

# Pepperfry.com – Turning the tables on disruption

#### **Presenting to:**

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### Agenda

- **01** Situation Analysis
- 02 Strategic Alternatives
- 03 Implementation
- 04 Financials



### Problem Statement

What to tackle?

Become profitable and continue growth to strengthen market leading position



### Recommendation

What to tackle?

Become profitable and continue growth to strengthen market leading position

How to solve?

- Expand internationally
- Target B2B customers
- Expand logistics services offering to other companies

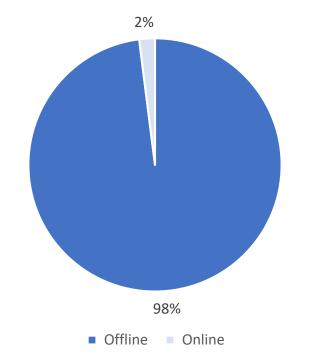


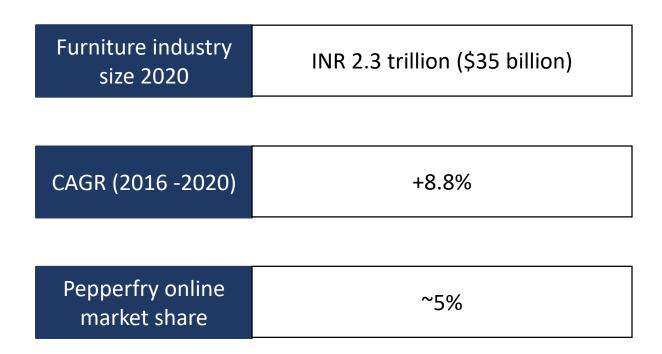
# Situation Analysis



# India's furniture industry is growing at a fast pace, still predominantly offline

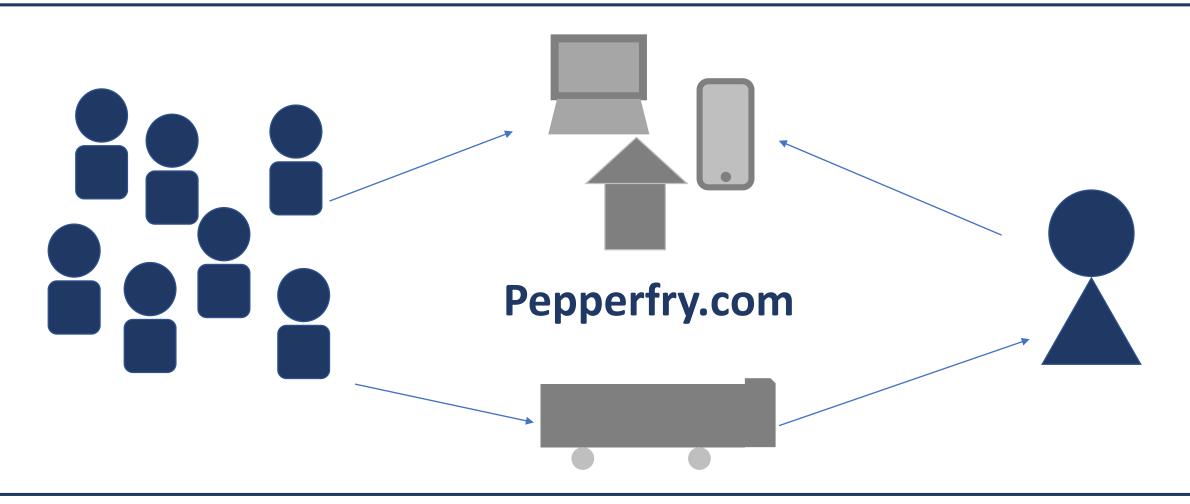








Pepperfry provides a seamless online and offline experience and a large variety of furniture





# Pepperfry.com has high expertise in selling furniture online and offline

#### Value Proposition

- High Variety of selected products
- Transparent & convenient delivery of information

#### **Revenue Streams**

- Sales Commissions from furniture, home decor & utilities
- Sales from house brand furniture

#### **Target Group**

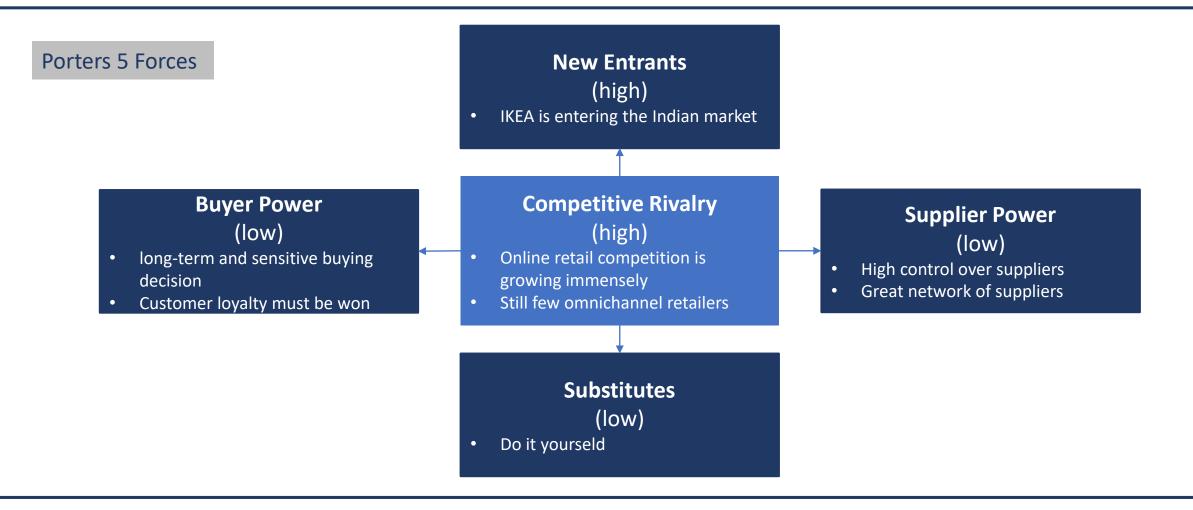
 Tech affine & modern young professionals in metro regions in India

#### Value Chain

- Distribution of manufactured products
- Warehouses, Fulfillment centers, distribution centers & fleet
- Sales channels: online (+ offline experience center)

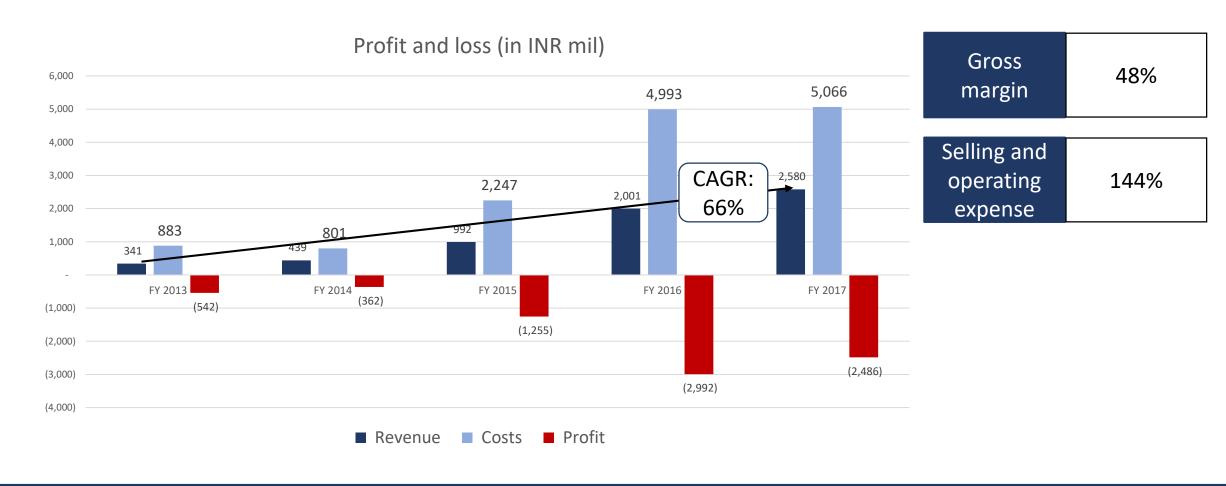


### The arising competition pressing the need for action



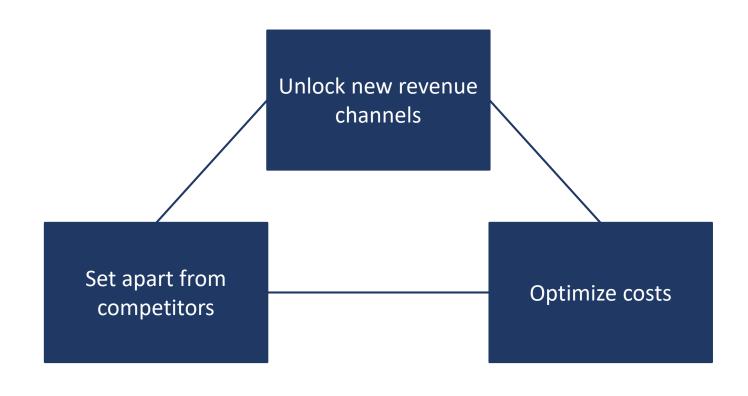


### While growing at a fast past pace Pepperfry's cost base leaves room for improvement





### Key Issues





# Strategic Alternatives

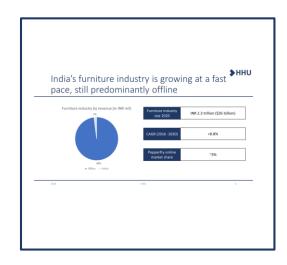


# In order to become profitable & continue growing, several alternatives are promising

1	Address B2B	<ul> <li>Add furniture to the product portfolio especially for B2B customers</li> </ul>					
	customers	Focus on tech-savy companies					
2	Expand product portfolio	<ul> <li>Identify new promising products to expand product portfolio</li> <li>E.g. follow Ikea's example to sell food</li> </ul>					
3	Expand logistics services	<ul> <li>Lever Pepperfry's logistical network and expand our logistical service offering for other companies</li> </ul>					
4	Conduct M&A	<ul> <li>Achieve growth by acquiring a competitor</li> </ul>					
		<ul> <li>Potential M&amp;A target: Livespace as a designer-company</li> </ul>					
5	Build up cooperation	<ul> <li>Fill gaps in portfolio by cooperating with other companies e.g. Living room to combine physical stores</li> </ul>					
6 Ex	xpand internationally	<ul> <li>Fill gaps in portfolio by cooperating with other companies e.g. Living room to combine physical stores</li> </ul>					



# In order to assess the alternatives, we identified several criteria









Financial feasibility

Revenue potential

Set apart from competition

Scaling opportunities



# Three alternatives are most promising to become profitable and continue growth

					High Medium		
	Address B2B customer	Expand product portfolio	Expand logistical services	Conduct M&A	Build up cooperation	Expand internationally	
Financial Feasibility							
Revenue potential							
Set apart from competition							
Scaling opportunity							

### Strengthen market leading position by

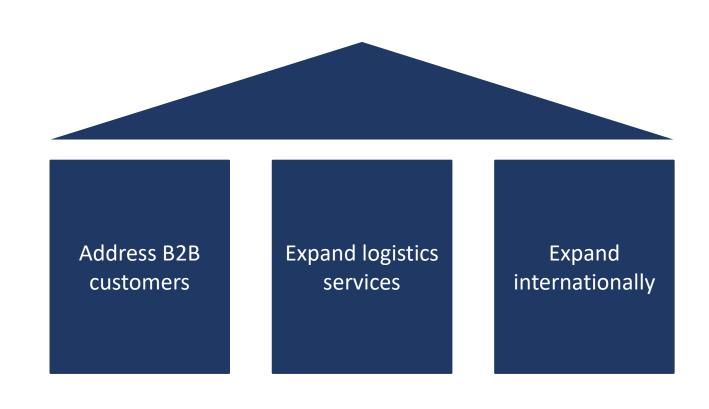
- → Entry of **B2B** market
- → International expansion
- >Expansion of **logistics** services offering



# 3 Implementation



### Implementation plan





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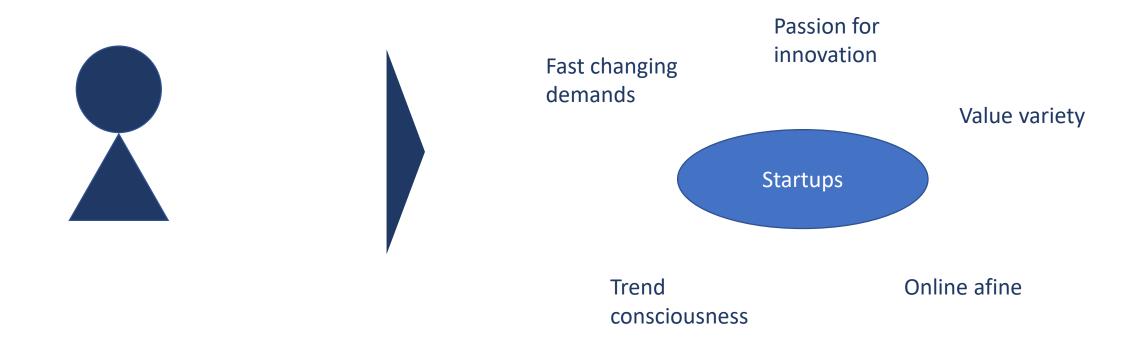
# Pepperfry.com has high expertise in selling furniture online and offline

(startups)

#### **Value Proposition** High Variety of selected products Transparent & convenient delivery of information **Revenue Streams** Value Chain **Target Group** Sales Commissions from Distribution of Tech affine & modern furniture, home decor & manufactured products young professionals in utilities Warehouses, Fulfillment metro regions in India Sales from house brand centers, distribution **B2B** customers furniture centers & fleet



# Startups as main target group in the B2B segment





# Measures are tailored to meet B2B customer demands and increase revenues

Expand privilege program

Build up office furniture home brand

Add additional leasing option

Promote new offering

- Include interior designers specialized in office spaces
- Acquire know-how about B2B customers
- Ensure target group specific needs will be met

- Choose suppliers with manufacturing mindset
- Provide them with customer insights
- Innovate continuously

- Gives companies needed flexibility
- Accounts for specific needs
- Send sales representatives to startup hotspots
- Open experience centers solely dedicated to B2B customers



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#### **Target Group**

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- B2B customers (startups)

#### Value Chain

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# Leverage Pepcart's strong capabilities by expanding transporting services





2018



High demand by other companies



- Leverage full potential
- Higher utilization of trucks
   → cost savings
- Additional revenues



offline experience center)

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### Healthy international growth with fast kickoff in Pakistan

1

Identify suitable regional markets that can be served by Gurugram fulfilment center

International expansion

2

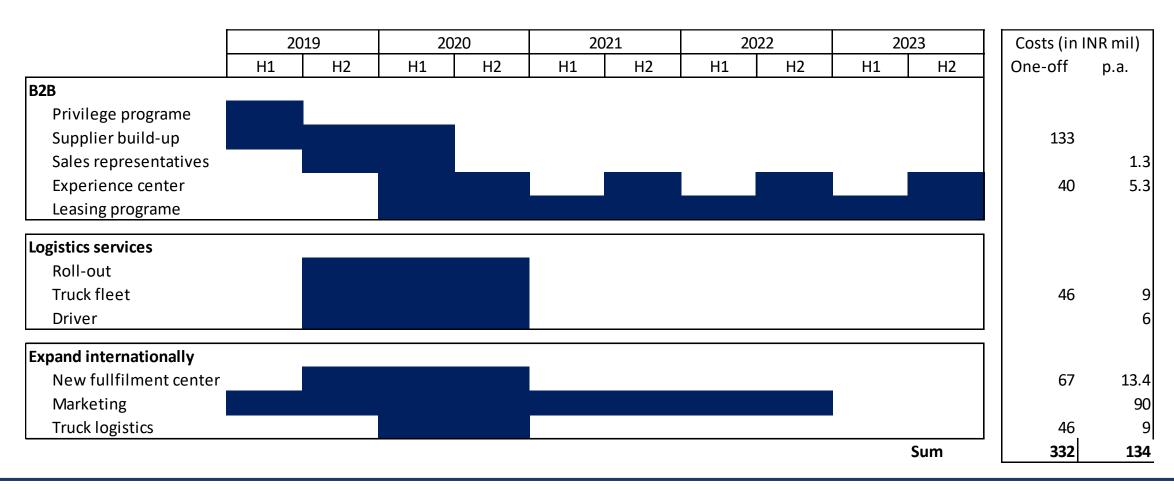
Expand current marketing activities

3

Establish new fulfilment center abroad



### Action Plan

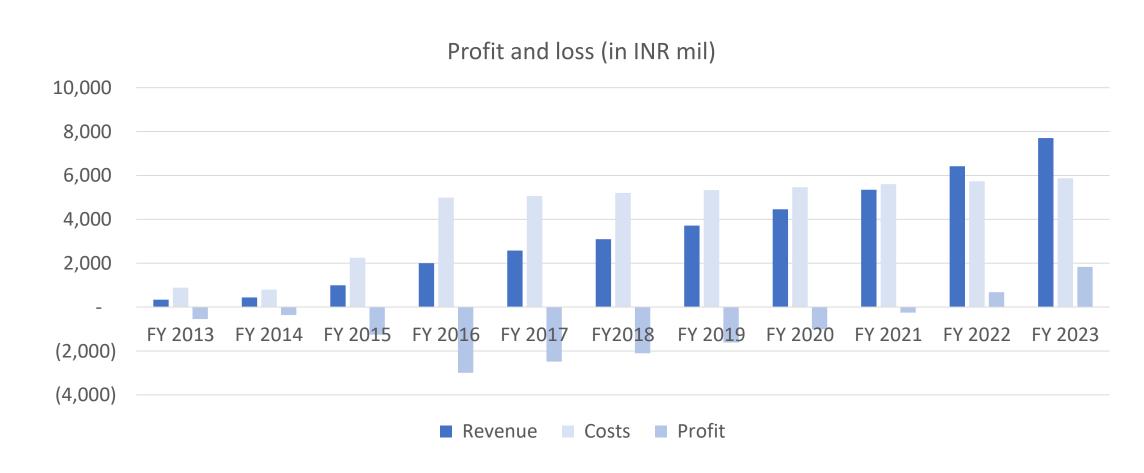




# Financials

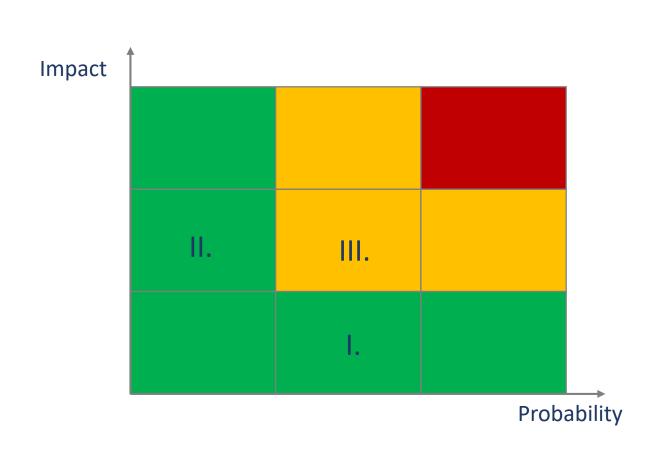


### Financial Outlook





### Risks and mitigation



- I. Competitors target B2B customer as well
- → Leverage existing strength to set apart from competition
- II. Geographic expansion might fail due to cultural differences
- → Thorough analysis of cultural characteristics
- III. Expected cost savings might be lower than expected
- → Conservative assumptions applied



### Wrap - up

