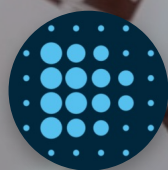


Inside India's eCommerce Battle: Attractive Offers Usher In The Festive Season

13th Nov, 2018



BY DATAWEAVE

It's festival season in India again and shoppers took advantage of aggressive cutthroat competition between Indian online retailers to drive sales to unprecedented highs.

All the major Indian eCommerce websites including, Amazon, Flipkart, Myntra, and Shopclues opted to go head to head by holding their first sale event this season over 4 to 5 days starting on the 10th of October. Still, as industry reports indicate, one retailer came out on top during this event — an insight supported by our analysis as well.

A New Battleground

The highlight this year was seeing how the announcement of global retail colossus Walmart's acquisition of Flipkart would impact the sale events. The acquisition was the most influential development in India's eCommerce sector, and it has transported a decades-long U.S. rivalry between Amazon and Walmart to Indian soil. As a result, this year's sale event held out the promise of more attractive pricing and vast product selection for India's consumers than ever before.

Industry analysts estimate that the sale generated a cumulative Rs 15,000 crore in sales over the spread of the five sale days, a whopping outcome. In 2018, this translated into around a 64 per cent year-on-year growth outcome compared to the USD 1.4 billion (around Rs 10,325 crore) generated by the 2017 sales.

The DataWeave Analysis

At DataWeave, we analyzed the performance of each of the major eCommerce platforms including Amazon, Flipkart, Myntra, Paytm, and Shopclues. For each eCommerce website, we aggregated data on the Top 500 ranked products for over 40 product types spread across 6 product categories (Electronics, Men's & Women's Fashion, Furniture, Haircare, Skincare).

We focused our analysis on only the additional discounts offered during the sale and compared them to prices prior to the sale, to reflect the true value of the sale to India's shoppers.

INDIAN FESTIVE SEASON SALE 2018

Average Additional Discounts by Category

Max Min Not Available

	Electronics	Men's Fashion	Women's Fashion	Furniture	Haircare	Skincare
Amazon	9%	25%	18%	17%	14%	13%
Flipkart	13%	20%	23%	18%	13%	11%
Myntra	NA	19%	20%	NA	NA	NA
Paytm	4%	24%	19%	NA	8%	10%
Shopclues	6%	12%	23%	NA	7%	10%

Number of Additionally Discounted Products by Category

	Electronics	Men's Fashion	Women's Fashion	Furniture	Haircare	Skincare
Amazon	26%	48%	39%	14%	20%	24%
Flipkart	51%	78%	85%	40%	39%	37%
Myntra	NA	10%	13%	NA	NA	NA
Paytm	10%	8%	6%	NA	1%	1%
Shopclues	1%	2%	1%	0%	1%	1%

Average MRP of Additionally Discounted Products

	Electronics	Men's Fashion	Women's Fashion	Furniture	Haircare	Skincare
Amazon	31620	2228	2187	39021	670	650
Flipkart	35647	1835	2587	40098	476	510
Myntra	NA	3499	2962	NA	NA	NA
Paytm	30000	1956	2118	NA	265	193
Shopclues	15756	1628	1837	NA	464	1813

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The battle of the discounts was led primarily by Flipkart and Amazon. Flipkart's average additional discounts by category actually exceeded Amazon's in three out of six categories, and it discounted more products than Amazon across all categories.

Clearly, the focus for all e-tailers was skewed towards the main battlegrounds of Electronics and Fashion, compared to mainstream FMCG categories such as Hair and Skin Care. However, this is not surprising given FMCG functions on rather skinny margins.

Across retailers, the Men's and Women's Fashion categories were the most aggressively discounted, attracting both the highest additional discounts and the highest percentage of products with additional discounts.

The Furniture category too was an interesting battleground between Amazon and Flipkart, attracting attractive discounts on a wide range of products, particularly in Flipkart's case.

Prospective shoppers in search of relatively more expensive clothing products on discount during the sale would have established Myntra as their ideal destination, as it carried more premium products on discount during the sale, relative to all its competitors. For shoppers in search of an electronics bargain though, they would have done well to opt for Flipkart.

Shoppers may have found some interesting deals on Paytm Mall too, especially in Men's Fashion, while Shopclues largely held itself back from any dramatic price reductions.

While Myntra capitalized on its niche though aggressive discounting in the Fashion category, most of the discounting action revolved unsurprisingly around Amazon and Flipkart. To drill down for a more complete understanding of just how the Amazon and Flipkart discounted their products, we conducted a more detailed follow-on analysis.

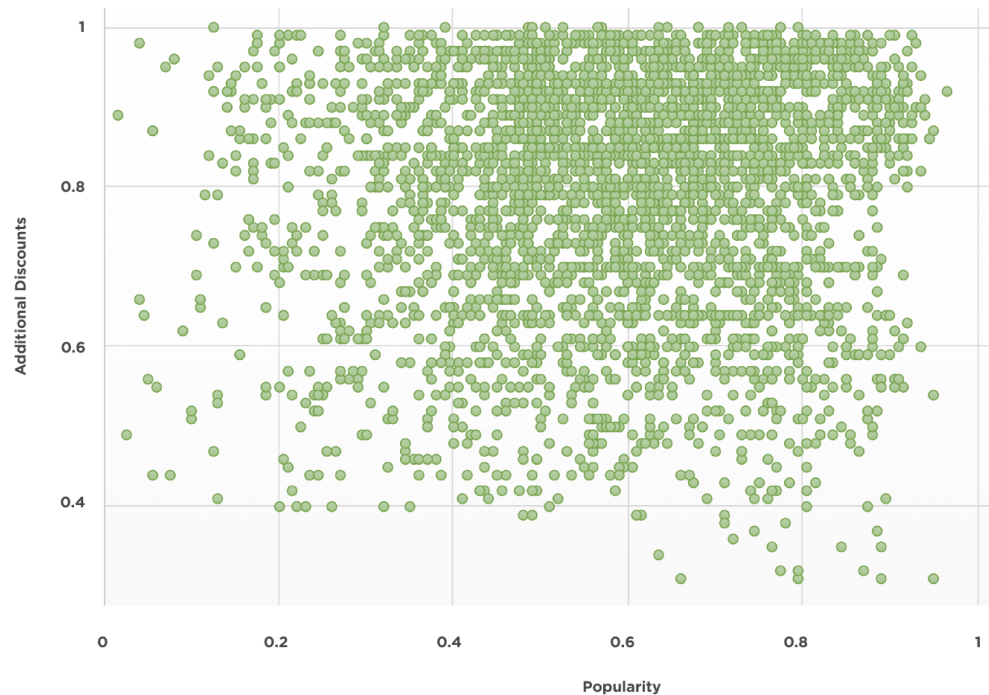
We normalized additional discounts and popularity using a scale of 1 to 10 and plotted each product on a chart to analyze its distribution characteristics. Popularity was calculated as a combination of the average review rating and the number of reviews posted. Products with a popularity score of zero, as well as zero additional discounts were excluded from this analysis.

Distribution of Percentile Additional Discounts vs Percentile Popularity

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FLIPKART



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The most obvious insight yield through this analysis is how Flipkart elected to distribute its additional discounts across a larger range of discount

percentages. By contrast, Amazon went all in on the more limited range of products it decided to provide additional discounts on. This is a strategy we have seen Amazon adopt previously.

One other intriguing insight is Flipkart's decision to go for a much higher distribution of products falling below a popularity score of 0.5 compared to Amazon. Amazon's strategy resulted in more of its discounted products having a higher popularity score, relative to Flipkart, albeit only by a comparatively minor amount. However, a shopper's chances of buying a popular, positively reviewed product at a lower price were higher on Amazon than Flipkart during this sale.

Achieving a Consistent Competitive Edge

Flipkart claims to have recorded a 70 per cent plus share of entire Indian e-commerce market in the 4 day-BBD'18 sales. Flipkart further claimed to have cornered an 85 per cent share in the online Fashion category together with a 75 per cent share in the Electrical category's large appliances during the sale. This includes a contribution by Flipkart's subsidiary Myntra.

As these numbers reflect, Amazon still has some way to go to entrench itself in the Fashion category of the Indian market. However, Amazon appears content to continue its surgical discounting philosophy.

Overall, this year witnessed an impressive participation by Tier II and Tier III Indian city consumers — a sign of things to come in Indian online retail.

With increasing competitive pressure, retailers simply cannot adopt discounting and product selection strategies in isolation and be successful. Having access to up to date insights on competitors' products dynamically during the day is emerging as key to ensuring they're able to sustain their lowest priced strategy for appropriate products. These insights are also proving critical in identifying gaps in their product assortment, which can hamper customer conversion and retention.

During sale events, modern retailers need to rely on highly granular competitive insights on an hourly basis (or even more frequently) to inform their pricing and product strategies to ensure they consistently maintain a competitive edge for the consumer's wallet. And while access to reliable competitive intelligence is critical, true value can only be derived when it gets integrated with a retailer's core business and decision-making processes, such as assortment management, promotions planning, pricing strategies, etc.

DataWeave's Competitive Intelligence as a Service helps global retailers do just this by providing timely, accurate, and actionable competitive pricing and product insights, at massive scale. Check out [our website](#) to find out more!

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