

Business is Brewing

Companies are gearing up to tap into the rapidly evolving online market by developing unique go-to-market models and building capabilities. *By Mrinmoy Bhattacharjee*



FUELLED BY GROWING Internet and mobile penetration, young demography, disposable income, and increasing acceptability of online payments, the country's e-commerce turnover is expected to jump to \$120 billion in 2020 from \$30 billion this year. India is now the fastest growing e-commerce market, speeding at an annual rate of 51%, the latest ASSOCHAM-Forrester study paper says.

Last year the 'electronics' segment grew by 62% over 2014, only second to the apparel segment. Mumbai ranked first in online shopping followed by Delhi, Ahmedabad, Bengaluru and Kolkata. On the mode of payment, almost 45% of online shoppers preferred cash on delivery (COD) over credit cards and debit cards, that stood at 16% and 21% respectively. Also, the report reveals that 38% of regular shoppers are in the 18-25 age group, 52% in 26-35, 8% in 36-45, and 2% in 45-60 age groups. Almost 65% of online shoppers are male vis-a-vis 35% female.

This understanding of the e-commerce market is opening a floodgate of opportunity for lighting and electrical manufacturers, enabling them to connect with customers new and old in no time.



Marc Jarrault, Lapp India Pvt Ltd

Lapp India Pvt Ltd, a subsidiary of German cable and connection technology major Lapp Group, believes that customers should

be able to access its products at a click of a button. "We are where you are", says the company's managing director Marc Jarrault. "This is our prime promise to customers who are a key to our success."

"E-commerce is inevitable, as it offers convenience and ease that has become the need of the hour for consumers," says Rakesh Kaul, president and chief of consumer business at HSIL Ltd, which



Rakesh Kaul, HSIL Ltd

had recently launched purifiers under its new brand 'moonbow'. Kaul says that the company has been cognizant of tremendous opportunities that the online space offers.

"We don't have any options left today. The consumers have changed buying processes, triggering a complete turnaround in purchases. They are buying commodities with ticket values of over ₹50,000. A large chunk of consumer electricals sold online comprises of home appliances, including bulky coolers. No manufacturer wants to exclude the opportunity that lies in e-commerce," says Anshuman Chakravarty, Orient Electric's head for branding and corporate communication.

No wonder manufacturers are making specific strategic choices in order to tap into the burgeoning e-market. Lapp is pursuing a company-owned and company-operated online B2B-Along strategy. The company has developed its online cable store www.thelappstore.com, to enable customers access its wide range of cabling solutions

anytime and anywhere. It is extensively promoting the website in its communication channel, including corporate website and digital marketing. "With the products coming in straight from the manufacturer, customers are assured of quality and authentic cables. We promise a 48-hour delivery service with convenient and secure payment transactions as well. Currently, we do not promote our products on any other B2B or B2C portal," stresses Jarrault.

Lapp is selling UNITRONIC data transmission devices, HITRONIC fibre optic cables, SKINTOP cable glands, ETHERLINE ethernet technology-based networks, EPIC connectors, and ÖLFLEX universal cables used in control applications through its online store. These products cater to diverse industry verticals including automation, machine and tools, automotive, food and beverage, oil and gas, manufacturing, textile, renewables, infrastructure and buildings.

Orient Electric is adopting a two-pronged approach for its online B2C-centric channel. It has launched an online direct-to-consumer (DTC) sales channel the - E-shop www.orientelectricshop.com, and



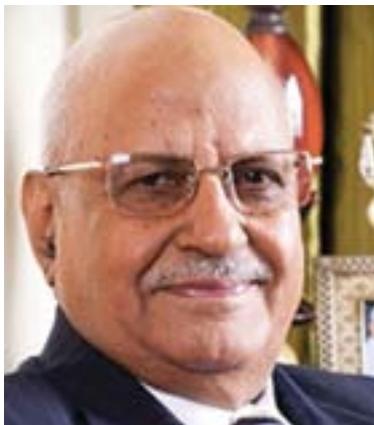
Anshuman Chakravarty, Orient Electric

is tying up with online marketplaces. "We have a retail reach of one lakh outlets. Any traditional store might not be able to stock our entire product range, while it is possible to showcase and sell the products from a single point," says Chakravarty. "This is a sound strategy, considering our positioning

as a smart and premium brand that eyes aspirational consumers in the age group of 25-45 in urban and rural areas, willing to try new experiences during the purchase process.”

What adds a zing to its digital profile is Orient’s interactive tool ‘Switch2Smart’, hosted on its parent website www.orientelectric.com. This tool enables consumers to combine their choice of product and room image available in the directory; or simply upload images of the room for visualising the product for the correct setting. This process is followed up by a ‘buying’ option online or offline. “The consumers should be able to experience hassle-free shopping of our electrical and lighting products, just like buying other home improvement products.” Chakravarty informs that the company has tied up with Snapdeal and is in talks with Flipkart and Amazon. “We want to be in places wherever our possible customers arrive to purchase,” he says.

Eon Electric Ltd has an e-marketing mix of B2B and B2C portals. Its chairman V P Mahendru says, “This approach provides greater opportunities for the company by breaking the clutter and pushing its products



V P Mahendru, Eon Electric Ltd

without any hierarchy, thus giving quality products and creating a brand pull all over country.” For B2B, he informs, Eon Electric sells through IndiaMart, which also has a B2C segment. The company has tied up

with Flipkart, Snapdeal, Amazon as well as mobile payment and commerce platform Paytm for B2C reach.

Kaul says HSIL is aiming to leverage from online opportunities that exist on B2C portals. “We are selling through all leading e-commerce portals such as Amazon, Flipkart, Snapdeal, Paytm, eBay, and furniture and home products marketplace Pepperfry. This helps us engage better with our potential customers and also keep an eye on their buying habits.”

E-commerce is proving to be a boon for small companies that do not possess distribution muscle akin to the majors. Mumbai-based ilux Electricals Pvt Ltd is one such beneficiary. Through online channels,



Sandeep Agrawal, ilux Electricals Pvt Ltd

the company is able to reach customers across the country for presenting its flexi neon light, panel light and tubelight, says the company’s director Sandeep Agrawal.

Aligned with their nature of e-commerce business, the manufacturers are also stitching suitable channel partnerships. Lapp is involving its dealers for its online B2B cable store. “Dealers are our partners in success. We have apprised them of our online portal. The dealers are encouraged to place orders for smaller quantities and for maintenance, repair and order (MRO) online, since these orders can be delivered with a quicker turnaround time. They help us propagate the availability of our products online with our customers, owing to the benefit

of convenience and quick delivery time, especially for MROs and small quantities,” says Jarrault.

HSIL’s Kaul says: “Our company believes in nurturing its business relationships through trust, and therefore route its products through the authorised set of distributors who are aligned to sell via online portals.” On the other hand companies such as Eon Electric and Orient Electric are directly capturing the sales that they are generating online. Mahendru says, “We don’t involve dealers or distributors in our e-commerce business. We receive the orders directly from the portals and execute the same directly to the respective customers from our head office.”

Orient Electric, Chakravarty says, has tied up with Infibeam to provide support at the backend. The products listed on its site are made available and delivered by Infibeam. “They are our fulfillment partner who enables quick and seamless processing across 4,000 PIN codes in the country. They operate from our warehouse and perform secondary packaging and pick up the ordered products.” ilux Electricals’ Agrawal says, “We are directly selling through Amazon and Snapdeal.”

On the revenue front, these companies foresee e-commerce as a vital revenue source. Kaul affirms, “In a short span of one year HSIL’s products have catapulted amongst the top selling goods on all leading websites. We have sold thousands of air coolers on all leading portals and registered a 5% share on Snapdeal. Going forward, our aim is to make e-commerce a major source of revenue, specifically in the consumer business.” Orient Electric, according to Chakravarty, will generate 10% of its total revenue online in the next five years.

These and many other players agree that the online landscape spells new opportunities for all stakeholders. The digital platform, they believe, is a niche that will peacefully co-exist with brick-and-mortar stores, which will address the bottom of the pyramid and also evolve as experience and technology centres. ●