

Caratlane.Com: Is Indian Gold Glittering?

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Abstract—The gold market in India has been a customary market, where people have bought gold from their family jewellers that too on festive and marriage occasions. Brands like Tanishq from Titan Industries Ltd. introduced the concept of designer jewellery and launched collections like Mia which was meant as office wear jewellery for working women, but the channel adopted was only through brick and mortar sales.

Caratlane.com used the online retail space in the jewellery segment and became a pioneer in selling designer, office wear and other jewellery online in Oct 2008. To establish themselves in jewellery sales in India they needed trust factor as traditionally it has been with the family jewellers and also deals in big-ticket sales, Caratlane.com entered into a partnership with Titan Industries Ltd., a unit of Tata Sons which are the epitome of integrity in Indian business. They have ventured into almost all channels of sales like online sales through the website and mobile apps, brick and mortar sales and try at-home options.

The case below puts forth all aspects of Caratlane.com's strategic plan for sustainability like funding received, market capitalization, profitability, competitive landscape and Indian government support.

Keywords—Jewellery sales, e-commerce, profitability, trust, government support, traditional buy

Case Summary

The case puts forth the unique gold jewellery business of Caratlane.com. It was unique in the Indian context as gold was a big-ticket purchase and a traditional commodity that customers may hesitate to purchase online. Additionally, the client profile for the purchase of this commodity was not a very technologically savvy group. Thus the profitability for this online business remained negligible. Also, the case comprehensively puts forth all aspects of this business namely the funding received, the business model, the competitive landscape, challenges and the Indian government support to digital businesses.

Case Text

About online sales

Jewellery since time immemorial had been a favourite article for women all over the world. Ever since the global internet penetration had increased from 1024 million in 2000 to 3400 million in 2016

(refer to Exhibit 1), the internet had inadvertently become a pertinent platform for sales globally. The bestselling products till 2014 in the online sales platform were in categories of music, book, flowers and software with annual sales of USD 37.5 Billion, next was computer hardware, consumer electronics and office supplies with annual sales of USD 22.8 Billion. However, the online portals had become a facility that offered quick access to customers and a wide customer base because of the increased internet penetration, also it offered a very short time to market and brought in revenue fast.

In developing countries like India, the government also took initiatives to provide infrastructure for the growth of e-commerce. Indian government launched a Digital India programme with a budgeted spend of USD 1.6 Billion (Ncalculators, n.d.), out of which USD 3.9 million crores (Ncalculators, n.d.) were to be spent on connecting 250,000 villages. The plan was also to connect 42, 311 villages through mobile access (S. Ghosh, 2014). It is evident that given the above-said boost to infrastructure naturally, the opportunities would thrive. The growth of the Indian e-commerce industry is given below.

About the genre of Indian e-commerce

Indian e-commerce industry had grown from 2008 till 2015, the business in this domain had risen by 34% (CAGR) since 2009 to reach USD 16.4 Billion in 2014 (refer Exhibit 2) and dropped to USD 14.5 Billion in 2016 (FE bureau, 2017) and is expected to go up to USD 80 billion in 2020 (FE bureau, 2017). Out of the total e-commerce, the e-tail had been the fastest growing with a CAGR of 54% from 2009-14 (S. Ghosh, 2014), it was also expected to grow at the rate of 35% CAGR and cross the USD 100 billion mark between 2015-20 (PTI, 2016). Just like the global trends, in India also the e-tailing is mostly for apparel, electronics, software, books etc. These statistics are the reiteration of the fact that the Indian government has taken measures to improve the internet penetration in India and has facilitated start-ups. The Indian Prime Minister Narendra Modi had launched 22 initiatives which were: "projects in the areas of digital infrastructure, digital empowerment, on-demand government services and promotion of industry" (PTI, 2016). These initiatives will create further provisioning of online services, take the internet to rural areas and accelerate the manufacturing, sale and usage of electronic goods in the country. The Digital India programme has an allocated budget of Rs 1.13 lakh crores and is committed focus on technology usage. (S. Rout, 2015).

About gold (jewellery) sales in India

In India gold and real gems, jewellery had been a sign of happiness and prosperity since times immemorial. Wearing some specific articles of jewellery at specific functions and ceremonies had been also a ritual. Also for many households in India, gold remained an investment that was to be liquidated at the time of daughters' wedding, retirement, illness or any other emergency. In fact, "The ancient law-giver Manu decreed that gold ornaments should be worn for important ceremonies and occasions" (World Gold Council, n.d.). In different parts of the country different festivals are celebrated which have bought gold as an integral part for example: "in the south, Akshaya Tritiya, Pongal, Onam and Ugadi; in the east, Durga Puja; in the west, Gudi Pavda; in the north, Baisakhi and Karva Chauth." (World Gold Council, n.d.).

In India, for years there had been a tradition of gifting gold jewellery to daughters in their wedding, at the time of childbirth as it was considered to be the 'Stridhan' (women's possession of money) and was considered to be their financial security post-marriage and once a child is born to them (Lawguru, n.d.)

In India, the appetite for gold (jewellery or in other forms like bars, biscuits etc.) had been so high that despite the rise in prices of gold by 400 per cent in the last ten years. India has been the largest consumer of gold and the demand went up by 15% when the import restrictions were relaxed in the global markets; the demand rose to 192 tons in March 2015 from 167.1 tons a year earlier. The gold imports increased by 28% to 226.9 tonnes (V. Agarwal, 2015)

Exhibit 3 clearly shows how the gold demand in India has varied on the higher side from 1992- 2014.

Given the fondness for gold of Indians which is also very evident from the statistics shown in Exhibit 3 and 4, which depict the consumption of gold from 1992 till 2015 in India, naturally selling of gold ornaments (with or without studding with diamonds and other precious and semi-precious gems) appeared to be a lucrative option. More so with the new channels of sales emerging through online sales portal. This gave way to online jewellery sales in India

Online jewellery sales in India

As discussed online retail in India had been surging ahead at a high pace with the value moving from USD 4 billion in 2009 to a value of USD 22 Billion in 2015 (refer Exhibit 2), coupled with the affinity for gold and gold studded jewellery of Indians, online jewellery sales was a money-spinning proposition. However, in online jewellery sales, two categories were pertinent namely real jewellery and artificial jewellery.

In March 2013 a surge had been experienced in the online sales of jewellery in India, there were 3.76 million visits which were almost double the number of visits in previous months. The imitation jewellery

market in India is almost USD 1.17 million (Ncalculators, n.d.) out of which only 2% is sold online, however, as the penetration of the internet rises (as shown in Exhibit 1) this trend is also changing. Online retailers come with newer international designs, better accessibility, quality certifications, better payment options (monthly instalment plans etc.), also in the arena of real jewellery the trends are catching up which is supported by the fact that the total number of women in the workforce increased from 9 million in 1991 to 28 million in 2011 (S. Anand & J. Koduganti, 2015) and the expendable income in India increased to USD 165 Billion in 2015 from USD 18.7 Billion (Ncalculators, n.d.) in 2014 (Trading Economics, 2017). So evidently the online jewellery business in India was on the rise.

About Caratlane.com

Caratlane was established in Oct 2008, by Mithun Sacheti a jewellery retailer and Srinivasa Gopalan IT entrepreneur (Caratlane.com, n.d.) (Corporate Reporter, 2017). Caratlane Trading Pvt Ltd. was the holding company of Caratlane (D. T. Hector, 2017). Initially, they took 2 years to complete a single sale (D. K. George, 2016). However, in 2017 they prided themselves for having a unique business model where they were functioning with a strong network strength of 4000 global vendors. They offered their customers an advantage of 20% less retail price compared to other retailers, this was because Caratlane was not a reseller, it was a manufacturer and could plan for low overheads and low inventory costs (D. K. George, 2016).

They sold their jewellery through online portals in almost 150 (Caratlane.com, n.d.) cities and towns in India. Also, they had set up call centres to support the customers. "However big your jewellery store is, you still have only one door to enter, but online there are multiple doors to enter from. Earlier, people could not gauge the size of the jewellery that they wanted to buy online. They were concerned about the size, wanted to know if it was perfect for them and wanted to get comments/suggestions from family or friends before buying," said Mithun Sacheti, Co-founder and CEO of CaratLane (A. Mishra, 2017)

Caratlane and the concept of online jewellery stores in India

The concept of online jewellery stores is not mature in India (G. Sathe, 2017). This is because of several reasons: first Indian market is struggling with the acceptance of online retail. So far the profitability in online retail remains a farfetched target. "According to a report public

Shared by Goldman Sachs, Flipkart and Snapdeal collectively need to raise Rs 1.27 lakh crore over next five years to sustain growth." (G. Sathe, 2017)

Though the revenues are high and are expected to reach USD 80 billion by 2020 (FE Bureau, 2017) most of the big players are still to make a mark in terms of

profitability many companies are being devalued," Flipkart was devalued by 27 per cent by Morgan Stanley and later another 15 per cent by T Rowe Price recently. They are valued at less than \$10 billion, from \$15 billion in 2015. Online restaurant discovery platform Zomato was devalued by 50 per cent, to \$500 million, by HSBC. As much as these companies say there is no funding crunch, it is an open secret that most biggies are struggling." (A. Nair, 2016).

Second, the Indian customers are used to jewellery shopping from their family jeweller, the concept of branded gold and diamond jewellery itself is still a nascent concept. "The challenge is to convince them to pick up the branded stuff rather than ounces of it from their family-friendly neighbourhood store "(P. Chamikutty, 2012).

Third, the Indian customers are extremely wary of allowing employees from Caratlane.com (a.k.a strangers) to visit their residence, as most of the customers are women and the crime rate against women is a cause of serious concern in India (B. L. Himabindu, R. Arora & N. S. Prashanth, 2014)

However, Caratlane has attempted to circumvent these issues by its 'Digital' approach which means that initially, Caratlane started by being a digital business and subsequently went on to popularise its products by online advertisements, to gain customers' confidence Caratlane introduced the 'Try at Home' option and the Virtual try-on mobile app (Virtual Try-On, 2017) also. They also set up physical stores and integrated the digital and physical ways of doing business which is being referred to as 'Digical' (India Infoline News Service, n.d.). The fact that they have a partnership with Tanishq also adds up to a strong reason for gaining customers' faith (Caratlane.com, n.d.).

The Perfect Look App

To further solve the above-said problem of discomfort with the online channel of sales for jewellery in the Indian context; Caratlane created an App called Perfect Look App and it was the pioneer in creating the same (D.K. George, 2016). This App when downloaded converted the laptop or mobile phone into a 3D mirror so that customers could try out numerous pieces of jewellery and seek opinions of their friends and family members. They could get a 180-degree view of themselves.

The Economic Times published about the app that, "Customers can swipe their 'virtual' face to look at themselves, from various angles to see if the selected jewellery suits them or not and whether they should make a purchase". Sancheti said "The app already accounts for 20-25 per cent of our business now. We are focusing towards driving traffic in that direction. Our growth has been completely organic," (D.K. George, 2016)

Carat lane also offered a unique feature to customers regarding the try at home option.

Customers could pick a product, choose to try the same at home and decide not to buy the same. Carat lane's call centres would follow up with customers in case they had ordered a try at home piece regarding visits to the home, appointments and if the customers were not available they would even revisit them. Several reviews were published which had explicitly stated that the delivery and service staff at Caratlane was very courteous (Caratlane.com, n.d.)

The Funding received by Caratlane.com

In 2011, Caratlane Trading Pvt. Ltd. the founding company of Caratlane.com received funding of USD 6 million from Tiger Global Management LLC. (VCC, 2011)

In 2012, Caratlane received a funding of USD 4688 from Tiger Global.

In 2013 Tiger Global Management LLC funded Caratlane with USD 15 million.

In January 2015 Caratlane again raised a funding of USD 31 million from Tiger Global LLC (V. Pai, 2015)

With all the funding received it was expected that Caratlane will touch a revenue of Rs 1500 crore by 2018-19 (S. Vijayakumar, 2014).

Caratlane and Tanishq

In 2016 Titan Co. Ltd. of Tata Group acquired a 62% stake which was worth USD 5.2 Million.

"The purchase consideration required for the shares being acquired is USD 5.2 Million. The number of shares to be acquired is 1,91,42,545 representing 62 per cent of the company's (Carat Lane) share capital," Titan Co said in a BSE filing (PTI, 2016).

Titan Co. Ltd wanted an online presence in the jewellery segment with a view to encash its product leadership in the offline jewellery segment through its very popular brand of jewellery by the name of Tanishq. Also, it was a win-win relationship as Caratlane was also set to gain by the Titan partnership as Tata is one of the most trusted brands in India. Mithun Sancheti said, "Titan is getting into a partnership for long term stability. They will buy out our investors," (S.Vijayakumar, 2014).

As Tanishq offers very high-end jewellery items, so Caratlane- Tanishq partnership was brought in to target the lower end segment which is looking forward to buying trendy gold and diamond jewellery at a lower price.

Arvind Singhal, Chairman of Technopak management consultancy firm, said "Many customers are comfortable buying low-value jewellery without visiting the jewellers as it comes with a guarantee certificate. \Titan could have launched its platform, but this acquisition makes sense since there are synergies between their operations. Caratlane can reach out to more customers," (S.Vijayakumar, 2014).

The competitive landscape

Bluestone.com (Bluestone.com, n.d.)

Bluestone.com is owned by Bluestone Jewellery and Lifestyle Pvt. Ltd was established in 2011, by, Gaurav Singh Kushwaha and Vidya Natraj. (S. Chakraborty,2017) Gaurav Singh Kushwaha said that "Jewellery was a tough category with high entry barriers with a clear need gap of established and trusted national players. Traditionally, customers have gone to the established names for ages. The challenge was to change this and introduce a new way of buying jewellery" (V. Dutta, 2014)

Apart from selling jewellery online Bluestone also offered lifetime exchange at 80 per cent of the gold or diamond current price, free try at home service.

In September 2014 Bluestone became the second company to receive investment from Ratan Tata, in the e-commerce bouquet of companies; the first company to receive financing from Ratan Tata was Snapdeal (Jasper Infotech Pvt. Ltd.). Bluestone.com had a revenue of USD 3.6 Million in 2015-16 and was expected to grow to USD 14.4 Million (Ncalculators, n.d.) in 2 years. The company was servicing 5,500 - 7000 orders per month with an average ticket size of USD 366.72 (Ncalculators, n.d.).

Bluestone had been through several rounds of funding and raised the funding of USD 5 million in 2012 from Accel Partners and Meena Ganesh founder of Portea Medical, USD 10 million in 2014 from Kalaari Capital, Accel Partners, Saama Capital and InnoVen Capital, USD 15.8 million from IvyCap Ventures, Accel Partners, Dragoneer Investment Group, Kalaari Capital and Saama Capita (S. Chakraborty,2017)

Malabar Gold and Diamond (Malabargoldanddiamond.com, n.d.)

Malabar Group was started in 1993 by a team of entrepreneurs led by Mr M P Ahammed as an agricornp company (Malabargoldanddiamond.com, n.d.). In the year 2013 Malabar group decided to venture into "development of townships, commercial hubs, e-commerce, organic farming and IT parks" (Sushma U.N, 2013)

Malabar group was a USD 3.2 Billion company that was planning to enter the niche jewellery segment and engage with young and trendy customers (Sushma U.N,2013), however, it was not only a jewellery e-retail outlet.

Kuberbox (Kuberbox.com, n.d.)

Kuberbox was a precious jewellery brand that had online retail outlets by its unique direct selling outlets. It was established in 2014 and had a team strength of 5-9 people. (Funderbeam, n.d.)

Jaipur-based KuberBox works on a zero inventory model; it takes seven days to manufacture after getting the order and a token. "First we give a 3D printed model and get the customer's approval. When

the mould is ready, we cast the design using gold," says Sourav (A. Nair, 2016)

The Uniqueness of Caratlane's business model

Caratlane.com is a portal for selling designer jewellery online (Caratlane.com, n.d.). The model is unique in India because there are very few online portals selling precious jewellery, the closest competitor being Bluestone.com (Bluestone.com, n.d.). Bluestone.com has accorded a revenue of USD 18.58 million as against Caratlane.com's USD 24.41 million (D. T. Hector, 2017) up to December 2016, however, Caratlane.com has won the trust of people in India after the Tata Company Titan invested heavily in Caratlane.com, this is because Tata Sons is a well-respected name in Indian business and are known for high business ethos. CaratLane Co-founder Mithun Sacheti said that "Titan is getting into a partnership for long term stability. They will buy out our investors," (A. Nair, May 8, 2016) (Athira Nair, Oct 13, 2016). Caratlane.com is leveraging this tie-up and this is very evident from their online presence teasers, advertisements and website (Caratlane.com, n.d.).

A major uniqueness of the Caratlane.com business model is the fact that they have adopted a multi thronged approach to customer acquisition. They have approached the customer not only through online platforms but also through brick and mortar stores, mobile apps and Try at-home options. The mobile allows customers to virtually try on the jewellery, the Try at home options allows users to request jewellery items to be brought to their doorsteps for trying out, this further increases the confidence in users' minds to buy expensive jewellery items from an online store. Also, the fact that Caratlane.com has a physical presence which also helps the customer to believe more in the online retailer. These exclusive mechanisms to woo the customers and cajole them to buy online with all the trust and support is what makes the Caratlane.com business model unique.

The challenges faced by Caratlane

It is evident from the secondary data reported above that Caratlane's closest competitor was Bluestone (refer to Exhibit 5)

Caratlane Trading Pvt. Ltd. showed an increase in net sales by 9.5%. They had gone up to USD 19.67 million for 2015-16 from USD 17.97 million in 2014-15, however, they also reported that the net losses had gone to USD 9.37 million from USD 6.42 million as its total expenditure rose by 15% (Manshu, 2011)

In the case of Bluestone Jewellery and Lifestyle Pvt Ltd, it was shown that they had net sales zoomed up to 72%, the sales figures went to USD 9.2 Million from USD 6.3 Billion at the same time its total expenditure rose by 15%. Bluestone also reported a net loss of USD 10.3 Billion in 2015-16 as against a net loss of USD 6.2 Billion in 2014-15.

Both Caratlane and Bluestone have shown any indication of making profits by the year 2018 (D. T. Hector, 2017)

Caratlane had claimed in October 2016 that it will be profitable in two years "We are now at the growth stage, so still investing in branding, marketing, infrastructure etc. But profitability boils down to what you are selling." (A. Nair, 2016)

.Thus a major challenge in sustainability is the inability to attain profitability even after 11 years of establishment and having gained several rounds of funding and boasting of revenue of INR 1500 crore by 2018-19 (S. Vijayakumar, 2014).

Other sustainability challenges are the market forces, the customer preferences which stem from logistics and supply chain issues apart from other aspects discussed below.

Market forces refer to the presence of competing brands like Bluestone (Bluestone.com, n.d.), the funding they have received and their positioning in the market.

Market forces also refer to the overall economic condition of the country, the buying capacity also buying sentiment of people etc. In India typically in festival time during the months of October and November people tend to expend more on gold and diamond jewellery. All India Gem and Jewellery Trade Federation claimed in 2016 that, "Sales this festive season is expected to jump 40% in price terms and 20% in volume terms", (HT Correspondent, 2016) on the flip side there are days in India when people do not buy any new items, these are observed as days dedicated to the religious practices for the forefathers of the family, they are called 'Pitri Paksh' (Astrology, n.d.), so naturally the sales of jewellery items also dip.

The customer preferences refer to the fact that in India customers are still wary of buying products online because for several reasons like there are several below quality products being sold online and being able to identify the correct size remains a risk, which is even more impactful in case of big-ticket sales like jewellery, delivery and logistics remain a big challenge in Indian online businesses, the fact that the tracking systems offered by most of the e-commerce sites are dysfunctional and there are last-mile delivery challenges, huge shipping charges and unclear return policies, however in case of Caratlane.com to a large extent the delivery and return policies have been accounted for due to its tie-up with Tanishq (Caratlane.com, 2018), which has lent Caratlane.com an aura of trust and integrity (Tarun Mittal, 2017).

In a country like India which was still in a nascent stage concerning e-commerce and even the grocery portals were struggling to make profits (Reema Khurana, Susmi Routray, 2016), the online jewellery buying concept had been a slow starter in terms of profitability.

The Indian governmental support to Caratlane.com

The Indian government has initiated a Digital India program under which the government plans to give state of art infrastructure available to the masses in India. The Digital India program is planned to bring 'e-kranti' (digital revolution) in the country by (Ministry of Electronics and Information technology, 2017) "Transformation and not Translation", 'Integrated Services and not Individual Services', 'Government Process Reengineering (GPR) to be mandatory in every MMP', 'ICT Infrastructure on Demand', 'Cloud by Default', 'Mobile First', 'Fast Tracking Approvals', 'Mandating Standards and Protocols', 'Language Localization', 'National GIS (Geo-Spatial Information System)', 'Security and Electronic Data Preservation. "

This contemporary infrastructure availability coupled with the Modi government's start-up schemes (Ministry of Commerce and Industry, 2017) has given a boost to innovations to be converted to business models.

Caratlane.com was also an innovation in the arena of jewellery digital sales in Indian geography, it was conceived and brought to life and subsequently furthered because of the favourable digital business ecosystem created by the government of India.

However it is to be noted that the same ecosystem is being made available to other players in the domain implying the competing organizations are also doing business in the same domain, thus per se, Caratlane.com has not received any advantage from the Indian government

The road ahead

Caratlane had realised the challenge earlier on and had adopted an omnichannel strategy for all functions like marketing merchandising, supply chain and customer services. They had set up offline retail stores and attempted to elevate the user experience, at the same time integrating the same across the channels. They had expected that this will bring customers closer to the brand and instil confidence in an individual about buying jewellery online.

Caratlane approached the customers through mobile, online retail, physical retail and Try @ Home options.

It remains to be seen whether this company which is backed by Titan Industries Ltd will be able to sustain the future by gearing towards profitability?

Implications & IT related Learning Objectives

- The importance of jewellery in the Indian context, how digital businesses have fared in India in the last decade and the concept of selling jewellery online
- Caratlane.com as a digital business and its strategies, with a special mention on its strategic tie-up with Tanishq, the jewellery arm of Titan Industries Ltd.

- Competitive landscape of Caratlane.com and support from the Indian government for better digital infrastructure to encourage digital business ecosystem
- Sustaining strategies for Caratlane.com and how value proposition can be redefined so that Caratlane.com is made into a profit-generating business in the digital landscape

Suggested Teaching Approach and Plan

The case should be delivered in a 75-minute session, where students should have read the case before the class. The class may be started with a 15-minute discussion on newer business models which have emerged in the last 10 to 15 years not only in India but across the world. The reasons for the same and how they have challenged the traditional businesses.

Following questions may be given an assignment or discussed in class for analysis

1. Why is the concept of online jewellery stores not popular in India? How has Caratlane.com circumvented those issues?
2. What is the uniqueness of Caratlane.com's business model?
3. What are the challenges for sustainability to Caratlane.com?
4. What is the governmental support being extended to Caratlane.com as a jewellery retailer in India?

Analysis

1. Why is the concept of online jewellery stores not popular in India? How has Caratlane.com circumvented those issues?

The concept of online jewellery stores is not mature in India (Gopal Sathe, 2017). This is because of several reasons: first Indian market is struggling with the acceptance of online retail. So far the profitability in online retail remains a farfetched target. "According to a report public

Shared by Goldman Sachs, Flipkart and Snapdeal collectively need to raise Rs 1.27 lakh crore over next five years to sustain growth." (Gopal Sathe, 2017)

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branded gold and diamond jewellery itself is still a nascent concept. "The challenge is to convince them to pick up the branded stuff rather than ounces of it from their family-friendly neighbourhood store " (Preethi Chamikutty, 2012)

Third, the Indian customers are extremely wary of allowing employees from Caratlane.com (a.k.a strangers) to visit their residence, as most of the customers are women and the crime rate against women is a cause of serious concern in India (B.L. Himabindu et al, 2017)

However, Caratlane has attempted to circumvent these issues by its digital cum physical approach which means that initially, Caratlane started by being a digital business and subsequently went on to popularise its products by online advertisements, to gain customers' confidence Caratlane introduced the 'Try at Home' (India Infoline News Service, 2017) option and the Virtual try-on mobile app (Virtual Try-on app, 2017) also. They also set up physical stores and integrated the digital and physical ways of doing business. The fact that they have a partnership with Tanishq also adds up to a strong reason for gaining customers' faith.

2. What is the uniqueness of Caratlane.com's business model?

Caratlane.com is a portal for selling designer jewellery online (Caratlane.com, 2021). The model is unique in India because there are very few online portals selling precious jewellery, the closest competitor being Bluestone.com (Bluestone.com, n.d.). Bluestone.com has accorded a revenue of USD 18.58 million as against Caratlane.com's USD 24.41 million (Dearton Thomas Hector, 2021) up to December 2016, however, Caratlane.com has won the trust of people in India after the Tata Company Titan invested heavily in Caratlane.com, this is because Tata Sons is a well-respected name in Indian business and are known for high business ethos. CaratLane Co-founder Mithun Sacheti said that "Titan is getting into a partnership for long term stability. They will buy out our investors," (Athira Nair, 2017). Caratlane.com is leveraging this tie-up and this is very evident from their online presence teasers, advertisements and website (Caratlane.com. 2021).

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customers and cajole them to buy online with all the trust and support is what makes the Caratlane.com business model unique.

3. What are the challenges for sustainability to Caratlane.com?

Caratlane.com was established in October 2008 (Caratlane.com, 2021) and in September 2017 was not able to project any profits. It has claimed in October 2016 that it will be profitable in two years "We are now at the growth stage, so still investing in branding, marketing, infrastructure etc. But profitability boils down to what you are selling." (Athira Nair, 2017). Thus a major challenge in sustainability is the inability to attain profitability even after 11 years of establishment and having gained several rounds of funding and boasting of revenue of INR 1500 crore by 2018-19 (Sanjay Vijaykumar, 2014).

Other sustainability challenges are the market forces, the customer preferences which stem from logistics and supply chain issues apart from other aspects discussed below.

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The customer preferences refer to the fact that in India customers are still wary of buying products online because for several reasons like there are several below quality products being sold online and being able to identify the correct size remains a risk, which is even more impactful in case of big-ticket sales like jewellery, delivery and logistics remain a big challenge in Indian online businesses, the fact that the tracking systems offered by most of the e-commerce sites are dysfunctional and there are last-mile delivery challenges, huge shipping charges and unclear return policies, however in case of Caratlane.com to a large extent the delivery and return policies have been accounted for due to its tie-up with Tanishq (Caratlane.com, n.d.), which has lent Caratlane.com an aura of trust and integrity (T. Mittal, 2017)

4. What is the governmental support being extended to Caratlane.com as a jewellery retailer in India?

The Indian government has initiated a Digital India program under which the government plans to give state of art infrastructure available to the masses in India. The Digital India program is planned to bring 'e-kranti' (digital revolution) in the country by (MEIT, n.d.) "Transformation and not Translation", 'Integrated Services and not Individual Services', 'Government Process Reengineering (GPR) to be mandatory in every MMP', 'ICT Infrastructure on Demand', 'Cloud by Default', 'Mobile First', 'Fast Tracking Approvals', 'Mandating Standards and Protocols', 'Language Localization', 'National GIS (Geo-Spatial Information System)', 'Security and Electronic Data Preservation. "

This contemporary infrastructure availability coupled with the Modi government's start-up schemes (MoCI, n.d.) has given a boost to innovations to be converted to business models.

Caratlane.com was also an innovation in the arena of jewellery digital sales in Indian geography, it was conceived and brought to life and subsequently furthered because of the favourable digital business ecosystem created by the government of India.

However, it is to be noted that the same ecosystem is being made available to other players in the domain implying the competing organizations are also doing business in the same domain, thus per se, Caratlane.com has not received any advantage from the Indian government.

Research Note

The case has been developed using secondary resources and published material. The case may be studied using the underlying concepts of business modelling and e-commerce business models. The author was inspired for writing the case when she observed that digital medium was being used for gold jewellery sales, this was exceptional because of three reasons first big-ticket sales on digital media are still a grey area, second in India gold jewellery is a traditional article which may be bought online, thirdly the clientele for such customary articles may not be technologically savvy. The key objectives and analysis of this case are presented in the Suggested Teaching Approach and Plan section.

Exhibit 1 (Internetlvestats, n.d.)

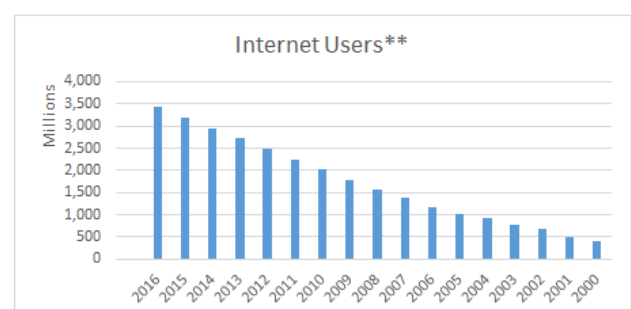


Exhibit 2 (PwC, 2014)



Exhibit 3 (V. Agarwal, 2015)

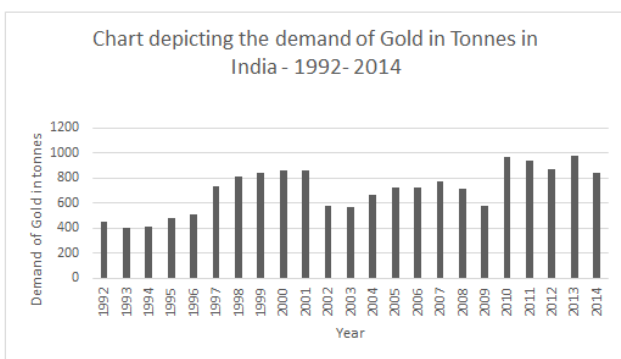


Exhibit 4 (The Statistics Portal, n.d.)

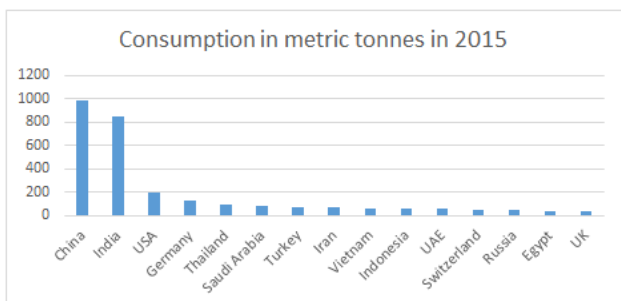
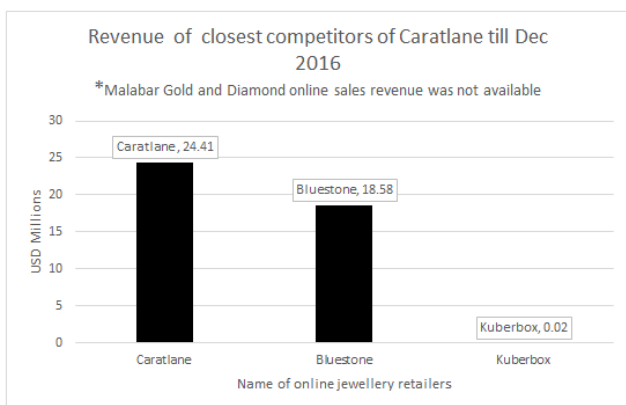


Exhibit 5 (Dearton Thomas Hector, 2017) (Caratlane.com, n.d.)



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