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## A COMPARATIVE STUDY OF LEADING E-COMMERCE WEBSITES IN INDIA

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### **Abstract**

*The number of internet users around the world has been gradually growing and this growth has provided the opportunities for global and regional ecommerce. This number is expected to touch 39.0 million users by 2015 as internet penetration increases and ecommerce becomes more secured. The effects of E-commerce are already seen in all areas. This paper analyzes the two emerging giants of E-commerce-Flipkart and Snapdeal. Their current scenario in market and challenges to them are discussed. We also present the future of these two web portals in Indian market. It has been concluded from the secondary data collected from various websites, newspapers that Flipkart has a more command on current e-market and Snapdeal is growing its business at faster rate to compete Flipkart. Based on various parameters these two web portals are analyzed in this paper.*

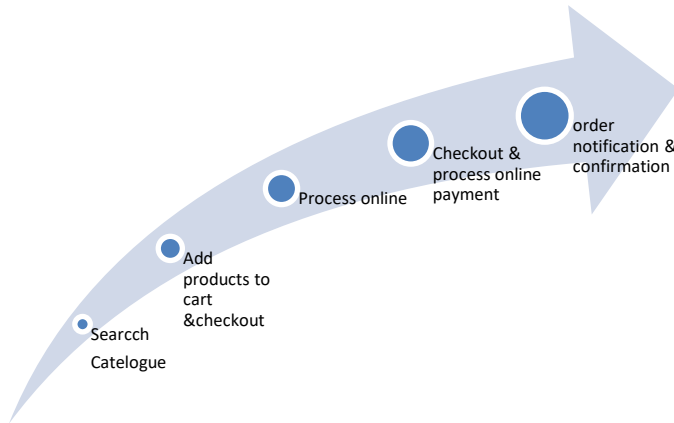
**Keywords:** E-Retailing; Flipkart; Snapdeal, E-commerce, Online Market; Shopping, Website

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### **Introduction**

Electronic commerce is the marketing, buying and selling of services over the Internet. It encompasses the entire scope of online product and service sales from start to finish. Online shopping in India is growing at a very fast clip. An e-commerce opens the global market to the customer, it helps the customer by providing huge options while buying a product or a service, the online searching and comparing facilities enables customer to select right product or service, another major advantage of e-commerce is that it is 24x7 available to the customer the customer can shop almost anything within his/hers comfort zone just by sitting at home, office, during travel

or almost from any place at any time. E-commerce is trading of services and products with the help of internet. At the same time, there is an intense competition in E-commerce space. Flipkart and Snapdeal, are two top players of e-commerce, both of them have raised investments or have commitments of \$1 Billion or more. This money is being burned to acquire new customers, offer discounts and pump up products on offer.



**Figure 1 showing the different phases in the online shopping process**

### **Objectives of study**

1. To understand the technology behind existing E-commerce portals: Snapdeal and Flipkart.
2. To analyze difference between them.
3. To study buyer preferences and future of these portals.
4. To study various challenges faced.

### **Research Methodology**

Secondary data set is used to make this research useful and worthy. The data collected for doing this research is collected from different websites, research papers, newspapers.

### **Review of literature**

- ✓ Abhijit Mitra. (2013), “E-Commerce in India-A Review”, International Journal of Marketing, Financial Services & Management Research. Concluded that The E-Commerce has broken the geographical limitations and it is a revolution-commerce will improve tremendously in next five years in India.

- ✓ » D.K.Gangeshwar. (2013),” E-Commerce or Internet Marketing: A Business Review from Indian Context”, International Journal of u- and e- Service, Science and Technology. Concluded that the E-commerce has a very bright future in India although security, privacy and dependency on technology are some of the drawbacks of E-commerce but still there is a bright future to E-commerce.
- ✓ Miyazaki and Fernandez (2001) substantiated that the prior experience was found to affect the intention and behavior significantly and in a variety of ways. The results of this study imply that the technology acceptance model should be applied to electronic commerce research with caution. In order to develop a successful and profitable web shop, understanding customers' needs is essential. It has to be ensured that products are as cheap in a web shop as purchased from traditional channels.
- ✓ According to Sharma and Mittal (2009) in their study “Prospects of E-commerce in India”, mentions that India is showing tremendous growth in the e-commerce. Undoubtedly, with the middle class of 288 million people, online shopping shows unlimited potential in India. The real estate costs are touching the sky. Today E-commerce has become an integral part of our daily life. There are websites providing any number of goods and services. The E-commerce portals provide goods and services in a variety of categories. To name a few: apparel and accessories for men and women, health and beauty products, books and magazines, computers and peripherals, vehicles, software, consumer electronics, household appliances, jewelry, audio, video, entertainment, goods, gift articles, real estate and services.
- ✓ Samadi and Ali (2010) compared the perceived risk level between internet and store shopping, and revisit the relationships among past positive experience, perceived risk level, and future purchase intention within the internet shopping environment.

### **Case study of Snapdeal**

The company was started by Kunal Bahal and Rohit Bansal in 2010. The basic idea is to provide a platform to vendors where they can sell their unutilized inventory at cheap price. At the same time, it offers up to 90% discounts on dining, health and beauty services, branded products, travel and more, thereby providing an extreme feel good factor to the customer. It charges upfront 35% of the deal from the consumer and the rest is paid by the customer directly to the vendor. Snapdeal’s website is rich with differentiating features that are usually missing from most of the

online stores. Such features are seller and user friendly and thus appreciated by both. A feature rich website helps engage its visitors better and also improves website sales. The website has permanent discount categories like best offers, hot offers, special offers, daily deal, combo offers and mega offers etc. Some features of Snapdeal are discussed below:

- Snapdeal has recently introduced 2 differentiated services for its customers to help them shop better. These services are Shopping Ideas and Trending Now. Shopping Ideas is a product discovery platform that gives a user shopping suggestions based on their personal preferences, shopping behavior of similar users, purchase trends and future predictions. Trending Now analyses user visits across the entire catalog in real time and informs other users about trending products on Snapdeal.
- To avail local deals, a visitor can search deals or products based on his location using pin code.
- Snapdeal recently introduced a new Scan and Sell feature for its seller mobile app, which will enable sellers to list their products for sale on the platform in less than five minutes.
- Snapdeal said it has tied up with GS1, a global organization dedicated to the design and implementation of global standards to assist in the creation and maintenance of large volumes of barcode data required to cater to the wide assortment of products available on its platform.

Snapdeal is a daily deals site .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.

**a) Pricing:** Snapdeal is another marketplace that believes in a performance based pricing structure for its sellers. Here is what all you are charged for when selling at Snapdeal.

- **Subscription Fee:** There is no subscription or listing fee charged by Snapdeal
- **Listing Fee:** There is no fee for listing your products on Snapdeal.

**b) Shipping charges:** The exact rates aren't disclosed publicly, but they are approximately 40 rupees for every 0.5 Kg shipment. This cost is inclusive of all shipment charges. Snapdeal also provides its sellers an innovative order fulfillment tool named SafeShip, which they can use to track and manage their orders with ease.

**c) Packaging:** Packaging material is provided to the sellers by Snapdeal for an extra charge. The packaging material is charged at Rs 3 per order.

**d) Payout Period:** The seller is paid out for a successful order within 3 weeks of the dispatch date.

### **Business results**

In the year 2012-13 Snapdeal had said that it expected revenues of about 600 crore. Snapdeal expected the total sale of products traded on its platform to cross 2000 crore in the fiscal year 2013-14 helped by its robust growth in the past two years and the growing popularity of E-commerce in India. In June 2014, Snapdeal announced that it had achieved the milestone of 1000 sellers on its platform getting sales of over Rs 1 crore. It is founded that 15-20 per cent of the sales on Snapdeal came through m-commerce. Snapdeal is expected to touch \$5 billion in annual gross merchandise value by the end of financial year 2015-2016.

### **Case study of Flipkart**

Flipkart went live in 2007 with the objective of making books easily available to anyone who had internet access. It is founded by Sachin Bansal and Binny Bansal in Bangalore, Karnataka with initial capital of 4 lakh contributed by the founders, 7 warehouses, offices and delivery centers across India. Flipkart is looking at associations with a larger number of suppliers and partners, both nationally and internationally. The ascent of Flipkart is to capture the online market in India in just four years, the strategies implemented by it to create online business. Some unique features of Flipkart are:

- **Delivery within two days :** The first few E-commerce web sites broke the trust of many Indian customers by not delivering the order product on time. Flipkart realized this problem and in order to bring the customer back to on line shopping it came up with idea of delivering the product in 2 days and if there is a delay then the customer is paid interest on the value of product.
- **Thirty days return policy:** In order to satisfy the Indian customer after the product is delivered, Flipkart came up with idea of providing thirty day return policy. This is done to ensure that the product delivered to the customer is not faulty.
- **Card swipe on delivery:** Flipkart realized that most of Indian customers are not comfortable sharing their credit card details online, as there is always a risk of fraud.

For solving this problem it came up with the idea of card swipe on delivery. The delivery guy brings the card swipe machine so that all the transaction happens before customer.

Here is a review of the services it provides to sellers for selling their products on their platform

**a) Pricing:** Flipkart is another marketplace that follows the performance based pricing structure. Here is a breakdown of the charges that you have to bear on Flipkart as a seller.

- **Subscription Fee:** There is no subscription fee involved in selling your products on Flipkart.
- **Listing Fee:** There is no fee required to list your products on Flipkart.

**b) Shipping charges:** For shipping, Flipkart uses its own logistics service kart. It is mandatory for the sellers to use their services when shipping orders to customers. Once again, the exact rates aren't disclosed by Flipkart, but the shipping rates are around 35 rupees per 0.5 Kg delivered through kart.

**c) Packaging:** Flipkart usually does not provide packaging material to its sellers. But in certain rare cases, if a large quantity of orders is guaranteed by a seller, Flipkart does provide the material.

**d) Payout Period:** The payment cycle on Flipkart for sellers is different for the two different tiers of sellers. All new sellers start off as Tier-2 sellers. Once the seller completes one month on Flipkart with minimum 30 transactions, he is considered a Tier- 1 seller. The payout times for the different tiers are:

**Tier-1 Seller:** The payment cycle for all tier-1 sellers is dispatch date + 7 business days.

**Tier-2 Seller:** The payment cycle for all tier-2 sellers is dispatch date + 12 business days.

### **Business results**

In 2011–2012, Flipkart crossed the INR 5 billion mark as Internet usage in the country increases and people get accustomed to making purchases online. On average, Flipkart sells nearly 20 products per minute. Flipkart aims to the total value of goods it sells to \$8 billion by the end of financial year 2015-2016.

## Comparisons of Flipkart and Snapdeal

In the following table comparisons of E-commerce emerging giants are done with respect to different parameters: employees, registered users, products, categories, time spent by visitor, page views per visit and number of external websites linking to these web portals.

**Table 1: Comparison of Flipkart and Snapdeal**

S.NO	Parameters	FLIPKART	SNAPDEAL
1	NO. of employee	20,000	2000+
2	Registered users	26,000000	20,000000
3	Products	70,000000	4,000000
4	Categories	70+	500+
5	Time spent Per visit	8.35(mintus)	7.49(mintus)
6	Page view Per visit	8.54	6.74
7	External sites linking	14535	5727

### a) Upstream Sites

The sites visited by people before visiting Flipkart and Snapdeal are shown in following tables. These websites shows the general interest among people. The unique percent of visits are shown for each website before redirecting to Snapdeal and Flipkart

**Table 2: The sites visited before Flipkart**

Site	% of unique visits
1.google.co.in	16.9%
2.google.com	12.0%
3.amazon.in	6.4%
4.facebook.com	5.5%
5.snapdeal.com	5.1%

**Table 3: The sites visited before Snapdeal**

Site	% of unique visits
1.google.co.in	17.8%
2.google.com	9.8%
3.amazon.in	8.8%
4.flipkart.com	5.6%
5.facebook.com	4.3%

**b) Sub domains visited**

The following table shows the sub domains visited by people of these two web portals.

**Table 4: Sub domains of Flipkart**

Sub domain	Percent of Visitor
snapdeal.com	95.72%
selleraccounts.snapdeal.com	6.68%
shipping.snapdeal.com	5.27%
seller.snapdeal.com	5.07%
affiliate.snapdeal.com	2.57%

**Table 5: Sub domains of Snapdeal Challenges**

Sub domain	Percent of Visitors
flipkart.com	97.12%
seller.flipkart.com	5.30%
dl.flipkart.com	0.66%
store.flipkart.com	0.64%
sellers.flipkart.com	0.36%



## **Challenges**

The major challenges faced by these two web portals are:

- a) Limited availability of Internet infrastructure
- b) Poor distribution channel management
- c) High cost of access and usage
- d) Lack of digital awareness

## **Future**

One of the major catalysts for E-commerce is the breadth of internet penetration in a country. This number is expected to touch 39.0 million users by 2015 as internet penetration increases and ecommerce becomes more secured. The changing consumer lifestyles, supported by the younger population base of India, have given a boost to the Ecommerce business. E-commerce business in India is expected to touch around \$76 billion by 2021. Homegrown online marketplace Flipkart is eyeing sales worth \$8 billion in 2015 in terms of total value of goods sold. Flipkart has set a target of selling one billion goods on this platform annually by 2017. Snapdeal is trying to catch up with. While Flipkart was founded in 2007, Snapdeal came into existence in 2010, as a daily deal platform. Snapdeal was the first established online player in India to shift to the marketplace model, a format in which a company hosts traders on its website to sell products, in 2012. Company sources told business standard the Snapdeal management had set a goal to increase gross merchandise value to \$5 billion from \$1 billion in this year. Snapdeal is targeting to increase its total number of sellers to one million from the current 100,000.

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