

Fan Merchandise business model in India: Blue Gape

Written by Amit Ghosh

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The 21-year-old Ayush Varshney and 23 year old Sahil Baghla stepped out of IIT Kanpur last year with a clear vision in mind. These hyperactive duos did not sit through campus placements, but rather chose to be entrepreneurs and they knew that no corporate could offer them a match to what they already had in hand. Started operating out of their hostel rooms, Bluegape.com, is a fan merchandising outlet which now has a turnover of Rs 5 crore.

Till 2011, Ayush and Sahil were usual students. Seeds of a wonderful business idea came to them when they planned printing a poster for a campus event. No sooner, the duo invested Rs 2 lakh to start Bluegape and their hostel room turned out as their first office! The seed fund was managed by Baghla who bagged an internship in the US and their friends turned out as their customers. With the orders received from students, they printed posters at local shops and pocketing about 20% of the sale price as their initial income. But that was not small- in just three months time, they earned a monthly turnover of Rs 1 lakh! No sooner, the duo decided to expand their business through a dedicated website.

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Bluegape.com is now India's biggest fan merchandise store. "We are trying to build a platform where anyone can find merchandise of the brands, they are fan of" the duo puts their business model in a very simple and interesting way. Our vision is to enable brands to start a Fan Store as simple as one starts a Facebook page.

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We have signed up with brands like Krrish 3, 9X Media, Indian Ocean, Sholay, Aam Aadmi Party etc for their Fan Merchandise. We make money on every transaction of merchandise and brands get the royalty on sales" says Sahil.

These young and enthusiastic entrepreneurs who are passionate about their business enjoy the company of creative people. No wonder, what they have started is a creative platform deeply engages people from all age groups.

If we look at global picture of Fan Merchandise industry, despite uncertain economic factors, the salient fact is that fan merchandise is clearly still a growth business. The Top 150 Global Licensors accounted for almost \$230 billion in retail sales of licensed products worldwide. The top licensors represent dozens of renowned and diverse properties in apparel, entertainment, toys, home decor etc such as Better Homes & Gardens, Angry Birds, Marilyn Monroe, Thomas the Tank Engine, Skylanders, etc to name a few.

If we look at the Indian picture of Fan Merchandise industry, the total market is still \$125 million. There are very few licensing companies who are still working on decade old copy-pasted business model of west. India is a lot more unorganized in terms of retail. Also Internet has penetrated quite a lot in last one decade. "There is urgent need to completely redefine the Fan Merchandise business model in India. That's what we are doing at Bluegape.com" says Ayush.

Anyone who has a picture and holding its copyright can contact Bluegape and they take care of its designing, manufacturing and distribution. If they just need a poster that too can be done and will be delivered in 4-10 days.

Copyright issues being one of the main challenges they face, Sahil says that it is difficult to ascertain whether the pictures they are getting are genuine or not. To keep away from such issues, the duo changed their focus to launch their own products this year by buying images.

On bagging an office space at Noida, provided by a media house, their key focus now is Fan Merchandise, creating products like Tshirts, coffee mugs, laptop skins, cushion covers etc. Out of campus and positioned at Noida, they are a team of 20 now, comprising of designers,

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executives and operations and are in discussions with big brands like Vodafone, Polaris and Honda. Based on the user purchase data in online world, they further extend the brand for offline distribution. "This helps us to empower brands which are virgin in terms of merchandise but could have huge potential", he continues. Brands like Krrish 3, 9X Media, Indian Ocean, Sholay, Aam Aadmi Party etc have already signed up on the platform.

When asked about their operation mode, he says it's the most interesting question about their business. "We work on complete no inventory model. As soon as someone places the order, we print and ship it". The USP of their business being helping brands to launch their official fan stores with them, this very concept helps them to generate referral traffic from these brands. They work on No Inventory and generate referral traffic. As a strategy they also plan offline distribution from the data of online sales.

Bluegape has raised total INR 2Crore in funding from Times Internet Ltd and Individual angels, and claims a real good response from its target audience with 2 Lakhs+ registered users. "We see 30K unique visitors a month. We are aiming for 10 Lakh registered users in 2014," concludes the duo.