meesho
case study

2015

Fashnear was founded on July 2015

2015

Meesho was founded on December 2015

2017

It was converted to Meesho 2.0

2021

Raises $125 million in a Series D funding round led by Naspers and Facebook, among others.

2018

Raises $11.5 million in a Series B funding round led by Sequoia India.

2017

Raises $3.4 million in a Series A funding round led by SAIF Partners.

Fashnear

Fashnear was solving the following problems

Limited access to affordable clothing products for customers in local areas

Addressing the issue of underutilization of local clothing stores.

Connecting hyperlocal market enables faster delivery and wider access to local products.

Fashnear's solution supported the growth of local businesses and provided customers with convenient and affordable access to products.

The problem solution fit of Fashnear was not successful as the company failed to meet the demand for instant delivery. The founders had identified a problem in the market – the lack of availability of trendy and fashionable clothing – and attempted to address it through an online platform that connected consumers with local boutiques. However, the solution that they provided was not able to meet the expectations of the market, which was looking for immediate delivery.

High Delivery Cost
This model required a significant investment in logistics and supply chain management

Challenging to scale
Their model presented logistical challenges that affected the quality and reliability of its services

Low profitability
High operating cost, Limited customer base, Inefficient delivery network, Lack of scale.

Quality assurance
Indian comnsumers were mostly hesitant to try new sellers even if they sell cheap products beause of the uncertainity and non standard quality.

"Management Missteps: Where Fashnear Went Wrong in Its Hyperlocal E-commerce Journey"

Business Model Canvas

PROBLEM

1. It can be difficult for small businesses to effectively manage their finances and bookkeeping.
2. Many small business owners lack the time and expertise to handle their accounting needs.

SOLUTION

The platform automates various accounting tasks, such as invoicing, expense tracking, and tax preparation, saving business owners time and reducing the risk of errors.

KEY METRICS

1. Number of users on the platform
2. Monthly recurring revenue (MRR)
3. Customer churn rate
4. Customer acquisition cost (CAC)
5. Lifetime value (LTV) of a customer

UNIQUE VALUE PROPOSITION

1. Fashnear offers an affordable and easy-to-use bookkeeping software for small businesses, saving them time and reducing the risk of errors.
2. The platform provides user-friendly features and integrations with other business software, making it a comprehensive solution for small business accounting needs.

UNFAIR ADVANTAGE

First to streamline unorganized hypermarket in India

CHANNELS

1. Social media advertising
2. Search engine advertising
3. Referral program
4. Partnerships with other business software providers

CUSTOMER SEGMENTS

1. Small business owners and entrepreneurs
2. Freelancers and self-employed individuals

COST STRUCTURE

1. Development and maintenance of the software platform
2. Marketing and advertising expenses
3. Salaries and benefits for employees

REVENUE STREAMS

1. Monthly subscription fees for access to the platform
2. Commission-based model for partnerships with other business software providers.

How Did the Business Change

Meesho 1.0 was a social commerce platform connecting suppliers and resellers, enabling individuals to start their own online businesses and providing a wide variety of products to sell via their social network. Meesho managed payment processing, shipping, and charged a commission on each sale.

Business to customer & Business to Business

meesho 1.0

Business Model

Model

Revenue Model

Fashnear

Products offered

Suppliers listed their products on the Meesho platform, which included a variety of categories like clothing, home decor, electronics, and more.

Revenue model was based on a commission-based model. Meesho earned a commission on each sale that was made through its platform. The commission rate varied depending on the product category, but it typically ranged from 5% to 20% of the order value.

Problem-solution fit of Meesho 1.0

Consumers:

Provided with access to a vast catalog of products through resellers in their social network, able to shop from home and get products delivered to their doorstep

Resellers:

Able to start an online business without investment or inventory management, selling products to their social network and earning a commission on each sale

Suppliers

Able to reach a large network of resellers through the platform, expanding business and increasing sales
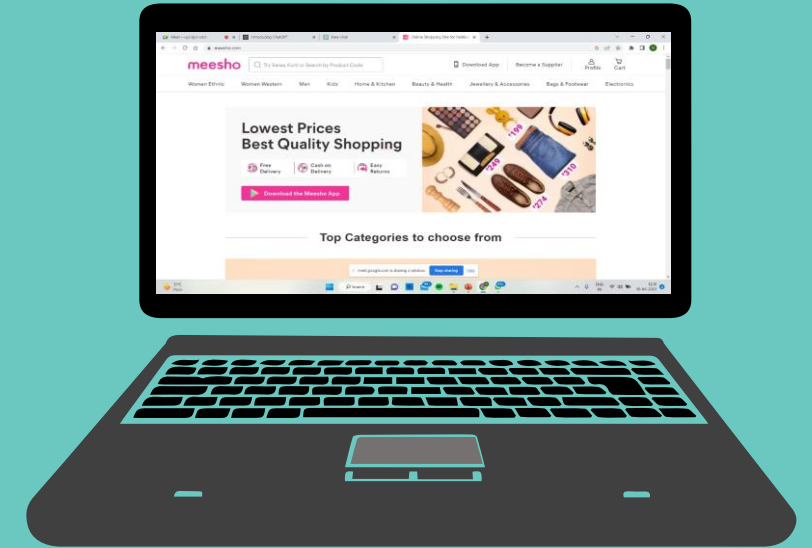
Conclusion:

- Meesho 1.0 had a strong problem-solution fit, addressing the pain points of all stakeholders and achieving rapid growth

- Its focus on social commerce tapped into the growing trend of social media usage and the increasing demand for convenient and accessible online shopping

Meesho 1.0's Strong Product-Market Fit

Meesho 1.0 rapidly grew in popularity among its target audience, indicating a strong product-market fit

The platform's rapid growth is evidenced by the number of resellers increasing from a few hundred to over 100,000 in a few years

Platform addressed significant pain points for suppliers and resellers, providing a convenient, accessible, and profitable solution

Meesho focus on social commerce was well-timed, tapping into the growing trend of social media usage and demand for convenient online shopping

meesho

Metrics and Founders

100%

Meesho showed impressive user growth and adoption during its initial stage, with a 100% increase in targeted retailers and downloads, and 25,000 shops across India using the platform in the first six months.

30%

Meesho faced challenges in terms of monetization and user retention, with a retention rate below the industry benchmark of 30% in the third month, and a lack of investor interest in the business model. These challenges indicate areas for improvement for the company.

In conclusion, Meesho's initial success is impressive, but there is still work to be done to address the challenges and ensure continued success.

What are the options in front of founders?

01

01 They can focus on generating revenue immediately by increasing shipping costs or charging higher onboarding and commission fees.

02 They could actively seek funding to sustain the current business model and gain more time before gradually increasing monetization efforts.

03 They can also explore alternate revenue sources such advertising revenues, premium features.

04 The founders need to make a decision quickly and take appropriate action to ensure the long-term viability of the company.

05 It would be to pivot towards a new model, such as expanding to the supply side of the trade, as they did when launching Meesho 2.0.

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Business Model Canvas

PROBLEM 🔗

1. Traditional methods of starting a business, managing inventory, and expanding customer base are challenging and require significant investments.

2. Resellers require investment and inventory management to start their own online business.

SOLUTION

It provided platform to tackle these problems thus it was profitable, accessible, and beneficial for all parties involved.

KEY METRICS 🏭

1. User growth and adoption rate
2. Number of retailers and downloads targeted
3. Monthly growth rate of retailers

UNIQUE VALUE PROPOSITION 🎁

1. Easy-to-use platform for small retailers
2. Wide range of suppliers with product selection
3. Social media sharing capabilities
4. Order and inventory management tools

UNFAIR ADVANTAGE ❤️

1. Strong network effects that create a self-sustaining ecosystem.
2. Unique approach to social commerce and focus on enabling micro-entrepreneurship.

CHANNELS 🚚

1. Social media marketing
2. Referral marketing
3. Search engine optimization

CUSTOMER SEGMENTS 👥

1. Resellers
2. Consumers
3. Suppliers

COST STRUCTURE 🏷️

1. Cost of Goods Sold (COGS)
2. Technology Infrastructure
3. Logistics Cost
4. General Administration Cost

REVENUE STREAMS 💰

1. Commission on sales made through the platform
2. Value-added services such as logistics and payment processing
3. Advertising and sponsored content

How Did the Business Change

Product Range:

Meesho expanded its product offerings in Meesho 2.0 to include higher-value products and now offers over 5 lakh products across categories. The company's revenue grew 3.3x from FY18 to FY19 and 4.9x from FY19 to FY20.

Advanced Features:

Meesho 2.0 introduced advanced features such as a payment gateway, product listing tool, and order tracking feature, which improved platform efficiency. Resellers reported a 30% increase in productivity.
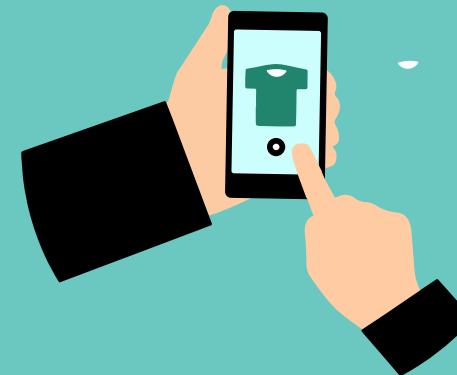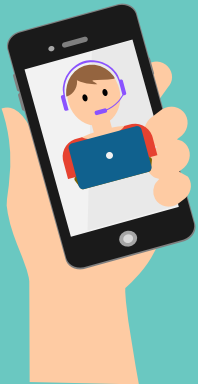
meesho 1.0

meesho 2.0

Improved User Interface:

Meesho 2.0 introduced an improved user interface with intuitive tools for managing inventory, tracking sales, and processing payments. It also added features such as a product catalog with search and filter options, and a chat-bot for customer support, making it easier for resellers to navigate the platform.

Enhanced Training:

Meesho 2.0 offers extensive training for resellers through video tutorials, webinars, and live sessions with experienced sellers. The platform's training programs have been successful in helping resellers increase their sales by up to 40%.

Is Meesho product market fit?

01 User Growth: Meesho has shown significant user growth over the years, with a reported user base of over 13 million as of 2021.

02 Revenue: Meesho has reported strong revenue growth, with a reported annual revenue of around $250 million in 2021.

03 They can focus on generating revenue immediately by increasing shipping costs or charging higher onboarding and commission fees.

04 Market Demand: The platform has addressed a significant pain point in the market by providing a solution for small businesses to reach new customers and for individuals to start their own online business.
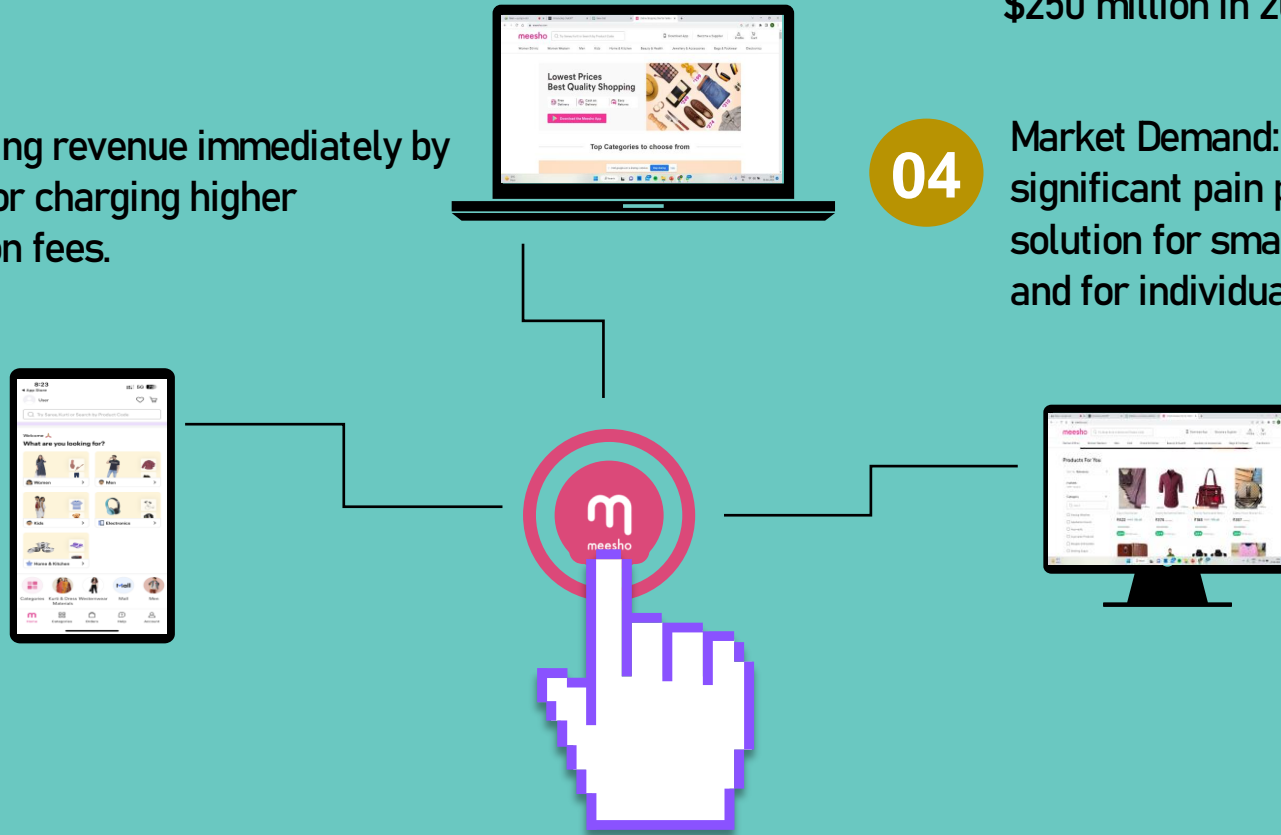
Based on these points, it can be argued that Meesho has achieved product-market fit. The platform has shown significant growth in terms of user base, retention, and revenue, and has attracted significant investor interest. The market demand for the platform's solution is evident, and Meesho has successfully addressed a significant pain point in the market.

Business Model Canvas

PROBLEM 🔗

1. Suppliers face challenges in expanding their customer base and increasing sales.
2. Resellers struggle to start their own business due to the need for investment and inventory management.
3. End consumers find it difficult to shop for a wide variety of products conveniently.
4. Housewives often lack the skills and resources to start their own business.

SOLUTION ⛏

Meesho creates a platform that allows suppliers, resellers and women to expand their customer base and increase sales.

KEY METRICS 🏭

1. Technology and platform infrastructure
2. Network of suppliers and logistics providers
3. Team of employees and customer support staff

UNIQUE VALUE PROPOSITION 🎁

1. Easy-to-use platform for small retailers
2. Wide range of suppliers with product selection
3. Social media sharing capabilities
4. Order and inventory management tools
5. Democratizing entrepreneurship and empowering small retailers, particularly women

UNFAIR ADVANTAGE 💙

1. Strong network effects that create a self-sustaining ecosystem.
2. Unique approach to social commerce and focus on enabling micro-entrepreneurship.

CHANNELS 🚚

1. Social media marketing
2. Referral marketing
3. Search engine optimization
4. Influencer marketing
5. In-app notifications

CUSTOMER SEGMENTS 👥

1. Resellers
2. Consumers
3. Housewives
4. Suppliers

COST STRUCTURE 🏷

1. Cost of Goods Sold (COGS)
2. Technology development and maintenance
3. Employee salaries and benefits
4. Marketing and customer acquisition expenses
5. Infrastructure and logistics costs

REVENUE STREAMS 💰

1. Commission on sales made through the platform
2. Value-added services such as logistics and payment processing
3. Advertising and sponsored content

AARRR Pirate Metrics Framework of Meesho 2.0
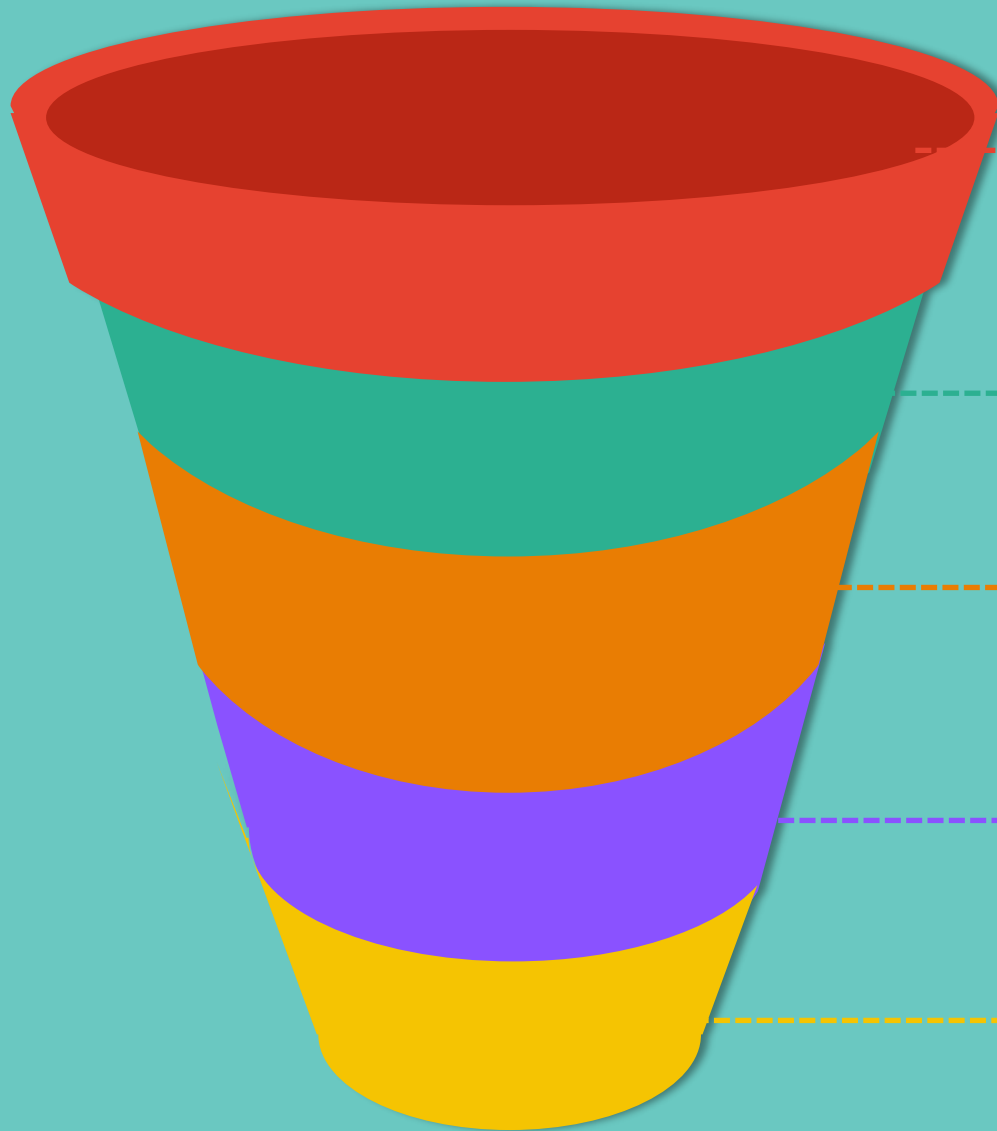
1. Acquisition

Meesho has achieved a high acquisition rate through effective marketing channels and a convenient shopping experience, resulting in a significant number of suppliers, resellers, and end-consumers on the platform

2. Activation

Meesho has shown strong activation metrics as both suppliers and resellers are actively using the platform, and end-consumers are actively shopping, indicating a successful onboarding process.

3. Retention

Meesho has strong activation metrics and a focus on providing value to suppliers and resellers to improve retention, indicating potential product-market fit.

4. Referral

Meesho's referral metrics are strong as they incentivize all parties involved to refer new users to the platform through various programs.

5. Revenue

Meesho's revenue model, based on commission from transactions made through the platform, has generated significant revenue and investor interest.

THANK YOU

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