

# Flipkart report



INTRODUCTION E-COMMERCE E-commerce is short for electronic commerce.

It is the business over internet involving buying and selling

of products/services. E-commerce makes use of payment gateways for

online transactions. It requires excellent supply chain management, online

transaction processing, logistics strategies and control, inventory

management systems and many other automated softwares and database

collection systems. WEB-BASED E-COMMERCE ARCHITECTURE E-COMMERCE

INFRASTRUCTURE \* Information infrastructure \* Internet, LAN, WAN, routers,

etc. Telecom cable TV, wireless, etc. \* Messaging and information

distribution infrastructure. \* HTML, XML, e-mail, HTTP, etc. \* Common

business infrastructure \* Security, authentication, electronic payment,

directories, catalogues, etc. \* The Internet \* System of interconnected

networks that ps the globe \* Routers, TCP/IP, firewalls, network

infrastructure. network protocols \* The world Wide web (www) \* Part of the

Internet and allows users to share information with an easy-to-use interface \*

Web browsers, web servers, HTTP, HTML Web architecture \* Client/server

model \* N-tier architecture; e. g. , web servers, application servers, database

servers, scalability THE PROCESS OF E-COMMERCE \* Attract customers \*

Advertising and marketing \* Interact with customers \* Catalogue, negotiation

\* Handle and manage orders \* Order capture \* Payment \* Transaction \*

Fulfilment (physical good, service good, digital good) \* React to Customer

Enquiries \* Customer service \* Order tracking E-COMMERCE IN INDIA

E-commerce in India is still nascent, but it is important for developing

countries like India. The opportunities for E-commerce players are many due

to rapid urbanisation and rising literacy rates and rapidly growing internet

user population, advances in technology, growing adoption of computers, introduction of 3G and falling net access costs. The Internet and Mobile Association of India (IMAI) estimated that India's E-commerce market is growing 70% every year and 500% since 2007. Transactions In \$ Millions

Segment-wise share in e-commerce market 2012 ABOUT FLIPKART Flipkart is an India based e-commerce company which belongs to the e-tailing (electronic retailing) sector. It is head-quartered at Bangalore and it initiated its operations in 2007. Flipkart was launched by a couple of young, enthusiastic friends, Sachin Bansal and Binny Bansal, who grew up together and studied at the prestigious IIT-Delhi, as an online retailing venture with the objective of making books accessible to individuals living in all the parts of India.

Sachin and Binny used to work for Amazon, which has a similar kind of business before quitting and opening up this new venture. Initially they used to sell just books on Flipkart and relied mainly on 'word of mouth' for promotions. But in 2010, they started selling CDs, DVDs, Mobile phones and accessories, cameras, computers and in 2011 stationery, home appliances, personal care items and healthcare products. It has now revenue of Rs. 500 crore within a period of just five years making it one of the largest e-commerce companies in India. The core value of Flipkart is strong focus on customer service. The major goal of the company is to provide its customers with an ultimate online shopping experience and for this they use many innovative policies like a 30-day replacement policy, EMI options, Cash on Delivery, free shipping, discounted rates, pre-paid online wallet and most important timely

delivery of all the products. This requires an extensive supply chain and logistics and distribution network.

A network of over 500 distributors have been established by the company and it keeps only those items for which orders are placed frequently by the customers and the items that are rarely ordered are almost always sourced from the suppliers when such an order is received from the customers. The company owns four offices in each metro city with a combined strength of more than five hundred employees. Fifteen courier companies such as Blue Dart, DHL etc. have been engaged to deliver the products and also Indian Post where courier service is not available.

Warehouses are there in seven cities including metros. One can track the order right from ordering an item to delivery. One can even pre-order an unreleased book from the website and that too on attractive prices and on top of that there is excellent customer service. Customer satisfaction, amazing customer experience and the discounted rates of items are the key factors that work in the favour of Flipkart. The company has a stock of nearly 12 million books making it the largest book retailer in India and it has eighty per cent share of the online book market in India.

Access to internet, increasing number of iPads, smart phones, latest technology that gives 3D images of products, time constraint consumers and increasing real estate costs required for offline stores have lead to a shift to e-commerce businesses especially to online retail stores. According to a survey done by Associated Chambers of Commerce and Industry of India, the online retail market in India may grow from Rs 20 billion in 2011 to Rs 70 billion by 2015 as internet access improves. INNOVATIVE SERVICES

LAUNCHED BY FLIPKART PREPAID WALLET FEATURE \* As a general wallet that is used to store cash in it and allows a person to purchase and enjoy products or services equivalent to the cash amount in it, Flipkart has adopted a prepaid wallet service to its e-commerce website platform that provides customers with an opportunity to store and keep money on the website and consume it to purchase different products, without the need to take out their debit cards or credit cards or net-banking for each and every transaction. The purpose of a prepaid Wallet is to make online transactions easier and more secure for the customers as they will be spared from the hassle of taking out their credit card or debit card or net banking details each and every time they want to buy a product. Customers can fill their Online Wallets with up to Rs 10, 000 by using any of the general payment methods like credit card, debit card and net-banking and then can consume it over multiple transactions. There is no expiry date for the wallet and the cash stored in it can always be refunded back to the source using which payment was made. Flipkart. com has included wallet service in its e-commerce structure keeping in mind the ease and convenience of their regular customers - those who make transactions multiple times during the month, and particularly when individual transactions are comprised of many small payments. Wallet allows the customers to make the payment just once and still involve in multiple transactions. This also makes sure that customers would not have to go through the bank payment verification processes each time they purchase something using the Flipkart. com.

The wallet helps in cutting down the issues with payment gateway too. \* Also by including the innovative prepaid e-wallet, the aim of the Flipkart is to

shorten the duration of the order processes that would certainly make the online shopping much simpler, faster and totally trouble free experience for their customers. \* CASH ON DELIVERY \* Flipkart launched the Cash on Delivery services for the customers who do not prefer to make an online payment. Using this payment mode, customers have to pay only when they receive the ordered item at their doorstep without any making any sort of advanced payment to Flipkart.

Payment mode for this is strictly cash and the currency used can only be Indian Rupees. No discount coupons or e-vouchers can be availed while using this mode of payment. \* India is a cash- driven economy with plastic cards penetration as low as 3% as of 2012. Also the existing payment gateways and infrastructure are not in such good condition and a noticeable amount of transactions fail. Also people in India still perceive high risks in using credit/debit cards online and thus in online transactions. All these reasons led to Flipkart adopting such a mode of payment.

But the most important reason was because it was the demand of customers and since Flipkart has the maximum focus on customer satisfaction, they went ahead and adopted Cash-on-delivery mode of payment. \* Important factors while adopting Cash-on-delivery model are that they have to deliver good products in good condition because if a product is not in good condition, customer cannot be expected to make the payment. They have to have their own collection and delivery network as they can't rely on a third person to collect cash for expensive items and give it to them.

They need to have strong and consistent operations and they need to make timely delivery because if they fail to do so, a customer is already lost for

them for future. They also need to maintain customer relationships and respect customers so as to maintain long-term profitability from the customers. \* Cash-on-delivery model has increased the sales of the company by great margins and Cash-on-delivery has become the most used mode of payment. But there are many downsides of using this model. Rejection rate of the products delivered through this model is as high as almost thirty per cent.

Though this is lower than other Cash-on-delivery players, still it is too much. Generally the company has to incur Rs. 35-70 for every transaction involving cash-on-delivery, but the cost could reach as high as Rs. 100 in case there is rejection or if multiple trips are needed to deliver the order. Whereas when the transaction is carried out using credit/debit cards or net-banking, only 1-2 per cent of the transaction total value is taken by the online payment partner as service fee. Therefore until and unless the transaction value is high enough, cash-on-delivery model cuts down the retailer's margins by high values.

Also cash-on-delivery model tends to block the working capital that could have been better used for expansion and growth. \* REPLACEMENT POLICY \* Flipkart provides a thirty day replacement policy for every product purchased from its website. Defects in any product can be highlighted by customers at the time of delivery or within thirty days from the date of delivery. No cost is charged for replacing the defected product. \* Main objective of this policy is related to the core value of the company - customer satisfaction.

This policy makes customers feel much more secure about purchasing items online and helps build the company a strong trust with its customer base.

**PAYMENT GATEWAY OF FLIPKART** Flipkart provides its customers with a hundred per cent safe transaction experience. Credit card payments are processed through the HDFC Bank payment gateway, as well as payment gateways (E Billing Systems/cc Avenue) that interface with various banks. The latest encryption technology is being used by HDFC bank to protect each customer's credit card information.

So as to hide the information while information travels over the internet, it encrypts one's credit card number. HDFC also asks you to enter the three digit CVV (Credit Verification Value) number which follows credit card number and is given at the back of the card so as to make sure that the person carrying the transaction has the physical plastic card. Flipkart's main focus is on customer satisfaction and in this case also Flipkart. com offers the security of highest standards so as to ensure that the shopping experience of each customer is private, safe and secure.

Flipkart. com does not collect or store customer's account information at all. Authorization of transaction takes place at multiple points, first by HDFC and subsequently by Visa/MasterCard/AMEX secure directly without any information passing through them. Payment Options \* Flipkart accepts all MasterCard, Visa credit cards and AMEX. \* Flipkart do not accept any international credit cards on Flipkart. com at this stage. \* Apart from Credit and Debit Cards, payments are accepted by Flipkart by Internet Banking, Cash-on-Delivery and Equated Monthly Instalments (EMI).



All Credit/Debit card details remain confidential and private. SSL encryption technology is used by Flipkart and their trusted payment gateways so as to protect the customer's card information. SSL encryption technology Netscape developed a protocol Secure Sockets Layer (SSL) for moving the private documents over the Internet. A cryptographic system is being used by SSL that uses two keys to encrypt data ? a public key that is known to everyone and a private or secret key which is known only to the recipient of the message.

Many Web sites use the SSL protocol to obtain and protect confidential user's personal information, such as credit card number. URLs that use SSL connection have to start with https instead of http which is nothing but Secure HTTP. But both SSL and S-HTTP have different uses. Where a secure connection between a client and a server is created by SSL, over which unlimited amount of data can be sent securely, individual messages are transmitted securely using S-HTTP. SSL and S-HTTP are therefore complementary rather than competing technologies.

**DIFFERENT METHODS ADOPTED BY FLIPKART**

Auto redirection to banking site: Customers are automatically redirected to the page of respective banks where the information is required to be filled. Thus Flipkart never lands you on CC Avenue page unlike most other ecommerce sites. Hence Flipkart skips an unnecessary page by passing the needed parameters directly to CC Avenue.

\* Banks Status: Flipkart maintains its own real time status to check whether the net banking service of particular bank is working. So the customers come to know about a problem prior to entering that bank's website.

ONLINE PAYMENT PROCESSING SERVICES CC Avenue 1) Uses secure servers throughout and adopt stringent security measures to ensure that sensitive information such as customers' personal details is protected. 2) Customers enter all their personal information and Credit Card details on ICICI's E-Payments (Payseal) and Citibank's secure servers and the same is encrypted before it is transmitted over the Internet to the Acquiring Banks. 3) Additionally CC Avenue's server is behind security firewalls to ensure maximum protection of your customer's information. EBS (E-BILLING SOLUTIONS)

For better encryption of data, it uses seven architecture model which helps in protecting the client information. High-tech Axis, HDFC and Citibank's secure servers are used to authorize all credit card transactions and the same is encrypted before it is transmitted over the Internet to the Acquiring Banks. To ensure maximum protection of customer's information, EBS servers are also behind the security firewalls. This guarantees that the buyer's information is not available to any third party. EBS makes use of the best amongst the industry standards - the VeriSign technology, which ensures the complete security of the data.

A/B FRAMEWORK - UNIQUE FRAMEWORK USED BY FLIPKART The framework has two components: Through the first one the performance of the website is measured using various metrics which are pre-defined. The second one uses an A/B framework that allows different versions of the website to be available simultaneously which is used to check the success of the advertising campaigns over the website. Thus the company conducts live

and real experiments by diverting a small portion of the traffic and studying the results. Both components work together and simultaneously.

The website's performance on various parameters is measured by the metrics tool which is kind of a dashboard. For example, systems are immediately warned in case the transaction rate goes down below a certain limit. Flipkart's engineers can also rapidly implement and check their ideas using the A/B component. When someone proposes a new idea, a lot of precious time is spent debating what-if scenarios. Using this framework an idea can be implemented while mitigating its risks. For example, the A/B framework redirects ten per cent of the Flipkart's traffic to the new design/idea whenever an engineer changes the design of any page.

Through this they can evaluate and analyze the effect of the changes using the metrics tool for collection. If it does not lead to any productive result, they can immediately change it back, and only less than ten per cent of traffic is impacted. The Benefits Since the tool has been introduced sometime around mid-2010, Flipkart now sells more than twenty types of products, taking the sales up to Rs 75 crore a month. In fact, during the last eight quarters, Flipkart has been able to double its revenue each quarter.