

MEESHO : CASE STUDY

How is it dominating Indian E-Commerce Market

- Meesho's Business Model
- First ever profitable horizontal e-commerce platform of India
- Meesho vs Amazon & Flipkart



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INTRODUCTION



Fashnear Technologies Private Limited doing business as Meesho (short for Meri Shop, trans. My Shop) is an Indian e-commerce company headquartered in Bangalore. It is an online marketplace that facilitates trade between suppliers, resellers and customers, with heavy reliance of external social media platforms such as Facebook and Instagram.

Meesho became India's first profitable horizontal e-commerce platform in July 2023, while Flipkart and Amazon India remain loss-making. Let's explore the key factors behind this success.

Founder(s)	Vidit Aatrey, Sanjeev Barnwal
Established	2015
Headquarters	Bengaluru, Karnataka, India
Annual Transacting Users	210 million (most downloaded shopping app for 4 consecutive years)
Revenue	₹76,150M (33% YoY growth)
Valuation	\$3.9 billion
Targeted Market	Tier 2,3,4 Cities

ASPECTS	MEESHO	FLIPKART	AMAZON INDIA
Business Model	Horizontal e-commerce (multiple categories), zero-commission marketplace	Horizontal e-commerce (multiple categories), commission-based marketplace	Horizontal e-commerce (multiple categories), commission-based marketplace
Target Market	Focus on Tier 2, 3, and 4	Primarily metros and urban markets	Primarily metros and urban markets
Seller Commission	Zero commission	10-35% commission on sales	10-20% commission on sales
Logistics Model	No own warehouse. Third-party logistics	Own warehouses and delivery fleets	Own warehouses and delivery fleets
Revenue Model	Ads from sellers, logistics fees, product sales	Seller commission, ads, Flipkart Plus	Seller commission, ads, Prime, AWS
Focus on Small Businesses	Empowers small resellers and entrepreneurs through the reselling model	Primarily large brands and sellers, but does support SMBs	Primarily large brands and sellers, with some focus on SMBs
Profitability	Profitable since July 2023	Still loss-making (despite high revenue and funding)	Still loss-making (with significant investment in logistics and services)
Advertising Model	Seller-driven ads, higher focus on cost-effective marketing	Ad revenue, but largely dependent on discounts	Highly aggressive ads, Prime membership driving subscriptions

HOW IT BECAME PROFITABLE BEFORE E-COMMERCE GIANTS - MEESHO'S BUSINESS MODEL



1. Zero-Commission Model

- Unlike Flipkart & Amazon, Meesho doesn't charge sellers a commission.
- This attracted millions of small sellers who couldn't afford high platform fees.
- Result: Huge seller base → More products → Lower prices → Higher sales.

2. Small Towns, Tier 2, 3 & 4 Cities

- 50% of Meesho's users come from Tier 4 towns.
- Flipkart & Amazon focus more on metros & urban markets.
- Meesho's low-cost products appeal to budget-conscious shoppers in smaller cities.

3. Lean Cost Model

- Minimal warehouse infrastructure → Unlike Flipkart/Amazon, Meesho doesn't operate massive warehouses (reducing costs).
- Third-party logistics partnerships → Uses local logistics firms instead of running expensive delivery fleets.

4. Monetizing Through Ads

- Meesho's biggest revenue source? ADVERTISING!
- Sellers pay Meesho to promote their products (like Google Ads).
- Ad revenue doubled in 2023 and is projected to reach ₹4,000 crore in 2024.

5. Empowering Small Entrepreneurs

- Meesho started as a social commerce platform → Enabled people (mostly housewives & students) to resell products via WhatsApp, Facebook, and Instagram.
- This viral reseller model helped it scale without heavy marketing costs.
- Later, it evolved into a full-fledged marketplace while keeping the reseller model alive.

6. Data-Driven Product Expansion

- AI-powered insights help Meesho understand what small-town buyers want.
- Instead of focusing on high-end brands, Meesho prioritizes budget-friendly products that have high demand.

CONCLUSION



Meesho's journey to becoming India's first profitable horizontal e-commerce platform highlights the power of innovation, cost efficiency, and market adaptability. Unlike traditional e-commerce giants, Meesho's zero-commission model, focus on Tier 2+ cities, and lean operations allowed it to scale profitably without deep discounting or heavy infrastructure investments.

By empowering small sellers, leveraging social commerce, and monetizing through ads, Meesho has redefined e-commerce in India. Its success proves that sustainable growth is possible even in price-sensitive markets when businesses align their strategies with consumer behavior. As the industry evolves, Meesho's model sets a benchmark for profitability in a highly competitive landscape.

Will this approach continue to disrupt the dominance of Flipkart and Amazon? Only time will tell!

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