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NAPPA DORI: CRAFTING THE BRANDING STRATEGY[[1]](#endnote-1)

Professors Neena Sondhi and Rituparna Basu wrote this case solely to provide material for class discussion. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation. The authors may have disguised certain names and other identifying information to protect confidentiality.

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In April 2018, Gautam Sinha looked down from his mezzanine workspace at Café Dori to see the café bustling with a mixed crowd. The warehouse and Café Dori were the latest additions to Nappa Dori, the Indian luxury leather brand founded by Sinha, a self-taught creative designer from Delhi. Sinha’s fascination with leather and its creative possibilities had made him leave the conventional world of design to explore leather as a base material. After years of designing and curating products for international and national business customers, he launched Nappa Dori in December 2010 from a small studio in the historic medieval village of Haus Khas, in the heart of the Indian capital city.

The brand had started small, offering a collection of a few niche products like pastel trunks with leather trim. As business grew, it began producing canvas printed (front fascia) leather laptop sleeves and satchels. The products—targeted at young, experimenting, yet discerning Indians—epitomized Sinha’s lust for travel and his desire to experiment with the unusual. The brand name combined *nappa* (the name for a type of soft leather first made in Napa, California) with *dori* (the Hindi name for thread). The initial domestic demand was lean, and in 2016, almost 90 per cent of the company’s revenues came from in-store sales and corporate gifting.[[2]](#endnote-2) By 2017, the company had combined its luxury line of trunks, bags, and accessories with a series of bespoke projects for international luxury hotels and airlines and earned recognition from global luxury clients and revenues that represented a compound annual growth rate of 74.91 per cent over fiscal year (FY) 2013–14. The firm had seven stores; a design studio; and the combined concept store, warehouse, and café in India; and the brand was available at a shop-in-shop at the international airport in Doha and at a destination store at a luxury resort in the Maldives. Sinha shared, “We did things based on our passion, and flexibility was a great advantage; but now, as the brand is growing, we will need to be more structured and streamlined.”

Sinha knew that the concept store and Café Dori were steps in the right direction, but the brand now needed a strategy for expanding into related categories and creating a unique user experience. Sinha wondered whether he should focus on the domestic market or move ahead and set up Nappa Dori outlets in luxury destinations worldwide. Would it be better to move first into South Asia? Nappa Dori needed a well-crafted blueprint for both domestic and international markets. For Sinha, it was time to gear up for the next phase of the story he had envisioned for the Nappa Dori brand—as the affordable global luxury brand from India.

Making and Marketing Luxury: A Macro Perspective

The concept of luxury could be traced back through histories and civilizations across the world, where those at the pinnacle of hierarchies of power and class used visible symbols of their privilege. Rare goods and objects were used to symbolize and represent luxury. The luxury sector came with an inherent paradox: the demand for luxury products was largely unaffected by economic downturns. The worldwide luxury market was expected to reach €259 billion[[3]](#endnote-3) in 2017 and €290 billion by 2020.[[4]](#endnote-4) The leather goods and accessories segment contributed 25–30 per cent of the total luxury market[[5]](#endnote-5) and was characterized by brands with well-crafted strategies (see Exhibit 1). In the Indian market in particular, the demand for high-end luxury leather products had risen exponentially, especially since global luxury brands such as Louis Vuitton and Hermes had become available. The luxury leather goods market had doubled, to ₹21.77 billion[[6]](#endnote-6) in 2017 from ₹11.18 billion in 2013.[[7]](#endnote-7)

The primary reasons for this growth were a stable economy, a growing number of globe-trotting Indians, and an experimental and indulgent young population with higher disposable incomes.[[8]](#endnote-8) A 2018 BCG-Altagamma report indicated that the millennial generation would contribute almost 130 per cent to the luxury sector, accounting for 50 per cent of the luxury market in 2024.[[9]](#endnote-9) The luxury brands therefore adopted a collaborative model where they collaborated with street-wear brands and artists to create offerings that appealed to this generation. Interestingly, 55 per cent of global luxury buyers were buying online through their smart phones, and most luxury consumers had gone digital, turning into *prosumers*—digitally active consumers who consumed as well as produced content to support further consumption.[[10]](#endnote-10) Thus, three out of four store purchases of luxury goods were based on online information searches. Luxury brand purchases were influenced by the luxury brand’s online presence, which included its website, electronic word of mouth, online search outcomes, and other touch points like the presence of the physical store and its sales people. Luxury brands in developed and developing countries seemed to be following their own rules for making and marketing luxury.[[11]](#endnote-11)

Additionally, the emergence of a “newer side of India” and related consumer trends added to the changing dynamics of the Indian luxury market. According to Nirmal Kaur, head of brand and marketing at contemporary lifestyle brand Nicobar, new age consumers were, “moving away from quick and compulsive purchases towards more thoughtful acquisitions, they make their own rules, bypassing big-boxed stores in favour of small, independent retailers. . . . (They’re) the kind of people who care about where their coffee and their clothes came from.”[[12]](#endnote-12)

Nappa Dori: The Young Indian luxury brand

Sinha’s Nappa Dori was an eight-year-old luxury leather goods and accessories brand that had carved a niche for itself within a short span. It had all the essential ingredients to establish itself as the luxury brand of the future. A natural designer, Sinha had faced tough times in his early years in a single parent household. He shared that his brother had left home for Dubai when he was 19 and Sinha was 12: “He did it as he had to be the man of the house, earn money and help mum out. Today, he has his own firm and works in the hospitality space. As individuals, we are very different. I have always been more passion driven. I believe you can only build a brand if you are passionate about it.”

Sinha had not received any formal training in design. He completed a course called fashion design and information technology and then applied to the prestigious international design college, the Parsons School of Design. He elaborated:

I got through some, but did not have the financial resources and there was no scholarship, so I settled for whatever I got locally. However, I consider myself self-taught. One needs to figure out on their own what you want to do in your life. That is why, when I interview people for Nappa Dori today, my question to them is, “Tell me what you like doing, what is your passion and where do you want to go?”

Having completed his education in2001, Sinha began his career in Delhi with an export firm that made Christmas gifts and ornaments. A custom order request from a Dutch client for leather belts was his first leather assignment. Sinha had never worked with the material, but its malleability and creative possibilities fascinated him. He wanted to learn more about the material, starting with the very basics, so he created the design but sought the expertise of a master craftsman from Kanpur—a city in Uttar Pradesh that was well known as the Indian hub for leather manufacturing—for executing the order. The success of this assignment led Sinha to experiment and work exclusively with leather. He explained, “Leather is a fabulously versatile material to work with. It is one of the oldest materials used by man and has withstood the test of time in terms of its usability in different forms through generations.”

In 2006, Sinha’s entrepreneurial zeal led him to set up his own leather goods unit called Definite Design, which focused only on domestic and international business-to-business clients, and undertook international ventures through export distributors. The unit made premium-quality leather belts and accessories. As an entrepreneur, he built a reputation for creative and innovative designs. Sinha was explicit about the reasons for his creative spirit: “The lack of any kind of guidance proved to be a blessing in disguise; it was all about sitting down with the craftsmen and learning together.”

In 2010, Sinha invested all his capital from his four-year stint with Definite Designs and began manufacturing his own leather goods and accessories under the Nappa Dori brand name.[[13]](#endnote-13) With hardly a decade of professional and business experience, he went ahead with sheer passion and instinct.[[14]](#endnote-14) He explained,

When I began Nappa Dori, I had not really thought of creating a brand that would stand out. It was about me, and I was trying to give freedom to my creative juices. I said I am going to make some products that appeal to me in terms of aesthetics and quality. And it worked. I have been truly blessed that I found an audience and an Indian consumer who appreciates and values creativity.

Clearly, his instinct paid off, and the firm gained traction with expatriates and international tourists visiting Delhi. Within a year of its launch, Nappa Dori’s creations were recognized and Sinha was voted one of the five most creative talents in India by the British Council.[[15]](#endnote-15)

Nappa Dori Channels

Sinha began his retail operations through a small outlet in Haus Khas village, a quaint, exclusive marketplace that housed premium Indian lifestyle designer brands, in the heart of Delhi. Later, as the business grew, he moved to a bigger shop next door. Very soon, the young lifestyle brand was much sought after for uptown malls in Delhi. However, Sinha was extremely selective about his retail locations. He noted that “we are not a mall type of brand. We have a select audience and have our own ways of reaching out to them*.*”[[16]](#endnote-16)The first mall space that the brand set up was a 37-square-metre space in Select City Walk, a high-end mall in upscale South Delhi. Yogeshwar Sharma, the executive director of Select City Walk noted that setting up the Nappa Dori store was a good business strategy as the brand attracted a lot of high-end customers, which in turn helped establish its reputation as a high-end mall.[[17]](#endnote-17)

In early 2017, Sinha, a self-proclaimed coffee addict, opened his first small café, called Café Dori, in an up-market Mumbai store.[[18]](#endnote-18) The café sold premium coffee along with exotic desserts and cakes. Later in the year, Sinha opened his most ambitious project yet: a 557-square-metre warehouse and design studio on the outskirts of South Delhi. The cleverly designed warehouse was a classic concept store like those in European cities. It had a shopping area and a workplace-cum-library, which was well stocked with design books and magazines such as *Moniker, Wallpaper*, and *Kinfolk*. It also had a do-it-yourself counter or atelier, where customers could customize their own belts. Moreover, the two-level warehouse housed an expanded version of a European café that offered finely-blended Indian and international coffee as well as small savouries, snacks, and all-day-breakfast options (see Exhibit 2).

By the end of 2017, the brand had expanded to include four stores in the national capital region; one store in an uptown mall in Karnataka’s information technology and education hub of Bengaluru; and its largest store in an uptown market in Mumbai, the commercial hub of India, in the western state of Maharashtra. The brand also had shop-in-shop counters at the Doha international airport and at the luxury resort Huvafen Fushi in the Maldives, maintained stocks with high-end retailers in both domestic and international markets,[[19]](#endnote-19) and exported through distributors based in Paris, London, Japan, Singapore, and the United States. The firm also sold through its own meticulously designed website, which accounted for almost 14 per cent of Nappa Dori’s product sales.

In less than a decade, Nappa Dori had been able to make its presence felt in both the domestic and international markets. Ankur Bisen, the vice-president at a retail consultancy firm, described the brand as “a bridge to luxury.”He felt that Indian shoppers looking for premium-quality leather offerings that were “a fraction of the cost of the high-end foreign brands” would definitely look at Nappa Dori.[[20]](#endnote-20)

Sinha had ambitious plans: he was looking to expand to other international airports and observed that “from a strategy standpoint, we want to be at airports definitely given that the DNA of Nappa Dori is core to the concept of travel.”[[21]](#endnote-21) He was also looking at expanding his sales operations to other European destinations, especially the Scandinavian countries. On the domestic front, his plans also included Goa, a popular domestic and international holiday destination.[[22]](#endnote-22)

Nappa Dori Offerings

Nappa Dori offered handcrafted travel goods and accessories, mostly leather. Sinha was extremely clear on the value of his offerings, stating,

Handcrafted leather has a lot of value addition in terms of the effort, time and energy that goes into a product. We’re living in an instant world; we need something that gives us some emotional connect—hence handcrafted; this adds to the value of the product. It takes time to handcraft a product, which is unthinkable in most products today; hence we emphasize on this.

Realizing the huge potential of rare and sometimes endangered handicrafts of Indian regions, especially Gujarat and Rajasthan, he decided to gainfully employ and train artisans from these regions to deliver world-class products. He travelled to these states to discover unique leather craftsmanship and observed that “the craft is dying as the younger lot don’t want to be doing the same work, so we make them aware of the value of rare designs, which has an advantage of exclusivity.”

The Nappa Dori line included the brand’s signature trunks, vanity cases, and bags; accessories such as belts, laptop covers, and camera and travel accessories; stationery; miscellaneous items such as monocles, bookmarks, and umbrellas; and a limited collection of women’s shoes. One interesting addition to the range was a do-it-yourself belt-making kit (see Exhibit 3). According to Sinha, *“*laptop bags were the best-sellers. Bags in general are also best-sellers. Our trunks have created this unique identity for us. People recognize Nappa Dori through a trunk, which is great.”[[23]](#endnote-23)

Some of the handcrafted laptop bags, trunks, and satchels were printed with sepia photographs on premium-quality canvas blended with leather. The company management chose the photographs carefully and grouped them into nostalgic themes or collections, each with a story. Over the years, the firm had launched seven such collections, which were described in the company’s online catalogue.[[24]](#endnote-24) Sinha recollected that he loved vintage[[25]](#endnote-25) and then went on to explain:

I was born and brought up in Delhi. My most beautiful memories were of the pristine, white, single-storied, clean-lined buildings. The one architecture I could relate to was of Lutyens’ Delhi; when I had to bring out a product, I pulled out something from that era. I made trunks, which are a pepped-up version of the normal army officer’s metal trunk. The Sapier collection came from the lifestyle objects of the *sepoys*—the Indian soldiers who fought for the British during the British Raj. They symbolized the Indians, the Gurkhas who were the bravest amongst the lot, and I was very proud of them. So when it was about creating a design, the idea of blending the British architecture with Indian artisanship fascinated me and still continues to be my favourite.I just did things that I liked and then, considering the pattern, grouped them in a collection. In my company, I have told my guys that we are not doing ranges after every six months. We are not a six-month-changing brand. We do classics; we do things that matter to us and our consumers. We are not and don’t want to be fast fashion.

Sinha had an unwritten rule, even as he explored new product opportunities. His brand-product mantra was that every brand had to realize that it needed a clearly articulated and curated story. He explained that that was his brief to his team, as well: “Everyone is empowered to suggest a design. Sometimes, the master artisan also comes up with something, and at times it is really nice. So we, say, make 10 prototypes, and we test it at our stores. That is the acid test: if it sells three to 10 in a week, it is semi-okay; if it sells five to 10, then we say ‘Let’s make 50 more.’”

He went on to elaborate:

Take stationery for example: I knew I wanted Nappa Dori to be on every consumer’s desk. Stationery is like that; it may not register with you, but at some point in time, if it is on your desk, it will create a desire to check another product from the same brand. In fact, every one advised me against stationery. They said, “Muji is coming, other big brands are coming, and you will not be able to match these big brands in terms of the price points and quality.” I said, “I don’t want to compete on the price aspect, but we can definitely match the quality. It does not matter if we are small.” Quality is totally non-negotiable in our brand story, and at no cost will I cut it short. Also Muji and others don’t know our country, our culture. We do, and that is our advantage. We are very clear; it is not about who is there or who is coming. Let’s just do things that are true to our DNA. We introduced this and it worked so well that it is a very important part of our product line today.

Nappa Dori People

Nappa Dori’s design and manufacturing unit was in the outskirts of Delhi. Sinha described it as “very small . . . a team of five. I am the one who gets the ideas and am the design man. For each one of the other four, Nappa Dori was their first job. I don’t hire people with experience which may come in their way of being at their creative best. I will provide them the experience at Nappa Dori.” Nappa Dori also had a total strength of 53 employees, including retail employees, artisans, and administrative staff.

Rather than working with semi-skilled workers, the company had taken a conscious decision to work only with traditional rural Indian craftspeople. One reason for this was the comfort of the rural craftspeople with leather hide. Sinha explained: “Leather has been a material they have been working with for generations. So there is both ease of working with the material and also creative designs and patterns that they come up with are invariably always leather-based.”

Over the last few years, the firm had built a pool of craftspeople—some of whom belonged to the Kutch region in Gujarat. The craft technique they used, *Katharni* (embroidery) *ki silai* (hand stitched), used simple hand punches and a variety of hammers to create largely geometric patterns with textured designs. The leather pieces were hand stitched with a matching or a white thread or *dori* (the signature material as indicated in the name of the brand). The threading was done with a stitching awl, making the thread that passed through the small slits evenly visible on the product facia. The fine, best-in-class quality of the items might lead people who did not see the labels to assume the products were Italian. Sinha explained:

People think Italian leather and Italian craftsmanship are good. What they don’t realize is that most of the products go from India, and most leather products are Indian. Italian leather does have a decent amount of market share in the world, but the Indian market is pretty strong too, in terms of leather and craftsmanship. In fact, India is one of the biggest sources of leather in the world. Our craftsmanship is at par, if not beyond any other country.

Nappa Dori customers

In the initial years, close to 70 per cent of Nappa Dori’s customers were expatriates and tourists.[[26]](#endnote-26) However, things changed over the years, as the aspirations of the experimenting Indian middle class changed. These consumers recognized that Nappa Dori’s was an affordable and yet premium-quality brand. The company’s lead users were young, educated Indian professionals, primarily 28–35 years old (see Exhibit 4). Based on the feedback that the company received from these customers, these young Indians aspired to a better lifestyle and were optimistic about tomorrow. They had pride in their nationality and faith in a home-grown brand that was comparable to the best in the world, and these consumer attitudes worked in Nappa Dori’s favour: “This shows how well the country is doing economically, as well as the aspirational values of the younger generation,” observed Sinha. “Gone are the days when you felt you had to carry something made in England or America to show you [were] ahead of the curve.” The brand gained further traction once young fashion icons of the Bollywood and Hollywood film industries started buying and endorsing Nappa Dori products.[[27]](#endnote-27)

Nappa Dori also catered to domestic and international business customers, who were serviced through customized offerings, which they used for corporate gifting, and through collaborations. One of the most successful examples of collaboration was a two-year contract for 1 million exclusive customized first-class travel kit pouches for Qatar Airways’ business-class consumers. The pouches featured the signature sepia printed canvas and leather designs of Nappa Dori, using vintage photographs of well-loved cities like London, Paris, and Doha.[[28]](#endnote-28) The brand had also designed in-room leather accessories for five-star hotels such as Hilton and Bur-Al-Arab, in Dubai.

Communicating the Brand Story

One of the biggest challenges in executing the Nappa Dori brand strategy was handling brand communication. Sinha shared that the company had “zero budget on advertising. We don’t have the money.” The firm had to do what Sinha called smart advertising, “making your one rupee gives you a thousand rupees’ worth of advantage through the interest you create.” For this, Sinha did some simple things to achieve the visibility and consumer connections that the brand sought.

Unified Brand Essence

The brand used leather and thread as its basic material, and its designs were a unique blend of Indian craftsmanship with a vintage touch of the British Raj. Sinha had carefully blended shades of tan-brown, black, and sepia as colours that portrayed this glorious past, and this aesthetic was used across the stores, both offline and online, including social media platforms. Sinha said, “We try to give it some similarity, a connect in what you see at our store, our website, and even on our Instagram. The colours, the feeling, the essence are all the same, and this further adds to the core DNA of the brand.”

Co-Branding and Collaborations

The firm made strategic collaborations with reputed luxury brands. Sinha curated specially designed objects with the signature Nappa Dori look. He pointed out some examples:

For Qatar Airways, we had an order for 2 million travel kits. So many of these high-end buyers started carrying your travel kit, and so your brand stayed with them. This is our marketing budget: our collaborations have to be key; they have to be with brands bigger than ours, recognized and purchased by the luxury consumers worldwide. At the end, the deal is not about the money it gives us; it is something much larger and bigger. Another example is when we did 1,000 cases and trolleys for Chivas Regal. Consequentially, for two months we had a presence across the international airports and that got us the eyeballs.

Besides these curated offerings, Nappa Dori also tied up with Chivas Studio to organize a gala event attended by a young crowd in Delhi. During the 2016 Brazil, Russia, India, China, and South Africa (or BRICS) summit, the Indian government ordered 14 of the company’s signature trunks, personalized for the 14 heads of participating countries. For the past three years, Nappa Dori had also been a regular partner for the annual art and music festival Magnetic Fields, in Rajasthan, wherein it curated special trunks and objects. Besides this, the firm also made customized boxes for the luxury chocolate brand Royce Confect Co. Ltd. It created a specially designed vintage reproduction of the Royal Enfield iconic 1971 motorcycle, using powdered sheet metal and the signature black and tan Nappa Dori colours. The motorcycle was displayed in the Nappa Dori warehouse, with a Nappa Dori trunk and saddle bag aesthetically displayed on it.

Social Media Presence

Noting that customers virtually lived on the “instant world of Facebook and Instagram,” Sinha pointed out that the firm was extremely active on platforms such as Facebook, where it had 31,000 followers; Instagram, where it had 40,000 followers; and Twitter, where it had 1,000 followers. Sinha and his team continuously uploaded content such as videos and updates to these platforms, using hashtags such as [#leathergoodscompany, #dori](https://www.instagram.com/explore/tags/leathergoodscompany/), [#nappadori, #leatherwallet, #nappadoriwallet, #nappadoriobjects, #nappadoristationery, #cafedor](https://www.instagram.com/explore/tags/nappadori/)[i, #nappadoriwarehouse, #handcrafted, #handmade, #nappadoriaccessories](https://www.instagram.com/explore/tags/cafedori/). The new age digital platforms were relatively inexpensive, yet created customer engagement.

Nappa Dori Events

Sinha realized that another way to reach consumers was to create a marketplace. “We wanted to create a ‘property’ that we could own. The idea was to have a bazaar that matched the Nappa Dori DNA.”The logical event for Nappa Dori was thought to be a festival, and Christmas was indeed a celebratory event.Sinha clarified: “This was because of the customer or the type of clients we have. No one will come to Nappa Dori for a Diwali gift, but Christmas presents? Definitely!”The firm did the first Nappa Dori Christmas Market on December 9–10, 2017. He shared the process and philosophy behind this event:

There are lot of young promising Indian brands who do not have either the bandwidth, in terms of a store, or the know-how to market. We carefully hunted and identified 20 such young brands that matched what we do. And these were not fashion or apparel. We said, “We want to showcase Indian brands that deliver on design.” These were basically focused on product design. There were chocolate brands, ice creams, F&B [food and beverage], perfumery, home décor, and others.

Sinha, along with his team, curated all the stands for the bazaar, ensuring that everything—the width, height, dimensions, placards, and colours—was unified. He shared further details:

The stands that we curated cost me ₹25,000 each and I charged the brands ₹15,000 for the two days. You see, it was not about making money. Whatever we made, we gave the proceedings to the charity that we support. We said, “Let’s just celebrate Christmas with good cheer; a Christmas menu and the Nappa Dori way.” It was about building an event. Once done, then the reputation and the clientele who visited the place will help you command the price. This was the first time. We learned about what works and what will work better, so next year will be more interesting and hopefully bigger.

A Social Cause

The firm also supported a charity for destitute children called Harmony House*.* Sinha explained:

Everyone knows we’re in a trade that’s hardly sustainable. In terms of giving back to society, we do as much as we can. We are linked to Harmony House, which is an NGO [non-governmental organization] that takes care of underprivileged girls. We look after about 400 street children who are left unsupervised during the day. We connect this to the brand by giving them 5 per cent of our profits—a practice that we have maintained since our initial days. We obviously don’t want to glorify that as a brand strategy, but it is part of what we do.

Nappa Dori’s Evolution

Sinha had started Nappa Dori to create designs that satisfied his creative passion and had an appeal in the market. However, the brand had evolved and shaped his vision, which he now articulated differently:

When you talk about what is the product, it is *Nappa Dori*. The core of the brand is the brand itself. The way we curate the brand, the way we portray the brand in the mind of the customer. The curation may involve creating an environment, a context. For example, even right now [at the Warehouse], you can hear the coffee being made, smell the coffee, and smell the leather. As a consumer sits in this warehouse and sips the coffee, they are completely absorbed by the brand. I don’t care if you come and buy or not. That’s not my key objective here. The objective is for you to go out and think that I had a decent experience and feel elated that there is something in India that delivers on the sensory aspects as well as quality wise. And you will talk about it to 10 other people, and that’s important for me.

The Decision Dilemma

By the end of FY 2016–17, Nappa Dori was a ₹58.8 million company (see Exhibits 5 and 6) that was growing organically while venturing into new initiatives and risks. Sinha explained:

You need to be ambitious and take risks, or else you cannot grow. Like setting up this huge warehouse in what people refer as “the middle of nowhere,” [saying] “The rentals will kill you,” “No one will come to this off-beat location,” [and] “What is the logic in making a live kitchen?” But my logic was, if there are people like me who live in a city and heard about this, they would definitely visit this place. So my own example to myself was the only logic I used, and the turnout is evidence to the fact that I did it right.

Sinha said the Nappa Dori brand would saturate at 40 stores:

It is not a 200 stores brand. But never say never, I don’t really know how it will transform in the next 10 years. But my basic aim is to give a discerning quality product, and I would be happy even with a 50 store presence. You have to be in the key markets, key places—and in today’s time, you don’t really need physical stores as you have online access. And then you have shop-in-shops. So the 40 key stores have to happen. But having multiple stores is not my primary agenda. This comes as an off-shoot of my brand strategy. In a world where copying of ideas can happen overnight, you have be to be constantly innovating; staying two steps ahead. People may copy your idea, but they can’t copy your brain, which will be the one which delivers new ideas.

Sinha explained that the brand also needed to expand its customer reach:

I am on a war footing to go international. I want to be recognized as in the same league as any other international brand in the same space. The rentals in some of the cities across the world are similar to what you see in Delhi and Mumbai, so that is not a barrier. It may be 20 per cent more, but there you can command 20 per cent more on your price points, provided you have the right quality and brand.

The flipside was that a powerful brand needed to be nurtured and developed locally, and Sinha knew this was not going to be easy. He said, “In the domestic markets, the customer is aware and ready, but there are deterrents. I pay my taxes, am transparent—but to grow and be strong, I need policy support and stability. Hopefully things will change soon.”

As Sinha stirred his coffee and looked out from his mezzanine workspace at the warehouse, he saw a lively group of customers walk in to Café Dori. He knew that he had made the right connections. Yet, to expand this connection and have a world full of Nappa Dori customers, he needed a concrete and sustainable business strategy that used golden dori to weave the next phase of the Nappa Dori saga.

The authors would like to acknowledge the help received from Mr. Gautam Sinha, Creative Director, Nappa Dori in the preparation of the case.

Exhibit 1: Leather Goods and Travel Accessories Brands: Products and Brand Strategy

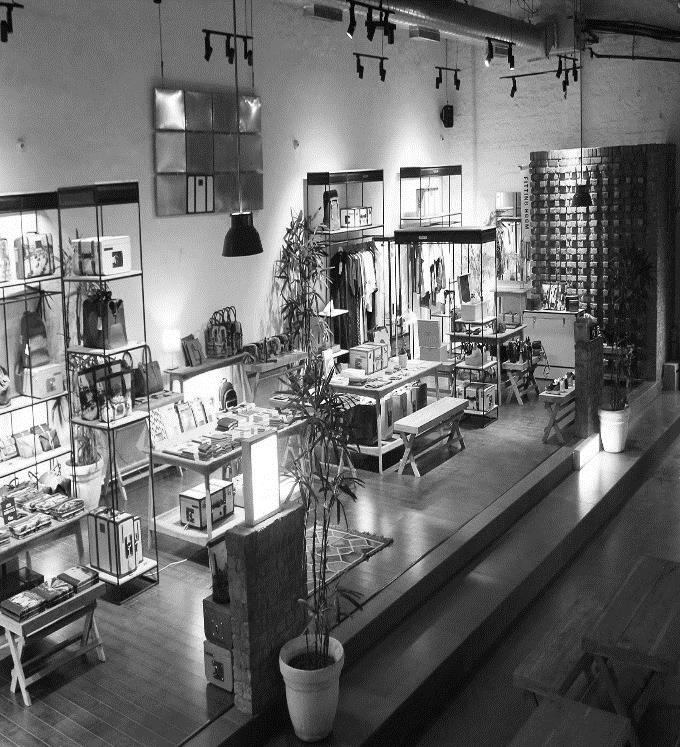
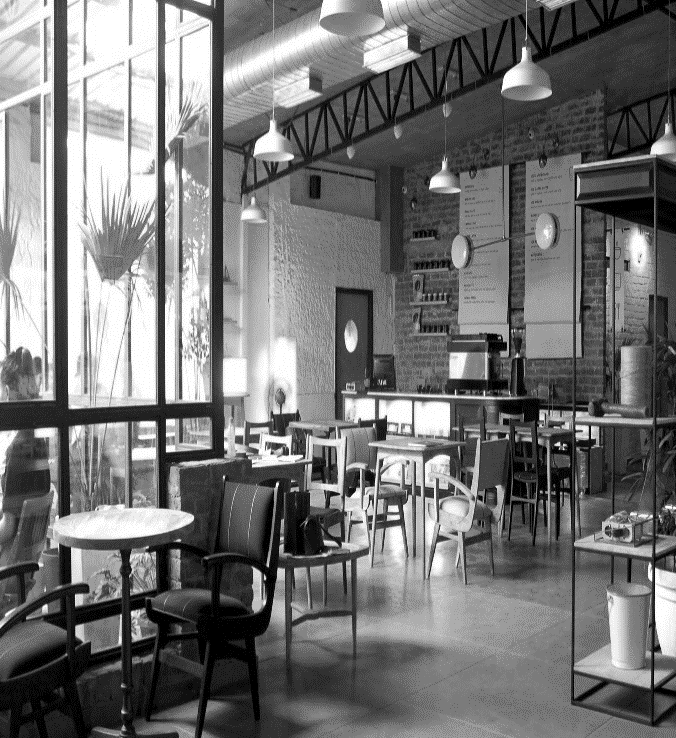
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| --- |
| **Louis Vuitton:**  Origin: Founded in 1854; later part of LVMH Moët Hennessy—Louis Vuitton SE; French origin  Products: Leather goods and travel accessories, watches, perfumes, jewellery, and accessories (including sunglasses). All products carried the LV monogram.  Snapshot: In 1886, developed a single-lock system with two spring buckles (patent leather). The monogram and classic designs portrayed timelessness. It focused on scarcity and exclusivity to deliver superior and conspicuous value. In 2017, with a brand value of $28.8 billion, it was the 20th most-powerful brand in the world. It used a careful blend of traditional and active social media to create an aura of mystery and exclusivity. It created LV stores (London Maison) that delivered heightened and emotional brand experiences. |
| **Burberry**:  Origin: Founded in 1856; part of Burberry Group; London-based, English brand  Products: Apparel (legendary trench coat), leather goods and travel accessories, fragrances, timepieces, eyewear, and cosmetics. All products originally carried the signature Burberry checks. After 2000, this changed to clever use of checks and sometimes no checks.  Snapshot: In 1879, it developed a unique, hard-wearing, waterproof, and breathable fabric called gabardine using yarn that was waterproofed before use. It developed signature Burberry checks. In 2000, the brand repositioned itself and aligned itself between exclusivity and contemporary fashion for a younger luxury consumer. In 2017, with market capitalization of $9.8 billion, it was evaluated as the number-147 top multinational performer. It had young brand ambassadors such as Kate Moss and used technology and digital platforms to enhance the online and in-store shopping experience. |
| **Coach**:  Origin: Founded in 1941; part of Tapestry group; New York-based  Products: Leather and other travel accessories, apparel, sunglasses, jewellery, and fragrances  Snapshot: It initially used soft quality leather, then a variety of material. Originally, it had an interlocked C in its logo, which was displayed prominently on its bags. Tapestry had plans to modernize and revive the logo. The brand represented an independent, all-American lifestyle with a large base of baby boomer customers. The brand cut down on its large-scale promotions and discount strategies and instead, to cover a larger group of modern luxury consumers, acquired smaller brands with similar propositions such as Kate Spade. It became a multi-brand house that offered authentic lifestyle, rather than iconic luxury. |
| **Ghurkha**:  Origin: Founded in 1971; later a subsidiary of Brightworks Brand Holdings, Corp.; New York-based  Products: Travel and business bags in leather and twill, accessories for men, and handbags for women  Snapshot: Marley Hodgson, inspired by the beautiful and durable luggage of commanders in the Gurkha regiment during the British Raj, curated handcrafted leather pieces from French calf leather. The brand stood for timeless and understated style. It sold through three outlets in New York and an e-commerce site. It advertised through lifestyle magazines, banners, and a sales catalogue. |
| **Michael Kors:**  Origin: Founded in 1981; owned by Michael Kors; New York-based  Products: Apparel, travel bags (leather and others), accessories, sunglasses, watches. It used the monogram MK as a logo in most of its products.  Snapshot: The publicly listed company (with revenue of US$4.7 billion) acquired Jimmy Choo in 2017. The focus of the brand was modern, accessible, and stylish American luxury. The brand advertised through lifestyle magazines, hoardings, and online social media platforms. Michael Kors was the judge for 10 seasons of *Project Runway* and used that platform to gain traction for the brand. |

Exhibit 1: (Continued)

|  |
| --- |
| **Da Milano**:  Origin: Founded in 1989; owned by Sahil Malik; New Delhi, India  Products: Leather and polyurethane travel and business bags, shoes, and accessories.  Snapshot: The second-generation entrepreneur expanded from leather tanning to premium leather products. The Italian-sounding brand name (which means “of Milan”) may have been an attempt to equate products with Italian leather, which was considered to be among the best in the world. |
| **HiDesign:**  Origin: Founded in 1978; private, listed firm in Puducherry, India; owned by Dilip Kapur  Products: Travel, business, and casual bags in leather and canvas; accessories; leather jackets; and sunglasses.  Snapshot: It used eco-friendly design processes to create innovative designs and unique theme-based collections. It had an in-house nationally and internationally trained design team and was recognized and favoured as an affordable premium Indian brand. |

Source: Compiled by case authors based on Chavie Lieber, “Why Goyard Remains Fashion’s Most Mysterious Luxury Brand,” Vox, September 3, 2014, accessed April 18, 2018, www.vox.com/2014/9/3/7578483/goyard; “Burberry: A History,” *Telegraph*, April 17, 2011, accessed April 18, 2018, www.telegraph.co.uk/finance/newsbysector/retailandconsumer/8455689/Burberry-a-history.html; Associated Press, “Coach No More; New York Fashion Company Wants to Be Called Tapestry,” *Mercury News*, October 11, 2017, accessed April 18, 2018, www.mercurynews.com/2017/10/11/coach-no-more-new-york-company-wants-to-be-called-tapestry/; “Brightwork Brand Holding,” Pan American Finance, July 26, 2016, accessed April 18, 2018, http://panamfinance.com/brightwork-brand-holdings/; Lindsay Talbot, “Back to the Early 80s with Michael Kors,” *New York Times*, *Style Magazine*, April 9, 2018, accessed April 18, 2019, https://www.nytimes.com/2018/04/09/t-magazine/michael-kors-80s-photos-inspiration.html; Punita Sabharwal, “The Journey of Sahil Malik, the Creator of Da Milano” Entrepreneur India, December 8, 2016, accessed April 18, 2018, www.entrepreneur.com/article/286117; ET Bureau, “How Dilip Kapur of ‘HiDesign’ Built a Business out of a Hobby,” *Economic Times*, May 11, 2012, accessed April 18, 2018, https://economictimes.indiatimes.com/news/company/corporate-trends/how-dilip-kapur-of-hidesign-built-a-business-out-of-a-hobby/articleshow/13089568.cms.

Exhibit 2: The Warehouse and Café Dori—Nappa Dori’s User Experience



Source: Company documents.

Exhibit 3: Nappa Dori Products and Offerings

|  |  |  |  |
| --- | --- | --- | --- |
| **Category** | **Assortment** | **Material Used** | **Price (in ₹)** |
| **Bags** | Laptop bags, minimalists, messenger bags, harness bags, backpacks, *jhola* bags, satchel bags, overnighters, box bags | Canvas, leather, and soft leather harnesses; brass; cotton inner lining in all cases | 1,050–17,800 |
| **Trunks** | Large trunks, mini trunks, vanity cases | Powder-coated sheet metal; leather straps; cotton twill lining | 10,500–17,200 |
| **Accessories** | Mac book covers, iPad covers, iPhone cases, wallets, belts, wristbands, camera accessories, travel cases, etc. | Soft, bonded leather harnesses; canvas and cotton twill inner linings; brass buckles, clips, etc. | 750–4,000 |
| **Stationery** | Notebooks, leather organizers, sapper collection (iPod covers, pencil bags, etc.), small leather products, pencils, posters, stickers, scissors, paperweights, wire clips | Bonded, soft leather and suede harnesses, pencils, metal, paper, wood | 275–2,500 |
| **Objects** | Candles, scissors, bookmarks, measuring tapes, staplers, monocles, paperweights, concrete collection | Wax, concrete, metal, leather, magnifying lens, wood | 750–4,000 |
| **Miscellaneous** | DIY kits, measuring tapes, tool kits, pet accessories, assorted products (e.g., cups, key-holders), umbrellas, trays, gift cards | Leather, suede, metal, brass; canvas, ceramic, water-resistant material (umbrellas), wood, Velcro | 750–9,500 |

Note: ₹ = INR = Indian rupee; US$1 = ₹65.14 on April 1, 2018; DIY = do it yourself.

Source: Created by case authors based on data from the Nappa Dori online and offline stores.

Exhibit 4: Nappa Dori Consumers and their Brand

Nappa Dori consumers were young, confident and, as Sinha put it, “a lot prouder of being Indian and . . . proud to carry a home-grown brand.” A short dipstick study was carried out with 39 Nappa Dori customers in the capital city. An in-depth semi-structured interview guide was used for the purpose. Below are the relevant results.

**Demographics and Psychographics**:The consumers were a mixed blend of nine expatriates and international tourists (one from England; two from Norway; two from the United States; one from Germany; two from Finland; and one from Taiwan) and 30 domestic consumers.

* Age group: 26–45 years; 77 per cent males; had travelled to or lived in more than five different countries
* Upper-middle class professionals: lawyers, scientists, senior IT executives, bureaucrats, journalists, designers, doctors, and educators
* Owned an apartment or house and also had more than one car
* 65 per cent were single; 55 per cent said that they had travelled alone or liked to travel alone for leisure trips

**Lifestyle**: Extremely healthy: 80 per cent had a no-compromise, 30-minute, five-day schedule for exercising; 85 per cent had an Apple or Fitbit device; liked to wear low-key, classic garments; planned purchases rather than making impulsive buys;relied on their own judgement for buying decisions; loved wide-open places and natural habitats rather than crowded and populated cities; had small, close-knit groups of close friends; family was very important; were well-travelled

**Self-Descriptions**: Warm, responsible, organized; dependable; free-spirited; confident, ambitious, passionate about their work; open-minded about other’s perspectives but had minds of their own; liked reading; had a hobby that they were passionate about and made time for; had an individual list of places they wanted to visit before they died (34 per cent had not shared this travel list)

**The Nappa Dori Brand Appeal**:All 39 consumers had more than one Nappa Dori product. On examining their engagement with the brand, they could be classified into two groups: Me & My Nappa Dori and We & Our Nappa Dori.

Exhibit 4: (continued)

***Me & My Nappa Dori***: This group included customers who had an individual or personal reason for buying the brand. Some select excerpts:

* *“*I saw the Nappa Dori bag. It seemed to be designed with me in my mind. . . . I don’t usually do it, but I just bought it immediately.”
* “Thought it was a Spanish brand but love it all the more that it is as *Bhartiya* (Indian) as me!”
* “The clean, straight lines of the products are what appeal to me. I bought laptop sleeves; now I buy stationery, pencils. Bought a trunk and vanity case for my girlfriend.”
* “Nappa Dori is classic and has not disappointed me!”
* “It is about me; it is my choice; I don’t see the need to advise others to buy it.”
* “The premium quality, the smooth finish, and the eye to functionality are all reasons why I have never really looked at whether it is priced higher.”
* “I prefer to buy at the Nappa Dori store, I get a strange sense of, you know, like my kind of place—open and uncluttered.”

***We & Our Nappa Dori***: A smaller group of consumers (37 per cent) had more representative reasons for the purchase. Some select excerpts:

* ***“***I had gone to Café Dori after finding the great ratings on Zomato. All my friends bought something, so I also bought a Nappa Dori canvas bag. Looks unusual. Everyone asks me where you got it.”
* “The rural Indian picture would surely get me eyeballs when I went back.” (US tourist)
* “Looks imported, you know, and creates the right impression amongst your clients.” (Lawyer)
* “Expensive leather look, handcrafted, and an Indian brand. You know one stands out if you have it.”

Source: Created by case author based on consumer interviews.

Exhibit 5: Nappa Dori Financials (Balance Sheet) (in ₹)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Particulars** | **FY 2013–14** | **FY 2014–15** | **FY 2015–16** | **FY 2016–17** |
| **Equity and Liabilities** |  |  |  |  |
| *Shareholder’s Fund* |  |  |  |  |
| Share Capital | 100,000 | 244,000 | 244,000 | 244,000 |
| Reserves and Surplus | 607,753 | 2,531,931 | 8,580,477 | 11,392,105 |
| *Non-Current Liabilities* |  |  |  |  |
| Long-Term Borrowings | nil | 1,410,956 | 1,075,041 | 15,133,044 |
| Deferred Tax Liabilities (Net) | 5,470 | 3,781 | nil | nil |
| Other Long-Term Liabilities | nil | nil | nil | nil |
| Long-Term Provisions | nil | nil | nil | nil |
| *Current Liabilities* |  |  |  |  |
| Short-Term Borrowings | nil | Nil | nil | nil |
| Trade Payables | 601,944 | 1,019,472 | 1,052,135 | 1,927,631 |
| Other Current Liabilities | 510,264 | 2,330,103 | 3,866,349 | 4,931,981 |
| Short-Term Provisions | 266,639 | 471,042 | 2,855,701 | 1,557,048 |
| **Total Equity and Liabilities** | 2,092,070 | 8,011,285 | 17,673,703 | 35,185,809 |

Exhibit 5: (Continued)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Assets** |  |  |  |  |
| *Non-Current Assets* |  |  |  |  |
| Fixed Assets | 142,207 | 1,557,720 | 1,170,272 | 5,130,379 |
| Non-Current Investments | Nil | nil | nil | Nil |
| Deferred Tax Assets (Net) | Nil | nil | 76,194 | 131,395 |
| Long-Term Loans and Advances | 1,050,000 | 1,765,000 | 3,045,000 | 6,578,072 |
| Other Non-Current Assets | 15,750 | 10,500 | 5,250 | Nil |
| *Current Assets* |  |  |  |  |
| Current Investment | Nil | nil | nil | Nil |
| Inventories | 75,883 | 2,383,441 | 7,696,339 | 16,880,920 |
| Trade Receivables | 121,173 | 209,278 | 868,207 | 895,415 |
| Cash and Cash Equivalents | 612,025 | 1,933,048 | 3,751,632 | 5,025,279 |
| Short-Term Loans and Advances | 5,316 | 100,000 | 726,579 | 49,999 |
| Other Current Assets | 69,716 | 52,298 | 334,230 | 494,350 |
| **Total Assets** | 2,092,070 | 8,011,285 | 17,673,703 | 35,185,809 |

Note: FY = fiscal year; fixed assets figures were those of tangible assets only; intangibles and work-in-progress figures were recorded at nil.

Source: Company documents.

Exhibit 6: Nappa Dori Financials (Profit and Loss) (in ₹)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Particulars** | **FY 2013–14** | **FY 2014–15** | **FY 2015–16** | **FY 2016–17** |
| Revenue from Operations |  |  |  |  |
| Domestic Turnover | 10,951,681 | 27,310,867 | 50,299,670 | 53,595,958 |
| Export Turnover | nil | nil | nil | 5,007,788 |
| Other Income | 4,775 | 36,950 | 210,597 | 201,444 |
| Total Revenue | 10,956,456 | 27,347,817 | 50,510,267 | 58,805,190 |
| Expenses |  |  |  |  |
| Cost of Materials Consumed | nil | nil | 17,426,519 | 17,416,824 |
| Purchases of Stock in Trade | 5,465,090 | 11,529,256 | nil | nil |
| Changes in Inventories of Finished Goods, Work in Progress and Stock in Trade | (75,883) | (2,307,558) | (4,014,718) | (8,016,442) |
| Employee Benefit Expense | 946,200 | 3,877,371 | 4,074,888 | 6,929,451 |
| Managerial Remuneration | 450,000 | 1,500,000 | 2,250,000 | 3,200,000 |
| Payment to Auditors | 75,000 | 100,000 | 150,000 | 200,000 |
| Insurance Expenses | nil | nil | 46,098 | 12,769 |
| Power and Fuel | 90,436 | 389,608 | 521,071 | 844,151 |
| Finance Cost | 108,150 | 535,110 | 874,323 | 1,155,174 |
| Depreciation and Amortization Expense | 29,334 | 262,748 | 563,370 | 953,774 |
| Other Expenses | 2,967,262 | 9,960,040 | 19,635,783 | 31,254,396 |
| Total Expenses | 10,055,589 | 25,846,575 | 41,527,334 | 53,950,097 |
| Profit/(Loss) before Tax | 900,867 | 1,501,242 | 8,982,934 | 4,855,093 |
| Tax Expenses |  |  |  |  |
| Current Tax | 266,639 | 471,042 | 2,855,701 | 1,557,048 |
| Deferred Tax Written Back | 5,470 | (1,689) | (79,975) | (55,201) |
| Profit/(Loss) for the Year | 628,758 | 1,031,889 | 6,207,208 | 3,353,246 |
| Basic Earnings per Equity Shares | 63 | 42 | 254 | 137 |

Note: FY = fiscal year; for FY 15-16 and 16-17, changes in inventories figure totally comprise finished goods and that of FY 13-14 and 14-15 totally comprise stock-in-trade figures.

Source: Company documents.

ENDNOTES

1. This case was awarded first place in the marketing category of the ISB-Ivey Global Case Competition 2018. The prize was sponsored by ISB. [↑](#endnote-ref-1)
2. Benu Joshi Routh, “How Nappa Dori Wows Naomi Watts and Eva Longoria,” *Forbes India*, May 28, 2016, accessed April 22, 2018, www.forbesindia.com/article/work/how-nappa-dori-wows-naomi-watts-and-eva-longoria/43305/1. [↑](#endnote-ref-2)
3. € = European euro; US$1 = €0.81 on April 1, 2018; all currency amounts are in € unless otherwise specified. [↑](#endnote-ref-3)
4. Bain & Co., “Global Personal Luxury Goods Market Expected to Grow by 2–4 Percent to €254–259bn in 2017, Driven by Healthier Local Consumption in China and Increased Tourism and Consumer Confidence in Europe,” May 29, 2017, accessed April 18, 2018, www.bain.com/about/press/press-releases/global-personal-luxury-goods-market-expected-to-grow-by-2-4-percent.aspx. [↑](#endnote-ref-4)
5. Technavio, “Global Leather Goods Market—Drivers and Forecasts,” news release, Business Wire, October 3, 2017, accessed April 18, 2018, www.businesswire.com/news/home/20171003006031/en/Global-Leather-Goods-Market---Drivers-Forecasts. [↑](#endnote-ref-5)
6. ₹ = INR = Indian rupee; US$1 = ₹65.14 on April 1, 2018. [↑](#endnote-ref-6)
7. Routh, op. cit. [↑](#endnote-ref-7)
8. PTI, “India’s Luxury Market to Cross $30 bn by Year-End: Assocham,” *Economic Times,* February 28, 2018, accessed May 2, 2018, www.timesofindia.indiatimes.com/business/india-business/indias-luxury-market-to-cross-30-bn-by-year-end-assocham/articleshow/63110386.cms. [↑](#endnote-ref-8)
9. BCG-Altagamma, “The Key Trends for the Luxury Goods Industry in 2018,” news release, Boston Consulting Group, February 20, 2018, accessed May 2, 2018, www.bcg.com/d/press/20february2018-altagamma-true-luxury-global-consumer-insight-184693. [↑](#endnote-ref-9)
10. Ibid. [↑](#endnote-ref-10)
11. Deloitte, *Global Powers of Luxury Goods 2017: The New Luxury Consumer*, 2017, accessed April 18, 2018, www2.deloitte.com/content/dam/Deloitte/global/Documents/consumer-industrial-products/gx-cip-global-powers-luxury-2017.pdf. [↑](#endnote-ref-11)
12. Maria Thomas, “If You’re Looking for Affordable Luxury, India Is the Ultimate Shopping Destination,” July 18, 2017, accessed May 2, 2018, [www.qz.com/1030728/indias-luxury-market-stands-apart-from-the-rest-of-the-world-because-its-actually-affordable/](http://www.qz.com/1030728/indias-luxury-market-stands-apart-from-the-rest-of-the-world-because-its-actually-affordable/). [↑](#endnote-ref-12)
13. Nappa Dori products were initially, manufactured at Definite Designs. In 2016, Sinha dissolved Definite Designs. [↑](#endnote-ref-13)
14. “Nappa Dori Case Study,” YouTube video, 1:32, posted by “Google India,” May 26, 2015, accessed April 19, 2018 https://youtu.be/Rv0Ho3AXets. [↑](#endnote-ref-14)
15. “Nappa Dori,” Anna Wilson Interiors (blog), December 18, 2015, accessed April 19, 2018, www.annawilsoninteriors.com/blog/nappadori. [↑](#endnote-ref-15)
16. Shambhavi Anand, “Delhi’s Favourite Leather Product Maker Nappa Dori Scouts for Space in Mumbai,” *Economic Times,* December 24,2015, accessed April 19, 2018, www.economictimes.indiatimes.com/industry/services/retail/delhis-favourite-leather-product-maker-nappa-dori-scouts-for-space-in-mumbai/articleshow/50304459.cms. [↑](#endnote-ref-16)
17. Ibid. [↑](#endnote-ref-17)
18. Vidhi Choudhary, “Gautam Sinha: Now Smell the Coffee at Nappa Dori,” Livemint, March 17, 2017, accessed April 19, 2018, www.livemint.com/Leisure/ngsJrOu1biZoszeQ3UMPRK/Gautam-Sinha-Now-smell-the-coffee-at-Nappa-Dori.html. [↑](#endnote-ref-18)
19. Current stockists were listed at the Nappa Dori website, www.nappadori.com/stores. [↑](#endnote-ref-19)
20. Maria Thomas, op. cit. [↑](#endnote-ref-20)
21. Choudhary, op. cit. [↑](#endnote-ref-21)
22. Ibid. [↑](#endnote-ref-22)
23. Ibid. [↑](#endnote-ref-23)
24. “Catalogue,” Nappa Dori, accessed April 19, 2018 www.nappadori.com/catalogue. [↑](#endnote-ref-24)
25. Routh, op. cit. [↑](#endnote-ref-25)
26. Ibid. [↑](#endnote-ref-26)
27. Ibid. [↑](#endnote-ref-27)
28. Choudhary, op. cit. [↑](#endnote-ref-28)