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## **UrbanClap: A Marketplace for On-Demand Services (A)**

It was a hot day in April 2018. Sitting in his air-conditioned office, Abhiraj Singh Bhal – co-founder and chief executive officer of UrbanClap<sup>1</sup> – was deep in thought. The oppressive heat outside did not bother him as high summer temperatures spurred consumers to service their air conditioners. These customers were increasingly turning to UrbanClap, an on-demand service platform. UrbanClap connected customers with various service providers such as beauticians, plumbers, electricians and air-conditioning mechanics for a fee. UrbanClap's services could be broadly classified into two segments. The lead-generation service business connected a customer with a service provider. It charged a fee for this matchmaking service, leaving the customer and service provider to negotiate the terms of engagement. The fulfilment service business charged the customer for the service and took end-to-end responsibility for the quality of the service delivery. Although the lead-generation segment dominated initially, the fulfilment service segment grew rapidly and constituted 50% of UrbanClap's revenues.

Bhal's thoughts stemmed from the crucial decision he was about to make. Before scaling up the platform, UrbanClap needed to significantly improve service quality. Customers expected a higher service quality from UrbanClap. Bhal noticed a gap between the expected service quality and the service quality delivered by UrbanClap service providers for many services in both business categories. Also, something could always go wrong during service delivery. UrbanClap wanted to have better control of the service environment in terms of quality and safety issues faced by customers. Gauging the situation, Bhal realised that it was time to review the existing business model.

The allure of higher scale and better quality had its own share of risks since UrbanClap would be having greater responsibilities related to service delivery. Moreover, the decision to focus on the fulfilment business could imply a loss of revenue from the lead-generation business, which could significantly affect UrbanClap's growth trajectory and negatively impact its ability to invest in technology and innovation, crucial to the development of its platform. Bhal also had to examine the impact of his decision on the service provider's stickiness with the platform. Although service providers enjoyed ample benefits by associating with UrbanClap, they still wanted to circumvent

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the platform by directly contacting the customers and saving on the platform fee. Bhal thought it was important to review his decision one last time before embarking on a journey that would redefine the soul of UrbanClap.

### **STARTING URBANCLAP**

UrbanClap was started by Bhal, Varun Khaitan and Raghav Chandra in October 2014. Bhal and Khaitan were college friends at the Indian Institute of Technology Kanpur (IITK). After graduating from IITK, Khaitan moved to the USA to work with Qualcomm Inc., where he worked on designing next-generation mobile technology. Bhal obtained an MBA from the Indian Institute of Management Ahmedabad. Both of them ended up working together at the Boston Consulting Group (BCG). Many Indian start-ups were being founded around that time, and Bhal and Khaitan used to talk about starting their own venture. Bhal recalled:

We spent several weekends during our stint at BCG, just discussing what kind of business we could start...these conversations went on for two years until one day we told ourselves either we should act on it or just face the brutal reality that we don't have the guts.<sup>2</sup>

In the summer of 2013, Bhal and Khaitan quit their jobs at BCG. They launched Cinemabox, an on-demand movie-streaming device for long-haul travel in buses, trains and planes. At around the same time, Chandra—a Computer Science graduate from the University of California, Berkeley, who had quit his job as a software engineer at Twitter—started an auto-rickshaw ride-sharing app business in Noida (a New Delhi suburb), which he named Buggy.in. Both businesses—Cinemabox and Buggy—had to be closed as the founders realised that the market opportunities and profits were limited. Khaitan spoke about the learning from this experience:

I come from a business family. My father had started and shut many businesses, so I was not disturbed by failures. In the first business, we could not figure out everything, but it helped us realise the type of business that we should be working on. It became clear that we must create a business where we plan to spend the best 10–20 years of our life. It should make a bigger impact on others' lives too.

Bhal and Khaitan were looking for a partner with expertise in technology, and Chandra was seeking a business co-founder. A mutual friend brought the three together. They decided to work together once they found that their skills were complementary. They discussed various ideas and developed a mobile-based platform to connect home service providers such as plumbers, home cleaners, electricians and carpenters with customers. Their experience of not easily finding a reliable home service provider in India, despite the availability of many independent service providers, gave them the business idea.

As per the Confederation of Indian Industries report of 2014, the unorganised sector (or the informal sector) accounted for more than 90% of the workforce in India, and this sector generated almost 50% of the national income.<sup>3</sup> The co-founders saw a huge opportunity in bringing this workforce into the mainstream using the power of technology. The idea was to generate opportunities for the unorganised sector workers so that they could earn three to four times their current income. The new business aimed at becoming a safety cushion for the informal sector workers by providing continuous assignments through a mobile-based platform.

Since the launch of iPhones in June 2007, the world has seen a proliferation of smartphones, paving the way for mobile-based business applications. These mobile-app-based businesses

offered location-based services using the smartphones' in-built global positioning system. They provided access to payment gateways to transfer funds between customers and sellers of products and services. The on-demand services grew by meeting customers' demands by ensuring instant access to the services they needed. The mobile-app-based on-demand businesses such as TaskRabbit (home projects, launched in 2008), Uber (car rides, launched in 2009), Postmates (local delivery of goods, launched in 2011) and Handy (house cleaning and repairs, launched in 2012) changed the global landscape of on-demand services and favourably impacted customer acceptance of such services. The on-demand businesses were especially helpful in growing local businesses, which could now reach customers beyond the traditional local network.

The co-founders incorporated UrbanClap in December 2014 by contributing INR<sup>4</sup> 1 million each. Initially, they worked from home but later rented a small office in Bhikaji Cama Place,<sup>5</sup> Delhi. The office was in stark contrast with the co-founders' previous swanky offices in the US, but they took the plunge and decided to create an enduring and impactful business. Chandra spoke about his vision for creating a new business:

I had worked with Yelp, and I perceived the Yelp marketplace as helping small businesses. We could have been happy to start any other business, but we wanted to build a business with a grander purpose. We wanted to do something that was based on social entrepreneurship impacting the masses, which could be scaled up and was sustainable eventually.

The co-founders initially chose to name their business Prohunt and spent almost INR 200,000 to buy the domain. Their other choices were Prowaala, Ovalslate, Worthyfit, Prodiary, Protrumpet, Joystation and Servemonk. However, after rejecting all the options and investing in selecting names, they finally decided on UrbanClap because it provided the connotation of a concierge and the availability of a service provider at a clap.

## OPERATIONALISING THE BUSINESS MODEL

After incorporating UrbanClap, the co-founders grappled with the options of building a horizontal or a vertical platform business. A horizontal platform would offer a range of services, whereas a vertical platform would cater to a particular category of services. None of the service categories of a specialised vertical platform represented a substantial addressable market. In addition, a successful vertical platform would eventually attract horizontal players with copycat offerings and hence would require greater investment in innovations in service design and delivery to sustain its growth in future. However, a horizontal platform – with a set of services – could cater to a larger addressable market and was perceived as having the potential to make a greater impact. Also, the costs associated with platform design, development and operations could be spread over multiple services. Therefore, the co-founders did not see much value in expanding as a vertical platform and decided to pursue the horizontal platform strategy.

The co-founders also needed to decide on the options of creating a marketplace platform that would be just a meeting place of customers and service providers or adding value to the services, which would provide uniqueness to the platform. The first option would have mimicked the existing online classified businesses, with the novelty of using a smartphone interface. The second option would require UrbanClap to further define the target segment and the value proposition. The co-founders decided to create a marketplace by providing service offerings that would

generate more value at both ends—the service providers and the customers—and ensure the platform's liquidity (adequate players on the demand and supply sides of the platform so that transactions happen). After taking various stakeholders' inputs, the co-founders concluded that there could not be a "one-size-fits-all" solution to provide value at both ends. For blue-collar services such as electricians or home cleaners, customers faced issues because of the nonstandardisation of service quality, pricing and supplier base. In addition, photographers, interior designers, wedding planners and yoga instructors offered white-collar services where customers anticipated personalised experiences. The customer expectations for both categories were different. The co-founders decided to categorise the services on the basis of the service quality offered and the customer experience that UrbanClap wanted to create. They perceived the market to be ripe for disruption from the better discovery of service providers and for a change in the acceptance of on-demand services by consumers for both service categories.

UrbanClap went through several discussion rounds to categorise its on-demand services. The first category was named lead-generation services, consisting of white-collar services offered by interior designers, photographers, wedding planners, movers and packers, among others. In this category, the major challenge was the discovery because these were often one-time services and customers relied on word of mouth to identify and select service providers. UrbanClap needed to understand the customer needs and connect them with the right professional within their budget. It connected customers and service providers through its mobile app, and before confirming service bookings, neither side had the option to directly contact the other party. As these services were priced high, UrbanClap charged the service providers a platform fee of 1%-5% to convert leads into business.

The second category was named fulfilment services, including blue-collar services offered by electricians, plumbers, carpenters and beauticians. Fulfilment services had a low ticket value, and the customer expected to get the job done without any hassle. These services were repetitive, and UrbanClap decided to standardise its operations and provide a good delivery experience. A satisfied customer was more likely to return, and hence, UrbanClap could hope to generate repeat orders without the need for promotions or discounts. This focus on customer satisfaction required it to take end-to-end responsibility for service delivery. It decided to charge a 20% commission from fulfilment service providers to connect them with customers.

To establish a marketplace that created value for both sides of the platform—the service providers and the customers—UrbanClap needed to play the role of a matchmaker. To this end, it profiled service providers on a few attributes such as years of experience, service specialisation and location preferences. In addition, customers had to answer four to five questions, which helped UrbanClap understand specific job requirements. On the basis of the matching of service provider attributes and customer requirements, UrbanClap connected service providers with customers.

Until April 2015, UrbanClap was manually matching vendors with customer requirements. As the business started scaling up, the co-founders invested in developing an automated matchmaking algorithm like that used by ride-hailing services to match riders and drivers. The algorithm would enable UrbanClap to send leads of only the relevant service providers to customers on the basis of the mutual preferences and constraints of both. While acknowledging the role of automation in matchmaking, the co-founders admitted that they outpaced the

competition because of the success of UrbanClap's manual matchmaking during the initial days. Chandra recalled:

The decision to automate the matchmaking process was taken within six months of inception, which drastically reduced the burden of operations. But we had not negated the need for human intervention for specific issues, which rebuilt the trust of the customer in UrbanClap as a platform.

## **ONBOARDING SERVICE PROVIDERS**

For customers to be better matched and UrbanClap to advertise its services, the platform needed to be populated with enough service providers, which was critical for establishing UrbanClap as a marketplace. Customers expected better services from UrbanClap than from independent vendors. UrbanClap believed that having enough high-quality service providers would be crucial to building the brand perception and eventually lead to customer loyalty.

Getting service providers who understood the importance of high-quality delivery was a difficult task. While onboarding enough service providers was necessary, the co-founders agreed to focus on the quality of service experience. Their market understanding made them believe that among the hundreds of thousands of service providers only 20-30% were high-quality service professionals. UrbanClap found it challenging to find service providers who could provide a quality experience and help differentiate its brand from local service providers. Khaitan recalled:

The first set of professionals was onboarded through a brute force approach on the field. We approached salons for beauticians, and labour markets and hardware stores for plumbers and carpenters. It was difficult to convince them to quit their jobs and join our platform purely based on our word and little proof to show. The ambitious ones and risk-takers formed our early joiners, and once they saw the jump in their earnings, network effects started working.

UrbanClap developed a stringent 14-day selection process to onboard service providers for both categories before adding their profiles on its platform. It asked the service providers to submit their certifications. It would interview each shortlisted professional to assess their job-specific skills and fit with the company's expectations. The company also asked for references from previous clients for services involving stringent expectations for quality delivery. It hired a retired superintendent of police to conduct background checks and police verifications for all its service providers. Therefore, of the 100 service providers interviewed, only 15 could be registered on the platform.

To ensure service quality, UrbanClap decided to impart soft skills training and skill enhancement for fulfilment services. The training helped the service providers raise the quality standards of the delivery. UrbanClap provided uniforms to its blue-collar service providers, who needed to wear them while visiting customers. This raised the service provider's self-esteem. In certain categories such as home beauty services, service providers were supposed to carry the complete set of kits to deliver the service, regulating the quality to a large extent. UrbanClap replenished the items in the kit, allowing it to check whether indeed the service provider was scrimping on the consumable items. The service provider acceptance rate of 15% (even lower in some services such as home beauty services)—along with the training provided to them—helped UrbanClap deliver the promised quality of experience.



For lead-generation services, UrbanClap onboarded white-collar professionals because of the changes in the employment patterns over the last few years, especially among the millennials. While the Indian gross domestic product grew by an average of 7%, job growth was not so high. A shortage of jobs forced the traditional employment routes to fade, and freelance jobs became popular. Many white-collar workers such as wedding planners, interior designers and photographers were comfortable taking up contract-based assignments, making their availability easy for on-demand service platforms such as UrbanClap. (See Exhibit 1 for a share of active lead-generation and fulfilment service providers over the years.)

As service providers were part of the unorganised sector, they traditionally did not have access to benefits such as insurance. Many of them did not have adequate capital to purchase kits for service delivery. UrbanClap assisted in loans, which the service providers repaid through their earnings from UrbanClap. It did not link the loans for kits to service providers' performance and saw it as a way of increasing the number of service providers. It began by offering accident insurance to its top-performing service providers and later extended it to all of its service providers.

Most service providers were either full-time employees with small establishments and earning meagre salaries or working independently. UrbanClap provided them with the opportunity to earn higher incomes. The benefits of delivering quality to receive positive feedback, which would ensure repeat business and get new customers, were explained to them. Service providers also valued their association with UrbanClap as it freed them from the hassle of negotiating the rates for their services. They also had the flexibility to accept an assignment as and when they wanted to work, helping them maintain their work-life balance. The ability to choose the number of hours they wished to work positively impacted their mental well-being.

Despite earning more, the service providers were tempted to avoid paying the platform commission, which posed a threat to the marketplace. The risk of service providers disintermediating the platform and directly contacting the customers was quite high. UrbanClap tried to understand the dynamics for circumvention by service providers and realised that it was not a significant problem for the categories requiring one-off transactions such as interior designers, wedding planners, and movers and packers. For high-repeat services, the UrbanClap staff conducted blind audits by posing as customers. Service providers resorting to circumvention were removed from the platform. UrbanClap also asked its service providers to take a selfie at the customer location to indicate the start of the job using the UrbanClap app. For these services, UrbanClap decided to develop a five-level integration with service professionals to control the entire experience and deter disintermediation. (See Exhibit 2 for details of the five integration levels between UrbanClap and service providers.) UrbanClap wanted all the service providers to move to the five integration levels, which would give it a sustainable competitive advantage over competitors.

## CONNECTING WITH CUSTOMERS

Since the turn of the last century, different forces have impacted Indian consumers, influencing how they owned and consumed products and services. A paradigm shift occurred from products and services marketed by hierarchical firms to e-commerce marketplaces, from

hyperconsumption to collaborative consumption. The changes in orientation in owning and consuming products and services were supported by changes in information consumption, which was fuelled by the increased use of mobile phones. The use of mobile phones, tablets and social media rapidly increased in India from 2003. At around that time, all mobile service operators had made incoming calls free. The next surge in mobile phone use happened five years later when smartphones made their entry along with the start of 3G services. Reliance Infocomm deployed the first 3G mobile network in India in 2008.<sup>6</sup> While Apple heralded smartphones' entry into Indian markets in 2008 by introducing the iPhone in India, Android-based smartphones – which were priced lower than iPhones – increased the use of smartphones. Smartphone usage received extra impetus when Airtel introduced the 4G network in India in 2012.<sup>7</sup> Reliance Jio further revolutionised the mobile phone market by introducing 4G services at much lower prices, which motivated users to adopt smartphones and increased the consumption of data-based services.

By building its reputation as a brand that was serious about the delivery of service experience, UrbanClap reached out to customers who were availing of various online services through smartphones. The customer experience journey for UrbanClap meant delighting the customers in ways they valued the most. Managing the customer journey started from the customers' perception of ease of accessing the services. UrbanClap aimed at reducing customer efforts in seeking a trustworthy local service provider. It offered the convenience of booking services at the customer's choice of time and location. The customer selected the service category and then answered a few questions, which helped the algorithm identify the service provider available at the customer's location.

For lead-generation services, customers wanted choices, and UrbanClap provided a list of service providers, who were prioritised on the basis of the service providers' attributes and customer requirements. For fulfilment services, initially, UrbanClap provided customers with a list of service providers to choose from and confirm the booking. As the service provider and customer base increased, by mid-2016, UrbanClap decided not to offer the choice of service provider selection to the first-time customer. In the next booking, the customer was given the option of choosing either the same service provider or getting an unknown service provider assigned by UrbanClap. With the availability of multiple service providers, UrbanClap provided services as per its customers' convenience. In both fulfilment and lead-generation cases, the service provider's reputation was essential for assigning the job. The rating system not only generated a good reputation for UrbanClap as a reliable organisation but also created a quality differentiator for service providers since high ratings got them job assignments continuously. (See Exhibit 3 for a share of service requests for lead-generation and fulfilment services over the years.)

UrbanClap also wanted to build trust among the customers, paving the way for a sustainable business. It offered an "Insurance Protection Programme" to its customers against damages caused, if any, during service delivery. The insurance amount was approximately INR 10,000 for services such as salon and spa, electricians, plumbers, carpenters, home and car cleaning services, pest control and dry cleaning. The insurance plan was similar to the "Host Protection Insurance", offered by Airbnb against potential damages by guests in order to encourage homeowners to list their properties on its platform. The customer could choose to report any untoward incident to UrbanClap either through the "Need Help" button in the mobile app or by calling their call centre. This feature built trust among the customers and onboarded many new customers who were initially hesitant because of the lack of this feature. UrbanClap also offered multiple payment

options such as Paytm, internet banking and credit or debit cards through an encrypted and secure payment gateway. Kirat Chhina, who looked after product management at UrbanClap, stated:

To deliver a good experience, we needed to ensure that customers got transparent pricing and booking convenience while ensuring that well-trained service professionals reached on time and followed the service standard operating procedure. This had to be followed up with a strong feedback and redressal mechanism. To further improve the experience, we experimented by adding moments of customer delight such as free insurance and free additional token service for repeat customers. We also tried to minimise friction points such as reducing calls from partners to find the customer's location, introducing more payment options, which included options to pay later, and introducing a one-click redressal mechanism during the end-to-end customer journey.

## FUNDING

The on-demand services' business model required a certain capital investment before it could break even. Given the low ticket size, the 20% commission on fulfilment services would be inadequate to meet the platform's operations, technology and marketing costs. UrbanClap signed a term sheet with SAIF Partners for a seed funding commitment in December 2014. Next to come on board was Accel Partners in January 2015. In the meantime, Kunal Bahl and Rohit Bansal, Snapdeal's co-founders, indicated their interest in UrbanClap. In April 2015, UrbanClap secured a seed fund worth USD 1.6 million (INR 100 million) from SAIF Partners, Accel Partners and Snapdeal's co-founders. In June 2015, it secured series A funding from SAIF Partners and Accel Partners. The funds were used to invest in and strengthen technology, add more services and expand to more cities beyond UrbanClap's presence in Delhi-National Capital Region, Bengaluru and Mumbai (see Exhibit 4 for the share of UrbanClap service requests from various cities).

To tackle the emerging competition, UrbanClap went for a series B round of fundraising worth USD 25 million in November 2015 from Bessemer Venture Partners, Accel Partners and SAIF Partners. The total funding in the three initial fundraising rounds amounted to USD 36.6 million, making it the most well-funded company in the on-demand service space. The morale at UrbanClap was boosted when Ratan Tata—Chairman Emeritus of Tata Sons, India's largest corporate group—invested an undisclosed amount in UrbanClap in his personal capacity (see Exhibit 5 for a photo of UrbanClap co-founders with Ratan Tata). Bhal said:

We are glad to have Ratan N. Tata on board UrbanClap as an investor. Tata's experience over decades in building enterprises that Indians trust will be invaluable for us as we build a trusted service marketplace.<sup>8</sup>

After a year spent expanding its services and consolidating its operations, UrbanClap again became active for fundraising in 2017. It raised USD 3.1 million in venture debt from Trifecta Capital through nonconvertible debentures in April 2017 and also allotted equity through compulsory convertible preference shares to Trifecta for USD 310,000. In July 2017, UrbanClap announced a series C funding worth USD 21 million, led by internet investment fund Vy Capital. Vy Capital also invested USD 1 million in buying shares held by UrbanClap employees. All the existing investors—SAIF Partners, Accel Partners and Bessemer Venture Partners—also participated in the series C funding round.



## COMPETITORS

UrbanClap operated in a market that saw intense competition from existing and new players. Its services were initially seen as a substitute for traditional yellow pages,<sup>9</sup> which allowed customers to search for appropriate local service providers. It competed with established online classified advertising<sup>10</sup> players such as JustDial, Sulekha, AskLaila and Quikr, who used to charge service providers for listing them in their databases. Customers would typically browse through these databases while looking for local service providers. However, UrbanClap also competed with various start-ups in this space that offered better value propositions by building their business models either using smartphones or through a web interface.

On starting in 2014, UrbanClap competed with start-ups in the hyperlocal service space such as LocalOye and Timesaverz. This space witnessed the entry of more than 400 hyperlocal start-ups in the next one and a half years, with approximately USD 800 million funding. Some top-funded start-ups included Housejoy, Zimmer, Taskjob, Spini and BookMeIn. Housejoy (Sarvaloka Services-On-Call Pvt. Ltd.), backed by Amazon India, was the second-highest funded start-up with funding by Vertex Ventures, Qualcomm Ventures and Ru-Net Technology. However, in 2016, more than 100 start-ups in the Indian hyperlocal service space shut down operations and 30 were acquired by others. One of the main challenges they faced was the inability to disrupt the way on-demand services were delivered in India.

The on-demand service players in the hyperlocal space were classified as either horizontal firms—which aggregated several services such as home cleaning, laundry, beautician services, plumbing, electric repairs and personal/health fitness instructors—or vertical players who only focused on a particular line of home service. For example, Housejoy—UrbanClap's closest competitor in terms of funding and revenue—was a horizontal marketplace player. Khaitan emphasised the importance of being a horizontal marketplace player in the on-demand service category:

From the start, we had decided to be a horizontal platform because we were excited by the market gap and the opportunity to be the go-to platform for all the service needs of an Indian household. We also realised this would improve the economics of the business as users coming in for one service would multiply their usage over time and word of mouth would spread faster.

UrbanClap also competed with vertical players. For example, it competed with Naturals@Home in home beauty services. About 30 on-demand home beauty service start-ups were estimated to come up by the end of 2016.<sup>11</sup> Looking at the potential of home beauty services, which were estimated to have a 16% share of the on-demand service revenue, several other players entered the space in 2016. Quikr launched its on-demand home beauty service AtHomeDiva in July 2016 after acquiring Salosa, a home beauty service provider.

Major Indian and international players, who saw strong business potential in on-demand services, also entered the on-demand service category. KPMG estimated the online service market to grow at a compound annual growth rate of 22% and be worth USD 1.2 billion by FY 2019–20.<sup>12</sup> Google launched its on-demand service app Areo in April 2017 for Mumbai and Bengaluru in partnership with home delivery and home service start-ups.<sup>13</sup> Quikr followed by starting on-demand services named “QuikrServices” by acquiring Zimmer in May 2017.<sup>14</sup> However,

Facebook's on-demand services in India did not gain traction. Bhal felt that Facebook had tried to adopt its US on-demand business model without modifying it for the Indian market.

## MARKETING

UrbanClap faced two big barriers in establishing itself in the on-demand marketplace. First, the company had to ensure that customers overcame the mental barrier associated with conceptualising the idea of service providers delivering certain services at home. Services such as a spa at home were unheard of at the time UrbanClap was started, and the customer was unsure what such services entailed. Second, customers were insecure about allowing strangers into their homes and spending two to three hours there, sometimes when no one else was around. Pratik Mukherjee, head of marketing at UrbanClap, recalled comments from a customer:

While Ola<sup>15</sup> and Uber services stop at my "gate", Swiggy and Zomato<sup>16</sup> delivery people stop at my "door". You are the only service provider that is coming inside my "house". And you are not here for just one or two minutes but spend a considerable amount of time inside my house. How do I trust you?

To overcome these inhibitions in using its services during the initial days, UrbanClap provided detailed write-ups about the services available on the platform through its mobile app. The company relied on "word-of-mouth" publicity and digital marketing. It used search engines such as Google to generate leads through organic search and paid promotions. To enable word-of-mouth publicity, UrbanClap aimed at delivering a high-quality service experience so that its customers could talk about the services and refer UrbanClap to their friends, family members and neighbours, thus bringing in new customers.

Initially, when its services were available in only a few cities, UrbanClap employed social media to showcase the range of services available on its mobile platform and the ease of booking them at the customer's convenience. Social media platforms such as Facebook and Instagram were used to reach out to the target audience with short videos about UrbanClap services. UrbanClap addressed customers' concerns through testimonials provided by satisfied customers. It tried to distinguish itself from competitors by producing videos for social media pages that showed real-life situations involving customers and service providers of UrbanClap. One of the videos shared on Facebook showed a young mother sharing her experience of using the UrbanClap spa service delivered at her home by a female service provider. Another video showed a working mother availing beauty services at the weekend, with her young child playing in the background. UrbanClap also incorporated these videos in its mobile app, helping customers understand how service delivery would happen.

As the awareness of UrbanClap's range of services increased among its target audience, it started using contextual themes that mattered to society, relating them to its range of services. These videos were also initially showcased on its social media pages, including Facebook and Instagram. With the scrapping of Article 377 (which decriminalised homosexuality in the country) by the Supreme Court of India, UrbanClap released a digital film titled "Capture Your Love" in June 2016. The ad showcased the strained relationship of a father with his daughter who was in a relationship with another woman. It was followed by another film on gender equality in November 2016, which featured four women in roles typically held by men. One of the women – a fitness trainer – was registered with UrbanClap and was portrayed in the UrbanClap uniform,

thus connecting the ad with the brand. After establishing its presence in eight cities by the end of 2016, it started with television advertisements in association with Publicis Ambience.

UrbanClap also undertook below-the-line marketing activities by being part of socially relevant events. On launching its services in Chennai, it provided free pest control services in flood-affected areas across Chennai in November 2015. This initiative was followed up with a self-defence training programme for women to mark the occasion of “International Day for the Elimination of Violence against Women” on November 26, 2016. Similarly, it offered free plumbing services to repair tap leakages in households of Mumbai, Pune and Chennai as part of its “Save Water” campaign. In 2018, it continued to focus on digital marketing and use social themes in its advertisements.

UrbanClap spent INR 320 million on marketing and advertising in FY 2016–17. This amount was 38% of its overall expenses and considerably higher than its closest competitor Housejoy's, which spent INR 220 million (22% of its overall expenses).<sup>17</sup> In FY 2017–18, UrbanClap spent INR 350 million on marketing and advertising, which was 36% of its overall expenses.

## IMPACT ON SERVICE PROVIDERS

Most service providers aligned with UrbanClap's fulfilment services could earn five to six times their previous earnings. By 2017, certain service providers in a few segments were making INR 60,000–80,000 a month. The five levels of integration and various training sessions further enhanced their skills for catering to quality-conscious customers. UrbanClap guided these service providers to open bank accounts and equipped them with the technical know-how on invoicing and online payments. The matching algorithm not only matched the customer requirement to the service providers but also took cognisance of the job category that the service provider was most skilled at, thus assigning them to the job they enjoyed the most. Some service providers even hired assistants to help them cater to heavy customer demand, which boosted their self-confidence manifold. Chandra stated the impact UrbanClap had on the lives of its service providers:

We often find ourselves in social constructs where we have a “serving” and a “served” because of economic standing and introduction context. A lot of this is changing—our professionals find their individual identity and respect on being associated with UrbanClap. They consider UrbanClap as their business partner and ecosystem creator. They feel proud to represent themselves as independent entrepreneurs, wear the uniform as a mark of professionalism and feel empowered and respected, knowing they are a part of a community that will back them up for the right cause. This helps bridge the social equation wherein a partner is not arm-twisted to wait for a customer, or do an extra service, or give a discount. A partner earns fairly and in a respectable way.

See Exhibit 6 for details about how UrbanClap changed the lives of four of its service providers.

## CREATING SUSTAINABLE COMPETITIVE ADVANTAGE

From 2015 to 2018, UrbanClap emerged as a platform that provided access to basic and premium services. Initially, UrbanClap selected services in such a way that a few services could fulfil the bulk of a customer's requirements. The list of services grew to 57 by March 2018. The platform

now had service providers such as beauticians, carpenters, electricians, plumbers, yoga trainers, fitness trainers, bartenders, dieticians, home tutors, interior designers, architects, wedding photographers, property lawyers and chartered accountants (see Exhibits 7A and 7B for the timeline of services introduced on the UrbanClap platform). The all-in-one platform helped customers hire any service provider according to their requirements.

The company evolved its matchmaking algorithm, which enhanced its customer conversion rates to almost 50%. The algorithm matched customers' requirements with its database of service providers on the basis of certain criteria (for example, a customer seeking a professional makeup artist needed to specify the budget, event, location and date). As the algorithm understood and learnt service providers' patterns (for example, a particular beautician was good at certain jobs, or a specific fitness trainer preferred certain locations, or the service provider preferred certain working hours), it became better at matching customer requests and service provider expertise. The accumulation of matchmaking data gave a competitive advantage to UrbanClap. However, it did not overload the customer with unnecessary information. With time, UrbanClap collected data about a customer's browsing history, transactions and bookings, and only sent relevant updates about festival discounts and sales to the customer. To challenge UrbanClap, any other competitor would require a similar database for algorithm-driven matchmaking.

A superior matchmaking algorithm meant fewer services cancellations<sup>18</sup> by the customers. For fulfilment and lead-generation services, the percentage of services cancelled by customers decreased from 36% and 30% in 2016 to about 25% and 18%, respectively, in 2018. In 2016, for lead-generation services, UrbanClap had a policy of refunding the commission to partners if the customer cancelled the request. This policy often resulted in partners calling and harassing customers to cancel the job if the deal between them and the customer did not materialise. To change this behaviour, UrbanClap stopped refunding the lead commission (instead factored in the cancellations by lowering the lead price). This change reduced the incidents of harassment, but it also meant that cancellations could go unreported as customers might not record them on UrbanClap's app.

However, the relatively higher cancellation percentage for fulfilment services was due to UrbanClap's rigorous follow ups of each service request to ensure that a service was either delivered or cancelled. Fulfilment service cancellations were reduced because of better matchmaking and the introduction of an option to customers to reschedule a service rather than cancel it. A last-minute cancellation by a customer impacted the service partner and UrbanClap revenues if UrbanClap could not fill the vacant slot. The quality of the matchmaking algorithm was crucial to ensure that partner utilisation was not negatively affected even when customers cancelled during peak demand periods such as weekends. Cancellation rates differed across service categories and were typically lower for immediate requirements than for those scheduled for a later date.

UrbanClap also analysed data collected in various interactions to deliver better services. Customer segments' behaviour regarding the information consumed (whether customers relied on other customers' feedback or information provided through service delivery videos) helped UrbanClap create segment-specific customised communications. On the basis of patterns about the bundle of services consumed, UrbanClap also offered a package of services to customers, allowing them to save money. For certain services, UrbanClap shared information about previous

service usage (in terms of customers' preferences) with service providers when they delivered the service.

## CHALLENGES

Despite marching ahead of competitors and securing funding support for its marketplace, UrbanClap faced several challenges. One of the challenges was managing the pipeline of service providers who could fill in to cater to the increased demand from UrbanClap customers. With stringent quality standards for onboarding the service providers, UrbanClap often found itself short of service providers as the demand grew. For example, in April 2016, UrbanClap saw a massive surge in demand for air conditioner installation and repair. Similarly, during *Diwali*<sup>19</sup> in 2016, UrbanClap witnessed a rise in demand for home cleaning. UrbanClap could not fulfil both these demands.

UrbanClap planned to increase the number of service providers, which presented new challenges. It needed to maintain high service delivery standards while scaling up the business. UrbanClap achieved a high level of integration between itself and its service providers only for some services (e.g., beauty services), leading to variable service delivery quality. It tracked customers falling under the categories such as "First Time to Product", "First Time to Category" and "Repeat to Category". UrbanClap found that while customers were willing to try beauty services, they were not open about all of its services. Thus, it was challenging for UrbanClap to cross-sell its services.

UrbanClap also faced the risk of one of its service providers turning rogue while delivering services. The incidence of a female customer's rape by an Uber (app-based taxi service provider) driver in New Delhi in December 2014 was a constant reminder. After the incident, app-based taxis were banned in New Delhi. The ban was overturned only after these service providers promised strict background checks for their drivers.<sup>20</sup> Although UrbanClap conducted extensive background checks, it was always worried about any unforeseen happening that could bring down the trust in UrbanClap as a service provider. The regulatory framework was also unclear about the extent to which a marketplace operator was responsible for any such unfortunate event.

## THE WAY AHEAD

As Bhal grappled with the challenges of growing UrbanClap, the big question remained unanswered. There was overwhelming consensus within the UrbanClap team that lead-generation services were not creating delightful experiences for customers. UrbanClap hardly intervened in ensuring service quality for the lead-generation services business, thus leading to almost no control over customer satisfaction. UrbanClap measured the net promoter score (NPS) for customers and service providers for service transactions. NPS for fulfilment services was better than that for lead-generation services for customers and service providers alike (see Exhibits 8A and 8B for NPS levels for lead-generation and fulfilment services for customers, respectively).

For lead-generation service providers, UrbanClap was one of the many sales channels. Data collected from lead-generation service providers showed that UrbanClap bookings constituted 20–30% of their overall revenues. However, fulfilment service providers performed their duty



sincerely as they were only using the UrbanClap channel. UrbanClap earned a better commission in the fulfilment service business, but this business placed a huge onus on the company to ensure the service delivery quality. In contrast, the lead-generation services business did not take up significant managerial capacity for its delivery and provided a relatively easy contribution to revenue.

Khaitan and Chandra joined Bhal in a meeting to discuss this issue. They wondered if they should focus on the lead-generation service or fulfilment service business to grow UrbanClap. Should they continue to focus on both business categories? If they decide to focus on a particular service category, what should be the set of services in that category? Would the chosen set of services lead to cross-selling of services? Which service category would increase the likelihood of service providers sticking to the platform and not circumventing it to reach customers? How would the maturity of the chosen services and service providers enable the growth and scaling up of the UrbanClap business?

As they discussed these issues, Khaitan and Chandra suggested a wider discussion involving UrbanClap's senior management team. The three co-founders decided to hold an off-site meeting with UrbanClap's senior management team to discuss the way forward. They needed to move quickly as the decision had to be approved in the board meeting scheduled for the last week of April.

**Exhibit 1**  
**Share of Active\* Lead-Generation and Fulfilment Service Providers Over the Years**

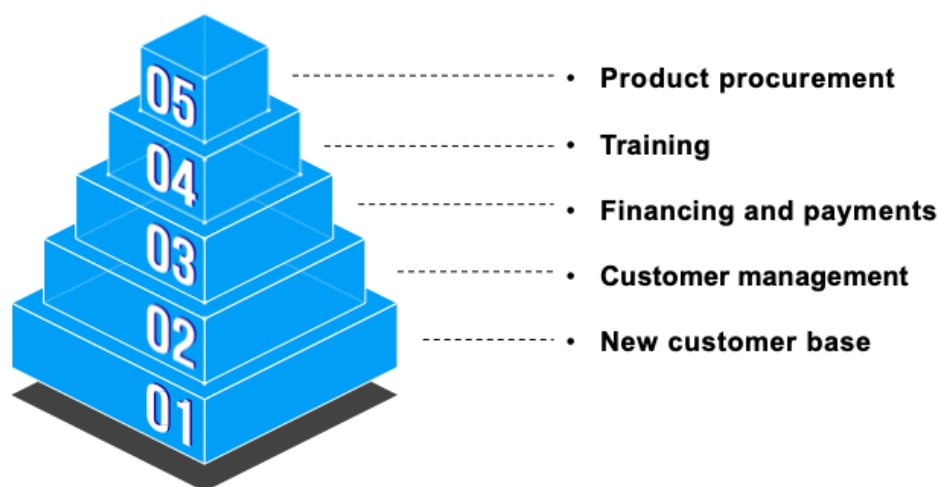
| Description                       | FY 2014–15 | FY 2015–16 | FY 2016–17 | FY 2017–18 |
|-----------------------------------|------------|------------|------------|------------|
| Fulfilment services (%)           | 0          | 11         | 9          | 13         |
| Lead-generation services (%)      | 100        | 89         | 91         | 87         |
| Total number of service providers | 130        | 17,500     | 44,500     | 83,000     |

Source: Provided by UrbanClap<sup>21</sup>

\* Active means at least one delivered request for fulfilment services and at least one response on net requests for lead-generation services. The numbers are estimates because the service provider base and composition changed within the year.

**Exhibit 2**  
**Five Levels of Integration Between UrbanClap and Service Providers**

**We support our partners at 5 levels**



**1. Customer access:** A two to three times increase in earnings through improved utilisation by unlocking a large number of customers with an at-scale demand aggregation platform.

**2. Technology-led standardisation:** Providing the right technology tools that help standardise the service delivery, from pricing to standard operating procedures, payments to rating, etc.

**3. Access to banking, financing and insurance:** Opening bank accounts, providing loans to buy toolkits, fulfilling ongoing credit needs and providing insurance with the help of third-party nonbanking financial companies, banks and loan providers.

**4. Training and certification:** Help service professionals improve on both core sectoral and soft skills with upskilling programmes and facilitation of certifications.

**5. Product procurement:** Bulk procurement of consumables used during the service delivery, helping partners get quality products in a cost-efficient manner.

Source: Provided by UrbanClap

**Exhibit 3**  
**Share of Service Requests for Lead-Generation and Fulfilment Services**

| Description                      | FY 2014–15 | FY 2015–16 | FY 2016–17 | FY 2017–18 |
|----------------------------------|------------|------------|------------|------------|
| Fulfilment services (%)          | 0          | 21         | 40         | 50         |
| Lead-generation services (%)     | 100        | 79         | 60         | 50         |
| Total number of service requests | 1,200      | 450,000    | 1,015,000  | 2,375,000  |

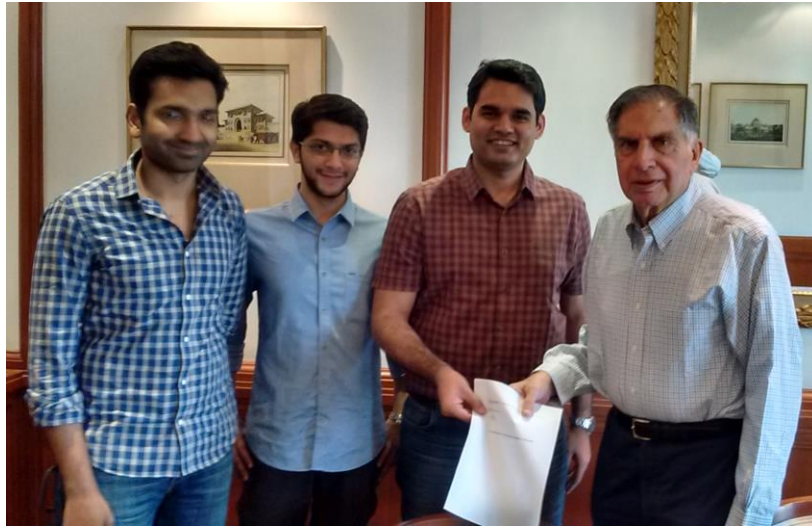
Source: Estimated by the case writers on the basis of data provided by UrbanClap. The fulfilment service numbers are based on delivered service requests, and the lead-generation service numbers are based on net requests (i.e., noncancelled requests).

**Exhibit 4**  
**Share of UrbanClap Service Requests from Various Cities**

| City                         | FY 2015–16 | FY 2016–17 | FY 2017–18 |
|------------------------------|------------|------------|------------|
| Fulfilment services (%)      |            |            |            |
| Ahmedabad                    | 0          | 2          | 4          |
| Bengaluru                    | 31         | 21         | 17         |
| Chennai                      | 13         | 9          | 8          |
| Delhi                        | 38         | 36         | 32         |
| Hyderabad                    | 3          | 9          | 10         |
| Kolkata                      | 0          | 2          | 5          |
| Mumbai                       | 14         | 15         | 16         |
| Pune                         | 1          | 6          | 8          |
| Lead-generation services (%) |            |            |            |
| Ahmedabad                    | 0          | 1          | 2          |
| Bengaluru                    | 21         | 20         | 17         |
| Chennai                      | 3          | 5          | 5          |
| Delhi                        | 50         | 39         | 36         |
| Hyderabad                    | 3          | 7          | 8          |
| Kolkata                      | 0          | 2          | 5          |
| Mumbai                       | 20         | 19         | 19         |
| Pune                         | 3          | 6          | 7          |

**Source:** Provided by UrbanClap

**Exhibit 5**  
**Photo of UrbanClap Co-founders with Ratan Tata**



**Source:** Provided by UrbanClap

## **Exhibit 6**

### **UrbanClap's Impact on Four Service Providers**

#### **Mahadev Gherade: Electrician**

Gherade belonged to a remote village in the Sangli district, Maharashtra, where his family was involved in farming. Water scarcity had made farming and sustenance challenging over the years. He had moved to Mumbai in 2001. He remembered that surviving with a meagre daily income of INR 35 was difficult in those days. He had to return to the village because of the lack of work. After equipping himself with an electrician's technical skills, Gherade returned to Mumbai and joined Reliance in 2003 as a technician at a salary of INR 7,500. Being a hardworking and ambitious person, Gherade got promoted at Reliance but still could not make ends meet. In 2015, he was promoted as a supervisor with a monthly salary of INR 22,000. He was told that the compensation would have been 15% more if he had been a graduate. He met Bahl at a tea stall where Bahl was explaining the benefits of joining UrbanClap as a vendor to another fellow electrician. After overhearing the conversation, Gherade expressed his desire to be associated with UrbanClap. He took the difficult call of leaving Reliance and joining a start-up whose future was unpredictable. He had complete faith in his talent and did not regret leaving a full-time job. At the time of the interview with the case writers, he was only associated with UrbanClap and catered to a minimum of five leads per day. He had earned a reputation as a reliable service provider with both UrbanClap and customers. He said, "With high ratings on the platform from the customers, there is no shortage of work. Every day, there is a new challenge awaiting me at work, which makes me more talented. I aspire to complete my graduation, but my hands are full right now."

#### **Mariya Tejabwala: Spa services (female)**

Tejabwala, a 24-year-old girl from Ahmedabad, wanted to do something big in life. Unable to choose a career, she started teaching in a local school at a salary of INR 10,000. Her mother had been associated with UrbanClap for the last two years and earned a decent amount. She urged her daughter to join the platform too. At the time of the interview, both mother and daughter were service providers on the platform and reportedly catered to many repeat customers, who treated them like guests in their homes. The company's trustworthiness and esteem were so high in their mind that Mariya's brother joined UrbanClap in a back-office role after graduation. Except for their father, who ran a local grocery store, UrbanClap was their dream company to work for. Individually, Mariya and her mother earned seven times what Mariya was making as a teacher. In the peak season or during festivals, the monthly earnings crossed more than a lakh, which was unimaginable for them earlier. She found UrbanClap to be the safest option to work with. Additionally, the remuneration was high enough to afford Uber/Ola rides to reach customers. Mariya paid off her family loan and had made some investments for the future. When we asked her how long she would like to work with UrbanClap, she responded, "Marriage will happen at a later stage. With the flexibility available on the platform, it is going to be easier to balance personal life. My mother has done that all throughout, so there is no question of leaving UrbanClap. Right now, I want to enjoy my new Tata Indigo car that I purchased from my earnings. My next wish is a new house."

#### **Sunny: Spa services (male)**

Sunny worked in the beauty industry in Japan for nine years and provided masseur services for men. After returning from Japan, he associated himself with many salons in Gurgaon that would connect him with customers for a commission. He recalled that he sometimes wondered whether returning to India had been the right decision. He had little choice as his mother could not get a dependant visa. Getting work regularly was challenging. Sunny developed his own website and tried to do some marketing but could not bear the cost for a long time. At around that time, he got to know of UrbanClap from a colleague and decided to join the platform. He now worked on two to three daily leads and a maximum of five leads during the weekends. He stated that the work culture for a masseur in India did not have respect. However, with a proper uniform and clean kits, he commanded great respect from his customers. Another striking advantage was the use of technology. Given the kind of service he provided, it was difficult to take calls during a service. Therefore, he lost many assignments. However, with the UrbanClap platform, he did not need to talk to a potential customer. Customers could easily select a slot that matched the availability of both the customer and the



service provider without the need for long telephonic discussions. His earnings on the UrbanClap platform had tripled, but he reiterated, "Money is not everything. The respect and flexibility come with working for UrbanClap, which makes it more worthwhile sticking to the platform. This has motivated me to give the best service to become the best masseur with great feedback and highest rating."

### **Gangwar Shewar: Home cleaning**

Shewar moved with his wife and two children from Patna (capital of Bihar) to Noida (a New Delhi suburb) for work. He started working as a cleaner with Home Science Services Ltd. The company was associated with UrbanClap and Sulekha.com, and he was paid a monthly salary of INR 10,500. The job required him to be present at his workplace from 9 am to 5:30 pm. Being new to the city, he could not give time to his family. He wanted to send some money back to his parents in Patna, which seemed impossible with his salary. He learnt that UrbanClap had started hiring cleaning staff directly, and he decided to join the platform. He was designated as a service provider in the deep cleaning category dealing with kitchens, sofas, carpets and bathrooms. He worked solo and valued the flexibility that UrbanClap offered. He chose a maximum of two leads per day and spent the rest of the time with his family. He recalled the days when he had taken the plunge and needed to loan INR 15,000 in order to invest in the UrbanClap cleaning kit. He repaid the loan in three months and earned four times his earlier salary. He was happy to share, "The living standards have improved tremendously, and I am not worried about my children's education. Moreover, being able to send money to my parents is an added joy."

**Source:** Prepared by the case writers on the basis of independent interactions with service providers whose details were provided by UrbanClap

**Exhibit 7A**  
**Timeline of Lead-Generation Services Introduced on the UrbanClap Platform**

| Month and year | Lead-generation services         |
|----------------|----------------------------------|
| May 2015       | Academic tuition                 |
| May 2015       | Business services                |
| May 2015       | Health at home                   |
| May 2015       | Home construction and renovation |
| May 2015       | Other developing categories      |
| May 2015       | Party makeup                     |
| May 2015       | Photography services             |
| May 2015       | Wedding and event services       |
| January 2016   | Other appliances and electronics |
| June 2016      | Home painting                    |
| December 2016  | Pest control                     |

**Source:** Provided by UrbanClap

**Exhibit 7B**  
**Timeline of Fulfilment Services Introduced on the UrbanClap Platform**

| Month and year | Fulfilment services              |
|----------------|----------------------------------|
| June 2015      | Electrician, plumber, carpenter  |
| July 2015      | Laundry and dry cleaning         |
| July 2015      | Pest control                     |
| July 2015      | Salon at home                    |
| August 2015    | AC service and repair            |
| August 2015    | Business services                |
| August 2015    | Cleaning                         |
| August 2015    | Other appliances and electronics |
| August 2015    | Other developing categories      |
| September 2015 | Party makeup                     |
| October 2015   | Large appliances*                |
| December 2015  | Home painting                    |
| June 2016      | Spa for women                    |
| June 2017      | Health at home                   |
| January 2018   | Massage for men                  |

\*These included refrigerators, washing machines, microwave ovens and reverse osmosis machines.

**Source:** Provided by UrbanClap

**Exhibit 8A**  
**NPS Levels of Lead-Generation Services for Customers**

| Service category                 | Requests as the percentage of total gross requests for the year |            | Gross NPS levels |            | Increase/decrease in NPS scores from FY 2016–17 to FY 2017–18 |
|----------------------------------|---|------------|------------------|------------|---|
|                                  | FY 2016–17  | FY 2017–18 | FY 2016–17       | FY 2017–18 |   |
| Academic tuition                 | 4.63  | 3.39       | Low              | Low        | –0.80%  |
| Business services                | 13.45   | 12.23      | Average          | Average    | 2.40%   |
| Health at home                   | 8.14  | 4.72       | Low              | Average    | 4.80%   |
| Home construction and renovation | 1.77  | 2.07       | Low              | Low        | 3.80%   |
| Home painting                    | 0.43  | 0.90       | Average          | Low        | –5.80%  |
| Party makeup                     | 2.68  | 3.67       | Average          | Average    | –8.20%  |
| Photography services             | 1.72  | 1.97       | Average          | Average    | –7.10%  |
| Wedding and event services       | 0.97  | 0.99       | Average          | Average    | 5.00%   |
| Other developing categories      | 20.96   | 15.51      | Low              | Low        | –14.20%   |

**Source:** Provided by UrbanClap

**Note:** Gross NPS is calculated on gross requests, where gross requests = lead-generation net requests + cancelled requests.

**Exhibit 8B**  
**NPS Levels of Fulfilment Services for Customers**

| Service category                 | Requests as the percentage of total gross requests for the year |            | Gross NPS levels |            | Increase/decrease in NPS scores from FY 2016-17 to FY 2017-18 |
|----------------------------------|---|------------|------------------|------------|---|
|                                  | FY 2016-17  | FY 2017-18 | FY 2016-17       | FY 2017-18 |   |
| AC service and repair            | 2.90  | 5.16       | Average          | High       | 19.30%  |
| Cleaning                         | 3.20  | 3.70       | Average          | High       | 5.40%   |
| Electrician, plumber, cleaning   | 13.62   | 14.97      | High             | High       | 7.50%   |
| Health at home                   | 8.14  | 4.79       | Low              | Average    | 4.90%   |
| Large appliances                 | 3.04  | 4.01       | Average          | High       | 11.70%  |
| Laundry and dry cleaning         | 1.38  | 1.18       | Average          | Average    | 6.60%   |
| Massage for men                  | NA  | 0.19       | NA               | High       | NA  |
| Other appliances and electronics | 2.77  | 2.95       | Average          | High       | 9.20%   |
| Party makeup                     | 2.68  | 3.69       | NA               | High       | -8.10%  |
| Pest control                     | 0.91  | 1.13       | Average          | Low        | -2.70%  |
| Salon at home                    | 13.76   | 17.90      | High             | High       | 7.10%   |
| Spa for women                    | 0.59  | 1.18       | High             | High       | 16.40%  |
| Other developing categories      | 3.09  | 2.09       | Average          | Average    | -2.20%  |

**Source:** Provided by UrbanClap

**Note:** Gross NPS is calculated on gross requests, where gross requests = fulfilment delivered requests + cancelled requests. NA = Not available.

## ENDNOTES

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<sup>1</sup> UrbanClap was rebranded as Urban Company in January 2020.

<sup>2</sup> Retrieved March 28, 2019, from <http://www.livemint.com/Companies/ck6h9KKDL9Aw1SCgzvMLRM/The-building-of-UrbanClap-one-on-demand-service-at-a-time.html>

<sup>3</sup> Retrieved March 28, 2019, from <http://businesseconomics.in/informal-sector-backbone-indian-economy>

<sup>4</sup> 1 USD = INR 63 (December 2014).

<sup>5</sup> Bhikaji Cama Place is a prominent office area in South Delhi with offices of many private and government sector organisations.

<sup>6</sup> Retrieved March 18, 2019, from <https://www.thehindu.com/sci-tech/technology/revisiting-the-history-of-the-cellphone/article23560685.ece>

<sup>7</sup> Retrieved March 18, 2019, from <https://www.thehindu.com/sci-tech/technology/revisiting-the-history-of-the-cellphone/article23560685.ece>

<sup>8</sup> Retrieved March 31, 2019, from <https://inc42.com/flash-feed/ratan-tata-urbanclap/>

<sup>9</sup> Before the dominance of mobile phones, a telephone directory – a printed compilation of landline numbers of all subscribers of telecom services in a given geographic area – was typically published once a year and given free to all subscribers of that area. A telephone directory had two sections: white pages and yellow pages. While the white pages contained a listing of all landline subscribers and were printed on white paper, the yellow pages contained a listing of business establishments and were printed on yellow paper. The listings in the white pages were alphabetical, while the listing in the yellow pages was based on the product and service categories. Thus, similar businesses were aggregated in a product/service category, which helped the users in searching for businesses providing a particular product/service. The yellow pages, apart from normal listings (with the option to print in bold and super bold font sizes), also allowed the possibility to advertise through many other forms such as display and in-column ads.

<sup>10</sup> Online classified advertising refers to ads grouped into categories or classes. Its origin can be traced to newspaper classified ads wherein newspapers started online classified ads after moving their publications online. Eventually, specialised players emerged, and they started adding new features such as the ability to search for services on the basis of certain parameters and new service categories.

<sup>11</sup> Retrieved March 31, 2019, from <https://inc42.com/datalab/on-demand-beauty-segment/>

<sup>12</sup> Retrieved March 31, 2019, from <https://inc42.com/datalab/what-the-financials-urbanclap-and-housejoy-fight-for-the-top-spot-in-indian-on-demand-service-space/>

<sup>13</sup> Retrieved March 31, 2019, from <https://www.livemint.com/Companies/vFPqvTeKozV216k60aoBHL/Google-app-for-food-delivery-home-services-launched-in-Indi.html>

<sup>14</sup> Retrieved March 31, 2019, from <https://economictimes.indiatimes.com/small-biz/startups/quikr-acquires-on-demand-services-player-zimmer-for-10-million/articleshow/58530750.cms>

<sup>15</sup> Ola, started in India, is a ride-sharing service similar to Uber.

<sup>16</sup> Swiggy and Zomato are app-based food delivery services, which employ delivery personnel to deliver food ordered from restaurants by customers.

<sup>17</sup> Retrieved March 31, 2019, from <https://inc42.com/datalab/what-the-financials-urbanclap-and-housejoy-fight-for-the-top-spot-in-indian-on-demand-service-space/>

<sup>18</sup> UrbanClap considered services cancelled by either the service provider or the customer as nondelivered/cancelled services.

<sup>19</sup> *Diwali* is the Indian festival of lights celebrated in the month of October/November.

<sup>20</sup> Retrieved December 24, 2021, from <https://www.hindustantimes.com/delhi/uber-cab-rape-case-accused-driver-convicted-by-delhi-court/story-sfE767QBQ1aNoMsHnAw8TI.html>

<sup>21</sup> All quotes and data, unless otherwise mentioned, have been provided by founders/managers directly during their interviews with the case writers.