"Ad-Mad: Recapturing the Lost Mindshare"

Mr. Agrawal, Chief Executive Officer of *buyeasy.com* (be), was awaiting for his team members in the conference room. The three key members of his organization had very little idea of this sudden and urgent meeting that had been called, informed to them only the night before. **Mr. Muthai** (Head of Sales), **Mr. Panda** (Head of Customer Services) and **Mr. Melangi** (Head of Operations) met early in the parking space to speculate on the objective of the meeting. Two days ago, an internet blogpost article from a certain user over his dreadful experience with *buyeasy* had gone viral in the media and thus had shook the very foundation of *buyeasy* – Customer First. Mr. Agrawal was in a fire-fighting mode, he planned to go back to the drawing board and understand the key issues underlying such a massive defaming of *buyeasy* in the media.

Indian E-commerce Business

The blue ocean of ecommerce in India has now become the red ocean of business. Indian retail market is expected to be $900bn by 2014, and out of which online contribution is just 0.47% while the global industry averages around 4%[1]. The need of the hour is to understand what makes the customer opt for a specific e-portal.

Over the past few years, the Internet has changed the way we buy and sell goods and services. Right from the maternity ward booking for an expected new born to insurance claim after a close one demises, we are in front of web pages. Can we imagine buying a car without doing online research? Can we imagine opting for a specific hotel without e-research? Don't we look for the events and discounts in our city via the glittering web pages. Footing a step in the mall is so out dated, welcome to the age of '*Marketspace*'

Ecommerce has a great deal of advantages over "brick and mortar" stores and mail order catalogues. Consumers can easily search through a large database of products and services. They can see actual prices, build an order over several days or email it as a

[1] http://www.retailoia.com/2012/11/indian-ecommerce-current-trends.html

"wish list" hoping that someone will pay for their selected goods. Customers can compare prices with a click of the mouse and buy the selected product at best price.

The market place has been flooded with several e-commerce options for shoppers to choose from. A variety of innovative products and services are being offered spoiling customers for choice. Shopping Online is no more a privilege enjoyed by your friends and family living in abroad. It is now a reality in India. The growth of e-commerce industry in India has been phenomenal as more shoppers have started discovering the benefits of using this platform, and thus more players have simultaneously entered a once barren field. Big claims, sweet eye-catching deals, creative promotions and ease of access have made the Indian Consumer more powerful than ever.

The Indian ecommerce market is going through a huge surge of growth and according to 2012 CRISIL report, Indian online retail industry will grow from Rs 32 billion in 2012 to projected revenue of Rs 100 billion in 2015, a CAGR of 45%-48%.[2]: (refer Exhibit 1)

***Buyeasy*.com – Indian Pioneers In E-commerce**

One of the earliest e-commerce websites in India *buyeasy* was launched by US return technocrat Mr. Suraj Agrawal, an IIT-B Alumni. He formerly worked at buyzone.com in US before founding his own company. The genesis of *buyeasy* rose from the desire of Mr. Suraj Agrawal to create an easily accessible & complete shopping experience within the comfort of home to the Indian Customer. The company initially positioned itself primarily as an online retailer of books, later moving on from single category stores to multi category stores providing complete utility products such as books, consumer electronics, consumer appliances, lifestyle products & also entertainment utilities. The seed of humble beginnings has today moved onto become India's top 30 websites with customer base of more than 2 million , with more than 30,000 shipments on a daily basis.[3]

The sole reason being aptly highlighted in the Hindu article on e-commerce in India; 'Concept of e-commerce is downloading at a fairly rapid pace in the psyche of the Indian

[2] http://articles.economictimes.indiatimes.com/2013-06-12/news/39900085_1_myntra-indian-online-yebhi-com
[3] Thehindu; update

consumer. In the metros, shortage of time is a big driver for online shopping. On the other hand, accessibility to a variety of products makes audiences from smaller towns and cities opt for the online route. Major retailers face challenges in stocking their stores adequately. Often, customers are unable to purchase items of their choice, thus prompting them to resort to e-retailers.'[4]

Buyeasy clocked gross revenues of Rs 500 crore for the year ended March 31, 2012, a tenfold increase from Rs 50 crore in 2010-11. This means last year, *Buyeasy* was valued at around 12x its FY12 gross merchandise value. This phenominel growth results from the founder's passion for consumer internet space which is synonemous with Customer service resulting in customer delight and that is highlight in the brand name itself '*buyeasy*'.

[4] [4]http://www.thehindu.com/features/magazine/the-flipkart-story/article3290735.ece

The War Room

Waiting in the conference room Mr. Agrawal pondered over proceedings of the last couple of days. The online grievance by one dissatisfied customer created uproar in the entire media. This incident led to the opening of Pandora's box related to customer experiences and reviews with *buyeasy* at various online forums & social media like facebook , twitter etc. The whole electronics and print media exposure resulted in aggravating even the otherwise satisfied customers who came out in open support for the article. The air in the conference room was dense and still, signalling the approach of a storm unforeseen. He decided to start the discussion with his core team by analysing the backdrop of this scenario. On this very moment there was a knock on the door, he swivelled in his chair and signalled Mr. Muthai , Mr. panda & Mr. Melangi to join in.

Mr. Agrawal: I believe that you are updated with the current situation regarding the blog post of a dis satisfied customer that has gone viral. Although, we pride ourselves in excellent customer service and industry wide we are bench-marked for that; but it is this one incident that has brought our core-belief up to interrogation by the pseudo-business pundits. I will take you back to the quote that was initially floated:

" *Buyeasy* screwed me over: Here's how they could stick it to you as well. *The problem with Buyeasy is that it is NOT the online retailer we had all come to love and believe in. When they maintained their own inventory, it was easy to trust them, but now with a marketplace model, that simply can't be the case."* [5]

Where do you think we have failed? Has the shift in business model impacted customer sentiment so much? Are we as a market-facilitator unable to deliver on time due to supply side issues and thus are diverging from our core value proposition?

Mr. Muthai: Online retail is surely an attractive space, with so many brick-and-mortar brand digitizing aspects of its marketplace. In this clutter we have stood the test of time, our financials have gone 12X in last 6 years. Every few years, new trends crystallize in the e-commerce space; trends that we think will improve our business, and position us

[5] http://www.thinkdigit.com/Internet/*Buyeasy*-screwed-me-over-Heres-how-they_17224.html

for greater immediate and long-term success. In our case, we have never chased these trends, we have built amazing experience for customers, but recently we moved towards the Market Place model which is essential for us to run our operations effectively minimizing the inventory cost and thus bring down our expenses and for us to be in compliance of the law, if we are to keep our funding from foreign investors intact. Let's not forget we are testing the waters right now and inferring that we have failed is too soon to comment.

Mr. Melangi: Without having to purchase or maintain physical infrastructure, startup costs are low and scale is basically unlimited. It's surely an attractive space, with so many brick-and-mortar brand digitizing aspects of its marketplace. *Buyeasy* business model has improved. From being an online retailer, they went to becoming an online marketplace. The difference, in this business model is we are connecting those endless merchants to our esteemed customers. We now are transaction enabler and a facilitator, broking between sellers & buyers and are able to compare sellers while delivering the best prices at varied service levels for most products.[6] This of course is helping us as our cash flow has smoothened & we can extend that towards many more services and product diversification, while facilitating the advertising, shipping & eventually delivering the consumer choice.

Mr. Panda: The real earning of any business is the goodwill and reputation in the long run. This in turn generates stake holders who bring more interested target customers. The real money is made over the long term through repeat sales and referrals. So by offering great customer service and being fair in all business dealings, long-term relationships can flourish with both customers and suppliers. The firm should not be afraid to give people their money back, if the case requires an action like that. .

Mr. Agrawal: Changes and improvements should benefit the consumer and in doing so convert more customers into consumers and existing consumers into bigger and more frequent spenders. The consumer will in turn be a spearhead of our marketing. The word-of-mouth and effectively free of cost digital marketing that the firm gets from consumer tweets, likes and shares are in turn a big booster for growth. Elegant design might be satisfying but frequent and multiple site enhancements whose effectiveness shows on the

[6] http://www.business-standard.com/article/companies/*Buyeasy*-changes-business-model-launches-*Buyeasy*-marketplace-113040600051_1.html

bottom line are even more gratifying. The consumer should always be drawn back to the site, even for his/her minor searches and thus our Search Engine Optimization (SEO) has been exceptional.

Mr. Muthai: Agreed with your point to hundred present, but going by the recency, frequency & monetory evaluation method (RFM) we emerge as a market leader. Customers who purchased recently were more likely to buy again versus customers who had not purchased in a while, whereas customers who purchased frequently were more likely to buy again versus customers who had made just one or two purchases. Customers who had spent the most money in total were more likely to buy again. The most valuable customers tended to continue to become even more valuable. Our RF scores are industry high but M score is showing a negative trend in the recent times. This may be because of the cancellations in orders taking place at customer side when the price of the product is hiked up at the retailer side post order booking.

Mr. Melangi: There are budding challengers out there who want to stand as competition and hurt the business the firm has been focusing on. So be it new tech kid on the block or already existing firm diversifying their marketing efforts via online sales the world is getting tougher every other day. Keeping abreast of developments online is the key in online marketing. News, shifts in online culture understanding how to read basic web analytics and leveraging the power of SMAC-social, mobility, analytics and cloud is now essential. Being clueless to these things will eventually leave us for dead.

Mr. Agrawal: We have been spending enough on our marketing front, are we connecting enough to our customers through mass and social media efforts?

Mr. Muthai: *Buyeasy* very wisely used SEO's and Google Ad-words as the marketing tools to have a far reach in the online world. Their discovery has been mostly organic in nature. *Buyeasy*.com official Facebook page has close to 1.8 million 'likes'. *Buyeasy*'s official twitter handle *@Buyeasy* has more than 80000 followers. *Buyeasy* also maintains a blog, which features as a journal for both internal as well as external public. The ad hit rates from Facebook are also contributing to our business.

Mr. Agrawal: Business has been growing steadily, but are we connecting enough to the customers. We have continued the use of kids in their ads but at the same time increased

their Target audience to those who had never tried online shopping before, with the new tagline of "***Shopping ka naya address*".** We need to introspect on our positioning, Is it time we move away from **"ease of use"** with kids as our cast to the **"complete family experience"**? Is it paying us enough for the long run? Should we re-position on the premise of **'customer experience'** or **'product offerings'**.

Mr. Melangi: On the operations and logistical issue we have made huge strides, the recent funding by our venture capitalists is on the enhancement of our delivery mechanism. More penetration in terms of reach and on time delivery is our going to be our major thrust. We in the new business model have added new merchants & retailers to provide an extensive range of products to our customers. The challenges are new every day and we are improving likewise. "*Paizaeasy*" is our new payment option, which has been tested with our existing retailers and has been a hit because of its effectively cashless transaction methods and the option credit extension available at the click of a button. Soon, we will be launching it for our customers, and with this the doubts regarding credibility and security of online payments to multiple retailers employing different gateways will be answered once and for all. The USP of "*Paizaeasy"* for customers being that rather than directing the payment through multiple gateways, which given the internet speed in India is a hassle, it will take them under 1 minute to complete the transaction via mobile number verification or OTP generation. Also this will provide with the facility to maintain and e-wallet online which can be recharged anytime just like your regular sim card.

Mr. Agrawal: The credibility of retailers is a major criterion where we need to benchmark with an immediate effect. No shoddy product shall be ever offered. A drive that evaluates the retailers on different criteria should be immediately released and stringent screening and evaluation process is followed thereon. I suggest we hire more interns & operations professionals who could join us and help us integrate on these issues. To cultivate a continued sense of community across your offering, integrating social is the key. To take cue from best industry practices, benchmark them & in turn effectively implement the same.

Mr. Panda: We at our department are building a great e-commerce community that is, communicating to each user as an individual, pre- and post-purchase. We strive to build a successful e-commerce website that incorporates multiple end-user touch points

throughout as part of the experience. Each interaction is an opportunity for insight on that person, which, in turn, enables targeted campaigns to drive retention, reduce abandonment, and foster long-term brand loyalty. Till now we have been relying on our in-house data analytics teams and I feel instead of hiring outside expertise we should expend resources on training the team to be self sufficient in this aspect.

Mr. Agrawal: Hearing all your concerns and solutions I have regained confidence in the thought process that runs in this organisation. I am looking forward to hearing from you the measures and changes in business strategy that we should be taking head on to gain the lost customer confidence. This fiasco is not any one department's fault but to be viewed as a mirror to the team work that we need to put in. Last but not least, remember, building a truly successful company from revenue and profit standpoint takes some time. After you set up shop, don't expect to suddenly see results. As with any business, it takes a fair share of growing pains before you see the traction you want. Calibrate expectations accordingly!

Let's break for Lunch!

Questions for discussions

A Case study with these brief questions that could be discussed at the end:

Q1. Discuss the difference between old & new business model. Was it the right decision at this point of time to vary the business model?

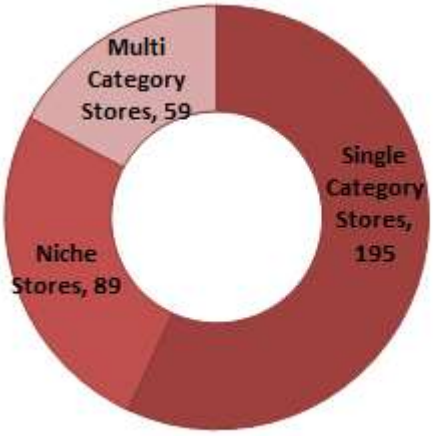
Q2. The positioning of the brand (ATL promotions) should that be changed or reinvented?

Q3. What is more important at this point of time: Hits rates (volume based trade) or proper pricing (value based trade)?

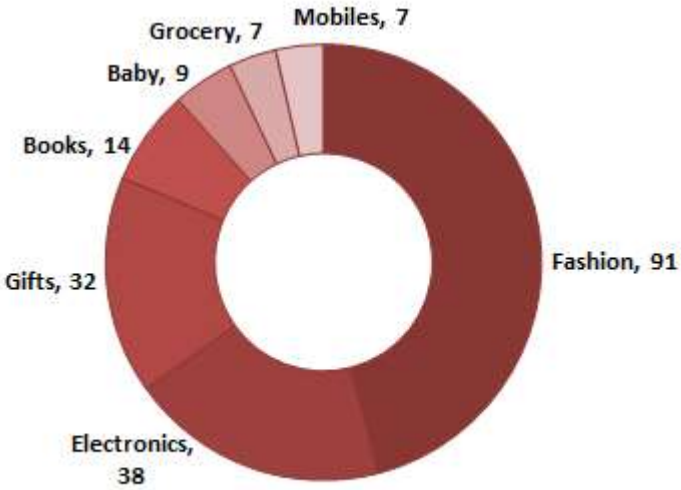
Q4. How to address the issue of customer service while aiming for complete customer experience?

Exhibit 1[7]:

DISTRIBUTION OF INDIAN E RETAIL



Type of Stores



Category Wise Split for Single Category Stores

[7] http://mysmartprice.com/the-great-indian-e-commerce-bazaar/