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boAt Lifestyle

"Our playbook: To provide our customers with the Product they aspire for, through Channels that they shop from, at the Price they want while establishing a Connect between customers and the brand."

— boAt's Investor Deck

In early 2022, the new CEO of Boat Lifestyle (stylized boAt), Vivek Gambhir, discussed with the firm's co-founders, Aman Gupta and Sameer Mehta, at their office in Delhi. They were debating how best to ensure boAt's continued growth and success. boAt, operated by Imagine Marketing Ltd, was an Indian digital-first company that sold earphones, headphones, wireless speakers, smartwatches, and connector cables. boAt was among the fastest growing in the sector and India's most prominent lifestyle brand in consumer electronics.

Gupta and Mehta were keen to tailor-make electronics and accessories for the Indian audience in a market that seemed bereft of innovation and dominated by global companies. Initially, in 2016, boAt sold "indestructible" connector cables solely through Amazon India. It moved to personal audio with Bassheads, a wired earphone product range with increased bass, waterproofing, and robust cables. Over time, boAt ventured into newer categories such as wireless audio, home audio, portable Bluetooth speakers and smartwatches. Each category had custom-designed reasonably priced products supported by strong marketing efforts and a multi-brand ambassador strategy. boAt partnered with influencers and celebrities and co-sponsored marquee events and was one of India's first digitally native brands to record a revenue above ₹10 billion (\$150 million). The Covid-19 pandemic boosted demand propelling boAt to the 5th largest wearable company globally in 2021. (See **Exhibit 1a and 1b**.)

boAt had scaled at a tremendous pace. In 2021, it brought in industry veterans and experienced executives to steer the company as it prepared to file for an initial public offering. Gambhir considered the next phase of growth. Would the boAt brand be strengthened by entering new categories? How should they leverage offline channels? Lastly, should boAt consider international expansion?

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Background

E-commerce in India

India, a country of 1.3 billion people, had emerged as a large market for global businesses. After the government's liberalization policies opened the economy in 1991, global brands set up shop, recognizing the market's potential. As the technology evolved, a flourishing start-up landscape produced numerous unicorns - companies valued at over \$1 billion.

India's online revolution began after Reliance Jio Infocomm (Jio), the telecommunications arm of Reliance Industries, a \$214 billion Indian conglomerate, launched cheap data plans and affordable smartphones. Millions of Indians accessed the Internet for the first time, primarily from their smartphones. By 2021, India had about 750 million smartphone users.¹ Although 67% of search and product discovery happened on the Internet, only about 180 million people had purchased a product online. Many customers still visited local stores and relied on television and radio advertisements in regional languages.²³ (See **Exhibit 2** for key demographics in 2021.)

As online consumption matured, demand for digital wallets and e-commerce grew. Amazon and its largest Indian competitor, Flipkart, which American retail giant Walmart acquired in 2018 for \$16 billion, continued to adapt their models to win a bigger share of India's \$700 billion retail market and meet India's changing e-commerce regulations.⁴ Both started with an inventory model and pivoted to a marketplace for third-party sellers, as India restricted foreign investment in inventory models of e-commerce. In the inventory model, which Walmart and Amazon used in the United States, products were owned by an e-commerce firm that sold directly to retail customers.⁵

Mobile phones and electronics drove the growth in e-commerce with a combined 59% share of online sales in 2020, followed closely by fashion and home and living at 12% and 15%. Retail was expected to grow, supported by both an increasing online demand from smaller cities and the growing consumption and discretionary spending in the post-pandemic world. Experts believed that over 60% of consumer devices would be purchased online in India in 2025.⁶

Gen-Z and Millennials

The Gen-Z (10-24 age group) and the millennial (25-39) population, children of liberalized India, drove the growth on e-commerce platforms.⁷ India had the world's largest millennial and Gen-Z population, estimated at approximately 708 million, about 51% of its total population. By 2021, India's median age was 28 (It was 38.7 in China and 38.3 in the United States)⁸ and Gen-Z and millennials constituted 56% of its workforce.⁹

As millennial and Gen-Z consumers had better access to education and employment opportunities than earlier generations, they were projected to have higher income levels.¹⁰ They were India's biggest spenders, a trend predicted to grow with rising incomes.¹¹ They also had a growing preference for organized and online retail (85% of Gen-Z and millennials had shopped online) due to rapid urbanization and familiarity with digital technology. By 2021, they constituted about 70% of India's smartphone users and consumed most of the country's social media content. Analysts noted that Gen-Z paid more attention to the stories about a brand's values.¹²

Lifestyle accessories, which comprised earwear (such as wired and wireless earphones and True Wireless Sound earbuds), wearable electronics (neckbands, headphones, smartwatches eyeglasses), wireless speakers, and home audio, was the fastest-growing consumer durables category, valued at about \$2.7 billion in FY20.¹³ This segment was expected to grow at a CAGR of 32% for consumer

electronics, driven by changing preferences and the higher purchasing power of millennials and Gen-Z, who spent about 11% of their income on lifestyle products. This segment had unique shopping preferences and considered reviews and recommendations before purchasing online. The prevalence of smartphones, increasing time spent online, and a preference for Indian brands would likely propel this category in the coming years. A survey by Nielsen found that 60% preferred Indian brands over brands from most other countries.¹⁴

Company History

Founders

A chartered accountant by profession, Aman Gupta earned his MBA from the Indian School of Business and in 2012 became the head of sales at Harman International, the parent company of reputed audio brands such as Harman Kardon, JBL, and AKG.¹⁵ While at Harman, he saw changes in the Indian market and consumer behavior.

Sameer Mehta owned and operated Redwood Interactive, the parent company of the computer gaming accessories brand, Redgear.¹⁶ By 2012, Mehta was on the lookout for new opportunities. Mehta and Gupta had quit their jobs and eventually met in 2013. As they talked and discussed their ideas about the electronics market, “it was like magic.” Gupta recalled, “We instantly knew we had to create something together.”

Within a few days, the duo set up Imagine Marketing Private Ltd. They started by distributing for House of Marley, an American audio company. Gupta then reached out to a friend at a marketing agency who shared a list of 10 potential brand names. “We wanted one that didn’t have an audio connotation,” noted Gupta. The name ‘boAt’ stood out, and the tagline, ‘Plug Into Nirvana,’ matched perfectly. “You sail away and leave your worries behind,” said Gupta.¹⁷

They spent the first few years deepening their understanding of the personal electronics market. They read reviews online, listened to customer opinions, and made multiple trips to China to meet with manufacturers and understand their processes.

Finding manufacturers prepared to customize and continuously improve the product was essential. “Many companies used the same cookie-cutter products and only changed the brand name. We found manufacturers willing to experiment and find creative new solutions for the problems customers faced with these products,” Mehta explained.

Connector Cables and Chargers

While reading online product reviews, the founders spotted a pattern. Customers were frustrated that smartphone chargers and connector cables often broke or stopped working. Their friends and family said they bought 3 or 4 such cables a year.

At the time, Android phones were popular in India. Chinese smartphone giant Xiaomi was growing, and China-based OnePlus dominated the premium segment.¹⁸ Customers carried chargers and cables in their bags, but the wires were easily damaged when pulling them out of the bag. The founders discussed the issue with the manufacturers and suppliers. They also sought inspiration from China-based Anker, a market leader in electronics products that were not expensive but reputed for their sturdiness and longevity.

They found that adding robust materials such as mesh or fishnet made the cable last longer without substantially increasing costs. Increasing the wire length and using braided wires and military-grade materials increased the cables' durability.¹⁹ Further, they decided to offer a two-year warranty.

By introducing braided and denim cables and deviating from the industry-standard black cables, boAt attempted to "take a boring category like cables and make it cool," Gupta explained.

Launching on Amazon India

After a few years of research, in 2016, boAt was born on e-commerce behemoth Amazon's India platform. Amazon, which entered India in 2012, had spent several years establishing itself and growing a loyal customer base and was looking for local partners. Early on, Gupta established a strong relationship with Amazon and worked with its team to develop effective marketing campaigns for boAt. Amazon was also keen to attract boAt's target clientele to its platform to grow its user base in India. "They saw two hungry, driven guys who were committed to making an idea work and took a chance on us," said Mehta. "And we didn't disappoint them." Customers rated and reviewed each product, and an algorithm automatically pushed bestselling products to the first page of search results.

Gupta and Mehta were also lured by the Amazon platform's ability to provide instant product feedback and its rapid reviews and ratings. Moreover, the offline space in India was fragmented and complicated. "We didn't want to start offline; it was more capital intensive and difficult to gauge customer feedback. We preferred a try-fast, fail-fast, learn-fast approach," Gupta explained.

In its advertisements, boAt claimed it made cables 'indestructible'. It put out an ad on Facebook with a picture of a pair of scissors and a charging cable between the blades, with the statement, 'Tired of Buying Charging Cables? Switch to boAt.'

The founders decided on a simple approach to pricing; "below the Apples of the world" but above "the rest of the clutter, to provide the most value at that price range." So, for their charging cable, they settled on ₹1000 (\$15), mid-way between ₹1600 (\$24) for an Apple cable and ₹800 (\$11) for Android.^a

boAt's charging cables were an instant hit. They sold out within weeks and became "hot sellers" on Amazon. Within a year, they were selling 7,000 to 10,000 units per week.

Entering the Audio Segment

Bolstered by success in the charging cables and wires segment, Mehta and Gupta decided to take the leap with personal audio. By this time, the duo had spent several years learning about the products, consumption patterns, and prices. The Indian earwear market was replete with "boring, standardized" products, "designed over a decade earlier and picked out of large players' international lines," Mehta recollected. "There was nothing made specifically for India."

Launching Bassheads

There were over 200 brands from all over the world in the audio segment in India. On one end, there were several premium products at high price points, and on the other, numerous lesser-known brands that offered lower quality, less durable products. Gupta recalled, "There was nobody in the middle, with the right pricing and product, creating the right buzz."

^a Yearly average exchange rate used for conversion. For 2016 average exchange rate \$1 = ₹67.175.

In 2016 boAt developed its first product in the personal audio category. The goal was to design products that solved the problems plaguing Indian customers. boAt began by making small innovations and improvements rather than creating “a revolutionary new product.” For instance, it used metal instead of generic plastic for the earbud piece that went into the ear. The products were water-resistant and well-suited for warmer tropical and humid climates in Indian cities. The microphone was more receptive to voice, noting the high background noise in Indian cities. Using sturdier wires made the earphone cables “tangle-free.” boAt also offered a two-year warranty.

The product, named Bassheads 220, was the first in its series of wired earphones. Indian millennials and Gen-Z, Gupta explained, were big fans of heavy bass in music. “Popular Indian music is bass-heavy with many instruments like the *dhol* and *tabla*. We named the product to reflect this.”

The products were priced considering the Indian context. Bassheads 220 were initially sold at ₹400 (\$5.95). The price was later increased to ₹600 (\$8.93). Gupta noted, “We were not the cheapest because we had watched Indian companies such as smartphone maker Micromax close down because they got into price wars.” Mehta added, “We wanted the products to be affordable but good quality.”

Gupta reached out to a marketing agency to create an advertising strategy, but their plans were far beyond boAt’s budget. He decided to develop a marketing strategy himself and spent time understanding how to optimize social media for the target market. Mehta recalled, “Neither of us was a marketing expert. But Aman seemed to have an intuitive grasp of what could work.” The company primarily depended on word-of-mouth, which was not a new concept, but the Internet could supercharge its effects.²⁰ Also, consumer surveys showed that almost 60% of people relied on recommendations for buying a new product.

The Internet campaigns were simple yet aspirational. One of the company’s social media posts said, ‘boAt. Now in India,’ creating an impression that boAt was a global brand entering India. Mehta said, “It was important to ensure the design and aesthetic of the product was world-class too.”

An Unfavorable Market

Unfortunately, boAt’s earphone launch came at a bleak time for most Indian companies in this segment. Several Chinese players dominated, forcing most Indian firms to scale back their operations. Many in the industry were “writing boAt’s obituary before it was born.”²¹

Investors also pointed to smartphone manufacturers Micromax, Karbonn, Intex and similar companies that had to scale back or shut shop. Once India’s second-largest mobile phone seller, Micromax was driven out of business by the onslaught of cheaper phones made in China. Mehta said, “The hardware story was never easy for Indian companies.” Attracting investors or financial support from banks was, therefore, a challenge. Gupta recalled, “They compared us to Micromax and concluded that we too would suffer the same fate.” Critics often speculated that boAt would not last more than 2 or 3 years. (See **Exhibit 3** on Micromax and others shutting shop.)

Determined to prove critics wrong, the founders resolved to keep expenses low and increase the emphasis on sturdy, value-for-money products and spending judiciously. Gupta said, “We have been profitable from day one and planned to stay profitable.” A boat, he emphasized, must not leak.

This was also reflected in the internal decisions. The first two employees they hired were Hemraj, responsible for sales, and Sushil More, who led quality assurance. Gupta said, “You can’t attract that segment if your marketing team doesn’t understand the youth and changing consumption patterns.”

Soon, despite the ominous predictions, boAt products were increasingly visible across Indian cities. Millennials and Gen-Z customers wore boAt earphones at cafés, restaurants, and gyms. In its first year, Bassheads featured among the highest-selling and highly rated products in the category on Amazon. Its algorithm pushed boAt's bestsellers to the first page and the first thousand '4-star and over' ratings had created a virtuous cycle. "It was the early days of e-commerce in India, which made it easier to scale. The platforms gave us amazing visibility," Gupta said. (See **Exhibit 4**.)

Introducing Rockerz Wireless Earphones

In parallel, the founders were keen to create wireless audio products. There were numerous products in the global market, and boAt decided to customize them for India.

In 2017, boAt's wireless earphone series, Rockerz, was introduced on Amazon with Rockerz 255. As a sports or fitness-focused product, Rockerz were lightweight, wireless neckbands that connected to the customer's phone via Bluetooth. The series was priced between ₹999 (\$15) and ₹3,799 (\$56),²² based on an extensive market research study on millennial buying habits.

boAt deepened the bond with its customers by soliciting advice and feedback. It used customer reviews to understand the product-market fit. The founders read the initial reviews of every product and quickly implemented changes based on the customer feedback, sometimes as soon as the second batch manufactured. For example, despite thorough market research, for the Rockerz series; getting the product right required multiple iterations. To address the issues identified, they increased the cable strength, improved the waterproofing, and used stronger glue to connect the wire and speaker. Even the packaging was changed. (See **Exhibit 5**)

Gradually, the demand for Rockerz picked up. In the following months, it also made its way to Amazon and Flipkart's bestseller lists and appeared on the first page of Amazon India's search results.

Growing with E-commerce

Having established itself on Amazon, boAt partnered with Flipkart. Both began placing larger orders for boAt products. Gupta said, "If they believed in you, they adopted a co-marketing approach. Amazon looked at initial reviews and would bet on a new company as soon as it saw it was creating a buzz on its platform."

When boAt entered the market, global brands such as Harman-owned JBL (Samsung Electronics' wholly owned subsidiary) and Sennheiser were well-established in the premium segment. In the early years, despite the skyrocketing demand for boAt, other companies did not significantly alter their strategies. E-commerce platforms also offered a wide variety of Chinese brands, such as Xiaomi and Realme, and Indian brands, such as noise and pTron, priced as low as ₹115 (\$1.70)²³ Such products, manufactured in India or China, were in high demand given their low price.

Further, India's earphones market had been historically dominated by unbranded players who sold products at the lowest price points.²⁴ This segment comprised over 85% of the market by volume when boAt started in 2016. Over time, consumers moved away from unbranded products, led by rising incomes and a growing brand affinity in urban and rural markets.

Until 2018, the duo had bootstrapped the company and not depended on external funding. They had grown the brand by doubling down on Amazon and Flipkart. In May 2018, boAt raised \$900,000, its first investment from early-stage venture capital firm Fireside Ventures, which was attracted to boAt

because it had “identified white spaces and come up with solutions that cater to these target audiences.”²⁵

Raising funds helped boAt expand its range and design new audio products for the Indian market. The most prominent of these was its True Wireless Stereo (TWS) earbuds called ‘Airdopes,’ whose popularity soared in the following years, and a range of portable Bluetooth-enabled speakers under the name boAt Stone. (See **Exhibit 6a** for a timeline and **6b** for product designs.)

Building the boAt Brand

Marketing and branding efforts were crucial elements of the brand strategy. The duo positioned the company as a lifestyle brand to appeal to younger consumers. boAt’s approach was that of ‘bonding, not branding.’²⁶ Ultimately, their customers had to feel an affinity with the brand, ‘as though the products and promotion were designed especially for them.’²⁷ Gupta affirmed, “Our company is not boAt Electronics; it’s boAt Lifestyle.”

The ‘boAthead’ Community

On social media channels, boAt referred to its customers as ‘boAtheads,’ portrayed as a rebellious, unapologetic, and fearless group symbolic of the ‘new-age India.’ By fostering a sense of community, it aimed to build a brand with a message that enticed young, urban customers.²⁸ Using brand ambassadors to further the brand image helped reach the right audiences quickly. Gupta knew that three things sell in India – “Bollywood, cricket, and music.”

Some of India’s renowned celebrities were actors and sports stars with stellar careers spanning decades, and commanded significant fees. For instance, the former captain of the Indian cricket team, M.S. Dhoni, had already endorsed about 50 brands, earning an estimated ₹5 billion (\$67 million).²⁹

With little money for such celebrities, boAt took a different tack. The team had identified underdogs and the up-and-coming cricket, music, and Bollywood stars. It reached out to YouTubers and nano, micro, macro, and mega influencers^b on social media. Every few months, it introduced a new face that resonated with its target customers.³⁰ “A country as large and diverse as India cannot be represented by any one person,” Gupta said, “We live in many Indias; some are ardent fashion followers; others prefer music or cricket. boAt is for all of them.” By 2018, it had ten celebrity ambassadors.

The company continued to onboard new celebrities. The ambassadors’ personalities had to reflect the brand. For instance, boAt brought in Hardik Pandya, a young cricket player. “He was known as a no-nonsense and aggressive athlete,” Mehta said. Pandya was just starting his career and would later become a famous player with over 20 million Instagram followers. Even as boAt’s list of ambassadors grew to 20, the marketing team had only two people with help from external agencies.

boAt also formed unusual partnerships. For example, Gupta floated the idea of launching a new line at a Fashion Week, the same way a new line of designer clothes was launched. Although an unusual idea, the team agreed, and in 2018, boAt co-sponsored the Lakmé Fashion Week, one of India’s most famous fashion shows. Models walked the ramp wearing new boAt earphones, curated by renowned designers. “That was the first time an earwear brand had done a Fashion Week. At first, it

^b Nano influencers had between 1k and 10k followers while mega influencers, generally celebrities, had over a million followers. (Source: The 5 types of Influencers, Simplilearn Digital Marketing, [Simplilearn.com](https://www.simplilearn.com), accessed May 2022.)

seemed odd to many, but it worked well for the brand image and paid us many dividends,” Mehta said. (See **Exhibit 7** for boAt’s monitoring of marketing efforts.)

Product Launches

True to its ethos, boAt’s product launch strategy was anything but traditional. It was the norm for most consumer technology brands to launch a product once every few years. Instead, boAt decided to launch new products every week, or over 50 products a year, offering even more options to its clientele.

Sushant Sharma and Siya Wadhawan, who led marketing and product launches, described that the launch budget was decided based on the product type and the margins for each product category. For earphones, about 70% of the budget was spent on Amazon and Flipkart. The remaining 30% was spent on influencer marketing and relevant platforms. All product launches were timed carefully; a launch around February or March generated enough ‘buzz’ on social media to sell more during the festival of Diwali, India’s biggest shopping season (generally in October or November).

boAt Home Audio

boAt’s meteoric rise in personal audio led the team to consider foraying to a new category: home audio, which referred to home theatre systems, soundbars, speakers, and luxury audio systems.³¹ Historically, the market had been dominated by high-end brands, such as JBL, Sony, and Philips, which sold products priced on average between ₹25,000 and ₹35,000 (~\$330 to \$470), and ultra-premium brands, such as Bang and Olufsen, and Sonos, which sold products from ₹99,999 (\$1400).³²

In 2018, boAt created Aavante, its range of home audio speakers and subwoofers that increased the bass level. Aavante was customized to cater to India’s smaller home sizes. It was designed as a sleek bar, roughly the same height as an average television in an Indian house, covered with a speaker grill with a small digital display for connectivity status and volume.³³ boAt partnered with Dolby to create a theatre-like experience for Indian homes. Unlike premium speakers, which generally had one mode of connection that provided the highest sound quality, Aavante could be connected using a variety of modes, such as Bluetooth, auxiliary cables, USBs, and others.

Aavante was launched on Amazon India at ₹8,999 (\$130), considerably lower than the incumbents. Its value was soon evident as one review noted, “Overall, the audio quality is top-notch at this price. If you’re looking to enhance the sound from your TV without spending too much, Aavante fits the bill.”³⁴

The Next Phase of Growth

boAt’s customer-focused approach bore fruit and enhanced its brand image. At least 6 of the top 10 best-selling earphones on Amazon India were boAt products in 2019.³⁵ Soon, other companies started to notice boAt’s tremendous growth. One example was Harman’s JBL. An established brand in India’s premium market, in mid-2019, JBL launched Infinity, a series of affordable wired and wireless earphones priced from ₹699 (\$10) onwards and Bluetooth speakers from ₹1,999 (\$28). JBL advertised that customers could switch back and forth between ‘bass mode’ and the original sound. Pradeep Chaudhry, Country Manager, Harman India, said, “the ‘Made for the Indian listener’ positioning would make the Infinity ‘a hit with India’s new generation and youth.’”³⁶ Despite the launch of Infinity, in the subsequent year, Samsung’s share of the TWS market, which included Samsung, Harman Kardon, and Infinity products, was declining, and fell from 10% to 4.7% in 2021.

Following Aavante's launch, the covid-19 pandemic and the curbs to contain its spread increased demand for hearables as consumers looked for accessories to support their changing lifestyles. Most earwear companies saw an uptick in sales. Still, boAt benefitted slightly more, with a 20% jump in gross sales during the first lockdown and a daily demand of about 15,000 units between May and August 2020, almost double the previous year. Its revenue for 2019 and 2020 were \$32 million and \$93 million. (Exhibit 8a and 8b show key financials and revenue mix.)³⁷

However, multiple lockdowns and disrupted supply chains resulted in a slump in shipments.³⁸ Undeterred, the company continued with its expansion. It partnered with e-commerce sites such as Myntra, Jabong, and Tatacliq,^c launched its website, and set up its offline presence.

Rethinking Manufacturing

Traditionally, boAt had sourced most components from China and Taiwan. The team had to reconsider its sourcing strategy due to the growing political tensions between India and China and the call to encourage manufacturing in India. In response, boAt set up an R&D center in Bengaluru and introduced stringent product quality and testing procedures. "We will undertake vertical integration across both the hearable and wearable space to establish India as a global supplier," Mehta said.³⁹ The team also began to chalk out a plan to shift manufacturing to India and other countries.

Still, technology obsolescence remained a significant threat; Mehta reflected, "This industry is not forgiving, and we cannot move at a glacial pace. Many people have come and gone, so we want to keep ourselves grounded and innovate faster than others."

Vivek Gambhir Joins

Meanwhile, the founders began to contend with the company's rapid growth. They realized they did not have the know-how to run an organization of this scale. "We know what we are good at and want to do. But we also know what we don't know," Gupta said.

Therefore, in February 2021, they hired Vivek Gambhir (MBA '97) as boAt's CEO. Gambhir was "an industry veteran with a proven track record in growing organizations, improving operations, and delivering stellar returns to stakeholders."⁴⁰ He had served as the CEO and managing director of Godrej Consumer Products,^d where he had led the firm's transformation and global expansion. He was also a founding member of Bain & Company's consulting operations in India.⁴¹ Gupta retained his role as co-founder and CMO, while Mehta continued as co-founder and chief product officer.

Gambhir was excited to work with the team. "The passion and skillsets of Gupta and Mehta stood out. They had the courage and the conviction to push the accelerator at the right times," he recalled. "It was rare to see a founding team so financially prudent and ROI-focused." He was also impressed by the brand's strength and marketing function, noting, "I often met customers who said the 'look-and-feel' of the products led them to believe it was a global brand. Moreover, a four-year-old brand with such high brand awareness scores was unbelievable."

^c Myntra, Jabong (acquired by Flipkart) and TataClq were among the most popular e-commerce sites in India.

^d Godrej Group was an Indian multinational conglomerate founded in 1897 with a revenue of over \$4 billion. (Source: Godrej, <https://www.godrej.com>, accessed June 2022.)

Raising Funds

boAt's rapid pace of scaling necessitated raising more funds. Fireside, its earliest backer, invested another \$3 million in 2019. In early 2021, they attracted the interest of private equity firm Warburg Pincus, which made its first investment in India's burgeoning audio and wearables market by investing \$100 million in boAt at a valuation of \$300 million. The capital allowed boAt to boost its R&D and marketing efforts and expand its product portfolio.⁴² Soon after, in April 2021, boAt raised ₹500 million (\$6.5 million) from Qualcomm Ventures, the venture capital arm of Qualcomm, a wireless technology services giant.⁴³ The team sought to tap into public funds by listing on the stock exchange and was preparing for an IPO.

Building a Competitive Moat

Gambhir reflected on the strength of the boAt brand. By 2021, boAt had grown with e-commerce in India to become the fifth-largest audio brand in the world. It was India's preferred earwear audio brand, with a unit market share of over 40%. In the True Wireless segment alone, it commanded more than 35% market share, three times the size of its nearest competitor. boAt's smartwatches captured over 20% of the market share. Its prices were competitively well-positioned in the market, and there were more than 2 million boAtheads across social media, primarily Gen-Z and millennials. Across age groups, boAt was well-recognized as an Indian brand creating new products. It also had a loyal customer base as 61% of its earwear users had bought a boAt smartwatch or home audio device.

The founders had positioned boAt as a brand that provided affordable, fashionable, innovative, and durable products. boAt's brand equity, measured by customer responses to their favorite brand, recommendations, and willingness to pay a premium price, was strongest amongst male customers between 19 and 24 years of age, primarily residing in metro cities. In comparison, its brand awareness and usage were weaker among females and those aged between 15 and 18.

Channels such as Youtube, social media, and its website were instrumental in boAt's high brand recall and top-of-mind awareness scores of 75%. However, 56% of respondents to a Nielsen survey would not opt for boAt for their next purchase. These generally older customers, between 25-34, preferred products from JBL and OnePlus. They cited "weak perception on durability, below-average quality of technology, and low buzz around the brand" as reasons for not choosing boAt (See **Exhibit 9**.) This was partly a fallout of boAt's limited investment in R&D until 2020.

The team discussed these issues in light of the increasing competition. Earwear was crowded with legacy and new-age brands. While boAt's immediate competitors were brands such as Noise and OnePlus, others such as Redmi and Realme were targeting a similar audience. (See **Exhibit 10a and 10b**.) In wearables, Realme, Noise, and Amazfit posed an immediate threat, and Fire Bolt and GOQii were emerging competitors.

Another challenge was boAt's dependence on the top 2 e-commerce platforms since some target customers were more likely to purchase from retail outlets such as local stores rather than e-commerce. Gambhir was conscious of the need to diversify but unsure about the best strategy.

Category Expansion

boAt's earphones were bestsellers on Amazon and Flipkart, and although the founders' expertise was in audio, they wondered if the brand could be extended to other categories.

At the end of 2020, boAt ventured into the wearables segment by launching a smartwatch called boAt Storm, exclusively on Flipkart, at ₹1999 (\$27). Promoted as a fitness and wellness product, it had a daily activity tracker, health and wellness monitoring features, and a Find My Phone option to locate a connected smartphone. It had fewer features than the Apple Watch and the Fitbit, popular products in this category, but made smartwatches accessible to a new customer segment.

For boAt, this was a marked increase in technology investment as its smartwatches contained hardware components such as chipsets, sensors, and firmware and software applications to connect the watch to a phone. As boAt entered the new segment, it encountered difficulties. One snafu was plastic material for the screen display, which reduced visibility outdoors. The team realized the error from reviews and promptly recalled, scrapped, and redesigned the product.

The revamped Storm was launched on Flipkart. boAt altered its marketing approach for this category, recognizing the need to educate the consumer about the product. It spent heavily on platform marketing; banners on the homepage and notifications alerting Flipkart users helped spread the word about the watch. Within one minute of launch, over 10,000 watches were sold.⁴⁴ By the end of the first month, its campaign had received over 155 million views. By September 2021, it emerged as India's leading smartwatch brand and gained a 23% market share with only one SKU.⁴⁵ This encouraged boAt to develop boAt Flash and Xtend smartwatches with new features and considered options for sourcing and manufacturing the components.

Technology was crucial to succeeding in this new category, which would be a key pillar in the company's strategy as it looked to widen its product range. In January 2022, Imagine Marketing acquired KaHa, Singapore. Founded in 2015, KaHa developed Internet of Things (IoT) products and had a technology platform for wearables through patented artificial intelligence capabilities and smart wearable solutions.⁴⁶ Divyanshu, Vice President – Strategy, described, "This acquisition gave us the full-stack hardware and software assets and the knowhow to develop sophisticated smartwatches."

At the same time, boAt forayed into the personal grooming category with Misfit, a sub-brand. Misfit was a value-for-money brand offering a range of grooming products such as trimmers. A report showed that the Indian male grooming market was projected to cross \$1.2 billion by 2024. The new brand aimed to leverage the growth in this grooming segment. Gambhir said, "Our designs were very metrosexual; we used a pastel palette, and the brand tone was different from most male grooming brands." For Misfit, the company brought in four new brand ambassadors. Within three months, they sold around 40,000 units of personal grooming products.

With the growing demand for its smartwatches and personal grooming products, Gambhir and the team deliberated the next category for expansion, one with low penetration or at an inflection point of growth. They had found success in lifestyle-oriented categories with fashion elements and those ripe for disruption or where they saw opportunities for better price-value propositions.

Offline Expansion

So far, boAt had paid minimal attention to offline marketing. Gupta felt "it was a slower channel" which didn't yield "the same customer feedback at the same pace as online commerce." Affordable access to the Internet had led to '65% of product discovery happening online', and a little over 150 million people made a purchase online in 2020.⁴⁷

Despite e-commerce's potential, the team debated expanding their offline presence. "An offline network," Divyanshu believed, "empowered an Internet first brand to reach the vast untapped market." Moreover, offline stores could be leveraged to improve customer experience by offering

repairs, replacements, and other warranty services. The unorganized offline market in India was highly informal, and decisions like product price were sometimes relationship-driven and less transactional.

For personal electronics, customers visited a trusted local store that many families frequented in the neighborhood. Many of these stores were family-run, with ownership passing from generation to generation. They had a loyal customer base that consulted the store owner about trends, latest features, and popular products. They often stocked sample packs of personal electronics devices that customers could ‘look, touch and feel’ before making a purchase. Sometimes, buyers returned to stores to describe how well a product they had bought worked. This knowledge was then passed on to new customers.

Convinced of the merits, boAt ventured into the offline market in 2019. As a late entrant in a space where firms such as Realme and Samsung had established a strong footing, boAt set up ‘feet on the street’ and channel marketing teams and started building a distributor network.

In India, distributors (and sometimes sub-distributors) served the retailer network in defined geographies. Most retailers were ‘mom-and-pop’ stores, part of the large unorganized sector that dominated retail and stocked products from brands most in demand by their customers. Distributors deployed teams to engage with and offer propositions with prices and promotions to incentivize retailers. An offer could be ‘buy ten and get the 11th product free.’⁴⁸ Sometimes, brands such as JBL and Sony opted not to use distributors and reached out directly to retailers.

Ankush Guglani, who led boAt’s offline marketing, looked for distributors with specific characteristics. In Delhi NCR, India’s capital, boAt had five distributors with an extensive network of stores. Of the 200 SKUs on offer, Guglani’s team primarily focused on promoting the 10 bestselling models offline. boAt’s pricing to the channel was based on the market operating price and competitive margins for offline partners: about 10% for distributors and a minimum of 20% for retailers. (See **Exhibit 11** for channel margins). If a pair of Rockerz 255 earphones sold at ₹1,499, the distributor would sell the item for ₹1,200 to the retailer, and boAt’s price to the distributor would be ₹1,080.

More recently, retailers also had the option of sourcing products from other channels such as Amazon and Flipkart’s B2B platforms and Udaan, an online wholesale distributor. Storeowners were aware of the prices from these sources and would negotiate with a distributor’s team. Therefore, if the Rockerz 255 were less than ₹1,200 on Udaan^e, the retailer would not pay a higher price to a distributor.

On Amazon, the Rockerz price fluctuated between ₹1300 and ₹2000. The final offline retail price depended on the customer who visited the store. For instance, Gen-Z and those attuned to the prices online would only buy Rockerz offline if it was priced competitively. However, if a customer was not well-versed with boAt’s prices on Amazon or was willing to pay a premium for the benefits of a brick-and-mortar store, the retail store could get away with charging a higher price, sometimes as high as an MSRP of ₹3999. “In the absence of regulation, it was the brand’s responsibility to decide an acceptable price range,” Guglani said.

Placing an order was the distributors’ prerogative, as boAt did not encourage “artificial inventory.” Although distributors had to pay before receiving orders, retailers had the option of purchasing products on 21-day credit from distributors based on their credit history and relationship with the distributor. Except in extreme cases of product malfunction, boAt did not accept inventory returns from its distributors. “But if a product did not sell, we took ownership and worked with distributors on a strategy,” Guglani explained. One possible strategy was modifying the agreed-upon margins.

^e Online platforms often offered deep discounts and temporarily slashed prices to attract customers or move inventory.

His team also had to account for regional differences. In smaller markets (population less than 500,000) where logistics costs were high due to poor infrastructure, boAt used the distribution network of established players, such as Udaan and Reliance's JioMart, which had made inroads in India's hinterland. Guglani said, "We don't want to leave any market at the mercy of online and counterfeit products." But there were significant variations in shopping habits between cities, towns, and rural regions. Rural markets comprised both affluent and more value-conscious customers, for whom smartphones were the primary, often only means to access the Internet.⁴⁹ Although they used the Internet to search for or discover products, many visited local stores to know what others were buying and relied on television and radio advertisements in regional languages.⁵⁰

boAt's target customer offline was skewed towards millennials aged 25-34. These customers were avid social media users, and the team had to pay careful attention to the price differences, as many visited stores to try products before going online to buy them. Less than 15% of India's millennials purchased products offline. Additionally, customers from older age groups, who were more likely to shop offline, were generally offered JBL or Sony products when they walked into a retail store.

By October 2021, offline contributed to 9% of sales, but Guglani was not content as boAt targeted offline sales of 25-30% by 2025. boAt was a market leader online, and even as Guglani wanted to grow his team and expand into more cities before moving to smaller towns, he recognized the challenges of growing the offline channel.

International Expansion

As the team prepared to file for an initial public offering (IPO), Gambhir contemplated boAt's geographic expansion strategy. Since the early days, Mehta and Gupta had envisioned expanding internationally once they had established a strong foothold in India. But before entering a new country, they needed to assess which aspects of the boAt brand could be leveraged for international markets and which categories would be most relevant in these markets.

One option was to venture into Asian countries such as Bangladesh and Indonesia. Although smaller markets than India, they had over 40% of their population between the ages of 10 and 34 years. They had a fast-growing e-commerce market, with online transactions increasing 72% in Bangladesh in 2020. There seemed to be an opportunity to tap into Bangladeshis' high affinity for Indian products and urban Indonesians' preference for foreign brands. (See **Exhibit 12** on markets for expansion.)

Alternatively, they could look at UAE and other countries in the Middle East region, where many Indian companies had found success. These regions offered "the dual advantage of operating in an international market and the potential to tap the Indian consumers there to get a head start to their international operations." In 2020, there were over 3 million Indian migrants in the UAE.⁵¹

What Next?

Gambhir listened to Gupta and Mehta share their ideas, goals, and the legacy they wanted to build with boAt. Demand for boAt's products remained strong, but the founders were "constantly paranoid that this magic will fade." As they prepared to be listed, they considered future growth in three avenues: channel, category, and international expansion.. As the team pondered these growth opportunities, they returned to the potential and challenges in the Indian market. (See **Exhibit 13a and 13b.**)

There was great potential in the Indian market, especially in smaller cities, which accounted for 60% of hearables sales in 2020, driven by greater adoption of e-commerce, and was projected to reach 70% in 2025. The team predicted that the prevalence of the online channel would continue in the aftermath of the pandemic. Although the unorganized sector historically dominated most of India, its share was shrinking and expected 25% of the overall market in 2025. At the same time, demand for branded products was also steadily rising. boAt learned that there was scope for more aspirational price points, between ₹1,000 to 5,000 for hearables and ₹2,000-8,000 for wearables. (See **Exhibit 14.**)

For Gambhir, building a strong moat around the current business was imperative to ensure it could withstand the growing competitive onslaughts. The stories of Micromax and many other smartphone makers in India were still fresh in his mind. How could boAt avoid the same fate?

Exhibit 1a Total Shipments and Market Shares of Wearables*.

Company	2021Q4	Q42021	2021	2021
	Shipments	Market Share	Shipments	Market Share
Apple	59.7	34.90%	161.8	30.30%
Xiaomi	14.6	8.60%	54.4	10.20%
Samsung	13.6	7.90%	48.1	9.00%
Huawei	11.5	11.50%	42.7	8.00%
Imagine Marketing	9.2	5.40%	26.8	5.00%
Others	62.5	36.60%	199.9	37.50%
Total	171	100.00%	533.6	100.00%

Source: Created based on IDC's Worldwide Quarterly Wearable Device Tracker®; https://www.idc.com/getdoc.jsp?containerId=IDC_P31315, accessed July 2022.

Note: *Wearables, defined by IDC, included earwear, wristbands, and smartwatches. Shipments are in millions of units.

Exhibit 1b Units Sold and Market Shares in India.

	Quarter	2020Q4	2021Q1	2021Q2	2021Q3
	Product	Units sold	Units sold	Units sold	Units sold
boAt	Earwear*	5,340,211	2,718,084	4,201,651	9,000,071
Total market	Earwear*	13,498,723	9,425,260	9,236,336	18,738,796

	Quarter	2020Q4	2021Q1	2021Q2	2021Q3
	Product	Units sold	Units sold	Units sold	Units sold
boAt	Smartwatch	75,004	301,867	433,095	995,368
Total market	Smartwatch	1,332,754	1,363,214	1,607,584	4,306,593

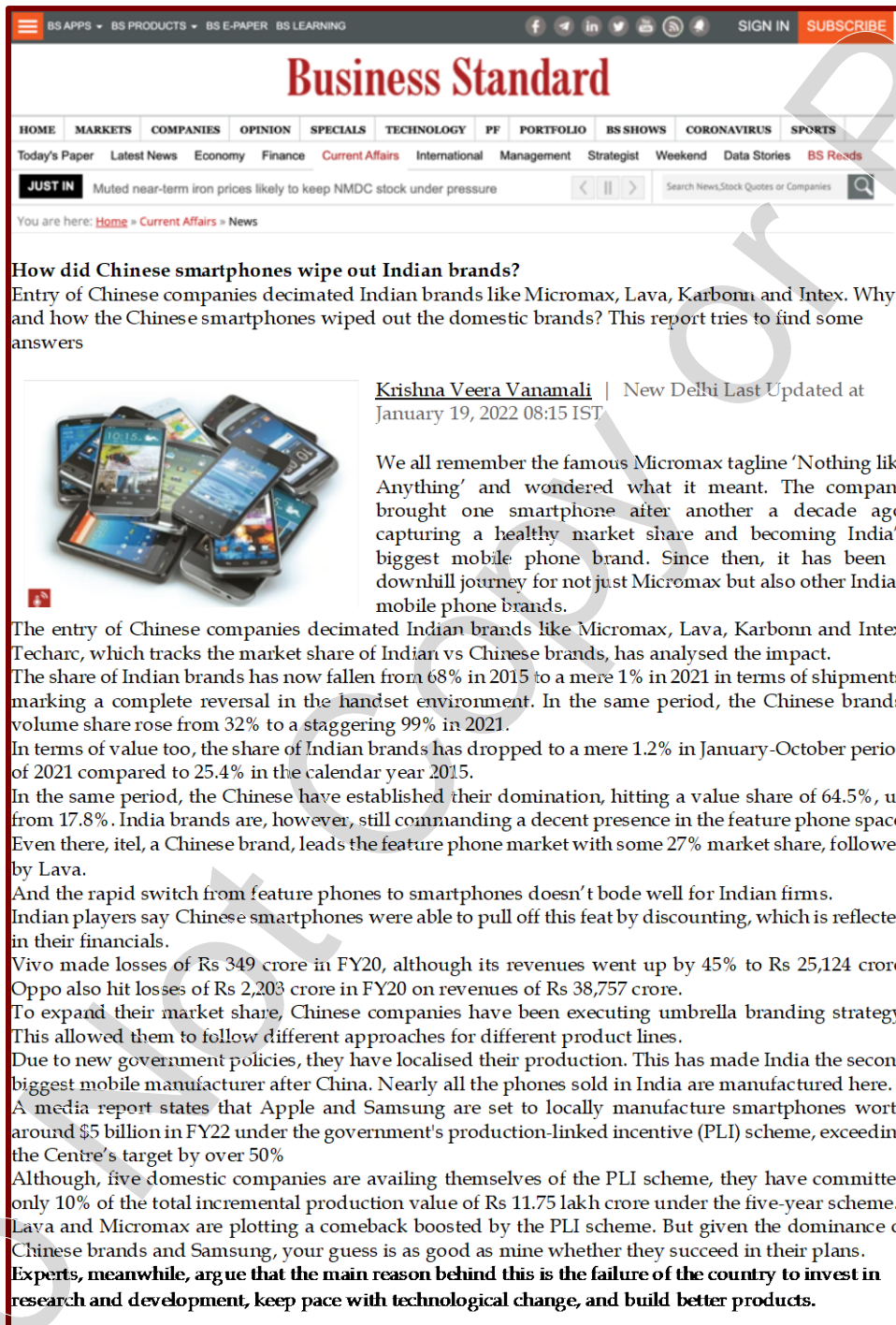
Source: Compiled from company documents.

Note: Total market refers to the organized market in India. Earwear includes wireless neckbands, wireless headphones, and TWS.

Exhibit 2 India: Key Demographics.

Key Demographics in 2021	
Population	1.40 billion
Population aged 15-64	939.8 million
% of population below 30	52%
Urban Population %	35%
Current GDP per capita	\$2,189
Internet Penetration %	60.70%
Social Media penetration %	45.90%
Online shoppers	150-180 million

Source: Compiled from 'India Dossier', Statista, <https://www-statista-com.ezp-prod1.hul.harvard.edu/study/10080/india-statista-dossier/>, accessed January 2022; India, World Bank, <https://data.worldbank.org/country/IN>, accessed January 2022.

Exhibit 3 Article: How did Chinese Smartphones Wipe out Indian Brands.


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How did Chinese smartphones wipe out Indian brands?

Entry of Chinese companies decimated Indian brands like Micromax, Lava, Karbonn and Intex. Why and how the Chinese smartphones wiped out the domestic brands? This report tries to find some answers

Krishna Veera Vanamali | New Delhi Last Updated at January 19, 2022 08:15 IST



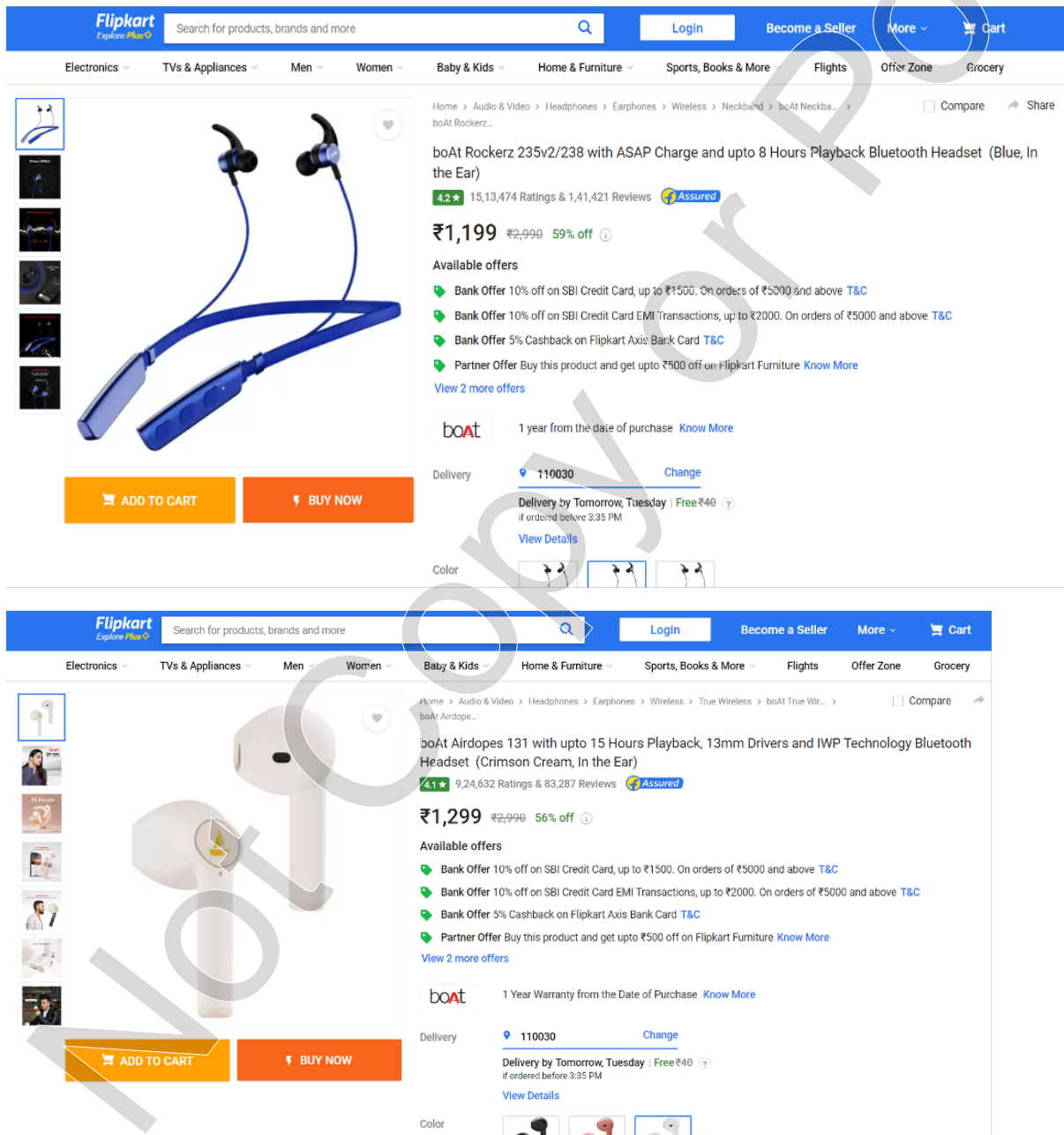
We all remember the famous Micromax tagline 'Nothing like Anything' and wondered what it meant. The company brought one smartphone after another a decade ago capturing a healthy market share and becoming India's biggest mobile phone brand. Since then, it has been a downhill journey for not just Micromax but also other Indian mobile phone brands.

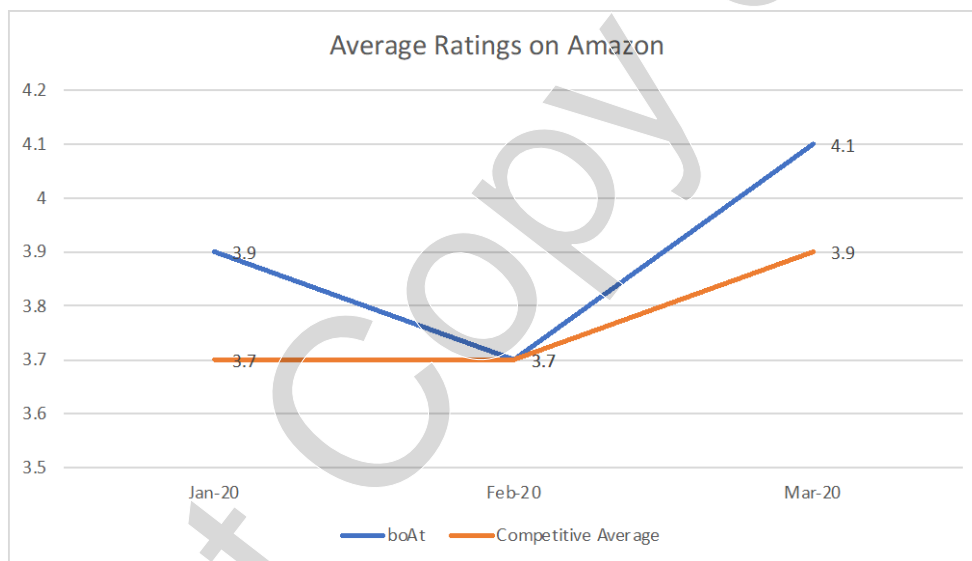
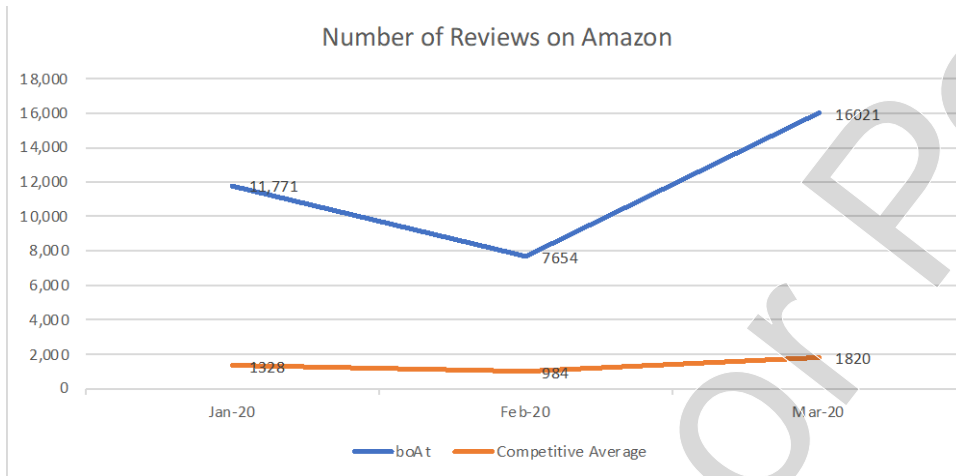
The entry of Chinese companies decimated Indian brands like Micromax, Lava, Karbonn and Intex. Techarc, which tracks the market share of Indian vs Chinese brands, has analysed the impact. The share of Indian brands has now fallen from 68% in 2015 to a mere 1% in 2021 in terms of shipments marking a complete reversal in the handset environment. In the same period, the Chinese brands volume share rose from 32% to a staggering 99% in 2021. In terms of value too, the share of Indian brands has dropped to a mere 1.2% in January-October period of 2021 compared to 25.4% in the calendar year 2015. In the same period, the Chinese have established their domination, hitting a value share of 64.5%, up from 17.8%. India brands are, however, still commanding a decent presence in the feature phone space. Even there, itel, a Chinese brand, leads the feature phone market with some 27% market share, followed by Lava.

And the rapid switch from feature phones to smartphones doesn't bode well for Indian firms. Indian players say Chinese smartphones were able to pull off this feat by discounting, which is reflected in their financials. Vivo made losses of Rs 349 crore in FY20, although its revenues went up by 45% to Rs 25,124 crore. Oppo also hit losses of Rs 2,203 crore in FY20 on revenues of Rs 38,757 crore. To expand their market share, Chinese companies have been executing umbrella branding strategy. This allowed them to follow different approaches for different product lines. Due to new government policies, they have localised their production. This has made India the second biggest mobile manufacturer after China. Nearly all the phones sold in India are manufactured here. A media report states that Apple and Samsung are set to locally manufacture smartphones worth around \$5 billion in FY22 under the government's production-linked incentive (PLI) scheme, exceeding the Centre's target by over 50%. Although, five domestic companies are availing themselves of the PLI scheme, they have committed only 10% of the total incremental production value of Rs 11.75 lakh crore under the five-year scheme. Lava and Micromax are plotting a comeback boosted by the PLI scheme. But given the dominance of Chinese brands and Samsung, your guess is as good as mine whether they succeed in their plans. **Experts, meanwhile, argue that the main reason behind this is the failure of the country to invest in research and development, keep pace with technological change, and build better products.**

Source: Krishna Veera Vanamali, "How did Chinese Smartphones Wipe out Indian Brands," Business Standard, https://www.business-standard.com/podcast/current-affairs/how-did-chinese-smartphones-wipe-out-indian-brands-122011900113_1.html, accessed June 2022.





Exhibit 4 boAt products on Flipkart.





Source: Compiled from company documents.

Exhibit 5 boAt Rockerz 255 and 330.

<p>Rockerz 255 Wireless Earphones <i>Launched 2018</i></p>  <p> # 1 selling earwear in 2019 and 2020 ~8 million units sold till Aug FY22</p> <ul style="list-style-type: none"> • Customized for Indian environment <ul style="list-style-type: none"> – Superior quality – High bass; ergonomic design; water-resistant, multiple colors • Influencer-led marketing - Brand ambassador Kartik Aryan heavily featured in marketing • Strong existing online Channel - Collaboration with online marketplaces for promotional activities • Expanded line to Rockerz 255 Pro and Rockerz 255 Pro Plus 	<p>Rockerz 330 Wireless Earphones <i>Launched 2021</i></p>  <p> One of boAt's top-selling products 300,000 units sold till Sept FY22</p> <ul style="list-style-type: none"> • New features introduced <ul style="list-style-type: none"> – Longer battery life, fast-charging, voice asst. – IP-X5 rated: water & sweat resistant • Influencer led marketing - Brand ambassadors from AP Dhillon to Hardik Pandya; Sustained social media marketing • Strong existing online Channel - Exclusive launch and joint marketing efforts in partnership with Amazon
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Source: Created based on company documents.

Exhibit 6a Timeline.

Year	FY16	FY17	FY18	FY19	FY20	FY21	FY22
Revenue USD million	1.3	3.6	12	32	93	201	441
Category Launched	Mobile Accessories Wired Earphones	Wireless earphones Portable speakers	Home audio	Alexa integrated products	Truly Wireless Stereo	Smart Watches Trimmers Gaming	Active Noise Cancellation + Environmental Noise cancellation.
Milestones	- Experimented with tangle-free wired audio products and indestructible cables	Marketing: Expanded to sports celebrities - Higher bass, - Smart pricing	Marketing: Bollywood & cricket celebrities	Expansion: Offline channel Marketing: Intensified ATL/ BTL marketing Partnerships: Lakmé Fashion Week, Sunburn, CSK & KXIP	- #1 brand in Audio as per IDC - 1st Indian brand to be showcased at both Google and Amazon booths at CES 2020	- "Made in India" products - Gaming and personal care (trimmers) Investments: - Raised \$100M from Warburg Pincus. - Qualcomm Ventures made a strategic investment in boAt. Leadership: C-Suite expansion with CEO, CIO, CFO	- Consolidated leadership in audio. - SAP implementation Inorganic growth: - JV with Dixon Technologies for Making in India - Brand acquisition of TAGG - Acquisition of KaHa Pte – IoT R&D company

Source: Company documents.

Note: A financial year in India begins in April and ends in the following March. 1 USD = INR 75 used for conversion.

Exhibit 6b Product Designs.

Source: Company documents.

Exhibit 7 Monitoring Marketing Efforts.



What does boAt track?

- Site visits
- Time spent on the website.
- Pages viewed.
- Keywords.
- Comments in blogs.
- Frequency of blogs, forums and other threads.
- Sentiment tracking on internal and third-party tools.
- Opinions expressed in service calls.
- Net Promoter Scores.
- Product service ratings and comments.
- Content shared in social groups
- Brand Affinity.

How does boAt track?

- Web analytics
- E-commerce platforms.
- Social media platforms.
- Community-building activities.
- Brand monitoring.
- Internal brand research.
- Brand tracks.
- Consumer research reports.

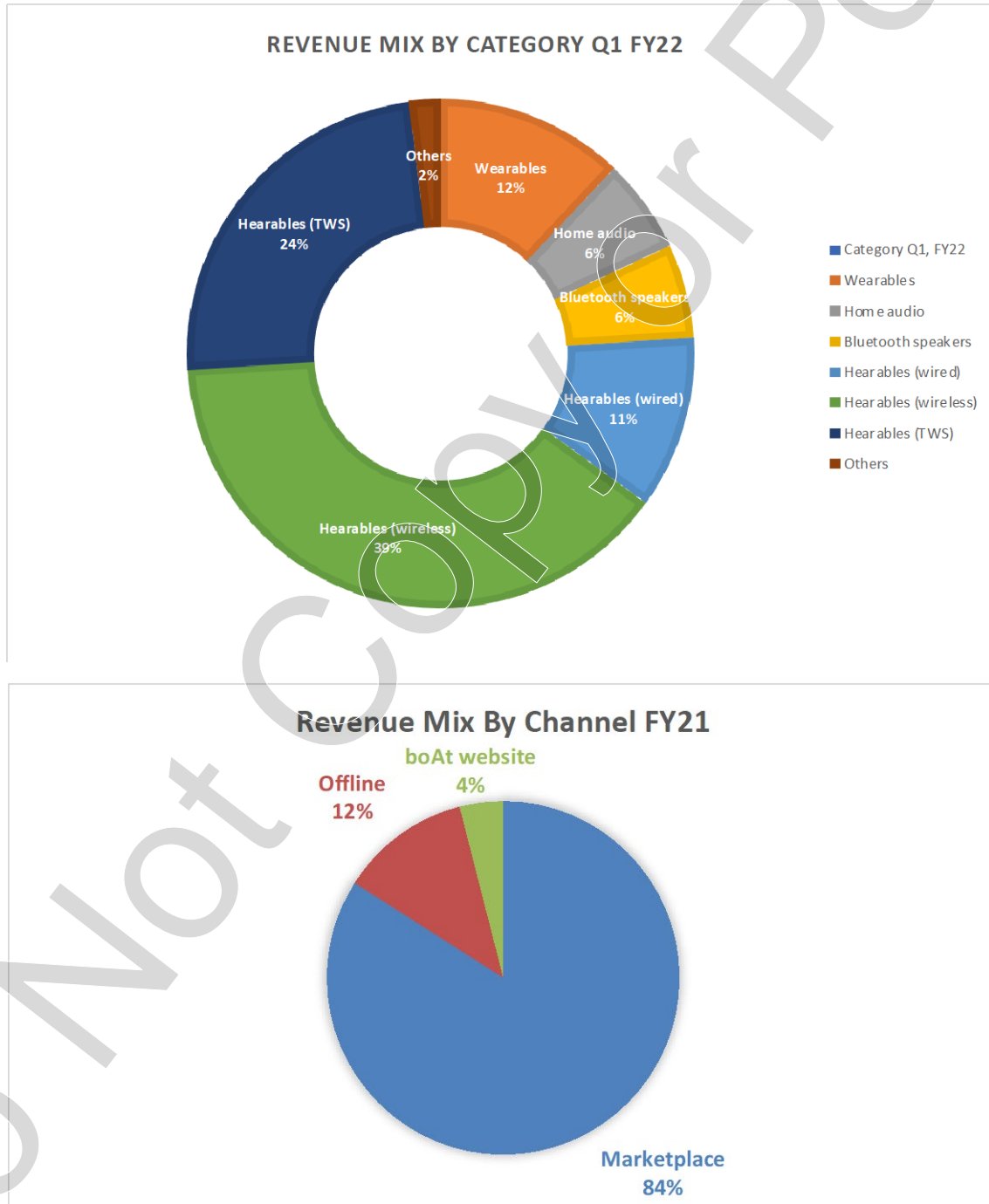
Source: Based on company documents.

Exhibit 8a Key Financials.

\$ millions	FY19	FY20	FY21
Gross Revenue	43.75	124.69	270.37
Net Revenue	34.24	94.73	205.58
COGS	-24.86	-61.00	-139.85
Gross profit	9.38	33.74	65.73
Promotional and branding expenses	-3.69	-15.38	-32.73
Other expenses	-2.27	-8.23	-15.82
EBITDA	3.41	10.12	17.18
EBITDA (%)	10%	11%	8%

Source: Based on company documents.

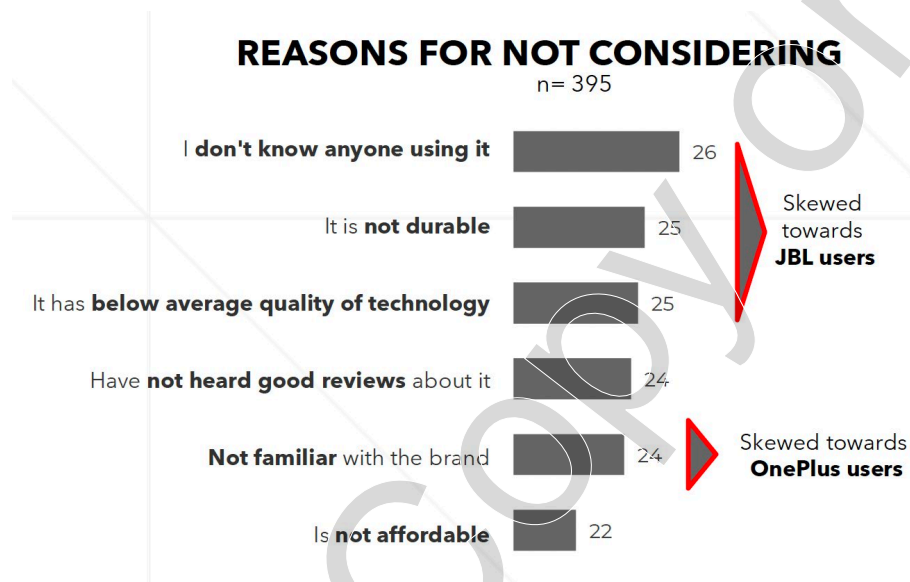
Note: Figures in USD millions. A financial year in India begins in April and ends in the following March. Based on the INR-USD conversion rates in 'Yearly Average Currency Exchange Rates, IRS, <https://www.irs.gov/individuals/international-taxpayers/yearly-average-currency-exchange-rates>, accessed July 2022. FY19, FY20, and FY21 are as per IGAAP.

Exhibit 8b Revenue Mix.

Source: Created based on company documents.

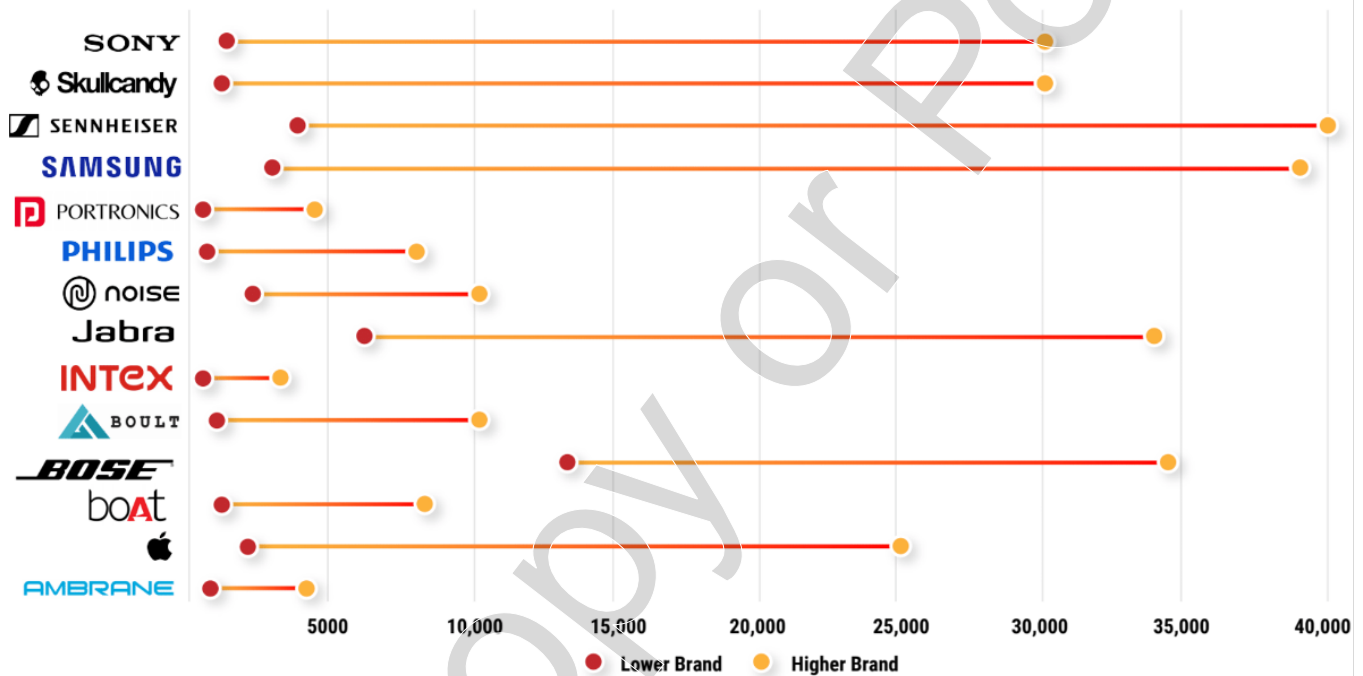
Exhibit 9 Brand Recall and Consideration.

	Ages 15-18	Ages 19-24	Ages 25-30
Consider boAt	40%	31%	29%
Do not consider boAt	28%	36%	36%



Source: Company documents, market research by Nielsen IQ.

Note: Based on a survey of 850 individuals. Response to the question, 'Which brand would you consider for your next purchase?'

Exhibit 10a India's Audio Wearable Market: Product Range Distribution.

Source: Company documents.

Note: Price range in Indian Rupees, taken from Amazon India. Only products under Rs. 50,000 were considered for the higher band. Apple, Sony, Skullcandy, Sennheiser, Jabra, Phillips, Bose, and Samsung were legacy foreign brands in India. Portronics, noise, bould, and boAt were emerging Indian brands. Another segment comprised value-for-money audio products manufactured by Chinese smartphone brands including Xiaomi, realme, honor, Oneplus, and oppo.

Exhibit 10b Average Ratings of boAt and Competitors.

Product	Units sold in FY20 (for the given SKU)	Rating on Amazon	Rating on Flipkart	JBL Average rating	Sony Average rating	Xiaomi average rating
Rockerz 255	2.9 million	3.9	4.3	3.8	3.8	3.5
Bassheads 100	1.9 million	4	4.3	4	3.5	4.1
Stone 1000	110000	4.4	4.5	4.2	4.3	N/A
Airdopes 201	80,000	3.6	4.1	3.4	N/A	3.2
Aavante 1500	38,000	4.2	4.4	3.8	4.2	4

Source: Created based on company documents.

Note: Exact ratings disguised for confidentiality.

Exhibit 11 Examples of Margins for Offline and Online (e-commerce marketplace).

Parameters	Online (marketplace)	Offline
Final consumer price (market operating price)	Rs. 1000	Rs. 1100
Channel margin	(20% to 25%)	(25% to 32%)
Gross Revenue	Rs. 750 to Rs. 800	Rs. 748 to Rs. 825
Product Returns % (of value)	(6 to 9%)	(3% to 5%)
Statutory taxes (GST)	-15%	-15%
Net revenue (realised by IML after deducting channel margin, returns and taxes)		
COGS* (% of IML revenue)	(60% - 70%)	(63% - 68%)
Logistics cost (% of IML revenue)	(1% to 1.5%)	(1% to 1.5%)
Platform/PoS marketing (discounts and incentives) (% of IML revenue)	(12% to 17%) Platform	(10% to 13%) PoS marketing
Brand marketing (social media platforms) (% of IML revenue)	(2% to 3%)	(2% to 3%)
Other costs (R&D, corporate overheads) (% of IML revenue)	(7.5% to 9%)	(7.5% to 9%)
Operating margin (% of IML revenue)	(7% to 9%)	(8% to 11%)

Source: Company documents.

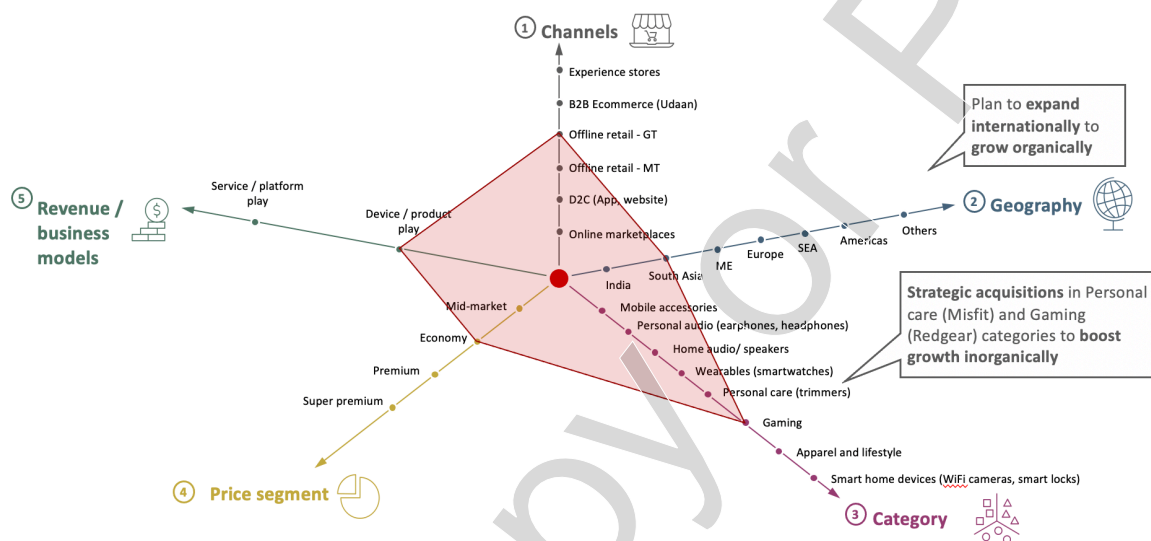
Note: Platform marketing referred to expenditure on Amazon and Flipkart as reach platforms, using banner ads and notifications. PoS was Point of sale marketing that included offline and in-store marketing. On e-commerce marketplaces, delivery costs were included in the channel margin. Brand Marketing included Facebook, Instagram, LinkedIn and other social media marketing expenses. *COGS varied for offline as boAt had created a line of offline-exclusive products.

Exhibit 12 Key Markets for International Expansion.

Country	Population	Smartphone penetration/user s	mobile commerce reach	Consumer electronics as a share of online purchases		Social media users/penetration	Key players in earwear	Earwear market size	Online as a channel for electronics	highlights
Indonesia	274 million	42%	80%	30%	56%		Xiaomi, Realme, JBL, Samsung, Sony	\$393 million	20%	Key online channels include Shopee, Tokopedia and Lazada. Higher preference for foreign brands. Median age is 27. Price appetite is higher than in India.
Bangladesh	165 million	31 million	51%		30 million+		Bose, Huawei, Xiaomi, JBL, Samsung, Sony, Jabra, Realme	\$125 million	N/A	
Philippines	110 million	55%	66%		71%		Anker, Apple, JBL, Samsung, Sennheiser, Xiaomi		6%	More premium pricing relative to India. Cumulative \$258 million spent on electronics online. Shopee, ebay and Lazada are key online channels.
UAE	10 million	66%	51%	28%	99%		Bose, Xiaomi, JBL, Samsung, Sony, Sennheiser	\$135 million	31%	Amazon (souq) and noon are key channels for online sales. 48% between 10-34 years

Country	Population	Consumer electronics as a				Key players in earwear	Earwear market size	Online as a channel for electronics	Highlights
		Smartphone penetration/users	mobile commerce reach	share of online purchases	Social media users/penetration				
Kingdom of Saudi Arabia	35 million	62%	58%	25%	75%	Bose, beats, Xiaomi, JBL, Samsung, Sony, Sennheiser, Jabra, AKG, Huawei.	\$307 million	16%	Crowded TWS space. Premium pricing relative to India. Demand is driven by affluent consumers and technological advances. Amazon (souq) and noon are key channels for sales.

Source: Company documents.

Exhibit 13a Avenues for Expansion.

Source: Company documents.

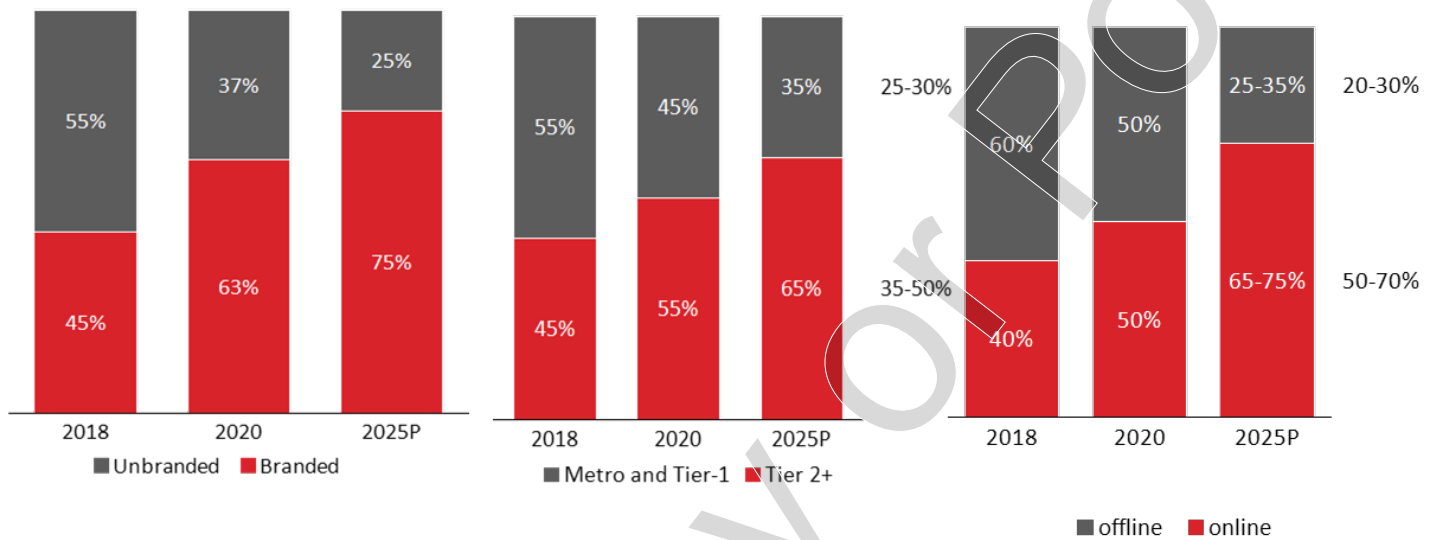
Exhibit 13b boAt's Opportunity in India.

	FY20	FY25E
Consumer electronics	\$37 billion	\$72 billion
Lifestyle accessories*	\$1.7 billion	\$6.8 billion



Source: Created based on company documents

Note: Lifestyle refers to segments in which boAt operates.

Exhibit 14 Hearables and Wearables Market: Growth of Branded, Tier 2, and Online Markets.

Source: Company documents.

Note: The major metro cities included Mumbai, Delhi, and Bangalore with a population of over 1,000,000. Tier 2 cities had between 50,000 to 99,999 people and tier 3 cities had a population of 20,000 to 49,999. Source: RBI tier-wise classification, https://rbidocs.rbi.org.in/rdocs/content/pdfs/100MCA0711_5.pdf, accessed July 2022.

Endnotes

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