





Retail e-Commerce: a perfect storm in India

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- Studied Computer Science at University of Stuttgart
- Entrepreneur since 1992
- Working in retail eCommerce for last 14yrs
- Responsible for development of e-retail sites like neckermann, Kodak

Founder

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Fast Facts ...

- The e-Commerce industry in India has crossed **Rs 9000 crores** in last FY 2007-08

Source-IMRB

- India's e-commerce market is growing at a rapid clip with **42-50%** CAGR projected for the next five years

Source- expresscomputeronline

- This is largely because India's current **49 million** Internet users will shoot up to around **92 million** by 2008

Source- IAMAI

- Online Retailing gains momentum in India

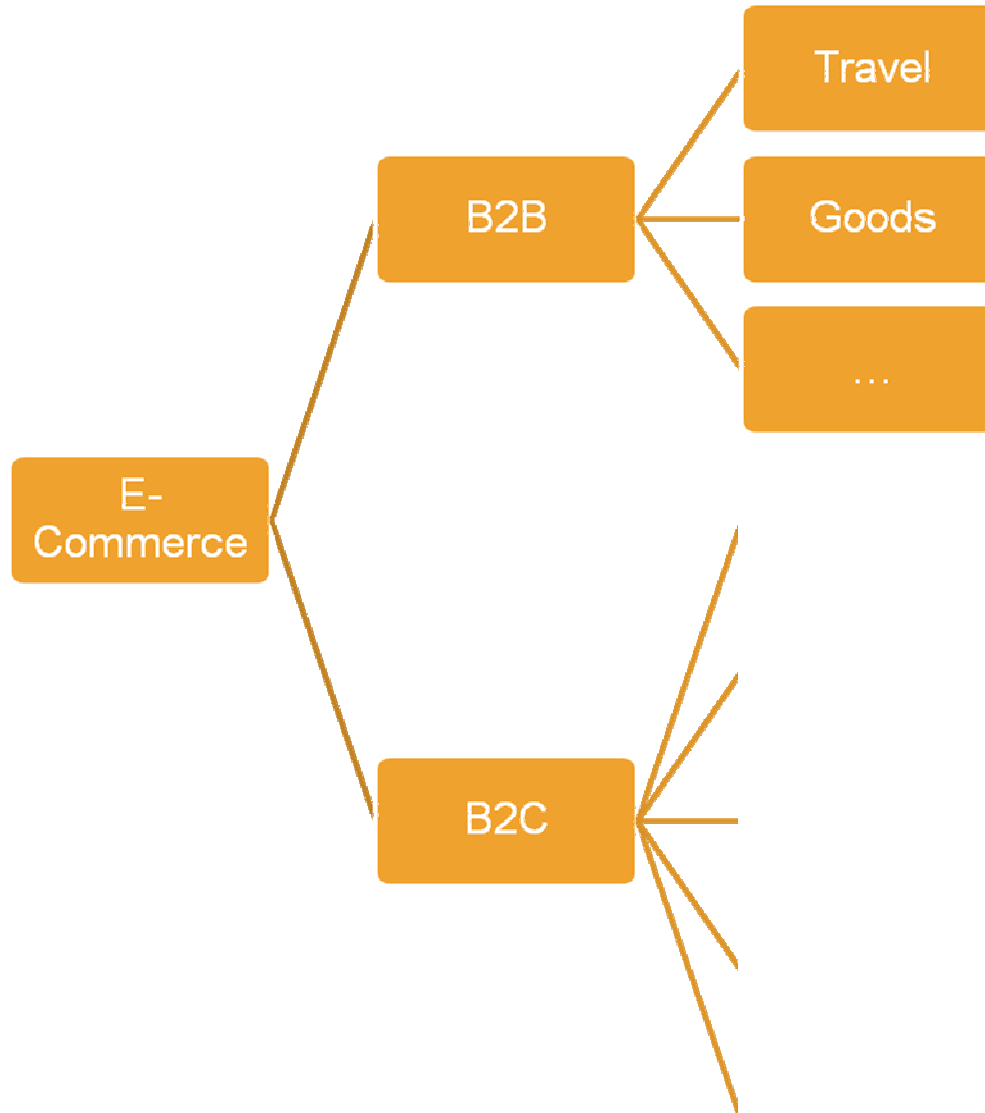
Source- Economic times

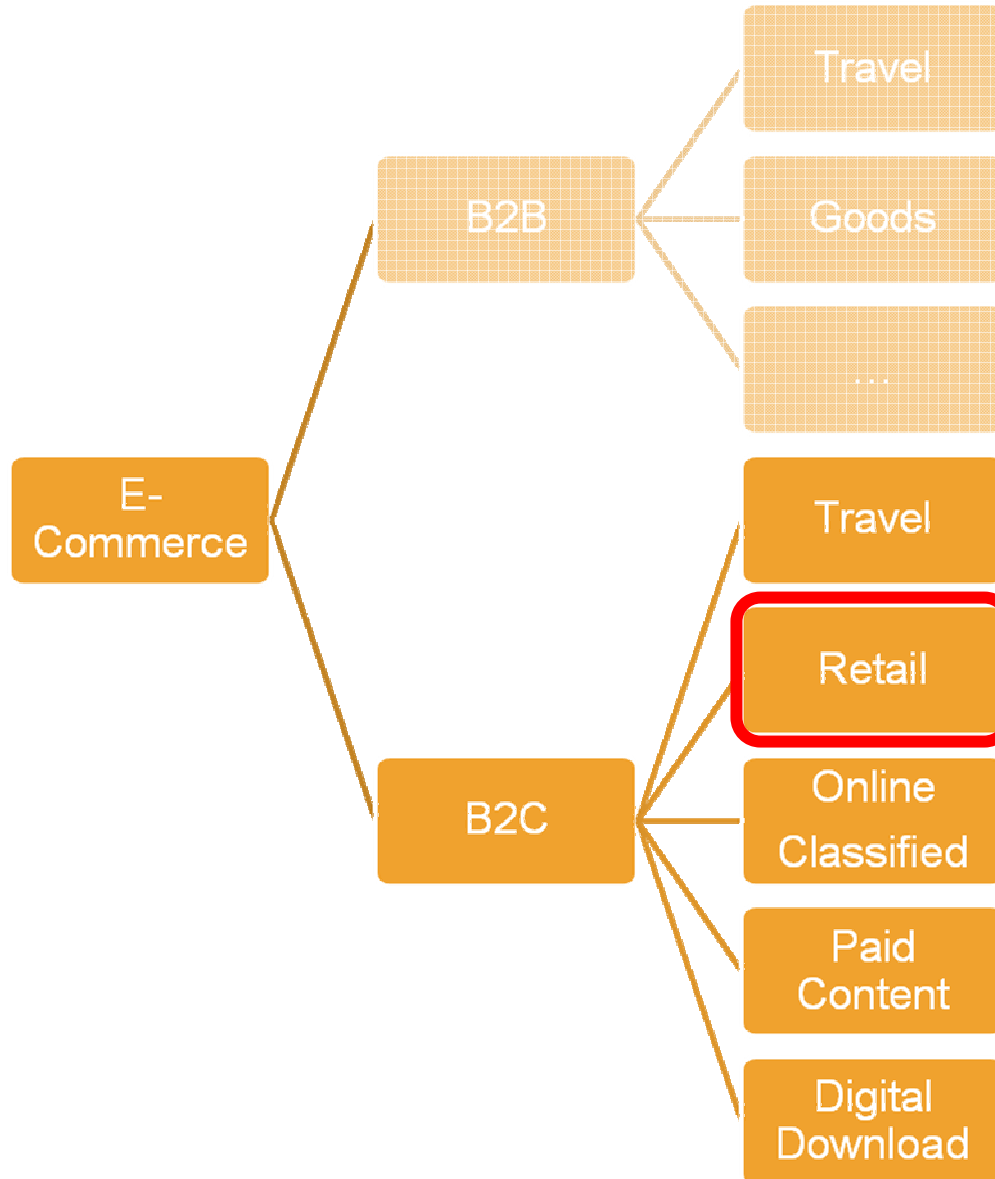
- India and China to rule online shopping world by 2010

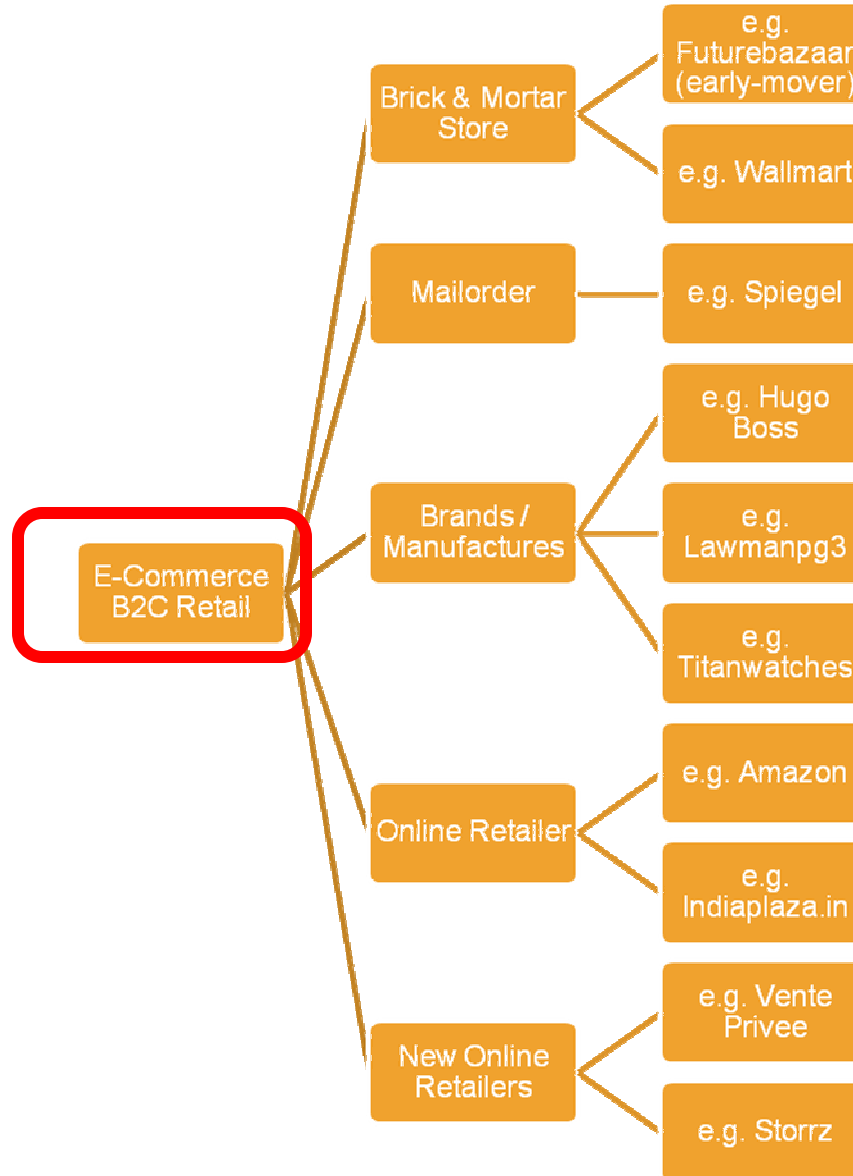
Source- www.thaindian.com

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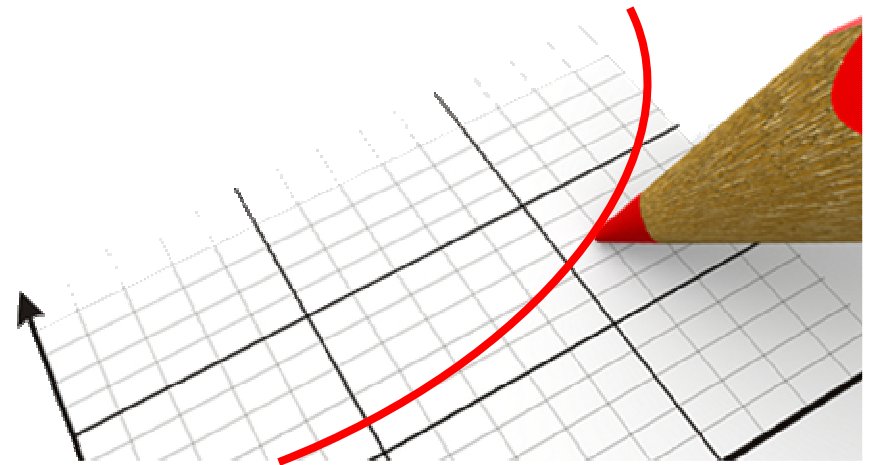
- Market definition
- Growth & opportunities
- Do's / Don'ts in setting up an e-Commerce business







Growth & opportunities

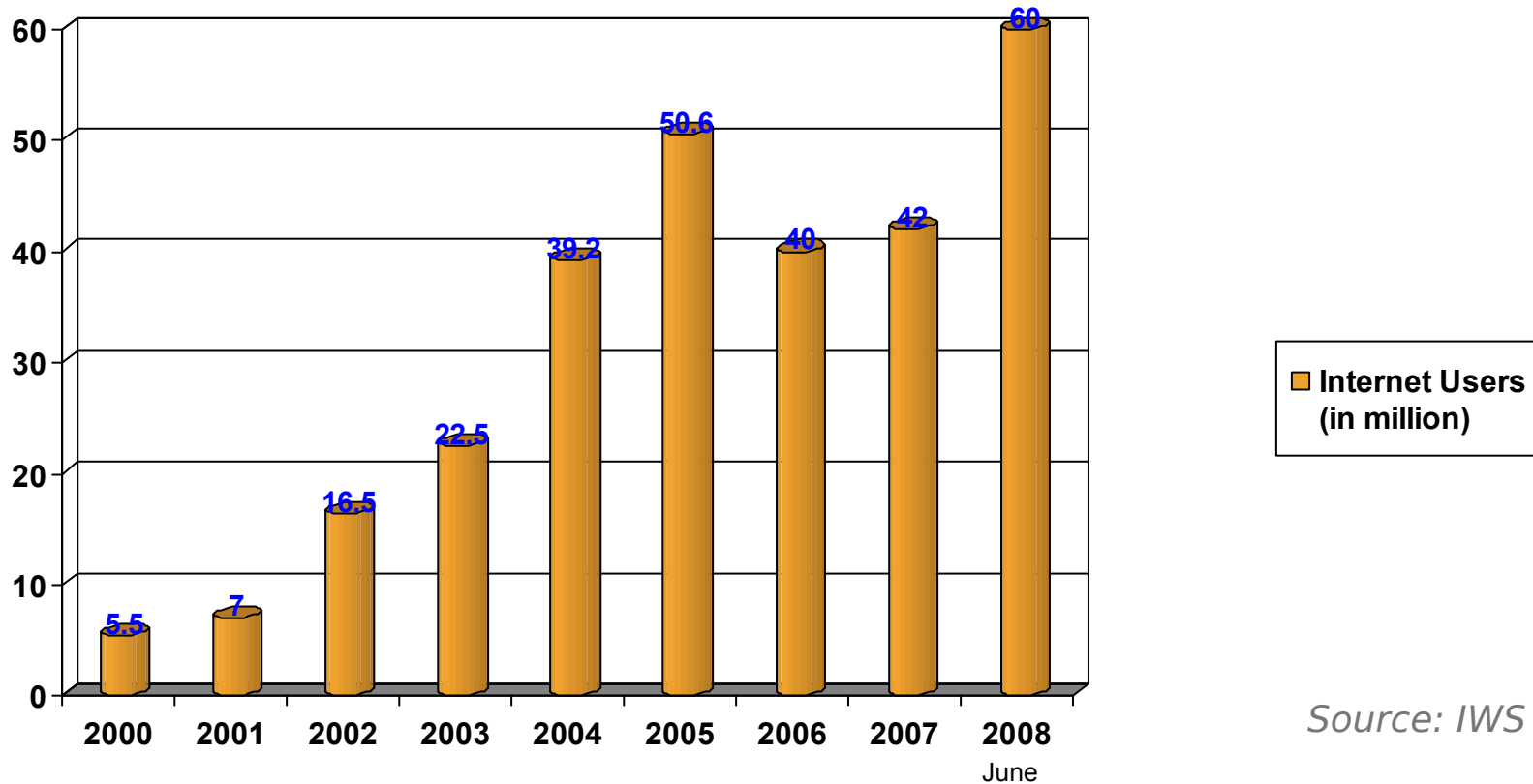


Countries with highest number of internet users



Source- Internet world stats

Indian Internet usage (Growth ladder)



Estimated number of **Internet users** by 2010: **100 million**

Estimated number of **Broadband users** by 2010: **20 million**

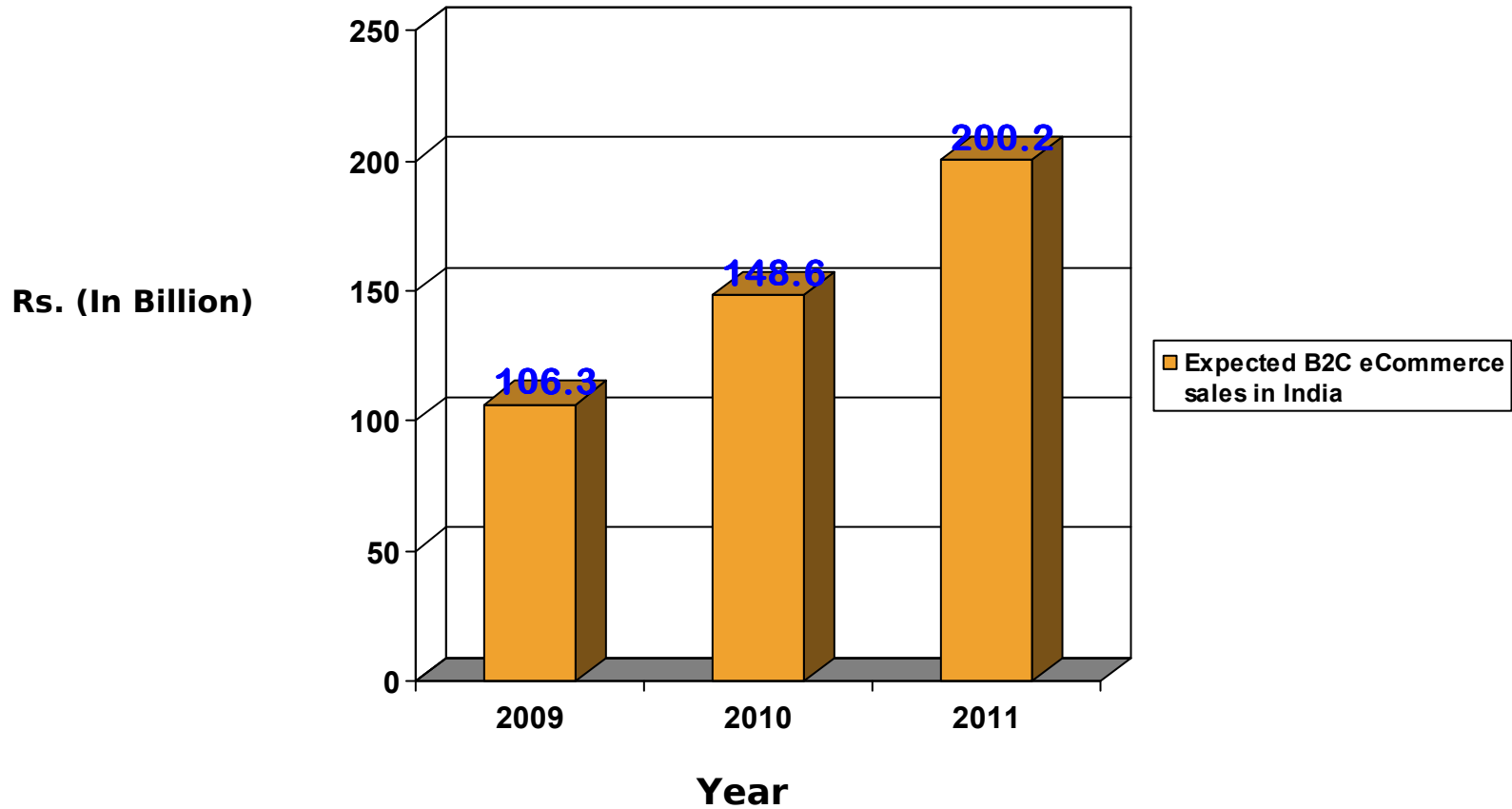
Source: *techcrunchies.com*

Sr. no.	Description	2006/2007 in crores	2007/2008 in crores	Total Percentage
1	Travel Industry	5500	7000	76%
2	E-tailing	850	1105	12%
3	Online Classifieds	540	820	9%
4	Paid Content subscription	20	30	-
5	Digital Downloads	170	255	3%
	Total	7080	9210	100%

Top non-travel related products bought by Indians are:

- Books (46 %)
- Electronic equipment (29 %)
- Clothing /Accessories/ Shoes (21 %)
- Music (20 %)
- Tours and hotel reservations (24 %)
- Videos/DVDs/games (23 %)
- Event tickets (23 %)

Source- Just Tech2.0



Year	Sales (in Rs. Billion)	% Change
2009	106.3	0
2010	148.6	39.8
2011	200.2	34.7

- A significant **78%** of the Indian users have used the Internet to make a purchase
- **62%** of shoppers having shopped for more than a year.
- The survey found that **55%** of visitors to e-commerce sites have adopted it as a shopping medium
- **84%** opting credit card for that online payment
- **48%** of the online Indians get influenced by special offers on sites

Survey - IMRB

Internet - the preferred choice of consumers before purchase as they could:

- Find the latest available models (67 %)
- Compare product features (65 %)
- Prices (62 %)
- Because they could do this at any time (61 %).

Working Women
11%

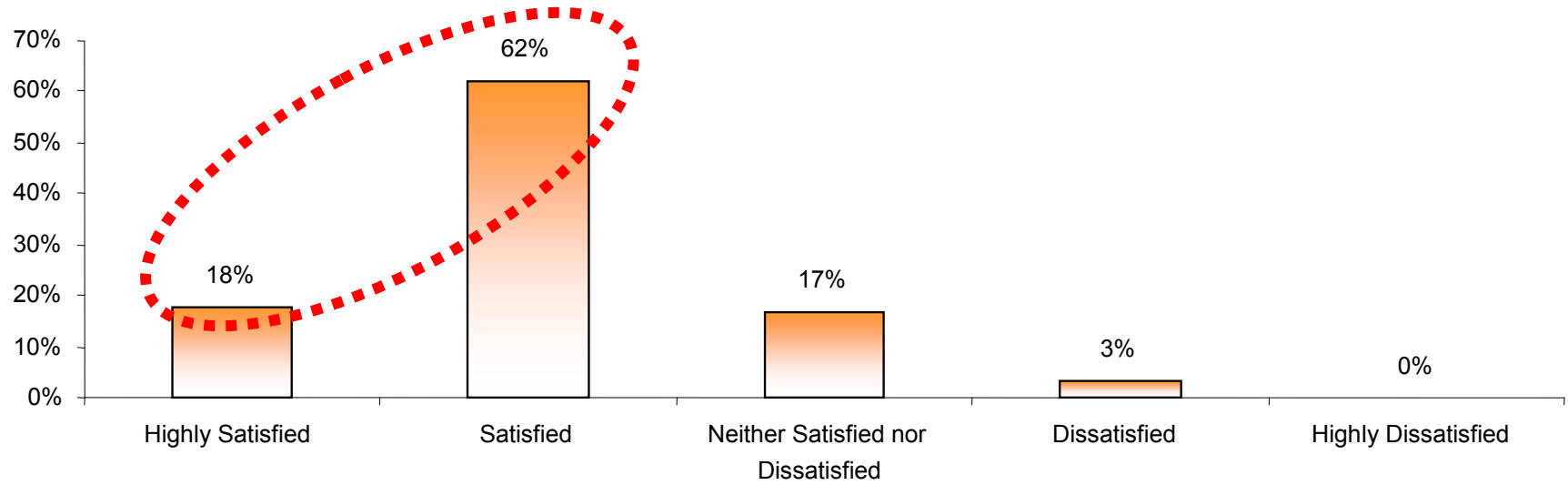
Non Working
Women
6%

Young Men
33%

Older Men
15%

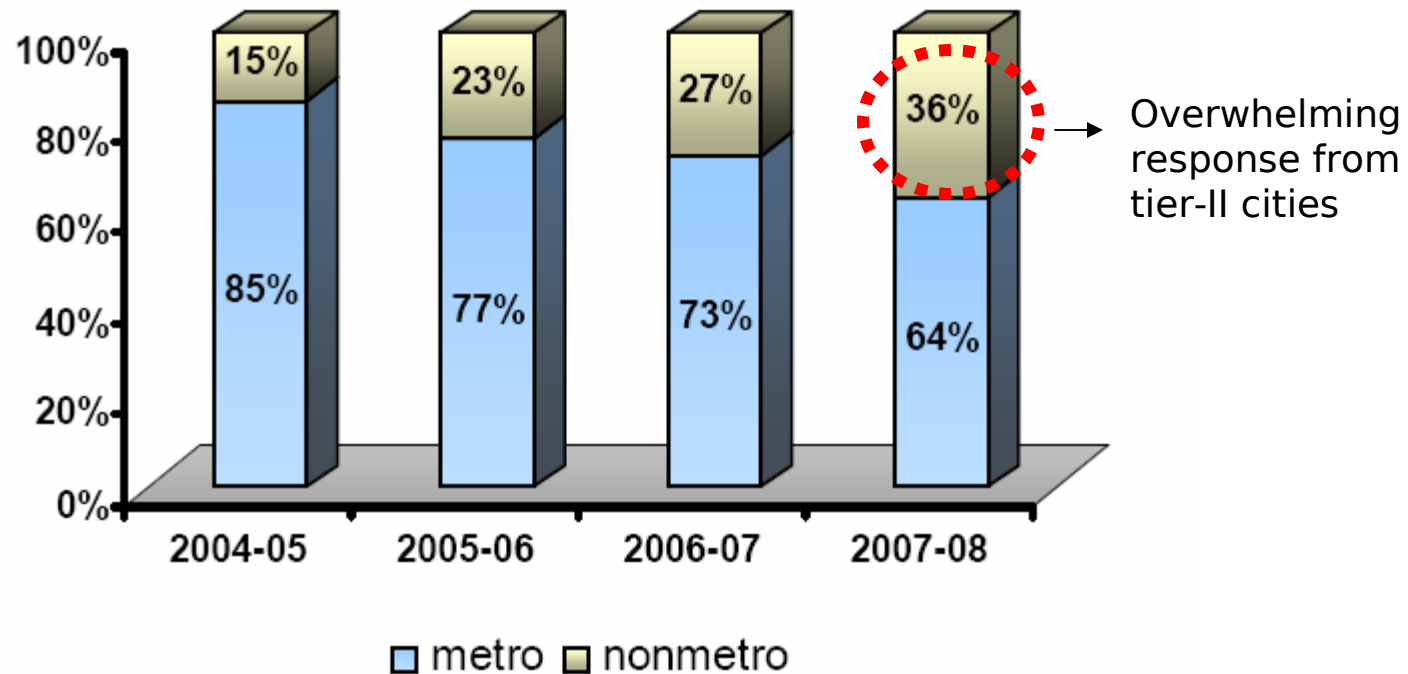
School going Kids
14%

College Students
21%



As per the survey 80% online shoppers are satisfied

Source- Survey by IMAI



The contributions from the non-metro is observant due to-

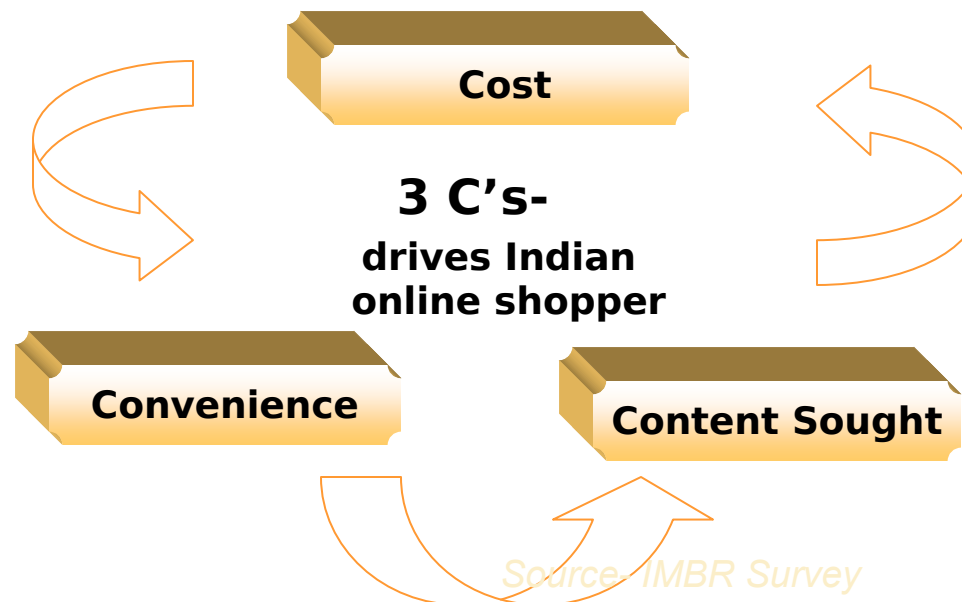
- Higher penetration of internet in small towns
- Limited reach of physical distribution channels of the established sellers to these towns
- Top 4 metros contributes 56% of online sales-
 - Mumbai, Delhi, Chennai, Bangalore

Major triggers

- Saves time and efforts
- Convenience of shopping at home
- Wide variety / range of products are available
- Good discounts / lower prices
- Get detailed information of the product
- You can compare various models / brands

Major barriers

- Not sure of product quality
- Cannot bargain/Negotiate
- Not sure of security of transactions
- Need to touch and feel the product
- Significant discounts are not there
- Have to wait for delivery



Following factors can be termed as major potential reasons for growth of online sales:

- Retail sector will become more organized and establishment of brand names
- Broadband Penetration
- Online shoppers are better educated & technologically optimistic
- New method of E-Payments like cash card, net banking etc being promoted for online transactions

Source-Business India 2.0

Few Indian big player set to go online:

Reliance retail, Vishal Retail, RPG Cellcom, TATA Retail, Subhiksha

Source: Economic times

- **Social commerce**
 - Involving consumers in content generation, product presentation or sales activities
 - e.g. www.polyvore.com
- **Live shopping**
 - Reduced offering to 1 product per day
 - e.g. www.woot.com
- **Vente privee (shopping clubs)**
 - Offer exclusive product portfolio to only-by-invitation groups
 - e.g. www.venteprivee.com

Do's / Don'ts in setting up an e-Commerce business





Find new customers

- Increase the range of your target group (national and international)
- Attract them via new **marketing channels**

More Revenues

More revenues

- @@@
- Increase your shopping area “for free”: **long tail** as a key advantage



Customers Loyalty

- Add new offerings and services for existing customers
- Convert them to “**online**”, before your competitors do

Customer Loyalty

Reduce costs

- Limited need of space and people
- Track your marketing spendings **real-time** (ROI)
- Understand your customer behavior



Don't underestimate need of online awareness



Don't underestimate update efforts of webshop

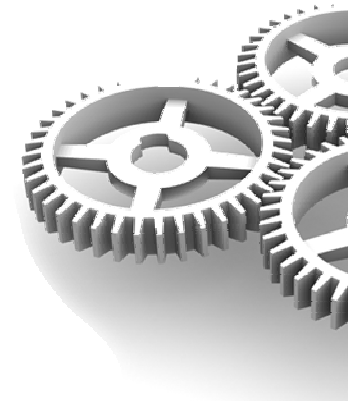


Don't underestimate delivery/order management

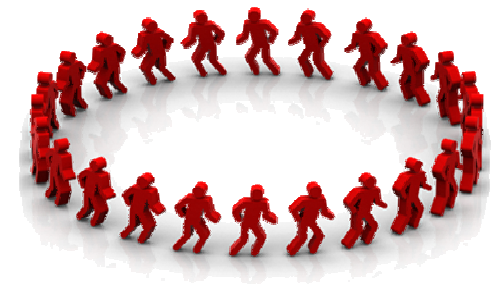
- Online presence only will not help
- Use online marketing methods (e.g. newsletter, SEM, ...) to establish online awareness
- Use offline channels (e.g. print, TV ... if existing) for increased awareness
- Track and monitor your online marketing efforts to optimize ROI



- Of course, IT and security matters!
- ... but focus on quality and up-to-date content
“Consumer can't be sure about product quality,
convince through content quality!”
- Dedicate a web shop manager, who can define and roll-out product **portfolio**, **presentation** and **promotions**
- Many tasks (e.g. SEO) are not one-time activities, do them daily



- Plan stocking, packaging and delivery wisely
- Only guarantee ...
 - “return” policy
 - delivery times
 - fixed prices
 - etc.... if you are capable or willing to execute them
- Offer feedback channels (email, phone) to interact with consumers



✓ Interact with your consumers proactively



53%	61%	re-order rate	77%
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100%	42%	customer care costs	31%
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- ✓ Use easy and intelligent methods for up- and cross-selling



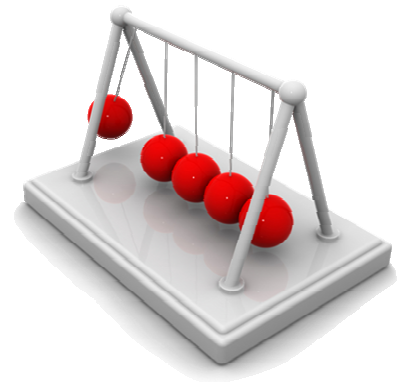
- Real project experience
 - Implementation time: less than 2 weeks
 - ROI after 3.5 month
 - Measured and proven increase of sales

+70%

✓ Implement a user-centric design approach



- ✓ **Handle e-Commerce as a sales channel, not an order channel**
- ✓ **Define e-Commerce team as a profit center**
- ✓ **Solve IT issues soon, don't focus**
- ✓ **Offer online self services**
- ✓ **Onsite search is vital and key success factor**
- ✓ **Reuse features, data and experience to optimize other channels (e.g. call center)**



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„There are many triggers and barriers for e-Commerce acceptance ...

Only a **few** can't be controlled. But most of them you can influence by **your activities!**“

E-Commerce in India ...

- ... will adopt proven e-Commerce methods and spend efforts in developing new successful methods
- ... will develop much faster, as major learning's can be used
- ... will not do web 1.0, but will use web 2.0 to attract consumers

- E-Commerce service company since 1995
- e-commerce and e-business projects in 30+ countries (incl. Europe, US, Australia, Japan)
- Responsible for ...
 - 75+ Webshops
 - 1+ Bil. \$ E-Commerce Order Volume/year
 - 5.000.000+ E-Commerce Transactions/year
- 250+ employees at Stuttgart HQ
- 70+ employees in Bangalore
- Offering E-Commerce services in India
 - Consulting
 - eCommerce design & build
 - eMarketing
 - Hosting & support
 - Webshop management



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Thank you!

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