

Myntra- An Online E-Commerce Retailer to a Mobile Commerce Player

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Abstract

The revolution of mobile phone innovations has opened the doors for companies to gain purchasers through downloadable smart phone applications. These applications expand the usefulness of the advanced mobile phones and empower shoppers to perform different tasks easily. These applications have also produced significant interest due to high client engagement. The greatest example of this was recently evidenced by the decision of the online fashion retailer Myntra to operate through apps only by closing down its e-commerce website entirely. This qualitative study discusses in detail the pros and cons of Myntra's motive of taking such a bold step and what is the future of this decision in the backdrop of the Indian market where a slow transition is taking place from e-commerce to m-commerce platform.

Keywords: Myntra; E-commerce; Mobile commerce.

INTRODUCTION

By the start of 2015, there were more than 300 Million internet users in India with a 32% year on year growth (IAMAI, January 2015). As the costs of Wi-Fi access and buying a cell phone with 3G and 4G data choices decreased, Indian mobile users became an important set of customers.

The changing technology scenario was a wonderful opportunity for retail brands to personalize and customize the experience for users. From the perspective of a brand, after the download of an application by the customer, the application would be logged in always. Thus the brand would be able to gather user data like length of browsing time, repeat buying, information sharing platforms used etc. Organizations would also start having their own data analytics to better serve the users as well as to supporting their marketing activities¹. One such company was Myntra.

In May 2015, Myntra shut its website to become a mobile app-based retailer enabling clients to just purchase through smart phones. The move came after Myntra asserted that 95 percent of the Internet traffic came through mobiles and 70 percent deals were created through smart phones.

The move to only-application business saw 10% decrease in sales at first which brought up a few issues on the success of having business through mobile applications only. There was an outrage from the people after this move and the mobile app page of Myntra on the Play Store received a lot of one-star ratings. Competitors like Snapdeal and Jabong put out statements that they were not going to follow this move and would continue to sell through websites. Even experts were divided over this move².

E-commerce industry in India

India's e-trade business sector was worth about \$3.8 billion in 2009, and it went up to \$12.6 billion in 2013³. In 2013, the e-retail fragment was worth US\$2.3 billion. Around 70% of India's e-trade business sector was travel related⁴. As indicated by Google India, there were 35 million online customers in India in 2014 Q1 and was estimated to cross 100 million imprint by end of year 2016⁵. The major players in e-trade industry were Flipkart, HomeShop18, Snapdeal, Indiatimes shopping and Makemytrip, Jabong and Zomato.

Mobile- application industry in India

The mobile applications industry in India was growing. As indicated by the Mobile Marketing Association (2014), Indian organizations spent 3 billion rupees (\$49.9 million) on mobile advertisements in 2013, and the business sector was anticipated to extend 43 percent in 2014 (Varnali and Toker, 2010). India's M-Commerce (mobile commerce) business size was assessed to be approx. \$2.5 billion in 2014⁶. As per the 2013 Brand Z report, out of the 100 most important worldwide brands, 89 of them outlined and dispatched an application all over the world. As per App Annie Index (2013), India was in the third position in terms of the quantity of downloads from Google Play and Apple App Store⁷. The application downloads in India was prone to increment from 1.56 billion in 2012 to 9 billion by 2015 and the incomes produced by means of these applications

¹<http://www.quora.com/Olacabs-1/Why-are-companies-like-Myntra-and-Flipkart-shutting-down-their-websites-and-moving-entirely-to-their-apps>
²Sumanth Raghavendra, "Polemics and Panegyrics – why Myntra's move to app-only may have nothing to do with mobile", www.yourstory.com, May 30, 2015

³Shivaji Mitra, "List of top 30 online ecommerce shopping sites in India", www.anblik.com, September 5th, 2015

⁴<http://www.pwc.in/assets/pdfs/publications/2014/evolution-of-e-commerce-in-india.pdf>

⁵"Online shoppers in India to cross 100 million by 2016: Study", www.timesofindia.indiatimes.com, Nov 20, 2014

⁶<https://paytm.com/blog/online-commerce-in-india%E2%80%8A-%E2%80%8Akey-stats>

⁷"App Annie Index – Market Q1 2014: Revenue Soars in the United States and China", www.blog.appannie.com.

were likewise anticipated that would cross INR (Indian Rupees) 800 crore by 2016⁸.

The average smart phone user in the nation had 17 applications and the number was near the worldwide normal of 25 applications. According to the study by Ericson (2014), a telecom hardware producer, Indian clients spent more than 3 hours and 18 minutes a day on their smart phones and 33% of that time was spent on applications. It was seen that there was 63% increase in the usage of applications in the previous two years. India had higher Smartphone utilization than the United States (US), where the normal time spent on cellular telephones was 132 minutes for each day in the US⁹.

HISTORY OF MYNTRA

Myntra.com, an Indian e-trade organization of design and casual lifestyle items, had its headquarter situated in Bangalore. Built in 2007 by Mukesh Bansal alongside Ashutosh Lawania and Vineet Saxena, Myntra was in the trade of on-demand personalization of gift items. It basically worked on the B2B model amid its introductory years.

By 2010, Myntra moved its center to the web retailing of branded clothing. Somewhere around 2007 and 2010, the online entrance permitted clients to customize items, for example, T-shirts, mugs, mouse cushions, timetables, watches, teddy bears, pendants and so forth. After just 3 years, Myntra turned into India's biggest personalization stage with more than half of the market share¹⁰.

In 2011, Myntra extended its index to incorporate style and way of life items and moved far from personalization. Myntra tied up with different well-known brands to distribute an extensive variety of most recent stock from these brands. Myntra offered items from 350 Indian and International brands by 2012. Myntra likewise had easygoing wear for men and ladies. The site saw the dispatch of Fastrack watches and of Being Human, the brand¹¹.

In May 2014, Myntra.com converged with Flipkart to contend with Amazon which entered the Indian market in June 2013 and other established offline retailers like Future Group, Aditya Birla Group and Reliance Retail¹². In 2014, Myntra's portfolio included around 1, 50,000 results of more than 1000 brands extending from worldwide brands to designer brands and diffusion zone of around 9000 pin codes in India¹³.

PROS/CONS OF MYNTRA'S DECISION OF SHIFTING TO APP PLATFORM

Myntra said that 95 percent of Internet activity came through mobile and 70 percent of its deals were created through smart

phones which could be a conceivable thought process with reference to why it has wandered totally into smart phones.

Pros/cons-Traffic from the smart phone application may have developed from about zero to 70% in the space of one year however that didn't essentially imply that desktop traffic had declined. So while mobile activity may have been developing really fast, it was quite possible that desktop traffic had additionally stayed stable if not expanding.

The other real reason that Myntra decided to clarify the move was the potential for the cell phone to offer a more customized affair for the customer.

Pros/cons-It is without a doubt genuine that a mobile is a much more individual gadget than a desktop and it knows a great deal more about us than our desktop. In any case, aside from some extraordinary components like-camera and sensors to encourage the client to make sense of how a dress or embellishment would look on her or a single tick beautician attendant element where one could have a feature talk with a styling master who can help him/her with a buy choice every other viewpoint are same as of that of its site. Personalization has its advantages however it additionally implies that there can't be an excess of warnings (excessively chafing) or excessively few (a peril of being overlooked). Getting the offset right will be fundamental. One more con about Myntra's strategy to prefer smart phone stage only is mobile shopping is incredible on-the-go, yet not everybody is continually shopping while travelling.

Another advantage with the application only strategy is Myntra being a solitary stage player.

Pros/cons-First of all there is no repetition expenses included in this strategy and even a greater pro is the way that mobile means more impulse traffic and conversion of purchases. The mobile revolution over the recent years has urged clients to shop or window shop through smart phones; subsequently it appears to be reasonable that the organization needs to keep its clients to a solitary stage just.

Recent accessibility of Low priced smart phone handsets and simple accessibility of web through 2G and 3G systems in India was another reason that affected Myntra to work through applications just.

Pros/cons-Over 60 mobile users in India are confronting network issues while getting to web crosswise over areas, particularly in provincial regions, a late Ericsson (2014) study uncovered. It leads to a possible invasion of privacy as most apps today want access to all your personal information such as device and app history, contacts, identity, location, phone and media files along with a lot more. Moreover, the rate of payment failures could possibly increase as the internet speed/network could sometimes hamper the payment process. Desktops are far more comfortable. To compare products,

⁸ <https://www.kpmg.com/IN/en/Topics/FICCI-Frames/Documents/FICCI-Frames-2014-The-stage-is-set-Report-2014.pdf>

⁹ Don Kellogg, "Mobile Apps Beat The Mobile Web Among US Android Smartphone Users", <http://www.nielsen.com/>, Aug 18, 2011

¹⁰ Amy Kazmin, "Myntra spearheads India's move away from desktop browsing", www.ft.com, May 15, 2015

¹¹ Hari Bhushan, "History of Myntra", www.scribd.com

¹² "Flipkart, Myntra merge in Rs 2,000 crore deal", www.timesofindia.indiatimes.com, May 23, 2014

¹³ "Myntra.com Introduces India's Biggest Fashion Sale, the 'End of Reason Sale'", www.telegraphindia.com, Dec 31, 2014

customers can have multiple tabs open. Besides, they can also zoom in to get a better view of the product, which wouldn't be so attractive on a smaller screen¹⁴.

To explain their strategy, online retailers point to the iniquitousness of mobile phones. Almost everyone has a cell phone, and smart phones are very common, so they state that they are just following their customers.

Although that seems fine, but why should they eliminate the website completely? The answer might lie in the cookie, which are the byte-sized portions of information that assist to build an identikit of visitors to websites. A cookie can be used by others, and online retailers obviously don't want to share it with competitors. However, with an app, there is no such problem.

"The web is an open architecture. There are a wide variety of sensors detecting what you do, and that information is easily available. In an app, you isolate your behavior," said angel investor Ajeet Khurana.

Ecommerce websites subscribe to ad exchanges to bring users to websites. This in turn segments users into different groups and then they can target ads by taking into account the websites and products that users previously visited or saw. But cookies have their pros and cons: While they can push a customer towards a web site, through intermediaries, they can also have ads from other companies on the browser. Conversely, if a person's objective to buy a product moves from Google to an app, only the app becomes knows the needs of its users and it could sell more to these users over time.

"With these third-party cookies, you win as well as you lose. But the bigger guy has more to lose," Khurana said¹⁵.

FUTURE OF MYNTRA APP

"Fashion is a very personal experience. We believe that only mobile can truly deliver this experience as it captures user's lifestyle and context in manner that no other medium does. Think of all the hardware and software features that one can leverage like camera, contact, location etc. to understand the user's context and deliver the experience that is deeply personalized," - Mukesh Bansal, Myntra CEO, 2015¹⁶

The organization said that 95 percent of Internet traffic came through mobile, and 70 percent deals were produced through smart phones. So regardless of the fact that desktop clients relinquished the site, they weren't generally losing excessively. Interestingly, more than 50 percent of their mobile activity was originating from Tier II & III urban communities, which would keep on growing. Requesting garments online would appear to be coherent just when a certain brand wasn't accessible in your city and that was the reason Myntra's attention on Tier II & III urban areas boded well.

According to a late report from Morgan Stanley, online customer entrance in India was expected to increase from 9 percent in 2013 to 36 percent by 2020, essentially driven by mobile clients. Hence it was expected that Myntra with its app-only business would make the users download the application — a win-win circumstance for the both the individuals who used to go to the website and for the new users as well. Given how the application universe functioned, users had the choice of erasing it, if it didn't work for them. Hence it made the user more effective implying that Myntra needed to live up to the expectations. They would need to demonstrate that there was worth in downloading the application and keeping it.

For the occasion, primary opponents Amazon and Snapdeal had proclaimed that they wouldn't be having app-only business however they would keep an eye on things. Myntra, then again, would trust that it had not only seen a bit of the future but also chosen the right time to jump in.

From the overall business perspective, Myntra said it hoped to become profitable by 2016-17 as it phased out discounts and generated higher margins from apparel sale online. "We are still in an investment mode. Given our business model and the margins we see, Myntra is poised to become profitable in a couple of years," Mukesh Bansal, co-founder and CEO of Myntra, said¹⁷.

Myntra was looking to grow fast and went on an acquiring spree with Cubeit, Native5 and InLogg¹⁸. The latest acquisition was done to strengthen and further develop its supply chain capabilities helping it to improve its reach as well as reduce delivery time. It was also investing in AI to predict the way people will shop on the website, allowing it to build traffic models and hence plan its servers.

REACTIONS FROM OTHER ONLINE AND OFFLINE BUSINESS REGARDING MYNTRA'S DECISION

E-business in India had been a disagreement of sorts. In a report in the Wall Street Journal, Myntra's choice to close its site for an application just methodology appeared to create an uncertainty of the business.

Amidst the surge in optimism, there was developing forcefulness among brick and-mortar organizations to expand their offer of business. While prior, offline stores had declined to service phones and gadgets acquired on the web, they now appeared to have understood the significance of concentrating on online business also.

Recently, e-Commerce major Snapdeal declared that it would permit its clients over 200 urban communities to pay through their credit/debit cards when they selected pay-on-conveyance

¹⁴ KarrishmaModhy, "Will Myntra's move away from desktop cause its downfall?", www.tech.firstpost.com, May 20, 2015

¹⁵ Krithika Krishnamurthy, "Could this be the reason why etailers want to go app-only?", www.articles.economicstimes.indiatimes.com, Jul 9, 2015

¹⁶ <http://m.tech.firstpost.com/news-analysis/is-myntras-app-only-approach-the-wave-of-the-future-267497.html>

¹⁷ Manu P Toms, "Myntra doing \$400M in GMV, to turn profitable by 2016-17: Mukesh Bansal", www.vccircle.com, May 12, 2015

¹⁸ "Myntra 'acqui-hires' logistics start-up", www.thehindu.com, April 20, 2017

alternative¹⁹. As of 2015, e-business sites in the nation permitted cash on delivery (COD) payment choice. The arrangement had been produced in partnership with GoJavas and it had come as a vital strategic move against Myntra's policy.

REVENUE MODELS OF MYNTRA AND OTHER ONLINE RETAILERS

Revenue Model of Myntra and Flipkart

Myntra was more of a fashion life style shop whereas Flipkart covered almost all product categories. Both were resellers of brands. Myntra kept up its application which was the main method through which a client could buy while Flipkart operated through both site as well as through application. Myntra's plan of action was taking into account current season merchandise from various brands and making them available on the portal at the same time as in respective retail brand outlets. Every one of these items was offered to clients at MRP. It fundamentally took after a B to C model like Flipkart. Operationally these two models were the same with a special case of Flipkart dealing with its own particular logistics. Myntra was attached up with DHL/Bluedart and other transporters. In this model, the E-Commerce player controlled end to end value chain i.e. starting from acquiring to conveyance was controlled by the service provider. They worked in a standard supply chain model (obtainment, stock administration, satisfaction, merchant on-boarding, and logistics). They were searching for a bigger market share by keeping their functionality and operational medium separate²⁰.

1. Revenue Model of Jabong

Jabong.com, an Indian fashion and life style e-trade portal, offered attire, footwear, design extras, magnificence items, scents, home embellishments and other design and life style items. Jabong for the most part offered shoes, clothing, adornments, home stylistic layout and furniture through its site. The e-store contained over 1000 brands and more than 90,000 items. Jabong.com took after both an inventory model and an oversaw commercial center model. In the inventory model, items were sourced from brands and put away in the Jabong stockroom while in the oversaw commercial center model; Jabong gave advertising, logistics and conveyance. Jabong worked through both e-business portals and through application.

2. Revenue Model of Snapdeal

With 20 million enlisted clients, Snapdeal was one of the first and biggest online commercial centers in India. As a webpage which began off offering deals, they later offered everything from attire to aromas to cellular telephones to bikes, having everything that a customer might need to purchase, accessible on their site. Snapdeal's business and stage model was secured

by an imaginative framework that consolidated upgrades from both dealers and customers. The Snapdeal.com stage empowered merchants to rundown items available to be purchased on the site, oversee stock, and roll out evaluating improvements progressively in light of what was going on in the commercial center. In this model the E-Commerce player did not offer any products/service all alone but rather offered rebate coupons which could be utilized by purchasers to profit markdown at the season of purchasing merchandise or benefiting services from the vendor. Snapdeal worked through both e-business portals and also through application²¹.

1. Revenue Model of E-Bay

EBay Inc. (stylized as eBay, formerly eBay), an American multinational corporation and e-commerce company, provided consumer to consumer & business to consumer sales services via Internet. The company managed EBay.com, an online auction and shopping website in which people and businesses bought and sold a broad variety of goods and services worldwide. In addition to its auction-style sales, the website had since expanded to include "Buy It Now" shopping; shopping by UPC, ISBN, or other kind of SKU (via Half.com); online classified advertisements (via Kijiji or eBay Classifieds); online event ticket trading (via Stub Hub); online money transfers (via PayPal) and other services. In the business model it followed, the role of E-Commerce player was to bring buyers and suppliers on single trading platform i.e. to create a Mall or Common Market Place. EBay didn't have any inventory system of its own. It only provided technology platforms and tools for e-commerce. EBay had various revenue models. For example – it earned transaction fee from PayPal. EBay also gained sales from the service of listing customer's product to be sold to other users as well as some advertisement fee. EBay operated through both e-commerce portals as well as through app²².

CONCLUSION

While Myntra had gone all mobile, its parent company Flipkart, which planned to follow the same path in a year, was yet to make any formal announcement. The switch would probably depend on how successful Myntra turned out to be in the following months to come.

Brand-expert Harish Bijoor said, "Initially, there will be palpable turmoil with anything between 15 to 20 percent of existing customers, but this will settle down." He believes that the biggest advantage with the app-only strategy is being a single platform player. He further adds, "There is focus and no redundancy costs. An even bigger pro is the fact that mobile means more impulse traffic and conversion of buys." When asked whether this decision could affect sales or faithful customers, he said that, "In the short term, for about four months, it could, but it wouldn't in the medium term."²³

¹⁹ http://www.nishithdesai.com/fileadmin/user_upload/pdfs/Research%20Papers/E-Commerce_in_India.pdf

²⁰ <http://www.quora.com/How-is-Myntra's-business-model-different-from-Flipkart>

²¹ <http://www.quora.com/What-is-the-business-model-of-Snapdeal>

²² <https://ecommerze.wordpress.com/2008/06/13/revenue-models-of-google-ebay-amazon/>

²³ Karrishma Modhy, "Will Myntra's move away from desktop cause its downfall?", www.tech.firstpost.com, May 20, 2015

On the other hand, there are cynics like Ranjit Nair, CEO of social media analytics firm Germin8, who feels that shutting websites will work to the disadvantage of ecommerce companies. "For one, it gives the impression that companies are taking consumers for granted by closing access to an important channel. Besides, there is no guarantee that a particular app will be one of those that sits on the limited real estate on a mobile screen²⁴".

After the app only move, Myntra Designs Pvt. Ltd (the holding company for Myntra's marketplace platform), reported losses for the financial year 2015-16, to Rs 816 crore, from Rs 741 crore a year earlier²⁵.

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