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**Vellore Institute of Technology**  
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## **MGT 1022 – Lean Start-up Management**

### **Assignment- 2**

### **Winter Semester 2018-19**

#### **Topic:**

**Critically analyse any TWO SUCCESSFUL start-ups (one Indian + one Global)**

Google CEO Sundar Pichai said as he praised Prime Minister Narendra Modi for accelerating India's effort to become the next global hot bed of innovation and entrepreneurship.

India is a growing development country. In recent years, the Indian start-ups ecosystem has really taken off and come into focus on its own—driven by factors such as massive funding, consolidation activities, evolving technology and a rapidly growing domestic market. Although there are various successful startups that are growing rapidly and changing how an existing industry works in the process like Paytm, Redbus, InMobi ,Housing.com etc.

Taking one of the examples, **Paytm** is one of the leading startups in India. Founded in **August 2010, by Vijay Shekhar Sharma** who appeared in Forbes' World Billionaire's List in 2017, the youngest Indian on the list.



**Paytm** is an Indian e-commerce payment system and digital wallet company, based out of Noida SEZ, India. Paytm is available in 10 Indian languages and offers online use-cases like mobile recharges, utility bill payments, travel, movies, and events bookings as well as in-store

payments at grocery stores, fruits and vegetable shops, restaurants, parking, tolls, pharmacies and education institutions with the Paytm QR code.

Paytm started off as a prepaid mobile and DTH recharge platform, and later added data card, postpaid mobile and landline bill payments in 2013. By January 2014, the company launched the Paytm Wallet, and Uber and the Indian Railways added it as a payment option. It launched into an ecommerce with online deals and bus ticketing. In 2015, it unveiled more use-cases like education fees, metro recharges, electricity, gas, and water bill payments. One of the biggest deals includes when Paytm started powering the payment gateway for Indian Railways. In 2016, Paytm launched movies, events and amusement parks ticketing as well as flight ticket bookings and Paytm QR.

Paytm's registered user base grew from 11.8 million in August 2014 to 104 million in August 2015. Its travel business crossed \$500 million in annualised Gross merchandise volume(GMV) run rate, while booking 2 million tickets per month.

The company launched two new wealth management products - Paytm Gold Savings Plan and Gold Gifting to simplify long-term savings.

In 2017, Paytm became India's first payment app to cross over 100 million app downloads which is the milestone and a great accomplishment.

Since the demonetization, India is promoting the slogan "go cashless" across the country which encourage people for card payments, creating UPI id using BHIM app and using online wallets like paytm, paypal, payzapp etc. Paytm can be seen on every small shops even on groceries and stalls.

**MARKETING** is the most important factor for any startups to become success.

In July 2015, One97 Communications, the firm that owns the brand Paytm, acquired the title sponsorship rights for India's domestic and international cricket matches at home for a period of four years starting in August 2015. One97 is thus the parent company of paytm.

The rights include sponsor branding of series with the title sponsor logo, designation as the title sponsor of the series, visibility at the stadium, and

broadcast sponsorship rights. This also includes all BCCI domestic (Duleep trophy, Ranji Trophy etc.) matches in India.

Previously, Paytm had acquired sponsorship rights during the 8th season of Indian Premiere League. It has also served as an associate sponsor on Sony TV network (which has the telecast rights for IPL) and was the official partner of the IPL team Mumbai Indians. In March 2018, Paytm became the Umpire Partner of the IPL for five years.

What are drawbacks of Indian startups?

Indian startups are often asserted for copying foreign startups. It is seen quite often that they don't have a proper scaling plan. There is always a need for directional efforts to help them in increasing their supportive government policies. Same with the other online payment wallets which copied the idea of this startup.

### **Strengths of Paytm :**

Strengths are defined as what each business does best in its gamut of operations which can give it an upper hand over its competitors. The following are the strengths of Paytm:

- **First mover advantage:** Paytm was the first online payment company to set up operations in India. Their timing was perfect since they started operations at around the same time when smartphones started becoming popular.
- **Convenience options:** Paytm is an epitome of convenience since it is operational round the clock and facilitates easy payment or transfer of funds anytime, anywhere. This makes it increasingly accepted by an urban population who rely on online shopping for even daily use items.
- **Tie-ups with merchants:** Paytm can be used to transact with more than 3 million merchants across India and the number is said to be growing every day. This makes Paytm an easy shopping option for most customers irrespective of their economic background or education.
- **Bucket of services:** Most of what one desires to do online can be done through Paytm. In addition to the Paytm Wallet, today the brand has online reservation facilities, online retail, and online recharge and

there is also no need to go through payment gateways if you are using paytm.

- **Offers:** Paytm has been able to grab and hold the attention of customers primarily because of the never-ending offer stream it has been announcing. These are custom designed with the Indian mindset in the frame and thus works like magic for zooming sales.

### **Weaknesses of Paytm :**

Weaknesses are used to refer to areas where the business or the brand needs improvement. Some of the key weaknesses of Paytm are:

- **Need for IT infrastructure:** If Paytm functions must be robust there has to be good bandwidth and speed. This may be there in most cities in India but may not be the case in remote locations or even tier 2 towns.
- **Lack of awareness amongst users:** Most users are unaware of what Paytm can do for them and confused about how the app needs to be used. The level of awareness of technology tools and the inherent fear of making erroneous transactions is making things worse.
- **Fear of going cashless:** Most Indians are used to transacting on cash and are yet to get used to being used to cashless transactions. However, with digitization and demonetization, things are expected to pick up and this will help online wallet services.
- **Poor customer care:** One criticism levelled against Paytm is its poor customer service. The app and the portal cater to a wide variety of customers whose concerns may be minor. It's alleged that the call centre executives are often rude and unable to handle many of the queries

Now, I am talking about a global startup BLUE APRON.



It was founded in August 2012, by Matt Wadiak, Matt Salzberg and Ilia Papas. Its headquartered are in New York City, New York, U.S

**Blue Apron Inc.** is an American ingredient-and-recipe meal kit service. It exclusively operates in the United States. The weekly boxes contain ingredients and include suggested recipes that must be cooked by hand by the customer using the pre-ordered ingredients. With this unique idea, it's an emerging startup in New York. As of September 2016, the company had shipped 8 million meal servings. In June 2017, the company went public with an initial public offering.



Blue apron meal kit shipping box

Matt Salzberg, Ilia Papas and Matt Wadiak first began sending customers boxes containing the ingredients to cook recipes in August 2012, packing and shipping the first 30 orders themselves from a commercial kitchen in Long Island city. Soon in May 2014, the company announced that it would be launching a fulfilment centre in Richmond California. In November 2014, Blue Apron launched Blue Apron Market, a store featuring kitchen tools and cookware.

The company and other meal kit companies have been criticized for creating excess packaging waste from the individually packaged ingredients. Blue Apron does not disclose whether it uses any organic ingredients, but partners with farms that limit agricultural chemicals and promote soil health through crop rotation to grow specialty crops for the company.

As of March 26, 2018, Blue Apron has lost 81.4% of its market value since its initial public offering.

In May 2018, Blue Apron began selling 4 servings meal kits at 17 Costco locations in California, marking the company's entrance into physical retail.

## **Strengths of Blue Apron**

- Blue apron delivers value both to its customers and suppliers.
- For its customers, Blue Apron offers the opportunity to learn to cook delicious new recipes with seasonal ingredients at a better value than the local grocery store. The recipes are simple, with instructions written in a clear and direct way, complete with pictures.
- The business model focuses on removing the biggest obstacle to cooking – deciding what to cook.
- **The service is convenient**, offering free delivery in refrigerated boxes whenever best fits the customer's schedule. The step-by-step recipes are appropriate for beginner and experienced cooks alike.
- The **menus, which change weekly** based on seasonal needs, are created by the culinary team and renowned guest chefs. For its suppliers, Blue Apron works with family-run farmers and artisans to source the highest quality ingredients.
- On the recipe cards, they provide an information sheet that highlights the farms which provided the produce alongside information about how to cut and cook.
- Blue Apron's offering is effective because it targets the planning steps of the job.
- **Unique idea**- No current competition in selected market.
- **Innovative culture**

## **Weaknesses of Blue Apron**

- **Lack of brand awareness** : With the different idea other than the usual, people are not much aware of such services.
- **High startup cost** : Since, the meal kit every other raw material to fulfil the demand and offer choices so it costs more.
- **Limited food choices**
- **Limited dietician staff**
- Competition is well known -- weight watchers, Nutrisystem, Meals-on-Wheels etc.

- There are many risks for HealthShift, especially being a new business to the area. One risk is that State College may or may not be a good area for a food delivery business.
- There are many well-known food delivery businesses in the area that are popular among the population, while they might not necessarily be focused on health like HealthShift they will still be competition due to being well known and convenient for the population.
- Including dietitian services as part of the whole service is a large part of how HealthShift operates but these services may turn customers away because they may already have trusted dietitians who they are seeing and may think that it is a waste of money for them.