

Consumer centric e-commerce business models in india

[Business](#), [E-Commerce](#)



This forces the e-commerce players to introduce new and unique business models to serve the customers, buyers and the brands at large. Objective The objective of this article is to evaluate the various types of e-commerce business models prevalent in India and will highlight the characteristics and business objectives of each of the business model. This article will also highlight some of the key trends of e-commerce in China vs.. India.

Introduction The meteoric growth of Internet based E-commerce at the turn of the last century is truly baffling.

During the last one decade, this market space has grown in several directions. In its first generation, it saw the emergence of portals and search engines. However, In due course more and more organizations began to cater to the Business to Customer (BBC) market as well as started creating special platforms to enable Consumer to Consumer (ICC) transactions. As several organizations began to operate in the Internet market space, they innovated unique propositions to create value in the process.

However, this also shows that the Indian e-commerce industry is growing at a fast pace which paves the way for new and innovative business models to be introduced in the country in this growing era of cut-throat competition in the industry. In India and the various characteristics of each of the business model. In this article, we will focus primary on non-travel e-commerce business for Consumer goods. Types of Consumer Centric e-commerce Business Models There are various kinds of BBC and ICC e-commerce business models that have flourished in India over time and each business has its own set of characteristics.

Apart from just categorizing the business models as EBB and BBC, one can also categorize them on the basis of their business objectives and their unique selling proposition to their customers. In this report, we will talk about the various business models categorized as per their business objectives and their USPS to their customers. (A) Deals Websites There are many e-commerce websites committed at providing the best deals to the nonusers and strive to lure the customers by offering various incentives like price discounts, freebies, etc.

These Deals e-commerce sites normally operate at relatively thin margins and their primary objective is to win a customer and are thus battling in the over-crowded e-commerce space using discount as their main USPS to offer to their customers. We can further categorize these websites as : * Flash Sales Sites * Daily Deals Sites * Group Buying Sites (AY) Flash Sales Sites A Flash Sales e-commerce Website is a BBC type business model where the website sells the products directly to the end customers.

They normally manage the entire process of the e-commerce lifestyle on their own or through their partners and the consumer makes the payment directly to the business owning and managing the website. A flash sales website typically offer products at a huge discount to its customers. They generally buy old stock from the brands / manufacturers or their distributors and liquidate the same through their website. Many brands do partner with them to liquidate their dead stock and thus it is often termed as a liquidation business model.

The consumers take the benefit of these huge discounts, which at times ranges from armorial unaware or do not really care even if the product they are buying from such websites are obsolete or no longer in fashion. The best example for this kind of a website would be Fashionably. Com. (AY) Daily Deals Sites A Daily Deals Website also operates as a BBC website and typically showcases a very lucrative sale on a single or a set of products for the customers. Unlike the Flash Sales website, such a deal is time bound (usually for a day) which compels the user to make immediate decisions for that product purchase.

Such sites normally negotiate and get a great bargain from the manufacturers or heir distributors against a minimum volume commitment. In case they are not able to sell the entire lot of the discounted product on the day of sale, they tend to offer the same product on sale again after a few days. Thus, they keep on shuffling their daily merchandise on sale and try to maximize the sale on that day itself. (AY) Group Buying Sites A group buying website is quite a unique BBC business model where the website invites the buyers to buy the products / services at a discounted or at a wholesale price.

Like the Daily Deals site, the products advertised on the group buying sites are also time bound, but usually not limited to a day. In this concept, the website honors the transaction only if the minimum number of buyers (as fixed by the website) buy a particular product, else they refund the customer's money. In this case, the customer is constantly made aware that he will get the advertised product only if a minimum number of people buy this product and this in a way, makes the buyer refer his friends to buy the

same product at the earliest. The best example for this kind of a website would be Group. Mom. (B) Online Subscriptions An online subscription website works in a similar manner like an offline subscription or any kind of service. Such websites showcase the entire catalogue of subscription options for the users to choose from and subscribe online. The customers can avail the services by paying for the service online and can continue to keep availing the services regularly by making the recurring payments through such websites itself. Providing them with an online facility to make recurring payments for the services they wish to avail.

Website offering convenience of utility payment services, also come under the same category. (C) E-Retailing There are a number of BBC e-commerce websites offering a range of products and arrives to customers across different brands and categories. Such websites buy the products from the brands or their distributors and sell to the end customer on market competitive prices. Though their modus operandi is same like a flash sales website, but their business objective is to offer the latest products to the end customers online at the best possible prices.

A few examples of this kind of websites would be Flippant. Com, Homophobes. Com, Gabon. Com and Mantra. Com (D) Marketplace Another business model gaining attracting in India recently is the online marketplace del which enables the buyers get in touch with the sellers and make a transaction. In this business model, the website owners do not buy the product from the sellers but act as mediators to facilitate the entire e-commerce transaction. They do assist the sellers in various services like

payment collection, logistics, etc. But do not prefer to hold inventory in their own warehouse.

Thus, an online marketplace are merely facilitators enabling an e-commerce transaction and do not buy from the sellers directly. It is interesting to note that more and more of the Deals websites and e-Retailers are owe moving into the marketplace model because of various advantages that this model has over their respective current business models. There are various sub-categories under which an online marketplace can be categorized: (Del) SQ Marketplace A ICC Marketplace or a Consumer to Consumer marketplace means an online marketplace where individual consumers can sell products to individual buyers.

As a such marketplace to the end customers. The website protects the interests of the sellers as well as buyers in numerous ways and also helps the buyers choose the sellers based on their ratings and past selling history. Best example of this kind of a website would be Ebay. In (DO) BBC Marketplace A BBC Marketplace or a Business to Consumer marketplace means an online marketplace where only business owners can sell their products to the end customer. The process is more or less the same like that of a ICC Marketplace with the exception that it does not allow individual users to sell their products online.

Another significant difference in this model is that unlike a ICC marketplace where anyone can become a seller, this is a more managed platform and allows only selected sellers to sell their products. Though there can be

multiple sellers for the name product, but the site only permits legitimate sellers to sell through their. They prefer to work on a drop shipment model where the website's logistics partner picks the product from the seller and delivers it to the buyer. This gives them an advantage of not blocking their inventory and reduces their warehousing costs.

Best example of this kind of a website would be Seasonal. Com which has now become a BBC Marketplace. (E) Exclusive Brand Stores This is the latest business model of its kind recently started in India. In this business model, the various brands setup their own exclusive brand stores online to enable nonusers buy directly from the brand. The website showcases the entire catalogue range of the brand and reflects the look and feel that of the brand itself. It also offers the same promise and policies to the customer which the brand offers through their physical retail outlets.

These websites generally prefer to sell the products at MR. and because the customers are sure that they are buying genuine products directly from the brand, they do not mind buying the products at MR.. Though the website represents that it is the brand selling to the end customer directly, but many a times the entire operations of the store is managed by another customer. This is also done to keep in line with the FED laws in India where multi-national companies are not allowed to sell directly to the end customers.

Though the number of brands operating through an Exclusive Brand Store online are very limited in the country as of now, but this segment is fast growing and brands increasingly are moving towards this concept. A few

examples of brands operating through an Exclusive Online Brand Store are Leno, Canon, Timex, Eisenhower, HP, Samsung, etc. Conclusion In conclusion, for e-commerce to grow at a fast pace and come at pace with other entries like China, Indian entrepreneurs need to constantly come up with innovative and unique propositions to excite the customers buy online.