

Flipkart WiRED 2017 | Campus Case Challenge

Campus Round

Increasing transactions per customer for e-commerce in India

The rise of internet and mobile phone penetration in India has revolutionized the way businesses reach their customers. According to IAMAI report, online travel still forms **70%** of the share of Indian e-commerce however e-retail segment is the fastest growing sector.

E-commerce has experienced tremendous growth in the last 10 years. This market is expected to grow from **USD 3.9 billion** in 2009 to **USD 33 billion** by 2017 end. The Indian Internet user base is expected to touch **450 million by 2017** (according to an IAMAI-IMRB report) and number of consumers who purchase online is expected to cross 100 million by 2017 and continue with a robust growth of 65% in 2018 (as indicated by ASSOCHAM-Resurgent India study)

Flipkart, which started its operations in 2007 by selling books, is today the largest ecommerce player in India with approximately **100 million subscribers** operating across **80+ major categories**. Customer First is one of the core values at Flipkart since inception and here are some of the initiatives that the company has experimented with to gain customer loyalty and in turn grow the repeat customers.

<i>2010</i>	<i>Cash-on-Delivery service</i>
<i>2011</i>	<i>30 Day Replacement Policy</i>
<i>2012</i>	<i>Fashion & Lifestyle Category Launch</i>
<i>2013</i>	<i>Launched Marketplace</i>
<i>2014</i>	<i>Flipkart First to increase customer transactions, Myntra acquisition, 1st BBD</i>

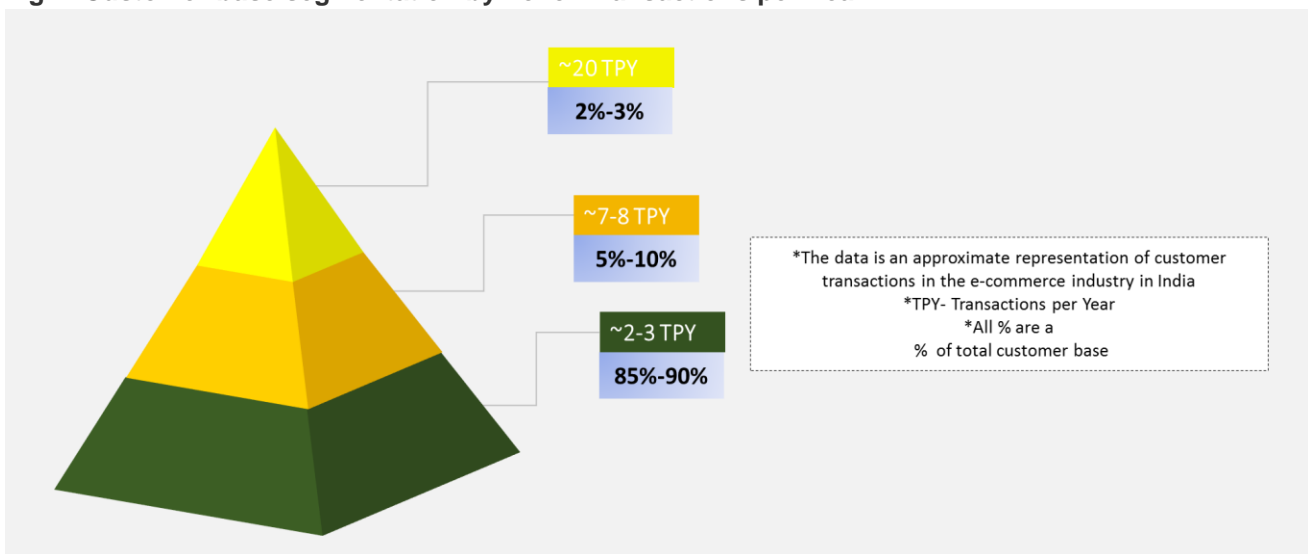
2015	<i>Mobile focus</i>
2016	<i>PhonePe transaction business</i>
2017	<i>Expanding categories, eBay refurbished business</i>

The Indian consumer is money conscious and back in 2007 when ecommerce was taking its baby steps, services like COD and 30 day replacement at scale proved to be the innovations which changed the entire ecosystem of e-commerce. Further, launch of additional categories and opening up of marketplace model grew the number of products available and thus the number of customers interested in buying online. Big Billion Days sale is today a brand and customers across economic strata pivot most of their festive buying needs around BBD. Currently work is underway around affordability constructs to further offer more flexibility to the customer through options like buy now pay later, No Cost EMI, Debit Card EMI, etc.

Current Scenario in e-commerce

E-commerce players in India have invested heavily in expanding the market, offering options, making ecommerce affordable and demand for their services. With every possible category/ product being available online the customer is spoilt for choices, intuitively one should expect more and more customers shopping online and repetitively. However even after these efforts and lots of initiatives taken by e-commerce giants to have frequent purchase by customers, the customer transaction pyramid indicates that the base or around 80% of the customers still make 2-3 transactions a year.

Fig 1- Customer-base segmentation by no. of Transactions per Year



Flipkart as a leader in e-commerce industry also wants to solve this problem and get a clear advantage in this competitive environment.

Problem Statement

Your team runs a highly reputed strategy consulting firm and Flipkart has hired you to consult on this key business area. Suggest an Idea with an implementation plan to increase transactions per customer for Flipkart.

Important Guidelines for the Idea

- *Keep Context & Compatibility in mind if comparing Indian Ecommerce market with other markets like US, China*
 - *Implementation timeline not to exceed 1-2 years*
 - *Depth of consumer understanding*
 - *Selection service and pricing to be taken care of as they are the key pillars of e-commerce*
 - *Feasibility of scaling up the solution in future*
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Deliverables

- *Each team has to submit a presentation with maximum number of 5 content slides.*
 - *Supporting information/graphs/data sheets/other aids can be clubbed as annexures*
 - *Any assumptions made in the analysis should be stated along with the analysis*
 - *In the Campus rounds, each team will have exactly 20 minutes to present, followed by a ten minutes questionnaire round*
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