

India's multi-billion dollar e-commerce battle heats up

5 August 2015, by Aditya Phatak



A visitor browses through books of Indian online book retailer Flipkart on a screen at the New Delhi World Book Fair on February 25, 2012

The battle for supremacy in India's bulging e-commerce market between Amazon, Flipkart and Snapdeal is rapidly heating up with multi-billion-dollar investments, trolling on Twitter and squabbling over exclusive selling rights.

Gaining ground after entering India in 2013, Amazon has been embroiled in rounds of one-upmanship with its local counterparts as competition intensifies for a greater slice of the lucrative market.

"In such a crowded marketplace it is difficult to distinguish between the firms based solely on the products they sell or the customer service provided," industry analyst Shriram Subramanian told AFP.

"It's brutally competitive so there's a strong itch to take a dig at the opposition in an attempt to stand out to customers," added Subramanian, head of Indian corporate advisory firm InGovern.

Flipkart, India's largest e-commerce firm, and US behemoth Amazon exchanged barbed comments on Twitter recently when portal Reddit India tweeted a photo showing an Amazon delivery box sitting at Flipkart's reception.

The tweet suggested Flipkart staff preferred to order from Amazon. The Indian company hit back, posting "We recycled said packaging as our reception's dustbin."

Amazon then weighed in, tweeting: "There is a bit of Amazon in every eCommerce company #justsaying,"—an apparent reference to the fact that Flipkart's founders used to work for the American company.

Internet entrepreneurs Sachin Bansal and Binny Bansal, who are not related, quit Amazon to start Flipkart in 2007, with the Bangalore-headquartered company rapidly establishing itself as India's largest online store.

Flipkart worth \$15 billion

Sachin and Snapdeal co-founder Rohit Bansal, again no relation, traded jibes on their personal Twitter accounts recently over the latter's purported comments that it was difficult to find good staff in India.

"Don't blame India for your failure to hire great engineers. They join for culture and challenge," Sachin wrote to Rohit.



Co-founder and CEO of Snapdeal, Kunal Bahl, attending a press conference in New Delhi on July 15, 2015

The Snapdeal chief operating officer responded saying his company had been voted one of the best places to work in India.

Flipkart is estimated to be worth \$15 billion and commands up to 44 percent of market share, well ahead of Snapdeal, which was launched in 2010 and enjoys around 22 percent of sales, according to analysts.

Amazon occupies around 12 to 14 percent, insiders say, and has its rivals firmly in its sights despite coming to the party in India late.

"Amazon has done very well in the two years since launching in India because already it has managed to start challenging market leaders who had early movers' advantage," retail analyst with Technopak Pragya Singh told AFP.

India's e-commerce market, although small in comparison to China's or the United States', is expected to rise swiftly to be worth over \$32 billion by the end of the decade.

According to recent local newspaper reports, Amazon plans to invest \$5 billion in India to turn the country into its biggest market outside of the US, while Flipkart and Snapdeal are spending big just to stay ahead.

Flipkart raised \$1 billion in funding last year while Bloomberg reported on Monday that Snapdeal is set to receive a \$500 million war chest from Chinese e-commerce giant Alibaba and Taiwanese electronics manufacturer Foxconn.

The investment, which may also include Japan's SoftBank Group according to Bloomberg, values Snapdeal at around \$5 billion, the report said.

We're largest, says Amazon India



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Amazon India's vice president and country manager Amit Agarwal refused to comment on how much the company was spending to capitalise on India's growing middle class but claimed its website was receiving more hits than Flipkart's.

"We are today the largest online store in India with over 25 million products," he told AFP in an email.

"Not only that we have the largest in-stock selection of about 800,000 products available for guaranteed next-day delivery. This is by far multiple times higher than what anyone else in the same space offers," he added.

Amazon and Flipkart have also tussled over

exclusive selling rights with both accused of alleged infringement in two separate cases, one of which is before the High Court in Delhi.

Flipkart reportedly sold novelist Amish Tripathi's latest book when Amazon had sole rights. The US company faced a similar allegation over author Chetan Bhagat's "Half Girlfriend", which only Flipkart was apparently allowed to distribute.

Both companies rejected any violation, saying they were open marketplaces connecting sellers with buyers, according to the Economic Times.

While analyst Subramanian welcomes the bullishness currently on show, he suggested the "brashness" should be tempered down.

"Ultimately it's business cycles that will separate the men from the boys in the e-commerce sector," he said.

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