

FLIPKART'S BIG BILLION DAY SALE-THEN AND NOW: A COMPARISON

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Abstract: *The present paper makes an effort to analyse the reasons and causes behind the failure of Flipkart's Big Billion Day Sale of 2014, its launching year, and since then what changes and efforts it has made to overcome its inadequacies.*

As soon as the news was out that Flipkart is going to have a major sale on offer, it created ripples of excitement among people of India. And why wouldn't it have? It was the first ever online sale of this magnitude, something that Indian public was witnessing for the first time. There were big discounts on offer which were hard to ignore. Even the people who weren't 'tech savvy' were also looking forward to it. It was the talk of the town especially among the employed young generation of India. People started saving their favourite items in the cart for the prices to fall down so that they may purchase them later on the big day.

The sale was expected to be a huge success. There was much exhilaration and anticipation all over the country. Everyone was hooked on to it and waited impatiently for the sale to begin. On the day of the big sale, what followed was not expected.

This paper attempts to explore the issues which arose in 2014 and deals with the various aspects which led to its failure, what attempts Flipkart has made to overcome its shortcomings and where it stands now in 2016.

Keywords: *Flipkart, Big Billion Sale, E-Retailing, Online Business, Ambush Marketing*

INTRODUCTION

Internet has transformed the way people work, think, communicate, respond, perceive, interact, and purchase. By integrating the various tools of Information Technology, the online businesses have set up an effective and efficient virtual world for serving and satisfying the customers online. Online business, e-business, e-commerce or m-commerce comprises any activity by which goods or services are bought or sold, or revenues are raised, using the Internet.

India is emerging as the most rewarding market for the e-retailing companies. According to a new study by the Internet and Mobile Association of India (IAMAI) and The Boston Consulting Group (BCG) there will be a total of 550 million Internet users (out of a total population of 1.25 billion) in India by 2018, up from 190 million users it had in June 2014 (India@Digital.Bharat, 2015). This paves the way for a brighter future ahead for the online business companies like Flipkart, Snapdeal, Amazon, Jabong etc. especially the ones which are thinking to or have already gone the app way!

OBJECTIVE

The objective of this paper is to study the reasons behind the failure of the Flipkart's Big Billion Day Sale in its

launching year and compare it with their most recent Big Billion Sale. What steps were taken by Flipkart to overcome its shortcomings and were they successful?

RESEARCH METHODOLOGY

The research is based on secondary data collected from numerous internet sources like website, online journals, white papers, e-books, and newspaper publications. The various steps involved in research methodology are problem identification, collection of secondary data, analysis, and comparative analysis. Many secondary and tertiary sources have been consulted to arrive at the conclusion.

Secondary research involves the summary, collation and combination of existing research. Such research is undertaken to reuse the data collected by first party to further investigate into a problem. It is a kind of examination into a subject in an attempt to gain further insight. It is used to determine what already is known and what new data is required. The subject in this case was Flipkart's Big Billion Dale Sale of 2014 in comparison with the sale of 2016.

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BACKGROUND

Flipkart.com

Launched in October 2007, by Sachin Bansal and Binny Bansal, flipkart.com is India's leading e-commerce marketplace with over 37 million products across 70+ categories and 46 million registered users. (Nair, 2014). Headquartered in Bangalore, Karnataka, it operates in India, but is registered in Singapore.

Sachin and Binny Bansal, the two IITians worked in different companies before landing in the same team at Amazon. It was during this spell that the two decided to start up their own online business (Nair, 2014). With Rs. 2 lakh and two computers, the duo launched their dream site from a small apartment in Koramangala, Bangalore. It was after 10 days that the site received its first order which was from a customer belonging to Andhra Pradesh for the book "Leaving Microsoft to Change the World" by John Wood. It was simply their belief that something substantial could be built from e-commerce and smart working style which has made Flipkart an \$11.6 billion company as on April, 2017 (Arakali, 2017).

October 6, 2014 - The Big Billion Day

It was the risk taking nature and a desire to innovate that led Sachin and Binny Bansal to launch "The Big Billion Day Sale". The primary aim was not simply to make profits, but, to win the mind share, and that's why the sale was advertised as the "India's Greatest Sale Ever" and not just another festive sale like "Diwali sale" or "Mega Bumper sale." It did create a much needed hype!

The sale was for one day on October 6 and opened from 8 am. Flipkart made it big with big discounts on 70 categories, flash sales, deals of the hour, lucky draws every hour and unparalleled offers and discounts.

In an email to their customers, the founders of the firm wrote that the sale is a celebration of Flipkart's successful journey in the e-commerce segment.

Major attractions of the sale were multiple items being priced at Rs. 1; upto 30 % off on Smartphones like Moto E, Moto G and Moto X; deals and lucky draws every hour; laptops starting at Rs. 15000; Toys, perfumes and fashion apparels at 50 % off etc. (DNA Web Team, 2014).

After the first day of sale, Flipkart claimed on its website that it had sold out gadgets like Nokia Lumia 525 (at 90 % discount), Samsung Galaxy Tabs (at Rs. 1390), and Kodak Cameras (for just Rs. 1195) within minutes of opening the sale at 8 am. Karbonn Mobile A5i was sold at Rs. 99! (DNA Web Team, 2014).

How Big was this 'Big Billion Day?'

BIG Advertising

The company did everything possible to promote this sale on almost all communication channels viz. social, print, and visual media. Commercials featured celebrities like Vir Das to promote this day and sale. Almost all the newspapers were covered with full-page advertisements of this sale. In addition to this, a special personalised message was also sent to all the registered users just a day before the sale!

BIG Reaction

Flipkart received an overwhelming response and reaction from its customers to its larger than life advertising and promotional tactics. It was expected. The response was so high that Flipkart received three lakh orders in just 6 hours of time. It managed to achieve the record sale. It sold goods worth \$100 million in just 10 hours (NDTV Correspondent, 2014).

BIG Complaints

As per the claims of Flipkart, they did manage to make some profits out of this sale. But they failed to connect with their consumers which led to many angry, disgruntled and complaining customers. The complaints ranged from technical errors to pricing scams to unavailability of items to non-confirmation of orders (Mehta, 2014).

Website Crashing

Since the sale was for a day, lot of interested buyers visited the site. Due to huge traffic and footfalls, the website kept crashing. There were many instances where the website crashed and halted the transaction process and when it did start working again, the chosen product was either already sold out or totally vanished from the cart. In some cases the money got deducted from the account but order never executed (Internet Desk, 2014).

Reviews were Hidden

This was another area where Flipkart faulted. The reviews and ratings were hidden from the users.

Reviews and ratings make an integral part of any online shopping experience. Consumer reviews reports of shopping websites act as a buying guide for others as it gives an honest buying advice. Consumers, specially who are new and first time online shoppers, do follow what's written about the product and usually go by it (Luthra, 2014).

No Refunds or Cancellations

Refunds or cancellations are again an important aspect of any online transaction. It ensures transparency and keeps the trust alive in the hearts of the consumers. On the day of the Big Billion Day Sale, it was also alleged that Flipkart did not offer refund or cancellations. This made customers angry and they felt cheated (Luthra, 2014).

Fake Deals and Price Changes

Consumers also complained that the deals which were advertised in the newspaper were not available on the website. People complained that the discounts were not genuine as the prices were inflated over the past couple of days. Prices were doubled and even trebled in some cases and then the discounts were offered. At the end of the day, the customers were unhappy and disappointed (R, 2014).

Out of Stock Issues

Flipkart ran out of stocks for many products within few minutes of the sale going live. Most of the special deals were sold out as soon as they went live. For a big population like that of India low stocks are like a drop in the ocean (Luthra, 2014).

WHAT WENT WRONG? AN ANALYSIS

Everything was looking so perfect. There were unimaginable discounts on offer. A perfect advertising campaign was used. The company even claimed that it has enhanced its technical capabilities, inventory and supply chain capacities. Then what exactly went wrong? Let's recap. Two simple IIT graduates started from nowhere and made it big over a fairly small period of time. They made it so big that now they were in a position to give a tough competition to the world's biggest e-commerce giant, Amazon, which was once their employer.

Amazon came to India in July 2013, and within no time it started expanding its roots. Though it was expected, it did make the Bansal duo anxious. Thus, to capture more and more market and mind space of consumers, Flipkart launched this "Big Billion Day sale". Hence, to thwart the rapid expansion of Amazon, Flipkart's sale turned into a more of a distress sale.

The sale was a result of improper planning and technology. Being IIT graduates and not acknowledging the importance of good quality of technical processes was something which was unforgivable and unacceptable. With so much of advertising and hype created around this sale, such huge traffic should have been expected. The Big Billion Day Sale came down to just another sale which was nothing different from first come, first serve based sales. Angry consumers

vented out their anger on Twitter. Tweets with hashtag #flopkart kept trending on the social media platform (Sen, 2014). Thousands of dissatisfied customers turned havoc on the social media.

Flipkart came under fire for selling products below the MRP. Many well-established brands complained that doing so will eliminate competition which is not healthy for any market and requested the regulator to look into the matter of price lowering by e-commerce companies. Indian government also took note of it and signaled for a new policy to be launched soon (Mookerji, 2014).

Successful Marketing Strategy but Flipkart Failed to Deliver

As stated earlier, the ultimate aim of this big sale was to win the 'mind share'. Flipkart wanted to reach out to perspective customer who had never shopped on its platform and make them visit their website at least once. It wanted to make its presence felt and get acknowledged.

The marketing strategy was a hit, but Flipkart failed to deliver- be it promises, be it orders or discounts! The negative impact this whole chapter had on its brand image was more than the profits earned. This pushed away even the loyal customers and they became skeptical about the Flipkart's claims. Thus, what was a marketing hit became a branding failure (Tiwari, 2014).

Caught Off-Guard

There is no doubt that Flipkart and its team would have worked days and night to make this sale a huge success but their projections were not accurate. They under estimated the power of Indian population. They failed to deliver and in turn lost their space in consumer's minds. They failed to convert their prospective consumers into happy customers. They were not ready with the products for fulfilling the orders and promises. In future, Flipkart will have to move very carefully if it wants to hold on to its customers (Sen, 2014).

It was the competitors who derived great benefits from Flipkart's losses. Competitor firms like Amazon, Snapdeal, and Jabong made profits by offering better discounts, offers, and services. Amazon was out with its Diwali sale and offered products at much lower prices.

While, Flipkart positioned its sale as something that has never happened and advertised as 'Today Don't Look Anywhere Else, India's Greatest Ever Sale is here', Snapdeal attacked it with its own sales offer on the same scale by announcing, 'For Others it is a Big Day. For us, today is no different'. Snapdeal thus used the smart advertising strategy to capture

the attention of the consumers and steal the thunder and added to the miseries of Flipkart (Singh, 2014).

The tactics which Amazon used was 'ambush marketing strategy'. Ambush marketing is a fairly new and popular marketing technique that raises awareness of a brand in hidden or covert ways. The dictionary definition of ambush marketing is, "a marketing strategy in which a competing brand connects itself with a major sporting event without paying sponsorship fees." The term 'ambush marketing' was coined by the marketing guru, Jerry Welsh. It is one of the most contemporary and innovative technique. It usually happens when a company gets an exclusive right of an event. Thus, the rivals generally do not enter the event directly, but, makes its presence noticed through 'ambush marketing' (Behera, 2011). Big companies like Amazon usually undertake such exercise. During the Big Billion Day Sale, the users who searched it by typing www.bigbillionday.com were redirected to www.amazon.in which further stole the thunder away from Flipkart.

SUPPORT FOR FLIPKART

The 'Big Billion Day Sale' may not have hit the jackpot as they presumed, but it did managed to stir some revolutionary changes in the Indian e-commerce industry.

Successful business houses have one thing in common and it is their ability of taking risks. What Flipkart is today is because of their ability to take risks, courage and dream to make it big! Ups and downs are natural course of events during the evolution process of any business enterprise (Zyoin, 2014).

The Big Billion Day Sale was a success in many ways. First, it does require a lot of courage to come up with something so big and new. It is only through one's mistakes that one learns the major lessons of life. Apart from the experience to perfectly manage such huge event which catered to the world's second highest population, Flipkart also learned to never underestimate.

Apology Letter: The Saving Grace

Adhering to good business practices, Flipkart offered the apology letter to their users (Fig. 1). They did not try to hide away, took the blame on themselves, and acknowledged their weak areas as well as where they went wrong. It was indeed the saving grace! (Thoppil, 2014).

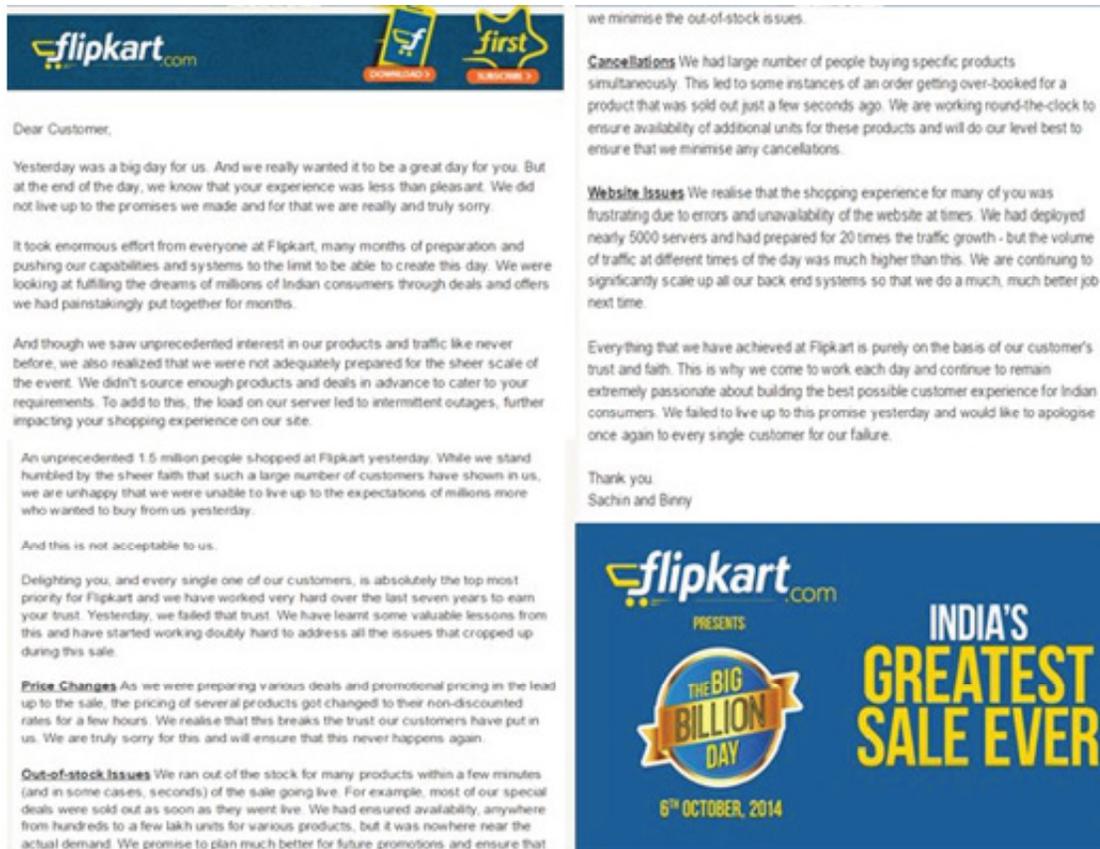


Fig. 1: Apology Letter from Flipkart

COMPARATIVE ANALYSIS

October 2-6, 2016: The Big Billion Days

Deals on Offer: A Comparison

During its third annual flagship sale in 2016, Flipkart again offered a broad range of discounts and deals. Along with the deep discounts, it also offered no-cost EMI payment for electronics, smartphones, home appliances and other high priced items. Consumers were given 10% instant discount on paying through SBI debit and credit cards. Attractive schemes were on offer like buy now, pay Later, pre-approved loans, surprising hourly deals, Rs. 1 flash sale where expensive items were sold for Rs. 1 for limited hours during the sale, special offers for SBI card holders, exclusive partnerships with brands in consumer electronics and smartphones (Chaitnaya, 2016). Exclusive tie-ups, like the one with Motorola, led to a high gross merchandise value (GMV) which helped Flipkart won back the market share from Amazon.

Marketing: A Comparison

Flipkart used an interesting and unique marketing tool to inform their customers about its sale, 'The Big Billion Day Ping Game', which also enabled them to win cash that may be used later to purchase items during its sale.

Issues: A Comparison

To overcome the website issues, Flipkart launched its app and made several changes in its app as their more than 70% users are from Flipkart app. This happened to be one of the best changes they undertook. The biggest advantage was less page load time and less memory usage when compared to web browser on a PC. They were better equipped to handle the traffic this time (Chaitnaya, 2016).

At the start of the sale, Flipkart did run into slight trouble with the payment gateway going down but Flipkart acted fast on it and customers were happy again.

Sales: A Comparison

The Flipkart's sales performance signals a sort of comeback. With \$100 million sales in 2014 to \$700 million sales in 2016, which was more than twice its 2015 Big Billion Day Sale, signaled towards the corrective steps taken at the correct time. One such step was acquiring Myntra, Flipkart's fashion arm, and Jabong, Snapdeal's fashion space acquired by Myntra. Flipkart said that the number of product units

sold in first six hours of the sale exceeded the total units sold in a day in 2015 (FP staff, 2016). The sale was spread over five days which also led to high sales figures.

Business Model: A Comparison

Flipkart is seen moving away from its inventory led model to a pure market place over the past years which initially led to a sluggish growth (Sharma & Mishra, 2015). As per the FDI Policy, marketplace model of e-commerce means providing a digital information technology platform by the e-commerce entity between buyer and seller. Whereas, inventory led model is where the inventory of goods and services is owned by the e-commerce entity and sold directly to the consumers (Jose, 2016). Also, there have been many changes at the senior level management team which has contributed to its slow growth. Business model and strategy are not the same things. Business model is more like a hypothesis which is tested and altered as required.

Flipkart's Revenue and Losses: A Comparison

From the financial year 2013 to the financial year 2015, Flipkart's revenues have nearly grown nine folds (Fig. 2). Within a span of three years achieving such high revenues is commendable for any startup. It also signifies that this organisation is in good hands and has a strong backbone. Flipkart's revenues for the year 2016 grew well to 50.3% (Jayadevan, 2016).

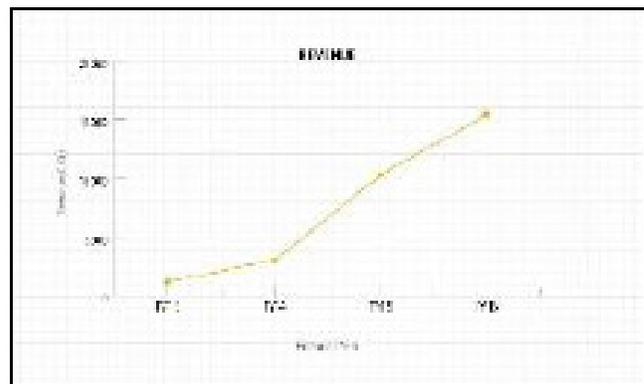


Fig. 2: Growth in Revenue of Flipkart

Source: ACRA. FactorDaily

Not only the revenues, but also the losses grew sharply. But, since the operating margins increased, it was good news for the company. This means that for every rupee it made in 2015, Flipkart lost only 25 paise which was half of what it lost during previous two years.

But, since it pumped up the investments in 2016, its losses grew by 86 % from the last year (Fig. 3). This could also be attributed to its rival company, Amazon, which is spreading its tentacles and taking away Flipkart's market share (Jayadevan, 2016).

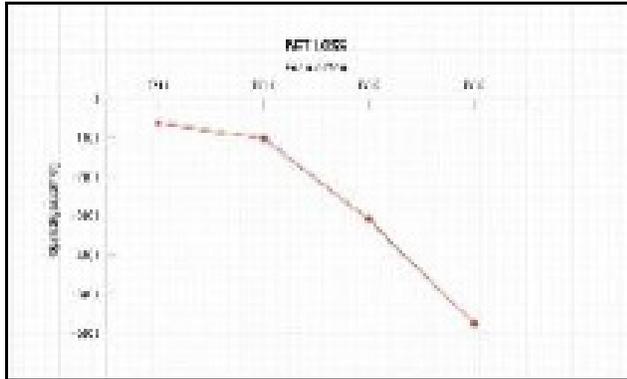


Fig. 3: Growth in Losses of Flipkart

Source: ACRA. FactorDaily

SUGGESTIONS

2014 was the year when Flipkart's Big Billion Day Sale was born. Everyone at Flipkart wanted to give best deals to the consumers without any glitches. However, it was a disaster, though the company reached its target of 100 million which it had set for itself.

On analysing the two sales, there are few things that the researchers would like to suggest. Firstly, Flipkart does not offer groceries. This is a major area which has been left uncovered by Flipkart. Buying groceries online is gaining popularity and Indians are opting for it. And, when groceries go on sale, nothing can beat that! It can be a main attraction during the sale days.

Secondly, Flipkart also does not have a fully developed paid subscription service such as Prime (PMV), or much wider breadth of products like Amazon. It focusses more on consumables and engage customer in repeated buying (Tyagarajan, 2016). Prime membership of Amazon offers not only exclusive preview to its members but also a quick and free home delivery options. This can help them accumulating more revenues during sale or otherwise.

Other important aspects are the fund raising plans and constant value downgrade by the investors. Flipkart needs to overcome these challenges as quickly as possible and come up with a solution. The fund raising woes might end soon if the talks with Walmart investing in company gets finalised. According to the latest reports, Japan's SoftBank Group may invest in Flipkart, if that happens Flipkart will regain its lost position and can even come up with an International IPO!

CONCLUSION

Flipkart has come a long way. From being a mere startup with little knowledge and experience to being India's number one e-commerce company. It has seen a major shuffle and re-shuffle in its core management team as well. Sometimes the decisions were beneficial and sometimes not so beneficial.

When Flipkart began its Big Billion Day Sale in 2014, there were many fax-paus. The major reasons behind the failure of the sale could be grouped under three broad heads- Inherent faults, trade related malpractices, and the fierce competition. The inherent faults like technical issues, low inventory management, and improper planning and execution were among the major reasons for its failure. Other issues were trade related malpractices like ambush marketing, fake deals, price changes, no refunds or cancellations etc. and finally the competition from the big rivals like Amazon, Snapdeal, and Jabong. Disgruntled shoppers were brutal in their criticism of the sale on social media. Some even pointed out that the rival firms Amazon and Snapdeal, were offering products at cheaper prices than Flipkart.

Flipkart's Big Billion Day Sale was a failure when it came to profits, sales, delivering promises, and satisfying customers. But, it succeeded in engraving the benefits of e-commerce in the consumer's mind! Flipkart also managed to attract unprecedented curiosity in their products and witnessed the traffic like never before. Their major fault was that they were not prepared well. Just as painstakingly as they prepared each offer and deal for their customers, they should have invested the same amount of effort in their technical processes and should have stocked the inventories in advance.

Flipkart is a company which learns from its mistakes. So, when in 2016 it again conducted its Big Billion Sale, it successfully tried to overcome the issues which it faced in 2014. There were less technical issues, better deals, better marketing strategies and more happy customers!

For the road ahead, Flipkart should focus on more innovative ways to keep the customers glued to its app. Better strategy, innovative offers, loyal investors and a stable management team are the key to it!

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