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Gee whiz, it's e-biz

Traders with brick and mortar shops have been furiously lobbying the government against e-commerce sites. But the success of e-tailing has given a major boost to supporting businesses. From warehouses to models, and from couriers to packaging companies, everyone is getting a piece of the pie, points out Kavitha Shanmugam



So you are planning to buy that little black dress from your favourite retail

website. Sure, click on it — it's just right for the grand school reunion. But do spare a thought for the invisible hands that have been working hard to ensure that you and the dress meet. And, no, we don't just mean the e-retail website that you have been regularly logging on to. For every object you purchase online, there are people at work at different

levels. The makers of the dress. The model who flaunts it. The writers who pen the description. The photographer who lovingly focuses on the neckline. The gateway that enables you to pay for it. The warehouse where the dress is stored. The packagers who wrap it in a box for you. The courier who transports it. And a great many others.

E-commerce is booming in India, and with it, ancillary companies, which

make e-shopping so convenient, are flourishing. They are the "partners" or "enablers" not visible to the buyer. Many have emerged as Rs 100 crore companies. E-commerce will be worth \$20 billion in the next few years, say experts.

Suvir Sujan, co-founder of the leading venture capital fund Nexus Venture Partners, points out that enablers will have a large portion of the e-commerce pie. Businesses such as packaging, logistics (how to deliver your purchase to

your doorstep efficiently), digital advertising, data analytics, fashion designers and small traders have received a boost. New enterprises are coming up as well — couponing sites (which give discounts in lieu of coupons), catalogue preparation, image editing, models, photographers and bloggers. Some bloggers are even paid to write glowing reviews.



target customers, engage with them or delight them. This translates into the growth of ancillaries since it makes more sense to outsource such functions," says Sanjay Sethi, CEO and founder, Shopclues.com, an e-retail site. Clearly, Indians are logging on and shopping. Sethi says that on peak days his site conducts 1,10,000 transactions. Last month, when Flipkart

"Evolving e-commerce is giving rise to more ways by which e-tailers can

1.5 million shoppers. One of the most important businesses to have come up around the e-retail sector is the logistics industry, which handles the all-important field of delivery. Besides established players such as Blue Dart and DHL, new

offered a discount on many products for a single day, it said it registered

companies have sprung up to meet the burgeoning demand. The Delhi-based GoJavas started operations in December 2011 in one city. It has now expanded to 100 cities with 140 branches, and handles 80,000 to one lakh transactions daily. Chief operating officer Vijay Ghadge says it expects a turnover of Rs 150 crore by the end of this year. "We have begun innovations such as open box delivery (the client can open the box to check the product), same day delivery and a provision to

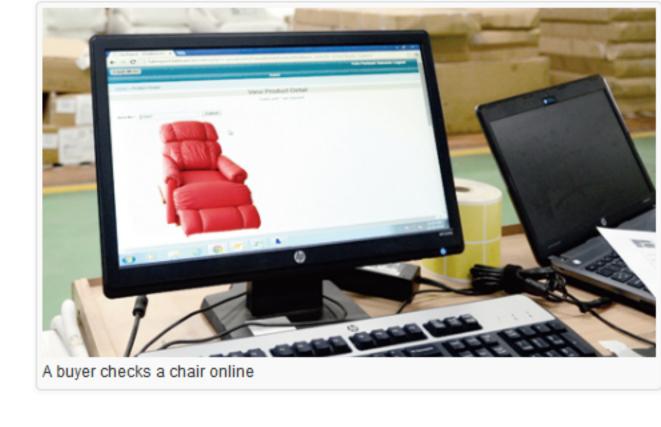
track your parcel through Google maps," Ghadge adds. GoJavas is not the only new logistics company — some of the others are

Delhivery, Holisol and Ecomm Express. No surprise then that Kunal Sen, senior vice-president of recruitment

witnessed a surge in the last six months. Indeed, the Delhi-based Delhivery, which launched in 2011 with 150 employees, has more than 4,200 employees now and handles over 65,000

transactions daily across 180 cities.

services company TeamLease, says that recruitment by logistics firms has



process engineering. This has helped us scale faster and sustain growth over the last three years while most new players have disappeared," Mohit Tandon, co-founder of Delhivery, says. Lending a helping hand to the e-commerce boom are companies that study buying patterns to help websites gather more eyeballs. "Our

"Unlike many other start-ups in this space we did not blindly build a ground

network of delivery staff but invested heavily in technology, training and

Vivek Bhargava, CEO, iProspect Communicate2, a Mumbai-based digital marketing and analytics firm. When you click on that smart Nike shoe on a retail site, are you surprised when the same image pursues you on your email and social networking sites? Don't panic — it is just the work of a data analytics team, hired by an e-commerce firm, which manages to display the ad on your pages to

tempt you some more.

e-commerce clients have increased our turnover by 30 per cent," says

"Data such as what channel the customer has come through to visit the site and the profit each customer is bringing to the site are analysed and utilised to throttle up the numbers," says Vencat Vishwanathan, founder and chairman, LatentView Analytics, Chennai. New start-ups making waves here are Targeting Mantra and Vizury

Interactive Solutions. Companies such as Iksula provide end-to-end

provide recommendations for users when they visit it. The e-commerce boom has provided a fillip to payment gateways, too. Online payments have to go through a gateway. Companies such as PayU, Paytm, CC Avenue and EBS act a billing counter. "We are growing rapidly and expect to raise \$200 million from angel investors," says Pratyush Prasanna, vice-president, Paytm, which has a total registered user base of

solutions for e-comm players to make their site more visible on the Net and

20 million with 6 lakh orders a day and 15 million "wallets" in which customers can store their money for online transactions. The packaging industry is another crucial arm. Market leaders such as the Vadodara-based Dynaflex supply high quality packaging material, including security envelopes and tamper evidence packaging. Dynaflex director Gaurav Vora says the firm's turnover is expected to increase by 70 per cent this year.

for the automotive sector and warehousing and distribution services for retail customers, has already raised \$1.5 million. "We are now in talks to raise more funds (from private equity firms) to expand our services," points out Naveen Rawat, director, Holisol. E-commerce companies have also led to an expansion in the warehousing industry. Most e-commerce firms rent or lease large warehouses and ask the landlord to create interiors to their specifications.

Amidst the e-commerce surge, the

enablers don't find it tough to raise

money. The Delhi-based Holisol, which

deals with transport packaging solutions

"The entry of e-comm players has created a need for top-class warehousing facilities and infrastructure," says Sarita Hunt, managing director, Jones Lang La Salle, Chennai and Coimbatore. Flipkart and Amazon are seeking to acquire more than 2,00,000 sqft of warehouse space in Chennai. Indeed, Vikram Chopra, co-founder of FabFurnish.com, says that real estate agencies are signing exclusivity contracts with e-comm companies without brokerage fees to get them warehouse leases. At the end of the day, says Praveen Sinha, managing director and

That little black dress could well be her creation.

founder, Jabong.com, another major e-retail site, any viable business model will attract investors. As e-commerce gets bigger, the ancillary sector is going to expand as well. And among the success stories will be companies and individuals. Sinha cites the example of a fresh design school graduate who earns Rs 50 lakh a year selling her garments on Jabong.com from her boutique.

A model shoots for a dress

Up and up Backroom biggies The Delhi-based Holisol was set up in 2009 by Naveen Rawat, Rahul

Dogar and Manish Ahuja. Holisol processes around 30,000 orders a day. From five staffers in 2009, today the total team strength is around 1,600. The company expects to close the financial year with a turnover of Rs 40

crore.

- Vizury Interactive Solutions Pvt. Ltd was started in 2008 by three engineering and MBA graduates as a technology consulting firm from a single room. It has grown into a "big data advertising company" with e-commerce clients in India and in nine countries abroad. Harsh Agrawal, 27, is a New Delhi-based blogger who teaches people
- how to create blogs and helps e-commerce sites to learn about business blogging. Harsh, who studied engineering, makes Rs 30,000 a month from people clicking on the ads in his blog and another Rs 2.5 lakh a month reviewing products he likes or writing paid reviews. Agrawal, who earns Rs 48 lakh a year, gave up his regular job to become a full-time professional
- blogger. Chikiweb, a Delhi-based image editing and content management company, shoots product catalogues for e-commerce sites and writes content. "There is a huge potential for providing accurate, quality photographs with matching good content for e-commerce sites," says Rakesh Kumar, cofounder, Chikiweb.

The e-commerce industry is expected to contribute around 4 per cent to the GDP by 2020 Revenue for the logistics industry alone may grow to Rs 14,300 crore by

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Opportunities

- 2020
- Expected to create 1 million direct and 0.5 million indirect jobs by 2020
- Over 60 per cent of e-commerce ventures have been started by first-time entrepreneurs Challenges
- Low Internet penetration of 11 per cent versus the world average of 34 per cent Poor 'last mile connectivity' because of missing links in the supply chain

infrastructure limits access to far flung areas

 Restrictions on Foreign Direct Investment in inventory-based consumer e-commerce have led to capital constraints Source: KPMG and Internet and Mobile Association of India report, e-Commerce:

Additional reporting by V. Kumara Swamy

Rhetoric, Reality and Opportunity, 2012

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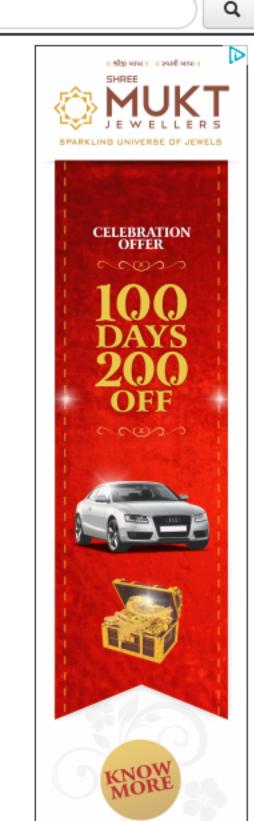
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