

Walmart and Amazon Jockey for Advantage in India

The stakes are high for Indian ecommerce

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Flipkart, an India-based ecommerce company founded in 2007, may be the object of desire for not one but two two of the biggest retailers in the world.

Walmart has been in final negotiations to buy a majority share—at least 55%—for an estimated \$8 billion to \$12 billion. But on Wednesday **Amazon reportedly countered** with a bid to buy a 60% stake in Flipkart.

The ecommerce market in India was slow to take off, but it's growing. eMarketer expects digital buyers in India will number 224.1 million this year, rising to 367.4 million by 2021. We forecast that retail ecommerce sales in the country will increase from \$27.32 billion to \$50.17 billion over the same period.

For Walmart, international expansion is a way to offset sluggish revenue growth in the US. It would also be a fast track to compete with Amazon in India. "Flipkart represents a ready-made way to enter India and gain immediate access to a customer base of more than 100 million people. It's also a company with a deep understanding of the market and has already built out its ecommerce technology—

something Walmart has historically been lacking,” said eMarketer senior analyst Rahul Chadha.

If regulatory issues were overcome, Amazon’s stake in Flipkart would give the online retailer obvious advantages in India’s ecommerce sector. India was called out in Amazon’s Q1 2018 earnings as an area of investment, with Prime benefits and localized video content and Alexa skills being a focus.

Amazon says that Amazon.in is the fastest-growing marketplace in India, and that its shopping app was the most downloaded in that category in India last year.

Jana, an internet provider in emerging markets, reported that in the second half of 2017 Amazon did have more than twice the share of mobile search traffic than Flipkart, at 46.0% vs. 20.9%. eBay took a 9.9% share, ahead of Snapdeal, a homegrown platform that Flipkart was set to buy last year. In 2017 Flipkart acquired eBay’s India unit, eBay.in, though it continues to operate independently.

Share of Searches for Retail Ecommerce Sites Among Android Smartphone Users in India, by Platform, July 1-Dec 31, 2017

% of total among mCent Browser app users



Note: ages 15+ who are mCent Browser app users; numbers may not add up to 100% due to rounding

Source: Jana, "Mobile Majority Report" as cited in company blog, Feb 5, 2018

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The wild card in this jockeying by US companies is Chinese powerhouse Alibaba. To date, Alibaba’s presence in India has been limited to investments in Paytm, a local mobile payments company that runs the ecommerce marketplace Paytm Mall.

"Alibaba has also been buying stakes in other companies, like logistics firm Xpressbees, to reproduce the 'Iron Triangle' strategy of focusing on ecommerce, logistics and finance that has served it so well in China," Chadha said, explaining how Alibaba's other investments could give the company an advantage. "And Alibaba has pockets deep enough to weather some heavy spending on consumer acquisition to stay competitive with either Amazon or Walmart."