

Wood Barn India: Trying to Break a Concrete Mindset

“Everybody has a dream of having a river front house, a mountain view house or a house in front of a beach. They keep it very close to their heart. Our aim is to become a medium through which they can fulfill that dream.”

Sanjay Sharma, CMD, WoodBarn India

“Our vision is to be India’s most responsible and most reliable name in the wooden structures, to provide to our customers world class eco-friendly structures which are, energy efficient and absolutely easy to make, manage and live.”

Anila Rampuria, Mentor, WoodBarn India

It was a summer afternoon of 2014, and a meeting was going on between the top management team of WoodBarn India (WoodBarn) and a freelance consultant Subir Ghosh (Ghosh) at the WoodBarn India office in New Delhi, India. Present in the meeting were Sanjay Sharma (Sharma), the CMD of the company, Anurag Khandelwal (Khandelwal), the CEO, Anila Rampuria (Rampuria), the mentor and Abhilash Majumdar (Majumdar), the head of IT division. The consultant had just been hired by Sharma on a part time basis to help their wooden houses and wooden structure business. WoodBarn India was founded jointly by Sharma and Khandelwal in 2006. WoodBarn was the first corporate company in India to introduce log houses and in a period of 8 years it had been able to devise and develop more than 150 projects that suited the Indian geography. In 2014, it had its presence felt in various locations such as Jammu & Kashmir, Himachal Pradesh, Kerala, Karnataka, Goa, Delhi, Uttarakhand and Gujarat.

By 2014, the company had gained good exposure, in national and international markets. Yet there were quite a few challenges which were bothering the company. As Rampuria elaborated, *“Wood houses are at a very nascent stage in India and because of myths associated with wood being used for construction there is consumer resistance.”* Khandelwal added, *“Consumer awareness is low about the utility of wooden houses and still majority think that concrete houses are more durable in the long run than wooden structures.”* The issues from the cost and pricing angle were highlighted by Sharma, *“In India there are legal and quality issues of procurement. Thus we have to import wood from abroad. This increases the cost and thus the final price is 20-30% higher than a concrete structure. This is a big deterrent for Indian consumers, who are still majorly price conscious.”*

To grow and sustain (refer Exhibit 1 for Key Financials), WoodBarn needed the middle class consumers who were showing lukewarm response to the concept. To convince the consumers, there was a need of a mass marketing campaign which involved using traditional media. However, WoodBarn was using majorly word-of-mouth and online social media such as Facebook as the modes of communication for the retail consumers.

To add to all these, there were various macroeconomic issues which the company had to tackle at a regular basis. Thus, a brainstorming session of the top brass was organized where Ghosh was also invited so that he could have a clear idea about the company and its challenges. Sharma went back in time to convey the WoodBarn story to Ghosh.

BACKGROUND

The idea of WoodBarn India was conceived out of the passion that Sharma had towards wood. Being into furniture business, he used to manufacture wooden products but the decision to start a

prefabricated wooden house business initiated when he saw a company manufacturing wood houses at an exhibition abroad. He recalled, *“Way back in 2005, on a flight, I met a polish guy. He was mentioning about a wooden house near a river and he showed some of the pictures of the wooden house. I liked the photo so much that I was imprinted in my mind. The same year, I came across a wooden house company at an exhibition abroad. An idea sparked as to why not I start a company with a similar product offer?”*. After coming back to India, Sharma contacted his architect friend, Khandelwal who agreed to be his partner for the start-up. Khandelwal was an established architect and had significant knowledge in wood technology. Even though the concept of wooden houses is well prevalent in almost all advanced nations, it's rare in urban India. They got their first consignment of a farmhouse at New Delhi, India in end 2005 from an acquaintance. Sharma reminisces, *“I told my friend, that this is a new concept, and I am starting a business of building wooden houses. He liked the idea of wooden house. In India lot of people want something new which others don't have and there we got our first consignment.”* The job was to build a wooden house structure of around 300 square feet with one living room, one small bed room with a toilet and a small verandah in the front. Sharma recalled, *“..that was our first consignment and we were also very new, we didn't know how to install it but it came out very well.”* Further he added, *“...the farmhouse became our display center. The owner being a friend, we were allowed to take clients to show the house. Whoever went there liked the concept and spread word of mouth.”* Thus, in 2006 Sharma and Khandelwal decided to formally start a prefabricated wooden structure business with a vision to provide world class environment friendly wooden structures in India. They named it Wood Barn because it would convey the USP of the business and at the same time convey and international feel since the concept of a barn house was very popular in the west.

Initially, they faced a lot of resistance at different levels. Even though it was a novel concept, there was little acceptance from the people because of the myths associated and the costs involved. Sharma recollected, *“the early years were very tough. Out of 100 queries we used to receive only 1 used to buy and that too after much of persuasion. It was only the bold people who ventured. Majority believed wooden houses to have issues with security, fire, termites, etc.”* Khandelwal added, *“The Indian mindset is always about a house with brick and mortar. People think only concrete and brick houses are sturdy and strong.”* To aggravate the problem, Wood Barn’s houses were more expensive than conventional concrete and brick houses, as Rampuria quipped, *“Our offers were 25-30% more expensive than conventional houses.”*

THE EARLY BREAKTHROUGHS

By the year 2007-08, WoodBarn India had made its presence felt in the market and had started getting projects. The major breakthrough came when they got the Tamara Coorg project in Karnataka, India. The Tamara Coorg, a luxury resort was the dream project of Ms. Shruti Shibulal, daughter of Infosys¹ co-founder SD Shibulal and they appointed a renowned architect Mahesh Aiyer (Mahesh), to construct this project in a unique way. Mahesh had rich experience in hotel industry and was involved with construction of several luxury hotels. He constructed the first sample cottage but it took him almost 3 years to complete and thus he deliberated on allowing another company that could use prefabricated wood and install it on-site and in a short period of time. Sharma recalls how they got the project, *“there was an article which was featured in business today. The article head started like if a builder promises to do a house in ten days, he will be declared insane but that’s not the case with the company called WoodBarn India which promises to do the same. When Mr. Mahesh, read the article he called us up and invited*

¹ Infosys is one of the leading Information Technology companies in India with a global span of business.

us to Bangalore. We went there and we were able to impress him. He then went with us to our factory to examine our process and then handed over the project to us. We did the whole project in around 9 months.” Khandelwal stressed, *“this was one of the most difficult terrains to work on, as you would see in the photos that it had a slope at one end. Thus the time taken was really short”* (Refer to Exhibit 1 for snaps of the project). For wood barn, it was one of the most prestigious projects and they received a lot of kudos for the same such as: “the most romantic destinations” by CNBC Awaaz, 2013; “Top 20 Honeymoon Destinations” by Conde Nast Traveller India; and the “Best Luxury Resort in South India” at the South India Travel Awards in 2014.

Impressed by their craftsmanship and the ability to do the work rapidly, Mahesh entrusted them with the responsibility of another project which he was doing. It was the Asthamudi backwaters holiday resort project in Kerala, which he was doing for Club Mahindra. The project also got completed in relatively short period and Wood Barn did not have to look back.

WoodBarn bagged its third major project in 2010, when they got the Ski Resort project, in Auli from the government of Uttarakhand, India. Auli was considered to be one of the top ten skiing destinations of the world. Being at a high altitude (around 10,000 feet above mean sea level) it was a difficult project to manage. Khandelwal shared snippets of the experience, *“The truck couldn’t reach the site and there was a barrier. One truck almost slipped over the valley with the wheels hanging on the valley. So we had to go on a trek of 3 km and had to manually carry all our stuff to the site location”*. In spite of hurdles posed by the terrain and weather, the company finished the job of within a year (Refer to Exhibit 2 for Major business and consumer projects by WoodBarn). Subsequently, they started getting offers from individuals, business customers and even celebrities. The journey had taken pace.

THE PRODUCT AND THE PROCESS

Sharma recollected the early days, *“We were learners. We got engineers from China, and Finland to teach people about how to install these structures. Though it is very simple technology to install but then we took 4-5 years to learn the intricacies.”* To this Khandelwal added, *“so far we have done lot of experimentation: with people, with product, with materials, with clients and with sites, with logistics, with strategy and so many other things”*.

After hearing the WoodBarn story of how the business took off, Ghosh was interested to understand the production process from getting an order to delivery. Khandelwal started explaining, *“The process starts with a client coming with a brief which is first noted. Then some standard designs are shown to the clients, which are manufactured by our parent companies. We have 4-5 parents companies who manufacture these structures. In case the client has some specific requirements, the designs are customized as per the requirement of the client.”* Once the design was finalized (Refer to Exhibit 3 for a sample design), a backend team headed by Khandelwal designed the structures. The same were then sent to the parent company that provided them with a price quote. Once the quote was agreed upon, the design was sent for production which took approximately 2 weeks to get finished. The prefabrication took place in China. Then material was transported to India in a span of 25-30 days. The material was then transported to the site which in the meantime was made ready for construction. Within another 15 days the whole process of fabrication got completed and the structure was ready. Thus, the whole process approximately took around 75 days from start to finish. Sharma added enthusiastically, *“Normally we consider it a hundred day process. If we are in stock and if the site is near to our resources, then we can even do it in a week’s time. But, if it has to be customized to the client’s needs, then the process would take more time”*.

The raw materials majorly constituted premium-quality Kiln Dried Spruce Canadian Wood², which came from Canada. Sometimes, the raw materials were imported from China. Therefore the company aimed at developing technical collaborations or equity partnerships with some of the parent companies so as to manufacture in India. However, the costs and thus the final price got escalated because of the import of raw materials. There were two hurdles of having a manufacturing unit in India. The first was a macro economic issue since wood industry was not organized and mature in India compared to its western counterparts, as Khandelwal explained, *“The concept of legal wood and illegal wood is absolutely unknown as far as Indians are concerned. In India the wood you are getting is neither stamped nor graded nor seasoned. It is mostly like some illegal loggings.”* The second issue was obviously of the small market size. In order to start their production in India, WoodBarn needed a large market to reap the economies of scale, as Sharma elaborated, *“We want to manufacture in India. Unless we have a steady and high demand, production at a higher level won’t make sense.”*

LOGISTICS: NO PROBLEM

Logistics was not a big challenge for the company. In Sharma’s opinion, *“Wooden house structures are like children’s building blocks. It can be reinstalled at one place, can be dismantled and installed again at some other place.”* The raw materials and the labor could be accommodated in a single truck to the site. Labor issues were almost absent as Khandelwal asserted, *“The duration is very less for most projects. If ten workers are to make a 1000 square feet structure, they complete it within 7 to 10 days. Moreover, Indian labor is very adaptable*

² Kiln dried wood is used as a structural framing material in many types of residential and commercial construction. Out of the various types, Spruce is known to be high on qualities such as machining, sanding, gluing, etc.

compared to labor anywhere in the world. They go to the site, complete the whole project and come back.”

PRICING CHALLENGES AND THE VALUE

Pricing was a huge challenge for WoodBarn. The price was generally based on the cost involved. The wooden houses cost almost around 25-30% higher than the conventional concrete structures. The high cost was mainly due to import duties on pre-fabricated wood which ultimately pushed the final price. The price was the main reason behind the fact that WoodBarn remained a majorly business to business (B2B) brand till the early 2013 and had major clients as hospitality firms. However, the company was confident of the value for money of their product. Rampuria quipped, *“Even though, on an average, these houses cost 30-40% more, it is made up by the savings due to the reduced construction time and low running costs.”* *“Normal construction takes anywhere from 8-10 months, and during that period, most people are forced to stay on rent. Wooden houses help you save on the rental costs,”* added Sharma. Sharma went on to describe the other benefits, *“since the concept is new, we are unable to realize, but the advantages of people living in a wooden house are many. People living in wooden house are less prone to allergies, its natural, it has no toxics, it breathes, it absorbs humidity and dryness.”* Adding to the durability of the structures, Sharma confidently said, *“These houses are highly durable and have a life of as long as 50 years and can extend up-to 100 years.”*

PROMOTING WOODBARN

Regarding marketing communications, WoodBarn team had a different viewpoint and was against the traditional means of advertising i.e., by using print or electronic media. Initially, the marketing was only through the public interface, i.e., word of mouth and subsequently the company participated at various exhibitions like ACETECH³, India International Trade Fair⁴ (IITF) etc. through which they had received lot of awareness and interest towards their products. Sharma got nostalgic remembering the experience of ACETECH 2013, *“The average stalls in the exhibition were normal ones which were small and could be dismantled easily. Whereas, we had put up a 600 sq. ft. house and that too within 36 hours as we did not have much time. Thus we were overjoyed when we won the Best Stall award and also had the maximum number of visitors. The next year in the same exhibition, we constructed our stall in just 24 hours”* (refer to Exhibit 3 for a snap of the stall). Stressing on Sharma’s capabilities of risk taking, Khandelwal supported by saying, *“we are never loaded with funds at any point of time but we took a huge decision of participating in this kind of an event where the investment was around INR 50,00,000.”* Sharing the experience of another exhibition, the IITF, Khandelwal said, *“One of my seniors was doing a pavilion for Uttar Pradesh in the IITF Delhi exhibition and he gave us some free space to demonstrate our product. After the structure was installed, we had people queuing up to enter the one room house. As a result, our office was flooded with enquiries”* (refer to Exhibit 4 for a snap of the stall). Rampuria further added, *“the response helped us spreading the log culture.”*

Majumdar, who was quiet till this time, now participated, *“since these structures are so different, people are used to attach their identities with the wooden houses.”* He also added that

³ ACETECH is a leading construction focused trade show which is organized in India by the Economic Times (the leading business daily in India).

⁴ The IITF was started in 1980 and in 2014, it was the largest integrated trade fair in India combining both business to business and business to consumer components.

technology had an important role in their marketing process, *“With advancements in technology, the availability and accessibility of information for the people and more so, for the consumers have improved in India. The consumer touch points are through four sources: our website, the referrals, the walk in cases and the events. That is it, no additional or extra marketing tools employed.”* In 2013, the company decided to have an integrated system, as Majumdar supplemented, *“The organization took a conscious effort to collate and manage whatever data we had collected for the past years as that was going to help us in the future. This led to the formation of a well-designed CRM system wherein we manage all customer enquiries, their follow ups, pre-sale interactions and the like.”* Subsequently WoodBarn had their own Facebook page which helped the company to get associated with the architect community on one hand and prospective buyers in the other.

BRANDING?

Both Sharma and Rampuria agreed that they had really not used traditional branding techniques for the company. The name “WoodBarn” as well as the logo was designed by a designer friend of Sharma (refer to Exhibit 5) that had a mnemonic attached to the name. The company also has a slogan *“Go Green. Go Wood”*, which however was not extensively promoted. However, the company hired a PR which connected them with the press as a better alternative to advertising. In order to reach the consumers on a larger scale, the company appointed associates in different cities in India, who shared the same philosophy as that of the company. The associates worked on a voluntary basis and were passionate about the concept.

BREAKING THE (CONCRETE) ROAD AHEAD?

WoodBarn had faced quite a few challenges since its inception. The most important hurdle was in the form of low awareness and some prejudices and myths about the utility of log houses, as Sharma further illustrated, *“We have a lot of enquiries and many seem interested. But when it comes to the final decision, most develop cold feet. It’s simply inertia and the lack of awareness.”* But he was hopeful, *“Some 10 years back, a similar mindset was there among the consumers in China. But now the wooden houses have become very acceptable in China. Since Indians and Chinese have similar mentality, there is a high chance that something similar thing may happen to India too.”*

The second challenge was in terms of the price. Khandelwal reported, *“Indian consumers are very price sensitiveness and they want everything at a cheaper rate. Once they hear about the price they start bargaining. We could do it at a low price too but that would mean we compromise on the quality and devalue the product, which we don’t want to do”.*

At this point, Ghosh raised the need for a mass media campaign to educate the consumers. He suggested the move to take care of both the first and the second challenge. He pointed out to the group that the advertising expenses by more than ten times in 2013-14 compared to the previous year (Exhibit 1). Thus, if a portion of the same was dedicated to mass media ad campaigns, there was a possibility of creating the right mindset and conversions. However, both Sharma and Rampuria felt that the same was not required and more emphasis was needed on the social media marketing.

Thirdly, wood construction business in India was completely driven by imports till early 2014. There were deforestation policies which did not allow trees to be cut. Further the import duty on wood was very high and in order to build a log house, the company had to import everything from China. This led to a higher cost of construction.

On the brighter side, the business customers had started realizing the advantages and the economic benefits of wooden structures as Sharma explained, *“If a hotelier wants to do a resort in a conventional style it would take him/her around 5 years to finish construction. We can finish the whole project in less than a year. So after one year, the hotelier starts making money in case of wooden structures and saves 4 long years.”*

However for majority of the retail consumers, the problems remained and WoodBarn had to find out ways to leverage, educate and communicate the unique selling proposition to the segment. Changes were expected in the industry too, as Khandelwal forecasted, *“Soon we would have to adhere to green standards in construction industry and eventually the conventional mode of construction would phase out and people would have to shift to wood structures.”* However, the time frame for the same was uncertain. Moreover, the same change would increase competition as per Sharma and thus WoodBarn needed to establish them quickly. Even though there were several challenges in the path of the company, the team had the confidence that they would overcome the same through careful thoughts and actions. By 2014, the company had tie ups with some of the best companies in the world dealing in wood so as to include their expertise into their creations.

The meeting had come to an end. The team of Wood Barn India had taken Ghosh through the journey of Wood Barn India and the challenges faced by them. The vision of Wood Barn, to become the most responsible and most reliable name in the wooden structures and to spread the log culture in the country would only be possible if the myths and prejudices against wooden structure were removed. Ghosh thanked the team and came out of the Wood Barn office in pensive mood. He was convinced of the need for a mass media campaign. He had a month’s time to get back to the team with solutions of the company’s problems.

Exhibit 1. Key Financials of WoodBarn India (in INR)

Particulars	2012-13	2013-14
Revenue	1146449	31677509
Direct Expenses	2411533	6551803
Advertising Expenses	53358	590067
Promotional Expenses	442480	961369
Internet Expenses	10000	439000

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Exhibit 2. Snaps from Tamara Coorg: The First WoodBarn Project



Source: Company

Exhibit 3 for Major business and consumer projects by WoodBarn

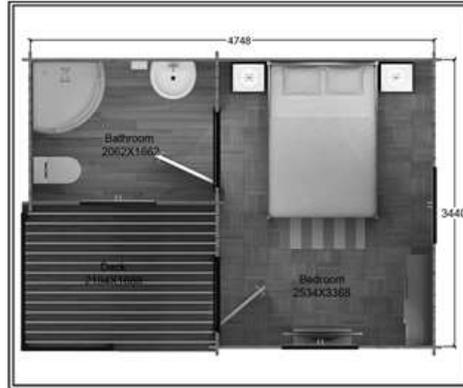
Project Name	Project Type	Location	Size (in sq ft or /sq meters)	Status
Tamara Coorg	B2B	Coorg, Karnataka		2009
Club Mahindra, Ashtamudi	B2B	Ashtamudi, Kerala		2009
J&K Bank Guest House	B2B	Gulmarg, Jammu and Kashmir		2010-11
Auli Ski Resort	B2B	Auli, Uttranchal		2012
Nagpal Villa	B2C	Goa		2012
Mr. Shatrughan Sinha's office	B2C	Delhi		2013
S.C. Sharma	B2C	Palampur, Himachal Pradesh		2013
Govt. of Uttranchal	B2B	Saakri, Uttranchal		2013
Govt. of Uttranchal	B2B	Osla, Uttranchal		2014
K.P.S. Gill	B2C	Matauli, Himachal Pradesh		2014
Govt. of Uttranchal	B2B	Har hi Dun, Uttranchal		Running
Sainik Farms	B2B	Delhi		Running
Kings Villa	B2B	Ahmedabad		At Planning stage
Micasa Resort	B2B	Goa		
Blue Bay Resort	B2B	Chennai		
Museum at Siddh Data Ashram	B2C			
Ashwin Beach	B2B	Goa		

Source: Company

Exhibit 4. Sample Design of a WoodBarn House

WB 002B

1 Room



BASIC INFORMATION

1. One floor leisure house
2. House size : 4864x3600x2930 (mm), wall thick : 36mm, roofing thick:17mm
floor thick:18mm
3. Total sq.m: 15.24m²(164 sq ft), 1st floor sq.m:13.86m²(150 sq ft)
veranda sq.m:1.38m²(15 sq ft)
4. All the window are PVC double glass window.



Source: Company

Exhibit 5. Sharma in Front of WoodBarn Stall in ACETECH



Source: Company

Exhibit 6. WoodBarn Stall at IITF



Source: Company

Exhibit 7. The Company Logo



Source: Company

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