2	€5,95	€20	No	Orac Decor	✗		
 Rugs	vloerkledende-signshop.nl	Up to 4	Free	-	No	Louis de Poortere, Brink en Campman, Desso, Perletta Carpets	✓		
 Carpet	vloerbeleving.nl/tapijt-vloerbedekking-kopen	Up to 4	Free	-	No	Desso, Bonaparte, Parade, Ambient, Interfloor	✓		
 Furniture & Lightning	interieurdesignshop.nl	Up to 45*	Free	-	Yes	Gazzda, Marset, Foscarini	✗		
 Artificial grass	altijdgroener.nl	1 when ordered before 13.00	Free	-	Yes		✓		
 PVC flooring	interieurdesignshop.nl	Up to 2	Free	-	Yes	Therdex, mFlor, Beautifloor, Quickstep, Belakos	✓		
 Screen doors & windows	homedesign-shops.nl/horren-op-maat	1 when ordered before 17.00	Free	-	Yes	Unilux Luxaflex	✗		

PRODUCT PORTFOLIO & SEGMENT

Currently Home Design Shops is selling 50.000+ products divided over 100+ brands online. The company sells products mainly in the medium-high segment. This means that the offered items are high-quality products and cost a bit more than average. At the moment Home Design Shops offers 15 different product categories, each with their own website. For instance: Wallpaper is sold at behangsite.nl and furniture at interieurdesignshop.nl. In the near future the company's goal is to gather all the different product categories under the main brand and website: homedesignshops.nl.

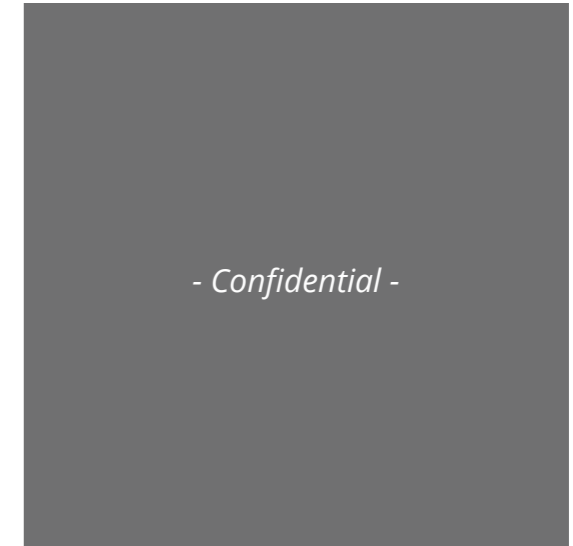
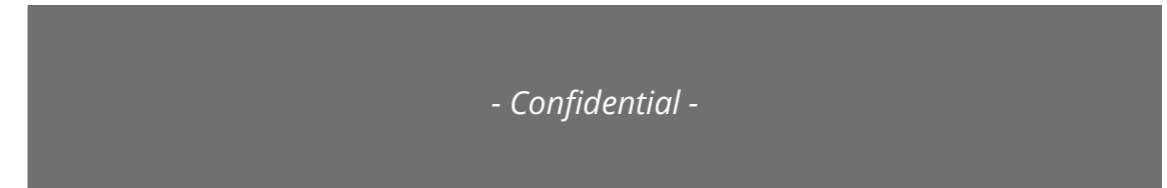


Figure 10: The revenue per product category

The biggest part of the revenue is generated..



The main carrier of Home Design Shops is PostNL. When packages get too big, long or heavy (like curtain rails, flooring, rugs and furniture) a specialized carrier is selected which delivers the package by truck. An advantage of this specialized delivery is that the consumer can schedule it by himself on a preferred day and time. Often orders can be shipped for free inside the Netherlands or once a certain minimum order value has been reached. For shipping abroad an additional fee is being charged.

Currently the products are sold through the use of two channels: their own website and Bol.com. Bol.com is a relative new channel for the company: they started selling (chalk) paint on the platform in august 2019 and extended the product range with wallpaper and doormats shortly after. In the near future Home Design Shops is planning to expand their product range even further on bol.com

Return policy

Home Design Shops maintains a flexible return policy. Customers are allowed to return their bought products free of charge within 30 days. This is something that is quite unique: the average web shop only allow customers to return their products within 14 days at own cost (see chapter 4.1 for a competitor analysis).



Shipping countries



Payment methods



SERVICES

Floor/door mat/rails instalment



Installing a laminate flooring, PVC flooring or curtain rail flooring can be difficult and time consuming. For that reason, Home Design Shops does not only sell these products but also offer the service to install them at the home of the consumer. A doormat can also be cut to size including difficult angles and notches at location by a professional.

Free (technical) advice



Home Design Shops offers 74 hours a week customer service completely free of charge. Customers can not only call for questions regarding product, order and shipping details but can also ask for detailed (technical) advice. The vision of the company is to not only sell the product to the customer, but also support him during its entire job by constantly offering advice free of charge.

(Free) samples



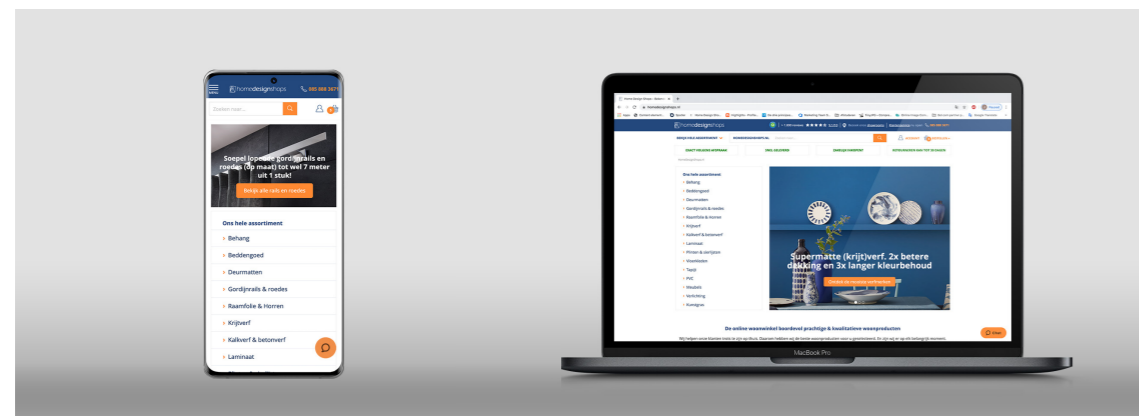
For a lot of products Home Design Shops offer samples free of charge (wallpaper, door mats, window films, painting colour cards, laminate/pvc flooring, rugs, carpets and artificial grass) which allows the customer to already feel/touch the product and see how it fits inside their house. A big advantage for Home Design Shops is that a (free) sample is a first incentive for buying the real product: consumers who order a free sample are much more likely to buy the real deal.

Custom made products



Curtain rails, window films, door mats, rugs/carpets, window and screen doors and artificial grass are all products that Home Design Shops can customise according to the demands and wishes of the customer. This is a service that differentiates the company from its competitors, because (almost) no one is offering this service.

THE WEBSITE



3.4 SWOT ANALYSIS

A strengths, weaknesses, opportunities and threats (SWOT) analysis was performed in order to understand the capabilities and strategic position of Home Design Shops. The strengths and weaknesses were selected by evaluating and benchmarking them against the main competitors of the company (see chapter 4.1). By translating the analysed trends (see chapter 4.4) into threats and opportunities a complete understanding was formed.

Strengths

- An actively promoted (free of charge) customer service that can even answer the most technical questions completely free of charge.
- Custom tailored products to the demands and wishes of the consumer.
- A very high customer satisfaction: an average score of 9.1/10 with 1929 reviews
- Strong focus on (customer) data: every day data is being analysed and immediately reacted upon when needed.
- Thanks to an inhouse IT department custom made solutions can be realised in a short amount of time. Home Design Shops is not bound to limitations of standard platforms like magento (a widely used "standard" e-commerce platform).
- By having a good relationship with suppliers the company is able to arrange favourable price and delivery agreements.
- Financially healthy: the company is steadily generating profits over the years thanks to realising healthy margins of [CONFIDENTIAL] % on average base.
- Very well performing at selling a product in the "do" phase. When a customer is actively looking to buy a certain product, changes are big that they end up at Home Design Shops.
- By partnering up with showrooms "Binenspecialist" Home Design Shops is able to profit from economies of scale benefits and offer (exclusive) brands that are not easy to acquire for other e-commerce companies.
- Having a lively corporate culture resulting in very engaged employees.

Weaknesses

- The company's aim is currently on acquiring new customers and not on retaining them.
- Few returning customers: only 3,04% of the customers are returning customers.
- Absent in the inspiration/see phase: Home Design Shops does not offer inspiration or tips/advice (on how to decorate your house) content for consumers
- Not offering adequate assortment needed to fully decorate a house
- The presence at social media is low with relatively few followers
- No in-house store/showroom. Although they have a partnership with seven showrooms, the showrooms only have a small selection of the Home Design Shops assortment available.
- Home Design shops has a low brand awareness and is not an established brand (yet).
- The (average) customer journey ends when the product is delivered. Leaving marketing/business opportunities in the care phase
- Home Design Shops offers mainly products with a (very) long lifespan. Leaving customers shopping once and not returning for a long period.
- The company uses an external courier for bigger products where damages often occur.
- The company is very good at selling a product in 1 product category, but fails to serve the consumer during its complete customer journey and cross sell between different product categories.

Opportunities

- Start with offering a complete product portfolio with all products needed to fully decorate a house: wall decorating, flooring, window coverings and furniture.
- Become present in the see phase by offering interior and product inspiration on the website and social media in order to generate more sales and brand awareness. With the use of “Instagram checkout” and “Facebook buy now” users will be able to buy the products right away from social media.
- Set up an own brand (white label) in order to gain more brand awareness and profit from higher margins.
- Start focusing on selling (and offering services) smart home automation products.
- Use Augmented reality to create a new submersive shopping experience at the home of potential customers. Customers will be able to visualize and experience products in their own environment.
- Start selling products on Amazon. Amazon is expected to become (one of) the biggest web stores in the Dutch e-commerce market, creating a huge platform which allows Home Design Shops to reach millions of consumers. When they are present right at the start of Amazon NL, they will profit from the fact that they are one of the first home-goods stores present at the new platform.
- Optimize content for voice search and commerce: with a strong increase of voice searches and emergence of smart speakers like Google home it won't take long before people start buying products with the help of their voice.
- Set up an in-house courier service for bigger products and in the future all of the products.
- Start focussing/adapting the product and service portfolio around single-person households and urban areas.
- Unroll new marketing channels like push notifications for higher engagement rates.
- Start making content and marketing communications personalised to the preferences of the customer/visitor.
- Create a subscription-based business model for a predictable income flow like furniture as a service.
- More focus on the B2B market, by for instance offering and installing complete office interiors.
- Make a shift to a strong focus on mobile shopping, in terms of website design and channels. Not only by optimizing the own web shop design but also by starting to sell products on channels such as Facebook (buy now) and Instagram (checkout).

Threats

- Brands will become effortlessly able to sell their products directly to the customer (with cutting out retailers like Home Design Shops) with the help of platforms like bol.com and amazon.com
- Low switching costs for consumers: customers can easily switch to competitors like FonQ/Flinders.
- The growth of big platforms of bol.com and amazon.com. Due to their size they will be able to offer lower prices, a huge range of products, faster deliveries and reach more customers.
- The increase in city centres getting crowded with couriers combined with consumers getting more sustainable aware can cause people developing an aversion against ordering online products.
- Hardware stores are expanding their product portfolio in order to also become a home-goods store. Meaning they can become a true one-stop shop and attract potential Home Design Shops customers.

CONCLUSION & OPPORTUNITIES

Home Design Shops is clearly originated from an offline store with their roots in home furnishing. Wall decoration and flooring are two product categories that they are well performing on. However, this leaves room for becoming a one-stop shop by offering furniture & window decoration. The expertise of the company is creating custom made products for the customer (doormats and curtain rails) which is clearly reflected in the amount of revenue these categories generate (25.3% and 26.3%). Home Design Shops sets itself apart from their competitors by offering such service. Another differentiator is that they're offering technical advice at every stage of the job. However, this could be promoted much more. Currently the company is performing very well in selling the product but is lacking in offering inspiration (which is a huge opportunity). New technologies like augmented reality and voice search create new interesting opportunities in ways of visualizing and selling products at the home of the consumer. It is Home Design Shops goal to differentiate itself from its competitors by offering new (personalized) products and services. Something that will be utilized by this project and will help the company to cope with the high ongoing rivalry within the industry.

3.5 E-LOYALTY ANALYSIS

An E-loyalty analysis was performed by the researcher which assesses all the factors that influence and foster E-loyalty (see chapter 2.1). Key performance indicators that are a good indication of the current customer loyalty were assessed as well.

7 C'S

Srinivasan et al. (2002) used a survey with multiple scale items that was sent to 5000 customers and produced 1211 usable responses. The same survey was used by the researcher to assess Home Design Shops (with the use of a 7-point Likert scale) on the different scale items which resulted in the following findings:

Community: Poor

Currently Home Design Shops does not proactively offer a community where customers can share their experiences about their products (the competitor offer this option on their product pages). It does offer the ability to share their experience of the website/service by rating it through the use of feedbackcompany.com. Their facebook page can also be used as a place to share experiences, however this does not happen often.

Cultivation: Average

Reminders about orders are regularly sent to customers in the form of status updates through email. The website appears to give a feeling that it appreciates the business of the customer and makes an effort to increase the share of its business. The company does not (proactively) send information that is relevant to their purchases.

Choice: Average

Currently Home Design Shops is offering 50.000+ products, which is a lot. However, it is not a one-stop shop. Because it does not (yet) offer all product categories needed to fully decorate a house. The company does also not offer some well known and established brands in the interior branch when compared to its competitors (for instance: Vitra & Alessi).

Character: Average

The website design of Home Design Shops can appear a bit outdated and not attractive to the customer. However, it can provide a secure feeling by appearing trustworthy and radiating knowledge about the products.

Care: Excellent

Home Design Shops scores very well on this factor, which is reflected in the customer satisfaction score: a 9.1 with over 1800 reviews. Orders are delivered on time and can be returned for free. Customers never encounter billing problems and get the feeling that the website takes good care of its customers and their problems by prominently displaying frequently asked questions and the ability to get in contact with customer service free of charge.

Customization: Poor

The company is not making any recommendations based on the needs of the customer. Advertisements and promotions (mainly through the use of e-mail) are rarely tailored to the situation of the consumer. Although, emails are personalised by using the name of the customer as salutation. In the product range, Home Design Shops offers a very high level of customization that allows the consumer to tweak the product to their needs.

Contact interactivity: Average/Good

The majority of the offered products can be viewed from different angles and in different context settings. The website also offers a search tool which allows the visitor to quickly locate products and services. However, the website does not appear to be very dynamic: for example, the homepages of the different websites does not seem to change often. It is also hard to directly compare two products, as there is no such comparison tool available.

E-TRUST

Online security & privacy are topics that Home Design Shops take very seriously. The company is required to store personal data in accordance with the AVG legislation (Algemene Verordening Persoonsgegevens), a Dutch law that prescribes how a company should treat, store and guard personal data. The privacy policy is described in detail and available for each person on the webpage "homedesignshops.nl/privacy-policy"

Online privacy - Good/Excellent



Figure 11: All data is being treated according to The AVG legislation

Home Design Shops only requires personal data when it's essential to be able to provide their services. The AVG legislation also obligates companies to provide a legal basis when asking customers to provide data. Data is only stored for the legally required period by law.

Home Design Shops also uses strict agreements on how their partners should store personal customer data (for instance Post NL). Partners are obligated to store the data encrypted (only for a certain amount of time) and are only allowed to use the data to provide a service for Home Design Shops. A customer can view his stored personal data at all time by sending a request to privacy@homedesignshops.nl and can also ask the company to completely delete its data.

Online security - Good/Excellent

The company uses a SSL certificate (in combination with the https-protocol) to assure a secure connection between the server and the consumer. This way all entered data like passwords, payment details and personal information are transferred safely and encrypted. All personal data is stored encrypted and hashed in their database. This way, even when the database is hacked the obtained data should be useless. Home Design Shops promises that their data is always stored within the European union, meaning the data is protected by European legislation, General Data Protection Regula-



Figure 12: A SSL certificate is used to ensure a safe and encrypted connection.

on (GDPR). Transactions are being handled by payment platform Adyen, a widely respected and trustworthy company in the area of secure payments.

E-SATISFACTION

Different models have been formed over the years that identify the different factors that appear to impact E-satisfaction. A combination of those models has been used to assess how Home Design Shops scores on E-satisfaction. A further clarification of the used models can be found in chapter 2.2. Each factor has been assessed on a 7 points scale by the researcher.

Convenience: Average

The website and homepage of Home Design Shops allows to easily browse and switch between categories. It is not difficult and complicated to shop products. However, when browsing on the index page (the overview page that displays all the available products) it is not possible to view the estimated delivery time and available variants of that product on that page. This is something that allows a faster comparison and shopping time and is something that the main competitors (FonQ & Flinders) do offer. When a consumer is ready to purchase the product(s) it is a bit complicated to checkout: the shopping cart is not clear and well-arranged and filling in the billing and delivery options is something that takes some time. The company is already aware of this fact which is the reason why they are testing and deploying a completely new checkout process at the moment.

Merchandising: Average

Currently Home Design Shops is offering 50.000+ products, which is a lot when compared to their main competitors (Flinders: 36.000 products and FonQ: 85.000 products). However, the company is missing important product categories like home accessories, lighting, and furniture (currently there is only 1 brand offered) which are needed to be able to fully decorate a house. Home Design Shops also offers a very high quality and quantity of information which can be viewed on the product and index pages.

Company: Average/Good

Home Design Shops is a company with a very good reputation (with an average customer satisfaction score of 9.1), however since the company is still relatively young and small (when compared to their competitors) the company is lacking brand awareness and not an established company in the branch yet.

Service ability: Excellent

The company scores very well on this factor (comparable with the care factor of the 7 c's). Complaints are always taken seriously and redressed in a sufficient way for the consumer. Customer service is always available free of charge for additional (technical) support. (Almost) all items are delivered within one day and can be returned for free. However the company does not proactively offer content after the purchase of the product (for instance how a curtain rails should be installed). The products are packaged well and safe (to prevent transportation damaging), but are not branded in the Home Design Shops style.

SITE DESIGN

Site design is an important factor which affects E-satisfaction. To thoroughly analyse the site design of Home Design Shops the different components of a website that the Baymard institute (a prominent and independent web usability research institute with more than 42,000+ hours of performed UX Research) distinguishes are used.

Toplevel navigation: Poor

The Top-Level Navigation is the first layer of the product navigation. (Baymard institute, 2020) Usually this top navigation is an intermediary category page which displays the first 1-3 levels of a site's category products. They don't show products but the subcategories they contain. Home Design shops is using a drop down menu to enable customers to navigate between product categories. However, they don't do this according to the conventional solution. Direct competitors like FonQ and Flinders, and indirect competitors offer navigation up to 3 level of category's products (see figure 14). Level 1 is: computers&tablets, level 2 is: Laptops, desktops & monitors and level 3 is laptops. Home Design Shops is also displaying available product options (which varies per product category) in this toplevel navigation. This is something that e-commerce shoppers are not used to and can possible confuse them. Home Designs Shops is also using one big dropdown menu (figure 13) in the top left of their header, whereas competitors are using the full width of their header (figure 14), which displays already all the first levels of categories, which allows faster navigation.

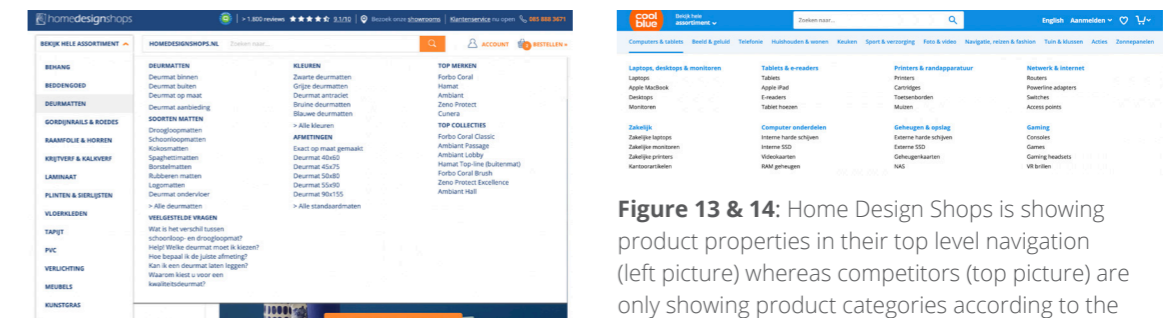


Figure 13 & 14: Home Design Shops is showing product properties in their top level navigation (left picture) whereas competitors (top picture) are only showing product categories according to the common conventions

On site search: Poor / Average

The search field is displayed in the header of the website which can search through all the different product categories. The user can choose by himself what product categories she wants to search through by selecting the category with the use of a dropdown menu displayed in the left of the search field. Making this selection can be confusing for the user: the chosen selection displays the website the products are sold on and not the products category itself. The dropdown menu also acts as a navigation method which can also be confusing. The search function does not offer autocomplete suggestions whereas the search function of the competitors do offer such functionality.



Figure 10: The search field bar displays the website it is searching through, instead of the product category. This can be confusing for an end-user.

Comparison Too: Very Poor

Home Design Shops is currently not offering a comparison tool (to enable consumers to quickly compare 2 products), whereas their main competitor FonQ does offer such function.

Product lists & filtering: Average

Home Design Shops offers the ability to sort the displayed options on: price (ascending and descending) article (ascending and descending) and relevance. The main competitors also offer these options and additional options like sorting on product name (alphabetically ascending and descending), reviews & ratings and popularity.

Filtering: Globally Home Design Shops offer the option to filter their products based on:

- Color
- Brand
- Dimensions
- Material
- Design
- Shape/form
- Designer

These filtering options differ per product category and display the different product properties. Which makes filtering and selecting a certain product very convenient. The only filtering that Home Design Shops is missing when compared to their competitors is filtering on a certain price range.

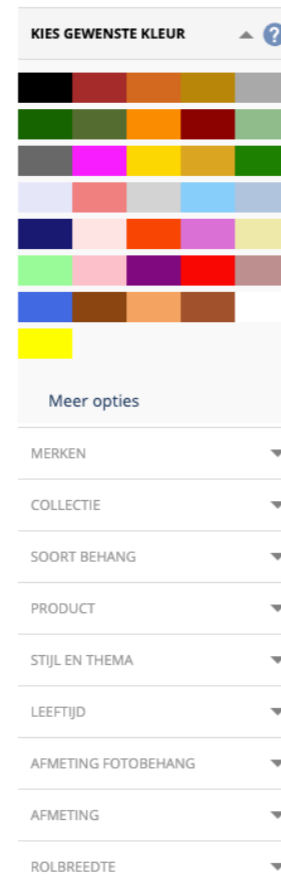


Figure 15: The filters that are offered to select a wallpaper on behangsite.com

Mobile design / Responsiveness: Average

The website of Home Design Shops is responsive and scales well on mobile devices. However, the website and product pages do seem outdated in terms of design and are clearly not designed and optimised with a mobile-first approach in mind: pages contain big chunks of text and UI elements do not seem to be optimised for mobile devices. Something that can be expected to be common nowadays.



Figure 16: The website does not seem to be designed with a "mobile-first" approach in mind

Product page : Average / Good

The product pages of Home Design Shops offers content which shows the product from multiple angles. The product specifications of items are much more detailed and complete when compared to their competitors. See: <https://www.flinders.nl/desso-vintage-118-202-vloerkleed-170x240-blind-banderen#41072>, and: <https://www.FonQ.nl/product/desso-vintage-118-202-vloerkleed-200x300-gefestonneerd/441097/> compared to: <https://www.vloerklendesignshop.nl/desso-vintage-118202-vloerkleed-blind-gebandeerd> The product page does not offer the option for users to review the product, whereas their competitor FonQ is offering this option. Choosing a different variant of a product (for example size) is easily done with the use of a drop down menu.

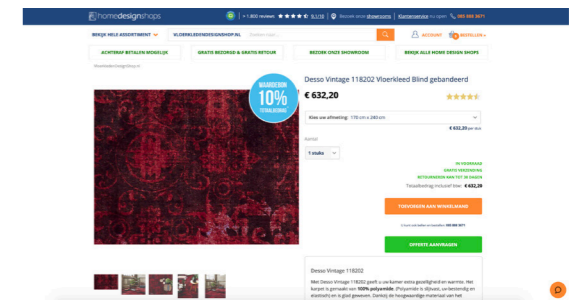


Figure 17: The product page offers a detailed technical description of the product.

Cart & Checkout: Poor

The Shopping cart of Home Design Shops can appear unclear to customers: an excess of used lines makes it hard to see which (product) information belongs together and also to compare different products. The quantity of products can be easily changed, products can also get deleted from within the cart. It can be hard to view the delivery date at glance. Something that's more convenient in the cart of their competitors). The checkout process can also appear to be time consuming by requiring an excessive amount of forms to be filled in. However, the company is aware of this fact and is already testing a complete new designed checkout process. In the near future the cart will also get redesigned.

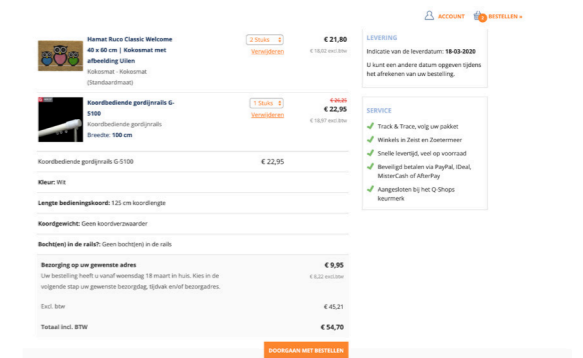


Figure 18: The cart can appear unclear by a lot of additional lines. It is hard to find a delivery date at glance.

Account & self-service - Very Poor

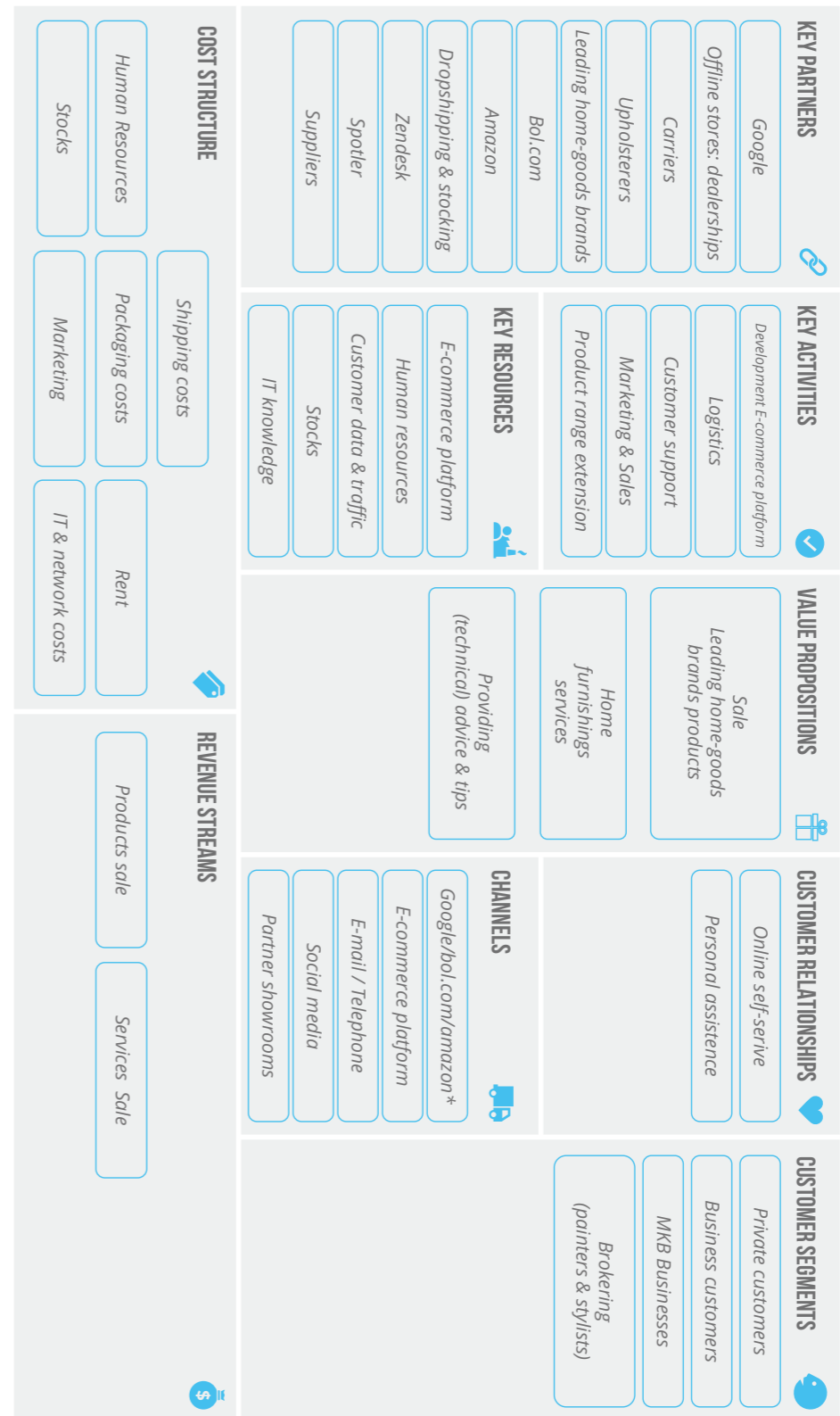
At this moment the company does not offer account functionality which allows users to track/view their orders, schedule order returns, view invoices and view their wish list. These are all functionalities that their competitors offer and are common nowadays among all webshops.

CONCLUSION & OPPORTUNITIES

Home Design Shops is not performing so well on the 7 C's analysis: their community, choice (assortment) and customization shows large room for improvement. They're however performing well on care and contact interactivity. With the use of a SSL-certificate and a secure encryption, E-trust is a factor that they scoring excellent on. Regarding E-satisfaction: site design is a factor which is not sufficient. The **top-level navigation, on site search, a comparison tool, account** and mobile optimization are all components that can be hugely improved or even need to be implemented (because they are missing currently).

3.6 CURRENT BUSINESS MODEL CANVAS

The Business model canvas was used in order to get insights in the in the economic relevance and context of the product and services that Home Design Shops offers. The canvas of the current business operations of the company looks as follows:

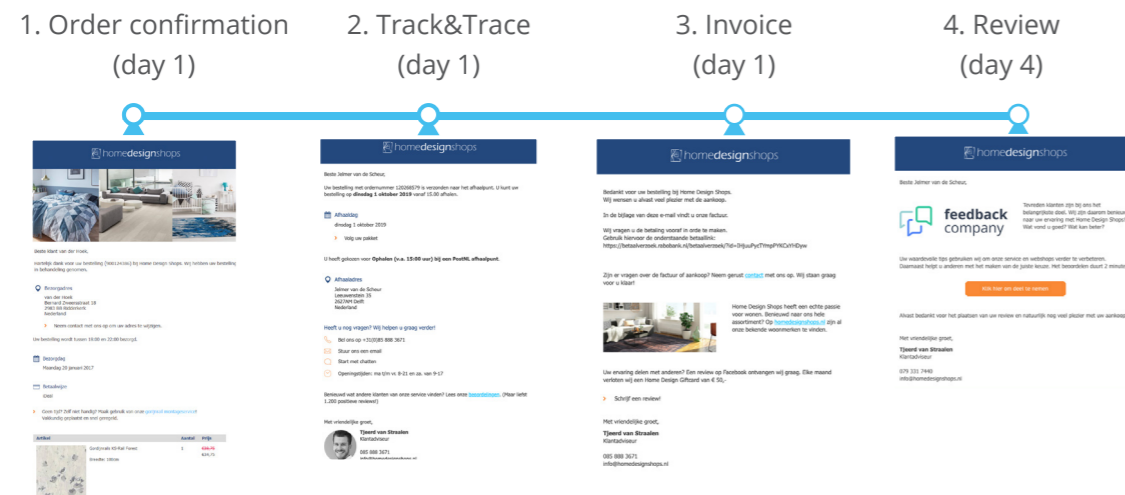


3.7 CURRENT E-MAIL CAMPAIGNS

Email marketing campaigns are a highly effective way of keeping consumers engaged with your company. Currently Home Design Shops is offering the following campaigns that every customer receives.

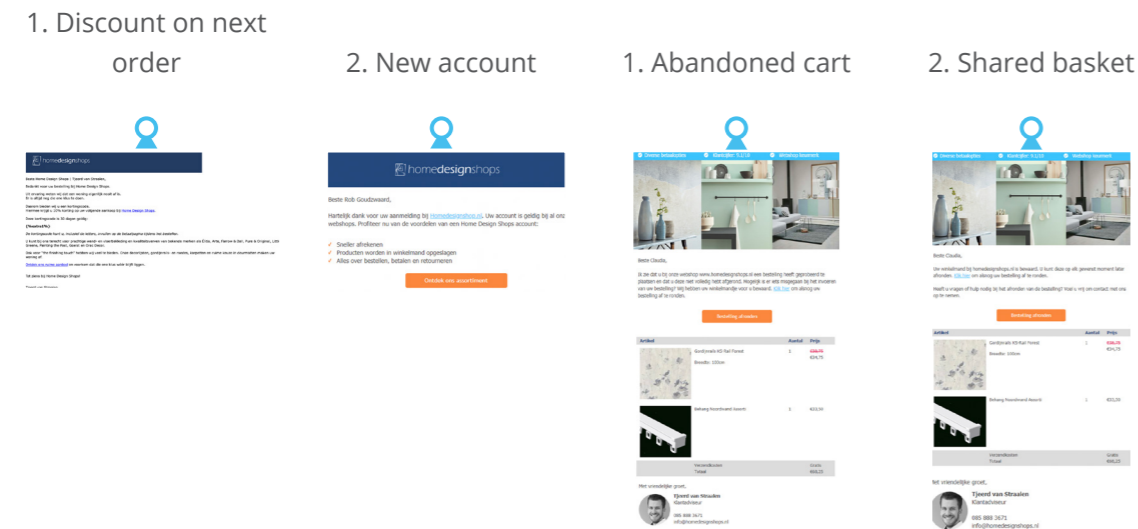
POST PURCHASE

After a consumer makes a purchase he/she receives the post purchase email series. These series firstly contain an email with order confirmation, a track & trace code when the order is sent and eventually their invoice. After 4 days the consumer receives a review request. This review is regarding the delivered service by Home design Shops and not about the bought product.



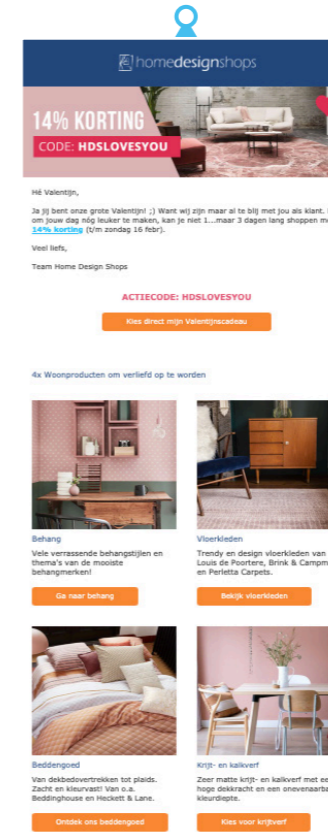
WELCOME

After the first purchase is made a consumer receives a 10% discount code on the next purchase. When a new account is created on the website a welcome email is sent.



NEWSLETTER

A user can choose to opt-in for the monthly newsletter in which she/he will receive tips, inspiration and offers & discount.



MISSING CAMPAIGNS

Although Home Design Shops is offering several email campaigns already, various sources (Rejoiner, Constant Contact, Easy sendy) report that there are a lot of other promising campaigns available for use. Those type of campaigns are:

- Referral campaign
- (Personalised) Upsell/Crosssell recommendations
- Win back – lapsed customer campaign
- Anniversary campaign
- Thank you emails
- Product review mails
- Welcome mail series
- Repeat customer email series

CONCLUSION & OPPORTUNITIES

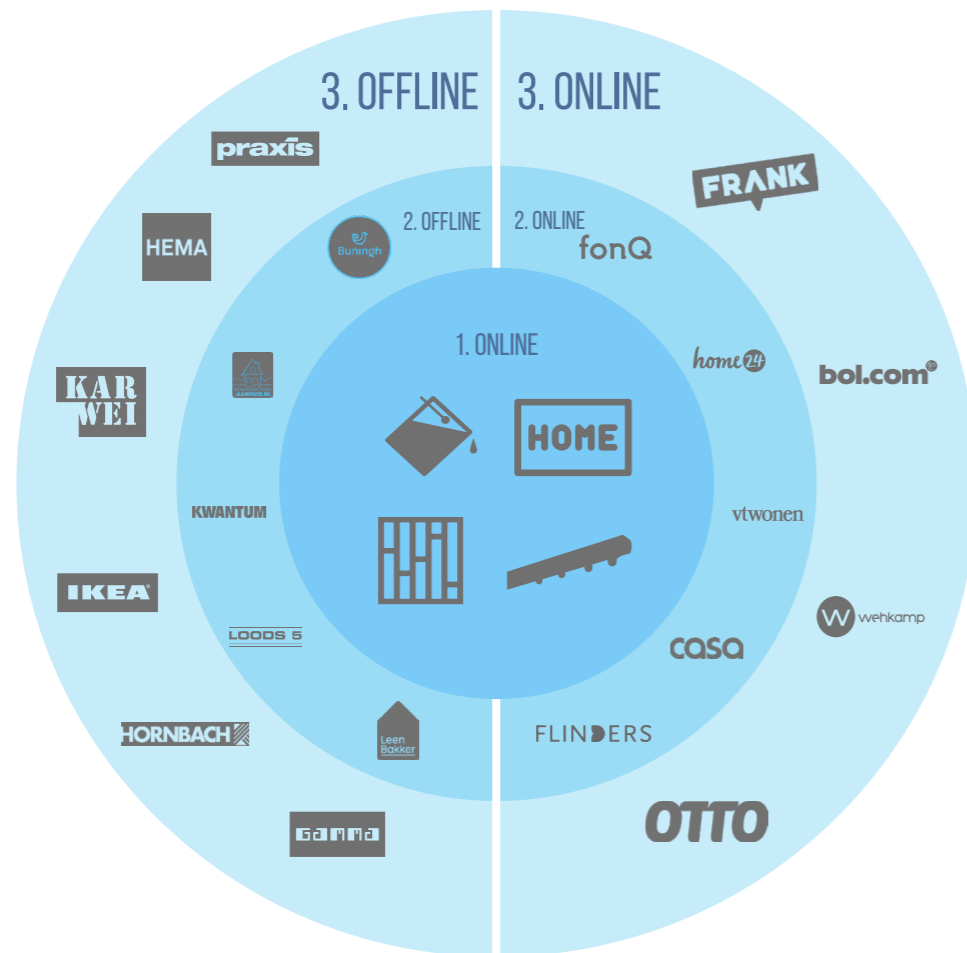
Although Home Design Shops applies several email campaigns, the campaigns are very basic and are not taking full (commercial) advantage of the possibilities. The previous named missing campaigns are being mentioned by several leading sources/blogs as being very promising in terms of engagement and commercial value.

Home Design Shops could easily set up those campaigns in order to generate more E-loyalty and engagement under their customers thus resulting in more revenue.

4. EXTERNAL & MARKET ANALYSIS

An external research was performed in order to discover and understand the market Home Design Shops is operating in, analyse the competitors, get a profile of the current consumers and spot ongoing relevant trends.

4.1 COMPETITOR ANALYSIS



The home-goods sector contains many (product) segments and therefore many competitors. To structure the competitor analysis a scope containing 3 levels has been defined. Those levels are:

- **1. Product level:** Competitors that are focusing and selling 1 specific product category
- **2. Home-goods retailers:** Competitors that are focussing and selling the same selection of product categories (furnishing and furniture)
- **3. Overall retailers:** Competitors that are selling the same product categories but do not have a clear focus on those categories and are selling a lot more products.

There has been made a clear distinction between online and offline retailers. Since 90.4% off the purchases in the retail sector are still being realised offline. The main offline competitors are furniture & residential stores. In the next subchapters the competitors of each level are studied in detail.

ONLINE PRODUCT COMPETITORS

Products	Website	Delivery time in working days	Delivery costs (NL)	Free delivery for orders over	Top brands	Return policy	Extra's & strengths
Chalk paint	Verfwebwinkel.nl	1 when ordered before 17.00	€5,95	€50	Farrow&Ball, Little Greene, Sikkens, Histor	Orders can be returned within 14 days at own cost.	Good help content in the form of video's/blog posts
Chalk paint	Vestingh.nl	1 when ordered before 12.00	€5,95	€50	Farrow&Ball, Little Greene, Pure & Original, Vestingh paint and craft,	Orders can be returned within 14 days at own cost.	Clear and clean website/layout for easy navigation
Chalk paint	Theroundsquare.com	1 when ordered before 17.00	€6,95	€50	Farrow&Ball, Little Greene, Niveau	Orders can be returned within 14 days at own cost.	
Curtain rails	Roedeshop.nl	1 when ordered before 15.00	Free	-	Forest, Interrails, Goulsd, Topo, Iris	Orders can be returned within 14 days at own cost.	free sample service Help content in the form of video's
Curtain rails	Roedsonline.nl	Up to 3	€14,95	2 meters of length	Forest, Somfy, Interstil, Robusto, Brest	Orders can be returned within 14 days at own cost.	Measuring service at home available + Bending service
Door mats	Mattador.nl	Up to 5	€4,09	€50	Mattador brand (custom sizes are possible). Indoor mats & outdoor mats	Orders can be returned within 14 days at own cost.	Clear/ beautiful website. Distinctive Branding
Door mats	Maatwerkmat.nl	Up to 3	Free	-	Forbo Coral, Private label (custom sizes are possible). Indoor & outdoor mats	Orders can be returned within 14 days at own cost.	Custom size doormats. Difficult corners and roundings are possible
Laminate flooring	Cibovloeren.nl	Up to 5	Free	-	Balterio, Quick-Step, Meister Ambient	Orders can be returned within 14 days at own cost.	Customized quotation is possible
Laminate flooring	Laminaatxxl.nl	Up to 3	€40	No free delivery	Ambiant, Beutifloor, Berry Alloc, Douwes Dekker, Meister, Quickstep	Orders can be returned within 14 days at own cost. + 15% fee	Customized quotation is possible + Free samples

CONCLUSION & OPPORTUNITIES

There are several competitors on the market who focus on only one product category. For this analysis the decision has been made to analyse the 4 product categories that generate the most revenue for Home Design Shops. Competitors don't seem to perform better on: delivery time, return policy and delivery cost. Most of the websites from the competitors seem outdated and unclear. Websites/competitors that do stand out are: Vestingh.nl & Mattador. Their websites are clear structured with good terms of delivery. Other USPs that competitors offer are: a curtain rails measuring service and custom made doormats with cut out corners.

ONLINE HOME-GOODS COMPETITORS

The Dutch online retailers with a clear focus on the home-good sector are the competitors that resemble the (future) vision & strategy of Home Design Shops the most. Therefore two of the most prominent webshops in this area have been selected for an in-depth competitor analysis.

fonQ

FLINDERS

Delivery costs	€4,95	€0,00
Delivery time	1 day delivery if ordered before 23:00	(globally) 1 day delivery
Free delivery for orders over	€30	(globally) 1 day delivery
Returning policy	Free of charge, within 30 days	Free of charge, within 30 days
Amount of brands	100 +	150 +
Number of products	85 000	36 000
Revenue (2019)	≈ €100 million	€22 million
Followers Instagram	44 200	12 100
Followers Facebook	48 537	10 434
Website	FonQ.nl	Flinders.nl
Customer satisfaction score	5,1/10 (2 553 reviews)	9.2/10 (4 859 reviews)
Amount of Personnel	250	120
Product categories	Furniture, Lightning, home accessories, cooking, bedding, bathroom accessories, household items, garden and balcony, baby & kids, audio and DIY supplies.	Furniture: chairs tables sofas beds cupboards garden furniture, Lightning, home accessories, rugs, (chalk) paint, window decoration, paper.
Tagline	Geef je huis wat FonQ (Give your house some FonQ)	Wat woon je mooi (How beautiful you live)
Top brands	Alessi, AEG, B&O play, Desso, Esta home, Fatboy, Flexa, Gispén, HK living, Illy, KEK, Krups, LEFF, Marset, Miele, Nest, Normann, Pantone, Quooker, Riverdale, Riviera. Maison, Somfy, Tefal, vtwonon	Artemide, Fatboy, Hay, Ferm, Foscarini, Muuto, Vitra, Flos, Tom Dixon, Gispén Secto Design, Moooi, Normann, Zuiver
Origin	In 2003 Patrick Kerssemakers founded the online webshop mailordersolutions.nl. Joost Wels founded FonQ.nl in 2005. In 2009 the two companies merged and bundled their activities and continued under the name FonQ.	Flinders was founded in 2010 by Geert-Jan Smits as a webshop with a focus on furniture. A brick and mortar store was opened at the same time.
Weaknesses	<ul style="list-style-type: none"> Flinders is not a one-stop shop to fully decorate your house, when compared to the extensive assortment of FonQ. They do not advertise their flexible return conditions. 	<ul style="list-style-type: none"> No profit: FonQ has been focussing on revenue growth the past years which resulted in making no profit and even a loss of a couple million euros. They do not advertise their flexible return conditions.
Usps & Strengths	<ul style="list-style-type: none"> Extensive product portfolio Tips & inspiration: FonQ offers a wide range of inspiration on how to decorate your home in the form of articles which allows the viewer to immediately buy the products. Very well delivery conditions Strong social media presence & followers Customer reviews on product page Evening delivery possible 	<ul style="list-style-type: none"> Tips & inspiration: Flinders offers a wide range of inspiration on how to decorate your home in the form of articles which allows the viewer to immediately buy the products. Very well delivery conditions Strong social media presence & followers Free personalized face to face interior advice & services possible Evening delivery possible Strong focus on B2B market

fonQ

FLINDERS

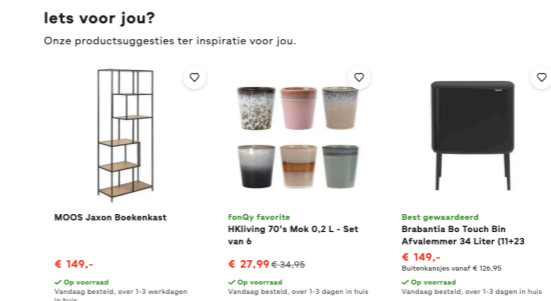
The package: Good

Both companies deliver their products in packages that have printed their logo's clearly visible on them. This helps to increase the brand awareness: the customer and his friends/family/colleague immediately sees from which company he/she ordered.



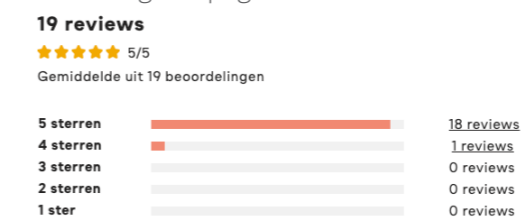
Personalisation: Good

FonQ is offering recommendations based on previously bought and viewed products right away on the homepage. They are also sending personalised emails based on your preferences. This does them make feel more engaged with the consumer.



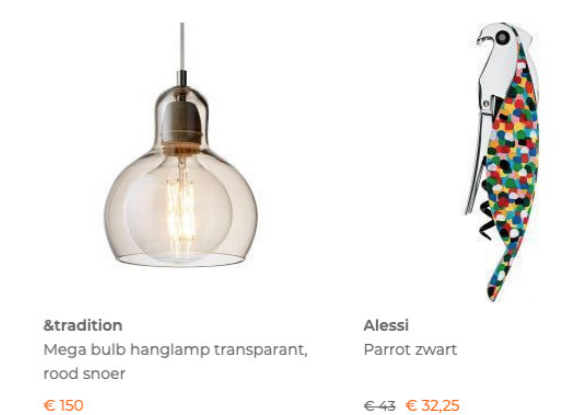
Community: Average / Good

Customers can participate in a "community" by sharing their experiences of products in the review section. Once a month a review is rewarded with a gift voucher of €250. People can also participate by writing reviews (on tust pilot) or by commenting/ on their Facebook and Instagram page.



Personalisation: Average / Good

Recommendations and personalised offers are a bit hidden and shown in the account once a customer is logged in. Discounts seem to be personalised and unique per customer, but when one researches this further it turns out that the discount is available for everyone.



Community: Average

Flinders offers a review section, although it is a bit hidden and customers are not being rewarded for writing a review. Hence the fact that there are very little reviews present. People can also participate by writing reviews (on tustpilot) or by commenting/ on their Facebook and Instagram page

(Welcome) Campaign: Good

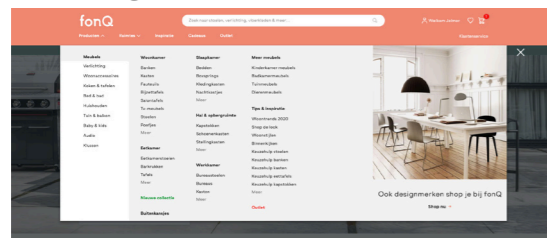
A welcome campaign is offered in the form of printed matter added to the product in the package.

Including:

- An inspiration magazine
- An inspiration booklet
- Discount code's for their partners (Hellofresh & Wijnvoordeel)
- A voucher to participate in a lottery



Site Design: Good/Excellent



FonQ is offering a good looking and modern website which allows easily navigation between different product categories. Their index pages show the products right away with the different available colours showing when you hover over the product. The search function offers suggestions once you start typing and typing errors are corrected. A big advantage of FonQ is that they offer a comparison tool that enables users to quickly compare 2 or 3 products. The product filters are responsive to the product category that is being viewed showing the most relevant filters. The site is clearly designed with a mobile-first and responsive approach.

(Welcome) Campaign: Average / Good

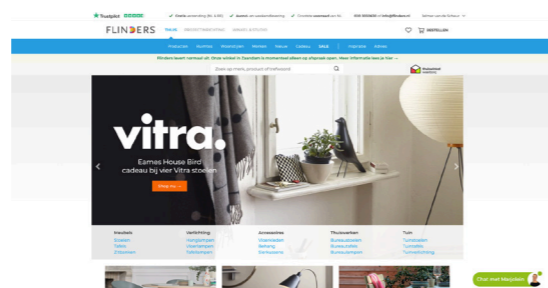
A welcome campaign is offered in the form of printed matter added to the product in the package.

Including:

- An inspiration magazine
- A Discount code's for their partner: Van den Assem (a shoe company)



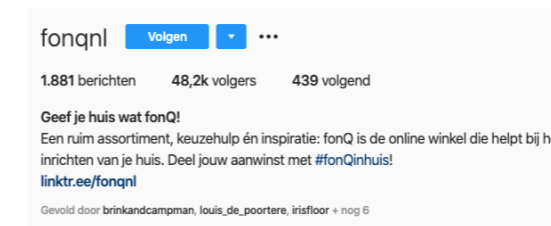
Site Design: Average / Good



The website of Flinders seems a bit outdated in terms of design, however it allows for quick navigation between different product categories by showing the main categories in a prominent unfolded menu on the homepage. Their index pages show the products right away with the different available colours showing when you hover over the product. The search function offers suggestions once you start typing and typing errors are corrected. Product filters are responsive to the product category that is being viewed showing the most relevant filters. The website is responsive and mobile friendly.

User generated content: Poor

Sharing user generated content is not proactively promoted by FonQ, only in the description of their Instagram they are promoting the use of their hashtag (#FonQinhuis) for new bought products. User of the hashtag are not being rewarded (with for instance a voucher).



Cross/up selling: Good

Both FonQ & Flinders have a clear focus on the upselling and cross selling of products. When a product page is viewed both companies are offering bundles of products that are frequently bought together at a discount.



Services & Extra's: Poor

FonQ clearly has a strong focus on offering inspiration of offering inspiration and selling the product. This focus is reflected in their quite limited product/service portfolio.

The services that FonQ offers are:

- Customer service

User generated content: Good

Flinders supports sharing user generated content a lot by encourages user to share pictures of their bought product with the hashtag #myflinders on social media. Every month a voucher of €100 is awarded to one participant.



Cross/up selling: Good

Both FonQ & Flinders have a clear focus on the upselling and cross selling of products. When a product page is viewed both companies are offering bundles of products that are frequently bought together at a discount.



Services & Extra's: Good

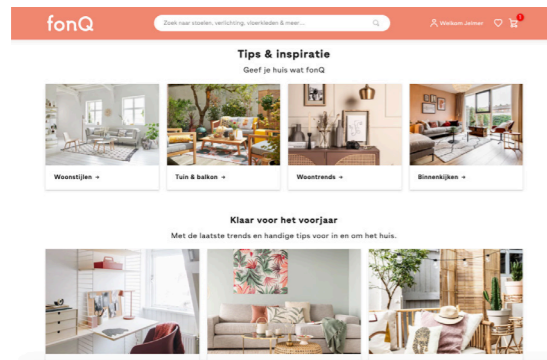
Flinders does seem to want to provide more than "just selling the product". They support their customers in the early stages of their customer journey by providing them with personalized face to face interior advice, a showroom for viewing and trying products in real life and helping them to get the right measurements.

The services that Flinders offers are:

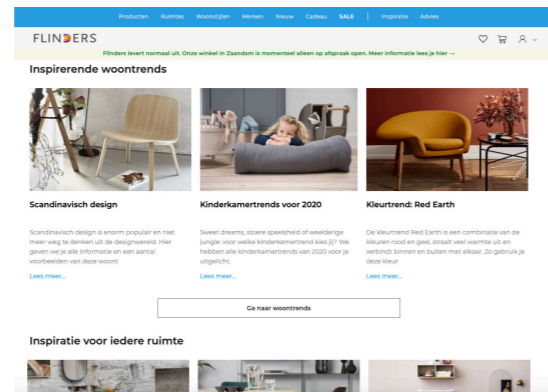
- Interior advice, free of charge on location or at the Flinders showroom
- Measuring service at home for €75 (or free when buying products at Flinders)
- Flinders also has a physical store where products can be viewed and bought immediately
- Customer service

Inspiration: Good/Excellent

Both FonQ and Flinders are offering extensive inspiration content. With the use of blogposts, giving tips and showing a lot of different products and interior styles, customers are well able to retrieve inspiration for what they want and how they can achieve it.



Inspiration: Good/Excellent



CONCLUSION & OPPORTUNITIES

FonQ is a company with a clear focus on selling a product and providing inspiration alongside it. Hence the fact why they're very good at providing a convenient shopping experience alongside all the needed (product)information needed to make a decision. Flinders is clearly aimed at providing an overall experience: they offer (face to face) interior advice, a showroom and additional services. Flinders originated (and their current focus is currently on) from selling furniture, but it appears that they're gradually making a shift of becoming a total provider for decorating a complete house. Home Design Shops can learn from Flinders & FonQ by:

- Using branded packages
- Offering personalised content/offers
- Providing a review section for customers
- Offering an online & offline welcome campaign
- Offering a website for an ultimate (mobile) shopping experience
- Supporting / rewarding user generated content
- Focussing on cross and upselling
- Offering all services needed to decorate a house

OFFLINE PRODUCT LEVEL & HOME-GOODS RETAILERS COMPETITORS

Home Design Shops experiences offline mainly competition from the specialized home-goods stores. Traditionally these stores are focussed and specialized into two main categories:

- **Home furnishing stores:** paint, wallpaper, floorings and window decoration
- **Furniture & lightning stores:** chairs, tables, sofas and cupboards

The main reasons/benefits why consumers can decide to go to specialized home-goods store are:

- Consumers are able to view and try the products in person.
- Face to face contact and personalized advice from an instore expert. (who could also advise against certain choices)
- Consumers are able to directly buy the products and take home.
- Complete unburdening in the form of extra (installing) services and complete interior advice.
- Giving the consumer trust and confidence in making her own decisions.
- Getting confirmation and certainty

Another reason why consumers can decide to go to a specialized home-goods store is that they can build a real relationship bond with the personnel by having close face to face contact. A disadvantage of such stores is that they are (mostly) more expensive and are not able to offer such a wide range of brands and products as online webshops.

Some of the specialized offline stores are also running an e-commerce store, which appear to be mainly aimed at attracting people to their offline store and do not offer as favourable delivery terms as their online focused competitors.



Figure 19: A typical example of the appearance of an offline home-goods retailer

OFFLINE OVERALL RETAILERS

Hardware stores like Gamma, Praxis, Hornbach and Karwei are offline overall retailer competitors for Home Design Shops. Especially curtain rails are a product group that a customer can buy for a much lower price (and lesser quality) at hardware stores. A downside of this service is that they can only order a rails with a maximum length of up to four meter (compared to seven meter at Home Design Shops). Another ongoing development is that hardware stores are trying to transform themselves into a home-goods and living store by offering products categories like furniture, lighting and window decoration.

Big companies like Ikea, Leen Bakker and Kwantum can also be seen as important competitors. Although they do not offer products in the same segment as Home Design Shops consumers can decide to go for a different segment and shop in an offline one-stop shop solution.

WHAT DIFFERENTIATES HOME DESIGN SHOPS FROM THEIR COMPETITORS?

There are a lot of competitors that are offering the same products and services as Home Design Shops (with FonQ and Flinders as most similar competitors). What sets Home Design Shops apart is that they are not only selling the product but are also offering the option to customize it to the customer needs. The company is also offering technical advice free of charge during the whole customer journey of the customer. Two very important points that the competitors are not offering who are only "just selling" the product.

CONCLUSION & OPPORTUNITIES

The main strength of the offline competitors is that customers are directly able to view and try the products in person right away. Furthermore, an advantage is that they can immediately receive face to face advice which can result in having a personal bond and more up/cross selling possibilities. An instore seller is also much better able to give a consumer the needed confirmation, help and trust in making his own decisions. If Home Design Shops would be able to translate this needed confirmation and help into an online solution this would create a big opportunity. The company also needs to further utilize the factors (customization & technical advice) in order to fully distinguish themselves from the main competitors (FonQ & Flinders).



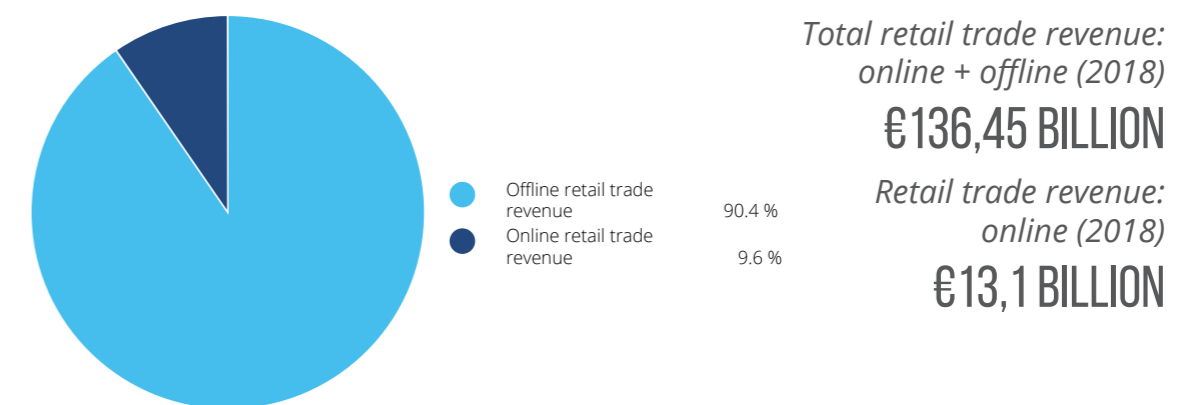
Figure 20: Hardware stores are trying the last years to transform into a home-goods and living store

4.2 MARKET ANALYSIS

MARKET DEFINITION

The branch in which Home Design Shops operates can be defined as retail trade, and more specified in the home goods (meubels en woninginrichting) sector. As an e-commerce company, they have a strong focus on selling those type of products online through the use of their webshop. In the Netherlands the Centraal Bureau voor de Statistiek describes these kind of stores as: Detailhandel via internet in huis- en tuinartikelen: Retail trade with the use of the internet in home and garden articles. (SBI code: 47915).

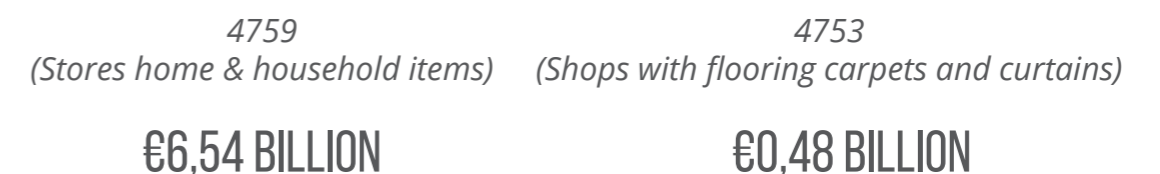
ONLINE VS OFFLINE RETAIL TRADE REVENUE



Source (2018): <https://www.thuiswinkel.org/nieuws/3992/nederlandse-consumenten-besteeden-23-7-miljard-online-in-2018>

OFFLINE HOME-GOODS NET SALES (2017)

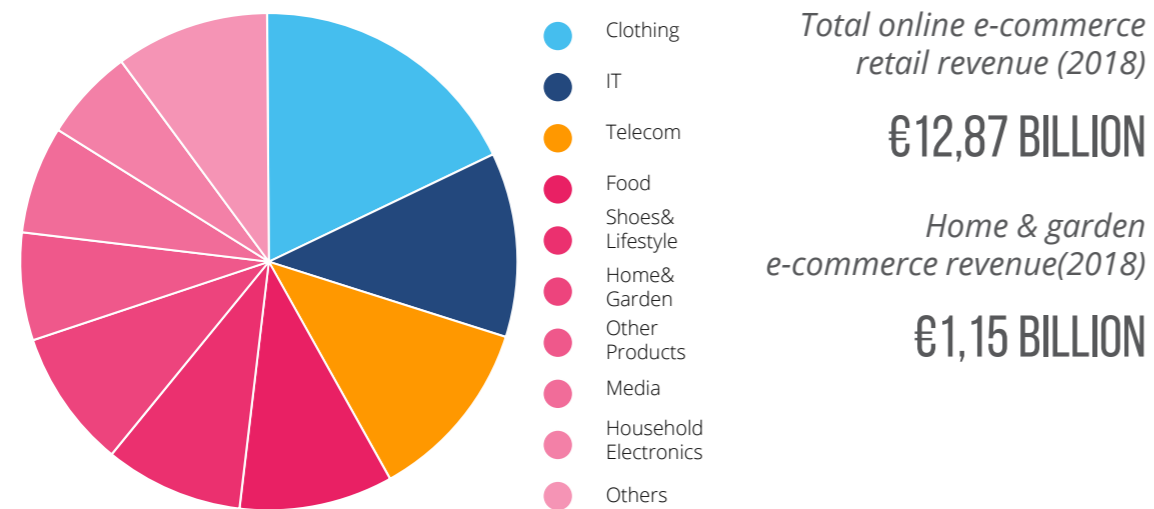
In the Netherlands the Centraal Bureau voor de Statistiek maintains an SBI code for every company. This code consists of four or five digits and indicates the activity of a company. In 2017 the CBS published the amount of net sales per SBI code, indicating the offline made revenue per branch. When Home Design Shops would operate offline they would be defined as SBI code **4759 (Stores household items)**, **47526 (Shops in parquet, laminate and cork floors)**, **47591 (stores in furniture)**, **47593 (General home furnishings stores)** and **4753 (Shops with flooring carpets and curtains)** these categories generated an offline revenue of:



Source (2017): <https://opendata.cbs.nl/statline/#/CBS/nl/dataset/81156ned/table?dl=1E0B8>

ONLINE REVENUE PER PRODUCT CATEGORY

Dutch consumers spent up to **57%** of their money online to products (the other 43% to services). The following pie chart graph breaks down the amount of product revenue per category.

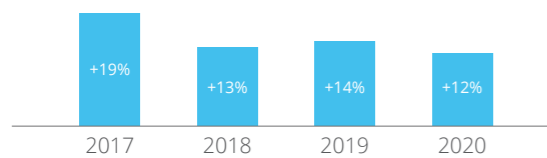


Source (2018): <https://www.consultancy.nl/nieuws/17175/online-shoppen-nu-goed-voor-25-miljard-top-10-webwinkels-van-nederland>

MARKET GROWTH

The past years the E-commerce market have been showing the following growth numbers:

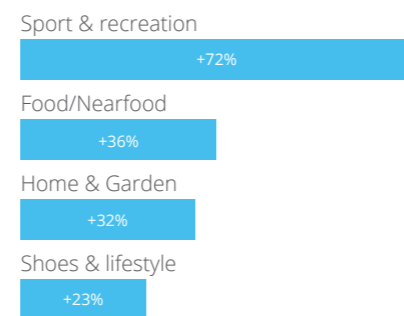
E-commerce market (growth per year)



Source (2018): <https://www.ecommercenews.nl/omzet-webshops-groeit-12-in-2020/>

Source (2018): <https://www.thuiswinkel.org/nieuws/4127/nederlandse-e-commercemarkt-stevent-af-op-jaaromzet-van-25-7-miljard-in-2019>

Home & Garden online market (Q1 2019)



CONCLUSION & OPPORTUNITIES

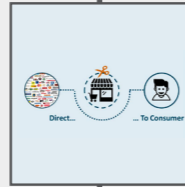
Home Design Shop is operating in a very fruitful looking market. The E-commerce and the Home & Garden market have been showing double digits growth the past year. Only around 10% of the purchases are currently performed offline. With an ongoing gradual shift to more and more online shopping, the online e-commerce/home-goods market will even continue to expand more in the near future.

4.3 TREND ANALYSIS

E-COMMERCE

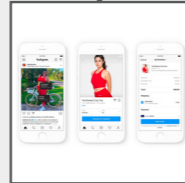
BRANDS & SUPPLIERS SELLING DIRECTLY TO CONSUMERS (D2C)

With the use of platforms like Amazon and Bol.com or own software (Magento or WooCommerce), brands are able to sell directly to consumers. (Emerce, 2019)



SOCIAL COMMERCE: CONSUMERS START TO SHOP ON SOCIAL MEDIA

37% of consumers get inspired by social media before making a purchase. With the attendance of Instagram check-out and Facebook buy now users are able to fully complete their order on social media. (Frankwatching, 2019)



INCREASE OF MARKET PLACE E-COMMERCE APPROACH

The last years more and more E-commerce shops (like bol.com, Amazon and FonQ) switched to a marketplace approach, meaning external retailers can sell on their platform. (Ecommercenews, 2020)



ONGOING SHIFT FROM DESKTOP TO MOBILE SHOPPING

The last years more and more E-commerce shops (like bol.com, Amazon and FonQ) switched to a marketplace approach, meaning external retailers can sell on their platform. (Dutchcowboys, 2019)



AMAZON NL: BENEFICIAL FOR CONSUMER, FIERCE COMPETITION FOR RETAILERS

Amazon is expected to unroll halfway 2020 in the Netherlands. For consumers, this will mean unmatched fast delivery and competitive prices. Amazon is expected to compete with the "big boys" like Bol.com, Coolblue & Zalando and is going to occupy a big part of the Dutch e-commerce market. (Rit Z, 2020)



SOCIAL

DELIVERY SHAME

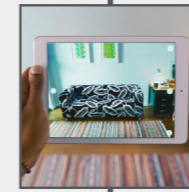
With the ever-increasing popularity of webshops, more and more couriers are driving through the already crowded center of cities causing more pollution and chaos. The Dutch consumer is increasingly getting aware of the result of their shopping behavior: 22% of the consumers is ashamed to get an order delivered and even 50% has the intention to shop more sustainable. (Twinklmagazine, 2019)



TECHNOLOGICAL

AR AND VR TO VISUALIZE PRODUCTS AT HOME

Augmented and Virtual reality enables consumers to visualize products in different (home) settings. According to Gartner in 2020 already 100 million consumers will shop in VR and AR. Companies like IKEA already use AR to visualize their products in the home of a consumer. (Gartner, 2019)



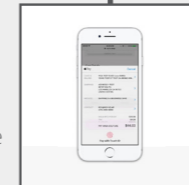
THE EMERGENCE OF VOICE SEARCH AND THE IMPACT ON SEO

In 2020 more than 50% of searches will be based on voice search technology, this will have a big impact on SEO as Google wants to assure optimal results based on voice search. (Quoracreative, 2020)



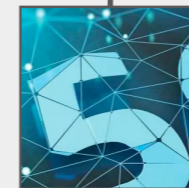
APPLE PAY SIMPLIFIES (ONLINE PAYING)

Since the introduction of Apple pay (march, 2019) in the Netherlands by ING already 1 million users paid with Apple pay. Not only enables Apple pay consumers to pay contactless with their phone, it also allows consumers to single click checkout on a web shop. (AD, 2019)



5G CHANGES THE WAY PEOPLE CONNECT WITH PRODUCTS

Halfway 2020 the fifth generation (5G) of mobile networks will be rolled out in the Netherlands enabling speeds 10 times quicker than the current 4G network. 5G will transform the way that people connect with products and services online by enabling technologies like AR,VR,AI and offering much faster speed and (almost) no latency. (Securetrading, 2019)



IOT CREATES NEW E-COMMERCE OPPORTUNITIES

With the emergence of smart home appliances, new e-commerce channels which provide a high usability level. Appliances will be for instance able to offer consumers subscriptions on certain products and automatically reorder products when they are almost running out of stock. (Hackernoon, N.D.)



DELIVERY BY DRONES

Amazon is developing a drone that can deliver packages up to 2.2 kilo within half an hour. Currently they presented a second prototype and will keep working on this concept. (Tweakers, 2019)



PRODUCT & INTERIOR

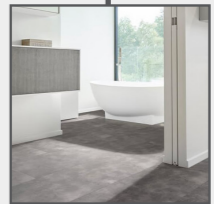
FLEXA INTRODUCED A HANDY COLOR TESTER

At the end of 2016 Flexa introduced a nifty tester which allows consumer to directly test colors on their wall. The tester combines a paint roller and a paint reservoir as a whole. (Schildersvak, 2016)



INDUSTRIAL CONCRETE LOOKING FLOORS BECOMING POPULAR

Modern, industrial-style floors or concrete-look floors with an "urban" style slowly became popularized at the end of 2019 and will continue to do so in 2020. Industrial PVC & Laminate floors combine the look of a concrete floor with the all advantages of PVC/Laminate. (Luxeryfloors, N.D)



THE USE OF NATURAL MATERIALS

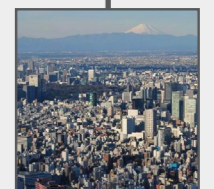
the interior trend of sustainable living also has an effect on the use of materials in an interior. Think of: wood, cork, jute, hemp and reed. (Wonenenco, 2020)



DEMOGRAPHICAL

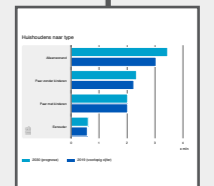
ACCELERATION OF URBANIZATION

The Netherlands is expected to have 18.3 million inhabitants in 2035 (1 million more than today). This growth will mainly happen in large and medium-sized cities: Amsterdam, Den Haag and Utrecht are expected to grow 20% regarding inhabitants. (Centraal Bureau voor de Statistiek, 2019)



INCREASE IN SINGLE-PERSON HOUSEHOLDS CONTINUES

The number of households is expected to increase by 550 00 between 2019 and 2030. These are mainly single-person households. In 2030, 3.5 million households will consist of one person, this is an increase of 406 000 (12% growth) compared to today. (Centraal Bureau voor de Statistiek, 2018)



4.3 TREND ANALYSIS

TECHNOLOGICAL

HOMES BECOME SMART

Thanks to the latest technologies homes become smart. More and more appliances can be operated with a smartphone, voice or google home. Smart appliances can communicate with each other or even order products by itself. Research states that 37% percent of the Dutch inhabitants see themselves living in smart homes in the future. *(Dutchcowboys, 2019)*



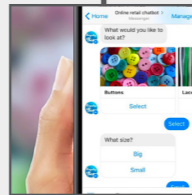
PROGRESSIVE WEB APPS WILL REPLACE APPS

Progressive web apps (PWA's) are increasingly replacing native apps from the Appstore. A PWA is a website which acts and feels like a native app by using all functionalities of the operating system. It is expected that in 2020 50% of all apps will be replaced by native apps. *(Smashingmagazine, 2018)*



PEOPLE ARE GETTING USED TO CHATBOTS

More and more people are getting used to interacting or even shopping with the help of a chatbot. 67% of all the internet users have already interacted with a chatbot and even 35% of consumers have already bought a product with the help of a chatbot. These numbers are expected to increase even further over the years. *(Bigcommerce, N.D)*



POLITICAL

CALL FOR FORMULATING NEW AMBITIONS EUROPEAN ECOMMERCE MARKET

Ecommerce Europa states that it is necessary to form a truly European harmonized market with favorable conditions within digital commerce can thrive. This allows European companies to cope with competition coming from the United States and Asia. *(Twinklomagazine, 2019)*



ECOLOGICAL

SUSTAINABLE LIVING IS HOT

An increasing number of people are aware of the fact that we have to be careful with nature. This is reflected in the way of living: more and more people separate waste, use LED bulbs, install solar panels, insulate their house or buy second hand furniture. *(inrichting-huis.com, 2019)*



STEPS TOWARDS MORE SUSTAINABILITY IN E-COMMERCE

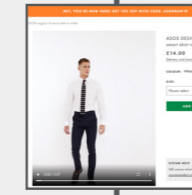
E-commerce shops including the logistic sector are taking measures to become more sustainable in the future. Packaging becomes more green and recyclable. Delivery options become more sustainable by switching to electric vehicles or bicycle couriers and only offering one delivery attempt. *(Sendcloud, 2018)*



MARKETING

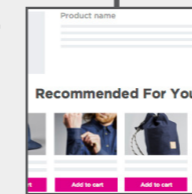
VIDEOMARKETING: FOCUS ON VIDEO CONTENT

Video keeps increasingly replacing still images. In 2019 even 80 percent of all internet traffic consisted of moving images. Video can provide a better online shopping experience by presenting products with the use of a short movie. Something that online fashion store ASOS already is doing. *(Smartinsights, 2020)*



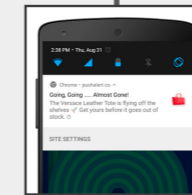
PERSONALIZATION WITH THE USE OF BIG DATA&AI

With the use of AI in combination with big data companies (like Amazon, Spotify and Netflix) are able to offer personalized content, products and services tailored to the specific needs of one customer. *(Poweredbycoffee, 2019)*



PUSH NOTIFICATIONS TO REACH CUSTOMERS

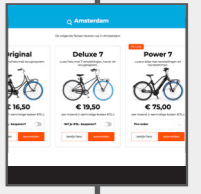
Push notifications are pop-up messages that an app or website can send to customers as soon as they have subscribed. A lot of websites already use this tool to reach customers and this will further increase in 2020. People are more likely to open (+50%) and engage (+70%) with push notifications when compared with emails. *(E-goi, N.D)*



ECONOMIC

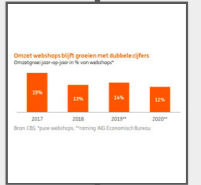
EMERGENCE OF SUBSCRIPTION-BASED BUSINESS MODELS

More and more companies use or switch to a subscription-based business model. This model has been popularized by Netflix, Spotify and Adobe (the shares of Adobe went up by 370% when they switched to a subscription basis). Millennials are used to not owning products, leasing a bike, washing machine or even furniture is nowadays widely accepted. *(Profitwell, 2019)*



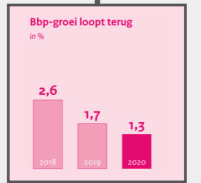
E-COMMERCE WILL CONTINUE TO GROW HEAVILY: 12%

The 8 past years web stores in the Netherlands have shown double digits revenue growth (19% in 2017, 13% in 2018 and 14% in 2019) and is expected to realize a revenue growth of 12% in 2020. *(Ecommercenews, 2019)*



GROWTH DUTCH ECONOMY WILL DECREASE IN 2020

The Dutch economic growth is decreasing due to a relapse of global growth and (to a lesser extent) the nitrogen and PFAS problems. The prognosis for the gross domestic product in 2020 will be a growth of 1.3%. (in 2019 this was 1.7%, and in 2018 2,6%) *(Centraal Planbureau, 2019)*



CONCLUSION & OPPORTUNITIES

At first sight the future is looking bright: The Dutch economy and E-commerce market are still expanding. Current and future technological developments like: AR to visualize products at home, simplified paying methods, IOT for new e-commerce business models, 5G to provide even better shopping/consumer experiences and the emergence of smart appliances create a lot of new opportunities for Home Design Shops in terms of offering new services and products. The future of marketing will become personal which will (combined with the use of new channels) achieve a higher engagement rate. However there also trends going on that cause a threat: with the emergence of big platforms (like bol.com and Amazon) combined with the D2C strategy brands will be able to deliver directly to the consumer and cut out the retailers like Home Design Shops. Also, people getting more sustainable aware and developing a delivery shame can cause a threat regarding ordering products online. See also chapter 3.4 where the trends are applied and explored in a SWOT analysis.

5. CUSTOMER ANALYSIS

An extensive consumer analysis was performed in order to get insights in their buying & visiting behaviour. Next to that the demographics of the consumers were explored with the use of google analytics

5.1 BUYING & VISITING BEHAVIOUR

With the help of Google analytics Home Design Shops is able to analyse their website visitors in depth in terms of: visiting & buying behaviour, used browser & device, interests of users, demographics and many more. The following values were measured for a period of one year (5 February 2019 – 5 February 2020).

AVERAGE ORDER VALUE

- Confidential -

AVERAGE ORDER



NUMBER OF SESSIONS PER USER

- Confidential -

CONVERSION RATE

The percentage of sessions that led to an e-commerce transaction.

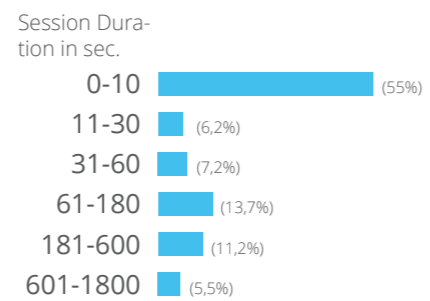
- Confidential -

TOTAL SESSIONS

A session is the period during which a user is active on the website. All usage data is linked to a session.

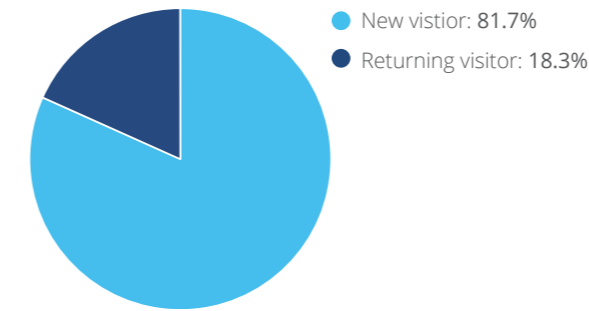
- Confidential -

AVERAGE SESSION DURATION



RETURNING VS NEW VISITOR

A visitor is someone that visited the site (but didn't necessarily made a purchase)



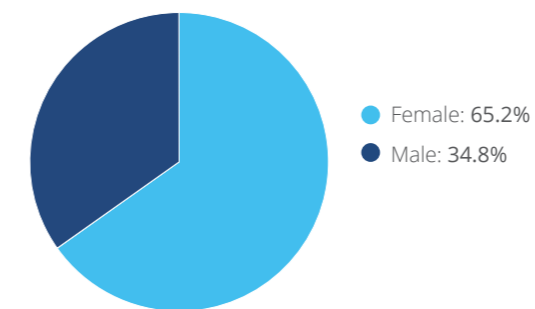
CUSTOMER RETENTION RATE

The percentage of customers that made a purchase during the past 6 months and also has performed a purchase in the past 30 months.

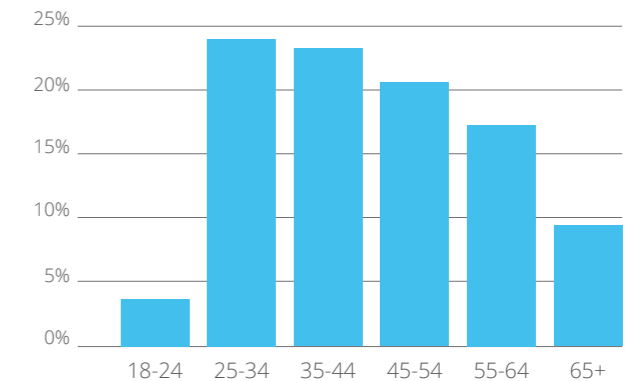
3,05%

5.1.3 DEMOGRAPHICS

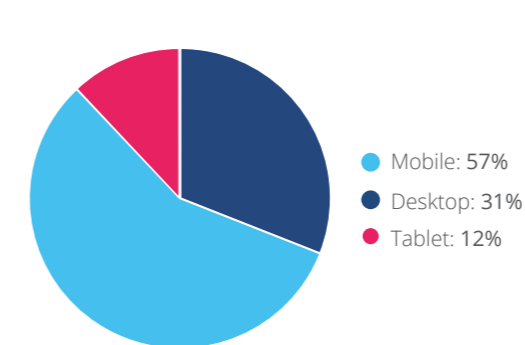
GENDER



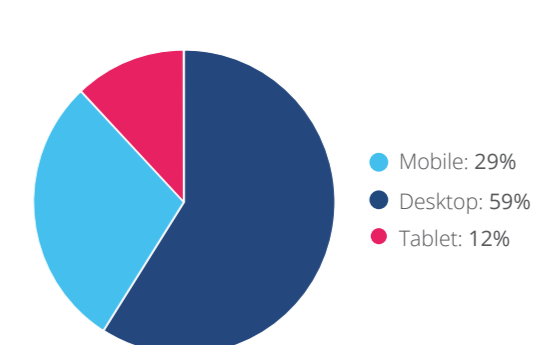
AGE



USED DEVICE

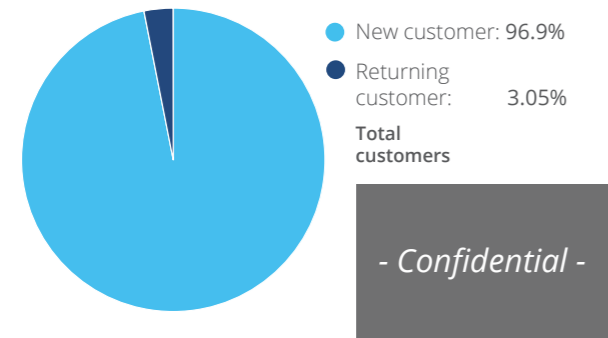


REVENUE PER DEVICE



TOTAL AMOUNT OF (RETURNING) CUSTOMERS

The percentage of customers that made a purchase during the past 6 months and also have performed a purchase in the past 30 months.



AMOUNT OF REVENUE BY RETURNING CUSTOMERS

10%

CONCLUSION & OPPORTUNITIES

The average customer is a female with the age of 25 – 54 who only buys products in one product category. This means that cross selling between multiple categories does not happen often, which creates an opportunity to sell consumers more different kind of products. Currently there are not many returning customers (3,05%), they do however make up 10% of the total revenue of Home Design Shops. Meaning this type of customers are very profitable for the company and thus very interesting to focus on acquiring those type of customers.

5.2 CUSTOMER INTERVIEWS & INSIGHTS

A Qualitative customer research in the form of an in depth interview was performed in order to fully understand the complete customer journey people go through when decorating or renovating a house. The focus of the interviews was to discover the main difficulties encountered during this chaotic period.

PARTICIPANTS & CRITERIA

Participants for the interviews were selected and gathered from the customer base of Home Design Shops and Binnenspecialist Den Heijer (offline partner from Home Design Shops). Participants were rewarded with a €50 voucher. The following criteria were used to select participants:

- Someone who just moved/renovated/had done a complete project. Preferably just finished the project in the last months
- Someone who has shopped several product types (spread over multiple shops or with one provider)
- Customers who shopped mainly online in the home-goods market
- Customers who shopped mainly offline in the home-goods market

Eventually 8 people participated in the interviews: eight females and three males. Of which two were customers of Den Heijer and had a clear offline buying preference and six were Home Design Shops customers and a clear online buying preference. On the next pages the demographics and results of the interviews are listed per participant. The last three participants were interviewed regarding projects that they didn't start yet. The aim of these interviews (displayed in dark blue on the next page) was to find out what thresholds could hold people possibly back to start a project.

METHOD & INTERVIEW GUIDE

An interview guide (see Appendix A) was used in order to structure the interviews and focus on relevant questions. The guide was used a guideline and not as a checklist regarding the conversations. The aim of the interview was to have a natural and smooth conversation with the participant in which she/he could elaborate (in chronological order) how they experienced the whole process of renovating a house. Two interviewers were present who both had the role of observing/noting and questioning the participant.



5.2 INTERVIEW RESULTS & INSIGHTS

LEGEND

MOST IMPORTANT FACTORS FOR PRODUCTS

- High quality
- Brand of the product
- (Technical) properties of the product
- Appearance of the product
- Type of house
- Household size

MOST IMPORTANT FACTORS FOR STORES

- Best / lowest price
- Located near the home of the customer
- Having a personal click (with the seller)
- Receiving personal independent advice
- Trustworthiness of the store
- Ability to store the products and deliver in a couple of months

New-construction Apartment

Husband & wife + 1 child

CAROLINE
 56 years old

“I really felt a personal click with the sylist, her advice gave me confidence and confirmation in making my own choices”

“I mainly retrieve my inspiration from tv and magazines”

MOST IMPORTANT FACTORS FOR PRODUCTS

DIFFICULTIES ENCOUNTERED

- Visualizing the floor in own room
- Admitting that they needed help
- Making a lot of choices

MOST IMPORTANT FACTORS FOR STORES

DEFINING MOMENTS

Detached, new-construction house

Husband & wife + 4 children

ANIL
 44 years old

“I only want quality products that last for a very long time and add value to the house”

“When I run out of budget I prioritize and re-schedule certain jobs”

MOST IMPORTANT FACTORS FOR PRODUCTS

DIFFICULTIES ENCOUNTERED

- Aligning and agreeing on certain choices with the rest of the family

MOST IMPORTANT FACTORS FOR STORES

DEFINING MOMENTS

LEGEND

MOST IMPORTANT FACTORS FOR STORES

- Being completely unburdened
- Having a wide range of products

DEFINING MOMENTS

- Type/appearance of floor
- Type/appearance of Window decoration
- Type/appearance of Wall decoration
- Furniture
- Garden (furniture) appearance
- Bathroom

DEFINING MOMENTS

- Appearance of toilet
- Appearance of Kitchen
- Floorplan & Layout

New-construction Apartment

1 Person

NICKY
 23 years old

“I mainly orientate offline till I know what I want and then go online to find the best price at a trustworthy supplier”

“I promoted ‘t oogappeltje on social media because they delivered a nice candle and hand-written cart with my order”

MOST IMPORTANT FACTORS PRODUCTS

DIFFICULTIES ENCOUNTERED

- Wanted things to go faster, for instance: installing the laminate flooring
- Making a lot of choices

MOST IMPORTANT FACTORS FOR STORES

DEFINING MOMENTS

Detached existing house

Husband & wife

JACQUELINE
 53 years old

“1-day delivery is a very important factor for selecting a certain (web)store for me”

“I research web shops very thoroughly, when they’ve handled two orders very well I stay loyal to that webshop”

MOST IMPORTANT FACTORS FOR PRODUCTS

DIFFICULTIES ENCOUNTERED

- Making a lot of choices (designs/colours)
- Visualizing products at own home
- Having handyman over the floor while they were already living in the home

MOST IMPORTANT FACTORS FOR STORES

DEFINING MOMENTS



Detached existing house




1 Person


IRMA

54 years old

“This whole project/process would have never worked for me online, I really value having personal face to face contact and advice”

“The stylist gave me advice out of my comfortzone, which turned out well”

MOST IMPORTANT FACTORS FOR PRODUCTS





DIFFICULTIES ENCOUNTERED

- Visualizing how certain colours/prints/materials would turn out in real life
- Planning everything

MOST IMPORTANT FACTORS FOR STORES





DEFINING MOMENTS







Rental apartment




1 Person

THEA

55 years old

“I don’t have a good experience with handyman’s, that’s why I choose to do jobs by myself”

“I use my phone as an inspiration tool by storing images I find appealing in the same folder”

MOST IMPORTANT FACTORS FOR PRODUCTS




DIFFICULTIES ENCOUNTERED

- Keeping track and planning all the different jobs
- Handyman did not perform well, that’s why she chose to do it by herself

MOST IMPORTANT FACTORS FOR STORES





DEFINING MOMENTS










Detached existing house




Husband & wife
+ 2 children

RUBEN

28 years old

“I look after certain brands because I know they offer quality and good looking products”

“We calculated a budget but went way over it. This forced us to prioritize certain choices”

MOST IMPORTANT FACTORS FOR PRODUCTS






DIFFICULTIES ENCOUNTERED

- Making a lot of big choices
- Using and making a choice between samples
- Visiting and researching a lot of stores

MOST IMPORTANT FACTORS FOR STORES





DEFINING MOMENTS








* Used pictures are stock photos and not the real participants, they're however resembling the interviewee



Detached existing house



Husband & wife
+ 2 children

HENDRIK

44 years old

"We already wanted to start painting the complete house 2 years ago, because it's such a big project we couldn't find the time. Now due to the corona crisis we've enough spare time to start the project."

BIGGEST THRESHOLD TO START THE PROJECT



The project requires a lot of time



Doubting about colour



Budget reasons

IN NEED OF:

- Time to perform the job
- Extra budget to start the project
- Knowledge of how to apply the paint

TYPE OF JOB:



- Painting the complete house
- Installing new bathroom (by handyman)

ABOUT THE PROJECT:

Hendrik and his wife already wanted to completely repaint the house for over 2 years, since the current paint is already 15 years old. Hendrik's wife is always on the lookout for inspiration in magazines and Pinterest, that's how they already knew what colour and paint they wanted. Because it's such a big project and they want to do everything by themselves they needed a lot of time. Now thanks to the covid-19 virus, they've that time and some extra budget (because of their cancelled holidays) to finally start the project.

STEPS TAKEN ALREADY

- Looking for inspiration in magazines
- Requesting color chart
- Requesting samples
- Applying samples on A4 papers
- Applying samples directly on the wall

NEXT PLANNED STEPS

- Painting the complete living room by themselves
- Looking for tutorials
- Painting the bathroom

WANTING TO START THE PROJECT FOR:

2 YEARS

REASONS TO START THE PROJECT:

- Ready for something new (the current paint is already 15 years old)
- Tired of old color



Rental Studio



1 Person

MONIQUE

61 years old

"We already wanted to start painting the complete house 2 years ago, because it's such a big project we couldn't find the time. Now due to the corona crisis we've enough spare time to start the project."

BIGGEST THRESHOLD TO START THE PROJECT



Can't decide because of too many options



Wants everything perfect before continuing



Project can't be easily redone

IN NEED OF:

- External advice, help in making a decision
- Narrowing down the available options

TYPE OF JOB:



- Painting (or wallpaper) the complete house
- Installing a new floor
- Installing window decoration

ABOUT THE PROJECT:

Monique moved to a small penthouse studio in Amsterdam 1.5 years ago. Where she took over the interior of the previous owner, which doesn't match her taste. Now she wants to change the walls, floors and window decoration into one matching whole. Because she wants it too fast for many years she doesn't want to act too quick, until she is confident with her choices. She already painted one wall, but is not sure about the other walls (She could also go for wallpaper). For selecting a floor, she decided to stick with Home Design Shops, because she gets overwhelmed by all the other options. She is not fully sure of what she wants yet and clearly is in need of some external advice.

STEPS TAKEN ALREADY

- Requesting color chart
- Bought paint
- Painted 1 wall
- Looking for floor inspiration

NEXT PLANNED STEPS

- Continuing painting the wall
- Looking for a new colour (same brand or different brand)
- Selecting a floor at homedesignshops
- Looking for window decoration
- Setting a deadline for herself

WANTING TO START THE PROJECT FOR:

1.5 YEARS

REASONS TO START THE PROJECT:

- Is tired of her current interior: it's a mishmash and outdated
- She has taken over the interior of the previous owner, which doesn't match Monique's taste



Detached existing house



Husband & wife

ELSBETH

55 years old

"Because of the unconventional shapes of my walls I'm not sure how to paint them, and I cannot find inspiration for such odd shapes."
"I'm not able to visualize how certain choices would work out, and because it's such a big area it's not a job that can be easily redone."

BIGGEST THRESHOLD TO START THE PROJECT



Visualizing on such big area



Finding inspiration



Doubting about colour & type of paint



Project can't be easily redone

IN NEED OF:

- External advice from an expert who has done such projects before
- Confirmation
- Inspiration material which shows examples of the same kind of houses

TYPE OF JOB:



- Painting the complete living room (by painter)

ABOUT THE PROJECT:

Elsbeth and her husband moved 5 years ago to a big farmhouse. They didn't know what colour they wanted in the living room yet. So, they decided to paint everything white. Currently Elsbeth is already more than 2 years on the lookout for a new colour on the wall, but because of the odd shapes and heights of the walls she cannot find any inspiration and finds it hard to visualize a colour on such big area.

STEPS TAKEN ALREADY

- Looking for inspiration in magazines
- Requesting color chart
- Requesting samples
- Applying samples on A4 papers
- Applying samples directly on the wall

NEXT PLANNED STEPS

- Looking for extra inspiration material
- Requesting new samples
- Consulting a colour/paint expert

WANTING TO START THE PROJECT FOR:

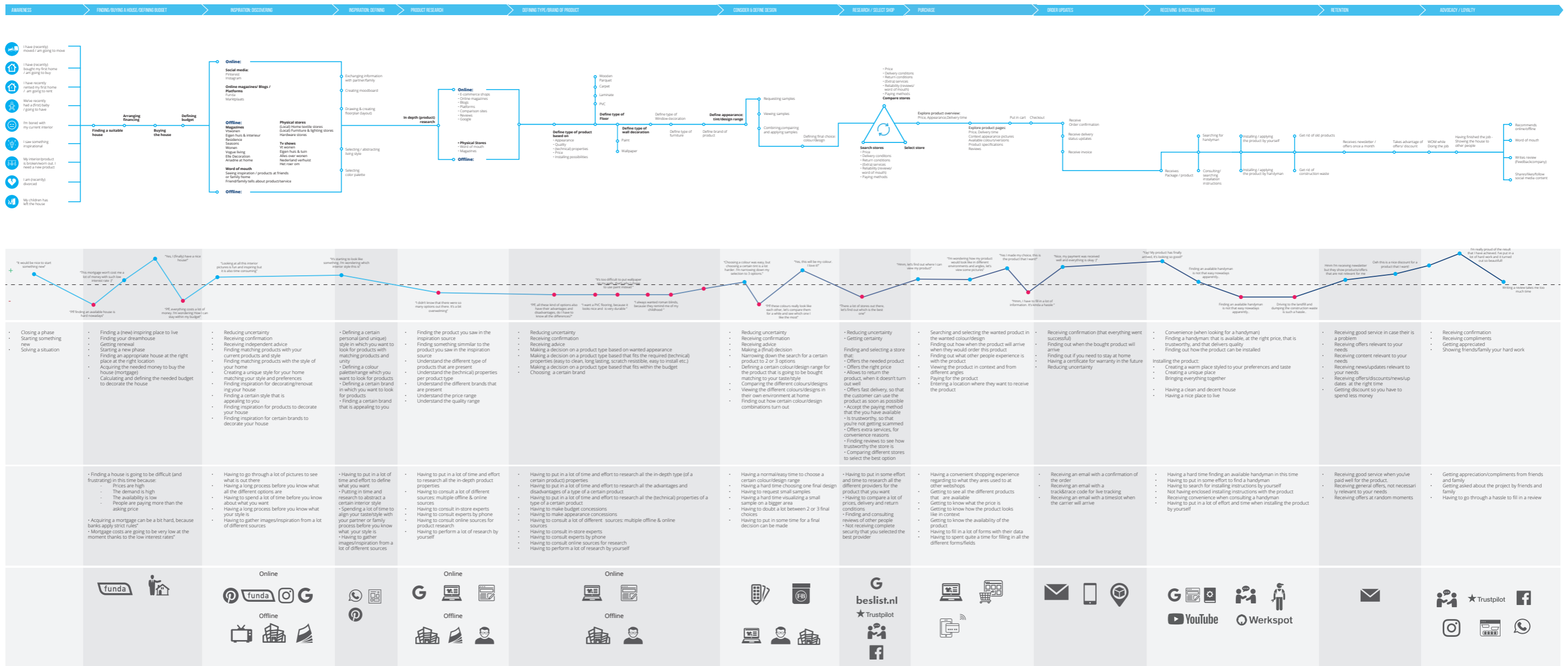
2.5 YEAR

REASONS TO START THE PROJECT:

- Ready for something new
- Tired of old color (everything white)

5.3 OVERALL CUSTOMER JOURNEY

Zooming in is possible. A digital version can be viewed at: <https://cutt.ly/vdlurqs>
 The following customer journey was constructed regarding the insights of the customer interviews. This customer journey represents the whole journey a customer has to go through when moving or renovating their house. When a customer needs multiple and different product categories (for instance, she/he wants a new flooring and new wall decoration) this journey is run through multiple times, and the choices made in the previous journey heavily influence the next journey a customer makes. For instance: people mainly start by defining one big product category. They first define a certain appearance and type of floor and chose wall decorations that fits well with the floor. An in-depth description of each phase can be found in **Appendix B**.



EMOTIONS & THOUGHTS



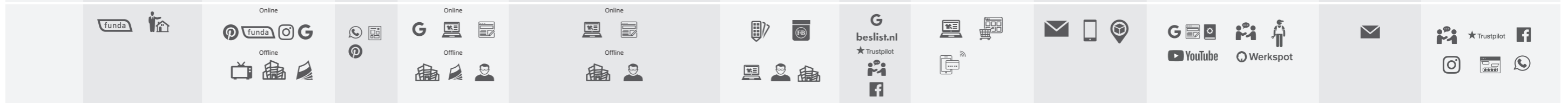
NEEDS & GOALS

<ul style="list-style-type: none"> Closing a phase Starting something new Solving a situation 	<ul style="list-style-type: none"> Finding a (new) inspiring place to live Finding your dreamhouse Getting renewal Starting a new phase Finding an appropriate house at the right place at the right location Acquiring the needed money to buy the house (mortgage) Calculating and defining the needed budget to decorate the house 	<ul style="list-style-type: none"> Reducing uncertainty Receiving confirmation Receiving independent advice Finding matching products with your current products and style Finding matching products with the style of your home Creating a unique style for your home matching your style and preferences Finding inspiration for decorating/renovating your house Finding a certain style that is appealing to you Finding inspiration for products to decorate your house Finding inspiration for certain brands to decorate your house 	<ul style="list-style-type: none"> Defining a certain personal (and unique) style in which you want to look for products with matching products and unity Defining a colour palette/range which you want to look for products Defining a certain brand in which you want to look for products Finding a certain style that is appealing to you Finding inspiration for products to decorate your house Finding inspiration for certain brands to decorate your house 	<ul style="list-style-type: none"> Finding the product you saw in the inspiration source Finding something similar to the product you saw in the inspiration source Understand the different type of products that are present Understand the (technical) properties per product type Defining the different brands that are present Understand the price range Understand the quality range 	<ul style="list-style-type: none"> Reducing uncertainty Receiving confirmation Receiving advice Making a decision on a product type based on wanted appearance Making a decision on a product type based that fits the required (technical) properties (easy to clean, long lasting, scratch resistant, easy to install etc.) Making a decision on a product type based that fits within the budget Choosing a certain brand 	<ul style="list-style-type: none"> Reducing uncertainty Getting certainty Receiving advice Making a (final) decision Narrowing down the search for a certain product to 2 or 3 options Defining a certain colour/design range for the product that is going to be bought matching to your taste/style Comparing the different colours/designs in their own environment at home Finding out how certain colour/design combinations turn out 	<ul style="list-style-type: none"> Reducing uncertainty Getting certainty Receiving advice Making a (final) decision Narrowing down the search for a certain product to 2 or 3 options Defining a certain colour/design range for the product that is going to be bought matching to your taste/style Comparing the different colours/designs in their own environment at home Finding out how certain colour/design combinations turn out 	<ul style="list-style-type: none"> Searching and selecting the wanted product in the wanted colour/design Finding out how when the product will arrive when they would order this product Finding out what other people experience is with the product Viewing the product in context and from different angles Paying for the product Entering a location where they want to receive the product 	<ul style="list-style-type: none"> Receiving confirmation (that everything went successful) Finding out when the bought product will arrive Finding out if you need to stay at home Having a certificate for warranty in the future Reducing uncertainty 	<ul style="list-style-type: none"> Convenience (when looking for a handyman) Finding a handyman that is available, at the right price, that is trustworthy, and that delivers quality Finding out how the product can be installed 	<ul style="list-style-type: none"> Receiving good service in case there is a problem Receiving offers relevant to your needs Receiving news/updates relevant to your needs Receiving offers/discourses/news/updates, at the right time Getting discount so you have to spend less money 	<ul style="list-style-type: none"> Receiving confirmation Receiving compliments Getting appreciated Showing friends/family your hard work Receiving news/updates relevant to your needs Receiving offers/discourses/news/updates, at the right time Getting discount so you have to spend less money
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EXPECTATIONS

<ul style="list-style-type: none"> Finding a house is going to be difficult (and frustrating) in this time because: <ul style="list-style-type: none"> Prices are high The availability is low People are paying more than the asking price Acquiring a mortgage can be a bit hard, because banks apply strict rules <ul style="list-style-type: none"> Mortgage costs are going to be very low at the moment thanks to the low interest rates 	<ul style="list-style-type: none"> Having to go through a lot of pictures to see what is out there Having a long process before you know what all the different options are Having to spend a lot of time before you know about what you want Having a long process before you know what your style is Having to gather images/inspiration from a lot of different sources 	<ul style="list-style-type: none"> Having to put in a lot of time and effort to define what you want Putting in time and research to abstract a certain interior style Spending a lot of time to align your taste/style with your partner or family process before you know what your style is Having to gather images/inspiration from a lot of different sources 	<ul style="list-style-type: none"> Having to put in a lot of time and effort to research all the in-depth product properties Having to put in a lot of time and effort to research all the (technical) properties of a type of a certain product Having to consult a lot of different sources: multiple offline & online sources Having to consult in-store experts Having to make appearance concessions Having to make appearance concessions Having to consult a lot of different sources: multiple offline & online sources Having to consult in-store experts Having to consult experts by phone Having to consult online sources for research Having to perform a lot of research by yourself 	<ul style="list-style-type: none"> Having to put in a lot of time and effort to research all the in-depth product properties Having to put in a lot of time and effort to research all the (technical) properties of a type of a certain product Having to consult a lot of different sources: multiple offline & online sources Having to consult in-store experts Having to make appearance concessions Having to make appearance concessions Having to consult a lot of different sources: multiple offline & online sources Having to consult in-store experts Having to consult experts by phone Having to consult online sources for research Having to perform a lot of research by yourself 	<ul style="list-style-type: none"> Having a normal/easy time to choose a certain colour/design range Having a hard time choosing one final design Having to request small samples Having a hard time visualizing a small sample on a bigger area Having to doubt a lot between 2 or 3 final choices Having to put in some time for a final decision can be made 	<ul style="list-style-type: none"> Having to put in some effort and time to research all the different providers for the product that you want Having to compare a lot of prices, delivery and return conditions Finding and consulting reviews of other people Not receiving complete security that you selected the best provider 	<ul style="list-style-type: none"> Having a convenient shopping experience regarding to what they are used to at other webshops Getting to see all the different products that are available Getting to know what the price is like in context Getting to know the availability of the product Having to fill in a lot of forms with their data Having to spend quite a time for filling in all the different forms/fields 	<ul style="list-style-type: none"> Receiving an email with a confirmation of the order Receiving an email with a tracktrace code for live tracking Receiving an email with a timeslot when the carrier will arrive 	<ul style="list-style-type: none"> Having a hard time finding an available handyman in this time Having to put in some effort to find a handyman Having to search for installing instructions by yourself Not having enclosed installing instructions with the product Receiving convenience when consulting a handyman Having to put in a lot of effort and time when installing the product by yourself 	<ul style="list-style-type: none"> Receiving good service when you've paid well for the product Receiving general offers, not necessarily relevant to your needs Receiving offers at random moments 	<ul style="list-style-type: none"> Getting appreciation/compliments from friends and family Getting asked about the project by friends and family Having to go through a hassle to fill in a review
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TOUCHPOINTS



DIFFERENT STAGES THE CUSTOMER GOES THROUGH

The following stages a customer goes through during his/her project were discovered by performing and analysing the interviews. This process was not the same for every interviewee and doesn't necessarily happen in this chronological order (a person can move back and forward between stages), but globally the following stages were found:

1. Awareness 2. Finding/buying a house 3. Defining budget 4. Inspiration: discovering 5. Inspiration: Defining 6. Product research 7. Defining type of product 8. Consider & Define design 9. Research / Select shop 10. Purchase 11. Order updates 12. Receiving & Installing product 13. Retention

It must be stated that a person goes through these stages multiply times for different product categories, and that those decisions heavily influence each other. A person can for instance first determine the type and appearance of his flooring after which he/she goes through all the different stages again to determine his/her type of wall decoration.

A detailed in-depth description of each phase can be found in Appendix B

MAIN INSIGHTS

Finding/buying a house/Defining budget

- The customer journey of renovating a house already starts when people have bought the house or even a long time before that period (a lot of people are constantly looking at interior inspiration for fun)
- People often own two houses (the old and the new one) at the same time and have an overlap period which can be a hassle
- Buying a completely new home is one of the most difficult events/period, due to the fact that a lot of decisions has to be made and the buyer has to be intimately involved

Inspiration: Discovering

- The most used channels for discovering inspiration are: pinterest (online) and shopping malls (offline)

Inspiration: Defining

- Choices are almost never made by only one person
- The majority of the people are aware of their interior style

Defining type/brand of product

- People shop mainly in the higher segment for the biggest products like flooring and walls

Consider & Define design

- People shop mainly in the higher segment for the biggest products like flooring and walls
- Making a final decision (between two or three options/designs/colours) is one of the hardest things to do, which can take up many weeks

Research / Select shop

- Getting easily in contact with a company is a very important factor for people when ordering products for a bigger amount of money
- Offering fast delivery (next-day) is an important factor for people to choose online stores over offline stores

Purchase

- People are mainly offline orientating and order the product online

Receiving & Installing product

- People decide to do the easy jobs by themselves. However, if they want perfect quality, (for instance painting a wall in the living room) they still contact a handyman.

Retention

- A substantial part of people is actively waiting for discount actions.
- People mainly expect "just good service" when they have bought a (expensive) product from a company. Meaning: getting easily in contact and get helped when there is a problem.

Advocacy / Loyalty

- Advocacy mainly happens during the job or once the job is finished when friends/family come over.

Overall

- People don't like uncertainties, and (want to) use all resources available to minimize those uncertainties.
- People are constantly looking for confirmation and certainty during the chaotic period of renovating/decorating a house.
- One big product category is first defined, the other categories are influenced by that choice
- A (big) part of the customer journey will always be performed offline because people want to experience the products in real life.
- The biggest product category choices (such as: floors, wall decoration, kitchen/bathroom/toilet) are first made. Smaller product categories (window decoration, accessories etc.) are aligned with this choice.
- People can already start buying products way early in the process and stall them for a while (till the new house is ready).

EMOTIONS AND FEELINGS DURING THE PROJECT

Uncertainty
Overwhelmed
Confused

IN NEED OF FEELINGS AND EMOTIONS DURING THE PROJECT

Confirmation
Advice/authority
Expertise
Certainty
Security

MAIN PAINPOINTS / DIFFICULTIES ENCOUNTERED

- Making a lot of choices and decisions which require a lot of (technical) knowledge.
- Visualizing how certain designs/colours turn out in real life.
- Choosing a certain final design /colour for a product from a selection of 2 or 3 options.
- Having handyman over the floor for a long period of time
- Visualizing a small sample on a bigger area
- Planning, and sticking to the planning (many things take longer than planned),
- Admitting that you need external advice
- Agreeing on a certain choice with partner/family
- Choosing a type of product (PVC vs Laminate flooring for instance)



Visualizing how colours/designs turn out in real life



Planning everything and sticking to the schedule



Making a lot of decisions which require a lot of (technical) knowledge



Making a final choice (between two or three options)



Agreeing and aligning with partner/family on certain choices



Finding a trustworthy and available handyman

THRESHOLD ENCOUNTERED TO START THE PROJECT



Overwhelmed by too many options



Project can't be easily redone



There is no immediate need to start the project



Visualizing how everything turns out together



3

6.1	Problem definition	88
6.2	List of requirements	89
6.3	Opportunity mapping	91
6.4	Future vision & Design challenges	94

DEFINE

This chapter presents the development of the future vision and design challenges. With the help of the insights from the discover phase opportunity areas were created. The most promising areas were translated back into the future vision and formed a starting point for the ideation phase. The future vision eventually functions as the foundation for the strategy and roadmap.

6.1 PROBLEM DEFINITION

A design brief is created which describes the problem, the original research question and the scope of this project. Next to that a list of requirements is defined to which the future strategy/roadmap needs to correspond with.

WHAT IS THE PROBLEM?

The problem/research question that started this project was: "How can Home Design Shops increase its E-loyalty (brand loyalty) incorporated with a growth strategy?"

This problem originated from the fact that the company was looking for ways to maintain their continuously sustainable growth by increasing their E-loyalty. Not only among existing customers but also for new customers. This means that this problem does not only focus on serving their current customers better, but also focusses on creating a growth strategy with new products and services.

STAKEHOLDERS / FOR WHO

The future roadmap/strategy will focus on three main stakeholders:

- Consumers who are renovating their home / are doing a bigger project
- Consumers who want to buy one type of product
- The company Home Design Shops

SCOPE OF THIS PROJECT

The scope of this project is to create a strategy and roadmap based on the internal & external research which will allow Home Design Shops to achieve the desired design challenge. This design challenge will be achieved with the help of a roadmap which will consist of three horizons.

6.2 LIST OF REQUIREMENTS

A list of requirements was formulated which states the important characteristics that the future proposed ideas and concepts must fulfill.

Methodology & Approach

- The proposed ideas should be enrolled in a lean startup way. Meaning every assumption should be tested as soon as possible with real end users with the use of a minimal viable product.
- The concepts/idea's must be scalable.
- The roadmap/strategy/service should have a digital first aim.

Customer-Relationship

- A customer should be treated personalized: meaning she/he receives personalized content/communications/recommendations and offers based on his/her preferences.
- The roadmap/strategy should encourage consumers to share their own content (User generated content) & product reviews.
- The roadmap/strategy/service should encourage consumers to take part in a community.

Campaigns/channels

- The roadmap/strategy should focus on Home Design Shops becoming active in the "See Phase", meaning them providing Inspiration for customers.
- The roadmap/strategy should focus on Home Design Shops offering the most engaging and revenue generating mail campaigns.

Assortment

- The roadmap/strategy should let Home Design Shops become a home-goods one-stop shop.
- The roadmap/strategy should focus on offering the main categories needed to decorate a house: wall decoration, flooring, window decoration and furniture.
- The roadmap/strategy should let Home Design Shops first focus on furniture and window decoration, in order to be able to offer a fully adequate assortment to consumers.
- The roadmap/strategy should let Home Design Shops focus on products with a shorter lifespan like accessories.
- The roadmap/strategy should deliver value and already give a glimpse of how it is to have a customer-relationship with Home Design Shops even before she/he makes a purchase.
- The roadmap/strategy should reward consumers not only for making purchases but also for actions as writing reviews, referring to friends and such.
- The roadmap/strategy should emphasize the fact that Home Design Shops is not just selling the product but also delivering (technical) advice.

Services/Content

- The roadmap/strategy should aim on Home Design Shops offering all services needed to decorate a house.
 - Inspiration advice
 - Measuring
 - Installing
- The roadmap/strategy should aim on empathizing and further development of the customizing of products.
- The roadmap/strategy/service should aim on supporting customers along it's complete customer journey of renovating a house or buying one product.
- The roadmap/strategy should aim on Home Design Shops offering inspiration content/ services.
- The roadmap/strategy should aim on Home Design Shops offering help content/servi ces to define the type/appearance of products.
- The roadmap/strategy should aim on Home Design Shops offering content/products/ service for visualizing products at the home of the consumer.
- The roadmap/strategy should aim on Home Design Shops offering content/products/ service that tackle the main difficulties encountered along the complete customer jour ney, that were discovered with the use of the interviews.

Measure & analyse

- The roadmap/strategy should aim for measuring advocacy/ E-loyalty by applying NPS tests.

Marketing

- The roadmap/strategy should encourage crossselling: shopping between different categories.
- After a consumer has made a purchase she/he should be "facilitated" as soon as possi ble into a second purchase.

Website (design)

- The roadmap/strategy should aim for improving the website so that customers can easily navigate between different product categories, and notice the different product categories Home Design Shops is offering. In order to stimulate cross selling.

6.3 OPPORTUNITY MAPPING

By plotting the strengths and opportunities from the SWOT analysis on two axis an opportunity mapping matrix was created. By combining several strengths and opportunities, search area's and possible design areas were generated which were used in forming a future vision and later on in het idea generation phase.



- 1:**
 - Start with offering a complete product portfolio with all products needed for a complete interior. For which customer service can advise on how to combine all different products
 - Customer data can be used to in order to find out what categories consumers are missing
 - The good relationship/network with the suppliers can be used to acquire new brands/products
 - The showrooms can be used to showcase all the different product categories offline
- 2:**
 - Use customer service to give people inspiration advise by phone/video
 - Use customer data to find out of which inspiration customers are the most in need
- 3:**
 - Use the good relationships with the suppliers to find own manufactures, or ask the suppliers to produce Home Design Shops branded products
- 4:**
 - Start selling smart home automation products for which the customer service can give technical advice
 - Customize smart home products to the demands of the customer
- 5:**
 - Use the IT department to develop a tool to visualize products at the home from customers.
 - Use the AR tool also as a measuring tool to let customers measure and visualize custom made products at their home
- 6:**
 - Using the good relationship with the suppliers to create approval to start selling their products on Amazon
- 7:**
 - Use the IT resources to start building methods to support voice searches and voice buying
- 8:**
 - Use an in-house courier service to not only sell the custom-tailored products, but also the other products. This allows Home Design Shops to offer same day delivery
- 9:**
 - Use the customer data to get insights in what the most engaging and relevant push notifications content will be
- 10:**
 - Ask the customer service to approach customers in a personal way: know what their style is, make recommendations and know how often they buy at Home Design Shops.
 - Approach customers in a segmented way and offer them the custom-tailored products relevant to their preference

- Use customer data to gather as much info about a customer as possible in order to track down his preferences., in order to make fitting recommendations
- 11:**
 - Use customer data in order to discover the most relevant products that would work to offer in a subscription-based approach.
 - Use the IT department to make those subscriptions technical feasible
- 12:**
 - Start offering account functionality in which people can store their preferences (for customized products) and all the customer data can be linked
 - Start offering account functionality in order to spare customer service
 - Use the IT department to realise account functionality
- 13:**
 - Start encouraging people to share their own content about their customized products
- 14:**
 - Analyse the user generated content in order to find out what excites people
- 15:**
 - When a customer has made one purchase facilitate him as soon as possible in a second purchase
- 15:**
 - Use customer data to offer people relevant (segmented) email campaigns for them
 - Send email campaigns aimed the preferences of the customers and show him tailored products to her/his needs

6.4 FUTURE VISION & DESIGN CHALLENGES

A future vision is an expression of a desired future (Slaughter et al., 1993). This vision provides a strategic reference point – a focussed direction that leads to stronger motivation (Fiengenbaum et al., 1996). On a design roadmap, the future points to the destination (Simons, 2017).

As part of this project a future vision was formed based on the performed research, design challenges and opportunity mapping. Which describes the desired effect that needs to be achieved with the future strategy. The future vision for Home Design Shops is:

Empowering customers to become proud and delighted home-owners. By supporting them along every stage of their journey and exceeding all their needs. Giving them confidence and confirmation by offering personalized help, advice, products and services.

DESIGN CHALLENGES

This future vision contains a couple design challenges:

Giving customers confidence

- By advising them
- By giving them (product) knowledge
- By showing our expertise
- By enabling them to visualize products at home

Becoming personal

- By getting to know them
- By getting to know their preferences
- By recommending according to their preferences
- By personally communicating with them

Helping customers to become proud

- By helping customers to achieve their goals
- By offering possibilities to share their pride

Delighting customers

- By knowing their needs
- By exceeding their needs
- By surprising them

Supporting customers during their complete customer journey

- By helping them to get inspiration
- By offering help to define inspiration
- By helping them to easily select, compare and buy products
- By offering all the services needed to decorate a house
- By offering installing help/content



4

7.1	Creative sessions: Idea generation	98
7.2	Clustering the idea's	100
7.3	Mapping the clusters & service Propositions	102
7.4	Technology scouting	104
7.5	Overview short-long term design solutions	108

DEVELOP

These chapters provide an overview of the develop phase which incorporates the idea generation process of the project. Four different creative sessions have been performed after which idea clusters were formed, each with their own unique product and service propositions. These clusters were finally divided into three separate horizons which gradually evolve over time, to eventually realize the future vision.

7.1 CREATIVE SESSIONS: IDEA GENERATION

Four different creative sessions were organised which involved idea generation, mapping and clustering. The goal of these sessions was to generate a big quantity of diverse ideas that fit the defined future vision and design challenge in chapter three.

The first session was performed (during the intelligent covid-19 lockdown) with two design students, which had as goal to generate out of the box ideas that were not limited by any (company) restrictions. The second session was organised with Home Design Shops employees in order to form out of the box ideas, as well ideas that fit within the company's strategy. The last sessions were performed together with the CEO of Home Design Shops, in order to form idea's, cluster's and a first draft of the horizons.

During the sessions, participants were mainly stimulated to generate ideas with the use of the How to method (Tassoul, 2006). All of the ideas were written down on separate post-its in order to ease the process of clustering and re-using ideas. See appendix C&D for the results and details of the sessions.

SESSION 1: DESIGN STUDENTS

The first creative session was organised with 2 design students of which the researcher was one. Unfortunately, due to the Corona virus situation this session was only limited to two students. The goal of this idea mapping session was to form out of the box ideas without any (company) restrictions or restrains. These ideas were formed with the use of 18 predefined "How to's" by the researcher (see Appendix C). The participants got two minutes to brainstorm on each "How to" after which it was passed on to the next participant. Building on on each other ideas was encouraged.

SESSION 2: HDS EMPLOYEES

This session was about involving HDS employees into the idea generation process. The goal was to get their view/ideas on the design challenge and see how it could be turned into reality within the resources of HDS. The session consisted of a creative warming up exercise, 18 general formulated "how to's", 11 focussed formulated (on the project and company) "how to's", a round where the employees were asked how their ideal future Home Design shop would look like, and lots of ideas sharing and discussing.

SESSION 3: CLUSTERING IDEA'S

The next step of the ideation phase was all about forming multiple clusters out of the generated ideas of session 1 and 2. Ideas were selected based on relevance and with the use of post-its put together on a big flip-over paper. These cluster were formed into product and service propositions. See chapter 7.3 to view all the formed clusters.

SESSION 4: TURNING CLUSTERS INTO HORIZON'S

The final step of the ideation phase consisted of multiple sessions where the researcher plotted the clusters on a first rough version of a roadmap. The CEO of Home Design Shops was closely involved during these sessions. This allowed for validation, feasibility and input for the ideas. During these sessions the clusters where plotted on a timeline and turned into first version of horizons together with the corresponding value propositions and service & product propositions.



SESSION 1

Creative session with 2 design students for unrestrained ideas



SESSION 2

Creative session with HDS employees: getting to know their viewpoint & ideas



SESSION 3

Clustering the idea's into product and service propositions



SESSION 4

Turning clusters into first horizons, value/ service and product propositions

7.2 CLUSTERING THE IDEAS

The ideas that were generated in the first two creative sessions were filtered, combined and formed into clusters. These clusters later formed the start of forming a rough first version of the roadmap with a: (user) value proposition, product & service propositions and business proposition. The formed clusters were:

VISUALISATION TOOLS

Offering visualisation tools for customers which enables them to visualize products at home before buying them. The ideas range from analog to digital such as: samples, moodboards, floorplans, lightplans, reality checkers, 3D renderings and Augmented reality apps.

COMMUNITY

By offering a community multiple ideas can be turned into reality: customers will be able to share their delight in the form of user generated content and they can share their experiences with the use of (product) reviews.

SUPPORTING THE WHOLE CUSTOMER JOURNEY

This cluster can be broken down into four phases of the customer journey: the see, think, do and care phase (see reading guide). The think phase is all about offering interior inspiration,

the do phase about helping someone with buying the product, and the care phase about offering support once the product is bought (for instance content on how to install the product). Furthermore, the whole customer journey of renovating a house can also be supported by offering help for a customer to plan his project and track his project.

NEW ASSORTMENT

Once viewing the ideas it became clear there was an urge for expanding the current assortment to be able to offer a complete range to fully decorate your house. Product categories that can be added are: furniture, window decoration, lightning, living accessories, kitchen&cooking appliances and garden products.

DELIGHTING THE CUSTOMER

One main topic that arose during the sessions was that of easing the customer better. Supporting them to confidentially make their own choice by giving them more product knowledge (in the form of how-to video's), offering decision guides for every product category and offering better filters. Another idea that fitted within this cluster was surprising the customer by giving them a small present with their order. And on a more business to business side: surprising potential customers by sending them a personal video message with their offer.

GETTING TO KNOW THE CUSTOMER

In order to be able to make a recommendation, a customer's needs and preferences must first be known. This can be done by: offering account functionality, measuring NPS data, segmenting customers (by asking for their preferences) and retrieving customer data.

SERVICES

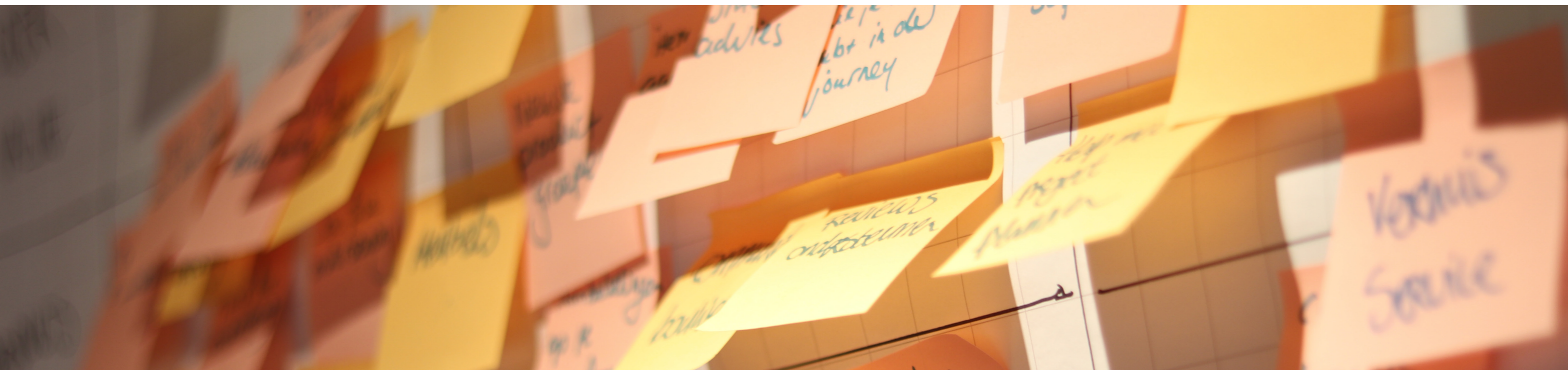
In order to be able to support a customer throughout his whole customer journey additional services needs to be offered. During the ideation phase the following services arose: advice services, measuring service and installing services .

BUSINESS MODELS

The idea's that arose during the creative session were linked to different business models and revenue streams. The revenue streams that came along were product sale, service revenue, advertisement revenues, platform fees and course fees.

RECOMMENDATIONS

Recognizing the customer and becoming personal by offering custom recommendations is a big cluster that arose from all the ideas. There were spotted several kinds of recommendations, such as: next/cross/up selling, item to item recommendations, personal interior advice (digital or analogue) and offering shop the look functionality.



7.3 MAPPING THE CLUSTERS & SERVICE PROPOSITIONS

After the ideas were filtered, selected and turned into clusters it turned out that some of those clusters would evolve over time. While others would clearly fit within one time frame. To get an insight in this evolution over time it was decided to turn this into a visual, with a timeline plotted on one axis and on the other axis the clusters.

Once the clusters became mapped along the see, think, do, care framework (a framework that is often used by Home Design Shops to approach projects and problems) it became clear that there were arising three distinguishable horizons of design solutions. An overview of these horizons can be viewed in chapter 7.5



7.4 TECHNOLOGY SCOUTING

To make the several design and service propositions possible multiple technologies will be needed. A research and overview of the needed technologies:

AUGMENTED REALITY

One of the main goals in the design & service propositions is to help customers better visualize products in their own home setting before buying them. A technology that is very suitable for this goal is Augmented Reality (AR).

AR is an immersive experience that expands the physical world by adding virtual computer-generated elements and objects (Kovics, 2019). Unlike Virtual Reality (VR), AR doesn't create a complete virtual environment, but enhances reality with virtual elements.

AR comes into four types: marker-based, markerless, projection based and superimposition-based AR. Superimposition AR utilizes object recognition, gyroscope data, GPS data, compass data and accelerometer. This allows the user to place and view virtual objects in their environment.

Augmented reality is already being used by e-commerce companies with the IKEA Place app as best example. This app allows user to place virtual furniture from the IKEA catalog in their own room (true to scale) and can expe-

rience it before buying it. This way customers can not only get an idea of whether it looks good, but also see whether it fits.

The last years there have been developed a lot of software development kits (SDK) and frameworks which are a collection of predefined tools and code which enables quicker development of an AR app. These are currently the most frequently used and powerful AR SDK's (Geekflare, 2019):

- ARkit by Apple (for Apple devices only)
- ArCore by Google (for Android and Apple devices)
- Vuforia (for Android and Apple devices)

AR was until recently mainly executed by an app on a phone, but since 17 September 2019 it is also possible to make AR directly possible through a browser (without the need to install an app). This technique is called WebAR, which can utilize ARkit or ArCore. (Artishock.com, 2019)



Figure 21: The IKEA place app utilizes Augmented Reality to enable customers to view their products in their own home

RECOMMENDATIONS

To be able to make (product) recommendations to a customer Home Design Shops can use several methods.

Content-based filtering

The content based-filtering method uses item features to recommend other items similar to what user likes, based on their previous actions or explicit feedback (Google, n.d.). This method is very suitable when there is no known data about an user (also called a cold-start) but there is known data on products. During the visit (or after he/she returns) of the user a user profile is designed with their preferences. When a user views a product, this method will recommend a similar product that the user might also like.

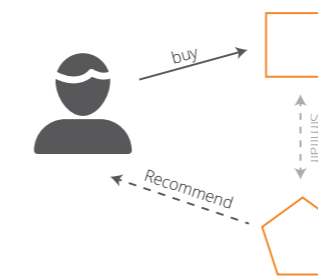


Figure 22: Content-based filtering makes use of product features to make a recommendation

Collaborative-filtering

This type of filtering relies on user opinions instead of machine analysis to accurately recommend complex items, such as movies or music tracks (Shchutskaya, 2019).

This method incorporates data from users who have previously purchased similar products and combines this data to make a recommendation. An advantage of this technology is that it does not have to "understand" what a specific product is but can rely on the opinion of other users.

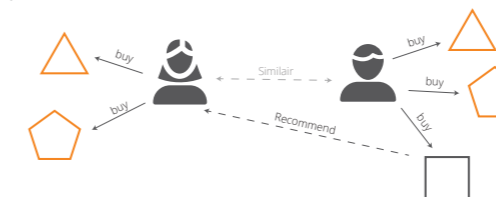


Figure 23: utilizes the opinion of other users in order to make a recommendation.

Hybrid-based filtering

A hybrid method combines content-based filtering with collaborative-filtering in order to incorporate group decisions, but focus the output based on attributes of a specific visitor. (MacDonald, 2019). A good example of this method would be the Spotify personalized Discover weekly playlist. Which combines the preferences of a single user with the preference of similar look-a-like users.

SMART SEARCH FUNCTIONALITY

To improve the on-site search function of Home Design Shops multiple technologies/functionalities are needed:

Spell-check

Type mistakes can easily happen by users when performing a search query. To counter these errors a robust spell-check is needed. This way the errors are corrected and doesn't affect the quality of the output of the search area.

Autocomplete

By anticipating on the user's search query, they save typing time and can get to the right product quicker (Searchnode, 2019). This can be achieved with autocomplete by predicting what a user tries to type and offering that as a suggestion.

Contextual filtering

With the use of Contextual filtering, filters can be offered that are relevant to the search query. For instance: when someone searches for a wine rack, they get to see a filter to decide how many bottles it should hold. And when someone searches for tables they get to see a filter which allows them to select a certain shape of table.

ACCOUNT FUNCTIONALITY

An account will be used to store the interior/project preferences and progress of a customer. The following data/preferences will be stored per customer:

- Project progress
- Preferred Interior style
- Preferred product category/categories
- Preferred colour(s)
- Preferred room
- Product Wishlist
- Inspiration Moodboard
- Demographics
- Address data
- Order details & status

Those preferences will be stored in a database using SQL (Structured Query Language).

COMPUTER VISION

Computer Vision is a technology that aims to make artificial systems understand images. The ultimately goal is to enable a system to make independent decisions based on the interpreted images.

Computer Vision is based on deep learning. A form of machine learning that uses the architecture of our brain. Deep learning aims to allow a system to make its own predictions and to execute decisions based on the context. (Totta data lab, 2019)

Home Design Shops can use this technology for providing (ultimate) visualization support to customers. Customers must be able to upload images of their environment to the website (or view in real-time with the use of Augmented reality) after which Computer Vision interprets the image and makes a decision based on the presented environment. An example would be displaying an available design of wallpaper on their wall, or recommending products based on their interior style.



Figure 24: With the use of computer vision systems are able to “understand” pictures

UP/CROSS SELLING

Home Design Shops can use the sales technique of up and cross selling to seduce consumers to shop across multiple different product categories and to shop more expensive items.

Upselling is a technique where a vendor induces a customer to purchase more expensive items or upgrades in order to generate a more profitable sale.

An example would be offering a consumer a slightly better product for a slightly higher price than the product he/she is viewing.

Cross-selling is the sale of products or services that complement a product that the customer wants to buy. Example: offering a brush for sale together with the paint a consumer is viewing.

Frequently bought together

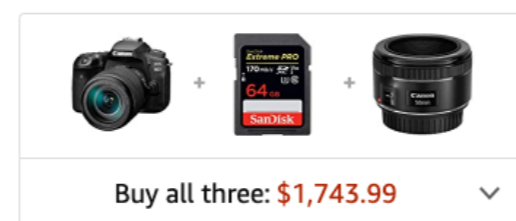


Figure 25: Offering product bundles is a widely used way for web shops of cross selling

PREDICTIVE MARKETING

Predictive marketing is a technology that involves utilizing predictive data analytics to predict which marketing strategies and actions have the highest probability of success. It finds its place in the marketing technology landscape.

The base of this technique is formed around carefully constructed big data: marketing and sales activity data, complete customer profiles and general business data. Mathematical algorithms are used to find and match patterns to determine the best-fit criteria for their next marketing actions (Ngdata, 2014).

Home Design Shops can use this technology for the following purposes:

- Predicting and enhancing Customer Lifetime Value
- Predicting the likelihood to buy of a customer
- Predicting intent of contact
- Finding the best channel for contact
- Making product recommendations
- Providing personalized customer journeys

3D RENDERINGS

In order to provide the consumer with photorealistic images of their (future) interior and corresponding products, Home Design Shops will need to be able to make 3D renderings which can be presented in the form of a picture or movie.

To make this possible a rendering engine will be needed. This is a piece of software that allows generating a (real-time) realistic view from a 3D model. A commonly wide used render engine for such purposes is the Unreal engine provided by the company Epic games.

VIRTUAL REALITY

With the use of Virtual Reality Home Design Shops can simulate virtual interiors and environments in which a consumer can immerse themselves. Environments of interiors and houses which could be realized by the company can be previewed to the consumer this way.

VR is a computer simulated reality that can be experienced with a virtual reality headset (such as an Oculus Rift). The environment can be constructed by devices such as computers and smartphones after which it is displayed in the headset and the user can (virtually) interact with his/her environment.

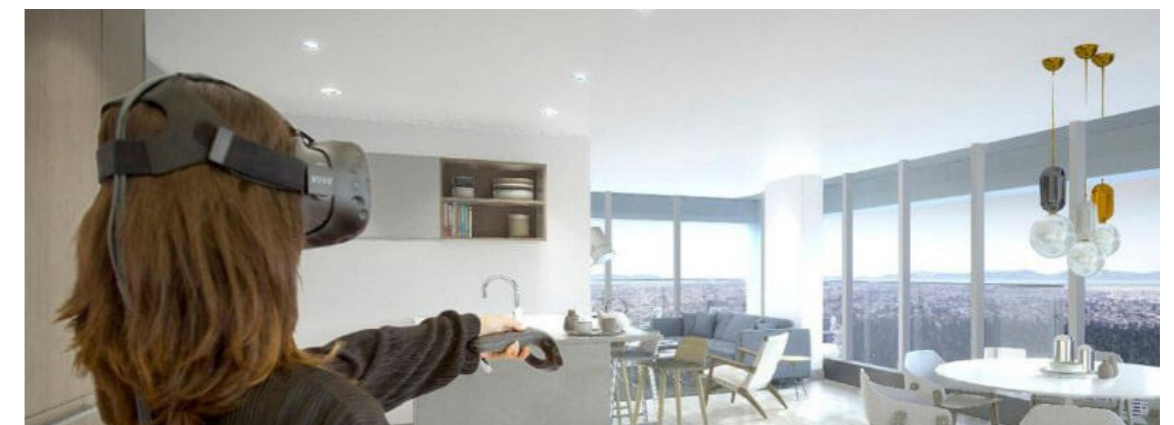


Figure 26: With the use of VR consumers can immerse themselves and interact with their future interior

7.5 OVERVIEW SHORT-LONG TERM DESIGN SOLUTIONS

Once the design & service propositions were clustered and mapped over time, they were divided over three distinguishable horizons that are logically connected with each other in multiple ways.

By the see/think/do/care framework:

The first horizon starts with serving the do & care phase better, since Home Design Shops is already serving these phases. In horizon 2 the company will be serving the think (inspiration) phase. As last step Home Design Shops will expand their product & service propositions to the see phase.

By combining the separate customer journey's:

In the first horizon each separate customer journey will be ultimately served to provide products, in the second horizon the customer journeys will be combined to advice complete interiors and in the last horizon all the customer journeys will be fully integrated to provide ultimate project support.

By getting to know the customer and their preferences:

In the first horizon Home Design Shops knows (almost) nothing about the customer and will make basic product recommendations. In the second horizon complete user profiles will be formed in order to make personal recommendations. In the last horizon project preferences and progress will be used to provide fully integrated recommendations at the exact right moment.

By expanding the product assortment:

In the first horizon Home Design Shops will be providing the same products as the company is currently selling. In the second horizon furniture, window decoration and lighting will be added to be able to provide complete interiors. And in the last horizon home accessories and garden & balcony products will be added, which allows the company to deliver all the products needed in and around the house.

Short term

Long term

DELIGHTING CUSTOMERS

By providing them with all the support, content and product knowledge needed to confidentially make their own product choice and get the job done.

Giving in-depth product knowledge

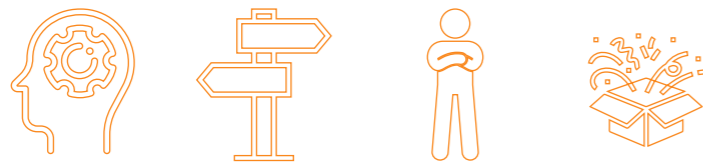
- How to video's / content
- DIY-content
- Buying guide
- Sharing product expertise
- Installing services

Delighting & surprising

- Engaging E-mail campaigns
- Packages that surprise
- Facilitating pride showoff
- "Trots op thuis" campaigns

Helping to define choice and buy with confidence

- Smart search & filtering
- Comparison tool
- Wish list functionailty
- Decision support
- Static product recommendations
- Basic AR visualisation tool
- Product reviews



DO & CARE PHASE

RECOMMENDING CUSTOMERS

By becoming personal: getting to know their preferences and recommending a fitting interior or product combinations to them.

Becoming personal

- Building 360 ° user profiles
- Personalised website
- Personal recommendations
- Segmented marketing

Find & Define inspiration

- Offering inspiration content
- Moodboard functionality

Recommending an interior

- Combined Product recommendations
- Online interior advice service
- Offline (interior) advice service
- Shop the look functionality



THINK PHASE

EMPOWERING CUSTOMERS

By helping them to achieve their project goals, providing an ecosystem with all the services, tools, content and products to confidentially shape their own project.

Providing ultimate visualisation support

- Full AR functionality
- 3D interior renderings
- Floorplan functionality
- Lightplan functionality

Offering fully integrated services

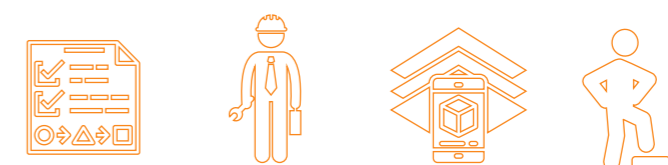
- Advising service
- Measuring service
- Installing services
- All in one package

Helping to plan and perform the complete project

- Project planner tool
- Project journey tracker
- Relevant support&content according to every phase
- How-to/Inspiration/Decision aid/ Installing content fully integrated
- Training courses / webinars

Facilitating to express pride

- Community functionality
- Facillitating WOM



SEE+THINK +DO+CARE PHASE

Seperate customer journeys

Combined customer journeys

Fully intergrated customer journeys

5

8	Delivering the strategy, concepts and roadmap	112
8.1	Design roadmapping	112
8.2	The Horizons	114
8.2.1	Horizon 1: Delighting the customer	114
8.2.2	Horizon 2: Recommending customers	118
8.2.3	Horizon 3: Empowering customers	122
8.3	The concepts	126
8.3.1	Inspiration Tool	128
8.3.2	Inspiration "tinder" Tool	130
8.3.3	Buying Tool	134
8.4	concept Validation : Usertest	138
8.4.1	concept Usertest results	139
8.5	Tactical roadmap	142
8.6	Strategic roadmap	144
9	Conclusion & Recommendations	146
9.1	Conclusion	146
9.2	Recommendations	150
9.3	Reflection	152
10	References	154
11	Appendix	158

DELIVER

In the final phase of this project the short- and long-term design solutions were translated into an innovation strategy consisting of three cycles of strategic innovation (horizons). The strategy is presented in the form of a strategic and tactical roadmap. Three design solutions of the first and second horizons were conceptualised in order to validate (with the use of a user test) certain hypotheses from the strategy. The findings were translated back into the final design roadmap.

8.1 DESIGN ROADMAPPING

Once the future vision and design & service propositions have been formed, the design road mapping method was used to turn this vision into a roadmap. In essence, a design roadmap offers a tactical plan on design innovations to turn a future vision into a reality (Simonse, 2017)

The definition of a design roadmap is: "A visual portray of design innovation elements plotted on a timeline. With elements such as: user values, new products and service but also market segments" (Simonse, L.W.L., Hultink, E.J., & Buijs, J.A., 2015).

There can be made a distinction between two types of roadmap: a strategic roadmap and a tactical. A strategic roadmap is used to display the strategy on a generic level without going too much in detail. This roadmap can be used for communications to external stakeholders. A tactical roadmap provides a detailed in-depth overview of the strategy which describes all the separate steps that lead to the future vision. This type of roadmap is meant for internal use, such as the R&D and the management department. For this project both types of roadmaps have been created which can be viewed in chapter 8.5 and 8.6.

8.1.2 THREE HORIZON MODEL

The three-horizon model of Curry and Hodgson (2008) has been used to divide the future vision into three different cycles of strategic business innovation. These life cycles overlap, to create continuous innovation on the long term. (Simonse, L.W.L., Hultink, E.J., 2017).

Horizon 1 is all about enhancing design value to current product or service lines. Essential in this strategic scenario is the reuse of existing modules and functions (Simonse, 2017)

The third horizon is a disruptive innovation scenario with a new value proposition and creation of new business models. The end-point of this horizon should be the future vision.

The second Horizon focusses on user-centred value creation and falls between the disruptive and the enhancement scenarios. New insights on emotional and functional values allow designers to create new markets with new products that differentiate from the existing services. The user-centred value creation includes the testing of new technology application by users in the existing market. (Simonse, 2017)

With the use of the three horizons model the product and service (see chapter 7.3) propositions are translated into a continuous innovation strategy. The division from the propositions into short, middle and long-term served as a starting point based on the feasibility for Home Design Shops. In the next chapters each Horizon is described into detail.

8.1.3 TIME PACING

The duration of each Horizon is based on making an estimation on the (technical)feasibility, the time it takes to implement and develop each separate step and the duration it takes to acquire all the needed resources. Next to that, the pacing is adjusted to the market developments since Home Design Shops needs to stay ahead of their competitors.

Horizon 1: 2020 - 2021

Realizing the first horizon is relatively simple. It takes place in the market Home Design Shops is currently operating in, there aren't any complicated technologies needed and almost all of the required knowledge is already possessed by HDS.

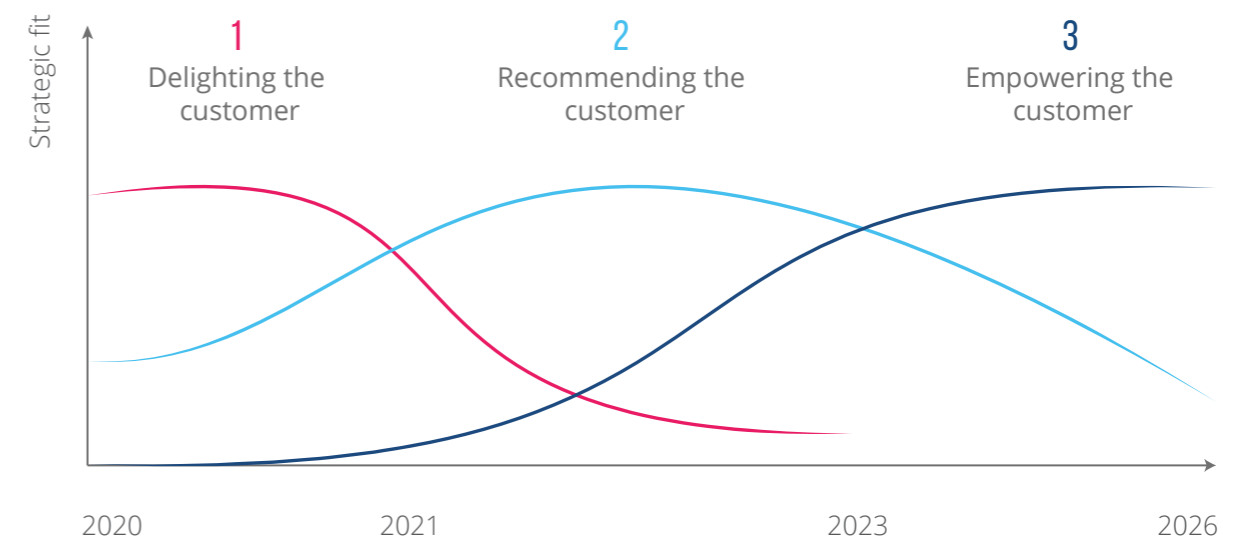
The biggest challenge within this horizon is implementing Augmented reality since this technology is completely new to the company. Realising the products & service propositions - like creating 'how to' content, buying guides, engaging e-mail campaigns, a comparison tool, product reviews, static product recommendations and a basic AR visualization tool- will take up about 1 year of development.

Horizon 2: 2021-2023

The start of Horizon 2 marks a transition to providing complete interiors as well as inspiration. This is a completely new market for Home Design Shops and does require them to acquire styling and interior knowledge. Next to that the assortment needs to be extended with furniture, lightning, and window decoration. Both processes will take up approximately 1.5 years. This horizon also requires the use of complex technologies such as Collaborative filtering and Artificial intelligence. Implementation of those technologies (including the required data streams) will take up 1 - 1.5 years.

Horizon 3: 2023-2026

Horizon 3 involves a new market, new value propositions and new business models. Hence the fact why this horizon requires the most time to fulfil. This horizon involves the development of a complete ecosystem with fully integrated services, ultimate visualisation support, a community and a platform to support the customer in every stage of his project. Which will already require an estimated amount of two years time. Next to that complicated technologies like Virtual Reality, Predictive marketing and making 3D renders needs to be implemented which will take approximately one year.



8.2.1 HORIZON 1: DELIGHTING THE CUSTOMER

By providing them with all the support, content and product knowledge needed to confidentially make their own product choice and get the job done.

THE IDEA

The first Horizon is all about serving and supporting the separate current customer journeys better. Helping customers to confidentially make their own product choice by giving them more in-depth (product) knowledge and offering decision support. Next to that consumers are fully supported after buying a product by offering installing content/services.

PRODUCT/SERVICE PROPOSITION

This horizon incorporates multiple product/service propositions:

Giving consumers in-depth product knowledge:

- By providing extensive buying guides/content
- By offering How-To install video's per product category
- By answering the most technical questions and sharing our expertise
- By providing in-depth DIY content

Helping customers to define choice and buy with confidence

- By offering smart search & filtering functionality
- By offering a comparison tool to directly compare multiple products
- By offering wish list functionality
- By offering decision support, which guides the user through the different product decisions she/he has to make
- By offering static product recommendations (recently viewed items, comparable items, top five products)
- By offering a basic AR tool to visualize paint colours and flooring
- By showing product reviews on the product page

Delighting and surprising customers

- By offering engaging email campaigns (Anniversary, welcome mail series, and repeat customer email series)
- By offering surprising packages (with a small

present and branded package with each order)

- Facilitating pride showoff with #trotsopthuis campaigns
- By constantly measuring feedback and acting on it where needed
- Rewarding and giving benefits to the consumers who contribute

ADDED VALUE

For the consumer

With the proposed product and services a consumer will be able to choose and buy products with a lot more **confidence**: he/she will get a lot more **(product) knowledge** which helps them to make a decision on their own. Next to that all the gained in-depth knowledge will **save them a lot of time** since they don't have to perform the research all by themselves, which is often a time-consuming process. By providing the consumer with a simple AR visualisation tool he/she will get a lot **more certainty and confidence** of how the product will look like in their own environment which takes away the uncertainty which is often encountered when online shopping. **Delight and surprise** will be the result of constantly exceeding their expectations and needs.

For Home Design Shops

By providing the consumer with more knowledge she/he will be able to perform a lot more **self-service**. Which will mean an **increase in labour/productivity** since the HDS employees will have to help a lot less consumers personally. Supporting consumers much better into making a decision and buying will result into a **higher conversion rate**, a **lower cost per sale** and **higher SEO rankings**. Delighting and surprising customers will (expectedly) result in a first form of **brand-loyalty**. By understanding each separate customer journey (per product category) in-depth, the company will be perfectly **prepared for the next horizon** which is all about connecting

the different customer journeys.

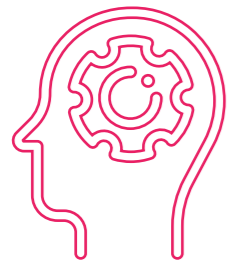
PHASE

According to the Design Roadmapping method the first Horizon starts in the current business environment with existing market & technologies and concentrates on innovations of design/service enhancements. (Simonse, 2017). This means that this Horizon is aimed at serving the buying (do phase) phase and installing (care phase) since these phases are the one that the company is currently serving, and of which they have the most knowledge.

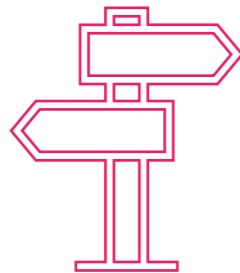
KPI'S

The following key performance indicators are tried to positively influence:

- Conversion rate
- NPS (Net promoter score)
- CPS (Cost per sale)
- Labour productivity ratio
- SEO rankings



Giving in-depth product knowledge



Helping to narrow down and define choice



Giving customers confidence



Delighting and surprising customers

BUSINESS MODEL CANVAS

Customer segments

In this horizon Home design Shops will be slightly expanding the current customer segments that they're currently serving: anyone who needs a product to decorate/renovate their house. By providing more How-To/installing content they will also reach anyone who is interested in finding out how certain products need to be installed. With providing decision and buying guides, consumers will get a lot more product knowledge. This means, that not only people who already know what they want will be reached, but also people that want to find out what they need.

Customer relationships

By offering customers online (automated) tools and content to define their choice and buy with confidence, the customer relationships will change a bit: from mainly personal replying to (technical) questions by phone, to providing consumers with tools and product knowledge which will enable them to perform a lot more self-service. When the tools & content are not adequate enough customers still get the chance to call Home Design Shops and

get personally helped (by phone, chat or mail).

Channels

The activity in this horizon will mainly happen through the channel of the e-commerce platform of Home Design Shops. This platform which will be enriched with (How-To) content, decision support, static product recommendations and basic augmented reality visualization support. A new channel for the company is Youtube, which will be used to host the How-To video's and guides. This has not only the advantage that Youtube takes care of the hosting and saves Home Design Shops server traffic, but also that the content will be published on the Youtube network. This way the content has the potential to reach hundreds of thousands of potential viewers, which can form a first interaction with the company.

Key activities

This Horizon will be all about serving the current customer journeys way better by providing tools, guides and how-to content. This means that the main activities will be focussed on creating this content: websites, decision guides, how-to

videos and interactive decision support. Next to that customers must be delighted & surprised in order to exceed their needs and expectations. This can only be achieved by constantly measuring and analysing to know what the needs and current satisfaction levels of the customers are.

Key resources

A first requirement to be able to provide the customers with product knowledge, is that Home Design Shops first needs to have all the required knowledge. Which makes this knowledge the most important key resource of this horizon. Next to that the created video and web content will play an important role, and at the end all the products will be sold with the use of the E-commerce platform of the company.

Key partners

The main partners that will be needed to make this business model feasible are:

The feedback company: Will be used for unrolling NPS score tests. Home Design Shops is already making use of their service for retrieving reviews about their website, hence the fact why it is easy to also implement their NPS score test.

Hotjar: Is a behaviour analytics company that allows users to provide instantly feedback on any element present on a website. Home Design Shops can use this service for retrieving a big amount of customer feedback.

Augmented reality framework (SDK) provider: For unrolling augmented reality in the first Horizon, HDS will need an AR Software development kit/framework. Such kit allows for easy development of an AR app by providing a collection of development tools specifically aimed at creating Augmented Reality

applications.

Youtube: Youtube will be used as a platform to host and distribute the how-to videos. Home Design Shops will need to make a channel on Youtube on which they can upload and display all their videos.

Packaging company: A packaging partner who can deliver Home Design Shops branded packages in which each order can be shipped. A partner must be selected who can deliver packages in the right size, quantity and for the right price.

Spotler: Spotler is the email marketing software tool that Home Design Shops is already currently using to send (automated) email campaigns to customers. In this horizon the software will be used to send: Anniversary, welcome mail series, and repeat customer email series)

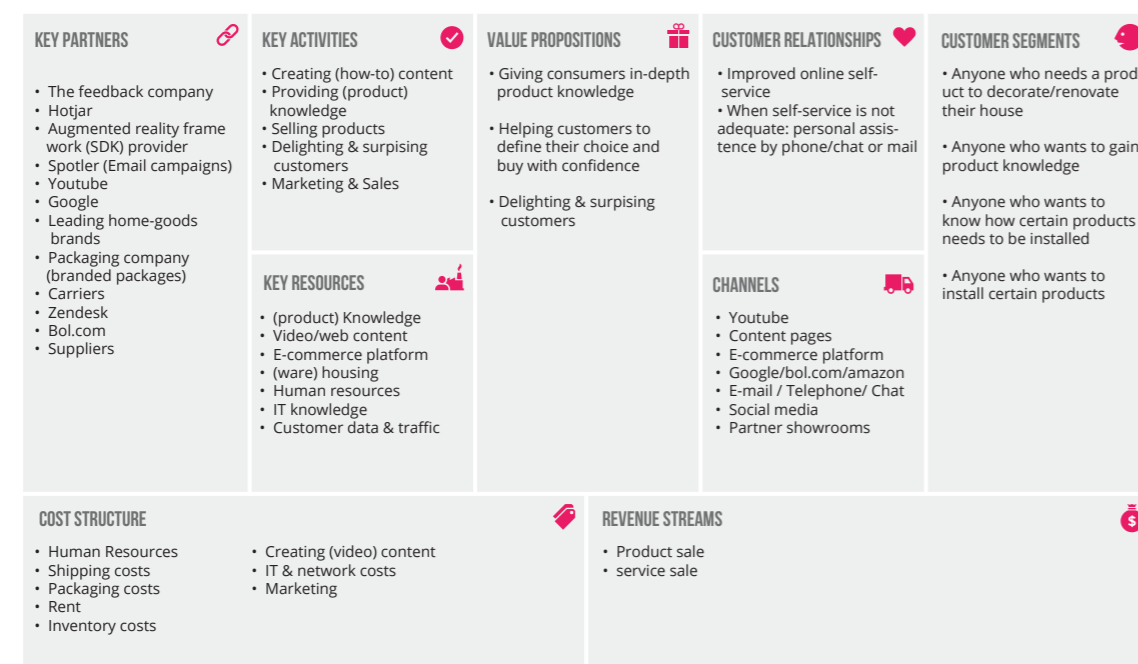
Google: for the use of advertising.

Cost structure

The biggest expenses will be made up by Human Resources, which will need to make all the required content and tools. This will cost a lot of man-hour and therefore money. Next to that the main costs will consist of marketing (Google Ads) and shipping & packaging costs.

Revenue streams

Like the current business model of Home Design Shops the main revenue stream this horizon will consist of product sale. However, by better serving visitors and providing them with more product knowledge this will expectedly lead to an increase in conversion rate and therefore more revenue.



8.2.2 HORIZON 2: RECOMMENDING CUSTOMERS

By becoming personal: getting to know their preferences and recommending a fitting interior or product combinations to them.

THE IDEA

In the second horizon Home Design Shops will make a shift from not only selling separate products but also providing inspiration to consumers and recommending them a complete interior (or multiple different products) to them. In this horizon the separate customer journeys from horizon 1 will be combined for the first time. According to the design road mapping method this Horizon forms the stepping-stone towards a new product/service application that is user-tested in an existing market (Simonse,2017). Which means that this Horizon forms the perfect opportunity for Home Design Shops to test certain assumptions of which the results will be used in horizon 3. Concretely this means that the company will be testing the needs and balance between offline and online: is the interior market ready to go fully online, or will there always be the need to perform certain activities offline?

PRODUCT/SERVICE PROPOSTION

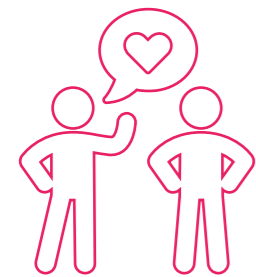
This horizon incorporates multiple product/service propostions:

Becoming personal:

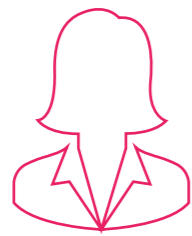
- By building 360° user profiles. To store customer: (interior) preferences, demographics and product viewing & buying behaviour
- By offering a personalized website optimized to the preferences of the user
- By making personal interior/product recommendations
- By performing segmented marketing: viewing the customers as a portfolio and treating each segment to their needs.

Recommending an interior

- By making recommendations which consist of multiple products from different product categories (cross selling)
- By offering personal online interior advice through videocall, phone call, chat or email
- By offering personal offline interior advice, in-person and on location of the consumer.
- By offering shop the look functionality, which shows multiple interiors and the used products in it.



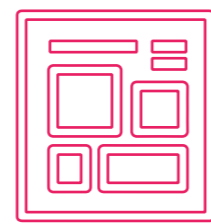
Becoming personal



Recommending an interior



Providing inspiration



Helping define inspiration

Helping to find and define inspiration

- By offering inspiration content: per interior style, per room, interior trends and make-overs
- By offering mood board functionality: like and save favourite images
- By offering personal online & offline inspiration advice services

ADDED VALUE

For the consumer

With the proposed product and services a customer will be treated and advised personal. This will give the customer a feeling of being **valued** and **appreciated**. When the customer will be advised by a person with a certain **expertise** and **authority** the customer will feel **secure and certain** about the choices that are being made in mutual accordance. By being advised and guided through the whole process of compiling an interior the customer will also be **completely unburdened**.

For Home Design Shops

When HDS is going to serve inspiration, they will **reach a lot more potential customers** which will eventually result in **more website visitors** and **higher revenue**. Another benefit is that by crossselling and advising complete interiors to customers, HDS can fully **benefit from the (complete) budget** a person has reserved for decorating his home. By making (on site) product recommendations a lot of benefits will be achieved. An increase of: **Click through ratio (CTR)**, **Number of products viewed per person**, **conversion rate** and **Average order value (AOV)**. According to Cizner (2020) making personalized product recommendations can result in an increase of : **revenue up to 31%**, **CTR of 35%** and **conversion rates up to 5.5 times**.

By testing between online and offline solutions at the same time the company will **get a lot knowledge of what the needs of the customers and market are** and how they can be best served in Horizon 3.

When Home Design Shops will retrieve the interior preferences of customers, this will allow them to be **a lot more relevant** by offering products according to the needs of the customer.

PHASE

In this Horizon Home Design Shops needs to expand their knowledge and (business) activities in order to be able to fully serve the inspiration (THINK) phase. This phase will be all about providing interior inspiration and advising customers according to their preferences.

KPI'S

The following key performance indicators are tried to positively influence:

- Website Visitors
- Average order value (AOV)
- Conversion rate
- CTR (Click-through ratio)
- Average items viewed per customer

BUSINESS MODEL CANVAS

Customer segments

In this horizon Home Design Shops will make the shift from selling separate products to recommending several different products (a complete interior) to consumers. This means that they will be serving a completely new customer segment: people who want a new interior and possibly need inspiration for that. Next to that Home design Shops will also provide interior inspiration which will be accessible for everyone. This does not only attract customers who want to buy products but also people who are still only looking for inspiration.

Customer relationships

This horizon will be all about approaching customers in a personal way: The website will approach customers personal according to their preferences. The product pages will make personal product recommendations and people can receive personal styling advice through a face to face meeting on location or a digital video call. As a result, every customer will be treated personal which will make them feel a lot more valued and appreciated.

Channels

People will get the choice to receive interior and styling advice through two channels: online with the use of a video call/chat/mail or offline by making a physical appointment at the location of the customer. Next to that Home Design Shops needs to build an inspiration environment to display all the inspiration pictures, interior trends, make-overs and mood board functionality. The selling of the products will happen with the use of the e-commerce platform.

Key activities

The main focus of this horizon is recommending people an interior and providing them with inspiration content. This means that the main key activities will be providing interior advice and creating inspiration content.

Key resources

Currently Home Design Shops does not possess the knowledge of how to stylize and create fitting interiors. As a result, the company's first goal should be to get that resource in possession by acquiring interior stylists and knowledge. To be able to make (product) recommendations, Home Design Shops will need to have extensive IT knowledge about artificial intelligence and machine learning. Something that they will also need to acquire.

Key partners

At first hand an interior stylist agency will be needed which can provide freelance interior stylists and interior stylists. Later on, when providing interior inspiration has proved itself as a viable business model, Home Design Shops will acquire interior stylists and knowledge by hiring interior stylists themselves.

To be able to make (product) recommendations on the website, Home Design Shops will be needing a recommendation engine supplied by a software company. This way the company gets a kickstart into knowledge about applying AI for product recommendations.

Revenue streams

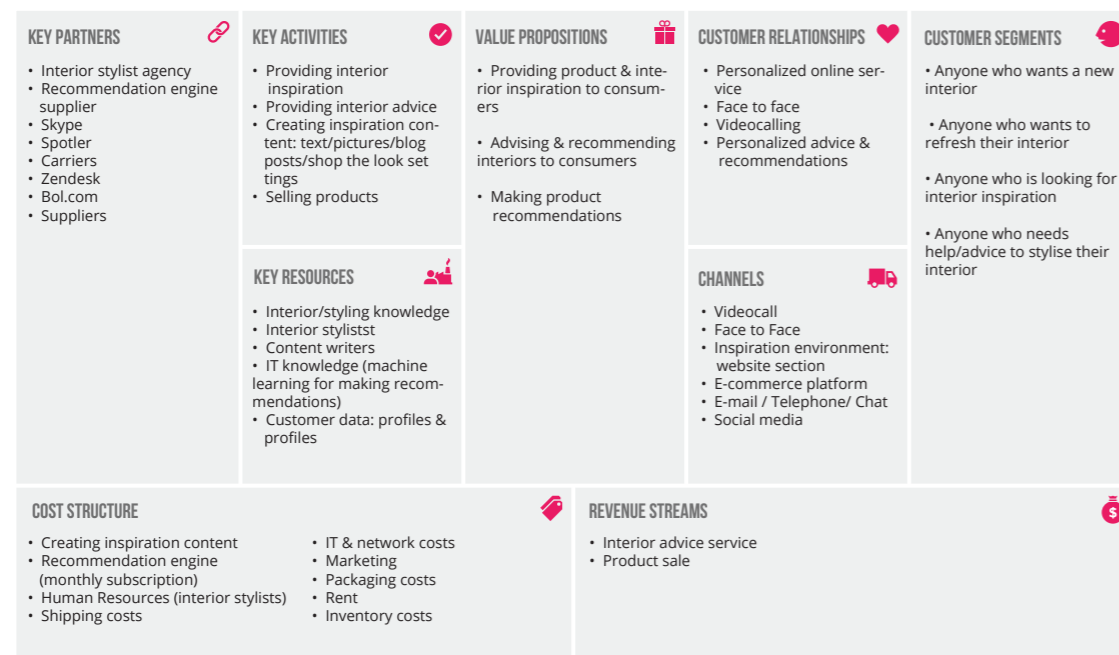
The revenue streams will be made up by providing personal interior advice services. To receive interior advice customers need to pay, which could later on also be transformed in a discount when they decide to buy products at Home Design Shops.

The interior stylists will only advice products that can be bought at the company which will also create a revenue stream of product sales.

Cost structure

In this horizon the biggest costs will consist of: creating inspiration content, human resources (interior stylists & content writers) and a monthly subscription to a recommendation engine supplier. Inspiration content will involve creating interior settings and shooting pictures of it. Next to that content will need to be written about that setting and products needs to be tagged to enable shop-the-look functionality.

A recommendation engine will be delivered by a software company which mainly charge money with the use of a monthly subscription.



8.2.3 HORIZON 3: EMPOWERING CUSTOMERS

By helping them to achieve their project goals, providing an ecosystem with all the services, tools, content and products needed to confidentially plan and shape their own project.

THE IDEA

The last and final horizon will be all about fulfilling and reaching the future vision (see chapter 6.4). According to the Design Road-mapping theory (Simonse, 2017) this horizon captures a strategic scenario with a state of growth on the long run, which includes new markets with new technologies. For Home Design Shops this means that they will be taking care of the complete customer journey of the customer: which is not only selling and recommending products but taking care of the complete project of renovating/decorating a house. The aim is to support the customer in every stage she/he goes through while doing a project. In this horizon all the customer journeys from horizons 1&2 will be fully integrated into one fitting ecosystem.

PRODUCT/SERVICE PROPOSITION

This horizon incorporates multiple product/service propositions:

Helping customers to plan and perform the complete project

- By providing a tool which helps customers to plan their complete project
- By providing a tool which helps customers to track the progress of their complete project (project journey tracker)
- By offering support, content and products relevant to every stage/phase of the project
- By offering training courses where consumers can learn how to install products and perform the project on their own

Offering fully integrated Services (fulfilled by partners)

- By offering installing services for all the products that HDS is selling
- By offering (interior) advising services at the

home of the consumer and digital

- By offering measuring services at the home of the consumer
- By offering all in one package where the customer is completely unburdened

Providing consumers with ultimate visualisation support

- By offering full Augmented reality functionality to visualize complete interiors at home
- By offering consumers 3D renderings of their home which visualize their future interior
- By providing a tool to construct a floorplan which helps consumers to arrange and visualize the layout of their home
- By providing a tool to construct a light plan which helps consumers to arrange and visualize their lightning in their home, which also helps to make decisions on where to place sockets (in newbuild homes)

Facilitating consumers to express their pride

- By offering a community where consumers can show off their project and home, share tips and tricks and view projects of other consumers
- By building campaigns that aim to facilitate Word of Mouth
- By building a community of proud home owners

ADDED VALUE

For the consumer

With the proposed product and services a customer will be **hassle free and completely unburdened** when performing a project of renovating/decorating their home. He/she will be supported in planning and tracking their project which will result in **stress reduction** (stress often occurs when performing a project). The consumer will also be provided with help and support content/relevant to every stage he/she is in, which will give them a lot **more confidence to perform the project.**

By helping them to **set and achieve their goals** they will get a sense of feeling **proud**. By offering the possibility to express their pride they will feel **appreciated** and even more proud of what they have achieved.

For Home Design Shops

When Home Design Shops is going to take care of the complete project by providing a complete ecosystem, they will become a lot **less dependent** of suppliers and home-good brands since selling products is not the only revenue stream anymore.

By being able to support the complete customer journey, **customers will stick a lot longer** with the company which will result in an **increase of the average CLV**. By tracking the project progress of customers, HDS will be able to be **extremely relevant**: making the right offer at the right time. Which will lead to **much higher conversion rates**. By generating **WOM**, Home Design Shops will become a **more trusted brand**: According to Nielsen (2012) 92% of consumers trust recommendations by friends or family above all other forms of advertisements. WOM is also a free form of advertising which will result in **less acquisition costs**.

PHASE

The goal of this horizon is to support the full customer journey of renovating/decorating a home. Which means that this horizon will be aimed at creating awareness (see phase), helping to find & define inspiration (think phase) helping to define choice and buy with confidence (do phase) and providing support after the products are bought (care phase).

KPI'S

- CLV (customer lifetime value)
- Referrals
- Conversion rate
- Acquisition costs



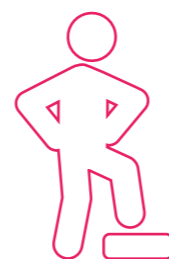
Helping customers to plan and perform the complete project



Offering fully integrated Services



Providing ultimate visualisation support



Facilitating consumers to express their pride

BUSINESS MODEL CANVAS

Customer segments

In this horizon Home Design will be serving anyone who wants to start a project of renovating/decorating their home. The goal is to be relevant during every stage of this customer journey. This means that the company will be serving the following customer segments: anyone who wants to track & plan their project, anyone who wants to receive information/knowledge on how to perform the project and anyone who wants to be fully unburdened during the project.

Customer relationships

The interaction with customer will happen in multiple ways: face to face with the multiply offered services. A lot of self-service with the use of the project guides, tracking and visualisation tools. And when this all is not adequate people can always receive personal (project) advice through a phonecall, videocall, chat or email.

Channels

The augmented reality app will form an important channel this horizon to reach custo-

mers on which people cannot only visualize products in their own environment but also can get inspiration, see How-To content and seamlessly buy products. Next to that Home Design shops needs to build an environment in which people can plan & track their project and receive relevant content to every stage they're in. This environment also forms a channel through which customers can be reached to offer them the right product/content at the right time.

Key activities

This horizon is all about serving the complete project of renovating or decorating a house. This will be done by: providing project knowledge in the form of content and guides, providing project planning & tracking tools and providing all the services that are needed to perform a project. These services will consist of: measuring, advising and installing the products on the location of the customer. To be able to provide these services HDS will be working together with external partners for which Home Design Shops needs to arrange the planning between the professional and the customer. Next to that customers will be

provided with ultimate visualization support in the form of an Augmented Reality app which needs to be developed and maintained. By being able to track the progress of customers the company will be able to perform super segmented marketing which allows Home Design Shops to make the right offer at the right time.

Key resources

To be able to provide ultimate visualisation support with the use of Augmented reality, Home Design Shops first needs to possess augmented reality knowledge, which is an important key resource this horizon. Next to that the Project planning & tracking environment will form a key resource which enables Home Design Shops to perform the various key activities.

Key partners

The services of installing and measuring products will not be performed by personnel that is employed by Home Design Shops, but with the use of carefully selected external (freelance) home-improvement partners. This has as advantage that Home Design Shops does not need to possess all the needed tools, personnel and knowledge to perform the services. At the same time the company will be able to offer a much bigger network through the whole Netherlands by working together with multiple home-improvement partners.

To be able to provide ultimate visualisation support with the use of Augmented Reality, Home Design Shops first need to achieve Augmented Reality knowledge, something that they won't be doing fully by themselves but with the help of a software company that has more experience with such applications.








Revenue streams

This Horizon will consist of multiple revenue streams: advising, installing and measuring services. These services will only use the products that Home design Shops is selling which generates a lot of product sale revenue. Next to that providing ultimate visualisation support with the use of an AR app will also stimulate a lot of product sale. By helping people reduce the uncertainty they normally have of how a product will look like in real life. In horizon 3 Home Design Shops will be such an established and trusted name that they can charge (interior) brands to promote them on their platform which will result in advertising revenue.

By providing content and support during the complete project the company will eventually poses such valuable content, which can also be sold in the form of user subscriptions.

Cost structure

The main costs in this business model will consist of: hiring home improvement professionals, developing the augmented reality environment, developing the project planning and tracking environment, and the creation of project knowledge content and guides.

KEY PARTNERS  <ul style="list-style-type: none"> • (Freelance) home improvement professionals : interior stylist, measuring and installing professionals • Interior stylists • Measuring professionals • AR software company 	KEY ACTIVITIES  <ul style="list-style-type: none"> • Providing project knowledge • Providing planning & tracking tools • Providing services • Services planning • Providing ultimate visualisation support • Providing community functionality 	VALUE PROPOSITIONS  <ul style="list-style-type: none"> • Empowering home-owners to plan & perform their own renovating project • Taking care of: tracking&planning, getting inspiration and advice, getting project knowledge, buying products, installing products and measuring products. • Offering fully integrated Services (fulfilled by partners) • Providing consumers with ultimate visualisation support • Facilitating consumers to express their pride • Providing home-goods brands advertising options 	CUSTOMER RELATIONSHIPS  <ul style="list-style-type: none"> • Face to face (home improvement professionals) • Online self service • Personal (by phone/-mail/chat/videocall) • Videocalling • Personalized advice & recommendations 	CUSTOMER SEGMENTS  <ul style="list-style-type: none"> • Anyone who wants to start renovating/decorating their house • Anyone who wants to track & plan their project • Anyone who wants to be-guided through every phase of the project • Anyone who wants to be (fully) unburdened during the project • Anyone who needs knowledge on how to perform the project
COST STRUCTURE  <ul style="list-style-type: none"> • Freelance home improvement professionals • Software development: augmented reality • Software development: planning & tracking environment • Creating project knowledge content • Human resources • Marketing • Packaging costs 		REVENUE STREAMS  <ul style="list-style-type: none"> • Service revenue: advising • Service revenue: installing • Service revenue: measuring • Product sale • Content sale • Advertising sale • User subscriptions 		

8.3 CONCEPTUALISATION

After creating short- and long-term design solutions and crafting the horizons it was decided to conceptualise certain design solutions. The aim of this conceptualisation was to validate certain assumptions that were made in the strategy with the use of an user test.

IDEAS

It was decided to form the concepts around one product group in order to get a clear focus: chalk paint. The product group was chosen based on the amount of turnover it generates for Home Design Shops and of which the researcher had the most knowledge about. Ideas were generated by selecting design & service propositions from chapter 7.5 (from Horizon 1 and 2) and rethinking them into the form of chalk paint concepts. The reason why the focus was on horizon 1 and 2 is that these two horizons are the most resembling to the current business model of Home Design Shops, were more effortless to prototype and would result in insights that were immediately valuable for the company. The following ideas were generated:

Horizon 1

- Creating how-to video's about paint (applying) advice
- Creating DIY content about how to paint into an interactive guide
- Creating an interactive buying guide to buy the paint
- Creating a seamless integration with which a person can seamlessly book a painter to paint his room
- Coming up with something as a present in the package when someone orders paint that would surprise them
- Creating a campaign that encourages people to share the result of their painted wall
- Creating product filters that would consumers intuitively help select paint
- Creating static product recommendations for paint: similar colours, recently viewed paint

colours and top five most popular colours.

Horizon 2

- Creating accounts for consumers where they can store their paint preferences (favourite colours, finish, surface and the room that needs to be painted)
- Creating a fully personalised painting website according to the preferences of the visitor
- Offering painting inspiration content: per colour, per room, per finish and per interior style
- Creating moodboard functionality where people can store and share their favourite inspiration pictures

SELECTING CRITERIA

After the ideas were formed it was time to create a selection of ideas to turn into concepts. The ideas were selected on the following criteria:

- The strategic value for the strategy: how crucial and important are the hypotheses/assumptions for the strategy
- The feasibility of creating an interactive prototype out of the selected ideas
- The possibility to combine certain ideas and horizons into one concept
- The strategic value for Home Design Shops of the user test
- The usefulness for HDS: how much work would it cost for the company to translate the concept into a real working product/website

SELECTED IDEAS

See chapter 8.3.1

SKETCHING WIREFRAMES

The next step was turning the ideas into interactive prototypes. The selected ideas were all translatable into the form of an app or website.

The first step towards an interactive prototype was sketching the user interfaces (UI) on paper. An advantage of this sketching was, that it was possible to make quick iterations and find out what works and what don't.



Figure 27: Sketching wireframes on paper allowed quick iteration rounds

DIGITAL PROTOTYPING

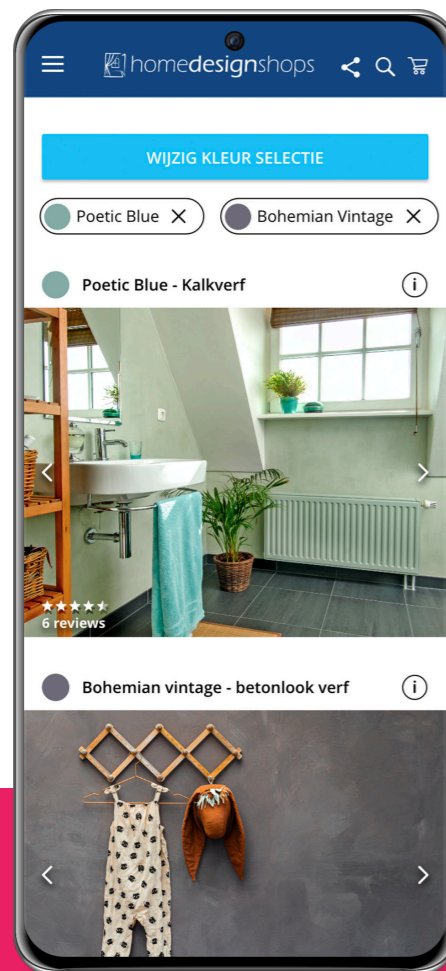
The next step was turning the sketched UI's into a real digital prototype. With the use of Adobe XD an interactive mock-up was created that you can try by yourself in chapter 8.3.2 - 8.3.4



Figure 28: With the use of Adobe XD interactive prototypes were created that can be used on a smartphone.

8.3.1 THE CONCEPTS

This chapter presents the conceptualization and embodiment of selected product/service propositions from the first and second horizons. It was decided to create three separate concepts, each with its own purpose. The concepts are all focussed on one product category: chalk paint.



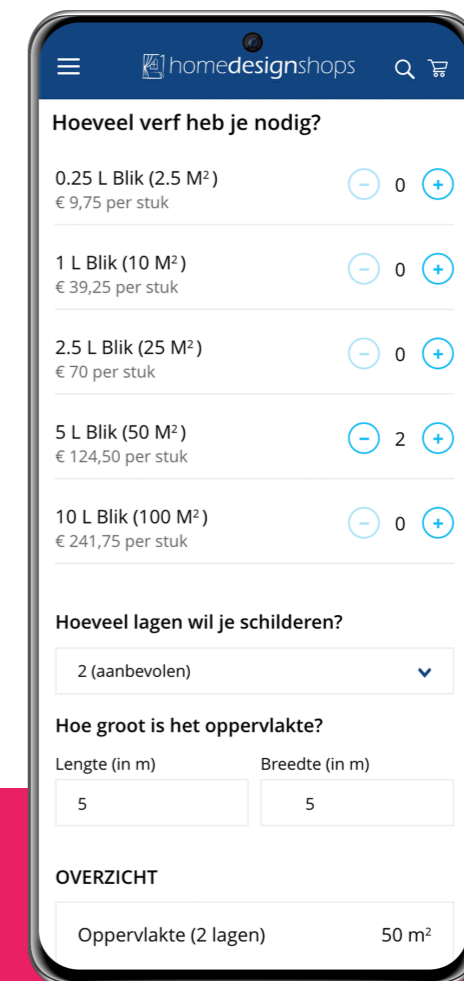
INSPIRATION TOOL

Horizon 1&2
Chapter: 8.3.2



INSPIRATION TINDER TOOL

Horizon 2
Chapter: 8.3.3



BUYING TOOL

Horizon 1
Chapter: 8.3.4

8.3.2 INSPIRATION TOOL

The inspiration tool was constructed with the idea to provide people with inspiration material and (extensive) product knowledge. Helping them to narrow down their choice and confidentially make their own product choice.

THE IDEA

The inspiration tool was constructed with the idea to provide people with inspiration material and (extensive) product knowledge. In order to help them to narrow down their choice and confidentially make their own product choice.

FEATURES:

- Understand the differences between colour hues and when to choose them
- View multiple inspiration images per colour
- Compare different colours
- View information on the origin of the colour
- View recommended colour combinations per colour
- Share and align choice with partner/family with mood board functionality
- View the differences between the available finishes
- Try the colour at home with a sample jar or a hand painted A5-card
- View the colour at home with the use of Augmented Reality
- View reviews of a colour

TRY IT YOURSELF!

You can try this interactive prototype on your own phone! Scan the QR code or visit: <https://adobe.ly/3088fy>



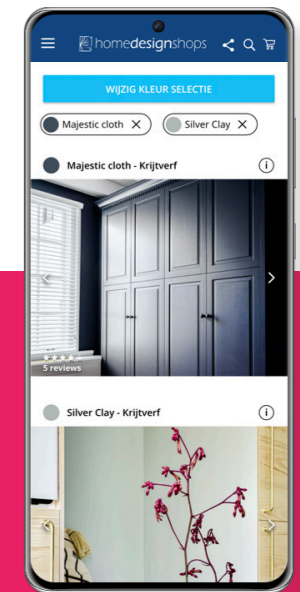
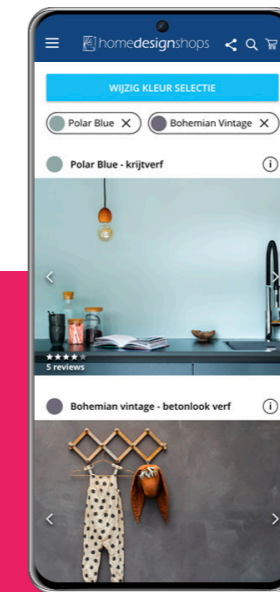
HYPOTHESES

The inspiration tool is built on the following hypotheses (see chapter 8.4 for a user test to validate these hypotheses):

- Offering inspiration images helps people to **narrow down their choice**
- Offering **product knowledge** ensures that people can make a choice and buy with **certainty and confidence**
- Being able to share and save a colour selection helps people **narrow down their choice**
- By providing good inspiration images and product knowledge, people will be **more likely to buy the paint**
- Offering the options to view the paint at home gives people **certainty and confidence**
- Offering inspiration in such a smooth and accessible way **delights** people

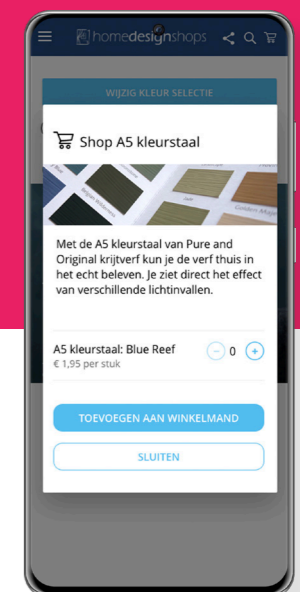
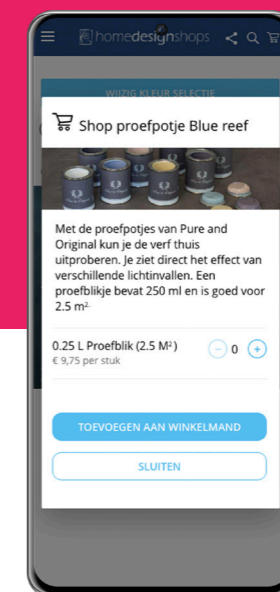
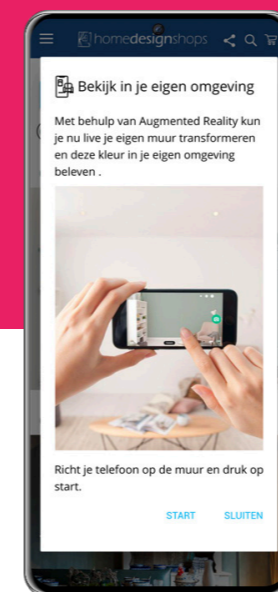
HORIZON & PHASE

This concept will be introduced at the end of horizon 1 and the beginning of horizon 2. Since it's aimed at providing inspiration material (think phase) while at the same time it provides extensive product knowledge (do phase). It forms the perfect transition between horizon 1 and 2.

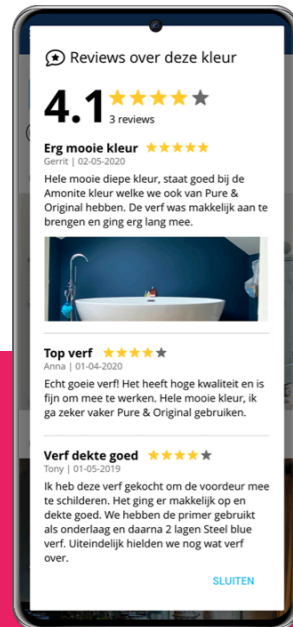


VIEW & COMPARE COLOURS

EXPERIENCE COLOURS AT HOME



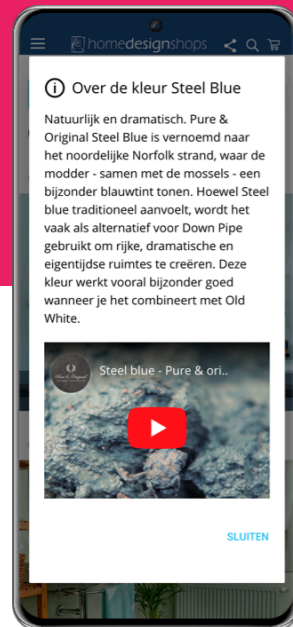
Reviews of the colour & finish



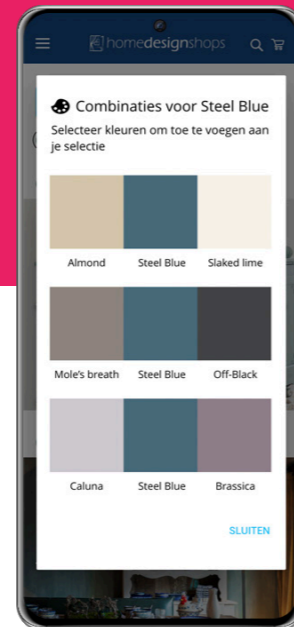
Information about the finish



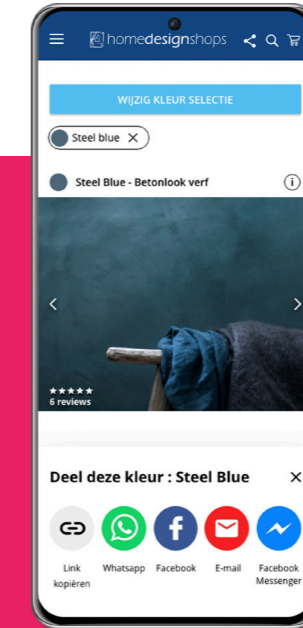
RETRIEVE PRODUCT KNOWLEDGE



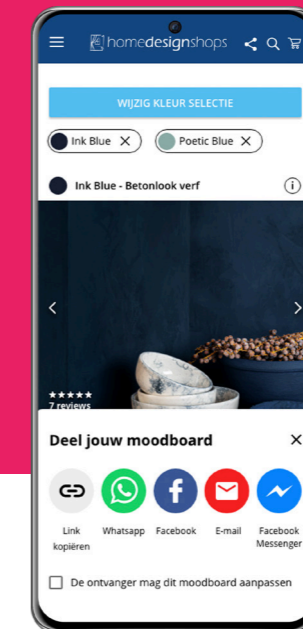
Background information of the colour



Colour Combinations



SHARE MOODBOARD & COLOURS



8.3.3 INSPIRATION "TINDER" TOOL

Providing consumers with inspiration pictures in a fun and appealing way. Enabling them to align their choice with their partner or family in an accessible way.

THE IDEA

The inspiration "tinder" tool was developed with the idea to provide people with inspiration material in an appealing and easy way. At the same time it enables people to align their choice with their partner or family in an accessible way.

FEATURES:

- View multiple inspiration images
- Like or dislike (swipe) colours
- Swipe together with your partner/family member
- Swipe separate from each other on other locations
- View colours in one hue or get surprised and view all colours
- See an overview of your likes
- See an overview of your matches together
- Share your likes & matches

TRY IT YOURSELF!

You can also try this interactive prototype on your own phone! Scan the QR code or visit: <https://adobe.ly/38WgN0c>



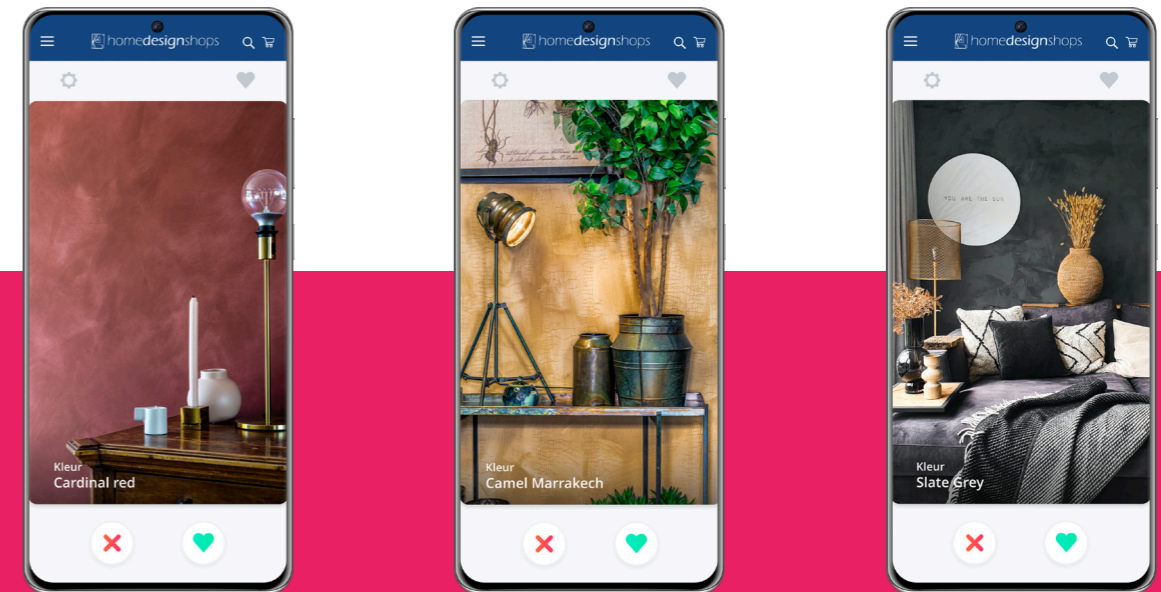
HYPOTHESES

The inspiration tool is built on the following hypotheses (see chapter 8.4 for a user test to validate these hypotheses):

- People will get **surprised /delighted** because they can swipe/tinder paint colours
- Tindering/swiping paint colours helps people **narrow down their choice**
- The tinder function helps people to **align their choice** with their partner
- When a participant likes a colour that their partner also likes, they are **more likely to buy the paint**
- When a participant likes a colour that their partner also likes, they would buy the paint with more **confidence**

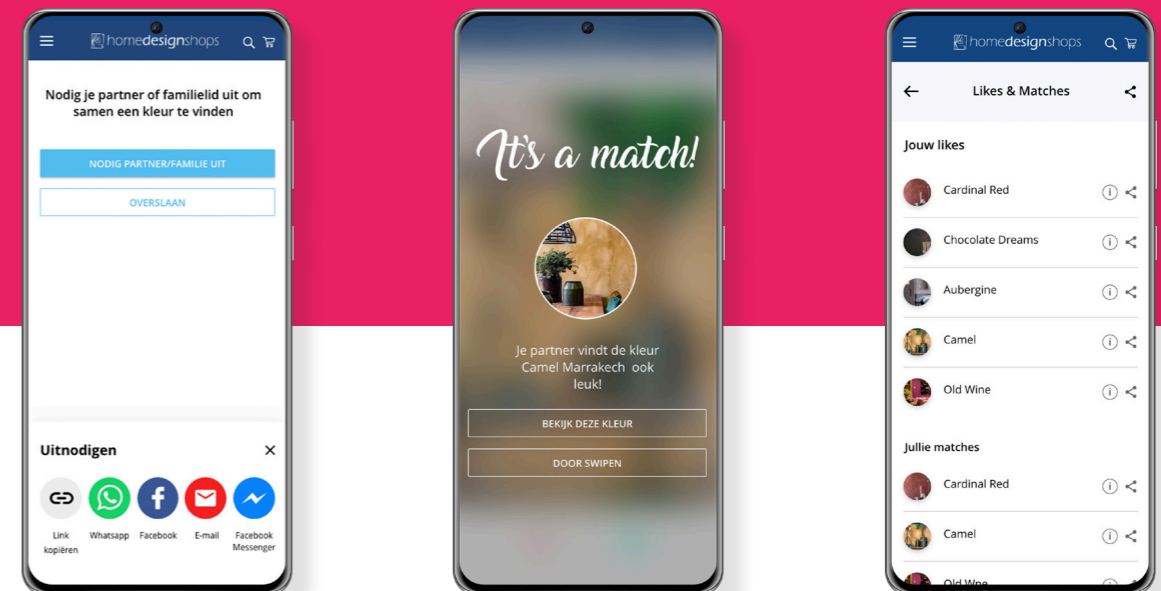
HORIZON & PHASE

This concept will be introduced in horizon 2. Since it's aimed at providing consumers with inspiration material in the think phase.



VIEW & SWIPE COLOURS

ALIGN CHOICE WITH PARTNER



8.3.4 BUYING TOOL

After the process of viewing and selecting inspiration, consumers are smoothly supported into the process of buying a product hassle-free.

THE IDEA

The buying tool was developed with the idea to smoothly support consumers in the process of buying a product. After they've gone through the process of viewing inspiration and finally made a decision, they should be supported into buying the product hassle-free.

FEATURES:

- View & select available colour hues
- View & select specific colours
- Search functionality, for selecting: a specific colour or finish
- Buying a specific colour in a selected finish
- Buying paint for the right surface
- Buying paint in the right amount of litres
- Buying paint in for the right amount of surface
- Calculate surface size
- Select number of layers needed to be painted

TRY IT YOURSELF!

You can also try this interactive prototype on your own phone! Scan the QR code or visit: <https://adobe.ly/3j3dKaU>



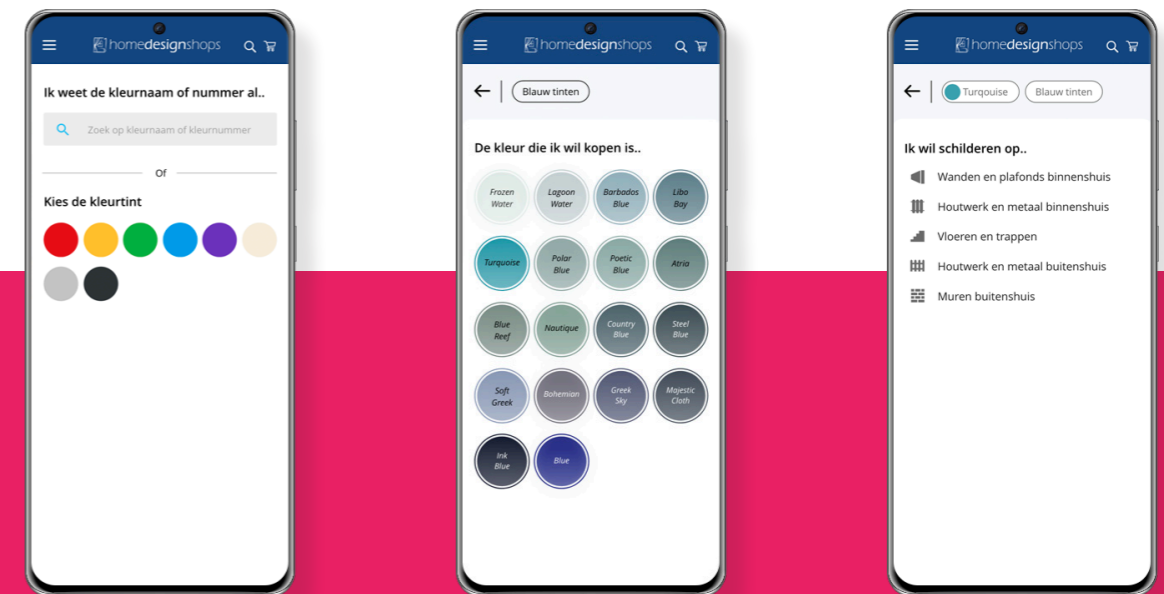
HYPOTHESES

The inspiration tool is built on the following hypotheses (see chapter 8.4 for a user test to validate these hypotheses):

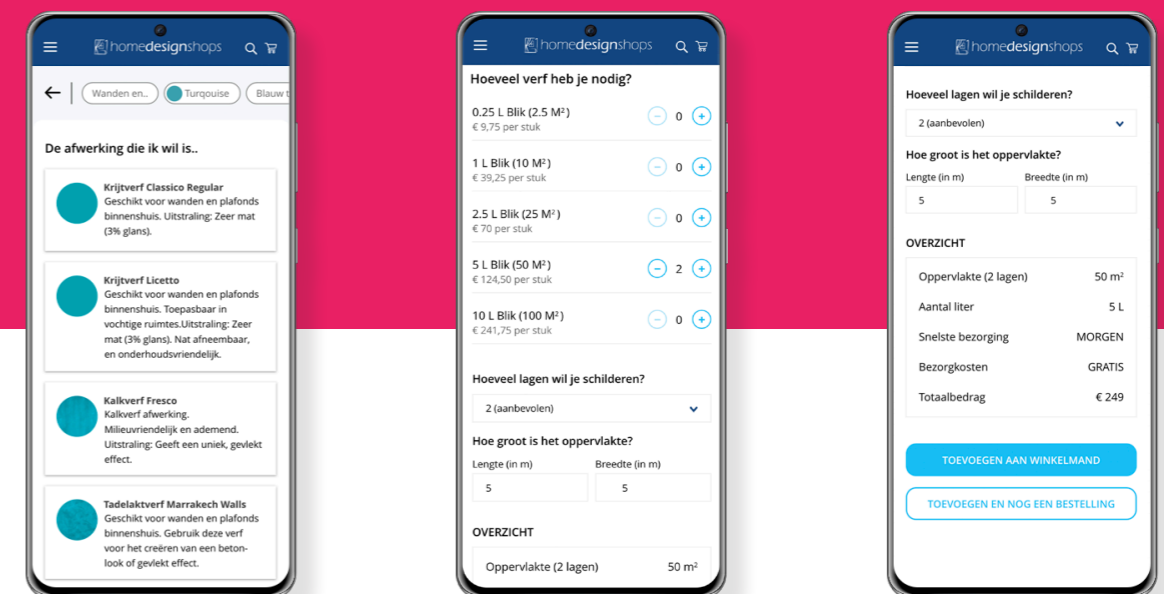
- Smoothly supporting the purchase of a product helps people to **narrow their choice**
- Smoothly supporting the purchase of a product ensures **higher customer satisfaction**
- Offering smoothly supporting the purchase of a product will result in a **higher likelihood to buy the product**
- People will get **surprised/delighted** by this buying tool. Since they are not used to going through the buying process so smoothly.
- People gain more **confidence** through (more) product knowledge
- When people are more confident, they are **more likely to buy the product**

HORIZON & PHASE

This concept will be introduced in horizon 1. Since the tool is fully aimed at supporting to buy smoothly buy a product (do phase) with confidence.



VIEW AVAILABLE COLOURS - SELECT SURFACE



SELECT FINISH - BUY EXACT AMOUNT OF PAINT

8.4 CONCEPT VALIDATION : USERTEST

In order to validate whether the developed concepts will truly give consumers confidence and help to shop paint online, it was decided to perform a user test with ten potential customers.

GOAL

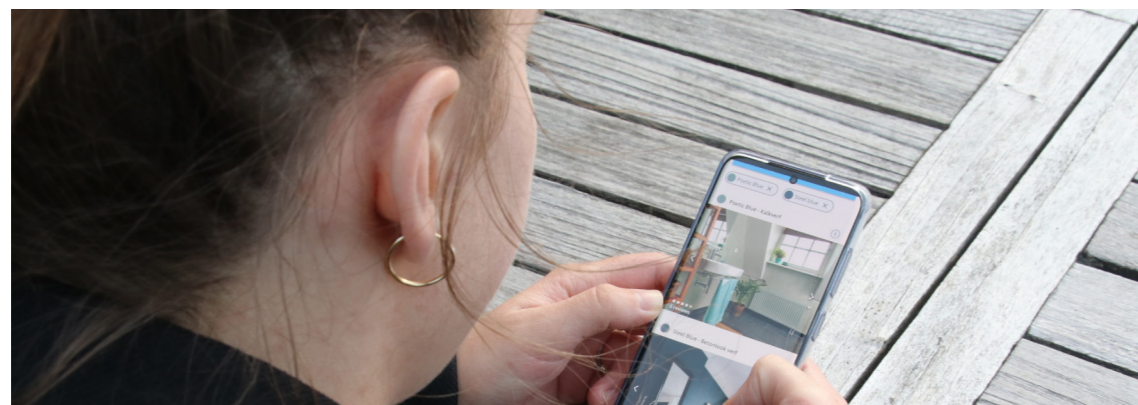
To find out whether the formed hypotheses (see chapter 8.3) of each concept are valid. Next to that the goal is to find out how each tool (and which aspects) scores, and what can be improved. The results will be used as input for the final strategy/roadmap.

PARTICIPANTS

Ten users participated in this user-test. Five females (with the age of: 23, 25, 34, 35 and 55) and five males (with the age of: 21, 25, 26, 56, 62)

METHOD

Qualitative & quantitative research methods on location were used. Participants got to test the three interactive prototypes on a smartphone. Participants received a background /context story and a set of task instructions with each tool. After each task they were asked to rate statements on a 7-points Likert scale (strongly agree – strongly disagree). After testing each prototype qualitative questions were asked to go in depth. See appendix E for the instructions, context story and the statements that each participant received.



8.4.1 CONCEPT USERTEST RESULTS

See Appendix E for an overview of the complete results.

INSIGHTS

Inspiration tool

- The more information a consumer gets to see about the paint the more confidence she/he gets to buy the paint

- Some people would use the inspiration tool as a first step and go to a physical store as a second step. When asked what they hoped to get there, the answer was often: advice from a real expert

Inspiration tinder tool

- People got really delighted by the tinder inspiration tool. When asked what delighted them was that "It's a quick and easy fun way to go through a lot of engaging inspiration pictures."

- Inviting someone to look together for inspiration pictures can not only help people to narrow down their choice but can also expand their choice if the other person has a completely different taste.

- People get more confidence into buying a paint colour if their partner also likes that colour.

- People would use the tinder inspiration tool as a first step, but not for buying the paint.

Buying tool

- The clean design of the buying tool and separation of steps helped people a lot to go the process of buying paint. Compared to the real website which has a lot of colours and distractions.

WHAT GIVES PEOPLE THE MOST CONFIDENCE TO BUY THE PAINT?

(1= most confidence, 7=least confidence)

Aspect	Average
Augmented reality	1.4
Sample jar	1.5
A5 sample	1.5
Reviews	2
Information about the finish	2.4
Seeing colour combinations	2.6
Explanation about the paint colour	3.5

Augmented reality was the number one aspect that gave people the most confidence to buy the paint online. "It's a great way to immediately visualize the colour in my own situation" was an often-heard remark. Participants liked the fact that they could view the colour in their own interior and see how the rest of their interior (furniture, flooring etc.) would fit with that colour. People were often wondering about the context pictures how the colour would turn out in their own situation regarding lighting conditions and the layout of their interior.

The option to view the paint at home with the use of a sample also gave participants a lot of confidence because it allowed them to view (and touch) the real deal. A heard argument why someone preferred AR over sample paint was that he with the help of AR could visualize a very big surface and view the complete situation, whereas with the samples she/he could only visualize a small area.

Another interesting aspect that gave people a lot of confidence were the reviews about

colours. When participants were asked what aspects gave them the most confidence AR & reviews were the most heard answers. "If real people who have tried the paint themselves say something positive about the paint, I will trust it more than when the company states it".

A very important piece of information that participants were looking for in the reviews was whether the paint turned out the same as the buyer was expecting from the user.

The explanation about the paint colour gave the least confidence about buying the colour. Often this piece of information describes the origin of the colour which participants viewed as "nice to know" but didn't give them necessarily confidence.

HOW LIKELY IS IT, THAT A PARTICIPANT WOULD RECOMMEND THIS TOOL TO A FRIEND, FAMILY OR COLLEAGUE?

On a scale from one to ten

Inspiration tool

Average = 8,3

NPS score= 40%

8,3

Inspiration tinder tool

Average = 8,4

NPS= 30%

8,4

Buying tool

Average = 8,4

NPS= 30%

8,4

LINK TO THE HORIZONS & STRATEGY

Horizon 1

• Reviews & Augmented reality should have one of the highest priorities and should be implemented first. (Home Design Shops is already offering paint samples, this is why this aspect doesn't get a lot of attention)

• The Buying guides/tools has proved itself to be very effective and could also already be introduced at the start of horizon 1.

• Review functionality should focus on whether the reviewer thinks the product is the same as they expected.

• Review functionality should encourage visual (photo) reviews.

• Reviews are an effective way to lowkey encourage user generated content, which can already form a first step into building a community.

Horizon 2

• The interior stylists that should be hired in horizon 2 can also function also expert in the inspiration tool: when a customer is in need of external advice, he/she can get (digitally) in contact with the stylist.

• Since having good inspiration pictures are a vital part for the inspiration tools, Home Design Shops should have a strong focus on acquiring those pictures in Horizon 2.

REVIEWS OF THE PARTICIPANTS

"Augmented Reality would really help me to visualise my own situation. Since it's not a regular situation (very high ceiling, slanted roof and skewed lines), I cannot find normal inspiration pictures. This tool would enable me to immediately view it in my own situation." - Elsbeth

"Reviews give me a lot of confidence. Because I get to see results from real people. Normal pictures and not polished studio photos. I also like it when they tell if the colour was the same as what they expected" - Jeaninka

"I got really excited by the tinder swipe functionality. It was an easy, fun and fast way to go through a lot of inspiring images. When I got a match with my partner, it felt like I was doing something good which made me eager to continue" - Nick

CONCLUSION & RECOMMENDATIONS

Overall it can be concluded that the three concepts performed well on the formed hypotheses. However, some aspects performed profoundly better than the other elements. Meaning that these aspects like augmented reality and reviews will get prioritized in the strategy.

Inspiration tool

• When implementing reviews, it's important to focus on photo reviews and the fact if the reviewer thinks the product is the same as what they expected. These factors give consumers the most confidence.

• It's recommended to not mix context pictures with different finishes on it. During the user test it turned out that people tend to get confused by it. The colours seemed a bit different with each finish and participants were not sure which was the real one.

• It needs to be clarified better what people can expect. Participants were often surprised that they got to see inspiration pictures after selecting a colour. It was also not clear what options and functionality were hidden behind the information button.

• There needs to be included a disclaimer that states the showed colours on screen can differ from reality, in order to avoid disappointment from the consumers side

• The sentence "I would like to see the following colours" should be changed

to "I would like to see the following colour families" in order to avoid confusion.

• The colour family's should be changed to more pastel like colours in order to match the colours that are in that family and avoid confusion with the user

Buying tool

• People could get more help to calculate the needed amount of paint for their surface

• The real website also needs a cleaner design, with less colour and distractions. This enables consumers to buy the paint more smooth

Inspiration "tinder tool"

• It needs to be clarified how many pictures there are left someone has to swipe through, so the user knows what to expect and will not get bored.

• The real tool will need to work with AI where the system anticipates on the preferences of the user.

• Users need to get the choice in what colour/ finish/ interior style they want to swipe in order to get provided images according to their preferences.

• It would be useful to include an option where a person can view all the colours that there partner liked.

Overall

• The tinder tool and inspiration tool could be connected to each other where the tinder tool forms the first step to make a selection of colours and the inspiration tool provides in depth knowledge.

8.5 TACTICAL ROADMAP

The tactical roadmap presents the innovation strategy, the previously described horizons and short- & long-term design solutions combined with their corresponding time pacing. The roadmap provides a detailed in-depth overview of the strategy which describes all the separate steps that lead to the future vision and

is meant for internal use, such as the management and R&D department. It does so by addressing the several components the strategy consist of: the value propositions (for the user and the company), the proposed products & services, the required technology and data streams, and the corresponding business/revenue models.

	2020	Horizon 1	2021	Horizon 2	2023	Horizon 3	2026				
VALUE	Value proposition	DELIGHTING THE CUSTOMER By providing them with all the support, content and product knowledge needed to confidentially make their own product choice and get the job done.		RECOMMENDING CUSTOMERS By becoming personal: getting to know their preferences and recommending a fitting interior or product combinations to them.		EMPOWERING CUSTOMERS By helping them to achieve their project goals, providing an ecosystem with all the services, tools, content and products to confidentially plan and shape their own project.					
	Consumer	(product) Confidence	(product) Knowledge	Narrowing choice	(interior) Confidence	Appreciation	Certainty by authority	Hassle Free	(project) Confidence	Pride	
	Home Design Shops	Increase SEO rankings	Increase in conversion	Increase in labor productivity	Getting Customer data	Being more relevant	Increase in AOV	Getting more independent	Increase CLV	Increase Word of mouth	
PRODUCT & SERVICES	Products & Services	Providing Knowledge • How to video's • How to content • Buying tools/guides	Delight & surprise • Present with order • Engaging email campaigns • Trots op thuis campaigns	Buy with confidence • Reviews • Basic AR • Static recommendations	Becoming personal • Personalised website • Personal recommendations • Segmented marketing	Provide & Define inspiration • Offering inspiration content • Moodboard functionality	Recommending an interior • Combined Product recommendations • Online/Offline (interior) advice • Shop the look functionality	Ultimate visualisation support • 3D interior renderings • Floorplan functionality • Lightplan functionality • Ultimate AR	Fully integrated services • Advising service • Measuring service • Installing services • All in one package	Support the complete project • Planner tool • Project journey tracker • Relevant content for every phase • Training courses / webinars	Facilitating to express pride • Trots op thuis community • Facilitating WOM • Encouraging UCG
	Assortment	Curtain rails Chalk paint Door mats Current assortment	Furniture Lightning Window decoration	Garden & balcony Cooking & dining Home accessories Bed							
BACK - END	Technology	Top trending products Similar items Augmented reality		Comparison tool Item-item recommendations Artificial Intelligence Computer vision Collaborative filtering		Account functionality Platform functionality Predictive marketing 3D renderings Virtual reality		Community functionality			
	Data streams	NPS Data Customer feedback Customer Satisfaction score Click stream data		Interior preferences Cloud computing services Trained neural network data sets		Project preferences/progress (3D/2D) House/environment layout					
BUSINESS	Revenue stream	Product sale		Product sale (interior)Advice services		Product sale Advice services Installing service sale		Advertising sales Content sales User subscriptions			
	Partners	• The feedback company • Hotjar • Zendesk • Augmented reality framework (SDK) provider		• Google cloud computing • Recommendations engine provider • Furniture & lighting dealerships		• Computer vision (SDK) provider • 3D/VR rendering engine provider • Accessoires/Garden/Bed/Cooking Dealerships		Interior professionals (handymen)			
PHASE	See Think Do Care										

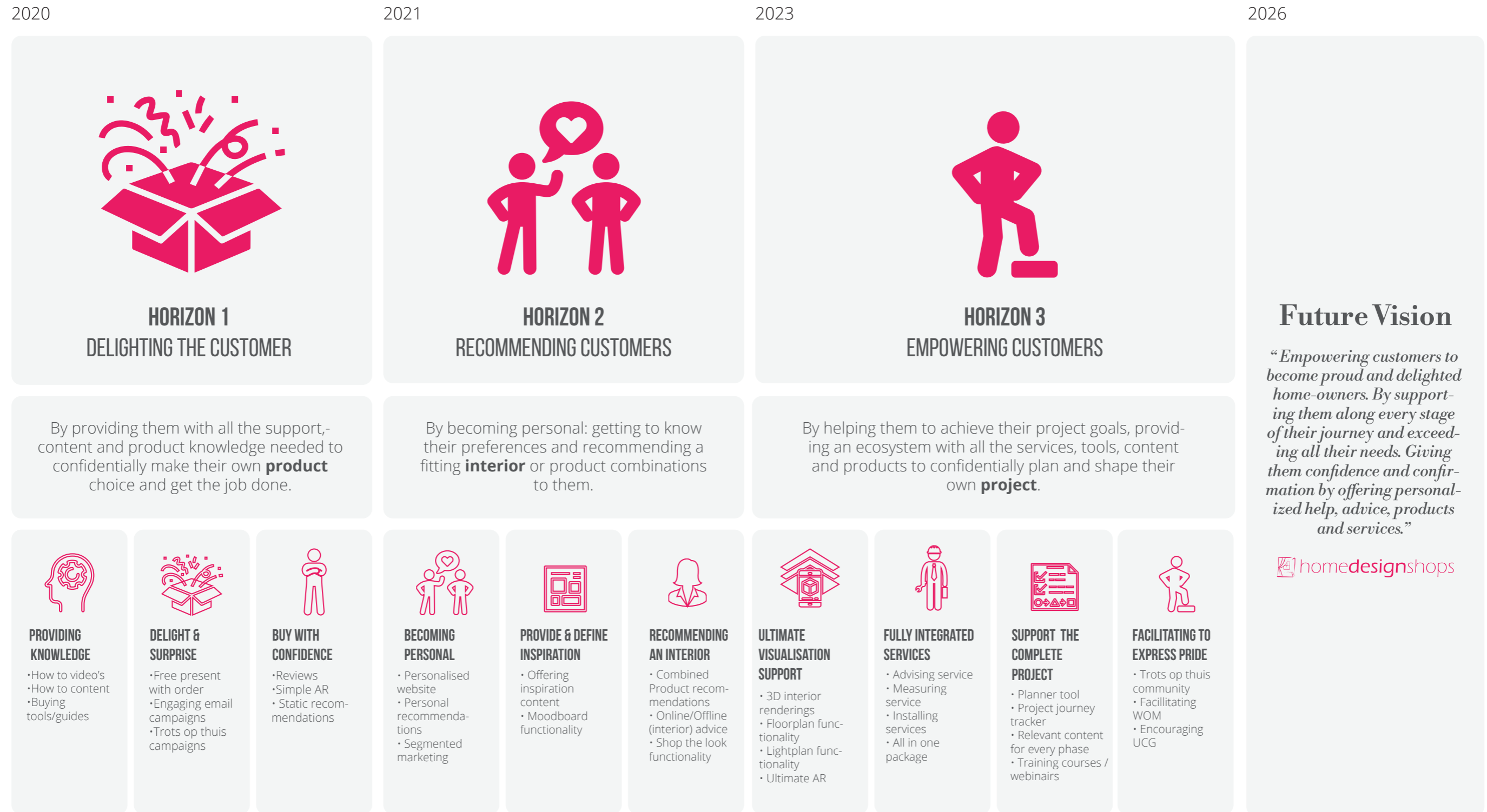
Future Vision

“Empowering customers to become proud and delighted home-owners. By supporting them along every stage of their journey and exceeding all their needs. Giving them confidence and confirmation by offering personalized help, advice, products and services.”



8.6 STRATEGIC ROADMAP

The strategic roadmap presents the main vision and strategy on a generic level without going into detail. It presents the several horizons and corresponding value, product and service propositions that lead to the future vision. This roadmap is meant for communication towards external stakeholders.



9.1 CONCLUSION

This subchapter describes the created value and contribution of this master thesis and answers the thesis' research questions

CONTRIBUTION OF THIS MASTER THESIS

This master thesis aimed to generate value for the (home goods & furnishing) E-commerce sector, the field of Strategic product Design and in particular the company Home Design Shops.

Home Design Shops

The crafted future vision, strategy and roadmaps do not only form a huge inspiration source for the company but will be actually executed and implemented the coming years. Which will help them to maintain their sustainable growth while at the same time differentiating from their competitors.

Next to that this thesis has provided them with a lot of useful internal and external insights thanks to the execution of the customer and internal/external analysis.

Furthermore, the company got inspired by the approach of design thinking, using design methods, performing user tests and road mapping. Which caused them to approach projects differently in the (near) future.

Strategic Product Design

This thesis contributes to the field of Strategic Product Design by further exploring the subject of E-loyalty. A subject that is not widely studied yet. A majority of the established literature originates from the early 2000's when the internet and online shopping was still upcoming. The last years the internet and e-commerce sector has still been rapidly upcoming and changing, leaving room for more in-depth research about this subject.

It is also interesting that E-loyalty is (obviously) closely related to Brand loyalty. A subject that is widely handled and studied in the field of Strategic product design. With the gradually shift from offline to online shopping the subject of E-loyalty is definitely worthwhile to add to the standard treated subjects in Strategic Product Design.

(home goods & furnishing) E-commerce sector

The goal of this thesis was to develop a strategy that would result in returning online customers. The applied methods and strategy were focused on the home goods & furnishing e-commerce company Home Design Shops. Meaning there was generated a lot of insights and value for this specific sector. The generated value for this sector is:

- Methods and a strategy to turn (one-time) visitors into loyal and returning customers
- An overview of opportunities and the most promising trends in the home-goods market
- An in-depth analysis of online and offline competitors
- An analysis of the online and offline market
- Insights from interviews with people who recently renovated their house
- An in-depth overview of the complete customer journey a person goes through when renovating a house

ANSWERS TO THE RESEARCH QUESTIONS

What is the definition of E-loyalty and of what factors does it consist?

The definition of E-loyalty is: "a customer's favourable attitude towards the e-retailer that results in repeat buying behaviour." (Srinivasan et al., 2002) and is induced by the following factors (see chapter 2.2 for a detailed explanation):

- E-satisfaction ("The contentment of the customer with respect to his or her prior purchasing experience with a given electronic commerce firm." (Anderson & Srinivasan, 2003))
- E-trust ("The degree of confidence customers have in online exchanges, or in the online exchange channel" (Ribbink et al, 2004))

The 7 C's :

- Community
- Cultivation
- Choice
- Character
- Care
- Customization
- Contact interactivity

How can E-loyalty be measured?

E-loyalty can be measured with the following KPI's:

- Net promoter score
- Customer Lifetime value
- Repeat purchase and Customer retention ratio
- Customer Loyalty index
- Customer engagement

For Home Design Shops it is recommended to use a combination of: Net promoter score, Customer lifetime value and repeat purchase ratio.

What opportunities and threats are there for Home Design Shops for the near future?

The ongoing rise combined with the dynamic environment of the e-commerce market creates the following interesting opportunities:

1. Use Augmented reality to create a new submersive shopping experience at the home of potential customers.
2. Start selling products on Amazon. Amazon is expected to become (one of) the biggest web stores in the Dutch e-commerce market, creating a huge platform which allows Home Design Shops to reach millions of consumers.
3. Start focussing on selling (and offering services for) smart home automation products.
4. Optimize content for voice search and commerce: with a strong increase of voice searches and emergence of smart speakers like Google home it won't take long before people start buying products with the help of their voice.
5. Create a subscription-based business model for a predictable income flow like furniture as a service.

Next to that there are several interesting opportunities in the product/service portfolio from the company:

1. Start with offering a complete product portfolio with all products needed to fully decorate a house: wall decorating, flooring, Window coverings and furniture.
2. Become present in the "see" phase by offering interior and product inspiration on the website and social media in order to generate more sales and brand awareness.
3. Set up an own brand (white label) in

order to gain more brand awareness and profit from higher margins.

How does the customer journey of someone moving/renovating look like? What are the major pain points or obstacles?

Moving or renovating a house forms a long, complex and chaotic period. It already begins from the moment when someone starts looking for an available home and arranging financing. The next step is discovering inspiration in order to define what someone wants and is looking for. Often the inspiration also needs to be aligned with a partner or family member. This process can already take up weeks till months. After this moment it is time to start performing product research. Often there are multiple types of products available within a product category, each with their own advantages and disadvantages. Choosing the right one requires a lot of knowledge. When the type of product is defined, a final design needs to be chosen for which often samples are requested. Choosing between 2 or 3 designs can be hard, which can take up several weeks. Selecting a store happens based on factors such as: Price, delivery conditions, availability, available paying methods and trustworthiness. Often the product is installed by the customers themselves or when it's a harder job which requires quality and expertise (laying a herringbone parquet floor for instance), a professional is hired. While performing the job (and afterwards) people often perform word of mouth. Once the project is finished people feel a strong sense of pride when showing the house to other people.

The main pain points during this period are:

- Visualizing how colours/designs turn out in real life
- Planning the whole project and sticking to the schedule
- Making a lot of decisions which requi-

re a lot of (technical) knowledge

- Agreeing and aligning with partner/family on certain choices
- Finding a trustworthy and available handyman

How can the company Home Designs realise a strategy where they enhance their E-loyalty while at the same time keep sustainable growing?

To realise such strategy the Design roadmaping method (Simonse, 2017) was used.

For this method a future vision (an expression of a desired future providing a strategic reference point) was formulated based on the insights of an extensive internal & external analysis.

This future vision is: Empowering customers to become proud and delighted home-owners. By supporting them along every stage of their journey and exceeding all their needs. Giving them confidence and confirmation by offering personalized help, advice, products and services.

The three-horizon model of Curry and Hodgson (2008) have been used to divide the future vision into 3 different cycles of strategic business innovation. These life cycles overlap, to create continuous innovation on the long term. (Simonse, L.W.L., Hultink, E.J., 2017).

The formed Horizons are:

Horizon 1: (2020 – 2021) Delighting the customer

Horizon 2: (2021 – 2023) Recommending the customer

Horizon 3: (2023 – 2026) Empowering the customer

What new services and products could Home Design Shops offer to create value for the customer as well for the company?

Horizon 1: Is aimed at providing customers with all the support, content and product knowledge needed to confidentially make their own product choice and get the job done. In this horizon there are no new products added to the assortment. However extra content and services are offered to provide customers with in-depth product knowledge.

Horizon 2: Is aimed at getting to know the customers and their preferences in order to recommend a fitting interior or product combinations to them. Meaning Home Design Shops will be providing inspiration material and advice. Next to that the assortment will be extended with furniture, lighting and window decoration.

Horizon 3: Is aimed at helping customers to achieve their project goals. Providing an ecosystem with all the services, tools, content and products needed to confidentially plan and shape their own project. Meaning Home Design Shops will be offering advising, measuring and installing services. The assortment will be extended with: garden&balcony, cooking and dining, home accessories and beds.

To offer support during the complete project: planner and project tracker tools, training courses, and relevant content for every phase will be offered.

How can Home Design Shops differentiate themselves from their competitors?

Currently Home Design Shops sets themselves apart from their competitors by not only selling the product but also offering the option to customize it according to the customer needs. The company is also offering technical advice free of charge during the whole customer journey of the customer. Two very important points that the competitors do not offer who are only "just selling" the product.

The developed strategy in this thesis builds on onto this path. The strategy is formed around offering extra services around the sold products. Next to that the focus is not only on selling products but also offering support in every stage during the complete customer journey of moving or renovating a house.

9.2 RECOMMENDATIONS

This subchapter presents the limitations, discussion points and recommended next steps of the project.

DISCUSSION & LIMITATIONS

There were a number of limitations present during this project. This section discusses the presence of these limitations and what their possible impact on the result could be.

Loyalty program

At the start of this thesis the benefits of Loyalty programs were studied in relationship to E-loyalty. While progressing in the project it was decided to focus on delivering value and content for all users and not only for returning customers. Meaning using a loyalty program was out of focus. This decision neglects the fact that loyalty programs are highly effective for creating returning customers and could still be used in the near future for Home Design Shops.

The viability of the business model of Horizon 3

Horizon 3 is built upon multiple business models and revenue streams from which it is not fully sure if they are viable. Advertising sales, content sales and user subscriptions are revenue models for which it is not sure whether companies and customers are willing to pay for the delivered products, content and services in Horizon 3. This willingness needs to be further researched in order to determine the viability of the business models.

Interview participants

The selected participants (except one) for the in-depth qualitative interviews where all existing Home Design Shops or Binnenspecialist Den Heijer (The offline partner form HDS) customers. Meaning that there were mainly generated insights from the current customer base. For more diverse insights it is recom-

mended to also interview people who are not customers.

Creative sessions

The creative sessions (idea generation phase) were performed with only four people in total: two design students (of which the researcher was one) and two Home Design Shops employees.

The reason for this was that this phase took place at right the start of the intelligent COVID-19 lockdown. For more diverse and out of the box ideas it would be recommended to perform the ideation phase with more (external) people.

The strategy of the competitors

The current strategy was thoroughly researched and developed for Home Design Shops in order to differentiate them from their competitors. However, it is impossible to (fully) know what the future strategy of the competitors is going to be. This could possible interfere with the constructed strategy for HDS.

NEXT STEPS

The next steps that Home Design Shops need to take are clarified in the strategy and separate horizon explanations. Overall next steps that the company needs to take are: explore the market potential of each Horizon, select partners and conceptualize the product & service propositions. Next to that the strategy needs to be presented to the whole company in the form of an internal presentation after which the strategy needs to be turned into real projects.

Turning the strategy into internal projects and OKR's

Home Design Shops makes use of the scrum method in combination with OKR's (Objectives and Key Results) to realize projects and their objectives. OKR's are objectives which are defined per quarter. With the scrum method (and Azure DevOps) projects are divided into sprints of two weeks. These methods form the perfect tools for realizing the strategy: with the use of OKR's the horizons can be turned into smaller objectives per quarter. With the scrum method projects can be launched in order to realize the objectives.

(MVP) Testing of the need between offline and online service provision

In horizon 2 there is a bifurcation between offline and online service provision (such as real-life interior advice vs digital interior advice) due to the reason it is not fully sure what the needs of the customer are. To find this out there needs to be performed (MVP) testing in Horizon 2 where Home Design Shops tests the need of offline service provision next to online service provision.

Selecting partners

Realizing the strategy requires the help of several partners. Some are already determined in Horizon 1 (like The feedback company and Hotjar) but a lot of them needs to be further researched and selected. Consisting mainly of SDK providers and product/brand dealerships.

Conceptualizing the product & service propositions

The buying tool, inspiration tool and "tinder" inspiration tool were already conceptualized. However, the strategy consists of many more product & service propositions which needs to be conceptualized into working products.

9.3 REFLECTION

The time has come to finally conclude this master thesis (and a big chapter of my life) with a personal reflection on the developments and learning goals of this project

When looking back at the past seven months I can conclude that I had a great time in which I achieved my learning goals and have developed myself in a professional way.

This graduation project started very well. I was already doing an internship of four months by Home Design Shops when the opportunity arose to also graduate at this wonderful company. The circumstances were perfect: I could focus myself on my favorite topic branding/marketing while at the same time graduating at a smaller company (15 employees). Meaning that my thesis would result in something valuable for the company and would not end up at a dusty shelf.

At the start of the project I was a bit afraid if I could perform such big project all by myself since I was used to working in groups during my whole study. Fortunately it turned out relatively well, however I needed to develop myself into planning and project management since planning was always one of my weak points. Thanks to tools such as Azure Devops (which is also used by the company) I was able to set milestones and turn the milestones into smaller tasks and a planning. Being able to work on location of the company was also a great incentive for me. Being in a work environment inspired me a lot to efficiently work/study eight hours (at least) a day.

One of my previous pitfalls was that I had the tendency to procrastinate a lot which resulted later in planning problems. To counter this problem, I started writing my report right away in its (almost) final form. This helped me a lot to keep track of the whole project and saved me time at the end of the project.

Another pitfall that I had was that of not having a clear focus. I always wanted to do too much instead of focusing on one major subject. Something that I also encountered during this project when conceptualizing. Instead of focusing on creating one concept I created 3 concepts (because I enjoyed the process too much..). In the end I managed to end up with 3 well developed concepts, but this meant that I had to put in a lot more work. For future projects I need to learn to focus myself one subject and put all my energy into it.

I encountered some hick-ups like when constructing the Horizons and initial draft of the strategy. Thanks to weekly brainstorming with my company mentor and feedback from my team I never got stuck for longer than several days. For which I am very grateful.

During this project I developed myself a lot as a strategic designer. I needed to put all my learned skills at work while at the same time further developing myself. I think it was great that I could work on a real project and see that my learned skills were (immediately) of value for the company.

I fully explored the subject of E-loyalty, further developed my writing, presenting, interview and research skills, learned how to facilitate creative sessions, put my road mapping knowledge to practice and learnt how to incorporate everything in a professional environment.

My personal learning goals were to further specialize myself into branding and brand/E-loyalty. Something that I surely did during this project.

This project also formed the perfect opportunity

for me to explore the subject of (online) marketing, in which I was highly interested since it was closely related to strategic product designing. I wanted to find out if I would like to have a fulltime job in this area. A question that I can certainly answer with a big yes. The area of marketing (and the psychology behind it) has inspired me a lot in which I will be further specializing myself as a Strategic product designer/marketeer at Home Design Shops :)

All with all will the gained knowledge and experience from this project have contributed greatly to my future career for which I am very grateful.

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APPENDIX

Master thesis

Jelmer van de Scheur

MSc Strategic Product Design

Industrial Design Engineering

Delft University of Technology

TABLE OF CONTENTS

- A INTERVIEW GUIDE
- B CUSTOMER JOURNEY EXPLANATION
- C IDEA GENERATION APPROACH
- D IDEA GENERATION RESULTS
- E USERTEST APPROACH & RESULTS

A. INTERVIEW GUIDE

Opening questions

1. What was the reason/cause that you started this project?
2. What products did you buy during this period?
3. Where did you buy those products?
4. At how many different stores did you buy these products?
5. What was the reason to buy from 1/2/3/4.. different stores?

Follow up questions

1. How did you start this project? You knew that you wanted to move/renovate, what happened after that?
2. How did the process go if you have to describe it in different phases?

Gathering & discovering inspiration

1. How did the process of gathering inspiration went? (on a overall level for the whole project)
2. How did the process of gathering inspiration for wall decoration went?
3. How did the process of gathering inspiration for flooring went?
4. How did the process of gathering inspiration for window decoration went?
5. How did the process of gathering inspiration for window decoration went?
6. From what source(s) did you gather your inspiration?
7. Where there any difficulties that you encountered during gathering inspiration?
8. What was the main difficulty that you encountered during gathering inspiration?
9. How long did it take you gather to gather inspiration and knew what you were looking for?
10. Were you looking for specific brands or just at appealing objects?

Defining inspiration

1. How did you gather, store and save all the different inspiration?
2. Did you make use of a moodboard/wishlist/floorplan/lightplan?
3. Did this help you?
4. Are you using/maintaining an interior style: Industrial, Rural, Scandinavian, Bohemian, Modern classic, modern?
5. Have you extracted an interior style from your inspiration material?
6. Has your preferred interior style changed during the process of viewing inspiration?

Researching & selecting a shop

1. How did you started looking for a store?
2. Which channels did you use for this?
3. How many stores / providers have you compared with each other? What stores did you consider? Did you also consider offline stores?
4. Based on what factors do you compare stores? Which factor is the most important for you?

5. What would you think about the idea when there would 1 store that could fully take care of you during this project regarding products/services?
6. Have you made the trade-off between offline /online? Why did you choose online?
7. What are factors that you do like about offline stores? Do you ever buy from an offline store regarding home-goods?

Considering a product

1. Based on which factors do you select a certain product? Price, color, brand product properties, delivery speed? Which of these factors do you value most?
2. How do you compare different products? (cart, product page, index page?) Do you find this useful? Did you bump into things?
3. Did you request samples? Did those help you in making a choice? How long did it take until you could have made a choice from the samples?

Purchasing

1. How did the process of buying the product go?
2. How did you feel after you made the purchase?
3. After making the purchase, did you still have doubts about whether you made the right choice?

Receiving & installing the product

1. Have you installed/applied the product by yourself or with the help of a specialist/handyman?
2. How did you find this handyman? Was it hard to find this handyman?
3. Why did you make the choice to install/apply the product by yourself – Why did you make the choice to let someone install/apply the product? (price/time/convenience considerations?)
4. Did you need (extra) instructions to install the products? How did you retrieve those instructions? Did you need more instructions than you received?

Advocacy

1. Have you ever told / advised other people about a company from which you purchased products / services? Why/When do you tell other people about a company from which you purchased products / services? (Which factors)
2. Are you following a company on social media from which you have purchased products / services? Why do you follow them?
3. Have you ever written reviews for a company from which you purchased products / services? Why did you do this?

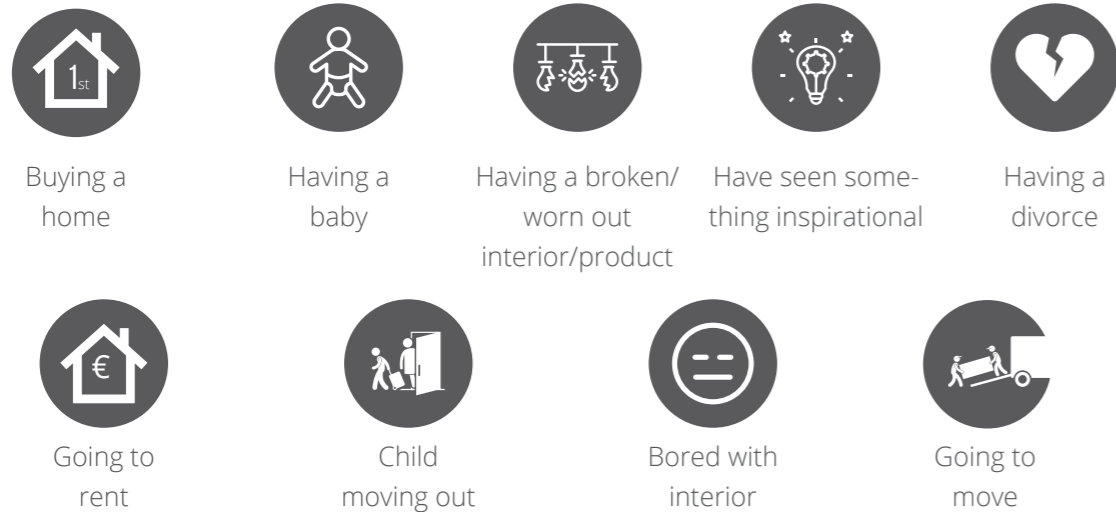
Overall

1. What are the biggest difficulties / barriers that you experienced while doing this project?
2. Do you have examples of other webshops that are so convenient that you shop a lot with them?

B. CUSTOMER JOURNEY EXPLANATION

LIFESTAGE EVENTS TO START THE PROJECT

So called life stage events are the reason why people decide to start renovating their (new) house. The following life stage events can be distinguished:



FINDING / BUYING A HOUSE & DEFINING A BUDGET

The customer journey already starts at the moment when a customer is looking and buying the house. At the moment the house is delivered to the new owner, the new owner wants to start right away with renovating. Meaning that the person is already starting with gathering inspiration and buying products a couple of months before prior to the house getting delivered. When a suitable house is selected for renovating a budget is calculated and defined for the whole project.

Difficulties encountered:

- Finding/buying a house can be very difficult these times
- Calculating a budget can be hard, and people often exceed budget during the project

USED CHANNELS FOR DISCOVERING INSPIRATION

Of the interviewed people 2 types of gathering inspiration can be determined: those who use online channels (combined with offline) and those who solely use offline channels. The most frequently used and prominent online channel is Pinterest where people use search words like inspiration: living room. The found pictures are used for inspiration in terms of colour, design and appearance. Liked pictures can be saved onto so called boards. Some of the participants also used the inspiration channels as a buying channel (seeing inspiration on Pinterest from a brand/ store -> directly buying from that store/brand), but the majority of the people didn't buy right away from the inspiration channels)

All of the participants also used offline channels like home-goods and interior stores. Other heard offline channels were interior tv shows and magazines. None of the interview only used online channels for gathering inspiration but always combined it with an offline channel like visiting a store.

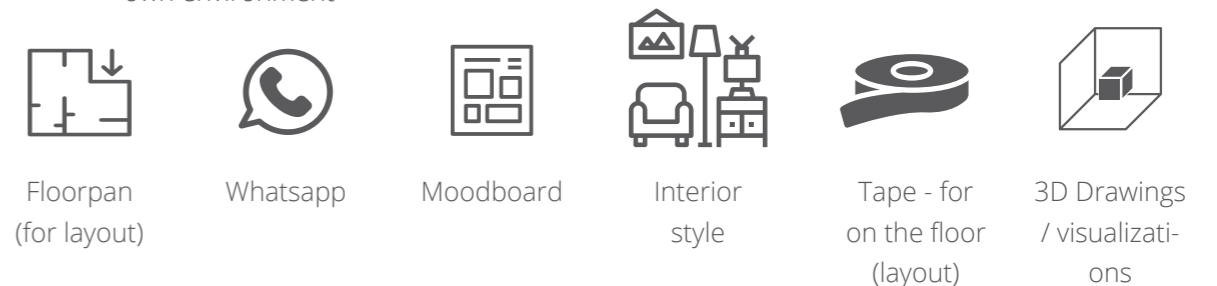


USED TOOLS FOR DEFINING/SHARING INSPIRATION

Most of the participants used tools like a mood board (for which they used a certain interior style, like for instance: industrial) or a floorplan to get a feeling of what they wanted and how it would turn out in real life. A floorplan and taping on the floor are tools that were used for layout purposes and to get a feeling for how certain dimensions would work out. 3D drawings were mainly used for visualizing kitchens. Another interesting insight is that choices are (almost) never made by one person. Inspiration is always shared with partners, family and friends (mainly with the use of WhatsApp) who influence the choice to a great extent.

Difficulties encountered:

- People still find it very hard to visualize how certain choices would turn out in their own environment



(IN DEPTH) PRODUCT RESEARCH



After people have gathered inspiration the product research stage starts. People roughly know what they want and now have to find products with it. The majority of the people use offline channels like home-goods, interior and hardware stores for this purpose where they receive personal face to face advice.

DEFINING TYPE/BRAND OF PRODUCT

The first-choice people have to make is defining the type of product that they want. This choice is based on the following factors:

- Appearance
- Quality
- (Technical) properties
- Price
- Installing possibilities

Making this choice can be hard, because people need to have knowledge about all the different types of products that are out there and the advantages and disadvantages. This choice is almost always made with the help of (face to face) advice from an expert. After this choice is made people also made the choice for a certain brand. This decision was almost always based on the offered quality and available designs.

Types of products

Type of floor: Laminate PVC Carpet Parquet Tiles Cast Vinyl / Linoleum	Type of wall decoration Wallpaper Paint Panels
Type of furniture	Type of window decoration Curtains Fly screens Blinds Slats Window foil Roman blinds

Difficulties encountered: Choosing a product type can be hard, because it requires a lot of (technical) knowledge about the different types and the advantages/disadvantages that come along with it.

CONSIDER & DEFINE DESIGN

Difficulties encountered: Choosing a product type can be hard, because it requires a lot of (technical) knowledge about the different types and the advantages/disadvantages that come along with it.

After the type and brand of the product is determined it is time to choose a certain design.

This process is described as very hard which can take a lot of time by a lot of the participants. The first choice is choosing a certain colour tint / design range. Often people are doubting between 2 or 3 different colours/design. Samples of the product are used as a comparison and visualizing tool. The samples can be taken to the house of the customer after which he/she can visualize in his/her own environment. The process of making a final choice can take a longer period of time.

Difficulties encountered:

- Choosing a design/colour can be very hard, because people always have a lot of doubt

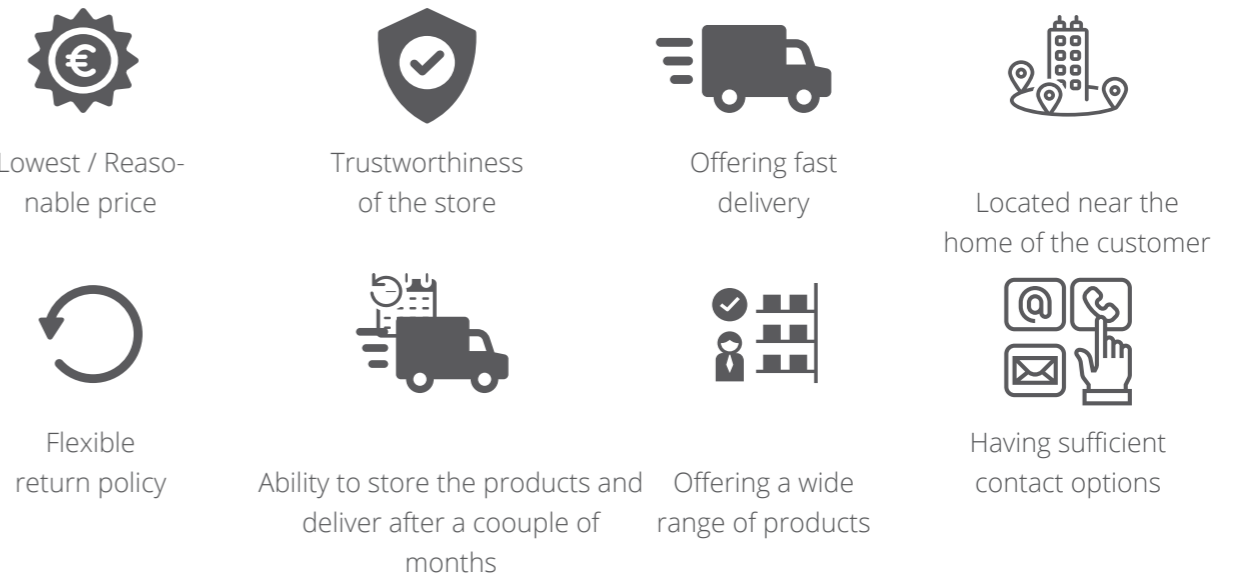


and cannot make the choice right away.

- Using samples to visualize the product in their own environment is experienced as difficult. Often samples are not that big which makes it hard to visualize them on a bigger area.

RESEARCH / SELECTING A STORE

When people start looking for an online shop they tend to search on the brand/product they are looking for with the use of google. One of the most important factors for selecting a store are: the price, delivery speed and returning policy. The next step for most of the people is researching the trustworthiness of the store by checking by checking reviews of other consumers. For some of the people it is also important the store is located near their home, so that they are also able to visit the store offline. Another important factor is offering sufficient contact options. For instance: if a store isn't offering contact options by phone, people are less eager to do business with that store regarding bigger orders.



PURCHASING / RECEIVING ORDER UPDATES

Purchasing the product isn't a stage that cause any problems for people. However, filling in all the required data such as personal information, address and billing information can be a time-consuming process.

With accurate order updates in combination with a track & trace code (mostly by email) people are well informed when they can expect their product and when they need to stay at home in order to receive the product.

RECEIVING & INSTALLING PRODUCT

Most of the people like it when they get their (bigger) products delivered in their home. 1 participant was for instance living on the 3th floor and valued it a lot when their laminate flooring was delivered at her front door. For installing the products, people tend to decide to do the "easier"



jobs, like painting by themselves. However, when they have the feeling the job needs to be done perfect (mostly in the living room) they can also decide to make use of a handyman.

Hard jobs (like installing a PVC floor, new bathroom, new kitchen or new toilet) are almost performed by a handyman. The available budget also plays an important factor for deciding making use of a handyman or self-installing the products. When deciding to self install the products family members, friends, blog posts and (youtube) tutorials were consulted in order to retrieve installing instructions



Difficulties encountered:

- It can be hard these days to find a handyman, because the market is very crowded
- Planning and aligning multiple handymen's for different jobs. When one job overruns it influences the next job.
- Having handymen's over the floor for a longer period of time while already living in the home
- Installing the product by yourself can be a time-consuming task
- Installing the product by yourself can be a hard task that requires technical knowledge

RETENTION

When the participants were asked about what they expected from the company that they bought their product(s) at, almost all of them answered: receiving good service. Most of them pay a big amount of money for their products, hence the fact why they expect receiving good and lenient service if anything is wrong with the product or receiving extra help, tips and advice.

ADVOCACY/LOYALTY

Advocacy mainly happens during the job or right after the job is finished in the form of word of mouth. When someone is working on the job and friends/family come over, the one who is doing the job is very pleased to tell about the project and products. With the condition that the person is pleased with the delivered products and service. Most of the participants do not start telling about the products/company from own initiative when they're not on the location where the job is happening/ has happened.



When the complete job/renovation is finished people are very eager to show the result to friends/family which often results in a feeling of pride and satisfaction. People are very proud of the result they achieved after a long period of (very) hard working. They love it that finally everything has come together and that it turned out so well. When showing the finished project to other people a lot of word of mouth is happening: people are very eager to tell about the used products, companies and brands when they are satisfied with the result.

Not all of the participants filled in reviews for a company when asked for it: they thought it's too much of a hassle. Other participants only filled in reviews when they were very satisfied or unsatisfied with the service, products and result.

C. IDEA GENERATION APPROACH

Multiple idea generation sessions were facilitated during the develop phase in order to generate as much as possible and diverse ideas. The sessions have been organized with design students as well as Home Design Shop employees.

GOAL

- Developing out of the box idea's without restrictions (that doesn't need to fit within the company's approach.)
- Developing idea's that fit the design challenge and future vision
- Developing idea's that fit the design requirements
- Developing idea's that fit within the company's approach
- Developing idea's that fit within the horizon's

METHODS

- How to (Tassoul, 2006)
- Brainstorming
- Design Roadmapping (Simonse, 2017)

AGENDA

- Short introduction
- Creativity warming up
- How to's (wide and unrestricted)
- Explanation of vision and horizons
- Focussed How to's
- Asking participants to draw their future Home Design Shops

RULES OF THE BRAINSTORM

- Judgment is not allowed
- Wild ideas are encouraged
- Be as visual as possible
- Build on the ideas of others
- Stay focused on the topic
- Go for quantity

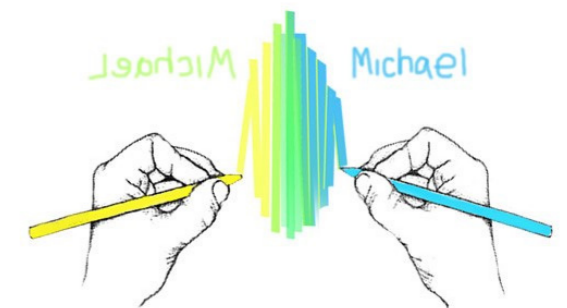
CREATIVITY WARMING UP

Bad Ideas

This warmup exercise was aimed at muting the tendency to blindly rejecting wild idea's by forcing participants to come up with benefits and advantages of a controversial idea. Participants were provided with obviously bad ideas such as Steel-wool sweater, Egg-flavoured Toothpaste or a Cardboard Umbrella. The group was given 5 minutes to come up with as many possible benefits and selling points. Afterwards each participant was asked to give a 3 minute pitch about the product and sell their idea. Source: (Medium, 2016)

Left-hand Right-Hand Drawing

This exercise was aimed at awakening both sides of the brain simultaneously in order to prepare them for actively brainstorming. Participants were asked to write their name and other sentences simultaneously with both hands in opposite directions.



HOW TO'S (WIDE)

- Find out someone's preference?
- Welcome someone?
- Reward a returning customer?
- Surprise someone?
- Give someone advice?
- Measure customer satisfaction?
- Reaching people: in what way + channels?
- Personalize a website?
- Give people interior advice?
- Make people buy more than 1 product?
- Make someone proud?
- Help someone visualize a product?
- Approach people personally?
- Would you like to know how to install a product?
- Offer value after purchasing a product for a customer?
- Offer value to a customer for the purchase of a product?
- Help someone achieve their goal?
- Challenge people to share photos / content of ordered products?
- Give people interior advice?

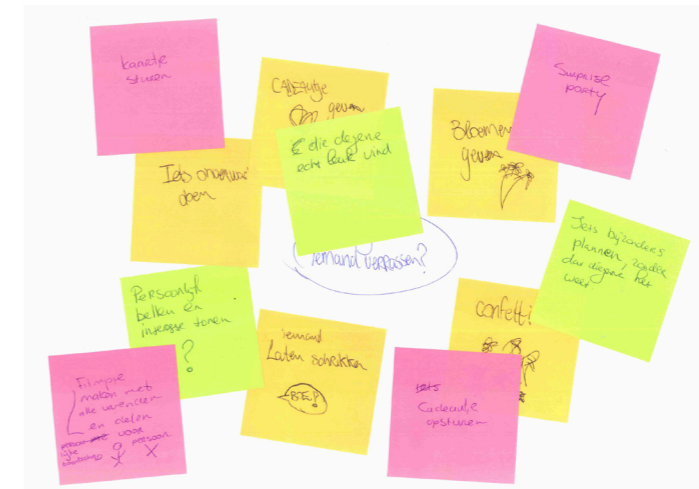
HOW TO'S (FOCUSSED)

- Encourage a customer to make a second purchase as soon as possible after their 1st purchase?
- Challenge people to share photos / content of their ordered HDS products?
- Welcome someone by mail?
- Surprise someone when delivering their ordered product?
- Personalize the HDS website?
- Redesign the HDS website to make it easier for people to navigate between different categories?
- Give people interior advice? Via mail / phone / video chat / content
- Help a customer visualize a product at home?
- Give someone advice? Via mail / phone / video chat / content
- Measure customer satisfaction on the Home Design Shops platform?



D. IDEA GENERATION RESULTS

A selection of the generated idea's during the creative sessions:



How to:
surprise someone?



How to:
Encourage someone to make a second purchase as soon as possible after making his/her first purchase?



How to:
Encourage people to buy more than one product?

D. IDEA GENERATION RESULTS

A selection of the generated idea's during the creative sessions:



How to:
Help someone to become proud?



How to:
Personalize the website of Home Design Shops?



How to:
Give people interior advice?

E. USERTEST APPROACH & RESULTS

The conceptualized prototypes from chapter 8.3 were user tested with 10 participants in order to gain insights to process into the strategy.

GOAL

- Find out what tool/aspect scores best on the formed hypotheses (see chapter 8.3)
- Process the results in the final strategy/roadmap

APPROACH & METHOD

Number of participants: 10

Age of participants: 22 – 64

Type: Quant + Qual

Execution: Usertest on location, participant got to test an interactive Adobe XD prototype on a smartphone.

There were 3 tools to be tested:

- The inspiration tool
- The inspiration Tinder tool
- The buying tool

INSPIRATION TOOL

Background/context story

Imagine yourself the following situation: You don't like the current color of your living room wall and want to look for a new color.

You have seen paint from the brand Pure & original at friends of yours and would also like to buy paint from this brand. Pure & Original offers several finishes for each colour: Chalk paint with a smooth and matt appearance, Lime paint with a spotty appearance and Paint with a concrete look and feel. You have decided that your wall should be a shade of blue. You're not fully sure what colour you want and what finish you want. This is why you decide to look for inspiration online to find the perfect shade of blue for your wall.

Tasks for the participants

1. Click on View inspiration by color
2. Browse through all the different colour

groups and attached information

3. Choose a blue color that appeals the most to you
4. View all the images available of that color. (scroll through the images)
5. Press the I button and: View explanation of the color
6. Press the I button and: View explanation of the finish
7. Press the I button and: View color combinations of that color
8. Press the I button and: View reviews about that color
9. Press the I button and: View the color in your own environment (augmented reality)
10. Press the I button and: Shop a sample jar of that color
11. Press the I button and Shop A5 color swatch of that color
12. Find your 1 or 2 favorite shades of blue that you would like to paint your wall with
13. Share this selection with your friends / partner or family!

Questions / theses

After each task/screen participants received 2-4 theses where they were asked to rate them on a 7-point likert scale. (strongly agree – strongly disagree) Participants received in total 70 theses.

This screen helps me to choose a paint hue



This screen helps me to understand the differences between the paint hues and choose the right one for my situation



Questions / theses results

All the questions and results are processed into google forms to keep a handy overview. The raw results can be viewed here: <https://bit.ly/3k6fK2V>

INSPIRATION "TINDER" TOOL

Background/context story

Imagine the following situation: You are bored with the current colour of the wall of your living room and want to look for a new colour together with your partner / family member / housemate. You have no idea what (kind of) colour you want. You would like to be surprised.

Tasks for the partipants

1. Open Color Tinder
2. Read the explanation
3. Invite a partner / family member / housemate
4. Choose: Surprise me
5. Swipe through all the photos until you have swiped all. the photos: swipe left to dislike, right to like
6. View your (joint) matches

Questions / theses results

All the questions and results are processed into google forms to keep a handy overview. The raw results can be viewed here: <https://bit.ly/31iH59b>

BUYING TOOL

Background/context story

You are bored with the current color on your living room wall. After looking at inspiration for a long time, you are convinced: You want to buy a blue shade in the color turquoise. The finish you want is Chalk paint: Classico Regular. You need 75 liters of paint.

Tasks for the partipants

1. Buy the paint in the right color, finish and quantity.

Questions / theses results

All the questions and results are processed into google forms to keep a handy overview. The raw results can be viewed here: <https://bit.ly/2PIJTnc>