



# DESI HANGOVER

How Desi Hangover Started  
From Selling 20 Shoes To  
Now 200 Shoes Annually?

## Case Study



### BACKGROUND

Develop rural craft clusters  
through social innovation,  
ensuring secure and  
sustainable livelihood for  
artisan communities in India



### THE GOAL

SELLING HAND-MADE  
LEATHER FOOTWEAR  
TO THE WORLD



# Selling Indian Handmade Footwear to the World

## The story of **Desi Hangover**



“We knew what we were creating had a Global Demand. Not every opportunity is spoken out loud but identified through thoughtful and conscious observation”

- **Hitesh Kenjale** | CEO | Desi Hangover

“There are two types of Businesses: businesses that reduce pain and ones which increase delight. The origin of both types of companies is through Insights”

- **Abha Agrawal** | COO | Desi Hangover







# **The Background**

## **- Desi Hangover Case study**

**Next Gen Entrepreneurship Fellowship**

In August of 2012, two Indian University students met in Cairo, Egypt. Both of them had three things in common - both were ambitious, had a desire to start their own business and the same footwear!

Now, Hitesh and Lakshya had come on a volunteering project from AIESEC, a youth organisation that helps students find internships globally. Lakshya was 17 years old, and Hitesh was 20 years old. Lakshya hailed from Chandigarh, Punjab and was studying BA in English Literature. Hitesh, on the other hand, was from Mumbai and was studying Electronics Engineering. In 2012, they found themselves amongst other international volunteers working on a School community project in Cairo, Egypt.

As part of their induction program, the school had organised a welcome party for all the international volunteers. This party was a classic boat party on the river Nile. Both Hitesh and Lakshya, having dressed for the party, were wearing the same footwea, - a **Kolhapuri Chappal!**

They were delighted to meet each other and were warmly surprised that they wore the same pair of footwear for the party. As they interacted with 50 other foreign volunteers throughout the party, almost everyone complimented them about their footwear. Everyone at the party found their footwear to be extremely **fashionable** and they boasted themselves of being the “talk of the town” that evening.



In the following days, Hitesh and Lakshya were wearing their Kolhapuri chappals everywhere. People came up to them and asked them about their Kolhapuri Chappals whenever they walked into cafes, restaurants, and the school.

With curious eyes they looked at their footwear and asked them questions such as,

**“What is this footwear called?”**

**‘Where are they made?’**

**“Which is the material used in making these footwear?”**

**“Are they handmade?”**

**“These must be costly then, isn’t it?”**

Hitesh and Lakshya laughed off the questions. They shared that the footwear were locally called '**Chappals**' and that these **chappals** were extremely **cheap**, yet very **comfortable**. The chappals cost them about **7 USD** ( About 500 Indian Rupees) and were readily available at Flea Markets in all major cities around India. But as the frequency of these questions started increasing, they thought of investing in a **Tally Counter**.

*A tally counter is a device that helps you to keep a count of numbers. Every time someone asked them about their footwear, they entered one tick in the tally counter device.*



They wore the Kolhapuri Chappals everywhere and received a lot of compliments about their chappals. At the end of the internship period, they decided to compare the number of ticks they had received. To their surprise, they were amused with whopping **200 plus ticks** they had received. This number pleasantly surprised them as they had spent just 60 days in Cairo, Egypt. Both of them thought that this could be the start of their entrepreneurial journey.



**Helpful Link:** [What are Vanity Metrics and why you should avoid them?](#)



# **Finding The Origins**

Next Gen Entrepreneurship Fellowship

# Finding the Origins

Equipped with this experience, both came back to India and spent months travelling in interior Maharashtra, India, during the remainder of their vacation. Their quest was to understand how to make Kolhapuri Chappals. They travelled across the city of Kolhapur. Much to their surprise, they found out that Kolhapuri chappal is not predominantly made in Kolhapur but sold there. The Kolhapuri Chappals are made in small hamlets and villages around the city of Kolhapur. Both of them visited hamlet to understand how a Kolhapuri chappal is made. They realised that much of the craftsmanship which goes into making a Kolhapuri Chappal comes from years of learning and effort. But also, they realized that **it is a dying art**.

The Kolhapuri chappal is entirely **handmade**. **Intricate designs and handwork** add to the beauty and durability of these chappals. The chambhar sect is that section of society that traditionally, for generations, have been cobblers. This cobbler community received their skills through their forefathers. Their parents taught them the craft of making these shoes in their childhood. Moreover, these chappals have had a long history of over eight centuries.

The origin of Kolhapuri Chappals dates back to the 12th century when King Bijjalla of the Kaluchuri dynasty and his prime minister Basavanna wanted special footwear created for special occasions for the King and the noblemen of the Kaluchuri dynasty. They invested in the creation of unique tools which could make these chappals beautiful and durable.





# Finding the Origins

It was a matter of pride for people to come and learn this art of making Kolhapuri Chappals. Unfortunately, over centuries the popularity of making these chappals had reduced, becoming a dying art.

Hitesh and Lakshya spent weeks going around understanding the exact process of making a Kolhapuri Chappal. By spending days with the cobblers, they found that making a single batch of Kolhapuri chappal can take as long as six weeks. A Kolhapuri Chappal is made through various processes - **Skiving, Pattern-making and cutting, Attachment of upper and bottom heels, Stitching, Finishing Punching and Trimming, Decoration, Polishing and Polishing and Assembling** are the various processes a Kolhapuri chappal goes through. As they were getting more acquainted with the methods, they realised the potential of this footwear in the global markets.





# **Validating Opportunities**

Next Gen Entrepreneurship Fellowship

After the vacation, Hitesh returned to his university and shared his story of Egypt and Kolhapur with his professor, Ms Abha Agrawal. He discussed how he met another Indian from Chandigarh in Cairo and discovered the **potential** Kolhapuri Chappals have in the **foreign markets**. He shared how he travelled to small villages and understood the process of making Kolhapuri Chappals.

He was keen on starting to do 'something' but did not understand how and what. Abha was a professor of Telecommunications at his engineering college, but had the experience and understanding of entrepreneurship by observing her friends and family. She encouraged Hitesh first to try **finding a market rather than creating a product and building a business**. She commandeered that it is crucial to **'Create what you can sell, rather than try to sell what you can create.'**

This ideology of first **validating the demand** helped Hitesh **validate the need and then build the product**. One of the most crucial conclusions that emerged from the conversations with Abha for Hitesh was not to be naive in rushing into building products but first ensuring that there is enough of a **market** to ensure that whatever is created can be sold. Hitesh understood that before he put his savings into creating his footwear brand, he needed to provide a **validated demand**.



In short, when he takes his shoes to the market, there should be enough people to buy his product. Hitesh and Lakshya both kept in touch throughout the last semester of their college and explored ways to **'validate' demand**. It was also emotional, as they had already fallen in love with the idea of making a kolhapuri chappal brand. Still, they could also agree that it is essential first to see whether there is an 'organic' demand for it or not. The term **'Organic demand'** was brought to centre stage by Abha. In one conference call with Hitesh and Lakshya, she said, 'It doesn't matter whether our friends and family buy our product, they definitely will! But not because they need it, but because they love us! But this love might cost us dearly!'



Helpful Link: [The Mom Test](#)





# The First Win

This line stayed with Hitesh and Lakshya for a long time. They started having conversations with all the international volunteers they had met and worked with in Cairo, Egypt. These conversations helped them to understand the demand in foreign markets. These volunteers who had become friends of Hitesh and Lakshya were from Canada, Brazil, Taiwan, Australia and Netherlands. These conversations led them to ask their friends whether there is a genuine demand for the footwear they were planning to build.

One of the earliest adopters of this idea was Flo Labrie, a young university student from Montreal, Canada, who volunteered alongside Hitesh and Lakshya in Cairo. She said that if they could make a simple new design and send it to her, she could try to sell it at her University Fair in Montreal organised by Enactus. If the response to the footwear was good, then it was a **green signal** for them to start considering the thought of pursuing this venture seriously.

Excited with this thought and knowing that the University fair was in 8 Weeks, Hitesh went to the village to identify artisans who could make the footwear. After spending a week shuttling between various hamlets, he identified **Athani** in Karnataka as a great starting point. He convinced a local artisan, Gurunath, to make a **small batch of footwear** for him. He, until then, had not thought of any brand or logo.



# The First Win

Hitesh thought of naming it '**Desi Hangover**'. The motivation behind the name came from the very thought that the world was experiencing a hangover from all the international brands, and Hitesh wanted the world to experience an '**Indian Hangover**.' He felt the chappals were a great symbolism of **Indian craftsmanship**, and he thought it was pretty '**Desi**'. Lakshya and Abha both loved the name, and they decided to go ahead with it!

They made a **small batch of 20 shoes** and shipped them to Canada to be presented at a fair at Flo's University. The fair went out for two days, and flo successfully managed to sell all the 20 shoes in half a day. At this moment, Hitesh, Abha and Lakshya realised that there is a **real opportunity**.



**Helpful Link:** [What is Social Capital and How Does It Help Entrepreneurs?](#)



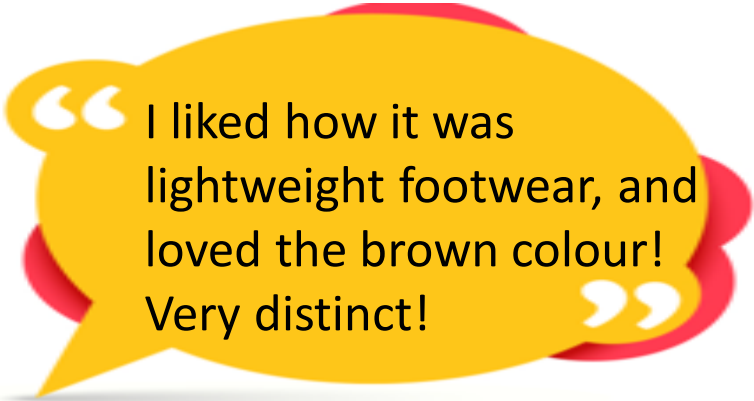
# Finding the 'Why'




# Finding the ‘Why’

They hosted a **celebratory dinner** for achieving this success. During this dinner, the three of them reflected and tried to answer questions about ***why someone would buy this footwear?***

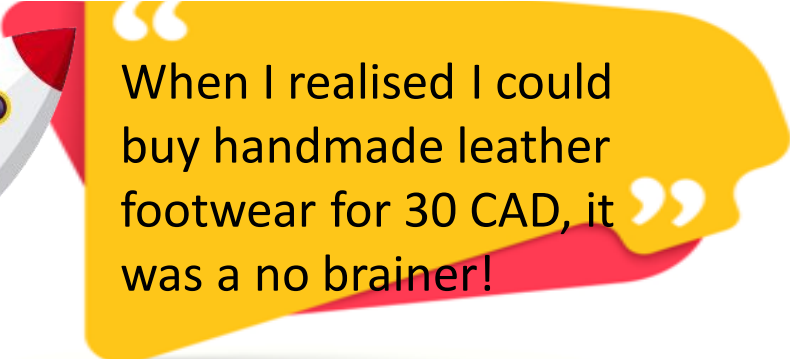
These 20 customers were their **early adopters** who are either buying out of need or curiosity. They wanted to know the answers to why someone thought of purchasing this unknown footwear and spending 30 Canadian Dollars. **Was it curiosity or a need?** Or a combination of both! They knew that if they sold the same footwear in a market in India, there would be no hesitation for people to buy. The price or the quality of the product would be a deciding factor for someone to purchase this chappal in Mumbai, Chandigarh, or Kolkata. But in Montreal, they found that they were **early adopters**. Following these steps, Lakshya tried to contact the 20 early customers about why they bought footwear from an unknown brand, from an unknown person. **What was their motivation?** Over multiple phone calls to their customers, they found out that the following reasons motivated them to buy. Few excerpts from their conversation with their customers:



“ I liked how it was lightweight footwear, and loved the brown colour! Very distinct! ”



“ The footwear seemed very versatile! I could wear it over a pair of shorts or denim ”



“ When I realised I could buy handmade leather footwear for 30 CAD, it was a no brainer! ”

# The First Win

Taking all these discussions to the drawing board, Lakshya, Abha, and Hitesh realised that people buy their footwear for three significant reasons:



handmade leather



value for money



light and versatile

No other footwear comes close to addressing these **specific needs** of the user. This feedback helped the team to strengthen its **value proposition**.

*Early Adopters are Customers who buy your product because either there is a need or curiosity*



Helpful Link: [Eric Ries-Harnessing the Power of Early Adopters](#)



# The Road Ahead

Hitesh, Lakshya and Abha thought that the best way to move forward would be to understand the footwear market a little more in depth. They accessed some industry reports and the following were their findings:

## India footwear manufacturing market:

Currently, India is the **second largest footwear manufacturer** in the world after China. The footwear market consists of companies engaged in manufacturing, selling and marketing of different kinds of footwear and accessories to the end users, namely men, women and kids. Footwear has evolved from being a necessity, as protection for feet, to an accessory which has become a style statement for customers. The Indian footwear market is dominated by unorganized players but as consumer preference and buying behavior is changing, organized retail players are making space for themselves in the market. The **unorganized footwear market accounts for 85% of total market** and give stiff competition to organised sector players within India. Unorganised players have a lot of advantages over organised players like **lower sales tax** and **lower labor cost**.

Of the total footwear produced, **~90% are consumed within the country while the remaining ~10% are exported** mainly to the European nations which include the United Kingdom (UK), Germany, Italy and France. With increasing internet penetration and rising popularity of the e-commerce market, footwear manufacturers, having a presence over the e-commerce ecosystem, are using the **internet** not only for driving sales but also to **monitor consumer-buying behavior**, and are accordingly offering a

personalized experience to customers. Through e-commerce platforms companies also provide fast and convenient functional experience to customers like easy payment option, grievance management, after sales service and competitive pricing.





## General issues that plague the leather footwear export industry:

While India is a massive footwear manufacturing hub, a sub-category of this industry is the **leather footwear export industry**. This was the area of interest for Desi Hangover. The **leather footwear export industry was plagued with many challenges**. Although India had an abundant supply of raw materials, timely availability of leather and leather products remained a constraint. The labour charges for skilled workforce were getting expensive by the day and the dwindling number of artisans only added fuel to the fire. One of the biggest problems though was **unawareness of international quality standards** by most players as well as lack of strong presence in the global fashion market. Operational challenges like freight costs, export documentation and taxation laws, quality checks, returns and refunds and finding the right local partner were rampant in this industry.

## Challenges for Desi Hangover :

Desi Hangover had their own set of challenges, some which they shared with the larger industry, while others that were quite unique to them. What they were trying to do with their product was **category creation**.

Category creation is defined as the act of creating an entirely new space within a specific market.



Also, this product had a **high novelty value**, but they were unsure of how many repeat buyers would come back to them. They also had an arduous **brand building challenge** in front of them. While they wanted to address these parameters, they thought the best foot forward would be to learn on the go and test the market further. In order to do this, they would have to first understand some basic **supply and demand calculations**.

- **How should they arrive at the right number of chappals to manufacture in their first batch?**
- **How would they manage the initial capital requirement?**

They also realised that exporting is an expensive affair and they may not be able to manage returns on products that local footwear manufacturers in that country could provide. That meant that if something gets shipped internationally, it has to be sold there, and cannot come back to India because the economics would not allow it.

Based on their first win, the excited trio decided to double down on their **export strategy** using **college fairs as their channel of distribution**. They felt that these fairs would have the perfect **target audience** they were trying to attract and it would be a good test market for a bigger commercial setup.

One major conundrum they faced was – **How many pairs of chappals do we get made? How many fairs can we enter? What will happen if we export a certain number of chappals and they don't get sold? How do we get the initial capital to get these first batch of chappals made and so on?**





# **Fake Door Strategy**

# Fake Door Strategy

To test this further, Hitesh thought to further validate the market by implementing a **Fake Door Strategy**.

While experimenting with the pricing and the product, Hitesh argued that their product should have **originality**. They understood that their customers cared about footwear that was **lightweight, handmade, leather, versatile** and most importantly, **comfortable**. This revelation led Abha to sketch different footwear designs and talk to Gurunath, the artisan who made the first batch of footwear. What emerged from this exercise was a **unique shoe** that had the intricacy of a **traditional Kolhapuri chappal**, the finest quality leather and yet comfortable and lightweight at the same time. They thought of applying the fake door strategy at an upcoming exhibition in Chandigarh, India, with this first batch.

**Fifteen shoes with the new designs** were shipped to Chandigarh for the exhibition. Lakshya managed to sell almost all the footwear in a half-day, and then he decided to implement the fake door strategy. He **retained one footwear out of the batch to collect pre orders**.





# Fake Door Strategy

Whenever a person came to inquire about the product, he showed them this last remaining pair and asked them to pay 50% of the amount as a preorder. In this way, he validated that there is an **organic demand** and ensured that sales keep happening. At the end of the exhibition, they collected over **70 orders**, which was the **validation** they needed.

These 70 orders also meant that there was advance cash paid against the orders. This advance was the perfect start for them to know that there is a **validated Opportunity**. After graduating from college, Hitesh and Lakshya did not sit for their placements but started their own footwear company. Abha, Hitesh's professor, soon joined the team as well.

*A fake door strategy is a format where an impression is created about the product to source credible demand without actually having the actual product. It is one of the best ways to get a preorder.*



Helpful Link: [The Fake Door Method](#) | Sean Hsu



# **Desi Hangover Today**

Desi Hangover in 2020 made a total sale of more than **5 lakh shoes** and earned a revenue of over **3 Crores INR**. Furthermore, they have hired more than **30 artisans from Athani** and transformed the dying art of shoemaking into one of the most sought after professions in the village. It has been selected by the **Stanford Seed Program** and supported by the **Acumen Fund**.

Hitesh is currently based out of San Francisco with UC Berkeley, Abha is based out of Seattle which is overlooking the USA operations, and Lakshya is based out of Singapore to oversee Asia Operations. Desi Hangover currently has **51 Outlets across 7 countries**.

The credit of the success of Desi Hangover goes to the patient **validation of the problem statement** and **finding the right time to leverage** and **maximise the opportunity**.



# End of case questions

1. What is the genesis of the business venture?
2. How did DH identify the market opportunity?
3. Which kind of market would you categorize the footwear industry?
4. What is the Key Problem - The Job to be Done - that DH is attempting to solve?
5. From a customer's perspective how would you categorize the problem? – one for which a solution is good to have / or need to have? If it is the latter, do you think it makes business sense to go after a product that a customer does not attach critical value to?
6. How did Desi Hangover validate the demand for their products?
7. What is the Fake Door Strategy that Desi Hangover is currently debating? What's your take on it?





## Additional Links:



### 1. Desi Hangover Videos

- ❖ [Desi Hangover, changing the world](#)
- ❖ [Desi Hangover- Changing lives through enterprise. Sole for Soul.](#)

### 2. Hitesh's Josh Talk

- ❖ एका मराठमोळ्या PRODUCT च्या [SUCCESSFUL BUSINESS](#) चे रहस्य! | Hitesh Kenjale | Jos... ( In Marathi)

### 3. Abha's Tedx Talks

- ❖ [A Sustainable Model for Our Community](#) | Abha Agrawal | TEDxSomaiyaVidyavihar

### 4. Founder Videos

- ❖ What was the Eureka Moment for Desi Hangover to Start? - Hitesh ( 2 Minutes)
- ❖ How did we validate our assumptions of starting out - Abha ( 2 Minutes)

