



Your Local Online Store

## **CL 311 PROJECT REPORT**

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## **INTRODUCTION**

Did you know that 95% of the Indian population still relies on the local stores for most of their needs? On the other hand, India also witnessed a 7-8% increase in the e-commerce sector. With exponential increase in the number of smartphone users and easy access to cheap internet, E-commerce is not a luxury anymore. People prefer to stay back at home and order their groceries, clothes, gadgets etc.

Though this rise of the E-commerce industry has benefitted the users a lot but there is always a fear in the back of our minds that what if the product we see online is not same as what we receive. Also the rise of E-commerce has adversely affected the growth of local markets in India. Everyone prefers to sit back at home and order things online rather than physically visiting the local shops. These local shops also lack the expertise and resources to bring their business online. These facts imply that with increasing digitization, people are being compelled to compromise on the “trust factor” and the local vendors are losing business because of this.

Well, we present to you Pi-kart, your local online store. Here, with pi-kart, we aim to bring the local market network online, thereby restoring the trust as well as aiding the local markets to compete with big e-commerce giants. We are trying to build a hyperlocal network of all the local markets for the customer to choose from and order. This way the local markets don't lose business and the customers also don't have to physically visit the shops while keeping the trust factor intact.

To not compromise on the trust factor at all we also would be implementing a review system for these shops and to make sure that these reviews are genuine we would be having a rating system that tells how helpful and accurate a particular review was to a customer.

## **PROBLEMS**

This research takes into account the decline of local markets due to the emergence of e-commerce platforms. Even though these platforms cater to almost all of our needs it is necessary to uplift these falling markets. Local markets provide different customer and market benefits, and in some area, they outperform their larger rivals in terms of value and results. Some of the problems that are associated with the downfall of local markets are listed below

**Declining Local Markets:** Despite their continued relevance, local marketplaces are losing market share to big E-Commerce giants . Due to this development, many small store owners are losing their livelihoods.

**Lack Of Resources:** Many small businesses lack the expertise and resources to take their venture online. Even when they do so, individual sites might not get much recognition.

**Trust Issues:** The majority of consumers are reluctant to make online purchases because they are unsure about the quality of the goods they will receive. Customers no longer have entire faith in internet conglomerates as a result of this.

**Availability status of products:** There is no system in place to verify the product catalogue and availability status at nearby stores. We frequently visit a neighbouring store to buy a product only to discover that it is out of stock. This results in time and financial waste, which draws more clients to large e-commerce businesses.

**Covid 19:** The covid-19 epidemic has caused a progressive shift in people's attitudes that is pushing them to buy things online, which has led to a drop in consumer. Local business owners were compelled to close their doors during the lockdown because customers preferred to purchase goods from large retailers that offered online delivery services.

## **SERVICES**

Our goal is to create a hyperlocal internet network that would connect neighbourhood shops to the online infrastructure. Customers will be able to find local businesses from which they want to buy goods more conveniently and swiftly with this unified platform. The platform will offer following features to the customers.

- Linking local stores to the online infrastructure. This would enable residents in that region to learn about all of the stores nearby. Most of the time people living in an area may go miles to buy product that might be easily available in their area. This happens because people are unaware about the types of shops and products that exist in their area.
- Due to the close hyper local structure, we can ensure faster door to door delivery. These small businessmen do not have enough resources to deliver the items to their customers. Even if they do, there might be a delay in delivery due to crowd in shop or lack of workers in the shop.
- Providing a catalog and updating the availability status of products. This will save time spent on searching in the market.
- An efficient rating system for local shops. Local businesses that are registered on the platform will be open for customers to rate and review. Locals and residents can put up their reviews for the businesses that they have prior knowledge of, which can help newcomers to the locality and other residents.
- Follow your friends feature. For better recommendations, there will be a feature to “follow your friend” wherein users can know about the other local stores their contacts have tried. They can see reviews of their acquaintances which ensues a sense of trust in them. A trust rating for reviewers based on likes received on their reviews mitigates the problem of fake reviews.
- Other premium features may include special discounts and offers.

# USER INTERFACE

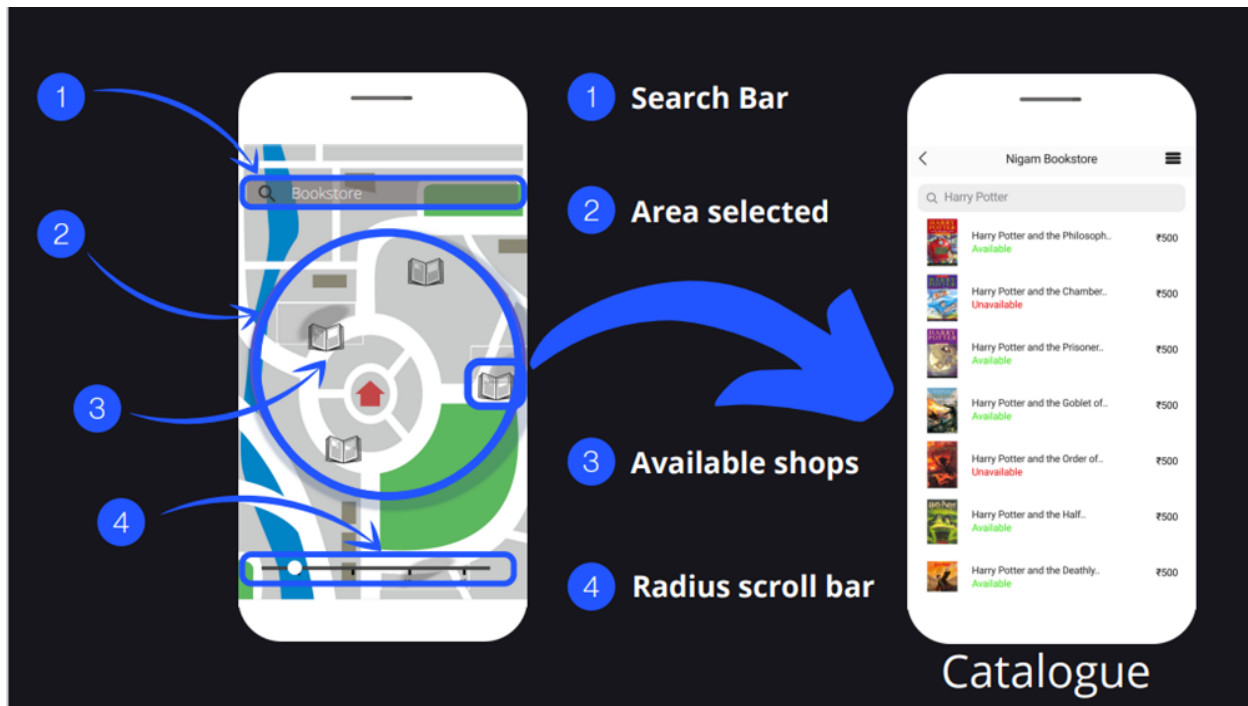


Fig.1: Prototype of the User Interface of Pi-kart

To understand the UI, look at the Fig:1

1. **Search Bar:** The search box will ask the customer what kind of goods they want, and then it will highlight all the closest stores based on that search.
2. **Area Selected:** The App will display stores that are located within the customer-selected radius.
3. **Available Shops:** The app will also show whether the item is available in stores within a certain radius.
4. **Radius Scroll Bar:** This feature allows customers to increase the radius to adjust the area of visibility of shops.

The app shows the user the best results within the set radius along with the distance to each shop. The user then selects the shop and can browse through its catalog.

The UI is inspired by the “**best-near-me**” feature of **Uber**.

## **USER EXPERIENCE**

Local residents, newcomers, and tourists who wish to browse/buy products available at a locality come under this category. They can follow the following steps to view products available at the locality without actually going from shop to shop.

- Install the **Pi-Kart** Application and log in as ‘**buyer**’.
- Adjust the radius of the region up to which they want to look up and enter the name of the product in the search bar.
- Browse through the various products available with different sellers in the set region.
- Compare across products using the review system instituted in the platform.
- After finding the product that suits their requirements, they can either choose to buy the product from the app and get it delivered to them or buy the product directly from the seller by going to the store.



## **UNIQUE SELLING POINT**

There are number of E-Commerce platforms that cater to everyday need of their customers just by a single click but they lack a sense of trust. Many a time we get defective products when we buy things online and since there is no direct contact between buyer and seller process of exchanging and returning becomes tiring and irritating. What makes us stand out as an e-commerce platform is an importance given to the sense of trust between the buyer and seller. A local resident who knows about the local stores in his/her town can continue to buy from their shop of choice and get it delivered to them. At the same time, a newcomer can make his/her shopping decisions based on the rating based review system in the platform. It also means easier returns and faster delivery speed, thanks to the local nature of the shops. Our platform not only enhances the shopping experience for customers, but it also helps local businesses thrive by raising their local profile.

## **BUSINESS MODEL**

The average Indian consumer prefers to shop at stores in their locality for their daily shopping needs. And taking this process online would add to the convenience and at the same time preserve the benefit of trust and camaraderie that the buyers have with local stores.

On the other hand, the local businesses who lack the expertise to take their business online and consequently grow in the digital age, need a medium to start the digitization process.

Here is when Pi-Kart comes into picture and serves the demands of both the buyers and sellers.

The business model of Pi-Kart is a 3 legged system consisting of the -

1. Buyers
2. Local Businesses
3. Pi-Kart platform

**Buyers** - Local residents, newcomers and tourists who wish to browse/buy products available at a locality come under this category. They can follow the following steps to view products available at the locality without actually going from shop-to-shop -

1. Install the Pi-Kart Application and login as 'buyer'.
2. Adjust the radius of the region upto which they want to look up and enter the name of the product in the search bar.
3. Browse through the various products available with different sellers in the set region.
4. Compare across products using the review system instituted in the platform.

5. After finding the product that suits their requirements, they can either choose to buy the product from the app and get it delivered to them or buy the product directly from the seller by going to the store.

This process allows easy browsing for the buyers to check for the availability of a product in a locality and also allows the option to get it delivered to them at their doorsteps.

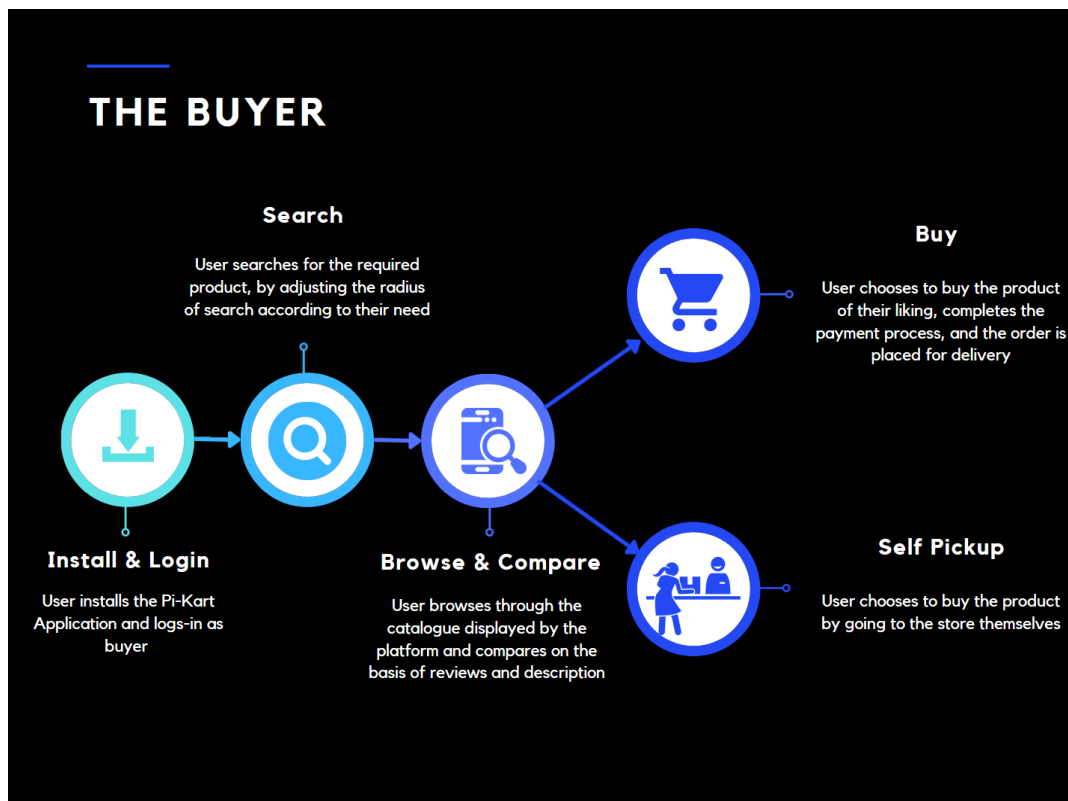


Fig.2: Representation of the steps to be followed by buyers

**Sellers** - Local stores, The sellers can register themselves to the Pi-Kart platform to be able to display their products on the app. They can then follow the following steps -

1. Install and login to the Pi-Kart application as a 'seller'.
2. With some help from Pi-Kart they can then start the process of cataloging their products, for their customers to be able to view them.

3. They can then update the availability of their stocks through the app or just by contacting Pi-Kart who will do it for them.
4. All the orders that are placed will be duly informed to the sellers through the app and a delivery person will be assigned to carry the order to the designated location.

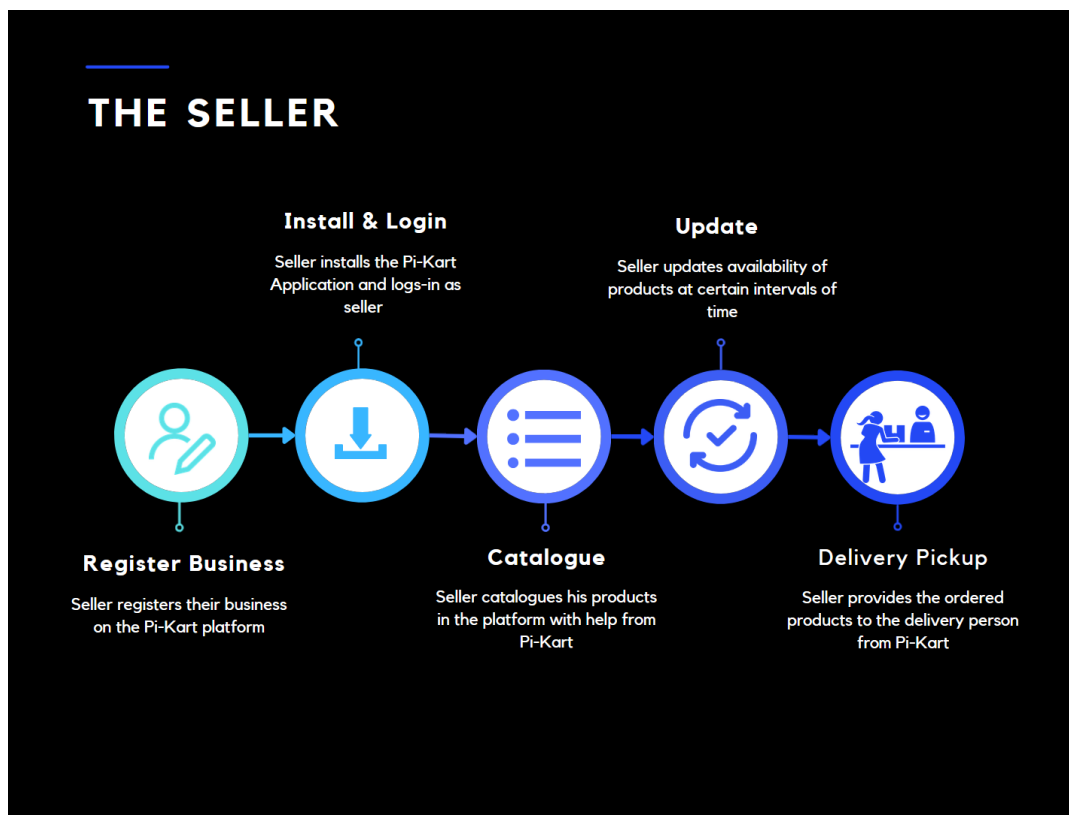


Fig.3: Representation of the steps to be followed by sellers

**Pi-Kart platform** - The Pi-Kart platform connects the sellers with the buyers of a locality. It provides the following features -

- Lists products of sellers for the buyers to view
- The review system instituted enables buyers to compare among various sellers and products
- Lets buyers place orders within the app to get it delivered to their doorsteps

- Lets you add your contacts to your friends list to see their reviews and comments on products and sellers
- Lets sellers update the availability of products listed on the portal

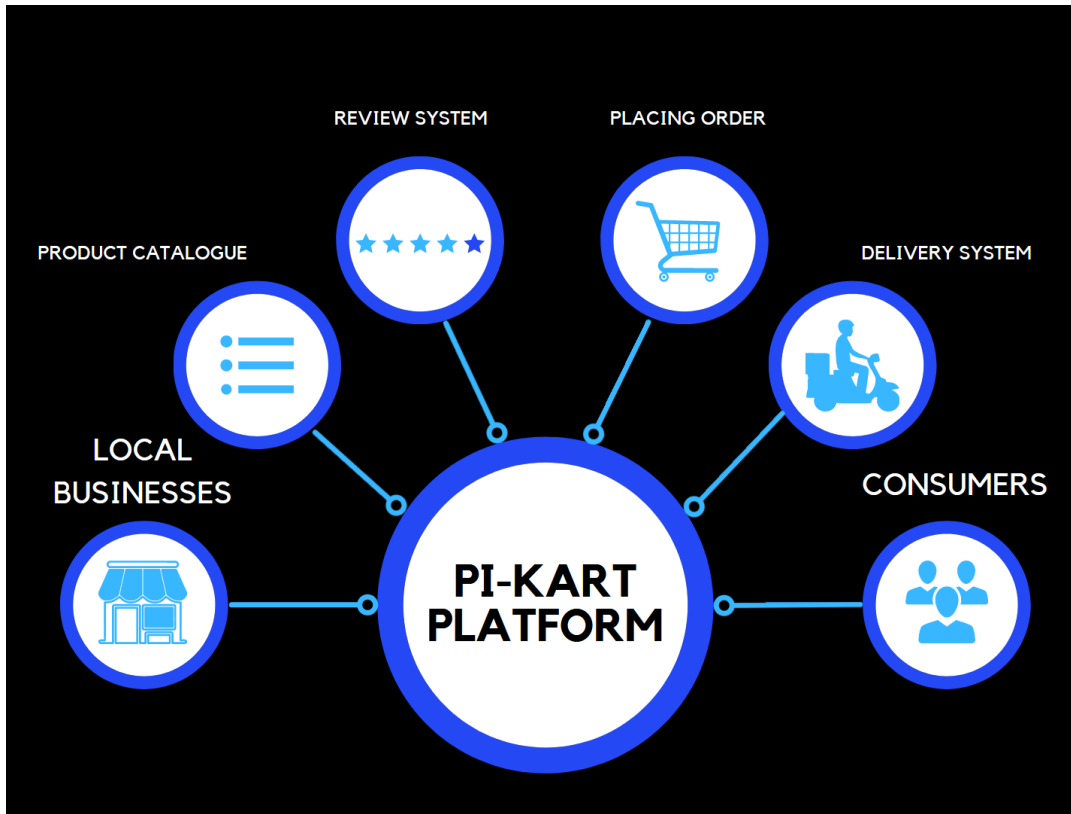


Fig.4: Representation of the business model

## REVENUE MODEL

There are 4 main revenue sources for Pi-kart:

1. **Listing Fee** : Pi-Kart provides visibility to sellers and acts as advertisements for them. Hence for listing their products on the platform a monthly listing fee is charged on the seller. The sellers have the option to opt for a premium subscription which includes higher search ranks and other benefits.
2. **Transactional Commission** : A nominal commission is charged per transaction made on the platform.
3. **Registration Fee** : An initial fee is charged at the time of registration of a business.

4. **Local Ad Revenue** : Ad revenue by advertising local businesses and events.
5. **Affiliate Marketing** : Affiliate marketing with credit card companies and banking platforms

## **SWOT**

### **Strengths:**

Some of the points that favor our product are:

- The evergreen nature of the local market, Around 97% of Indian people still go to local markets indicating a large target audience (i.e. they prefer to buy from their trusted shops), and this nature of the Indian market will not change in the near future, supporting our idea.
- Since we are aiming to create a hyperlocal trusted ecosystem connecting local shops near you, we can provide:
  - Faster deliveries
  - The better-trusted review system
  - Availability of shop catalog
  - Easy to refund or replace products
  - Service is trustworthy due to its hyperlocal nature

For shopkeepers:

- Our company helps the local market to improve their visibility online and market their product in a more efficient way to local customers.
- The system helps to retain old customers and find new customers in their area.
- The local shop has to bring their business online in this era else they will lag behind, so we are helping their business to compete in online market.

- **Faster replacement and after-sale services:** Due to its hyperlocal nature, the complexity involved in the after-sale services would be significantly less than other competitors.
- **Local customer-based review system based on mutual connections:** In a survey, people were asked which review they would consider more, a review by a mutual contact or a random stranger, mutual contact was the obvious answer for many people.
- **Availability of shop catalogs:** Customers can have knowledge of all the products available in the local shops and check their availability.
- Users can compare and review the products of many local shops at once, reducing the time and energy of customers to wander in the market in search of their products.
- Neet user interface: Pi-kart provides a neat user interface that allows users to surf easily to their favorite shops.

## **Weaknesses:**

- Since the size of the Indian market is huge and expanding in a city only will take a considerable amount of time, extending this idea to all India levels can be a very tough task.
- Many domains of the market like food, groceries, etc are already covered by unicorns like zomato, swiggy, big basket, jiomart, etc, hence decreasing the uncovered domains to start with.
- Flipkart, Amazon, and myntra are already stabilized e-commerce giants who can cut/ decrease our audience by burning cash, hence we cannot sustain without a strong capital fund in the beginning.

- In our process to develop a trusted ecosystem, database collection for a place will take time hence it will take us a long time to expand (small community).
- The retention rate for the old customers will be slow initially as it will take time to establish trust in our app in society.
- Implementing so many features can make our application heavy, thus creating inconvenience to the users, also to implement all features, we will be needing advanced full stack developers and AI/ML engineers or data scientists to create that platform.
- Difficult to attract the first customers (shopkeepers) in a city. It will require offline pitching of ideas from shop to shop or some incentives for convincing.
- Targets Zonal Restaurants: Pi-kart takes orders that are only from the shops located within the zone of the customers. Many competitors increase the customer's requirements and expand to more shops.

## **Opportunities:**

- With the upcoming digital age, people are switching to the online market, so we can expect a rise in no. of online users hence an increase of users on our app.
- During covid-19 pandemic, the business of many local market shops downsized because of not being able to update themselves on the online market, hence they now know their competitors and want to compete with them in the online market too, hence are on board with our idea, also if in future, an incident like this happens again, they will not lose revenue this time.



- We thought it's best to start with tier 2 cities where people are accustomed to online marketing, and there don't exist many hyperlocal services hence we can start building a monopoly there.
- Then we can target cities with more tourism as new people coming to the cities need a well-defined system that can tell them about the shops of the cities and hence have a great domain to expand.
- Once pi-kart is established, we can explore other domains and expand by a partnership with other startups and add more services.
- Growing Marketplace: Pi-kart sees a vast opportunity in the market as there are many potential customers. They have many people and are likely to increase so that it would benefit the brand. When customers increase, the brand also increases.

## Threats:

- **Google's schema module:** One of the major threats Pi-kart faces right now is the Schema module of Google wherein google locations itself is getting in restaurant recommendations. Even the google homepage shows the google maps page where you can search for restaurants within your locality.
- **Less price given by big Giants:** Big giants like amazon, flipkart due to their cost-cutting nature manages to give huge discounts which can affect our customers.
- **Fragile business model:** In this industry, it is very easy to replicate our idea by already big giants which is our major threat.
- **Government policies:** The government's approach to trying to keep privacy laws in check can be a threat for us in the coming time.

- **Frequency of customers:** the items we are targeting are not needed to be purchased daily (like groceries and food) hence decreasing the frequency of customers buying products from us.

## **Market Size:**

So, coming to the market size of Pi-Kart.

The retail market in India has undergone a significant transformation and has witnessed tremendous growth in the last ten years.

It is expected to reach over 1.6 trillion dollars by 2026

India ranks among the best countries to invest in the Retail space. Factors that make India so attractive include the second largest population in the world, increasing urbanization, rising household incomes, connected rural consumers, and growing consumer spending.

Due to the ever-increasing size of the Indian retail market, there is enormous potential for the local markets to grow. While 65% of discovery happens online, 97% of shopping takes place offline. In the internet age, getting the online stage would propel them for even more growth since Online shoppers in India are expected to reach ~500Mn in 2030 from +150Mn in 2020

India's unorganized retail which stands at 90 percent is critical for digitizing and providing access to new products.

10,000-12,000 crore (US\$ 1.39-2.77 billion) in FY20. India's direct selling industry is expected to be valued at US\$ 2.14 billion by the end of 2021.

## **Competitor Analysis:**

### **Competitors**

Some competitors of Pi-Kart are as follows:

In the online e-commerce sector: Amazon and Flipkart

In the hyperlocal grocery sector: BigBasket, Grofers

In the Food Delivery Sector: Zomato, Swiggy

In the Hyperlocal Service Sector: UrbanCompany

In the Hyperlocal Delivery Sector: Dunzo

### **Amazon:**

#### **Delivery:**

While in case of Amazon, delivery takes on average 1-2 days, but with Pi-Kart, Our product is hyperlocal, so it provides delivery within half an hour directly through the local shops

#### **Empowerment of Local Business:**

While Amazon leads to the Destruction of local shop's livelihood, Pi-Kart enhances local shop's business by providing access to the online infrastructure directly to the shops without any intermediate warehouses, and also helps them in creasing customers.

#### **Trust Factor:**

Huge E-commerce platforms such as Amazon greatly lack that trust factor. A lot of times the quality of the received product is not nice or the product received does not match the description given online. Since Pi-Kart is a

hyperlocal service and consumers and shop owners either know each other or consumer's acquaintance know the shop owners, the trust factor between the shops and consumers is on the higher side. Also the review system further enhances the trust factor.

#### Transparency about the seller:

Amazon doesn't provide any direct communication between buyers and sellers due to the increasingly complex nature of protocols: Through Pi-Kart, We directly link the local shops to the consumers so that there is communication between the two.

#### Lack of genuine reviews:

Fake reviews are a big problem in Amazon, however, in Pikart, we have a hyperlocal system, and people from the same locality review the shops, so reviews are more trustworthy and genuine. Also we would implement a rating based review system, where if a customer finds a review useful they can rate the review nice or else if the review is fake or unreliable they can give it a poor rating. While displaying the reviews to the customers, we the display the review with best ratings on the top as they are most reliable.

#### **Grofers:**

##### Focus on Grocery items mostly:

While grofers focus mostly on grocery products only, Pi-kart covers all the domains be it local grocery stores to local electronics stores. In future Pi-kart may also provide local services to its customers.

##### Lack of visibility into the inventory levels of the local stores:

- As per customer reviews, mostly when you order through grofers you would notice that the product is visible on the app but not actually available at the shop. This is a very common issue with grofers and if you have ordered from them multiple times, you would notice this quite often.

- This happens mostly because in Grofers the inventory of the shop is not linked with the app. When their delivery guy reaches the store then only they get to know about the availability of the ordered item. If in case the item is out of stock they will mostly call you and ask if it is okay to deliver without that product or ask for a substitute product. If the customer insists a lot, then the delivery guy will try to get the required product from a nearby store from which Grofers might not tie up. Therefore it's a very poor experience for the customers.
- However, in Pi-kart, we make sure that we display on the app whenever a particular product is out of stock at a particular store. Therefore this problem is not encountered and it's a better customer experience.

## **UrbanCompany**

UrbanCompany is famous for providing only luxury services:

Urban Company generally provides only luxury services and also the service providers are not linked with any local service providing shop. However, Pi-kart, offers a wide array of services and products mirroring the local market.

Costs are very high in Urban Company:

Pi-Kart mirrors the local market as it is just a link between the local shops and the online market, so the costs also resemble the actual prices in our localities unlike Urban Company which charges much extra for the same quality of service.

Employees of UrbanCompany routinely go on strikes due to the exploitative nature of the app:

Pi-Kart ensures connectivity of the customers with the local markets and helps the local markets go online, so the shopkeepers are also satisfied with our services.

## **FUTURE PLANS**

- Depending upon how the business spans out we are looking to expand into several related domains. Since we will be working with local grocery shop owners, we can expand into the grocery delivery business if we feel that would be the right decision at that point. We may also foray into food delivery or service sector.
- Just like local shops we can also connect local service providers such as beauty parlours, house cleaning service providers, electricians, plumbers etc. The customers can contact them through our app and utilise their service. This would help these local service providers to grow their business and also the customers would be able to rate their services on our app that would serve as authentic reviews for other future customers.
- Also, as we all know that a lot of bargaining can be done in small local shops which is not the case with big stores or online E-commerce websites. To solve this problem we will try to implement a discount based system for regular customers of a particular shop. The local shops can see on our app that which customers have ordered from them the maximum number of times and are therefore their regular customers. Depending on this they can select the top regular customers and make discount coupons for them which can then be used by the customers the next time they place any order from that same shop.

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