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Case Study

Urban Company: The Road from Local to Global

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ABSTRACT

With a great response from Indian urban consumers, home services start-up, Urban Clap looked forward to venture into the global markets. The think tanks thought of rebranding the company from Urban Clap to Urban Company. The company was successful in luring investors and raising capital. It rigorously focused on employee training and improving customer experience which resulted in great success for a 6-year-old start-up. Urban Company co-founder Abhiraj Bhal said at the announcement that the intention behind the rebranding was to have a globally acceptable company name (Sheth, 2020). For increasing the scale of operations, the company tied up with NSDC to source, train and employ at least a million individuals from tier 2 and 3 cities. It is a historical fact that many times rebranding may fail. When we compare the entry of foreign brands into India, we see that the majority have used their original name and value proposition which is carried by the parent brand. Only time can tell that the decision will go right or wrong for "Urban Company".

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The Case Study

Urban Clap was one of the largest Home Utility Service providers in India. The company got huge success in providing the varied type of services delivered directly at home; be it servicing Air conditioners or home appliances, beauty and Saloon services, interiors, health, and wellness, or pest control. Urban Clap was the brainchild of three young entrepreneurs named Abhiraj Bahl, Varun Khaitan, and Raghav Chandra in 2014, with an innovative idea for facilitating customers with services ranging from haircuts and pedicures to paintwork of houses (Urban Company, 2014). Since its launch, it has achieved good consumer acceptance in urban and semi-urban markets across India.

The company was able to raise funds from several investment firms including \$75 million from a US-based investment fund Tiger Global Management and \$180 million from renowned capital investors like Steadview Capital, SAIF Partners, VY Capital, and Accel (Sriram, 2019). We could notice the performance of the company as it was not only able to raise funds but also was able to pay back as well. It paid back a whopping amount of \$45 million well in time, to the existing investors, angel investors, employees, and shareholders. The company also claimed to have a cash balance of \$100 million in its bank accounts (Mathur, 2020). This extraordinary performance gave confidence to the entrepreneurs to sail the boat to foreign waters as well. The company is now set to start operations in countries like Australia, Singapore, and UAE (Agarwal, 2020).

In India, Urban Company only had a few competitors naming Housejo of Bangalore (Amazon-backed), Zimber (acquired by Quikr), and Timesaverz (Mumbai-based) (Editorial Team, 2022). In NCR, Urban Clap almost had a free run and captured the entire market within the first few years, with market size and share going up continuously. According to a Mint report, in the financial year 2019 itself, Urban Clap claimed to have served around 3.3 Million customer orders which was an intense growth from about 1.2 Million customer orders in the financial year 2018 (Mathur, 2020). The Gross Transaction Value (GTV) of all orders in the last financial year increased to around Rs.400 Crore from Rs.130 Crore in the financial year 2018 (Mathur, 2020).

GTV characterizes the aggregate spending of the customers of a company in any financial period. The exponential success in the domestic market motivated the top management of the company to try its fortune in global markets. The logic given behind rebranding the brand was that an umbrella brand was required to target the customers across the globe needing a variety of services. “The new umbrella brand captures our ambition to be a horizontal gig marketplace with a global footprint and leadership across services categories like beauty and wellness and home repairs and maintenance,” said Urban Company co-founder Abhiraj Bhal (Dimri, 2020) (Exhibit 1). The organization said it would keep on training new service specialists. Giving an interview with Inc42 earlier, the co-founder of Urban Company, Mr. Raghav Chandra said, “training top-quality professionals is harder and harder and training must get nuanced as customer expectations change. Urban Company aims to train a million professionals in the next five years to meet the demand in Tier 2 and 3 cities. We have 20K professionals whose 100% revenue comes from UrbanClap” (Team Inc42, 2020).

The company is quite hopeful to wow global customers with its seven verticals of services including grooming, beauty, spa, cleaning, repairs, painting fitness, and yoga, that are offered to the customers over its mobile app as well as its dynamic website platform. A major branding overhaul was done to change its branding and positioning among customers due to this (Exhibit 2) (Mathur, 2020). The reason given against its rebranding is to create a ‘Globally Acceptable’ name. “At #UrbanClap, in 5 years, we have created a partner network of 25,000+ trained professionals and served over 5 million households. UrbanClap has come of age and now has a new name. UrbanClap is now an Urban Company. #UrbanCompany,” the company tweeted (@urbancompany_UC, 2020). Rebranding indicates the company’s vision aims at being a horizontal platform with a global footprint.

We have got numerous examples where a successful foreign brand used its existing brand value and position while entering into a new market. Normally a brand tries to leverage its existing brand equity for better positioning.

Also, in a few cases, when the old brand lacks strong brand equity and consumer acceptance in the



Exhibit 1: Urban Company Co-founder Mr. Abhiraj Bhal

Source: (Dimri, 2020)



Exhibit 2: Urban Clap is now Urban Company

Source: (Mathur, 2020)

current market, it tends to create and communicate a different positioning to its customers. The vision of urban clap as an urban company was formulated by the founders expected to make it a global brand (Exhibit 3).

Rebranding has its own pros and cons. It sometimes refreshes an underperforming or dying brand. It also revives the customers of an old brand

by giving a new essence to its positioning statement. At the same time, rebranding involves huge costs and risks. If it does not go well, rebranding can create confusion among customers about brand identity and communication, brand promise, and affect the loyal customer base. Urban Clap as a brand has performed well in the last 5 years and the expected outcome of the whole rebranding exercise is uncertain. Thus, it would be interesting



Exhibit 3: The rebranding of Urban Clap

Source: (Mishra, 2020)

to see the possible outcome of the entire rebranding exercise of Urban Clap to Urban Company (Mishra, 2020).

It invokes an age-old dilemma in the mind of the management fraternity, is rebranding necessary for a company to go offshore? For some it has worked well it has not, the case of Urban Clap to Urban Company would be interesting to look forward to in the times to come.

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Appendix

Teaching Notes

A synopsis of the case

After receiving a stupendous response from Indian urban consumers, home services start-up, Urban Clap strategized to venture into the global markets. The think tanks thought of rebranding the company from Urban Clap to Urban Company. The company was successful in luring investors and raising capital. It rigorously focused on employee training and improving customer experience which resulted in great success for a 6-year-old start – up.

Urban Company co-founder Abhiraj Bhal had announced that the intention behind the rebranding was to have a globally acceptable company name. For increasing the scale of operations, the company tied up with NSDC to source, train and employ at least a million individuals from tier 2 and 3 cities. It is a historical fact that many times rebranding may result in a failure. When we compare the entry of foreign brands into India, we see that the majority have used their original name and value proposition which is carried by the parent brand. Only time can tell that the decision will go right or wrong for “Urban Company”.

The target learning group

Undergraduates, Postgraduates specializing in marketing and branding, Executives working in the field of marketing, especially product and brand management

The learning/teaching objectives and key issues

The major objective of the case study is to understand the importance of developing a global brand with required alterations from

time to time. It also points out how a small entrepreneurial effort of 3 budding entrepreneurs created a unicorn company in no time, which indicates that the right idea with the right execution can do wonders.

The teaching strategy

The case should be used to discuss the importance of the right idea and execution to develop a start-up company into a multinational brand. It also points out the need for an organization to adjust as per the market conditions and growth probabilities. It also points out the importance of branding and brand management and how it relates to the growth of the organization.

Questions for discussion

1. Is rebranding necessary for a company to go global?
2. In what circumstances can rebranding backfire? Discuss.
3. How rebranding affects the existing positioning and performance of the established brand?
4. Explain the key management learnings for the case.

Analysis of data

Not applicable

Background reading

One should read the reference book of Marketing Management by Philip Kotler and Kevin Lane Keller for having a basic idea of brand positioning.

Experience in using the case

The students should be focused on acquiring skills related to raising capital, international branding, and rebranding.