

Growing a category by improving access

Innovations like home check-ups and trials have helped Lenskart disturb the eyewear business, writes Ranju Sarkar

As e-commerce companies learn to live with lower valuations, Lenskart is defying the trend.

Last fortnight, when the Delhi-based start-up raised ₹400 crore in a new round of funding led by International Finance Corporation, it saw its valuation triple to ₹1,700 crore. Ratan Tata, chairman emeritus of Tata Sons, and S Gopalakrishnan, co-founder of Infosys, also invested in this round, and for a good reason.

Lenskart sells 5,000 spectacles a day. This makes it one of India's top two eyewear firms. Titan Eye Plus, with about 400 outlets, is the largest player. Starting as an online player in 2010, Lenskart switched to an omni-channel approach to make eyewear available online, in high streets, malls and hospitals, and at home.

Lenskart was founded by Peyush Bansal and Amit Chaudhary in 2010. Venture capital firm IDG Ventures bet early and invested \$4 million in Valyoo Technologies, which owned Lenskart, in November 2011.

Just before it raised money, the duo roped in Sumeet Kapahi as the third founder. Kapahi was a business development manager of Luxotica India Eyewear (Rayban).

By then, Valyoo had launched two other e-commerce verticals, bagkart and watchkart, followed by jewelskart. All of these were shut down in 2013. "The company has done well since it began focusing on eyewear two-and-a-half years ago," said an investor.

According to a study, nearly 530 million people in India need spectacles but only 170 million wear these. "It's got a lot to do with awareness. Till it becomes important, people don't go for glasses," says Peyush Bansal, chief executive of Lenskart, whose stint at Microsoft influenced him to start with customers and work backwards.

Ronnie Screwvala, founder of Unilazer Ventures, an early investor in Lenskart, says: "Most people are negligent about



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FACT BOX

Area of business: Prescription eyewear

Founded: 2010

Founders: Peyush Bansal, Amit Chaudhary and Sumeet Kapahi

Funding: ₹714 crore (close to \$100 million) in four rounds

Investors: IDG Ventures, Unilazer Ventures, IFC, TPG Capital, TR Capital, TPG Growth, and Adveq

their eyes but might behave differently with the convenience of check-ups. The market in India is massive. Unlike in the US, where eyewear is a niche market, it can be a mass market here."

The eyewear market in India is worth \$3 billion, or ₹20,000 crore, and growing 15 per cent a year. Yet, it has not seen

(From left) Lenskart founders Amit Chaudhary, Peyush Bansal and Sumeet Kapahi

many start-ups. Partly because it is a complex business and cannot be easily distributed. "It's not like you can add a tab on your website and find suppliers," says the chief executive of an eyewear company who didn't wish to be named.

Start-ups like Yebhi and Healthkart have tried selling eyewear online. There are websites like Glassic and Lensclues, while lens major GKB started a website, gkboptical.com, and put serious money into it.

"It is about trust. You want to go to someone who will get your lenses right. Some of the bets we have taken helped us," says Bansal. Others struggled as their orders crossed 100-200 a day.

Access is still an issue. India has only 25,000 opticians, of which 22,000 are single-shop opticians. Lenskart has focused on improving access by home eye check-ups, offline stores, home trials and a mobile app. Soon, users can book an eye check-up on an app, just like they book a cab now.

Lenskart has removed intermediaries and complexities in operations by cen-

tralisng lens manufacturing and cutting, helping deliver quality. It buys raw material for frames and has these manufactured in China and Italy. There is a lot of price difference because of this, says Bansal.

"The answer to any big thing we have

done has come from the consumer," says Bansal. "People said we want to buy from you but we don't know our power."

Lenskart started home eye check-ups, which became pivotal as people started talking about the initiative. Today, it conducts 3,500 eye exams a day and 150 camps in a month. Customers may not buy immediately but 40-50 per cent come back to buy from Lenskart.

Consumers in Tier-2 and Tier-3 towns are not going to buy on the internet so easily. However, eyewear has a lot of recourse: A customer could come back with a problem. "We launched stores in 2014, as we wanted these to be a trust point and a trial point," says Bansal.

Its value-for-money price positioning helps it rake in volumes — its average ticket price is ₹1,500-2,000. A similar product, with thin anti-glare lenses, will cost ₹5,000-6,000 at a high-street store, claims Bansal.

Lenskart's unique franchisee model for stores has helped it scale up fast. The franchisee carries a limited stock for display. The order is placed online and serviced by the company. A franchisee invests ₹25 lakh to do up the store, in eye-testing equipment and people, earns 30 per cent on an order, and breaks even in a couple of years, says Bansal. But, it's the mobile app that brings most traffic. Lenskart launched its app last year. It also started a service for consumers to try five frames at home and then order.

Armed with ₹400 crore, Lenskart plans to enter 372 cities over the next three years. Among these would be Mathura, Haridwar, Siliguri, Agartala and Tirupati. It is building affordable eye check-up equipment that will help tap smaller towns.

EXPERT TAKE



Lenskart is the most innovative optical retail start-up anywhere in the world. The key to its success is that the founders did not have an optical industry background and, thus, were not burdened by preconceived notions. Traditional optical retailing, particularly in India, has been oriented

to selling modest numbers of eyeglasses at astoundingly high mark-ups — as much as five times the cost. Lenskart uses very modest mark-ups in order to make quality eyeglasses for ordinary people.

Another aspect of Lenskart's success is three models for reaching consumers: Online, modern shops and home visits by optometrists on motorbikes.

The challenge for

Lenskart is to build an organisation that can handle 10 times the current business. They should continue to hire experienced hands, especially in middle management, where much of the business is controlled.

E Dean Butler, founder of LensCrafters North America, Vision Express worldwide, and several other optical businesses