



**BIJU PATNAIK INSTITUTE OF IT & MANAGEMENT**

**STUDIES SUMMER INTERNSHIP REPORT 2020**

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**Biju Patnaik Institute of Information  
Technology & Management Studies**

**A**  
**SUMMER INTERNSHIP PROJECT REPORT**  
**ON**  
**Study of Supply Chain Management in**  
**the Warehouse of Flipkart**

***Flipkart***



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**MBA BATCH: 2020-2022**

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Ranjan Nayak**

# CERTIFICATE of Internship Completion

This certificate is awarded to

**Swapna Rani Jena**

for successful completion of the 45 days Launchpad Internship Program  
at Flipkart's Supply Chain Facility during Sep - Oct 2021.



**Zoya Saif**  
Director, Arcos



**Aasish Kumar Topno**  
Director-HRBP, FC/MH



**Shahnawaz Khan**  
Director-L&D, eKart

## **CERTIFICATE**

This to certify that the project work titled, “**Study of supply chain management in the warehouse of FLIPKART**” is a bonafide work of Swapna Rani Jena Regd.No-2006258235 carried out in partial fulfilment for the award of degree of MASTER IN BUSINESS ADMINISTRATION for the session (2020-2022) of Biju Patnaik University of technology, Odisha under my guidance. This project work is original and not submitted earlier for the award of any degree/diploma or associate ship of any other university/institution.

Place:

Date:

Signature of the guide:

Prof. (Dr.) Mihir Ranjan Nayak

## **DECLARATION**

I Swapna Rani Jena bearing Regd.no-2006258235 do here by declare that the project entitled **“Study of supply chain management in warehouse of FLIPKART”** is the original work done by me and submitted to Biju Patnaik University of Technology, Odisha in partial fulfilment of requirement for the award of Master in Business Administration is a record of original work done by me under the supervision of **Prof.(Dr.) Mihir Ranjan Nayak**

Regd. no: 2006258235

Date:

Signature of the student

## **ACKNOWLEDGEMENT**

Preservation, inspiration and motivation have always played a key role in the success of any venture. In the present world of tough competition, a project is likely a bridge between theoretical and practical working. It is not possible to prepare a project report without the assistance & encouragement of other people. This once is certainly no exception. On the very outset of this report, I would like to extend my sincere obligation to wards all the personages who helped me in this endeavour. Without their active guidance I would not have made head way in the project. I am extremely thankful and pay my gratitude to my faculty **Prof. (Dr.) Mihir Ranjan Nayak** for his valuable guidance and support. I extend my special gratitude to **Dr.P.K. Tripathy, principal of BIJU PATNAIK INSTITUTE OF IT & MANAGEMENT STUDIES** and **Prof. Chandrasekhar**, placement manager for giving me this opportunity. I also acknowledge with a deep sense of reverence, my gratitude towards my parents and member of family, who have always supported me morally as well as economically. At last but not the least gratitude goes to all my friends who directly or indirectly helped me to complete this project report.

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Thanking you  
Swapna Rani Jena

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# CHAPTER-1

# **INTRODUCTION**

## **1.1 WHAT IS SUPPLY CHAIN MANAGEMENT: -**

- SCM is management of material and information flow in a supply chain to provide the highest degree of customer satisfaction at the lowest possible cost. SCM requires commitment of supply chain partners to work closely to coordinate order generation, order taking and order fulfilment thus, creating an “extended enterprise” spreading far beyond the producer’s location.
- Every business fits into one or more supply chains and has a role play in each of them. And also supply chain management is the integration of key business processes from initial raw material extraction to the final or end customer, including intermediate processing, transportation and storage activities and final sale to the end customer.
- Supply chain management is an out-growth and expansion of logistic and purchasing activities and has grown in popularity and use since the 1980s. Important elements in supply chain management are in the areas of purchasing, operations and production and distribution

### **The five major supply chain drivers**

Companies in any supply chain must make decisions individually and collectively regarding their actions in five areas. These are the five major supply chain drivers.

- Production (what, how, and when to produce)
- Inventory (how much to make and how much to store)
- Location (where best to do what activity)
- Transportation (how and when to move product)
- Information (the basis for making these decisions)

Effective supply chain management calls first for an understanding of each driver and how it operates. Each driver has the ability to directly affect the supply chain and enable certain capabilities. The next step is to develop an appreciation for the results that can be obtained by mixing different combinations of these drivers.

## Useful model of supply chain operations

In this useful model identifies four categories of operations. We will use the following four categories to organize and discuss supply chain operations, plan, source, make, deliver.

- Plan: This refers to all the operations needed to plan and organize the operations in the other three categories.
- Source: Operations in this category include the activities necessary to acquire the inputs to create products or services. These operations are procurement and credit& collection.
- Make: This category includes the operations required to develop and build the products and services that a supply chain provides.
- Deliver: These operations encompass the activities that are part of receiving customer orders and delivering products to customers.

### Supply chain management includes:

1. Purchasing management  
(Creating and managing supplier relations, strategic sourcing)
2. Operation management  
(Process management: Just-in-time and total quality management, Demand forecasting and collaborative planning, forecasting, and replenishment)
3. Distribution management  
(Domestic and international transportation, Customer relationship management, Service response logistics)

## 1.2 WHY FLIPKART?

- Flipkart is an E-commerce giant and is number one commerce platform in India which deals with all the varieties of products starting from stationary items to large machines, groceries etc.
- Flipkart supply chain is very much diversified and has its own warehouse arm Instakart Private Limited and its logistics arm Ekart Private Limited and City logistics limited.
- We get to study the supply chain, logistics and transportation, reverse supply chain etc. of this industry which will give us an overview of all the process.

That's why Flipkart is a great company where I can learn warehouse and supply chain management in a broader and better way.

### **1.3 OBJECTIVE OF THE STUDY**

- To get direct experience of how the **E-Commerce Supply Chain** works.
- To get clarified about the **functions of Warehouse Management** particularly.

### **1.4 RESEARCH METHODOLOGY OF THE STUDY**

- **RESEARCH TYPE: -**
  - Fundamental Research
  
- **RESEARCH DESIGN: -**
  - Descriptive Research Design
  
- **DATA SOURCES: -**
  - 1. Primary Data:  
Data of real time during my internship days
  - 2. Secondary Data:  
Company and other sites, various reports.

### **1.5 SCOPE OF THE STUDY**

As I got a chance to do my Internship study in the Largest Warehouse of Asia i.e. RDC Haringhata of Flipkart, it was a great opportunity for me.

The scope of this study is very broad and mainly concentrated on a survey on the supply chain of Flipkart. Also it was possible to find out more reliable information about the distribution process of Flipkart. The scope covered procurement of products from supplier or seller, inwarding it into inventory, outwarding of products to customers when a customer orders and reverse inwarding when a customer returns a product. This scope of the study is concentric.

#### **LIMITATION OF THE STUDY**

1. Short time duration to study
2. It was restricted to warehouse operations only.

# CHAPTER-2

# COMPANY ANALYSIS

## 2.1: An Introductory Framework

The e-commerce scenario in India has been evolving by large over the past few years and it is significantly changing how people here. Rising internet users & usage of mobile phones have definitely contributed to the upside. It has impacted the way we communicate and companies do business at large. Let us dive deeper to understand and talk about the **evolution of E-commerce in India** and the future prospects. In this regard, it should be noted that over 560 million of the gigantic population in India now has access to the internet, ranked second in the world.

The concept of electronic commerce first came in the year 1991, a time when the Internet was not available in India. However, by the late 90s, more and more people became aware of the Internet and they came to know that transactions can be done through this medium.

For most Indians, it remained a luxury until a few years ago. In 2002, when the IRCTC launched an online reservation system, the public started accepting the Internet as something useful. People came to know about Amazon and this marked the **emergence of e-commerce in India**.

**Flipkart** was one of the major companies that contributed a lot towards the e-commerce juggernaut here. And then came the growth of ecommerce in India when a few years later, Mukesh Ambani, the front man of Reliance Industries, announced the arrival of Reliance Jio. He gave away SIM cards for free and this is when the Internet scenario in the country changed massively. The user base in India just exploded with this and people started availing from the ecommerce industry, thus poising the industry to thrive with prospects.

From ordering daily essentials such as medicines, milk, and groceries to gadgets, people can now get almost everything delivered at their doorstep with easy return policies. The **evolution of e-commerce in India** has been pretty interesting till now.

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.

## **2.2 About Flipkart**

**Flipkart** is an Indian e-commerce company, headquartered in Bangalore, Karnataka, India, and incorporated in Singapore as a private limited company. The company initially focused on online book sales before expanding into other product categories such as consumer electronics, fashion, home essentials, groceries, and lifestyle products.

The service competes primarily with Amazon's Indian subsidiary and domestic rival Snapdeal. As of March 2017, Flipkart held a 39.5% market share of India's e-commerce industry. Flipkart has a dominant position in the apparel segment, bolstered by its acquisition of Myntra, and was described as being "neck and neck" with Amazon in the sale of electronics and mobile phones. Flipkart also owns PhonePe, a mobile payments service based on the UPI. In August 2018, U.S.-based retail chain Walmart acquired a 77% controlling stake in Flipkart for US\$16 billion, valuing Flipkart at around \$20 billion

**Type-** Private, subsidiary

**Industry-** E-commerce

**Founded-** 2007; 14 years ago

**Founder-** Sachin Bansal, Binny Bansal

**Headquarters-** Bangalore, Karnataka, India (operational HQ), Singapore (legal domicile)

**Area served-** India

**Key people-** Kalyan Krishnamurthy (CEO)

**Services-** Online shopping

**Revenue-** Increase ₹43,615 crore (US\$5.8 billion) (FY 2019)

**Owner-** Walmart (82.1%), Tencent (5.1%), Tiger Global (4.87%), Binny Bansal (3.25%), Microsoft (1.46%), QIA (1.43%), Accel (1.32%), Other (0.47%)

**Number of employees-** 30,000 (2016)

**Parent-** Walmart

**Subsidiaries-** Myntra, PhonePe, Ekart, Jeeves, Cleartrip

**Website-** [www.flipkart.com](http://www.flipkart.com)

**Tag line-** “Ab har wish hogi poori”

**Logo-**



**Acquisitions and Partnerships:**

WeRead	December 2010
Mime360	October 2011
ChakPak Digital Catalogue	November 2011
LetsBuy.com	February 2012
Myntra	May 2014
ngpay	September 2014
Jeeves	November 2014
AdlQuity	March 2015
Appiterate	April 2015
FX Mart	September 2015
MapMyIndia	December 2015
PhonePe	April 2016
Jabong	July 2016
eBay India	April 2017
F1 Info Solutions & Services	September 2017
Liv.ai	August 2018
Upstream Commerce	September 2018
Mech Mocha, Scapic	Nov 2020
Cleartrip	April 2021



## **Flipkart Mission Statement-**

Providing delightful and memorable customer experience’.

## **Flipkart Vision Statement**

To become Amazon of India

## **Flipkart Values**

1. Customer First
2. Ownership
3. Bias For Action
4. Audacity
5. Respect

## **Flipkart Objective**

Completely hassle-free shopping experience with best prices in India.

## **Products Profile of Flipkart**

- Flipkart is India's leading e-commerce marketplace with over 80 million products across 80+ categories.
- Flipkart houses everything you can possibly imagine, from trending electronics like laptops, tablets, smartphones, and mobile accessories to in-vogue fashion staples like shoes, clothing and lifestyle accessories; from modern furniture like sofa sets, dining tables, and wardrobes to appliances that make your life easy like washing machines, TVs, ACs, mixer grinder juicers and other time-saving kitchen and small appliances.
- From home furnishings like cushion covers, mattresses and bed sheets to toys and musical instruments, Flipkart got them all covered. You name it, and you can stay assured about finding them all here. For those of you with erratic working hours, Flipkart is your best bet.



**Fashion**



**Mobiles**



**Electronics**



**Home**



**Appliances**



**Beauty**



**Toys & Baby**



**Furniture**



**Sports**



**Grocery**



**Flights**



**India's Heritage**



**Insurance**



**Gift cards**



**Cars**



**Refurbished**

## **Primary Activities done by Flipkart (The 5Ps)**

1. Position: Placing of products on the page in such a way that the top row products are truly most popular and they do the majority of the business, remembering Easy Access equals quicker conversions.

2. Promotion: Offering promotional codes to customers along with the best prices offer ways for customers to save more.

3. Personalization: Personalizing the experience through persistence modelling and last purchase history which makes the customer feel like this is their store.

4. Presentation: Presenting the site in such a way that it makes easy for people to buy.

5. Products: Making available the products those people want to buy and checking, are they in stock and ready to go for the customer.

## **Market Share and Growth of Flipkart**

Initially in 2007, Flipkart started with an investment of Rs 400,000 and Flipkart started its journey by selling books.

Flipkart's popularity began to catch the eye of investors and in 2009, the company was able to secure a capital of \$1 million capital investment from an investment firm, Accel Partners. At that time, the company had a staff of over 150, and a total of three offices across India. At the end of that year, they were able to sell books worth a total of Rs 40 million.

In 2010, Tiger Global invested \$10 million in Flipkart, and the company acquired the Bangalore-based social book discovery service "WeRead". At the beginning of Fiscal Year 2011, their revenue stood at Rs 750 million.

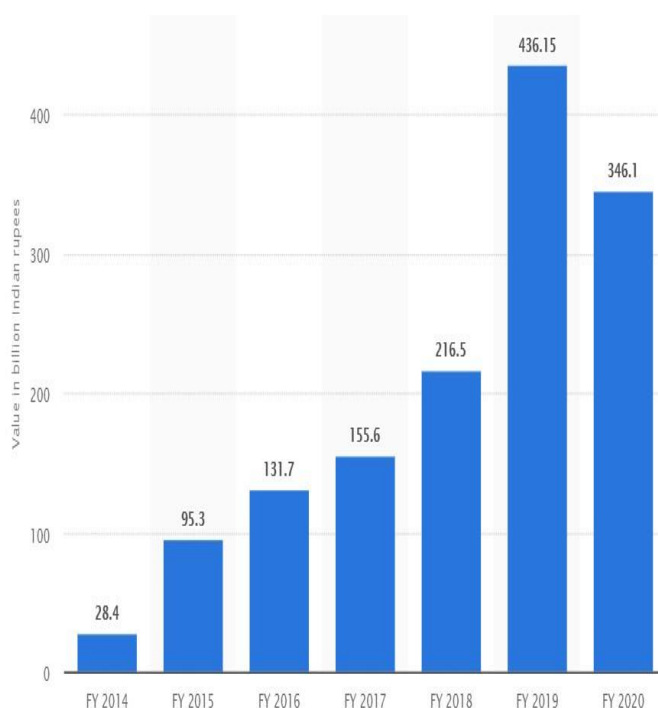
According to the company's website, they were able to sell 100,000 books in one day in 2013. In 2014, Flipkart was able to raise a total of \$2 billion through Tiger Global and Accel Partners as well as various investors. That same year, Flipkart acquired Indian e-commerce company Myntra for \$330 million to add it to the Fashion & Lifestyle category in their portfolio. At the end of the year,

the company's revenue stood at Rs 28.4 billion. The next year, in 2015, it increased by about 80% to a little over Rs 95 billion.

In 2016, Flipkart acquired Jabong, another Indian fashion & lifestyle-based e-commerce business, for \$60 million. Following the acquisition, Jabong began operating under Myntra and Flipkart's market share in India's fashion e-commerce sector stood at more than 60%. That year, Flipkart was able to cross the milestone of 100 million registered customers.

At the end of the year 2016, the company's revenue stood at Rs 132 billion. In April 2017, Tencent, eBay and Microsoft invested \$1.4 billion in Flipkart, and the company's valuation stood at \$11.6 billion. That same year, Flipkart acquired India's UPI-based payment start-up PhonePe for an undisclosed amount. Also in August, Japanese giant Softbank invested \$2.5 billion of their Vision in the company and at the end of the year, the company's revenue stood at about Rs 156 billion.

In 2018, Flipkart was in the leading position with 31.9 % market share as an online retailer in India. Besides, the combined sales from Myntra and Jabong increased Flipkart's market share to 38.3%. In August of that year, American retail giant Walmart bought a 77% stake in Flipkart for \$16 billion, bringing the company's valuation to more than \$20 billion. After the acquisition, the company's top management started reporting to Walmart e-commerce US CEO, Marc Lore. At the end of the year, the company's revenue stood at Rs 217 billion.



At the end 2019, the company's revenue exceeded Rs 436.15 billion, but according to an article in Business Today, the company's net loss for the year was \$38.35 billion. Walmart currently has 81.29% stake in Flipkart. In addition, co-founder Bini Bansal, Tiger Global, Microsoft and Accel Partners have a stake of 4.2%, 4.77%, 1.53% and 1.38%, respectively. According to Statista, the company's total revenue at the end of 2020 stood at Rs 346.1 billion.

## **Marketing Mix Analysis of Flipkart**

The concept of “marketing mix” is a tool used by businesses to promote and market their product. It is centred around the elements- product, price, place, and promotion. It thus holistically covers the major marketing strategies surrounding a business under the 4P’s. Let us understand it better by looking at the marketing mix of Flipkart.

### **1. Product Strategy of Flipkart**

- Initially, Flipkart had only one product line: books later, the company expanded itself into different product segments.
- Now it is selling more than 80 million products of many categories including electronic goods, Literatures & stationery, home appliances, fashion products (clothes, footwear, and accessories), home furnishing products, grocery, books, sports products, auto accessories and fitness products
- They also offer services of insurance, flight bookings & online payments
- After the Flipkart app, it has launched Flipkart Lite. It opens with a splash screen & combines the rich features of a web app. It has fast and easy navigation. It works on 2G & in offline mode also
- Flipkart launched its product range called “DigiFlip”. Under this brand, it offers products like computer accessories, camera bags, headphones, pen drives, tablet phones and networking routers
- Flipkart has provided a platform for the launch of exclusive phones which are not available offline like MotoG and Xiaomi Mi3 models
- Flipkart’s #SmartBuy also introduced surgical masks and hand sanitizers to fight the shortage in April during the pandemic. The company also united forces with Meru Cabs and uber to deliver essential items to consumers in Mumbai, Delhi and Bengaluru
- The company has a very diverse product portfolio because of which it has a large customer base.

## 2. Price Strategy of Flipkart

- Flipkart provides its products at less prices than other E-Commerce websites, it gives huge discounts to boost up sales and maintain competitive prices
- The company charges a nominal amount for its delivery service and also does not charge if the order costs above Rs 500
- If the product is directly shipped by the seller, then the shipping cost depends on the seller's shipping charges
- Flipkart also provides the facility of a one-day delivery where the product is delivered within a day by just paying a little more delivery charge
- Flipkart also runs mega sales during the festivals. In these sales, it offers huge discounts on products like Big billion days
- Other facilities for consumers include the availability of E-wallets, E-gifts & EMI for certain products
- Flipkart charges monthly warehouse, referral, and shipping charges from the seller. These charges depend upon the option chosen by the seller

### • SWOT analysis of FLIPKART

SWOT Analysis of Flipkart focuses on Strengths, weaknesses, opportunities, and threats. Strength and Weaknesses are internal factors and Opportunities and Threats are the external factors that influence the SWOT Analysis of Flipkart.

#### STRENGTH:

Large Company: Flipkart is India's largest e-commerce company, with a GMV (gross merchandise value) of \$1 billion.

Market Share: Flipkart has a market share of 39.5%.

Financials: Flipkart has annual revenue of 6.1 billion US Dollars.

Financial Support from Wal-Mart: Flipkart is associated with Wal-Mart a global retail giant. Whose Prior experience in the E-commerce industry aided the founders in strategizing and differentiating their business in a highly competitive market.

Acquisitions: The Company's series of acquisitions, including chakpak.com, weread.com, Letsbuy.co, Mine360, and Myntra, has assisted the company in its expansion into the E-commerce space by leveraging the capabilities and existing resources of acquired companies.

High brand recall: Flipkart has established itself as a renowned E-commerce company in India through television advertisements, online branding, and its presence on social media platforms. Brand activities such as the “Big billion day” have significantly increased the company’s brand recall.

Own Payment Gateway & Logistics Arm: Having its own Logistics arm is advantageous. The company has been able to control its expenses through E-kart and the payment gateway Payzippy. As a result, the benefits are passed on to the end users.

Exclusive and broad product range: Having exclusive rights to launch some products, such as Motorola Mobiles, Xiaomi Mobiles, Oppo, Vivo, and personal designers segments in the garments category, has helped the company differentiate and localise its offerings.

Brand Portfolio: Flipkart has built a strong portfolio of brands. The SWOT analysis of Flipkart clearly confirms this element. This organization’s brand portfolio can be extremely useful for them if they want to enter new product lines.

Launch New Products: Highly regarded when it comes to launching the new products.

Good ROI: Flipkart is relatively successful at the execution of new projects and it generates good profits through its existing business. Company is generating good Return on its investments.

Good Promotional Income: Flipkart charge extra for promoting products of its seller. This model always is beneficial for the company.

Large Employee Base: Flipkart has an employee base of 30,000+ employees.

Good Training and Development Programmes for its Employees: High level personal skills can be acquired through training and development programmes. Flipkart is providing continuous training and development of its employees resulting in an enthusiastic and motivated team.

## **WEAKNESS:**

Limited Distribution: Flipkart has a limited distribution channel reach, despite the fact that its logistics arm has kept costs low. This is a weakness for the company, as it has limited reach. Because of the use of outsourcing, global giants such as Amazon and eBay are able to deliver

their products to any location in the country. Flipkart, on the other hand, is still struggling in this area.

Cost of Acquisition: Because Flipkart acquires a large number of customers through online advertising, the cost of acquisition is high due to stiff competition in the market and low customer retention. According to Flipkart data, the company spends R.s 400/- on average to acquire a new customer.

Buyers hold the power: Because this industry is flooded with a large number of players, buyers have a large number of options from which to choose. Customers save money on switching costs because they can easily switch from one online retail company to another. The same products will be displayed across multiple online retail websites. Product differentiation is almost non-existent, so the battle is fought solely on the basis of price.

### **OPPORTUNITY:**

Business expansion: By focusing on other emerging markets, a company can increase its revenues while also benefiting from economies of scale.

Expanding product categories: This will increase their customer base while decreasing the cost of acquisition and customer switch.

The changing mentality of Indian customers: As an increasing number of customers become more comfortable with online shopping, as well as an increase in the number of Internet users in India, there is tremendous opportunity in this industry.

Supply chain: By optimising their supply chain, they can compete with the other players and manage the sales that are lost as a result of not being able to make the product available due to delivery constraints.

Establishing operations in other developing economies: Similar to Amazon, Flipkart can gradually begin to expand its operations outside of India and establish operations in other countries as well, which will aid in the growth of its revenues.

Consumer Behaviour: The new trends in consumer behaviour will open up new opportunities for Flipkart. This has given a great opportunity for the organisation to expand revenue streams and to diversify into new product categories.



## THREAT

Intense Competition: There is fierce competition from global players such as Amazon and eBay, as well as local players such as Snapdeal, Tolexo, and Shopclues, who are constantly attempting to take market share away from one another.

Government Regulations: The government's regulations on issues such as foreign direct investment (FDI) in multi-brand retail have posed a significant barrier to the growth of the E-commerce industry in India.



### 3. Place and Distribution Strategy

- At first, Flipkart started its operations on the direct-to-consumer model in which they bought the book and couriered it, later the company opened many warehouses to store the goods safely
- The first warehouse was opened in Bangalore and later in Coimbatore, Delhi, Mumbai, Chennai, Hyderabad, Pune, Noida and Kolkata
- Around 80% of the orders placed are handled and controlled by warehouses
- Shipping and courier companies are the real mediators in this setup
- Flipkart delivers its products to customers pan India through an extensive delivery network. Their delivery service covers all tier-1, tier-2, tier-3 cities & major rural areas too.

#### 4. Promotion Strategy of Flipkart

- Flipkart's promotional strategy focuses on aggressive marketing through TV ads, print ads, word of mouth, bulk mailing, push notifications in-app & social media marketing campaigns
- The company has partnerships with influencers and celebrities across the range to reach out to and engage with a diverse set of consumers as these people have a huge fan following
- Flipkart has partnerships with key brands in different categories ranging from male grooming to fashion, to draw the attention of consumers
- Flipkart has a partnership with Adani Group to strengthen its supply chain infrastructure and enhance its ability to serve its rapidly growing base of customers
- It has also launched a Flipkart Plus membership program that offers access to special privileges such as more points when you shop on Flipkart, faster delivery, extra discounts, early access to sales & superior customer support
- Flipkart invests in sustainability and CSR to establish a strong social image
- Flipkart introduced a daily trivia quiz. The quiz gives participants a chance to win discount coupons, gifts and Flipkart Super Coins.

# CHAPTER-3

# COMPANY ANALYSIS

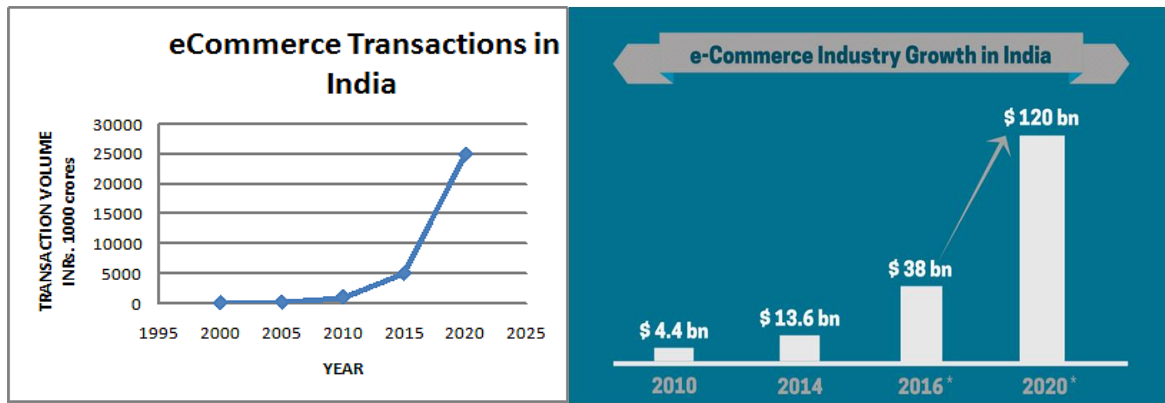
## 3.1: About Indian e-commerce industry:



E-commerce has changed the way of doing business in India. The Indian e-commerce market is expected to grow from US\$ 38.5 billion by 2017 to US\$ 200 billion by 2026. Much of the growth for the industry has been triggered by increased access to the Internet and smartphones. By September 2020, driven by the 'Digital India' programme, the number of internet connections in India increased significantly to 776.45 million. Of the total

internet connections, 61% were in urban areas, of which 97% were wireless. The Indian online grocery market is projected to reach US\$ 18.2 billion in 2024 from US\$ 1.9 billion in 2019, growing at a CAGR of 57%. India's e-commerce order volume grew 36% in the last quarter of 2020, with the personal care, beauty and wellness (PCB&W) segment being the biggest gainer. Driven by increasing smartphone penetration, 4G network launches and rising consumer wealth, the Indian e-commerce market is expected to grow from US\$ 38.5 billion in 2017 to US\$ 200 billion by 2026. Online retail sales in India are expected to grow by 31 per cent. Reached USD32.70 billion in 2018 led by Flipkart, Amazon India and Paytm Mall. In India, smartphone shipments reached 150 million units and 5G smartphone shipments crossed 4 million in 2020, driven by higher consumer demand post-lockdown. Most Internet retailers provide services, such as flexible payment methods, warranties for electronic Goods and free home delivery. The prices of many players are very competitive with the e-retailing players offering good deals on a variety of products to attract the customers. Players with a wide variety of products have managed to garner the highest value sales. Internet Retailing in India is divided into various formats, including vertical shopping, whereby Manufacturer retailer, also multi-product Internet retailer, such as Future bazaar, Shoppers Stop shopping and compare. International companies were not allowed in India till 2010: The government has banned FDI in multi-brand retailing.

However, in 2011 there was a ban some of the major players including Amazon.com in the liberalized and forecast period are expected to enter the Indian e-retailing ecosystem.



## **3.2: Environmental Analysis (PESTLE):**

### **Political Factors**

Flipkart is under a lot of highlight by rules and regulation authority when it announces billion sales day, other retail sellers registered dissatisfaction over this action as they believed it would destroy the market for them. Then there was net neutrality issue in which Flipkart dismissed the purchase of Airtel Zero saying that it might go against the net neutrality as this telecom provider supports free internet app access to all. Free internet access defies net neutrality because it will allow ISPs to charge websites like YouTube because they use greater bandwidths although this would allow users to use apps freely but those apps would be limited as not everybody will register to this free app coup. Eventually websites will transfer these charges to end users and ISPs can also control the internet speed lanes for websites then all the websites cannot be accessed keeping the same time frame and additional charges would be imposed if wished to do so. (Tech2 News Staff, 2015)

### **Economic Factors**

Economically viable business of Flipkart runs into difficulties when they offered big discounts on their Billion sale day. The sellers' listings were removed from website by the company because it was unable to fulfill their orders and also the company was unable to efficiently manage logistics which is causing problem to both buyers and sellers. Last year the company faced some other problems when amidst sale their website crashed and so many products went out of stock even before the sale starts. They were also blamed for artificially playing with prices by increasing the original price so that the discount would

look bigger. Flipkart has offered loans to its sellers in order to hook them with the company, these loans are collateral free and charge very low interest rates, and this is done through collaboration with banks. The company has realized the importance of having team of sellers to its side. (Srivastava, 2015)

### Social Factors

Government has plans to take e commerce businesses like Flipkart and Snapdeal to rural areas in order to help these areas grow through entrepreneurship. Government will also help in setting up logistics and necessary funding. Two three ecommerce sites can come up to form a common service centre which means shared costs and skills which will bring economies of scale. Besides this Flipkart has also taken initiative to provide better work-life balance to its employees by contributing its day care expenses of parents working for them, maternity leaves have also been revisited and changed for better. The average age of Flipkart's employees is 29 years which means most of them would be recently married with new born children to take care of and with the company releasing them of most important responsibility means higher employee loyalty.

### Technological Factors

India's biggest ecommerce website Flipkart will go all mobile in future. Former CEO and co-founder Sachin Bansal says that in this new era of mobile revolution the company cannot progress unless its employees also keep pace with the changing trends. Flipkart's new acquisition Myntra also moved to all app on mobile for online sales. With the increasing number of smart phone sales and decreasing number of laptop and desktop sales in India it is rational for Myntra to think all mobile. App allows users to engage better with the help of customization and easier payment methods as a result of which the company has reported increase in number of visitors since it last made the changes. (TNN, 2015)

### Environmental Factors

The firm isn't doing much environmental harm because it does not manufacture anything on its own; it displays goods from different vendors. But it is encouraging consumption through mega sale events that it hosts which means more goods being produced and more Carbon dioxide emission. Other than this another potential environment threat that they are posing is that of price war in which all the brands have to roll up sleeves and dive in mud in order to survive. Price competition eats up the profit margins, kicks out small

players, only big players with deep pockets can survive and they do so at the cost of profits. This hurts the industry in the long run.

### Law Factors

There are many legal and moral issues that Flipkart faces each day when it comes to handling sellers like checking for counterfeit products which put the reputation of the company at risk also the buyers can sue the company for the fake products they have bought thinking of them as original. Secondly some sellers buy their own products in order to show the demand for their products and hence increase the prices, some start charging unreasonably high prices. Flipkart uses algorithms to detect unusual activities. Then there are incidents of dishonesty from cab drivers of services like Uber, the drivers were found to have two handsets so that they can get orders from two different services in order to fulfil their daily quota for incentives and these are really hard to control and curtail for if you spot one taxi driver doing this he will ask his friends next time to book the service for him.

## 3.3: Analysing industry forces and attractiveness

### (Porter's 5-force Model):



#### 1. Supplier power:

In this industry, suppliers are the manufacturers of finished products like Nike, Dell, Apple etc. Online retail companies sell various products ranging from books to computer accessories to apparels to footwear. Since there are many suppliers for any particular category, they can't show power on online retail companies.

For example, if you take computers category, there are many suppliers like Dell, Apple, Lenovo, and Toshiba who wants to sell their products through these online retail companies. So, they won't be having power to control the online retail companies. Online customers can select the products on their own

and the switching costs in this case is zero. It is very difficult for manufacturers of finished products to come into this industry because of challenges in Logistics. Online retail industry is important to suppliers because it acts as one of the channel to sell the products. Now, with most of the customers in India purchasing online through online retail companies, they can't afford to lose this channel. So, they can't dictate terms with online retail companies. So, in this industry the supplier power is low.

## 2. Buyer power:

Buyers in this industry are customers who purchase products online. Since this industry is flooded with so many players, buyers are having lot of options to choose. Switching costs are also less for customers since they can easily switch a service from one online retail company to other one. Same products will be displayed in several online retail websites. So, product differentiation is almost low. So, all these factors make customers to possess more power when compared to online retail companies.

## 3. Threat of New Entrants:

- Threat of new entrants is very high in this online retail industry because of following reasons:
- Indian government is going to allow 51% FDI in multi-brand online retail and 100% FDI in single brand online retail sooner or later. So, this means foreign companies can come and start their own online retail companies.
- There are very less barriers to entry like less amount of money required to start a business, less amount of infrastructure required to start business. All you need is to tie up with suppliers of products and you need to develop a website to display products so that customers can order products, and a tie up with online payment gateway provider like bill desk.
- Industry is also going to grow at a rapid rate. It is going to touch 76 billion \$ by 2021. Industry is going to experience an exponential growth rate. So, obviously no one wants to miss this big opportunity.

## 4. Threat of substitutes:

- Substitute for this industry as of now is physical stores. Their threat is very low for this industry because customers are going for online purchases instead of going to physical stores as it will save time, effort, and money. With the advent and penetration of internet and smart phones, future in retail belongs to online retail.



- When we compare relative quality, relative price of product that he/she buys online with physical store, both are almost same and in some cases, online discounts will be available which makes customers to buy products online.

#### 5. Rivalry with in Industry:

Competition is very high in this industry with so many players like Myntra, Jabong, Snapdeal, Amazon, Indiaplaza, Homeshop18 etc.

# **CHAPTER 4**

# **COMPETITORS ANALYSIS**

## **4.1 KNOWING THE COMPETITORS**

Digitalization of several entities has made it possible for consumers to shop and make their purchases online easily. Quite a good number of business entities have established their online platforms to enable consumers of different commodities to buy from such platforms. They also provide the clients with an array of options hence making it easy to acquire the ideal goods.

However, it is the competition that is in this industry that we want to talk about. Flipkart is one of the online stores that offer a wide range of products for its customers. It was established in 2007 its headquarters are located in Bangalore, India. It initially started as an online portal for retailing books but later transformed to electronics and later on fashion. It is the largest e-commerce portal in India and carries out approximately 20 sales per minute. Some of the top Flipkart competitors in the industry include the following;

### **1. Amazon**

Amazon is arguably the world's largest online shopping store. It offers a wide array of services including online retail, consumer electronics, multimedia content and computing services among others. It is ranked as the leading online retailer in the US generating an estimated net sales of close to \$140 billion in 2016.



A considerable part of its revenue is generated from the online sale of electronics and other related goods. It is also one of the most valuable brands in the world with approximately 400 million customers with active accounts globally. Amazon also offers its services through mobile App and digital products like music and videos. It currently has over 370,000 employees worldwide. Amazon is the topmost Flipkart competitor due to its increasing market share.

## **2 .Alibaba**

Alibaba is another giant company that offers online commerce services. It was founded in 1999 as a simple B2B online shopping portal but later grew to become the biggest e-commerce portal in Asia offering B2B, C2C, and B2C online services. The total revenue that this company generated in 2017 financial is estimated to be around 158.3 bn RMB, an equivalent of over \$24 billion.



As a leading e-retailer in Asia and also penetrating other parts of the world. Alibaba has employed over 51,000 employees to help in facilitating various processes involved in buying and selling of different products on the platform. Astonishingly, Alibaba has been able to receive a total number of record an average of approximately 812 million orders per day in the entire 2017.

## **3.Ebay**

EBay Inc. is a global commerce leader that connects millions of buyers and sellers in more than 190 markets around the world. EBay is one of the oldest and most successful e-commerce websites on the Internet, but it doesn't sell any items itself. Instead, it allows users to list items for sale, which other users can then bid on in auctions. Recently, Ebay has also added options to buy items a face value, or submit price offers for them.



## **4.2 FLIPKART'S POSITION IN BCG MATRIX**

Business models are based on providing products or services that are profitable now, but they also attempt to identify changes in offerings that will keep the company profitable in the future. The current money-makers are easy to identify now, but what about the future?

Created by the **Boston Consulting Group**, the BCG matrix – also known as the Boston or growth share matrix – provides a framework for analysing products according to growth and market share. The matrix has been used since 1968 to help companies gain insights on what products best help them capitalize on market share growth opportunities.

Reeves Martin, senior partner and managing director of the Boston Consulting Group, said that nearly 50 years after its inception, the BCG matrix remains a valuable tool for helping companies understand their potential.

### **Stars**

An organization's "Star" items live in the upper left quadrant with high piece of the pie and high development. As a result of the organizations generally solid piece of the overall industry the organization has a decent focused position? The high development additionally implies that there is the chance to keep on increasing income and benefits. (ROGGIO, 2014) For "Star" items, clutch what you have or for some situation attempt to keep on growing, however this is truly a zone of direct showcasing and publicizing speculation.

Flipkart's marketing segment (counting Myntra) and in addition its gadgets section is a Star in the BCG grid. The reason is that the fragment is developing and more and more clients are getting acclimated with web purchasing of garments and gadgets things in India. Be that as it may, as the market is gigantic, the piece of the overall industry is less for every E-trade player and they are contending energetically for it.

### **Cash Cows**

Items in the lower left quadrant are called "Cash Cows." In these occurrences the organization has generally great share of the market, yet is confronted with low development. These are items that are cash makes, yet they won't really take the merchant further, developing income or benefits after some time. Here the procedure is to reap from these items to contribute somewhere else. Exploit achievement, yet don't rest.

The Flipkart cash cows are the books from which it started the career. Flipkart is assessed to have a one-fifth share of the online retail showcase in India – how can it plan to hold that share? One is grow coordination, a centre quality

where huge ventures and innovation helped Flipkart turn into the best quality level in conveyance in India. Flipkart ships books to the majority of India's 21,000 PIN codes and covers over a hundred urban communities for its arrangement of books.

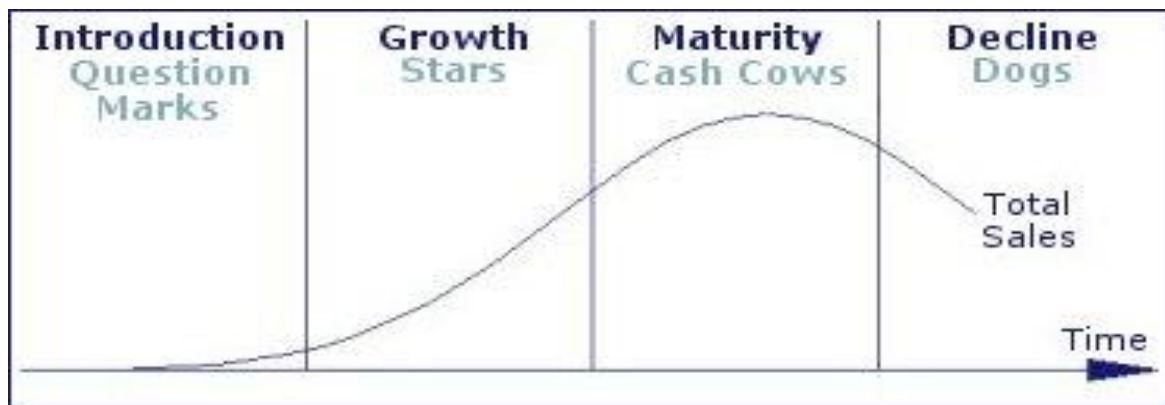
### **Question Marks**

With high development and low piece of the pie, items in the upper right are alluded to as "Question Marks." Businesses essentially don't comprehend what they speak to regarding conceivable piece of the overall industry or developing benefits. Notwithstanding the questions, you need to fabricate advancements for these things, putting resources into publicizing and advancement. These items have the best potential for the business since there is a chance to catch impart and to develop to the market. Simply realize that not each "Question Mark" item will be effective.

Every single other portion apart from stars and cash cows of Flipkart are question mark because of serious rivalry between the players. Productivity is low general so what's to come is obscure. For Flipkart, there is no alternative however to extend quick crosswise over classifications to include decision for clients. Flipkart is presently wagering enthusiastic about the commercial centre model for development which is an exceptionally alluring recommendation for level players who need to grow quick crosswise over items and classes without significantly expanding settled expenses. The objective is 10,000 to 15,000 affiliates in a year, up from the current 1,000.

### **Dogs**

Items in dogs quadrant ought to, for the most part, either get no backing or be stripped — i.e., shut out. The thinking is that contending here will take a noteworthy interest in time and cash since the organization has low piece of the pie and must remove deals from contenders who might be better situated in the market. Consider the people who offer mass-advertise items on Flipkart, wherein the main genuine approach to contend is to continue slicing costs, bringing down edge, and profiting for the same measure of exertion. So for the Flipkart there are no dogs, but for the brands that sell their products on Flipkart can have dogs' items.



## **4.3 FLIPKART'S BRAND POSITIONING**

### **FLIPKART: THE BRAND**

#### **A Trustworthy Brand**

Flipkart had been operating in the Indian market for almost 6 years before Amazon India happened. The trust that Flipkart has built in the hearts of the Indian consumers is unshakeable and with its dedicated commitment to consumer satisfaction, it ensures that the legacy is continued.

#### **Efficient Supply Chain Management**

Flipkart has an upper hand over other rival companies in the market because of its supply chain efficiency. The products are delivered at your doorstep in almost no time for the delivery is prompt and reliable.

#### **Excellent Customer Service**

The quantum of deals and discounts that are offered in Flipkart are brilliantly planned and help in expanding the customer base rapidly. If a customer has any trouble with the product, the items purchased are easily refundable with no return charges to be borne by the customer. If non-returnable items are flawed on arrival, one can call the customer care executives and let them know of the issue which is redressed in no time.

#### **Genuine Products on Sale**

At Flipkart the customer can be assured that the product he or she is buying is a genuine, authentic product. All sellers on Flipkart are registered and verified and cases of fraud are from negligible to none. This warrants that Flipkart customers are delighted and satisfied with their purchase.

## **Seller Satisfaction**

A vital thing about Flipkart is that it also focuses on seller satisfaction. The company charges a nominal commission fee from the sellers which ensures their wellbeing and growth too. Flipkart's business policies and practices have increased consumer base manifold while providing bulk orders to the sellers. For advantage sellers, the inventory is kept with Flipkart who manage the packaging, delivery and returns.

## **Employee Friendly Policies**

Flipkart employees enjoy all benefits ranging from insurance benefits; viz; medical, health and life, work from home, career breaks, paternity- maternity leaves and other parental support leaves, employee wellness programs and retirement benefits to name a few.

## **Brand Elements: FLIPKART**

### **The Brand Name:**

"FLIPKART"

### **Brand Logo:**



### **Tagline/Slogan, Campaign:**

The Online megastore; "Ab har  
wish hogi puri"

### **Brand Ambassador and Campaign:**

Flipkart one of the most reputed e-commerce platform has launched their new campaign which says the "India Ka Fashion Capital" campaign featuring Bollywood actors Ranbir Kapoor and Alia Bhatt.

With the proposition of "Wear The Next", Flipkart Fashion invites the brand lovers, the trendsetters, and therefore the spotlight stealers, to have their personal fashion choices while maintaining with evolving fashion trends. The campaign is aimed toward inspiring fashion-lovers across the country to upgrade their fashion quotient with the newest styles available on Flipkart.



The new campaign showcases Flipkart Fashion's brand ambassadors, Ranbir and Alia, are often seen educating consumers about always being ahead in their style game by 'Wearing The Next' through a meaningful media mix, using styled fashion quotient and targeted communication for various micro-segments of consumers. The campaign is aired on television and digital platforms for 8 weeks. Aside from 2 TVCs, consumers also will see a lot of curated digital content. From short videos talking about the advantages of shopping on Flipkart Fashion to several social media challenges, consumers will see the duo in various engaging and interactive formats.



### **Brand Positioning:**

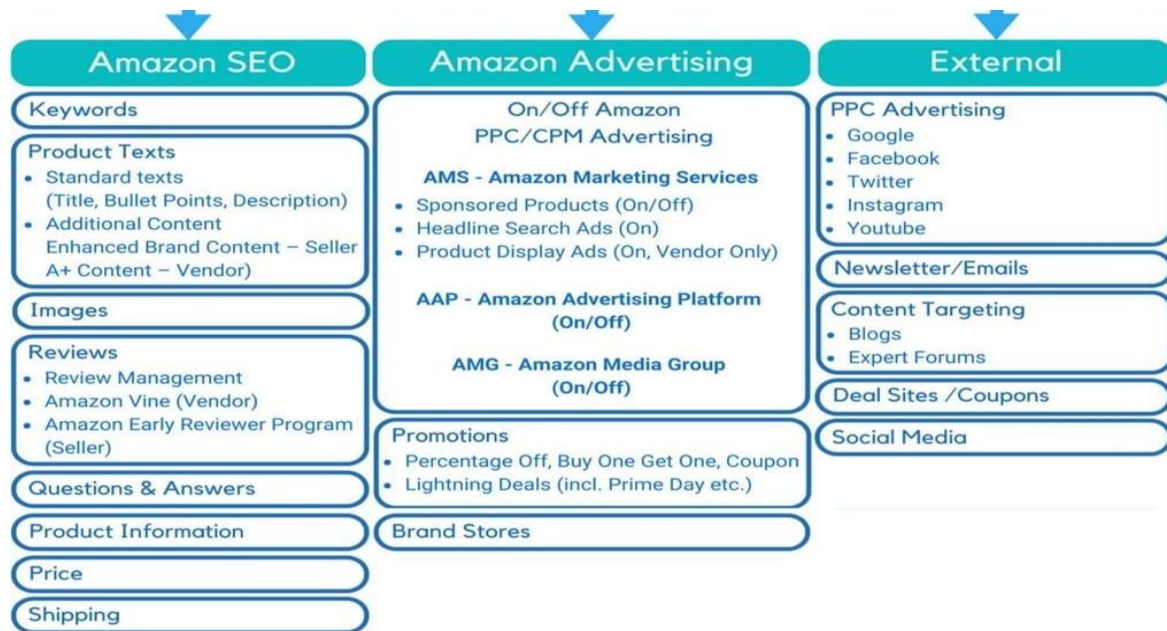
Positioning is a marketing strategy that aims to make a brand occupy a distinct position, relative to competing brands, in the mind of the customer. Companies apply this strategy either by emphasizing the distinguishing features of their brand or they may try to create a suitable image through advertising.

### **Positioning of FLIPKART:**

- Flipkart is a one stop online store to cater to all customer needs
- **USP** – Flipkart has a wide variety of products across many segments
- Flipkart has positioned itself as the Indian version of Amazon.com. They have effectively used the digital medium for their marketing – High SEO.
- Flipkart also uses an affiliate program which allows website owners, bloggers and others to include Flipkart advertisement banners and product links on their website and within their content.
- Word of mouth at its high degree

# STRATEGIES OF COMPETITORS

## 1. Amazon:



## 2. eBay:

The overall eBay aims are to increase the gross merchandise volume and net revenues from the eBay marketplace. More detailed objectives are defined to achieve these aims, with strategies focusing on:

Acquisition – increasing the number of newly registered users on the eBay marketplace.

Activation – increasing the number of registered users that become active bidders, buyers or sellers on the eBay marketplace.

Activity – increasing the volume and value of transactions that are conducted by each active user on the eBay marketplace.

The focus on each of these three areas will vary according to strategic priorities in particular local markets. eBay marketplace growth was driven by defining approaches to improve performance in these areas.

First, category growth was achieved by increasing the number and size of categories within the marketplace, for example Antiques, Art, Books, and Business and Industrial.

Second, formats for interaction. EBay Stores was developed to enable sellers with a wider range of products to showcase their products in a more traditional retail format including the traditional 'Buy-It-Now' fixed-price format.

### 3.Alibaba:



# CHAPTER 5

# **CUSTOMER ANALYSIS**

## **WHO IS A CUSTOMER**

A person who buys goods or services from a shop or business or a person of a specified kind with whom one has to deal.

### **5.1 CUSTOMERS OF FLIPKART:**

Flipkart targets anybody who surfs the internet and who does not have time for shopping. Though its target audience 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. It lays focus on people seeking variety and who prefer to experience a hassle-free shopping approach from home. It tries to expand its services to every location in the country where deliveries are possible. It comes up with smart marketing strategies to seize the attention of its audience who hold the purchasing power, to influence that online shopping is better than traditional shopping.

#### **Types of customers:**

1. Youth Population
2. Frequent Internet Users
3. Discount Seekers
4. Academic Institutes

### **5.2 BUYING BEHAVIOR OF CUSTOMERS:**

Consumer behaviour is the study of consumers and the processes they use to choose, use (consume), and dispose of products and services, including consumers' emotional, mental, and behavioural responses. Consumer behaviour incorporates ideas from several sciences including psychology, biology, chemistry, and economics.

## **WHY IS CONSUMER BEHAVIOR IMPORTANT?**

Studying consumer behavior is important because this way marketers can understand what influences consumers' buying decisions. By understanding how consumers decide on a product they can fill in the gap in the market and identify the products that are needed and the products that are obsolete. Studying consumer behavior also helps marketers decide how to present their

products in a way that generates maximum impact on consumers. Understanding consumer buying behavior is the key secret to reaching and engaging your clients, and convert them to purchase from you.

A consumer behavior analysis should reveal:

- What consumers think and how they feel about various alternatives (brands, products, etc.);
- What influences consumers to choose between various options;
- Consumers' behavior while researching and shopping;
- How consumers' environment (friends, family, media, etc.) influences their behavior.

Consumer behavior is often influenced by different factors. Marketers should study consumer purchase patterns and figure out buyer trends. In most cases, brands influence consumer behavior only with the things they can control; like how IKEA seems to compel you to spend more than what you intended to every time you walk into the store.

So what are the factors that influence consumers to say yes? There are three categories of factors that influence consumer behavior:

1. **Personal factors:** an individual's interests and opinions that can be influenced by demographics (age, gender, culture, etc.).
2. **Psychological factors:** an individual's response to a marketing message will depend on their perceptions and attitudes.
3. **Social factors:** family, friends, education level, social media, income, they all influence consumers' behavior.

**There are four main types of consumer behavior:**

**1. Complex buying behavior**

This type of behavior is encountered when consumers are buying an expensive, infrequently bought product.

**2. Dissonance-reducing buying behavior**

The consumer is highly involved in the purchase process but has difficulties determining the differences between brands. 'Dissonance' can occur when the consumer worries that they will regret their choice.

### 3. Habitual buying behavior

Habitual purchases are characterized by the fact that the consumer has very little involvement in the product or brand category. Imagine grocery shopping: you go to the store and buy your preferred type of bread. You are exhibiting a habitual pattern, not strong brand loyalty

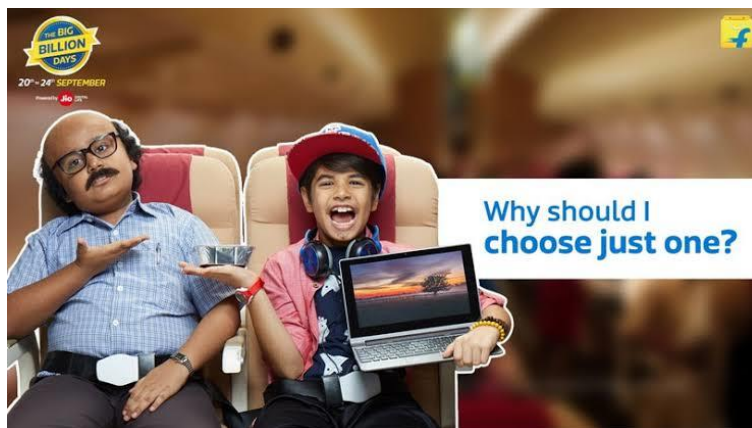
### 4. Variety seeking behavior

In this situation, a consumer purchases a different product not because they weren't satisfied with the previous one, but because they seek variety. Like when you are trying out new shower gel scents.

## **5.3: RESPONSE TO MARKET PROGRAMME:**

### **Flipkart Kidult**

No discussion about Flipkart is complete without mentioning their Kidult campaign launched in 2014. Aimed at spreading the word about Flipkart fashion, this campaign places stylishly clad kids in everyday situations that



adult's encounter - of course a lot of the creative feature influencers in order to add star power. This campaign was a hit and has been used extensively till as recently as 2019.

Flipkart worked with Loewe Lintas on this campaign and it's clearly had a successful

run. The idea of having kids act like adults is quite refreshing, and has an entertainment factor which keeps people hooked and coming back for more of these ad creative. Of course, roping in star couples like Ranbir and Alia brings its fair share of advantages.

### **Flipkart's GenE**

In December 2018, Flipkart launched an ad campaign to address gender inequality issues which has often plagued India.

The concept is pretty clever - Flipkart launched a new digital campaign featuring GenE - Gender Equal which features a new generation of children engaged in atypical activities associated with their gender. The idea was to raise kids without any rigid gender norms and allow them to realize their full





potential. Flipkart, in tune with this campaign, also launched a Gen E store on their website - a unisex kids clothing line.

This campaign stands out for me particularly because it's about raising a future generation that

aims to have a lower disparity between sexes. It's also about conscious parenting which is definitely the need of the hour.

## **Big Billion Day**

Flipkart has gone all out with its Big Billion Day campaign in recent years. It's a sort of festive Black Friday for India.

The idea is to show India in the various stages of preparation for the Big Billion



Day - celebrities play iconic characters - e/g., Amitabh Bachchan plays "Don" - and all of these characters are as excited about the offers and deals from the Big Billion Day sales as the everyday people these ads are targeted at.

It's interesting to see how Flipkart is different from Amazon in its approach to festive marketing - since both these two e-commerce giants have huge sales during this period. While Amazon bets on deals, Flipkart is looking at star power in order to bring in a greater audience to their website.



# CHAPTER 6

# WAREHOUSE MANAGEMENT OF FLIPKART



Business efficiency at all operational levels is critical for the success of e-commerce. Supply chain management is an essential component of e-commerce. Supply chain management in e-commerce focuses on the procurement of raw material, manufacturing, and distribution of the right product at the right time. It includes managing supply and demand, warehousing, inventory tracking, order entry, order management, distribution, and delivery to the customer.

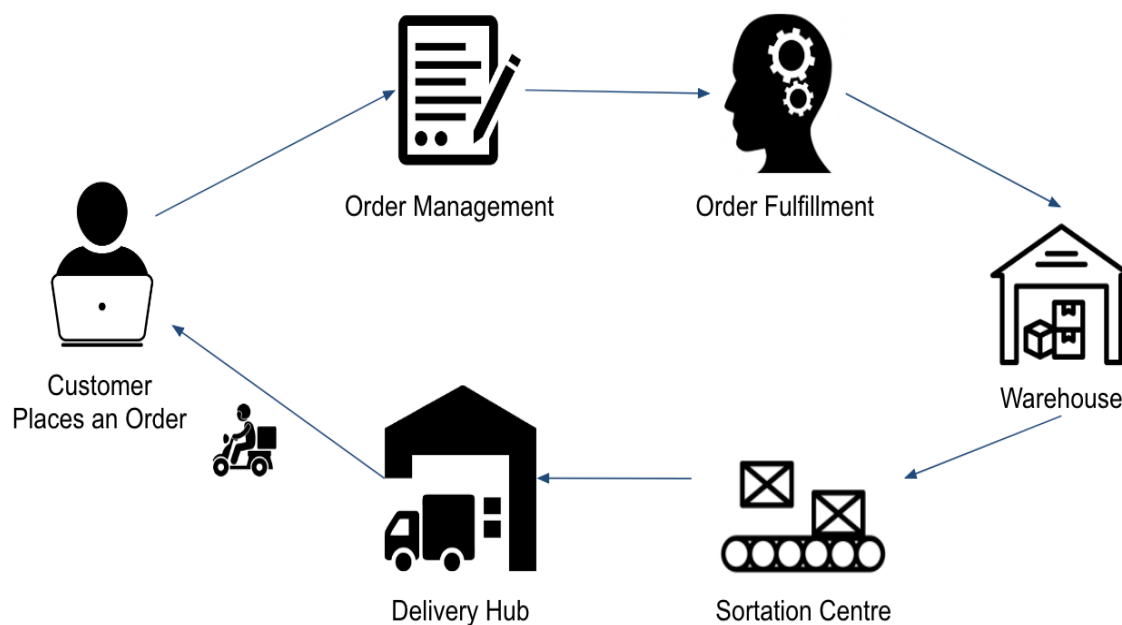
The e-commerce industry is not just limited to setting up a website and selling products online. It includes product configuration, suitable infrastructure, logistics, secured payment gateway, and **supply chain management**. An efficient supply chain accelerates e-commerce processes to meet customers' expectations. Warehouse management is an important aspect of the supply chain of E-commerce.



FLIPKART is a huge player in the E-commerce Industry with a market value of USD 37.8 billion. The supply chain of Flipkart is one of its kind. The Supply chain of Flipkart consists of various Sup-Parts like FC (Fulfillment Centre), MH (Mother Hub), DH (Delivery Hub), etc. Recently Flipkart started its Largest Warehouse of ASIA having various new to the Industry Automations & infrastructure at RDC\_East\_Haringhata which is present in Nadia district of West Bengal.

Let's have a brief look at Flipkart's Order Management System & Supply chain:

### Order management at Flipkart



When a user places an order in Flipkart, the following systems/stages work in harmony to complete the Order Delivery:

**Order Management System**: registers the order, maintains the state of the order through its life cycle, keeps track of the order, and forwards details of the order to the Order Fulfilment System.

**Order Fulfilment System**: arranges for faster and cost-effective product delivery, verifies the availability of inventory in the warehouse, notifies the warehouse of the order, and identifies the logistics partner.

**Warehouse**: Reserves the product in shelves, assigns a picker to pick, pack and dispatch as shipments to the sortation center.

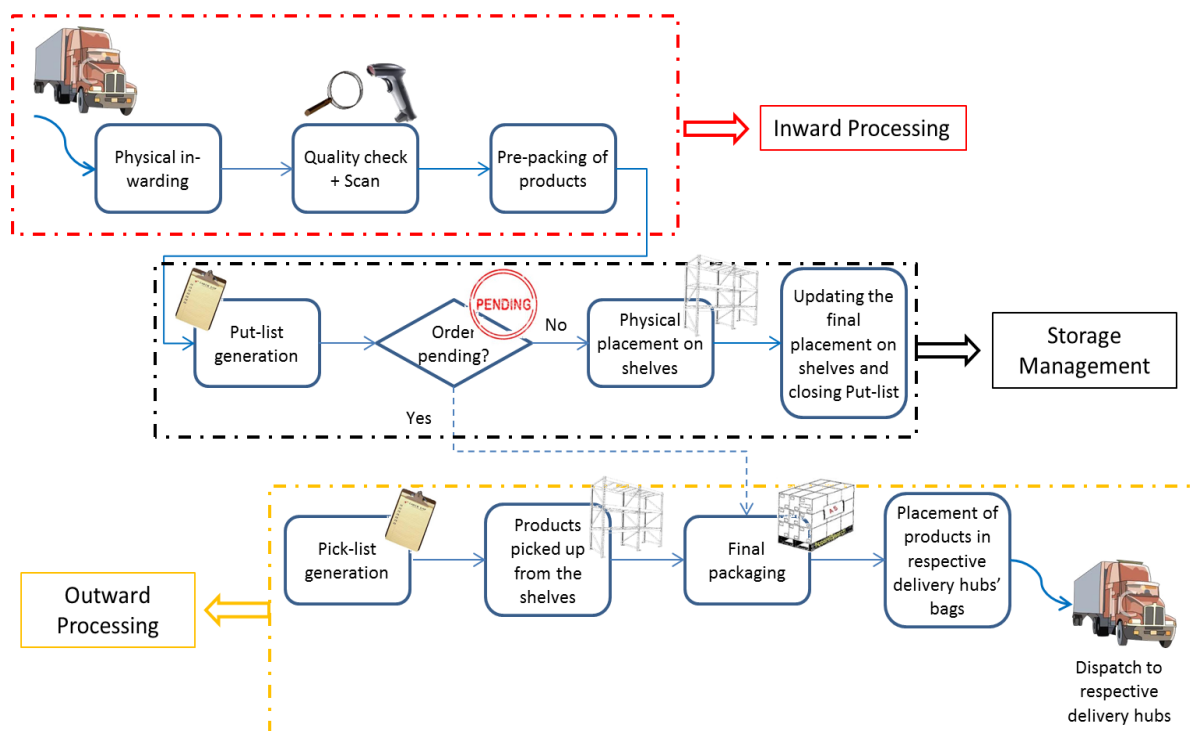
**Sortation Center**: Sorts shipments based on pin codes and loads them into designated trucks for transportation to the Delivery Hub.

**Delivery Hub**: Caters to one pin code with separate areas in it. Delivery executives deliver the products from the Delivery Hub to the Customer's address.

In the whole workflow, we can optimize various supply chain workflows to improve the efficiency of operations.

## **Flipkart's Warehouse Management System**

### Flipkart's Warehouse Management



In Flipkart's Warehouse Management System (WMS), there are three major segments namely, Inward Processing, Storage Management and Outward Processing & Returns processing. Discussed below are the some of the details regarding each of the sub-processes involved in the WMS.

## **1. Inward Processing :**

Inbound Operations involving transferring of goods into the warehouse. The Inbound workflow involves tasks such as Unload the truck, receive inventory, check quality and Put away for storage

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.

The Inbound of Warehouse consists of various departments like Dock, Receiving, and IRT.

### **A) The Dock:**



- The team does Gate in & Gate out of vehicles as well as Dock in & dock out through a tool named DMT (Dock Management Tool). They are aligned with the Business Development Team & Central procurement Team.
- When a supplier sends a consignment to the warehouse, first it comes to Gate & then to Dock, where various activities like Gate in, Invoice Sanity Check, IRN creation, Dock in Process, unloading of materials, POD, Dock Out process happens.
- In the dock, dock-in of the vehicle happens where unloading of consignments is done. It may be a closed or open delivery (in the case of Samsung and Apple phones - open delivery happens where the unloader needs to cut the box and count the material at the dock itself, whereas in the closed delivery cutting of the boxes happens while receiving).
- After all the dock processes, the IRN goes to the submitted state and then material comes to the receiving lanes where receiving happens.

## **B) Receiving Process:**

- Product boxes are being brought to the receiving station from the dock and after 6 side checking, the receiver has to collect the LU I'd from the box having consignment number. Then the boxes are being cut with a cutter and products are brought out of the box.
- After all these, segregation of the products is done according to Size, MRP, Colour, Quantity, EAN (European article number) code, Model ID, Article number, FSN (Flipkart serial number) code, etc.
- Then one product having the same attribute & same FSN and matching between Lookup Screen & Physical Products is being done.
- After MISCAT (Mrp, image, size, colour, article number, title) matching WID (Warehouse identification details) sticker pasting is done on that particular group of Products that are being done with receiving.
- After all the legal checks and quality checks, the Product either passes all the checks or fails. For pass and fail products there are 4 spaced to put them separately.





**a) QC PASS OR INWARD-**

If the product passes the legal and quality check, miscat matching in lookup in the system and physical mode the in simply goes for inwarding or goes in QC pass space for further processes.

**b) QC FAIL OR REJECT-**

If the product fails in legal or quality or miscat matching, then it simply goes to QC fail category for further processes.

**c) LBH (length, breath, height)-**

If a new product is added to Flipkart warehouse then while receiving, it will show a message written as LBH with inward products, so it goes to LBH space for the further processes.

**d) QC FAIL LBH-**

If a new product is added to Flipkart warehouse and fails the QC pass criteria then it is called as QC FAIL LBH product and goes to respective space for further processes.

**c) IRT (Issue Resolving Team)**

- Then IRT (issue resolving team) comes to play when a product fails the QC checks. IRT team takes follow up with BD (business development) team & try to re-inwarding of materials.
- If BD team fails to solve the problem, then it returns to the respective seller or supplier through RO or SRN process.
-

## **2. 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 is closed.



## **3. 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 Ad hoc basis and usually does not keep inventory of such items since the demand for such items is very less and thereby minimizing overall distribution and ICC (inventory carrying cost).



#### **4. 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 overage 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 fulfillment of Payment Card Industry Data Security Standards (PCI DSS).

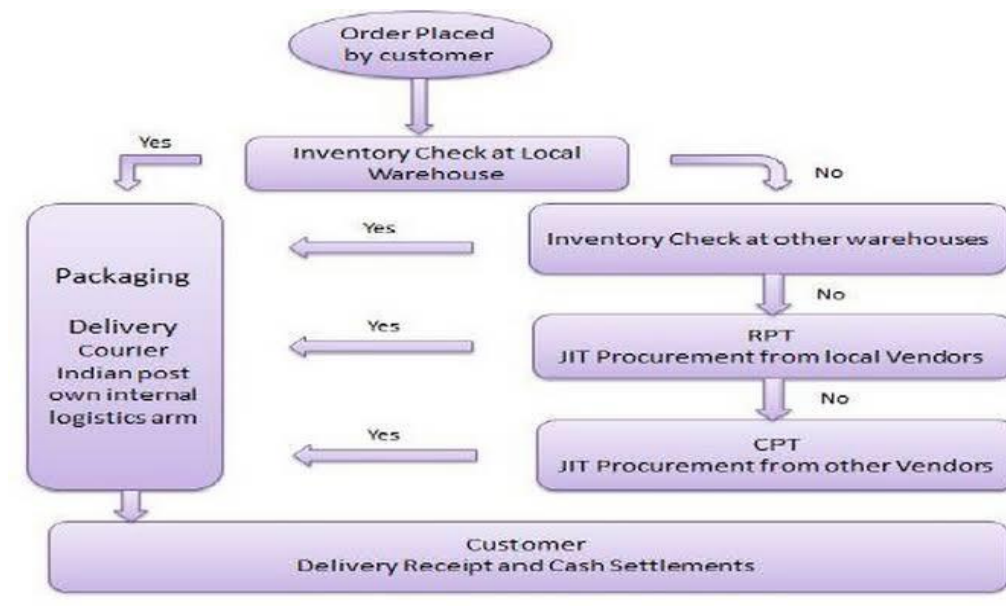
## **5. Order Fulfillment**

- Customer orders are fulfilled either via Inventory or JIT procurement depending upon the availability of the products.
- As soon as the order is placed and approved, there is an inventory check done at the local warehouse. If the item is not found at the local warehouse, then the order goes to the nearest and then other warehouses. The product is then packaged and delivered to the customer.
- If the item is not found in the inventory it is forwarded to the Regional Procurement Team (RPT) for JIT procurement from local vendors. If yet not possible, the order goes to the central procurement team (CPT) for the last option of procurement.
- After procuring from the vendor, the product is packaged and delivered to the customer via the most convenient warehouse. They have an understanding with their vendors for order tracking, reconciliation and MIS (Management Information Systems )

## **6. Outward Processing :**

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

## 7. Reverse supply chain / return centre:



- Flipkart has 30 days return policy the objective of this policy is to build customer trust Flipkart return the product to the supplier and takes the placement provided to the customer.
- Now we will see complete process of reverse Logistic unloading is the first process of return. The vehicle comes from the last Mile hub when the vehicle has arrived at the dock ,in the returns department driver gives the two paper huh that is get pass and Manifest to the security or Deo, the Deo will check the manifest and get pass and then unloading starts.
- In Return Centre, First Shipments are being received from MH (mother hub) as MH inwards return shipments at the Dock. Then its product verification is done to check if it can be resalable & it is in good condition& it is the product which was outwarded or not.
- Return shipments are basically 2 types i.e. RTO or RVP. RTO stands for Return to Origin as it doesn't reach the customer due to either customer cancellation or logistics or transportation or damage issue. RVP stands for Reverse Pickup which is customer reject due to some issue in the product after the delivery of the same.

## ● Process of PV (Product Verification) and DPV Detailed Product Verification

- The RTO and RVP shipments after reached to the return centre, product verification is being done.
- During the process both type of shipments are checked under same procedure and MISCAT matching is being done along with checking the condition of the shipments.
- There also 3 spaces to put the shipments separately according to their categories.



### **1. QC PASS or X-RAY**

If everything is ok then it goes either QC pass bucket or to X-RAY one (if it is an electronic item or not visible from outside)

### **2. QC FAIL**

- If the shipment does not matches the criteria or damaged one then it goes to QC fail category under DPV (detailed product verification)
- The QC pass shipments go again to FC (facility center) inventory for the reselling purpose and the QC failed shipments go to RC (return center) inventory for
- Then according to the area RCOB (Return customer outbound) outwards the material for
- Liquidation, Fraud and disposal, Supplier Return, Seller recall, Refurbishment etc. through RO (return process).

## ➤ **NCOB (Non Customer Outbound)**

- Non customer outbound is basically B2B setup where Flipkart does outbound products to other businesses like supplier, seller, for Liquidation etc. Also IWIT takes place by NCOB where products were transferred from one Warehouse to other Warehouses as per requirements.
- NCOB is like normal outbound but the only difference is the volume of the products dealing with. Also NCOB is responsible for clearing the INBOUND IRT Inventory through RO & SRN process.
- As all were of RDC stands for Regional Distribution Centre, NCOB plays an important role for IWIT to different Warehouses. NCOB picks products in large volume and packs them and then dispatch them from the Warehouse.

### **OTHER SUPPORTING FUNCTIONS:**

There are various other supporting Department present in the premises who plays an important Role in operations. They are

1. F & I, ADMIN
2. FST (FLIPKART SECURITY TEAM)
3. EHS TEAM (EMPLOYEE HEALTH AND SAFETY)
4. CCR (CONVEYER) Planning
5. Design & Planning Team

- **F&I, ADMIN**- They procure necessary items for operation smooth flow like stationary items, transportation issues, Marking of different areas in the operational fronts (signage)
- **FST** - Provides security in the premises of warehouse and also mitigate immediate responses if any uncertain things happen to employees of Flipkart. Also captures theft cases and Indiscipline activities of employees.
- **EHS team**- This team audits every process and every place of operations and notice about the things which can affect employees health and safety & Gives call out to operations regarding that.

- **CCR planning**- This team basically manages and plans Conveyor activities during every shift and helps operations in every possible way.
- **Planning team**- This team helps in providing man power for operations smooth flow and gives cross deployable man power. It Plans transportations, track wastages in terms of people, place and things and try to reduce it

### **LIMITATIONS:**

1. New warehouse and new manpower at Haringhata RDC and all are not trained
2. Putting, picking etc. processes are being done manually.
3. WID sticker pasting related issues.
4. Customer dissatisfaction may arise due to incorrect inward receiving or picking or putting or receiving return shipments

## **SUGGESTIONS AND RECOMMENDATIONS**

1. A lot of manual labour is utilised in warehouses for put-listing and pick-listing. This can be addressed through high-end RFID usage – the way it is done for major logistic companies like DHL.
2. Automations can be included in few manual processes like (putting and picking).
3. Warehouse layout needs to be looked into so that increased SKU complexity can be handled better.
4. Including seasonality in the forecasting process will help meet customer expectations better during high-rush seasons and manage inventory costs better during lean periods.
5. Periodic review of categories should be undertaken and non-performing or highly volatile categories should be dropped (or replaced with new categories).
6. In-house Payment Gateway: Currently 3rd party Payment Gateways like CCAvenues charge on a per transaction basis. As number of transactions grow and average amount per transaction reduces, in-house capability development can help reduce costs. But this requires compliance with PCI DSS standard which is an added operational complexity.
7. Sometimes WID stickers are damaged due to placing over one another and clearly not visible or not detectable by the scanner, so a plastic or polythene layering should be given to the stickers for its storage purpose.

# CONCLUSION

A credible rival can do wonders to an enterprise and Flipkart is no different. The entry of Amazon in India has enabled Flipkart develop a lot of in-house innovation and organically developed best-practices - that have now become the industry standard.

Flipkart began operations on the consignment model; goods were procured from suppliers on demand, based on the orders received through the website. Later, the books-to-electronics e-shop adopted the warehouse model. The company had its own warehouses, and maintained its own inventory. However in July 2013, Flipkart launched its model of marketplace just one month after Amazon launched its marketplace in India.

It introduced payments brand Payzippy for online merchants and customers seeking fast, hassle-free and safe payment options. Some 70 per cent of its shipments are done by its own logistics company and about half of deliveries are on a cash-on-delivery basis.

Last but not the least; Flipkart has very clearly prioritized customer delight as its chief avenue for customer acquisition and retention.



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**THANK YOU**

