

→ With the sudden rise of online retailing in India, many retailers have begun to plan a web strategy. The Indian online market tipped over when retailers such as *makemytrip.com* listed and *fashionandyou.com* got funding. Now, it has become a matter of routine for Indian e-commerce retailers to get funded.

The latest entry to this club is *exclusively.in* that has received US\$ 16 mn of funding after one year of the launch of its online store. The numbers look unbelievable and make retailers wonder what investors are seeing that they cannot. In my view, it is not about the amount but the rapidity with which the online funding scenario is moving.

Even though the dot-com boom busted a decade ago, some of the lessons learnt still hold true. One of

these is that a business has to offer sustainable value to customers while making decent returns for investors. Another is that any successful business is 1 per cent strategy and 99 per cent execution, whether it is an e-store or a brick-and-mortar store.

Investors and entrepreneurs should remember such lessons from the past. While uttering this word of caution, I would still like to re-emphasise the fact that online retail is here to stay in India and will become a much bigger market than what many of us are currently imagining.

Till recently, the only thing that was hindering the growth of online retailing was the lack of enough options in terms of categories and brands. But that is changing really fast and it is anyone's guess how big this market will be in the near future.

THE NUMBERS GAME

I looked at some figures from China and was astonished to find that the online retail market is close to US\$ 50 bn there compared to a measly US\$ 600 mn for India. While this means that Indian online sales are almost 100 times less than China's, it also shows the unrealised potential of the market. It is clear that we Indians have not tapped this humongous online retailing opportunity even a bit. For the record, the US online market is already at US\$ 170 bn and growing faster than all other segments of consumer retail.

One of the reports from eBay Inc. recently mapped the most frequently selling items on its India site. The top three positions are occupied by jewellery, mobile phones and apparel, in that order, selling one

BAZAAR on the WEB!

ONLINE RETAIL IS ON A FAST TRACK OF GROWTH. IT WILL INEVITABLY CAPTURE A VERY LARGE SEGMENT OF THE CONSUMER MARKET IN INDIA. RETAILERS SHOULD NOT ONLY TRY TO EAT THE PIE BUT ALSO EXPLORE NEW FORMATS FOR LURING THE CUSTOMERS.

By Harminder Sahni



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IT IS ASTONISHING TO SEE THAT ONLINE RETAIL IS CLOSE TO A US\$ 50 BN MARKET IN CHINA COMPARED TO A PALTRY US\$ 600 MN IN INDIA. WHILE THAT MEANS INDIA IS ALMOST 100 TIMES SMALLER THAN CHINA, IT ALSO SHOWS THE POTENTIAL THAT ONLINE RETAIL HOLDS FOR US.

One of the reports from eBay has recently mapped the best-selling items on its site in India. The top three position in this category are occupied by jewellery, mobile phones and apparel, in that order.

item every four, five and six minutes, respectively.

Apparel has always been considered a "touch and feel" product which consumers prefer buying in a brick-and-mortar store. However, that barrier is being crossed through online retailing. It all started with humble T-shirt brands like *myntra.com* and *inkfruit.com* that have now spread to high fashion and premium brands, thanks to online retailers such as *fashionandyou.com*.

It seems that whatever fears, real or perceived, were there in the minds of consumers against shopping online have been addressed. Every day, many more shoppers are trying their hands at online buying and joining the bandwagon. According to figures, over 2.5 mn Indian consumers shopped online last year, a number expected to reach 30 mn by 2015. However, looking at the Chinese online consumer population of 110 mn in 2010, I wonder whether we are being conservative in estimating the domestic numbers. I am quite confident that by 2015, Indian online consumer population will easily cross the 30 mn mark.

YOUTH – DRIVING THE FUTURE

India is a young country with more than 55 per cent of population below 25 years of age. Considering that organised retail and malls are present only in the metros, Indian retailers have a tremendous opportunity to grow in the online world.

A substantial chunk of today's youth is made up of educated professionals with good purchasing power. They are tech-savvy and have the enthusiasm to try out new things. Due to this, I think the Indian online retail market will cross US\$ 5 bn in the next two to three years, with more than 25 mn people shopping online on a regular basis.



While some of the product categories have proven to be much more successful in online retailing than the others, this should not be a deterrent for retailers in trying out new ones and getting more aggressive about the not-so-successful ones. Social media sites like Facebook currently have a limited impact on online sales in India. However, they may get more influential in the near future. Indian online retailers should also keep this issue in mind.

In conclusion, the online retail market is on a fast track of growth and will inevitably turn into a very large segment of the Indian consumer

market. Indian entrepreneurs should take this opportunity to not only capture this potential but also to try out new and innovative formats. They need to think beyond blindly copying internationally successful models and innovate unique formats for the Indian market and consumers.

Rather than offering expensive brands online at a discount, they should focus on creating affordable products that can reach millions of new consumers by saving costs involved in offline retail operations.

Online technology coupled with the enterprising Indian mind can solve many issues related to the reach and availability of products for the Indian

customers. I am quite certain that even if a few entrepreneurs can take the lead and show the potential and feasibility of this, many others will follow. I may not be surprised if the online retail segment becomes bigger than organised retail in the long run in India. ✕

ABOUT THE AUTHOR



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