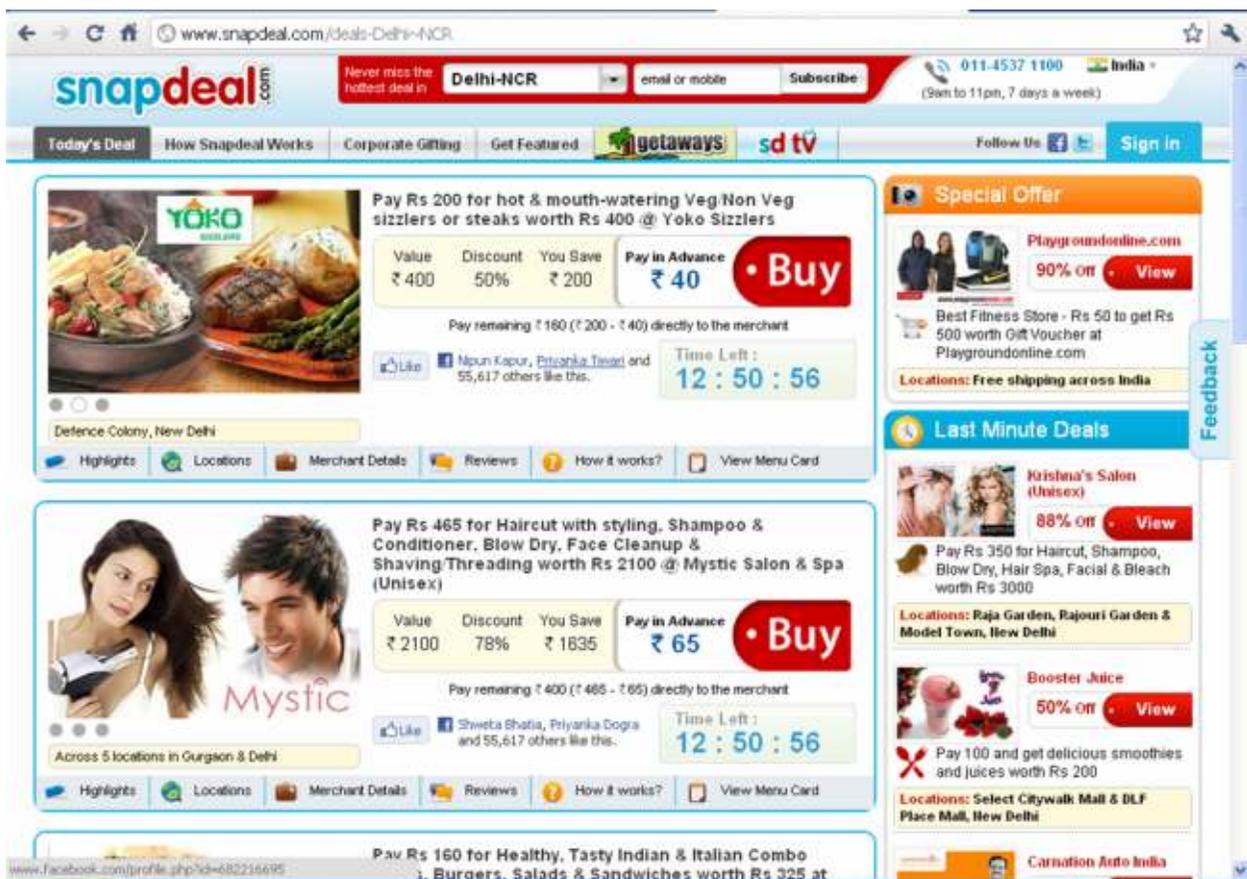


The Indian consumer has never been so spoilt for choice before. The emergence of discount e-commerce websites have been raining discounts for the consumers – be it for products, services, holidays, dental care or food. We get up, close and personal with one such website by the name Snapdeal.com.

Snap it with SnapDeal.com



Kunal Bahl, founder and chief executive officer, SnapDeal.com was quick to gauge the gap in the market for a service like the one he was about to start. It shall be no exaggeration to state that today; the service is so well-known amongst its patrons that the word discount is being synonymous with its name – SnapDeal. As Bahl puts it, “Our prime focus was to create an excellent customer experience on the website. Today, I can proudly state that, we have reached a point in our country that whenever a consumer thinks deals, they think SnapDeal.”

The First Click

What led to the inception of the service was the recognition of the increase in disposable income of the Indian consumer. He elaborates, “Our conviction was very strong about the fact that with increasing disposable income in India, rising internet penetration and a willingness for retailer to use the internet as a channel for customer acquisi-

tion, there was a very large addressable market out there for a service like SnapDeal. We realized that small business owners, who were now saying that internet was working for them as a channel of customer acquisition, would change the landscape of local merchant e-commerce in India. Thus started SnapDeal in February of 2010.”

The Buffering

Bahl had his own set of hiccups and challenges which he had to encounter with the launch of his service. Talking about the teething problems, Bahl shares, “When we started out, people said that daily deals model has low barriers to entry. But soon after we started out, we realised that the biggest barrier in this business is to build your brand. Presently we have reached a point where in India, whenever a consumer thinks deals, they think SnapDeal and achieving this was not easy. Our vision for SnapDeal is that it needs to be participating in consumer's lives – everyday.

Customers write in to us to say that when they get to office in the morning, before they check Facebook, they check SnapDeal. To us, even if there are 50 people out there who are doing this right now, we know that if we maintain the trajectory of our progress and customer centricity, we will have 5 million people doing that eventually every day.”

Bahl adds, “Creating the right customer experience and choosing the right mix of media to promote the brand proved effective for the brand and this gave the company a lot of credibility. One of the other challenge faced was to do with narrowing down on the right team. We did not have good technology talent when we started, and that proved to be a big challenge given we were building an e-commerce platform. However, we were able to weather many of these challenges of attracting bright, talented professionals and today, 16 months since SnapDeal began, we have a team of



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500+ very talented professionals in our organization across the country, which is expected to grow to 800 team members by the end of year. And all our operations, including our call centre, are in-house. We are in such a growth trajectory that we want to closely monitor every process of the company.”

Putting it in Action

Hard to believe but the entire execution of the idea was done in a record time. Post the manpower was in place and a few relationships with merchants built, the entire operation was put live in just 8 days. Explains Bahl, “At the time of our launch, content companies sold impressions on the internet through banner ads and typically fleeced smaller advertisers into paying them CPM rates with no conversions to offline sales. So those small

merchants told us that if we did something on internet, they were ready to do it with us, and then there was no looking back for us. Post our discussions; we started the service in 8 days time! But we didn't know anything about the internet and we spent a lot of time understanding the medium. We also invested a lot of effort in selecting and registering the domain name. Initially we did not even have the dot com (.com) domain and when SnapDeal launched, it was SnapDeal.in. We bought the dot com (.com) three months later for \$3000 and we thought that was a lot of money.”

Bahl shows no qualms in accepting that when they started with their service, the output was not up to the mark. Says Bahl, “Our website at that time was really shabby, but over a period of time we improved and

built an excellent technology team who in turn re-built the entire platform. It would be fair to say that SnapDeal as a technology platform is one of the most robust sites in India that support over 2 million visitors every day and still loads in less than one second.”

The Funding

Sourcing investments for an idea which is not tested and experimented before always has its own set of roadblocks. Same was the case for SnapDeal.com. Says Bahl, “Convincing the investors to fund our venture was one of the most difficult tasks. Initially when we started our project we had approached 15 venture capitalists and managed to get funds from just one. While some investors liked me idea, they believed that the Indian market would not embrace it. One



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investor rejected my proposal within 5 minutes of presenting it. His reasoning was customers didn't want coupons as they loved to haggle personally. Instead, he spent an hour trying to convince me to go back to my job. But our conviction to succeed was very strong, and we were able to see through the difficult times." SnapDeal was started off with the personal savings of the founding partners and with an additional investment of Rs. 40 lakhs which was sourced from an angel investor. Says Bahl, "We successfully raised capital from noted VC's at appropriate time, to fuel the business. Recently, we raised the largest amount of capital in a single round of funding, in any internet company in India, from Bessemer Venture Partners, Nexus Venture Partners and IndoUS Venture Partners."

The initial test marketing for the company was done in Delhi. But gauging the market pulse and demand, the brand expanded its reach across the other markets as well. Today, SanpDeal operates out of 50 cities, targeting to reach 100+ cities, by the end of the year. Shares Bahl, "Our target was to achieve 100 deals / day in about 2 months time. But we reached the target within a week's time, and that was the validation. It was difficult to convince the retailers about the effectiveness of the channel in the initial days. But once the validation happened for a few merchants, who were ready to experiment this platform, others followed suit. Today, 5 out of 10 merchants that we feature are inbound requests, where

in the merchants send in queries to showcase their services on the portal."

The Indian Consumer

The growing globalization that we are witnessing today has opened a lot many doors for the retailers and service providers alike. Though we are seen an upward swing in rising disposable income, we are also seeing people struggling for quality time in activities other than their work. Talking specifically about his personal observation of the Indian consumer when it comes to shopping on the internet, Bahl says, "The consumer behaviour has definitely changed and there are a lot of reasons. Internet allows you to do so many things that the interest and confidence of the consumers to buy online has increased. That is probably the reason why India is the fastest growing market for Facebook. So there is significantly increased propensity among consumers to buy things online and that propensity is different among consumers in Tier I and Tier II cities. For Tier I consumers, ecommerce means convenience because cities are large and there is too much traffic and too little time. In smaller cities, ecommerce enables access to aspiration. For instance, today if we are selling Reebok sunglasses, we are providing people in Guntur an access to these products and also at a deep discount."

There are approximately 90 million internet users in India out of which around 20 million would be active internet users. A substantial number out of these users would be

shopping online for various products and services. The same number for mobile users is around 900 million. Hence there is enough demand, to be catered to.

As for the brands and service providers, the website offers a fantastic opportunity. Elaborates Bahl, "Brands that get featured on SnapDeal, can witness thousands of customers coming to them in a single day. For instance, Marriott group of hotels, acquired 20000+ customers through SnapDeal in a span of 3 days. Many other merchants have had similar experiences. In addition to being a very cost effective channel for acquiring new customers, its works as a risk free alternate marketing channel for businesses. The advantage of associating with SnapDeal.com is that the merchants can measure the effectiveness and spend only on the prospective clients rather than spend upfront in traditional forms of media, which do not guarantee any return on investment or customers. From the retailer's standpoint, they are passing on the customer acquisition cost in the form of a discount offer. Other brands like Benetton, Pizza Hut, Café Coffee Day, The Lalit, Makemytrip, among others have also partnered with us."

Ensuring the standard of the brand being maintained, SnapDeal.com takes utmost care in choosing the brands and service providers it partners with. Shares Bahl, "We ensure that each and every customer has a seamless experience after buying goods and services from our website. We also request



feedback from our customers, and we strive to never leave a customer dissatisfied with our services. We have a no questions asked refund policy in case any of the customers is unhappy for whatever reason. It is this customer centricity, which has ensured that the customers trust whatever we showcase on Snapdeal.com.”

Way Ahead

Taking note of the way SanpDeal.com is expanding its reach and winning hearts, the future definitely looks very bright for the brand. Sharing in detail the brands future plans, “We continue to rapidly grow our footprint across India and by end of 2011, we plan to extend our footprint to 100 cities. In

addition to geographic expansion, SnapDeal.com has forayed into new categories which have shown excellent traction in the brief period since launch. There are two new categories which we have introduced – products and travel. The product category includes very attractive deals, typically 50 per cent off on products such as mobile phones, electronic gadgets, branded fashion products, sunglasses, wallets, among others. In the case of travel, SnapDeal.com features the best leisure and business travel destinations across India at national best prices. We want our consumers to consider SnapDeal.com as a one-stop-shop platform for best-in-market deals on anything to do with local merchants, branded retailers,

products and travel. We already have scale with over 70 per cent market share in this segment.” Competition for the brand though on face seems to be growing with the emergence and existence of other websites like Dealface.com, ebay, tradus.com etc. Bahl prefers to concentrate on ways and means to beat his own performance for good. Says Bahl, “We are currently competing with ourselves – the question of how to grow faster is the one that keeps us up at night. Although when we started the business, there was a lot of competition, however through our team's efforts on multiple fronts we broke away from the pack some time back, and now are at the forefront of traction and innovation in this industry.”

Beautifully summing up his learning so far, Bahl says, “Whatever we are doing right today, will help us six months down the line. The fun part about this journey is that, whatever a mature internet company learnt in 10 years, we have had to learn many of those things in one year. And that was possible because of the right team. When we started SnapDeal, we did not even know how to run a Google Adwords Campaign and now we are probably one of the more sophisticated advertisers on Google in India. And again the team is responsible for this. One of our investors called us a 'brutally aggressive' company with one of the best teams in the internet ecosystem in India. So a right team in the right place, is absolutely critical.” 😊