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Case Study on 'Jiomart', Jio-Whatsapp Partnership: The Game Changer?

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Abstract:

Reliance Industries have finally entered into online retail sector after doing successful pilot study in Mumbai Navi Mumbai. Reliance has launched this services in More than 200 cities. This platform will compete the e-commerce players like Amazon and Flipkart in online grocery delivery space. 'JioMart' is the name of platform introduced in the market through JioMart app in more than 200 cities. Reliance partnership has offered reliance a benefit of WhatsApp users and WhatsApp pay option. JioMart will also take the advantage of Jiomobile network and targeting to connect tens of millions of local grocery stores across India. Strategy is to reach rural area grocery stores where e-commerce players has not yet reached and target that market. Case study gives the overview about the business model and customer targeting for JioMart. Case ends with dilemma that whether Reliance be able to achieve the similar kind of success for JioMart in comparison with RelianceJio.

I. INTRODUCTION TO RELIANCE JIOMART AND ITS BUSINESS MODEL

"Change your strategy as trends change" this is what works in Retail industry and Reliance is always known to do so. Reliance has again come up with very innovative e-commerce platform 'JioMart' mainly to benefit small businesses. 'JioMart' is the first impact of Facebook Reliance Jio deal and will take advantages of Whatsapp userbase and Facebook social media platform for its success. Facebook is an social media company having more than 2.5 billion users globally. Whatsapp one of the most widely used and downloaded app in the world owned by Facebook. Facebook makes money by giving the space to companies to advertise their product and services. Despite of earning enough from advertisements Facebook now wants to enjoy the profit by WhatsApp application which is used by more than 450 million users in India. Facebook's "WhatsApp Pay" platform in India has received the approval from Indian regulators as India's new digital payment standard unified Payment Interface to allow account holders to do transaction without entering the bank account details. Reliance has taken a very strategic move and this move can be a game changer. With this step reliance a domestic Indian player has very big ambitions. Reliance is taking the advantage of its mobile network and targeting to connect tens of millions of local grocery stores throughout India and want to dominate the entire e-commerce market of India by competing against foreign players, Amazon and Flipkart. Facebook partnership allows the Reliance to leverage the power of "Whatsapp Pay" and makes JioMart an uninterrupted mobile shopping experience. In India small stores are usually part of tiny homes owned by small shopkeepers in local market and as per the strategy of reliance these shops can afford to run on small margin and can offer faster delivery at lower cost without investing in expensive Warehouse. The business model of 'JioMart is Online to Offline. In this model customers will be able to see the products and pricing on online platform from neighbouring sellers and will be able to place the order online. If they wish to home delivery that

will be done by store or Jio person and if not then, customer also can pick products by visiting store physically. Reliance has launched the mobile app, and is available in almost 200 cities. At present, Reliance is targeting only grocery items and daily needs consumption basket through this Mobile app. Eventually they are planning to enter into electronics and apparel market segments through the same platform. Main purpose of this business model is to completely transform unorganised retail market which comprises almost 90% of total Indian retail market. As per the survey done by Reliance, India has almost 3-crore small kirana shops who serves on an average 20 crore Indian people and forms the complete backbone for Indian Economy. Reliance is all set to target that segment. Reliance is also very sure about the customer base they are going to target for this product. Reliance Jio already has 388 million telecom users, automatically 400 Million Whatsapp user base as a advantage of RelianceJio deal and Facebook user base through Facebook social media platform will be available for the business.

This will be a win-win game for Reliance, Sellers and Customers. Sellers will get products at cheaper price from Reliance Market, they will also get nearby customers. Customers will get delivery in very short period, say in just 2-3 hours of duration and products on cheaper price and Reliance will get profit margin from sale of the products through sellers. After the launch of this venture in May analyst have analysed the market and as per them the venture could clock revenue of Rs 4,000 crore in its first year of operation. This calculation and anticipation are made based on orders per day on an average of Rs 500 per transaction and it has been observed that orders are growing per day. Since every development has both positive and negative effects, the same applies to Reliance Jio. To make its retail zeal a substantiality, Reliance Jio will have to face cut throat competition from Amazon, Alibaba-backed BigBasket, and Tencent-funded Udaan as they are already the players in the same segment. Reliance Retail's success in new commerce platform, JioMart could alter the industry dynamics, but

execution holds the key and there are challenges, according to brokerage firm, Jefferies.

II. QUESTIONS

Will reliance 'JioMart' be able to win in the e-commerce industry racing with Big Players such as Amazon and Flipkart? Would 'JioMart' be able to change the dynamics of retail industry? When Reliance Jio entered telecom segment, they saw complete revolution and dominated other players for years. Would company be able witness similar kind of revolution through 'JioMart'.

III. REFERENCES

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