



# CASE STUDY

IIM - KOZHIKODE • JAIPUR RUGS



## JAIPUR RUGS CASE STUDY

Founded in 1978, Mr. Nand Kishore Chaudhary (Founder & CMD, Jaipur Rugs), revolutionized the carpet industry by creating an entirely new business model – working directly with artisans and empowering them and their communities with a sustainable livelihood. Jaipur Rugs has been continually and successfully training over 50,000 artisans from rural India who work on 7000 looms across 600 villages.

Jaipur Rugs is the proud winner of the prestigious German Design Award 2016 (Special Mention – Product Excellence) and over 20 awards in the last 5 years for product design and social impact.

Jaipur Rugs is a family business that combines the pursuit of profit with the spreading of kindness in a way that benefits all of its stakeholders: its consumers and their families, the artisans and their families, its employees, its suppliers, the buyers and channels they work with.

The business is built on bedrock of values that goes back to the founder, Nand Kishore Chaudhary that combines kindness as their default demeanor, compassion for those around them, and the humility that everyone deserves dignity. This means that Jaipur Rugs will work with all those who stand for these values and it drives them as an organization to work with and tap into the creative capacity of those in society that are disadvantaged or rejected.

With their help, Jaipur Rugs not only creates the most distinct design of the highest quality, but are also able to capture the blessings of the disadvantaged such as the artisans and their families. This blessing derives from their passion and devoted labor as they receive the opportunity to grow their fortunes, self-worth and pride which then transform into their products. As a result, a Jaipur Rugs customer will receive the most beautiful, highest quality design together with the blessing of an artisan's family.

### **Challenge/Opportunity:**

Jaipur Rugs commands very high brand awareness and loyalty in the export market. With a reach in over 50 countries, Jaipur Rugs has become synonymous in the minds of trade partners with exceptional quality and design as well as reliability. B2B trade accounts for more than 98% of the rugs that are sold.

The conventional wisdom advocates talking about quality, design, stock, price and reach of the company. Over these decades of journey, the category had already spoken this language many times. However, for Jaipur Rugs, linking the grassroots with the end customers has always been a major focus. To take this forward, an E-commerce website was launched in November 2015 with an aim to connect with the end customers globally. Also, India has always been an unexplored market for Jaipur Rugs. With just a mere 1-2% share of its total sales coming from domestic market, an exercise to increase domestic penetration started in early 2016. This led to a decision to open up a retail store in Delhi (opening in July 2016).

The challenge, however, lies in educating the Indian customer and making them aware of what goes behind making a rug.

### **Objective of the Project:**

To communicate our core value proposition of 'Made with a Family's blessings' through online as well as physical retail store.

### **Specific Deliverables:**

1. A marketing campaign that brings alive the proposition. The deployment plan must factor in solutions relevant for online where the campaign must ultimately drive sales through E-commerce and also for offline, where the same should drive sales through the retail store
2. Evaluate the current E-Commerce presence and activation and suggest areas of improvement within the same to better impact sales
3. Recommend activities to drive higher footfalls to the retail store and also marketing ideas for in-store that will increase conversion from the walk-ins

Make sure to mention the budget required and the sales expected.



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### But who is Jaipur Rugs' Customer in India?:

The typical price of an 8x10 handmade rug starts from Rs.20,000 and can go over Rs.5,00,000 depending upon the type of construction (i.e. hand knotted, hand tufted, handloom, Flat weave etc.). Hence whether it is an educated housewife or a married working female, a young family guy or a businessman/entrepreneur, a designer/architect or an expat, the brand exists to serve those who value handmade products.

### Other Information:

Jaipur Rugs specializes in hand knotted rugs. What differentiates Jaipur Rugs from its competitors is about how every rug has a story. Every hand knotted rug can be traced back to that weaver who wove that particular rug and the village where it was weaved. This makes it unique since the customer gets to directly know/meet the maker of the rug.

Secondly, Jaipur Rugs designs have been really appreciated worldwide. With a wide assortment of Traditional, Transitional and Modern/Contemporary designs, Jaipur Rugs has been a sought after brand amongst the design fraternity. This has in turn led to a number of awards including Carpet Design Award and German Design Award.

Another issue facing the industry is the lead time. A typical 8x10 feet hand knotted rug (with more than 8 million knots) may take 6-8 months to get completed. And the customers are not ready to wait. Jaipur Rugs launched its stock program where they identified the best-selling designs and have started keeping a stock. This way a customer doesn't have to wait and the rug can be delivered immediately within a week.

### Jaipur Rugs - How It All Started:

Mr. Nand Kishore Chaudhary grew up in a small town in Rajasthan, a state in northwestern India. After graduating from the University of Rajasthan, Chaudhary began his career in his family's shoe shop. However, he wanted to do something on his own, and heard that high quality rug weaving was in demand. He bought two looms and installed them in his home, and fell in love with the weaving business. He quickly learned the technical aspects of weaving from local weavers and expanded his business, adding six more looms in his house, and then more looms in six nearby villages.

Chaudhary's entrepreneurial drive ultimately led him to Jaipur, the capital of Rajasthan, to pursue a career in the rug export business. Chaudhary and his brother started exporting rugs in 1986. Both brothers remained in the rug industry but split up their business interests in 1999, and after several company name changes, Chaudhary registered his export company under the name of Jaipur Rugs in 2006. By 2008, Jaipur Rugs was the largest manufacturer and exporter of Indian hand knotted rugs.

From the beginning Mr. Nand Kishore Chaudhary realized the immense potential lying untapped with the women in traditional rural Indian households who are refrained from stepping outside for employment. Mr. Nand Kishore Chaudhary knew that providing these women with sustainable livelihood at their homes, which allows them to use their skills while looking after their families and household chores within the precincts of their homes, can provide rapid scaling to his business.

Jaipur Rugs is founder mentality in action - defining insurgency, focusing on a few critical capabilities, and connecting the frontline directly to the customers, and then starting a conversation.

### Current Marketing Activities:

Jaipur Rugs, being a socio-economic entity, has never used television as a mass media tool for promotion. However, we have been covered by leading newspapers and magazines, but these have been earned PR. In online media, Facebook has been main driver in terms of building awareness followed by Instagram and Twitter.

The major strategy to reach out to trade partners and build new business outside India has been through participating in high end trade shows in Germany (Domotex, Hannover/IMM Cologne), USA (Atlanta/High Point/Las Vegas), Singapore etc.



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