STRENGTHEN OMNI CHANNEL LEADERSHIP

Proposal to PEPERFRY, Board Members
Frank Li | Partricia Huang | Aaron Rao | Vicky Huang
TARGET

Do you best to
Reach the Revenue Goal of 2020
AGENDA

PEPERFRY

Target

Key Issues & Recommendation

Analysis and Alternatives

Implementation

Risk & Mitigation
KEY ISSUES

The Challenge We Are Facing

1. How to Get Sustainable Growth
2. How to Improve Operation Efficiency (Cost Down)
3. How To Funding?
RECOMMENDATION

We strongly suggest you

1. Best Growth Revenue Channels
   - Decor & Utilities + House Brands + Offline Studio + Partnership with architects and Designer
2. Improve Operation Efficiency
3. Enhance Omni Channel strength
AGENDA

PEPERFRY
**ANALYSIS**

**Suppliers**
- 2-3 sg.ft Space
- >10 people
- Build Workbenches
- Buy Machines
- QA

**Without Marketing Mindset**

**Customers**
- Indian 90-100M online customers
- Those who unwilling to go fur more than 10Km
- Enjoy assembling

**Service**
- 1. Sourcing
- 2. Storage
- 3. Packaging
- 4. Delivery
- 5. Assemble

**Pre-Marking**

**450-480M Users in India**
ANALYSIS

What we do

- Pocket Friendly price
- Catalogue Design
- Video Format Display
- Supply Chain (Closed Cycle)
- Efficient Operation

Poor

- Customer loyalty (Local Brand)
- Longtime from B to C
- Market making
- Conversion Rate
ANALYSIS

Competition In Furniture Biz

Local Vendor

IKEA/FLICKPART

Young Consume with Innovative mindset

Substitute
ANALYSIS

IKEA’s Good

- Low Price
- Attractive Display
- Vertical product portfolio
- Fashionable Design
- Fast Update rate
- Big Skus

Know it better

- Logistic
- Weak Customization
- Weak E-Commerce
- Location far from city
ANALYSIS

Positioning in Strategy

PEPPERFRY: Omni Channel Players in Furniture and Home

E-Commerce
- Amazon
- Flickpart
ANALYSIS — FINANCIAL STATUS (REV & PROFIT)
## Alternatives

<table>
<thead>
<tr>
<th>Revenue growth options</th>
<th>Profits</th>
<th>Utilize current structure</th>
<th>Brand Image</th>
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# Alternatives

## Revenue Growth Options

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PEPER

FRY

- Target
- Key Issues & Recommendation
- Analysis and Alternatives
- Implementation
- Risk & Mitigation
IMPLEMENTATION — PIE MODEL

Well-positioned

Penetration

Repeat Customer/Regular Supplier/Offline Studios

Innovation

Product Portfolio/ Business Model/ Services

Value-Added

Expansion

Growth new customers & suppliers / Develop studios

Promote Digital Profitability

Building Bricks — Our Core Competency

Strategic Digital Marketing

Operation

Human Resources
# Implementation — Penetration

<table>
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<tr>
<th>Target</th>
<th>Level 1 initiative</th>
<th>Level 2 actions break-down</th>
</tr>
</thead>
<tbody>
<tr>
<td>On-line Customer</td>
<td>- Enhance customer acquisition</td>
<td>- Digital Ads enhancement.</td>
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<td></td>
<td>- Improve Digital content marketing initiatives</td>
<td>- Customer influence &amp; Celebrity (video + Social Media)</td>
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<tr>
<td></td>
<td></td>
<td>- Referral /Testimonial review</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Email marketing (e-catalog subscription)</td>
</tr>
<tr>
<td>Offline</td>
<td>- Brand trade show</td>
<td></td>
</tr>
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</table>
IMPLEMENTATION — INNOVATION

- Expand Product portfolio
  - Develop second hand product mkt.
  - Promote bundling / packing selling with décor & utilities.

- Optimize Biz model
  - Develop close-circle of supply chain ecosystem with more biz-collaboration with suppliers.
  - Partnership with IKEA to convert offline customer to online ones.
  - Cooperate / provide online platform/ source for horizontal players with limited focus on furniture to develop them.

- Enhance customer Services
IMPLEMENTATION

Build Payed Service Program

Service Center

<table>
<thead>
<tr>
<th>Suppliers</th>
<th>Customers</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Premium Supporting Service</strong></td>
<td><strong>Premium Membership</strong></td>
</tr>
<tr>
<td>• SEO priority</td>
<td>• 7 days Experience and Return back priority</td>
</tr>
<tr>
<td>• Catalogue Showing Place in first pages</td>
<td>• Get New Catalogue in Advance</td>
</tr>
<tr>
<td>• Free to Trade Shows</td>
<td>• Vertical and Horizontal Service discount</td>
</tr>
</tbody>
</table>
IMPLEMENTATION

Online
- Visit data
- Searching data
- Conversion rate
- Regional hobby

IT system
AI Date Analysis
(India Center)

Offline
- Feedback
- Inquirers
- Purchasing hobby
- Fashion Trends
- Sales data

- Suggestion
- Seasonal update
- Best Sellers
- Logistic arrangement
IMPLEMENTATION

Workers

- Reduce Breakage Rate
- Bundling Information Collect

Suppliers

- Marketing and Promotion
- Furniture Design
- How to Target Customers
- Manufacturing cycle
- Style Trends
- ……

Investigation

<table>
<thead>
<tr>
<th>House type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture style</td>
</tr>
<tr>
<td>Which service hope we offer</td>
</tr>
<tr>
<td>Living Area Information</td>
</tr>
<tr>
<td>Frequency Changing furniture</td>
</tr>
<tr>
<td>……</td>
</tr>
</tbody>
</table>
IMPLEMENTATION — EXPANSION

- Territory Expansion footprint to enhance domestic market coverage
  - Go West to cover Tier 2/3/4 cities.

- Customer base expansion to grow customer conversion rate
  - Enhance more digital marketing initiatives.
## IMPLEMENTATION — OPERATION

<table>
<thead>
<tr>
<th>Ecosystem</th>
<th>Initiative</th>
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</thead>
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<tr>
<td><strong>Sourcing</strong></td>
<td>- R&amp;D</td>
</tr>
<tr>
<td></td>
<td>- Build best-selling items with SKUs.</td>
</tr>
<tr>
<td></td>
<td>- Develop new product with suppliers.</td>
</tr>
<tr>
<td></td>
<td>- Standardize design</td>
</tr>
<tr>
<td></td>
<td>- Improve common parts using parts, eg. Screw, raw material, assembly</td>
</tr>
<tr>
<td></td>
<td>- tools.</td>
</tr>
<tr>
<td></td>
<td>- Postpone customization</td>
</tr>
<tr>
<td></td>
<td>- With special customization of color, customer-tailed tags.</td>
</tr>
<tr>
<td><strong>Storage/ warehouse</strong></td>
<td>- Prepare enough semi-product in sourcing hub.</td>
</tr>
<tr>
<td></td>
<td>- Set up one sourcing hub in Nagpur.</td>
</tr>
</tbody>
</table>
# IMPLEMENTATION — OPERATION

<table>
<thead>
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</table>
| Package      | - Reduce packaging fee  
|             |   - All the semi-product are packed by set, the reduce the second package fee.  
|             |   - Standard package  
|             |   - To ensure all the package materials the same raw material.  |
| Delivery     | - To provide self-owned logistic source the other company  
|             |   - Send the goods during night to reduce traffic jam cost.  
|             |   - Cooperation with 3rd party to enhance the delivery frequency to shorten logistic time.  |
### IMPLEMENTATION — OPERATION

<table>
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| Assembly  | - To make the assembly menu in detail.  
- The consumer could assemble it by himself.  
- Best practice sharing.  
- Bonus for customer self-assembly driven plan.  
  - To cultivate the culture something like LEGO, eg: if you assemble by yourself, you could have 1% of the price for bonus.  
- Develop assembly talent plan.  
  - May some consumer has strong assemble skill, he could proved assembly service to the one that not good at it and also gain some fee. |
## GANTT CHART + FINANCE PROJECTION

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Phase I</th>
<th>Phase II</th>
<th>Phase III</th>
<th>Budget (M INR)</th>
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</thead>
<tbody>
<tr>
<td>set up a sourcing hub in Nagpur</td>
<td></td>
<td></td>
<td></td>
<td>61</td>
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<tr>
<td>Bonus plan for assembly</td>
<td></td>
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<td></td>
<td>20</td>
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<tr>
<td>IT investment &amp; enhancement</td>
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<tr>
<td>Training Center setup</td>
<td></td>
<td></td>
<td></td>
<td>2</td>
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<tr>
<td>Service Center buildup</td>
<td></td>
<td></td>
<td></td>
<td>10</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td>98</td>
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| Funding Plan | 32 | 32 | 34 |
AGENDA

Target

Key Issues & Recommendation

Analysis and Alternatives

Implementation

Risk & Mitigation

PEPERFRY
RISK AND MITIGATION

Risk
- Quality
- Funding
- People

Impact
Possibility
RECOMMENDATION

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THANK YOU