Should Flipkart start selling two-wheelers vehicles on its platform?

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Let's start with the Competition

If we are looking at two wheelers being sold on an app then, we can quickly see that not too many players come up.

- There are not too many players in this market.
  The major players are
  - **BikeDekho** - Market leader with 45-50% Market Share
  - **OLX** - General marketplace with strong two-wheeler presence
  - **BikeWale** - Specialized automotive platform
  - **Quikr** - Multi-category marketplace
- Since the market share is not nearly similar, this doesn't look like a very competitive market space. There is room for new entrants.

Now let's look at Customer base of Two-wheelers

If we are looking at the customers then we should look at the existing customer segments that Flipkart has & which they are targeting. And any synergies between them.

Existing Customers of Flipkart

- Flipkart has a diverse presence spanning from Tier 1 to Tier 3 cities. Flipkart's 60% users come from Tier 2 and Tier 3 cities.
- If we are looking at the purchasing factors, then
  - 48% of customers prioritize good features with high discounts
  - 26% rely heavily on product reviews before purchasing
  - 14% consider product ratings
  - 12% focus on brand reputation

Future Customers

- India is the World's Largest Two Wheelers market, because of the Accessibility and Affordability it offers.
- Purchase Behavior Analysis:
  - 85% of consumers start vehicle purchase journey online

    - 76% of premium bike buyers and 69% of scooter buyers are influenced by online videos
    - 82% usage of YouTube among Tier-2 city buyers
    - Majority prefer visiting dealers after online research
    - Hybrid retail model dominates: online research + offline purchase

- Sales Distribution
    - Tier 1 Cities: Approximately 40% of total two-wheeler sales
    - Tier 2 & 3 Cities: 50-55% of total two-wheeler sales
    - Tier 4 Cities: 0-15% of total two-wheeler sales

Considering that maximum buyers of two wheelers come from Tier 2 and Tier 3 Cities and it matches with flipkart's market presence.

What do we know about the Company

Flipkart is mainly an e-comm company, which means that they have a platform where buyers can buy products which are posted by the sellers.

- **Flipkart's Mission**: "*Revolutionize the way India shops by Leveraging technology.*"

Flipkart's Strength & Weaknesses

Flipkart has been around for more than 2 decades, & has become a well established company.

Strengths

- Widespread reach to Tier 2, 3 cities and towns
- A lot of data on the buying behaviors of the consumers
- Flipkart's in-house delivery network Ekart is one of the largest last-mile networks in India, capable of same-day and next-day delivery in over 1,800 pin codes
- Cash on Delivery (CoD) payment options, Hindi interface support, and regionally customized offerings
- "Big Billion Days" sales events have become yearly phenomena, driving significant sales and brand visibility

Weaknesses

- Flipkart's user acquisition and retention strategies still revolve around heavy discounts, flash sales, and price competition
- It struggles to capture premium users, especially in high-value electronics, appliances, and luxury fashion
- Segments like Flipkart Grocery, Health+, and Wholesale are operating at losses due to high logistics and inventory management costs
- Most Indian online shoppers are price-sensitive and platform-agnostic

Although flipkart has a widespread reach in Tier 2 and Tier 3 cities where the purchase of Two-Wheelers is also high, the customers are price-sensitive and platform-agnostic.

Does Flipkart need any collaboration to enter this market?
Considering the fact that Flipkart can't go with inventory management costs of two-wheelers also. They would need to collaborate with Showroom partners.
It's a win-win for all parties involved;

For Local Dealers (Showrooms)

- They would get reach and lead from Flipkart's 500M User Base
- Reduced Paperwork for financing, Insurance and digital documentation.
- Inventory optimization via Data analytics from Flipkart

For Flipkart

- Inventory Management cost is handled by the Local Dealers.
- Revenue Stream Diversification - Can charge for Users data and for pre-qualification of the leads from the local dealers etc.
- Increased customers Lifetime Value (LTV)

For Customers

- All the details and reviews on the app about the Bikes and the sellers
- Exclusive Offers From Flipkart via Local Dealers
- Easy Financing and insurance options
- Pre order & Post Delivery support from Flipkart

This shows that Flipkart can operate as a **marketplace model** benefiting the customers, local dealers and the company itself.

Do Flipkart have to take into account any Regulation to add this vertical in their business?
While Flipkart operates as an intermediary or facilitator rather than a direct seller, this doesn't eliminate regulatory oversight.

- Dealer verification responsibilities
- Consumer protection compliance
- Advertising accuracy requirements
- Financial transaction regulations
- Technology and Platform-Specific Regulations like Customer complaint resolution, Platform reliability etc.

How and where can Flipkart enter this market?
Following all the regulations and playing to its strengths and clearly aligning with the goals of Customers and Local Dealers in collaboration.
*I think this looks like a great move for Flipkart to start Selling Two wheelers on its platform as a **market place model.***

Where

- Let's look at the customer journey/value chain?
    1. **Awareness/Discovery Stage**: This is where the Customer who is looking to buy two wheeler, discovers that Flipkart sells them on it platforms
    2. **Exploration/ Consideration Stage** : This is where the customer is exploring the Two wheelers options available and comparing features and pricing to see if Flipkart has to offer what they like. They would also look at the Financing and EMI options and Customer reviews and ratings
    3. **Purchase Stage** : This is where once finalized the Vehicle, features and Financing options. They would place the order in the nearest showroom and would visit that showroom, once the order has been accepted by the Showroom.

4. **Fulfillment and Delivery support** : This is the stage where the customer goes to take the delivery of their vehicle.
5. **Post Purchase Support** : This is the place where the constant connection between the customer, Flipkart and the Local dealers stays active, for Insurance renewals, for selling other accessories etc.

How

- Charging money for giving **User segment analytics** to the showrooms to help them with more sells and handling paperwork for them
- **Commission per vehicle**: 2-8% of vehicle value (varying by brand and model)
- **Financing commissions**: Partnerships with NBFCs and banks
- **Insurance commissions**: Mandatory insurance sales
- **Accessories and services**: High-margin add-on products
- **Advertising revenue:** Brand promotion on platform

By selling two wheeler on its platform in a marketplace model, Flipkart will not only be handling a high ticket transactions, but builds itself in as an entry point for lifetime value expansion, this could become a market differentiator for Flipkart.

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Flipkart in the last year October 2024 started supporting two wheeler shopping on its platform.

● Offering a wide range of petrol and electric two-wheelers across 12,000+ pin codes and 700+ cities with Transparent On-Road Pricing, Expert Assistance, Flexible Financing, and Immersive 3D and AR Features
● Demand for two-wheelers on Flipkart has soared by 6x in August, 2024 over last year

Source:
https://www.linkedin.com/posts/flipkart_flipstart-twowheelershopping-ecommerce-activity-7244244008615436288-lj5-?utm_source=share&utm_medium=member_desktop&rcm=ACoAACcZldQBWTPpuz3aEG-wt7VIvtJjJVMdt_s