

## Exclusive: 500 Startups-backed e-commerce startup Leflair bags \$1m funding

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*January 17, 2017:* 500 Startups-backed e-commerce startup Leflair has bagged a \$1 million pre-series A investment from a group of investors led by Hong Kong-based Caldera Pacific Ventures, a senior executive with the firm told this portal.

The US early stage venture capital (VC) fund also participated in this funding as a return backer. Other investors are Italian VC firm AME Ventures and Korean VC firm Nextrans.

The lead investor, Caldera Pacific, has multiple ties with other investors in private equity firms and public market investors like Dragon Capital in Vietnam, according to another source. Meanwhile, the partners at AME Ventures were the early backers of Yoox.com, a global leading e-commerce platform that focuses on luxury brands, which went public in 2009 and took over Net-a-Porter.com last year in a billion dollar deal.

“We found Leflair very attractive because of its very experienced team and its focus on a segment, fashion online, that we know well. Vietnam is a high growth and underserved country, while the platform can eventually be expanded to the neighboring countries adding scalability to the model,” commented Michele Appendino, chairman at Ame Ventures.

500 Startups Vietnam fund initially invested an undisclosed amount in the startup in May last year. The

company was founded in 2015 as a one of the pioneers to provide branded fashion and beauty products at steep discounts. Their French founders, Loic Gautier and Pierre Antoine Brun, had local e-commerce experience over the past three years in the Southeast Asian country through their work in Lazada before it was acquired by Chinese giant Alibaba.

The company has been successful selling premium brands available at shopping malls but at much lower prices but also bringing new brands to Vietnam, according to Gautier, Leflair CEO.

The bigger picture for Leflair is to offer a wider range of foreign brands which are difficult to get locally.

Part of the new financing will be used for cross-border operations, which will help deliver orders from overseas brands and distributors directly to the end-users in Vietnam, Gautier told DEALSTREETASIA, revealing that Leflair will continue to seek further funding to enhance its operation and serve the the regional market.

The retail market size in Vietnam, where sales are growing at nearly twice the pace of GDP growth, is expected to grow faster than the average of the Southeast Asian region.

With rising middle class and urbanisation, consumer spending in the country is increasing, and people tend to care more about quality and purchase branded products.

But a lot of foreign brands have not yet had an offline presence locations in the country, while the number of e-commerce companies offering similar products and services, as Leflair is doing, is limited.

The business opportunity in Vietnam must not only be defined by the current, and relatively small market size but also the exploding demand that is not satisfied by the limited offering, according to the CEO.

Unlike marketplaces targeting the mass market, which have burned considerable amount of investor money in marketing, Leflair's approach and focus on brands allows it to grow at a fast pace with reasonable marketing expenditures and without compromising on the quality of the products or customer service, and to work on its long-term vision.

"We are more profitable than the other e-commerce players because we don't compete with them. Selling brands in this region is not just about funding but about building trust and reputation. Not being in a constant state of price war against other players allow us to generate the adequate margins to sustain our operations and focus on the bigger plans," Gautier said.

Based in Ho Chi Minh City, LeFlair has around 80 employees and currently operates its own production studio, warehouse and fulfillment centre, where orders are shipped across the country. Business traction was not disclosed, but Gautier said the company had an average monthly growth rate of 23 per cent in revenues and had delivered some 40,000 orders in the first year of operation.