

## A STUDY ON E-TAILING WITH REFERENCE TO FLIPKART.COM SERVICES

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**Abstract**— India is one of the fast growing and emerging economies of the world, having a very huge consumer base and a big mass connected to internet. The e-business trend have been catching up in the country with the increasing rates of local and domestic firms using the e-business model to do business which is different from the traditional way of doing business in India. It leads to an interesting trend in the market for the online shopping starting from ordering food, grocery, vegetables, fruits, taxis, electronic product and so on. This resulted in the development of e-tailing, the sale of goods and services through internet. It allows people to shop from home, when they wanted and at their own convenience. By taking this into consideration, the researchers have framed the objective to study about the e-tailing in India and with reference to Flipkart.com. Flipkart.com is the leader of Indian e-tailing market. Required secondary data have collected from various journals, magazines, websites, etc. The study also reveals the performance of the Flipkart.com, their products, order lifecycle, marketing strategies, and expansion for future opportunities in today's India's e-tailing market.

**Keywords-** *e-tailing, emerging, strategy, traditional, convenience, domestic.*

### Introduction

E-tailing is the selling of retail goods on the Internet. Short for "electronic retailing," and used in Internet discussions as early as 1995, the term seems an almost inevitable addition to e-mail, e-business, and e-commerce. E-tailing is synonymous with business-to-consumer transaction. The word E-tail has its roots in the word 'retail'. Here the letter E stands for 'electronic' since the shopping process happens through the electronic media (internet). With the use of a web-space a virtual shop is created and the products are displayed through images in this space with the features and price tags. By accessing this shopping site a customer can choose his/her products into a cart. The payment to this product can be done in various modes as mentioned by the shopping site. The product would be

delivered to the address specified by the customer. E-tailing began to work for some major corporations and smaller entrepreneurs as early as 1997 when Dell Computer reported multimillion dollar orders taken at its Web site.

### Steps involved in E-tailing:-

The shopping process through internet media happens in 5 steps generally.

- **Customer visit:** The customer accesses the website of the e-tailer through his/her mobile or PC or laptop.
- **Choice of product:** Once the customer visits the site he/she would choose a product based on the image and valid information available on the web page.
- **Payment online:** Once the customer chooses the product the next step would be to go through a secure process of data exchange. The e-tailer may provide a unique user account to the customer to keep the transaction safe. Payments to the product can be made online through credit or debit card or even cash on delivery basis where the customer pays the e-tailer when the product is delivered to him/her.
- **Product delivery:** Once the order is placed with the e-tailer the next process would test the efficiency of supply chain network of the e-tailer. The delivery of the product would be based on the availability of the product in the inventory closest to the customer's delivery address. This process may also involve shipment of the product.
- **Customer feedback:** Once the product is delivered to the customer the feedback from the customer is very much important. The entire experience of the customer during the process would be an indicator of the efficiency of e-tailing. This experience of the customer can be accessed

through proper customer service for feed backs and the problems faced by the customer should be corrected by the e-tailer.

#### E-TAILING IN INDIA:

E-commerce market size in India is estimated to be USD 14 Bn in 2012 and is projected to reach USD 74 Bn by 2017. Retail e-commerce or e-tailing is essentially the selling of retail products and services through internet. Late 1990's and early 2000's saw launch of several e-tailing sites like www.rediff.com, www.indiaplaza.com etc. However, the real defining entry in this domain was that of Flipkart in 2007 and since then we have seen an increased urgency in the space with the entry of several new players across categories; highly discounted pricing; better interfaces and delivery; high decibel media campaigns; investments in players at high valuations - all leading to aggressive competition to grow and scale-up as quickly as possible. Though e-tailing is still a very small part of overall retail in India (0.2%), it is projected to grow at a fast pace (reaching ~2% by 2017) and over the next decade its presence will be even more significant.

Flipkart.com has been taken for the purpose of the study. The entire study reveals the performance of the Flipkart.com, their products, order lifecycle, marketing strategies, and their future plans.

#### Statement of the problem:

E-tailing can be considered another form of non-store retailing. Due to the entrance of MNCs into the Indian market, the existing market forced to improve and expand to retain the customers. In today's consumer market, there are various products and services are very much available along with different purchase mode. Sometimes, the processes of e-tailing and online transactions are creating problems to the customers. In order to identify those problems, a specific study has been made on e-tail market with special reference to flipkart.com services.

#### Objectives of the study:

- To study the role of flipkart in e-tailing.
- To study about their products and services.
- To study about their order lifecycle.
- To know their future plans in e-tailing.
- To understand the drawbacks in e-tailing.

**Scope of the study:** This study aims to understand and enunciate the role of flipkart in e-tail business practice. It helps to know about the availability of products and services with order lifecycle. It also helps to identify certain drawbacks in the e-tailing practices. This particular study clearly analyse the performance of Flipkart along with their market strategy which helps the customers to understand the e-tailing concepts and adopt better buying practice.

#### Methodology:

**Sources and Collection of data:** The data used for the study is the secondary data comprising of official website, Journals, magazines and articles.

#### Limitations of the study:

- This study deals only with flipkart.com services.
- Since the data is secondary data, it is more dependable and reliable only with secondary data.
- This study confined only to e-tailing concept. traditional business method is not involved.

#### REVIEW OF LITERATURE:

**Khare, Arpita. Singh, Shveta and Khare, Anshuman<sup>1</sup>** examines the relationship between innovativeness/novelty-seeking behavior of Indian youth and their online shopping behavior. Three hundred students studying in universities in the northern region of India between the ages of 18 and 24 years participated in the survey. The research findings show a positive relationship between innovativeness/novelty-seeking behavior and online shopping behavior. The article concludes that Indian youth are interested in online shopping Web sites because these Web sites provide the latest information

about products and services. Their online shopping is influenced by Web site attributes such as convenience and flexibility. The surveyed population felt comfortable purchasing with cash because online transactions are considered insecure. The article concludes with some suggestions that companies can incorporate to successfully attract Indian youth to their Web sites for shopping.

**Liebermann, Yehoshua and Stashevsky, Shmuel**<sup>2</sup> predict the number of online purchases made by Internet users in an early stage market is presented and examined using data collected in Israel. Those more likely to report buying online saw low costs and substantial benefits associated with e-shopping. They were experienced Internet users who valued online information searching. They were also more likely to shop over the phone, but did not especially like to go shopping. Finally, they tended to be the primary purchaser in the household. The framework enhances understanding of the factors affecting consumers' online shopping behaviour, aides in profiling typical electronic shoppers, and may help practitioners develop more personalized marketing programs to increase e-commerce sales.

**Parikh, Darshan**<sup>3</sup> in this article discusses the results of a study regarding the adoption of online shopping in India. Structural and sociological variables could affect consumer purchasing as well as the variables that can relate to family life cycle, sex-role orientation and socio-economic class. It was found that there is a greater association between the length of Internet surfing and actual shopping and between Internet usage and actual Internet shopping.

**Siliconindia**<sup>4</sup> focuses on the online survey conducted by Nielsen Global which revealed that Indians accounted for 84 percent in terms of credit card usage for online purchases in India. The survey highlighted that 85 percent of the online population of the world has used the Internet to make a purchase in the past two years with books as the most popularly purchased items. There are 70 percent of the Indians who are

active on the Web purchased airline or train tickets on the Internet.

**Hsiao, Ming-Hsiung**<sup>5</sup> aims to explore how consumers evaluate these time attributes: i.e., the value of time, when they are facing a shopping mode choice between physical store shopping and e-shopping. For this purpose, it conducts an experiment to acquire data on respondents' stated preference choices between physical bookstore shopping and online bookstore shopping. It is finally found that the value of delivery time for a purchased book from an online bookstore to a consumer is approximately \$0.53 per day, which means an online bookstore will have to lower a book's price by \$0.53 to attract a physical bookstore shopper if the delivery is delayed for one day. It is also found that in terms of monetary values, avoiding a shopping trip produces far more benefits than bearing waiting for the delivery of books for an online purchase.

#### **Profile of Flipkart:**

Flipkart is an Indian e-commerce company headquartered in Bangalore city, Karnataka. In its initial years, Flipkart focused on online sales of books but it later expanded to electronic goods and a variety of other products. Flipkart was founded in 2007 by Sachin Bansal and Binny Bansal, both alumni of the Indian Institute of Technology Delhi. They worked for Amazon.com before quitting and founding their own company. As CEO, Sachin oversees all the customer facing activities of the company ranging from technology to marketing. He is also in charge of Flipkart's corporate division which includes the finance and legal departments. As COO, Binny oversees all operational activities that come into play from the time the customer places an order till the time of delivery. He is also in charge of warehousing, logistics and customer support. The store started with selling books and in 2010 branched out to selling CDs, DVDs, mobile phones and accessories, cameras, computers, computer accessories and peripherals, and in 2011, pens & stationery, other electronic items such

as home appliances, kitchen appliances, personal care gadgets, health care products etc. Further in 2012, Flipkart added A.C, air coolers, school supplies, office supplies, art supplies & life style products to its product portfolio. As of today, Flipkart employs over 4500 people.

#### Payment methods offered:

Flipkart offers multiple payment methods like

- Credit card.
- Debit card.
- Net Banking.
- e-Gift voucher, and
- Cash on Delivery.

The cash-on-delivery model adopted by Flipkart has proven to be of great significance since the credit card and net banking penetration is very low in India.

#### Business results:

Flipkart's reported sales were 40 million in FY 2008–2009, 200 million in FY 2009–2010 and 750 million for FY 2010–2011. In FY 2011–2012, Flipkart is set to cross the 5 billion (US\$100 million) mark as Internet usage in the country increases and people get accustomed to making purchases online. Flipkart projects its sales to reach US\$1 billion by year 2014. On average, Flipkart sells nearly 20 products per minute and is aiming at generating a revenue of 50 billion (US\$1 billion) by 2015.

#### Locations:

The company's headquarters is located in Bangalore city, Karnataka state. Flipkart has offices, warehouses and customer service centre across India. Warehouses are located in the following cities, often near airports. From here on, Flipkart delivers the products in the selected 37 cities across India.

- Bangalore, Karnataka state
- Chennai, Tamil Nadu state
- Delhi
- Kolkata, West Bengal state
- Mumbai, Maharashtra
- Noida, Uttar Pradesh

#### Products offered:

Flipkart started with selling books. In 2010, they added to their catalogue media (including music, movies and games) and mobile phones and accessories.

In 2011, product launches included camera, computers, pens & office supplies, computer accessories, home and kitchen appliances, personal care, health care, gaming consoles, audio players and televisions. In November 2011, Flipkart launched a new Electronic Wallet feature that allows shoppers to purchase credit on their Flipkart account using credit or debit cards, and can subsequently be utilised to make purchases on the site, as and when required. In 2012, product launches includes health & beauty products. Life style products which includes watches, belts, bags & luggage. Flipkart is currently the only authorised online reseller of iPods in India.

From June 2012, Flipkart allowed people to buy toys, posters and from October 2012, Flipkart entered into apparel retailing.

#### Acquisitions by Flipkart:

- 2010: WeRead, a social book discovery tool.
- October 2011: Mime360, a digital content platform company.
- November 2011: Chakpak.com is a Bollywood news site that offers updates, news, photos and videos.
- 2012: Letsbuy.com is India's second largest e-retailer in electronics.

#### Order lifecycle:

- Attract users to the site.
- Provide selection and making it easy to find and discover items.
- Provide details to evaluate a product such as product description, specifications, etc.,
- Price well.
- Provide convenient payment options.
- Confirm purchase order and payment.
- Get the item and procure from supplier.
- Keep inventory.
- Pack the item.
- Select courier and hand over.
- Get tracking id and communicate to customer.
- Take care of returns.
- If certain product is not available or is out of stock, it even asks users to input its details and when the product is available, the desired users are informed.

#### FINDINGS:

- Indian e-tailing market leader is flipkart.com whose valuation is \$1 Bn.

- Flipkart's revenues were \$10 Mn in 2010-11 and \$150 Mn in 2011-2012. It's ~20% of Indian online retail market. Flipkart is aiming to achieve \$1 Bn in next 2-3 years.
- Flipkart started with selling books. In 2011, product launches included cameras, computers, pens and office supplies, computer accessories, home and kitchen appliances, personal and health care, gaming consoles, audio players and televisions.
- In 2012, product launches includes health and beauty products, life style products which includes watches, belts, bags and luggage.
- From June 2012, Flipkart allowed people to buy toys, posters and from October 2012, Flipkart entered into apparel retailing.
- Initially when they started, it was not easy for them to earn the trust of the customers.
- The discomfort of paying by cards, on account of security fears is another challenge. They have now tried to address that by introducing the cash-on-delivery. Approximately 60% of orders are placed in cash on delivery system.
- They aim at 10 times growth and eyes at \$ 1Billion sales by 2015.
- They intend to enter into various new categories and expand their existing categories as well.
- Everything except for groceries and automobiles will be available on future in flipkart.
- Looking for associations with larger number of suppliers both nationally and internationally.

#### SUGGESTIONS:

- There is much competition among the e-tailers in India. In order to retain the position, flipkart has to build a great brand name they just have to maintain and enhance the same.
- Need to keep introducing more products, adapting to the changing needs of the customer with time.
- Flipkart should look for international/ overseas markets.
- Internet users in India is increasing at increasing rate, so flipkart can target on more and more cities, which will help to generate stronger customer base and more revenues.
- Flipkart should continuously aims to reduce delivery time cycle.

- They should work to improve the user experience by adding more and more innovative features in the websites.

#### CONCLUSION:

Flipkart, the first billion dollar internet company from India is by far the leading online store in the country. The overall brand name of flipkart is good, but it faces a tough competition from the global competitor amazon.com. But in the Indian market, flipkart is the most accepted e-tailer which is aggressively expanding and planting its roots deep into the Indian e-tail market and at the same time shifting the mindset of the customer from going into the physical stores to the online stores.

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# Global Journal of Finance *and* Management

Volume 4, Number 7, 2012

ISSN 0975 - 6477

Editor-in-cheif:  
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