

Business Data Management
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Lecture 01

Introduction to e - commerce

Professor G Venkatesh: Now we are going to start our first case study. And for this case study, I would like to welcome Omkar, who works at Flipkart and Milind maybe you can give us a short introduction to Omkar and then give an opportunity to Omkar to explain what he does at Flipkart.

Doctor Milind Gandhe: Omkar Karandikar has been involved in logistics and warehouse planning for more than 15 years now. He is currently director of inventory planning at Flipkart. Before this, he used to work with Meback consulting. And today, I think Omkar we would like to talk a little bit to you about how e - commerce companies organize their distribution, and what sort of data gets generated in this process.

Omkar Vinayak Karandikar: Thank you to both of you for introducing me. Yeah, so it is a very crazy world in e - commerce. Last one year or one and a half years I will say starting from COVID has been a revolution in e - commerce industry. And it is one of the industries which has actually seen a rise in this difficult time starting home deliveries and delivery of essential status it has become a backbone for the whole Indian economy right now.

I say that all the e - commerce industry came up the front and supported this lockdown and ensured that people are not starved during this time. What makes e - commerce unique I think is the growth that we have seen in India, though we see that industry is growing at let us say 60, 70, 80 percent every year, but this is just a start.

We have not even scratched the surface yet. There is a huge untapped market in India, tier two, tier three cities and it is going to be a long growth story. Flipkart has been in India for 10 years. Now Flipkart knows about what Indian customers want and we are tailoring our services to the customers. This whole exercise is just to give a flavor of what e - commerce is all about and how we look at the data and how we build ourselves for the next set of growth incentives.

Professor G Venkatesh: So, just for statistics, since we presented some statistics about various industries in the first few weeks of course, e - commerce as a percentage of commerce, the total retail industry in India would be, what percentage?

Omkar Vinayak Karandikar: It will be actually very low if I look at the unorganized and organized retail in general, e - commerce will be in single digit market share.

Professor G Venkatesh: And is it growing? The market share is doing significant?

Omkar Vinayak Karandikar: Yes, market share is growing pretty fast and there are different versions of e - commerce which are coming. So, Flipkart and the other players in market are typically the platform by e - commerce companies, but there are different versions of e commerce which are coming up. And there are new models which are coming up where the inventory is actually distributed in stores and it is going to get sold from there. So yes, it is going to be a long big story for e - commerce to grow in India.

Professor G Venkatesh: Okay. And if you compare our e - commerce industry with the e - commerce industry in China or USA would we say we are heading to those levels or we are not dissimilar to...

Omkar Vinayak Karandikar: So, China is always a template for India, in e – commerce. So, there are a lot of new initiatives which are executed in China. We look at China as a template and there are a lot of replications of those services and offerings which happen in India. From growth perspective, China has already exploded, they are into 30, 40 percent of market share from retail perspective.

We are not yet there we are in around close to 10 percent roughly. So that is long way to go again. But China teaches us a lot of things what customer want, how do we enable speed. What kind of new service offerings can be delivered customer so yes, China is a template that we will get o.

US a different market altogether. US and Europe I would say it is a little bit of different market. There the services are not mass market. China is a mass market, e - commerce industry. For example, India is right now going from niche to mass market. So, we follow more Chinese trends than US trends.

US is another interesting story altogether we have a lot of learnings from them how to do e - commerce and how not to do e - commerce as well, how do we expand how do we plan for

future make or break to invest long term in one location or to invest distributed in long term there are a lot of learnings from US.

Professor G Venkatesh: From a data perspective, since we are on the data science course, is there a very big difference between the kind of data that you see in e - commerce from the data you collect in retail typical retail scenario?

Omkar Vinayak Karandikar: So, I will relate to the experience I had from my consulting period. So, I worked with a lot of FMCG companies and a lot of retail companies at that point of time. The problem in those era was to know customer. I am if I go to, let us say, offline store, let us say a central probably central person; the central store manager will not know me as a customer.

At the time of billing, they might ask you for a mobile number just for billing purpose, but I may refuse to give my mobile number. So, in terms of data in terms of knowing customer the offline retail is way behind and how we switch the gap or how we bridge the gap in traditional retail was the typical traditional mom and pop stores.

When you used to go to your corner store the person used to know you not only you or the whole family used to know he or she used to tell everything about it or medical stores, so he will say okay your father's medicines will be over take it.

So, that was a relationship with the customer. Now the modern retail probably somewhere it was difficult to establish in offline world, but online world it is coming back big time because that is a big difference we have. We know the customer, we know where the customer is where the customer is going, what are their browsing habits, which category your customer is interested in.

And we can we can look at the customer's preferences, buying history, shopping history, cart history, fabrics, all those things are available to us. Due to that e - commerce is able to build a customer profile, where a customer is, I mean, where we are able to predict about customer to a great detail to a great detail where we are able to predict whether a person is he or she, whether a person is married, whether the person has kids or no new kids and what kind of demographics that person belongs to.

So, we know whether a person is going to buy a high-end smartphone, let us say apple or is going to go for a value smartphone and this is that we are able to actually offer customized experience to each and every customer.

When you look at let us say Flipkart website. If you log in a customer A and customer B, you may not get the same website at any point of time. There will be a lot of customizations, a lot of recommendations, a lot of merchandising, which will happen for each and every customer and that makes e - commerce little easy and little difficult as well.