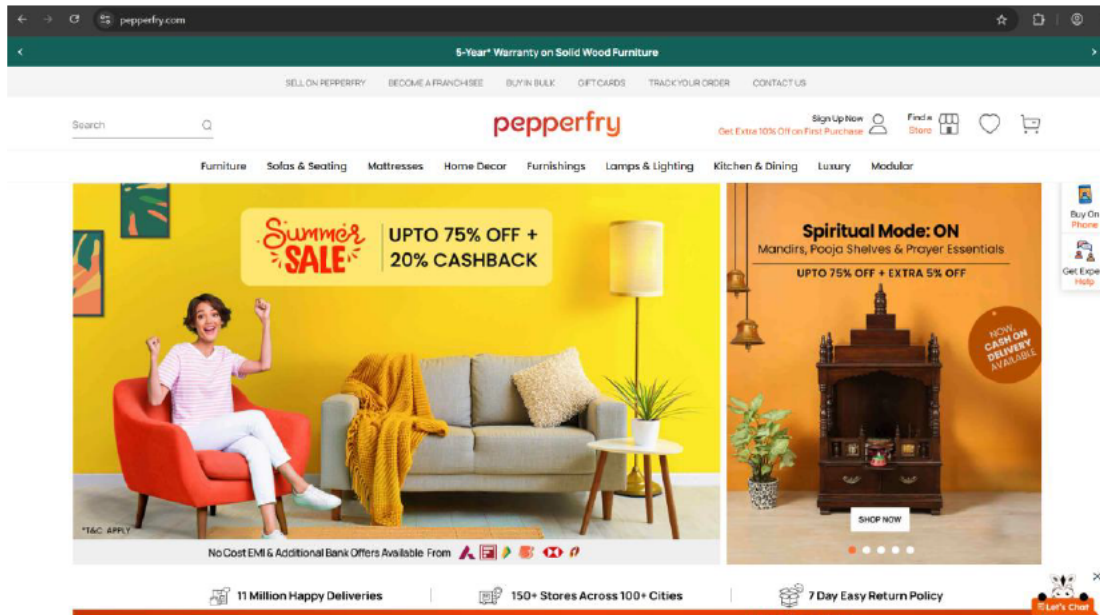


PEPPERFRY.COM: Marketing to Manage Customer Experience



Group 4

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Executive Summary

Pepperfry.com is an online store where you can find everything from furniture to home décor. It was founded back in 2011 by Ambareesh Murty and Ashish Shan and is based in Mumbai.

As of 2023, they have 43 company-owned studios and another 142 studios run by franchises.

They offer a wide range of products and have a pretty impressive delivery system, making them one of India's top online furniture retailers with a 50% market share.

The firm had a first-mover advantage that led them to significant milestones in a short time.

Pepperfry operates on a managed marketplace model, teaming up with various artisans and merchants to bring a diverse selection of items to customers.

The way they adapt to changing consumer needs, welcome technology, and tackle the unique challenges of the online furniture market has played a big role in their growth and leadership in the industry.

1. Pepperfry Brand and Initial Success

Pepperfry's early success can be credited to a combination of key strategies:

- **First-Mover Advantage:** As one of the pioneers in India's online furniture market, Pepperfry was able to capture a significant share before competition intensified.
- **Robust Logistics Infrastructure:** Pepperfry realized that such a large amount of and fragile furniture delivery would be a challenge and invested heavily in building a sound infrastructure for logistics which contributed significantly towards the overall experience for the customer.
- **Managed Marketplace Model:** By adopting this model, Pepperfry was able to collaborate with a wide range of merchants and artisans, to attract broad and diverse product offering.
- **Curated Product Range:** The company emphasized offering a thoughtfully curated selection of products, including exclusive and handcrafted items, to cater to a variety of tastes and preferences.
- **Customer-Focused Services:** Pepperfry placed a strong emphasis on customer satisfaction by providing features such as hassle-free returns, dependable delivery services, and responsive customer support.



WOOD & STEEL

COMPANIES
FOUNDED IN
HOME
IMPROVEMENT
SPACE

Year	Number of Companies
2015	89
2014	56
2013	24

Total companies
founded: **206**

Total funded
startups: **23**

Total funding
\$**257M**

MAIN PLAYERS

Company	Overview	Funding
Pepperfry	Marketplace for furniture, home products	\$128M
Urban Ladder	Furniture and home decor	\$77M
Mebelkart	Online retail store for furniture, accessories	\$20M
LivSpace	Online retail for in-home designs and furniture	\$12.6M
CustomFurnish	Custom-designed furniture and home decor	\$7M
Furlenco	Online furniture rental platform	\$6M

Source: Traxent

THE BIG TWO

	Pepperfry	Urban Ladder
Employees	700+	1,500
Cities serviced	400	19
Returns	3%	2%
Studios	7	1
Repeat customers	50%	45%
Average spend by one customer	₹14,000	₹18,000-20,000

2. Customer Decision-Making Process for Online Retailing

For high-involvement, non-standard purchases like furniture, the online customer journey is cautious and research-heavy. Pepperfry recognized this and strategically supported customers through each decision-making stage:

- **Need Recognition:** Customers may not feel an immediate need for furniture. Pepperfry used emotional ads and inspiring visuals to spark interest during life changes like moving or renovating.
- **Information Search:** With product complexity and overwhelming options, customers need guidance. Pepperfry offered a detailed catalogue, smart filters, reviews, and VR tools to support research.
- **Evaluation of Alternatives:** Lack of physical touch and trust in online buying are major barriers. Pepperfry launched offline studios, designer consultations, and focused on rich visuals to build credibility.
- **Purchase Decision:** Family discussions and doubts around delivery or payment delay decisions. Pepperfry simplified buying with financing options, tech support, and a hassle-free experience.
- **Post-Purchase:** Concerns around damage, installation, and service affect satisfaction. Pepperfry ensured quality through in-house logistics, professional setup, and strong after-sales support.



3. Customer Advocacy Strategy

Pepperfry has strategically crafted a customer journey that blends technology, personalization, and trust to meet the unique needs of high-involvement online furniture buyers.

- **Guided Customer Journey:** Knowing well that furniture purchase decisions take a long time and require research, Pepperfry provides a custom solution for every stage, ranging from need recognition to post-purchase. Inspirational advertising sets the stage, followed by comprehensive product information and VR tools to facilitate research, while Studio Pepperfry locations are there to provide in-depth evaluation through in-person testing and designer consultations.
- **Tech-Savvy Shopping Experience:** Bringing Augmented Reality and virtual tours into the shopping process provides customers with visual cues on how the furniture will look in their own home, thus eliminating bottlenecks, making online shopping an enjoyable experience.

- **Trust Through Transparency & Community:** The brand advocates customer reviews, user-generated content, and real-world photos as social proof. Initiatives like Pepperfry Live and partnerships with HomeStop develop brand credibility and an emotional connection.
- **Service Personalization & Excellence:** Instead of conventional sales associates, customers are given access to interior designers who provide personalized guidance. Free-of-charge installation, transparent return policies, and ready availability of after-sales assistance bolster customer satisfaction.
- **Loyalty, Rewards & Social Engagement:** Customer engagement is maintained through loyalty programs, referral awards, and a vibrant social media interaction that offers styling tips and contests—all designed to encourage repeat business and organic growth of the brand.



4. Service-Design Strategy for Multi-Channel Retail

Pepperfry has a very convenient and integrated shopping experience, combining digital innovation and in-store experience with personalized service within a reliable customer care.

- **Studio Pepperfry (Experience Centres):** The physical showrooms are where a consumer gets to experiment with the products, along with expert design advice that would allow a user to feel connected between the online world and a tangible experience, building confidence.
- **Assembly, Fulfilment and Last-Mile Delivery:** It provides free shipping and professional assembly service and a reliable delivery spread across 400 plus cities, thus making the entire experience post-purchase stress free and seamless.
- **Unified Customer Support:** Be it through online shopping or physical stores, customers experience similar, effective, and fruitful support, ensuring immediate remedy to issues followed by long-term loyalty.
- **Customer Data Integration:** These insights across both digital and physical touchpoints are then housed together to enrich the experience of a more personalized experience and a recommendation engine.
- **Consistent Brand Messaging:** With campaigns like "Happy Furniture to You," Pepperfry ensures a singular, booming voice in all its communications that are targeted toward enhancing emotional connect across all platforms.



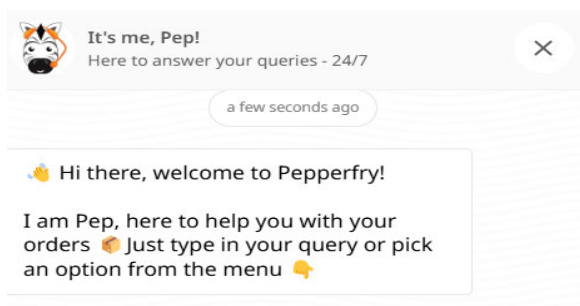
5. Leveraging Improved Customer Experience for Competitive Advantage

Current Strengths

- **Multi-channel Presence:** A strong online-offline integration of Studio Pepperfry experience centres has increased its reach.
- **AR Visualization Tools:** Such as ensuring the customers visualize the furniture placement in their homes, thereby reducing any uncertainties during online purchases.
- **Smooth Delivery & Installation:** Dependable logistics, expert assembly, and a damage-free last-mile service across more than 400 cities.
- **Active Customer Support:** Responsive, cross-channel support which ensures a consistent, satisfying experience.

Strategic Recommendations for Competitive Advantage

- **Loyalty & Rewards Program:** Offer kickbacks for repeat buying, referral, or product review to create long-term customer loyalty and organic promotion.
- **Personalized Engagement:** Utilize AI and customer data to send personal product recommendations, care tips, and communication, as well as enhance post-purchase connection.
- **After-Sales Follow-Ups:** Ongoing support with feedback collection post-delivery provides a level of trust and therefore improves retention levels.
- **Customer Community Platform:** A space where customers can share home decor ideas, review products and interact will go a long way in advocacy and emotional brand attachment.
- **Consistent Multi-channel Experience:** Provide a completely parallel seamless experience on the app, on the website, and at physical studios to build up credibility and satisfaction.



Growth Opportunities

- **Expand Studio Network:** Expand into Tier 2 and Tier 3 cities to establish reach, visibility, and accessibility in developing regions.
- **Enhance Digital Experience:** Further investments in cutting-edge AR/VR/AI tools develop the online buying process into one with better-informed decisions
- **Seamless Online-Offline Integration:** Continue refining the transition between digital and in-store experiences to offer flexibility and convenience.
- **Post-Purchase Engagement:** Go beyond the sale with ongoing communication, maintenance tips, and easy returns to drive loyalty and create repeat business.



Conclusion

Pepperfry's customer-centric strategy has set a strong foundation for growth by addressing key challenges in online furniture shopping, particularly through integrating online and offline experiences. To maintain its edge, Pepperfry should focus on personalization aspects, digital tools, omnichannel integration, and overall improvement of customer relations with the help of CRM. Added to these improvements, Pepperfry would be interested in facilitating a premium post-purchase experience as an important enhancement throughout the customer's decision journey.