Legendary Pivots

URBAN COMPANY

The pivot that traded
short-term growth for survival

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“It’s hard to walk into the boardroom and say: ‘Let us kill half the company.’”

ABHIRAJ SINGH BHAL
Co-Founder and CEO, Urban Company

In early 2018, Urban Company’s leadership stood at a crossroads.

The Gurugram-based team had amassed $55 million in funding, built a platform for curated home services and registered sharp user growth over four years. But now, its two business models — one legacy, one emerging — were pulling the company in opposite strategic directions.

The first model was a marketplace, listing independent professionals across 100-odd service categories, from yoga instructors to electricians, while managing bookings. Cost-efficient and scalable, the marketplace had given Urban Company a reach in large Indian cities. The catch was that it came with marginal control over service quality and customer experience.

Under the second, newer model, Urban Company directly ran at-home services like beauty treatments. This approach was more demanding: it had to train and equip gig workers while enforcing consistent quality standards. The effort bore fruit, though: repeat patronage grew and the brand strengthened.

Urban Company’s founders knew that only one of these contrasting plays could work in the long run without diluting its focus and true value proposition. They needed to commit to an operational future — shaped by either a marketplace dependent on third parties or full-stack, company-owned services.

Yet, the choice was complicated by financial realities: both models contributed 50% each to yearly revenue. With a decision pressing, they sought a board meeting with investors, who hadn’t anticipated high-stakes conversations so soon.

Calendars were marked for January 2018.

Urban Company

Chapter 1

Starting Bet: Lead Generation

"The goal was to build a marketplace for India's multi-billion dollar consumer services sector."

Online aggregation of product sellers and service providers had taken off in India by 2014, with ecommerce marketplace Flipkart, travel platform MakeMyTrip and hyperlocal search engine Justdial being prominent examples.

What tech investors wanted to see next was a billion-dollar, mobile-first venture built with a bigger focus on consumer services. In the West, TaskRabbit and Handy had shown that services could be successfully aggregated and monetised.

Abhiraj Singh Bhal, Varun Khaitan and Raghav Chandra came together to apply an updated version of the aggregation formula in India's disorganised home-services sector, which hadn't seen much internet disruption. They wanted to solve for inefficiencies such as fragmented supply of on-demand service providers, poor UI/UX design, opaque pricing and lack of curation.

The three held solid credentials: Bhal and Khaitan were IIT Kanpur alumni and former BCG consultants, whereas Chandra had studied at UC Berkeley and worked at Yelp and Twitter (now X).

In 2014, they launched mobile-first, open marketplace Urban Company — then branded as UrbanClap — to connect users with verified service professionals across 100 service categories, including yoga, photography, carpentry, cleaning, plumbing and appliance fixes.

At that point, platforms like Justdial merely acted as a digital directory, listing providers without any accountability. Urban Company went much further, creating an entire discovery journey, from matchmaking, transparent pricing and real-time availability to consumer reviews.

Urban Company routed customer leads to service professionals under an asset-light and expandable structure. It earned revenue in the form of lead generation fees from visibility-seeking professionals; later, it also started charging users a conversion fee.

The format clicked for multiple reasons.

01

While the home services market was unstructured, it was far from small. Indian households' rising disposable incomes and comfort with mobile commerce meant demand was real and growing.

02

Most local providers, such as photographers, accountants and fitness trainers, had little or no online presence. Urban Company solved a clear pain point by offering instant digital visibility, demand generation and credibility.

03

Moreover, Urban Company's mobile UX bet was well-timed — it came on the cusp of India's smartphone boom.

Online aggregation drove a large part of India's early New Economy, with 75 or more startups flooding the home services sector alone between 2014 and 2016. Most of these ventures chased scale over quality. In this crowded field, Urban Company outpaced competitors — both scrappy and splashy — in fundraising, execution and size.

A marketplace with multiple services was central to how startup valuations were benchmarked then. Investors treated each service vertical, from wedding photography to home cleaning, as a potential multi-million-dollar category. These segments had untapped demand and virtually no digital aggregation. This framing, along with the pitch for a larger vision, helped Urban Company raise capital well ahead of its peers.

Urban Company's business went from revenues of Rs 2.8 crore in the second year to Rs 16.5 crore, considered notable for that era. In FY18, revenues stood at Rs 53.5 crore, while losses were minimal for the kind of fundraising activity that had happened by then. Losses later peaked at Rs 67 crore.

"On every competitive benchmark, UC was always 10X better in every service category. It monetised faster, grew quicker and built a better product. Revenues were steadily rising," said an early employee.

The founding team of Bhal, Khaitan and Chandra, though, was not happy. It was analysing financial data with a critical eye and came to view the marketplace traction as a classic startup trap.

What led to this scepticism?

Chapter 2

Questioning The Core

"Low-quality revenue with low repeat rates."

Abhinav Chaturvedi, a partner at venture capital firm Accel, an early backer of Urban Company, has had a front-row seat to the Gurugram-based startup's key decisions. A long-time board member, he recounted internal discussions surrounding the marketplace's relevance.

"The founders began to realise that the marketplace business was generating low-quality revenue with low repeat rates and limited control over customer experience," Chaturvedi said.

Relying on third-party providers made service consistency and customer loyalty tougher to achieve. Essentially, the marketplace was not the win Urban Company thought it was.

Often, entrepreneurs cling to a flawed business model, misled by surface numbers (user or revenue spikes) that suggest success but mask deeper problems.

Bhal, Khaitan and Chandra avoided this pitfall. "They immediately sought to look beyond the marketplace format, exploring ways to deepen their value proposition and revenue pool," Chaturvedi said.

In early 2016, Urban Company started experimenting with an additional business line: fully controlled or full-stack beauty services in Delhi-National Capital Region.

At-home beauty care was a strategic pick, as it targeted the key demographic of working women, entailed frequent usage, predictable repeat rates and higher average order values than carpentry or plumbing. Furthermore, management could measure outcomes clearly: were the beauticians skilled, was hygiene top-notch and were customers satisfied?

Urban Company opened regional training centres to familiarise service partners with its quality and fulfilment benchmarks and developed an operations-focused app for them. It also built a supply chain for products and gear needed for the job.

"We felt that to better understand the business and have tighter control over fulfilment, we needed to own at least one category where we were the fulfilment party," Urban Company co-founder and CEO Abhiraj Singh Bhal explained. "We launched beauty care under that model with a dedicated SOP [standard operating procedure]."

This push moved the company from being a lean organisation to an operations-heavy one. Costs and losses subsequently climbed, but Bhal saw it as a necessary step.

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In 2016, Urban Company came to run three sets of operations with varying difficulty levels. These were housed under separate business units, each headed by a vice president.

01

Open marketplace for lead generation.

The original open marketplace model was deployed for consumer requirements such as photography, yoga instruction and accounting. In these categories, user preferences tended to be subjective, shaped by intangible factors like a service provider's style and experience.

Urban Company functioned purely as a discovery platform here, offering a curated list of four to five relevant professionals at different price points and allowing customers to make the final choice. It did not control the service experience beyond listing and vetting providers, making the model scalable but lightly managed.

02

Managed bookings for Urban Company-selected third-party service providers.

By contrast, managed bookings were introduced for functional services like plumbing, AC repair and electrical work, where customer expectations were more standardised. The core insight: users weren't looking to choose which plumber they wanted; they simply needed the job done reliably and on time. Urban Company assigned jobs from the backend, based on availability and proximity.

The company did not train the attending professionals; it only handled matching and scheduling. Service control and execution, including decisions like what parts to use, were left to them.

03

Full-stack at-home beauty care.

In the third operational format, full-stack beauty care, the company took end-to-end supervision of the experience. Instead of just onboarding professionals, it trained them at in-house academies, standardised tools and SOPs and ensured they used specific products. The company owned every part of the service delivery chain.

> "For most of 2016, we scaled all three models parallelly. We knew we would eventually have to consolidate into one or two, but at that stage, the team was learning and improvising,"

ABHIRAJ SINGH BHAL
Co-Founder and CEO, Urban Company

Chapter 3

Urban Company's Pre-Pivot Structure

MODEL	Open Marketplace	Managed bookings	Full stack
CATEGORIES	90, including photography and yoga	4-5, including plumbing and electrical repairs	1, beauty
FULFILMENT	Third-party vendors	UC-selected third parties	UC-trained partners
CUSTOMER EXPERIENCE	Customer selects a vendor from curated profiles	UC assigns provider	Standardised delivery
REVENUE SOURCE	Discovery fees	Lead fulfilment fees	Commission + margins on products used
OPERATIONAL DIFFICULTY	Low	Medium	High
RISKS	• Scant control over service quality • Low customer stickiness • Revenue limitation • No brand differentiation • Risk of disintermediation	• Partial control over service quality • Tricky coordination • Limited brand loyalty • Inconsistent user experience • Slim margins due to intermediary role	• High operational overheads (training, equipment, SOPs) • Complex logistics and workforce management • Higher upfront investment • Slower scaling potential • Workforce churn affecting consistency

The full-stack approach delivered results in beauty care, with repeat bookings and positive customer ratings rising and beauticians reporting strong word-of-mouth and tidy earnings. "UrbanClap [Urban Company] started to be known more for beauty treatments even though we had nearly 100 services on the platform," Bhal said.

In 2017, the company took a hard look at its managed bookings segment, 'UC Select', and concluded that ceding the customer journey to external parties was neither efficient nor sustainable. The hands-on method used in salon bookings was far better.

> "We realised that our strategy in beauty services could be extended to categories like cleaning, electrical work, plumbing, carpentry and AC repair,"
>
> ABHIRAJ SINGH BHAL
> Co-Founder and CEO, Urban Company

Consequently, the team spent much of 2017 decisively replicating the full-stack method. This involved onboarding, training and kitting out gig workers, turning them into service partners.

Not everything clicked. The company faced hurdles in fitness, yoga, movers and packers and painting segments. "Those didn't work out, but we saw traction in other categories," Bhal said.

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Full-Stack Play: SWOT Analysis

Strengths

- Superior customer experience, driven by partner training, SOPs and quality benchmarks.
- Higher brand trust and standardisation, particularly in beauty and cleaning.
- More repeat bookings and customer retention because of service consistency.
- Improved unit economics over time, driven by higher average order value and customer lifetime value.
- Closer collaboration with service partners, resulting in better earnings potential for them and reduced attrition.

Weaknesses

- Operationally intensive: Higher fixed costs and logistical hassles.
- Slower to scale than an asset-light structure because of training, inventory and infrastructure needs.
- Capital requirements: Upfront investments in onboarding, tools and supply chain.
- Disintermediation risk: Trained partners may eventually build their own clientele.
- Shrinking addressable market due to category exits (yoga, fitness).

Opportunities

- Build high-margin verticals (water purifiers, home improvement).
- Dominate service categories in tier-1 and tier-2 cities, markets with few organised players.
- IP play: Develop proprietary tools for training, scheduling and SOP compliance.
- Cross-selling and bundling: Leverage brand trust to upsell subscriptions or adjacent offerings.
- Global expansion: Replicate model in underserved markets (Middle East, Southeast Asia).

Threats

- Competition from leaner marketplace-style players with faster rollout.
- Labour laws: Onboarding gig workers for end-to-end services might lead to their classification as employees. This can push up costs significantly.
- Margin pressure if customer acquisition costs rise sharply.
- Price-sensitive customers: Superior service may not always offset pricing concerns in India.
- Execution risk: SOP lapses or partner missteps can damage brand image.

End-To-End Fulfilment Umbrella

After company-run beauty services picked up, UC decided to bring more of its offerings under that format.

- Home cleaning: Standardised protocols, eco-friendly products.
- Electrical repairs: Certified electricians with proper tools.
- Plumbing: Trained workers with standard equipment kits.
- AC maintenance: Technicians with latest equipment.

Failed Experiments

- Packers & movers: "A very different business because it involved a trucking element, which was not our mainstay," Urban Company co-founder and CEO Abhiraj Singh Bhal.
- Fitness classes: "There was a lot of disintermediation [partners drawing clients away]," Bhal said.
- Yoga sessions: Customers' personal preferences and space limitations posed problems.

The revenue share of company-operated services rose to 50%, matching the marketplace percentage. While the marketplace had stable cash flow, it diverged from the founders' aims of deeper customer engagement and better service control. Their conviction ultimately solidified: full stack was the way forward.At this juncture, Urban Company had no real competitor. Most of the players in the space had retreated, become acquisition targets or shuttered their business. In this market setting, Urban Company raised $15 million in funding from new backer VY Capital; the deal valued it at $195 million.On the business strategy front, though, tension had reached a head, and it was time for open discussions with the board of directors.

Chapter 4

Urban Company Rivals: Past & Present

Near.in

TOTAL FUNDING

$283,000

LAST KNOWN REVENUE

NA

TOP INVESTORS

Angel investors Anupam Mittal, Manish Vij, Gaurav Agarwal, Himanshu Agarwal, Prashant Tandon, Kevin S Parikh, Mukesh Agarwal

KEY CATEGORIES

Home needs, health, wellness, classes and events

YEAR OF CLOSING, SALE OR PIVOT

Acquired by Paytm in 2015

VALUE HOOKS AND WINS

Sought to be India's biggest services superstore; offered a full refund for unsatisfactory service fulfilment.

Zimmber

TOTAL FUNDING

$7.46 mn

LAST KNOWN REVENUE

NA

TOP INVESTORS

Sherpalo Ventures, Chiratae Ventures, Omidyar Network, Aarin Capital

KEY CATEGORIES

Home services, including painting, cleaning and various repairs

YEAR OF CLOSING, SALE OR PIVOT

Acquired by Quikr for $10 mn in 2017

VALUE HOOKS AND WINS

Sought to build long-term loyalty among its service partners by arranging home loans for them and supporting their children's education.

helpchat

TOTAL FUNDING

$26.2 mn

LAST KNOWN REVENUE

FY16: Rs 8.8 crore

TOP INVESTORS

American Express Ventures, Sequoia Capital, East Ventures, Trifecta Capital, Morpheus Gang

KEY CATEGORIES

Travel, recharge, holidays, home services, food delivery

YEAR OF CLOSING, SALE OR PIVOT

Closed the chat business in 2016 and rebranded itself as Tapzo. Amazon acquired Tapzo in 2018

VALUE HOOKS AND WINS

Sought to be an all-in-one, chat-based app that allowed users to access multiple services. Tried replacing traditional app navigation prevalent in the market.

Urban Company

Localoye

TOTAL FUNDING
$5.21 mn

LAST KNOWN REVENUE
FY18: Rs 19.5 L

TOP INVESTORS
Tiger Global, Lightspeed Ventures

KEY CATEGORIES
Hyperlocal marketplace with 30 service categories, including salon and marriage counselling

YEAR OF CLOSING, SALE OR PIVOT
Shut down in 2018

VALUE HOOKS AND WINS
NA

HandyHome

TOTAL FUNDING
$630,000

LAST KNOWN REVENUE
NA

TOP INVESTORS
Bessemer Venture Partners, Kalysta Capital, Kae Capital

KEY CATEGORIES
Appliance repair

YEAR OF CLOSING, SALE OR PIVOT
Acquired by Urban Company in 2016

VALUE HOOKS AND WINS
Brand-authorised repairs and other services for appliances. Listed over 40 brands of appliances on its platform.

yesmadam

TOTAL FUNDING
$181,000

LAST KNOWN REVENUE
FY24: Rs 46.3 crore

TOP INVESTORS
Angel investors via Shark Tank: Aman Gupta, Vineeta Singh, Peyush Bansal, Ritesh Agarwal

KEY CATEGORIES
At-home beauty services

YEAR OF CLOSING, SALE OR PIVOT
Operational and growing

VALUE HOOKS AND WINS
Shark Tank deal in 2024. 8 mn+ bookings completed, 7,000+ professionals in 50+ cities in India.

housejoy

TOTAL FUNDING
$30.6 mn

LAST KNOWN REVENUE
FY20: Rs 14.8 cr

TOP INVESTORS
Amazon, Qualcomm Ventures, Brand Capital, RTP Global, Vertex Ventures, Z47

KEY CATEGORIES
Earlier, home maintenance and beauty services. Now, construction

YEAR OF CLOSING, SALE OR PIVOT
Pivoted to become a construction firm in 2018

VALUE HOOKS AND WINS
Raised Rs 150 crore in a Series B round led by Amazon India, Vertex Ventures, Qualcomm Ventures, Ru-Net Technology Partners and existing backer Matrix Partners. Its valuation rose nearly 5X to $75.1 million

taskbob
Reliable Home Services

TOTAL FUNDING
$6.08 mn

LAST KNOWN REVENUE
FY17: ₹142 cr

TOP INVESTORS
Mayfield, Google, Orios Ventures, India Quotient, IvyCap

KEY CATEGORIES
Home and beauty services

YEAR OF CLOSING, SALE OR PIVOT
Shut down in 2017

VALUE HOOKS AND WINS
Offered a 90-minute fulfilment guarantee in 3 cities where it operated. At the time, other players completed bookings in a 24-hour window

Chapter 5

The Boardroom Showdown

"You are asking us to walk away from higher-GMV categories."

The board and investors met in January 2018 to decide whether the company should focus more on the marketplace or end-to-end service fulfilment. The leadership team, led by Bhal, proposed a definitive break: shut the marketplace model entirely and double down on full stack.

To bring in all perspectives, though, it put forth five options for debate at this crucial meeting.

01 Ditch Marketplace Model

Pros: Singular focus on full stack, clear brand identity, streamlined operations and team structure.
Cons: Loss of optionality if market changes, possible negative media or investor reaction, backlash from marketplace partners.

02 Manage Both Models

Pros: Retains all revenue streams; allows more time to test full stack; offers diversification.
Cons: Operational complexity, brand confusion, diluted internal focus.

03 Sell Marketplace

Pros: Recoups investment, monetises past IP, leads to sharper focus on full stack.
Cons: Hard to find a buyer for a low-margin business, risks aiding a future rival, may need transition support.

04 Run Marketplace Passively

Pros: Some extra revenue without major effort or investment, covers niche categories.
Cons: Distraction, brand risk if quality dips, affects organisational alignment.

05 Spin Off Marketplace

Pros: Creates separate teams with clear goals, preserves upside potential, may attract specific investors.
Cons: Complex to execute, splits founder attention, risks brand confusion.

While the board evaluated all paths, the leadership stuck with its preference. “The brand cannot stand for two things. Consumers expected consistency, and it was becoming harder to scale two orgs internally,” Bhal said, summarising the rationale.

Full stack in beauty had already resulted in improved repeat rates, net promoter scores (customer satisfaction metric) and partner sentiment. The leadership, however, acknowledged that other segments hadn’t yet matched that success.

Board members then pushed back on the proposal to go all-in on end-to-end fulfilment, which, in their eyes, was a quality-based play with possibly shallower gross merchandise value (GMV).

“Is there a comparable example globally?”

one member enquired.

There wasn’t. No large-scale consumer tech player anywhere had built a wholly controlled, operationally intensive business in home services. And it seemed more improbable for the Indian market, known for its challenging regulatory and labour landscape.

The even revenue split, 50-50, between the two models made abandoning either path feel like a gamble to investors.

Abhinav Chaturvedi
Accel

The venture fund was also an early investor in ecommerce marketplaces Flipkart and Myntra.

Vamsi Duvvuri
Dharana Capital

The global hedge fund, earlier called VY Capital, bet on Zomato and other prominent startups. It is founded by former executives of DST Global.

Vishal Gupta
Bessemer Venture Partners

The venture fund was also an early investor in ecommerce marketplaces Flipkart and Myntra.

Ravi Adusumalli
Elevation Capital

Elevation backed Justdial, a classifieds platform that Urban Company initially aimed to disrupt.

"You are asking us to walk away from higher-GMV categories," another board member noted, referring to profitable but less sticky offerings on the marketplace like interior design and accounting. These offerings generally got one-off bookings and still produced relatively greater short-term revenue.

Many at the meeting believed that the board was not just being asked to endorse a pivot; it was being nudged to back a new kind of an organisation.

For end-to-end fulfilment, Urban Company would have to train gig workers, manage inventory and considerable fixed costs and oversee a logistical operation closer to traditional retail than tech aggregation. It would also have to navigate labour laws, mainly the risk of service partners being reclassified as employees on the payroll.

Bhal, however, had a pertinent take: "My view was that the more time and energy we spend trying to salvage the marketplace, the less we can concentrate on our core proposition. We were still small compared to the scheme of things [market size]. With full stack, we can make up for any losses in a short period."

Although the board was not 100% confident, it aligned behind the founders' strategic choice. The marketplace business wouldn't be sunset overnight; instead, there would be a phased transition to full stack, starting with expansion into cleaning, plumbing, and AC maintenance.

"The founders made the call that the company needed to move forward and committed to rationalising the entire business accordingly. We naturally had questions, but we finally said: 'Okay, let's take a quarter and see'," Accel partner and UC board member Abhinav Chaturvedi recounted.

While investors were still uncertain about the viability of the new approach, which they feared sacrificed volume, they adopted a measured outlook. "Urban Company had money in the bank, so we told ourselves: 'Worst case, nothing happens in a year and that's okay," said another board member. Three months later, results defied doubts.

> "In just one quarter, they were up and running. By year's end, they delivered on every projection. It was pretty insane what they pulled off,"

ABHINAV CHATURVEDI
Partner, Accel

Full stack won 100% investor confidence.

Chapter 6

The Org Shake-Up

“Almost all my time began to revolve around the fulfilment business.”

For four years, Urban Company functioned under a straightforward hierarchy, with two vice presidents steering its marketplace and limited full-stack offerings. The full pivot to company-led services upended this simplicity.

Bhal reflected on the transition: “We had a tightly cut team without much talent density. So, when we pivoted completely to fulfilment, the organisation also changed — we began hiring much heavier-hitting talent capable of leading and scaling this new model.”

One of the earliest and most crucial hires was Mukund Kulashekaran, who joined shortly after the pivot in July 2018. Kulashekaran’s background spanned senior roles at ITC Limited, Boston Consulting Group and Zomato. His appointment underscored the calibre of talent Urban Company was now attracting.

The internal adjustments didn’t come with the axe-swinging typical of corporate restructuring: Urban Company didn’t effect any layoffs.

“Everyone from the marketplace side eventually moved into full stack. The few who couldn’t align with our new goals chose to leave, but most people felt energised (by the company’s new direction),”

ABHIRAJ SINGH BHAL
Co-Founder and CEO, Urban Company

Bhal’s own role also evolved. “Almost all my time began to revolve around the fulfilment business versus 50-50 earlier. I was hiring talent and creating a road map for service verticals for the next two or three years,” he said.

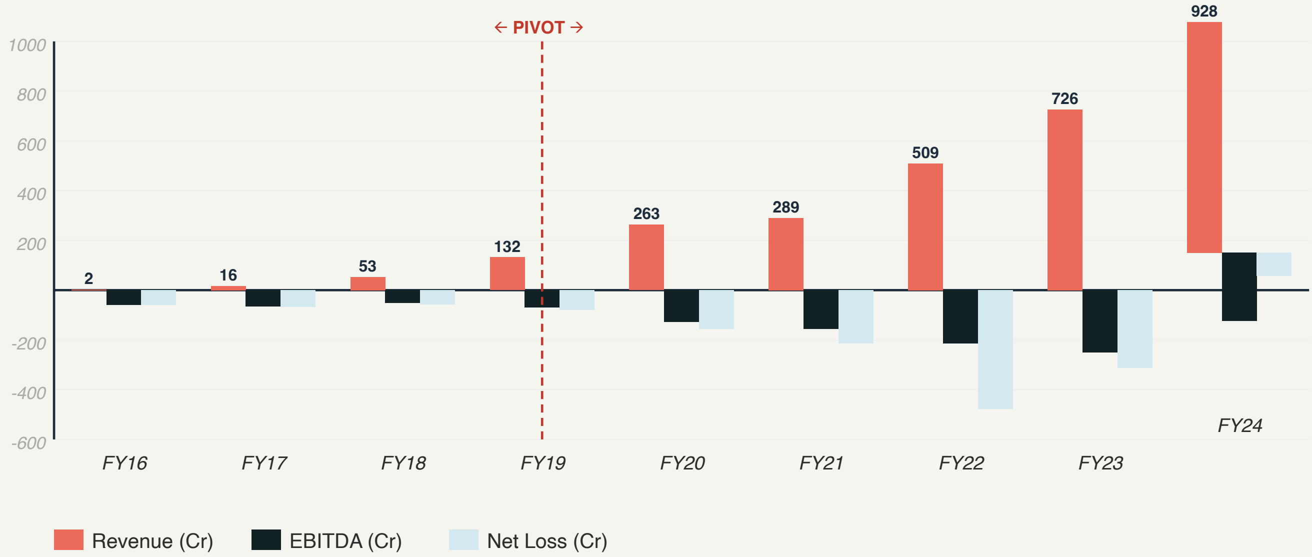
Urban Company

Chapter 7

Outcome: A Fulfillment Engine

“We are no longer just a services company — UC has become a home platform.”

By directly owning service delivery, Urban Company unlocked scale. Its revenue surged from Rs 53 crore in FY18 to Rs 928 crore by FY24 — a roughly 17-fold growth within six years.

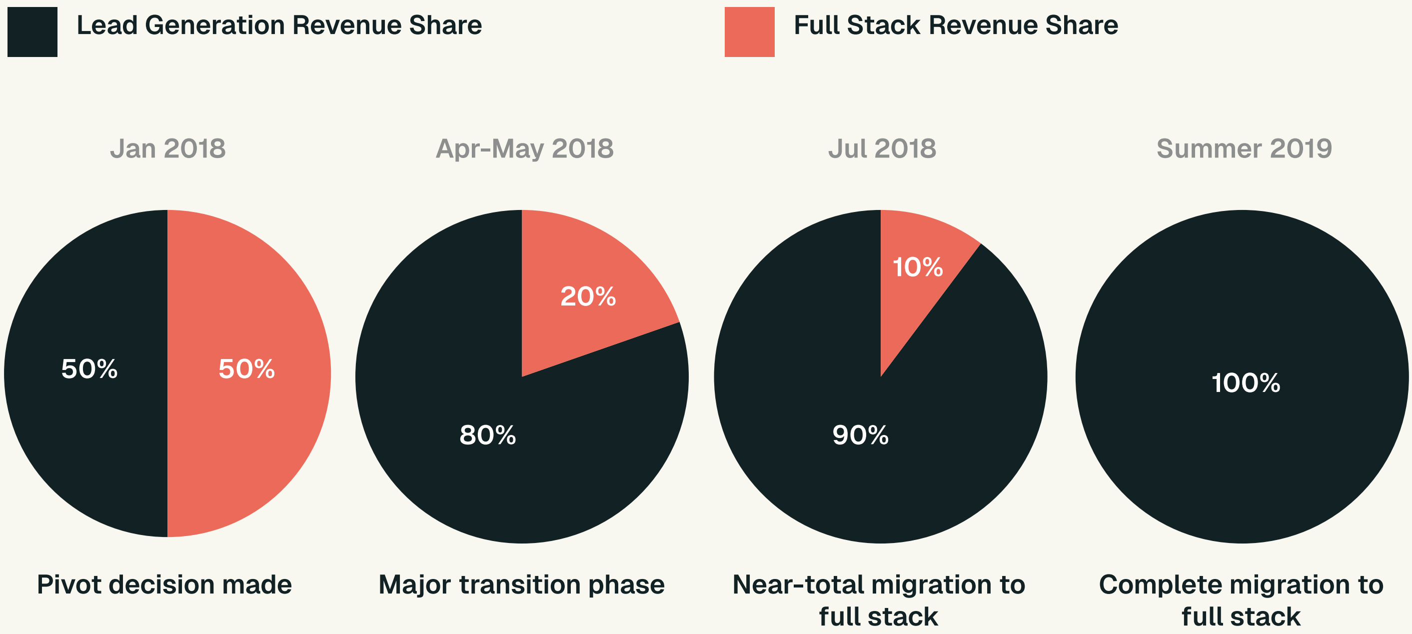


Source: Tracxn | in Rs Cr

Even if you zoom in on the post-pivot years, starting from FY19 (Rs 132 crore in revenue), the company still grew more than sevenfold by FY24. That kind of trajectory points to strong product-market fit and execution capabilities.

In the years prior to the pivot, revenue growth had been incremental, margins thin and customer experience variable. The pivot changed that picture entirely.

Urban Company



Beyond revenue, the real gain was in retention — casual users turned into regulars. Urban Company's improved retention metrics illustrate this point.

Net transaction value (NTV) multipliers improved across the board. Customers from the 2017 cohort boosted their spend to 1.81 times their initial year's value by 2024, while the 2018 cohort increased its NTV to 1.32X by 2024. Even cohorts impacted by the pandemic, 2020 and 2021, showed strong recovery, increasing their spending steadily over time. The 2022 one is following similar trends.

This pattern — occasional users becoming high-LTV customers — has validated the effectiveness of Urban Company's full-stack approach.

Cohort	2017	2018	2019	2020	2021	2022	2023	2024
2017	1.00	0.97	1.18	0.88	1.23	1.57	1.68	1.81
2018		1.00	1.00	0.69	0.93	1.15	1.23	1.32
2019			1.00	0.60	0.73	0.85	0.91	0.98
2020				1.00	0.84	0.83	0.83	0.89
2021					1.00	0.77	0.70	0.73
2022						1.00	0.73	0.70
2023							1.00	0.75
2024								1.00

It's worth noting that the company had to make substantial outlays for training service professionals, building backend systems, setting SOPs and creating supply chains for tools and consumables. These upfront investments strained profitability.

Urban Company's EBITDA losses swelled from Rs 128.3 crore in FY20 to a peak of Rs 477.8 crore in FY22, compounded by Covid-19 disruptions. It, however, clawed its way back in FY24: EBITDA and net losses shrank as operational efficiency improved and the business started realising its pricing power.

The platform saw its user base in India grow by around 45% over two years and average customer spending by almost 18% — a clear indicator of greater user engagement and more effective monetisation.

"We are no longer just a services company. UC is becoming a home platform," Bhal said.

With repeat behaviour becoming more common, the company gradually cut its high marketing spending. LTV per user rose with retention, enabling the platform to optimise its customer acquisition cost over time.

Urban Company

Chapter 8

Challenges and Future Outlook

“The risk of de-platformisation is something Urban Company must constantly guard against.”

For all its wins, Urban Company faces some difficulties. One major concern is disintermediation — the risk that service partners might skip the platform after a certain number of bookings and deal directly with customers.

“The more personalised the services, and the higher their frequency, the greater the chances of disintermediation,” Bhal noted.

To build stronger ties with its partners, Urban Company offers health insurance, loans and other welfare benefits to them. On the operational side, it has made a series of tech interventions: features such as proof of visit, proof of work and timestamped check-ins.

Urban Company has boosted customer retention by rolling out annual subscriptions that lock in loyal users with perks like discounts and priority support. In FY25, repeat users drove 82% of its net transaction value.

The company has also responded strategically by going deeper in end-to-end fulfilment. In the beauty category, for example, it has introduced its own branded kits for beauticians to use, reinforcing dependency and maintaining control over service quality.

In water purifier servicing, it has pursued backward integration by manufacturing or sourcing components directly rather than relying on third-party suppliers. Similarly, for air-conditioner maintenance, it has developed proprietary SOPs and equipped technicians with standardised tools.

This backward integration strategy is being replicated across key service lines. But there’s a trade-off: the more Urban Company embeds itself into every layer of the operation, chasing higher revenue per user, the trickier it gets to manage.

Complexity may well be the price of staying ahead.