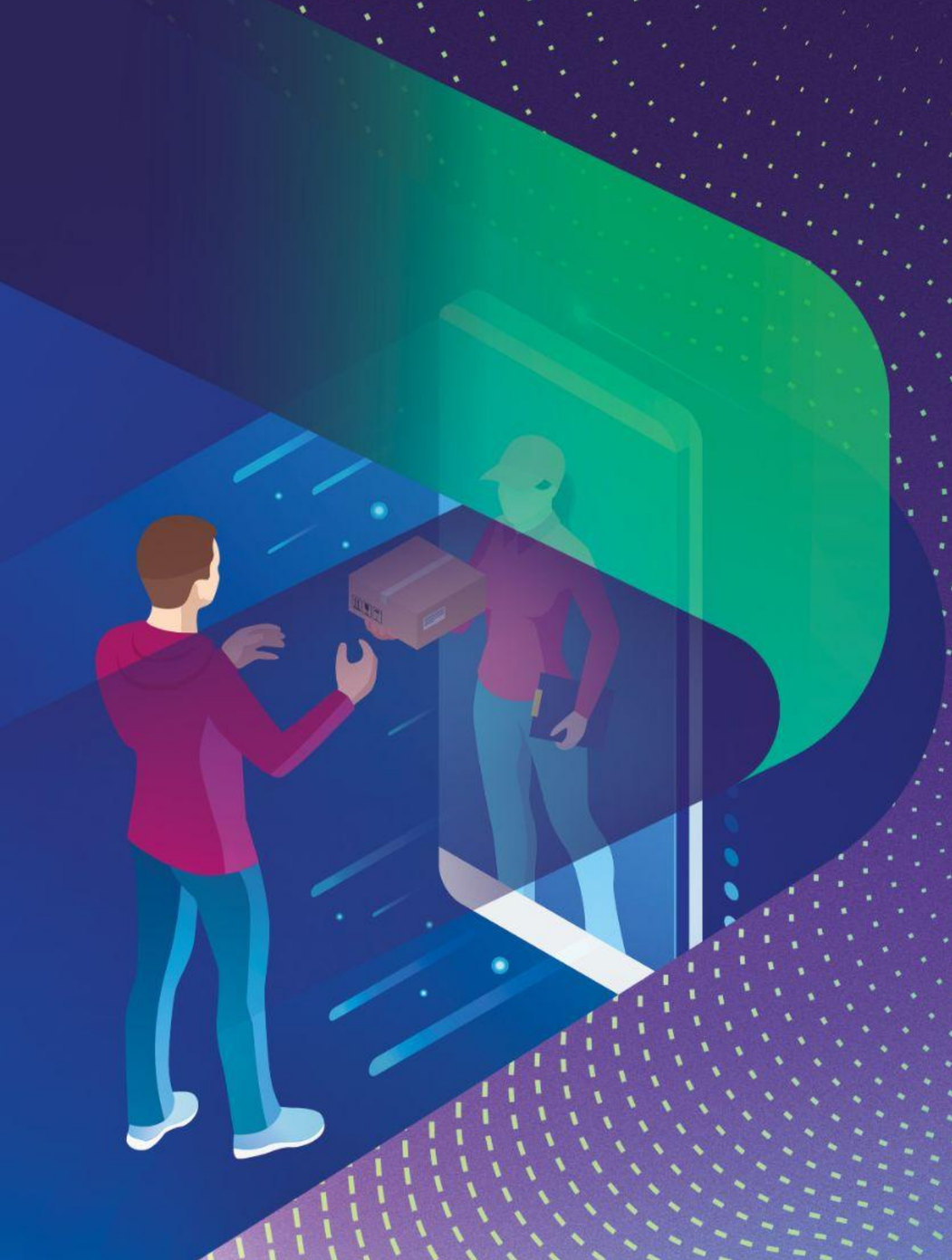


Confederation of Indian Industry

Shiprocket

INDIA D2C

REPORT 2022

Knowledge Partner

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Foreword

The Indian D2C landscape is changing rapidly, not only it has caused disruptions in the country but also given us insights into the rising focus of leading players in the digital space. We maintain our view that D2C and new age brands would scale up and gain size 5x over the next five years. For this to materialise, the new-age businesses will need to pivot to self-sustaining business models. In this context, CII in collaboration with Shiprocket has prepared this report titled INDIA D2C REPORT 2022, and would like to thank them for their support on preparation of this report. Specifically, in this report, we analyse how the D2C brands leverage technology to reach out to the consumers and the role that the government could play in supporting and promoting the budding SME players in India with the help of technology. We hope that the insights shared in this report will help identify new opportunities and unlock the potential across the e-commerce and D2C landscape in the country.



MR SHREEKANT SOMANY

Chairman, CII National MSME Council and CMD, Somany Ceramics Ltd

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Foreword

India's e-commerce growth story journey has been remarkable, with the market size rising by 9 folds in the last decade. The role of technology in e-commerce has also evolved significantly with tech-enablers models and providing cutting-edge technology for D2C brands. The COVID-19 induced lockdown led to unprecedented challenges – both at the demand and supply end for retail players. However, technology and tech-led collaborations ensured the survival of all retail/D2C channels and accelerated the convergence of different selling models in the country. The report analyzes the e-commerce evolution journey in India so far, the emerging collaboration models, key drivers and enablers of the D2C evolution and its massive benefits for all stakeholders. During the course of the research, Praxis conducted 800+ end-consumer surveys and 25+ interviews with founders and co-founders across the D2C ecosystem to identify the challenges and bottlenecks in greater Online-Offline integration. The report also highlights that e-commerce penetration in India is ~8% in FY22 and is projected to be ~15% by FY27 and the D2C market is expected to reach US$ 60B by FY27. I would like to thank CII for their continuous support throughout the research. Also, as we gaze toward a post-COVID future, I hope that Indian D2C brands carry forward the growth momentum leading to a digitally activated and more collaborative online ecosystem.



SAAHIL GOEL

CEO & Co-Founder, Shiprocket

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Foreword

India's online commerce market is growing at a rapid pace. Currently, it stands at US$ 70B (FY22) and is expected to become ~US$ 215B by FY27. India will also have 1.3B+ smartphone users and 500M+ online shoppers by FY30. The growing e-commerce sector is positively influencing the growth of D2C (Direct-to-Consumer) brands in India. Due to higher consumer spending and rising e-commerce penetration, the D2C market is poised to grow strongly over the coming 5 years. With the growth of eCommerce, the total D2C market (revenues of all D2C brands combined across all channels, online + offline) is expected to reach ~US$ 60B in FY27 from the current number of US$ 12B in FY22, in core D2C prominent categories (Beauty Hygiene Personal Care, FMCG, Fashion, Consumer Electronics, Home Décor, Jewellery). Multiple success stories have been created in this space, with several D2C brands crossing INR 100Cr in revenue in 3-5 years after launch. Consumer acceptance of D2C brands is also increasing on the back of product innovation, convenience in buying, and relatable brand positioning. This report aims to provide various industry stakeholders, including business leaders, an overall perspective on the market. The report reflects our perspectives as of June 2022. The situation is evolving rapidly, and some expected scenarios might have slight variations. We look forward to exchanging notes and continuing the discussion with our partners across sectors.



ARYAMAN TANDON

Managing Partner and Co-Founder,
Praxis Global Alliance.

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GLOSSARY

	Term	Description
Industry related		
AOV	Average order value	Refers to the amount spent by the customers while placing an order
ATL	Above the line	ATL marketing entails mass media methods to target a wider audience
BTL	Below the line	BTL marketing is targeted to the core audience
CAC	Customer acquisition cost	Measures how much an organization spends to acquire new customers
COD	Cash on delivery	When a recipient pays for a good or service at the time of delivery
D2C	Direct to customer	New age brands selling products and services directly to customers without any middlemen
DOC	Direct online channel	Traditional and D2C brands selling direclty to customers from their own website / app without any seller / trader / aggregator in between
GDP	Gross domestic product	Measure of the value added created through the production of goods and services in a country during a certain period
NPS	Net promotor score	Measures customer experience
PPP	Purchasing power parity	PPP is an economic theory that compares different countries' currencies through a "basket of goods" approach
R&D	Research and development	Includes activities that companies undertake to innovate and introduce new products and services
RTO	Return to origin	Refers to a process where a product never reaches the customer, or the delivery fails
SEO	Search engine optimization	Process used to optimize a website's technical configuration, content relevance and link popularity
SKU	Stock keeping unit	SKU is a scannable bar code to help vendors automatically track the movement of inventory
Units		
B	Billion	-
CAGR	Compound annual growth rate	Refers to mean annual growth rate of an investment over a specified period
CY	Calendar year	From 1st January to 31st December
FY	Financial year	From 1st April to 31st March
INR	Indian rupee	Indian currency
M	Million	-
T	Trillion	-
US$	United States dollar	-

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HIGHLIGHTS

Of The Indian **D2C** Market

~12B
D2C market size[1], FY22 (US$)

~40%
D2C market growth rate, FY22-27P

~60B
D2C market size[1], FY27 (US$)

~5B
DOC market size[1], FY22 (US$)

~15%
Ecommerce penetration by FY27

~22B
DOC market size[1], FY27 (US$)

Note(s): 1. D2C / DOC market size is for these seven categories: personal care, apparel and footwear, grocery and gourmet, jewellery, electronics, health care, home décor, household supplies and garden. Traditional and D2C brands selling direclty to customers from their own website / app without any seller / trader / aggregator in between
Source(s): Praxis analysis

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KEY TAKEAWAYS

- **India is expected to be the third largest economy by 2030 with ~40% of population living in urban areas; India to have 1.3B+ smartphone users and internet users and ~500M online shoppers by 2030**
- **E-commerce penetration** in India is **~8% in FY22** and is projected to be ~15% by FY27
- **D2C market in India is poised to be US$ 60B (FY27). We have considered seven categories of D2C market for calculating the market size in India:** Personal care, apparel and footwear, grocery and gourmet, jewelry, electronics, health care, home décor, household supplies and garden
- **Total DOC market in India is currently US$ 5B and is expected to be US$ 22B by FY27. We have considered seven categories of DOC market for calculating the market size in India:** Personal care, apparel and footwear, grocery and gourmet, jewelry, electronics, health care, home décor, household supplies and garden
- **Incumbent players** (like Unilever, Marico, Tata Consumer Products, ITC) are either **acquiring prominent D2C brands** or **choosing the organic route of launching their own brands** online and building their own D2C platforms
- **Tech barriers across the journey have reduced as building blocks are available across the direct online channel (DOC) journey**
- **D2C brands are scaling rapidly**. Brands are reaching INR 100Cr (~US$ 13M) milestone in 3-5 years after launch
- **Agility and GTM speed,** attractive **packaging,** strong **digital marketing capabilities,** rising **AOV and attractive gross margins** are the **key tailwinds** for the D2C brands
- We have devised **a framework to assess Ease of Market Entry in D2C space**. Apparel and footwear is the highest scoring category followed by personal care
- More than 65% consumer survey respondents prefer online channels across all categories. Across each category, **at least 45% respondents** make monthly purchases
- D2C brands need to work on **product innovation, manufacturing / sourcing strategy, offline distribution, brand and customer acquisition strategy and unit economics** to win in today's D2C market

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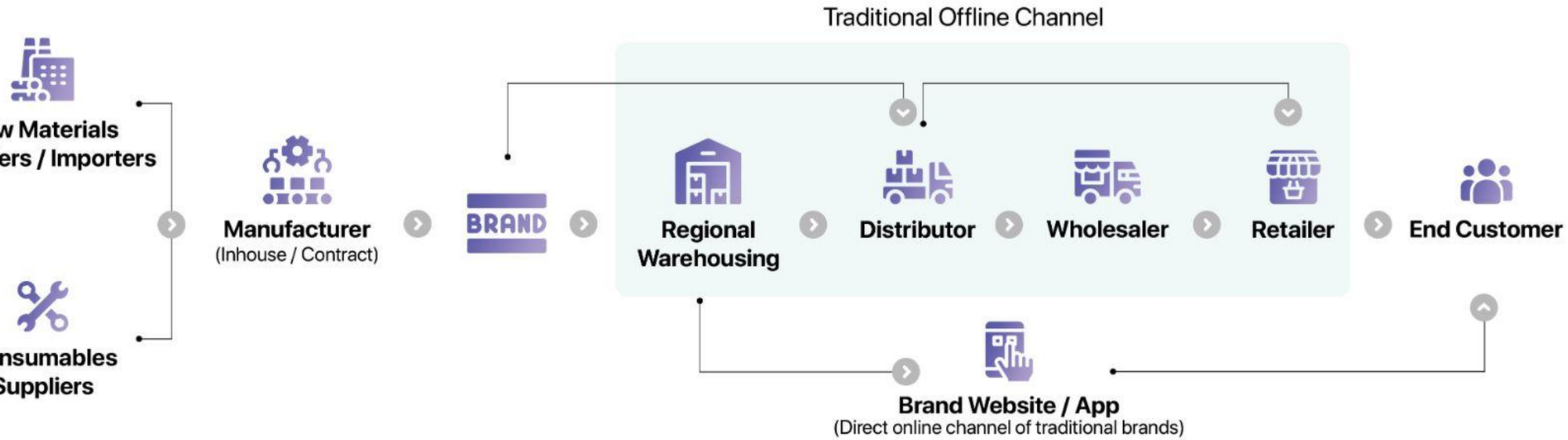
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TRADITIONAL **BRANDS**

Context: Traditional brands follow a sequential multi-tier distribution structure, resulting in lower margins, slow movement of goods and high time-to-market

3-5
Intermediary layers between the manufacturer and the end-customer



DISADVANTAGES

- Increase in product pricing → reduction in margins
- Slow movement of goods
- Higher time-to-market and reaction to consumer feedback
- Limited access to complete consumer data with brands
- High capex in distribution
- Lack of opportunity for small players to create differentiated products

Source(s): Praxis analysis

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D 2 C BRANDS

Context: D2C brand bypasses the conventional method of multiple supply chain partners leading to high go-to-market speed and greater control over CX

D2C

Businesses reduce intermediaries to get and fulfill orders directly



ADVANTAGES

- **High go-to-market speed**
- **Greater control over customer data and experience**
- **Enables engagement and repeat purchase**
- **Centralized fulfilment → inventory optimization**
- **No middlemen → higher margins**
- **More opportunities to innovate**

Note(s): Website / Own platform includes – sales through brand's website, app, social media pages like Instagram, Facebook, etc.
Source(s): Praxis analysis

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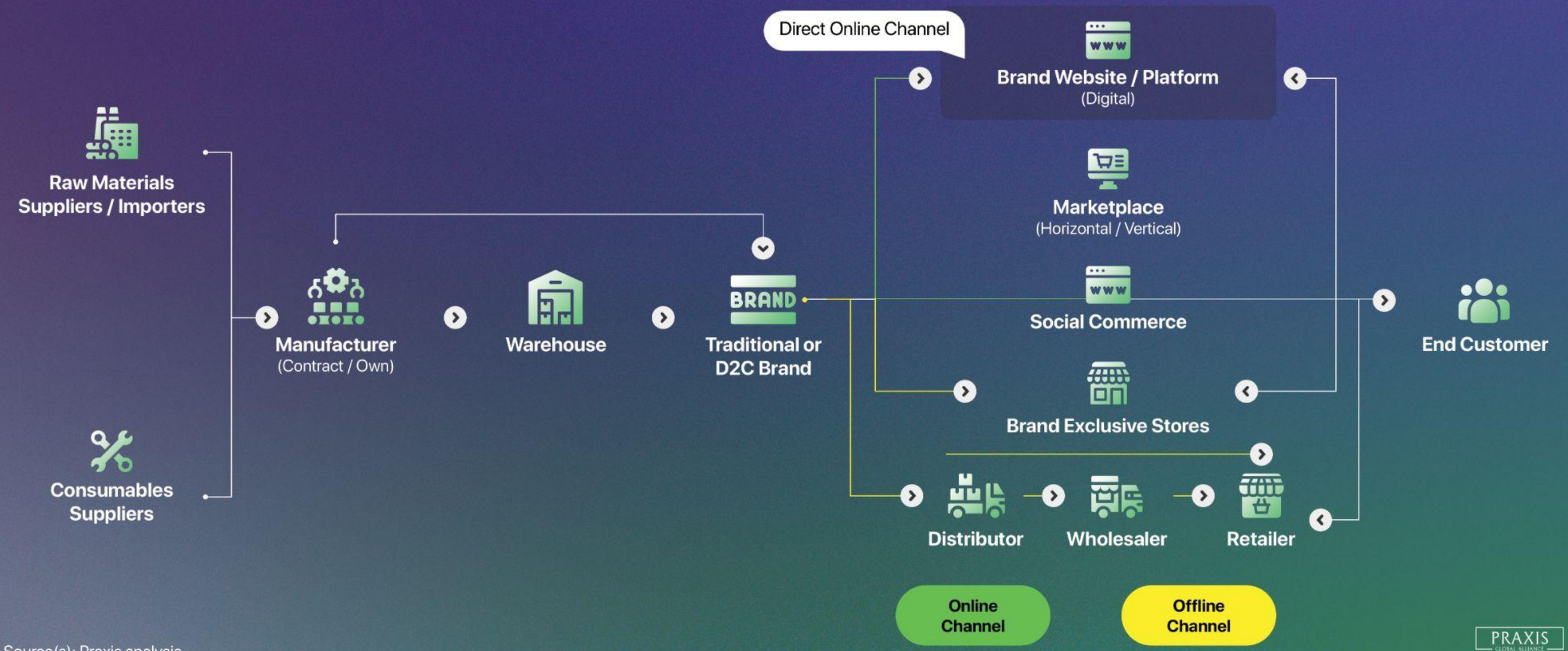
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DOC CHANNEL

Context: DOC (Direct Online Channel) represents total brand sales (D2C brands + traditional brands) through their own ecommerce website

Raw Materials | Manufacturer | Consumer Brand | Distribution | End Customer



Source(s): Praxis analysis

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AGENDA

- **Indian consumption growth**
- D2C opportunity in India
- D2C category deep dives
- Winning strategies for D2C brands and the path ahead
- Case studies on successful D2C players



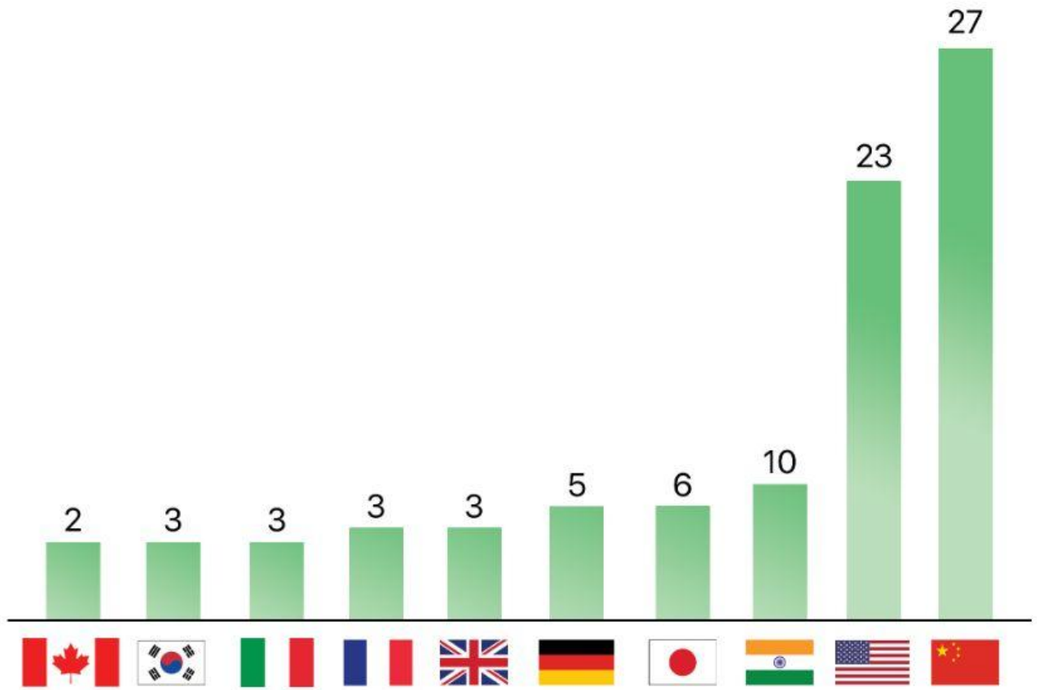
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India is the world's third largest economy by PPP and is likely to be the third largest basis of nominal GDP by 2030

India is the third largest economy by PPP after China and US

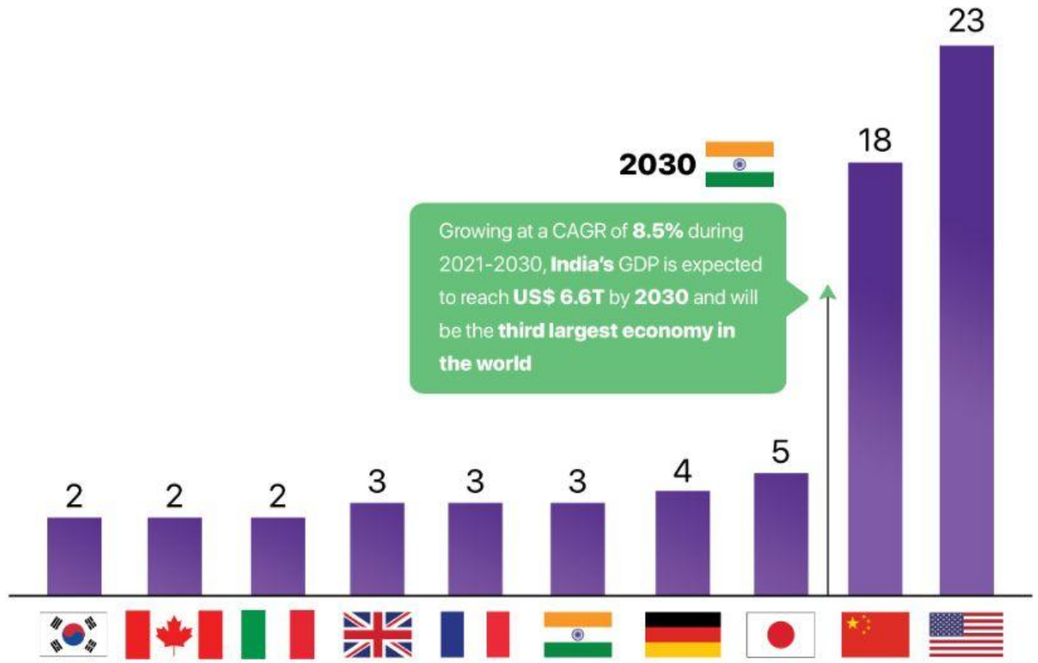
India's GDP in 2021 is ~US$ 3T and is expected to be ~US$ 6.6T by 2030, growing at a CAGR of 8.5%

GDP (PPP)
2021, US$ T



Evolution of India's GDP during 2021-30 and top 10 nations by nominal GDP during 2021

US$ T



Source(s): IMF reports, World Bank, Statista reports, Secondary research, Praxis analysis

Consumer spending is expected to be US$ 4T+ by 2030, growing at a CAGR of ~10%; this is owing to a massive domestic consumer expenditure and consumption market

Consumer spending is rising faster than GDP with growth in GDP per capita

Break-up of GDP %				CAGR 2016-21	CAGR FY21-30P
			US$ 6.6T	7%	8%
		US$ 3.2T	Others 2.2	6%	6%
	US$ 2.3T	Others 1.3	Consumer Spending 4.4	7%	10%
	Others 0.9	Consumer Spending 1.9			
	Consumer Spending 1.4				
	2016	2021	2030P*		
Consumer spending as a % of GDP	59%	60%	67%		
Consumer spending per capita (US$)	923	1,210	2,948	6%	10%

Income growth, urbanization, evolving attitudes are the major reasons for the increase in consumer spending

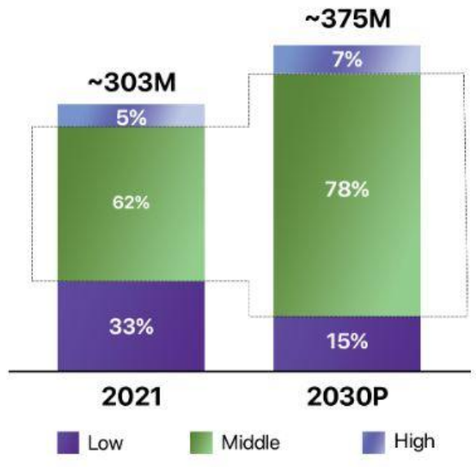
- **Income growth –** GDP per capita growing at a **CAGR 3.5%** (2017-2021), leads to greater disposable incomes
- **Increase in urbanization rate in India**
  - By 2030, **40% Indians will be urban residents**
  - Rural per capita consumption will grow to **4.3 times by 2030**, compared to **3.5 times in urban India**
- **Technological innovation in consumer products, higher internet penetration**
- **Strong local consumer ecosystem and evolving consumer attitudes**
  - Millennials and Generation Z will form 77% of India's population by 2030 and will become a major consumption pool
- **Increasing female workforce participation**
- **Favorable demographics**
  - Working age majority with a median age of **31 in 2030 (versus 42 in China, 40 in the US)**
- **Regulatory support**
  - Policies such as Atmanirbhar Bharat Abhiyan and Make-in-India
- Consumer spending on categories - **food, housing, apparel, transport and communication, personal care** is expected to **increase by ~2X by 2030**

Note(s): P* - Projected
Source(s): IBEF (Indian Brand Equity Foundation), Secondary research, Praxis analysis

Large middle class (78% in 2030 from 62% in 2021) & 40% urban population are the key demographic drivers of the higher domestic consumption

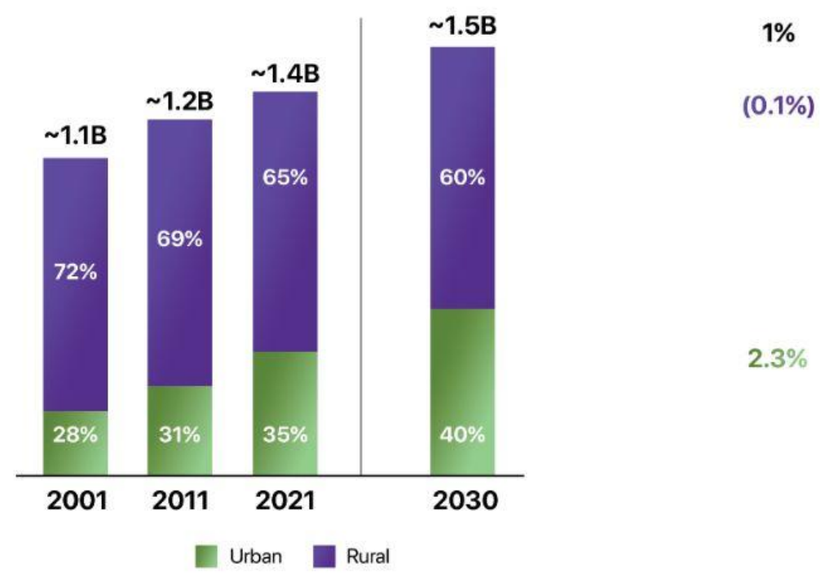
~18% **Population will move up the income strata from low income→Leads to higher domestic consumption**

Income-wise population split % households		Delta on households	CAGR 2021-30P
	~375M	▲ 72M	2%
	~303M	11M	6%
		104M	5%
		(44M)	(6%)
Total middle class (M)	188	293	



~40% **Of India's population will be living in urban areas by the end of this decade**

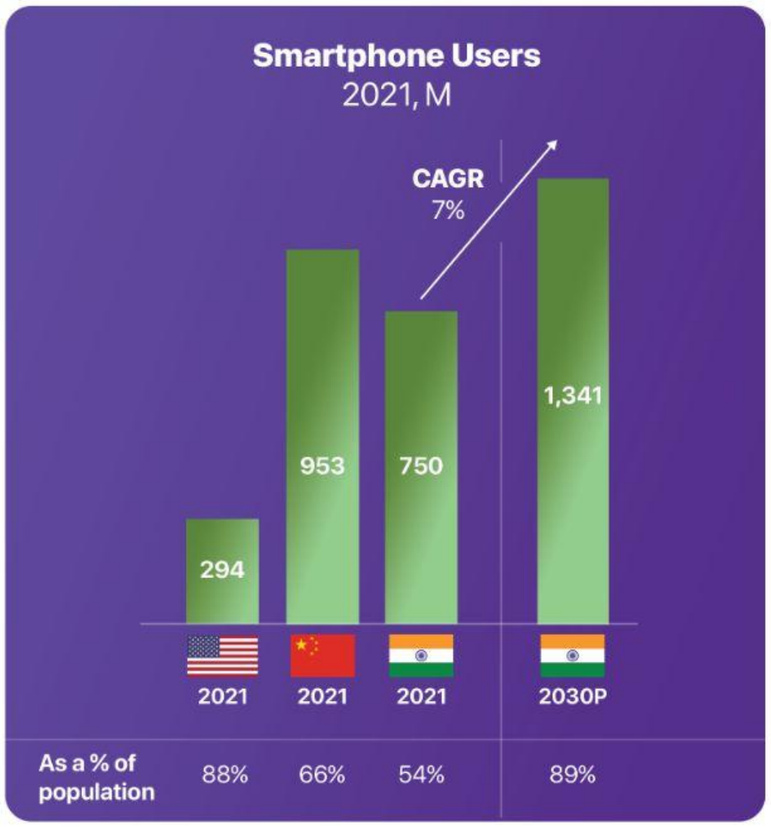
Urban and rural population %		CAGR 2021-30P
	~1.5B	1%
	~1.4B	(0.1%)
	~1.2B	
	~1.1B	2.3%



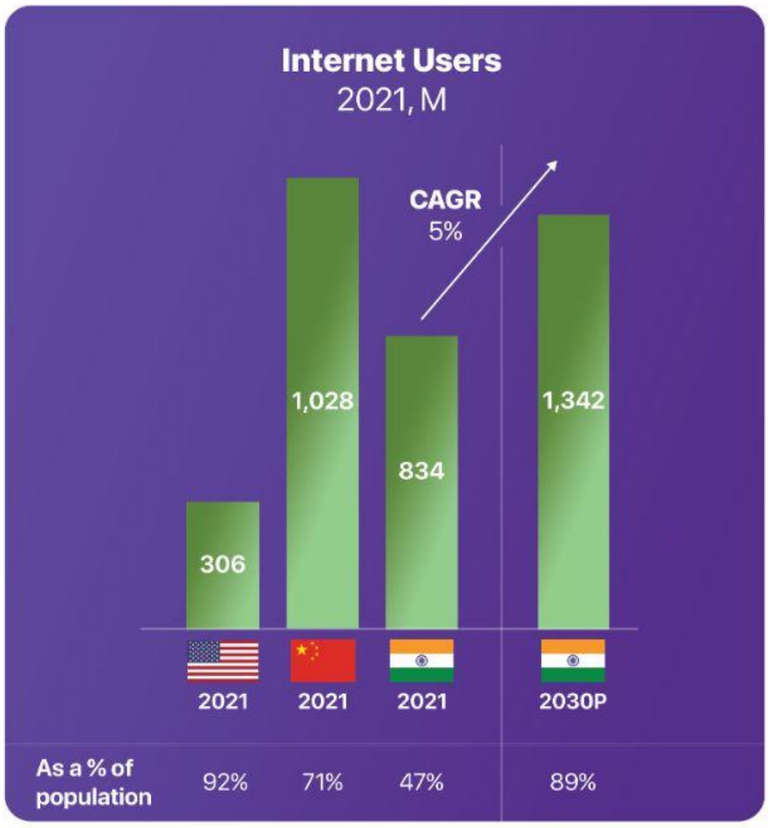
Note(s): Household income - Low: < INR 3 LPA (US$ 3.8K), Middle: INR 3 – 30 LPA (US$ 3.8 – 38K), High: > INR 30 LPA (US$ 38K)
Source(s): Census of India, World Bank, secondary research, Praxis analysis

India to have 1.3B+ smartphone users and internet users and ~500M online shoppers by 2030

Smartphone users were ~750M in 2021 and are expected to be 1.3B+ by 2030



Internet users were ~830M+ in 2021 and are expected to be ~1.3B by 2030



Online shoppers were ~190M in 2021 and are expected to be ~500M by 2030

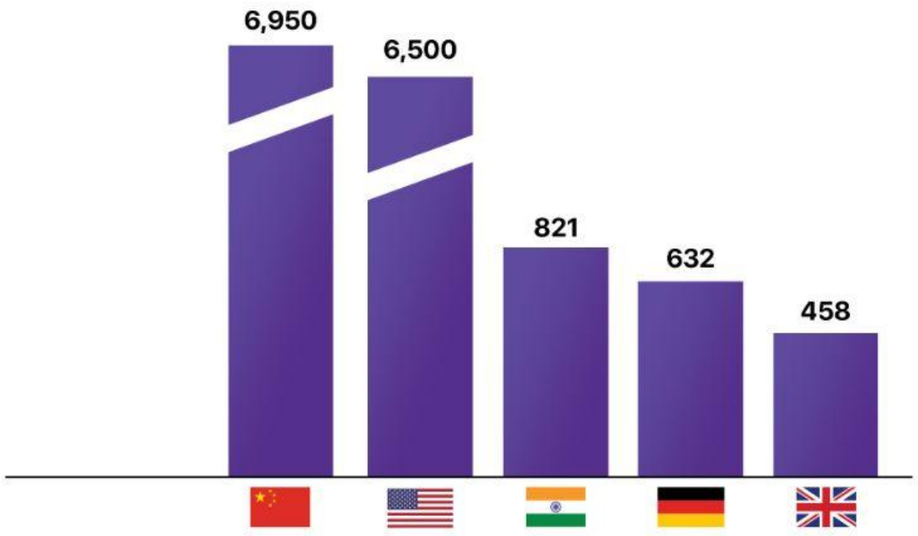


Source(s): IBEF, Industry reports, Secondary research, Praxis analysis

India has the third largest retail market in the world and is projected to be ~US$ 1.9T by 2030, growing at CAGR of 10%

India has the third largest retail market in the world; retail spending per capita in India is only ~US$ 590

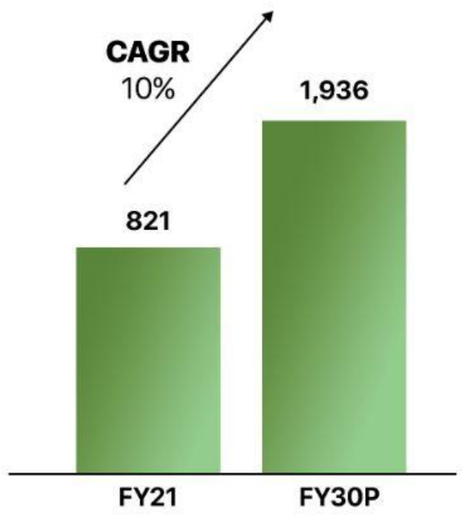
Retail Market Size
2021, US$ B



Retail spending per capita (US$)	4,800	19,520	589	7,524	6,735

Retail industry in India is expected to be US$ 1.9T+ by 2030

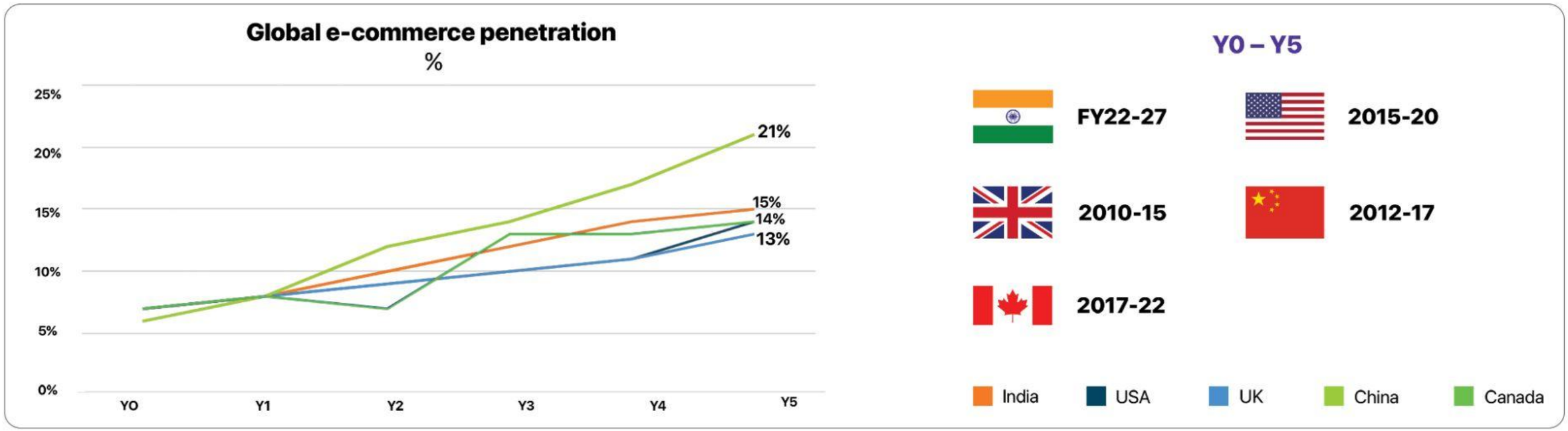
Indian Retail Market Size
US$ B

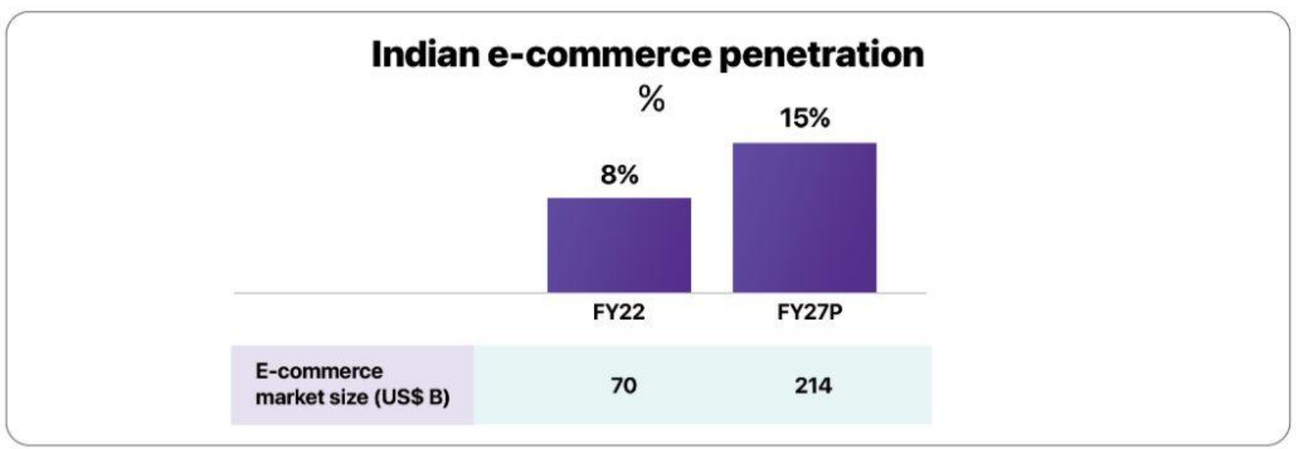


Note(s): P* Projected, we have considered FY for India and CY for other countries
Source(s): IBEF (Indian Brand Equity Foundation), Industry reports, Secondary research, Praxis analysis

E-COMMERCE PENETRATION PROJECTION

E-commerce penetration in India is ~8% in FY22 and is projected to be ~15% by FY27





Source(s): IBEF, eMarketer reports, Industry reports, Secondary research, Praxis analysis

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AGENDA

- Indian consumption growth
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ECOSYSTEM OF **D2C SYSTEM**

A host of D2C enablers are available in the market leading to low entry barriers in starting a D2C brand

Product Design

Manufacturing (contract / own)

- Availability of **plethora of contract manufacturers** across categories

ANALOGY.

TEQZO

Website / App Building

Website Building Tools

shopify

WOOCOMMERCE

Shopmatic

WiX Stores

Payment Gateways

Razorpay

G Pay

instamojo

PayPal

paytm

MobiKwik

Brand Building / Marketing

- Performance marketing
- Brand building

Marketing Automation Tools

Wigzo

WebEngage

CleverTap

Amplitude

mixpanel

kissmetrics

moengage

Sales

- Channel (marketplace, own platform, offline stores) management
- Discounting management
- Geography focus

D2C Brands

mamaearth

Licious

Urban Ladder

boAt

Logistics Management

Tech-Enabled Logistics Management

Shiprocket

pickrr

ekart

FedEx

shadowfax We Deliver

BLUE DART

DELHIVERY

XPRESSBEES

Shipway

Ecom Express

Customer Support

zendesk

ZOHO Desk

freshdesk

salesforce

Repeat Purchase

- **Data-led retargeting**
- **Data-driven** product design – regular product upgradation basis customer's feedback

Benefits Include

- Smart product design to meet consumer needs
- Product differentiation / innovation
- Driving higher engagement and sales

Set-Up

Brand and Sales

Post-Order Management

Note(s): This is not the exhaustive list of D2C enablers

Source(s): Expert discussions, Secondary sources, Praxis analysis

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D2C INDIAN SUCCESS STORIES

D2C brands are witnessing rapid growth and scale in India; several brands have crossed INR 100Cr (~US$ 13M) revenue rapidly

Numbers of years to cross INR 100 Cr (~US$13M) revenue



Source(s): Secondary research, Praxis analysis

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D2C OPPORTUNITY IN INDIA

D2C landscape is evolving rapidly in India [1/2]

Grocery and Gourmet

Perishables

Beverages

Packaged Foods

Organic / Ayurvedic

Apparel and Footwear

Apparel

Customized Tailored Shirts

Intimate Wear

Baby Products

Accessories

Footwear

Jewellery

Electronics

Health Care

Subscription Model

Personalized Model

Note(s): This is not the exhaustive list of brands

Source(s): Secondary research, Praxis analysis

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D2C OPPORTUNITY IN INDIA

D2C landscape is evolving rapidly in India [2/2]

Personal Care

Men's Grooming

Ustraa, The Man Company, Spruce Shaving Co., Rawnature, Phy, Bombay Shaving Company, Beardo, Beard Hood, Man Matters, LetsShave, 23 Yards

Women's Beauty / Grooming

Rivona, Renée, Ruby's Organics, Recode, Nykaa, glamego, FAE Beauty, Juicy Chemistry, Myglamm, YBP Cosmetics, Emcee Beauty, Sugar, Brillare

Personal Care

Vedix, Carmesi, Pee Safe, Vilvah Store, The Beauty Co., Derma Co, TAE, TAC, St.Botanica, Soultree, Skinkraft, Bodywise, Nua, Simple, The Moms Co., Pee Buddy, OTT, Organic Harvest, Plum, Neemli Naturals, Minimalist, Mantra, Mamaearth, Caffeine, Kama Ayurveda, Just Herbs, Ilana, Gulnare Skincare, Good Vibes, The Wellness Shop, Bare Anatomy, Forest Essentials, Fantraa, Earth Essentials, Dot & Key, Dermalogica, Deconstruct, d'you, Cosmetofood, Chemist at Play, Natural Vibes, Biotique, Boho Botanics, Re'equil, WOW Skin Science, Blue Nectar, Sacred Salts, Avimee Herbal, Arata, Al Ziba Cares

Home Décor, Household Supplies and Garden

Loose Furniture

Afydecor, Wooden Street, Urban Ladder, Inkurve, Lemondecor, Furlenco

Décor & Home Improvement

Wakefit, The White Willow, Sleepyhead, Sleepy Cat, Morning Owl, CustomFurnish, Chumbak, Abomberg, Wink & Nod

Household Supplies

Koparo, Superguard, Pure Cult, Paleech, Beco, The Better Home, Clensta

Garden

Ugaoo, Nurserylive, Kraft Seeds

Subscription Model Personalized Model

Note(s): This is not the exhaustive list of brands
Source(s): Secondary research, Praxis analysis

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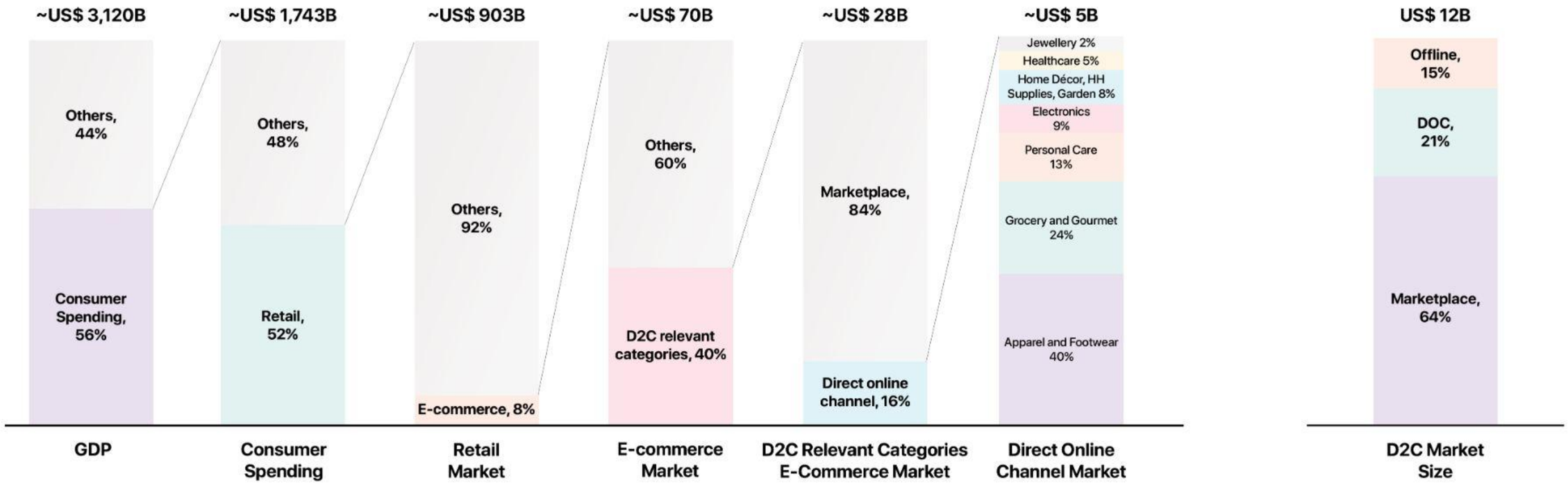
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D2C AND **DOC** MARKET SIZE

D2C market is a ~US$ 12B opportunity in FY22 for key seven categories; DOC market across 7 product categories is ~US$ 5B in FY22

Breakup of consumer spending market to direct online channel market
FY22E,%

D2C Market Size
FY22E,%



Note(s): HH* Household supplies; Definitions of market in appendix; Focused categories include only seven categories – personal care, apparel and footwear, grocery and gourmet, jewellery, electronics, health care, home décor, household supplies and garden. Numbers might not add up due to rounding off
Source(s): Primary conversations with D2C brands' and traditional brands' senior management (N = 200+), IBEF, Industry reports, Secondary research, Praxis analysis

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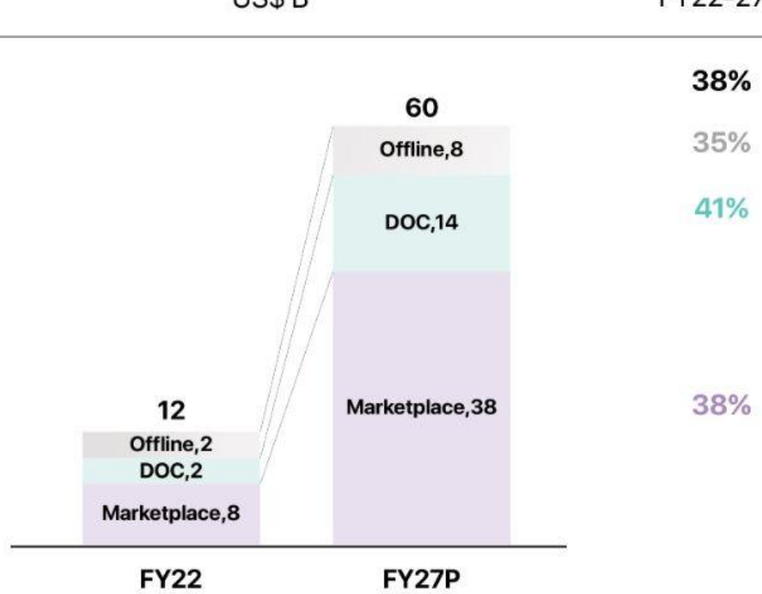
D2C AND DOC MARKET SIZE

D2C in India is expected to be ~US$ 60B in FY27 across seven key product categories growing at a CAGR of 38%

Direct online channel (DOC) is growing fastest for D2C players

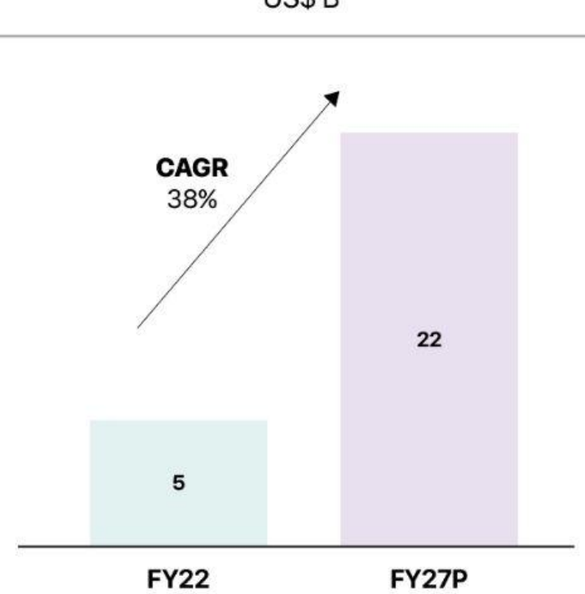
D2C Market Size
US$ B

CAGR
FY22-27P



Direct online channel (DOC) market is expected to reach US$ 22B by FY27, growing at a CAGR of 38%

Direct online channel market size (for both traditional and D2C brands)
US$ B

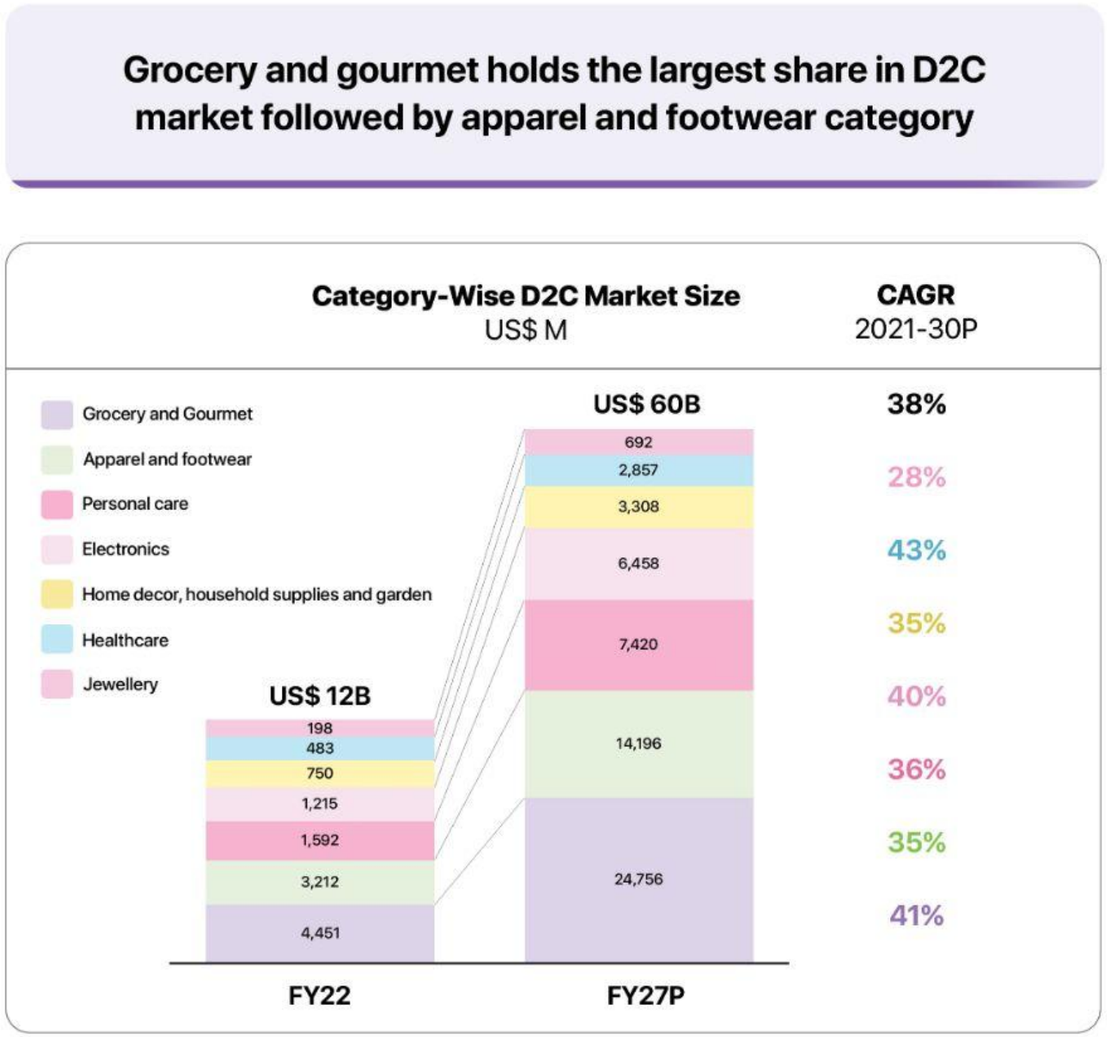


Source(s): Primary conversations with D2C brands' and traditional brands' senior management (N = 200+), IBEF, Industry reports, Secondary research, Praxis analysis

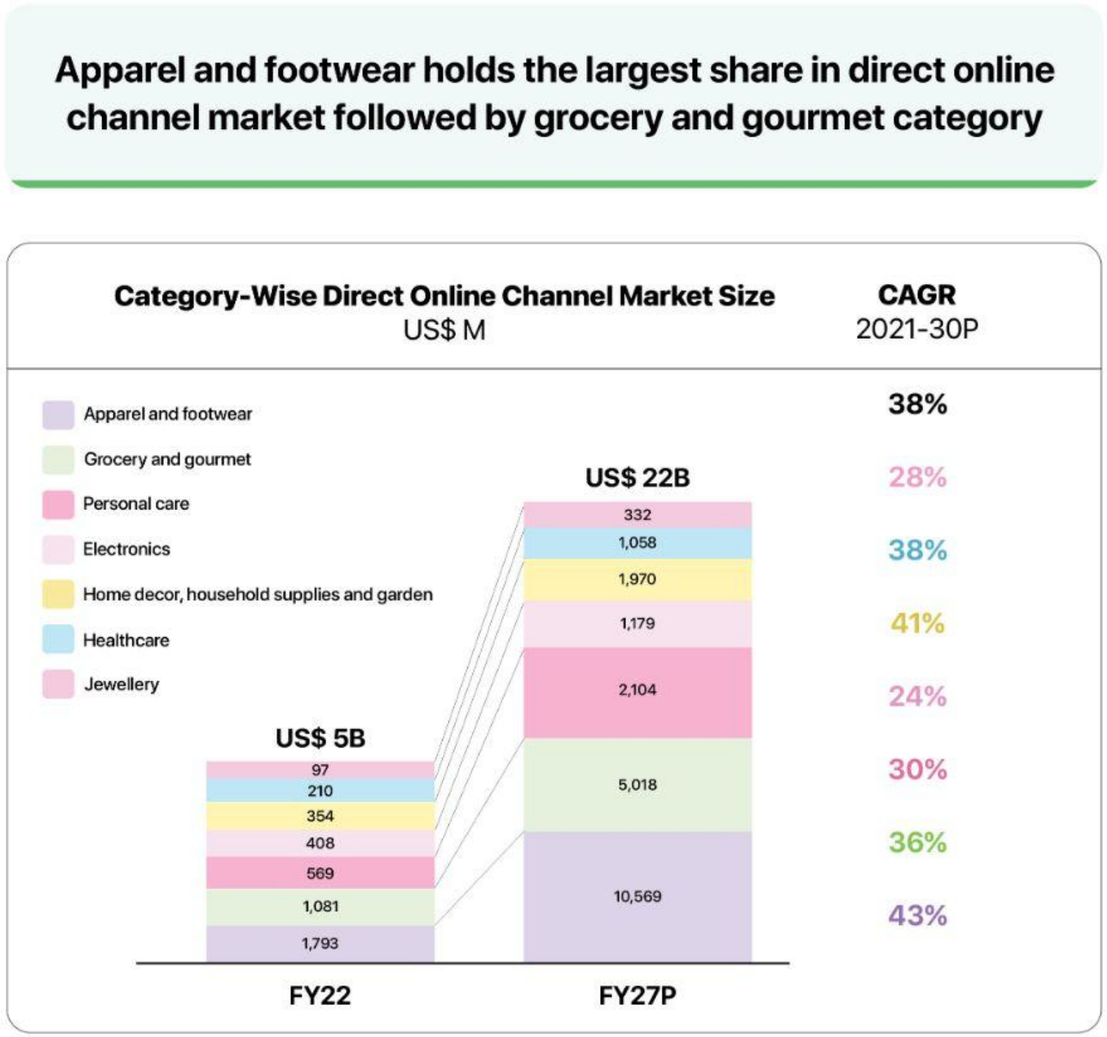
D2C AND DOC MARKET SIZE DEEP-DIVE

Grocery and gourmet, apparel and footwear, and personal care are likely to be the largest growing D2C / DOC categories in India for the next 5 years

Grocery and gourmet holds the largest share in D2C market followed by apparel and footwear category



Apparel and footwear holds the largest share in direct online channel market followed by grocery and gourmet category



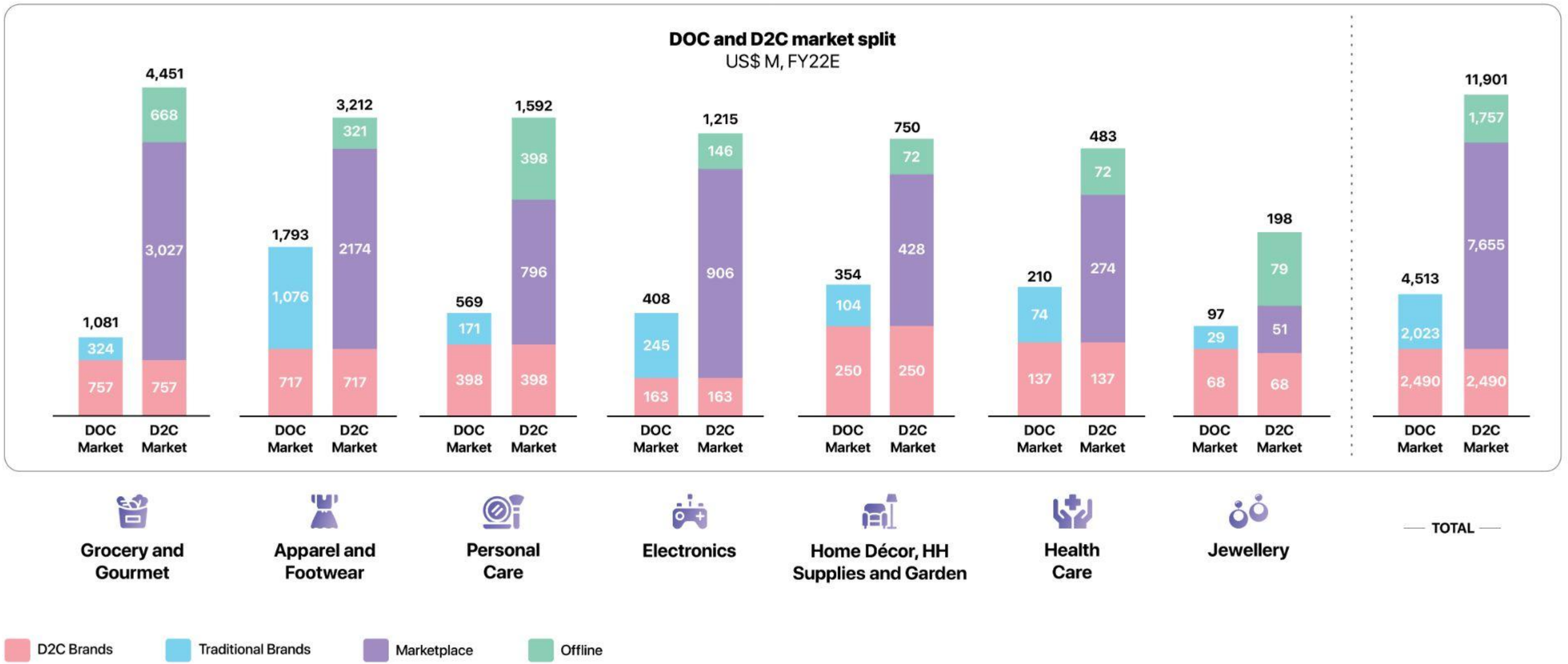
Note(s): Direct online channel is composed on online sales done via own website + social media by both traditional and D2C brands
Numbers might not add up due to rounding off
Source(s): Primary conversations with D2C brands' and traditional brands' senior management (N = 200+), IBEF, Industry reports, Secondary research, Praxis analysis

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D2C AND **DOC** MARKET SPLIT

D2C brands (~US$ 2.5B) form ~55% of the total DOC market (~US$ 4.5B); DOC, marketplace and offline channels constitute ~21%, ~64% and ~15% respectively in total D2C market



Note(s): Direct online channel is composed on online sales done via own website + social media by both traditional and D2C brands. Numbers might not add up due to rounding off
Source(s): Primary conversations with D2C brands' and traditional brands' senior management (N = 200+), IBEF, Industry reports, Secondary research, Praxis analysis

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OPPORTUNITIES FOR THE **D2C** BRANDS

Indian growth story and shift in consumer behavior makes it an exciting time for D2C brands in India

Opportunity for D2C Brands' Growth in India

Improving digital penetration and high growth in E-commerce

- **830M+** internet users
- E-commerce penetration in India is expected to be **~15%** in next 5 years
- India will add **200M+** online shoppers in the next 5 years

Larger SKUs and niche positioning

- D2C brands can afford to have a **higher number of SKUs** given the common inventory
- **Experimentation with niche ingredients** / material which were ignored by legacy brands / other white spaces

High investor interest and bigger deal sizes

- D2C brands **treble funding in 2021** to **US$ 2B** through 105 deals

Increase in women working class

- Increase in women working class which forms the major customer base for most of the new-age brands (especially in personal care, apparel & footwear and jewellery categories)

D2C enablers

- Direct delivery to customer ensures cutting out of middlemen profit **higher margins for the brand** and **better prices for the customer**
- Availability of enablers – **website builders, logistics and supply chain payments, marketing**

Shift in consumer behavior

- **Increased comfort** with online shopping
- Customers are more open to experimentation with not just new brands but also with **niche categories**
- Willingness to pay a **premium** for quality products has increased

Source(s): Industry reports, Secondary research, Praxis analysis

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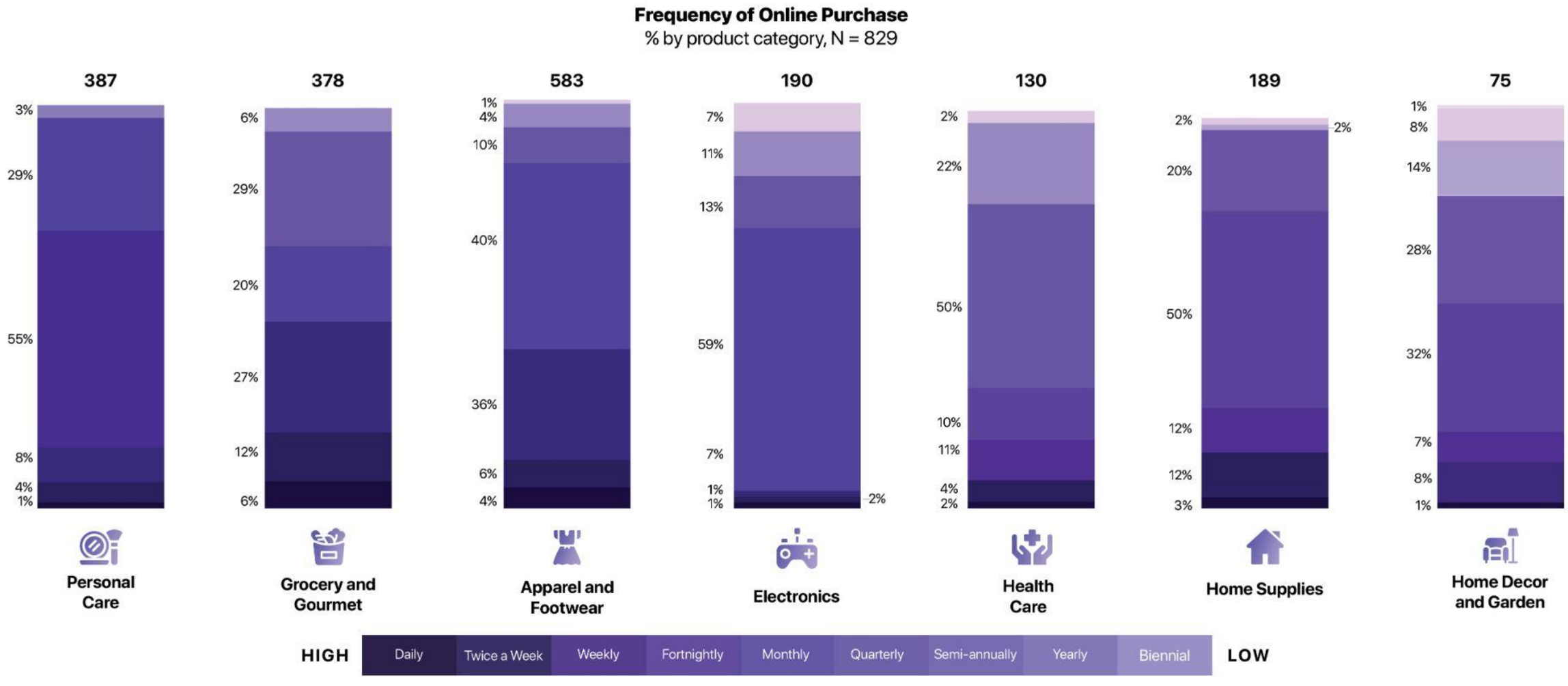
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CONSUMER SURVEY

Indian consumers are increasingly buying online

How often do you purchase products online, across the following categories? (N = 829)



Note(s): Survey respondents are primarily users of online platforms. Numbers might not add up due to rounding off
Source(s): Consumer survey (N = 829), Praxis analysis

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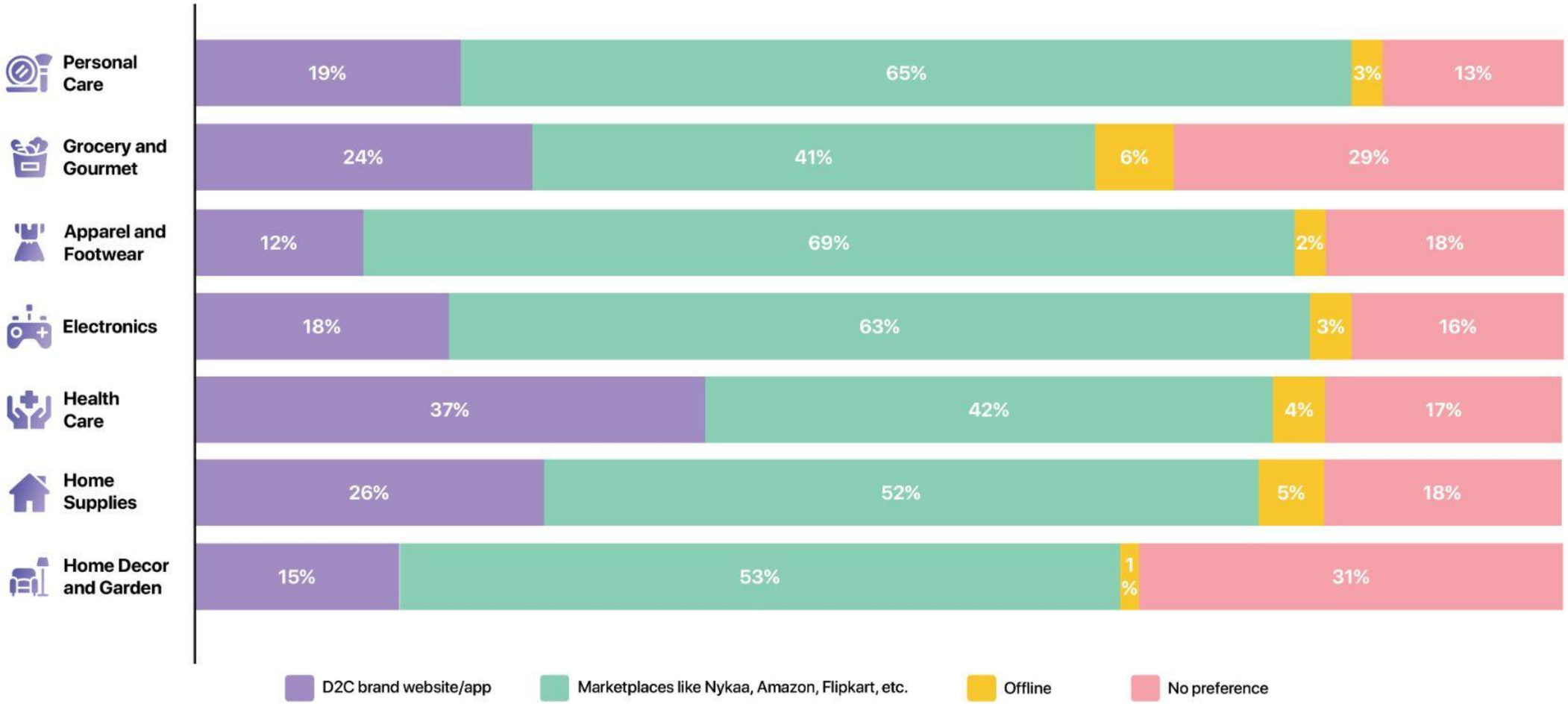
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CONSUMER SURVEY

Indian consumers also increasingly prefer to buy directly from brand websites

Channel preference for purchasing D2C products
% N = 829



Note(s): Survey respondents are primarily users of online platforms. Numbers might not add up due to rounding off
Source(s): Consumer survey (N = 829), Praxis analysis

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CONSUMER ENGAGEMENT

D2C brands have mastered customer engagement, managing product visibility and driving customer experience which is leading to repeat purchase

Key parameters		What do D2C brands need to do	Current maturity of D2C brands
Acquisition	Marketing and Community	» Customer acquisition largely driven by performance marketing » Community building led promotions	
Engagement	Data	» Customer acquisition largely driven by performance marketing » Community building led promotions	
	Influencer and KOLs	» Actively engage with influencers for driving engagement	
	Product promotions	» Not seen when a category level search is done » In today's deal filter: D2C brands are the top listed ones	
Sales	Product positioning	» Most D2C brands have better positioning on platforms	
	Keyword specification (organic)	» Short product titles with an average of 5-7 words	
	Participations in marketplace sales	» Most actively participate in all major marketplace led sales and optimize inventory accordingly	
Retention	Responsiveness	» Prompt in responding to customer complaints	
	Customer feedback / ratings	» Most products have 3.5 and above rating » Direct access to customers	
	Product return	» Have lower product return » Proactive mgmt. of RTO; learnings of the 4PL partners are relied upon	
	Loyalty	» Repeat purchase in top-quartile for most	

HIGH

LOW

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EASE OF MARKET ENTRY FRAMEWORK

There are 6 key factors that make a vertical attractive for D2C disruption; we have devised a framework to assess the relative attractiveness of different verticals

Ease of Market Entry Framework (Score to be Function of 6 Factors)

DOC market potential

- DOC market size
- DOC market growth potential (next 5 years)
- Online share of the market

Unit economics attractiveness

- Average order value (INR)
- Gross margin
- Repeat purchases

Ease of manufacturing

- Ease of sourcing raw material
- Contract manufacturing capacity availability
- Degree of product innovations and differentiation
- Capex requirement for manuf. set-up
- SKUs required to create offering

Ease of setting up supply chain

- Parcel and supply chain traceability
- Fragility of products
- Shelf life of products
- % RTO

Category success

- D2C brands with >US$ 100M valuation
- D2C brands above INR 100Cr sales in a category
- Total VC / PE funding in last 3 years

Customer affinity for D2C / new age players

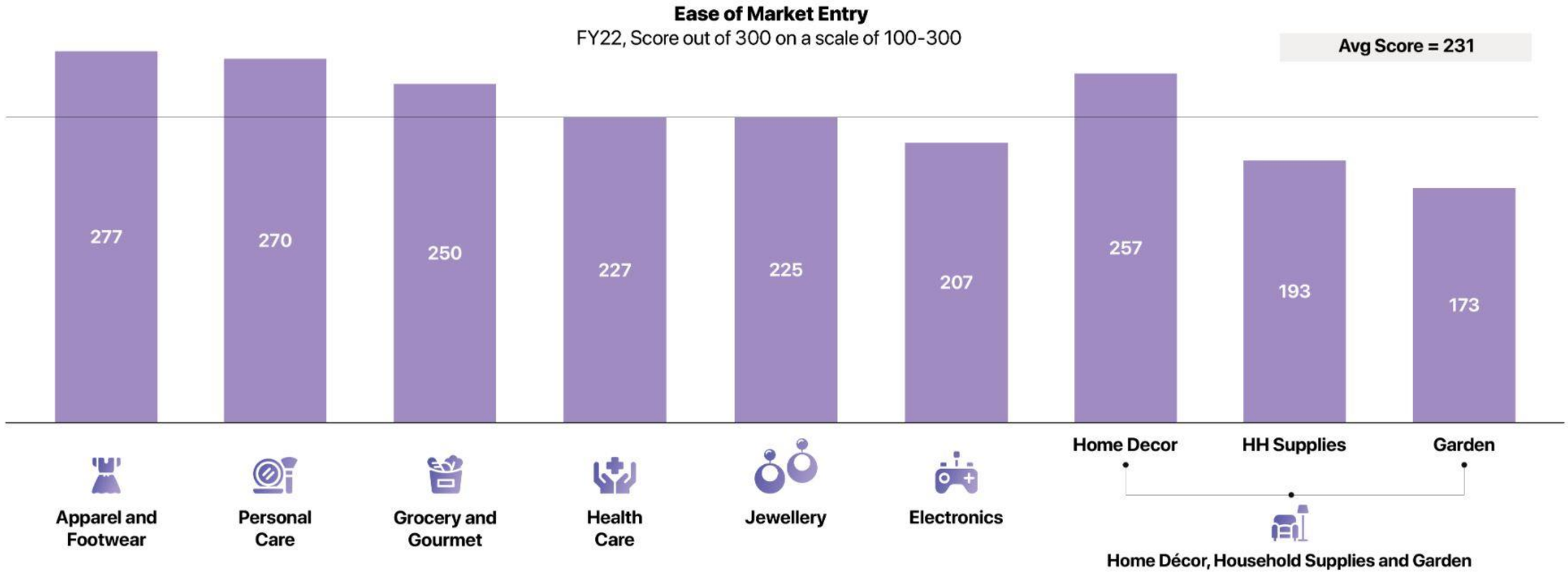
- Customer willingness to buy from D2C brands
- Brands considered by customers before buying online
- Customer willingness to pay premium over mass brands

Note(s): All parameters have been scored on a three-point scale (high, medium, low)
Source(s): Expert discussions, End-consumer survey, Brand founder conversations, Secondary research, Praxis analysis

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EASE OF MARKET ENTRY SCORE

Apparel and footwear has the highest ease of market entry score followed by personal care category

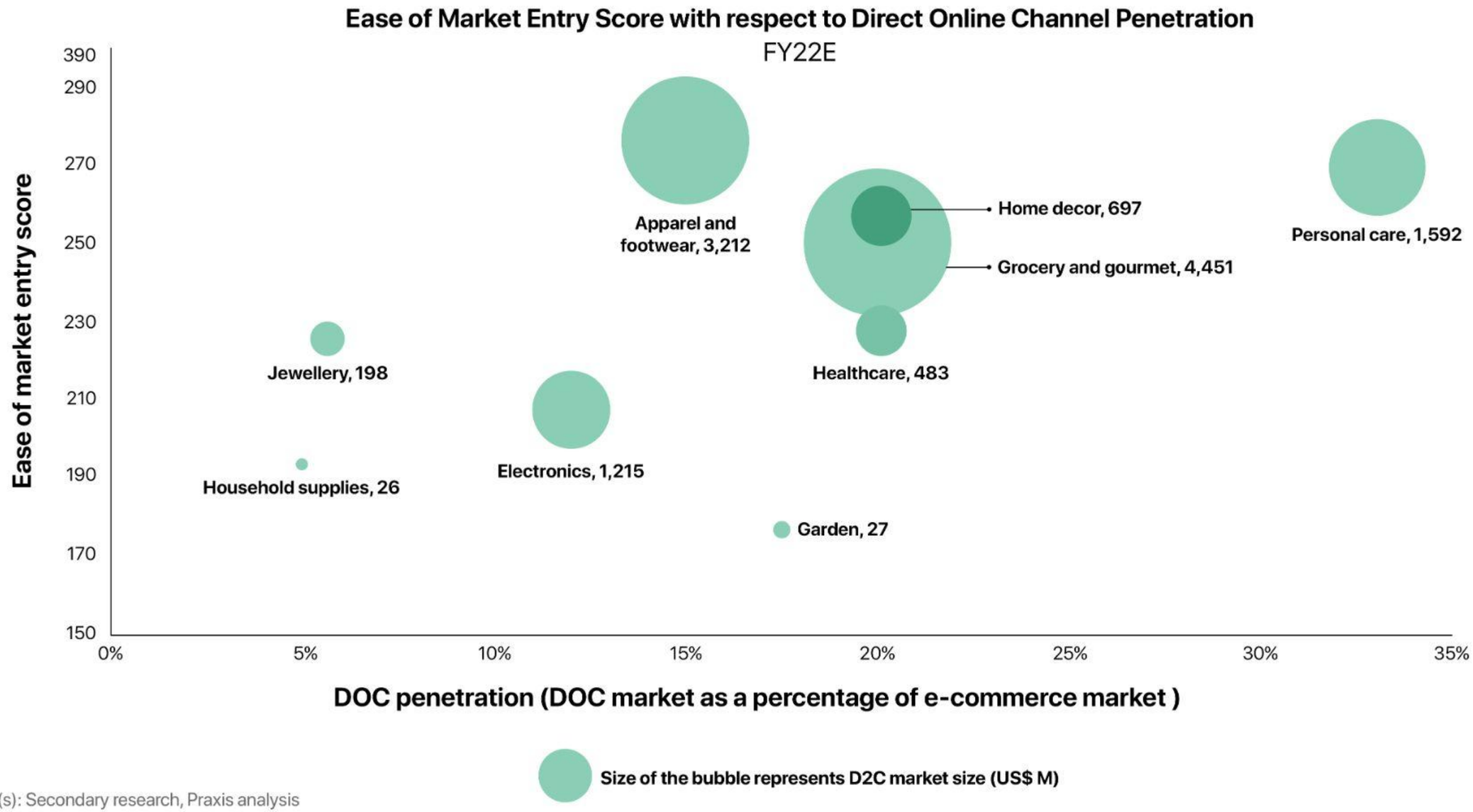


DOC Market Size (US$ M)	1,793	569	1,081	210	97	408	354
DOC Penetration %	15%	33%	20%	20%	6%	10%	19%

Note(s): All parameters have been scored on a three-point scale (high, medium, low) and final score is calculated as a weighted average of all scores of six key parameters
Source(s): Expert discussions, End-consumer survey, Brand founder conversations, Secondary research, Praxis analysis

EASE OF MARKET ENTRY SCORE

Personal care, apparel and footwear and grocery and gourmet are the most attractive D2C categories



Source(s): Secondary research, Praxis analysis

TECH ENABLERS

Tech barriers across the DOC sales journey have reduced as several building blocks are available in the market

	Pre-Order	Order	Post-Order
	Marketing & automation, CTR engagement improvement, content, social selling, channel integration, store building	Payment modes (incl. BNPL), regular updates till delivery, cart abandonment reduction	Order fulfillment, Driving repeat, RTO / NDR reduction, usage feedback, reviews, business analytics
Key Objectives	» Drive conversion » Reduce marketing costs » Manage presence on social media » Personalize content » Retarget prospects who visited the website / app » Automate workflows » Optimize BTL spend basis high risk pin-code users	» Targeting of cart abandonment » Payment mode integration / partnerships » Post-ordering regular updates » Pre-shipment updates » Confirmation post-order before shipment for COD orders » Post-shipment (pick-up, last-mile) » Post-delivery feedback on delivery experience	» Order fulfillment / logistics » Driving repeat and loyalty » RTO / NDR reduction » Usage feedback » Reviews on social media, review portal from promoters (basis NPS scale) » Business analytics and reports » Resolve customer queries
Examples of Tools	Website Builders: shopify, WooCommerce, Magento, Shopmatic, Wix Stores, BigCommerce Marketing: Wigzo, WebEngage, mixpanel, kissmetrics, Amplitude, moengage, CleverTap	Payment Modes: Razorpay, instamojo, paytm, G Pay, PayPal, MobiKwik, Cashfree, PayU, Simpl, BillDesk	Logistics: Shiprocket, pickrr, XpressBees, FedEx, shadowfax, Delhivery, ekart Customer Support: zendesk, freshdesk, Zoho Desk

Tech enabled logistics management

Source(s): Secondary research, Praxis analysis

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BEST PRACTICES

Eight key areas D2C brands are focusing upon to win in today's consumer market

Unique Proposition

- **Product differentiation / innovation**
- **Filling white spaces** in that product category
- Outsourced manufacturing leading to **faster GTM** basis vendor network

Own Platform + Marketplace

- Focusing on both:
  - **Own platform** to get access to customer data and insights
  - **Marketplace** to promote brand visibility and reduce CAC

Data-Driven Approach

- **Data-driven** product design – regular product upgradation basis customer's feedback
- **Data-led retargeting**

Appealing Marketing

- **Creating brand awareness** through appealing marketing, customer interaction, social media engagement
- Focus on **brand building via BTL** (personalized) initiatives

AI Adoption

- AI adoption to enhance:
  - **Performance marketing**
  - **Consumer purchasing behavior**
  - **Personalize shopper journey**

UI / UX and Content

- Appealing **website UI / UX**
- **Tempting taglines**
- **Usage of tech tools** (website building, etc.)
- **Compelling description**
- **Promo codes with brand name / campaign to drive recall**

Affordability

- Striking the balance between **aspiration and affordability** – innovative offerings at affordable prices
- Benchmarking with competition

Supply Chain

- Diversified **supplier network**
- **Tech tools like ERP**
- **Vertical integration in manufacturing** post market identification and MVP

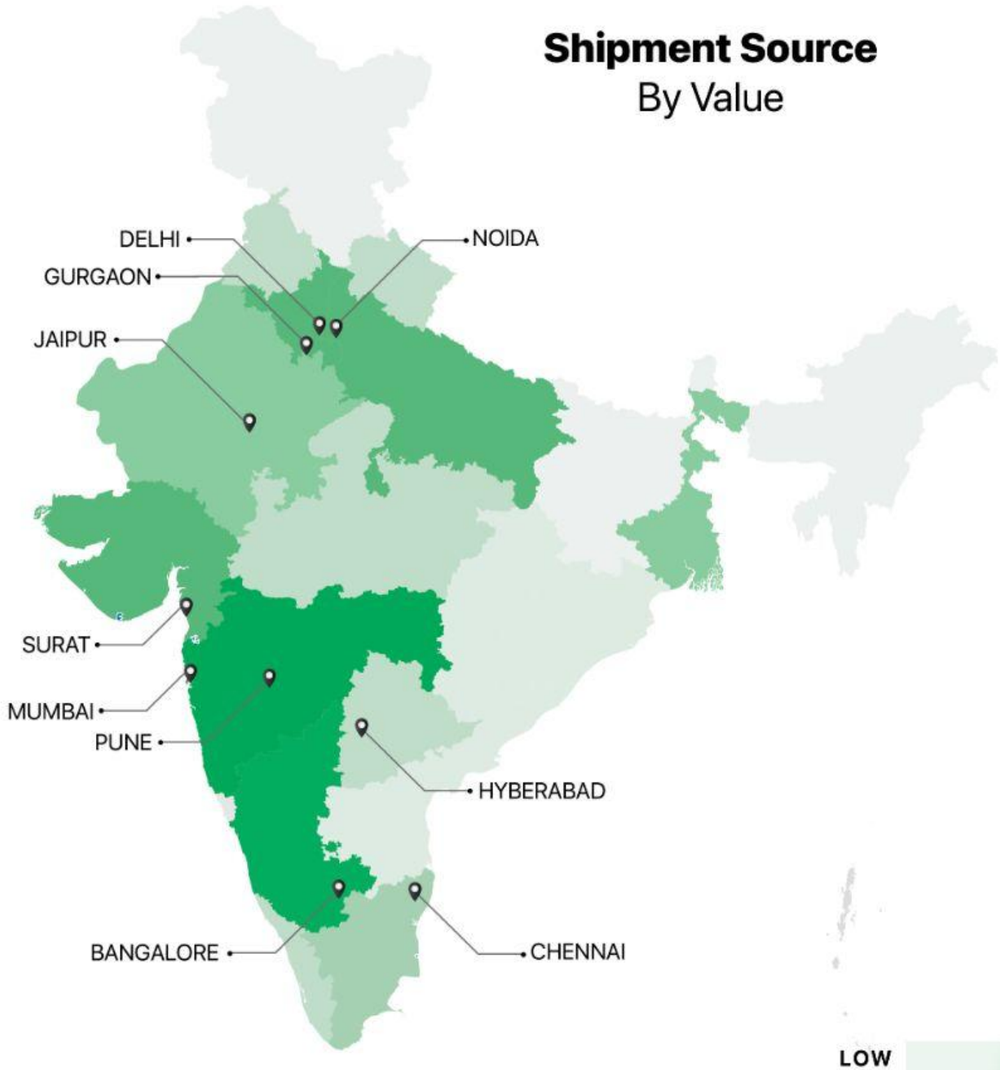
Note(s): BTL = Below-the-line; BTL is a type of marketing which is targeted to the core audience vs mass marketing (like TV ads, sponsorship of key events / teams, etc.). ERP = Enterprise Resource Planning
Source(s): Primary conversations, Industry reports, Secondary research, Praxis analysis

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SUPPLY AND **DEMAND** VARIATION

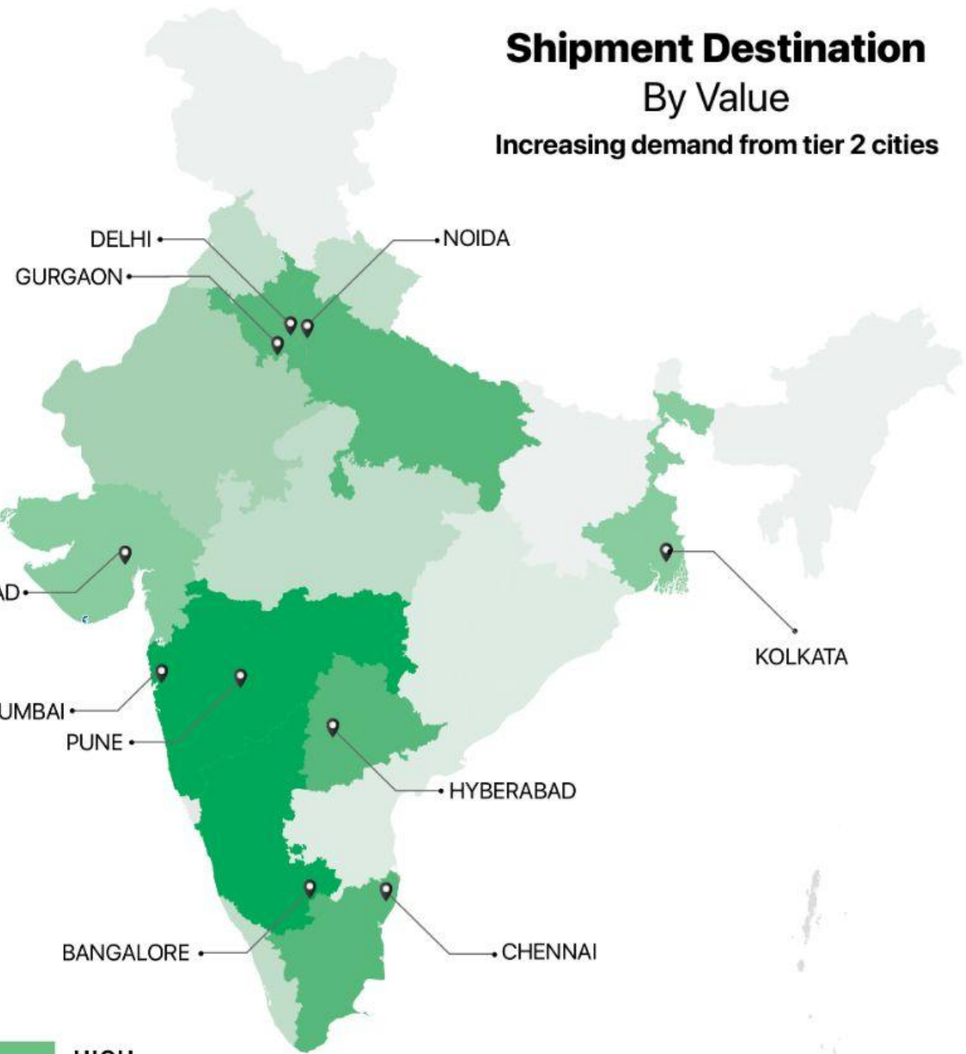
Delhi, Bangalore and Mumbai are the major supply and demand hubs for most of the D2C players across categories

Shipment Source
By Value



Shipment Destination
By Value

Increasing demand from tier 2 cities



LOW — HIGH

Note(s): Only top 10 cities are marked
Source(s): Shiprocket data, Praxis analysis

SOURCES AND **DEMAND** CENTERS

Top sources and demand centers across categories

Category	Total market size,FY22E (US$ B)	Top sources of products (cities / states)	Top destinations (cities / states)
Personal Care	18.2	» Delhi NCR » Bangalore, Hiriyur (Karnataka) » Thane, Mumbai (Maharashtra) » Howrah (Kolkata) » Jaipur (Rajasthan)	» Maharashtra » Uttar Pradesh » Delhi » Rajasthan » Haryana
Grocery and Gourmet	570.8	» Banswara (Rajasthan) » Delhi NCR » Bangalore (Karnataka) » Ahmedabad, Surat (Gujarat) » Mumbai, Thane (Maharashtra)	» Maharashtra » Karnataka » Uttar Pradesh » Tamil Nadu » Delhi
Apparel and Footwear	80.7	» Surat (Gujarat) – Sarees, ethnic wear » Ahmedabad (Gujarat), Ludhiana (Punjab) – Jeans » Ludhiana (Punjab) – Winter wear » Tiruppur (Tamil Nadu) – T-shirts	» Maharashtra » Karnataka » Uttar Pradesh » Telangana » Delhi
Jewellery	82.4	» Delhi NCR » Mumbai (Maharashtra) » Bangalore (Karnataka)	» Maharashtra » Delhi » Karnataka » Uttar Pradesh » West Bengal
Electronics	9.4	» Largely imported » Local: » Delhi NCR » Thane (Maharashtra) » Bangalore (Karnataka)	» Maharashtra » Karnataka » Tamil Nadu » Uttar Pradesh » Telangana
Health care	9.7	» Delhi NCR » Bangalore (Karnataka) » Thane, Mumbai (Maharashtra) » Ludhiana (Punjab)	» Maharashtra » Uttar Pradesh » Karnataka » Gujarat » Tamil Nadu
Home Décor, Household Supplies, Garden	26.5	» Delhi NCR » Bangalore (Karnataka) » Thane, Mumbai (Maharashtra)	» Maharashtra » Karnataka » Uttar Pradesh » Telangana

Source(s): Shiprocket data, Secondary research, Brand founder conversations, Praxis analysis

INCUMBENT PLAYERS' STRATEGIES

Incumbent players are either acquiring prominent D2C brands or choosing the organic route of launching their own brands online and building their own D2C platforms

Incumbent players entering the digital space via launching their own brands online or building their own D2C platforms

Player	D2C initiatives
ITC Enduring Value	» **ITCstore.in** (ITC's **direct delivery platform**): **D2C FMCG brands site**, showcasing and selling **800 products across 45 categories**
Hindustan Unilever Limited	» Focus on **digital-only** and **digital first brands** for its **premium beauty business**, for instance: digital-only beauty brand '**Simple**' » Scaling up the D2C experience for beauty brands like **Lakmé, Indulekha, Love Beauty and Planet, Dermalogica** and **Simple** » Launched **Ushop** (multi-brand online direct-to-consumer web store)
TATA CONSUMER PRODUCTS	» Expanding **Tata Nutrikorner** - online platform to offer the company's full product portfolio
marico	» Launched **Saffola Stores** - online D2C platform » Own brands **Pure Sense and Coco Soul** available on D2C

Incumbent players accelerating their digital transformation by building scalable digital-first brands

Key D2C brands acquisitions by incumbent players



Acquired Brands

BEARDO, MOTHER SPARSH, BOMBAY SHAVING COMPANY, THE MAN COMPANY, TATA SOULFULL, Just Herbs PURE • BESPOKE • AYURVEDIC, MYLO, True Elements

Source(s): Industry reports, Secondary research, Praxis analysis

HOUSE OF BRANDS

House of brands are helping D2C brands scale up faster and provide an avenue for exit to founders

House of brands help D2C brands acquire and help scale D2C brands faster

The Model

- **Buys the D2C / online brands** and gives them the marketing, marketplace optimization, cost-optimization, international expansion and technological support
- **Acts like a mini-VC / PE** who funds the D2C brands and accelerates their growth

Global Success Stories

THRASIO	US$ 1.8B+ funding	Plans to enter India
Perch	US$ 900M+ funding	100+ brands
BERLIN BRANDS GROUP	US$ 800M+ funding	US$ 300M+ in revenue in 2020

Top house of brands in India

Evenflow, MENSA, 10club, upscalio, G.O.A.T BRAND LABS, THE Good Glamm GROUP, GlobalBees, powerhouse 91

Key Trends

- Key successful D2C brands are creating their own House of brands
- E.g., The Good Glamm Group, mamaearth, etc.

Process followed by house of brands in brand acquisition

Evaluation

- Buyer (house of brands) reviews the brand
- Sets rough valuation
- Signs letter of intent
- Checks reviews and ratings, product categories, healthy profit margins

Due Diligence

- Diligence financials
- Market potential understanding
- Discussions with end-customers / users to understand brand affinity
- Prepare legal documents

Payment and Onboarding

- Payment to the brand founder
- Integration with the platform

Integration and Growth

- Buyer (house of brands) expands presence
- Original owners are retained as advisors and might offered an upside in the form of profit sharing

Source(s): Brand websites, Secondary research, Expert discussions, Praxis analysis

SUCCESS FACTORS

D2C have competitive moats such as agility, strong understanding of e-commerce algorithms and digital marketing

Agility and Go-To-Market Speed

- **High go-to-market speed** driven by capability to understand online trends and customers better
- Faster go to market speed allow brands to be ahead in **identifying and launching in new growth segments**
- Even small changes like a packaging modification is a long-drawn process with incumbent brands (due to brand, material, consistency with offline channel issues)

Average Order Value and Gross Margins

- **Premium pricing with higher margins** enabling brands to spend more on marketing and brand building

Packaging and Customer Experience

- Products are developed and packaged for e-commerce supply chain and hence have **1/10th defect rate** on delivery. Incumbents are more focused on traditional channels and that is not going to change in next 2-3 years

Digital Marketing Capabilities

- **Strong digital marketing capabilities** leading to efficient marketing spend
- Incumbent brands are more reliant on traditional advertisement channels

Strong Understanding of E-Com Algorithms

- Large e-commerce players have sophisticated algorithm for product positioning in organic searches, which can only be partly influenced by higher spend
- Algorithm based product positioning ensures unlike offline channels, incumbents can not crowd out D2C products

No Channel Conflict

- **Online is still a small share of overall sales for incumbent brands** offline distributors get demotivated if online channels have different promotions, packaging, etc

Source(s): Primary interviews, Praxis analysis

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CHALLENGES

Low customer loyalty, high marketing costs and high RTO rate are some of the major challenges faced by D2C brands

Challenges for D2C brands' growth in India

Fightback from offline brands / marketplaces

- **Strong distribution network** of legacy brands specially in semi-urban and rural areas
- **Difficult to match price range and discounts as offered on marketplaces** (which are comparatively lower)

Difficulties in managing logistics

- **Difficulty in dealing with multiple courier partners**
- Tier 2 and 3 cities along with rural India still have **connectivity issues** due to poor infrastructure
- **High RTO** rate especially in case of COD orders

Talent acquisition

- **Talent acquisition** becomes a challenge for brands in early stage

Costly organic sales and large reliance on e-commerce platform

- **High marketing costs** costly organic sales
- **High customer acquisition cost** on digital platforms
- **Large dependence** on e-commerce platform for promoting brand visibility
- **High commission** charged by marketplace

Personalization and product differentiation

- D2C brands have to double their efforts while **personalizing customer experience**
- **D2C brands are at the risk of their product becoming commoditized** and being overlooked (especially in apparel and footwear product category)

Low customer retention and loyalty

- Given the crowded space, customers will move towards product loyalty from brand loyalty resulting in reduced lifetime value of customer and high churn rate

Source(s): Secondary research, Praxis analysis

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U S D 2 C MARKET CASE STUDY

D2C players have successfully created large outcomes across categories; growth is led by unique business model with innovative products and appealing marketing strategies

E-com Market Size
US$ 949B (2021)

E-com Penetration
14%

D2C E-com Sales
US$ 129B (2021E)

 # D2C Unicorns
15+

Product differentiation with personalization / subscription model and great marketing strategies aided D2C brands in succeeding

Product Category	Brand	Founding Year	USP / Key Learnings
Eyewear	WARBY PARKER	2010	» Opted for **vertical integration** as opposed to horizontal integration – owned entire supply chain to minimize costs » **Designed their own frames**, thereby eliminating licensing fees » Collaborated with **7 community influencers** for **#wearingwarby campaign**
Personal care	DOLLAR SHAVE CLUB	2011	» Introduced **subscription model** » **Great marketing:** emphasized on **humour and authenticity** that resonates with target customers » Built **strong brand-customer relationship** » Hilarious videos e.g.: music video **'Dad Bod'** » Partnered with **video creators and podcasters**
Eyewear	STITCH FIX	2010	» **Personalized** clothing on **subscription basis** » Used **data science** software to track customer preferences
Personal Care	Glossier.	2014	» Regular **blogs, micro influencers, digital marketing, style photography** » Aimed to produce **"hero" or "best in kind"** products; opted for **"skin first, makeup second"** approach » Focused on only **one variant per product**. E.g.: It makes only mascaras unlike its contemporaries » Focused primarily on **D2C channel**

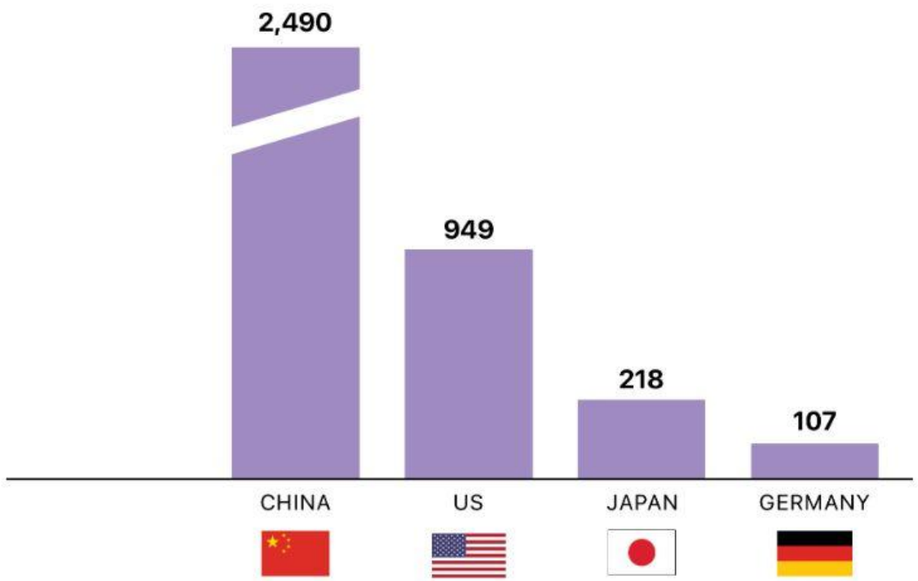
Source(s): Industry reports, Secondary research, Praxis analysis

GLOBAL COMPARISON

China has the largest e-commerce market globally; increase in online shoppers, digital penetration, availability of tech solutions are the major growth drivers globally

China has the largest e-commerce market with 1% D2C penetration, followed by US with 14% D2C penetration

Global e-commerce market
2021E, US$ B



D2C Brand Penetration (%)	1%	14%	8%	3%

Note(s): E* Estimated
Source(s): Secondary research, Praxis analysis

Rising number of online shoppers, increase in digital penetration, tech enablers and evolving consumer attitude are the key growth drivers

- Rising number of **online shoppers**
  - China has the highest number of online shoppers **(840M+ in 2021)**
- Increasing **smartphone and digital penetration**
- Well developed **digital payment system**
- **Evolving consumer behavior**
  - Convenience and ease of purchase through D2C platform
  - Availability of customized products
- Availability of tech solutions and enablers have optimized the relationship with the customer through automation of processes and sufficient scalability in volume and sales channels
- Covid has strengthened the opportunities for D2C brands as more consumers are switching to online shopping

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AGENDA

- Indian consumption growth
- D2C opportunity in India
- **D2C category deep dives**
- Winning strategies for D2C brands and the path ahead
- Case studies on successful D2C players



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CATEGORY DEEP DIVE

We have covered the following seven categories for deep-dive in the D2C market

	Personal Care	Grocery and Gourmet	Apparel and Footwear	Jewellery	Electronics	Health Care	Home Décor, Household Supplies, Garden
Ease of market entry score (FY22)	270	250	277	225	207	227	253
Direct online channel market size (US$ B, FY22)	0.6	1.1	1.8	0.1	0.4	0.2	0.4
Direct online channel penetration in total market (%, FY22)	3.1%	0.2%	2.2%	0.1%	5.2%	2.2%	1.3%
E-com market size (US$ B, FY22)	1.7	5.4	11.9	1.7	4.1	1.1	1.9
Total retail market size (US$ B, FY22)	18.2	570.8	80.7	82.4	9.4	9.7	26.5
D2C market size (US$ B, FY22)	1.6	4.5	3.2	0.2	1.2	0.5	0.8
D2C market size (US$ B, FY27)	7.4	24.8	14.2	0.7	6.5	2.9	3.3

Within each category deep-dive, we have covered the following key points

- Detailed landscape of players
- Market size and growth
- D2C brands
- Channel split
- Marketplace to own channel (D2C) splits
- Latest investments and key investors
- Key trends
- Success factors for D2C brands

Note(s): Ease of market entry score for Home décor, household supplies and garden is the weighted average of score w.r.t. DOC market size across the 3 categories; HH* Household; Note(s): Direct online channel is composed on online sales done via own website + social media by both traditional and D2C brands. Numbers might not add up due to rounding off
Source(s): Praxis analysis

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PERSONAL CARE > **D2C** LANDSCAPE

D2C personal care landscape is evolving rapidly in India

Natural, organic, herbal, vegan personal care

SKINKRAFT LABORATORIES, f, BARE ANATOMY, WOW SKIN SCIENCE, mamaearth, St.Botanica, caffeine, Nat Habit, plum, AHÉ NATURALS, auli, Avimee Herbal, Vilvah STORE, DOT & KEY, ilana, the moms co., neemli NATURALS, ARATA, teal & terra, SACRED SALTS, OSHEA HERBALS, COSMETOFOOD, ENN, WishCare, The Wellness Shop, skinella, Al ZIBA CARES, the beauty co., OXYGLOW, LOVE ORGANICALLY, ægte, MYSTIQ LIVING, PLIX, the tribe concepts, Sirona Secrets, Andalyca, Sirona, PAHADI LOCAL, Organic HARVEST, OZONE SIGNATURE, Greenberry ORGANICS, Ecovani ORGANICS, KIMIRICA, switch clean and conscious PERSONAL CARE, GOOD VIBES, QUREZ, Boho Botanist

Ayurveda personal care

vēdix, FOREST ESSENTIALS, BIOTIQUE ADVANCED AYURVEDA, KAMA AYURVEDA, soultree, Blue Nectar, HARA NATURALS, Sutatva, SHESHA AYURVEDA, TAC The Ayurveda Co., AttarAyurveda, MOTHER SPARSH, EARTHO essentials, GULNARE SKINCARE, Just Herbs, mantra, natural vibes, TAE

Non-herbal / non-ayurveda

THE derma co, Re'equil, Chemist at Play, Simple, deconstruct, Body Cupid, earth rhythm, Efficacy. Inclusivity. Sustainability., Minimalist, OTT SKINCARE, VAUNT, Zilch, STUDD MUFFYN, dermalogica, PROLIXR, HAEAL

Men's grooming

man matters, LetsShave, USTRAA GROOMING FOR MEN, ARAMUSK, BEARDO, BRAHMA BULL, RAWNATÜRE, THE REAL MAN, WHISKERS, 23YARDS, BEARD HOOD, phy MEN, BOMBAY SHAVING COMPANY, THE MAN COMPANY, MACHISMO MEN'S LUXURY GROOMING, SPRUCE NATURAL GROOMING & WELLNESS

Women's beauty / grooming

NYKAA, glamego, EMCEE BEAUTY, RECODE, FACESCANADA, RIVONA NATURALS, SUGAR, Ruby's ORGANICS, juicy chemistry organic by nature, RENÉE, YBP Cosmetics, MYGLAMM, iba, DISGUISE COSMETICS, Belora PARIS, FAE BEAUTY

Women's hygiene

nua, PEE SAFE, CARMESI IT MATTERS. PERIOD., THE WOMAN'S BASKET, PEE BUDDY, SIRONA, LEMME BE, Sanfe, imbue, Sparkle, Saarthi

Subscription Model Personalized Model

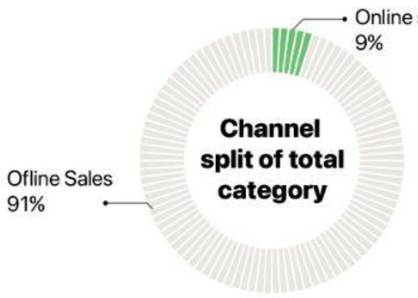
Note(s): This is not the exhaustive list of brands
Source(s): Secondary research, Praxis analysis

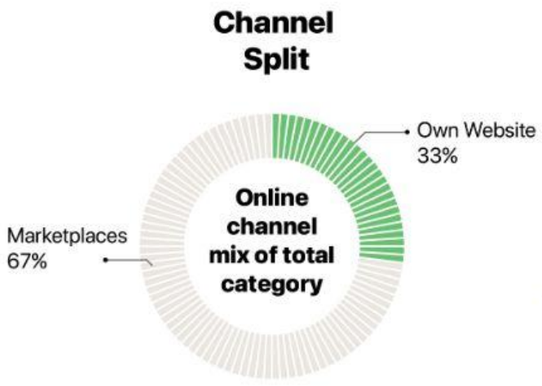
PERSONAL CARE > MARKET SIZE

Personal care D2C market size is estimated to be ~US$ 2B in FY22 and is expected to be ~ US$ 7B in FY27, growing at a CAGR of 36%

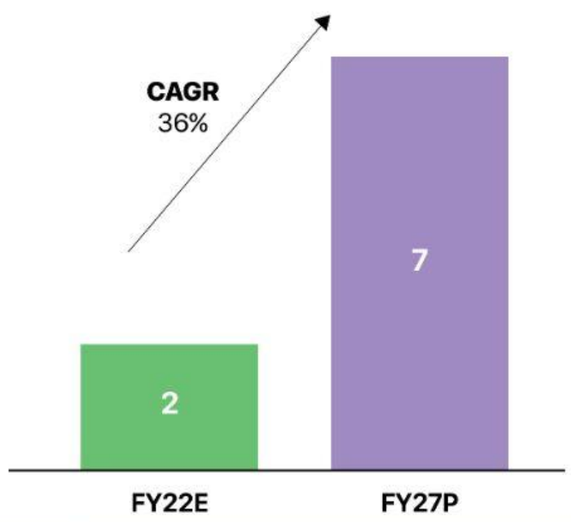
Personal care D2C market is ~US$ 2B in FY22

Of the total ~US$ 18B market, 9% sales are through e-commerce of which ~33% sales are DOC



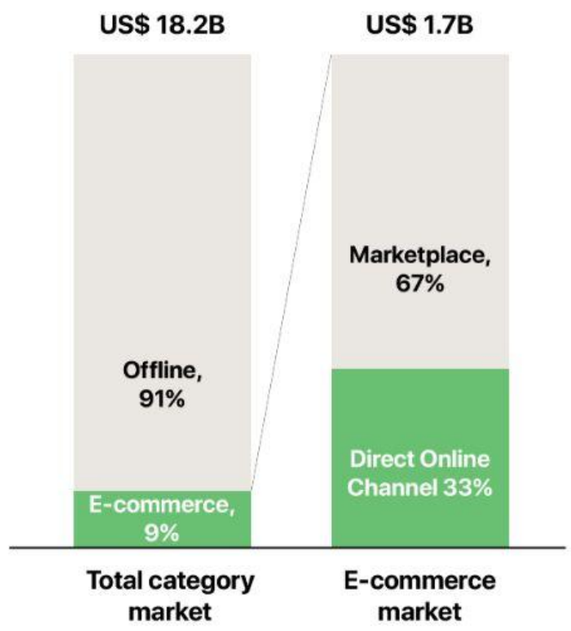


Personal care D2C market
US$ B



DOC Market Size (US$ B)	0.6	2.1

Break-up of total personal care market to direct online channel market
FY22E, %



Note(s): Direct online channel is composed on online sales done via own website + social media by both traditional and D2C brands. Numbers might not add up due to rounding off
Source(s): Primary conversations with D2C brands' and traditional brands' senior management (N = 200+), IBEF, Industry reports, Secondary research, Praxis analysis

Shiprocket

CII

PERSONAL CARE > INVESTMENTS

Personal care: Top 5 D2C brands have raised US$ 30M+ funding since 2021

Key investments in D2C brands

Jan'21 -Apr'22, US$ M



Founding Year	2016	2016	2015	2016	2013	2012	2018	2014	2017	2015	2019	2022
Tot. funding (US$ M)	111	–	51	46	52	31	13	8	12	11	7	3
Last funding stage	Series F	Series C	Series C	Series C	Series C	Series C	Series A	Series A	Series A	Series B	Series A	Acquired
Key investors	SEQUOIA, SOFINA, evolvence, fireside ventures, Stellaris, Sharrp Ventures, TITAN CAPITAL	CHRYSCAPITAL	Gulf Islamic Investments, Colgate, reckitt, SIXTH SENSE, MALABAR INVESTMENTS, PATNI FINANCIAL ADVISORS	AMICUS CAPITAL PARTNERS, PARAGON PARTNERS, RPSG CAPITAL VENTURES, Sharrp Ventures, matrix PARTNERS, Quest	SPARK CAPITAL	ELEVATION	SURGE, Unilever VENTURES, SCI VENTURES	SPRING, Verlinvest, purplle	alteria capital, Lightbox, kae capital, Let's Venture	emami	fireside ventures	marico

Source(s): Secondary research, Praxis analysis

PRAXIS GLOBAL ALLIANCE
Build together. Win together.

Unique product offering with subscription and personalization models helped D2C brands in booming

Natural and toxic free product offering

- Focus on **natural ingredients**
- Includes **hero ingredient**
- **Paraben free products**



100% vegan, toxic free products by Plum



Natural, toxin free skincare products by The Moms Co.



Caffeine based products by mCaffeine and **ACV*** by Wow

Subscription and personalization models

- Subscription model → **Reduces churn rate**
- Customized products **'for your skin', 'for your face tone'**



Subscription model by **nua** and **vedix** higher retention rate



Customized products by **SkinKraft** and **Forest Essentials**

Premiumization

- **D2C brands offer premium products** at relatively **lower price range** than premium brands

Example: Shampoo (1L)



Mass brands (Clinic Plus, Dove, etc.) **INR 450 - 700**

Daily use

D2C brands (Mamaearth, Wow, etc.) **INR 900 – 1,000**

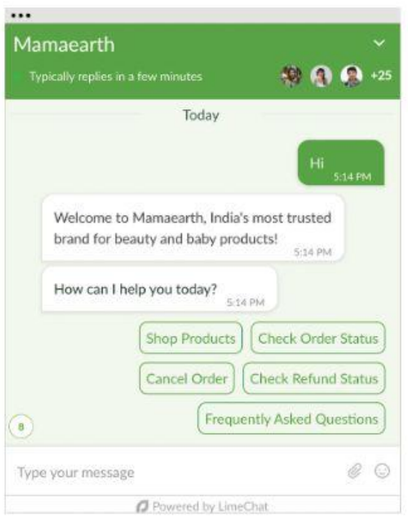
Sulphate free

Premium brands (L'Oreal Seri Expert, etc.) **INR 2,200+**

Sulphate free

Tech enabled buying experience

- Deep use of technology - **AI, VR, AR and Virtual assistants**
- **AI-powered chatbots**



Mamaearth offers **24x7 chatbot** facility to ensure engaging customer experience

Note(s): *ACV- Apple cider vinegar

Source(s): Company websites, Industry reports, Secondary research, Praxis analysis

Premium offering with subscription and personalization models helped D2C brands in disrupting personal care segment

Brands / product searches

Drive adoption in online (and subscription)

- Deodorants
- Shaving
- Face Wash

Drive premiumization (and use tech for personalization and CX)

- Colour Cosmetics
- Skin Cream
- Hair Oil
- Shampoo

- Depilatory
- Mouth Wash
- Hair Creme
- Sanitary Products

Educate the consumer

- Talcum Powder
- Toothpaste
- Toilet Soap

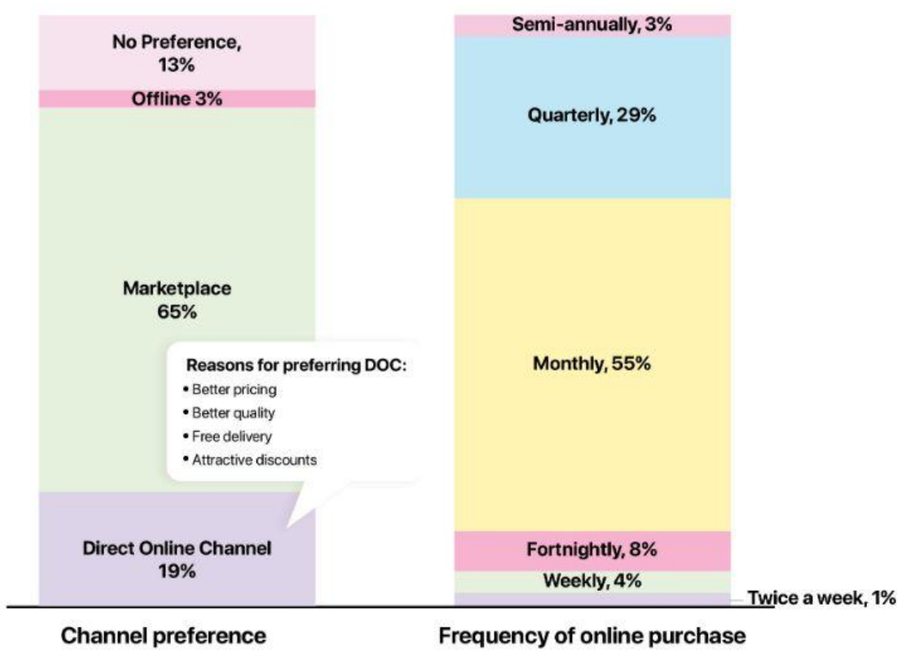
Ensure availability (through e-grocers, etc.)

Sources: Secondary research, Praxis analysis

20% respondents prefer direct online channel; natural product offering, availability of wide range of products and customer reviews are the top 3 brand selection criteria

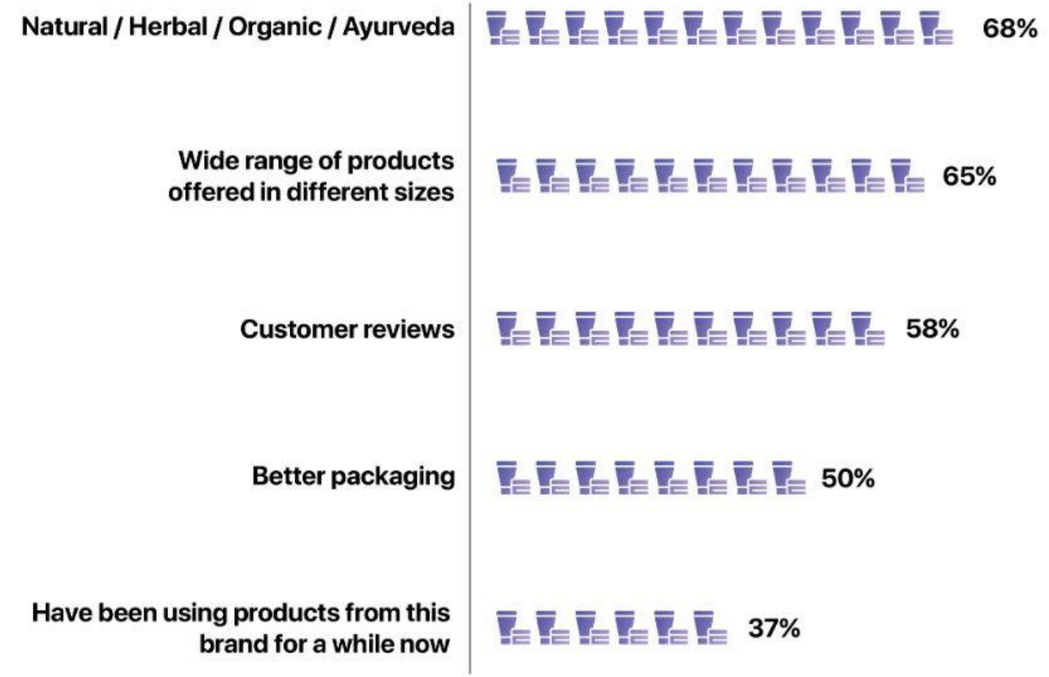
85% respondents prefer purchasing online; 65%+ respondents make purchases at least once a month

Respondents' Purchase Behavior
%, N = 387



Natural / herbal ingredients drive brand selection in the personal care space

Brand selection criteria
%, N = 387



Note(s): Survey respondents are primarily users of online platforms
Source(s): Consumer survey (N = 829), Praxis analysis

New products, high margins and AOV and high online penetration are some of the key success factors for D2C brands in personal care

New innovative customized products launch	» D2C brands are catering to customer demand for new products like – **night gels, under eye creams, vitamin C serums, hyaluronic acids, retinol serum, etc.** » Availability of wide range of SKUs
Gross margins and AOV	» Personal care product category ensures **high AOVs with good gross margins** ranging between **60 - 70%**
Online penetration	» Well penetrated category, leading to greater opportunity for D2C brands
Natural / herbal / organic products	» D2C brands are focussing on **natural ingredients** which is **well-perceived** by customers
Premium products at affordable price range	» D2C brands offer **premium products** at cheaper rates as compared to traditional brands
Building trust	» D2C brands are focusing on **result-oriented skincare** products leading to greater trust and customer loyalty
Targeting niche communities	» Personal care brands are successfully **targeting niche communities** instead of masses

"Product uniqueness worked really well for us. We differentiate ourselves with science based personalized skincare products."

- Founder & CEO, Bare Anatomy

"The natural skincare space is a bigger space, where there are a lot of opportunities to innovate. However, creating products with 100% natural ingredients in the right form, texture and consistency is a challenge and if done well can become a moat for the business."

- Co-founder, Nat Habit

"Earlier, larger brands made products to cater and appeal to as large an audience as possible, with the greatest common denominators, but now, a wave of new age D2C brands are focusing on niches and smaller communities for early traction before scaling up efficiently."

- Co-founder, Arata

Source(s): Secondary research, Primary calls, Praxis analysis

Grocery and gourmet: D2C landscape is evolving rapidly across all sub-categories

Meat and meat alternatives

buyfish.in, Zappfresh, Vezlay, urban platter, TENDER CUTS, pescafresh, Orega, MEATIGO, Mastaan, LET'S MEAT, Nandu's, FRESHKART farms, FRESHFISH MARKET, Licious BORN TO MEAT, Fresh to home, fipola, EVERYDAY MEAT, DAILY FISH

Milk and dairy brands

Country Delight, milk mantra, ONE GOOD, DAILY GOO, DailyNinja, HappyNature, milkbasket, Woo hoo, Farmery, NutriMoo, SARDA FARMS, HAPPY MILK, COWBOYS, Akshayakalpa Organic, Aadvik, morning delight

Beverages

Alt Co, wingreens farms, VAHDAM INDIA, UPAKARMA Balance Your Life, TULUM COFFEE, THE FLYING SQUIRREL, TGL Co., Namhah, SLEEPY OWL, teaorigin, Storia Better Together, TEA TRUNK, SLAY COFFEE, SatvaRas, RAW PRESSERY, RAGE COFFEE, TEABOX, NAVVAYD, paper boat, KCROASTERS, JIMMY'S COCKTAILS, GOODWYN TEA Blend for Good, Fresca, Farmery, DOPE COFFEE, coolberg, BLUE TOKAI, beyondwater, BEANLY, AUSUM, Amaara Herbs

Packaged food

Yoga Bar, Snackible, ONERUN, whole The Truth, GO DESI, Lo! LOW CARB DELIGHTS, growfit, ZISSTO, Farmery, WICKED GUD, wingreens farms, Wakao, FUTURELIFE, #TOGZ, THE GOURMET JAR, TATA SOULFULL, Snack Amor, slurrp farm, SIRIMIRI, Pintola, OPEN SECRET, NATURE LAND ORGANICS, Nature's Box, MAX PROTEIN, paper boat, Alpino, Happilo, Ketofy, True Elements, Flyberry, epigamia, eat better, eat, Crocotrait, ASHVATHA, timios, Delight FOODS, NUTTY YOGI, TBH, anveshan

Subscription Model Personalized Model

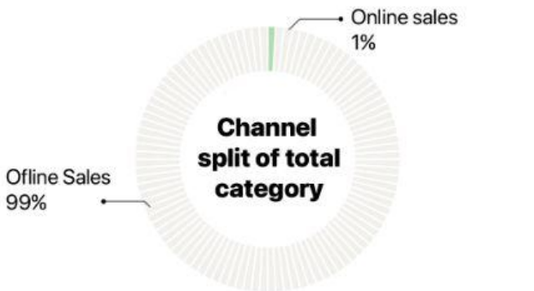
Note(s): This is not the exhaustive list of brands
Source(s): Secondary research, Praxis analysis

GROCERY AND GOURMET > MARKET SIZE

Grocery and gourmet D2C market size is estimated to be ~US$ 4B in FY22 and is projected to be ~US$ 25B, growing at a CAGR of 41%

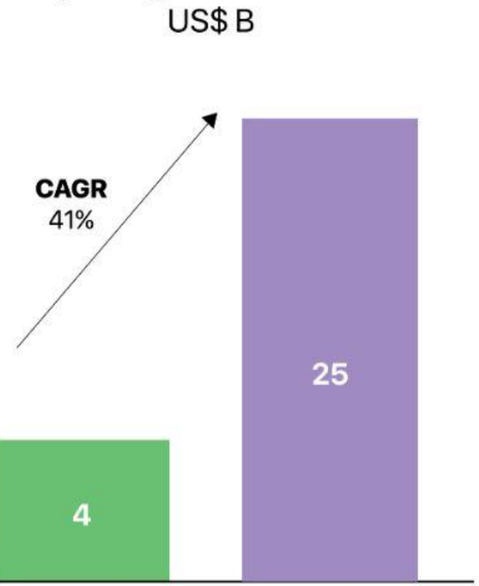
Grocery and gourmet D2C market is ~US$ 4B in FY22

Of the total ~US$ 571B market, only 1% sales are through e-commerce of which ~20% sales are DOC



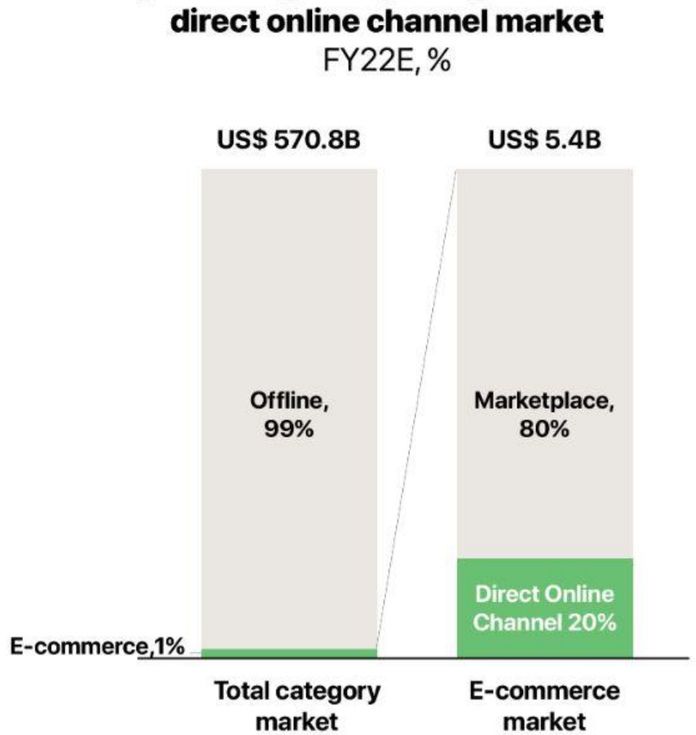


Grocery and gourmet D2C market
US$ B



DOC Market Size (US$ B)	1.1	5.0

Break-up of total grocery and gourmet market to direct online channel market
FY22E, %



Note(s): Direct online channel is composed on online sales done via own website + social media by both traditional and D2C brands. Numbers might not add up due to rounding off
Source(s): Primary conversations with D2C brands' and traditional brands' senior management (N = 200+), IBEF, Industry reports, Secondary research, Praxis analysis

Grocery and gourmet: Multiple investments can be seen in this product category since 2021; Licious has raised US$ 390M+ funding since the last year



Founding Year	2015	2015	2015	2016	2016	2020	2020	2010	2018	2015	2015
Tot. funding (US$ M)	-	178	36	20	13	10	7	12	-	3	4
Last funding stage	Series F	Series D	Series D	Angel	Series A	Series A	Series A	Series A	Seed	Seed	Angel
Key investors	Amansa Capital, Kotak Mahindra Bank, Temasek, IIFL Finance, Avendus, 3one4 Capital, Vertex Ventures, Axis Bank	Orios Venture Partners, Venturi, Matrix Partners, IIFL Finance, Elevation, CC, Trifecta Capital	IIFL Finance, Pratithi Investments » Rajeev Juneja Family Trust » Ramesh Juneja Family Trust » PDK Impex » Newwave Infrastructure Projects	NABVentures, Stride Ventures, Paragon Partners	A.R.Foundation » C. Ok. Ranganathan » Beanstalk » P Amamath Reddy » Pankaja Nallmuthula » SV Swaroop Reddy » Tilk Kapil Chitale	DSG, DS Group, Rukam Capital	Sauce.vc, Matrix Partners	Zerodha, Lok Capital, venture | dairy	Cosystem Ventures, Chona Family Offices » Raveen Sastry » KRS Jamwal » Pratyush Prasanna	JITO Angel Network, ah! ventures, Cosystem Ventures, Chona Family Offices, Bhoruka Classic Finance Pvt Ltd	» Amit Bhuchar » Shubhra Jain » Shweta Joshi » Monika Singla » Sahil Mehta

Source(s): Secondary research, Praxis analysis

GROCERY AND GOURMET > KEY TRENDS

Natural, fresh and transparent product offering with subscription and customization models helped D2C brands in gaining traction

Natural, fresh product offering	Attractive product portfolio	Subscription and customization models	Transparency in product offering	Consultations / diet plans
		Licious, Yoga Bar, Snackible, Country Delight, milk mantra, milkbasket	whole The Truth	Ketofy™ SIMPLIFY YOUR KETO
Meat brands like **Licious, Fresh to Home** offers high quality meat and seafood	Country Delight has also added **fresh produce category**	**Subscription model** ensures repeat customers and higher purchase frequency	**Honest advertising** in terms of **food ingredients** and **communication**	
		True Elements, beyondwater™	Country Delight	
Dairy brands- **Country Delight, Milk Mantra** promise natural, fresh and unadulterated products	Most of the meat brands - **Licious, Fresh to Home, Tendercuts, Zappfresh** offer ready to cook products	**True Elements, beyondwater** offer customization option	Dairy brands- **Country Delight, Milk Mantra** promise natural, fresh and unadulterated products	**Ketofy** offers **personalized diet plans**

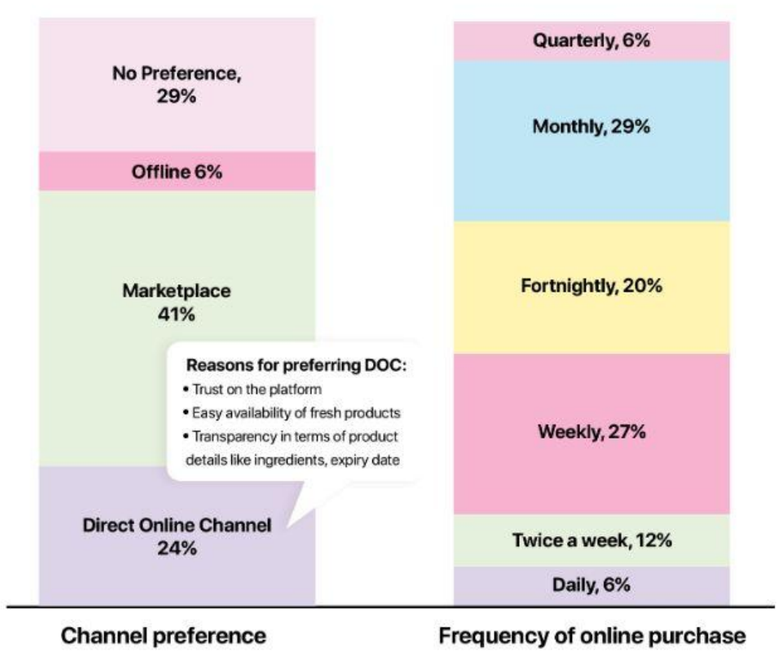
Source(s): Company websites, Industry reports, Secondary research, Praxis analysis

GROCERY AND GOURMET > CONSUMER PERSPECTIVE

24% respondents prefer direct online channel; natural product offering, availability of wide range of products and customer reviews are the top 3 brand selection criteria

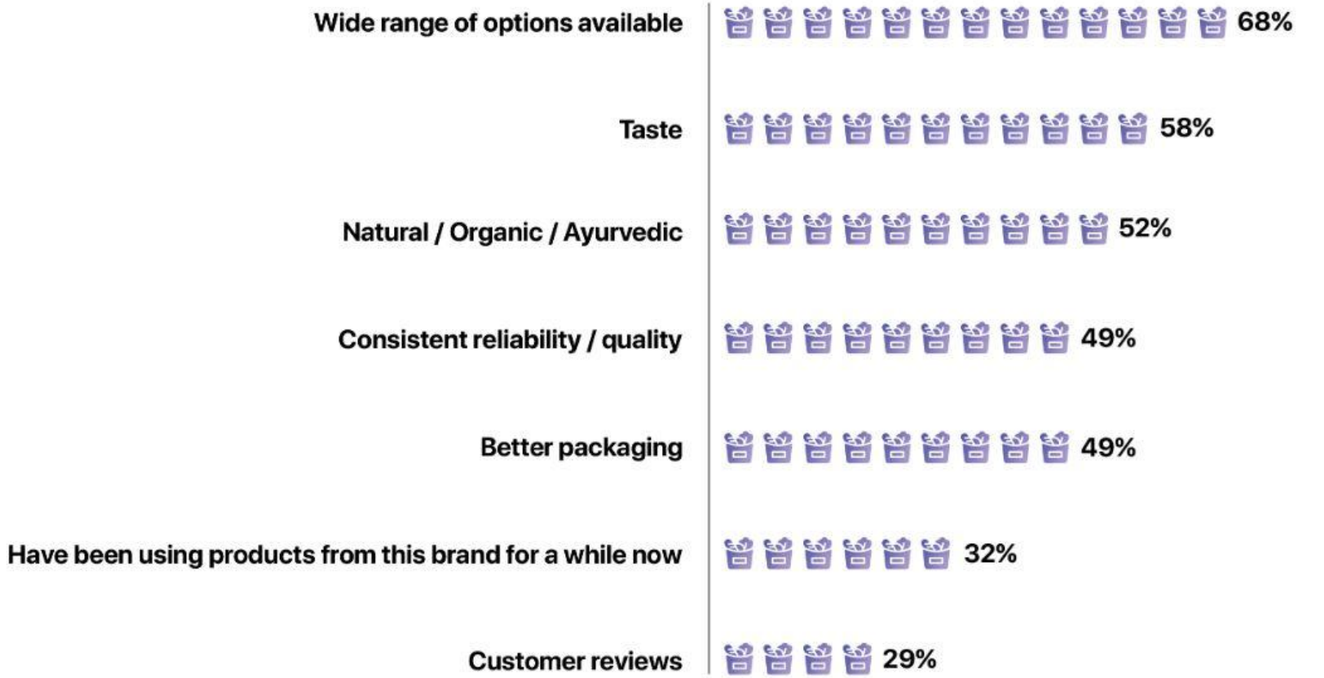
65% respondents prefer purchasing online; 6%+ respondents make daily purchases

Respondents' Purchase Behavior
%, N = 378



Availability of wide range of options and taste drive brand selection in grocery and gourmet space

Brand selection criteria
%, N = 378



Note(s): Survey respondents are primarily users of online platforms
Source(s): Consumer survey (N = 829), Praxis analysis

GROCERY AND GOURMET > SUCCESS FACTORS

High margins and AOV, high online market potential and better customer buying experience are some of the key success factors for D2C brands

High AOV with good margins	» Ensures high **AOVs** due to ease of purchase » Margins can go as high as **40 - 50%** for certain product categories like beverages, packaged food
Subscription model	» **Repeat customers** and **higher purchase frequency**
Natural, fresh, high - quality products	» High preference of consumers towards natural and healthy products » Availability of **wide range of products**
Ready to cook options	» Large target consumer segment of **millennials** prefer **quick and easy meals**
Structured supply chain and lower inventory risks	» **Compressed** supply chain ensuring **freshness of products** » **Centralized fulfilment leading to inventory optimization**
Quality control and rigorous testing	» Using advanced techniques such as IoT, RFID to maintain high standards of quality control at all points in supply chain

Source(s): Secondary research, Primary calls, Praxis analysis

APPAREL AND FOOTWEAR > **D2C** LANDSCAPE

Apparel and footwear: D2C landscape is evolving rapidly across all sub-categories

Apparel

YEPME, TRANSLATE, Tjori, Suta, The Souled Store, DIPALI SHAH, BOHOBOLOGY, SASSAFRAS, SALT STUDIO, REFASH, NOBERO, ODETTE, B LABEL, KOSHA, KETCH, Soy Care, INDIE CULTURE, EXCRESCENT, grow91, FULLY FILMY, bliss, BISKEPT, chimp, BLOOPERS, STYCHED, BIOTIQUE, Bewakoof, Being Human, PINEBAGGY, bkind

Exclusive Ethnic Wear

GOPI VAID, INTISH, indya, indiasoriihouse, HILO DESIGN, fashor, fabindia, DENNIS MORTON, FASHOR, Craftsvilla, cbazaar, BONSOIR, BEATITUDE, banarasee, SAMASTA, RAISIN, CKS, PRASHANTI, nand, karigari, JAYPORE.com, jaipur silk, Fashion Nation

Activewear / Athleisure

ACTIMAXX FEEL FIT, zeven, HRX, fitkin U, EGO ACTIVEWEAR

Accessories

ODETTE, how, Qubo go, REFASH, NICOBAR, lenskart, HEELIUM, SPECSMAKERS, GoGlassic, Cotstyle, Be Chic, CHUMBAK, BELLAVIO, TWENTY DRESSES, COOLWINKS, BE.BAJRANG, BANGALORE WATCH, Baggit 60

Exclusive Women's Wear

BOUGAINVILLEA, BIRDWALK, BASQUE, voonik.com, Tokaro, PINK MOON, SR STORE, INTERMOD, INDIGO DREAMS, INDIE COTTON ROUTE, idalia, FREAKINS, FEMELLA, TWENTY DRESSES, FableStreet, FABALLEY, De-Nap

Intimate Wear

ALMO MAN, zivame, XYXX, Tokyo Talkies, PRETTYSECRETS, FREECULTR, ELLIXY, DAMENSCH, Clovia, amanté, bummer, inner sense

Footwear

SA'CUIR, RAPAWALK, ones, NEEMAN'S, MONROW, #Goneabase, Flatheads, TWENTY DRESSES, FELLMONGER, ELEVAR, SeeandWear, YEPME, DAPPER SHOES CO, bacca bucci, solethreads, Saint G

Exclusive Men's Wear

TURMS, KORRA, Henry & Smith, GRITSTONES, BeYours, BASICS, ARISTOBRAT, WROGN, BOMBAY SHIRT COMPANY

Baby / Kids' Wear

babyhug, Parrot Crow, Jus Cubs, hopscotch, firstcry.com, Faye, Cute McPaws, foreverkidz, bliss, FAIRIES FOREVER

Personalized Model

Note(s): This is not the exhaustive list of brands
Source(s): Secondary research, Praxis analysis

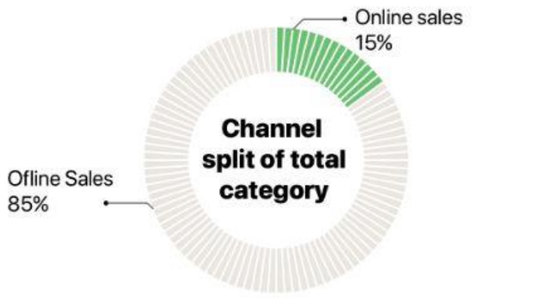
PRAXIS GLOBAL ALLIANCE Build together. Win together.

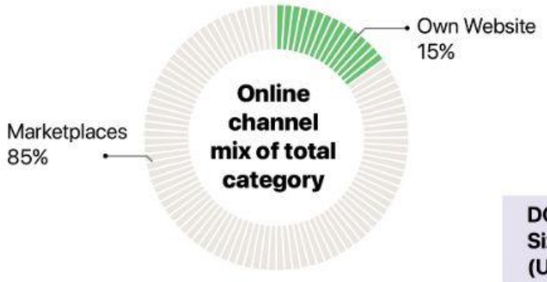
APPAREL AND FOOTWEAR > MARKET SIZE

Apparel and footwear D2C market size is estimated to be ~US$ 3B in FY22 and is projected to be ~US$ 14B, growing at a CAGR of 35%

Apparel and footwear D2C market size is ~US$ 3B in FY22

Of the total ~US$ 81B market, 15% sales are through e-commerce of which ~15% sales are DOC

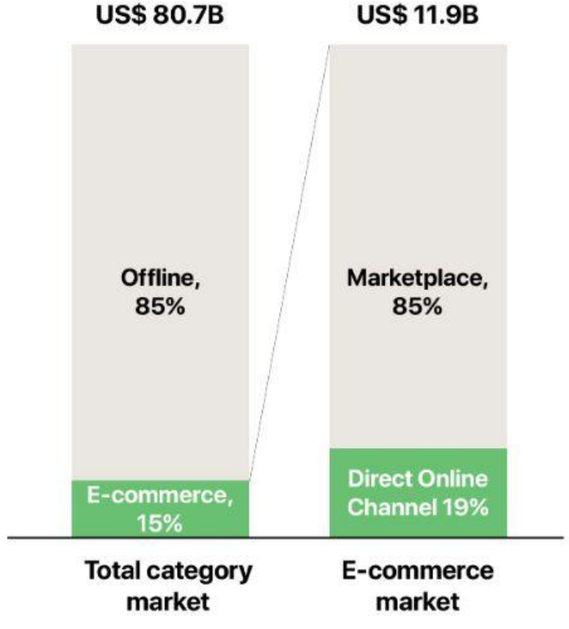




Apparel and Footwear D2C Market
US$ B

DOC Market Size (US$ B)	FY22E	FY27P
	1.8	10.6

Break-up of total apparel and footwear market to Direct online channel market
FY22E, %



Note(s): Direct online channel is composed on online sales done via own website + social media by both traditional and D2C brands. Numbers might not add up due to rounding off
Source(s): Primary conversations with D2C brands' and traditional brands' senior management (N = 200+), IBEF, Industry reports, Secondary research, Praxis analysis

Shiprocket

CII

APPAREL AND FOOTWEAR > INVESTMENTS

Apparel and footwear: Multiple investments can be seen in this product category since 2021; Lenskart has raised US$ 440M+ funding since the last year



Founding Year	2010	2011	2018	2010	2013	2017	2011	2012	2016	2012	2018
Tot. funding (US$ M)	940	40	25	663	_	9	18	_	7	2	2
Last funding stage	Series I	Series B	Series D	Series E	Series B	Series A	Series A	Series B	Series A	Series A	Seed
Key investors	epiq Capital, chiratae ventures, ALPHA WAVE, TEMASEK, BAY CAPITAL, Technology Venture Partners, IFC	IvyCap Ventures, klub, Spring, INVESTCORP, AARTI INDUSTRIES LIMITED, Pratithi INVESTMENTS	A91 Partners, Saama Capital, WHITEBOARD VENTURE PARTNERS, matrix PARTNERS, alteria capital	TPG, CHRYS CAPITAL, » Premji Invest	ELEVATION, AngelList Venture, » Sahil Barua, » Logx Venture Partners, » Gunjan Soni	sauce.vc, TRIFECTA CAPITAL, DSG CONSUMER PARTNERS, SYNERGY CAPITAL PARTNERS	SIXTH SENSE, » Aman Gupta, » Sameer Mehta, » Chaitanya Manish Vij	STRIDE VENTURES, ELEVATION, IndiaQuotient, OCCL, SARA GROUP	SIXTH SENSE, STRIDE VENTURES	DSG CONSUMER PARTNERS, Saama Capital	Dexter Angels, Let's Venture, Securities Research

Source(s): Secondary research, Praxis analysis

PRAXIS GLOBAL ALLIANCE Build together. Win together.

APPAREL AND FOOTWEAR > KEY TRENDS

Quirky latest designs, backed by celebrity fashion choices helped D2C brands to stand out

Funky, quirky, fashionable designs

bummer



BEWAKOOF



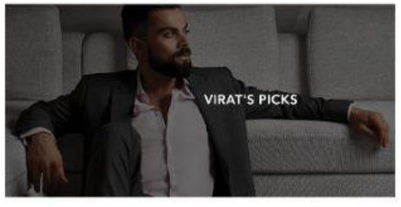


Celebrity inspired / endorsed D2C brands

The Souled Store



The Souled Store offers **celeb-approved** styles with the quirkiest details



one8 Select BY VIRAT KOHLI

One8 Select offers premium footwear inspired by Virat Kohli's shoes

Customization

BEWAKOOF



Dapper Shoes Co.



Bewakoof, Dapper Shoes Co. offer the **customization option**

Tech enabled buying experience

Qubo go
A Hero Group Venture



Qubo Go audio sunglasses come with **polarized UV protection lenses, directional open ear speakers and advanced inbuilt microphone**

TURMS



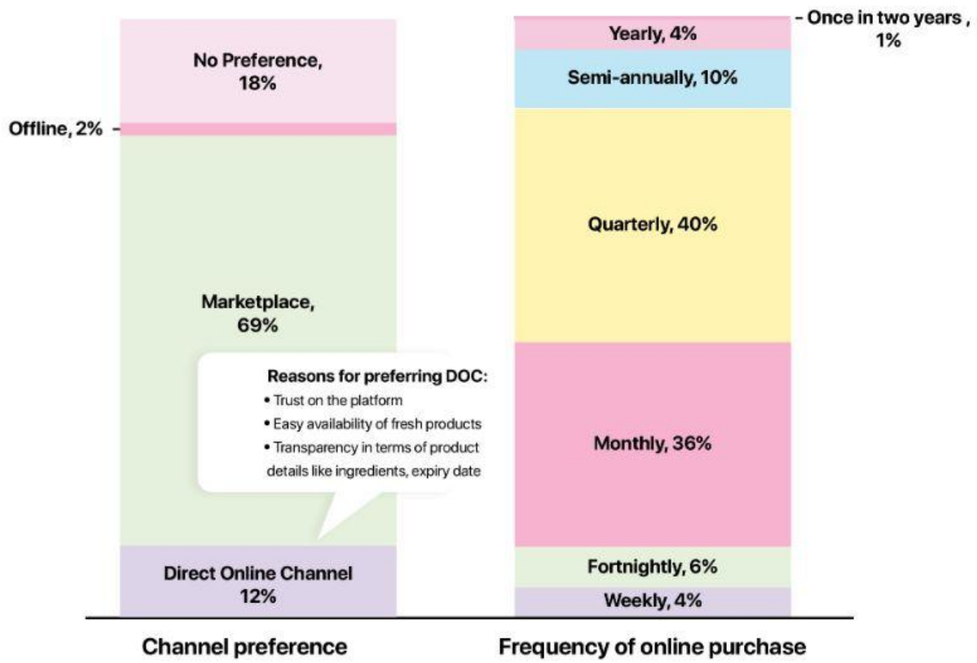
Turmswear offers apparels with **comfort fitting, odor resistant, anti germ protection and stain resistance technology**

Source(s): Company websites, Industry reports, Secondary research, Praxis analysis

12% respondents prefer direct online channel; spread of product range and customer reviews influence purchase decisions in apparel and footwear category

80%+ respondents prefer purchasing online;
45%+ respondents make purchases at least once a month

Respondents' Purchase Behavior
%, N = 583



Availability of wide range of options, sizes and customer reviews are the top 3 brand selection criteria

Brand selection criteria
%, N = 583



Note(s): Survey respondents are primarily users of online platforms
Source(s): Consumer survey (N = 829), Praxis analysis

High margins and AOV, regular stock updation and data driven offerings are some of the key success factors for D2C brands

Margins and AOV	» Apparel and footwear product category ensures **high AOVs with good margins** ranging between **40 – 60%**
Regular stock update	» D2C brands **update their designs, styles** regularly to keep the customers engaged and to increase repeat purchase frequency
Design to product launch timelines	» D2C brands offer latest designs influenced by **data-driven insights** through granular data analysis, thereby minimizing time required from design to product launch
Product innovation	» Innovative offering in terms of style, cloth material
Better customer experience	» D2C brands ensure better customer experience especially across sub-categories – **women's innerwear, eyewear**
Structured supply chain and lower inventory risks	» **Well established agile supply chain to minimize inventory risks and serve high demand volatility**

"In fashion, there's no brand that can survive monopoly. As an industry, fashion is fragmented and competitive, even the small brands are growing to 10L+ sales in the first month."

- Co-founder, Freakins

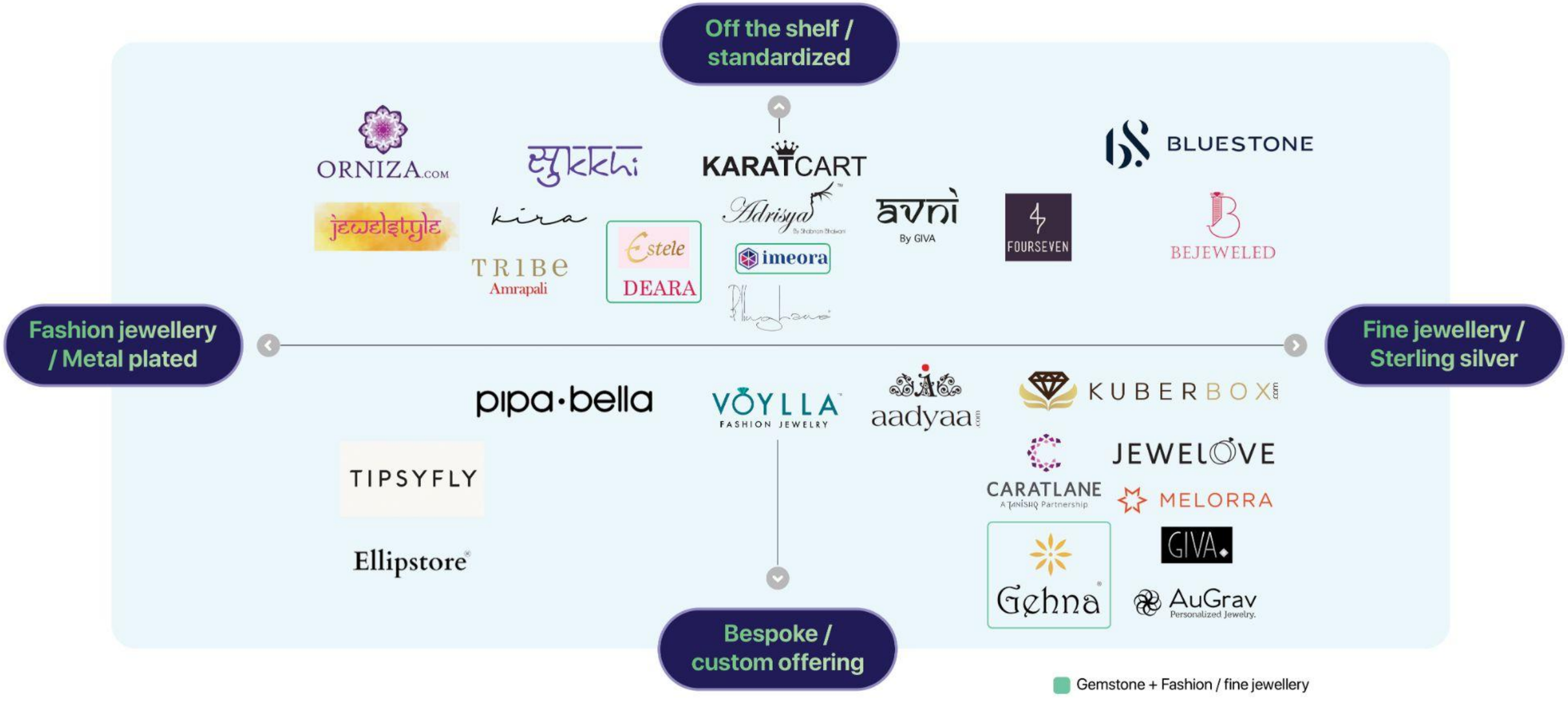
"We see a significant opportunity in the Fashion - D2C space, our team at GETKETCH is humbly working towards "Creating A Better Everyday Lifestyle" for our customers."

- CEO, Brand Studio Lifestyle Pvt Ltd

Source(s): Secondary research, Primary calls, Praxis analysis

JEWELRY > **D2C** LANDSCAPE

Jewelry: D2C landscape is evolving rapidly across all sub-categories; plethora of fine jewellery D2C brands can be seen entering personalization model



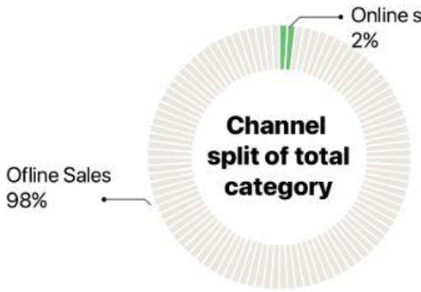
Note(s): This is not the exhaustive list of brands
Source(s): Secondary research, Praxis analysis

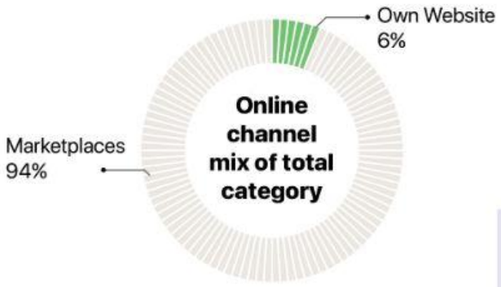
JEWELLERY > MARKET SIZE

Jewellery D2C market size is estimated to be ~US$ 198M in FY22 and is projected to be ~ US$ 692M, growing at a CAGR of 28%

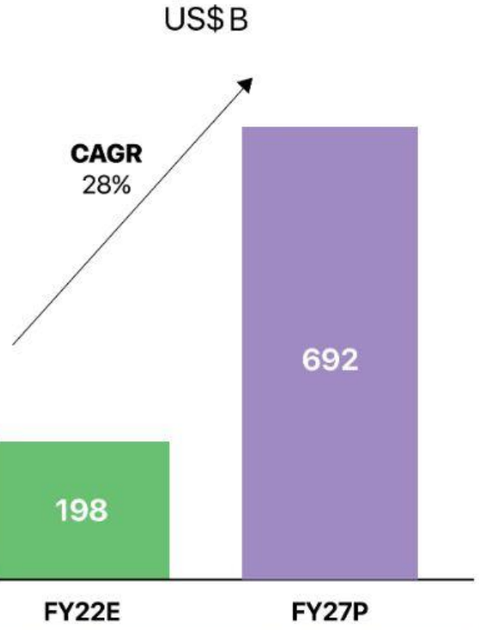
Jewellery D2C market size is ~US$ 198M in FY22

Of the total ~US$ 82B market, only 2% sales are through e-commerce of which ~6% sales are DOC



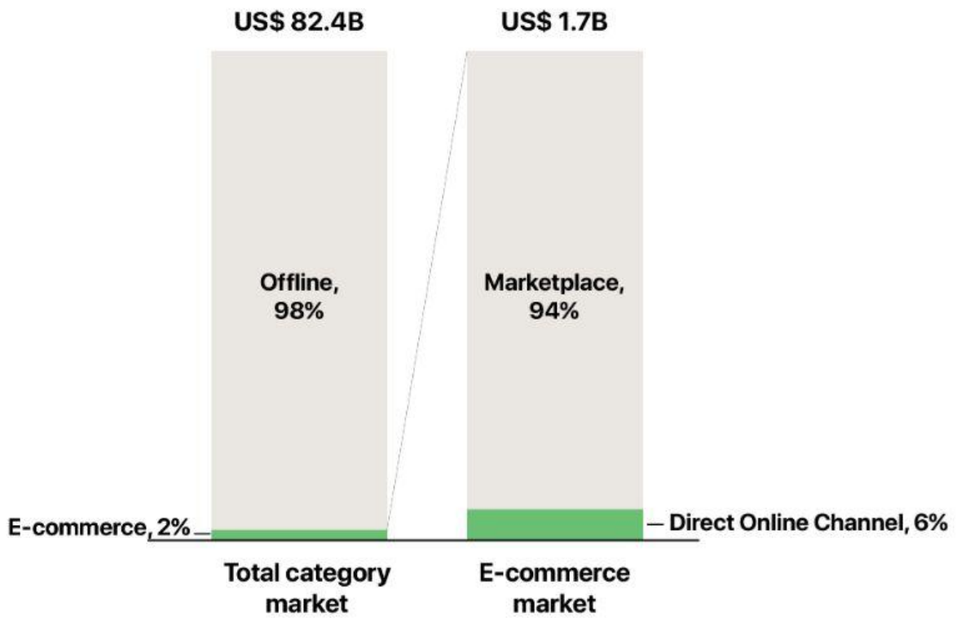


Jewellery D2C Market
US$ B



DOC Market Size (US$ B)	FY22E	FY27P
	97	332

Break-up of total jewellery market to direct online channel market
FY22E, %



Note(s): Direct online channel is composed on online sales done via own website + social media by both traditional and D2C brands. Numbers might not add up due to rounding off
Source(s): Primary conversations with D2C brands' and traditional brands' senior management (N = 200+), IBEF, Industry reports, Secondary research, Praxis analysis

Shiprocket

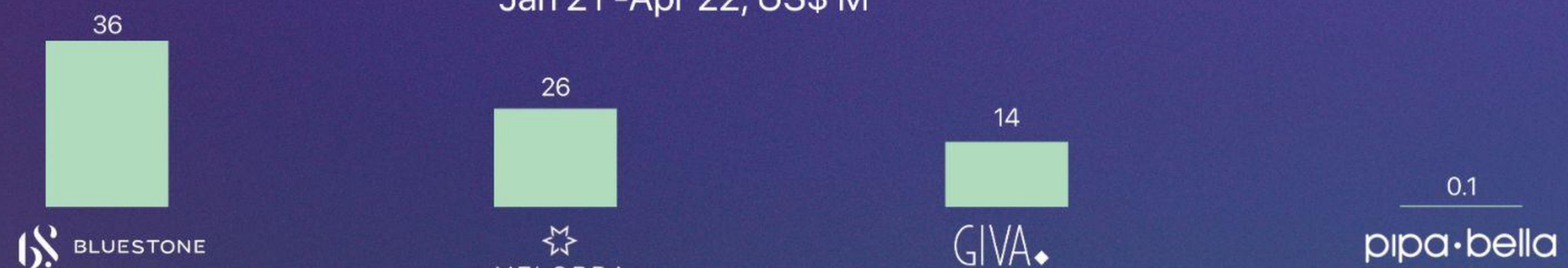
CII

JEWELLERY > INVESTMENTS

Bluestone, Melorra and Giva raised a significant funding in jewellery category since 2021

Key investments in D2C brands

Jan'21 -Apr'22, US$ M



Founding Year	2012	2015	2019	2013
Tot. funding (US$ M)	111	73.4	17.5	2.4
Last funding stage	Series D	Series C	Series A	Seed
Key investors	» Sunil Kant Munjal, INNOVEN CAPITAL, Accel, Saama Capital, AT GROUP, BRAINSTORM	symphony, VALUEQUEST, CAPRI LOANS, VentureCatalysts, SRF, Let'sVenture, 9UNICORNS	IQ CAPITAL, IndiaQuotient, SIXTH SENSE, ANICUT, A91 Partners, RBINVESTMENT	fireside ventures

Source(s): Secondary research, Praxis analysis

PRAXIS GLOBAL ALLIANCE
Build together. Win together.

New unique styles with personalization option is driving success for D2C brands in jewellery space

Fashion jewellery / metal plated jewellery

voylla











Most of the brands are now focusing on **fashion jewellery over fine jewellery** considering frequently changing customer behavior and affordable prices

Uniqueness – style, color



Evil Eye Jewellery



Rainbow Colored Jewellery



Geometric Jewellery



Zodiac Sign Jewellery



Birth Flower / Stone Necklace

Personalization

CARATLANE
A TANISHQ Partnership





pipa·bella

Ellipstore



Celebrity inspired styles

GIVA.



Giva offers Anushka Sharma's favorites range

kira



Kira offers celebrity inspired jewellery designs

Source(s): Company websites, Industry reports, Secondary research, Praxis analysis

JEWELLERY > SUCCESS FACTORS

High AOVs, personalization model and efficient cataloguing and presentation aided D2C brands in succeeding

AOV	» Jewellery ensures **high AOVs** with gross margins 25 - 30%
Cataloguing and presentation	» D2C brands showcase a **wide range of products** since they have **much lower inventory costs** » Integration of technological features like **'virtual-try-on'** and **'visual search'** let customers try on and search for relevant options
Personalization	» Personalized jewellery designs like – **named necklaces** in multiple languages, **couple jewellery**, **birth month flowers** have gained a lot of traction
Online penetration for fashion jewellery	» Online customer purchase behavior is rapidly evolving for fashionable / imitation jewellery, leading to greater opportunity for D2C brands
Trust on brand	» Brands offer **authentication certificates**, thereby building consumers' trust
Fashionable jewellery at affordable prices	» D2C brands serve to a significant customer segment by offering fashionable jewellery at affordable prices
Offline presence for fine jewellery D2C brand	» Customers value **'touch and feel'** experience while purchasing fine jewellery and hence prefer visiting offline stores » **CaratLane** and **Bluestone** have multiple physical touchpoints leading to better customer purchasing experience

"High RTO and fake remarks are some of the major pain points."

- Co-founder, Tipsyfly

"Customer acquisition cost is expensive to scale D2C brands very fast."

- COO, Estele Accessories

Source(s): Industry reports, Secondary research, Praxis analysis

ELECTRONICS > D2C LANDSCAPE

Electronics: D2C landscape is evolving rapidly across all sub-categories

boAt, noise, ambrane, molife ESCAPE BORING, HAMMER, macmerise, CQ SMART, GIZMORE, DIZO, PORTRONICS, FIREBOLTT, GIONEE, TAGG, REBEL, conekt power yourself, PLAY, ADCOM, SMILEDRIVE SMART THINGS FOR SMART BEINGS, MOBILLA since 2010, pebble, Myxtur, GADGET SHIELDZ, Daily Objects, MOARMOUZ, CADYCE, DOQO, RAEGR, VingaJoy LIFESTYLE ACCESSORIES, UBON BORN TO BE FREE, bluei Secure Anything, Anywhere, TIZUN, LEAF, MIVI, papa, BOULT AUDIO, HIFINAGE THE AUDITORY SENSATION, TIMBRESONIC, GOQii

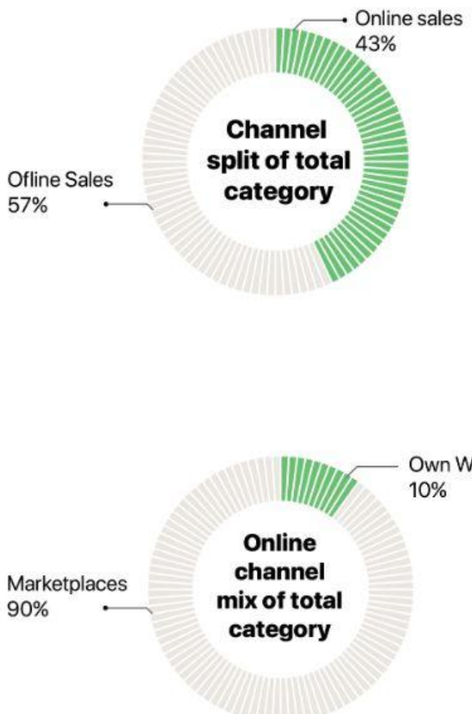
Audio + Wearables + Accessoeries | Only Accessories | Only Audio | Only Wearable

Note(s): This is not the exhaustive list of brands
Source(s): Secondary research, Praxis analysis

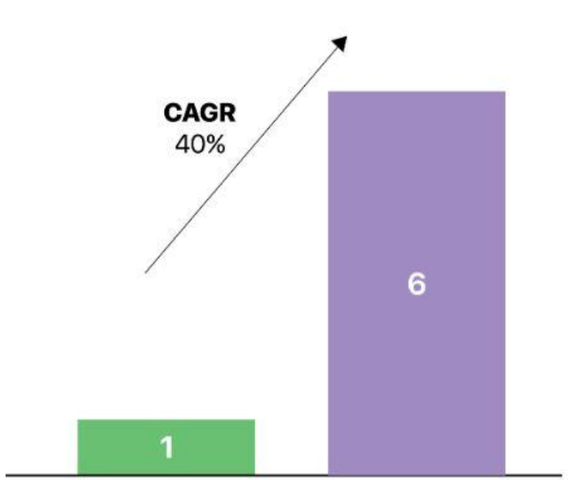
ELECTRONICS > MARKET SIZE

Electronics D2C market size is estimated to be ~US$ 1B in FY22 and is projected to be ~US$ 6B, growing at a CAGR of 40%

Electronics D2C market size is ~US$ 1B in FY22



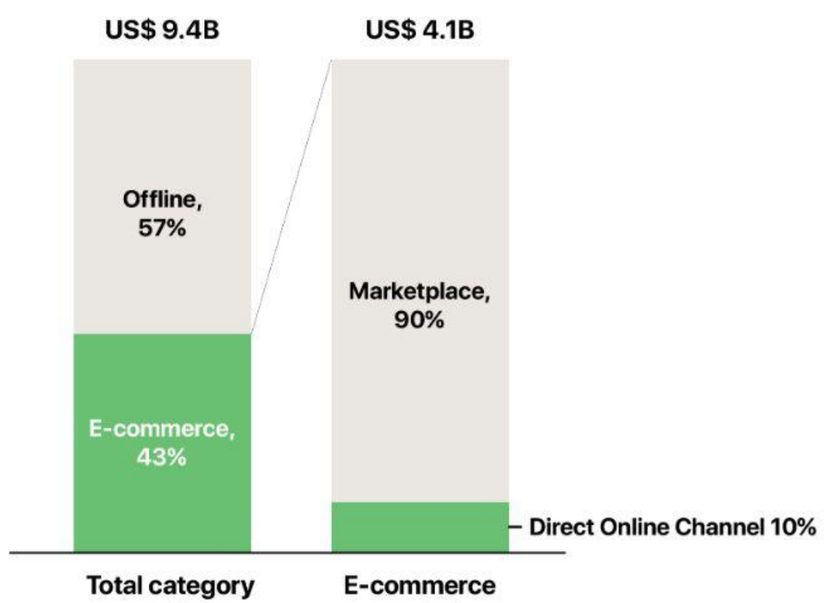
Electronics D2C market
US$ 1B



DOC Market Size (US$ B)	FY22E	FY27P
	0.4	1.2

Of the total ~US$ 9B market, 43% sales are through e-commerce of which ~10% sales are DOC

Break-up of total electronics market to direct online channel market
FY22E, %



Note(s): Direct online channel is composed on online sales done via own website + social media by both traditional and D2C brands. Numbers might not add up due to rounding off
Source(s): Primary conversations with D2C brands' and traditional brands' senior management (N = 200+), IBEF, Industry reports, Secondary research, Praxis analysis

Shiprocket

CII

ELECTRONICS > KEY TRENDS

D2C electronics space is expected to see sustained growth led by increased affordability, new form factors, increased health awareness and rising demand from tier 2+ markets

Increased affordability of devices

- Increased affordability of devices **(~87% wearables in CY21 had ASP <INR 5K)**
- Large demand and technological improvements have led to scaled manufacturing

Unbundling of earphones

- Most smartphone brands have stopped providing earphones in their phone boxes
- **Appealing aesthetics** is a key driver for TWS as a must-have complement to a smartphone"

Varied use cases / tech enhancement

- **New form factors**
- Fitness band users moving to **smart watches**
- **Higher repurchase frequency** due to regular launch of new features
- **Bluetooth calling**

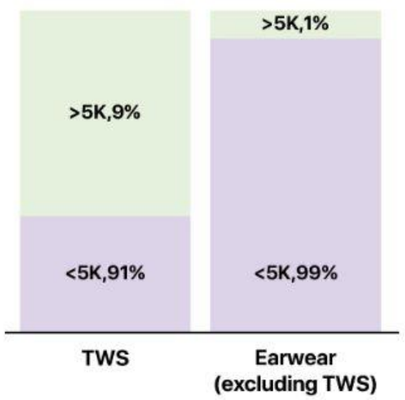
Increased health awareness

- Increased demand for smartwatches with health / fitness tracking features such as HR, SpO_2, steps
- **40% Indians willing to pay a premium** for products promoting health & awareness

Rising demand in tier 2+ markets

- Increased urbanization and awareness regarding latest metro trends amongst T2+ customers
- Increased access to internet and e-commerce platforms

Earwear market by Avg Selling Price (ASP)
2021









> We see that 70% of the customers are in the 18-35 age bracket with the metros being the leading cities and a rising demand coming in from Tier-2 and Tier-3 cities as well.

Co-founder, D2C focused personal electronics brand

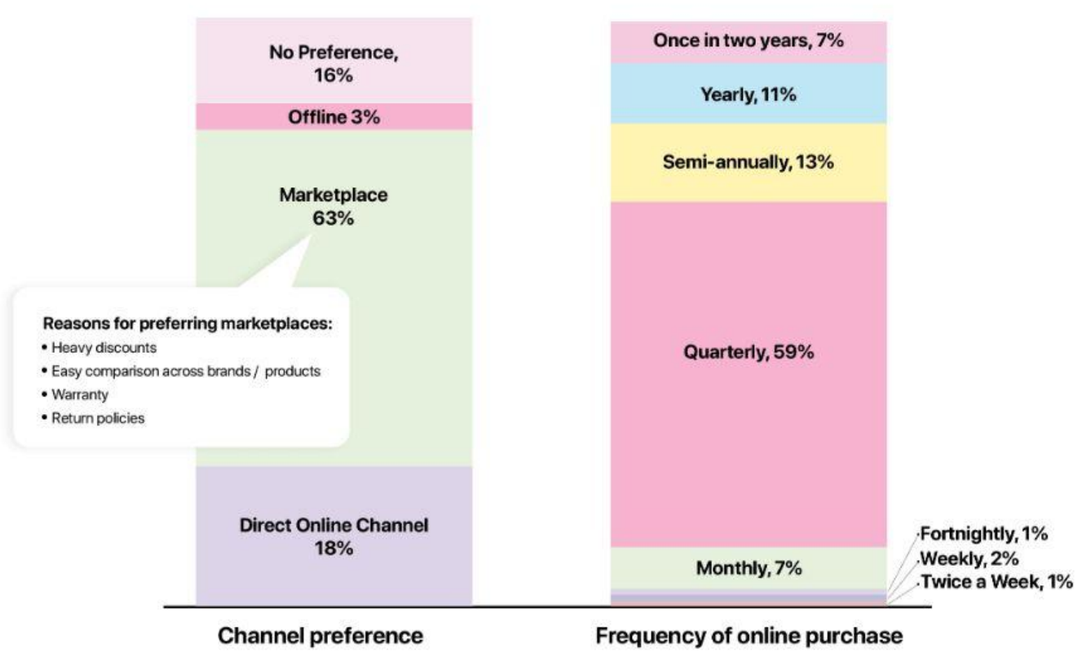
Source(s): Industry reports, Secondary research, Praxis analysis

PRAXIS GLOBAL ALLIANCE
Build together. Win together.

18% respondents prefer direct online channel; spread of product range and customer reviews, after sales service influences purchase decisions in electronics

80%+ respondents prefer purchasing online; ~11% respondents make purchases at least once a month

Respondents' Purchase Behavior
%, N = 190



Availability of wide range of options, customer reviews and after sales service are the top 3 brand selection criteria

Brand selection criteria
%, N = 190



Note(s): Survey respondents are primarily users of online platforms
Source(s): Consumer survey (N = 829), Praxis analysis

ELECTRONICS > SUCCESS FACTORS

Soaring demand, product innovation, tech-savvy population have helped D2C brands succeed in this product category

AOV	» **High AOVs** starting from INR 500
Product innovation	» Brands are constantly differentiating themselves by **updating / upgrading products** » Focusing on designing more **portable and flexible, tech-enabled** hearables and wearables
Affordable price	» With several vendors launching devices at more affordable price points, hearables category saw the much-needed price corrections leading to **increased affordability**
Large tech-savvy young population	» Tech savvy young population **willing to adopt** innovative (and premium products) such as TWS earwear, tech-lifestyle products
Increased demand	» Work from home culture has **accelerated the demand for hearables** » Increased availability of 4G and WIFI networks is fueling the adoption of wearable devices » The rapid transformation of digital streaming services
Higher repurchase frequency	» Due to **regular expansion / upgradation** of features and use-cases
Online penetration	» Well penetrated category leading to greater opportunity for D2C brands

"Hearables being a very crowded category, we had to differentiate ourselves. Thus, we focused on binge watchers and moved forward to become the best brand in this. Alongside brand differentiator, we also built product differentiators with our patented Leaf App that customizes the sound of the headphones as per user's hearing."

- Co-founder, Leaf Studios

"The new generation wants variety and does not just stick to one electronic brand as older generations. They are looking for value for money."

- CEO, Smitch

Source(s): Industry reports, Secondary research, Praxis analysis

HEALTH CARE > **D2C** LANDSCAPE

Health care: D2C landscape is evolving rapidly across all food supplements category

Food supplements

akiva Love
OZIVA be a better you!
MB MUSCLEBLAZE
NUTRABAY
andMe
TruNATIV
FAST&UP
supp JUST WHAT YOU NEED
SAPTAMVEDA
Health vit
PLIX
KAPIVA
HEALTHKART
CUREVEDA
PLANT POWER
Power Gummies
mojocare
WELLBEING NUTRITION
mars by GHC
onelife Live it right
asitis
welly
phab
belle & beast WE FITNESS
CNP CULTIVATOR NATURAL PRODUCTS PVT. LTD.
ZOLV.
zinga vita
AZANI
Sattuz desi superfood
HerbaDiet

Health care devices

Dr. Odin
AccuSure
GOQii
HEALTHsense
hesley
papa
Tushti

Subscription Model Personalized Model

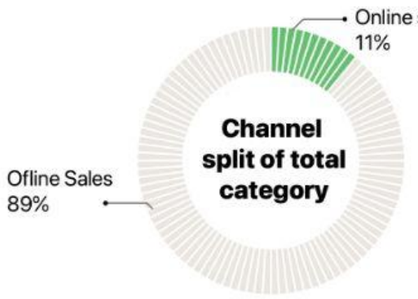
Note(s): This is not the exhaustive list of brands. Prescription drugs not included
Source(s): Secondary research, Praxis analysis

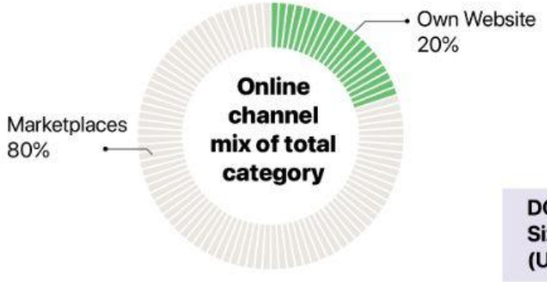
HEALTH CARE > MARKET SIZE

Health care D2C market size is estimated to be US$ 0.5B in FY22 and is projected to be ~US$ 3B, growing at a CAGR of 43%

Health care D2C market size is ~US$ 0.5B in FY22

Of the total ~US$ 10B market, 11% sales are through e-commerce of which ~20% sales are DOC

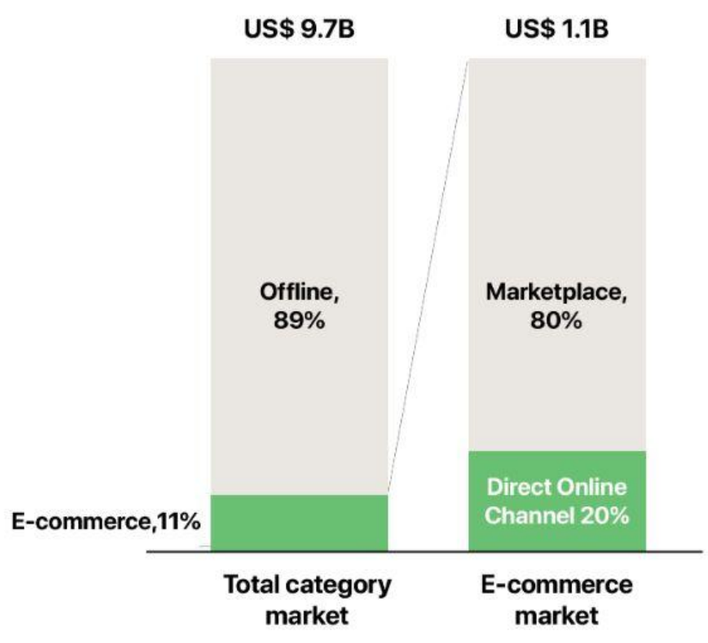




Health Care D2C Market
US$ B

DOC Market Size (US$ B)	FY22E	FY27P
	0.2	1.1

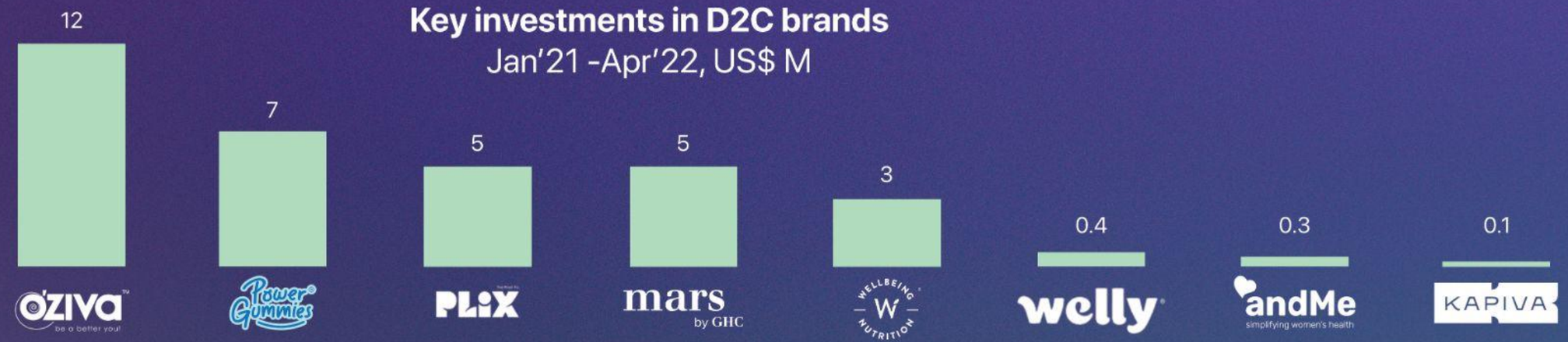
Break-up of total Health care market to direct online channel market
FY22E, %



Note(s): Direct online channel is composed on online sales done via own website + social media by both traditional and D2C brands. Numbers might not add up due to rounding off
Source(s): Primary conversations with D2C brands' and traditional brands' senior management (N = 200+), IBEF, Industry reports, Secondary research, Praxis analysis

HEALTH CARE > KEY INVESTMENTS

Multiple investments can be seen in food supplements category since 2021



Founding Year	2016	2018	2018	2020	2019	2020	2017	2016
Tot. funding (US$ M)	17.0	9.1	5.5	5.2	3.1	0.4	2.3	16.2
Last funding stage	Series B	Series B	Series B	Series E	Series B	Series A	Series A	Series B
Key investors	8VC EIGHT ROADS matrix PARTNERS F/PRIME	DSG VentureCatalysts 9UNICORNS NAVA BHARAT Sharrp Ventures wipro	RP-Sanjiv Goenka Group » Vedang Gokul Patel » Akhil Gupta	QUIET | CAPITAL khosla ventures W HEALTH VENTURES	ACG fireside ventures Gandhi Investment	Anthill » Roshan Abbas » Allu Sneha Reddy	matrix PARTNERS » Khalid Nagi » Naga Sridhar Kataru	TRIFECTA CAPITAL ROHA A JJT Group company » Malaika Arora

Source(s): Secondary research, Praxis analysis

Plant based, organic and herbal / ayurvedic nutritional supplements are gaining traction; brands are offering supplements in different formats like gummies, shots

Consultation / diet plans

- Consumers are willing to subscribe to supplements' delivery to maintain regular habits
- Subscriptions are being viewed as **effortless and cost efficient**



Kapiva offers customized diet plans along with its supplements

Herbal / ayurvedic offerings

- Consumers are increasingly looking for **non-chemical options**
- **Herbal and ayurvedic** formulations are preferred for everyday wellness



Oziva, Cureveda offer herbal / ayurvedic nutritional supplements

Mode of consumption

- Supplements are **not restricted to conventional tablets or powders**
- Consumers are opting for supplements through **shots, gummies, blended teas, etc**



Akiva and Power Gummies offer supplements in shot and gummy forms

Plant based / organic products

- A large set of consumers are **vegan by lifestyle**
- They tend to prefer supplements derived from **plant-based and organic sources**



Plant Power offers protein supplements derived from pea protein

Weight management, muscle building

- Traditional protein supplements are still widely used by consumers
- **Muscle building and weight management** are 2 primary objectives



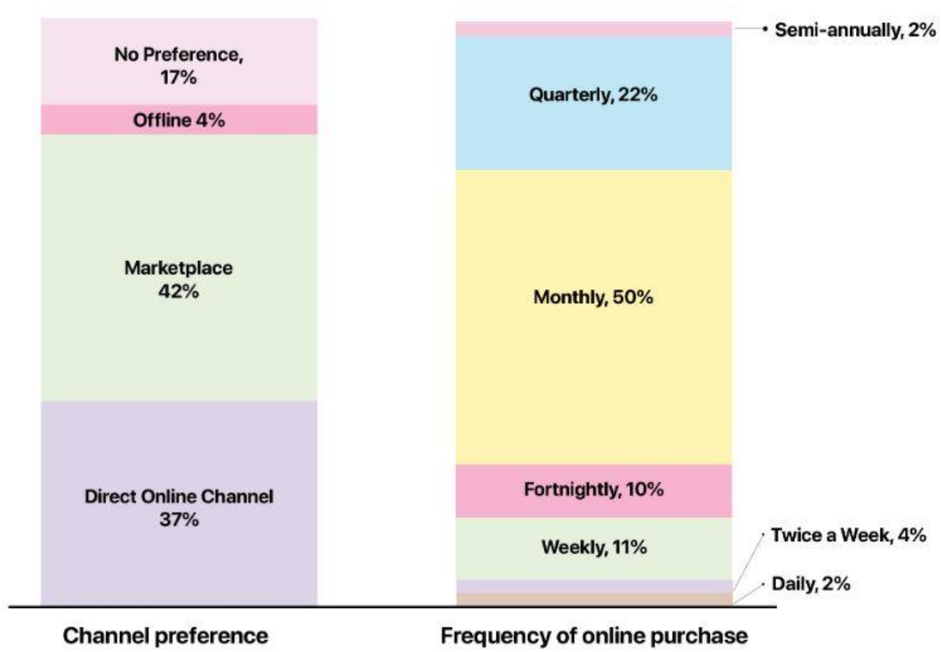
Brands such as MuscleBlaze and NutraBay offer sports nutrition

Source(s): Industry reports, Secondary research, Praxis analysis

~37% respondents prefer direct online channel; spread of product range and better packaging influence purchase decisions in health care category

80%+ respondents prefer purchasing online; 75%+ respondents make purchases at least once a month

Respondents' Purchase Behavior
%, N = 130



Availability of wide range of options, better packaging and customer loyalty are the top 3 brand selection criteria

Brand selection criteria
%, N = 130



Note(s): Survey respondents are primarily users of online platforms
Source(s): Consumer survey (N = 829), Praxis analysis

HEALTH CARE > SUCCESS FACTORS

Owing to the increased awareness of nutritional supplements, D2C brands are soaring in nutraceutical market

Product offering	» Natural, nutritional supplements for **preventive and proactive health care** » Multiple private label offerings with health concerned purposes
Alternative to pharma	» Doctors have started **prescribing nutraceutical products** as part of therapeutic prescriptions
Increased demand	» Demand for immunity boosting supplements has increased due to COVID creating **strong demand for nutraceuticals in India**
Online penetration	» Due to COVID, consumers have shifted rapidly **from brick and mortar to online purchasing**
Go to market speed	» **High go to market speed** driven by capability to understand online trends and customers better
Sales and distribution	» Players such as **HeathKart** have created comprehensive sales and distribution ecosystem with physical stores

"People have become more health-conscious post-Covid. They have started considering plant-based nutritional supplements as a reliable alternative to boost their immunity and overall health."

- Founder, Saptamveda

"A lot of brands are focusing on building their own D2C platform so as to reduce dependence on marketplaces."

- Founder, Wellbeing Nutrition

Source(s): Industry reports, Secondary research, Praxis analysis

HOME DÉCOR, HOUSEHOLD SUPPLIES AND GARDEN > **D2C** LANDSCAPE

Home décor, household supplies and garden: D2C landscape is evolving rapidly across all categories

Home improvement / decor

Loose furniture

Urban Ladder – Let's Create
Pinkgurl
Wooden Street – Furniture...bonded with love
BONTRUE – Furniture Redefining Spaces
LEMONDECOR®
afydecor
FURLENCO – A Different Furniture Company
pepperfry
bluewud

Décor and home improvement

SleepyCat – sleepycat.in
Morning Owl – Delivering Sleep
flo
THE WHITE WILLOW
wakefit
sleepyhead
pepperfry
WINK∞NOD
THE SLEEP COMPANY

Household supplies

the better HOME
beco
Clensta
mitti se
super guard – 100% Love, 0% Toxins
koparo clean
BUBBLE NUTWASH
pure cult – clean alternatives
Fablas – THE PIONEERS IN CLEANING ACCESSORIES
PALEECH – Product speaks..
prakriti रत्न – Step Towards Natural Living

Garden

nurserylive
HARITH THARANG – A bond that grows
Ugaoo
Exotic Flora – Go green!
KRAFT SEEDS – HOME AND GARDEN PRODUCTS
Murvann
ROपण
reekart.com
palasa
Yoidentity®
LEAFY ISLAND

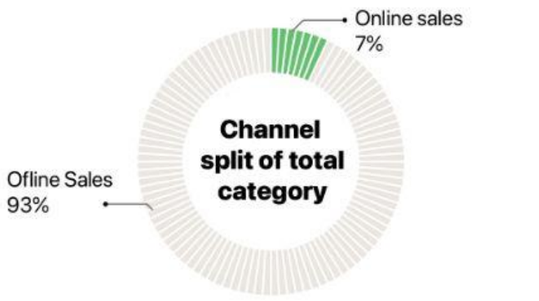
Subscription Model

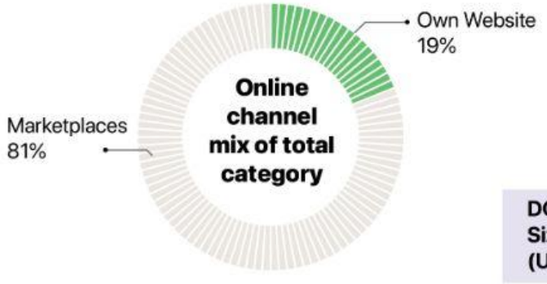
Note(s): This is not the exhaustive list of brands
Source(s): Secondary research, Praxis analysis

Home décor, household supplies and garden D2C market size is estimated to be ~US$ 1B in FY22 and is projected to be ~US$ 3B, growing at a CAGR of 35%

Home décor, household supplies and garden D2C market size is ~US$ 1B in FY22

Of the total ~US$ 27B market, 7% sales are through e-commerce of which ~19% sales are DOC





Home décor, household supplies and garden D2C market
US$ B

DOC Market Size (US$ B)	0.4	2.0

Break-up of total Home décor, household supplies and garden market to DOC market
FY22E, %

Note(s): HH* Household supplies;
Direct online channel is composed on online sales done via own website + social media by both traditional and D2C brands. Numbers might not add up due to rounding off
Source(s): Primary conversations with D2C brands' and traditional brands' senior management (N = 200+), IBEF, Industry reports, Secondary research, Praxis analysis

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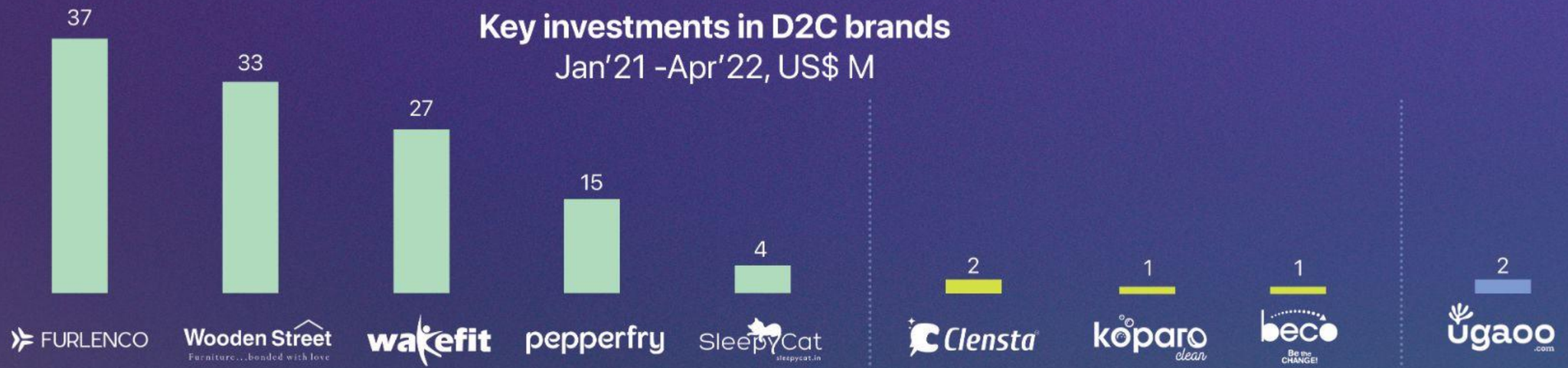
CII

HOME DÉCOR, HOUSEHOLD SUPPLIES AND GARDEN > KEY INVESTMENTS

Several home décor / home improvement brands have raised funding since 2021

Key investments in D2C brands

Jan'21 -Apr'22, US$ M



Founding Year	2012	2015	2016	2011	2017	2016	2021	2018	2015
Tot. funding (US$ M)	92	34	62	239	5	3.3	0.7	0.5	2.5
Last funding stage	Series D	Series B	Series C	Series F	Series A	Series A	Seed	Seed	Seed
Key investors	AngelList, TRINITY PARTNERS, CRESCENT ENTERPRISES, ZINNIA, Eagle Holdings, Lightbox	BDG Angels, Indian Angel Network Fund, WESTBRIDGE CAPITAL, RAJASTHAN VENTURE CAPITAL FUND	SEQUOIA, SIG SUSQUEHANNA INTERNATIONAL GROUP, LLP, Verlinvest, SAI GLOBAL	NORWEST VENTURE PARTNERS, INNOVEN CAPITAL	DSG, Saama Capital, Sharrp Ventures	HEM ANGELS INVESTOR NETWORK, MARQUEE EQUITY, VentureCatalysts	Saama Capital, TITAN CAPITAL, DSG	AngelList, ClimateAngels, TITAN CAPITAL, Rukam Capital, Better	DSG, RPG, sprout venture partners

Source(s): Secondary research, Praxis analysis

Home décor / home improvement brands Household supplies brands Garden brands

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Wider product assortment, indoor gardening, increased awareness and homes geared for WFH flexibility are key growth drivers of décor, household supplies and garden

Focus on sustainability

- Consumers are increasingly looking for eco-friendly home décor products
- Natural fabrics such as bamboo, wool, cotton, hemp and silk are also being preferred



Lamps and storage products by KraftInn are made from bamboo

Wider product offerings

- Consumers are looking for broader / customized product offerings based on their specific needs
- Segments such as sleep solutions are being based on health, ergonomic preferences



Brands such as The White Willow offer 70+ pillows based on health needs

Indoor gardening

- Indoor gardening has become a hobby post Covid-19 owing to limited spaces in homes
- It is also looked at as a way for healthy living – both for air purification and herbs & vegetables



Brands are offering complete indoor gardening solutions

Increased hygiene standards / awareness

- Post Covid-19, there has been a surge in demand for domestic cleaning products
- Segments such as surface care, laundry care, etc are in high demand



Homes geared for WFH flexibility

- Post Covid-19, professionals are looking to create workspaces in their homes
- Ergonomic workstations, chairs and tables for home / work usage are in demand



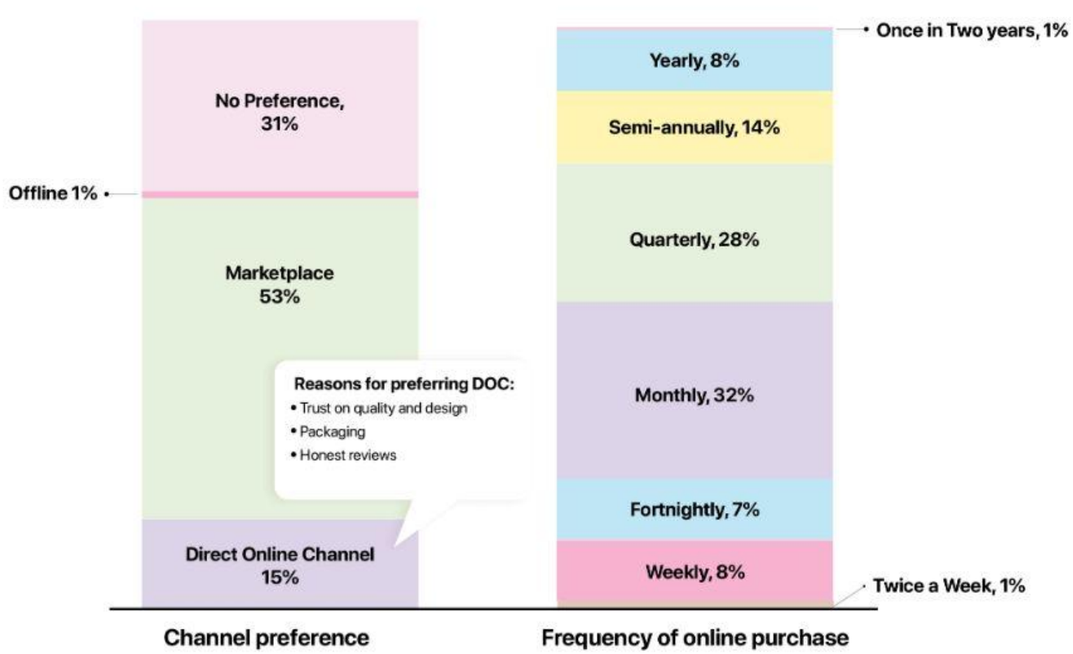
Brands such as Wakefit, Wooden Street offer home and work furniture

Source(s): Industry reports, Secondary research, Praxis analysis

Home décor and garden: ~15% respondents prefer direct online channel; spread of product range, customer loyalty and packaging influence purchase decisions [1/2]

~68% respondents prefer purchasing online;
~48% respondents make purchases at least once a month

Respondents' purchase behavior
%, N = 75



Availability of wide range of options, customer loyalty and better packaging are the top 3 brand selection criteria

Brand selection criteria
%, N = 75

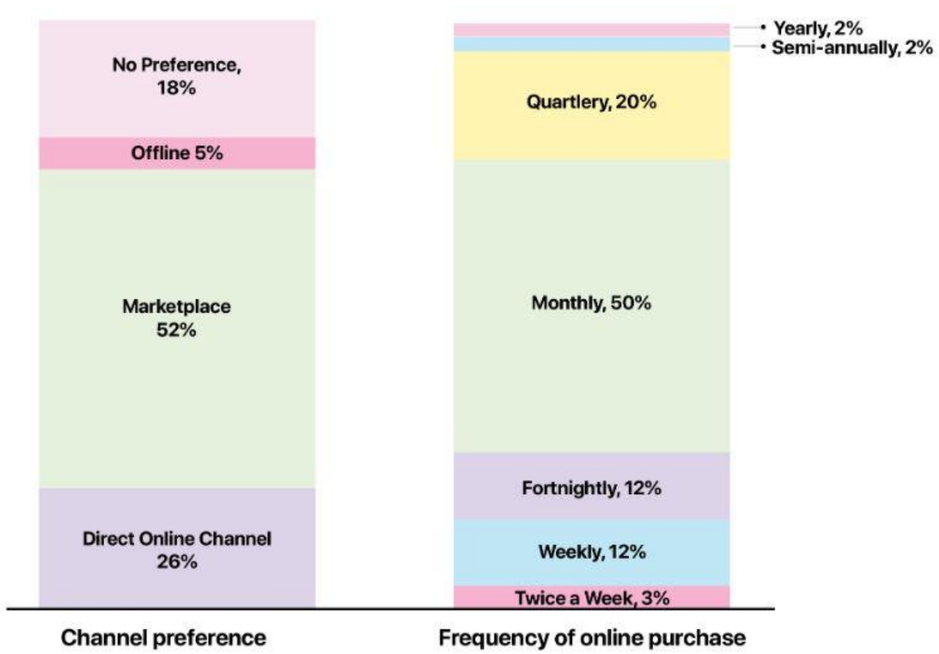


Note(s): Survey respondents are primarily users of online platforms
Source(s): Consumer survey (N = 829), Praxis analysis

Household supplies: ~26% respondents' prefer direct online channel; quality, spread of product range and packaging influence purchase decisions [2/2]

75%+ respondents' prefer purchasing online;
75%+ respondents make purchases at least once a month

Respondents' purchase behavior
%, N = 189



Quality, availability of wide range of options and better packaging are the top 3 brand selection criteria

Brand selection criteria
%, N = 189



Note(s): Survey respondents are primarily users of online platforms
Source(s): Consumer survey (N = 829), Praxis analysis

High AOVs and margins with increased demand are some of the factors driving success in home décor / improvement sub-category

Margin and AOV	» Home décor product category ensures **high AOVs with good margins** ranging between **50 – 60%** » Garden product category has high margin **(50 – 60%)**
Increased demand for home décor	» The growing **phase of infrastructure and real estate market** has augmented the demand for home furnishing products in the country » Exposure to **global trends and design** has inspired people to decorate their homes with more appeal
Offering	» Provides the **latest, contemporary design and luxury products** for the fashion savvy customers
Doorstep delivery	» Customer purchases are often based on whether the home improvement / décor retailers offer **home delivery services** or not
Online penetration	» With more options / designs available online, consumers have shifted rapidly **from brick and mortar to online purchasing**
Managing SKUs efficiently	» D2C brands efficiently manage large SKUs especially in home décor category
Structured supply chain and lower inventory risks	» **Well established** supply chain to **minimize inventory risks**

Source(s): Secondary research, Primary calls, Praxis analysis

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CII

AGENDA

- Indian consumption growth
- D2C opportunity in India
- D2C category deep dives
- **Winning strategies for D2C brands and the path ahead**
- Case studies on successful D2C players



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D2C brands need to focus on seven key capabilities going forward

Business model evolution

- Product development model, supply chain structure, assortment, categories of play, geographies of play, distribution channel mix
- Brand architecture, customer segments and targeting, growth planning (by product / service, geography and channel)

Product innovation and assortment

- Category creation
- Bundling and subscriptions
- Integrated product + service + after-service experience
- SKU assortment: variants, pack sizes, flavors, channel SKUs etc

Manufacturing and sourcing

- Raw material sourcing strategy
- Supplier ecosystem development
- Manufacturing strategy across various stages (start-up, scale-up and maturity)
- Make in India and PLI

Omni-channel distribution

- Online channel management
- Expanding offline distribution footprint
- Global distribution and expansion
- Channel integration for unified buyer experience
- Quick commerce

Brand and customer acquisition

- Brand creation, propagation and sustenance
- Performance marketing / brand marketing mix
- Customer acquisition channel management
- Customer acquisition cost management

Customer loyalty and retention

- Loyalty program
- Repeat rate improvement
- Customer retention improvement
- Word of mouth
- NPS excellence

Profitability and unit economics

Portfolio profitability management, product / geography level profitability, gross margins and discounts management

Note(s): CAC = Customer Acquisition Cost, RTO = Return to Origin
Source(s): Expert discussions, Secondary research, Praxis analysis

Business model evolution: Eight key factors to consider for business model evolution

Product development model

- Product design
- Product development cycle
- Customer feedback and product improvement

Categories of play

- Product category expansion
- Adjacency evaluation

Geographies of play

- Domestic / international expansion
- Mode of expansion (organic, inorganic)

Distribution channel mix

- Online / offline channel mix rationalization
- Offline distribution model development

Supply chain structure

- Manufacturing and sourcing model
- JIT (Just-in-time)
- Inventory replenishment
- Real time visibility

Brand architecture

- Brand and positioning
- Brand persona
- Brand spend rationalization

Customer segments and targeting

- Customer segments identification
- Offering redesign basis segments
- Segment level targeting plan

Assortment / variants

- Product customization
- Packaging
- Willingness to switch
- Channel level assortment management

Source(s): Expert discussions, Secondary research, Praxis analysis

PRODUCT **INNOVATION AND MANUFACTURING**

Product innovation and manufacturing: Brands should do thorough analysis of customers' data before launching any new product in the market

Product innovation

- **Data analysis and feedback gathering**
  - » **Quantitative and qualitative customer data analysis to**
    - » Understand customers' preferences, demands and buying patterns
    - » Identify high-value opportunities
- **Product design**
  - » **Generate innovative product design basis analysis to serve the demand**
- **Prototyping**
  - » **Validate the product's design and functionality and gather end-user feedback before investing in mass production**
- **New product launch**
  - » **Post the success of the prototype, launch the product to the target audience**

Brand	Product innovation
toothsi	» Personalized invisible aligners » At home service – from 3D scan to aligner delivery
OZIVA	» Launched 100% clean beauty products, made from phytonutrients and clinically proven actives
Qubo go	» Audio sunglasses with directional open ear speakers and advanced inbuilt microphone
Licious	» Improved the meat buying experience » Created a brand based on fresh meat proposition

Manufacturing and design

Category	Model of manufacturing	Model for design
Personal care	» Contract	» In-house
Grocery and gourmet	» In-house / Contract	» In-house
Apparel and footwear	» In-house / Contract	» In-house / Contract
Jewellery	» Contract	» In-house / Contract
Electronics	» In-house / Contract	» In-house with tech support from vendors
Health care	» In-house / Contract	» In-house
Home décor, HH* supplies and garden	» In-house / Contract	» In-house / Contract

Note(s): HH* Household
Source(s): Expert discussions, Secondary research, Praxis analysis

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OMNI-CHANNEL DISTRIBUTION

Ten types of omni-commerce opportunities are emerging [1/2]

Omnicommerce play	Order journey	Trade-offs
1 **Horizontal platform (1P vs 2P FBX vs 3P)**	Order placed on e-commerce platform → Order basket created in cosmetic player distribution center → Order sent to e-commerce player dispatch center (*this may be skipped) → Order delivered to customer	» Ease of new customer trial and acquisition » Needs dedicated effort to establish as an online brand since multiple categories are playing
2 **Vertical/Category Ecommerce platforms**	Order placed on e-commerce platform → Order basket created in e-commerce player distribution center → Order sent to e-commerce player dispatch center → Order delivered to customer	» Product relevance and 'easier to be a part of basket' » Competition from private labels of the vertical platform
3 **Omnicommerce retail ecosystem (i.e. Jio)**	Order placed on e-commerce platform → Order basket created in retail stores listed on the strategic partner platform → Order delivered by retail store delivery staff or 3rd party delivery platform → Order delivered to customer	» Borrowed supply chain complex and not scalable
4 **Social commerce**	Reseller lists product on platform, shares with network → Order placed on social commerce platform → Order basket created in cosmetic player distribution center → Order delivered by 3rd party delivery platform → Order delivered to customer	» Highly relevant in Tier-2 / 3 towns where 'brand pull' is low
5 **Network / KOL / Influencer Marketing**	Network seller registers on cosmetic player platform via referral → Network seller buys from cosmetic player platform and stocks → Network seller sells cosmetic SKUs to relatives, friends & known people	» 'Missionary selling' by representatives – uses influencers to scale product

Source(s): Praxis analysis

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OMNI-CHANNEL DISTRIBUTION

Ten types of omni-commerce opportunities are emerging [2/2]

Omnicommerce play	Order journey	Trade-offs
6 **Direct-to-Customer (DTC / Internet first – own website app, Instagram, WhatsApp)**	Order placed on cosmetic player e-commerce platform / app / Instagram / WhatsApp → Order basket created in cosmetic player distribution center → Order delivered to customer	» First-mover advantage in 'online-first' battle - 'strong digital proposition' » Unit economics are inferior in Internet first model
7 **Hyperlocal commerce platforms – with delivery partners**	Order placed on hyperlocal commerce / discovery platform (Dunzo, Magicpin etc.) → Order basket created in local store tagged to customer location → Order delivered by hyperlocal delivery partner → Order delivered to customer	» Increased velocity of product take off from offline stores » Borrowed supply chain is complex and not scalable
8 **Buy online, pick up in 'locations' (BOPIL)**	Order placed on cosmetic player e-commerce platform → Order basket created in cosmetic player distribution center → Order sent to designated pick-up location → Order picked up by customer	» Enables to 'lock' high share in markets with consumption density » May result in channel conflict with general trade stores in the vicinity
9 **Direct distribution in societies / building stores / Vending machines**	Order placed on cosmetic player e-commerce platform → Order basket created in cosmetic player distribution center → Order sent to designated POS near customer residence → Order picked up by customer	» Allows aggregation of demand at a township / 'gated communities' level » Not a fit to the product category as per current consumer behavior
10 **Direct to retail**	Order placed by retailer on B2B trade platform (Jumbotail, Udaan, etc.) → Order basket created at distributor's center → Order delivered to the retailer by 3rd party / Hyperlocal delivery partners → Goods sold to customers by retailer	» Helps improve availability and recall » Supply chain redesign would be needed

Source(s): Praxis analysis

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BRAND AND CUSTOMER ACQUISITION

Brand and customer acquisition: Awareness, usage, attitude, perception, purchase intent and propensity to advocate are the key levers of brand management

Brand Awareness

- Unaided recall
- TOM recall
- Aided recall
- Branding component recognition

Brand Usage

- Recency
- Frequency of usage
- Spend proportion (share of wallet)
- Different personas (segments)
- Uniqueness
- Affiliation

Brand attitudes experience, perceptions

- Brand associations
  - Attributes
    - Functional
    - Emotional
  - Perception
    - Price
    - Value
  - Recall of associations
  - Experience on key criteria

Purchase intent

- Consideration
- Trial
- Purchase
- Satisfaction on key criteria
- Consistency of experience
- Repeat purchase
- Trust

Propensity to advocate

- Differentiation
- NPS
- Trade/Channel NPS
- Promotion

Part of Praxis Proprietary Framework – Brand360™

Source(s): Praxis Proprietary Framework

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CUSTOMER LOYALTY AND RETENTION

Customer loyalty and retention: Churn protection, deeper engagement and loyalty sustenance are the key objective of loyalty program

Objective of the program

Protect churn | **Deepen engagement** | **Sustain loyalty**

Return on Investment (ROI)

Return

More customers

Conversion – new acquired customers

Increased revenue

- Conversion of visitors to customers
- Referrals driven by loyal users
- Increase in purchase frequency
- Increase in AOV

Investment

Efficient and cost-effective

- Redemption rate
- Burn rate for rewards
- Cost of program management

Drivers of business impact

Program marketing

- Referrals
- WoM / organic pull
- Partnerships / sponsorships
- Program specific campaigns

Success factors

- Awareness of loyalty and retention initiatives
- Simplicity of program
- Relevance of rewards
- Ease of rewards claim
- Emotional 'buy-in' / Feeling of 'exclusivity'

Program construct / elements

- How to reward: Program details
- What & when to reward: Behaviors
- How to redeem: Rewards

Analytics

Governance / metrics to track

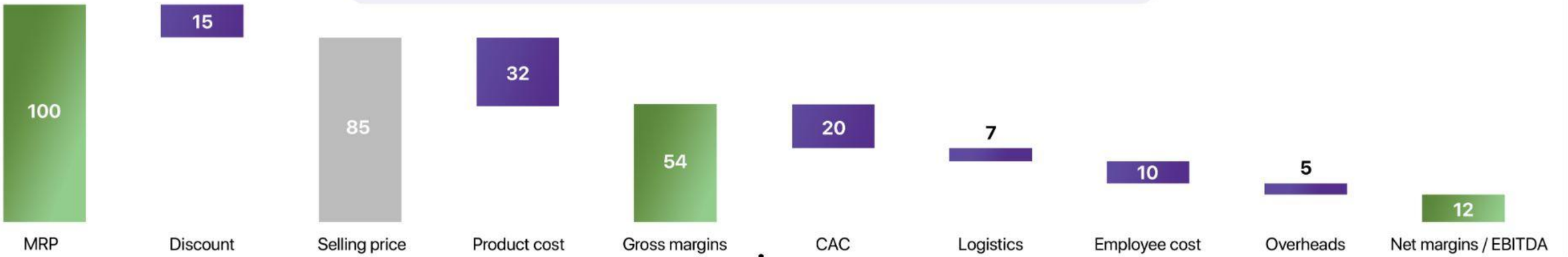
Note(s): WoM = Word of Mouth, AOV = Average order value
Source(s): Praxis analysis

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Profitability and economics: Primary levers of D2C brands' profitability are discounts, CAC and logistics cost management

Illustrative unit economics for a D2C brand (Scaled to 100%)

Illustrative



Levers to manage key cost heads

Discounts

- **Rationalization of discounts basis:**
  - New product launches
  - Own channel / marketplace
  - Competition
  - First time vs repeat purchase
  - Upper cap on discounts
  - Channel of customer acquisition
  - Seasonality during the year

Product cost

- Own / contract manufacturing
- **Standardization of parts / raw materials** across SKUs → Bulk buying of raw materials leading to low cost
- **SKU rationalization**
- **JIT** (Just-in-time)
- **Faster design to product launch time**

Customer acquisition cost

- Marketing automation tools
- **CAC management by channels, geographies and products**
- **Cart abandonment reduction**
- **Cross-sell** to increase AOV (and reduce %age CAC)
- Acquire customers from marketplace to build trust → incentivize to move to own platform

Logistics

- **Packaging optimization**
- **Reduce RTOs**
- **Identify high risk shipping addresses**
- **Maximize AOV** to optimize picking, packing and shipping cost
- **Consolidating shipments**
- **Less CODs** → Lesser cost of logistics / payment processing

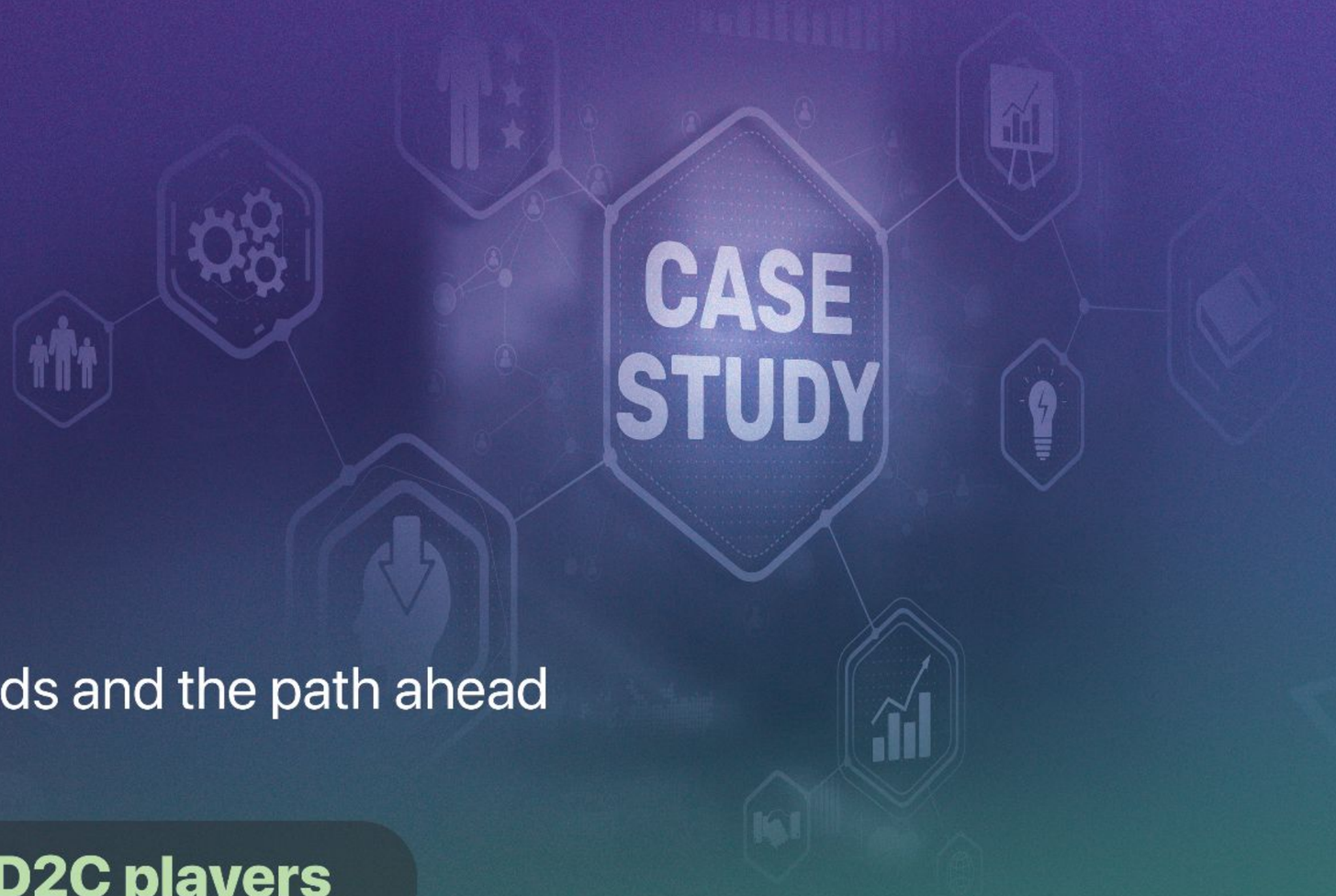
Note(s): Numbers might not add up due to rounding off
Source(s): Expert discussions, Secondary research, Praxis analysis

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AGENDA

- Indian consumption growth
- D2C opportunity in India
- D2C category deep dives
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D2C PLAYER CASE STUDY > PERSONAL CARE

Starting with baby care products, Mamaearth has evolved into one of the largest D2C personal care brands in India

mamaearth™

Founded
2016

Headquarters
Gurugram, India

Total funding
US$ 111M

First unicorn of 2022

Offerings
Face care & Hair care products

Categories

Baby care products (INR 99 – 1,780 per unit)

- Repellent gel ₹99
- Shampoo ₹199
- Body lotion ₹399
- Wipes ₹699
- Baby essential hamper kit ₹1780

Beauty products (INR 149 – 1,746 per unit)

- Sheet mask ₹149
- Vitamin C scrub ₹299
- Acne serum ₹349
- Hair fall kit ₹977
- Vitamin C combo ₹1746

Success story

- Digital content is the sole means of acquiring customers
- Focus on customer-specific needs through lean innovation

Business model evolution

Target audience
- Mothers and their babies
- Millennial generation that is driven by values

Branding
- Made **Shilpa Shetty** – product ambassador to promote business
- Sponsored **Big Boss** - a popular reality show to promote the business

Funding

Apr-18	**US$ 240K** Seed by Shilpa Shetty
Sep-18	**US$ 4M** Series A by Fireside ventures
Jan-20	**US$ 18.2M** Series B by Sequoia Capital
Jul-21	**US$ 50M** Series C by Sofina
Dec-21	**US$ 37.8M** Series F by Sequoia Capital

Social media marketing

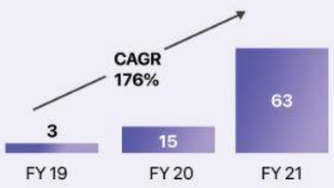
- **1M** followers **3K+** posts — Real images to build trust, mother focused hashtags, video reaction of babies to their products
- **74K** subscribers **584** videos — Product walkthrough, product reviews, youtuber collabs
- **356K** followers — Videos & posts on celebrity / influencer collabs, new launches, review videos and experiences

Financials

Revenue Stream
% FY 20



Revenue
US$ M, FY 19-21



Note(s): Information as of June 2022
Source(s): Industry reports, Company websites, Secondary research, Praxis analysis

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D2C PLAYER CASE STUDY > GROCERY AND GOURMET

With quality product offering, appealing marketing strategies, Licious successfully generated US$ 56M revenue in FY21 and became a unicorn

Licious™ BORN TO MEAT

Founded
2015

Headquarters
Bangalore, India

Total funding
US$ 490M (Series F)

Valuation
US$ 1.5B

Offerings
Meat and seafood products

Categories

- Fresh eggs, meat, chicken and seafood
- Ready to cook
- Processed meat (cold cuts)
- Spreads

Business model evolution

Target audience
- Who love meat, are not willing to compromise on taste and quality, and are also focused on convenience

Branding
- Celebrity endorsements - campaign featuring Anil Kapoor – Arjun Kapoor, #FasterChef campaign featuring Kunal Roy
- Offline marketing - billboards
- BTL – content marketing, tasting sessions, performance marketing

Key highlights

Started in **2015** → Became a unicorn in **2021**

- **3.5K+** employees
- **1M+** unique customers
- **~90%** repeat rate

Social media marketing

- **36K** followers **738** posts — Post videos, upload photographs of delicious meals, plays guess games
- **79K** subscribers **661** videos — Video, recipes
- **120K** followers — Post videos, play games, launch food items

Financials

Sales Channel Mix
% 2021



Revenue
US$ M, FY 19-21



Note(s): Information as of June 2022
Source(s): Industry reports, Company websites, Secondary research, Praxis analysis

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D2C PLAYER CASE STUDY > GROCERY AND GOURMET

Founded in 2015, Country Delight offers subscription-based model for dairy products and fresh farm produce

Founded
2015

Headquarters
Gurugram, India

Total funding
US$ 178M
(Series D)

Offerings
Online retailer offering dairy products

Categories

- Country Specials
- Milk
- Milk Products
- Fruits and vegetables
- Breads
- Eggs

Business model overview

Model

- Source products directly from farmers and deliver with the help of local entrepreneurs
- Subscription-based model
- Mobile app which is a scalable way of acquiring consumers and also gives the ability to cross-sell value-added dairy products

Branding

- Celebrity, influencer marketing
- Appealing taglines – "Naturally acha, naturally sacha"
- Provides test kit, thereby building customer trust

Key highlights

13+	11	6.5M+
cities	states	monthly deliveries

Social media marketing

46.5K followers
720 posts

47K subscribers
112 videos

137K+ followers

- Product walkthrough
- celebrity / influencer collabs, customer reviews, recipe

Financials

Revenue
US$ M, FY 19-21



Note(s): Information as of June 2022
Source(s): Industry reports, Company websites, Secondary research, Praxis analysis

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D2C PLAYER CASE STUDY > HEALTH CARE

With plant-based nutritional supplements offering, Oziva has successfully capitalized on the health and fitness market growth

OZIVA™ be a better you!

Founded
2016

Headquarters
Mumbai, India

Total funding
US$ 17M (Series B)

Revenue
US$ 10M (FY21)

Offerings
Plant-based nutritional supplements

Categories

Health and fitness (INR 119 – 1,699)

- Multivitamin drinks ₹119
- ACV Matcha ₹499
- Daily protein active ₹549
- Plant protein ₹1299
- Protein and herbs ₹1699

Hair and skin (INR 249 – 2,747)

- Face cleanser ₹249
- Multivitamin gummies ₹599
- Vitamins ₹899
- Anti hairfall kit ₹1547
- Combo packs ₹2747

Clean beauty (INR 399 – 1,098)

- Face toner ₹399
- Anti acne range ₹499-649
- Anti ageing range ₹599-1098

Business model evolution

Target audience
- Specifically serve **18 – 55** years age group
- Women form **70%** consumer base

Branding
- **Celebrity / sportsman** endorsements
- **Oziva TV, content** - to provide relevant health information through experts
- Clean beauty gift sets

Growth startegies
- Entire range of vitamins and minerals focused on building immunity to meet the demand during COVID
- **Oziva membership** – personalized consultations, free diet plans

Funding

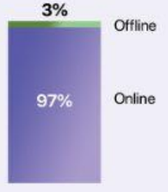
Jun-20	Mar-21
US$ 5M Series A by Matrix Partners India, Titan Capital	**US$ 12M** Series B by Eight Road Ventures, Matrix Partners India, F-Prime Capital

Social media marketing

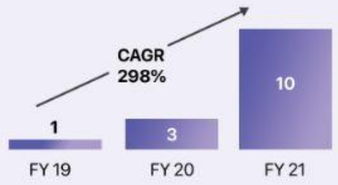
- **216K+** followers, **1.8K+** posts » Videos, photos, customers' fitness journey, product launch, yoga / exercise sessions, expert sessions
- **173K+** subscribers, **410+** videos » Video, celebrity reviews, health-related expert discussions, yoga / exercise sessions
- **70K+** followers » Post videos, photos, customers' fitness journey, product launch

Financials

Sales Channel Mix
% FY 2021



Revenue
US$ M, FY 19-21



Note(s): Information as of June 2022; All SKUs are not mentioned
Source(s): Industry reports, Company websites, Secondary research, Praxis analysis

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D2C PLAYER CASE STUDY > ELECTRONICS

boAt has successfully generated US$ 200M+ revenue in FY21 with US$ 110M total funding

boAt

Founded
2016

Headquarters
Mumbai, India

Total funding
US$ 110M

Revenue
US$ 206M

Offerings
Audio products & smart wearables

Categories


₹1K-10K


₹1K-4K


₹1K-1.5K


₹1K-5.7K


₹2K-4.5K


₹380-700


Accessories

Business model evolution

Target audience
- GenZ & Millennials
- Fitness enthusiasts, Gaming enthusiasts

Branding
- Collaborated with L**akme Fashion** to position as **lifestyle** brand in 2019
- Collabs with multiple **cricketers**, young celebrities to position as **fitness brand**

Funding

Apr-18	**US$ 922K** Seed by Fireside ventures
Jan-19	**US$ 2.16M** Seed by Fireside ventures
Dec-20	**US$ 100M** Series B by Warburg Pincus
Apr-21	**US$ 6.65M** Series B by Qualcomm Vent
Jan-22	**US$ 271K** Series B by Innoven Capital

Social media marketing

759K followers
2.4K+ posts
- **Youth targeted content**, collab with **cricketers**, youth influencers & celebrities

79K subscribers
160 videos
- **Product walkthrough, product reviews**, celebrity collabs

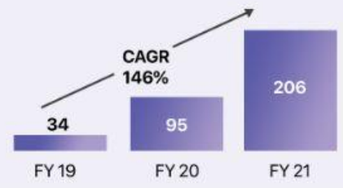
1.2M+ followers
- Videos & posts on celebrity **collabs, new launches**, features, sale

Financials

Sales Channel Mix
% FY 2020



Revenue
US$ M, FY 19-21



PAT% :	4%	7%	5%

Note(s): Information as of June 2022
Source(s): Industry reports, Company websites, Secondary research, Praxis analysis

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D2C PLAYER CASE STUDY > ELECTRONICS

Noise is positioned as a masstige brand with affordable products & high-end tech; strong community of 'Noisemakers' built

NOISE

Founded
2014

Headquarters
Gurgaon, Haryana

Total funding
Bootstrapped

Revenue
US$ 113M (FY22)

Offerings
Smart wearables, audio devices & accessories

Categories


₹2K-6K


₹1.3K-5K


₹899-1.8K

Social media marketing

560K+ followers
2.4K+ posts
» **Youth targeted content,** collab with **cricketers,** youth influencers & celebrities

45K subscribers
326 videos
» **Product walkthrough, product reviews,** celebrity collabs

683K followers
» Videos & posts on celebrity **collabs, new launches,** features, sale

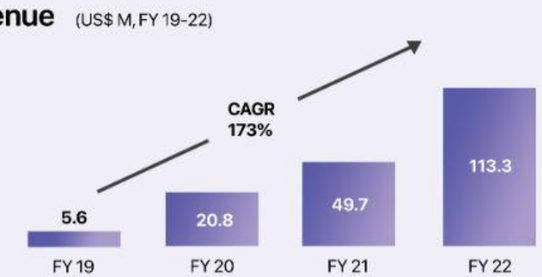
Business model evolution

Target audience
» GenZ & Millennials
» Tech-savvy users making lifestyle purchases
» Strong community of 'Noisemakers' built

Brand positioning
» Masstige
» Affordable products with superior quality & high-end technology
» Forefront launches for new-tech products (9+ market first launches)

Financials

Revenue (US$ M, FY 19-22)



Journey

2014
» Company launched
» Sale of smartphone covers & accessories

2018
» First colored screen smart band launched
» First TWS launched

2019
» Multiple neckbands launched
» Qualcomm enabled Neckbands & TWS launched
» Noise ColorFit Pro 2 launched

2020
» Hybrid Watches launched
» Longest battery life smartwatch launched
» Audio SKU expansion: Neckbands, TWS, speakers, overhead hearables, etc.
» First ANC enables TWS launched

2021
» ColorFit Pro 3 launched - best in class display watch with SPo2 and Alexa
» First touch enabled neckband launched
» Entry level TWS SKU expansion
» First successful premium watch launched
» First in-ear detection and GFP enabled TWS

2022
» Launched first calling watch
» First Bluetooth Gaming Neckband Launch
» In-house tech incubator 'Noise Labs' launched

Note(s): ASP analysis was done on 26th May 2022
Source(s): Company website, News articles, Press releases, Management data, Secondary research, Praxis analysis

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D2C PLAYER CASE STUDY > ELECTRONICS

Founded in 2019, Qubo offers wide range of smart home solutions and devices

Qubo

Founded
2019

Headquarters
Delhi, India

Parent Company
Hero Electronix

Offerings
IoT services, smart home security and safety products, smart wearables

Categories



Video doorbell



Smart cameras



Smart locks



DashCam



Audio sunglasses

Business model evolution

Products	» Smart audio sunglasses » Individual unit of other products	Product price	₹0.5K - 36K
Security bundles	» Combos for home security » Inside shield starter kit	Combo price	₹9K -46K
Subscription plan	» Advanced AI features » Family access » Alert via phone call	Annual Plan	₹0.6K -1.2K

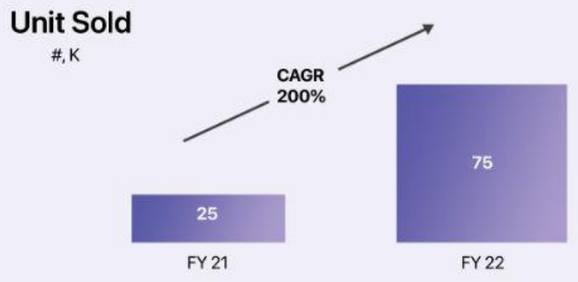
Marketing

5.8K followers **585+** posts	» Youth targeted content, memes & graphics, celebrity collabs
1.6K subscribers **69** videos	» Customer testimonials & different use cases of these smart products
14K+ followers **500+** posts & videos	» Videos & posts on user cases, trends appealing to youth

Business facts

10%	**40+**	**1.5lakh+**	**95%**
subscribers	cities availability	units sold	make in India

Yearly sales data



Source(s): Company website, News articles, Praxis analysis

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THANK YOU

We would like to thank all the brands who have participated in the survey for D2C report

Personal Care

Grocery and Gourmet

Apparel and Footwear

Jewellery

Electronics

Health Care

Home Décor, Household Supplies, Garden

BARE ANATOMY®

ARATA

Avimee Herbal
LIFE | HEALTH | LONGEVITY

RECODE®
"Everyday Makeup"

Re'equil

TATA SOULFULL
delicious millets

teaorigin

ATTITUDIST

Tailor & Circus

FREAKINS®

GRITSTONES

KETCH

dot

STUDD MUFFYN

Ellipstore

Estele

imeora

TIPSYFLY

LEAF

SHOPDOT

SMITCH

Health vit

Nat Habit™
back to natural secrets everyday

SAPTAMVEDA

WELLBEING NUTRITION

PLIX

nurserylive

exotic india
COLLECTIONS.CULTURE.CREATIONS

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MARKET OVERVIEW – D2C PRODUCT CATEGORIES

Market definitions of what is considered in market size: Only 7 product categories are considered in market sizing [1/2]

Market element	Included in market size	Not included in market size
D2C (Direct to customer) market definition	» Total sales done by D2C / Internet first brands via own digital platform, marketplaces and offline stores	» Traditional brands
DOC (Direct online channel) market definition	» Online sales only through brands' own app or website » Sales through brands' own social media page like – Facebook, Instagram, etc. » Both traditional and D2C brands are included	» Offline sales – modern trade, general trade, own physical stores » Online sales through other marketplaces like Amazon, Flipkart, Myntra, Nykaa, etc. » Online sales done by traders » Order fulfilment done by merchants on other marketplaces (like FBM on Amazon)
Product categories – Personal care	» Hair care » Bath and shower » Skin care » Oral care	» Cosmetics » Shaving & Depilatories » Perfumes / deodorants » Sanitary hygiene
Product categories – Apparel and footwear	» Men's wear » Women's wear » Kid's wear » Accessories » Eyewear » Men's footwear » Women's footwear » Kid's footwear	» N/A
Product categories – Electronics	» Wearables » Smart watches » Hearables » Earphones, headsets Speakers » Accessories » Home audio	» Smart phones » Computers » Laptops » Computer peripherals » Cameras » Gaming Consoles

Source(s): Praxis analysis

MARKET OVERVIEW – D2C PRODUCT CATEGORIES

Market definitions of what is considered in market size: Only 7 product categories are considered in market sizing [2/2]

Product categories

Market element	Included in market size	Not included in market size
Grocery and gourmet	Grocery » Health snacks, nutritional bars » Dairy products » Nuts, seeds and trail mixes » High fibre food » Confectionery » Chilled processed » Cereals » Edible oils » Fresh meat	Beverages » Fruit juices » Energy drinks » Soft drinks » Malt based drinks » Electrolytes » Tea / Coffee	N/A
Health care	» Health care supplements » Medical devices		Rx drugs
Home décor, household supplies and garden	» Furniture » Mattress » Lighting » Dish washing » Air care » Home insecticides » Laundry care » Surface care / Disinfectants » Toilet care Home gardening (tools, seeds, pots, etc.)		N/A
Jewellery	» All (fine and fashion jewellery)		N/A

Source(s): Praxis analysis

About Shiprocket

Shiprocket is India's largest eCommerce enablement platform providing digital retailers an end-to-end customer experience platform. The platform which is creating an operating system for direct commerce enables shipping, fulfillment, customer communication and marketing tools as well as providers for SMEs, D2C retailers, and social commerce retailers in India. With 14+ courier partners on board, the brand enables pan-India as well as international shipping deliveries. Its shipping solutions are available across 29,000+ pin codes within India and 220 countries worldwide.

Launched in 2017, Shiprocket is on a mission to create a seamless logistics data platform that connects retailers, carriers, and consumers across national and international locations. Shiprocket provides a technology stack to help retailers integrate their shopping websites on Shopify, Magento, Woocommerce, Zoho, or others with the platform's multi-carrier API to manage orders, print shipping labels, and avail tracking information from multiple providers including managing Cash on Delivery (COD) orders and payment reconciliation. Shiprocket also offers state-of-the-art fulfillment solutions with more than 35 warehouses located across India. The technology stack provides a robust post-purchase experience to consumers, resulting in higher engagement and lower RTO (failed deliveries).

Today, Shiprocket is the platform behind 2.5 lakh plus sellers who generate a GMV of more than $2.5B annually. The platform delivers packets to more than 70M consumers annually and is growing transactions 2.5-3X year on year.



Saahil Goel
Co-Founder & CEO



Gautam Kapoor
Co-Founder,
Shiprocket Fulfillment



Akshay Ghulati
Co-Founder, Strategy &
Global Expansion



Vishesh Khurana
Co-Founder,
Head of Growth

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About Praxis

Praxis Global Alliance is a **next-gen management** consulting and **advisory service** firm, revolutionizing the way **consulting** projects are delivered. Praxis offers practical solutions to the toughest business problems by combining **domain practitioner expertise, AI-led research approaches, and digital technologies.** We are a full stack firm integrated across advisory and consulting, market research, digital, analytics and people solution.



Madhur Singhal
Managing Partner & CEO

Financial Investors Group, Consumer & Retail



Aryaman Tandon
Managing Partner & Co-founder

Technology & Internet, Automotive, Infrastructure, Consumer & Retail



Mohit Mittal
Partner

Technology & Internet, Electric Mobility, Consumer & Retail

How we help our clients

Strategy and transformation →

- Go-to-market & market entry
- Growth & portfolio strategy
- International / geographic expansion & export strategy
- Digital transformation
- Omnichannel commerce enablement

Growth and scale-up →

- Network planning &\ expansion
- Category / market / segment growth strategy
- Adjacency expansion & opportunity assessmen

Cost and performance excellence →

- Store footprint optimization
- Supply Chain 'Lean' redesign (shorten customer-to-cash cycle)
- Vendor base & procurement rationalization
- Frontline productivity improvement
- Manufacturing & shop floor excellence
- Raw material inventory planning

Customer loyalty and experience →

- Customer loyalty & NPS improvement
- Omnichannel customer relationship - Digital, Mobile, In-store, Social experience
- KAM / Share of Wallet improvement

Organization productivity →

- Organization diagnostic & People Value Creation
- Employee loyalty and NPS
- Attrition defence
- KPI cascade

Brand and marketing →

- Pricing & discounting strategy
- Marketing effectiveness
- Brand360: Perception & Strategy

Enablement and implementation →

- Project & program management
- Relentless implementation (Strategy / growth / cost)

Investment advisory

- Commercial due diligence
- Tech due diligence
- Post deal value creation / 100 day plan

Source(s): Secondary research, Praxis analysis

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Confederation of Indian Industry

The Confederation of Indian Industry (CII) works to create and sustain an environment conducive to the development of India, partnering Industry, Government and civil society, through advisory and consultative processes.

CII is a non-government, not-for-profit, industry-led and industry-managed organization, with over 9000 members from the private as well as public sectors, including SMEs and MNCs, and an indirect membership of over 300,000 enterprises from 294 national and regional sectoral industry bodies.

For more than 125 years, CII has been engaged in shaping India's development journey and works proactively on transforming Indian Industry's engagement in national development. CII charts change by working closely with Government on policy issues, interfacing with thought leaders, and enhancing efficiency, competitiveness and business opportunities for industry through a range of specialized services and strategic global linkages. It also provides a platform for consensus-building and networking on key issues.

Extending its agenda beyond business, CII assists industry to identify and execute corporate citizenship programmes. Partnerships with civil society organizations carry forward corporate initiatives for integrated and inclusive development across diverse domains including affirmative action, livelihoods, diversity management, skill development, empowerment of women, and sustainable development, to name a few.

As India marches towards its 75th year of Independence in 2022, CII, with the Theme for 2021-22 as Building India for a New World: Competitiveness, Growth, Sustainability, Technology, rededicates itself to meeting the aspirations of citizens for a morally, economically and technologically advanced country in partnership with the Government, Industry and all stakeholders.

With 62 offices, including 10 Centres of Excellence, in India, and 8 overseas offices in Australia, Egypt, Germany, Indonesia, Singapore, UAE, UK, and USA, as well as institutional partnerships with 394 counterpart organizations in 133 countries, CII serves as a reference point for Indian industry and the international business community.

Confederation of Indian Industry

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Shiprocket Fulfillment

Shiprocket Engage

Shiprocket Boost

Shiprocket Insurance

Shiprocket X CROSS BORDER

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