FLIPKART TILL DATE: A CASE STUDY

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“THE CORE OF ANY BUSINESS IS TO EARN MONEY. YOU HAVE NOT DONE YOUR JOB WELL UNTIL YOU FIND A STRANGER WHO IS WILLING TO OPEN HIS /HER WALLET TO GIVE YOU MONEY FOR THE SERVICES/PRODUCTS THAT YOU ARE OFFERING.”

SACHIN BANSAL & BINNY BANSAL (Co-founders of Flipkart)

Abstract

The Indian E-commerce market has undergone exhaustive changes in the recent times. E-commerce has reached the doorstep of a common individual in India. It has broken the technological and geographical barriers over the years and has got huge amount of success. The E-Retailing form of market was something unheard of to the Indian consumer in 2007. Many Indians today are embracing e-retailing with enthusiasm. Popular portals such as Flipkart are spearheading the conversion of offline shoppers into online bargain hunters. Flipkart has made a name for itself in terms of market share and goodwill in the online market and it is posing a big threat to the retailers by its marketing strategies. This case study aims to study functioning, market strategy, SWOT analysis of Flipkart.

Key words: E-Commerce, E-Retailing, online, Flipkart
HISTORY AND GROWTH OF FLIPKART

Flipkart (Company) was founded in 2007 by Sachin Bansal and Binny Bansal, both alumni of the Indian Institute of Technology Delhi. They worked for Amazon.com, and left to create their new company incorporated in October 2007 as Flipkart Online Services Pvt. Ltd. It operates exclusively in India, where it is headquartered in Bangalore, Karnataka. It is registered in Singapore, and owned by a Singapore based holding company. Started with an initial capital of four lakhs it now aims for annual turnover of around Rs.4500 crores. The first product they sold was the book Leaving Microsoft To Change The World to a customer from Hyderabad. According to alexia internet, Flipkart is one of the most popular website visited in India. Flipkart sells goods in India through a company called WS retail. The other third-party traders or companies can also sell goods through the platform of Flipkart. Initially in 2008 Flipkart sold books but soon it established itself wide and started selling products like consumer electronics, clothing, home decoration products, appliances, beauty and fashion products etc. Due to the powerful network all over India and effective customer relationship management, Flipkart has earned a topmost position in India. Flipkart now employs more than 33,000 people. It allows payment methods such as cash on delivery, credit or debit card transactions, net banking, e-gift voucher and card swipe on delivery.

The founders of Flipkart Sachin and Binny Bansal, now have taken the combined net worth in excess of $1 billion, reaching closer to that of Narayana Murthy and Nandan Nilekani of Infosys. According to the Flipkart officials the company has a set future goal of becoming $100-billion e-commerce Company.

STRATEGY, MISSION, VALUES OF FLIPKART

The mission: To “provide their customers a memorable online shopping experience”.

The Vision: To become “Amazon of India”.

Core values of Flipkart:
1. Customer Obsession
2. Ownership
3. Impact
4. Honesty
5. Selflessness
6. Communication
7. Innovation
ADDITIONS TO THE FLIPKART FAMILY

- 2010: WeRead, a social book discovery tool.
- 2011: Mime360, a digital content platform company.
- 2011: Chakpak.com, a Bollywood news site that offers updates, news, photos and videos. Flipkart acquired the rights to Chakpak's digital catalogue which includes 40,000 filmographies, 10,000 movies and close to 50,000 ratings. Flipkart has categorically said that it will not be involved with the original site and will not use the brand name.
- 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 (2,000 crore, about US$319 million) deal.
- 2015: Flipkart acquired a mobile marketing start-up Appiterate as to strengthen its mobile platform.

OBJECTIVES

1. The main objective of Flipkart is to highlight the convenience of e-commerce to traditional offline shoppers and thus provide its customers with good value and it wants to be regarded as one of the most friendly service providers in the domain and help grow the market.
2. Their main aim is diversification of products portfolio and stronger supply chain management.
3. To increase brand awareness and loyalty of existing customers.

RESEARCH METHODOLOGY

The research is based on secondary data collected from internet sources like Websites, Online Journals, E-Books and Newspaper publications. The scope of the present study is to analyze the current status of e-commerce company Flipkart.com in Indian market.

MARKETING STRATEGY

1. Flipkart has been mostly marketed by word of mouth advertising.
2. Customer satisfaction has been their best market medium.
3. Flipkart very wisely used SEO (Search Engine Optimization) & Google Ad-words as the marketing tools to have a far reach in the online world.
4. All in all to create a great customer experience.

5. Kids were used to create the adverts to send out the message -if a kid can do it, we can also do it.

**SWOT ANALYSIS:**

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<th>Strengths:</th>
<th>Weaknesses:</th>
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<tr>
<td>1. Strong Brand value</td>
<td>1. Investor driven organization Or lack of Independent board</td>
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<td>2. Own Logistics Arm e kart</td>
<td>2. Secretive and Political Culture.</td>
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<td>3. Own Online payment gateway solution Payzippy</td>
<td>3. Excessive focus on expanding customer base rather than pulling profits</td>
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<td>4. Own Marketplace model</td>
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<td>5. Advertisements and Promotions</td>
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<td>6 Strategic Acquisitions</td>
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<th>Opportunities:</th>
<th>Threats:</th>
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<td>1. Online fashion and apparel business</td>
<td>1. From competitors like Amazon, Snapdeal, Infibeam, Indiaplaza, Homeshop18 etc.</td>
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<td>2. Providing logistics services to its competitors.</td>
<td>2. Customer loyalty</td>
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<td>3. Rural Market</td>
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<td>4. Mobile apps</td>
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**Reasons for Strengths:**

- Flipkart is a company which entered online E-Commerce industry very early. It has strong brand value in India.
- Flipkart has developed its own logistics arm E-Kart, which has been initially used for in-house deliveries.
- Recently, it has developed its own payment gateway solution provider, where customers can save their credit card details, Payzippy.
- Flipkart has its own marketplace model where sellers need to register in this platform and buyers can negotiate with the sellers on varied service levels and it also helps company to reduce its own inventory. Flipkart will just deliver those products.

**Reasons for Weaknesses:**

- Most of the money has been invested by Venture firms like Tiger global and Accel Partners. SO, most of the decisions that are taken by founders of firm have to been approved by Investors.
- Secretive and political culture is followed in this company while they are recruiting which is creating problems in this company.
- Flipkart is excessively focusing on expanding customer base rather than pulling profits in the process having cash burn.
Opportunities:
Flipkart can venture into online apparel and fashion business, where the gross margins are higher. Flipkart can offer its logistics services to its competitors in online retail sector with its logistics arm E-kart. With online commerce sector going to boom in the coming years, online transactions are going to increase. So, if Flipkart offers its logistics services to its competitors, it can gain money from those transactions.

Threats: Flipkart is facing a lot of competition from some of the online retailers like Amazon, Snapdeal, Indiaplaza, Homeshop18 etc which its affecting its customer base.

FLIPKART FACILITIES FOR CUSTOMERS
Flipkart believes in providing its customers with the very best in online shopping and thus offers the following benefits for them:

1. Cash on delivery
2. Free shipping
3. 30 day replacement policy
4. Unmatched price range
5. EMI options

The delivery team of Flipkart is one of its major assets thanks to its 24X7 work ethic. Every member of the team works hard to ensure the timely delivery of the packages. At present, the management is making plans to expand its operations to more cities across India.

CHALLENGES FACED BY FLIPKART
1. Overall trust in online shopping is low among consumers.
2. Fear of wrong product getting delivered.
3. Touch & feel experience of the product is missing.
4. Customer is hesitant to buy expensive products.
5. Return policy is cumbersome.

CONCLUSION
The concept of e-commerce is downloading at a fairly rapid pace in the psyche of the Indian consumer. In the metros, shortage of time is a big driver for online shopping. On the other hand, accessibility to a variety of products makes audiences from smaller towns and cities opt for the online route. Major retailers face challenges in stocking their stores adequately. Often, customers are unable to purchase items of their choice, thus prompting them to resort to e-retailers.
Uncovering India's online avatar is a fascinating process. Only those companies that can successfully engage customers through novel ideas, quality products and seamless services will flourish. May be it is sheer genius, or simple common sense the e-retail hero Flipkart has been able to accomplish all this during its formative years.

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