

CASE PRESENTATION

Flipkart Expansion Strategy: Tier-2/3 Cities

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Central Theme to the Case Analysis

THE WHY ?

How wise is to expand into tier 2/3 cities and related metrics.

THE HOW ?

Increasing customer base and expansion strategy: solution and related stakeholders.

PRODUCT STRATEGY

Analysing the current product and changes required to gain trust.

OPERATION & MARKETING STRATEGY

To build the customers trust and satisfaction.

Flipkart

India's Major E-Commerce Platform

- Flipkart Website: flipkart.com
- Launch Year: 2007
- Parent Company: Walmart
- Flipkart Founders: Sachin Bansal and Binny Bansal
- Flipkart Headquarters: Bengaluru, India
- Key Subsidiaries: Myntra, Jabong, PhonePe, Ekart, Jeeves

- 160 million registered users
- Flipkart's projected share of the India eCommerce market by 2019: 44%
- Percentage of Flipkart traffic that comes from mobile: 50%
- Number of products available on Flipkart: 80 million
- Average number of daily online transactions on PhonePe; 2 million
- Estimated valuation of Flipkart: \$11.6 billion
- 1 in every 5 visitors to Flipkart make a purchase

Source :

Annual industry report

Report 1: eCommerce Companies Report (Includes: Alibaba, Alipay, Amazon, Amazon Prime, Ebay, Etsy, Flipkart, JD.com, Tmall, Taobao, PayPal, Paytm, Walmart and Square).

Report 2: India Digital Companies Report (Flipkart, Ola and Paytm).

But there is Problem

PEOPLE OF TIER 2 AND TIER 3 CITIES,
CONSIDERS ONLINE SHOPPING **RISKY** AND
NOT TRUSTWORTHY.

Analysis



Customer Behaviour

HOW BIG IS THIS MARKET ?

**Understanding the Users
and opportunity**

SWOT Analysis of the Market and Problem

STRENGTH

- Market Share more than 45%
- 500+ million users
- 80million producta cross 80+ categories
- Logistics & Payment- Ekart and PhonePe
- Good customer support like helpline, online feedbacks, product replacements etc

WEAKNESS

- THIS MARKET PREFERRED LOCAL MERCHANT
- DEMANDS MORE OFFERS AND NEGOTIATION
- EXPECT FAST DELIVERY

OPPORTUNITY

- 530+ million internet users
- 8 out of 10 online marketplace transactions in these regions are happening over the phone.
- Better online secure payments can instill more confidence in people to shop online

THREATS

- LOCAL MERCHANTS, AMAZON.
- MAY INCREASE OPERATIONS COST IN SUPPLY CHAIN.
- BUSINESS CAN BE AFFECTED BY FLUCTUATING ECONOMY AND UNFAVORABLE MARKET CONDITIONS & GOVT POICIES

Souce- report by The Indian Economist,

Proposed Solution



PRODUCT STRATEGY

- Personalized Web/App Platform.
- Use of native language/Hindi.
- Product Recommendations



OPERATION STRATEGY


- Regional Festival Sales
- Reducing Delivery Time
- Supporting the COD (Trust Factor) and promoting the PhonePe



MARKETING STRATEGIES

- TV ads in Local Languages
- Print Media
- Community engagement events

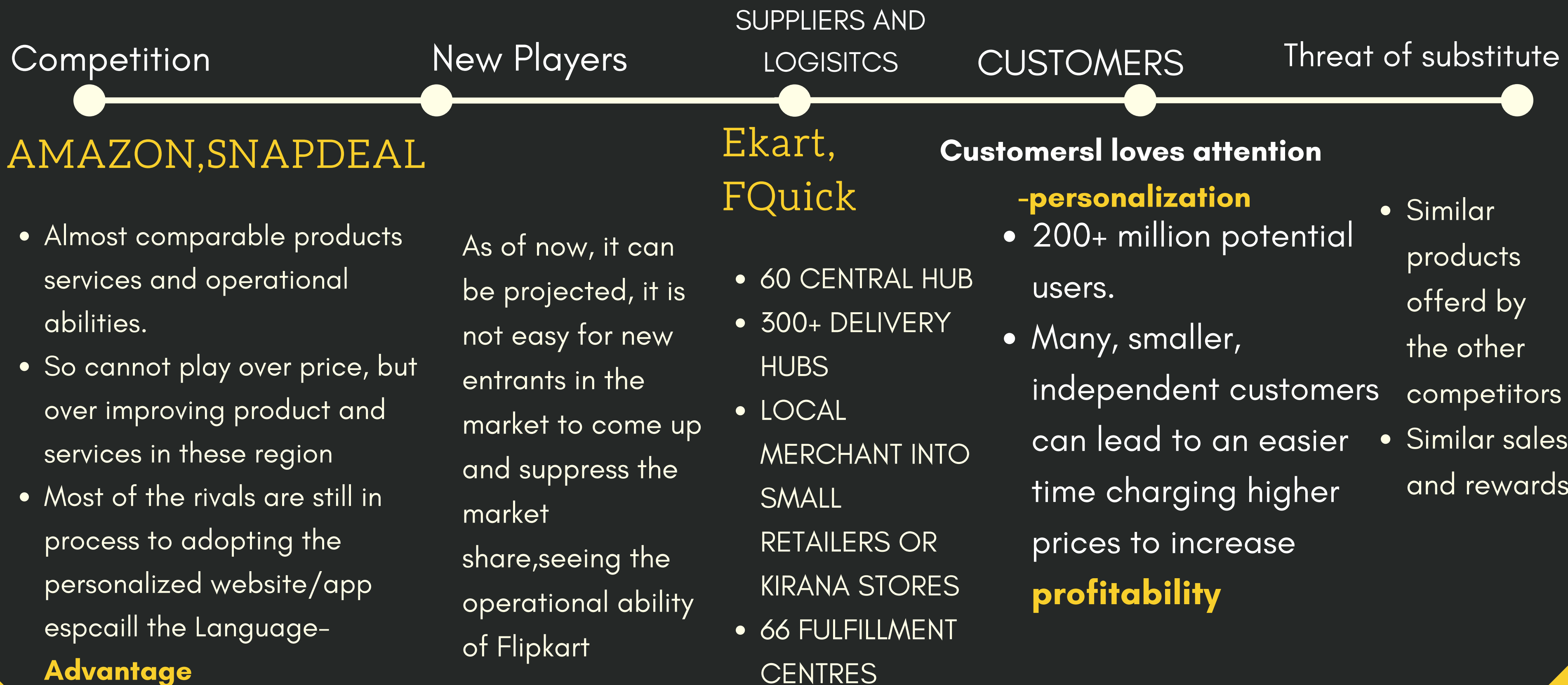
Value Proposition

- **Opportunity** to acquire 44 percent of India's population that speaks Hindi and next **200+ million** users at tier 2/3 cities.
 - **Comfort and Trust factor** - Personalized shopping platform such as languages, product recommendations, translation increases user comfort and decreases the **fear**.
 - Demand from tier II and beyond accounts for nearly **35% of sale** during the festival season (By Redeer Consulting)
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Stakeholders

- **Customers**
- **Flipkart**
- **Logistic Partners**
- **Amazon**

PORTER'S FRAMEWORK



Summary

With adopting the customized product approach to understand the customer behaviour, **Flipkart** can positively acquire the next **200+ million users in Tier 2/3 cities**. More personalized user experience (Web/APP UI/UX) can reduce the fear and increase the trust factor. It is a proven approach for user engagement.

On the **operation side**, fast delivery can help. This can be achieved by existing logistic partner and huge support by its own Ekart. AtMarketing activities in native languages mainly on TV and print can help in acquiring the local customer and building the brand value. Onboarding the **Local Merchants** and **Last mile delivery model FQuick** in these regions can help in reducing the operational cost. Rewards and sales based on **local regional festivals** are suggested.

Thank You
