

Flipkart, India's reply to Amazon, sees US\$1 billion sales
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Flipkart, India's answer to US online giant Amazon, said yesterday its sales would cross the milestone US\$1 billion-mark (RM3 billion) this year, ahead of schedule, in the country's exploding e-commerce market.

Founded in 2007 by two ex-Amazon.com employees and university friends, Flipkart.com has become India's biggest shopping portal hit and has drawn backers such as New-York based venture capitalists Tiger Global Management LLC.

"In March 2011 we announced by 2015 we wanted to hit US\$1 billion" in sales when they stood at just US\$10 million, said founders Sanchin Bansal and Binny Bansal, who happen to share the same surname but are unrelated.

Now the privately held firm expects to hit US\$1 billion in sales "one year before our target" which means "we've grown 100 times in the last three years," the pair, who pool operational responsibilities, said in a statement.

The figures reinforce Flipkart's leadership position in the Indian e-retail market.

The founders, now both 32, said they were "happy and proud" at the progress of Flipkart in which they invested an initial US\$10,000.

The Bansals are seen as typical of the new risk-ready breed of entrepreneurs that has emerged in India amid years of fast economic growth, relying not on inherited wealth but their own-start up talents to launch businesses.

"E-merchandise retailing sales stood at US\$1.6 billion in 2013.

By 2018, we think they will be US\$14 billion and in 2023 they will reach US\$60 billion," Saloni Nangia, president of leading consultancy Technopak Advisors, told AFP.

While there were already Indian online sellers, Flipkart helped sales take off by allowing customers to pay cash-on-delivery, a move Nangia calls a "game-changer".

An increasing number of Indians are going online but they are uncomfortable giving credit card details over the Internet. Others do not have a credit card and the Flipkart method allows them to place orders.

"This cash-on-delivery system helped consumers gain trust in online shopping – they saw products arrive," Nangia said.

Flipkart began selling books but then expanded to mobile phones, televisions, cameras, computers and home appliances.

It has yet to report a profit in the fiercely competitive market with its nearest rival, eBay-backed Snapdeal, targeting US\$1 billion turnover by mid-decade.

The world's biggest online retailer, Amazon, also entered the market last June.

More retailers are seen going online as real estate is costly "so it makes it hard to have bricks-and-mortar stores", said Nangia.

India's vast young population, rapidly embracing the Internet, would "drive the e-tailing story", she added.

Now, months after putting retail store plans in India on hold, the world's largest retailer, Walmart, is readying a major e-merchandising push in the country based on the Amazon model, media reports say. – AFP, March 9, 2014.

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