PepperFRY your competitors!

Kaiserslautern Consulting

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Technische Universitaet Kaiserslautern

How can Pepperfry retain its leading position and become profitable?

Obtain the e-tailing leadership for niche products of high quality, design and functionality by extending your long-tail business and transparent purchasing guidance.

Key issues

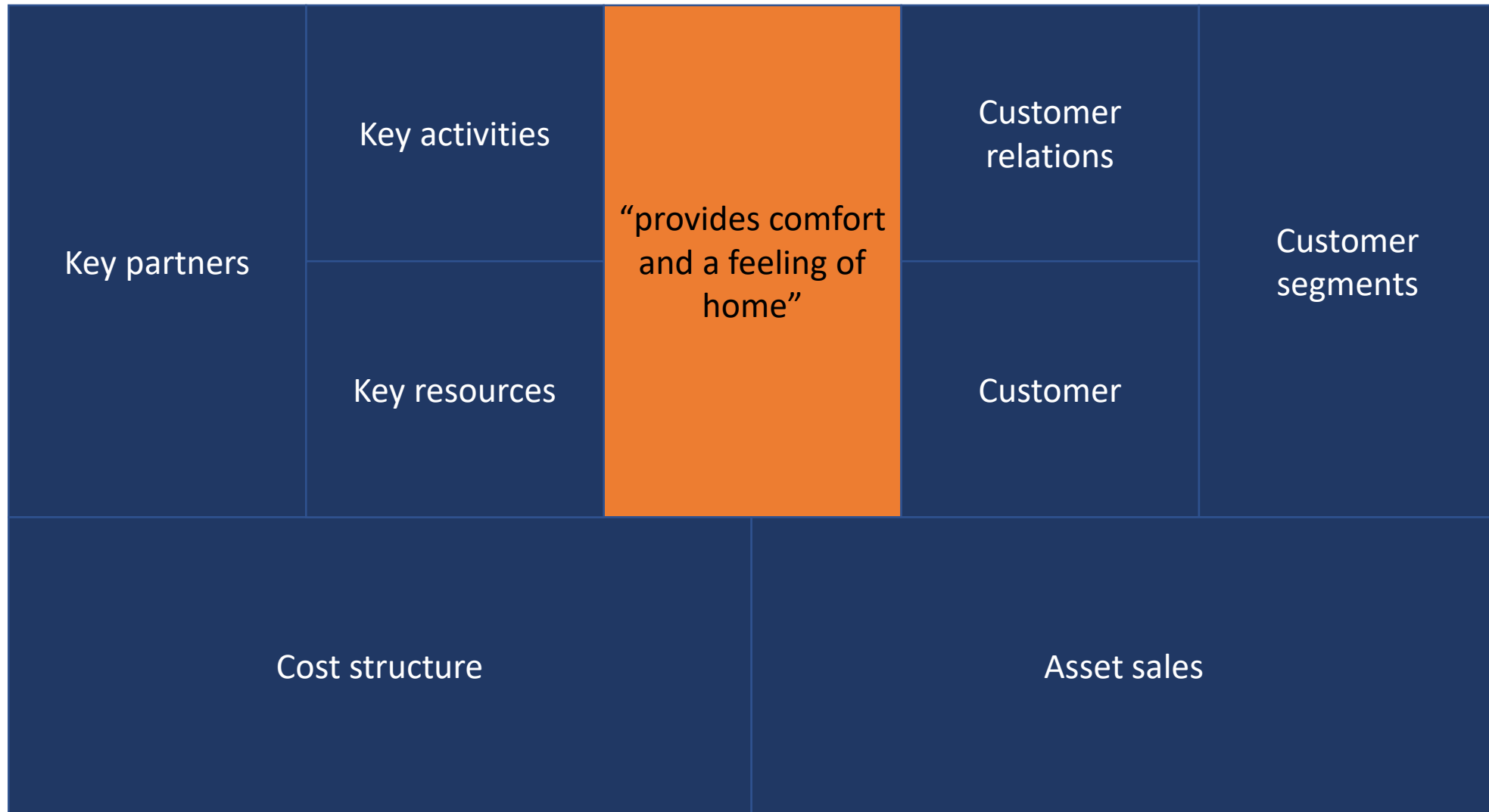Non-profitability up to today due to low revenue streams

High competition in the e-tailing and retailing market

Online purchasing is still perceived as not trustworthy out of potential customer's perspectives
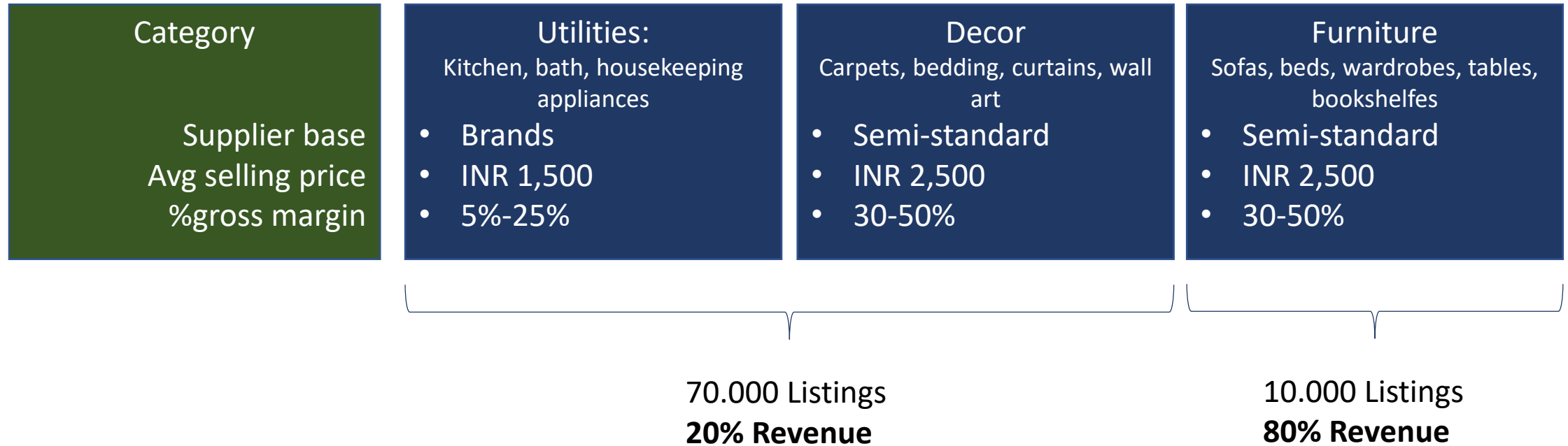
1. Analysis

2. Alternatives

3. Evaluation

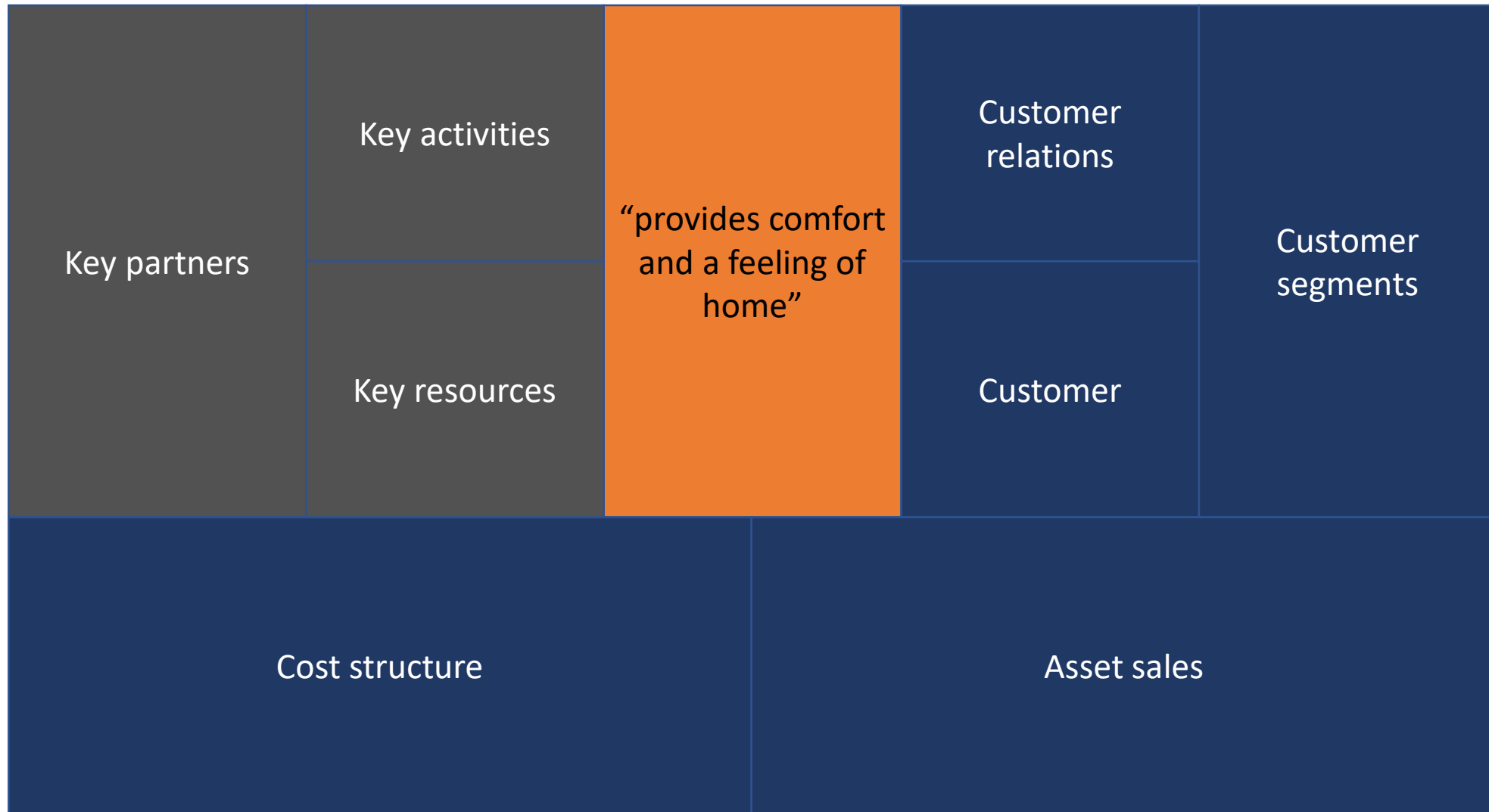4. Implementation

5. Risks & Contingencies

Key partners	Key activities	"provides comfort and a feeling of home"	Customer relations	Customer segments
	Key resources		Customer	
Cost structure			Asset sales	

Analysis | Alternatives | Evaluation | Implementation | Risks & Contingencies

Category	Utilities: Kitchen, bath, housekeeping appliances	Decor Carpets, bedding, curtains, wall art	Furniture Sofas, beds, wardrobes, tables, bookshelfes
Supplier base Avg selling price %gross margin	• Brands • INR 1,500 • 5%-25%	• Semi-standard • INR 2,500 • 30-50%	• Semi-standard • INR 2,500 • 30-50%

70.000 Listings
20% Revenue

10.000 Listings
80% Revenue

All products provided are of high quality and funcitionality

Key partners	Key activities	"provides comfort and a feeling of home"	Customer relations	Customer segments
	Key resources		Customer	

Cost structure	Asset sales

Analysis | Alternatives | Evaluation | Implementation | Risks & Contingencies

Sourcing ＞ Storage ＞ Packaging ＞ Delivery ＞ Assembly

Analysis | Alternatives | Evaluation | Implementation | Risks & Contingencies

Sourcing	Storage	Packaging	Delivery	Assembly

Over 250 suppliers with manufacturing mindset
- Invest in space
- Hire people
- Build workbenches
- **Follow Quality processes**

→ Strong pepperfry support
   (materials, investments, bank loans)

| Sourcing | Storage | Packaging | Delivery | Assembly |

- Warehouses
- Fulfillment centers
→ Jodhpur, Dehly, Mumbay

Distribution centers

Sourcing → Storage → **Packaging** → Delivery → Assembly

- Customized packaging
→ Highly important key partner

Sourcing → Storage → Packaging → Delivery → Assembly

- 400 own vehicles
- Excellent route planning algorithm

↓

Damage control

Sourcing → Storage → Packaging → Delivery → Assembly

- Support is provided by hired carpenters
- Real time availability through mobile devices

Pepperfry's key activities, resources and partners

Sourcing → Storage → Packaging → Delivery → Assembly

Well established supply chain with high degree of digitization

Analysis | Alternatives | Evaluation | Implementation | Risks & Contingencies

Key partners	Key activities	"provides comfort and a feeling of home"	Customer relations	Customer segments
	Key resources		Distribution channel	

Cost structure	Asset sales

Analysis | Alternatives | Evaluation | Implementation | Risks & Contingencies
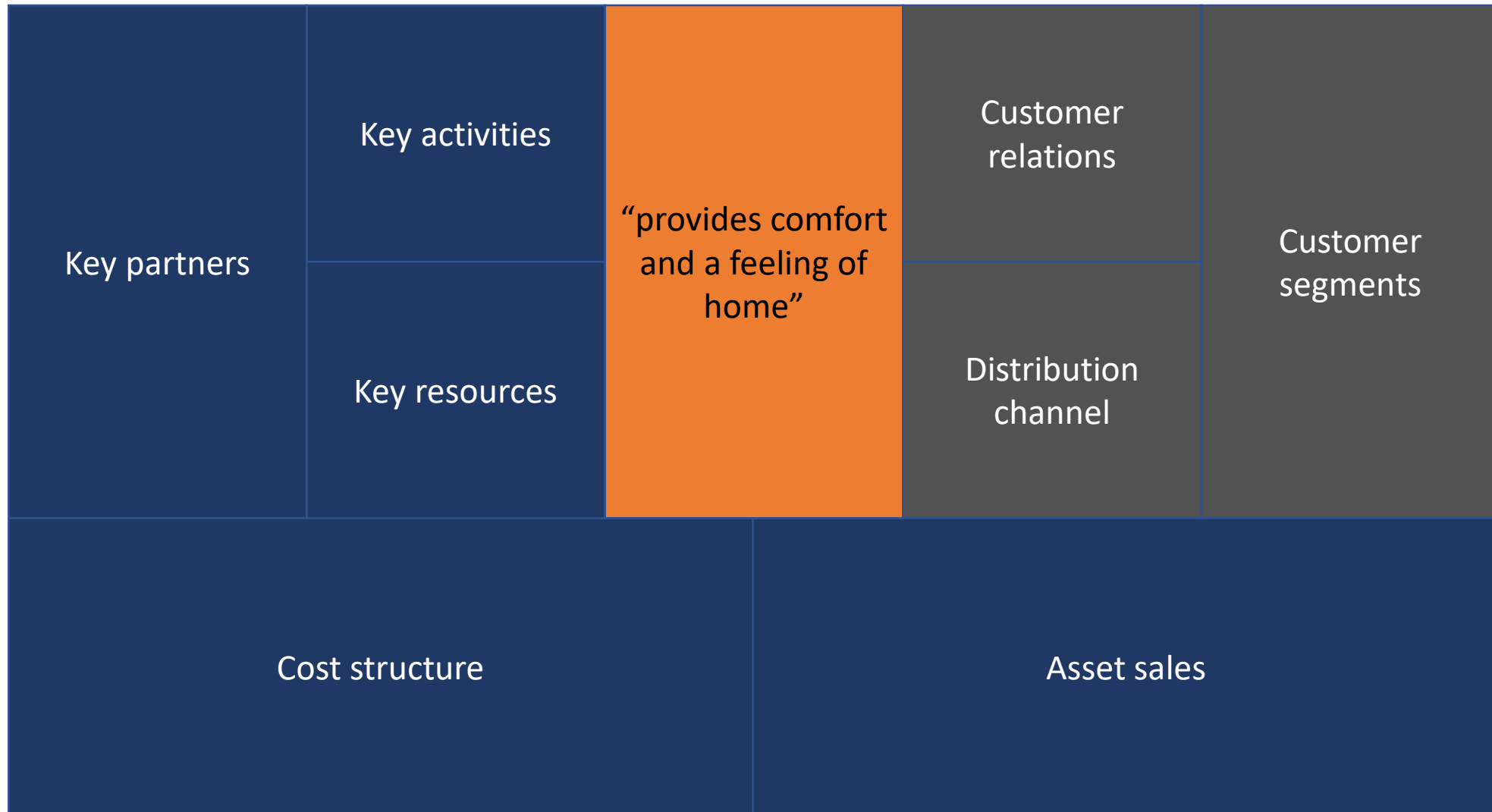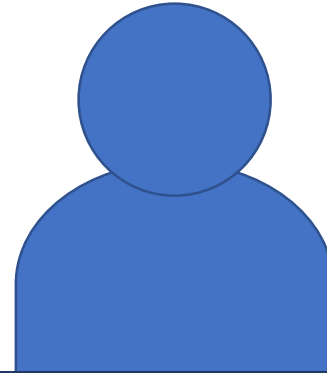
Age: 30
Residency: young professionals
Modern, tech-savvy, upwardly mobile

Wants: self expression, beautiful homes

Needs: convenience in purchasing   process

Mostly long decision making process

You create high value for your target customers

Analysis | Alternatives | Evaluation | Implementation | Risks & Contingencies

Online purchasing is perceived as not trustworthy

India's internet user base:

450-480 mio

1. Quality
2. Delivery
3. Assembly

E-tailing users:

90-100 mio
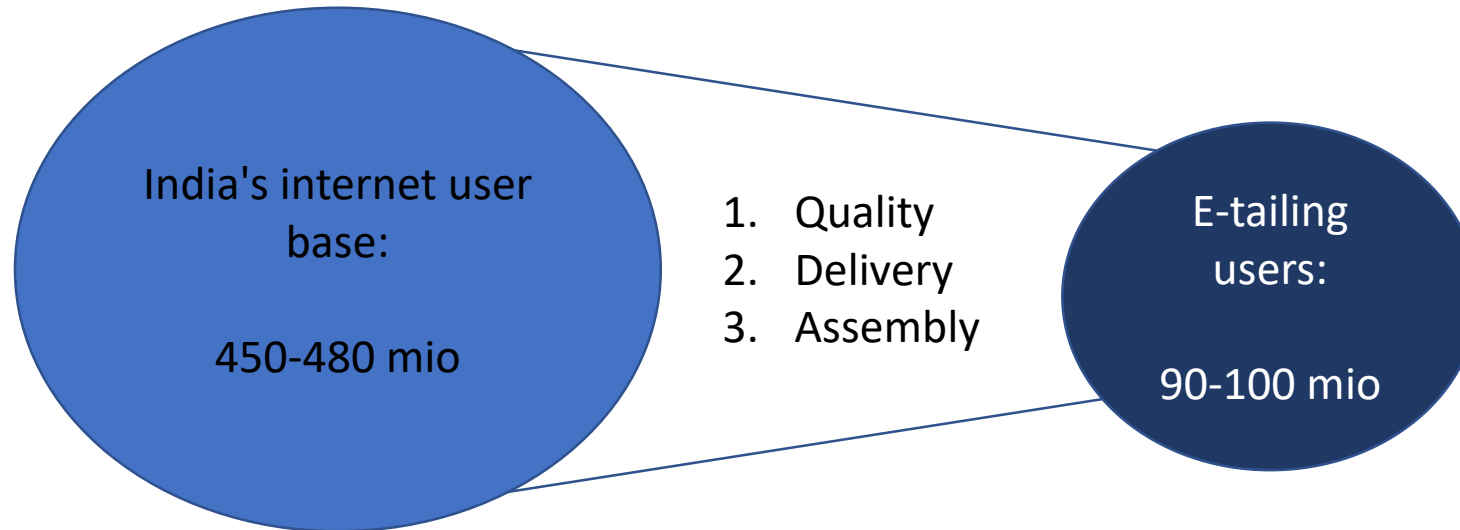
Increase in perceived trustworthiness to use high market potential

Analysis | Alternatives | Evaluation | Implementation | Risks & Contingencies

Multichannel Marketing

Online

"Experience center"

Based on franchising models

Commission of 10% on total sales
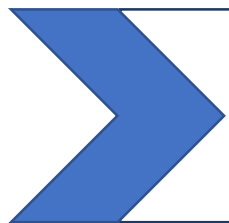
"Experience center" doubled orders

Analysis | Alternatives | Evaluation | Implementation | Risks & Contingencies

Key partners	Key activities	"provides comfort and a feeling of home"	Customer relations	Customer segments
	Key resources		Distribution channel	
Cost structure			Revenue streams	

Analysis | Alternatives | Evaluation | Implementation | Risks & Contingencies

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Strengths:	Weaknesses:
• Supply chain • Digitization • Existing investors • Market and country knowledge	• Not profitable • Lack of purchasing guidance
Opportunities:	Threats:
• Growing Indian middle class • First mover advantage	• Competitors entry
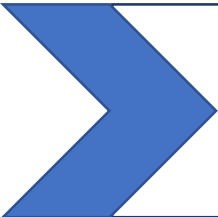
How can Pepperfry overcome its weaknesses?

Continue to increase transparency in the Indian furniture and decor market

1. **Focus:**
Decrease product portfolio

2. **Brand image:**
Offer selected products with house brands

3. **Filter system:**
Customer specific product filtering

	Revenue	Economies of Scale	Differentiation from competitors	Complexity
Focus	🟡	🔴	🟢	🟡
Brand image	🟡	🟢	🟡	🔴
Filter system	🟢	🟢	🟡	🟢

Analysis | Alternatives | **Evaluation** | Implementation | Risks & Contingencies

Obtain the e-tailing leadership for niche products of high quality, design and functionality by extending your long-tail business and transparent purchasing guidance.

Transparent purchasing guidance	Extending franchise systems to suburbs	Introducing quality approve

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Transparent purchasing guidance	Extending franchise systems to suburbs	Introducing quality approve

Enabling easier choice making in long-tail business to reach greater customer base

Analysis | Alternatives | Evaluation | **Implementation** | Risks & Contingencies

Wide product portfolio

Products meeting customer`s requirements (e.g. design or functionality)

Reaching faster decision and purchasing process

Analysis | Alternatives | Evaluation | **Implementation** | Risks & Contingencies

Online

Offline

1. In general on website and App

1. In general on tablets and with VR in experience centers

2. Detailed AI use

2. Detailed

Additional use of customer profiles based on algorithm experiences

Analysis | Alternatives | Evaluation | **Implementation** | Risks & Contingencies

1.

2.

Increasing overall customer`s revenue streams

Analysis | Alternatives | Evaluation | **Implementation** | Risks & Contingencies

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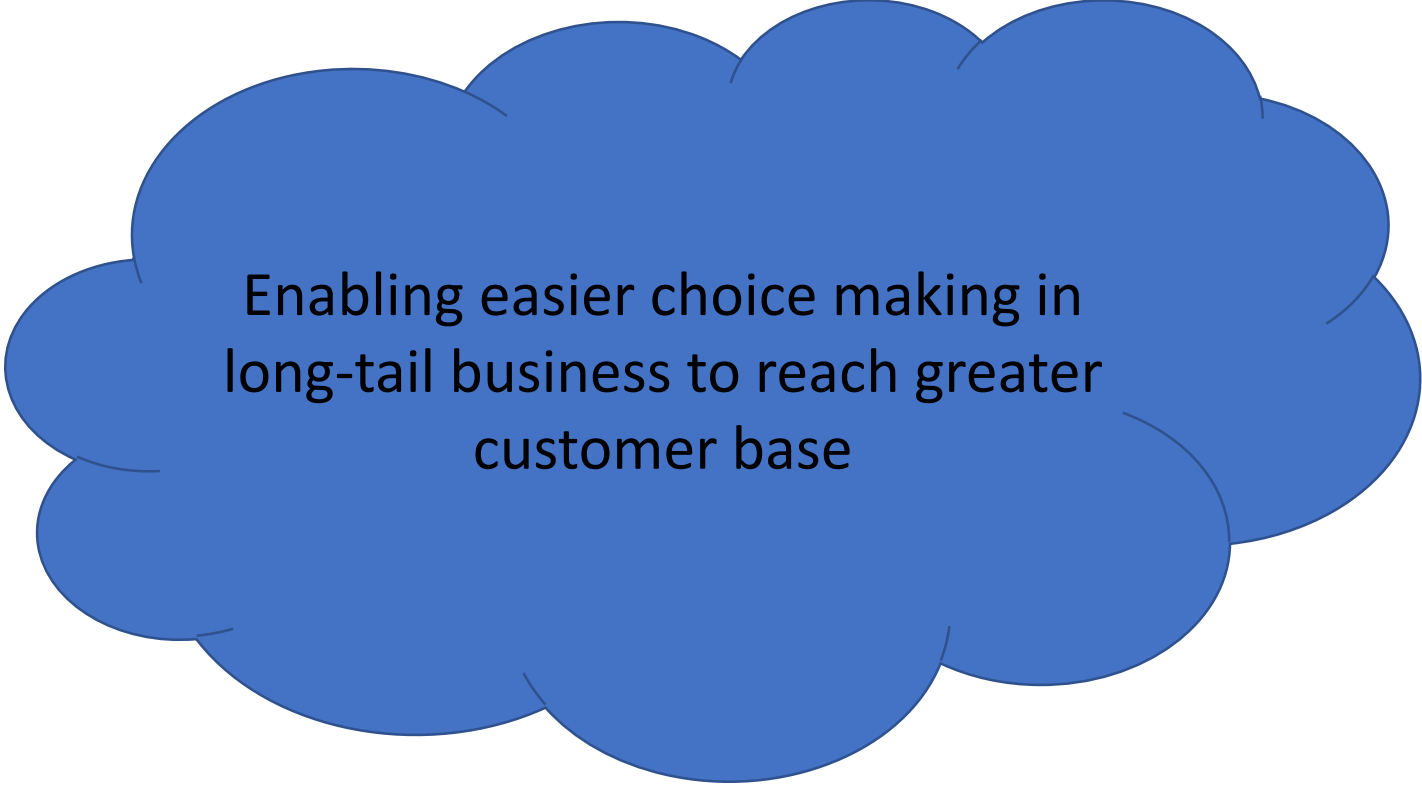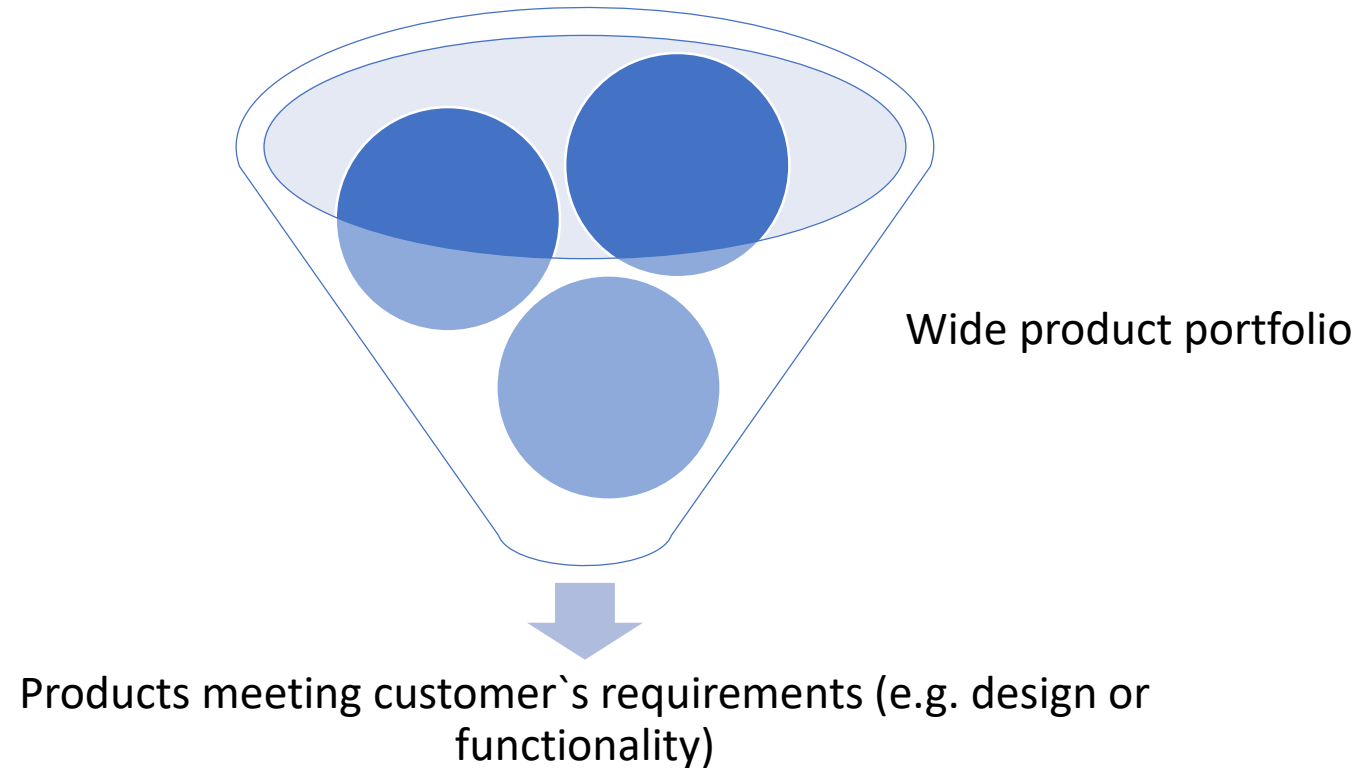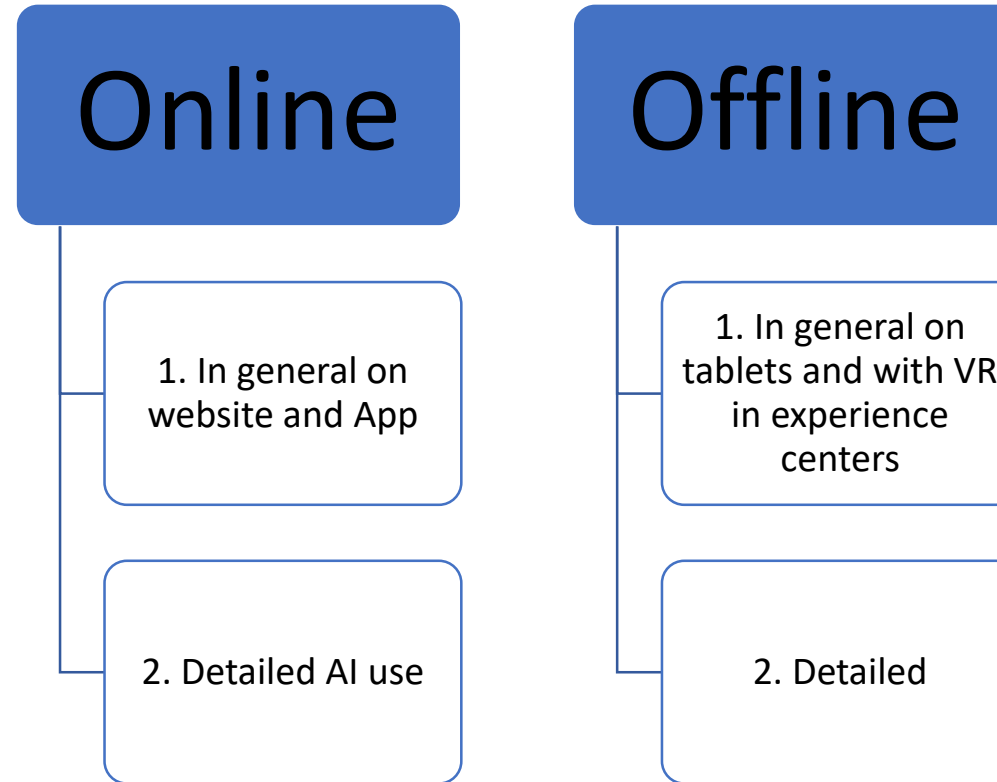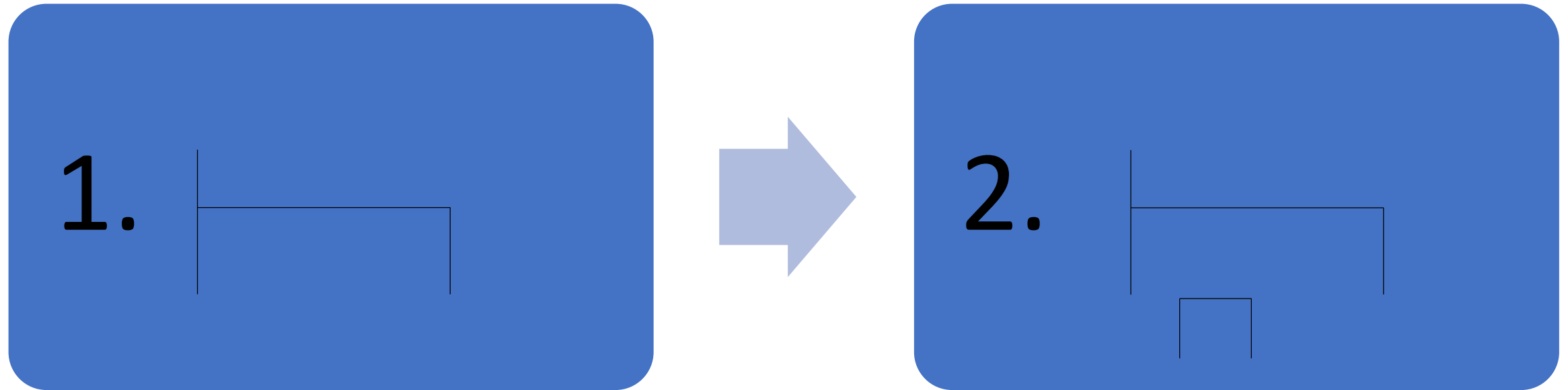| Transparent purchasing guidance	Extending franchise systems to suburbs	Introducing quality approve

Extend franchise system in suburbs as non-competitive market

Analysis | Alternatives | Evaluation | **Implementation** | Risks & Contingencies

```
                    Franchise
                     system
                        |
        ┌───────────────┼───────────────┐
   Mumbai          Gujarat          Chennai
   suburb          suburb           suburb
```

Setting market activities in less competitive market environment

Analysis | Alternatives | Evaluation | **Implementation** | Risks & Contingencies

Domestic company

Market experience

Use of wide product portfolio

Recognition and acceptance as competitive advantage

Obtain the e-tailing leadership for niche products of high quality, design and functionality by extending your long-tail business and transparent purchasing guidance.
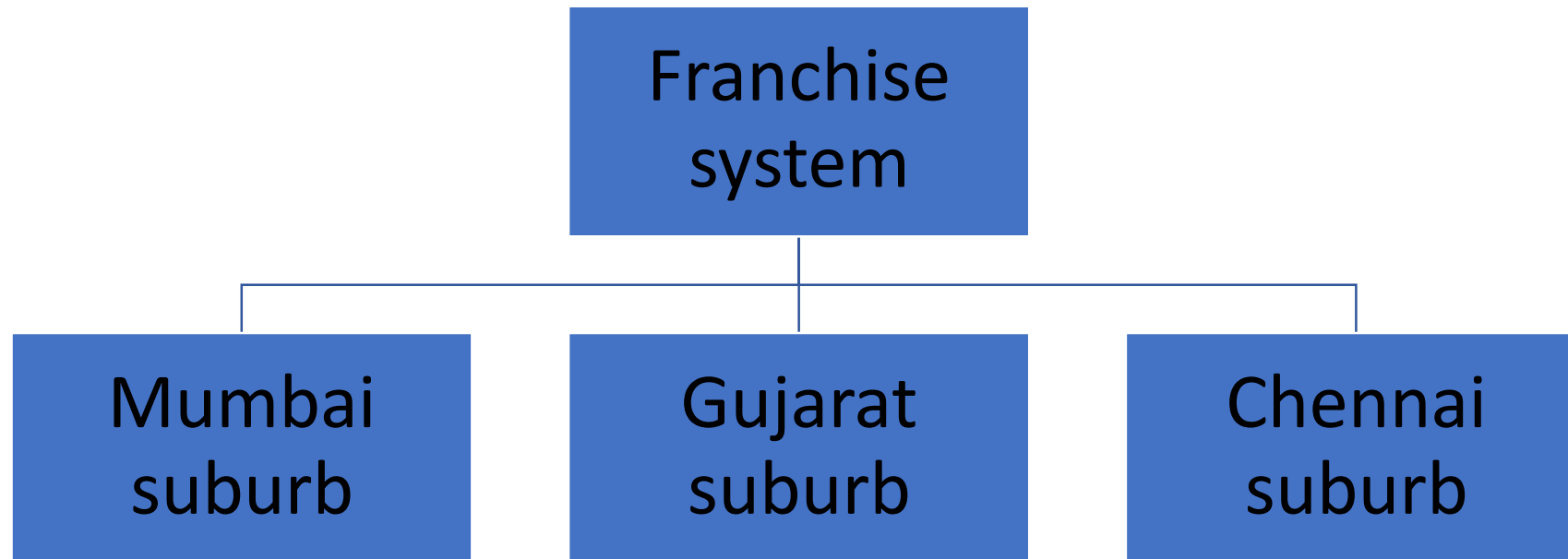
Transparent purchasing guidance	Extending franchise systems to suburbs	Introducing quality approve

Making online purchasing
trustworthy for customers

Analysis | Alternatives | Evaluation | **Implementation** | Risks & Contingencies

Selection and check of offered products and suppliers based on internal criterias

Product quality approved

Promote approval sign

Analysis | Alternatives | Evaluation | **Implementation** | Risks & Contingencies
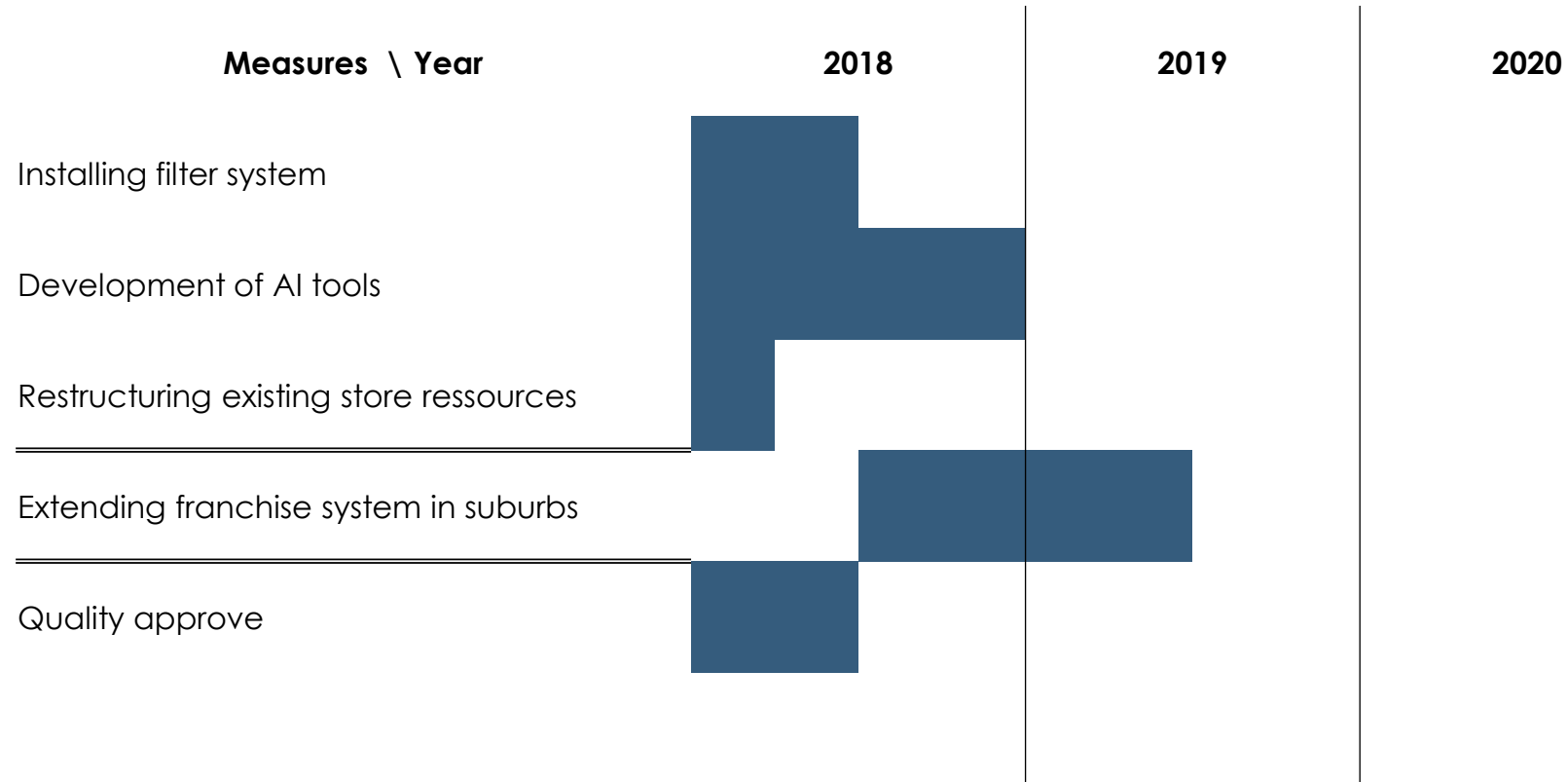
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Transparent purchasing guidance	Extending franchise systems to suburbs	Introducing quality approve

Analysis | Alternatives | Evaluation | **Implementation** | Risks & Contingencies

Timeline

Measures \ Year	2018	2019	2020
Installing filter system			
Development of AI tools			
Restructuring existing store ressources			
Extending franchise system in suburbs			
Quality approve			

Analysis | Alternatives | Evaluation | **Implementation** | Risks & Contingencies

Measures \ Year	2018	2019	2020	Costs in Mio $
Installing filter system				2
Development of AI tools				5
Restructuring existing store ressources				0.2
Extending franchise system in suburbs				0.6
Quality approve				1
				8.8
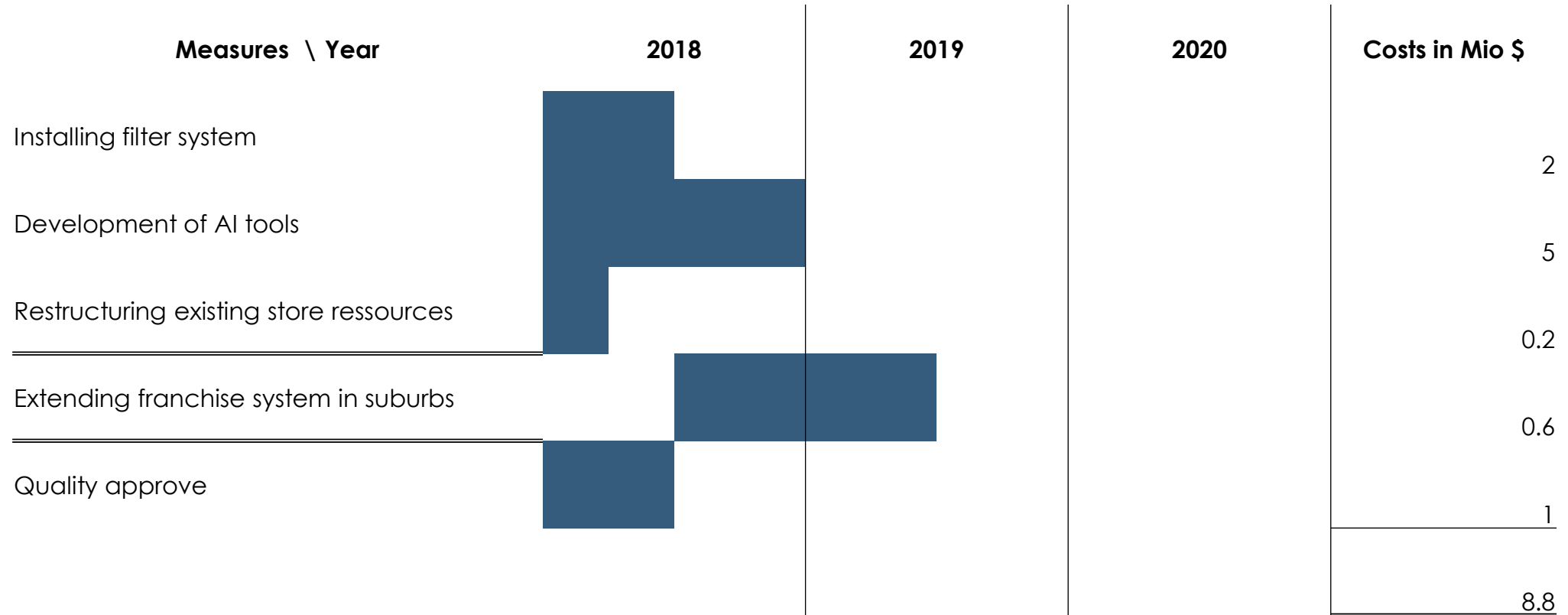
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KPI's	2017	2018	2019	2020
Number of franchise	7	35	80	130
Number of stores	32	60	105	155
Market share	6%	8%	10%	15%

Analysis | Alternatives | Evaluation | **Implementation** | Risks & Contingencies

I.   No franchise partner

II. Quality complains

III. Ikea as European brand
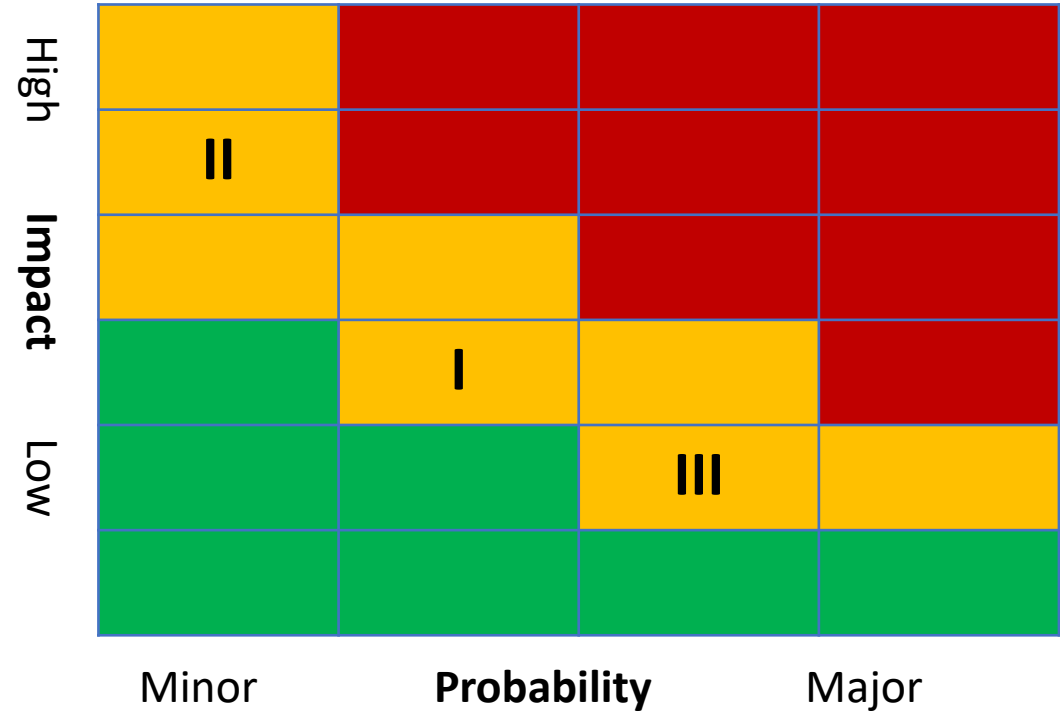
We are looking forward to further discuss on the topic!

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