

Presented to: Pepperfry Board of Directors

Presented by: Global Consulting

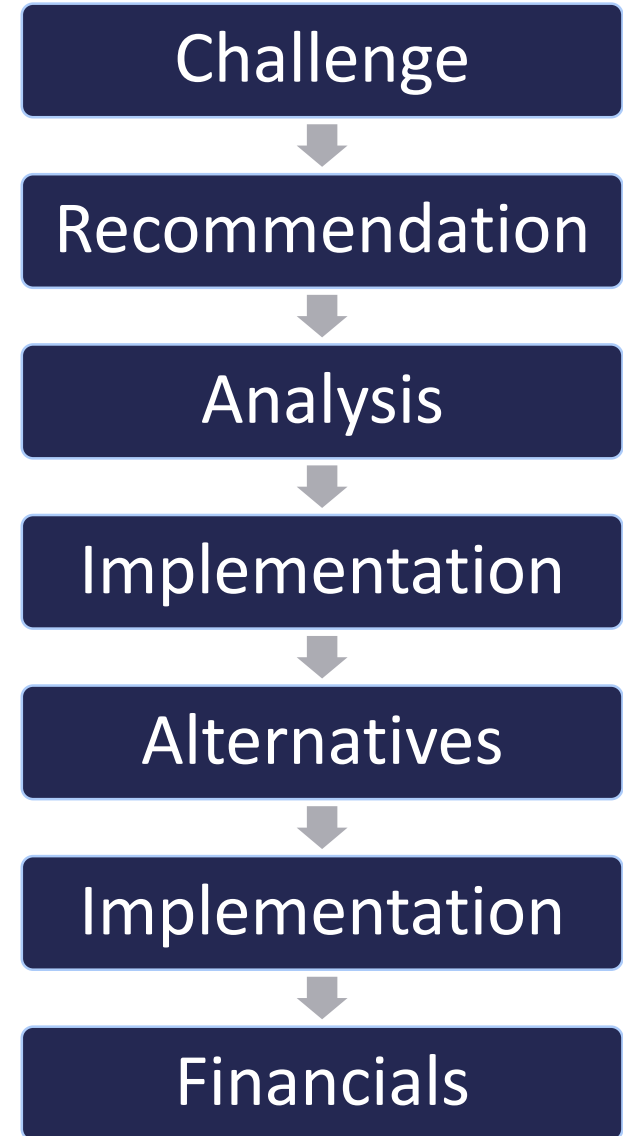
Paola Sunye

Gustavo Armenteros

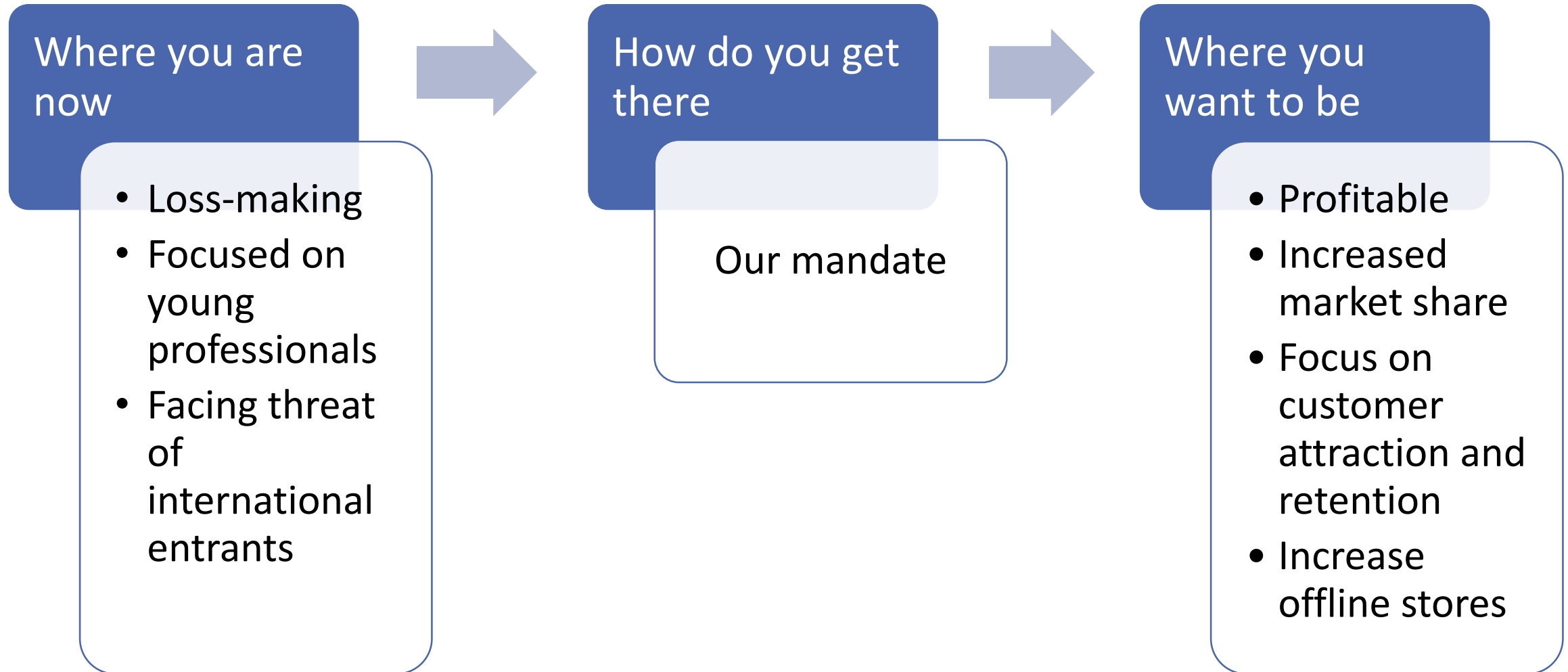
Rico Heuchel

Andre Berger

Agenda



RECOMMENDATION



RECOMMENDATION

Challenge

Recommendation

Analysis

Alternatives

Implementation

Financials

Expanding to semi-rural areas

Promoting and differentiating the brand

Continued growth in India

Improving customer experience

Fostering long term relationships with suppliers

ANALYSIS

Challenge

Recommendation

Analysis

Alternatives

Implementation

Financials

Strengths

- Strong supply chain – control from start to finish
- Largest furniture e-tailer
- Variety
- Focus

Weaknesses

- Loss-making
- Capital intensive
- Limited to India

Opportunities

- Young population = rapidly growing demographic
- Targeting other segments
- Increased digitalization

Threats

- International entrants
- Copycat entrants

Challenge

Recommendation

Analysis

Alternatives

Implementation

Financials

Current target
customer

Look for
convenience

Young
professionals

Tech savvy

Metropolitan

Take about a
month to
decide

Current target
customer

Look for
convenience

Young
professionals

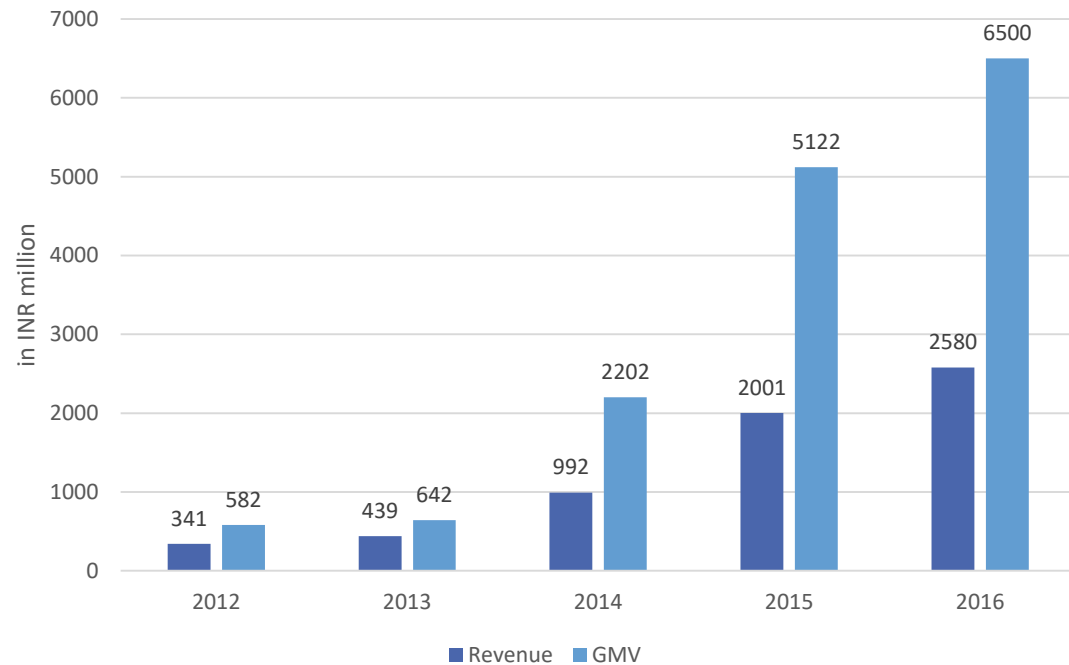
Tech savvy

Metropolitan

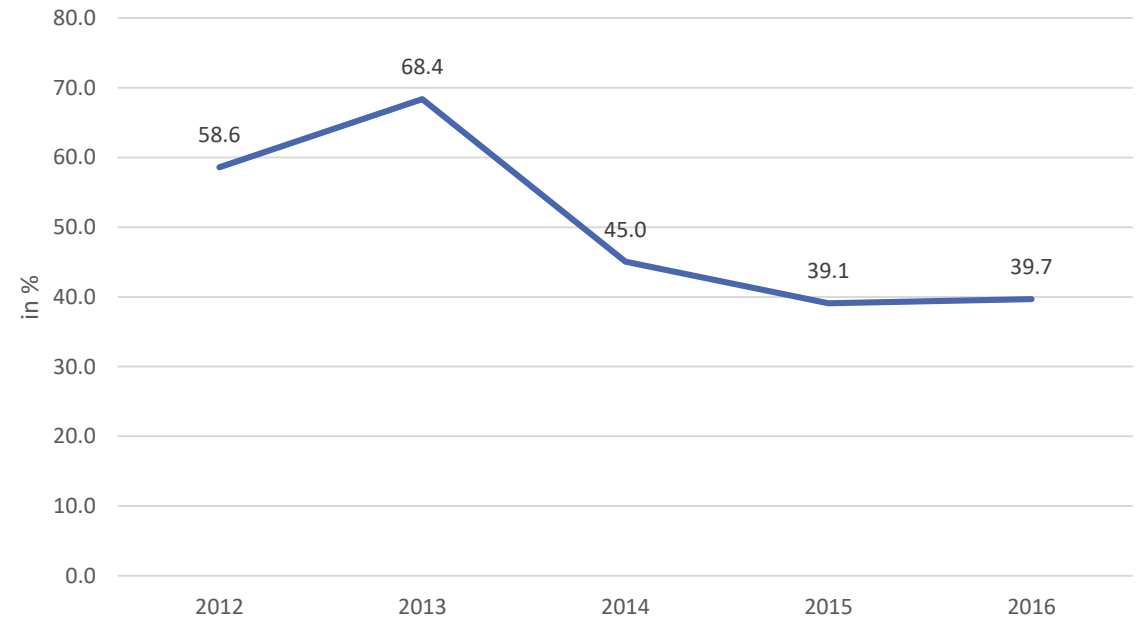
Strong cultural
identity

But what about those in the age group just prior to the target one? And what to do with the current customers once they move on to the next phase of their lives?

Revenues and GMV



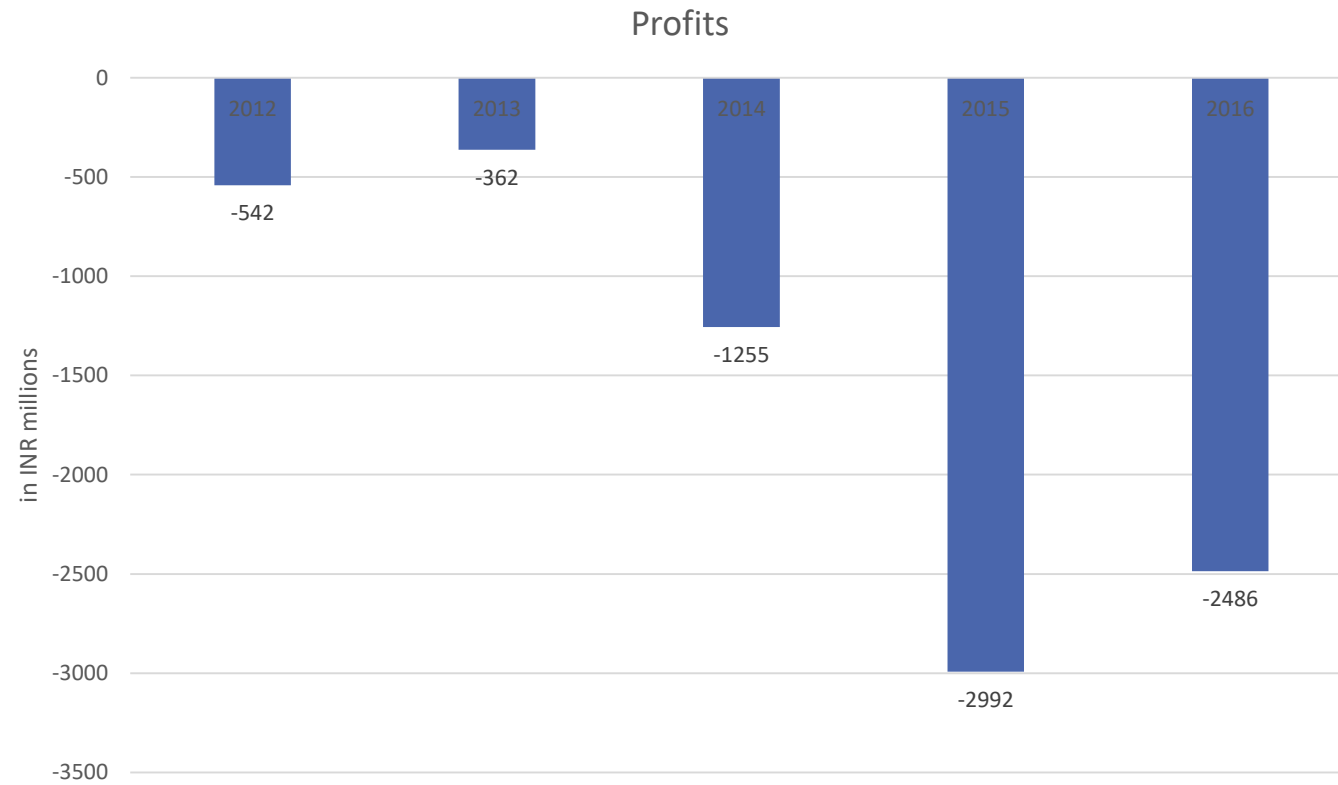
Margin of items sold



CAGR Revenue: 65%

CAGR GMV: 82%

BUT: Margin drops to 40%



Despite growing revenues, profits are still negative.

ALTERNATIVES

International Growth

- Regional expansion of platform and products

Expansion in India

- Penetrate other major demographics

Outsource Distribution

- Divest in distribution network and outsourcing

International expansion

Pros

Cons

International market share

International brand

Loss of control

No local expansion

Growing competition



International expansion

Pros

Cons

International market share

International brand

Not core business

No local expansion

Growing competition

It is risky because you are not addressing the threats

International expansion

Pros

Cons

International market share

International brand

Not core business

No local expansion

Growing competition



Growth in India

Pros

Cons

Ensure
profitability

Increase
customer base

Brand growth

High marketing
costs

Demographic
obstacles

Outsource Distribution

Pros

Cons

Cash inflow

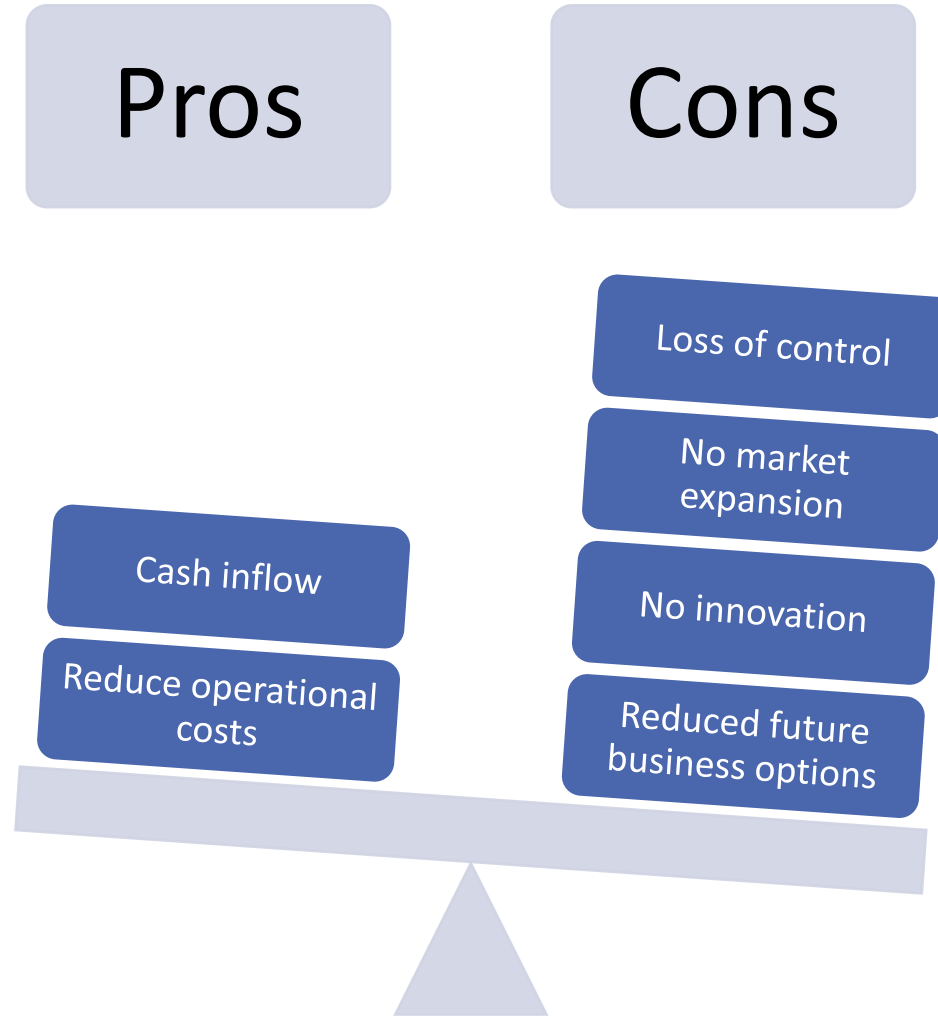
Reduce operational costs

Loss of control

No market expansion

No innovation

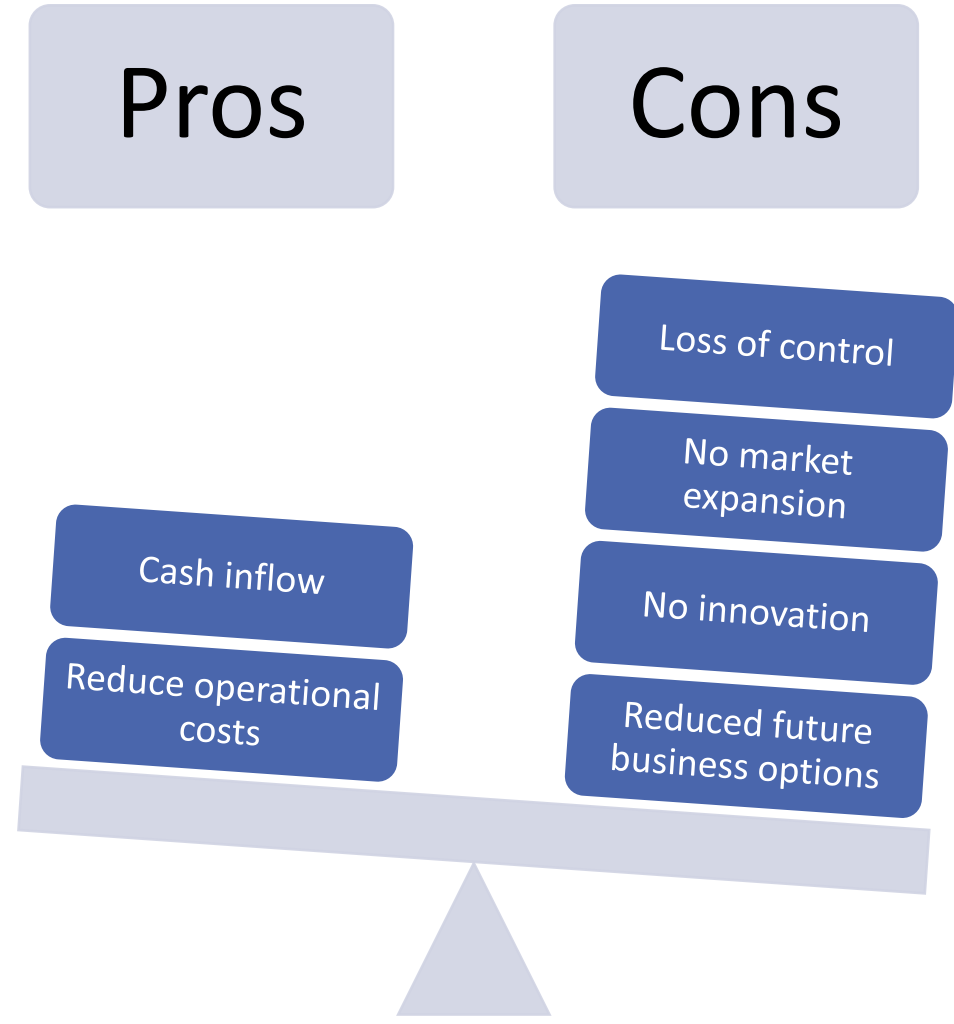
Reduced future business options



Outsource Distribution

Pros

Cons



No expansion and losing competitive advantage

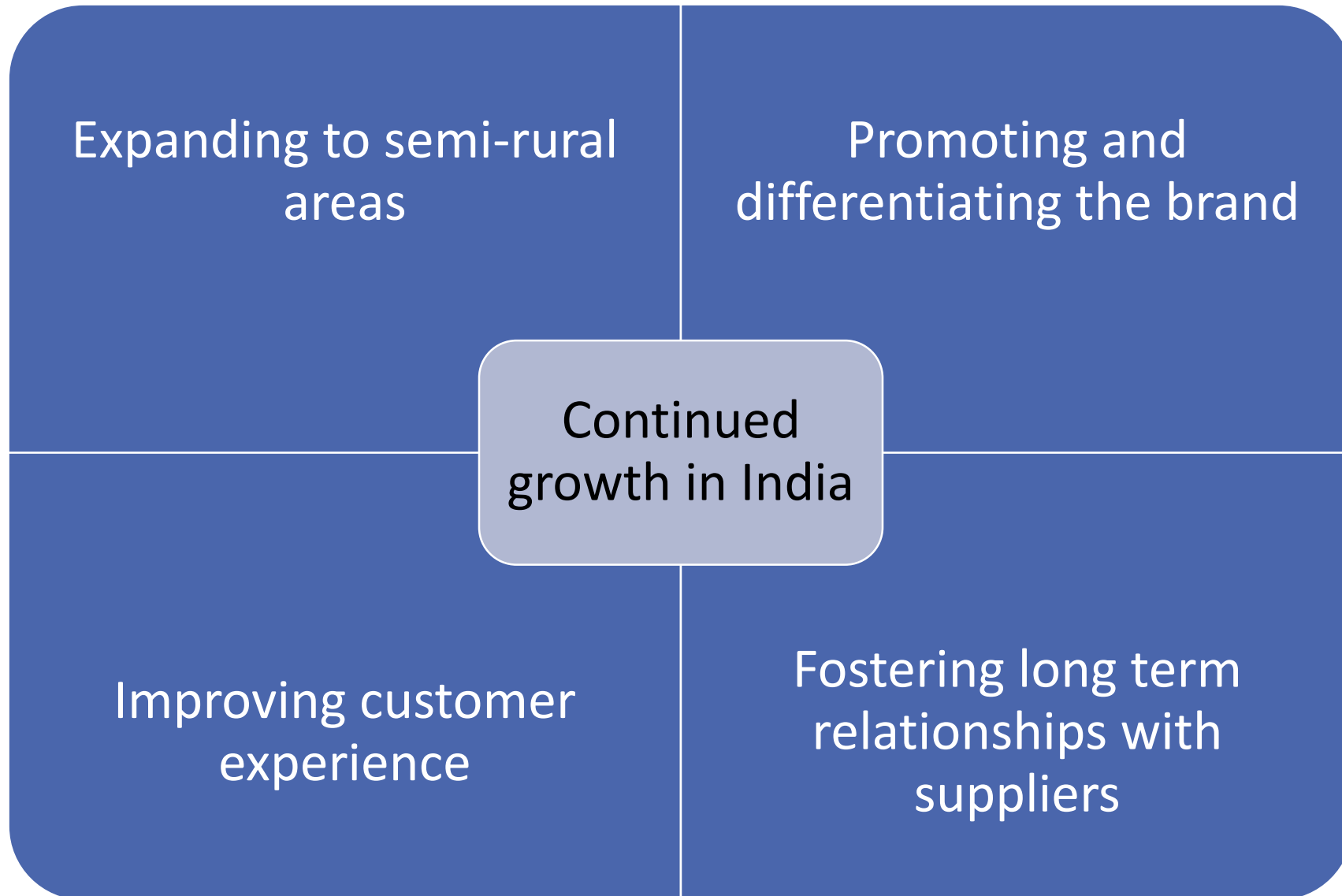
	Profit	Market share	Costs	Core business	Customer needs	Digital Innovation
International Expansion	Green	Yellow	Red	Yellow	Red	Red
Growth in India	Green	Green	Yellow	Yellow	Green	Green
Outsource distribution	Yellow	Yellow	Green	Red	Red	Red

Challenge	Recommendation	Analysis	Alternatives	Implementation	Financials
-----------	----------------	----------	--------------	----------------	------------

	Profit	Market share	Costs	Core business	Customer needs	Digital Innovation
International Expansion	Green	Yellow	Red	Yellow	Red	Red
Growth in India	Green	Green	Yellow	Yellow	Green	Green
Outsource distribution	Yellow	Yellow	Green	Red	Red	Red

	Profit	Market share	Costs	Core business	Customer needs	Digital Innovation
International Expansion	Green	Yellow	Red	Yellow	Red	Red
Growth in India	Green	Green	Yellow	Yellow	Green	Green
Outsource distribution	Yellow	Yellow	Green	Red	Red	Red

IMPLEMENTATION



Challenge

Recommendation

Analysis

Alternatives

Implementation

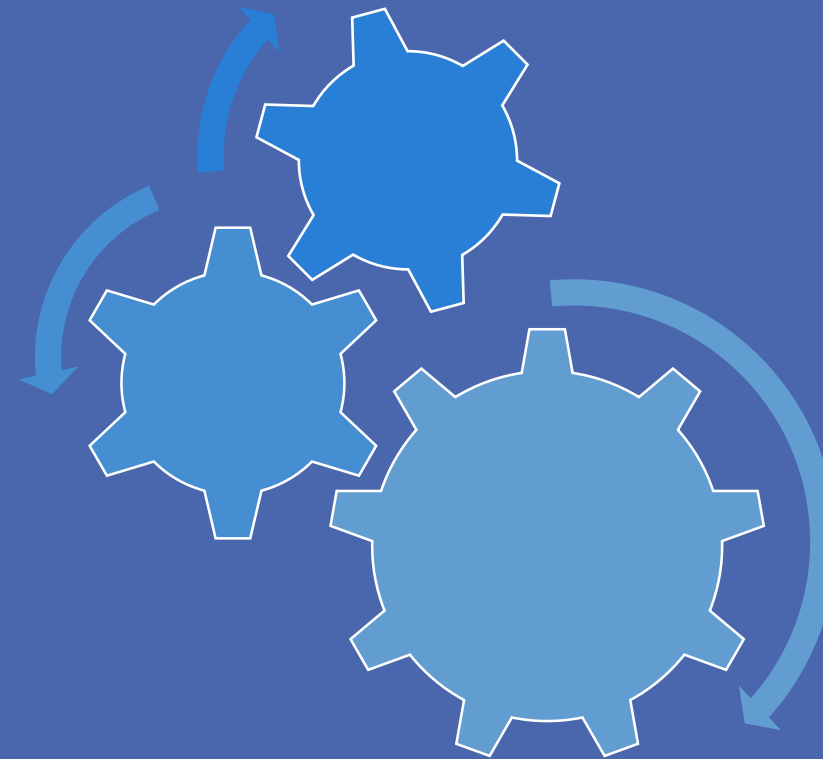
Financials

Semirural Area

Promotion

Customer
Experience

Supplier
Relationship



Semirural Area

Promotion

Customer
Experience

Supplier
Relationship

Well doing showroom system in the city

Adopt it to the semirural areas as well

Acquire new customers

Franchisers with local knowledge

Semirural Area

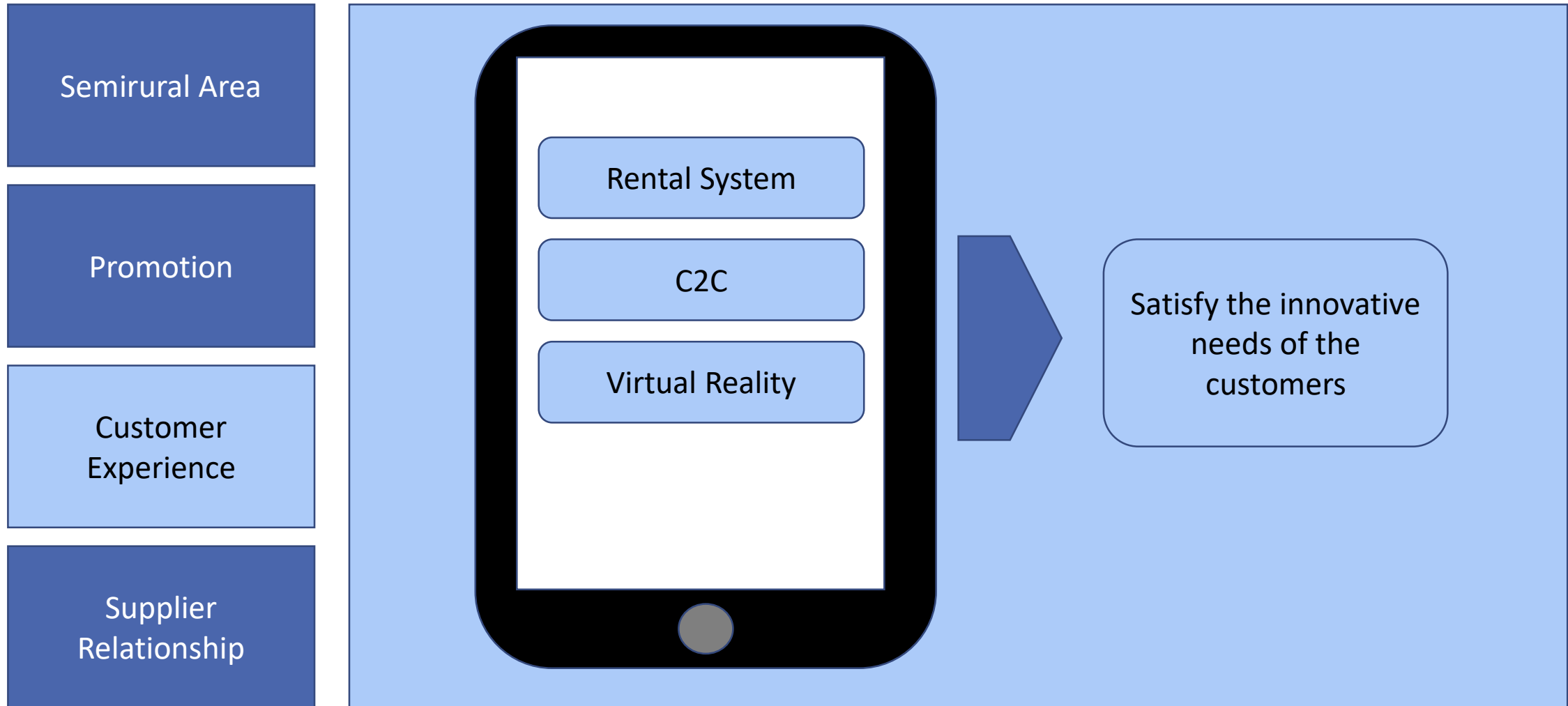
Promotion

Customer
Experience

Supplier
Relationship

Made in India

- Merchandise Campaign with Ranjid Katanar and Ramdiff



Challenge

Recommendation

Analysis

Alternatives

Implementation

Financials

Semirural Area

Promotion

Customer
Experience

Supplier
Relationship

Try to get exclusivity rights from suppliers

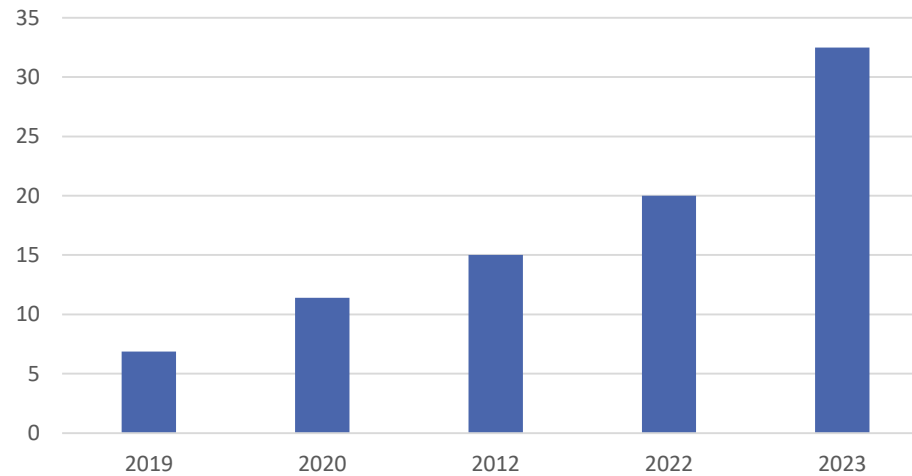
Longterm relationship

Build alliances with them

Less competition + better margin

FINANCIALS

Chart Title



Assumptions			2019	2020	2012	2022	2023
CAGR	1.65						
100 M internet users including semi-rurals growth of Internet subscribers	1.38		5.5	7.6	10.5	14.5	20.0
Total orders in million			5.5	7.6	10.5	14.5	20.0
Order volume in Billion INR			27.5	45.54	60	80	130
net margin 25%			6.875	11.385	15	20	32.5

Challenge	Recommendation	Analysis			Alternatives	Implementation	Financials
	Action Plan	2019	2020	2021	Costs	p.a	one off
	40 studios					1.8 M	
	advertisement					2.1M	
	App					330k	

2		
	1	
		3

Risks

1 – Don't reach target demographics

2 – Copycat entrants and increasing competition

3 – Don't get profitable within 18 months

2		
	1	
		3

Mitigations

1 – Innovation of the app

Influencers

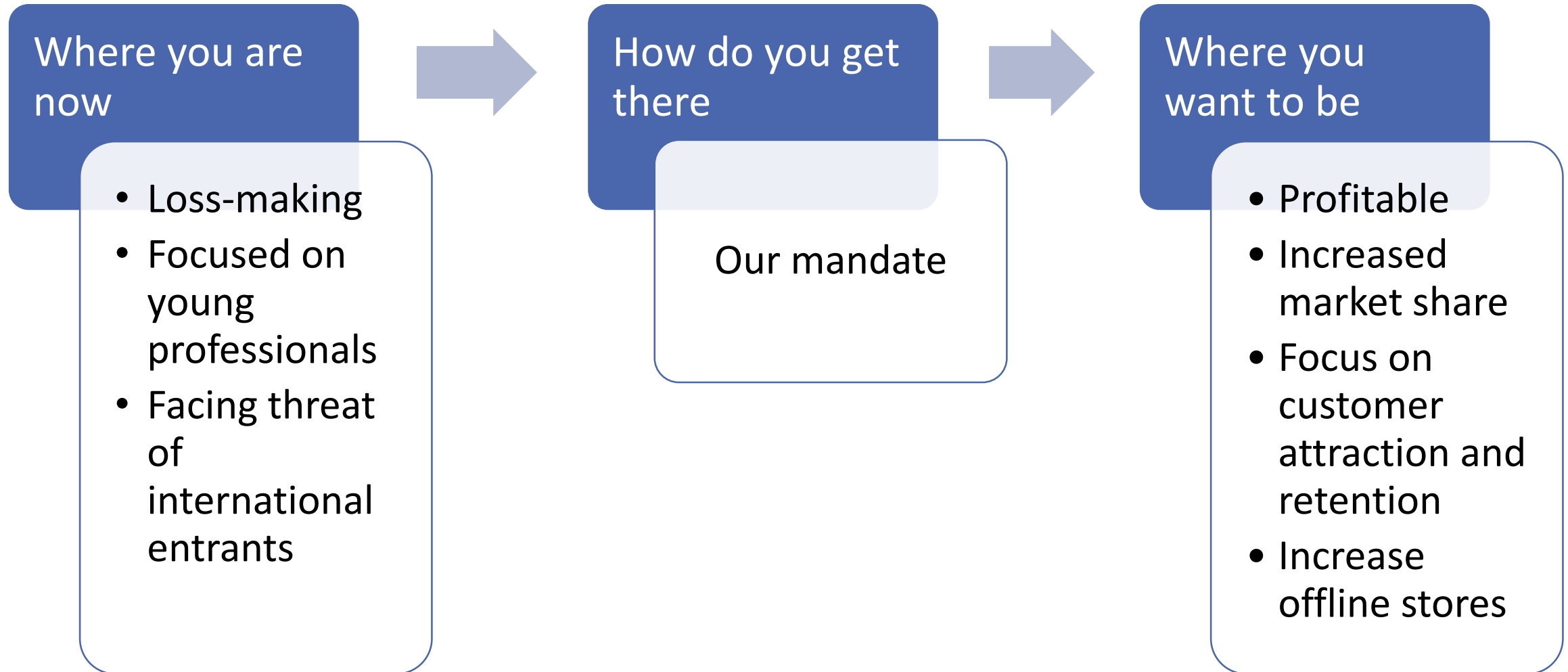
Increase penetration in semi-rurals

2 – Made in India

Appeal to local identity

3 – High quality and customer satisfaction

Expanding the customer base



QUESTIONS?
