
AS ECOMMERCE PLATFORM START COMPETING WITH THEIR OWN VENDOR, WHY ARE THE VENDOR STILL SELLING GOOD ON THE PLATFORMS

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ABSTRACT

E-commerce is an emerging mode of business which is very easy to establish and less costly as compared to setting up an offline retailing platform. E-commerce also provides linkage between existing offline retail business and customer. It increases connectivity of the business with the customer and provides a platform for the business to increase its market share. E-commerce provides flexibility for purchasing various products at their convenience. Nowadays the government is also promoting e-commerce businesses as it increases employment opportunities and boosts up the economy of the country.

In recent times, many of the big e-commerce companies have started promoting their private label products . They are directly competing with other established companies by launching their own private label products. By offering higher discount rates and better services they are trying to eliminate the other big players in the market. They possess an advantage of owning a retail platform. Owning a retail platform means that the companies have records and statistics of the sales and other details of each product. They also have the knowledge about the customer behaviour and which products are the most in demand at a particular point and at a particular place. The e-commerce companies are now using this data to sell their products at a cheaper rate as compared to the products of other brands.

Similarly the offline retail platforms have also started manufacturing their private label products. They have adopted various new strategies to market their product as better and cheaper as compared to the other brands' products. Having an advantage of possessing the knowledge about the customer behaviour and huge customer base the offline retailers have been so far successful in generating extra income from their own products.

Introduction

E-commerce is a type of business that lets companies and individuals buy and sell goods and services over the internet. The model can be identified to operate under four major categories

1. **(B2B) business to business-** in this type of e-commerce a company Provides goods and services to other companies. For eg- a lot of companies manufacture batteries, tires, doors etc. Which are directly sold to the automobile companies
2. **(B2C) business to consumer-** in this type of e-commerce a company sells its products and services to the consumer. For eg, Amazon, Walmart, McDonald's etc.
3. **(C2C) consumer to consumer-** in this type of e-commerce a consumer sells products and services to another consumer. For eg, olx, eBay, Craigslist etc.
4. **(C2B) consumer to business-** in this type of e-commerce a consumer provides the business enterprises with products and services. For eg, referral programmes, paid testimonials, data sharing etc.

E-commerce has helped businesses establish a wider market presence by providing cheaper and more efficient distribution channels for their products or services in comparison to their brick and mortar counterparts who have a limited reach.

How does the e-commerce business function?

When it comes to starting an internet or e-commerce business, having a website is a must. It is a profitable and effective platform for promoting and popularising your products and services. To attract buyers and customers through search engines such as Google, proper search engine optimization is essential. A list of items and services that you sell or intend to advertise should ideally be included on your website. Surfing through the areas of the website should be simple and convenient for visitors. On the online portal, all critical information about the company should be included. The checkout part should be tidy and straightforward to prevent people from dropping out at the last minute.

The e-commerce business function on three main steps

1. Receiving order
2. Processing the order

3. Shipping/delivering the product

The customer places his/her order through the website of a particular e-commerce company. The company then receives the order of the customer and processes the order. Then the company usually provides its customers with a tracking number so that the customer can get a regular update about the delivery status. Then the product is shipped and delivered to the customer's doorstep. Some companies might as well offer return policies if the customer doesn't find the product up to mark.

How big is the ecommerce market globally and in india along with major players in India

The global e-commerce market size is **9.09 trillion dollars** and is expected to grow at a compound annual growth rate of **14.7%** in the next ten years.

Top 10 e-commerce markets and their average yearly sales are as follows-

| SR.NO | COUNTRIES | ANNUAL SALES (2021)(IN BILLION DOLLARS) |
|-------|-------------|---|
| 1 | CHINA | 2779.31 |
| 2 | USA | 843.15 |
| 3 | UK | 169.02 |
| 4 | JAPAN | 144.08 |
| 5 | SOUTH KOREA | 120.56 |
| 6 | GERMANY | 101.05 |
| 7 | FRANCE | 80 |
| 8 | INDIA | 67.53 |
| 9 | CANADA | 44.12 |
| 10 | SPAIN | 37.12 |

India's e-commerce market size is increasing at a rapid rate and currently stands at 84 billion dollars with average yearly sales of 67.53 billion dollars

Top Ten Biggest Players In The Indian E- Commerce Market And Their Monthly Visitors

| SR.NO | COMPANY | Monthly Visitors (in million) |
|--------------|---------------------|--------------------------------------|
| 1 | Amazon India | 322.54 |
| 2 | Flipkart | 242.62 |
| 3 | Myntra | 48.03 |
| 4 | Snapdeal | 56.41 |
| 5 | Nykaa | 20.84 |
| 6 | Paytm | 150 |
| 7 | Book My Show | 43.25 |
| 8 | 1Mg | 14.62 |
| 9 | First Cry | 16.94 |
| 10 | India Mart | 47.23 |

Research Methodology

Secondary research is a research method in which the researcher utilises existing data. The researchers summarise and combine the existing data in order to increase the effectiveness of research.

Secondary research includes material published in research reports and various research documents. These documents are available at websites, libraries, data from existing surveys etc. Some government agencies also possess data , that can be used for different research purposes
Pros of secondary research-

1. Cost effective- Secondary research is economical and is less expensive as compared to primary research.

2. Wide range of information- in secondary research we are able to collect widerange of information from various at great ease
3. Convenient and Powerful way for research- it is a convenient and powerfulway for the researchers to have an idea about opinions of different people
4. Saves time-the data is already collected and documented so it saves theresearchers some hard work of self-collection of data
5. Credibility- many times this data is collected by established research agencies such as NSO, RBI, SEBI, TIMES NOW etc.

Cons of secondary research

1. Incomplete data- many a times this information is collected for some otherpurposes, which may not be exactly suitable for some other purpose
2. Quality of research- many times proper quality of standards is not followed while doing this kind of research which leads to false results.
3. The data collection time and the time that data is being used can make a huge difference, which hinders the effectiveness of the data
4. Accuracy of the data- the data is not always accurate, which provides incorrect conclusions about the research agenda
5. Sufficiency- this kind of secondary data may not be sufficient enough for theuser needs and it may provide different conclusions

Hypothesis

Future of the country belongs to the e-commerce sector. Over the past few years e-commerce companies have become of Great significance to the people. These companies have started gaining the trust of these people. A large sum of people nowadays rely on e-commerce companies for mostly everything. For food delivery there are companies such as zomato and swiggy. For transportation there are companies such as Uber, Ola, drive u etc. companies such as Amazon and flipkart having more than 80 million products covering more than 80 sectors which are enough to satisfy the people's needs. Payment apps such as paytm, Google pay etc. make payments fast and comfortable, and are capturing a big market share. E-commerce companies such as urban clap which provides mostly all the services such as salon, spa, house

cleaning, home tutors, pest control etc. Slowly and gradually the people are shifting and relying more on e-commerce companies for everything. According to me even if these e-commerce companies start launching their own products they will be able to capture a big share in the market as the people have started trusting the services of these e-commerce companies.

Literature review

Provoke Insights- it is a market research firm and brand consultancy that specializes in advertising research and brand strategy.

Tvisha technologies- It provides specialized Application Development Services to help improve your business processes and integrating different platforms. At Tvisha Technologies, We design, develop, test and integrate software across multiple platforms including mobile application development. It is the provision that any sprouting

Android central- Led by a team of experts and backed by an engaged community of technology enthusiasts and tastemakers, Android Central navigates the competitive— and often confusing — world of technology!

Investopedia- it offers various courses related to financial markets and investments in various sectors like mutual funds, etfs etc. it also offers market, trading and political news

SearchCIO- SearchCIO.com provides technology management strategies designed exclusively for the enterprise CIO. Our award-winning team of editors and industry luminaries offer strategic advice and technology best practices to help streamline global IT operations

Apruve- Apruve focuses on a very specific pain point for larger enterprises: how to create more return on investment when managing credit and accounts receivable of long-tail customers. They provide a global platform that enables their partners to focus on higher revenue-generating customers, products, and services while gaining cash flow predictability, speed, and an optimized customer experience for your long tail.

Analysis

What drives e-commerce to shift from their business of being a selling space to being a direct competitor to the companies selling products on their platform ?

Being a selling platform, the e-commerce companies have an advantage of having the data and statistics of the products sold through their website to various customers in a particular country,

region, area. They also know the number of units of a particular sold and increase and decrease in the sale of that product at a particular point of time.

With the help of this data, the e-commerce companies have started producing goods that have a higher sale in the market.

Advantages of e-commerce

1. The e-commerce companies have a bigger market to serve as compared to the offline retailers. It allows the companies to reach people all over the country and even around the world
2. The initial cost of setting up e-commerce business is very low
3. It is easy for the companies to promote their business through the internet
4. The customers can make purchases 24/7 through the internet
5. E-commerce makes it extremely easy for the customers to compare the prices of good

Disadvantages of e-commerce

1. There is a lack of personal touch in e-commerce. The customer is not able to get his hands on or get a personal experience with the product
2. The customer has to wait for the delivery of the product he ordered
3. A lot of credit card frauds of also taken place in the e-commerce business and has become a growing issue
4. The e-commerce businesses become the target of hackers who steal the customer information from their database
5. Internet access is mandatory, customers need internet access to go to the websites and apps to place orders.

Benefits of e-commerce to customers, stakeholders and government

Customers- The main benefit of e-commerce to customers is that they don't have to go to various shops in order to buy various products, they get the access to allocation of products on one website from where they can order various products.

1. E-commerce takes away the effort of customers from going out of their homes to buy products. The products get directly delivered to their doorstep.
2. The e-commerce companies also offer their customers various discounts and deals on products
3. The e-commerce companies also replace the product or provide the customer with a refund if the product delivered is not up to the mark or is damaged.
4. The e-commerce companies engaged in the delivery of food also deliver the food to the consumer's doorstep from the restaurants as far as 10-12km from the delivery satisfaction. So the customers are able to enjoy the food not available in their area

Stakeholders- Over the last decade the e-commerce industry has flourished a lot. The wealth of the shareholders of these companies has increased by great margins

1. The major shareholders of the company have expanded their companies and have made great profit out of it. For eg, Jeff bezos CEO of Amazon is the richest man of the world with a net worth of 177 billion dollars
2. The people who purchase the shares of the company through the stock market have also made great profits. For eg, one share of Amazon was worth 120 dollars in the year
3. In 2010 and in 2021 one share of Amazon is worth more than 3500 dollars I.e, the share price increased by more than 25 years over the span of 11 years.

Government Organised retailing eased the collection of taxes on good & services

1. E-commerce plays a big role in boosting up the economy of the country
2. It increases employment by offering job opportunities. For eg, Amazon has around 1.3 million employees
3. It also offers great opportunities to the small scale producers and retailers to sell their products to the customers through their website. Which as a result helps in increasing the income of the people

Success story of Flipkart

The founders of flipkart “we were thinking about numbers then, but we knew something big can be built out of e-commerce”. Flipkart is one of the biggest e-commerce platforms of India. It was

started in the year 2007 with its headquarters located in Bengaluru. The founders of the company were Sachin Bansal and Binny Bansal. Flipkart was expanding its business at a rapid pace and had started supplying items of various categories to its consumers. The company now supplies its customers with over over 80 million products across the range of 80 categories such as televisions, laptops, computers, mobile phones, clothes, fashion accessories, sports and fitness items, footwear etc. Flipkart started acquiring companies in 2014 when it purchased MYNTRA for 400 million dollars. In 2016, it acquired the fashion company JABONG. In 2017 the company acquired the payments website PHONE PE and EBAY. In 2011 Flipkart set up an office in Singapore. In 2018, Flipkart was acquired by Walmart with 77% share of the platform, which is used by the world's largest offline retailer. In 2020 the company was valued at half billion dollars.

Amazon introduces smart oven (replica of June smart oven)

The Amazon Smart Oven is a microwave, convection oven, air fryer, and food warmer all rolled into one. The Smart Oven has voice control, so you can order it to "cook one chicken breast," and a scan-to-cook feature that cooks packed meals automatically. The Amazon Smart Oven may be pre-ordered for \$249 (including an Echo Dot) with delivery beginning in November.

The new smart oven is identical to the Alexa-enabled microwave. This is a shorthand way of expressing that, while these gadgets are for sale, Amazon created them primarily to show what an Alexa-enabled device can do and how simple it is to integrate Alexa into hardware.

However, there are a few flaws in Amazon's Smart Oven. While the voice control and scan-to-cook features are useful, they also highlight some of the appliance's flaws. The smart oven, like the Amazon microwave, requires pairing with an Alexa device to work with voice control, so you can't use it straight out of the box (hence the bundled Dot). Because the oven lacks a built-in camera, you'll have to read the barcode with your phone or another Echo device with a camera to use scan-to-cook.

The June oven is the most obvious comparison for the Amazon Smart Oven. Both are multi-cooking gadgets in one, with cloud-based automatic cook programmes tailored to different types of food and temperature probes that plug into the device to monitor your food's internal cooking temperature. By the way, Amazon's Alexa fund made an investment in June.

The June, on the other hand, costs \$700, which is more than twice as much as the Amazon smart oven. Sure, the June has more cook types (dehydrator, roaster, etc.) and uses computer vision to automatically recognise your food, but how much of that will buyers believe they need when compared to the Amazon Smart Oven? Especially when Amazon's product has a microwave in

addition to a convection oven. Especially considering the Amazon device not only has a convection oven but also a microwave, whereas the June does not. What happens, moreover, when Amazon puts its own oven on the first page of its gigantic shopping site?

Potential Impact

1. If the e-commerce companies and the offline retailers continue to produce and sell their own products at a cheaper rate as compared to the other brands' products then the established brands as a result will have to reduce the price of their product in order to attract customers attention towards them
2. Due to services such as higher discount rate, extra warranty period etc. these retailers are gradually increasing their market share. In turn, reducing the market share of other established brands in the market
3. As the number of products in the market increases, the customers have a wide variety of products to choose from with other benefits such as higher discount rates, extra warranty period, better service etc.

Comparison

Nowadays many of the supermarkets like big bazaar, more etc. Are launching their private label products these products are cheaper as compared to the products of the established brands. It gives the supermarkets an opportunity to increase their revenues. The supermarket has an idea about the sales of each product and they know which products have a higher demand. They start producing the products which have a higher demand under a private label and sell those products at a cheaper rate as compared to other companies' products. They have a higher profit margin on their own products as compared to the purchased goods. With the help of these private label products these supermarkets increase their customer base and profitability of their stores.

For example-

It has been noticed that in many supermarkets they display their private label products more attractively as compared to the products of other popular brands to grab the customer's attention.

It has been observed at MORE supermarkets-

MORE supermarkets have launched a variety of products such as salt, flour, gram flour, biscuits, chips, detergents, hand soaps etc.

Tata salt is the most popular and the most consumed salt in India but it was kept exactly behind a packet of salt which was branded under the name of 'great value' which is one of their private labels. They claim that their product is of a better quality and is 20% cheaper as compared Tata salt.

E-commerce companies like Amazon and Flipkart are introducing their own private label products as well.

These e-commerce companies offer their own private label products at cheaper price than the other established brands by offering a higher discount on their own products as compared to the other products Grofers- grofers is offering its private label tea at a higher discount as compared to the other big players in their category like Tata tea and red label tea. Though the MRP of the grofers tea is ₹500 which is expensive than Tata tea (MRP ₹470) but discount offered on grofers tea is 38% and on Tata tea it is 17%, less than half of the discount offered on its own product.

Amazon- Amazon displays its private label products on the top when a person is searching for a product that Amazon produces itself. For eg- if you search for Bluetooth speakers on Amazon the top results will be of its own products such as- Amazon echo dot. If they do not produce a particular product then they display the products of the companies that pay them a higher commission.

Online retailers display their products on the home page and the top results of any product they produce. Offline retailers give a wider display to their products as compared to other products by putting them in front of the other companies' products and through big posters or placing their products in the front racks in the shop for example. Both online and offline retailers offer high discount rates on their private label products, better services such as easy replacement or repair, speedy customer care facilities etc. in order to persuade the customers to purchase their products rather than other brands' products.

Conclusion

Symbiotic relationship between retailers and companies

Even if the e-commerce companies and offline retailers promote their own private label products the established brands don't stop selling their products through these retailers. Similarly if the e-commerce companies or the offline retailers have started producing their own private label products they won't stop their transactions with the established brands. As many established brands don't have a retail platform to sell their products. Similarly, many retailers either don't

have their own products to sell or even if they produce their own private label products, there are not enough goods to cover every category and are not very popular as well.

While a few governments have intervened restricting ecommerce platforms providing higher discounts on their own products, trying to maintain the sanity of the marketplace. Such a decision still does not provide any fool proof solution or resolution.

Large ecommerce platforms have long invested in creating brand recognition within the consumer group, promising a hassle free shopping experience which most vendor brands have been unable to achieve. While we do not see such vendors switching the sales mechanism, due to a potential loss of sales on the platform, what they can compete on is their technical expertise, brand value and after sales service, which is mostly not competed on by the substitute products.

While the government cannot ban platforms from selling their own brand product they can certainly regulate the market space for a fair competition.

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