

Transforming the Furniture Industry

with AR, 3D configuration, real-time pricing and on-demand manufacturing

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OVERVIEW

The rise of Augmented Reality (AR)

Useful Terms

3D product configuration:

Consumers build their own products using customizable options on e-commerce sites.

Make-to-stock:

Products are manufactured and then shelved.

Direct-to-consumer (D2C):

Products are sent directly to consumers and not shelved in warehouses.

On-demand manufacturing:

Products are manufactured once a consumer places an order.

Augmented Reality (AR):

consumers see digital renderings of products in their own, real-life environments.

Real-time pricing:

consumers immediately see the price of a made-to-order product.

Choosing new furniture has always been a hassle. It's a stressful process, sometimes eating up evenings and weekends as you move from shop to shop, looking at and comparing different samples of fabric. And still, the end result is imaginary – you have no way of knowing how the product will look in real life, much less your own home.

But the technology to do so exists – and is affordable and accessible – successfully bridging the gap between the digital and physical with Augmented Reality (AR) and 3D configuration. To do so, Expivi's platform has integrated AR as a standard, which is immediately usable for every customer, right out of the box. We believe this easy deployment is the key for the furniture industry to embrace AR as an ecommerce platform. Additionally, with complete integration with a 3D configurator, you can immediately see what you've adjusted as a personalization option – meaning your customers will know exactly what they're getting, before they get it, increasing overall satisfaction and engagement.

Deloitte's 2021 "Snap Consumer AR" report reveals that **"by 2025, nearly 60% of the Netherlands' population [alone] – and almost all people who use social and communication apps – will be frequent Augmented Reality (AR) users."**¹

Key benefits of Augmented Reality (AR):

- Giving consumers accurate representations of products online
- AR leads to a 25% decrease in returns on purchases, drives revenue, and better solidifies customer connection
- It greatly improves customer experience and satisfaction, increasing conversion rates by 40%

¹ Deloitte. (2021). Snap Consumer AR Netherlands Report 2021. Deloitte report. <https://www2.deloitte.com/nl/nl/pages/customer-and-marketing/articles/deloitte-digital-snap-inc-report.html>



The rise of Augmented Reality (AR)

AN EVER-INCREASING OPPORTUNITY IN THE FURNITURE INDUSTRY

While centered on popular social media app Snapchat, the striking information contained within Deloitte's report is universal regarding the rise, continued evolution, and vast potential of AR technology in the near-term, with **“nearly 3 in 4 consumers willing to pay more for a product that promises the total transparency that AR can provide.”**

In addition to transparency, the report continues, AR leads to a 25% decrease in returns on purchases, increases conversions, drives revenue, and better solidifies customer connection, with organizations being “30% more likely to be considered if they have a branded AR experience.”

The value of AR, then, is evident to the e-commerce industry as a whole. In particular, however, we see an ever-increasing opportunity in the furniture industry, where, according to Salesforce's “State of the Connected Customer” report, **“84% of customers say the experience a company provides is as important as its products and services.”**² By incorporating AR and its related technology into their businesses, furniture retailers and manufacturers are able to provide this experience to customers, for which 66% “are willing to pay more.”

Expivi is aware of this gap in the market – and has many furniture clients around the world that use its innovative 3D configuration platform to elevate and differentiate their furniture-purchasing experiences. We've put a great deal of effort into developing a seamless and intuitive AR experience for e-commerce customers, with no extra plugins, setup, or work necessary. With a single click, customers can design, view – and even purchase – customized products on their mobile devices, from the comfort of their own homes.



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Salesforce. (2021). State of the Connected Consumer. Salesforce report. <https://www.salesforce.com/eu/blog/2020/01/state-of-the-connected-customers-report.html>



The rise of Augmented Reality (AR)

KNOW EXACTLY WHAT YOU'RE GETTING BEFORE RECEIVING A PHYSICAL ITEM

We see 3D ecommerce – and AR specifically – as the bridge between digital and physical retail. **It immensely improves customer experience and satisfaction, increasing conversion rates by 40%.** It also spurs customers to make further purchases, with **companies using AR technology enjoying a 9% increase in additional features selected.** **Additionally, it results in a 35% decrease in returns,** as customers know exactly what they are getting before they receive a physical item.

“With the help of Expivi, our percentage of errors decreased by 50%,” according to Robert, the CEO of 123 Maatkussens, which manufactures and sells custom cushions. Thanks to 3D configuration, the Netherlands-based company is able to ensure its customers are always provided with a clear, accurately representative display of its products.

With this in mind, we've broken down AR-related technology in the furniture industry into three sections:

- Augmented reality (AR)
- 3D product configuration
- Real-time pricing

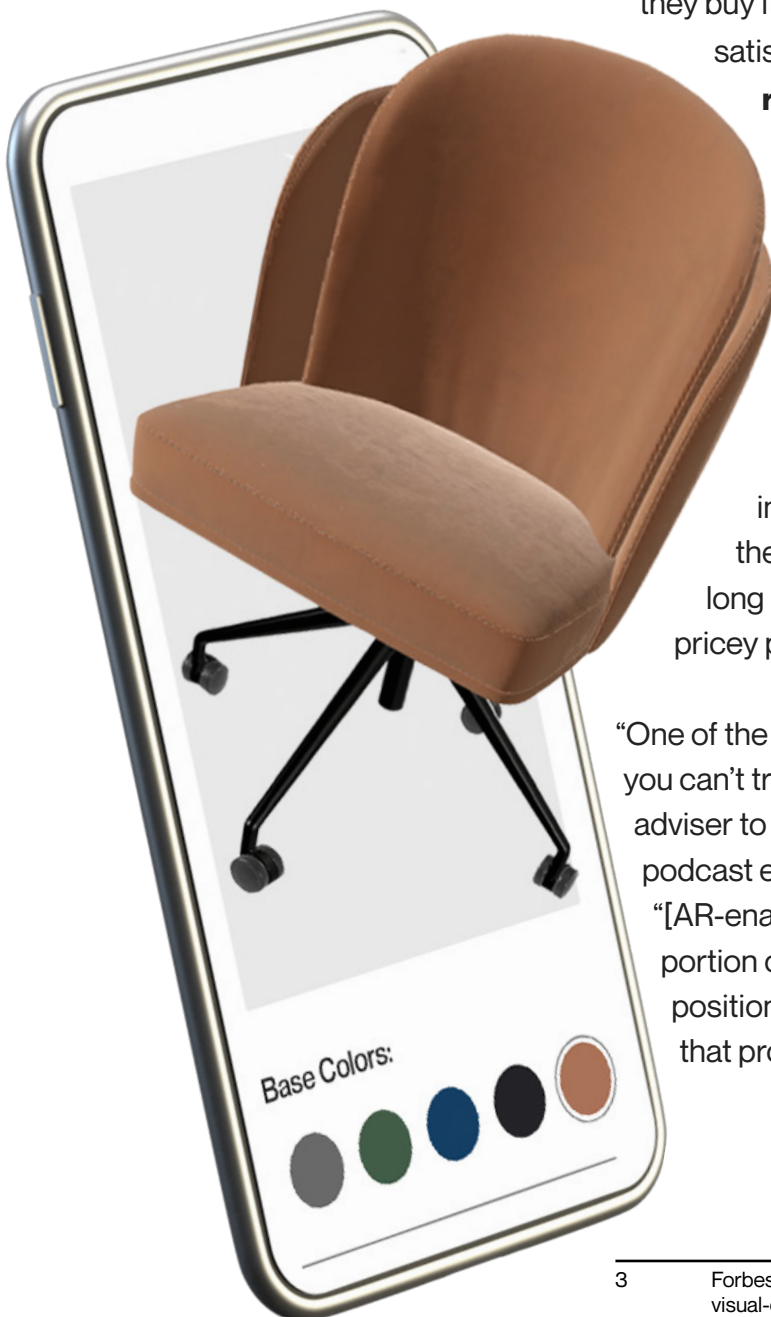
In each section, we'll detail a few of the key benefits the technology brings businesses – as well as research that supports them – paving the way for a future that is as efficient as it is effective at meeting rapidly evolving consumer demands.



Augmented Reality (AR)

EXPERIENCE FURNITURE LITERALLY ANYWHERE USING WebAR

By implementing AR technology, businesses enable their consumers to experience furniture literally anywhere, using WebAR on a mobile device browser. This takes the guesswork out of interior design, enabling consumers to see exactly what a piece of furniture will look like, before they buy it. Not only does this lead to increased customer satisfaction, but also, according to Forbes, an “**80% reduction in online returns.**”³



AR enables you to offer customers an experience that is both convenient and immersive, providing them with a look at a digital rendering of a product in a real-life environment, via a cell phone, tablet, or other device. Customers can visualize how a particular sofa will look in their living room, for instance, and therefore be more aware of what they are buying, alleviating a pain point that has long existed for those looking to make what are often pricey purchases.

“One of the big problems in high-ticket retail is the fact that you can’t try before you buy,” says John Straw, a senior adviser to top consulting firm McKinsey, in a June 2021 podcast entitled “How Tech Will Revolutionize Retail.” “[AR-enabled] apps allow you to point your phone at any portion of the room and then overlay furniture... recolor it, position it, switch it around, and so on, so you could solve that problem of trying before you buy.”⁴

3 Forbes. <https://www.forbes.com/sites/louiscolombus/2019/01/16/5-ways-visual-configurators-are-revolutionizing-cpq/?sh=872e12127df4>

4 Straw, J. (2021, 24 June). How tech will revolutionize retail. McKinsey & Company. <https://www.mckinsey.com/industries/retail/our-insights/how-tech-will-revolutionize-retail>



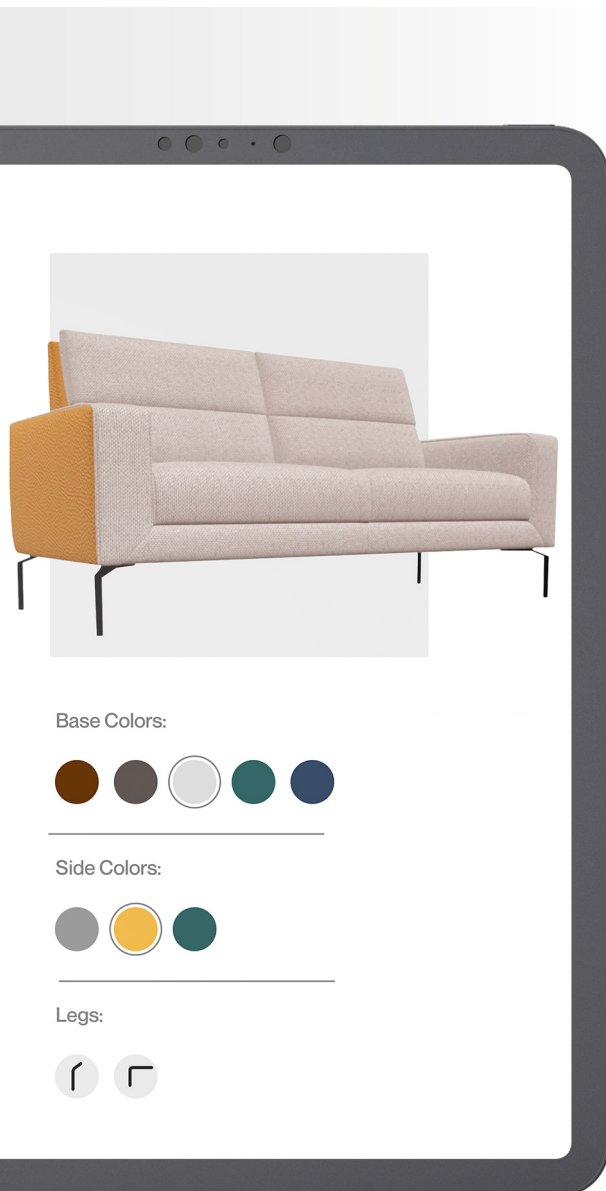
3D configuration

BUILD CUSTOMIZED PIECES OF FURNITURE VIA AN E-COMMERCE PLATFORM OR WEBSITE

With 3D product configuration, Expivi's customers are able to build customized pieces of furniture via an e-commerce platform or website. Customization and personalization, especially regarding color, size, and style, are long-term lures of retail outlets attempting to reel in consumers – who are, according to another Deloitte report, “**willing to pay a 20% premium**”⁵ for made-to-order goods and services.

3D configuration also plays a key role in streamlining and improving supply chains, as businesses only need to produce what's ordered – a process known as “on-demand manufacturing” – rather than relying on traditional, made-to-stock products, which fill up valuable space in warehouses or showrooms, where they still may remain unsold. Customized products made via on-demand manufacturing, however, are sent directly to the consumer (D2C) – saving both time and money.

Our customers have noticed this increasing trend, and are taking action themselves by using the Expivi platform, on which they can delay production for as long as possible in order to account for the probability of customization or personalization. This yields several positive results: better accommodation to customer demands, reduced inventory – and, in turn, increased operational efficiency and sustainability in manufacturing plants, saving money while helping reduce greenhouse gas emissions.



5

Deloitte. (2019). The Deloitte Consumer Review: Made-to-order: The Rise of Mass Personalisation. Deloitte report. <https://www2.deloitte.com/content/dam/Deloitte/ch/Documents/consumer-business/ch-en-consumer-business-made-to-order-consumer-review.pdf>



Real-time pricing

OFFER AN ADDITIONAL BENEFIT IN THE FORM OF REAL-TIME PRICING

As customers build a customized, D2C piece of furniture, businesses using AR-enabled platforms will be able to offer an additional benefit in the form of real-time pricing. This keeps customers aware of not only what they are buying, but how much they are spending, resulting in increased transparency. This transparency, in turn, correlates with decreased online returns and increased customer satisfaction.

Expivi also offers Configure-Price-Quote (CPQ) functionalities, offering unique pricing for each component of a particular product, as well as the total price of the final product.

Our work with Prominent, for example, has enabled the Dutch furniture manufacturer to provide its customers with a unique, immersive experience as they customize, personalize, visualize, and purchase the ideal, comfortable chair for their homes.

Meanwhile, we've also partnered with London-based furniture brand Buster + Punch⁶, which uses Expivi's 3D configurator to allow customers to view highly detailed renders of chandeliers, as well as choose finish and lightbulb style.

The benefits of CPQ are wide-ranging, according to an additional Deloitte report on the subject. In addition to "supporting diverse products [such as furniture] with complex pricing," CPQ functionalities also "shorten sales cycles" and "help reduce inadvertent quoting errors."⁷

6 Expivi. (2021) Buster + Punch. <https://www.expivi.com/en/showcases/buster-punch>

7 Deloitte. (2019). Configure, Price, and Quote (CPQ) Capabilities: Why the Right CPQ Capability is Key to a Flexible Consumption Model. Deloitte report. <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/human-capital/us-consulting-cpq-capabilities.pdf>



Conclusion

THE TIME IS NOW TO STRIDE FORWARD INTO AR TECHNOLOGY

As Expivi, we believe the time is now for e-commerce businesses around the world to take forward strides into AR technology, which is existent, effective, and affordable. It also meets consumer desire, which is fast approaching demand. They are hungry to use the technology – all you need to do is serve it to them.

Early adopters of AR technology will see themselves better positioned for the market of the future. And as the technology's adoption and use increases, so will its benefits, unlocking new ways of using AR to deliver an exceptional experience for customers. To fully leverage its potential, however, furniture brands and manufacturers, AR platforms, and other industry players must work together to innovate and develop the technology.

Ready to get started with AR and 3D product configuration?

Get in touch today, and a member of the Expivi sales team will contact you regarding a (free) demo: sales@expivi.com



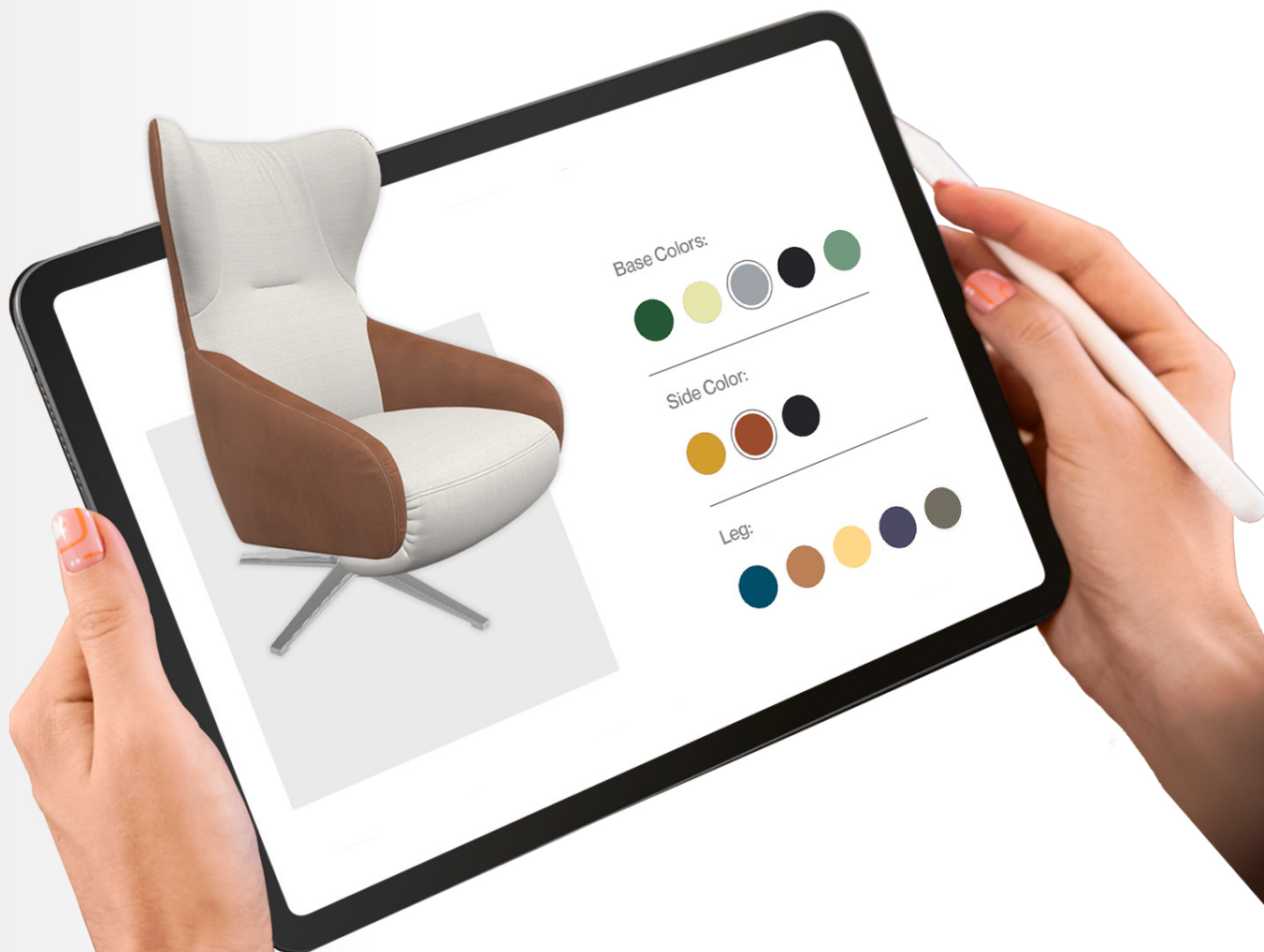
Get Started With 3D Product Configuration

Expivi is a Software as a Service that enables businesses to offer an amazing customer experience powered by a 3D configurator and Augmented Reality. The platform configures price and quote instantly, streamlines the flow from manufacturer to customer by automating the bill of materials for production, provides greater sales velocity and reduces production errors. Brands can give customers more choices without consuming an excess of products, and reducing inventory.

Expivi accelerates the path towards a direct-to-consumer future.

Founded in 2017, Expivi is headquartered out of Eindhoven in The Netherlands, and has established a team in Salt Lake City, USA since 2020, and in Munich, Germany since 2022.

www.expivi.com





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