

# RI MAGES

# Retail

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## E-COMMERCE BOOM IN INDIA

Online Retail Triggers  
Transformation in Retail Industry

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**IRF** 2014  
INDIA RETAIL FORUM  
17-18 September, 2014  
Renaissance Hotel, Mumbai

- THE STATE OF INDIAN E-COMMERCE - TRENDS AND OPPORTUNITIES
- IS ONLINE RETAIL A THREAT OR AN OPPORTUNITY?
- E-COMMERCE IS BIG, ITS OPERATIONAL FINANCE ISSUES ARE BIGGER
- WHEN IT COMES TO E-COMMERCE, SOFTWARE TESTING IS A MATTER OF SURVIVAL!



► **SNAPDEAL**

**Snapdeal.com** is an online marketplace launched in 2010, headquartered in Delhi, India. In September 2011, Snapdeal.com transitioned from an online deals site to a full-fledged horizontal e-commerce company via a marketplace model.

Its huge rise in the last few years has seen it raise a tremendous amount of investment to fund its growth further. Here is a review of the services it provides to sellers for selling their products on their platform.

Snapdeal, is expecting over 50 per cent of its sales through mobile by the end of this year and is looking at spending more aggressively in technology. At present, 35 per cent of its transactions happen through mobile. The company is soon expected to cross the sales target of \$ 1 billion gross merchandise value. Meanwhile, fashion has become about 60 per cent of the Snapdeal sales unit from almost zero about 15 months ago. The largest category on the website—fashion—is growing by about 40 per cent month-on-month.

► **FLIPKART**

**Flipkart.com** is the success story of the Indian e-commerce industry. The 7 year old company is the largest e-commerce startup in India and has become a household name in the country. It caters to a large number of sellers and buyers and offers wonderful services, which has seen its reputation skyrocket in the last few years. Here is how the marketplace ranks up in the different parameters. Losses at online retailer Flipkart's wholesale arm Flipkart India Private Limited have more than doubled, as the company invests in growing its topline aggressively. The company has set a target of reaching \$1 bn in gross merchandise sales by 2015.

**FlipKart: Key Stats**

- Achieved **\$1Bn GMV**.
- Registered users: **18 million**
- Daily visits: **3.5 million**
- Technology has enabled **5 million shipments per month**
- Sellers on platform: **3000**



► **JABONG.COM**

**Jabong.com** is India's favourite online fashion destination that caters to the fashion needs of modern India. It boasts of more than 1000 international high-street brands, sports labels, Indian ethnic and designer labels, and has everything a consumer wants. With over 1,25,000 products shoppers are, most certainly, spoiled for choice. Besides collaborations with designers and international labels, Jabong.com is associated with Bollywood blockbusters as well. It also offers innovative services like express delivery, 30-day return policy, open-box delivery for prompt delivery and efficient service.

Jabong.com, a part of the Germany's Rocket Internet group, gets around 14,000 orders daily. The online fashion retailer is getting more than half of its sales (nearly 50-60 per cent) from small towns, where people do not have access to brands such as DKNY and Benetton as quoted in Livemint of September 2013.



► **FASHIONANDYOU**

**Fashionandyou.com** stand today with over 3.6 million member-base across 1200 locations pan-India, and they are also the first ones to achieve over a million fan-base on social media in the online fashion and lifestyle segment worldwide. Fashionandyou.com is a venture of the Smile Group, responsible for other e-commerce initiatives like BeStylish, dealsandyou.com, FreeCultr and Juvalia&You.com. It has recently raised funding of about ₹60 crore from its existing partners—Sequoia Capital and Smile Group and a new investor. FashionAndYou, which claims to have over 5.5 million registered

users, gets a majority of its business from women's ethnic wear and fashion apparel categories, followed by fashion accessories, footwear and home and living. The company is looking at setting up two more delivery centres, in Surat and

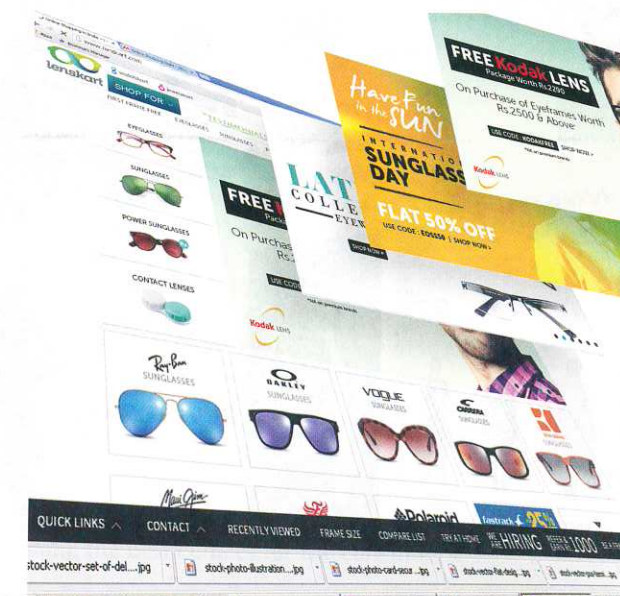
Bengaluru. Besides, the company plans to bring in a mobile app for the Android platform by September 2012 to cash in on the burgeoning number of smartphone users shopping using their handheld devices.

► **LENSKART**

Valyoo Technologies has built a string of vertical e-commerce portals focusing on particular product lines—bagskart.com, watchkart and jewelskart.com.

**Lenskart** is India's leading online shopping portal for eyewear. Lenskart does, on an average, 1,000 transactions a day, with the average value of each transaction ranging between ₹1,100 and ₹1,200. WatchKart was processing 10 watches about two years ago and it has now scaled up to 300 watches. JewelsKart and BagsKart were started about a year ago and are doing 60 and 200 orders per day, respectively. About 10 per cent of GMV comes through offline stores.

Lenskart revenue is expected to reach INR 100 crore by fiscal 2015. "Our goal is not to be the number one bags player. It is to be the number one eye-wear player in India," said Peyush Bansal, founder of Lenskart. Around 10 per cent of the sales comes from mobile and we are launching an app this month which will give the same experience as the web application. Lenskart is in talks with India's largest e-commerce companies to sell its products on their platforms.



► **DEALSHOTT**

**Dealshott.com** The company is a distributor and reseller of brands such as Octave, Fire&Ice, Okane, Long Bridge, Lure, Neva, Flying Space etc. They deal with categories such as, mens t-shirts ,sportswear t-shirts and track pants, cargos, lowers, flat knit t-shirts, round neck t-shirts, mens jackets and blazers, men's sweaters, women's blazers, kurtis, tops , night suits etc. They are retailing about 1000 SKUs from different portals like Snapdeal, FlipKart, HS TV18, Amazon, Indiatimes, dealshott etc. They specialise in winter wear jackets, coats, blazers, sweaters etc . They offer the brands complete retailing solutions by doing photo shoot , listings ,promotions etc services . They have planned more than 3000 sku s for AW14 and they will be introducing lot of new brands in this winter 2014 in online business .

▶ **NAAPTOL**

Naaptol started back in 2008 with only one phone number for the customers to call and order. "We started with 100 orders every day. Today in 2014 we have over 100 phone numbers and we process around 11,000 orders through them every day. So the growth has been more than 100 times of where we started. Revenue details: Revenue of 2013 was more than 1000 Cr. with daily ticket size of ₹3000 and 10,000 orders every day," says Manu Agarwal, Founder, Naaptol.

"Today we generate four times the orders that we used to generate two years ago. Possible reasons could be advertisements through various media platforms, increased media consumption on daily basis, introduction to broadcast media platform and innovative products and led us to this success," adds Agarwal. He further says, "Naaptol uses the services of India Post for order deliveries to tier II and tier III towns



of the country where the courier services are limited and unreliable. This gives us the edge over others and has enabled us to service more than 22000 postal PIN codes till date." The business is in talks with the private

equity investors to raise Rs.300 Cr as the third round of funding for the company in coming 3 months. The fund thus raised will be used on expansion of supply chain capacity and new technology.

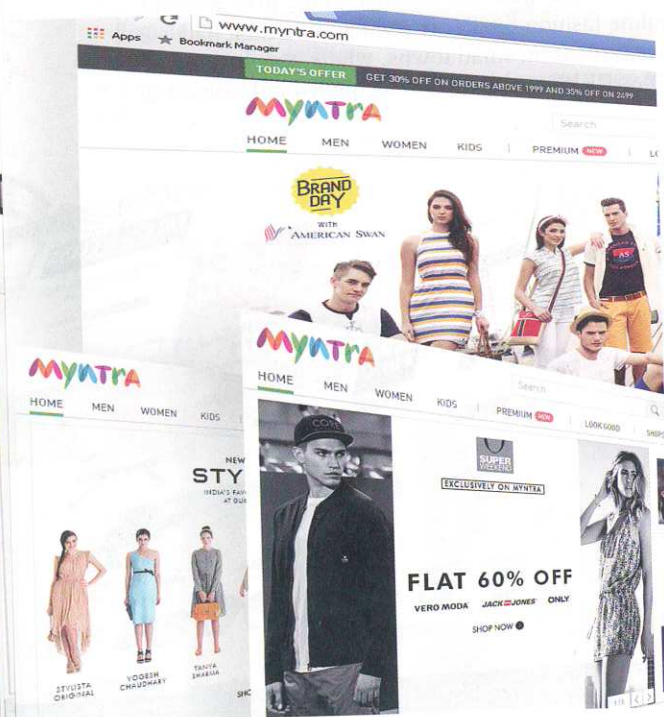
▶ **MYNTRA.COM**

Myntra was launched in 2007 and is a one-stop shop for all your fashion and lifestyle needs. Myntra.com offers over 500 products of leading fashion and lifestyle brands such as Nike, Adidas, Puma, Lee, Levis, Arrow, at its website for sale.

They are expecting to double the turnover from ₹400 crore in 2012-13 to ₹800 crore in 2013-14. Delhi and NCR region accounts for about 15 per cent of its total sales, with website selling 15,000 products per day. Their study reveals that over 70 per cent of their shoppers are male but women shoppers are soon catching up and the average age of these shoppers is 25 years.

Myntra has acquired San Francisco-based technology platform provider FITIQUETTE whose technology innovation aims at solving size and fit issues for online shoppers via a virtual dressing room. This is Myntra's second acquisition in four months. In November 2012, it acquired Sher Singh, a global private label online brand specialising in sports-inspired lifestyle apparel for men and women and its New York-based parent company Exclusively.in.

Recently Myntra was in news for its merger with FlipKart and together they are eyeing a share of about 65 per cent of the online fashion segment in the next 12-18 months.



**IN THE HOME DECOR SEGMENT**

There are many individual players and marketplaces who have already made their entry into this niche segment and are doing unexpectedly well. Some such players are:

▶ **URBAN LADDER**

Launched in 2012 and a venture of Bengaluru-based Descasa Decor Online, Urbanladder is currently delivering to Bengaluru, Mumbai and Delhi/NCR region (Gurgaon, Noida). The online store has made a strong foothold in the segment and have recently raised \$1 million in series Online furniture store Urban Ladder plans to reach out to shoppers across 25-30 cities in the next two years. It is getting more than 15,000 website visits daily and was executing 100-200 transactions with an average ticket size of ₹20,000 on a daily basis.

▶ **PEPPERFRY**

Mumbai-based TrendSutra Platform Services, the company behind Pepperfry.com, an e-commerce marketplace for furniture, home decor and appliances has a current user base of 7 lakhs and 3 million unique visitors on monthly basis. Also it is doing almost 1200 orders a day. Pepperfry is growing more than 300-400 per cent year-on-year. About 20-25 per cent of the revenues come from its private label brand 'Mudra'. Almost 95 per cent of the purchases on Pepperfry come through online payments. Mobile contributes about one-fourth of the total business.

▶ **FABFURNISH**

A rocket internet backed venture and the most visited online home store in India, Fabfurnish was launched in January 2012. It is currently known for its designer furniture, furnishings, décor items and kitchenware. "We are the IKEA of India when it comes to designs and pricing combination. We are growing 3-4 times year-on-year. In the current year 2014, we will surpass revenues of ₹220 cr. It is a rapid 3 times growth from last year. We are the leading online brand by a mile, and we have already overtaken few offline brands as well in size," says Vikram Chopra, CEO & Co-founder.



▶ **ZANSAAR**

A Bengaluru based startup and a brand owned by Singapore-based Salar Online has forayed into online home decor space in 2012. Backed by Accel Partners and Tiger Global, it has recently raised \$6 million funding from them with an aim to bring in exclusive range in categories such as home decor, kitchen tools, world foods, cushion covers.

▶ **MOBELHOMESTORE**

MoBEL is one of the leading large format retailers of furniture, furnishings and other interior products in India, with a chain of 8 physical stores in Eastern India and one store in South India in Bengaluru. They have their own furniture manufacturing unit equipped with high end Italian and German machines producing high quality furniture items for homes and offices. MoBEL also designs, manufactures and installs most modern modular kitchens. For projects and bulk requirements they source from over 250 factories across the world. They also offer a complete range of interior design products like furnishings, wall-papers, wooden floors, UPVC windows, Floor coverings, etc, at their store MoBEL D'ffine in Kolkata.

Although, the online retail is grabbing the attention, there are players in the offline segment too like Godrej Interio, D'Decor, Zuari, Durian, @home, etc. which are there for years and are still among the best choices for the consumers.

## RECENT ENTRANTS TO THE ONLINE WORLD

Having a wide selection of over 14,000 products, 98 per cent order fulfillment, well trained customer service executives ensures people keep coming back to LocalBanya for their grocery and household needs. LocalBanya currently has a user base upwards of 50,000 in Mumbai and do around 700 deliveries per day. They are in talks to close their next round of funding very shortly to scale up operations and look to enter new markets. LocalBanya recently raised Series A funding from Karmvir Avant Group in January 2014 and an earlier round from BCCL's Springboard fund in July 2013.

### Products



### ► TGS ECOM

Tgs Ecom, a one month old venture is one of the leading players in e-commerce business and has been running other successful businesses for past two years like "Send My Gift", "Flats Deal", "Tgs Layout", "Udyogmitra", "Grandeur International". Tgs bazaar.com is the only e-retailer which is starting with 40 distribution points with three distributions center strategically located in and around Bengaluru. It has opted for franchise route to execute this business model. Tgs Bazaar is also committing itself to reduce its delivery time.

### ► NEWU STORES

NewU is a lifestyle retail store operated by H & B Stores, a 100 per cent subsidiary of Dabur India Ltd. At present, it has 47 operational stores Pan-India, with many more coming up soon. Apart from the stores they also have their own website portal www.newu.in and is present on Amazon. Very soon you will also see them on Flipkart and Snapdeal. If monitored closely, there are many other players who are making waves without being market places and following the inventory led models.



### ► ONEMI

India's leading multi-channel retail platform focused on payment through EMIs. And does more EMI e-commerce transactions than any other e-tailer in India. "Launched in 2012, ONEMi.in aims to offer the aspirational lower-middle class a unique merchandising and purchase financing experience through loans to all those who aspire to buy pricy and high end products, however don't have access to the credit card market," says Abhijit Bhandari, Founder & Chairman, ONEMi. The portal offers a wide range of products and merchandise across various categories including electronics, mobiles, computers, home/kitchen appliances, jewellery, and travel, partnering reputed brands, such as Apple, Samsung, Nokia, Blackberry, Toshiba, Sony, Phillips, Swarovski, Titan, Citizen, Omega, Blue star, Whirlpool, VIP, Black & Decker, etc.



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**WE SHIP**

**WE DELIVER**

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#### Website

[www.holisollogistics.com](http://www.holisollogistics.com)

#### Email

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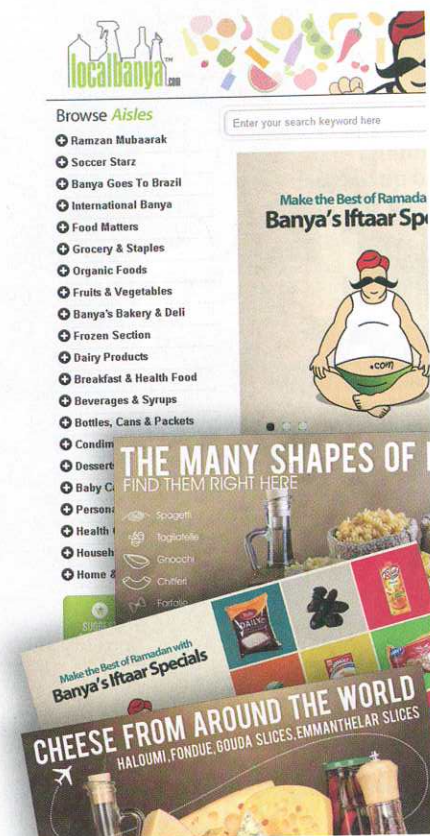
Jai Bhardwaj: +91 9999676322

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## IN THE GROCERY SEGMENT

The Indian retail market is estimated to be around \$500 billion and the food and grocery segment accounts for 60 per cent. Of this only around 5 per cent is in organised formats while the rest are your mom-and-pop stores.

### ▶ LOCALBANYA

LocalBanya has been doing very well since starting operations in 2012. The business has seen steady growth in users and revenues and the brand has carved out a solid niche. "For 2013, we clocked close to ₹10 Crore in revenue and are looking to hit ₹70 crore for FY 14. Our customer base and revenues notched upwards very fast and as a result today we have over 50,000 users in Mumbai and do upwards of 700 deliveries a day. We are seeing MoM growth at around 25 per cent currently," says Rashi Choudhary, COO & Co founder.

Having a wide selection of over 14,000 products, 6 delivery time slots (from 7 am to Midnight), 98 per cent order fulfillment, well trained customer service executives ensures people keep coming back to LocalBanya for their grocery and household needs over time thus increasing top-line month-on-month. They are in talks to close their next round of funding very shortly to scale up operations and look to enter new markets. LocalBanya recently raised Series A funding from Karmvir Avant Group in January 2014 and an earlier round from BCCL's Springboard fund in July 2013.

## GOVERNMENT REGULATION FOR ONLINE PAYMENT AT MARKET PLACES

According to Emerging markets report by Ernst & Young—For online marketplaces, to ensure faster settlement of payment from customers to the sellers and to reduce the risk of default by the intermediary (which is the online marketplace), RBI has mandated that the intermediary should settle/pay to the seller, the money received from customers within T+2 days. The "T" here is defined as the day on which the intimation is given to the seller that the goods has been delivered. This means that if the money is received today, the seller dispatches and goods get delivered on the day T. The website has to pay the seller within T+2 days. A nodal bank account is supposed to be opened with any of the banks to ensure payment is released to seller within T+2.

While T+2 is possible for electronic payments received from payment gateways, Cash on Delivery can pose a major challenge for online marketplaces, although it is not explicitly mentioned in the Act. And as the Act is only talking about electronic/online payments from customers, COD payments would be assumed to fall under the Act since the same payment risks remain for sellers for the COD shipments. In COD, there happens to be two intermediaries one which is courier company which collects cash from the customer and the other being the online marketplace company which pays the seller the money received. Usually COD payments are settled by courier companies in 30 days and by some in 15 days. While the goods are delivered to the customer usually within 3-7 days, the settlement to the seller can practically happen to seller only after 2-4 weeks of the "T" which can create default of payments risks for the sellers by the intermediary. Given this complexity, "T+2 settlement is not possible in COD. If RBI brings COD under this Act, it can create major issues for online marketplaces since these marketplaces rely heavily on COD orders. RBI clarification on COD can be very beneficial to online marketplaces.

Avenues India provides online payment processing solutions across major business verticals and **CCAvenue is its payment gateway that powers a big chunk of the e-Merchants in India.**



## RETAIL SUITE FOR E-COMMERCE & OMNI-CHANNEL RETAILERS

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### SELL

INTEGRATIONS TO HELP YOU SELL AND DELIVER ACROSS MARKETPLACES



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