

# Pepperfry – the omnipotent furnishment company with the largest multi-industry delivery service

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# Driving Question

How can Pepperfry grow further and retain it's leading position?

Challenges

Reach profitability

Stay ahead of competitors

Appeal to a broader customer base

# Solution Preview

Use your logistics network as largest B2C deliverer to increase profitability

Recommendations

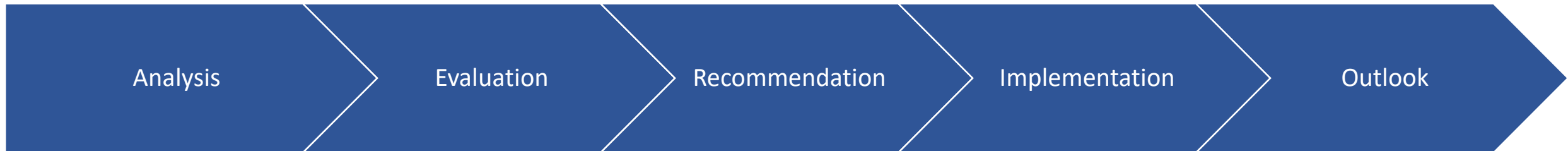
Offer tailor-made products

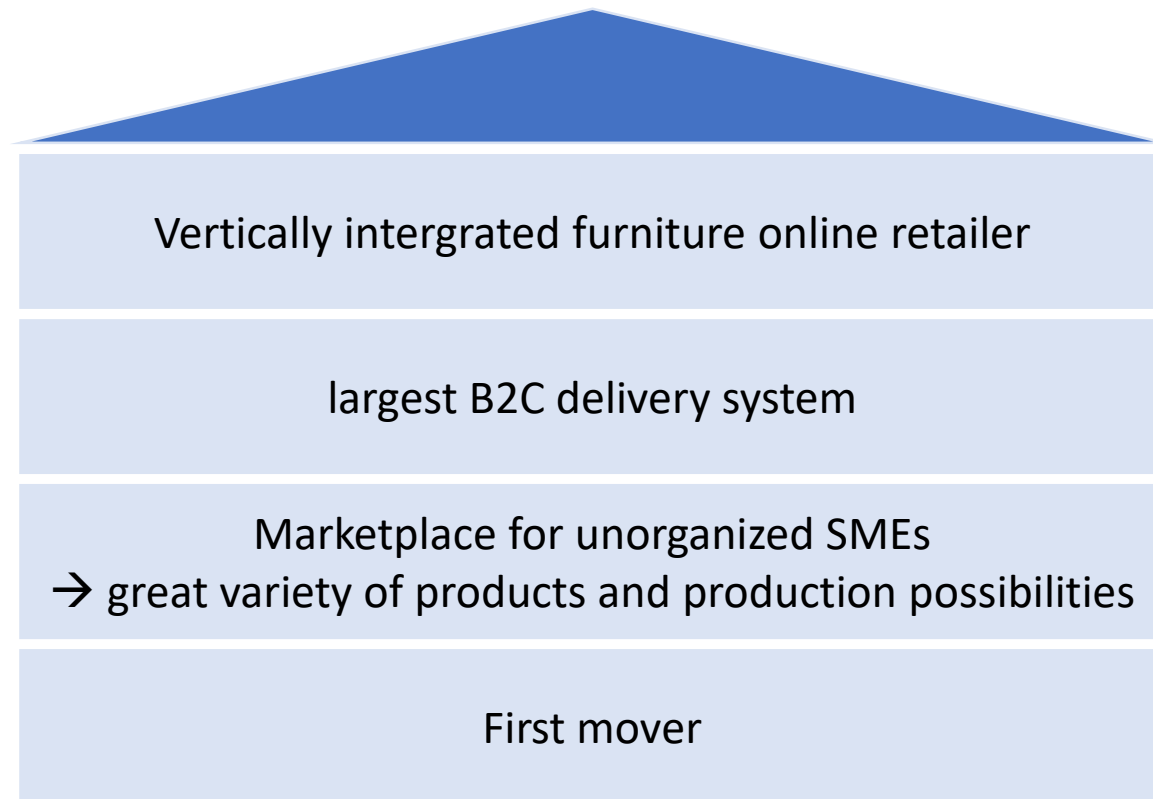
Expand franchise network

Launch marketing campaign to appeal to younger people

# Agenda

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Build strategy on these existing strengths

# Products and goals

## Decor and Utilities

- **35-50%** share of revenues expected
- As initial purchase, customers are **50% more likely** to buy furniture in next 12 months

## House brands

## Offline stores

- **35-40%** share of revenues expected
- Target customers who **repeatedly visit** website but **don't buy**
  - **Double sales**

## Furniture rental

- Target **young professionals**

Great goals – we encourage and show you how to reach them

# Different customer base

Trend for decorative visuals

450-480mn internet users  
→ 90-100mn shop online  
→ 25-30mn target group of young professionals



## Young urban professionals

- Self expression
- Moving to cities
  - Require quick furnishment
- Move often → great for rental system
- Open for content & influencer marketing

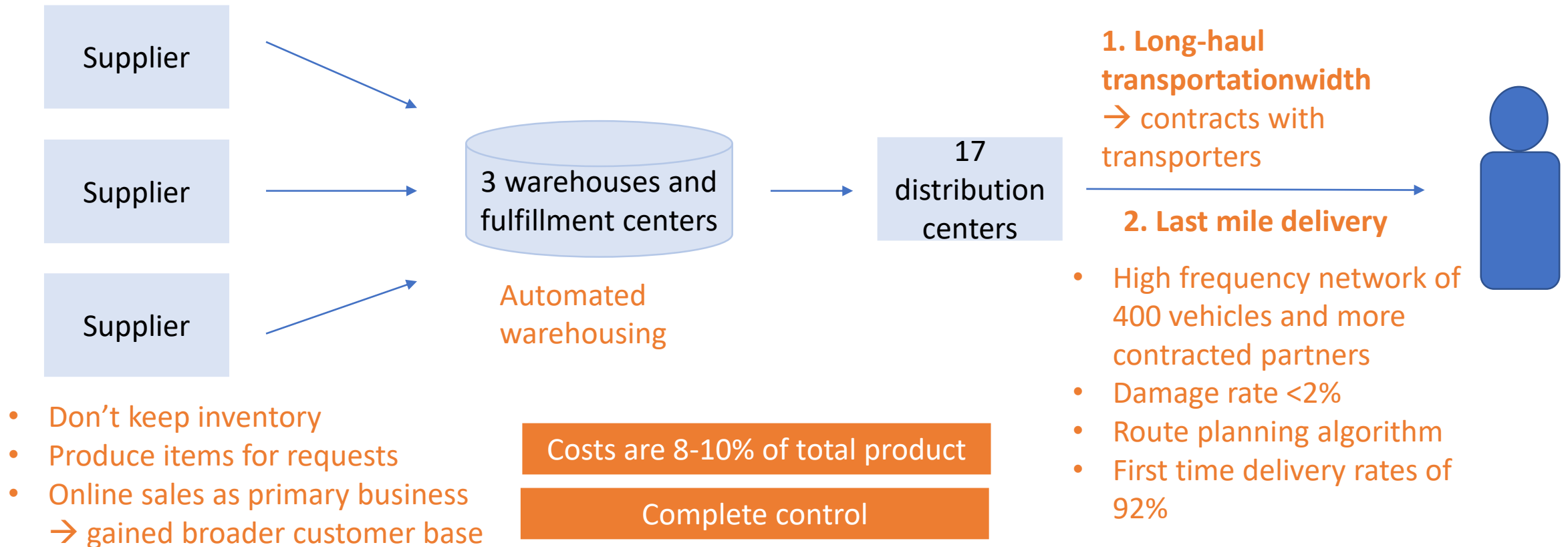


## Traditional Families

- Don't want to drive far
- Wait for tailored products
- Skepticism about quality

▶ Serve both groups with their different requirements

# Supply Chain and Logistics



You are the largest B2C retailer – make use of it!



# Entering of competition

## Pepperfry

- **Low prices**
- **Quality** products
- Huge **variety** of products
- Small suppliers
  - **Able to tailor** products
  - Loyal due to your great services

## IKEA

- Low prices
- **Low quality** products
- **Limited** products
- **Standardized** own products

## Amazon

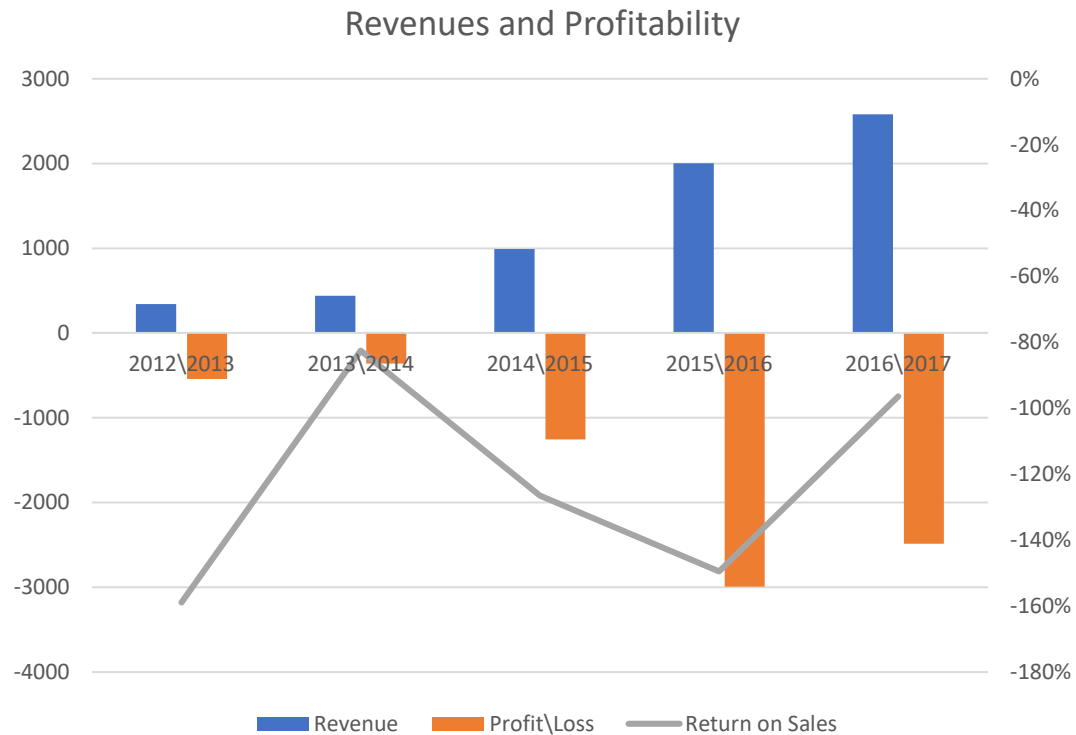
- Range of prices
- **Limited variety**

## Others

- Rather **standardized** products
- **No rental** systems

Build on your strong existing structures and differentiate from the competitors

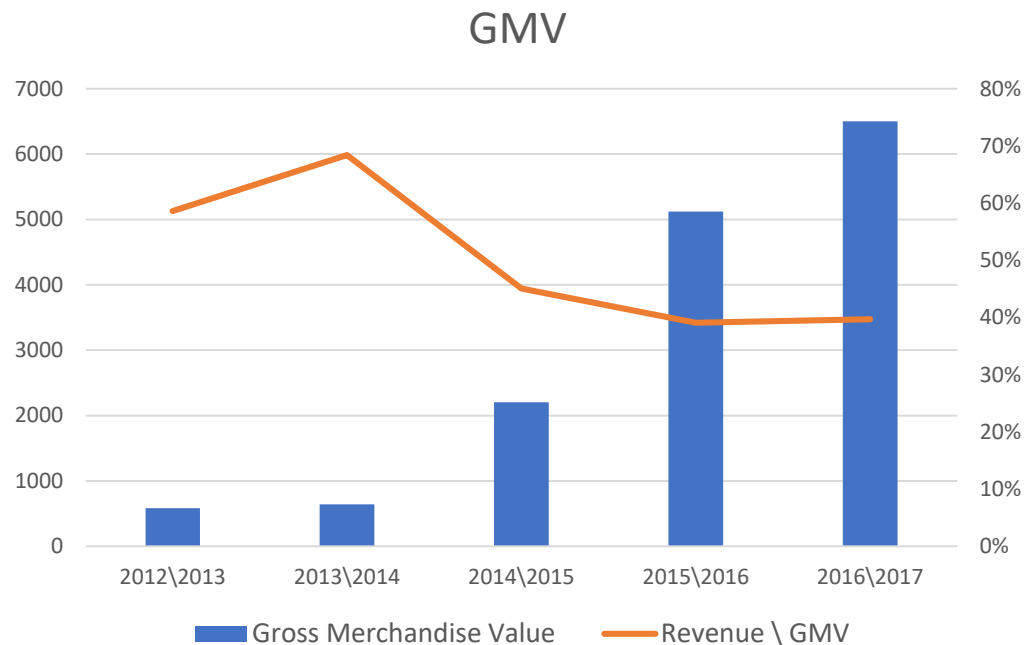
# Financial situation



- **Revenues and Costs increased heavily**
- Business is unprofitable however the loss is relatively decreasing
- Costs are very high, also because of investments – however fixed costs stable short term wise
- Change in Sales decreased from 100% (2016) to 30% (2017)
- **Target: Positive EBITDA in 12\18 months**

Revenues need to be increased in order to cover the costs

# GMV increased steadily

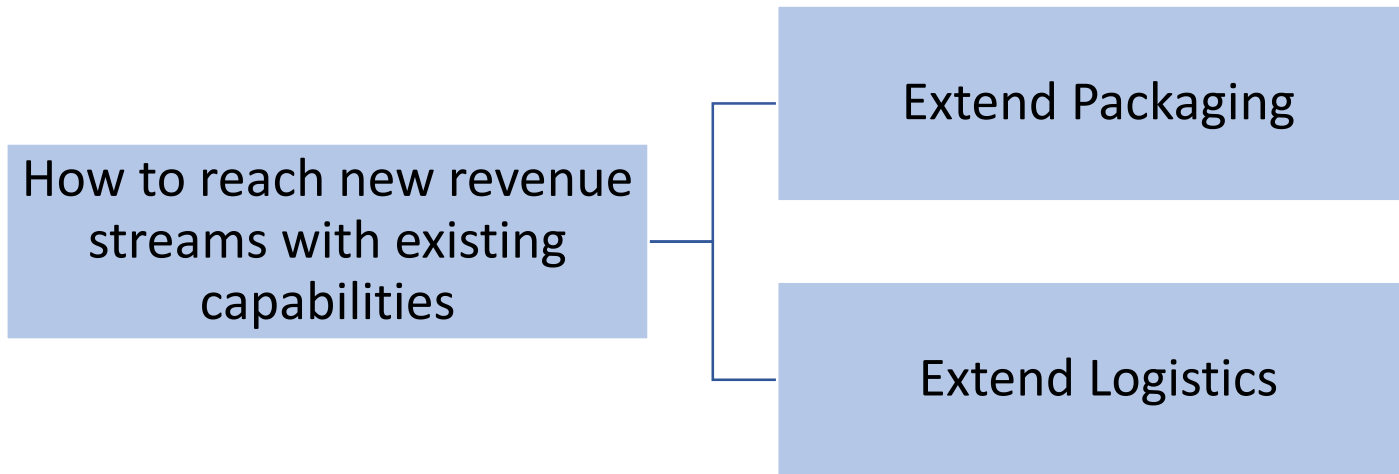


- GMV increased on a high scale
- **Target for 2020: INR 50,000 Mn (600% growth)**
- **Monetarized GMV decreased** over the past years (Rev\GMV)
- But: However **40% is a high value**
- An increase of the price is always **dangerous**

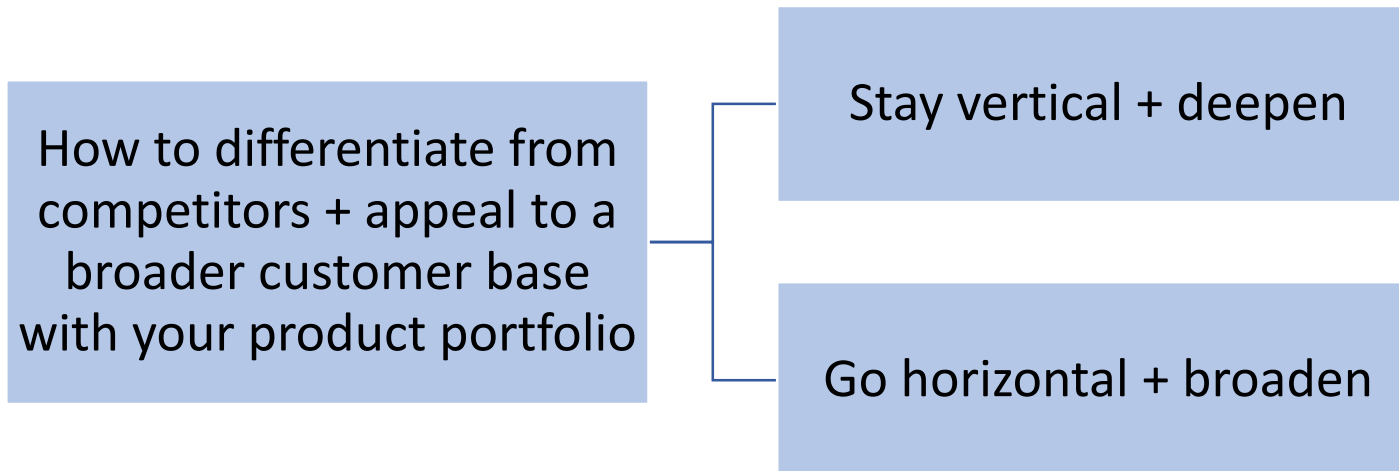
Growth ptions need to be evaluated in order to increase GMV and revenues

# Decisions to face by Pepperfry

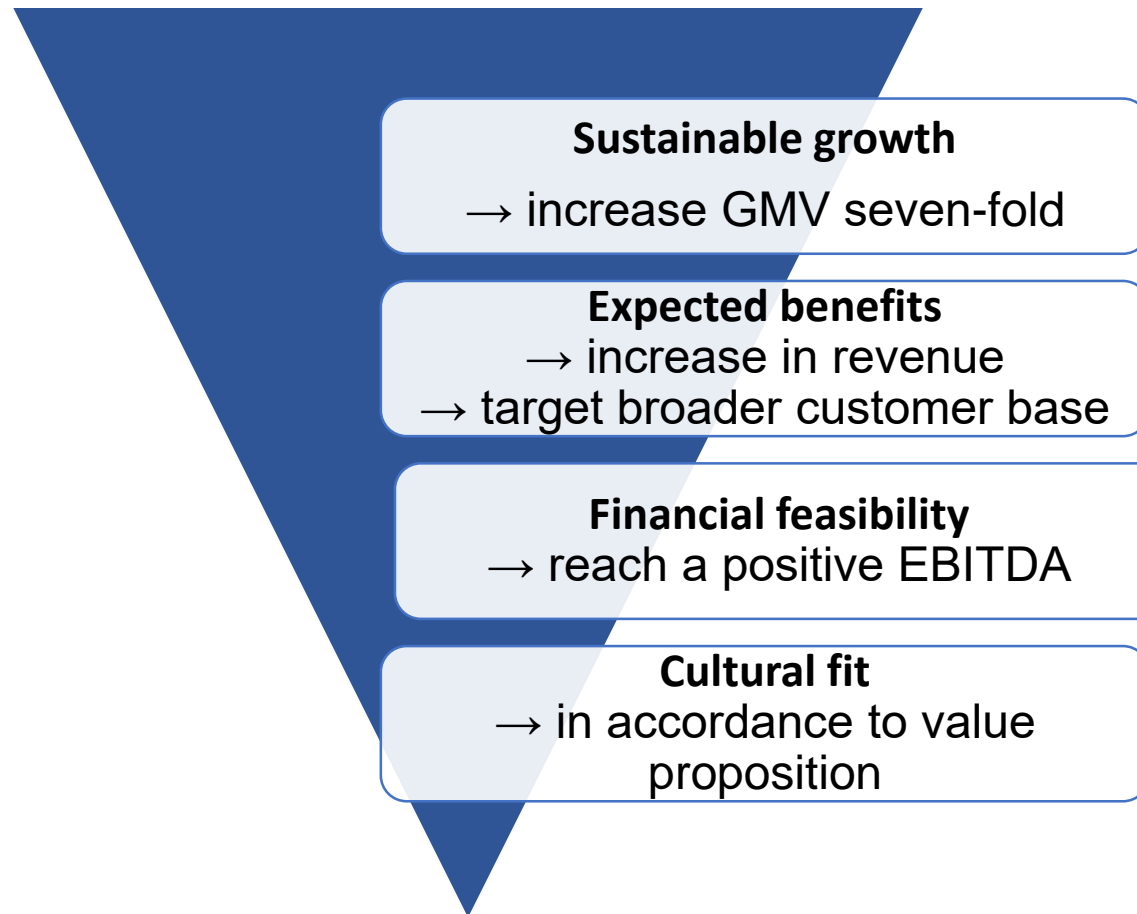
#1



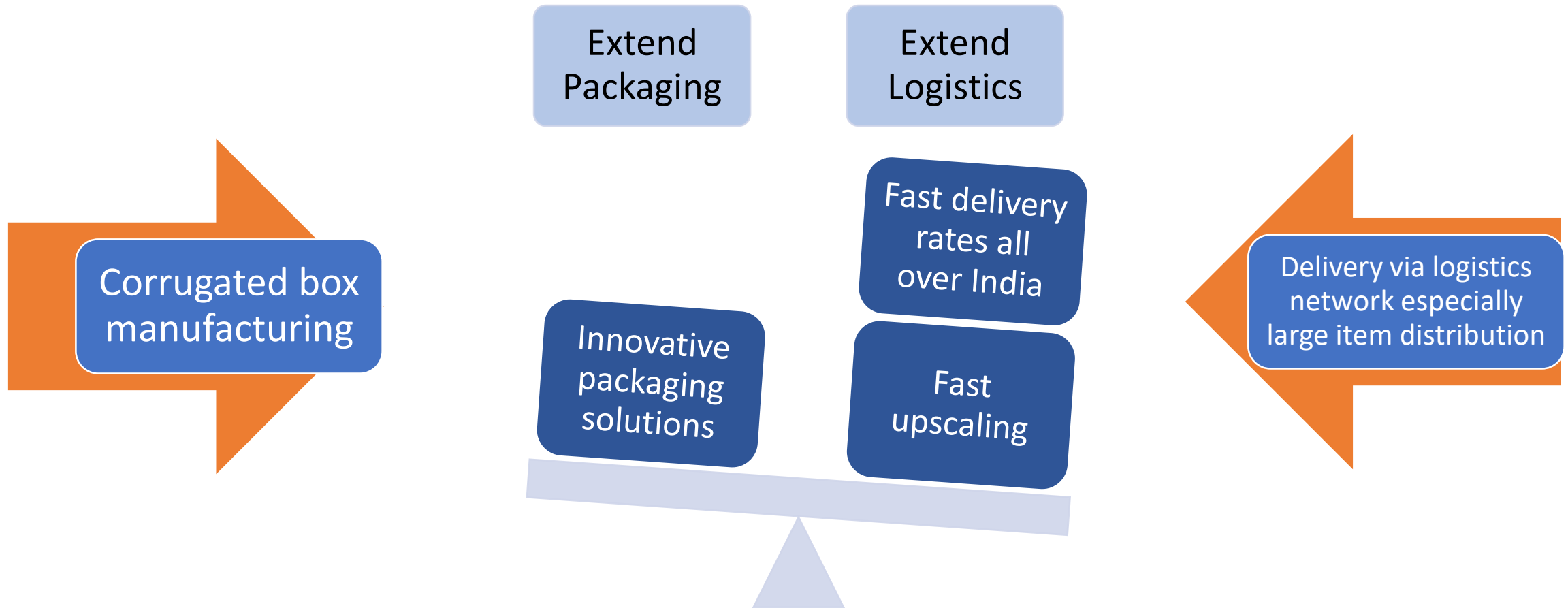
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# Decision Criteria



# Alternatives #1 - new revenue streams



# Decision Matrix #1

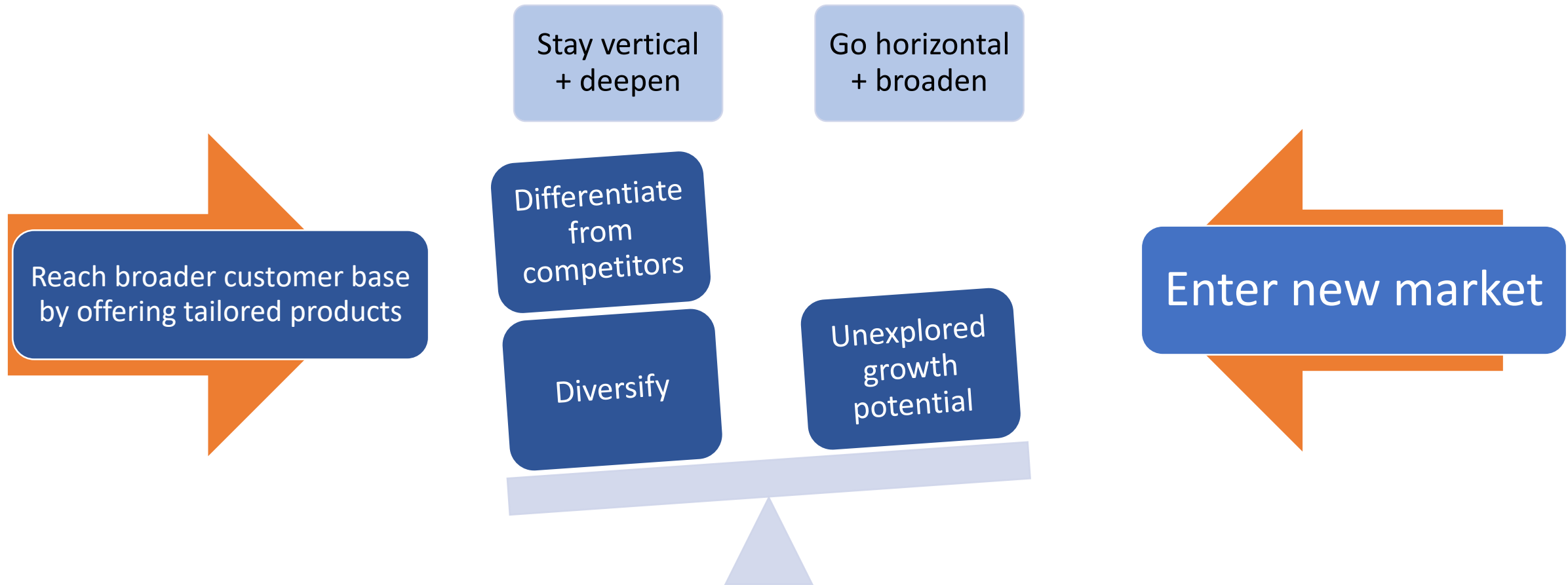
	Sustainable growth	Expected benefits	Financial feasibility	Cultural fit
Extend Packaging	Yellow	Yellow	Green	Green
Extend Logistics	Green	Green	Green	Green

# Decision Matrix #1

	Sustainable growth	Expected benefits	Financial feasibility	Cultural fit
Extend Packaging	Yellow	Yellow	Green	Green
Extend Logistics	Green	Green	Green	Green



# Alternatives #2 - product portfolio



# Decision Matrix

	Sustainable growth	Expected benefits	Financial feasibility	Cultural fit
Stay vertical + deepen	Green	Green	Green	Green
Go horizontal + broaden	Yellow	Yellow	Green	Yellow

# Decision Matrix

	Sustainable growth	Expected benefits	Financial feasibility	Cultural fit
Stay vertical + deepen	Green	Green	Green	Green
Go horizontal + broaden	Yellow	Yellow	Green	Yellow

# Recommendations

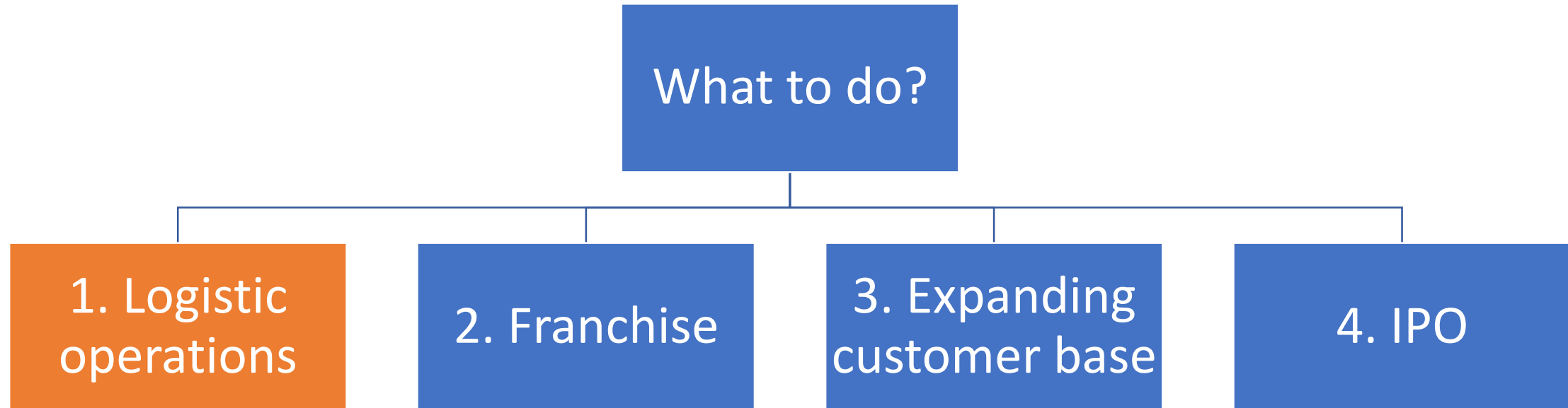
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Offer tailor-made products

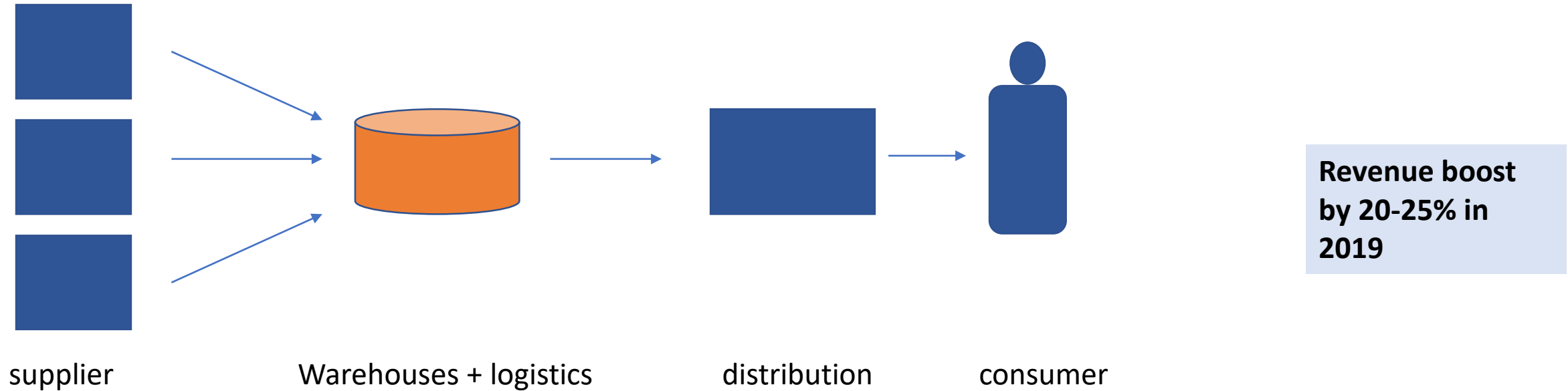
Expand franchise network

Launch marketing campaign to appeal to younger people

# Implementation



# Use your strong logistic network for business expanding



## B2C und B2B delivery

- Delivering goods with excellent network
- 98% on time shipping rate

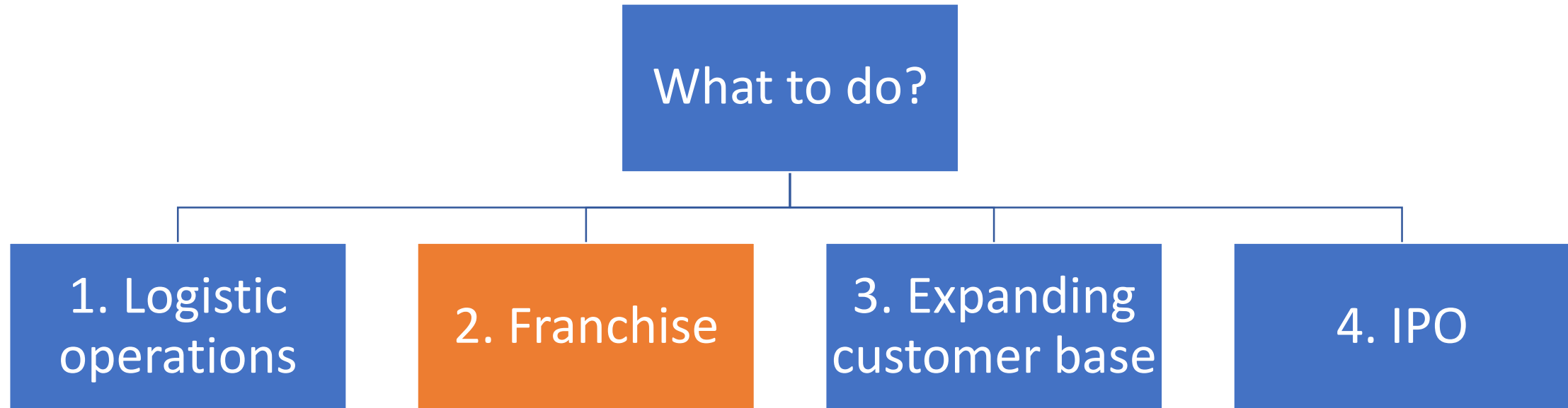
## How?

- Expand your long haul movement business by 20%
- Leasing of 300 new trucks

## Additional

- Packaging for shipped goods

# Implementation



# Expand your franchise – 70 new studios

## Where to go?

- 20 new studios around Jaipur, Nagpur and Chennai
- 14 studios in metros Kolkata Chandigarh Gurugram

## Why?

- Many middle class income people in this areas
- Many young millennials

But demographic change has to be noticed

## Franchisee-Recruitment

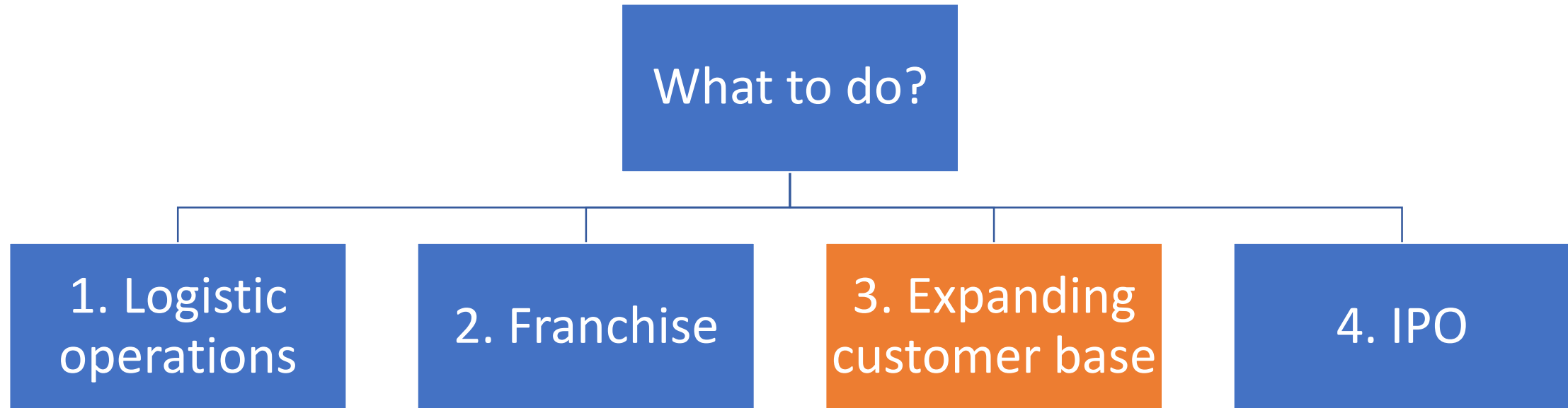
- HR experts starting recruiting events to find furniture experienced people
- Vision events
  - 4 events in every located city (e.g. Kolkata Mall)
- Recruited people will feel the variety and the potential of your brand

## Benefit:

- **GMV increase to 35 Million in 2019**
- **Revenue increase by 25-30% in 2019**



# Implementation



# Build a broader customer base

## Catching younger people

- Marketing campaign with Priankra Chopra (Bollywood Star)
- 10 Meet and greet events in metro studios
- Online advertisement on Facebook
- Instagram Blog with Sunjay Gubta

## Tailored products

- Own brands  
Woodsworth tailored,  
Mintwud tailored
- Other suppliers can offer tailored products

## Decor & Utility focus

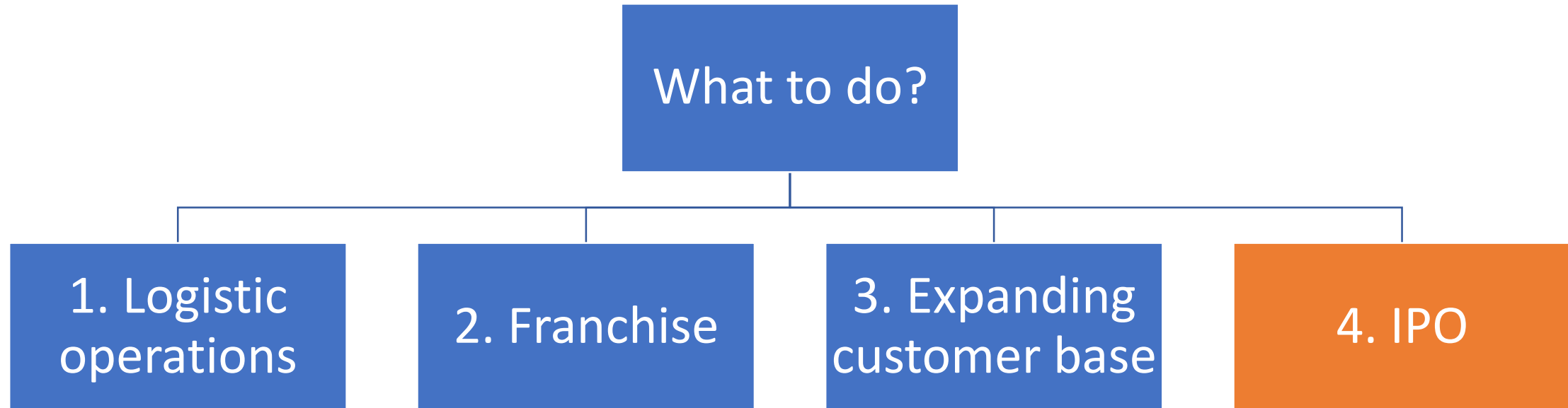
- Increase decor & utility offers in studios up to 50%

## Benefit:

- **Adding younger people to customer base**
- **Focus on home decor 40-45%**
- **Further Selling potentials**

Offer your variety to customers and suppliers to gain a high connectivity to both sides

# Implementation



**Funding 2018**

1.3 bn INR

Norwest Venture,  
Goldman and  
Zodius

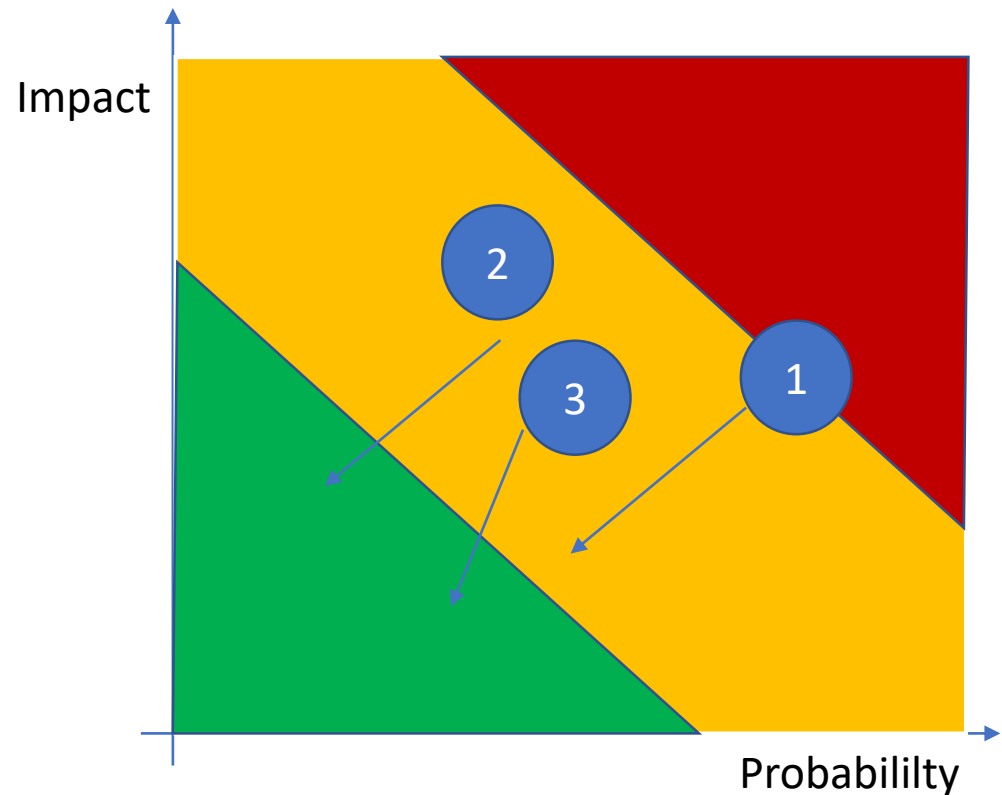
Next step:

**IPO**

2021-2023

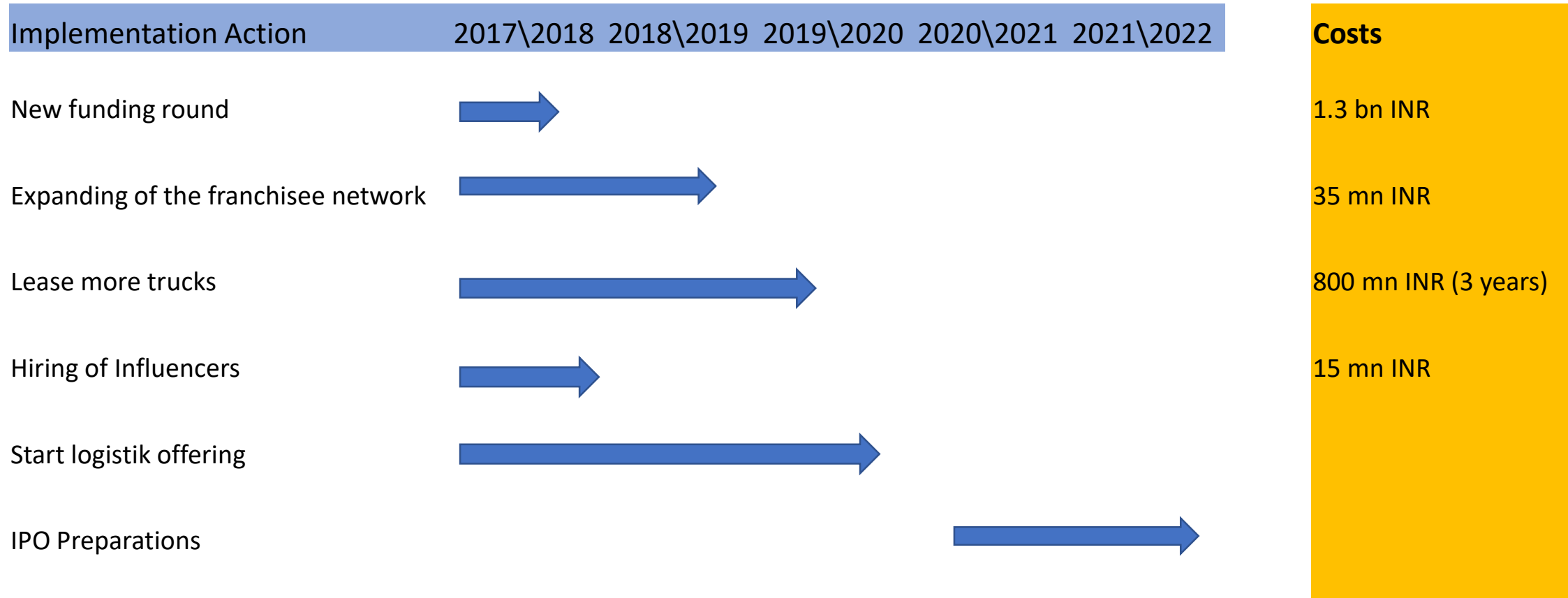
Depends on  
corporate  
development

# Risk and Mitigation



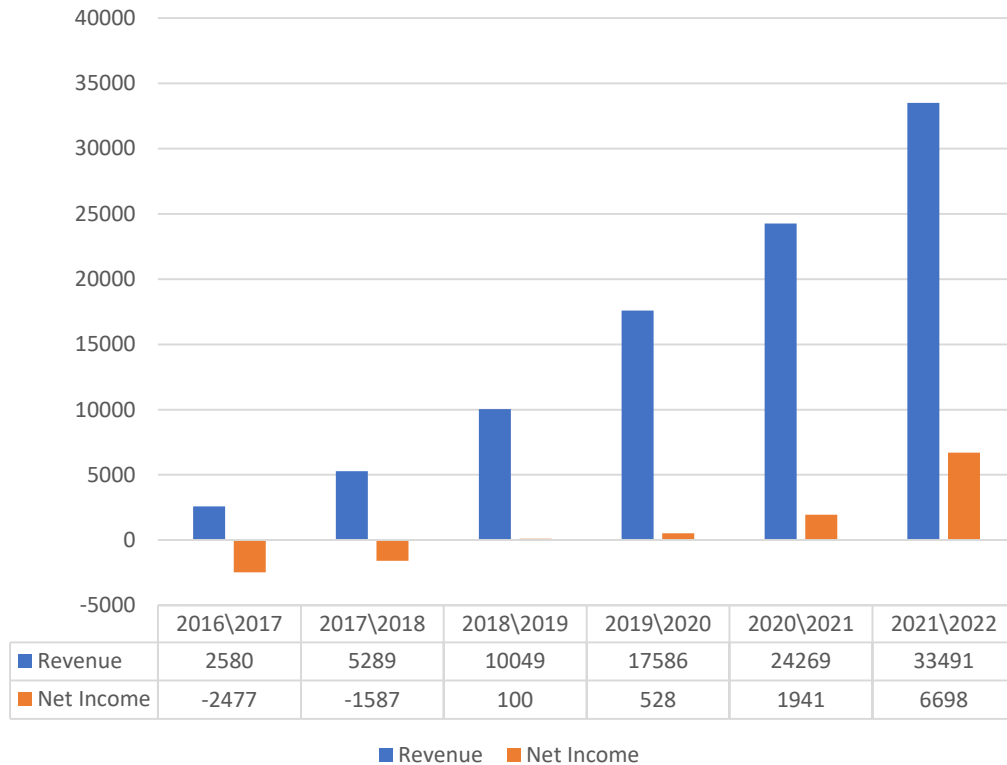
- **1. Risk: Investors not willing to spend more money**
  - Mitigation: Convince them with the profitability and potential of the new investments
- **2. Risk: Competitors grow faster as planned so that you get disrupted**
  - Mitigation: new Business model enables enough potential to defend market position
- **3. Risk: demographic change**
  - Mitigation: franchise system and addressing younger people

# Roadmap

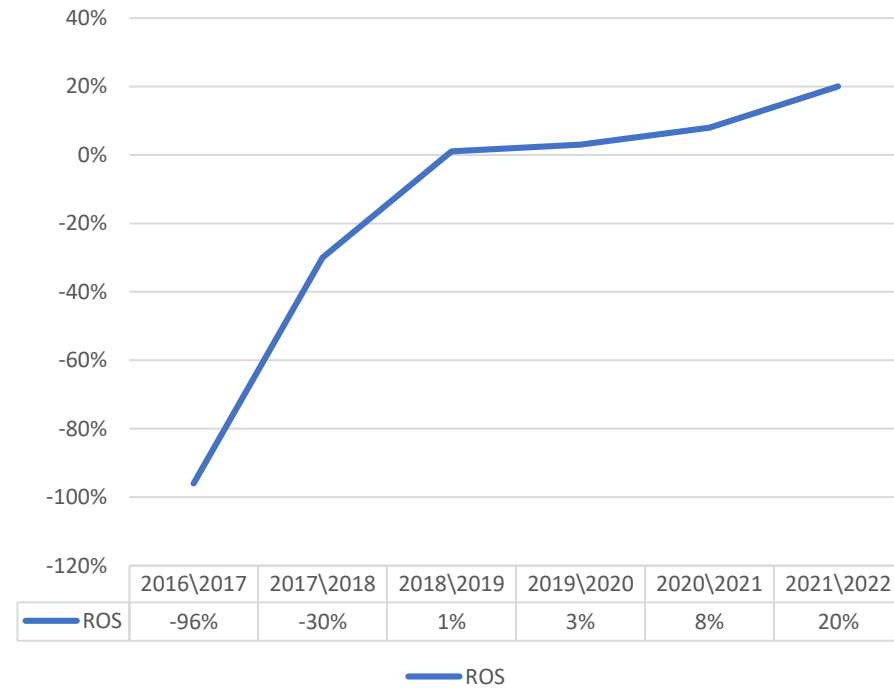


# Future Outlook

Revenue vs. Net income



Return on Sales



# Challenges

How can Pepperfry grow further and retain it's leading position?

Reach profitability



Stay ahead of competitors



Appeal to a broader customer base

