

## E- Commerce: A Case Study with Flip Kart

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### **ABSTRACT**

Flipkart is the India's leading e-commerce marketplace offering over 30 million products across 70+ categories including Books, Media, Consumer Electronics, and Lifestyle. They are the only online player offering delivery services such as In-a-Day delivery Guarantee across 50 cities and Same-Day-Guarantee across 13 cities.

Flipkart is a marquee e-commerce player in the Indian market. It has been able to build the brand with a strong focus on customer interests supplemented with fast delivery and multiple payment options. Flipkart is looking to evolve as a market leader in data, mobile and platform with the available technology and resources. This paper highlights the successful journey of flipkart business its acquisitions, innovations from 2007 to 2017 .

**Keywords:** E-commerce, Flipkart, Online retail, Innovations

### **INTRODUCTION**

Ecommerce enables the firms to establish a market presence and market position, by providing a cheaper and more efficient distribution chain for their products or services. One example of a firm that has successfully used ecommerce is Target. This mass retailer not only has physical stores, but also has an online store where the customer can buy everything from clothes to coffee makers to action figures. Flipkart is primarily an ecommerce-based business that built up its operations around online purchases and shipments to consumers. Individual sellers can also engage in ecommerce, establishing shops on their own websites or through marketplaces such as eBay.

Asia-Pacific is the Region that has shown the highest growth in e-commerce and the pace is likely to be accelerated further with the surge in uptake of smartphones among the masses. China claims to be the world's largest e-commerce market (an estimated value to reach about \$540bn in 2015 according to China briefing), according to the IT research firm Gartner, India is the one to be watched, and predicts a staggering growth of about 70%. This is probably

based upon a boom in the mobile market in the second quarter of 2014. Given the poor service quality of the then existing e-com companies in India it was in 2007 when two young entrepreneurs Sachin Bansal and Binny Bansal started their operations in India as an e-commerce company. Initially the firm operated in selling books online and later expanded to selling electronic goods but today they are into selling almost all consumer goods.

Flipkart has created a large brand image in the online retail market and has been able to gain consumer confidence and trust. Dedicated logistics and warehousing support has ensured timely delivery to the consumer. Facilities like cash on delivery, card on delivery, same day delivery and 30 days replacement policy, have helped the company to create large consumer base. Strategic and timely business acquisitions have also helped flipkart to increase the market share and become one of the leaders in Indian online retail segment. With rising internet penetration the company can expect to grow manifold but at the same time the company must not let their service quality fall and this would be the key. Dedicated and motivated forces should be trained to take on the challenges of opening up to the rural market in India. It is an opportunity as well as a challenge.

### **Review of Literature:**

1. Delone and Reif (2004) have found that at present customers are more likely to continue shopping online when they have a greater experience of online shopping. It is also found that young adults have a more positive attitude towards online buying.
2. Prashant Pathak (2015) in his article “Flipkart: Flipping things into everybody Kart” found that the online shopping is booming in india and Flipkart have changed the shopping habits of the common man and als presented the journey and groeth of internet users in India
3. Bhawana Gupta,&Dr. Amit Malik, in the article (2015) “ Flipkart: The Success Mantra for Indian e-business” presented that the Flipkart is one of the pioneers in presenting people in India with an option of online shopping and has grown to become a giant in the business today and also makes an attempt to understand the growth story of Flipkart and the issues and challenges.

4. **Dr. Priti Nigam, Dr. Keyurkumar M Nayak, Dr. Parimal H. Vyas in their article (2015)** “E–Commerce Challenges: A Case Study of Flipkart.com Versus Amazon. In” An attempt has been made to critically examine various corporate and business level strategies of two big e–tailers that is Flipkart and Amazon considering their e–commerce challenges, business model, funding and revenue generation, growth and survival strategies, Shoppers’ online shopping experience, value added differentiation, and product offering made by them along with evaluation of the challenge which both of them had faced in October 2014
  
5. Sheeba Praveen Prof.(Dr.) Devendra Agarwal Sumaiyafaizyab(2015) presented in their article-“ Comparative study of Flipkart, Snapdeal, E-bay: India’s leading e-business portals” that the overall brand value of flipkart is good, but it is facing some tough competition from its global competitors like Amazon and E-bay.

### **Research Gap:**

The above review of literature focuses on e commerce, customer satisfaction, challenges, success mantra of flipkart and comparison between Amazon and Flipkart. No Study has focused on the Acquisitions, funding and sales of flipkart. Therefore in this context, the study has been undertaken.

### **Need and Importance of the study**

Flipkart is claiming strong market leadership as its biggest sale event of the year. The company had over 70 percent market share in fashion, mobile phones and appliances - the top three categories for Flipkart and also for the online retail industry in the country. Therefore, the present study is undertaken to understand the market potential of an e-commerce company’s services with special reference to Flipkart.

### **Objectives of the Study:**

1. To Present an overview of Flip kart business in India.
2. To study the Sales growth of the Flip kart in India.

## Methodology

**Sources of Data:** The study is based on secondary data. The Secondary data sources include Research Articles and Websites.

**Period of the Study:** The study covers a period of 10 years from 2007 to 2017. The year 2007 is selected as starting period as it was founded in that year.

**Statistical Tools:** The data are analysed with the help of Percentages and Compound Annual Growth Rate (CAGR).

### Scope of the study:

The Scope includes the

- ▶ Sources of income
- ▶ Funding
- ▶ Acquisitions
- ▶ Innovations and
- ▶ Sales of the Flip kart.

Transacting or facilitating business on the Internet is called ecommerce. Ecommerce is short for "electronic commerce." Popular examples of ecommerce revolve around buying and selling online. But the ecommerce universe contains other types of activities as well. Any form of business transaction conducted electronically is ecommerce. The examples of ecommerce:

#### ▶ Online Shopping

Buying and selling goods on the Internet is one of the most popular examples of ecommerce.

#### ▶ Electronic Payments

Buying goods online needs a mechanism to pay online too. That is where payment processors and payment gateways come into the picture.

#### ▶ Online Auctions

Online auctions are an efficient mechanism for price discovery. Many buyers find the auction shopping mechanism much interesting than regular storefront shopping.

#### ► Internet Banking

It enables banking operations without visiting a physical bank branch. Interfacing of websites with bank accounts, extension credit cards, was the biggest driver of ecommerce.

#### ► Online Ticketing

Air tickets, movie tickets, train tickets, play tickets, tickets to sporting events, and just about any kind of tickets can be booked online.

### Types of Ecommerce

Ecommerce can be classified based on the type of participants in the transaction:

- **Business to Business (B2B):** B2B ecommerce transactions are those where both the transacting parties are businesses, e.g., manufacturers, traders, retailers and the like.
- **Business to Consumer (B2C):** When businesses sell electronically to end-consumers, it is called B2C ecommerce.
- **Consumer to Consumer (C2C):** Some of the earliest transactions in the global economic system involved barter -- a type of C2C transaction. But C2C transactions were virtually non-existent in recent times until the advent of ecommerce. Auction sites are a good example of C2C ecommerce.

### Benefits of Ecommerce

► It eliminates limitations of time and geographical distance. In the process, ecommerce usually

► Streamlines operations and lowers costs.

### Specialized Forms of Ecommerce

- **M-commerce:** M-commerce is short for "mobile commerce." The rapid penetration of mobile devices with Internet access has opened new avenues of ecommerce for retailers.
- **F Commerce:** Commerce is short for "Face book commerce." The immense popularity of Face book provides a captive audience to transact business.

### The Journey of Flip kart

Flip kart is one of the top 3 unicorns from India in the online selling space. It is the second most preferred websites by the people who look for shopping online in India. It was Founded in 2007 by Sachin Bansal and Binny Bansal ,Flipkart is an e-commerce company which is registered in Singapore and has its headquarter in Bangalore (India). Initially the company was an online bookstore which has now come of age and operates through a complex structure of business with 20 million products across 70+ categories at its disposal.

### The business model of Flip kart

Flip kart initially started with selling books online. The ambitious online portal soon expanded with offering a range of goods. It also acquired companies like LetsBuy.com, Myntra.com, etc., to mark its presence in the Indian market. Its journey from a book e-retailer to a largest e-commerce portal inspires and encourages a generation of start-ups. Flipkart's story demonstrates that a great idea backed with hard work can provides the great success.

This online platform is a **B2C** portal which provides shopping opportunities to the Indian consumers. It allows the sellers to sell their collection of products by giving appealing discounts to its consumers who wish to buy them. The buyers choose the products they like to buy and are hence shipped to them. The sellers get an agreed price after deducting the Flip kart's commission for their services provided to these sellers.

The various options for selling and buying through Flip kart are through Flip kart website, the web app, the mobile app, social websites and affiliated networks like review websites, coupon websites, bloggers, etc.

### Flip kart sources of income

The percentage of the commission charged by Flip kart varies from the type of products and type of sales. It may range to 5-20% excluding taxes and discounts..The e-commerce portal generates revenue not just by selling products but has various revenue channels, some of which includes:

► **Web portal:** as it provides a platform to its sellers, it charges a commission for all the services given to them. This is the basic source of revenue of Flipkart.

► **Listing and convenience fee:** this is another method of revenue to the company; it charges some amount of listing fee to its sellers and convenience fee to the buyers for faster delivery. The convenience fee also includes the gift wrapping charges, billings that add up to the total revenue of the company.

► **Logistics:** this is an amount collected from the sellers for shipping their products. It provides services to its sellers which are similar to other delivery courier companies. The charges of delivery services vary from place to place and the distance required to be covered.

► **Digital media:** it sells ads to the sellers or brands as well as various products such as co-advertising, co-branding, etc. the ads are put into 3 categories:

► **Cash and carry:** this is the wholesale division of Flipkart. The revenue earning methods is same as it earns from the B2C transactions. The only difference here is that here B2B transactions take place.

► **Myntra:** myntra is a website owned by Flipkart which is another online fashion portal that boosts up the overall fashion category of Flipkart. Myntra earns a huge amount of sales on its fashion products and has been measured to be higher than the fashion sales of Flipkart. The revenues earned by the website myntra are accounted in total earnings of Flipkart.

### **Funding Raising of Flipkart from 2007-17**

Flipkart, India's largest e-commerce portal not employs thousands of people and sells the widest range of products. Flipkart, despite its ups and downs, went about its journey, creating landmarks in the process. It also set the stage for many other startups too. At the same time, it was the investors who backed the company at crucial points of time, in its fight against Amazon and other rivals. The company's investors include Tiger Global Management,

Naspers, Accel Partners, Dragoneer Investment Group, Sofina, ICONIQ Capital, DST Global, GIC and Morgan Stanley Investment Management.

<b>Year</b>	<b>Funds</b>
2007	Begins with 4 lakh or \$6,000 as initial capital
2008	Ashish Gupta, founder of Junglee and Helion Venture Partners funds Flipkart initially.
2009	Accel India, the venture capital firm, provides the first institutional round of fund of \$1 million. Flipkart also received \$10 million from Tiger Global Management. The valuation of the company was reported to be a bit lower than \$50 million.
2010-11	Flipkart raised \$20 million from Tiger Global and begins talks with private equity funds like General Atlantic. The valuation of the company then was \$1 billion.
2012	Flipkart became a unicorn startup. It announced \$150 million round led by South African tech major Naspers. The valuation of Flipkart back then was \$1 billion
2013	Flipkart raised \$200 million from existing investors in mid-2013. The company also raised \$160 million more from Morgan Stanley, Sofina, Vulcan Capital and Dragoneer. The valuation of Flipkart was reported to be \$1.6 billion.
2014	Following the acquisition of Myntra in that year, Flipkart raised \$210 million from DST Global. The valuation then stood at \$2.6 billion. This was a piece of history as Flipkart witnessed a whopping \$1B funding round from GIC Singapore and existing backers like Naspers, DST Global and Tiger Global. Even the valuation shot up 1.5 times and stood at \$7 billion, within the span of less than quarter of a year.  Flipkart raised a \$700 million fund from hedge funds like Greenoaks, Steadview Capital, sovereign wealth fund Qatar Investment Authority, mutual fund T Rowe Price. Flipkart's

	valuation again increased to more than \$11 billion.
2015	Flipkart reached the highest valuation at \$15.5 billion. It also raised \$700 million from all the existing investors
2016	This was a bad year for Flipkart. The company received the first big markdown by a Morgan Stanley Mutual Fund. This time the valuation stood at \$11 billion. The markdowns kept continuing by various mutual fund investors like Vanguard, T Rowe Price and Fidelity. This time Valic, the US fund, marked up the valuation of its shares in Flipkart by 10 percent. Now, the valuation of the company was \$11.5 billion. A Morgan Stanley Mutual Fund made another considerable cut to the value of its Flipkart shares. The valuation was now a mere, \$5.6 billion.
2017	Softbank Vision Fund invested \$2.5 billion in Flipkart It managed to secure this investment at a post-money valuation of \$11.6 billion from the likes of <a href="#">Tencent</a> , eBay, and Microsoft. This fundraising round also witnessed participation from existing Flipkart backers — Tiger Global, Naspers, Accel and DST Global.

**Source:** [www.financialexpress.com](http://www.financialexpress.com) › Industry › Technology

### Acquisitions by Flipkart

Flipkart is an e-commerce portal that offers apparel, footwear, beauty products, mobile phones, furnitures and computer accessories. The following are the acquisitions of Flipkart

Year	Acquisitions
2010	<a href="#">WeRead</a> , a social book discovery tool
2011	Flipkart acquired the rights to Chakpak's digital catalogue which includes 40,000 filmographies, 10,000 movies and close to 50,000 ratings.
2012	Letsbuy.com, an Indian e-retailer in electronics. Flipkart has bought the company for an estimated US\$25 million. Letsbuy.com was closed down and all traffic to Letsbuy has been diverted to Flipkart
2014	Acquired Myntra.com in an estimated ₹20 billion (US\$310 million) deal
2015	Flipkart acquired a mobile marketing start-up Appiterate as to strengthen its mobile platform.
2016	Flipkart's Myntra acquires rival fashion shopping site Jabong for \$70 million
2017	Flipkart funded Parenting Network Tinstep with \$2 Million in exchange for an equity stake in Flipkart, eBay agreed to make a \$500 million cash investment in and sell its <a href="#">eBay.in</a> business to Flipkart; however, according to a company statement eBay.in would continue to operate as a separate entity from Flipkart

Source: Flipkart Wikipedia

### Awards and Recognition

Year	Awards
2012	Flipkart.com was honored as the Young Turk of the Year at

	CNBC TV 18's 'India Business Leader Awards 2012' (IBLA)
<b>2012-13</b>	Sachin Bansal was awarded Entrepreneur of the Year 2012–2013 from Economic Times, a leading Indian Economic Daily. <a href="#">[108]</a>
<b>2015</b>	the two founders entered Forbes India Rich List debuting at the 86th position with a net worth of \$1.3 billion each.
<b>2016</b>	Sachin Bansal and Binny Bansal were named to <a href="#">Time Magazine</a> 's list of The 100 Most Influential People

Source: Flipkart Wikipedia

### Flipkart Innovation Timeliness

The philosophy behind innovation has been to solve real problems and to make life easier for customers. This Flipkart innovation timeline takes back to 2007 to evoke salient moments from Flipkart's historic journey, moments that have changed the way India shops.

Year	Innovation
2007	Turning a new page in India's Shopping history
2010	An Audacious approach to online payment & offline delivery
2011	Removing the e barrier in e-commerce
2013	Nextday Delivery – Doorstep Delivery reinvented
2014	“ A Big Billion” surprise for customers
2015	Customer Satisfaction is never taken “lite” ly
2016	Making wishes affordable and exchange easy
2017	Flipkart launched its own mobile phones under Billion Brand.

Source: <http://techstory.in/flipkart-story>

### Flipkart Sales:

Flipkart.com is India's leading e-commerce marketplace with over 30 million products across multiple categories. Started by a team of 2, Flipkart today employs 30,000 people with 46 million registered users. With technology that enables 8 million shipments every month, 10 million daily page visits and 14 state of the art warehouses, they are ranked amongst top 5

websites in India based on Alexa ranking. Flipkart is the first billion dollar company in Indian e-commerce.

<b>Year</b>	<b>Sales ( in crores)</b>
2008-09	Rs.4
2009-10	Rs.20
2010-11	Rs.75
2011-12	Rs.190
2012-13	Rs.1000
2013-14	Rs.1163.1
2014-15	Rs. 2937.7
2015-16	Rs. 10245.8
2016-17	Rs. 19854
<b>CAGR</b>	<b>157.42%</b>

**Source:Flipkart Wikipedia**

The above table shows that the sales of flipkart are showing an increasing trend from the year 2008 to 2017. Though it is facing a cut throat competition from the Amazon Company the sales are increased from Rs . 4 Crores to Rs. 19852 Crores because of itsin spike sales,**good packaging,better cataloging,deliver on time and keeping customer delight a priority. The CAGR is 157.42% indicating a bright future and also the tendency for further growth in sales.**

**Current challenges being faced by Flipkart :(2017-2018)**

- ▶ Reduced Sale
- ▶ Bad Investments
- ▶ No Growth
- ▶ High Burn Rate
- ▶ Slipping Market Share
- ▶ Opening and Shutting of new Pilot Projects
- ▶ Huge burden to maintain logistic infrastructure
- ▶ Unhappy Sellers.

**Conclusion:**

Flipkart is one of the top online selling web portals in India. The company has gained a large amount of consumer satisfaction and loyalty with its services to the consumers such as cash on delivery options, faster delivery options, great discounts, return policies, refund policies, etc. all these factors have led to the success of Flipkart and the company is doing well in the market today. Customers can get any kind of product simply from one portal without much of searching problems making convenient for the consumer to find the product they need.

**Referecces:**

1. <https://www.flipkart.com/>
2. <https://timesofindia.indiatimes.com/topic/Flipkart>
3. <https://economictimes.indiatimes.com/industry/services/retail/flipkart-ties-up-with-banks-nbfcs-to-offer-quick-loans/articleshow/69878710.cms>
4. [https://www.flipkart.com/?gclid=Cj0KCQjwpPHoBRC3ARIsALfxItjCxQmwiD73K6eIYXTIAy\\_UN](https://www.flipkart.com/?gclid=Cj0KCQjwpPHoBRC3ARIsALfxItjCxQmwiD73K6eIYXTIAy_UN)
5. [flipcart&semcmpid=sem\\_8024046704\\_brand\\_eta\\_goog](https://www.flipkart.com/?gclid=Cj0KCQjwpPHoBRC3ARIsALfxItjCxQmwiD73K6eIYXTIAy_UN)