

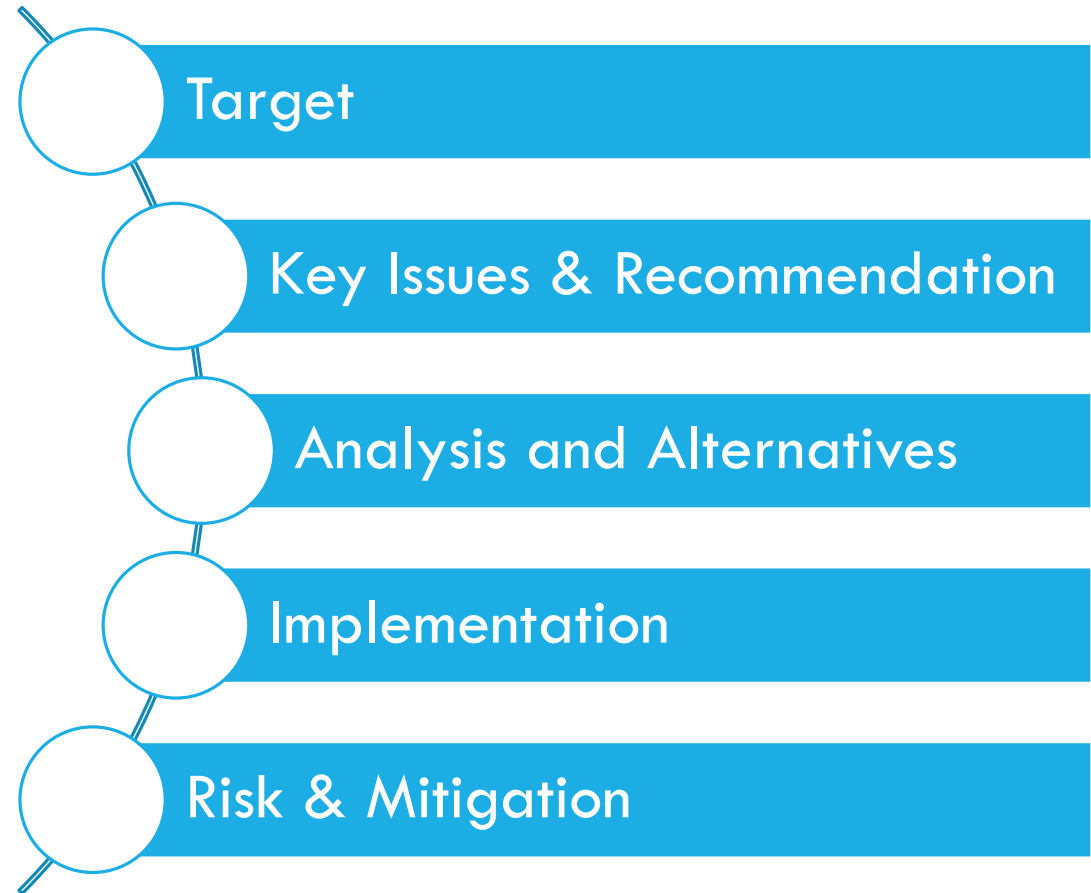


STRENGTHEN OMNI CHANNEL LEADERSHIP

Proposal to PEPPERFRY, Board Members
Frank Li | Patricia Huang | Aaron Rao | Vicky Huang

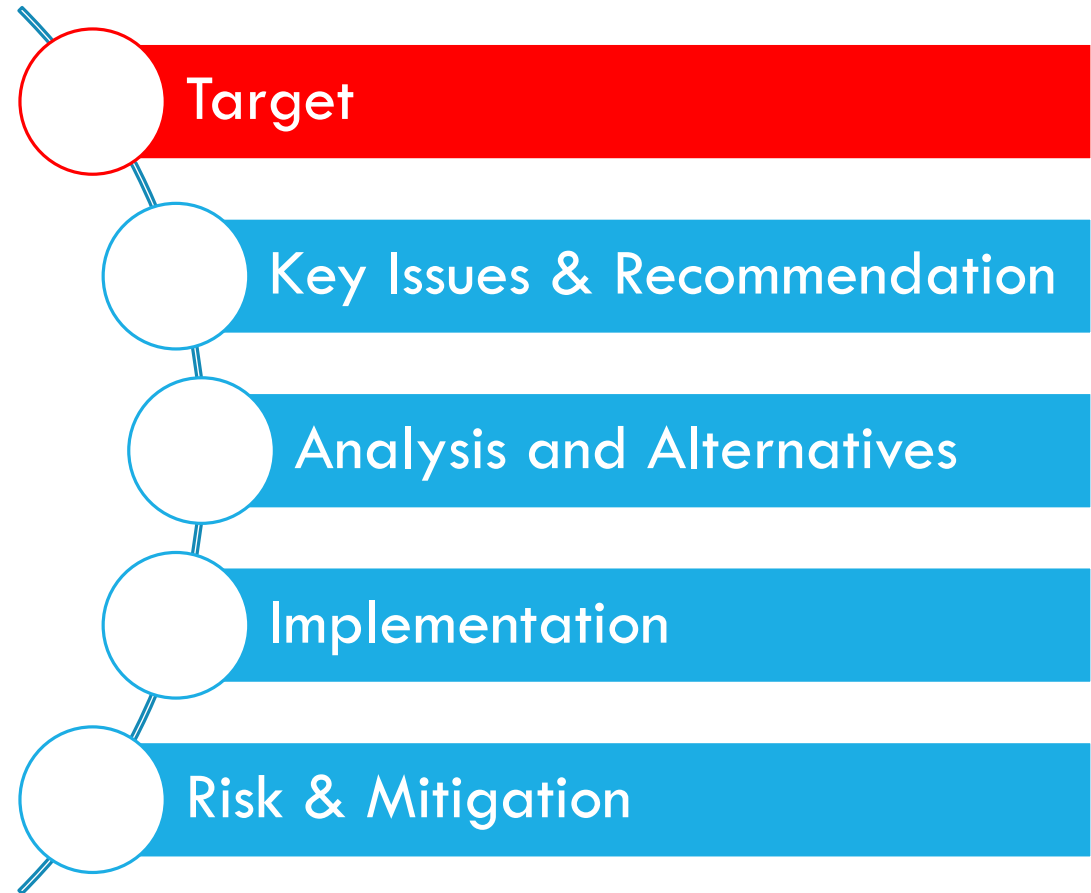
AGENDA

PEPERFRY



AGENDA

PEPERFRY



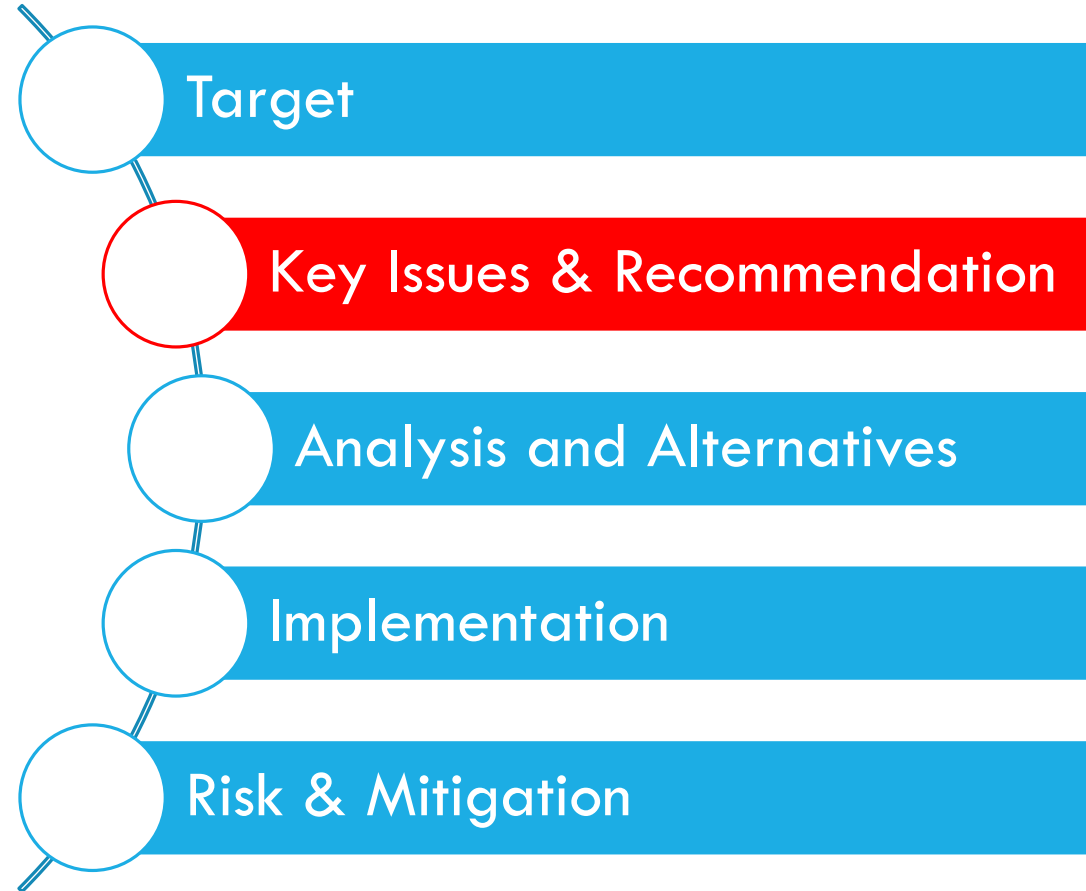
TARGET

Do you best to

Reach the Revenue Goal of 2020

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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?**

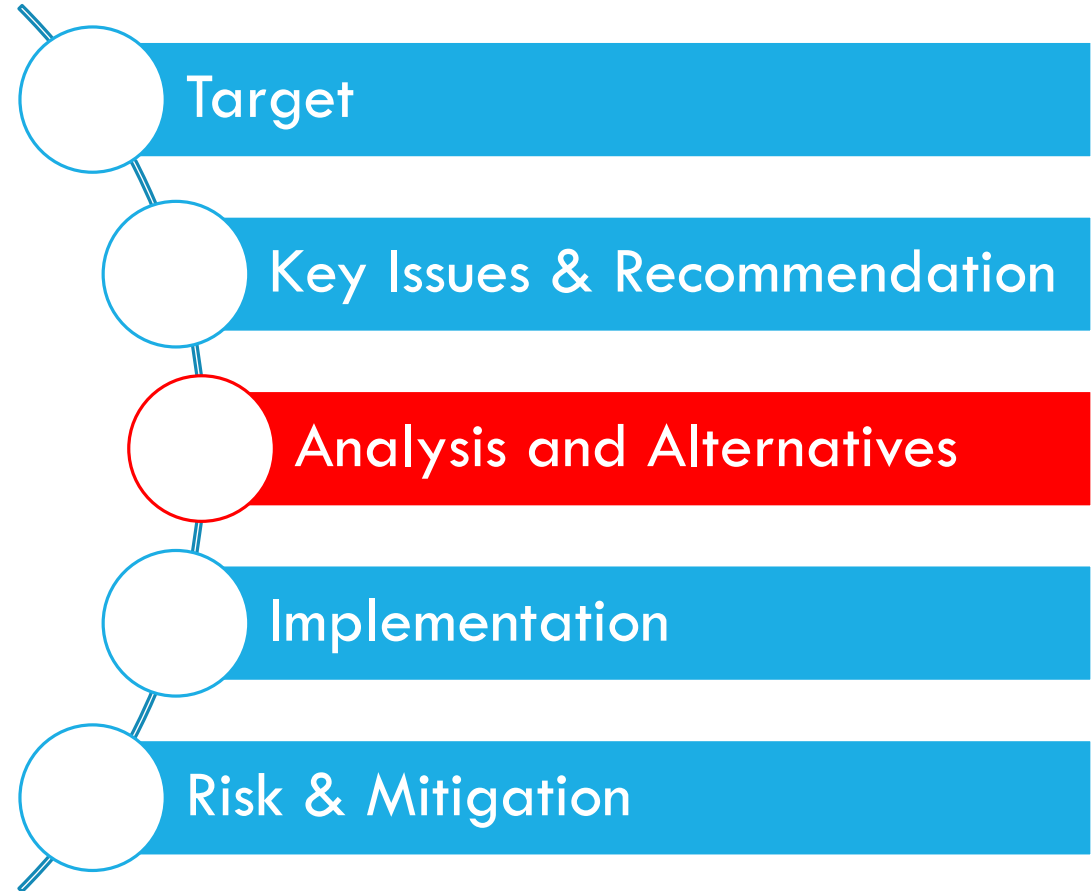
RECOMMENDATION

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

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ANALYSIS

Suppliers

- 2-3 sq.ft Space
- >10 people
- Build Workbenches
- Buy Machines
- QA

**Without
Marketing
Mindset**

Service

1

• Sourcing

2

• Storage

3

• Packaging

4

• Delivery

5

• Assemble

Pre-Marketing

Customers

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

**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

IKEA/FLICKPART

Local Vendor

Competition In
Furniture Biz

Young Consume with
Innovative mindset

Substitute

ANALYSIS

IKEA's Good

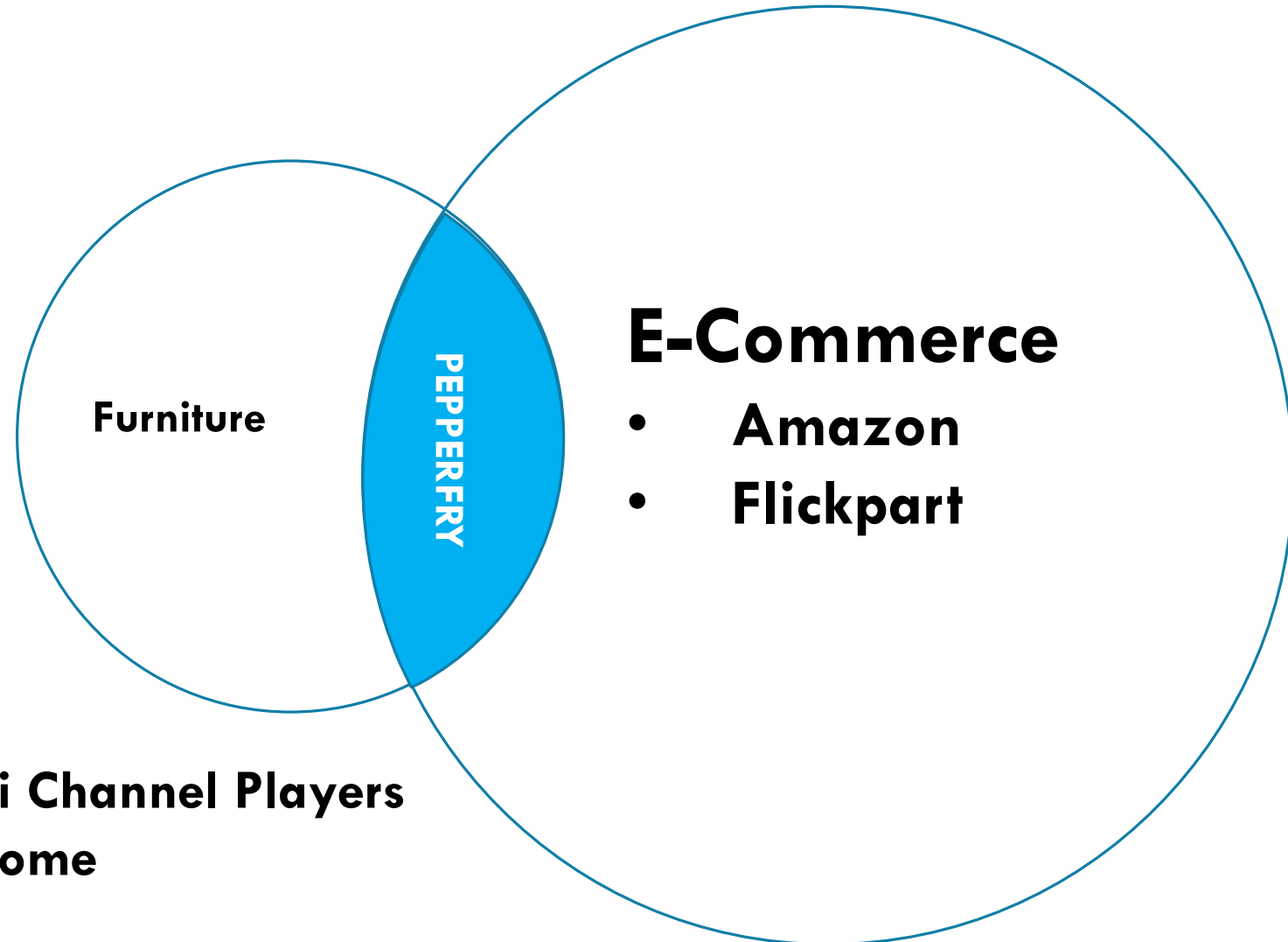
- Low Price
- Attractive Display
- Vertical product portfolio
- Fashionable Design
- Fast Update rate
- Big Skus

Know it better

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

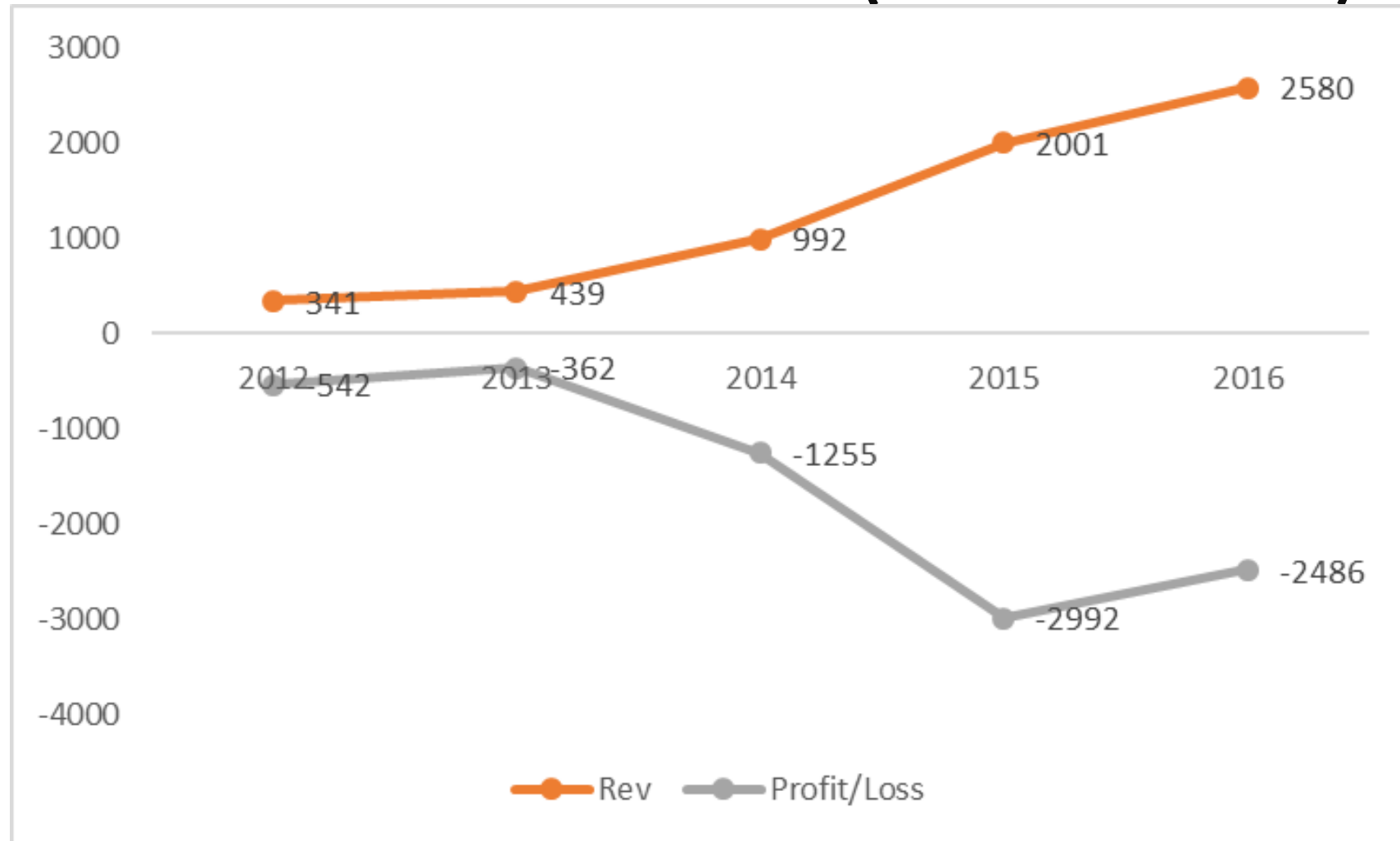
ANALYSIS

**Positioning
in Strategy**



**PEPPERFRY : Omni Channel Players
in Furniture and Home**

ANALYSIS — FINANCIAL STATUS (REV & PROFIT)



ALTERNATIVES

Revenue growth options	Profits	Utilize current structure	Brand Image	Improving conversion
Decor and Utilities	Green	Green	Green	Green
House Brands	Green	Green	Green	Green
Offline Studio	Yellow	Green	Green	Green
Furniture Rental	Red	Yellow	Red	Yellow
Partnership	Yellow	Green	Green	Green

ALTERNATIVES

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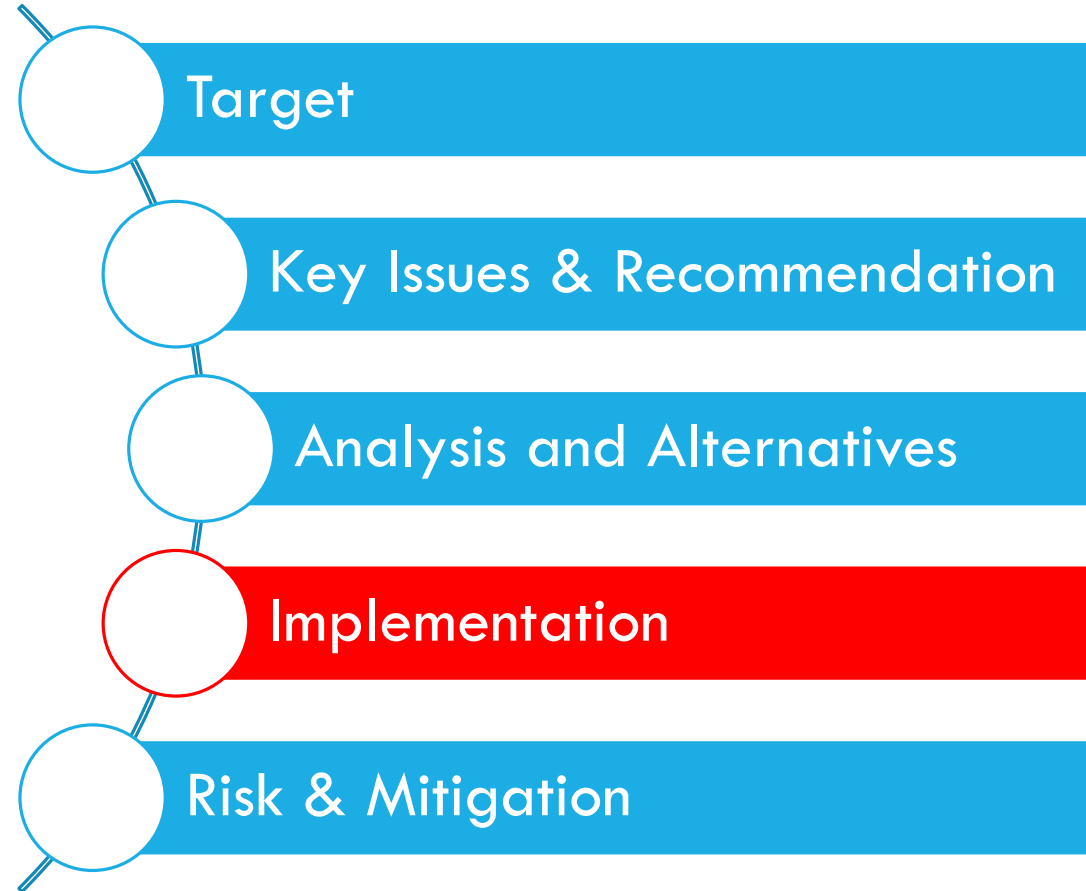
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IMPLEMENTATION – PIE MODEL

Promote Digital Profitability

**Well-
positioned**



Value-Added

Penetration
Innovation
Expansion

Repeat Customer/Regular Supplier/Offline Studios

Product Portfolio/ Business Model/ Services

Growth new customers & suppliers / Develop studios

Building Bricks – Our Core Competency

Strategic Digital Marketing

Operation

Human Resources

IMPLEMENTATION – PENETRATION

Target	Level 1 initiative	Level 2 actions break-down
On-line Customer	<ul style="list-style-type: none">- Enhance customer acquisition- Improve Digital content marketing initiatives	<ul style="list-style-type: none">- Digital Ads enhancement.- Customer influence & Celebrity (video + Social Media)- Referral /Testimonial review- Email marketing (e-catalog subscription)
Offline	<ul style="list-style-type: none">- Brand trade show- Interior design- Customer experience- Membership scheme	

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

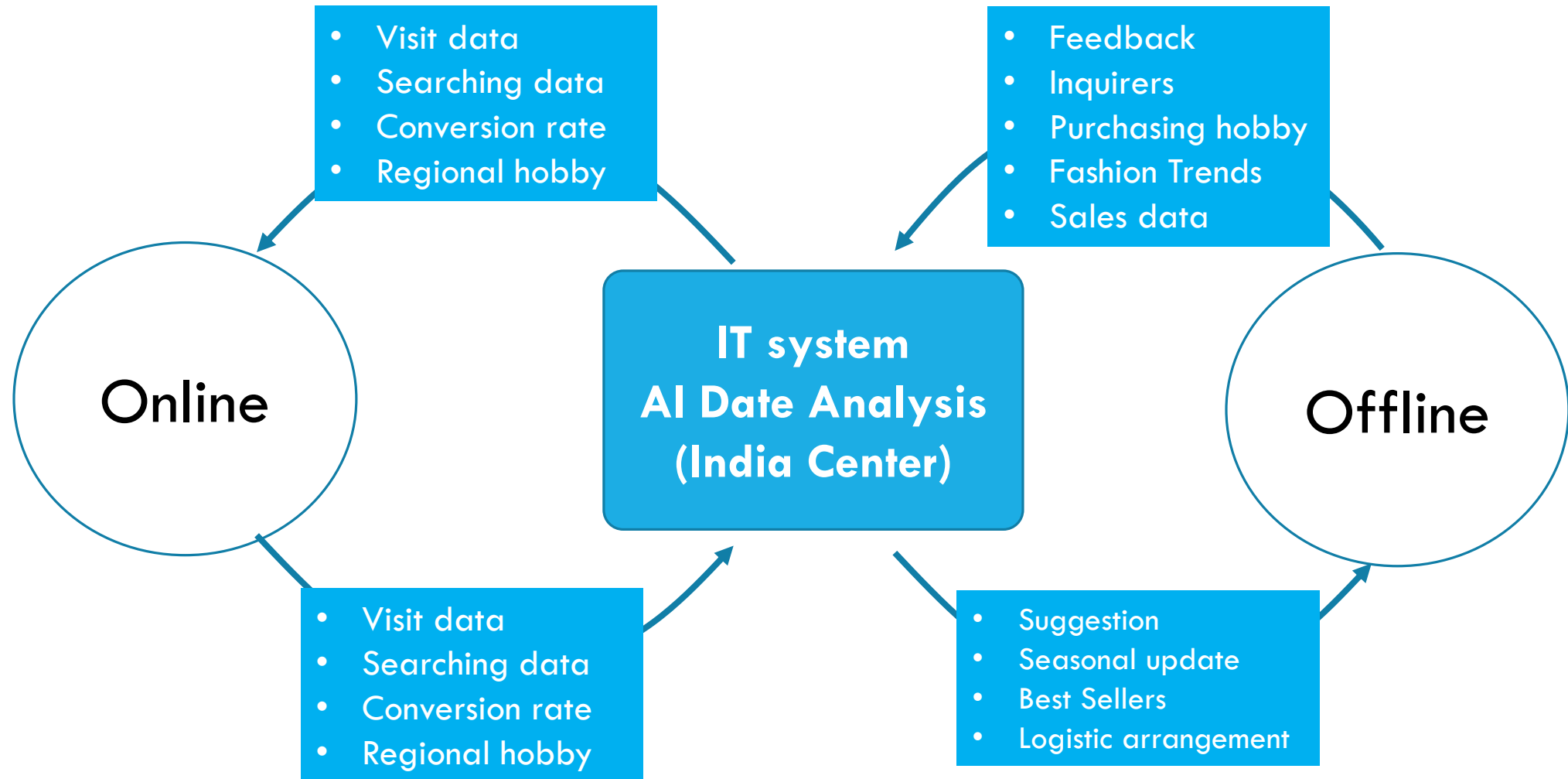
IMPLEMENTATION

Build Payed Service Program



Suppliers	Customers
Premium Supporting Service	Premium Membership
<ul style="list-style-type: none">• SEO priority	<ul style="list-style-type: none">• 7 days Experience and Return back priority
<ul style="list-style-type: none">• Catalogue Showing Place in first pages	<ul style="list-style-type: none">• Get New Catalogue in Advance
<ul style="list-style-type: none">• Free to Trade Shows	<ul style="list-style-type: none">• Vertical and Horizontal Service discount

IMPLEMENTATION



IMPLEMENTATION

Workers

- Reduce Breakage Rate
- Bundling Information Collect

Investigation
House type
Furniture style
Which service hope we offer
Living Area Information
Frequency Changing furniture
.....



Suppliers

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

IMPLEMENTATION — EXPANSION

- Territory Expansion footprint to enhance domestic mkt coverage
 - Go West to cover Tier2/3/4 cities.
- Customer base expansion to grow customer conversion rate
 - Enhance more digital marketing initiatives.

IMPLEMENTATION – OPERATION

Ecosystem	Initiative
Sourcing	<ul style="list-style-type: none">- R&D<ul style="list-style-type: none">- Build best-selling items with SKUs.- Develop new product with suppliers.- Standardize design<ul style="list-style-type: none">- Improve common parts using parts, eg. Screw, raw material, assembly tools.- Postpone customization<ul style="list-style-type: none">- With special customization of color, customer-tailed tags.
Storage/ warehouse	<ul style="list-style-type: none">- Prepare enough semi-product in sourcing hub.- Set up one sourcing hub in Nagpur.

IMPLEMENTATION – OPERATION

Ecosystem	Initiative
Package	<ul style="list-style-type: none">- Reduce packaging fee<ul style="list-style-type: none">- All the semi-product are packed by set, the reduce the second package fee.- Standard package<ul style="list-style-type: none">- To ensure all the package materials the same raw material.
Delivery	<ul style="list-style-type: none">- 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

Ecosystem	Initiative
Assembly	<ul style="list-style-type: none">- To make the assembly menu in detail.<ul style="list-style-type: none">- The consumer could assembly it by himself.- Best practice sharing.- Bonus for customer self-assembly driven plan.<ul style="list-style-type: none">- To cultivate the culture something like LEGO, eg: if you assembly by yourself, you could have 1% of the price for bonus.- Develop assembly talent plan.<ul style="list-style-type: none">- 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.

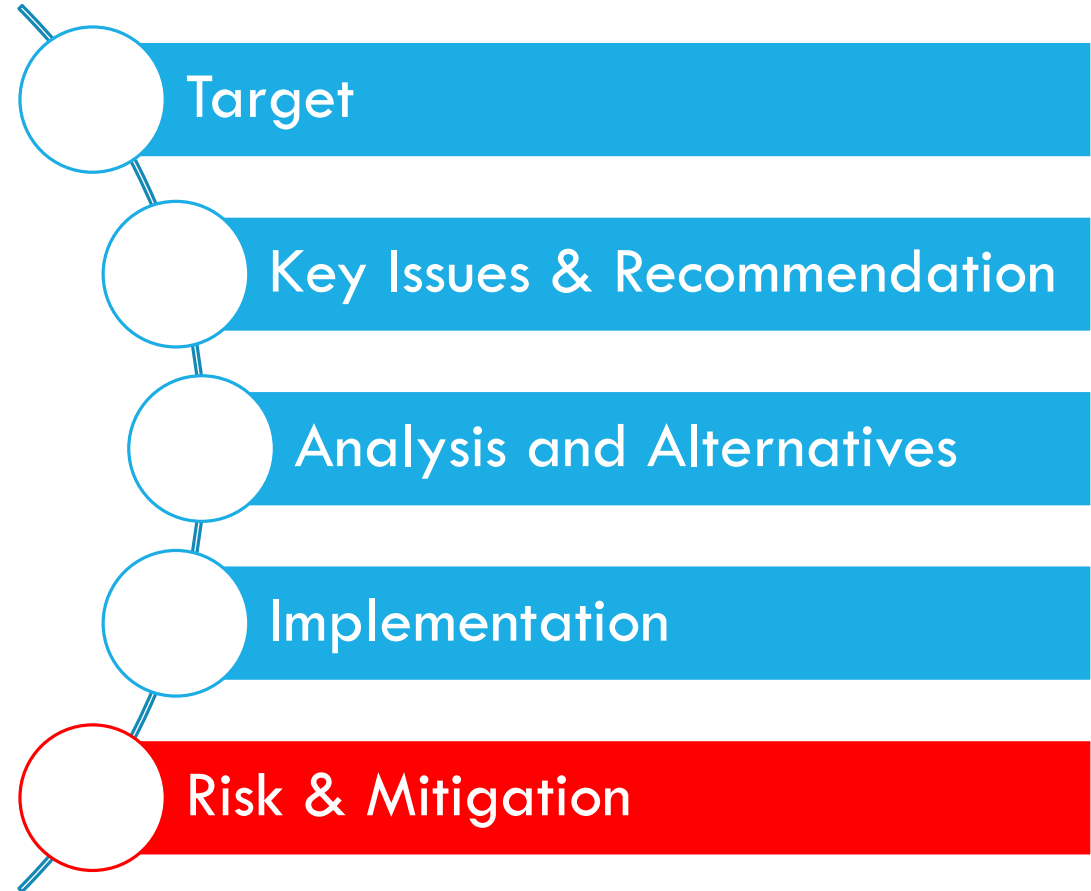
GANTT CHART + FINANCE PROJECTION

Initiative	Phase I	Phase II	Phase III	Budget (M INR)
	2018	2019	2020	
set up a sourcing hub in Nagpur				61
Bonus plan for assembly				20
IT investment & enhancement				5
Training Center setup				2
Service Center buildup				10
			Total	98

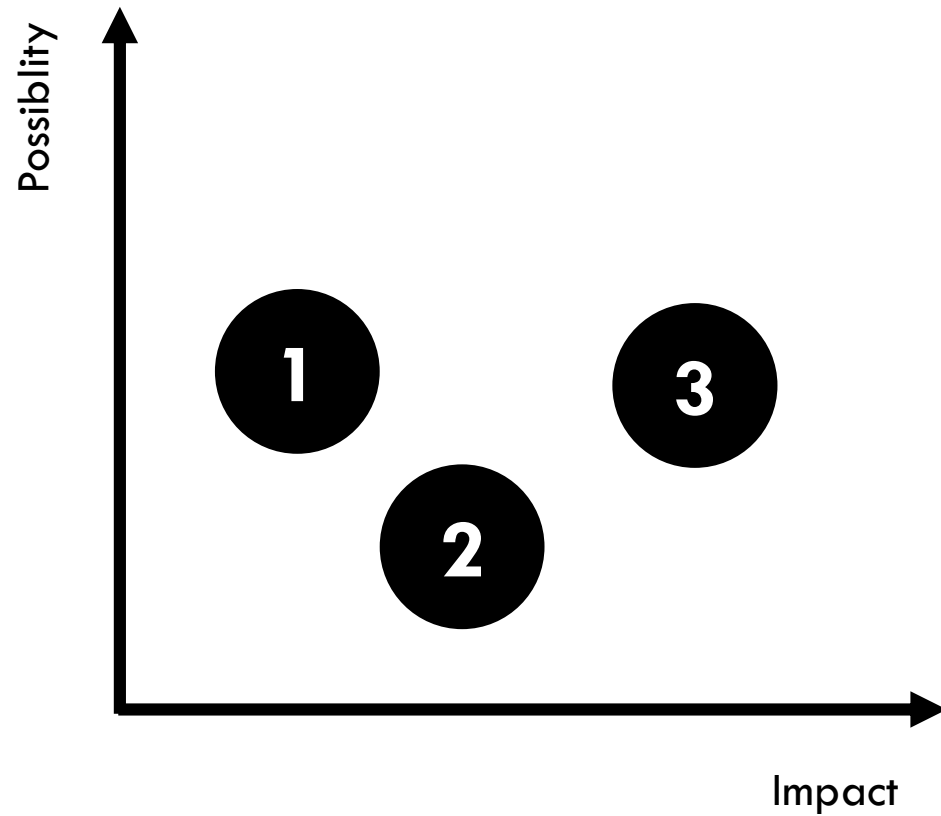
Funding Plan	32	32	34
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RISK AND MITIGATION

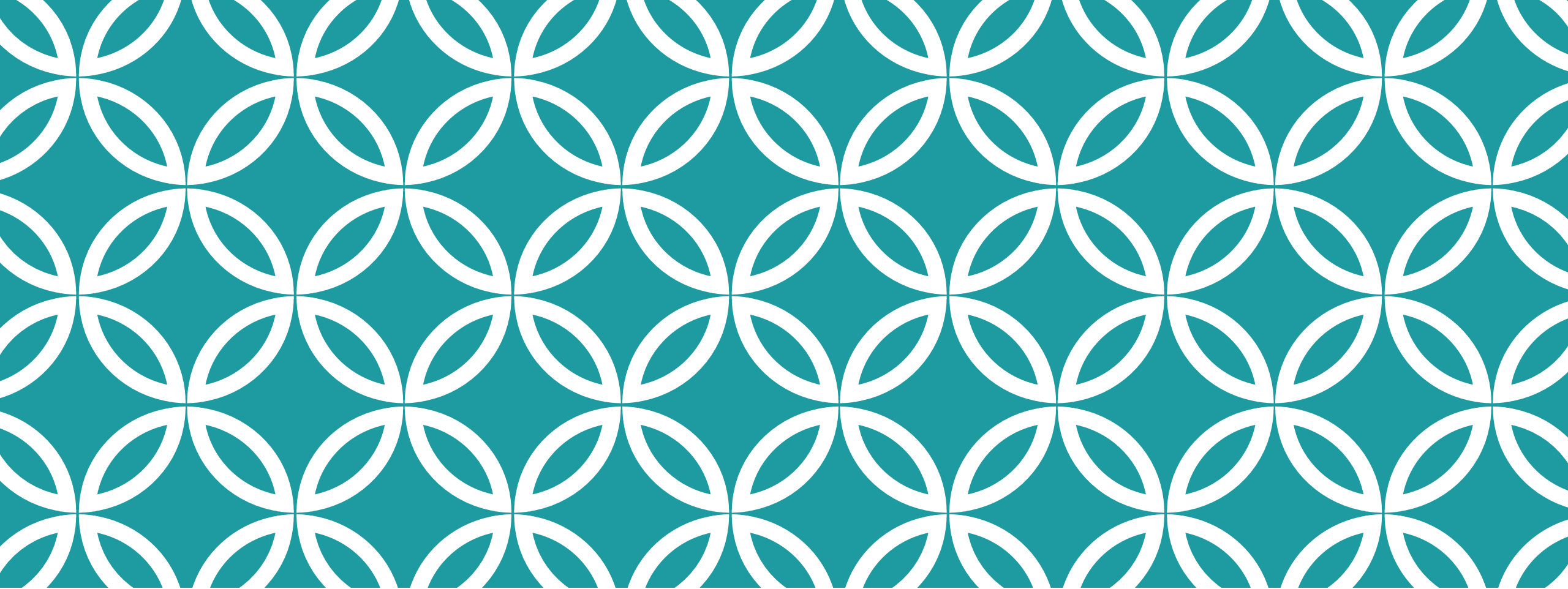


Risk
Quality
Funding
People

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THANK YOU |