

1. eCommerce and the Target Market Profiles

A Mutual Component of eCommerce — Internet Growth in India

To understand the rise of eCommerce in India, it is equally important to look at the mutual component that accompanies eCommerce i.e. The Internet.

Statistical research data collected and reviewed by various research organizations reveals that Internet Penetration appeared on the radar in India back in 2007, where nationwide internet penetration stood at 4%. This claim is backed by a report published in June 2018, by *Indian Brand Equity Foundation (IBEF)*.

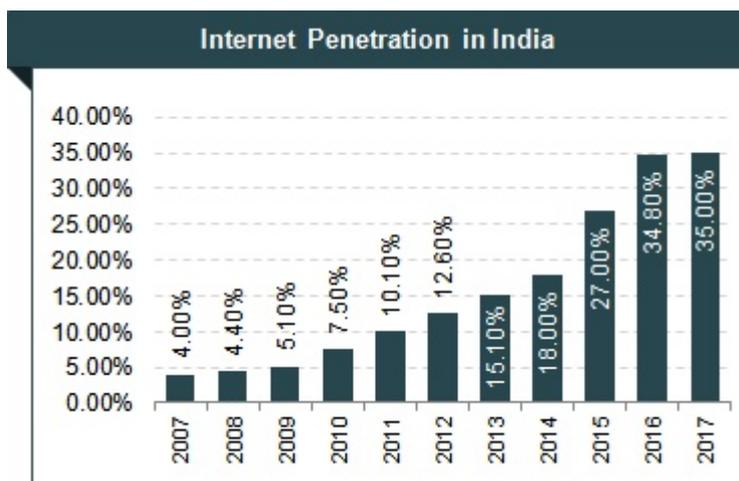
“Internet penetration in India grew from just 4% in 2007 to 35.03% in 2017, registering a CAGR of 24.23 % between 2007 and 2017.”

As of December 2017, internet penetration in India’s urban areas stood at 64.84% and 20.26% in the rural areas. Urban India with an estimated population of 444 million as per 2011 census, already has 295 million using the internet as of December 2017. Rural India, with an estimated population of 906 million as per 2011 census, has 186 million internet users as of December 2017. Analysis of ‘Daily Users’ reveal that both in Urban and Rural India, the **younger generations** are the most prolific users of internet. Rising internet penetration is expected to drive ecommerce growth in India.

Source:

<https://www.ibef.org/industry/e-commerce.aspx>

The following chart illustrates the above data in a timeline series of Internet Penetration growth in India.



Statistics Source:

- Economic Times,
- Live Mint,
- Aranca Research

1.1 Why eCommerce

Building on the previous section of research data, with the rise of Internet Penetration across India came the new concept of doing business online. The concept of eCommerce with its introduction in the Indian Markets across a wide range of products and services mesmerized the entire Indian economy and the way of doing business.

Having a physical business restricts the potential of any business as it is confined to a certain geographical area. But with eCommerce, a business from the North-most part of India can sell its products and/or service to the South-most part of India. Similarly, an Indian shopper sitting anywhere in India can avail a product and/or service from any business in any part of India using eCommerce.

“Having the potential of selling any product or service via eCommerce to any part of India and abroad was a game-changer for SMEs in India. With eCommerce, businesses experienced the freedom of not being confined to a certain geographical area.”

With an online population of 500 million in 2017, India has one of the fastest growing internet populations in the world. A compound annual growth rate (CAGR) of 13 per cent will take the number of online users to 720 million, close to where China is currently. The CAGR of the Indian online user growth is nearly four times that of global rate. The Indian e-commerce has seen a steady growth over the years from 2014 and is currently pegged at \$53 billion. With a growth of 25 per cent, the Indian e-commerce industry is expected to cross the \$100 billion mark by 2020.

Source: Article — Business Standard (India)

https://www.business-standard.com/article/companies/indian-e-commerce-industry-is-expected-to-cross-100-billion-mark-by-2020-118051801480_1.html

As per an ASSOCHAM-Resurgent joint study, online shopping is expected to clock annualized growth of 115 percent this year, aided by fast-increasing data consumption and improvement in logistics, along with a number of offers presented by e-commerce platforms. In the previous year, the study noted that as many as 108 million consumers did online shopping, with mobile phones becoming the preferred choice of device for e-commerce sales.

Source: Article — Economic Times (India)

<https://economictimes.indiatimes.com/industry/services/retail/number-of-online-shoppers-to-surpass-120-million-in-2018/articleshow/64718407.cms>

1.2 Competitor Analysis — Lighting Fixtures

As mentioned previously in *Section 3.5 Market Gap*, the vast majority of the Lighting Fixtures market in India is unorganized with only 10% of the market being serviced with branded products.

These branded lighting fixture products are from:

1. Philips Lighting
2. Jaquar Lighting
3. Tisva (Usha International Ltd)
4. Eglo
5. Hybec (a small company, less known brand)

Looking completely from an objective business perspective, it can be said that the above companies are the major branded competitors.

However, we at Moonbeams view the companies as a stepping stone and partners as Moonbeams already have existing tie-ups with them. So in addition to being an authorized reseller / distributor and offering their products, the company additionally aims to designing and developing its own line of products under the Moonbeams brand.

The 90% of the unorganized lighting fixtures market with cheap Chinese alternatives consists of products that are sub-par, low plastic quality, non-durable and with poor finishing. Consumers purchase these products from unbranded vendors for the simple fact that:

- A. There is no other company offering branded lighting fixtures, especially in lower tier cities, on a large scale with advertising and promotional activities.

- B. Consumers are unaware of the existence of these brands or their products.
- C. The products spread more by word-of-mouth as not much advertising has been done.

Due to the above factors, consumers end up purchasing cheap products as that of use-and-throw policy as they tend to breakdown and are not long lasting.

1.3 Competitor Analysis — eCommerce

In addition to the Lighting Fixtures Market as a whole throughout India, there are major eCommerce brands such as Amazon and Flipkart who also provide Home Décor products and specifically home beautification such as lighting fixtures, wall decals, decorative mirrors, murals and paintings.

It is natural to assume that Amazon and Flipkart are a major threat and a national level competitor.

“However, the above large scale eCommerce giants undergo the same fate as the Lighting Fixtures Market as there are multiple merchants who push cheap alternatives that is mixed in and overshadows the few high end products listed on Amazon and Flipkart.”

Considering the fact that merchants on Amazon and Flipkart have a level of control on product image uploads, there has been serious concerns on deceptive advertising and image of products that are incoherent of the actual product when purchased. The products are mostly un-categorized for example, as per usage, durability and so on which offer sub-par insights and analysis for customers to make a final purchase decision.

“At the end of the day, Amazon and Flipkart have thousands of branded and unbranded home décor products listed and customers need to spend a huge slice of time filtering and sorting through them with a high possibility that they may still end up confused to make a purchase.”

Similarly, Pepperfry (www.pepperfry.com), an eCommerce site in the Home Décor segment with an emphasis on Furniture, is another well-known company across India. The Pepperfry brand is more commonly known for furniture products and do offer Lighting & Light Fixtures as a supplementary product line.

“Pepperfry’s success story stems solely from furniture solution. They are not focusing on Lighting Fixtures as a sole theme.”

The company lands in the same category of Amazon and Flipkart where there are a multitude of products listed which are mostly from unknown brands and the product quality is questionable at best. The lightings section on Pepperfry is not regularly maintained and updated which leaves customers with a lot of outdated and out of trend choices.

There are other honorable mentions of eCommerce businesses in the Lighting Fixtures segment such as:

- a) www.lightdoctor.in,
- b) www.whiteteam.in,
- c) (www.fabindia.com and,
- d) www.engrave.in/

The above eCommerce businesses also come with the similar constraints of less known / unknown brands and products that are cheap alternative. Moreover, they are limited to offering a selective range of products.

“Unlike Moonbeams who have partnered with major Lighting Fixture brands such as Philips, Tisva, Jaquar, Eglo and Hafele to offer all these products on a single online platform, all the eCommerce competitors, big and small, are plagued with inconsistency and incoherent product offerings that give customers a mixed feeling during online purchases.”

1.4 Our Unique Selling Proposition

In strategic consideration of Market Analysis, Competitor Analysis and Market Demand, Moonbeams has amalgamated all the findings to output USPs that are highly realistic, achievable and feasible for the eCommerce expansion.

Our USPs are:

1. New Arrivals, Best Sellers and Trending Products:

The business views the eCommerce Platform as a marketing and sales tool that constantly needs to be maintained and updated. Moonbeams will set in place resources and infrastructure to keep all product listings up-to-date, filtered on new arrivals (*as early as 3-4 months after product launch from brand owners*), best sellers and what is trending to make the online shopping experience of visitors a more personalized and luxurious experience.

2. Online Customer Support while Shopping / Browsing:

In comparison to the other eCommerce websites mentioned in **Section 4.3**, Moonbeams aims to provide personalized customer support via trained professionals to troubleshoot, suggest, recommend and assist visitors in a product walk-through / tour. The online support team will also act as consultants to note down the potential customers' requirements / specifications while visiting the site and provide recommendations.

3. End-to-end Support on Delivery and Installations:

Moonbeams is ambitious in tie-ups with service providers such as Urban Clap to provide seamless delivery and installation of the lighting products. Customer can have a hassle free experience and after-sale service that is on-point and on-time.