Market Research: Meesho



ABOUT MEESHO :

Meesho, a Bengaluru-based social commerce platform, made headlines by joining the prestigious unicorn club. This achievement came following a successful funding round led by SoftBank Group Corp. of Japan, which raised a substantial US$300 million. Notably, Meesho's existing investors, including Prosus Ventures, Shunwei Capital, Knollwood Investment, Facebook, and Venture Highway, also participated in this funding endeavour. With this infusion of capital, Meesho's valuation soared to US$2.1 billion, marking it as the fifth Indian startup to attain unicorn status in 2021.Meesho is an e-commerce platform focusing on Tier II and Tier III city. customers in India. The company provides a platform for sellers where they list their products and the end customers buy though these listings on the meesho platform. The logistics of the delivery related processes is dealt by delivery Service providers like FedEX, Delhivery, etc. Company primary focuses on "price" as the major factor in driving the business and providing value.

acquisition → activation → engagement → retention of suppliers on the platform.

Jobs-To-Be-Done

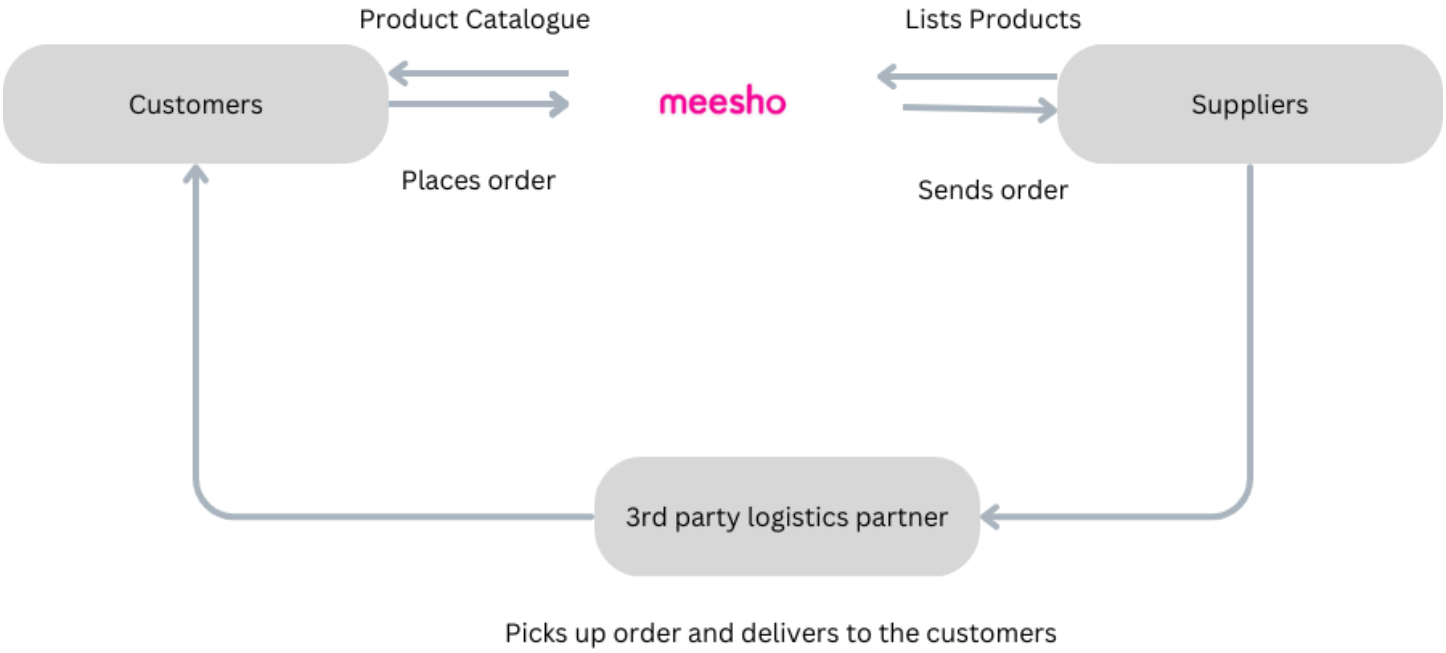
When I want to buy clothes I want to buy in budget so I can look good and keep my financial balance good.

The important and relevant Jobs to be done identified from the users.

- buying good product with ease
- buying low priced clothes

Objectives

- Understanding how Meesho works
- Researching the competitors in the market and their variables of success
- Understanding the user journey and the best possible methods of increasing growth.



Meesho stands out as the premier reselling platform, simplifying the process of selling products. You can generate income by marketing fashion and lifestyle items through Meesho on platforms like Whatsapp, Facebook, and Instagram. Upon logging into the Meesho app, you'll discover a vast array of high-quality products sourced from reputable suppliers. Choose products you believe will resonate with your network, prompting them to make purchases. Share these products with your contacts on Whatsapp, Facebook, Instagram, and other platforms.

You have the flexibility to set your desired profit margin on top of the product price and shipping fees. Communicate the final price to your customers, and upon their confirmation, place the order through the app. If you opt for cash on delivery (COD), the payment will be deposited into your bank account within 10 working day

WHAT MAKES MEESHO UNIQUE?

However, unlike traditional e-commerce platforms, Meesho operates as a social commerce business model. Rather than directly selling products to consumers, Meesho serves as a platform for resellers to connect with suppliers and manufacturers, enabling them to market products through their social media channels.

Meesho presents an innovative opportunity for individuals to earn money by initiating their own reselling venture. Additionally, Meesho offers a distinctive bonus program, granting resellers a weekly bonus based on their sales performance.

The "Refer and Earn" program by Meesho is particularly noteworthy, allowing resellers to earn commissions on sales generated by their referrals for up to two years. Furthermore, Meesho offers a VIP membership plan, providing members with discounts on all products without any associated fees or purchases required.

By simply completing purchases, individuals can access exclusive benefits within the Meesho ecosystem. These include free shipping, year-round discounts, Meesho credits, the Spin Wheel feature, and more. Explore the Meesho app to unlock its full potential and maximize your earnings.

The shift from Fashnear to Meesho

Exploring more practical business models, they embarked on a fresh strategy. Under this new approach, any shop owner could seamlessly transition to Meesho by logging in with their Facebook credentials. Subsequently, their data would be seamlessly transferred, and a dedicated business page would be established with minimal effort. The platform streamlined processes such as automatic stocking and inventory management, attracting over 10,000 shops within just six months.

Interestingly, the majority of account holders were women engaging in reselling products sourced from leading clothing suppliers and manufacturers. It became apparent to the founders that many of these women didn't maintain their own inventory. This realization highlighted Meesho's potential to bridge the gap between suppliers and resellers.

The whole ecosystem of Meesho works on four stages of growth

Acquisition

This stage includes the user realizing the value proposition and signing up on the platform. This is the stage knowing that the person is actually interested in the platform and is willing to put in the time and effort.

Activation

- Once the person starts investing their time and effort on the platform, they start unlocking the true value. This is the whole journey from their signup to finally making money (in case of sellers) or finding the best clothing. In other words, it is the journey from their signup to the aha! moment.
- This is the **limiting factor** for the growth of meesho because it is this stage that decides if the user is going to stay on the platform or not. This stage includes series of steps that finally take the user to the moment they get what they were looking for on the platform (making money for the seller and finding good and cheaper clothes for buyers).

Engagement

On this stage, the users have already found the value and they are aware of the steps that takes them to the aha moment. This is where they come back and start engaging frequently and exchanging the value.

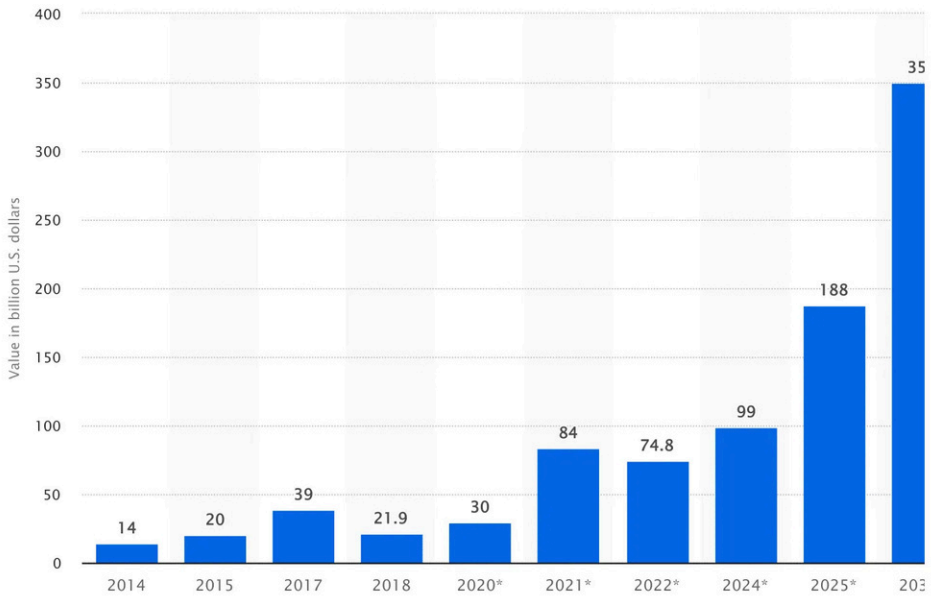
Retention of suppliers

Meesho charges 0% commission rate from suppliers across all categories of products. Hence, meesho provides the lowest priced products in the market and this requires the sellers to sell at a lower cost.

The retention of suppliers is made by looking at the factors like

- Commissions
- Orders
- Ease of use
- Product recommendation

- Zero penalty charges

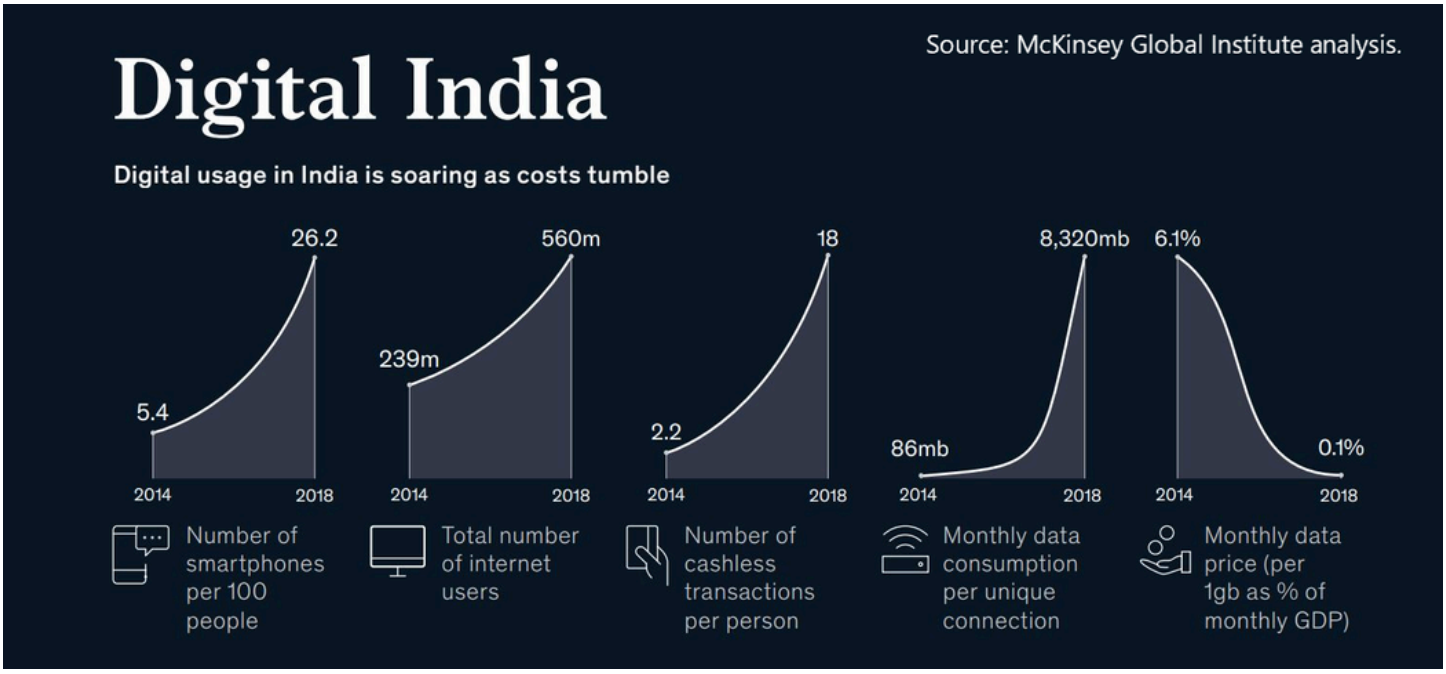


Details: Various sources (Media sources); BCG; Bain & Company; Morgan Stanley; 2014 to 2018

Sources Morgan Stanley; BCG; Bain & Company; Various sources (Media sources); India Brand Equity Foundation

Survey by Various sources (Media sources); BCG; Bain &Company; Morgan Stanley

Published by India Brand Equity Foundation



Key Takeaway: Indian digital transformation and the technologies assisting it are growing with a significant rate. The adoption of UPI, BNPL, and digital wallets have increased the access to E-commerce.

Marketing Mix

Meesho's marketing strategy revolves around the fundamental principles of the 4Ps of the marketing mix: Price, Product, Promotion, and Place. These elements form the cornerstone of Meesho's approach to brand promotion and product positioning in the market.

Given that a significant portion of Meesho's audience comprises women, the company's messaging predominantly focuses on the theme of Women Empowerment. Meesho's mission is to empower women financially and celebrate their resilience in overcoming economic and social barriers. This sentiment is encapsulated in the slogan "Not just a homemaker, a Meesho Entrepreneur," which effectively conveys the company's ethos.

Notably, over 70% of Meesho's orders originate from tier 2+ towns, showcasing the platform's strong adoption in these regions. Even during the pandemic, Meesho expanded its services to over 2000 new tier 2+ towns, with a noticeable increase in order share from these areas from June to December 2020.

In terms of advertising and promotions, Meesho employs a combination of television commercials (TVC) and social media campaigns. In this blog, we'll explore some of the TVC advertisements that have garnered popularity for Meesho, examining the messages they convey and their effectiveness in the company's overall marketing strategy.

Marketing Strategy of Meesho

Meesho boasts an extensive range of products catering to a diverse array of needs, particularly focusing on ethnic wear for women. From sarees, Kurtis, Lehengas, kurtas, blouses, to western dresses, the selection is vast. Additionally, Meesho offers accessories, footwear, bags, jewelry, lifestyle collections, and much more to complete one's ensemble.

Men are not left behind in Meesho's offerings, with a variety of latest accessories and outfits available. This includes kurtas, kurta sets, suits, sherwanis, and more, catering to traditional tastes. For those inclined towards Western wear, Meesho provides options like jeans, trousers, shirts, T-shirts, and seasonal attire, ensuring a comprehensive wardrobe selection.

But Meesho's offerings go beyond apparel. The platform extends to include basic kitchen accessories, home décor items, daily use products, and even electronic items. With such a diverse range, Meesho endeavors to be a one-stop destination for all consumer needs. Here are some additional points Meesho has considered:

- **Quality Products that too at the Lowest Prices**

  You can now conveniently order from Meesho, a nationwide network of wholesalers offering a wide range of fashion and lifestyle products at prices that cater to your preferences. Since all items on the Meesho app are sourced directly from suppliers, wholesalers, and manufacturers, you can enjoy them at competitive wholesale rates.

- **Discounts and First Orders Offer**

  New users of the Meesho app have the exciting chance to receive a 30% discount, up to Rs. 100 in INR, on their first order. This offer is applicable regardless of the order value or product category, making it an irresistible opportunity for first-time purchasers.

- **Delivery and Shipping to be Free**

  One standout feature of Meesho is its complimentary delivery service on all orders, without any requirement for a minimum order value. This distinguishes Meesho from other platforms, offering added convenience and savings to its customers.

- **Availability of Cash On Delivery (COD)**

  Contrary to some apps, Meesho prioritizes accessibility by offering Cash On Delivery (COD) as a payment option. This ensures that individuals without online payment methods can still make purchases by paying upon product delivery, providing a convenient and inclusive shopping experience. In essence, with COD, you can pay for your products after receiving them.

- **Returns/Refunds are made free**

  In contrast to some apps, Meesho values customer feedback and offers a 7-day Free Return & Refund policy. This means if you're dissatisfied with your purchase, you can return it within seven days and receive a refund without any hassle or questions asked. With these customer-centric policies, Meesho ensures that online shopping and earning through reselling are secure and risk-free experiences.

  ## Meesho's Marketing Campaign

  Meesho opted to garner attention and promote their brand through captivating phrases and taglines. Two examples that resonated well and left a significant impact were:

  "Humara Mission Sabse Kum Commision



Meesho's business model & distribution strategy

Once Meesho found its product-market fit and established its mission of empowering housewives to forge their own identities and earn income, it began to expand its business. Here's how Meesho's business model and distribution strategy operate!

Given its focus on the fashion industry and its target demographic of women, Meesho collaborated with various influencers and YouTubers. While providing them with minimal collaboration costs, these influencers shared Meesho's products spanning over 200 different categories and its user-friendly app

with their respective communities through videos and posts, propelling Meesho to prominence in the social commerce sector.

Even its initial television commercial (TVC) centered on women challenging housewife stereotypes and crafting their own identities. The ad empowered women to recognize their potential and become entrepreneurs in a straightforward yet impactful manner.



Meesho's revenue model

Meesho generates revenue through various avenues:

1. Commissions: Meesho earns a commission of 10-20% on each sale facilitated through its app or website.
2. Penalties: In cases of product returns due to poor quality or damage, Meesho imposes a penalty fee on the seller.
3. Advertisements: Meesho offers paid advertising opportunities on its platform, enabling sellers to enhance the visibility of their products compared to competitors.
4. Logistics: Meesho provides comprehensive support for packaging and delivering products to customers' doorsteps. This logistical assistance not only saves sellers time and effort but also generates revenue for Meesho.

5. Float Money: Meesho holds payments for 7-10 days post-delivery. This capital can be utilised for investments and loans, generating returns and interest for Meesho.

Meesho's in-house cost structure

Operating a marketplace entails significant expenses. Here's a brief overview of Meesho's cost structure:

1. **Technology Costs:**

Meesho maintains an in-house technical team dedicated to enhancing the platform's functionality and user experience. Technology expenses encompass server costs, Content Delivery Network (CDN) costs, and other infrastructure-related expenses.

1. **Marketing Costs:**

Meesho invests heavily in marketing initiatives, spanning various channels such as television commercials, affiliate marketing, online advertising, and promotional campaigns.

1. **Payment Processing Fees:**

Meesho incurs processing fees from payment gateway providers like Paytm, Google Pay, PhonePe, etc., for each transaction processed through their platforms.

1. **General Expenses:**

This category includes costs associated with salaried employees, legal counsel, and overhead expenses necessary for the day-to-day operations of the business.

How can anyone start earning with Meesho?

Earning through Meesho is accessible to everyone. With a vast array of products spanning over 200 categories, you can curate a personalised selection tailored to your community's preferences and easily share it via social media platforms such as Facebook, WhatsApp, and Instagram.

For each sale made through your efforts, you'll earn a commission based on Meesho's guidelines. Additionally, you have the flexibility to set your profit margin on each product individually. When a customer is ready to place an order, you simply add your profit margin to the product's cost listed on the Meesho app, including shipping, and inform the customer of the final price to the customer.

Upon delivery of the order, you can expect to receive your payment within 7-10 working days, as per Meesho's guidelines. In the case of Cash On Delivery (COD) orders, the customer pays the delivery executive directly. Once Meesho receives the payment through their agents, your payment will be credited after 10 working days.

Meesho's Competitor Analysis

Meesho finds itself in fierce competition with eCommerce giants such as Amazon and Flipkart, both of which boast significant media presence and have roped in Bollywood celebrities for endorsements.

In the face of such formidable competition, Meesho differentiates itself by focusing on social commerce to build trust among its users. The core of Meesho's marketing strategy revolves around empowering individuals to achieve their dreams, particularly by enabling entrepreneurship with minimal capital investment. Meesho's unique selling proposition (USP) lies in its ability to cultivate entrepreneurs from diverse backgrounds and to explore new avenues to expand its value proposition.

In addition to competing with Amazon and Flipkart, Meesho also faces competition from other players in the market such as Deal Share, Glow Road, Shop 101, City Mall, Bulbul, Simsim, and Volusion.



- **Local shops**

According to IBEF, India is the world's fifth-largest global destination in the retail space. In the FDI Confidence Index, India ranked 17 (after US, Canada, Germany, United Kingdom, China, Japan, France, Australia, Switzerland, and Italy).

As per Kearney Research, India's retail industry is projected to grow at 9% over 2019-2030, from US$ 779 billion in 2019 to US$ 1,407 billion by 2026 and more than US$ 1.8 trillion by 2030. Revenue of India's offline retailers, also known as brick and mortar (B&M) retailers, is expected to increase by Rs. 10,000-12,000 crore (US$ 1.39-2.77 billion) in FY20.

Thrift Stores

These are the little parts of the retail economy that are known to provide the trending items at a significantly lower costs.

Variable of Success: Accessibility and price.

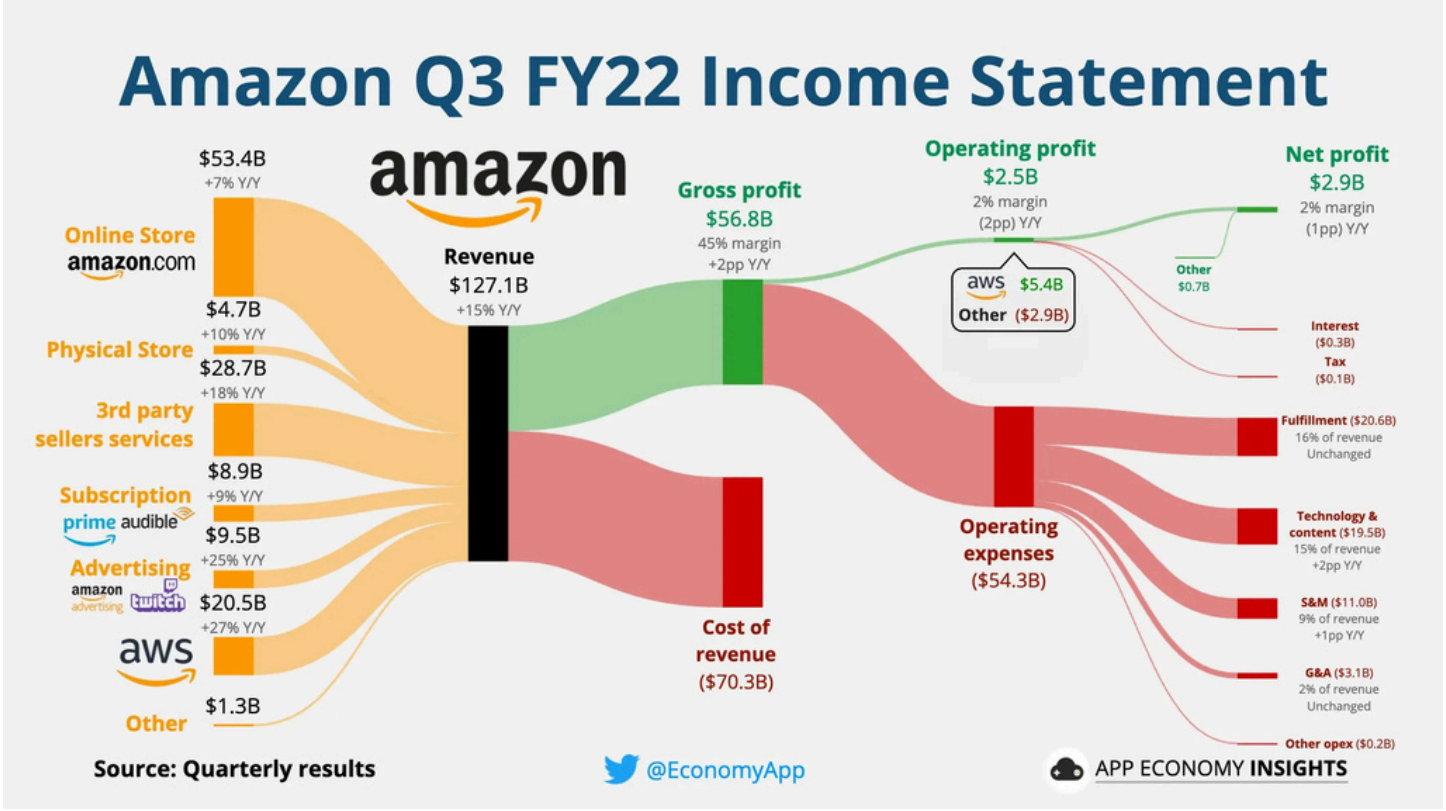


Amazon

According to a research by jungle scout, 89% of Amazon sellers are profitable, and 63% are profitable within a year of launching their business. In addition, 22% of SMB sellers surpassed $10,000 in average monthly sales.

According to statistics sourced by business intelligence platform Toffler and seen by ET Tech, Amazon Seller Services' income grew from Rs 10,847.6 crore in the 2020 financial year to Rs 16,200 crore in the 2021 financial year.

Variable of Success: Convenience.



According to a study conducted by **Nielsen Media** on behalf of Amazon India, 81% of consumers are keen to shop during the Diwali festive season. Online shopping sentiment remains bullish not just across metros but also tier 2 and 3 cities.

According to a study conducted by Nielsen Media* on behalf of Amazon India, 81% of consumers are keen to shop during this festive season. Online shopping sentiment remains bullish not just across metros but also tier 2 and 3 cities. **Over 78% consumers trust online shopping; 68% consumers have identified Amazon.in as their go-to and convenient online shopping destination with almost half identifying Amazon.in as the most trusted and loved online brand for festive shopping.

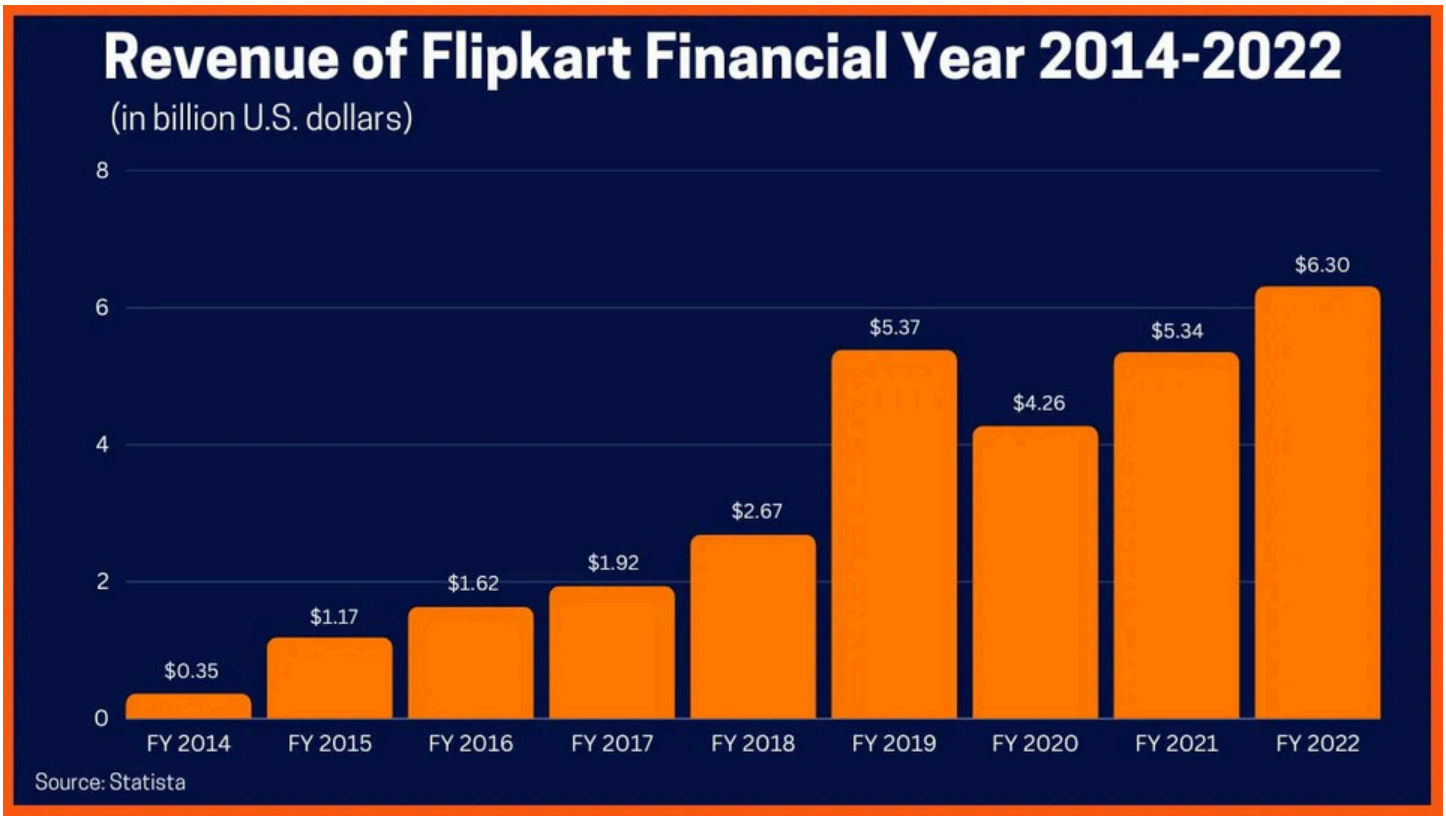
Key Takeaway:
The Tier 2 and Tier 3 cities opt to shop at lower prices at a point of time that promises the comparatively lower prices.

The data suggests clearly that the ecommerce is growing at an exponential rate with much boom on certain platforms.

Flipkart

A recent report released by Flipkart has stated that:

Artisans, weavers, women and rural entrepreneurs under the Samarth initiative grew 300% on the platform and witnessed their revenue increase by 400%. During their The Big Billion Days (TBBD) sale, over 1 Billion customers visited Flipkart over the 8 days and got more than 60% of customers coming from Tier-2 and -3 cities.



The growth statistics of Flipkart and the data indicate the growth in the coming days owing to the participation of the Tier 2 and Tier 3 population, the artisans, and the resellers.

Variable of Success: Wider selection.

Factors fueling E-commerce growth in India

Small credit companies catering to Tier 2 and Tier 3

- **SAVE Solutions Pvt. Ltd.**

Annapurna Finance Pvt. Ltd (AFPL) was established with the purpose of serving the economically weaker sections of society, by bringing them to the mainstream and providing need-based financial services at their doorstep.

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- **Sub-K**

Sub-K seeks to bridge the digital divide, and create a ‘financially included’ society, through a robust and widespread retail distribution network and in-house Fintech solutions. Sub-K bridges the financial divide between banks and the un/underbanked population by effectively leveraging technology and local entrepreneurship.

BNPL (Buy Now Pay Later) Services & Postpaid

These services that allow the customers to convert their purchases (usually above a small threshold that is around 1,500) into no-cost EMIs. These sources are also assisting the MSMEs to expand and grow their business.

- **Flipkart BNPL**

In September, Flipkart claims to have roped in over 45 regional influencers for its #FlipkarShoppingMela campaign which was rolled out in languages such as Oriya, Bengali, Manipuri and Assamese. “This was a way for us to showcase our range of products and acquire consumers from these areas,” Mishra stated.

As per Mishra, the virtual try-on feature under the beauty and makeup category was used by one in five customers and saw a rise in conversion rate by four times. “Around 60% of customers were from tier-3 cities, and one in every three shoppers was less than 25 years of age. When compared to mobile and electronics in India, the FMCG, home, and general merchandise categories account for one-third of the total ecom presence,” she added.

statements by: Kanchan Mishra, business head, FMCG, home and general merchandise, Flipkart,

Key Takeaway: this ensures the compatibility and reach to the tier 2 and tier 3 cities with language barriers.

- **Amazon BNPL**

NPCI’s Jan’22 data shows that Amazon Pay had 73.50 million transactions worth Rs 6,729.66 crore.

"The Amazon Great Indian Festival 2023 has been the biggest ever in history. We are humbled to be a part of customers' festivities and witnessed a record of more than 110 crores visits with over 15 lakh new customers shopping on Amazon India for the first time," Amazon India Consumer Business Country Manager Manish Tiwary said. Paytm & the Postpaid

According to a **report by Paytm**, their success in smaller cities is attributable to their multilingual app.

"Around 25% of our users prefer using the app in their regional language. Hindi is the most used language after English, followed by Gujarati, Telugu, Marathi, Bengali, Tamil and Kannada among others," said the report.

The postpaid adoption has made the access to financial support very easy. Adding to the fact that these credits require a balanced and calculated use of service, the ~~lack of~~ management skills and knowledge has also led to its extensive use.

Other related services

Factors that people consider while using E-commerce:

Better deals - Amazon

Lower prices - Flipkart, Meesho

Better Selection - Flipkart

Faster Shipping - Amazon

Ease Convenience - Amazon

Market and competitor status:

Local shops and other Ecom platforms have a competitive threshold of prices and work by using the commissions (amazon has the highest) or profit for driving their business. Meesho works by powering the sellers with no extra charges or commissions.

Amazon and Flipkart are mostly the option for tier 2 and tier 3 during the festive season sales, as data suggests. On the other days, the flow of customers is slightly lower.

Strategies to increase growth

Meesho works on the factor of lowest priced e-commerce platform.

The growth of T1 and T2 cities ad the access to smartphone, financial services has increased the buying behavior.

- Meesho could Collab with the small finance startups or the banks with a strong presence in a city for showcasing their value and cost effectiveness.
- With the growing ecom market, the activation of the user could be complemented with a reward like free first ad.
- Meesho could celebrate its founding day or any festive day sale with high focus on more convenience and faster shipping, and a lower focus on reduced pricing. This method could be marketed with implementation of principle of scarcity, reciprocity, authority, commitment, and consistency. Most of amazon and flipkart's sale that occur once a year are a result of principle of scarcity and commitment. THis way, people know they are going to get a lower price for their favourite item and they are also aware of the fact that no matter what happens they will get their items for lower price on the platform around the same time with more ease
- For bringing more suppliers, Meesho can provide them with the seller stories posing it as the timeline of their story. This would assist in building likeability and connection for other sellers to work with meesho.