



BUSINESS PLAN · INDIA

Home-Decor & Furnishings Brand

Design-led decor and soft furnishings across D2C, marketplaces, stockists and designer supply

INTERIOR DESIGN & FURNISHING

AISEVAK.IN · BY ABL DIGITAL TECHNOLOGIES

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This document is confidential and prepared for planning purposes. All financial figures are illustrative model assumptions for an Indian MSME context and must be validated against live quotes, local rates and professional advice before any investment or borrowing decision.

1. Executive Summary

This plan sets out a **Home-Decor & Furnishings Brand** in India — designing and sourcing **soft furnishings, cushions and throws, table linen, rugs and dhurries, ceramics and tableware, brass and metal decor, lighting accessories, wall art and seasonal collections** — sold through an own D2C website, marketplaces, retail stockists, interior-designer project supply and export.

This is the vertical's first trading and brand model, and it sits closer to retail than to interiors. It also produces the most useful comparison in this library, because **it reaches the opposite conclusion from the online jewellery brand on the single question that decides both businesses.**

The jewellery D2C plan concluded that CAC must be recovered on the first order, because jewellery is a rare purchase and the second order may never come. Home decor is the reverse — and the difference is decisive. People buy cushions, table linen, candles, vases and seasonal pieces **several times a year, and re-decorate on a rhythm rather than an occasion.** This plan models **repeat purchase at 34% rising to 55% within TWELVE months**, against jewellery's 18–31% within *twenty-four*. **That means the standard direct-to-consumer model actually works here: acquire at a loss on the first order and recover across the next two or three.** The governing metric therefore flips — **from first-order payback to COHORT payback period**, which this plan takes from 2.4 orders down to 1.3.

But the arithmetic is tighter, not looser, because the ticket is a fraction of the size. An average order here is roughly **₹2,400 against a jewellery brand's ₹32,000** — so while the repeat behaviour is far better, **there is almost no absolute margin in any single order to absorb an expensive acquisition.** A CAC of ₹680 against a ₹2,400 order is workable; the ₹5,800 CAC that a jewellery brand could tolerate would be fatal here within a quarter. **Low-ticket categories forgive imprecise repeat assumptions far less than high-ticket ones forgive imprecise CAC** — which is why marketing must fall from 13.9% to 11.3% of revenue even as revenue nearly triples.

And the operational problem is inventory, not manufacturing. Decor is a **high-SKU, low-value, taste-driven category**, and unsold decor behaves exactly as unsold fashion jewellery did earlier in this library: **it is worth scrap, not intrinsic value.** With ~850 SKUs rising to ~1,450, the long tail is where capital quietly dies — this plan therefore tracks **the share of revenue from the top 20% of SKUs, rising from 74% to 83%**, and carries **markdown, dead stock and breakage as a visible 6.1–7.5% of revenue.** Breakage deserves its own mention: ceramics, glass and mirror are a meaningful and permanent shipping loss, not a rounding error.

This plan models a business requiring **₹1.85 crore** (₹85 lakh promoter + ₹55 lakh term/investor funding + ₹45 lakh working-capital finance), moving from **₹5.6 crore revenue and a ₹37 lakh loss** in Year 1 to **₹15.75 crore revenue and ₹1.15 crore profit** by Year 3. (*Home decor; LTV-driven, inventory-exposed — figures illustrative.*)

2. Business Description, Vision & Legal Structure

Concept: A design-led home-decor brand — in-house product design, sourcing from Indian artisan clusters and contract manufacturers with selective imports, sold through own D2C, marketplaces, retail stockists, designer project supply and export, with seasonal and festive collections.

Vision: To be the brand people come back to three times a year, not once.

Mission: Design our own products rather than resell someone else's; pay artisans properly and say so accurately; retire SKUs that do not earn their shelf; and never let a customer's first order be the only one.

Legal structure options

- **Private Limited** — recommended: marketplace onboarding, payment gateways, external funding, brand IP and export registration all favour a company.
- **LLP** — workable for a small design-and-sell operation without external funding.
- **Proprietorship** — feasible at the very start but limits marketplace terms and institutional buyers.

Regulatory anchor: Legal Metrology packaged-commodity rules require declarations on retail packs — MRP, net quantity, importer/manufacture details and country of origin — and **e-commerce rules additionally require country-of-origin display, seller identity and grievance-officer details on listings**. Product safety matters in specific categories: **candles, electrical decor and lighting accessories carry fire and electrical safety obligations, and any lamp or plug-in item requires BIS compliance where applicable. Design registration under the Designs Act protects original patterns and forms**, and is worth doing for signature ranges, with realistic expectations about enforcement speed. **Craft and artisan claims are subject to consumer-protection rules — "handmade", "handloom" or "artisan-crafted" are representations, not decoration, and GI-tagged terms (Kashmir, Pochampally, Channapatna and others) may only be used where the goods genuinely qualify**. Export needs registration, correct classification and, for handicraft categories, EPCH-type documentation; textiles for export may attract buyer-mandated testing and social audits.

3. Promoter & Ownership

Led by a promoter with product design, retail, e-commerce or sourcing background. Three competences decide outcomes: *product design judgement*, because in a copyable category the only durable asset is a distinctive point of view; *inventory discipline*, since with a thousand SKUs the difference between a profitable brand and an unprofitable one is which items get reordered and which get retired; and *retention marketing*, because this plan's entire economic case rests on the second and third order arriving. Design distinctiveness, SKU discipline, repeat-rate performance & sourcing quality are the differentiators. Ownership, equity & any partner are editable inputs.

4. Market Analysis — India

Demand is driven by rising home-ownership and rental setup, apartment handovers, festive and gifting occasions, social-media-driven interest in styled interiors, growth in affordable premium decor, and export demand for Indian craft. Demand is broad, frequent and growing. The market rewards design, availability & brand recall; it is **high-SKU, trend-exposed and seasonally concentrated**.

Demand drivers

- **Home setup and renting** — every new household is a decor customer, and India adds a great many each year.
- **Festive and gifting occasions** — Diwali in particular concentrates an outsized share of annual decor spend.
- **Seasonal refresh**, which is the behavioural basis of repeat purchase in this category.
- **Social media and styled-interior content**, where decor performs exceptionally well as visual media.
- **Export demand** for Indian craft — block print, dhurrie, brass, ceramic, cane — which is a genuine national advantage.

Market sizing (illustrative framing)

Layer	Definition	Indicative scale
TAM	Indian home decor & furnishings	Very large

SAM	Online-addressable + stockist reach in served categories	Growing fast
SOM (Yr 1-3)	Customers acquired at a payback the repeat rate supports	~23,300 → ~54,300 orders

Target segments

- **Urban home-makers and young households** setting up or refreshing — the repeat engine.
- **Gifting purchasers**, strongly festive-weighted and high-intent.
- **Interior designers and project supply** — larger baskets, B2B terms, no acquisition cost, and a genuine adjacency to the rest of this vertical.
- **Retail stockists and lifestyle stores** extending reach without owned outlets.
- **Export buyers** for craft-led ranges.

5. Competition & Competitive Advantage

Landscape: established home and lifestyle retail chains, large horizontal marketplaces carrying enormous unbranded assortments, other D2C decor brands, imported and mass-market decor, and **a very large unbranded segment sourcing from the same clusters this business does. Product is easy to copy and hard to protect, so the competitive question is what a customer remembers, not what they can find.**

The business's edge

- **Own design** rather than catalogue resale — the only asset that compounds in a copyable category.
- **Repeat-driven economics** built deliberately: merchandising, collections and post-purchase engagement aimed at the second order rather than the first.
- **Artisan-cluster sourcing** giving craft credibility that imported decor cannot claim — provided the claim is accurate.
- **SKU discipline**, retiring non-performers so capital stays in what sells.
- **Designer and project channel**, which buys in baskets at zero acquisition cost.

6. Products & Revenue Model

Channel	Model	Basis
Own website (D2C)	Full margin, own the customer	~35% — where repeat is built
Marketplaces	Commission deducted	Volume, customer not owned
Retail stockists & wholesale	Trade margin	Reach, lower margin, no CAC
Interior designer & project supply	B2B, larger baskets	No acquisition cost
Export orders	FOB, craft-led ranges	Certification-demanding

The designer and project channel deserves more emphasis than its 14% share suggests, and it is the natural advantage of running this business inside an interiors vertical. A designer furnishing a completed home buys **cushions, throws, rugs, table linen and accessories in a single specification decision** — an order many times the consumer average, **with no acquisition cost, no returns behaviour, and a buyer who will specify again on the next project.** It is, in effect, wholesale with the economics of retail. The trade-off is that designers expect trade pricing, sample support and reliable availability of the exact item specified — **which is a stock commitment, and therefore only worth making on the core range rather than across the long tail.** Grown here from 11% to 14% of revenue

7. Go-to-Market — Buying the First Order, Designing for the Third

Acquisition

- **Performance marketing** with disciplined per-channel CAC, but judged on *cohort* payback rather than first-order contribution.
- **Content and visual organic**, where decor is an unusually strong performer.
- **Marketplaces** for discovery and volume, accepting that the customer relationship stays with the platform.
- **Festive campaigns**, when intent is highest and conversion cheapest.

Retention — where this business is actually won

- **Collection cadence** — new ranges giving existing customers a reason to return several times a year.
- **Category laddering** — a cushion buyer becomes a table-linen buyer becomes a rug buyer.
- **Email, WhatsApp and owned channels**, which cost almost nothing per repeat order and are the entire economic advantage over the jewellery model.
- **Packaging and unboxing**, which in a gifting-adjacent category is genuine marketing rather than a cost.

Sales approach

Launch with a tight, distinctive core range → acquire against cohort payback rather than single-order economics → build owned-channel retention from the first order onward → open stockists and designer supply for zero-CAC volume → and **treat the second order as the product**. The mistake this category punishes is simple and common: **brands optimise the acquisition funnel obsessively and the repeat funnel not at all**, then find that a 55%-repeat business is running at 30% and that the entire economic case has quietly evaporated. **In decor, retention is not a marketing programme — it is the business model.**

8. Operations Plan (design, source, stock, fulfil, retire)

- **Product design:** collections planned by season and category, with a defined core range and a rotating seasonal layer.
- **Sourcing:** artisan clusters, contract manufacturers and selective imports — **with vendor capacity and lead time assessed before a range is launched, not after it sells.**
- **Quality control:** pre-dispatch inspection at vendor, since craft production varies piece to piece by nature.
- **Inventory:** **SKU-level sell-through, cover and ageing; reorder the winners, retire the tail.**
- **Photography & content:** styled imagery, which is the product presentation in every channel.
- **Fulfilment:** pick, pack and dispatch with **protective packing for ceramics, glass and mirror.**
- **Returns & breakage:** handling, assessment and claim recovery from carriers where applicable.
- **Channel management:** listing, pricing and stock allocation across own site, marketplaces and stockists.

Product cycle

Stage	Activity	Control point
Design	Collection planning	New SKUs launched per season
Source	Vendor selection & sampling	Lead time; capacity verified

Stock	Initial buy & replenishment	Cover weeks; first-buy size
Sell	Across channels	Top-20% SKU revenue share
Ship	Pack & dispatch	Breakage rate
Retire	Markdown & delist	Dead-stock value; SKUs retired

SKU proliferation is how decor brands die, and it happens for entirely reasonable-sounding reasons. Every new design looks promising, every category extension seems logical, and each individual SKU ties up only a small amount of money. **But a thousand SKUs at a modest average stock value is a very large amount of capital, and the tail does not sell — it merely ages.** This plan holds **top-20% SKU revenue share at 74% rising to 83%**, which is not a natural drift but the result of actively retiring products. **The discipline that makes it possible is retiring on evidence rather than on sentiment:** a SKU that has not sold through in two seasons is not going to, and the money released by marking it down is worth more than the hope attached to it. Alongside that sits **breakage — 2.4% to 3.8% of revenue in a category shipping ceramics, glass and mirror.** It is reducible through packing design and carrier selection but never to zero, and **a plan that omits it is understating cost by more than most decor brands earn in net margin.**

9. Regulatory, Licences & Compliance (India)

- **Legal Metrology:** packaged-commodity declarations on retail packs — MRP, net quantity, manufacturer/importer, country of origin.
- **E-commerce rules:** country-of-origin display, seller identity, grievance officer, accurate product description and returns policy.
- **Product safety:** candles, electrical decor and lighting accessories carry fire and electrical obligations; BIS compliance applies to lamps and plug-in items where notified.
- **Design registration** under the Designs Act for original patterns and forms — worth doing for signature ranges, with realistic expectations about enforcement.
- **Craft claims:** "handmade", "handloom" and "artisan-crafted" are representations under consumer-protection law, not decoration; GI-tagged terms may be used only where the goods genuinely qualify.
- **Artisan sourcing conduct:** where the brand markets craft provenance and artisan livelihoods, **payment terms and working conditions in the cluster become part of the claim being sold** — and are increasingly checked by export buyers.
- **Export:** registration, classification, handicraft documentation; textile ranges may face buyer-mandated testing and social audit.
- GST including e-commerce TCS, e-way bills, and transit insurance on fragile consignments.

10. Organisation & Manpower Plan

Role	Yr 1	Yr 2	Yr 3
Promoter / founder	1	1	2
Warehouse, packing & fulfilment	16	26	40
Marketing, content & brand	9	15	23
Design & product development	8	13	20

Customer experience & sales	8	14	22
Sourcing, artisan liaison & QC	6	10	16
Technology & operations	5	8	12
Finance, admin & accounts	4	6	9
Photography & production	3	5	8
Total	60	98	152

Design and sourcing together are about 23% of headcount, which is the structural answer to a category where the product can be copied but the ability to keep producing new products cannot.

11. Implementation Timeline & Milestones

Phase	Timeline	Milestone
Setup	Month 0–4	Brand, site, core range, vendor base, warehouse, photography
Launch	Month 4–12	~23,300 orders; ₹5.6cr revenue, ₹37L loss; repeat baseline 34%
Grow	Year 2	Repeat to 44%, top-20% SKUs at 79%; ₹9.75cr, ₹14L profit
Scale	Year 3	₹15.75cr revenue, ₹1.15cr profit; repeat 55%, cohort payback 1.3 orders

12. Financial Plan (Illustrative)

*All figures are illustrative model assumptions for an Indian context, shown so the promoter can replace them with live rates. **Repeat rate, cohort payback, CAC, markdown/dead stock and breakage are the levers — and repeat rate is the one the whole model rests on.***

12.1 Project cost & means of finance

Capital requirement	₹
Working capital (inventory across SKUs & receivables)	78,00,000
Brand building, performance marketing & launch	34,00,000
Warehouse, racking, packing & fulfilment setup	22,00,000
Technology (site, PIM, OMS, inventory systems)	18,00,000
Product design, sampling & tooling	14,00,000
Photography, content studio & production	11,00,000
Legal, registrations, design registration & launch	5,00,000
Artisan cluster development & vendor onboarding	3,00,000
Total project cost	1,85,00,000
Promoter contribution	85,00,000
Term loan / investor funding	55,00,000

Working-capital finance	45,00,000
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12.2 Projected Profit & Loss (3 years)

Particulars	Year 1	Year 2	Year 3
Own website (D2C)	1,95,00,000	3,40,00,000	5,60,00,000
Marketplaces	1,60,00,000	2,60,00,000	3,90,00,000
Retail stockists & wholesale	1,05,00,000	1,80,00,000	2,90,00,000
Interior designer & project supply	62,00,000	1,25,00,000	2,20,00,000
Export orders	38,00,000	70,00,000	1,15,00,000
Total revenue	5,60,00,000	9,75,00,000	15,75,00,000
Cost of goods (sourcing, production, artisan payments)	2,24,00,000	3,82,00,000	6,06,00,000
Marketing & customer acquisition	78,00,000	1,22,00,000	1,78,00,000
Salaries (design, ops, CX, marketing, admin)	72,00,000	1,08,00,000	1,62,00,000
Marketplace fees, commissions & platform costs	56,00,000	92,00,000	1,42,00,000
Logistics, packing & shipping	44,00,000	74,00,000	1,15,00,000
Markdown, dead stock & breakage	42,00,000	66,00,000	96,00,000
Warehouse, rent, insurance & overheads	28,00,000	42,00,000	60,00,000
Photography, content & production	20,00,000	28,00,000	38,00,000
Product design, sampling & tooling	17,00,000	25,00,000	35,00,000
Depreciation, interest & other	16,00,000	22,00,000	28,00,000
Total expenses	5,97,00,000	9,61,00,000	14,60,00,000
Net profit / (loss) before tax	(37,00,000)	14,00,000	1,15,00,000
Net margin	(6.6%)	1.4%	7.3%
Gross margin	60.0%	60.8%	61.5%
Marketing as % of revenue	13.9%	12.5%	11.3%
Average order value (₹)	~2,400	~2,650	~2,900
Blended CAC (₹)	~680	~620	~540
Repeat purchase within 12 months	34%	44%	55%
Orders per customer per year	1.6	1.9	2.3
Cohort payback (orders) — the governing metric	2.4	1.8	1.3
Top-20% SKUs' share of revenue	74%	79%	83%
Markdown, dead stock & breakage as % of revenue	7.5%	6.8%	6.1%
Breakage rate	3.8%	3.0%	2.4%

Active SKUs / Orders	~850 / ~23,300	~1,150 / ~36,800	~1,450 / ~54,300
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12.3 Unit economics & break-even

- **Cohort payback replaces first-order payback, and that is the whole difference from the jewellery model.** At 1.3 orders by Year 3, the brand recovers acquisition well within a customer's first year — impossible in a rare-purchase category and entirely normal here.
- **But the absolute numbers are small, so precision matters more.** An order contributes roughly ₹1,450 of gross margin against a ₹540 CAC; **there is no room for the CAC drift that a ₹32,000 jewellery order could absorb.** Marketing falling to 11.3% of revenue is a requirement, not an aspiration.
- **SKU discipline is worth more than it looks.** Moving top-20% SKU share from 74% to 83% releases working capital and reduces markdown simultaneously — the same rupee counted twice in the business's favour.
- **Designer and project supply carries zero CAC** and larger baskets, which is why it is grown deliberately despite trade pricing.
- **Break-even:** Year 2, marginally. **Year 1's loss is structural — brand, photography, the initial range and the acquisition learning curve are all spent before any cohort has had time to repeat.**

12.4 Projected Cash Flow — Year 1 (quarterly, illustrative)

Particulars (₹)	Q1	Q2	Q3 (festive)	Q4
Opening balance	62,00,000	22,00,000	8,00,000	14,00,000
Collections	1,05,00,000	1,18,00,000	1,78,00,000	1,25,00,000
Inventory, marketing, salaries, logistics & overheads	1,45,00,000	1,32,00,000	1,72,00,000	1,18,00,000
Closing balance	22,00,000	8,00,000	14,00,000	21,00,000

The cash risk here is a seasonal bet with a twelve-month penalty for getting it wrong. Roughly a third of annual revenue arrives in the festive quarter, which means **inventory must be committed and paid for in the preceding quarter, months before any evidence of what will sell.** Artisan-cluster lead times make this worse rather than better: **handcraft production cannot be turned on quickly, so the festive buy is placed early and cannot be topped up when a design unexpectedly succeeds — nor cancelled when it does not.** The asymmetry is severe: **under-buying costs a season's sales, while over-buying costs a full year of carrying stock that is now visibly last-season.** Three disciplines follow. **Buy the festive core deep and the festive novelty shallow,** since core ranges carry over and novelty does not. **Reserve working-capital headroom for the pre-festive build** rather than deploying it into general assortment growth in Q2. And **plan the post-festive markdown before the season, not after it** — the stock that has not moved by mid-January will not move at full price, and a brand that waits until March to accept this has funded three extra months of the same inventory.

12.5 Key Performance Indicators to Monitor

- **Retention (the model): repeat purchase within 12 months;** orders per customer per year; **cohort payback in orders;** owned-channel revenue share.
- **Inventory: top-20% SKU revenue share;** cover weeks by SKU; dead-stock value and SKUs retired; **breakage rate by category and carrier.**
- **Acquisition:** blended and per-channel CAC; marketing as % of revenue (must fall); AOV and basket size by channel.
- **Compliance & sourcing:** craft-claim substantiation records; vendor lead time and capacity vs. plan; QC rejection rate; artisan payment-term adherence.

13. Funding Requirement & Bankability

Total ask: **₹55 lakh term/investor funding plus ₹45 lakh working-capital finance** against ₹85 lakh promoter contribution. Four points frame the credit. **First, this is an inventory-and-marketing business, and the two behave completely differently as security** — stock is a real if illiquid asset, while the ₹34 lakh of brand and launch spend creates nothing recoverable. **Second, the credit question is repeat rate, not revenue growth.** A decor brand growing revenue on falling repeat is buying customers who leave, and the P&L will not show it for four to six quarters — **so repeat-within-12-months and cohort payback are far more informative covenants than turnover.** **Third, working capital must be sized to the pre-festive build rather than to average monthly requirement** since a facility adequate for eleven months of the year will fail in the one that matters. **Fourth, dead stock should be assessed honestly rather than carried at cost** — decor inventory that has aged past two seasons is worth a fraction of its book value, and a lender taking stock as security should discount the tail heavily while recognising that the top 20% of SKUs are genuinely liquid.

13.1 Funding utilisation

Use of funds	₹	% of total
Working capital (inventory across SKUs & receivables)	78,00,000	42.2%
Brand building, performance marketing & launch	34,00,000	18.4%
Warehouse, racking, packing & fulfilment setup	22,00,000	11.9%
Technology (site, PIM, OMS, inventory systems)	18,00,000	9.7%
Product design, sampling & tooling	14,00,000	7.6%
Photography, content studio & production	11,00,000	5.9%
Legal, registrations, design registration & launch	5,00,000	2.7%
Artisan cluster development & vendor onboarding	3,00,000	1.6%
Total	1,85,00,000	100%

14. Risk Analysis & Mitigation

Risk	Mitigation
Repeat rate failing to materialise	The entire model rests on it — unlike jewellery, this business is designed to lose money on order one. Collection cadence, category laddering, owned-channel retention from the first order; brands optimise the acquisition funnel obsessively and the repeat funnel not at all, then find a 55%-repeat business running at 30% and the economic case quietly gone
CAC drift on a small ticket	An order contributes ~₹1,450 gross margin against a ₹540 CAC — there is no room for the drift a ₹32,000 jewellery order could absorb ; per-channel discipline; marketing must fall to 11.3% of revenue as a requirement, not an aspiration
SKU proliferation and dead stock	A thousand SKUs at modest average value is a very large amount of capital, and the tail does not sell — it merely ages. Retire on evidence not sentiment: a SKU that has not sold through in two seasons is not going to, and the money released by marking it down is worth more than the hope attached to it ; hold top-20% share at 83%

Breakage in transit	2.4–3.8% of revenue shipping ceramics, glass and mirror; packing design, carrier selection and claim recovery — reducible but never zero, and a plan that omits it understates cost by more than most decor brands earn in net margin
Festive misjudgement	A third of revenue in one quarter, with inventory committed months earlier and craft lead times preventing top-up or cancellation. Buy core deep and novelty shallow; reserve WC headroom for the pre-festive build; plan the post-festive markdown BEFORE the season — stock unmoved by mid-January will not move at full price
Design copied immediately	Register signature designs with realistic enforcement expectations; compete on collection cadence and brand recall rather than on protection; the ability to keep producing new products is the asset, not any single product
Artisan capacity & quality variability	Assess vendor capacity and lead time before launching a range; pre-dispatch QC at vendor; multiple clusters per category; long-run relationships rather than transactional buying
Craft claims not substantiated	"Handmade", "handloom" and "artisan-crafted" are representations under consumer-protection law, not decoration; GI-tagged terms only where the goods qualify; where the brand sells artisan provenance, payment terms and working conditions become part of the claim
Marketplace dependence & commission	Hold own-site share at ~35%; use marketplaces for discovery, not for the relationship; build direct repeat from every channel where possible
Product safety in candles & electrical decor	Fire and electrical compliance; BIS where notified; supplier certification retained; category-specific testing before listing

15. SWOT Analysis

Strengths Genuine repeat purchase — 55% within 12 months, making standard D2C economics work; 61.5% gross margin; designer and project channel buys in baskets at zero CAC; Indian craft sourcing is a real and defensible advantage; decor performs exceptionally well as visual content; stockist channel extends reach without CAC.	Weaknesses Low ticket leaves little absolute margin per order to absorb CAC error; high SKU count with a tail that ages rather than sells; breakage is permanent loss; a third of revenue in one quarter bought months in advance; design copied instantly; ₹34 lakh of spend creates no recoverable asset.
Opportunities New household formation and rental setup; festive and gifting growth; seasonal refresh behaviour supporting frequency; export demand for Indian craft; designer project supply as a natural adjacency within this vertical; category laddering into higher-ticket furnishings.	Threats Marketplace commission and algorithm dependence; large unbranded assortments sourcing from the same clusters; rising acquisition costs compressing the only route to profit; a weak festive season carrying a full year of stock; craft-claim challenge; imported mass-market decor on price.

16. Recommended AiSevak Tools for This Business

This home-decor brand would use AiSevak's Interior and Retail vertical tools in operations:

- **Retention: cohort payback and repeat-within-12-months dashboard,** orders-per-customer tracking, category-laddering analysis, owned-channel share monitor.

- **Inventory: SKU sell-through, cover and ageing with retire-on-evidence triggers**, top-20% revenue-share tracker, dead-stock valuation, **breakage rate by category and carrier**.
- **Season:** pre-festive buy planner (core deep / novelty shallow), festive-quarter working-capital reserve, **pre-planned post-festive markdown schedule**.
- **Acquisition:** per-channel CAC vs. cohort contribution, marketing-as-%-of-revenue alert, AOV and basket by channel.
- **Sourcing & compliance:** vendor capacity and lead-time register, QC rejection tracking, **craft-claim substantiation and GI-usage records**, artisan payment-term adherence.

17. Key Assumptions & Notes

- Home-decor & furnishings brand: in-house designed soft furnishings, cushions/throws, table linen, rugs & dhurries, ceramics, brass/metal decor, lighting accessories, wall art and seasonal collections; sourced from artisan clusters, contract manufacturers and selective imports; sold via own D2C, marketplaces, retail stockists, designer project supply and export.
- **△ THE VERTICAL'S FIRST TRADING/BRAND MODEL (closer to RETAIL than to interiors) — AND IT PRODUCES THE MOST USEFUL COMPARISON IN THIS LIBRARY, BECAUSE IT REACHES THE OPPOSITE CONCLUSION FROM THE ONLINE JEWELLERY BRAND ON THE SINGLE QUESTION THAT DECIDES BOTH BUSINESSES.** jewellery-ecom-brand concluded **CAC must be recovered on the FIRST order** because jewellery is a rare purchase; **HOME DECOR IS THE REVERSE** — people buy cushions, table linen, candles, vases and seasonal pieces **several times a year and re-decorate on a RHYTHM rather than an OCCASION** → repeat 34%→55% within TWELVE months, against jewellery's 18-31% within TWENTY-FOUR, which means **the standard D2C model ACTUALLY WORKS HERE: acquire at a loss on order one and recover across the next two or three. The governing metric therefore FLIPS — from FIRST-ORDER payback to COHORT PAYBACK PERIOD (2.4 orders → 1.3).**
- **BUT THE ARITHMETIC IS TIGHTER, NOT LOOSER, BECAUSE THE TICKET IS A FRACTION OF THE SIZE** — AOV ~₹2,400 against a jewellery brand's ~₹32,000 — so while repeat behaviour is far better, **there is almost NO ABSOLUTE MARGIN in any single order to absorb an expensive acquisition:** a ₹680 CAC works, while **the ₹5,800 CAC a jewellery brand could tolerate would be fatal here within a quarter. LOW-TICKET CATEGORIES FORGIVE IMPRECISE REPEAT ASSUMPTIONS FAR LESS THAN HIGH-TICKET ONES FORGIVE IMPRECISE CAC** → marketing must fall 13.9%→11.3% of revenue as a REQUIREMENT not an aspiration (an order contributes ~₹1,450 gross margin against a ₹540 CAC — no room for drift).
- **THE OPERATIONAL PROBLEM IS INVENTORY, NOT MANUFACTURING — and unsold decor behaves exactly as unsold fashion jewellery did: WORTH SCRAP, NOT INTRINSIC VALUE. SKU PROLIFERATION IS HOW DECOR BRANDS DIE, and it happens for entirely reasonable-sounding reasons** (every new design looks promising, every extension seems logical, each SKU ties up only a little) — **but a thousand SKUs at modest average stock value is a VERY LARGE amount of capital, and the tail does not sell, it merely AGES.** → hold **top-20% SKU revenue share 74%→83%**, which is **not a natural drift but the result of ACTIVELY RETIRING products**, and **RETIRE ON EVIDENCE RATHER THAN SENTIMENT: a SKU that has not sold through in two seasons is not going to, and the money released by marking it down is worth more than the hope attached to it.** Alongside: **BREAKAGE at 2.4-3.8% of revenue shipping ceramics/glass/mirror is reducible but NEVER ZERO, and a plan that omits it understates cost by MORE THAN MOST DECOR BRANDS EARN IN NET MARGIN.**
- **THE CASH RISK IS A SEASONAL BET WITH A TWELVE-MONTH PENALTY FOR GETTING IT WRONG** — ~a third of annual revenue arrives in the festive quarter, so **inventory must be committed and PAID FOR in the preceding quarter, months before any evidence of what will sell**, and **artisan-cluster lead times make this WORSE: handcraft production cannot be turned on quickly, so the festive buy is placed early and can NEITHER be topped up when a design unexpectedly succeeds NOR cancelled when it does not.** Asymmetry is severe —

under-buying costs a SEASON's sales; over-buying costs a FULL YEAR of carrying visibly last-season stock → buy the festive CORE deep and the festive NOVELTY shallow (core carries over, novelty does not), reserve WC headroom for the pre-festive build rather than deploying it into general assortment growth in Q2, and plan the post-festive markdown BEFORE the season — stock unmoved by mid-January will not move at full price, and a brand that waits until March has funded three extra months of the same inventory.

- **THE DESIGNER & PROJECT CHANNEL DESERVES MORE EMPHASIS THAN ITS 14% SHARE SUGGESTS AND IS THE NATURAL ADVANTAGE OF RUNNING THIS BUSINESS INSIDE AN INTERIORS VERTICAL** — a designer furnishing a completed home buys cushions, throws, rugs, linen and accessories in a **SINGLE specification decision: an order many times the consumer average, with NO acquisition cost, NO returns behaviour, and a buyer who will specify again on the next project.** Effectively **wholesale with the economics of retail.** Trade-off: designers expect trade pricing, samples and reliable availability of the EXACT item specified — **a stock commitment, therefore only worth making on the CORE range, not across the long tail.**
- **RETENTION IS NOT A MARKETING PROGRAMME HERE — IT IS THE BUSINESS MODEL.** The mistake the category punishes: **brands optimise the acquisition funnel obsessively and the repeat funnel not at all, then find a 55%-repeat business running at 30% and the entire economic case quietly evaporated.** Owned channels (email, WhatsApp) cost almost nothing per repeat order and **are the entire economic advantage over the jewellery model;** packaging/unboxing in a gifting-adjacent category is genuine marketing rather than cost.
- Compliance: **Legal Metrology packaged-commodity declarations;** e-commerce country-of-origin/seller-identity/grievance-officer rules; **candles, electrical decor and lighting accessories carry FIRE and ELECTRICAL obligations with BIS where notified; design registration for signature ranges with realistic enforcement expectations — the ability to keep producing new products is the asset, not any single product** and critically **"HANDMADE", "HANDLOOM" and "ARTISAN-CRAFTED" ARE REPRESENTATIONS UNDER CONSUMER-PROTECTION LAW, NOT DECORATION,** with **GI-tagged terms (Kashmir, Pochampally, Channapatna) usable ONLY where the goods genuinely qualify — and where the brand markets artisan provenance and livelihoods, PAYMENT TERMS AND WORKING CONDITIONS IN THE CLUSTER BECOME PART OF THE CLAIM BEING SOLD,** increasingly checked by export buyers. Lender framing: **the credit question is REPEAT RATE, not revenue growth — a decor brand growing revenue on falling repeat is buying customers who leave, and the P&L will not show it for 4-6 quarters;** size WC to the **PRE-FESTIVE BUILD not the average month;** and **discount aged stock heavily while recognising the top 20% of SKUs are genuinely liquid.** ₹1.85cr, ~23,300→54,300 orders, AOV ₹2.4k→₹2.9k, rev 5.6→15.75cr, Y1 –₹37L → Y3 ₹1.15cr. Figures illustrative, exclude GST.

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