

Flipkart: Reason behind popularity of e-commerce

7 years back a computer engineer from a leading Indian institute co-founded what is the largest e-commerce company in India today. We are talking about the very well known company Flipkart founded by Mr. Sachin Bansal and Mr. Binny Basnsal in 2007. With an investment of just Rs. 4 lakh in total they started the company that today generates crores everyday. When it was just four years old, the company used to sell 15 products per minute. It took a lot of hard work and time in reaching there. "We didn't draw our salaries (from the business) for almost a year and a half," says Binny. The idea behind the site was a "price comparison website" but they finally decided upon an e-commerce portal.

Flipkart started as an online book retailer. Later they expanded themselves in areas like fashion & technology. Other areas are also in pipeline like furniture and white goods. "In March 2011, we announced that by 2015, we wanted to hit USD 1 billion in GMV. At that point in time, our run rate was USD 10 million. Today, we are really proud and excited to announce that we have hit a run rate of USD 1 billion GMV one year before our target," Flipkart co-founders Sachin Bansal and Binny Bansal in a statement.

Strengths of Flipkart:

1. **Regular penetration** in all possible areas. They started with books, entered later in fashion, electronics, apparel etc.
2. **Inflow of investment:** They have taken seven round of investment from investors like Naspers, Tiger Global, Accel Partners, Dragoneer, Morgan Stanley, Sofina and Vulcan Capital.
3. **Excellent service:** They deliver the product within a span of 24 hours.
4. **Earning Customer`s trust:** Easy returns policy which helped consumers to trust them more.
5. **Internet reach:** Indian youngsters have become so active on internet in the past decade and so has their tendency to shop online.
6. **Convenience:** It's extremely convenient to shop online, comparing the product price & features sitting in the comfort of your home.

It now uses technology to sell everything from apparels to consumer durables, and has its own logistics firm and is valued at nearly Rs 10,000 crore. Now the question is why acquire Myntra? Let us know few things about Myntra.

Myntra: Online Fashion Store

Myntra was founded in the same year (2007) when Flipkart. It started with T-shirts, mugs, greeting cards, calendars, key chains, diaries etc. and later in 2010 expanded itself to retail fashion and lifestyle products. Myntra gain lot of popularity as an online fashion retail store.

It gained funding from companies like Tiger, Kalaari, Premji Invest, IDG & Accel Partners. In February 2014, Myntra raised additional \$50 Million Funding from Premji Invest and few other Private Investors. It was founded by Mukesh Bansal, Ashutosh Lawania and Vineet Saxena. Myntra received a lot of awards also in e-commerce.

Strengths of Myntra.com:

1. **Excellent service:** They kept their delivery time 24 hours which turned out to be a big reason for their popularity.
2. **Return Policies:** They have kept a very easy return policy which is very important in online shopping. They provide a 30 days return and exchange guarantee.
3. **Schemes & Discounts:** They provide discounts throughout the year with attractive point system for loyal customers thus increasing the loyalty.
4. **Convenience:** They offered the convenience of buying online, trying and returning which was an instant hit amongst avid online shoppers.

The Merger of two big players

Why did Flipkart pay nearly 330 million \$ for Myntra.com? Both of them were seen as rivals. Apparel & fashion industry works in a very different way. Flipkart`s model was mass selling while in Fashion uniqueness is important. The main reason behind Flipkart wanting to take over Myntra is that, Flipkart did try to enter in Apparel & Fashion but it could not make that space. Myntra`s delivery service has been great. Myntra with its return policies, offers, premium points & delivery service gained many customers.

This acquisition resulted in coverage of the only area left viz. apparel & fashion. With the growth of internet in India, e-commerce is likely to see a robust development. Now Flipkart is an e-tailer with a wide range of products. They are likely to use the Myntra`s customer base, product partnerships & delivery services. Though they have planned to keep everything separate and function as individual entities.

On the other hand as per one of the the co-founders of Myntra.com , it was better to join hands with the biggest player and then fight against the other competitors.