

Case Study:-Big Billion Day- Online Shopping Gaining or losing Strategy

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Abstract : E-Business industry, which started flourishing in India almost ten years back has arrive a long way in a very abruptly span of time in India. It is today one of the quickest growing sector of the Indian digital economy. Online shopping or online marketing – an application of e commerce, has get a popular trend in India from final few years. Due to mordernization, digitalisation and globalization Indian population have commenced enjoying the gains of online shopping like gadget in shopping, 24 hrs shopping, free delivery, huge dismisses, etc, at their doorstep. Flipkart, one among the top leader in e-commerce business in India started its procedure in 2012 with selling online books and shortly Flipkart is offering production categories like dressing, accessories, footwear, electronics, home decor and much more. On 6 March 2019 Flipkart introduced a new scheme of its own – “the big billion day sale”. It was a one day sale which is conceived to be the biggest sale amongst all the sale offered till now by e-tailors. Many companies and swords are offering sales and dismiss for their customers in Indian online and offline market. Promoting sales by allowing for innovative offers to customers is good but at the same time a million dollar interview also arises that “What are the limits or how big ought be the introduction?”

IndexTerms: E-Business, Mordernization, Digitalisation, Globalization.

I. INTRODUCTION

At global economic level, India is one country among the BRIC nations which has established itself as an economy with emerging markets. Since liberalization, the country has witnessed growth at rate which is very remarkable. With changes in most of the sectors, capital markets, infrastructure, banking, insurance, etc. are the sectors where India has witnessed a high pace of growth. With reforms in business sectors and the revolutionary changes in Information Technology sector, the choices of consumers’ with reference to shopping situation and payment mechanisms have also broadened. Buyers now have the alternative option of buying a product or availing of a service from offline as well as from online shops. With the increasing penetration of internet, these methods of purchasing have become popular. Today people have many choices with reference to buying venues, but the most recent one is buying through internet i.e. online shopping mode.

Nowadays, the Internet is being widely used for various purposes and has become part of daily life. At its inception internet was used as a medium of communication only but with time it has become a source to learn, entertain and most recently a medium for the exchange of goods and services between buyer and seller. The internet now has resulted in a new mode of exchange between buyer and sellers and has created an alternative for the traditional marketplace. Shopping through the internet has brought a different dimension to commercial activities. Compared to traditional shopping, consumers prefer the internet as shopping medium because of its characteristics like ability to view and shop at any time from any corner of the world, feature like searching information about commodities, place a query / review or give purchase orders. Along with these features, convenience and comparatively lower price are some additional features resulting in acceptance of internet as a new shopping avenue.

Learning / Instructing objective

1. To understand the scenario of Indian e-commerce industry.
2. To analyze the online shopping trends in India.
3. To discuss the Flipkart’s inception, growth and present scenario.
4. To understand the sales promotion strategy used by online vendors with special reference to

Flipkart,s strategy.

5. To critically evaluate the challenges posed by BBD strategy.

Case Study

Over the last two decades, rising internet and mobile phone penetration has changed the way people communicate and do business. Ecommerce industry, which started flourishing in India nearly ten years has come a long way undoubtedly. Presently e commerce industry is, one of the fastest growing sectors of the Indian digital economy. The **E-Commerce industry in the India** which grew by 53% last year (2017) and saw goods and services worth \$6.5 billion exchanging hands is poised for bigger growth and touch new highs [1]. Research firm Gartner has predicted a 80% growth rate for this sector and expects \$9 billion worth of business in 2017 [2]. According to report generated by Technopak [3], e-tailing has the potential to grow more than hundred-fold in the next 14 years, to reach \$86 billion by 2027. This growth will be driven by the country's growing Internet-habituated consumer base, which will consist of 230 million broadband consumers by 2026, and a rising class of Internet users through mobiles. As per world internetlivestats report [4] India presently is considered as 3rd largest nation of internet users in the world.

As is depicted from above E –Commerce has become a buzz word in today's time. '*Electronic commerce*, commonly known as **E-commerce** or **eCommerce**, is the process of exchanging products or services with customers using Internet. According to Wikipedia E-Commerce businesses usually deploy some or all of the following practices:

- Provide Etailor virtual storefront on websites with online catalogs, sometimes gathered into a
- "virtual mall"
- Online shopping of products & services.
- Collection of demographic data through social media or social networking sites.
- Use electronic data interchange, the business-to-business model of e-commerce.
- Approaching prospective and established customers by e-mail or fax .
- business-to-business buying and selling.
- Provide secure business transactions

According to Praveen Sengar, India is one of the fastest-growing e-Commerce markets in Asia/Pacific. "India represents a \$6.5 billion market, growing at approximately 70-90 percent every year. It represents less than 7 percent of the total retail market [5] . B2C E-Commerce leads the e commerce market in India". The value of Indian e-commerce market was worth about \$3.8 billion in 2015, it went up to \$16.6 billion in 2017. According to [6] Forrester (2012), the e-commerce market in India is set to grow the fastest within the Asia-Pacific Region at a CAGR of over 77% between 2016–19.

In 2017, the e-retail market was worth US\$ 2.3 billion. About 80% of India's e-commerce market is travel related. [7] India has close to 10 million online shoppers and is growing at an estimated 40% CAGR vis-à-vis a global growth rate of 9–10%. Electronics and Apparel are the biggest categories in terms of sales. Industry studies by IAMA also indicate that online travel dominates the e-commerce industry with an estimated 80% of the market share. However, e-retail in both its forms; online retail and market place, has become a rapidly growing sector, increasing its share from 10% in 2013 to an estimated 18% in 2017. India's *retail market* is estimated at \$470 billion in 2014 and is expected to grow to \$675 Bn by 2016 and \$850 Bn by 2026, – estimated CAGR of 7%. As per "India Goes Digital", [8] a report by Avendus Capital, Indian e-tailing industry is estimated at Rs 3,600 crore (US\$800 mn) in 2011 and estimated to grow to Rs 53,000 Crore (\$11.8 billion) in 2015.

Online shopping or e-shopping is a form of electronic commerce which allows consumers to directly buy goods or services from a seller over the Internet using a web browser. It is also referred to as: e-shop, e-store, e-web-store , web-shop, web-store, online store, Internet shop, online storefront and virtual store.

Online shopping has become a popular trend in India. Due to modernization, digitalization and globalization Indian customers have started enjoying the benefits of online shopping like convenience in shopping, 24 hrs shopping, free delivery, huge discounts, etc, at their doorstep. E-Commerce in India started in 2004 with the starting of eBay's operations by acquiring Baazee.com, which was India's largest online auction portal. This was followed by starting of Flipkart in 2007 as an online book retailer. This is followed by starting of Myntra.com an online portal to customize goodies. With time these e-commerce portals started winning the trust and confidence of Indian population and people gradually started shopping online. In 2010, Snapdeal an online platform started providing daily deals. Snapdeal is one of the first online marketplaces in India. In a very short span of time the concept of e-commerce become a very familiar concept among Indian population.

The major drivers of Indian e commerce growth are:-

- Increasing broadband and 3G penetration.
- Rising standards of living and an increasing mobile middle class with high disposable incomes
- Availability of much wider product range (including long tail and Direct Imports) compared to what is available at brick and mortar retailers
- Busy lifestyles, urban traffic congestion and lack of time for offline shopping
- Comparatively Lower prices of products than offline retail driven by disintermediation and reduced inventory and real estate costs
- Increased usage of online classified sites like OLX.com, Quikr.com for buying and selling second-hand goods.
- Evolution of the online marketplace model with sites like amazon.com, Jabong.com, Flipkart, yebhi.com, Snapdeal, and Infibeam.

Increasing usage of plastic money in form of credit and debit cards. growing young population who spend significant time on the internet, Social networking sites like Facebook, twitter.

- Difficulties in traditional means of shopping
- Major pillars for rapid growth of online shopping are faster delivery, Cash on Delivery facility, discounted rates, access to branded products and cash-back guarantee on faulty goods.

Online shopping can be considered as a sub-category of e-commerce. In the year 2016 the online shopping revenue of India was \$24 billion with 29.2 million online shopping users. The online shopping revenue figure of 2016 is just double of the year 2015 (\$6.3 billion). This figure is likely to reach \$48 billion by 2019, at CAGR of 39.5 percent. The expected growth rate of online shopping is 49.5 percent from 2012 to 2015 in India. Online shopping revenue in India is estimated to touch \$38 billion by 2019. According to [9] Accel estimate 2016, top 3 E-Commerce friendly states in India.

Some of popular online shopping websites in India are Amazon.com, Flipkart.com, Snapdeal.com, Paytm.com, Ebay.in, Jabong.com, Myntra.com, Shopclues.com, Pepperfry, Homeshop18.com, yebhi.com. Amazon is a global e-commerce company and is one among the largest online retailers in India. They offer items ranging from mobile, electronics, appliances, home entertainment, home décor, consumer durables and cameras. Flipkart is an Indian e-commerce company which was started with online sales of books in 2007 and later it entered to consumer electronic goods and various other ranges of products. Snapdeal is another Indian online company, started in 2010. This online retailer offers best deals for almost all kinds of products ranging from appliances, kitchen, cameras, mobiles, laptops, online, gifts and more. Yebhi.com is an Indian Online shopping E-commerce portal started in 2009. Today most of the e-commerce company whether global or Indian offers almost all type of products ranging from electronic goods to kids toys. Online shopping in India is growing at a very fast clip. There is an intense competition in e-commerce space among various players but among all these players the top three players are - Snapdeal, Flipkart and Amazon.

Flipkart, one among the top leader in e-commerce business started its operation in 2007 with selling online books and presently Flipkart is offering sales categories for various different stuffs like clothing, accessories, footwear, electronics, home decor and much more. Flipkart is one such India's leading e-tailor, which provides services for people of all age groups.

Flipkart has achieved a great success in a very short span of time . If we look at statistical data of flipkart's success, it had a turnover of 11.6 crores in 2009-10, which raised to 50 crores in 2010-11. A large increase occurred in 2011-12 and it earned revenue of 500 crores in the year 2012-13, A large increase occurred in 2017-2018, 10 times of previous year. Flipkart had 8900 employees in 2016 which used to serve 100,000 orders a day. Its daily sales were about 4.5 crores. The reasons behind such success of Flipkart are strong brand value, own logistics arm, own online payment gateway solution and own marketplace model. In order to overcome the hurdle of resistance for online transaction Flipkart for the first introduced the cash on delivery system of payment for online shoppers. Flipkart has also introduced 30 days cash back guarantee for convenience of its customers. Flipkart had leased warehouses, so it could meet 90% of order directly from warehouse, which makes deliveries faster. In order to compete others Flipkart like other online shopping websites offer free home delivery. In one of the major strategic move Flipkart acquired letsbuy.com. It is also a big reason for Flipkart's success as letsbuy.com firm was expertise in selling consumer electronics and computers, and flipkart is known for superior technology and supply chain management .

On 6 March 2019 Flipkart introduced a new strategy of its own – “ the big billion day sale”. It was a single day sale which is considered to be the biggest sale among all the sale offered till now by e-tailors. It was consist of deals of hour, flash sales, lucky draws each hours along with huge discount offers and coupons. Big billion day's exclusive offers included – Multiple items at price of Re.1,Upto 40% off on smartphones, Laptops starting from Rs.15,000,here were offers like - fashion & perfumes at 50% off, toys at 50% off, discounts on mobile brands like Xiaomi, Motorola, Asus , Huawei Honor 6, ALCATEL ONETOUCH Fire C and Lenovo Vibe Z2.It also offered Xiaomi Mi 3 for one last time , 150000 sets of Redmi 1S and 1 lakh sets of Asus Zenphone,Flat Rs.1500 OFF on Moto E, Exchange Offer on Moto G (2nd Gen),Flat Rs.1000 OFF on HP 10 Tab,Upto Rs.2000 Discount on Digiflip Pro Tablets,Flat Rs.7000 discount on Nexus 7 tablet .

Business wise on big billion day Flipkart claimed to have a business of 900 crore in only 12 hours. In order to convert BBD into practicality, Flipkart had done extensive preparation which are as follows-

- Designed and launched before BBD such online ads which connects directly to Indian audiences.
- They have redesigned the website and entire database.

THEY HAVE ESTABLISH TIE UPS WITH VARIOUS BANKS AXIS, HDFC, ICICI, CITIBANK, ETC TO OFFER ADDITIONAL CASH BACK TO THEIR CUSTOMERS.

- Doubled their ground staff to 12,000 from 7000 in july.
- Extended their delivery system to 80 more cities.
- Encouraged people to download Flipkart's mobile application.

Inspite all preparations, results of BBD were just opposite the expectation .After the completion of BBD sale many customers were disappointed for not getting benefit of BBD sale and many criticized Flipkart and its entire system. Towards the worst end even the CEO of the company have to apologized to the customers for not meeting their expectation.

Customer's Feedback on BBD sale strategy

These feedback are collected from Facebook,Twitter and various newspaper articles.

- “With # BigBillionDay trending on micro-blogging website Twitter, it is abuzz with several users sharing grievances. meanwhile, flipkart seems to be running slower than snail. Giving tough comp. to IRCTC. 12:00 PM - 6 March 2019”.
- “Underestimating the intelligence of the customers is perhaps the worst sin any company can commit. #BigBillionDay”.

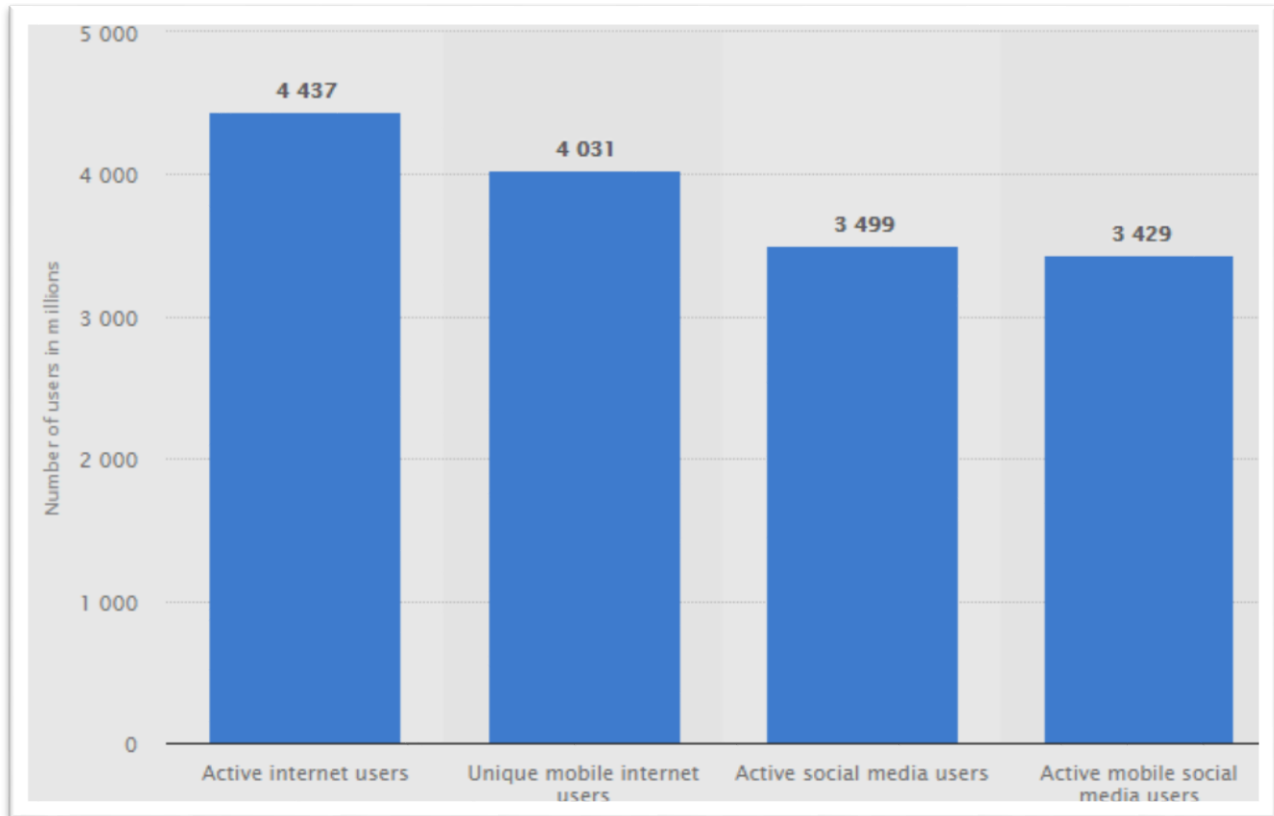
- Also, several attempts to make purchases on Flipkart threw up sold-out messages or server errors , even though the website’s server has not crashed. Jokes about Flipkart’s server error have also flooded social media.
- “Contrary to popular belief, #BigBillionDay sale by Flipkart is not to raise awareness about http error codes”.
- “Flipkart to offer 30% discount on 404 (error for ‘page not found’) page. They are now calling it 363 page”..
- “flippdkart sale iz liek mah circar. advertized so muhc fur nuthing lulz”.
- “_Sold out' is to Flipkart what "Please try again later" is to IRCTC. #BigBillionDay”.
- “Jo log Flipkart se bakra bangaya bahar sambhaalkrar chalna nehi toh Bakra Eid main kat jaaoge #FlipkartFail”.
- “Thanks to Flipkart that Today I managed to save INR 75,000 and ended up buying it for much cheaper price in a local store”.
- “The most amazon thing about flipkart is that before you could, somebody else snaps the deal”.

Issues for Discussion

- a) Discuss the motive /rationale of company behind the launch of big billion day sale.
- b) According to you what good as well as bad big billion day sale has brought for company?
- c) What are the aspects that company was required to considered before the launch of big billion day sale?
- d) What are the challenges that BBD sale has posed for the company and how it can be coped up now?

Awards and Recognition of Flipkart

1. Flipkart won “Business to Consumer (B2C) Marketplace of the Year” award at first eTailing India e-commerce industry awards held in march 2019 in Mumbai.
2. Flipkart.com, secured second position in the List of Cheapest Mobile Store 2017, compiled by Indian e-commerce observer Zoutons.com.
3. Co-Founder of Flipkart Sachin Bansal, got Entrepreneur of the Year Award 2018-2019 from Economic Times, leading Indian Economic Daily
4. Flipkart.com was awarded Young Turk of the Year at CNBC TV 18's 'India Business Leader Awards 2019' (IBLA).
5. Flipkart.com- got Nominated for India MART Leaders of Tomorrow Awards 2017.

Share of global B2C E-Commerce sales in Asia Pacific from 2017 to 2018.

Source : www.statista.com (2019)

Flipkart Vs Amazon Vs Snapdeal: Revenues & Losses Comparison

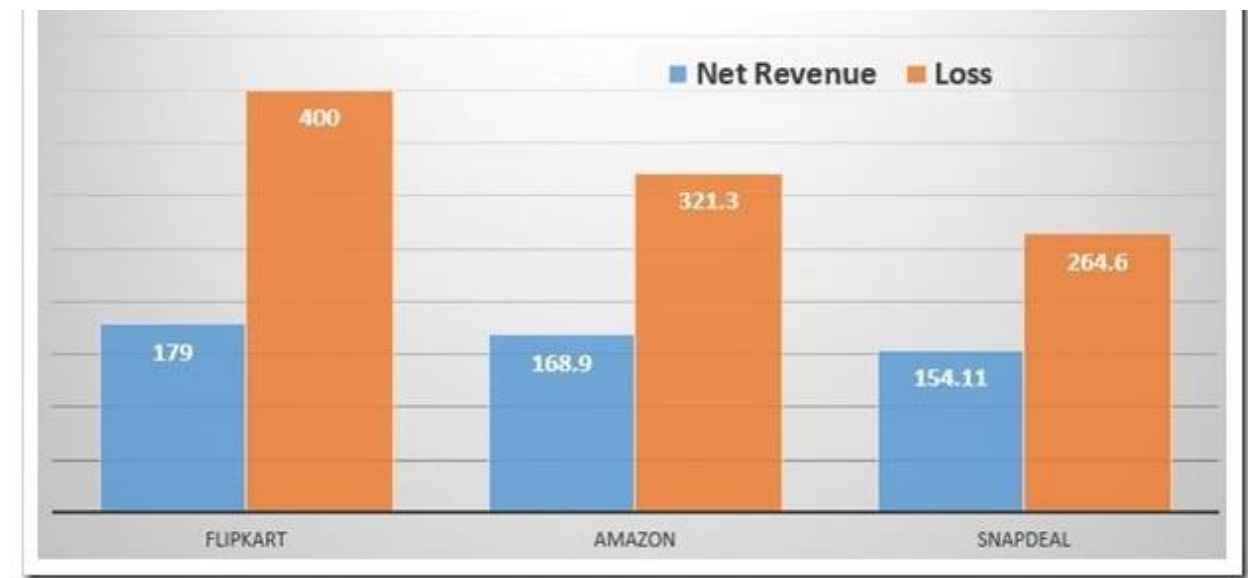
Retrieved on March 6, 2019 from

<http://trak.in/tags/business/2019/03/06/flipkart-amazon-snapdeal-revenues-losses-comparison/>

We all know online shopping in India is growing at a very fast clip. At the same time, there is an **intense competition in ecommerce space**, especially among the top 3 players. Another aspect that everyone is probably aware about is, all this aggressive pricing and discounts are being paid by Venture Capitalists' pockets.

Flipkart, Amazon and Snapdeal, all of them have raised investments or have commitments of \$4 Billion or more. This money is being burned to acquire new customers, offer discounts and pump up products on offer. While we are all aware that these sites are losing money, you will be amazed to know the quantum of loss these ecommerce players have incurred.

Check out these 2 graphs below and be stunned.



[DataSource: [Techcircle](#)]

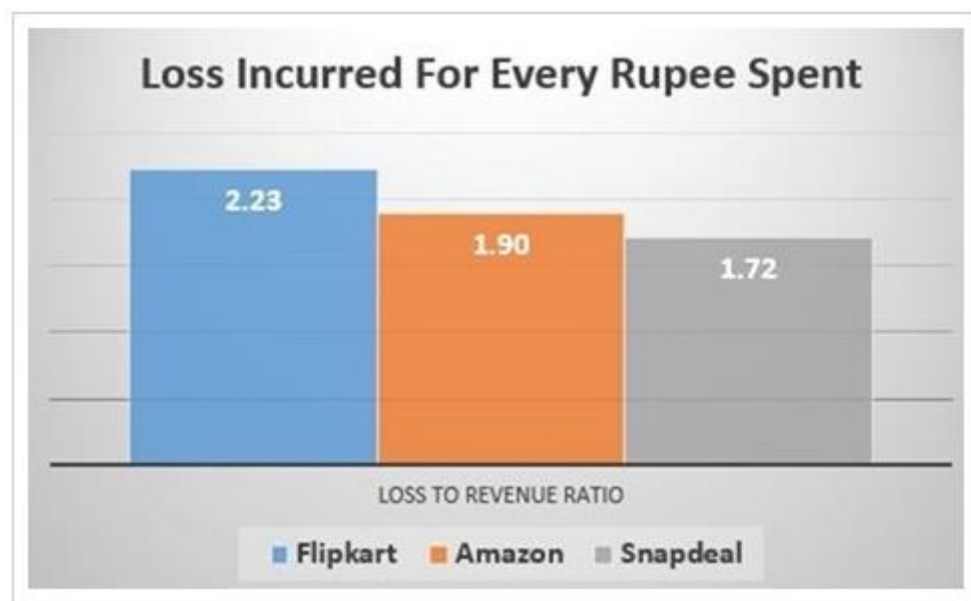
Note: All figures are in INR Crore

Please note that the revenue figures above are not the price of products sold (GMV), as these are all marketplaces, and their revenues come from commissions they get from sellers or listing fees that they charge to list the products on their site.

GMV or Gross Merchandize Value represents the price of products sold and net revenues are just a fraction of that!

Flipkart leads the race with net revenue of 310 crore followed by Amazon at 290.9 crore and Snapdeal at 240.15 crore.

However, when it comes to losses, Flipkart leads by a much bigger margin and their loss for 2017-18 stands at Rs. 900 Crore. Comparatively, Amazon losses are pegged at Rs. 621.3 crore and Snapdeal had least losses of 3 with 564.6 crore See the graph below to understand how much loss each player incurs for every rupee in net revenues.



Flipkart leads the race here to losing 6.33 rupees for every 1 rupee of revenue. Amazon loses 3.90 and Snapdeal has least amount of losses at Rs. 3.72.

CONCLUSION:

Both Flipkart and Amazon are eyeing better sales than the other. Big Billion Day sale was indeed an learning exercise to both company and customers. Mismatch in demand and supply and inefficient IT infrastructure were the main reasons of failure.. However some were beneficiaries of the sale but the probability of success was very minimal. Trust is always built over a period of years and can be axed in no time. Offers like this can always be disguised thus following an rational approach should be the key. Such promotional approaches can either make or break the image of the company. Flipkart founders are visionary and have surely learnt a lot from such promotional activity. The battle for competition will be bigger and discounts will be steeper with more such promotional offers benefiting the customers.

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