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FLIPKART: DRIVING ECOMMERCE DURING COVID-19

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INTRODUCTION

Covid 19 pandemic presented humanity with unprecedented challenges which put millions of livelihoods at risk. The economic and social disruptions impacted the lives of millions of people across the country.

Like most companies, the surge of unexpected cases (and orders) initially caught Flipkart off guard. Nationwide lockdowns caused orders per day to go down to zero in some regions, only to see an unforeseen surge come in the next few months. While business was on a rollercoaster, there was also the challenge of running a huge organization remotely - thousands of employees including the on ground delivery personnels.

During the initial lockdown, all of Flipkart's supply chain functions - eKart, warehouse and hub operations, had come to a standstill. The nationwide lockdown had put the team in a fix as to how to keep the business running with so many uncertainties, while also ensuring that deliveries were made in a safe and secure manner.

Apart from the responsibility to their customers, Flipkart, being at the forefront of the Indian startup ecosystem, had a responsibility to deliver towards the ecosystem too. The article explores how Flipkart took on each of these challenges, and helped deliver to millions of consumers during the countrywide lockdown.

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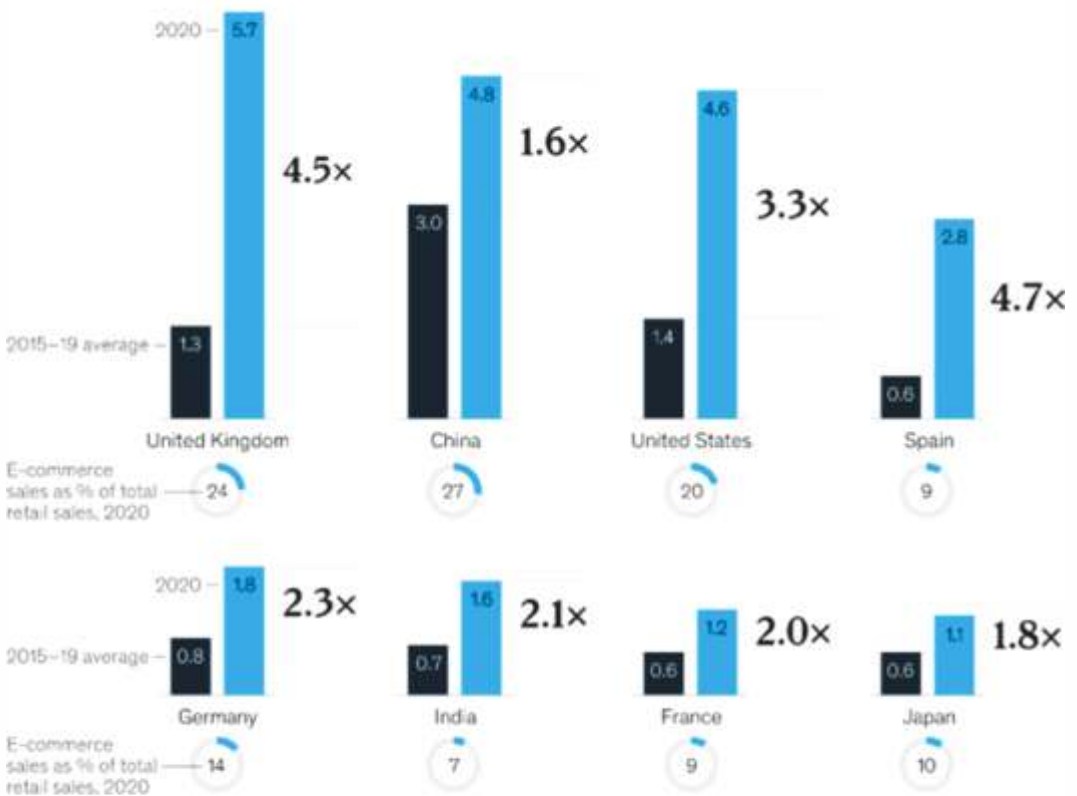
****** Vice President, Product and Engineering - Flipkart***

Impact of Covid on e-commerce and Indian consumers

E-Commerce in India had grown by more than twice in 2020 compared to the 2015-19 average. As lockdowns became the new normal, businesses and consumers increasingly “went digital”, providing and purchasing more goods and services online, raising e-commerce’s share of global retail trade from 14% in 2019 to about 17% in 2020. At an event launching the new report,

COVID-19 and E-Commerce: A Global Review, by UNCTAD and eTrade [1], UN General Assembly President Volkan Bozkir said the trend towards e-commerce is likely to continue throughout the recovery from COVID-19.

Year-over-year growth of e-commerce as share of total retail sales, percentage points



Source: Retailing by Euromonitor International, 2021; McKinsey Global Institute analysis

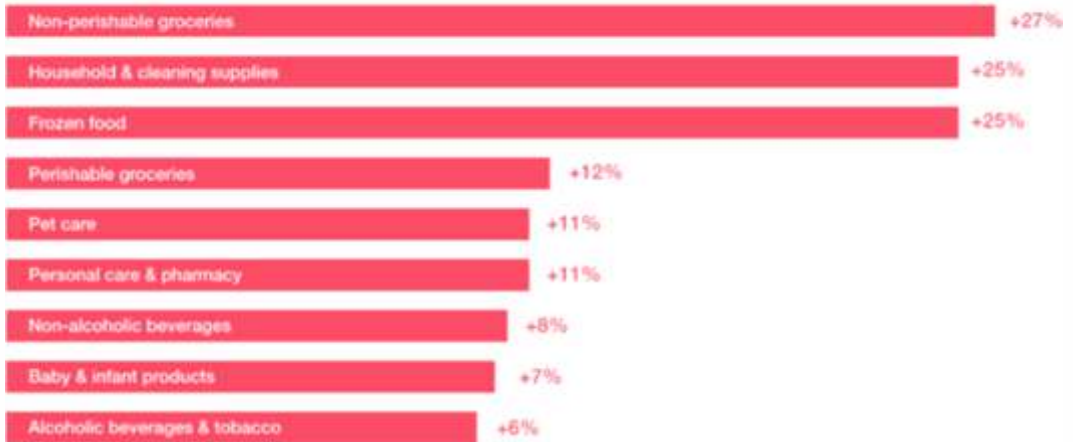


Note the 2.1X increase in Indian ecommerce.
Source : Future of Work report, Mckinsey and Co.[2]

Apart from the uptake in e-commerce, covid has driven some changes in the shopper behaviour as well-

1. Shift to essentials: upto 30% Indian consumers said they will decrease spending on discretionary categories[4]

Consumers are buying more essentials . . .

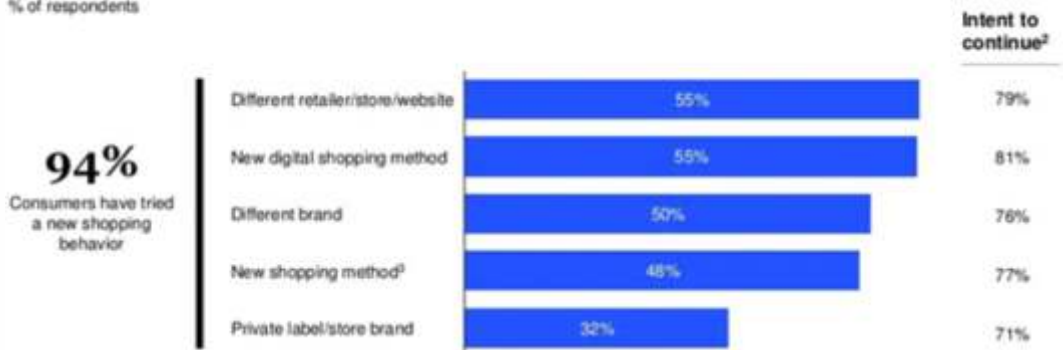


The percentages denote the increase in spends by the Indian consumers for each of the mentioned categories. Source: *Evolving priorities: COVID-19 rapidly reshapes consumer behavior* by PWC[3]

2. Switch to digital and omnichannel: Upto 25% net increase in intent to spend online even post Covid-19. [4]
3. Shock to loyalty: The majority of Indian consumers have tried a new shopping behavior and most intend to continue with it beyond the pandemic. 94% Indian consumers have changed stores/brands or the way they shop. More than 60% of consumers cite value and convenience as drivers for trying new places to shop. Value and quality are the top two drivers for consumers when considering trying a new brand.[4]

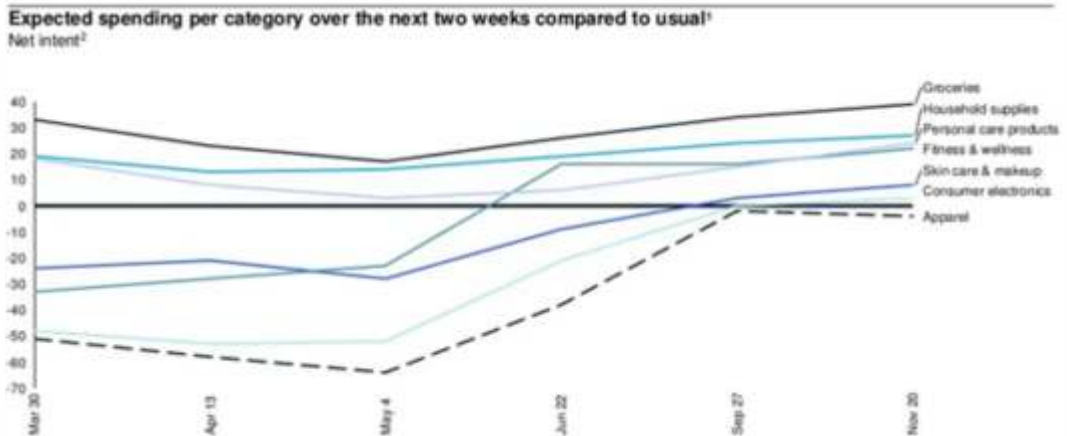
Have you used any of the following since COVID-19 started¹

% of respondents



Source: *Survey: Indian consumer sentiment during the coronavirus crisis* by Mckinsey and Co [4]

4. Spending patterns across various categories: Most of the spending was focussed on essential items (grocery, personal care) and wellness products. There was a relatively late upward trend in e-tail products driven mostly by the shift to remote work/ schools.



Source: Survey: Indian consumer sentiment during the coronavirus crisis by Mckinsey and Co[4]

These findings show a strong uptake of e-commerce across regions, with consumers in emerging economies making the greatest shift to online shopping. Flipkart took the right steps to rise up to these changing consumer needs.

Flipkart's three pronged approach

In order to ensure seamless deliveries in the times of Covid, Flipkart adopted a three pronged approach:

1. Tech Innovations

There were multiple core platform innovations that were ideated and implemented by the team in a very short period of time keeping the customer focus at the center. Some of the innovative capabilities Flipkart built for better customer experience were:

- Contactless payments: Enable digital payment options for Cash On Delivery orders at the customer doorstep at a shipment level
- Farm to home: to help farmers not lose their fresh produce because of the broken Grocery supply chain, and ensure that customers were able to access fresh products in their communities, Flipkart launched the farm to home initiative as a pilot in multiple apartment complexes in Bangalore by leveraging their internal capabilities and bringing together a partner ecosystem to deliver fresh groceries to customers.
- Vernacular: Increased accessibility to customers by launching the app in vernacular languages starting with Hindi, and was first to market in 10 other regional languages. 18% of the new users onboarded on Flipkart directly in vernacular languages, with the vernacular customers having an experience stickiness of 95%.
- Flipkart Quick: Launched the hyperlocal geo-hash based 90 min delivery service in September for groceries, meat, mobiles and fashion essentials.

2. Building a Resilient Supply chain

From strict safety regulations and protocols across warehouses to driving awareness on safety behaviour, Flipkart undertook various training programs for direct hires in various aspects of the supply chain. Through a mix of classroom and digital training, these trainings were undertaken through mobile applications such as WhatsApp, Zoom, and Hangouts, along with Flipkart's own Learning Management System (LMS). These training sessions spanned across customer service, delivery, installation and safety and sanitation measures along with the handling of hand-held devices, PoS Machines, scanners, various mobile applications and ERPs. The delivery executives were also informed and trained in the safety regulations and protocols around COVID-19 to ensure their and customers' safety.

Flipkart had hired more than 20,000 people[7] in the period of March to May 2021 in various capacities across its supply chain, including delivery executives. The additional hiring supported thousands of small and medium sellers who continued to get business support through e-commerce while meeting the growing demand for e-commerce services across the country.

3. People First Thinking

Managing employees in such an unprecedented crisis to serve customers was a challenging task to say the least, especially when the teams were working remotely.

Flipkart enabled seamless collaboration of teams remotely with frequent "bite sized reboot sessions" to help break the monotony of working from home and re-emphasise the importance of physical and mental health. No questions asked leaves were granted for any employee with a medical emergency, and organization-led vaccinations were given to employees[5] and front line staff[6] alike.

Beyond grieving for colleagues lost to COVID-19, Flipkart stood with their families. The new Family Support Policy for India extended additional support for the families and dependents of Flipkart employees who have lost their lives to the COVID-19 pandemic. Flipkart has also introduced a first-of-its-kind unlimited medical insurance cover for employees, thereby fully covering all medical expenses and cost of hospitalization, without employees paying any premium for it.

Flipkart's CSR initiatives

Despite the fact that teams were crunched on bandwidth and struggling with their families being affected by covid, Flipkart employees came together to deliver on a multitude of social initiatives, all driven by a higher sense of purpose:

1. Empowering our customers to donate: When the second wave of the pandemic struck, a volunteer team of Flipsters across Tech, Program, Product, Design, Customer Support, Last Mile, Legal, Tax, Finance, Marketing, and more, came together to ensure that a simple check-out giving feature on the Flipkart app would help customers donate small amounts which added up to a big collective impact. The customer contributions of Rs. 10 each went towards COVID-19 care efforts through our on-ground NGO partner GiveIndia.
2. Donations by Walmart: During the second wave of COVID-19 cases, Walmart donated:
 - 4 oxygen-generating plants
 - 30 cryogenic containers for oxygen storage and transportation

- 2,500 oxygen concentrators
 - \$2,000,000 cash grant to NGOs (Give Foundation and Doctors For You)
 - 500 oxygen cylinders for delivering oxygen therapy to patients at home or in hospital.
3. Other multiple initiatives: Flipkart, PhonePe, and Walmart continue to support communities and healthcare facilities across India in the fight against COVID-19. Flipkart donated 250 Multipara ICU Monitors and 180 Ventilators to 6 state governments. The Flipkart supply chain helped various NGOs and the UP government with logistics support to transport COVID health kits and other critical medical equipment.

CONCLUSION

Flipkart showed cross functional collaboration, endurance and agility as an organization by coming together in such difficult times, driven by the common values of serving customers. For most of the employees, it was a higher sense of purpose that enabled them to work at a lightning-quick pace during a particularly difficult time.

ABOUT THE FLIPKART GROUP

The Flipkart Group is one of India's leading digital commerce entities and includes group companies Flipkart, Myntra, Flipkart Wholesale, and Cleartrip. The Group is also a majority shareholder in PhonePe, one of the leading payments apps in India.

Started in 2007, Flipkart has enabled millions of consumers, sellers, merchants, and small businesses to be a part of India's digital commerce revolution, with a registered customer base of more than 350 million, offering over 150 million products across 80+ categories. Our efforts to democratize commerce in India, drive access and affordability, delight customers, create lakhs of jobs in the ecosystem, and empower generations of entrepreneurs and MSMEs have inspired us to innovate on many industry firsts. Flipkart is known for pioneering services such as Cash on Delivery, No Cost EMI and easy returns – customer-centric innovations have made online shopping more accessible and affordable for millions of Indians. Together with its group companies, Flipkart is committed to transforming commerce in India through technology.

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- Unlocking value through divestitures: Can Indian firms seize the moment? by Mckinsey Co.
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