Case Study



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>
> Luke Grana
> Founder and CEO
> Grana

The Changing Power of E-Commerce

In just two years, GRANA is firmly on track to achieve its set goal of changing the way fashion is distributed. Its success has attracted the attention of the world's leading e-commerce giant Alibaba Group

Up-and-coming fashion label GRANA, founded in October 2014, has recently moved into a brand-new 18,000 square feet centralised warehouse in Wong Chuk Hang, with a strong team made up of various functions and over 50 employees. It was a milestone and a validation of Founder and CEO Luke Grana's vision to create high-quality basics at affordable prices for everyone, one that took him from Sydney, Australia to Hong Kong three years prior.

"I had a one-way ticket, US$200,000 and a business plan," he recalled.

"Doing it from Australia was impossible as the shipping rates were so expensive. Hong Kong is a tax-free port, the world's sourcing city and the world's busiest international air cargo hub, allowing us very good shipping rates to global markets," he said.

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Grana cited three lessons he has learned in raising seed capital. "The first one is you need to have proof points. When we raised our first seed round, and we had a proof point of a trial as we sold out 2,000 tee shirts within three weeks," he said.

Once he had met the first group of angel investors, it then came down to leveraging those contacts.

"We kept getting a lot of introductions, and that was really positive.

"And the third is to be persistent. Some investors would say no, but you have to keep pushing and give them a clear point of view on why they should invest in your business."

InvestHK has been providing assistance to GRANA from the company's planning stage. Co-founder and Chief Operation Officer Pieter Paul Wittgen, who was formerly an investment banker in Hong Kong, pointed out the importance of lasting partnerships.

"We solved a lot of problems by including partners into the thinking process, in every phase, and making them part of the success of the company," he said.

And the young fashion label has recently earned the attention of a new partner: Alibaba. Alibaba Group set up a HK$1 billion (US$130 million) Entrepreneurs Fund for Hong Kong in 2015 and in October 2016, the Fund participated as the lead investor in GRANA's recent US$10 million Series A round of funding.

Cindy Chow, Executive Director of the Alibaba Hong Kong Entrepreneurs Fund, pointed to the lean business model, use of technology and being an e-commerce business as key reasons for picking GRANA. "We look for companies that have a good business proposition, create business value and provide proof points," she said.

The Alibaba Hong Kong Entrepreneurs Fund seeks to invest in promising young companies with a significant base in Hong Kong and deemed a good fit of the Alibaba ecosystem. Portfolio companies get to meet Alibaba's business unit leaders for advice and other business opportunities.

"We are planning to extend our product range and going to be working on entering China next year. We want to work closely with and learn as much as we can from Alibaba Group, so it's going to be very exciting for us," Grana said.

Grana

- Founded in October 2014 with the mission to source and design quality clothing using luxury materials from around the world, sold at affordable prices directly to customers online
- Headquartered in Hong Kong with a 50-strong staff
- Raising US$10 million Series A funding led by the Alibaba Hong Kong Entrepreneurs Fund, with continued support from Golden Gate Ventures and MindWorks Ventures

grana.com

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