CONCEPT PAPER

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Within the PRIMARY MARKET of luxury branded clothing and accessories there is a SECONDARY MARKET of limited release(hype) branded STREETWEAR targeting generation Z (15-30 yrs).

- These Streetwear brands like Yeezy, Supreme, Off-White, Air Jordan etc. market LIMITED RELEASE DESIGNS or collaborations of clothing/shoes/accessories with other luxury brands like Luis Vuitton.
- This keeps up the HYPE leading to longer lasting aftermarket and trading value.
- US Hype Streetwear is a $20 Billion (~5% of Luxury branded market) and growing market with untapped potential for buying, selling and trading of authentic aftermarket products.

SWAPPIT is a leading player in above mentioned secondary streetwear market offering a TRUSTED B2B, B2C, and C2C trading marketplace for aftermarket new and used authentic streetwear. SWAPPIT certifies the trading stores and customers and validates the inventory while facilitating trading of this inventory and in return earning equal commission from both parties on trades.

Within the secondary $20 billion/year branded streetwear market:

- As soon as an item leaves a primary distribution channel and enters aftermarket there is NO OWNERSHIP OF VALIDATING PRODUCT AUTHENTICITY.
- 16 million Gen Z customers CANNOT BUY/SELL/TRADE due to LACK OF authentication process that can certify the aftermarket products being sold.
- $100 billion of FAKES enter luxury market due to high value of the branded products.
- 1000+ shops trading in aftermarket using INHOUSE EXPERTISE to maintain authenticity keep a strong following in their LOCAL COMMUNITY ONLY.
- There is NO PLATFORM available to FACILITATE AND GUARANTEE trade/buy authentic aftermarket items.

This prevents Customers and trading shops from:

- TRADING OUTSIDE their local communities where they CANNOT physically INSPECT AND TRUST the trade.
- REALIZING FULL POTENTIAL of EXISTING LARGE AUTHENTIC INVENTORY available for buy/sell/trade DUE TO LACK OF TRUST.
- MISS SPOTTING FAKES and in turn buying fakes being sold.

SWAPPIT solves this problem / market need by:

- PARTNERING with TRADING SHOPS that trade in aftermarket branded streetwear in their local communities.
- CERTIFYING these trading shops as CPT(Certified Pre-Owned Traders) with well defined certification process.
- LEVERAGING THE RELATIONSHIPS with CPTs and becoming an AGGREGATOR of their validated INVENTORY and pre-existing CUSTOMER BASE.
- USE CPTs AS AUTHENTICATION CENTERS providing service to individual trading parties to get their items authenticated before shipping.
- BRINGING IN individual customers by GUARANTEEING a trusted marketplace.
STREETWEAR is 5% and growing SECONDARY SEGMENT of 300 Billion yearly primary Luxury Branded market. The ENTITIES that participate in this secondary segment are:

- **Gen Z CUSTOMER (15 - 30 yrs)** is 26% of US population. As per sample survey of 10% trading shops in CA only 20% - 16 Million of this population buys branded streetwear.
- **TRADING STORES.** There are 1000+ active stores that trade in aftermarket branded streetwear items with highest concentration in California and New York states and other big cities.

TRADING ENTITIES contribute in the commerce / marketplace by:

- **Gen Z CUSTOMERs** buying the streetwear from original distribution channel and then selling it in the aftermarket as new with premium or as used with higher residue value depending on the condition and demand of the item.
- **TRADING STORES** buying authentic aftermarket streetwear from Customers in their local community or sell/trade with them.

TRADE between the entities is performed through number of different channels and generates commissions based revenue:

- **Gen Z CUSTOMER** trades using traditional online channels like Google ads, FB ads, native APPs.
- **TRADING STORES** trades with Customers in local community
**Swappit** is a vertical in the streetwear market segment that follows a distributed authentication model. It allows B2B, B2C, C2C trading of only authentic items validated by network of CPT shops. Current existing marketplaces in this segment have business model that either allow only new items with center point of validation, no validation of items, community feedback based leap of trust and third party dispute resolution.

**MARKETPLACE**

<table>
<thead>
<tr>
<th>Clothing/Shoes/Accessories</th>
<th>eBay</th>
<th>StockX</th>
<th>Goat</th>
<th>Grailed</th>
</tr>
</thead>
<tbody>
<tr>
<td>NEW/USED</td>
<td>ALL</td>
<td>ALL</td>
<td>FIRST ONLY</td>
<td>ALL</td>
</tr>
<tr>
<td>AUTHENTICATION</td>
<td>DISTRIBUTED TO CPT SHOPS</td>
<td>NO</td>
<td>ALL ITEMS SHIPPED TO CENTRAL LOCATION</td>
<td>ALL ITEMS SHIPPED TO CENTRAL LOCATION</td>
</tr>
<tr>
<td>TRADING</td>
<td>BUY/SELL TRADE</td>
<td>BUY/SELL ONLY</td>
<td>BUY/SELL ONLY</td>
<td>BUY/SELL ONLY</td>
</tr>
<tr>
<td>COMM%</td>
<td>5+5%(SPLIT) OR 10%</td>
<td>15%</td>
<td>15%</td>
<td>15-20%</td>
</tr>
</tbody>
</table>

**Revenue**

*Swappit* generates revenue by charging equal commission (5%+5%) to two trading parties or 10% for individual sale. Average trade value of $400 gets $40/trade. Revenue comes from traditional C2C channels for Customers and B2B, B2C channels with partner CPT stores.

**Revenue Streams**

<table>
<thead>
<tr>
<th>C2C Channels</th>
<th>GOOG</th>
<th>FB</th>
<th>APP TXNS</th>
</tr>
</thead>
<tbody>
<tr>
<td>910K impressions X 4% CTR X 10% CONV = 3.7K</td>
<td>3.7K TXNS X 3 Channels X $40 = $440K / MONTH</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**CPT (survey 10% CA stores)**

<table>
<thead>
<tr>
<th>B2C TXNS</th>
<th>B2B TXNS</th>
<th>Authentication Requests</th>
</tr>
</thead>
<tbody>
<tr>
<td>1000 Stores X 10% (phase-1 target) = 100 stores</td>
<td>500 TXNS X 10% CONV X $40 X 100 = $200K/MTH</td>
<td></td>
</tr>
</tbody>
</table>

ADV COST $8K X 2 channel = $16K/MONTH

1 YEAR REV = 634K/MTH X 12 = 7.6 MIL/YR

5 YRS REVENUE PROJECTION @ 10% GROWTH = 12.25 MIL

**Conclusion**

*Swappit* intends to become a trusted marketplace of authentic streetwear with distributed authentication that builds a trusted community of customers and shops. It has the distinct advantage of keeping low overheads and leveraging the existing distributed community and bring in the customers.