

E-COMMERCE AND THE FASHION WORLD!

Bindu Gopal Rao explores the avenues within the fashion e-commerce industry and its potential.



India is changing the way we shop thanks to the boom in the e-commerce industry. Naturally, clothes account for a major portion of online shopping and fashion e-commerce is changing the dynamics of e-tailing.

GROWTH STORY

Fashion e-commerce is at an extremely exciting phase. The growth numbers of the sector over the past year, and the expectation for the next few years, are testimony to this. "The e-commerce industry is rising and so is the competition along with it. And with this acceleration in the competitive market, the portals are coming out with different strategies and plans to expand their reach. The merger and acquisitions within different companies of the e-commerce sector with different business models, such as Flipkart acquiring Myntra and Myntra going 'app only', are helping the portals expand. To differentiate themselves from others, these portals are also coming up with other strategies like USPs (unique pricing strategies), better quality or branded products and better customer support," says Nitish Roy, Founder and CVO, Royzez.com. Nakul Bajaj, CEO, Darveys.com avers, "Now, talking about luxury brands, it is very important to point out that not everyone has an easy access to these brands especially since their flagship stores are mostly present in the metropolitan cities. Thus, in order to reach out to emergent cities, it is significant to first identify them. These markets can be identified as Tier II and Tier III cities as the Internet usage across these markets is lower than those found in the metropolitan cities. Also, it has been predicted that increased spending power of these progressing markets will definitely help in expanding the e-commerce portals. Technology has been injected in developing markets with great potential. Some of the methods employed, in order to expand, are the use of latest technology, social media reach, mobile applications, optimising data on a regular basis and implementing planned strategies."



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NUMBER CRUNCHING

The e-commerce industry in India, which grew by 33 per cent last year, is poised for greater growth. In fact, in 2015, a 70 per cent growth rate for this sector is predicted. But talking about e-portals for luxury brands, it can be said that it is still, largely, an untouched segment in the e-commerce industry. The fashion/apparel industry shares eight per cent of retail markets in India. Around a quarter of the consumers spend approximately 11 per cent of their monthly expenditures on



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online shopping. Around 25 per cent of online consumers buy apparel from online stores and this percentage is growing with time. At least 50 per cent of Indian online shopping consumers seek the help of social media sites to make online buying decisions. The fashion e-commerce market is growing in leaps and bounds. People are beginning to realise the hassle in buying through brick and mortar retail stores, where they have to go back over and over to try different products, return or exchange an item. "In contrast, online retail or e-tail gives customers the opportunity for hassle-free shopping, with all the benefits therein. Technology is making possible the options to 'try out' a product online and customise it as necessary. The market size of online fashion wear in the year 2015 is about ₹2,200 crore (US\$ 0.37 billion) and is expected to grow to ₹3,300 crore (US\$ 5.5 billion) by the year 2020," says Rahul Narvekar, CEO, NDTV Ethnic Retail (IndianRoots.com). People who shop online tend to browse; thus, providing more options allows e-commerce websites to capture the attention of their customers without giving them

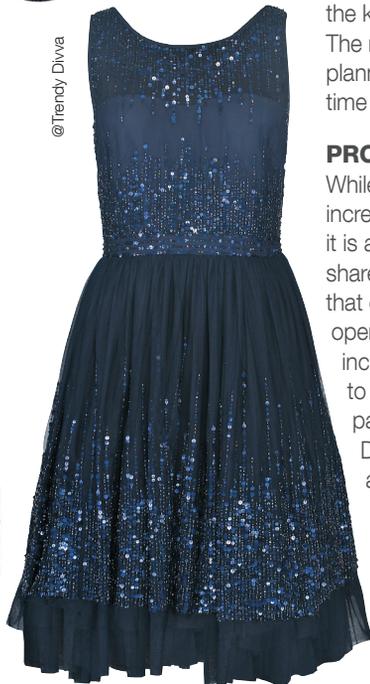
an overload of choices. “Another option is to give good customer service to the customer because customers expect to be able to contact a company with questions, special requests or problems related to ordering; online businesses should offer an e-mail address or phone number for customer service inquiries. Not only is customer service a great way to build loyalty, but it’s also a valuable feedback mechanism—customers are all too ready to sing your praises or call out improvements that need to be made to your product, service or image,” says Rahuul Jashnani, Managing Director, Jashn.

THE DIFFERENTIATOR

Every e-commerce company wants to be the one stop shop for its customers and wants to provide a delightful shopping experience. Different portals are coming up with different expansion and interactive plans. “Through the boon of social media, e-commerce companies are engaging with their customers to give them a real feel of the brand value, aesthetics, and USP. In addition, technology is helping play a huge role in differentiating platforms, and providing users with a complete offline-like shopping experience from the comfort of their homes,” says Narvekar. The main strategy being the ‘discounting model’ is luring the customers. But, at the end of the day the quality of the products are way lower as compared to the price one pays for it. “The future lies in providing high-quality products and at reasonable prices. They have been raising funds to expand the business but lacking the basic requirement and that is quality. The differentiators are essentially fashion, quality and price,” says Gurprit Sawhney, Managing Director and Founder, Trendy Divva. Neha Baheti, Co-Founder and Director, Indian Artizans, adds, “Innovation is the key to a successful e-commerce portal today. The next step in customer experience has to be planned and executed strategically at the right time before it becomes obsolete.”



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PROFIT TALK

While e-commerce sites obviously want to increase their profitability, like any other business, it is also extremely important to gain a market share in this industry. Therefore, it is necessary that online traders take steps to toughen up their operations in order to assure that consumers are incessantly gratified and come back frequently to shop more. “The most preferred mode of payment for e-commerce, in India, is Cash on Delivery (CoD) which has certain drawbacks attached to it from a business perspective. Purchases made online through CoD are more likely to be returned once the actual product is delivered and money is to be shelled out. The return rates are much higher for products that are delivered on a CoD basis as compared to deliveries made

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BECAUSE OF INCREASING COMPETITIVE SPACE, MAKING CUSTOMER TRANSACTIONS ON YOUR PORTAL HAVE BECOME COSTLY.

pursuant to e-payment, being almost 40 per cent according to a report by Business Today," says Bajaj. By 2016, it is believed that the shopper base will cross 100 million in India, and with such a growing scale, the e-commerce portals can gain large profits and build a profitable business. "It is necessary to create distinct and offbeat strategies for your marketing and other off-line assets. Along with quantity, bring in quality traffic to your portal through effective advertisements, marketing plans, etc. Give easy and good access to your website with

features such as better search functionality, easy navigation, product descriptions, easy payment gateways, easy policies and ensure that the meta-tags for the items on your portal should be as accurate as possible," advises Roy. Because of increasing competitive space, making customer transactions on your portal have become costly. "There are two ways to be profitable in this competitive space. One is you sell unique and exclusive products. It will get better margins and you might not go into a steep discount mode. Another is getting into manufacturing. If you are selling directly manufactured products, then profit margins are much higher. Stating the obvious, customer focus in both the ways should be at priority," says Ankur Gupta, CEO and Co-Founder at VioletStreet.com.

ENTREPRENEURSHIP MATTERS

E-commerce is giving a boost to entrepreneurship as it gives people the opportunity to start with lower capital as compared to an offline business with the overhead costs involved in e-portals is lower. Using e-commerce, an organisation can expand their market to national and international markets with minimum capital investment. An organisation can easily locate more customers, better suppliers and suitable business partners across the globe. There are a lot of funding options available for people who want to start their business through e-commerce. "This gives the new designers a platform to showcase their talent without taking huge risks in terms of capital/investments. Also, e-portals have a greater reach as compared to offline businesses. It enables you to reach out to the entire population of a country and not only certain segments and parts of it," says Bajaj. The fashion segment has created a whole host of budding entrepreneurs that are attracted by the high margins of the segment, coupled with the variety that the Indian market has to offer in terms of supply of fabrics, styles, and textile manufacturing techniques. "This is enabling a lot of people to quickly set up a business and ramp it up with adequate supply and demand. The strength of the supply side of the country in fashion, coupled with the growing purchasing power of Indians on the demand side, ensure business dynamics that are likely to continue boosting entrepreneurship for the foreseeable future," says Narvekar. ■