

# Who Leads the Game in Indian Retail: Web or Apps? – a Case of Flipkart



## Management

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### ABSTRACT

*Technological advancements are altering the markets as fast as the speed of light. Smartphones have taken a smart entry and grabbed the attention of the users with its features. India is also becoming mobile and digital. The statistics of Indian users are different than in the U.S. Time spent on phones by the US consumers is 2 hours and 42 minutes /day; out of which only 22 minutes are spent in browsing the web, while the balance in using applications. Only one-fifth of the population in India is using internet. Share of traffic on mobile device is more than that of desktop, even though mobile internet users are low. This paper will try to uncover whether the entry of smartphones has shortened the life of World Wide Web (specifically in the retail industry) or not? The purpose of the study is mainly to analyze the transformation of Indian consumers and their behaviour from the marketer's perspective.*

### Introduction

Companies have been struggling hard and fighting against the presence of its competitors both online and offline. But, the rate at which the technology develops is not easy to catch up with. As and when the companies overcome the challenge of establishing their presence online, they had to encounter the companies' presence through mobile apps.

The smartphone economy is projected to grow rapidly. A study conducted by Gartner revealed that there will be more than 500 million smartphones in India by 2018. Smartphones are already spurring entrepreneurs in the field of health care, retail, advertising, education, travel, hospitality, payments and the trend is bound to grow. Many of the new smartphones between now and 2018 will be bought by Indians who will use them to access the internet for the first time. This segment of mobile users represents a huge area of potential for the companies. A report by the Internet and Mobile Association of India and market research from IMRB estimates that India will have 250 million mobile internet users by the end of this year.

With the rising population as well as rising smartphone penetration, India is going mobile and digital (Srivastava, 2014). As indicated in the study, one fifth of the people use internet and out of these only 50% is using social media. The number of mobile internet users in India is low though; share of traffic (in terms of page views) on mobile devices is more than the traffic on desktop. The average low speed in India is less than half the global average, which is one of the reasons of low internet penetration in the country. The results also revealed that an average India spends almost 5 hours accessing internet and out of the three hours spent on mobile internet, only 45 minutes are spent doing any other work apart from social media.

Smartphones are versatile in nature as these devices perform many tasks simultaneously along with the usage of internet. The latest generation of smartphones is increasingly viewed as handheld computers rather than as phones, due to their powerful on-board computing capability, capacious memories, large screens and open operating systems that encourage application development.

### Review of Literature

Nowadays, most of the industries are entering the virtual arena through smartphones. Be it tourism, hospitality, health care, groceries, textile, banking, logistics, insurance, everything can be reached easily through the click of a button. During the last few years, that button was accessible through computers or laptops. But, now the consumers are taking a shift towards using internet via smartphones and that also preferably apps as smartphone apps can be interfaced or synced to other devices with adherence capabilities (Dayer et al,

2013).

Logistics is one area with high growth potential. Flipkart and Snapdeal pioneered pan-India logistics some years ago, but more recently, the focus has been on local and hyper-local solutions. This has spawned grocery delivery ventures and meal delivery apps. Some of them have also begun to deliver electronics, furniture and other items.

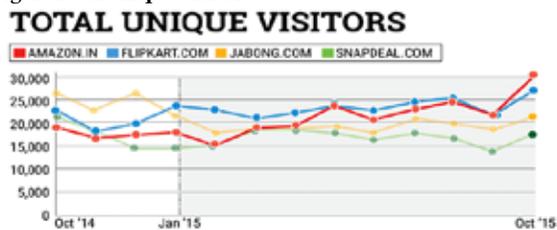
While there are some startups who are serving the segments with hyper-local delivery, few of them are working backwards while complementing brick and mortar stores with their online business (for the products that customers want to see and feel before buying). To support this, companies like Pepperfry, Firstcry, Paytm and Makemytrip opened dozens of offices to provide customized solutions. On the contrary, Flipkart is pondering over plan to go from the website to app-only. Currently, 80% of its customer base shops from mobile devices. "The present size of digital consumption is very small percentage, but it is growing in the right direction. More and more people are buying online, and it is increasing. With market potential this large, it is fair to argue that there is an opportunity for such businesses here", as stated by Rohit Bansal, Co-founder Snapdeal.

Consumers have an access over a million apps where he/ she can spend his/her time effectively. Retail industry has been operating exclusively through the visible destination format since decades. The retail industry slowly entered the virtual world and has transformed itself without any boundation of a specific destination i.e. anywhere and everywhere!

### Increasing relevance of Apps

E-commerce industry has witnessed many changes during the last one year. As per the statistics of comScore, Jabong - online fashion retailer, was at the top till October '14. Gradually the position was taken over by Flipkart. Myntra and Flipkart's move of being app-only has helped in giving an opportunity to e-commerce giant Amazon Inc to lead the show.

**Fig. 1: Total Unique Visitors**



Source: www.techcircle.vccircle.in Dated: 14/12/2015

The policy of Digital India has been put forward by the Prime Minister of the country. And, India is ahead of many other countries in adopting a mobile-focused government policy as stated by former UIDAI Chairman, Mr Nandan Nilkani. To add further, he stated that the policy is also encouraging payment innovations which will change the face of commerce by making it cashless and mobile.

Apps being more user-friendly provide personalized offerings, social experience and convenient payment options. Hence, it helps in building loyalty of the customer. AppAnnie, one of the renowned app analytics company shared the data that the retail apps in India recorded 440% YoY growth in the number of app downloads, leaving behind developed markets like US and Japan. The credit for this amazing growth goes to the adoption of smartphones (192 million users) and mobile internet (180 million users). They are the primary drivers of selecting mobile-first strategy by the online retailers.

As per the data retrieved from another analytics company, SimilarWeb, the total Flipkart app users in the e-commerce segment stood between 5% and 10%, relatively higher than other e-commerce giants Amazon and Snapdeal. The statistics reveal that Amazon is rising faster on the mobile side than most of its rivals.

#### App U-turn: Re-launching the Mobile site

The story doesn't come to an end merely after downloading the app. Its significance lies in how well the consumers are engaged with the app after it has been downloaded. Although people like using the apps, the challenge is how the company can overcome the app giants – WhatsApp, Facebook, Twitter, Youtube, etc.

Another big challenge is how to grab attention of the audience on mobile phones through apps and provide them convenience like web. To encounter this, native apps entered the show, which can be installed in the device through an application store. This has also certain limitations like the type of device, signal strength, etc.

Even if the companies manage to get people download the app in their devices, the chances of keeping the same on their phones for regular usage is a bigger challenge. It is easier said than done. Users look for app replacement. Also, they have specified certain period of time for specific apps.

A survey conducted by WebProNews revealed that apps are replaced by nearly half of all smartphone dominant users every week. And they have a number of valid reasons for the same. The major ones include boredom/ look for something new, personal recommendations, mobile browser not sufficient, previous experience with a similar app, dissatisfaction while using current app, online ads, etc. Moreover, periodic clean outs are done to delete the apps with lesser/ no usage.

Replacement of the apps by the users is very common. This, ultimately, encouraged the companies to take a u-turn from the apps and re-launch through mobile websites. Flipkart took the first move in this regard by introducing - Flipkart Lite. Flipkart Lite is a mobile site and allows the consumer to shop therefrom. The company has tried to infuse the convenience of a website with an experience of a native app through its mobile shopping experience. While launching, they stressed on the notion that product innovations are a must to deliver a superior user experience. Since, their core focus is on customer delight, they try to create a fabulous shopping experience for the users.

#### Conclusion

Brands were giving tough competition while maintaining their online presence and attracting maximum possible traffic to the online store. With a large chunk of the target audience owning smartphones and that too with internet facility added to it, grabbed the attention of the marketers to shift towards the apps. With continuous innovation in mind and to achieve customer delight, the company re-entered the mobile web to cater the best shopping experience for the customer. The company should augment its presence to deliver the best to its customers at right price. Also, it should encourage the audience to give constructive reviews and ratings.

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