



A STUDY ON SUPPLY CHAIN MANAGEMENT OF AN E-COMMERCE COMPANY FLIPKART

BY

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Submitted to

**BIJU PATNAIK INSTITUTE OF INFORMATION TECHNOLOGY & MANAGEMENT
STUDIES**

In partial fulfilment of the requirements for the award of the degree of

MASTER OF BUSINESS ADMINISTRATION

Under the guidance of

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CERTIFICATE

This is to certify that Research study entitled “A Study on Supply Chain Management of an e-commerce company FLIPKART” is prepared by Mr. Sritam Kumar Bera under guidance and supervision of Dr. Gobinda Chandra Panda during Academic session of 2020-2022 as partial fulfillment of M.B.A from BIJU PATTNAIK UNIVERSITY OF TECHNOLOGY Bhubaneswar, Odisha. This thesis has not formed before the basis for the award of any degree, diploma or any other similar titles.

Signature of Internal Guide

Signature of external Guide

Signature of Principal

DECLARATION

I, Sritam Kumar Bera, hereby declare that the Internship report entitled “A Study on Supply Chain Management of an e- commerce company FLIPKART” with reference to “FLIPKART, Haringhata RDC” prepared by me under the guidance of Dr. Gobinda Chandra Panda, Assistant Professor Quantitative Technique M.B.A Department, Biju Patnaik Institute of Information Technology and Management Studies and external assistance by Mrs. Nita Changhani ,Assistnt Manager ,Outbound, FLIPKART.

I also declare that this Internship work is towards the partial fulfillment of the university regulations for the award of the degree of Master of Business Administration by BPUT, Rourkela, Odisha.

I have undergone an industry internship for a period of 45 days. I further declare that this report is based on the original study undertaken by me and has not been submitted for the award of a degree/diploma from any other University / Institution.

Signature of Student

Place: Bhubaneswar

Date:

ACKNOWLEDGEMENT

I take this opportunity to express my gratitude and profound thanks to our principal **DR. P.K TRIPATHY** and our respected Dean **DR. MIHIR RANJAN NAYAK**.

I express my sincere thanks and deep sense of gratitude to my Guide **DR. GOBINDA CHANDRA PANDA**, Professor for providing me with an opportunity to study and for her encouragement, support and guidance to complete this project work successfully.

The internship opportunity I had with **FLIPKART** was a great chance for learning and professional development. Therefore, I consider myself as a very lucky individual as I was provided with an opportunity to be a part of it. I am also grateful for having a chance to meet so many wonderful people and professionals who led me through this internship period.

I express a deep sense of gratitude to my External Guide **MRS. NITA CHANGHANI** (ASST.MANAGER OUTBOUND, PACKING) , **FLIPKART** for taking part in useful decision and giving necessary advices and guidance and arranged all facilities to make life easier. I choose this moment to acknowledge his contribution gratefully.

Finally, I express my sincere thanks and deep sense of gratitude to my parents and friends for giving timely advice in all the ways and in all aspects for doing the project

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EXECUTIVE SUMMARY

The Indian e-commerce sector is ranked 9th in cross-border growth in the world, according to Payoneer report. Indian e-commerce is projected to increase from 4% of the total food and grocery, apparel and consumer electronics retail trade in 2020 to 8% by 2025. India's e-commerce orders volume increased by 36% in the last quarter of 2020, with the personal care, beauty and wellness (PCB&W) segment being the largest beneficiary. As most Indians have started shopping online rather than stepping outside their houses, the Indian e-commerce sector witnessed an increase.

In today's global marketplace, effective supply chain management is seen as a significant competitive advantage for a business. The enterprise that conducts robust supply chain planning activities, delivers increased efficiencies. Supply chain managers plan, schedule, and control that flow of goods to help the company stay competitive and control costs. They build the bridges between suppliers, companies, and consumers. FLIPKART one of the leading domestic organization in India has been contributing to the economy by providing quality consumer product in a comparatively reasonable price. If the winning factor for FLIPKART has been investigated, the result would be its outstanding supply chain procedure. The report tries to highlight how the supply chain activities of FLIPKART help the company to be more efficient and competitive in the market. The supply chain of FLIPKART has been described in this paper with the light of this concept. Increasingly, supply chain management is being recognized as the management of key business processes that comprise the supply chain. Optimized supply chain management can decrease total system cost, inventory and cycle times while significantly increasing stock availability and inventory turns. If these issues can be solved then, it will provide greater profits, improved customer service and competitive advantage to the company. FLIPKART has been continually being benefitted by its outstanding supply chain management. It offers invincible professionalism and expertise in the entire commercial activities of FLIPKART as well as gaining comparative advantage over its competition and gaining more customer trust and share.

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CHAPTER -1

OBJECTIVES OF THE STUDY

- ✚ Engage in Inbound & Outbound Operations on the floor.
- ✚ Clocking of Hourly productivity & sanity.
- ✚ Responsible for Performance & productivity of all operational tasks assigned
- ✚ Adhere and advocate strong process alignment.
- ✚ Engage and ensure process and product & package movement is within TAT.2
- ✚ Adhere to 5S and process compliance
- ✚ Engage and responsible for issue resolution & escalation matrices
- ✚ Coordination with Internal Functions
- ✚ Plan and drive process change

SCOPE OF STUDY

This report contains data about study of supply chain management of Flipkart and its current implications.

METHODOLOGY

As this research was exploratory in nature, the report has been written based on both the primary as well as the secondary form of information. The details of these sources are highlighted below:

Primary Sources: Primary data were the collected data directly from the officials. I have discussed the aspect of the relative supply chain activities to the related executive official and used their responses as primary data. Also I was having an internship in that organization for 45 Days long period of time in the Consumer Out-bounding Department. This department control all the Out-bounding supply chain activities. My working experience I also a source

of my primary data in this report.

Secondary Sources: The secondary data were, company's yearly business review report, marketing report, annual budget, in-house training material, company manual, internal meeting minute, text book, information from internet and news articles etc.

LITERATURE REVIEW

Abhijit Mitra. (2013), "e-commerce in India-a review", international journal of marketing, financial services & management research. Concluded that the e-commerce has broken the geographical limitations and it is a revolution-commerce will improve tremendously in next five years in India.

. D.k.Gangeshwar. (2013)," e-commerce or internet marketing: a business review from Indian context", international journal of u- and e- service, science and technology. Concluded that the e-commerce has a very bright future in India although security, privacy and dependency on technology are some of the drawbacks of e-commerce but still there is a bright future to e-commerce.

Martin dodge. (1999),"finding the source of Amazon.com: examining the hype of the earth's biggest book store", center for advanced spatial analysis. Concluded that Amazon.com has been one of the most promising e-commerce companies and has grown rapidly by providing quality service.

Sharma and Mittal (2009) in their study "prospects of e-commerce in India", mentions that India is showing tremendous growth in the e-commerce. Undoubtedly, with the middle class of 288 million people, online shopping shows unlimited potential in India. The real estate costs are touching the sky. Today e-commerce has become an integral part of our daily life. There are websites providing any number of goods and services. The e-commerce portals provide goods and services in a variety of categories. To name a few: apparel and accessories for men and women, health and beauty products, books and magazines, computers and peripherals, vehicles, software, consumer electronics, household appliances, jewelry, audio, video, entertainment, goods, gift articles, real estate and services. Ashish gupta, senior

managing director of hellion venture partners and one of the first backers of Flipkart as an angel investor: “Flipkart has been absorbing companies that have some potential (letsbuy, myntra). In that process, some of the bets will go wrong, for sure. But that is par for the course. The company (Flipkart) is consciously taking bets that allow it to either grow or eliminate competition that reduces marketing spend and improves economics.”



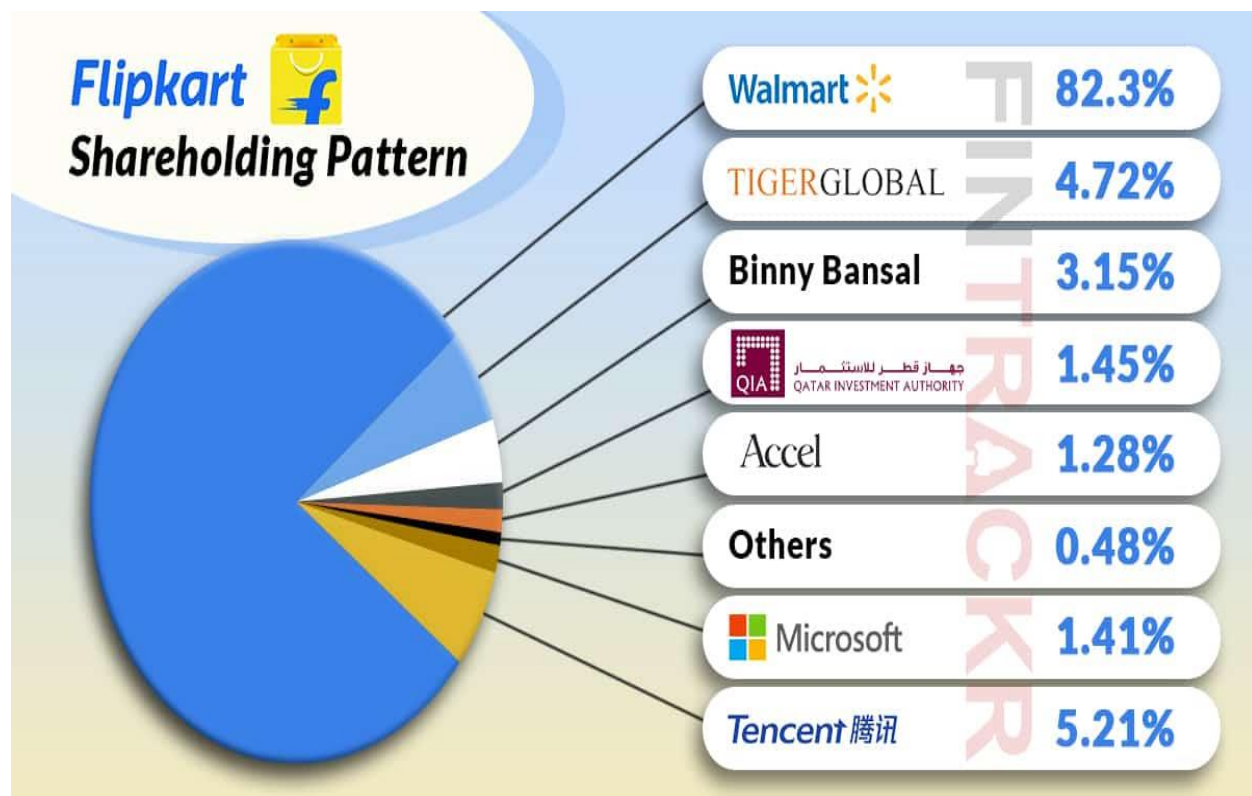
ABOUT FLIPKART

Flipkart was founded in October 2007 by Sachin Bansal and Binny Bansal. It is one of India’s leading E-commerce marketplaces and is headquartered in Bengaluru. The company initially started as an online bookstore. Later, it also started selling other items such as movies and mobile phones. Now the company offers more than 80 million products spread across more than 80 categories. It has the capacity to delivery eight million shipments per month.

- ✓ India’s leading e-commerce marketplace.
- ✓ 100 million registered users.
- ✓ 21 state-of-the-art warehouses
- ✓ 10 million daily page visits.
- ✓ Turnover of Rs 30,931 crore (US\$ 4.43 billion) in FY19.

Flipkart Group raised an additional US\$ 1.2 billion from Walmart-led investor group in July 2020. Its valuation has reached US\$ 24.9 billion post equity round. Flipkart has pledged to completely transition to electric vehicles (EVs) by 2030 across its E-commerce value chain by partnering with Climate Group’s global electric mobility initiative, EV100.

On 4 May 2018, it was reported that the US retail chain Walmart had won a bidding war with Amazon to acquire a majority stake in Flipkart for \$15 billion. On 9 May 2018, Walmart officially announced its intent to acquire a 77% controlling stake in Flipkart for \$16 billion.



Partnerships and Acquisitions

On October 23, 2020, Flipkart acquired a 7.8% stake in Aditya Birla Fashion and Retail, a subsidiary of the Aditya Birla Group, for Rs. 1,500 crore (US\$ 203.8 million). On July 09, 2020, Flipkart Group bought a minority stake in Arvind Youth Brands, a subsidiary of Arvind Fashions Ltd (AFL), for Rs. 260 crore (US\$ 36.88 million). Crossed 100 million registered customers. acquire Unified Payment Interface (UPI) based startup PhonePe. It also Launched PhonePe, India's first UPI based app. In 2014 Acquired fashion e-seller Myntra.



COMPANY STRUCTURE

Product & Technology	Business Development	Operations
<ul style="list-style-type: none"> Website Management (AI) ERP 	<ul style="list-style-type: none"> Vendor Management Sales Management Pricing Strategy 	<ul style="list-style-type: none"> ➤ Procurement ➤ Warehouse ➤ Logistics ➤ Customer Supports

Product and Technology Team

The product and technology team is the core strength of the company. The team is responsible for the management of the website as well as the ERP system. It has developed a state of art system in-house using open source software. Website is a backbone of any online retail shop and Flipkart's website is also managed by this team only. The team manage the entire process right from listing of item to search engine optimization.

Business Development Team

Business development team is responsible for all the activities related to sales including vendor management to pricing and discount strategy.

Operations Team

Operations team deals with all the supply chain aspects of the company right from procurement and warehouse management till customer support. The team support the customers both online via telephone as well as offline via email.

Customer Support team

Flipkart has a strong focus on customer service with customer delight as the top most priority. And to fulfil it the company guarantees a 24/7 full customer support and to cater this facility it has a dedicated customer support team which offers both inbound and outbound support. There are two prime responsibilities of support team:

- ✓ Website Guidance: The team basically provide guidance to new users of the website on how to navigate through it. It also handles order processing functions like order verification calls, payment related queries etc.
- ✓ Resolution of Issues: This includes intimation to customer about issues such as any delay in delivery as well as resolution of complaints both pre-purchase and post purchase.

Logistics

Logistics is one of the most important facets of any successful ecommerce venture. Flipkart ships more than 30000 items a day which makes management of the logistics a cumbersome task for the company. Furthermore, the cost of the delivery is born by the company itself

making logistics a financially complex issue also. Hence in order to successfully manage logistics. Flipkart uses its in-house logistics (FKL) as well as third party logistics (3PL) services. While more than 90% of the Cash on delivery (COD shipments and about 60-70% of the overall shipments are delivered by the FKL the rest of shipments are catered by 3PL service providers. Moreover, if there are more than 100 deliveries for a particular destination the company uses FKL. In case of FKL, the shipment is first transported to Mother hub and then to delivery hub and subsequently from delivery hub the last mile delivery is done using suitable mode of transport such as two-wheelers, bicycles, or on foot. The company has tie-ups with more than 15 courier companies like Blue Dart, First Flight etc. to deliver their products and Indian post for areas where courier do not reach. and to manage the 3PL providers efficiently the company allocates time slots to different logistics partners and they can pick up deliveries on specified time slots only. For delivering the items the logistics service among the three is decided based on the area where the item needs to be delivered as well as product type and payment method. FKL is presently available in major tier 1 cities including metros only. The company uses India Post only in case if the shipment location is not serviced by any of the 3PL as well as FKL primarily because of the higher delivery time. Moreover, India Post orders are of prepaid nature only. The delivery time varies between 3 days to 3 weeks depending on the location and availability of the product. For example, imported products take about 3 weeks" time to get delivered to the customers whereas if product is available in local warehouse, it gets deliver within 3 days. The mode of transportation is also dependent on the location. For example, the inter-city, trans-zone deliveries are made using air cargo whereas satellite cities and others in close proximity; products are transported overnight by train or truck. For the local parts of the cities where the warehouses of the company exist products are delivered using two-wheelers, bicycles, or on foot depending upon the proximity of the place.

Reverse logistics / returns processing



The returns for Flipkart are 2.6%. It follows a 30-day return policy. This policy, which is primarily aimed to build trust with the consumers, has led to many customers abusing Flipkart. For example, there have been several incidents when a customer buys a book only to read it and then return it within 30 days. Similar incidents have been observed with mobile phones as well. Flipkart, through its data management systems, has tried to identify such frauds. Return of a product to Flipkart can happen if the 3rd party cannot deliver to the address or the customer does not accept the product. Some orders are cancelled while the delivery is being processed by the courier company. Such order is not recalled but delivered to the address and then cancelled. Customers can call the customer support and courier back the product to Flipkart.

The delivery cost is borne by Flipkart. When a customer requests return of a product, there are 3 paths this request can take:

1. Replacement: Flipkart returns the product to the supplier and obtains a replacement that is delivered to the customer.

2. Store credit: If the customer is not satisfied with the product, he or she is given store credit of the same amount.

3. Actual cash-back: Given out as cash for cash-on-delivery payment or refunded for online payment.

Procurement

When Flipkart started its operations, they had employed the consignment model of procurement.

In this model, the retailer (in this case Flipkart) holds the inventory owned by the supplier, and buys it from the supplier only when it is sold to the end consumer. Since the channel was new and unproven, this was the most risk-free way to operate. However, they have now discontinued this now and inventory now is purchased.

Procurement of items could be for:

(a) Inventory: These items are pre-ordered based on previous sales data to stock as inventory. This category includes items with relatively low demand elasticity, fast selling items and items with relatively long shelf life.

(b) Just in-time: Items procured just-in-time are used to serve immediate outstanding orders. Items with low or unpredictable demand are typically procured on an order-to-order basis. Just-in-time procurement is also used for expensive items or products that have seen slow sales growth.

As of now, the number of orders served from the inventory is roughly 75%, with 25% orders being served by procuring just-in-time. Procuring just-in-time is comparatively more expensive as the volumes for such orders are low, and the supplier discount offered therefore is considerably lower. However, when ordering for inventory, bulk purchase is made and hence a much better price is realised. Therefore, the company would ideally like to move to a ratio of 9:1 ratio of orders served through inventory to those procured just-in-time. As a caveat however, there is an inherent trade-off between the company's long-term objective of reducing just-in-time procurement, and its motto of "Consumer Delight". This is because in order to maximise consumer delight, the company would have to strive to serve all types of consumer orders and provide them with the maximum possible variety of products, which would require just-in-time procurement since many products

have limited demand and cannot be stored as inventory. However, operational efficiency demands rationalisation of product line and choosing one's customers.

Sourcing at Flipkart is conducted at two levels:

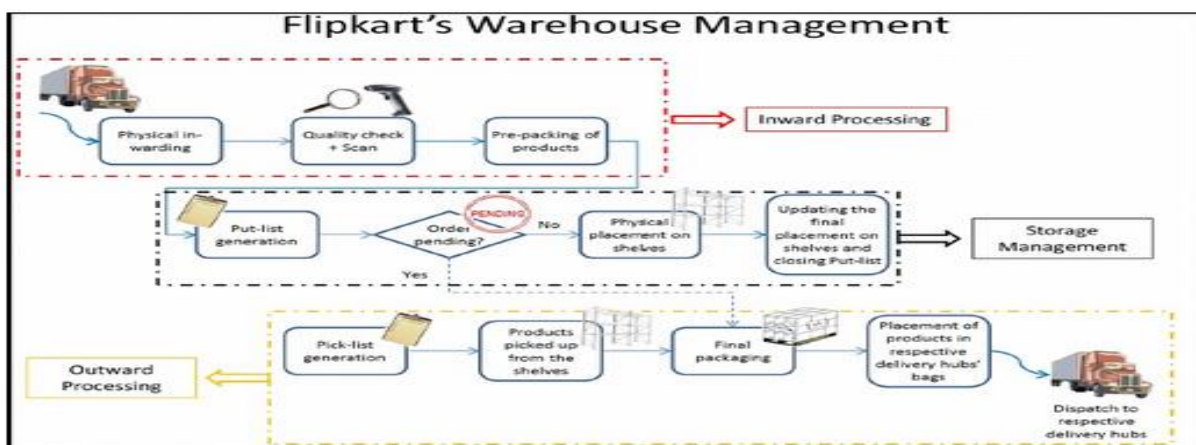
(a) **Regional:** By Regional Procurement Teams

(b) **Centre:** By the Central Procurement Team

Each regional procurement team has a network of local suppliers for made-to-stock as well as on-demand (Just in-time) procurement. They also have visibility of the stock for different SKUs with these suppliers, as last updated on the procurement team's system by these suppliers. From Flipkart's perspective:

Stock out: Defined as when the product is unavailable in the inventory (held in warehouses) as well, as Flipkart's suppliers (as last updated) The central procurement team has visibility of all the regional procurement teams' views, and therefore, can monitor the stock levels for their suppliers all over the country. The central team's focus is on bigger suppliers with a country-wide reach.

Flipkart's Warehouse Management System



Flipkart has 7 major warehouses spread across the country in Mumbai, Kolkata, Delhi, Noida, Pune, Chennai and Bangalore. They have smaller regional distribution centres at over 500 locations spread across Tier I and high-volume Tier II cities. In Flipkart's Warehouse Management System (WMS), there are three major segments namely, Inward Processing, Storage Management and Outward Processing. Discussed below are the some of the details regarding each of the sub-processes involved in the WMS.

Inward Processing

1. Physical inwarding: This is the area where physical delivery of goods from suppliers to the warehouse is taken.

2. Quality Check + Scan: As soon as the goods are received, they go through an initial quality check at this stage. After this, they are scanned to make an electronic entry to record the input of goods into the warehouse on the IT systems. This step of quality check is also undertaken at the supplier's premises depending on the contract that Flipkart has with them.

3. Pre-packing of products: At this stage, an initial packing of each of the products is done. This pre-packing varies according to product. For instance, a book-mark and think transparent film packing will be done for a book. Similarly, if there is a freebie attached to a product, then the two products will be packed together.

Storage Management

1. Put-list generation: When the input of all products is done on the IT systems, a system generated list of shelves corresponding to the products is generated to facilitate placement of products on shelves. This is called Put-list generation, which marks the place where the respective items need to be put.

2. Order pending check: As soon as the system gets the input of the incoming products, system checks if any of the orders for the incoming products are pending or not. If orders are pending, the respective product is sent directly to the Final Packaging Area for Outward Processing.

3. Physical placement on shelves: Based on the Put-list, the products are placed on the respective shelves. If the marked shelves are not empty, the product is put on an empty

shelf, and the respective shelf number is updated on the Put-list.

4. Closing Put-list: Once the product placement is done, Put-list is updated with the actual placement information and the list are Closed.

Outward Processing

1. Pick-list generation: Based on the orders to be delivered for the day, a Pick-list is generated by the IT system.

2. Pick-up from shelves: The respective products from the Pick-list are picked up from the shelves as per the IT system entries and gathered together to move towards Final Packaging Area.

3. Final packaging: The picked-up products are packed in Flipkart-branded boxes. At this stage, packaging is done according to the Category of the product, e.g., electronic items are packed differently from stationery.

4. Placement in respective delivery hubs' bags: After the final packaging, a product is placed in a specific bag which is dedicated for that destination area delivery hub. These bags are dispatched to their respective delivery hubs on a fixed timing during the day.

Some issues identified at the Warehouse Management level:

- ✚ All the scans while conducting inward processing for each of the products are done manually. There is some scope of automation at this stage.

- ✚ Due to packaging litter, there emerge chances of difficulty in mobility within the warehouse. Disposal of packing material may be addressed for better streamlining and ease of mobility.

- ✚ Currently, there are separate sections for separate categories in the storage area, e.g., in the Bangalore warehouse, a whole floor is dedicated to books, while the other floor is dedicated to other categories. With the increase in the number of SKUs that Flipkart is undertaking for sale, the Warehouse management system's complexity will increase and its scalability in the current form might come under question. Hence, pre-emptive efforts may be made to make sure that the systems and processes are scalable based on increasing variety and quantity of SKUs handled.

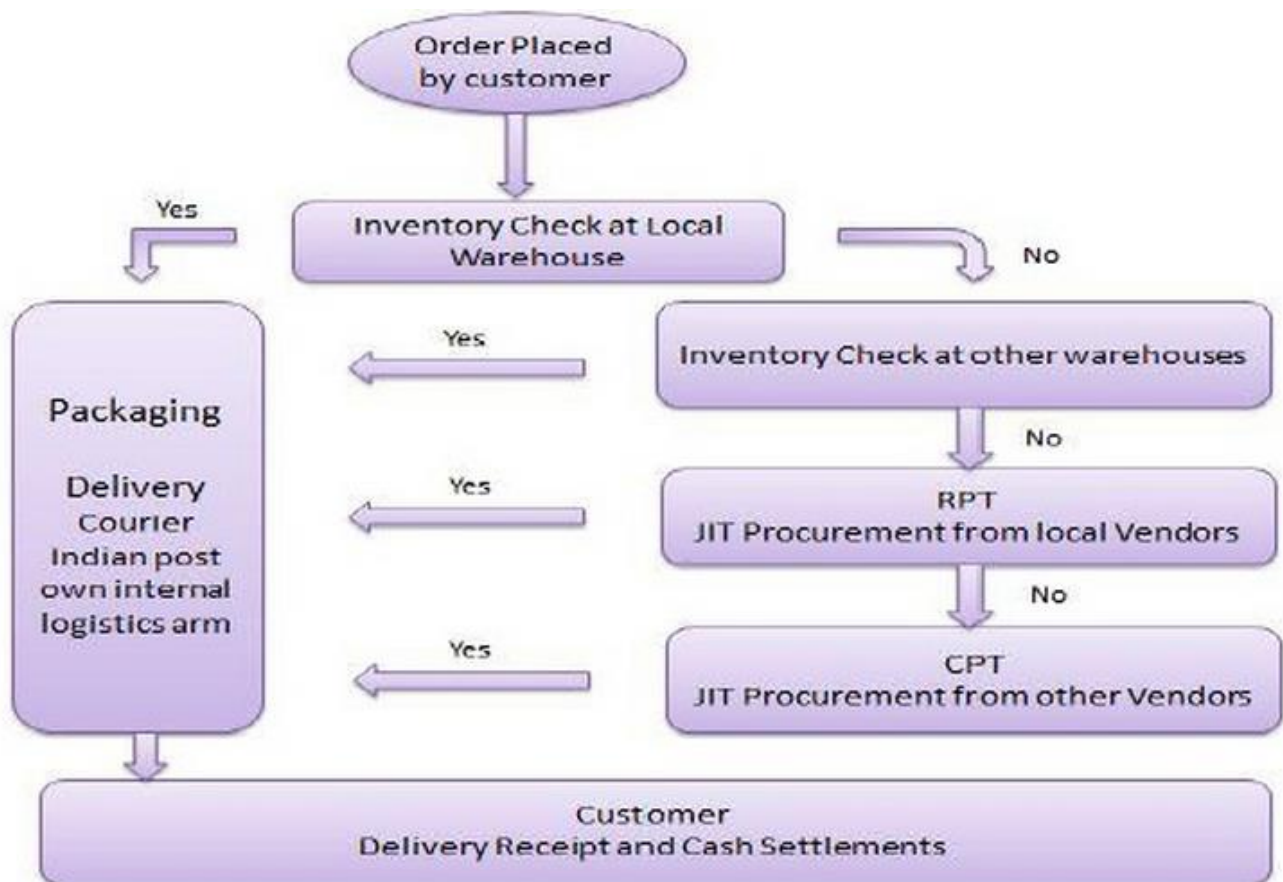
Order Processing :

Flipkart uses its own ERP systems to process orders and track the details of all the transactions that need to be carried out. A typical order at Flipkart starts with the customer searching, selecting the required item and placing the order. This on an average takes around 8-10 clicks to get the order placed. The email Id is considered to be the unique identification of a customer and all the records are maintained with reference to this Id.

The payment can be made by using debit card, debit card, Net banking or COD (Cash on Delivery). The payment gateway used is powered by CC Avenue. Flipkart is working to have its own payment gateway which has not been possible so far because hosting a payment gateway requires fulfilment of Payment Card Industry Data Security Standards (PCI DSS).

Order Fulfilment

Customer orders are fulfilled either via Inventory or JIT procurement depending upon the availability of the products.



Flipkart has fared very well in terms of the delivery time. It varies between less than 24 hours and 3 weeks depending on the location and availability of the product. On an average the delivery time is 3-4 days with a typical breakup as follows:

- 1 day for order processing
- 2 days for delivery
- 1 day as buffer

Inventory Management

The inventory stocks are replenished whenever it goes below Reorder point. In order to decide on reorder point and demand forecasting of each SKU, the company employs Holt's forecasting method. Holt's method is useful in cases where linear trends are present and requires separate smoothing constants for slope and intercept. The forecasted demand used at Flipkart using Holt's method is based on historic trend and seasonality in not accounted.

The company employs FIFO (First in First Out) method for its inventory management, under which for any shipment request to a particular warehouse the oldest inventory items are shipped first. This makes a lot of sense especially for the electronics items since the technology becomes obsolete very quickly. With respect to determining what items to store in the warehouse and what items to be procured from vendors, Flipkart uses Long Tail Concept, which is nothing but selling a large number of unique items with relatively small quantities. Flipkart orders such items on adhoc basis and usually don't keep inventory of such items since the demand for such items is very less and thereby minimizing overall distribution and inventory costs.

Supplier Management

Flipkart has always operated on the philosophy of starting out small and then scaling up as demand grows. It has been the same with selection of suppliers. For a new category, they generally, start off by sourcing from local suppliers and distributors. Once there is enough demand generated, they approach the larger wholesalers or manufacturers directly. This serves two main purposes:

1. It helps them to get better deals from the bigger manufacturers if they can order in larger quantities frequently enough.

2. It avoids the channel conflict dilemma that large suppliers face when they agree to similar terms with a smaller volume online player like Flipkart as compared to an established offline distributor.

An example of this strategy mentioned by Pawan Raghuvir, Mgr. Flipkart Supply Chain Excellence Division, is that given that Flipkart is now India's largest online retailer of books and they are larger than many offline stores as well – most of Flipkart's books are sourced directly from publishers. Across product categories, Flipkart works with over 500 suppliers including several international suppliers as well. Flipkart's steady rate of growth has allowed them to get the best credit lines from their suppliers. They signed their first international supplier deal with Ingram Books in 2008 and they prefer working with them due to high level of predictability.

In fact, considering that customer delight is Flipkart's primary motto, any delay in supply can lead to late deliveries to the end-customer. So, Flipkart follows a grading system of its suppliers based on their fill-rate performance. Suppliers are grouped into A, B and C grades based on their past performance.

There are several other secondary considerations while placing an order with a supplier:

- 1. Price considerations** – As mentioned before – credit lines and discount terms play an important part in selecting suppliers.

- 2. Quality Check contract** – Depends on whether QC will be done at supplier's place and then product will be shipped to Flipkart's warehouses or if the QC has to be done at Flipkart's warehouses.

- 3. Percentages of Returns Accepted** – Higher the percentage of returns accepted by a supplier, the better for Flipkart.

Customer Support

Customer Support function for an e-commerce website is one of the most important touch-points for the business in terms of building trust, customer acquisition and maintaining customer loyalty.

Flipkart's Customer Support team consists of call-centre agents who handle in-bound and outbound calls and also a team that handles e-mail queries. The entire team is based out of Bangalore and forms a core part of Flipkart's 6,000-strong employee base. Given that Flipkart tries to differentiate itself on superior shopping experience and customer service is an integral part of that – Flipkart prefers to train its own support staff rather than outsourcing the function to a BPO agency.

At present, a customer calls due to one of the below reasons:

1. Sales Assistance
2. General Enquiries
3. Product/Shipping related enquiry

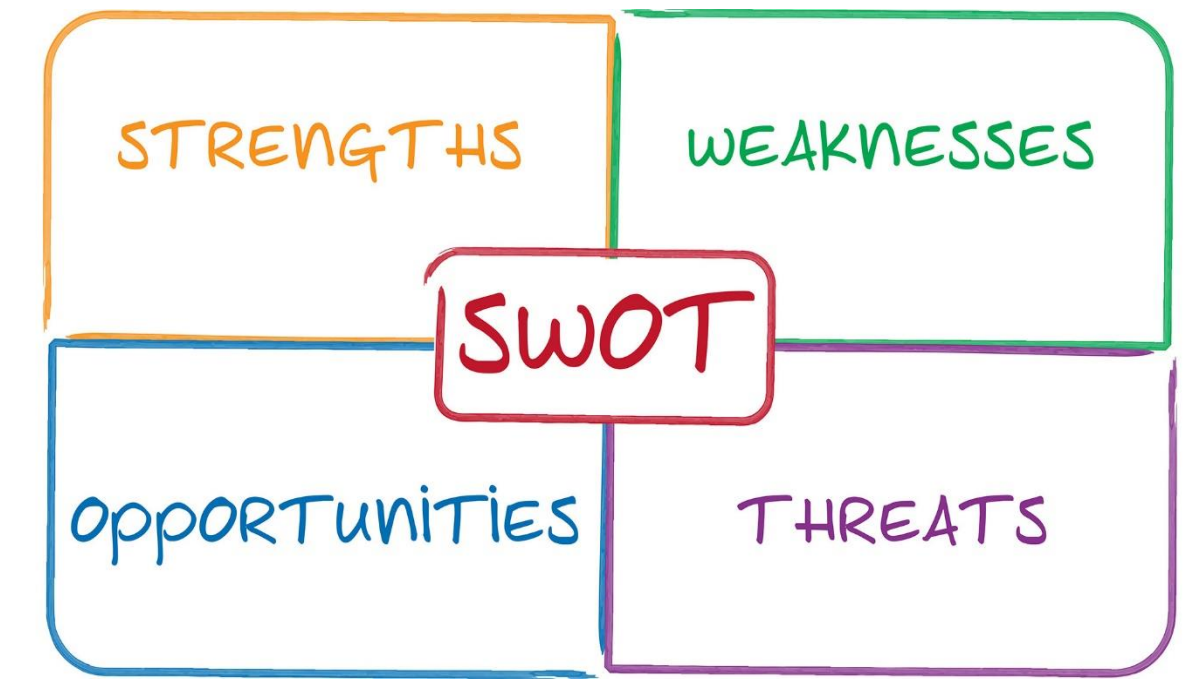
One of the major reasons for these calls is Indian consumers poor familiarity with online shopping protocols. It is important to note that Flipkart tries to ensure that any order is placed within 6 clicks on the website.

There is also an outbound call-centre that performs the following tasks:

1. Pro-actively inform customers about any delay in deliveries.
2. Pro-actively check the status of refunds or returns.
3. Inform the user in case any delivery has not been successful due to the customer not being present at his address. Despite all the good intentions of Flipkart in providing high-quality customer service, there are several internet blogs that suggest that their service quality has dipped in the last year or so.⁷ A major reason for this could be the growth in number of customer service executives⁸ not keeping pace with the increase in business volume. There could also be a problem of increased complexity in query handling due to increase in number of SKUs and product categories that would demand more rigorous training for the support staff.

CHAPTER -2

SWOT ANALYSIS OF FLIPKART



STRENGTHS

- **Exceptional Brand Recall**

Flipkart enjoys an extensive degree of brand recall through online branding, social media and its quirky TV advertisements. Be it those kids acting like adults in those TV ads or the frenzy around 'Big Billion Day' over the years, Flipkart managed to rope in icons like Alia Bhatt, Ranbir Kapoor, Virat Kohli etc to connect with its user segments. Tag lines like 'Ab Har Wish Hogi Poori' and 'India ka Fashion Capital' are trending amongst Indian consumers.

- **Experienced Foundation**

The online retail industry in India was taking its baby steps back in 2007-08. And at that time, Flipkart's founders (Bansal brothers) who had just worked at Amazon were leading the firm. Their technical expertise in online retail industry eased Flipkart's growth and prominence. Even after Amazon's entry, the competition is still cut throat owing to the great foundations laid by them.

- **Strategic Acquisitions & Partnerships**

Flipkart has consistently been able to establish tie-ups with likes of Myntra, Jabong, Walmart because it wanted to solidify its position. Having a separate brand pertaining to fashion and one for digital payments (PhonePe) contributes greatly to brand equity. Further, Flipkart has entered many strategic partnerships like Ekart, Chakpak, Letsbuy, Walmart etc. This enables Flipkart to bolster their logistics, payment gateways and digital content creation.

- **High Volume & Range of Products**

Flipkart has a plethora of quality product options to choose from in every category they sell. Exclusive tie-ups with popular brands like Lifestyle, Apple, Motorola, and Xiaomi in the past as well as encouraging in-house brands like Citron, Digiflip & MarQ etc have helped with their large catalogue of products.

WEAKNESS

Excessive Advertisement Expenses

Flipkart spends as much as 30% of its annual revenues on marketing and advertising, much higher than HUL. Flipkart relies on heavy discounts, spending crores to attract and retain customers because it wants higher visibility across mediums. And, Flipkart reported a loss of Rs 1950 crores in FY2020 even though revenue grew by 32%. Therefore, 'Big Billion Day' has become a trademark yearly sale event for online shoppers. But excessive spends on ads is not sustainable in the long run.

Lack of Technological Innovation

Flipkart distribution channels and outreach are limited and nowhere comparable to its top competitors. The supply chain and logistics for the products delivered to users needs massive upliftment. The Just-in-Time inventory philosophy needs to be followed as shipping times and lead times to completing order is too high for Flipkart. Further, Flipkart has lacked on the R&D aspect of technology - routing users from various mediums to their website exactly what Alexa does for Amazon.

Rapid Acquisition Spree

Flipkart has been lately looking to up the game by focusing on improving user experience. It has acquired a host of start-ups like Mech Mocha (social gaming) and AR start-up Scapic. Given that the company is reportedly posting losses, and competition is heating up, so siphoning funds on improving user engagement on their platform isn't exactly first priority. This rapid acquisition spree might turn out to be damaging for the finances.

OPPURTUNITIES

Post-Pandemic Sentiments

Just like COVID has wreaked havoc globally, it also provides great impetus for embracing 'digital'. As more and more consumers are being aware and switching to online consumption of services. You might be ordering your daily essentials through these E-commerce websites. It is a golden opportunity for Flipkart to grab on. They should extend its range of offerings focusing on consumer sentiments and insights.

Market Development

Owing to the thrust towards digital economy and retail, Flipkart should indulge in new market development and extend its services. Flipkart has to move across borders of India and serve customers from neighbouring geographies like South-East Asian countries. Because these countries have a high demand for online retail.

Delivery Excellence

Order returns, refunds, cancellations, redressal of delivery issues, and fake product deliveries etc are issues Flipkart should enhance in their ranks. Flipkart should try to reduce the delivery times and increase its operational efficiency for tier 2 & 3 cities because rural dwellers are now surging to online shopping.

Secure and Streamline Payments

Better online secure payments can install more confidence in people to shop online. India has one of the highest number of smartphone users in the world. Flipkart can look to streamline payments for their orders through an in-house payment service like Amazon Pay to include new product lines.

THREATS

Threat of Intense Rivalry

There is no dearth of competitors in the online retail space. Be it international players like Amazon, eBay, and Alibaba or local ones like Shopclues, Snapdeal, and Paytm etc. Presence of so many rivals selling similar products immensely reduces revenues. Two top firms in Amazon & Flipkart are locked in a battle of burning cash, offering festive sales.

Buyer Power & Switching

The online retail market is saturated with Snapdeal, Paytm, eBay, Myntra Reliance Digital, and Nykaa etc. Customers visibly have lower switching costs; they instantly switch from one online shopping website to another. The products are mostly the same apart from a few brands. Hence, 'standing out' is tough to say the least.

Stringent Government Regulations

It is hard to sustain losses and keep doing business if the government regulations keep hindering the business.

7P'S IN THE MARKETING MIX OF FLIPKART

Product:

Flipkart entered the e-commerce market as a bookseller but widened its product mix to include music, movies, and mobiles within three years. Over the years, it has continued to grow its product mix. The company has extended its portfolio through acquisitions, including Myntra. Flipkart sells more than 80 million products on its digital marketplace in more than 80 categories. The main product categories include electronics, televisions and home appliances, men's products (including fashion products, footwear, and accessories), products for women, babies and kids, as well as home furnishing products and grocery apart from other product categories like sports-related products, books, auto accessories, and fitness products.

Flipkart is the largest online retailer in the Indian e-commerce market that enjoys a larger market share than Amazon India at 31.9% (**S&PGlobal**). While Amazon is not very far behind with a market share of 31.2%, Flipkart's popularity in specific product segments like electronics and home appliances is very high. There are 100 thousand sellers that sell their products online on Flipkart. You can imagine the scale of sales from the number of page visits on the Flipkart website and app as well as the number of registered users on the web site. Every day, the website and app receive 10 million page visits, and there are 100 million registered users on Flipkart. The website had crossed the milestone of 100 million registered users in 2016 only.

Apart from selling products on its e-commerce sites including Flipkart, Myntra, and Jabong, the brand also offers services like flight bookings as well as online payments. Phonepe is a payment app used widely across

India and is among the top ten trusted payment solutions. Its main rivals include Google Pay and Paytm. However, Google Pay and PhonePe are among the most used digital payment solutions in India whose popularity grew faster following the demonetization. PhonePe launched its switch platform in 2018 from which users can place orders across over 200 apps including taxi, train, and flight booking apps.

It introduced a nice range of insurance products also to grow its user base which is already above 230 million. Flipkart's range of financial services has grown larger by the addition of these services to PhonePe's services mix. In the future, Flipkart aspires to become the most comprehensive financial services platform in India. Phone Pe has partnered with leading players in the insurance and mutual funds sectors to widen its range of financial services and gain stronger footing as an online provider of financial services. Flipkart continues to grow its range of services in order to balance its portfolio of products and services.

Place:

Flipkart's business spans entire India and the company has established an efficient distribution channel that apart from tier 1, 2, and 3 cities in India also delivers to smaller towns as well as rural areas. The company has its headquarters in Bangalore (one of four metropolitan cities in India), in the South Indian state of Karnataka. Flipkart's warehouses serve 22000 Pincode locations across India. One of the most massive warehouses of Flipkart is located on the outskirts of Hyderabad, the capital of South Indian states of Telangana and Andhra Pradesh. This warehouse, apart from being the largest in India is also the first fully automated warehouse in the country.

The growth of e-commerce in India depends, to a large extent, on how leading players manage their distribution system. Making deliveries possible to remote areas in various Indian states requires that the company establishes modern and hi-tech warehouses in different corners of the nation. The Hyderabad warehouse of Flipkart is a hi-tech warehouse. It relies on advanced technologies like IoT equipped automated conveyor belts, IT-based packaging, and tracking solutions, digital inventory management systems as well as other forms of digital solutions. These technologies enable the swift movement of goods and services from one part of India to another.

While the e-commerce website Flipkart conducts its business online mainly, its distribution system supports its business operations across entire India like a backbone. The company has established a network of fulfilment centers in states including Haryana, Telangana, Maharashtra, Karnataka, and West Bengal.

Price:

Growing competition in the physical retail and e-commerce industry has brought the focus back on prices. While product quality and speed of delivery are also important factors affecting the market share of e-commerce players in India, pricing is central to popularity. The Indian consumers are highly price-conscious and compare prices before going for a purchase. Flipkart, Amazon India, Snapdeal, and other major e-commerce players in India are engaged in a bitter price war. Walmart is also present in the physical retail space in the Indian market. In the Indian e-commerce market, brands must price products competitively to succeed. Walmart is already well known for its EDLP pricing strategy. Just as in its domestic market, it uses

a competitive pricing structure to gain sales. However, the level of success that it has tasted in e-commerce could not be matched by its physical retail division in India.

The main reason that Flipkart and Amazon India are leading in the Indian e-commerce market is that the two offer products at more competitive prices than the others. It is why other brands like Snapdeal are lagging behind the two giants in terms of market share. To retain customers and grow its market share, Flipkart also runs mega sales during the festivals. Flipkart's Diwali mega sale is among the most eagerly awaited sales in India. Flipkart offers massive discounts on an extensive range of electronics and other products during the Diwali sale. Indian consumers shop heavily on

the eve of Diwali. Flipkart also runs sales and discount programs on different occasions like Holi, Durga Puja, and other festivals when Indian consumers are more likely to shop.

Promotion:

A remarkable level of competition marks the e-commerce industry in India. The e-commerce brands in India, apart from competing based on price, run regular marketing campaigns to drive sales and grow their customer base. Marketing and promotions are critical drivers of sales and revenue growth for Flipkart. However, it has become the leading digital retail brand in India and a household name in most corners of the country. Due to its growing penetration of the rural areas of the country, the company is now gaining more ground in the local market. Flipkart's growth is also driven by its focus on brand image and consistent branding. Its growth over the previous few years is a result of strong branding and a growing emphasis on marketing. Digital marketing is the primary channel used by Flipkart to grow its customer base. Apart from its websites and apps, the company uses digital promotions as well as other traditional channels like print media and outdoor advertisements to grow sales.

Flipkart also uses branded packaging to gain visibility. Throughout its warehouses, merchandise is wrapped in Flipkart's branded packaging before being delivered to the customers. It has also launched special promotional programs and customer retention programs aimed at growing membership rates. **Flipkart Plus** is a membership program that offers access to special privileges like more points when you shop on Flipkart as well as faster delivery, extra discounts, early access to sales, superior customer support, among others. The company has launched Flipkart Lite combining the rich features of a web app with the browser experience so that customers can have a seamless shopping experience, even with low network connectivity.

The popularity of e-commerce websites like Flipkart depends on the type of shopping experience they provide. Secure payments, hassle-free checkouts as well as improved suggestions and other features like product comparisons are all essential to keep customers engaged. The growing use of smartphones and the internet in India has led to more people searching for electronics and fashion as well as crucial household products from home. E-commerce brands have to focus on continuous innovation to offer the customers more relevant suggestions and seamless shopping experience. To make shopping for the Windows 10 users more exciting, the company worked with Microsoft to create an app for the Windows platform. The Flipkart Windows 10 app has been developed keeping in mind the Windows experience for touch and non-touch screens so that the users can utilize the general shortcuts they use on Windows to browse and shop for their favourite products.

Brand image has become very important for retaining customers and sustaining growth momentum in the e-commerce industry. Flipkart invests in CSR and sustainability to create a strong social image. Apart from that, the company is also helping several small and medium sized businesses thrive during the times of Covid-19.

People:

As of 2016, Flipkart employed 30,000 people. The company has continued to expand its business fast over the recent years. The company calls its employees Flipsters. The company focuses on managing its human capital in a manner that maximizes employee and customer satisfaction. Employees' happiness is key to business growth. The company invests in its employees' training and growth. Apart from that, it has created human resource policies that help maximize satisfaction for its workers and help them achieve a better balance between their career and personal lives. The CEO of Flipkart is Kalyan Krishnamurthy.

Processes:

The e-commerce industry is marked by heavy competition and companies have to manage business processes in a manner to ensure higher efficiency and productivity. Flipkart has acquired a lot of growth within the last few years. The company had managed to achieve a strong position in the Indian e-commerce market prior to its acquisition by Walmart. From its website to the warehouses and fulfilment centers, the company focuses on business process efficiency to achieve stronger results. The company generated a revenue of around \$6.1 billion in 2019 which was around 42% higher than the previous year. The company has been investing in technology and expansion of its physical infrastructure to achieve superior financial growth. Technology plays a key role in ensuring the operational efficiency of the company from its website to its warehouses. While Flipkart is continuously improving its website and apps to make them more shopper-friendly, it is also investing in making its warehouses technologically advanced and best in class to enhance their capacity. It ensures that the customers have a superior shopping experience, and products are delivered to the customers faster.

Physical Evidence:

Physical evidence denotes the physical proof of the products and services of a company. If a company makes hardware or other products, the product itself can count as physical evidence. However, if the company offers services or creates software or something like streaming services, then physical evidence may not be as readily available as in the case of the brands making physical products. So, while it may be easy to find physical evidence related to Apple, it may be not easy to find physical evidence associated with Google because the other is mostly a services company. However, there is a lot apart from the physical infrastructure and branding related material that still provides the physical evidence of business.

As in the case of an e-commerce business like Flipkart that sells products and services by other brands mainly, there is still a lot that counts as physical evidence. First of all, it is the packaging used by the company and the branding on it that is the physical evidence of the services provided by Flipkart. The packages used to wrap products to be delivered have the Flipkart logo on them. Apart from that, the physical infrastructure of the company including its offices, warehouses, and fulfilment centers also offers physical evidence of the business. In the digital era, there are a large number of services that will not present a lot of physical evidence but their branding material and physical infrastructure offer the physical evidence of their business operations.

For example, Netflix is a brand offering streaming services. Its products/services are bought and consumed online using a physical screen that supports internet connectivity. In such a case, it would not be easy to obtain physical evidence as compared to a brand that makes hardware products like Samsung. In this way, from product brands like Samsung or LG to services brands like Flipkart and Amazon, the amount and extent of physical evidence vary depending on the volume of products made by the company itself and extent of the company's own involvement in the provision of services. As in the case of Amazon that makes and sells a large range of products including Alexa enabled devices and Kindle Reader as well as a nice range of other products sold on its website, physical evidence is much easier to find compared to Flipkart.

INDUSTRY ANALYSIS

E-commerce has transformed the way business is done in India. The Indian E-commerce market is expected to grow to US\$ 111.40 billion by 2025 from US\$ 46.2 billion as of 2020. By 2030, it is expected to reach US\$ 350 billion.

By 2021, total e-commerce sales are expected to reach US\$ 67-84 billion from the US\$ 52.57 billion recorded in 2020.

India's e-commerce market is expected to reach US\$ 111 billion by 2024 and US\$ 200 billion by 2026.

Much of the growth for the industry has been triggered by an increase in internet and smartphone penetration. As of July 2021, the number of internet connections in India significantly increased to 784.59 million, driven by the 'Digital India' programme. Out of the total internet connections, ~61% connections were in urban areas, of which 97% connections were wireless.

Market Size

The Indian online grocery market is estimated to reach US\$ 18.2 billion in 2024 from US \$1.9 billion in 2019, expanding at a CAGR of 57%. India's e-commerce orders volume increased by 36% in the last quarter of 2020, with the personal care, beauty and wellness (PCB&W) segment being the largest beneficiary. India's consumer digital economy is expected to become a US\$ 800 billion market by 2030, growing from US\$ 537.5 billion in 2020, driven by strong adoption of online services such as e-commerce and edtech in the country.

According to Grant Thornton, e-commerce in India is expected to be worth US\$ 188 billion by 2025.

With a turnover of \$50 billion in 2020, India became the eighth-largest market for e-commerce, trailing France and a position ahead of Canada.

According to NASSCOM, despite COVID-19 challenges/disruptions, India's e-commerce market continues to grow at 5%, with expected sales of US\$ 56.6 billion in 2021.

Propelled by rising smartphone penetration, launch of 4G network and increasing consumer wealth, the Indian E-commerce market is expected to grow to US\$ 200 billion by 2026 from US\$ 38.5 billion in 2017. Online retail sales in India is expected to grow 31% to touch US\$ 32.70 billion in 2018, led by Flipkart, Amazon India and Paytm Mall.

After China and the US, India had the third-largest online shopper base of 140 million in 2020.

Indian consumers are increasingly adopting 5G smartphones even before roll out of the next-gen mobile broadband technology in the country. Smartphone shipments reached 150 million units and 5G smartphone shipments crossed 4 million in 2020, driven by high consumer demand post-lockdown. According to a report published by IAMAI and Kantar Research, India internet users are expected to reach 900 million by 2025 from ~622 million internet users in 2020, increasing at a CAGR of 45% until 2025.

In October 2021, the e-commerce sales reached US\$ 4.6 billion, supported by the festival season in India.

Investments/ Developments

Some of the major developments in the Indian e-commerce sector are as follows:

In September 2021, CARS24, India's leading used car e-commerce platform, has raised US\$ 450 million in funding, comprising a US\$ 340 million Series F equity round and US\$ 110 million in debt from various financial institutions.

In September 2021, Amazon launched Prime Video Channels in India. Prime Video Channels will give Prime members a seamless experience and access to a variety of popular video streaming services. In September 2021, Bikayi, a mobile commerce enabler, raised US\$ 10.8 million in a Series A funding round, led by Sequoia Capital India.

Flipkart, India's e-commerce powerhouse, announced in July 2021 that it has raised US\$ 3.6 billion in new funding from various sources including sovereign funds, private equities and Walmart (parent company).

In June 2021, Flipkart added a new fulfilment centre (FC) in Dankuni, West Bengal. The FC is spread over 2.2 lakh sq. ft. and has a potential to create ~3,500 direct jobs.

In June 2021, Grofers, the grocery delivery start-up, reportedly entered the unicorn club, after raising US\$ 120 million from Zomato, the food delivery platform.

In June 2021, Mastercard invested an undisclosed amount in Instamojo, a payments firm, to help digitise online stores and process their payments more seamlessly.

In May 2021, Amazon introduced a video streaming service within its shopping app called MiniTV for users in India. MiniTV features web series, comedy shows and content on tech news, food, beauty and fashion.

In May 2021, Flipkart strengthened its grocery infrastructure to cater to customer safety and demand across India. In this quarter, it is planning to further expand its fulfilment centre capacity for grocery by over 8 lakh square feet across Delhi, Kolkata, Chennai, Coimbatore and Hyderabad.

In May 2021, Flipkart announced that it is in talks with sovereign funds, private equity majors and other investors to raise up to US\$ 2 billion at a valuation of US\$ 30 billion.

In April 2021, Flipkart announced a commercial alliance with Adani Group to improve the company's logistics and data centre capabilities and create about 2,500 direct jobs.

In April 2021, Flipkart announced to acquire Cleartrip, an online travel technology firm. Flipkart announced to purchase 100% shareholding of Cleartrip as the company expands its investments to broaden its digital commerce offerings for customers.

In April 2021, Kirana commerce platform ElasticRun raised US\$ 75 million in a round led by existing investors—Avataar Venture Partners and Prosus Ventures.

In March 2021, Amazon acquired Bengaluru-based retail tech start-up Perpule for Rs. 107.6 crore (US\$ 14.5 million).

In March 2021, Purpille, an online beauty store, raised US\$ 45 million from Sequoia Capital India, Verlinvest, Blume Ventures and JSW Ventures.

In March 2021, Captain Fresh, a B2B marketplace for seafood, raised US\$ 3 million in seed capital led by Matrix Partners India and Ankur Capital.

In March 2021, the Confederation of All India Traders (CAIT), which represents 80 million traders and 40,000 trader associations, announced the launch of a mobile app for its e-commerce portal, 'Bharat E-market'. The association aims to get more small traders to sell online easily through smartphones.

Government initiatives

Since 2014, the Government of India has announced various initiatives, namely Digital India, Make in India, Start-up India, Skill India and Innovation Fund. The timely and effective implementation of such programs will likely support growth of E-commerce in the country. Some of the major initiatives taken by the Government to promote E-commerce in India are as follows:

As of November 2, 2021, the Government e-Marketplace (GeM) portal served 7.96 million orders worth Rs. 152,315 crore (US\$ 20.40 billion) to 55,433 buyers from 3.06 million registered sellers and service providers.

As of October 11, 2021, the Government e-Marketplace (GeM) portal served 7.78 million orders worth Rs. 145,583 crore (US\$ 19.29 billion) to 54,962 buyers from 2.92 million registered sellers and service providers.

In a bid to systematise the on boarding process of retailers on e-commerce platforms, the Department for Promotion of Industry and Internal Trade (DPIIT) is reportedly planning to utilise the Open Network for Digital Commerce (ONDC) to set protocols for cataloguing, vendor discovery and price discovery. The department aims to provide equal opportunities to all marketplace players to make optimum use of the e-commerce ecosystem in the larger interest of the country and its citizen.

National Retail Policy: The government had identified five areas in its proposed national retail policy—ease of doing business, rationalisation of the licence process, digitisation of retail, focus on reforms and an open network for digital commerce—stating that offline retail and e-commerce need to be administered in an integral manner.

The Consumer Protection (e-commerce) Rules 2020 notified by the Consumer Affairs Ministry in July directed e-commerce companies to display the country of origin alongside the product listings. In addition, the companies will also have to reveal parameters that go behind determining product listings on their platforms.

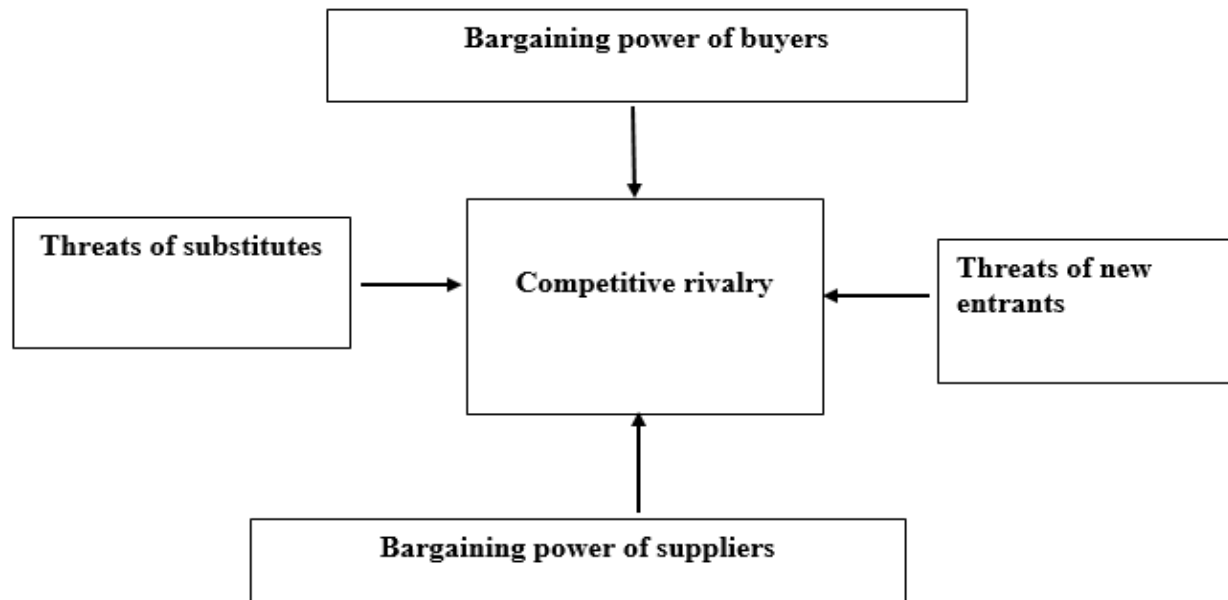
Government e-Marketplace (GeM) signed a Memorandum of Understanding (MoU) with Union Bank of India to facilitate a cashless, paperless and transparent payment system for an array of services in October 2019.

The E-commerce industry has been directly impacting micro, small & medium enterprises (MSME) in India by providing means of financing, technology and training and has a favourable cascading effect on other industries as well. Indian E-commerce industry has been on an upward growth trajectory and is expected to surpass the US to become the second largest E-commerce market in the world by 2034. Technology enabled innovations like digital payments, hyper-local logistics, analytics driven customer engagement and digital advertisements will likely support the growth in the sector. The growth in E-commerce sector will also boost employment, increase revenues from export, increase tax collection by exchequers, and provide better products and services to customers in the long-term. Rise in smartphone usage is expected to rise 84% to reach 859 million by 2022.

E-retail market is expected to continue its strong growth - it registered a CAGR of over 35% to reach Rs. 1.8 trillion (US\$ 25.75 billion) in FY20. Over the next five years, the Indian e-retail industry is projected to exceed ~300-350 million shoppers, propelling the online Gross Merchandise Value (GMV) to US\$ 100-120 billion by 2025.

According to Bain & Company report, India's social commerce gross merchandise value (GMV) stood at ~US\$ 2 billion in 2020. By 2025, it is expected to reach US\$ 20 billion, with a potentially monumental jump to US\$ 70 billion by 2030, owing to high mobile usage.

PORTER'S 5 FORCES ANALYSIS OF FLIPKART



Threat of New Entrants

Threat of new entrants reflects how new market players impose threats to the existing market players. If the industry will be profitable and barriers to enter the industry will be low, it will attract more players and hence, the threat of new entrants. will be high.

Factors that reduce the threat of new entrants for Flipkart com:

- Entry in the industry requires substantial capital and resource investment. This force also loses the strength if product differentiation is high and customers place high importance to the unique experience.
- Flipkart com will face the low threat of new entrants if existing regulatory framework imposes certain challenges to the new firms interested to enter in the market. In this case, new players will be required

to fulfil strict, time-consuming regulatory requirements, which may discourage some players from entering the market.

- The threat will be low if psychological switching cost for consumers is high and existing brands have established a loyal customer base.
- New entrants will be discouraged if access to the distribution channels is restricted.

Flipkart com will be facing high new entrants threat if

- Existing regulations support the entry of new players.
- Consumers can easily switch the brands due to weak/no brand loyalty.
- Initial capital investment is high.
- Building a distribution network is easy for new players.
- Retaliation from the existing market players is not a discouraging factor.

Threat of Substitute Products or services

The availability of substitute products or services makes the competitive environment challenging for Flipkart com and other existing players. High substitute threat shows that customers can use alternative products/services from other industries to meet their needs. Various factors determine the intensity of this threat for Flipkart com

The Threat of Substitute Products or services increases when;

- A cheaper substitute product/service is available from another industry
- The psychological switching costs of moving from industry to substitute products are low.
- Substitute product offers the same or even superior quality and performance as offered by Flipkart com's product.

However, this threat is substantially low for Flipkart com when;

- The switching cost of using the substitute product is high (due to high psychological costs or higher economic costs)

- Customers cannot derive the same utility (in terms of quality and performance) from substitute product as they derive from the Flipkart com's product.

Rivalry among existing firms

The Rivalry among existing firms shows the number of competitors that give tough competition to the Flipkart com. High rivalry shows Flipkart com can face strong pressure from the rival firms, which can limit each other's growth potential. Profitability in such industries is low as firms adopt aggressive targeting and pricing strategies against each other.

The Rivalry among existing firms will be low for Flipkart com if;

- There are only a limited number of players in the market
- The industry is growing at a fast rate
- There is a clear market leader
- The products are highly differentiated, and each market player targets different sub-segments
- The economic/psychological switching costs for consumers are high.
- The exit barriers are low, which means firms can easily leave the industry without incurring huge losses.
- Similarly, there are some factors that increase the Rivalry among existing firms for Flipkart com. For example, the company will face intense Rivalry among existing firms if market players are strategically diverse and target the same market. The rivalry will also be intense if customers are not loyal with existing brands and it is easier to attract others' customers due to low switching costs.

Bargaining Power of Suppliers

Bargaining power of suppliers in the Porter 5 force model reflects the pressure exerted by suppliers on business organisations by adopting different tactics like reducing the product availability, reducing the quality or increasing the prices. When suppliers have strong bargaining power, it costs the buyers- (business organisations). Moreover, high supplier bargaining power can increase the competition in the industry and lower the profit and growth potential for Flipkart com. Similarly, weak supplier power can make the industry more attractive due to high profitability and growth potential.

Bargaining power of suppliers will be high for Flipkart com if:

- Suppliers have concentrated into a specific region, and their concentration is higher than their buyers.
- This force is particularly strong when the cost to switch from one supplier to other is high for buyers (for example, due to contractual relationships).
- When suppliers are few and demand for their offered product is high, it strengthens the suppliers' position against Flipkart com
- Suppliers' forward integration weakens the Flipkart com's position as they also become the competitors in that area.
- If Flipkart com is not well educated, does not have adequate market knowledge and lacks the price sensitivity, it automatically strengthens the suppliers' position against the organisation.
- Other factors that increase the suppliers' bargaining power include-high product differentiation offered by suppliers, Flipkart com making only a small proportion of suppliers' overall sales and unavailability of the substitute products.

Contrarily, the bargaining power of suppliers will be low for Flipkart com if:

- Suppliers are not concentrated
- Switching costs are low
- Product lacks differentiation
- Substitute products are available
- Flipkart com is highly price sensitive and has adequate market knowledge
- There is no threat of forward integration by suppliers.

Bargaining Power of Buyers

Bargaining power of buyers indicates the pressure that customers exert on the business organisations to get high quality products at affordable prices with excellent customer service. This force directly influences the Flipkart com's ability to accomplish the business objectives. Strong bargaining power lowers profitability and

makes the industry more competitive. Whereas, when buyer power is weak, it makes the industry less competitive and increase the profitability and growth opportunities for Flipkart com

There are some factors that increase the bargaining power of buyers:

- A more concentrated customer base increases their bargaining power against Flipkart com
- Buyer power will also be high if there are few in number whereas a number of sellers (business organisations) are too many.
- Low switching costs (economic and psychological) also increase the buyers' bargaining power.
- In case of corporate customers, their ability to do backward integration strengthen their position in the market. Backward integration shows the buyers' ability to produce the products themselves instead of purchasing them from Flipkart com
- Consumers' price sensitivity, high market knowledge and purchasing standardised products in large volumes also increase the buyers' bargaining power.

CHAPTER -3

COMPETITOR ANALYSIS

Some of the top Flipkart competitors in the industry include the following;

Amazon

Amazon is an American electronic commerce company with headquarters in Seattle, Washington USA. Jeff Bezos founded it in 1994. It started as an online store but later diversifying to sell CD, software, electronics, furniture etc. The company also produces consumer electronic goods such as e-book reader – Amazon kindle, TV etc. It is world's largest e-commerce company currently. In 2013, Amazon launched its site in India, amazon.in. It started with electronic goods and expanded into fashion apparel, beauty, home essentials, and healthcare categories by the end of 2013. Since India does not allow foreign direct investment (FDI) in direct online retail, Amazon started by launching Junglee.com. It is a price comparing website completely own by Amazon. On Amazon's marketplace in India, users can buy books, movies and TV shows from independent sellers directly on Amazon. It is known for its wafer-thin margins.

Competition

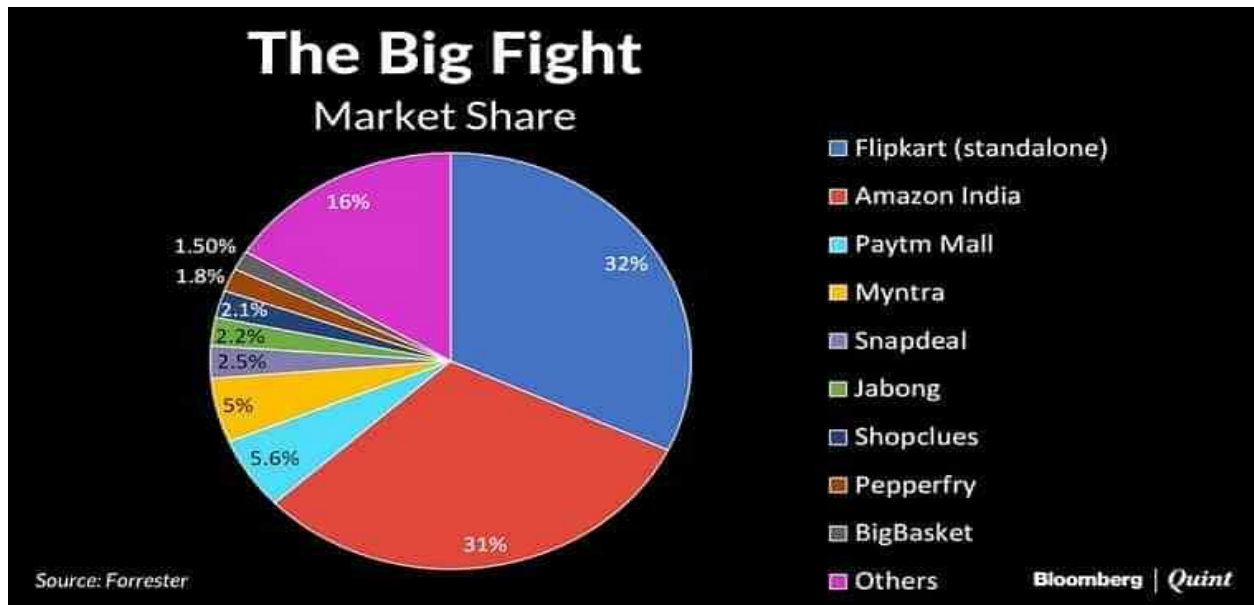
Other major companies operating in Indian e-commerce market are:

Flipkart

Snapdeal

eBay

Jabong



Services

Selling on Amazon

All type of business can sell product and services on Amazon. It is one of the fastest ways to begin selling online.

- A source of new sales channel to businesses
- It helps in building brand recognition
- A trusted and secure platform is provided by Amazon

Fulfilment on Amazon

- Amazon helps companies to sell their product online globally
- Access to prime customer of Amazon
- Trusted customer sales and after sales service
- Amazon offer fast, reliable shipping to customer

Advertisement on Amazon

- Reach to millions of Amazon customer
- It helps in driving more traffic to your website
- Amazon helps businesses to advertise their product online

Business process

The business process in e-commerce is quite similar to traditional retail store business. The e-commerce business can be divided into 6 parts

1. Sourcing - Acquiring goods from the seller to store in warehouses
2. Cataloguing - Taking pictures of items acquired
3. Listing - Uploading pictures on websites
4. Marketing - Advertising its website to attract customers to its website to purchase
5. Packaging - To pack sold items for shipping
6. Shipping - Delivery the item to the customer

Business model

These are of two types

I. Marketplace model - In this model e-commerce companies only act as a platform for seller to sell. Due to foreign direct investment restriction in India in which foreign companies sell items directly to buyers. Amazon in India is working on this model currently.

II. Inventory model - In this model, e-commerce companies' purchase item to building inventories and store them in warehouses. It then sells directly to the buyer.

Amazon Logistics structure and Operation

Ordering

A customer after opening the website, select one or more items for purchase. This items directly go to the electronic basket provided by websites. It provided information about pricing, delivery time and payment mode such as credit card, online banking etc. Sometimes based on the customer history option of cash on delivery, discounts are ruled out to customers.

In case of Business-to-business transactions, a separate system is placed to keep record of order history and according to it several discounts and concession are offered to them. The inbuilt software will check all taxes, payment terms and delivery. Order will be cleared only after it is technically and commercially clear and the same will be confined to the client electronically. Ordering process is crucial in an e-commerce company as it involves setting up the system standard to meet customer requirement. Order is processed in batches according to volume of inflow on an hourly or daily basis.

Inventory management

Inventory management has played a vital role in e-commerce business. The mismanagement can seriously affect your profit and reputation. Some of the ill effects of a poorly manage inventory are as follow:

1. Reduce cash flows
2. Delayed shipment
3. Process bottleneck due faulty forecasting and data entry
4. Negative customer experience
5. Inconsistent sales growth

Amazon has integrated inventory online order with order planning, inventory planning and fulfilment system. In case the item is not in stock or under processing, its delivery time will be confirmed to the customer before the order is accepted. Its inventory management system closely monitors the inventory movement right from the source of supply, warehouses, distribution centre and finally to customer. It uses computer software and algorithm to forecast sales and inventory. For items out of stock, replenishment instruction will be issued as soon the item is off the shelves.

The main objectives of Amazon inventory systems are:

- To clearly understand customer delivery need.

- To coordinate with the wholesale suppliers and independent seller to make customer available to customers both current and soon to be released products.
- To provide delivery under two days for most orders.
- To enable customer to query the status of their product and track their own shipment.
- To align supply and delivery with other operations such as marketing, customer service.

For Amazon, in order to ensure that all orders can be processed and shipped in time for Diwali and Holi (two biggest festival in India), when sales volume is at its peak, the company employs a variety of data collection tools to make sure purchased goods move through from warehouses onto trucks as quickly as possible.

Order execution

Once the order is accepted for execution, order details are passed on to the inventory manager or directly to the third party for filling and packaging. The order details incorporate item detail, quantity and packaging. The warehouse manager will then instruct for delivery of item to the customer. All this process is done electronically. The delivery detail will be immediately conveyed to the customer via email and SMS along with the invoice.

Shipping

Based upon the size of the consignment, transport is organized by the logistics arm of Amazon or through third party logistics partner in some case. Decision software decides the choice of carrier, mode of transport, route, scheduling of goods according to client location, public holidays and other variables.

Amazon Drones and Other Innovations

It is a recent buzz according to which Amazon is busy building or has probably built drones to increase its business. Sooner or later, drones will be acting as local delivery boy and will be delivering goods at customers' footsteps and giving online retailer ship just an- other level. So, customers' do not have to worry too much anymore whether the person delivering goods to your address is confused at how to find your address. Who knows? Maybe Amazon someday makes it possible. A customer wishing to get delivered a set of books merely has to locate his house on Google maps, and paying machine comes with the stuff you ordered.

Tracking

Customer always wants to know the current status of item during transit. To help in locating the consignment, a bar coding system with satellite communication is used. Amazon provides this code to the customers on its websites to help them locate their order. It is a value-added service for customer convenience.

Payments

Amazon provide customers many payment options such as:

- Credit card
- Debit card
- Online banking

- Cash on delivery
- Coupons
- UPI Payment

Some options such as cash on delivery sometimes depends upon client location, credit history, item value and volume of order. The system then generates online invoices, payment report, payment reminder etc.

Order cancellation and substitution

In case of order is cancelled by Amazon due to some reason beyond management control, it informs customer in time via email and phone. It also gives customers substitute option available to them. With years of operation, it has evolved its order cancellation policy to maintain the customer trust.

Return policy

In a case where customer does not like the product, find performance below expectation or product being damaged during transit. For items fulfilled Amazon, will be eligible for a free replacement. A detail timeframe and guideline for return is given at Amazon website.

Return process

A separate system in place handles the reverse material flow. The return process is shown in the below figure.

Logistics system in Amazon India

Amazon started delivering goods using third party logistics. It was cautious move because they were entering into a completely new market. With increase market share and revenue, it started its own logistics branch to handle its logistics operations.

CHAPTER-4

CUSTOMER ANALYSIS

Flipkart cashed in on the intellectual property of books and banked on the consignment model of procuring products on demand. It signed up with two models in Bengaluru, where it is based out of. The e-commerce would procure a book from any of the dealers; pack it, and courier it to the customer. The company was receiving over 100 book orders per day and providing country-wide shipping. The zeal to succeed, extend the customer base and offer excellent services was high without letting the limited resource come in the way. Since there was no money to hire cutting-edge CRM or customer support personnel, the founders' phone numbers were listed on the website. The idea was to focus on customer services, and customer satisfaction so that when the company expands, it has their trust and base. The user experience and technology have always been core expertise of Flipkart. The website loads faster and is mobile-optimized and offers hassle-free user experience. The e-commerce website now has an app too, which is light, and easy to browse as well. Flipkart started early and had the head start when there were no competitors, and they could grow unabashedly. They had room to grow, make mistakes and learn from them without virtue signaling.

Started in 2007, Flipkart has enabled millions of consumers, sellers, merchants, and small businesses to be a part of India's digital commerce revolution, with a registered customer base of more than 350 million, offering over 150 million products across 80+ categories.

Product Categories

- Camera, Computer & Communication (CCC)
- Health & Beauty
- Books & Media
- Footwear
- Home decor

- Baby care
- Foods & Nutrition
- Apparel
- Leisure & Travel Appliances (LTA)
- Home Appliances

Flipkart used the behavioral segmentation to divide consumers into 5 segments:

- ❖ Browsers
- ❖ Lapsers
- ❖ Light users
- ❖ Heavy users
- ❖ Super-heavy users

Flipkart customers consist of middle-class social groups who are comfortable with online shopping and find it convenient. Majority of the customers are the professional who are busy with their business/Job & find it convenient to purchase anything online rather than visiting the physical outlet in order to save time & money.



Potential customers

Flipkart targets anybody who surfs the internet and who does not have time for shopping. Though its target customer is scattered over various market segments as consumers from all demographic backgrounds can find products that appeal to their interest, 75% of its audience is between the age group of 16 – 55.

FLIPKART STP

Segment

Customers who prefer online medium of shopping.

Target Group

Middle and upper-middle income online shoppers.

Positioning

Flipkart is a one stop online store to cater to all customer needs.

CHAPTER-5

LEARNING EXPERIENCE

My internship at FLIPKART has taught me more than I could have imagined at the Asia's second largest fulfilment centre (FC) in HARINGHATA RDC, KOLKATA. As an intern, I feel my duties were diverse, and ever-changing. Sometimes it's tough to recall everything I have taken in over the past months, but I feel that these are some of the most beneficial lessons I have learned.

Through this internship, I was exposing to various activities of Customer Outbound. In these 45 days of internship period I was engaged with all the outbound activities. Staffs in FC were very helpful and co-operative. During this I was able to analyse the problems faced by FC on continuous basis. I would highly recommend interning at FLIPKART. Everyone is very welcoming and more than willing to help you succeed. I was also entrusted with a large amount of responsibilities and was able to work through things on my own after being given initial direction.

In warehouse department, all the team members had to work almost whole the week and sometimes 24/7 as e-commerce is the most interactive and challenging platform now-a-days, in this we had serve our customers hassle free shopping experience with in time limit. Like the team members, I also had to work 6 days and a day was week-off. They work on 5S strategy.

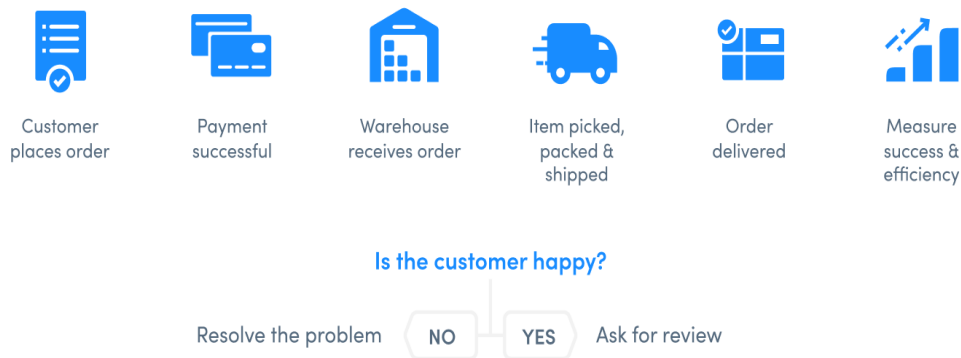
1. SORT - Organization (Keeping only what is necessary and discard everything else)
2. SET IN ORDER – Orderliness (arrange and label only necessary items for easy use and return by anyone)
3. SHINE – Cleanliness [keeping everything swept and clean for inspection (for safety & preventative maintenance)]
4. STANDARDIZE – Standardized cleanup(the state that exists when the 1st 3-pillars or “S’s” are properly maintained)
5. SUSTAIN – Sustaining the discipline (making a habit of properly maintain correct procedures)

OUTBOUND PROCESS

Outbound logistics describes the process of storing, moving and distributing goods to deliver them to their final destination: the end customer. The stages of outbound logistics operations are warehousing and storage, distribution, transportation, and last-mile delivery.

Outbound logistics includes all systems that help prepare an order for delivery and get it to the end customer through delivery service. Outbound logistics is all about delivering products to customers or end users — orders going out. It includes inventory management, order management, packing, distribution, and more.

Typical Order Process



Customer Outbound are further classified into two different departments discussed below;

✚ Picking Department

✚ Packing Department

The standard pick and pack process is the same and has four primary steps. That's true if you use a 3PL for pick and pack services or run fulfilment yourself. The steps are:

Order receiving: FLIPKART's sales channels integrate with its warehouse systems. When customers place an order, the software at fulfilment Centre (FLO) warehouse generates a packing list which is a digital order information.

Order picking: From the pick list the operator segregate manpower on the basis of pick-zone and assign the task to them. The warehouse worker takes the HHD (Digital Device used for picking) and picks the items for the order from the warehouse shelves. This action is the core of the pick

and pack service. The inventory storage strategy and the pick and pack methods are key here. They will determine the efficiency of this step of the process. Different methods will work best for different businesses, depending on sales volume.



Order packing: The order goes to a packing station, where packing team packs it securely, seals it, and labels it for shipping.

Order shipping: After packing it went to mother hub where packages are sorted on the basis of area, region and pin codes. Then the orders carrier on the loading dock. They are ready for pickup by your carrier or carriers at the end of the day.

Shipping your orders may seem simple. However, there is a complex science behind the efficient pick and pack methods. Knowledge of these methods and strategies can help you run your business better. This is true whether you are a mom-and-pop e-commerce shop or a million-dollar online store.

Picking Process

First, orders come in through your order management system. A station of your warehouse houses computer terminals where printers produce lists of customer orders, called pick lists.

The warehouse manager or another employee may grab the pick list and prioritize them based on:

- Client (e.g., a high-value client that offers a significant volume of business)
- Delivery deadline (e.g., customers who paid for expedited delivery)

Members of the pick team use a pick cart to gather items around the warehouse. This large cart with shelves makes it easy for them to grab multiple items at once. Some warehouse teams also use a smaller trolley with bins for picking smaller items.

The worker scans the pick ticket with a hand-held device (HHD), which tells them where each item is located in the facility.

Using a pick cart makes the overall process more efficient. Workers don't walk back and forth from the storage area to the packing area. Instead, they reduce motion waste by collecting as they go and delivering a large volume of packages at once.

This method also protects the health and safety of warehouse workers who don't have to lift and carry heavy packages across long distances.

Once the worker finds the item, she scans the label on the shelf for the use of inventory management system – an action that automatically updates the inventory records .

When the item is placed on the pick rack, the worker scans the barcode on the rack as well to record the temporary holding location for the item. This ensures the warehouse has visibility over all of its items at all times, which is an important way to avoid loss or theft.

Once all of the items on the pick list are gathered, the worker moves on to the packing process. Depending on the warehouse or warehouse management system (WMS), the next steps may differ, but usually the warehouse worker updates the system to record that the items have been successfully picked and they're ready for packing.

Packing Process

When it's time for packing, each item is scanned into the system so the warehouse worker can see any other items that should be packed in the same customer order. This way, workers won't pack and seal an item only to realize later there are three more items being sent to the same customer.

Once the item is entered into the system, a worker selects an appropriate box and scans the box or enters its code into the system. The warehouse management software prints a packing slip and, if the warehouse has a label maker, an address label to be affixed to the box.

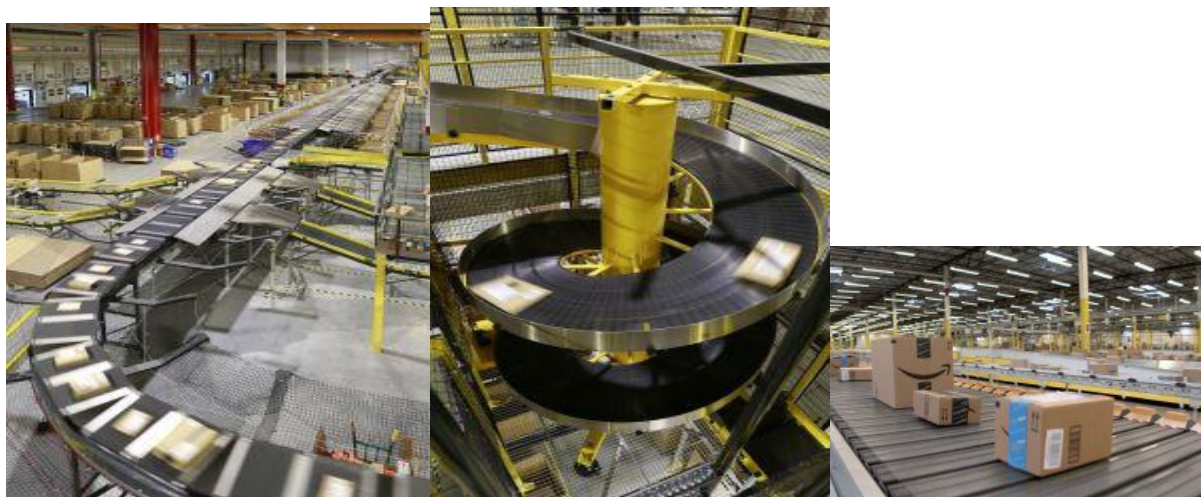
Next, orders are shipped out. Every warehouse has a cut-off time for outbound deliveries. For instance, if the cut-off time is 11:00 A.M., any orders received before 11:00 are shipped the same day while any received after that cut-off aren't guaranteed to go out that day. The warehouse then works with its carrier or its regional/national post to deliver packages.

Next, workers place orders on separate pallets based on carrier and mail status. For instance, for local deliveries packages put in one pallet and for National deliveries packages go on another. At the end of the day, shipping carriers pick up their pallets at the shipping dock.

It includes a quality control (QC) section to double-check orders. In this step, orders are lined up and workers scan the original pick ticket. The items that should be in the order appear on a monitor with images so workers can quickly confirm the right items have been picked. Once order accuracy has been confirmed, the items move on to the packing station.

Outbound

Now the parcel is ready for shipping. A conveyor belt with speeds of up to 30km/h brings the items to a sorter. There seem to be different sorting systems. Depending on the floor of the sorting, the parcels may also slide down a cork screw slide to the level with the outbound loading docks. Like pretty much all conveyor belts I have seen, items are dropped occasionally. Every now and then a parcel falls off. Hence, someone checks the belt occasionally and inserts dropped parcels back into the process.



Outbound Loading Docks

The parcels are now sorted and ready to be loaded into the delivery trucks. The image below shows the outbound area, with the conveyor belts extending into the trucks. The cork screw slides on the right come from the sorting area. FRA3 was under reconstruction and temporarily loaded the trucks manually until the new conveyors were installed.



FINDINGS & SUGGESTIONS

Reasons why FC couldn't accomplish plan vs actual are follows.

- ✚ **In adequate Drop-zone design:** A good warehouse layout design plays an important role in the pick and pack operation since it will dictate the way workers move around the warehouse, impacting fulfilment times. One way warehouse managers can optimize their layouts for more efficient picking and packing is by placing frequently ordered items closer to the packing area. This way, they minimize the amount of walking their workers do, thereby reducing fulfilment times. It can help minimize **motion waste**.
- ✚ **Sanity in Path ways and in Bin / Rack:** Using a good layout, keeping a clean, orderly warehouse makes it faster and easier to execute warehouse processes. Using dedicated sections for storage, quality control, picking, packing, and

shipping is straightforward if the warehouse is kept neat and organized. It can help minimize **Inventory waste and Transportation waste**.

- ✚ **Absenteeism:** High absenteeism affects the process. It may be due to various reasons.
- ✚ **Unable to trace individual's work performance from mass manpower;** this kind of situation is often found by a warehouse manager. To overcome it, they should divide the manpower into teams and assign each team with a **floor spider** (Leader), who will be responsible for their team respectively.
- ✚ **Cross Manpower Deployment;** it should happen strategically, not spontaneously. Customer Outbound manpower shouldn't interchange with inbound manpower. As the work procedure differs.
- ✚ **Tech Issues;** should be taken care of by the tech team with in the time.

CONCLUSION

The universe every day is witnessing unimaginable growth in majority of the industries. The warehouse, logistics and freight (Hire charges & rental) industry is one such industry that is rapidly growing. The organization has enormous opportunities to grow beyond the expectations. Overall Flipkart is a successful E.Com firm running with profits and changing itself with the trends. The organization now has the value of being an ultimate service for freight, transportation, warehousing, docking and value as per customer needs. The present scenario and the future of the organization with regard to the management are satisfactory. The supply chain of Flipkart has been described in this paper with light of most of the concepts. This internship report explains the main activities carried out in the Flipkart. Concerning the objectives that had been proposed for the internship theme, some of them were fully achieved. One of the objectives of the internship was to develop the key performance indicators for the warehouse/logistic operator. It was interesting to notice the optimizer during the internship that it covered broad aspects of the warehousing/transportation problems, namely; crew scheduling, vehicle scheduling, inventory management, docking and so on. Through this objective, it was noticed that how Flipkart prioritized the client/customer satisfaction or classification in terms of the business volume. However, there are some areas where the company is not at the top-most position but it can gear up in the near future and is committed to acquire that spot.

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THANK YOU

