

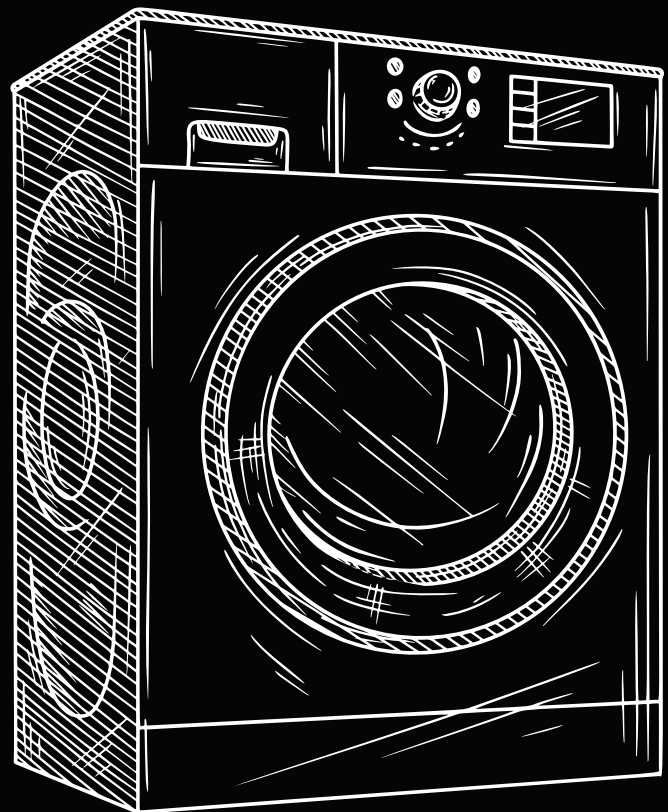


FROM TRADITION TO TECHNOLOGY

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Unleashing the Potential of India's

# ONLINE LAUNDRY SERVICES



AUGUST 2023

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## Executive Summary

Laundry services in India have traditionally been unorganised, with only a 4.23% penetration of organised players. The on-demand laundry services market is, however, growing in India as the Indian consumer is now willing to pay for convenience, speed and sustainability.

Increasing urbanization, rising smartphone and Internet penetration, per capita consumption, and the rising awareness around cleanliness and hygiene are major factors driving the growth of the industry.

The organised laundry industry (which will be worth \$47.9B by 2026) faces major challenges like lack of standardisation and quality control and high competition from the local unorganised players.

This report looks at the competitive landscape of the organised laundry services market, and dives deep into the key players in the market. The report also assesses the sustainability of the laundry services industry, including water and energy sustainability.



## Laundry Industry in India: the Current Landscape

The laundry services market in India has traditionally been **unorganised**, with local washermen and dhobis offering laundry services.

Laundry services include washing, cleaning and ironing clothes and other fabrics. They can be categorised into wash-and-fold, wash-and-iron and dry cleaning.

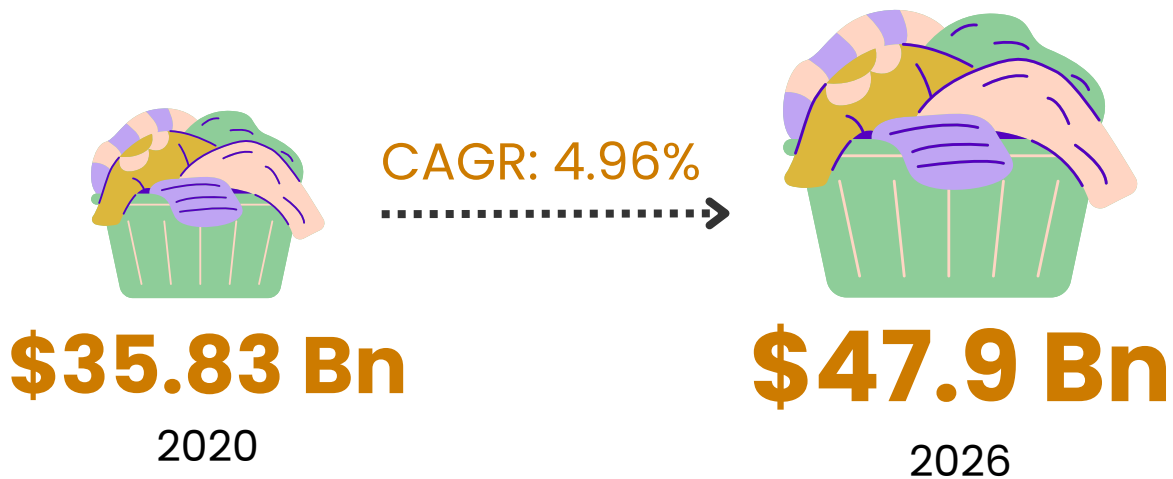
**Mumbai has the largest open-air dhobi ghat (Mahalaxmi Dhobi Ghat) in the world.**

The more than 130-year-old Mahalaxmi Dhobi Ghat **employs over 7,000 people** and processes over 100,000 pieces of clothing from all over Mumbai (including hotels, hospitals and homes) getting washed, bleached, ironed and dyed each day.



Source: Times of India, Economic Times, Outlook India

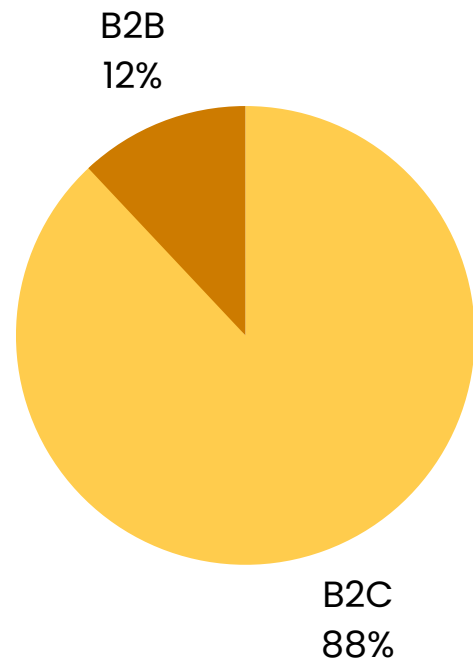
## Market Opportunity of Laundry Services in India



Until FY2020, market penetration of organised players was only 4.23%.

▶ **B2C** Laundry activities like washing and ironing done at the household level or with the help of a laundry service provider (unorganized or organized)

▶ **B2B** Laundry activities done by businesses in hospitality and healthcare industries either in-house or by outsourcing them to laundry service providers



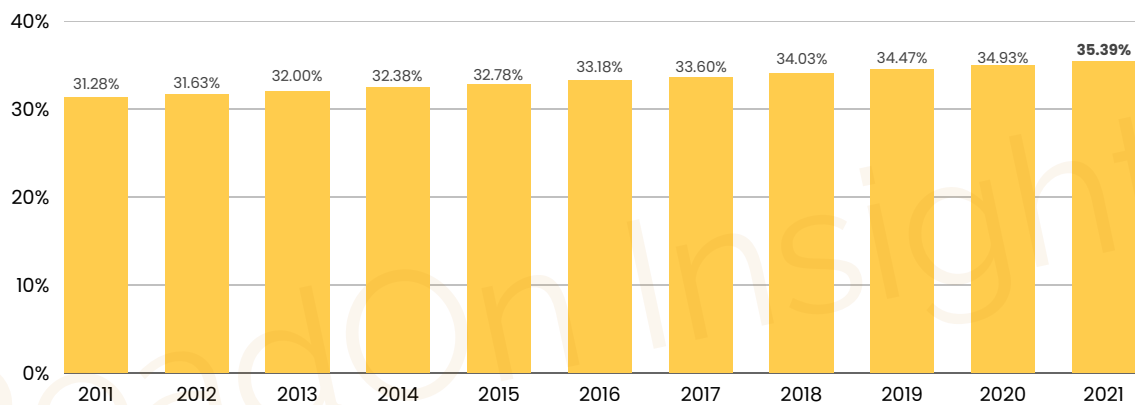
## Growth Drivers of Laundry Services in India

The Indian consumer is willing to pay for convenience, speed, sustainability.

### Increase in urbanisation and nuclearisation

Urbanisation in India has been rising, owing to better lifestyle and work opportunities. **58.2% of total households in India are nuclear families.**

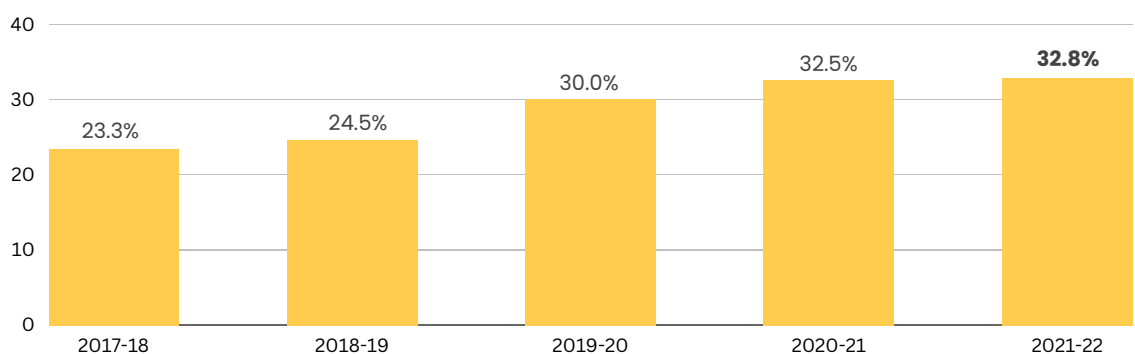
#### Degree of urbanisation in India (%)



### Increased participation of women in workforce

The Labour Force Participation Rate for women has been rising (due to better education and working opportunities), leaving no time for household chores like laundry.

#### Labour Force Participation Rate (LFPR) in usual status for women of age 15 years and above in India (%)





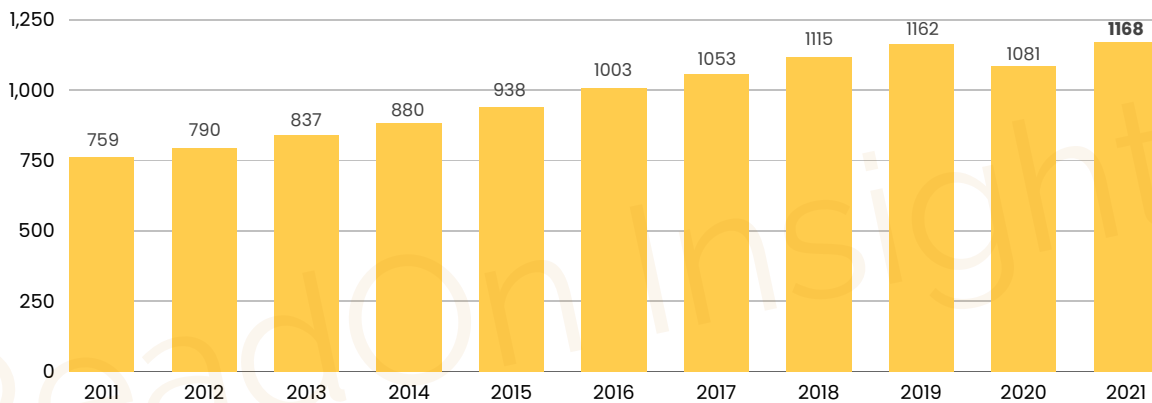
## Growth Drivers of Laundry Services in India

**The Indian consumer is willing to pay for convenience, speed, sustainability.**

### Increase in per capita consumption

Per capita income is expected to rise from \$2,000 to \$5,000 by 2031. With increased purchasing power, consumers are willing to spend on services to save time and effort.

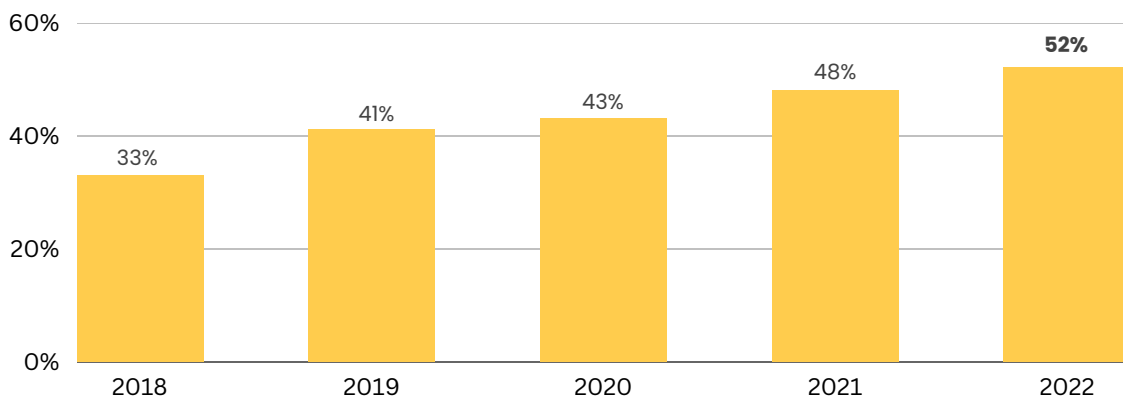
#### Per Capita Consumer Spending in India (in \$ Mn)



### Increased smartphone and internet penetration

Rising smartphone and internet penetration in India is driving demand for major online services, including food delivery, ecommerce and online laundry service.

#### Internet adoption rate in India (in %)



Source: World Bank, Statista, Economic Times, Macrotrends - India Consumer Spending 1960-2023, IAMA Internet in India 2022 Report

## Growth Drivers of Laundry Services in India

The Indian consumer is willing to pay for convenience, speed, sustainability.

### Rising awareness about cleanliness and hygiene

Covid has increased awareness around cleanliness and hygiene, as a result of which consumers are willing to pay more for premium care of their garments.

This growing awareness is also one of the major factors driving the market for household cleaners in India:



### Increase in franchise model opportunities

The rise of consumerism and the increasing number of small and medium enterprises (SMEs) are driving India's franchise industry. The franchise model helps laundry services to expand their reach and scale operations faster.

India's franchise industry:





## Current Trends in Laundry Services in India

### **Online laundry services**

Online on-demand laundry services offer convenience and quick turnaround times. Customers can use mobile apps to schedule laundry services, track their laundry, and make payments on the go. Many services also offer subscription plans for regular laundry services.

### **Eco-friendly services**

Online laundry services are serving environment-conscious customers by offering eco-friendly laundry services by using organic or eco-friendly detergents and packaging.

### **Collaborations**

Online laundry services are collaborating with local washermen and onboarding them to offer high quality service and improve working conditions of local washermen.

**There are over 100 startups in the laundry services industry in India.**



## Major Challenges in Laundry Services in India



### Preference for laundry at home

Many customers in India still prefer to wash their clothes at home, as they are not aware of the professional laundry services.



### Lack of standardisation and quality control

The predominantly manual nature of laundry services makes it difficult to achieve quality standardisation at scale.



### Lack of trust

There is a lack of trust among customers regarding the quality of service provided by laundry service providers. Building trust and ensuring consistent quality is a challenge for companies operating in the laundry service market.



### Competition from locals

The laundry market in India is highly competitive due to unorganised players offering services at lower prices. The majority of the Indian population is price sensitive, making it challenging for companies to maintain competitive pricing while delivering quality services.

## Laundry at home or online laundry services?

While many customers still prefer to wash their clothes at home, online laundry services would be a better alternative, especially for nuclear families in India:



### Lack of time due to busy lifestyles

Rising urbanisation and busier lifestyles have made it difficult to take out time for household chores on work days. On weekends, people would rather rest or go out with friends to unwind.



### Costs of setting up washing machines

For people living alone, setting up a washing machine (with added costs of water, electricity and detergent) may become cost-intensive as compared to professional online laundry services.



### Lack of space for washing machines

Smaller households may have a lack of space and lack of availability of power socket for setting up a washing machine.

## Porter's Five Forces Analysis

<b>Competition in the sector</b>	Since most of the sector is unorganised, organised players face tough competition from unorganised local players.	<b>HIGH</b>
<b>Threat of new entrants</b>	India's laundry services market has been growing, making it lucrative for new players to enter the market due to low competition and high margins.	<b>HIGH</b>
<b>Power of buyers</b>	Since buyers have mostly depended on unorganised laundry services until now, they are price sensitive and have a high bargaining power. The cost to switch to a different player is also low.	<b>HIGH</b>
<b>Power of suppliers</b>	The number of suppliers of raw materials needed in this industry (washing machines, detergents, logistics, water, electricity) is high. So, bargaining power of suppliers low.	<b>LOW</b>
<b>Threat of substitutes</b>	Laundry services have multiple substitutes: <ul style="list-style-type: none"><li>• Laundry at home: Traditionally, most Indian households have been doing laundry at home as it is affordable</li><li>• Unorganised players</li></ul>	<b>HIGH</b>

## Key Players in Laundry services in India



### Services



### Key Metrics

**300+**  
outlets

**100**  
cities

**24hrs**  
delivery

**INR 100 Cr+**  
Gross Merchandise Value

**INR 10 Cr+**  
raised till date

### Laundry Process



### Franchise Details

Carpent Area	250-300 sq. ft.
Franchise Fee	INR 5 Lacs (plus taxes)
Set-up cost (including franchise fee)	INR 16 Lacs
Royalty	7% of gross sales
Average revenue per month	INR 3.5-4 Lacs
Average profitability per month	INR 1.5-2 Lacs
Annual ROI	100%+

Source: UClean's website, Entracker

## Key Players in Laundry services in India



### Services



### Key Metrics

**18**  
outlets

**7**  
cities

**3.24L**  
orders processed

**INR 5.5 Cr**  
Revenue in FY 2022-23

**Bootstrapped**

### Technology

#### Live Experience Store

Ensures 100% transparency of the cleaning process, building trust

#### Centralised Tech

End-to-end transparency from order placement to order completion

### Franchise Details

Carpet Area	1,200 / 2,000 sq. ft
Franchise Fee	Undisclosed
Set-up cost (including franchise fee)	INR 1.2 Cr / INR 1.9 Cr
Royalty	7%
Average revenue per month	INR 25 - 30 Lacs
Annual ROI	Undisclosed

Source: The Laundry House's Website

## Key Players in Laundry services in India

# tumbledry

LAUNDRY | DRY CLEAN

### Services



### Key Metrics

**600**  
outlets

**198**  
cities

**12.1L**  
orders processed

**INR 100 Cr**  
Revenue in FY 2022-23

**Bootstrapped**

### Technology

#### Lagoon Technology from Sweden

Makes the laundry cleaning process colour bleeding and shrinkage proof.

#### Centralised Tech

Makes white clothes three shades brighter

### Franchise Details

Carpet Area	250 sq. ft.
Franchise Fee	INR 6 Lacs
Set-up cost (including franchise fee)	INR 25 Lacs
Royalty	7.5%
Average revenue per month	INR 2.5 lacs
Average profitability per month	INR 1.7 Lacs
Annual ROI	80%

Source: Tumbledry's website



## Key Players in Laundry services in India



### Services



dry cleaning



wash and fold



day-to-day laundry



steam ironing

### Key Metrics

**50K+**  
app downloads

**1**  
city

**24 hrs**  
delivery

Founded by  
**Bigbasket's co-founder**

**INR 50 Cr**  
raised till date

### About the Business

- It has built India's largest laundry facility in Bengaluru, with a capacity to process **65,000 garments per day**
- It uses advanced machines from **Belgium, Italy, Turkey, the US and Dubai**, along with a water treatment and recycling solution imported from the **Netherlands**.
- **2,791,517 litres of water** saved by the water reuse system from Wientjens, Netherlands, which helps reuse up to 40% of the fresh water consumed by the washers.

## Competitive Landscape of Laundry Services

Company Name	UClean	Tumbledry	The Laundry House	LaundryMate	Pick My Laundry	DhobiLite
<b>Number of Cities</b>	100	198	7	1	7	37
<b>Number of Outlets</b>	300+	600+	18	-	40	70+
<b>Founding Year</b>	2016	2019	2016	2022	2015	2011
<b>Holistic Home Cleaning</b>	Sofa, curtains, carpet	Sofa, curtains, carpet, bedsheet, blankets	Sofa, curtains, carpet, bedsheet	-	Blankets	Sofa, carpet
<b>Transparency</b>	Less transparent	Less transparent	100% transparency via live stores	Less transparent	Less transparent	Less transparent
<b>Turnaround Time</b>	24 hours	3-4 days	2-3 days	24 hours	3-4 days	3-4 days
<b>Funds Raised</b>	INR 10 Cr+	-	-	INR 50 Cr	INR 2 Cr+	-

## Other Industries Related to Laundry Services

### Equipments

- Commercial washing machines
- Tumble dryers
- Ironers
- Folding machines
- Stain removal machines
- Dry cleaning machines
- Garment steamers
- Laundry scales (to weigh the laundry items)

#### Commercial washing machine market:

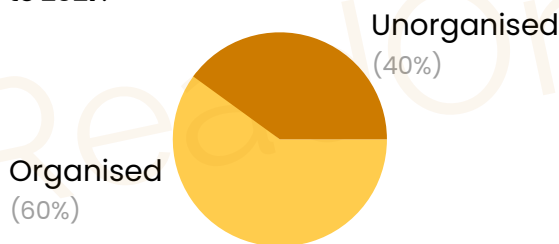
**\$128.56 Mn** 2022 CAGR: 7.27% **\$195.82 Mn** 2028

#### Key players:



### Detergents

The India detergents market was valued at INR 42,827.4 crore in 2019 and is projected to reach **INR 73,660.4 crore by 2027**; it is expected to grow at a **CAGR of 7.0% from 2020 to 2027**.



#### Key players:



### Logistics

Logistics services perform key roles for a laundry service:

- **Collection and pickup**

Pick up dirty laundry from collection points, including hotels, hospitals, and residential areas.

- **Delivery to customers**

Deliver clean laundry to customers, including hotels, hospitals, or individual households.

- **Optimisation of routes**

Plan efficient routes, taking into account distance, traffic conditions, and multiple delivery stops.

- **Delivery optimisation**

Use delivery management software to track and manage delivery.

# Sustainability in Laundry Services in India

## Water sustainability

An average 7.5kg washing machine consumes about 50–60 litres of water per wash. This translates to about **1,000 litres per day**.

**Some ways to manage and discharge water efficiently are:**

- **Upgrading washing machines**

Washing machines can be upgraded via technology to use less water. The QInz technology creates water from humidity and moisture in the air through condensation, saving around 30 litres of water per cycle.

- **Using grey water**

Collecting and using grey water (water that has been used once but can be reused) can conserve water.

## Eco-friendly detergents

Detergents are one of the most important elements used in the laundry industry – they clean the textiles without harming the fabric quality.

They usually rely on synthetics and chemicals, negatively affecting the environment.

- **Natural and eco-friendly detergents**

Made with plant-based ingredients can be used to reduce the impact on the environment. These detergents can be easily decomposed by microorganisms to form harmless substances.

## Energy sustainability

Laundry services consume a lot of energy to run the machines, increasing carbon emissions in the environment.

**Some ways to conserve energy and reduce carbon footprints are:**

- Using cold water instead of hot water in the cleaning process

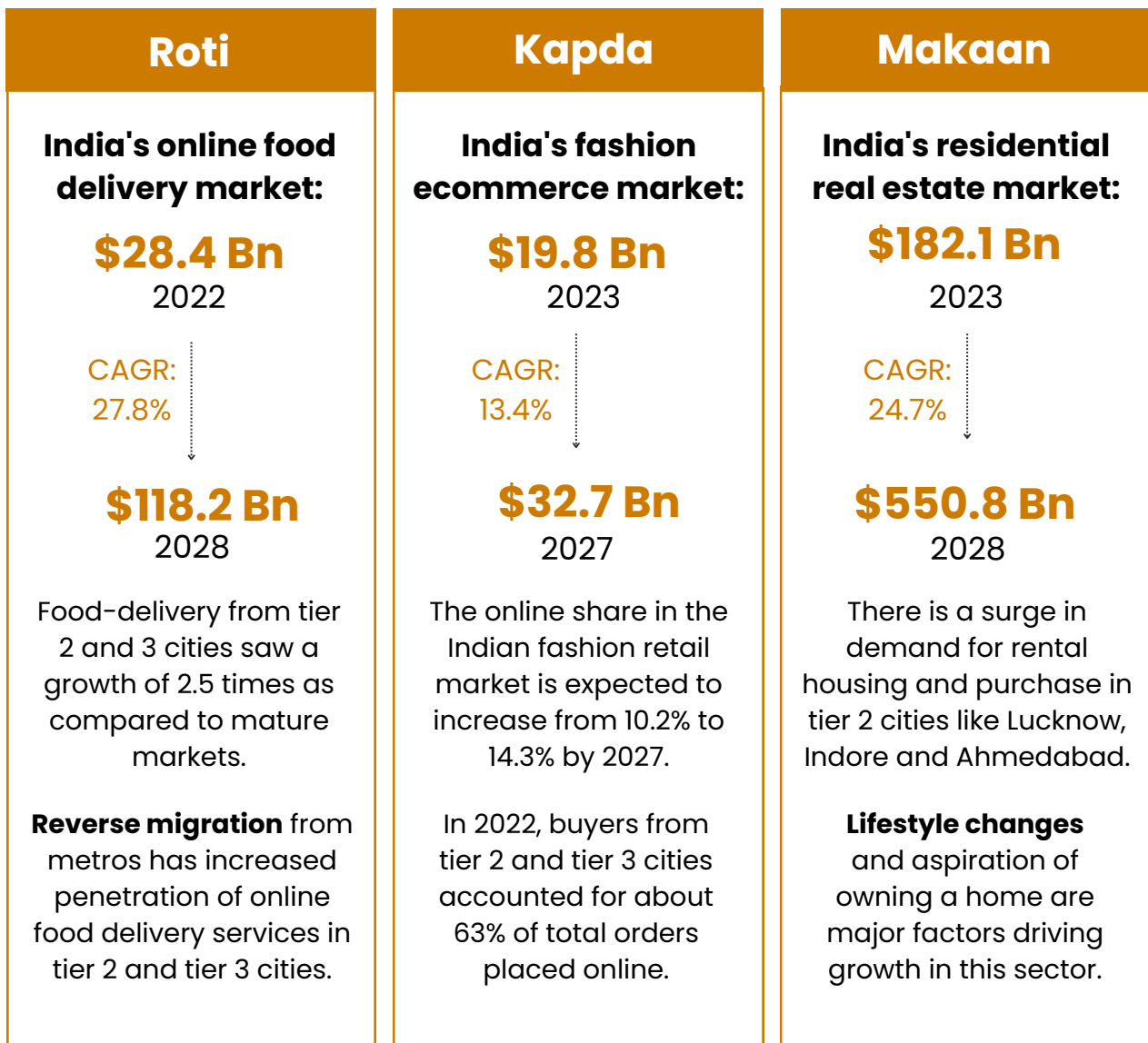
- Upgrading equipments

Washing machines with energy star ratings can be used as they are designed to consume less energy. Strong insulation can also help reduce heat loss.

- Using green logistics by using electric vehicles

## Online Laundry Services: A Need in the Future?

India is moving online with each passing day. All essentials of life – *roti, kapda, makaan* (food, clothing, shelter) – have now shifted online, and their markets are only set to grow, owing to rising online consumption across middle India, primarily in tier 2 and tier 3 cities.



**The Indian consumer is aspirational and is willing to spend on premium services if they offer convenience and comfort. Thus, the future of this industry looks bright!**



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**August 2023**



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## About Us

ReadOn is a research focussed digital content company led by Shantanu Jain.

Shantanu completed his graduation from St. Xavier's College, Kolkata. After he qualified as a Chartered Accountant with an All India Rank 10, he took the path less travelled and joined a startup – Swiggy. After working across different strategic functions at Swiggy, he started working with other new-age businesses to help them scale. Over the last 3 years, Shantanu has given lectures on business and finance at prestigious institutions like IIM-Kozikode, NIT-Jamshedpur, Lady Shree Ram College-Delhi, MDI-Gurgaon, NMIMS-Mumbai and Hyderabad, Ramjas College-Delhi and many more. His typical day involves talking to founders and helping them solve their business problems.

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