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SEASON

CASE STUDY

IIM-I • LIFESTYLE • BLUESTONE

BLUESTONE CASE STUDY



MARKET OVERVIEW:

India is one of the world's largest and fastest growing jewellery markets, next to US. This market is set to grow 2x by 2020. Jewellery forms almost 6% of the total retail expenditure. (Exhibit 1)

Over the past years, jewellery market is undergoing a structural transformation with rapid emergence of a large organized sector.

- Indian consumers are moving away from the traditional family jewellers to branded organized players owing to factors like – rising propensity of the consumers to spend on luxury products, evolving preference for contemporary designs, availability of wider assortment, aggressive advertising and brand building (use of celebrities and promotional campaigns), enhanced customer experience under large format showrooms, etc
- Increased preference for studded, value added and fashion jewellery over traditional gold, especially in urban markets where working women prefer light-weight, designer & modern jewellery

With the e-commerce boom in India and high value categories (furniture, electronics, consumer durables, real estate) going online, Jewellery is certainly not lagging behind. Players like BlueStone and Caratlane are the front runners in the online jewellery space. Even the established players like Tanishq & Kalyan Jewellers (with pan-india appeal and presence) are also moving online to capitalize on the momentum. Jewellery e-tail has outpaced most other fast growing retail categories in foreign markets.

- Women oriented e-commerce categories are witnessing the highest growth rates
- Young, internet savvy couples with high spending power will increasingly adopt e-commerce for their jewellery purchases
- As internet adoption and spending power of 15-22 yr olds rises, they will embrace e-commerce for their first jewellery purchase.

India has significant headroom for online penetration in jewellery retailing as compared to developed & other emerging economies. Online jewellery market will leapfrog to \$1 Bn in 2020 on the back of increasing internet penetration and technological innovations..

ABOUT BLUESTONE:

BlueStone is an online jewellery brand that offers an unmatched collection of certified jewellery to be browsed at leisure and purchased from the comfort of your homes. Established in 2011, BlueStone is a classic case of how internet and technology is transforming a traditional capital intensive industry like jewellery with lean operations and just-in time inventory model. An investment by Ratan Tata who has been at the helm of India's most successful and respected conglomerate is a validation of the company's approach in building an innovative brand.

BlueStone is a vertically integrated fully stack e-commerce company; thus making it a one of its kind. Further to that, BlueStone follows a made-to-order model where each individually crafted piece goes through several quality checks before reaching the customer's doorstep. BlueStone also has an established state of the art manufacturing unit, where they manufacture jewellery in just three days and ship it out to their customers at the earliest.

The company offers some of the industry first options to its customers. Right from the 30 Day Money Back Policy, Certified Jewellery and Lifetime Exchange on all its products, its customers also get the comfort of experiencing luxury shopping from the comforts of their home with the special Home Try-On Service.

BlueStone has consistently delighted its customer base through complete control on every element of the value chain. This has enabled BlueStone to become one of the fastest growing online players, consistently achieving 2.5X revenues relative to previous year. Its current run rate is about 100 crores per annum. With progressive figures following the company, BlueStone has now embarked on an elaborate brand building exercise. In about five to ten years, BlueStone targets to grab about 2-3% of the \$100BN jewellery market in India. (Exhibit 2)

BLUESTONE CASE STUDY



BlueStone is leading in the online space owing to following reasons:

- Largest jewellery focused e-tailer in India
 - ~ BlueStone has the strongest consumer engagement and online brand recall among its peers. It has a clear leadership in traffic over peers and leads Caratlane in brand searches.
- Unique brand personality targeting the right segments
 - ~ BlueStone is a contemporary and exclusive jewellery destination, suitable for every mood of romance and aims to make jewellery shopping and gifting an enjoyable and intimate experience
 - ~ All collections speak the brand story and resonate with real life situations and stories of the target audience (Exhibit 3,4,5)
- 360 degree approach for consumer engagement
 - ~ BlueStone has a 360 degree approach to engage with its customers and capture the market
- Mobile & Desktop
- Offline SIS Stores - For 'Touch & Feel'
- Home Try On – Bringing luxury at your doorstep - allows users to shortlist Jewellery pieces and request a trial at home, at their convenience. Currently, this facility is live across 16 cities including Delhi NCR, Mumbai, Bangalore, Chennai, Hyderabad, etc. Tremendous potential for penetration and growth once the channel is aggressively promoted through marketing campaigns
- Live assistance - For a human touch
- Innovative initiatives to enhance user buying experience - Shopping Assistant Tool where you can shop by personality, face shape, etc.
- Technology enabled innovation to drive efficiency
 - ~ BlueStone is the second firm in the world to use 3-D rendering to photograph jewellery pieces to replicate the touch and feel aspect of offline jewellery shopping
 - ~ Technology driven design process enables BlueStone to alter and iterate designs based on customer feedback and product off take without any significant monetary loss
 - ~ Leveraging data analytics, BlueStone has developed a customized, automated targeting system based on hyper personalized buyer behavior: time since last visit, time since cart abandoned, cart value, past buyer behavior, past design preferences, etc. This helps us in engaging the users and enhancing their experience through the buying funnel
 - ~ Integrated ERP systems to handle purchase from design to delivery
- Lean operations driving superior design agility and merchandising
 - ~ BlueStone's in-house just-in-time manufacturing has several advantages over inventory-led offline model – Minimal investment in working capital, 20x design choices compared to other retailers while maintaining zero inventory, Design Agility, Real time feedback incorporated in manufacturing, no constraint on scalability, Precision and Quality Control
 - ~ BlueStone has an award-winning in-house merchandising team that comes up with diverse collections catering to all religions, regions, cultures and occasions

COMPETITORS:

BlueStone competes with almost all organized jewellery retail brands like Tanishq, Malabar, Bhima, PC Jewellers, KalyanJewellers, etc. In the offline space, Tanishq is the biggest competitor while in the online space, it is Caratlane.

BLUESTONE CASE STUDY

CONSUMER BEHAVIOR:

Jewellery is one category that has always been very dear to Indians. It has predominantly been used as an investment rather than an adornment. Jewellery buying has been a very high involvement group-buying process in physical retail. Most transactions have more than two or three people involved and in all probability, they are in a close knit relation. The opinion of the members accompanying the consumer is of utmost importance in addition to evaluation of design intricacies, size, fit, price etc. Because of the high order value and sentiment involved, there is always a trust factor attached to the purchase because of which people tend to stick to their family/local jewelers generations after generations.

Earlier jewellery buying was tied to festivals or important events like weddings. The type of jewellery bought during these occasions was typically traditional and heavy because of which it eventually ended up in bank lockers. Also, jewellery buying in showrooms was not a very comfortable experience – intervention of salesmen, overload of information and designs, different types of assistance for different types of budgets, etc. The experience was worse for men, who usually had no clue about jewellery, because of which they could not participate willingly and comfortably in the whole buying process.

Players like BlueStone are redefining the way jewellery is bought. It brings the whole showroom experience to customer's home at one click. To address the genuine concerns like trust & touch-feel-requirement, BlueStone has launched few industry first policies like Home Try On, 30-day no questions asked money back guarantee, SIS partnership model, etc.

PROBLEM STATEMENT:

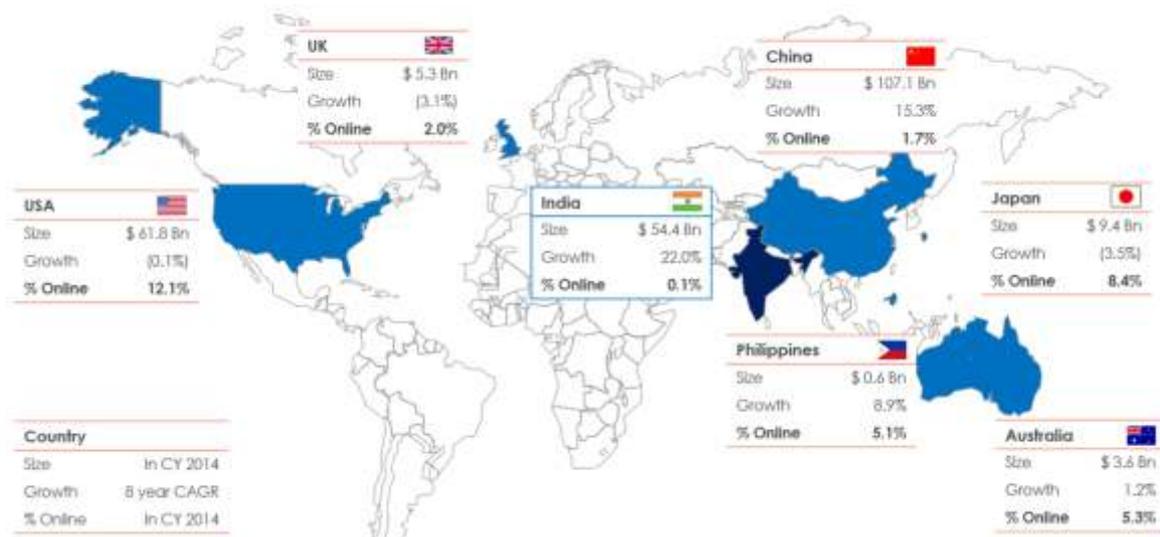
Identify opportunities to disrupt the jewellery market with cutting edge innovations that can make BlueStone uniquely stand out. Innovation could be across any attribute. Some examples could be Innovation in -

- Buying Experience at various touch points
- Business Model or Service innovations eg. Offline Stores or Rentable Jewellery
- Product Features (websites, mobile etc) eg. Augmented Reality

Evaluate the feasibility of the opportunity. Develop a sharp marketing plan around it, with communication and media strategy, including metrics to measure success.

APPENDIX:

1) Global Scenario



BLUESTONE CASE STUDY

2) BlueStone Journey



1) Our Brand Personality

Unique brand personality that effectively resonates with the target audience – young couples and independent women

Target Customer

Young couples working to keep the romance alive in a real relationship



Insight

The need for jewellery is a cry for romance

Brand Idea

Pure Jewellery for Real Romance
The Relationship Companion

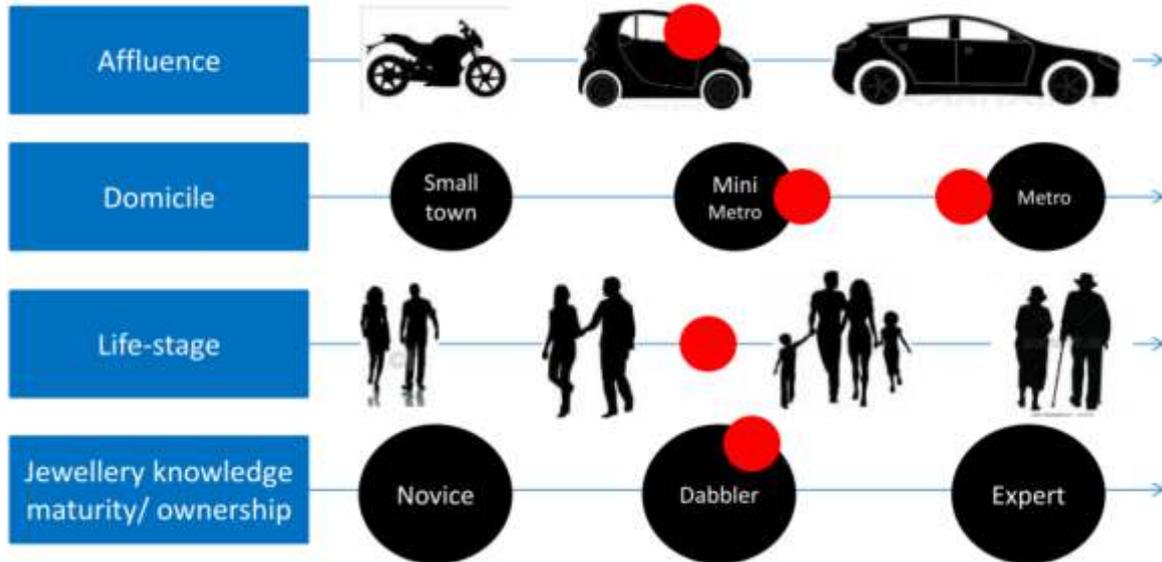


Benefits

Makes the very purchase of jewellery an act of romance
The caring man's ally
Joyful browsing

BLUESTONE CASE STUDY

4) Our Target Group



5) Our Collections

Collections that build a brand story

A Brand that resonates with the young, modern couple



For every mood of romance - from fun and flirtatious...



A 'Relationship Companion' that grows with you



...to intimate forever

