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## Key Determinants for Venture Capitalist to Invest In Online Furnishing Startups in India

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### ABSTRACT

*This research focuses to understand the Indian online furnishing startup industry & how it's been evolved & scope of the online furniture industry in India. Formulate understanding as a Venture capitalist guide for investment decision making. To begin new pursuit thought and vision is the prime fixing in light of the skill and the center ability of the business visionary, however, to execute and actualize the same business person need fund and capital. To begin and scale up the endeavor in both the situation a business need the capital pool which can be encouraged through the investor. We as a whole know all the endeavors are connected with the danger and the likelihood of the achievement and disappointment should be measured in this manner VCs likewise need the proper due industriousness before begin financing to any endeavor. Making cash or getting the arrival as well as monetary development and worth expansion to the economy should be considered by the VCs. Presently it's the fundamental obligation of the examination firm to encourage all the references relating to the Industry/Business model/Growth potential/Value expansion to the general public/challenges and leave arrangement from all the measurements to settle on an official choice to go up against it the next level.*

**Keywords:** *Startups, Venture Capitalist, Online, Retails, Furnishing Industry, VUCA, Investment.*

### OBJECTIVE OF THE STUDY

- To identify the industry overview, market segmentation details, impact areas trend, business model, value propositions, revenue stream, finance availability at a single place with in-depth references to data point & recommendations in the VUCA environment.
- To evaluate the factors considered by VC to invest in online industry & their parameters
- To understand how online furnishing industry has been evolved
- This analyze the scope of Online Industry in India
- To identify the major challenges in the online furnishing industry

### INTRODUCTION

#### Online Furnishing Industry Market Summary

Firstly, what is online furnishing Industry, Home area Industry is the Industry which comprises on the home outfitting too home furniture. Home Sector is an exceptionally divided business sector and disorderly which is advancing as customer needs and purchasing example are changing .Based on the Forbes magazine India is blasting quickly in Home area Industry. Internet outfitting/furniture business sector is extremely unlimited and huge, it positions on the fifth number among the other online Etailers, and however, it can possibly develop by 2020 which will give the critical development of the economy and numerous openings for work in the business sector. Fast development in material and the land business opening the new entryway in the home outfitting

advertise latently. A movement in shopper decisions/mindfulness/state of mind and web entrance likewise assuming the key part.

During the years 2009-2012, India home furnishing industry has registered a slow growth of 2.9%, but with the increasing disposable income and changing consumer dynamics will lead to a growth in the furnishing market which will push the growth rate to 8%. Top listed companies in home furnishing and furniture are. (As per Forbes Business Magazine)

- Urban Ladder
- Pepper Fry
- MebelKart
- Custom Furnish
- Live Space
- Fab Furnish
- Room Story

#### **MARKET SIZE**

What is the viewpoint of the Etailing home outfitting/furniture market in India as a contrast with alternate Etailers like gadgets/Apparels/design market. Home outfitting and Furniture is still a unique market in view of the information of new businesses wander set out in over most recent ten years. As far as the degree and use for the client acknowledgment are certain due to the simplicity to trading in the middle of purchaser and dealer. Correlative industry it has the enormous potential to get the noteworthy offer among all the etailers business. Based on the Report.The Hindu (Business lines) The 1, 40,000-crore Indian furniture market is highly fragmented and unorganized. Within it, the online market accounts for a mere 750 crore. But it is growing rapidly and expected to be worth 15,000 crores in the next three years. In light of Internet infiltration and utilization of advanced mobile phone advancing the purchasing online example of the client regardless level 1-level 3 urban areas. Online furniture shops giving the occasional markdown or coupons as well as assortment and endless accumulation of the items with the items highlights as far as the size/material/cost/shading and picture with various measurements to get the comprehension of the item. According to a World Bank study, the organized furniture industry is expected to grow by 20 percent every year. A large part of this growth is expected to come from the rapidly growing consumer markets of Asia, implying the significant potential for growth in the Indian furniture sector.

#### **MARKET SEGMENTATION**

Identification of the business sector in any endeavor has a vital part likewise distinguishing the item and its elements in view of the shopper necessity similarly crucial. In outfitting market there are diverse arrangement of buyers e.g Corporates office/Pre Primary school to Universities/Hotels and Restaurant/Household condo in light of that an etailers must situate their item to the masses and that is the key technique to showcase their item to the distinctive arrangement of customers thus the fact of the matter is there it's demonstrating the limitless chances to the business person to take the bearing to begin their endeavor, it could be the total of all kind of sort of client inclination and could be particular to one in view of their own reach.

#### **CONSUMER IMPACT ON ONLINE FURNISHING INDUSTRY**

Globalization and innovation likewise having an effect on purchaser practices and promoting pattern. Data (Awareness) in the group has expanded a great deal over years and everybody seeing a Multi alternative and multifold based basic leadership from new clients, youthful and well-informed clients with saw high hazard state of mind prepared to select/attempt new choices. The Purchasing power elements have moved, there are numerous youthful/old people who have admittance to more discretionary cash flow and consequently the basic leadership experiencing a movement. Another critical thing as a result of the high transfer pays the association of the inside architect and purchaser giving the high development to the business sector.

## **BUSINESS MODELS**

There are ongoing business models that frequently used in the furnishing market segment. Managed marketplace, Inventory & Mixed model.

- Managed marketplace: A Marketplace focused on enhancing customer experience & provides the direct platform to buyer and seller to interact. Seller has the opportunity to showcase their different set of product to the users. The seller can directly dispatch their product to the user. For e.g. Pepper Fry.
- Inventory Model: In the Inventory led model the retailer maintains inventory control and ownership thus ensuring high-quality standard and avoid duplicate/similar item. e.g Jabong.
- Both the model is prevalent in the industry and both have the success and failure stories leading to the management and execution-style leading to the revenue generation.

## **MAJOR CHALLENGES**

- Testing the business model
- Keep evolving the business models to stay relevant/leader
- Assessing the market size and its potential
- Customer acquisition
- Cater the need of Millennials.
- Stock control & Inventory
- Logistics challenges
- Government rules & regulation

## **CONCLUSIONS**

The objective of this paper is to contribute the insights of investment for investment criteria determine by the venture capitalist while investing in the online furnishing startup. The objective is to identify and evaluate the determinants considered by the VCs. The prizes of a stupendously effective, exceptional outcome & result venture can be ruined by cash losing speculations and mismanagement. Along these lines, previously placing cash into an open door, financial investors invest a great deal of energy surveying openings and searching for a key element for progress. They need to know whether the administration is up to the assignment, the measure of the market opportunity and whether the item has what it takes to profit.