Business Innovation Models of Indian E-Commerce Start-Ups to Create Successful Business Competing Against Global Players

Abstract: This paper provides an insight into the business innovation models of Indian E-Commerce start-ups to compete successfully against global players, taking into account two of the leading Indian e-commerce players, JioSaavn and Flipkart. Using a case study research design, the authors have employed a qualitative methodology. We obtained the insights from face-to-face, one-on-one, and open-ended interviews conducted with around fifty senior industry leaders in the e-commerce industry. The insights were used to determine several drivers and best practices, which are discussed in more detail in the paper. A primary focus of this study was on innovation culture, product, process, and design innovation. Mobile devices are becoming increasingly integrated into our daily lives, and as such, the need to make purchases through these devices is also increasing. As a result, e-commerce players are able to provide new and innovative experiences for their customers, which contributes to their success. We observed a trend in which brick-and-mortar stores have incorporated digital technologies. The authors illustrate how e-commerce players can meet new consumer shopping habits through the use of the right technology as well as provide practical tips and realistic recommendations.

Key words: Business Innovation Culture, Product and Process Innovation, Design Innovation, Innovation Competencies, E-commerce and Product Innovation.

INTRODUCTION.

Purchasing or selling products over the Internet or through online services is referred to as e-commerce (electronic commerce). There are several technologies that are used in e-commerce, including mobile commerce, electronic funds transfers, supply chain management, Internet marketing, online transaction processing, electronic data interchange (EDI), inventory control systems, and automatic data collection systems.
Innovation is the process of making fundamental changes in a company that result in growth as a result of these changes. The technological foundation of the Web-Internet compound has enabled electronic commerce to enter extensive fields of organizational and social activity (Zwass, 2003). The purpose of change is not merely to make changes for the sake of making them. Creating new value for the organization is what it is all about. It is important to note that innovation does not always have to be associated with being the first to move or being the most visible. Whenever the concept of e-commerce is applied to the field of business, there are boundless opportunities for innovation to occur. The development of an analytical framework for evaluating e-commerce business models and strategies has been made in the context of the study that there are boundless opportunities for innovation within the e-commerce industry (Lee, 2001). E-commerce companies cannot afford to ignore the importance of knowing and relating to their target audience. In order to gain a competitive advantage, e-commerce brands must understand their customers’ diverse perspectives in order to provide connected and contextualized engagement. E-commerce has been extensively discussed with respect to the policy implications of e-commerce as a techno-managerial innovation ecosystem (Hanna, 2016).

As a result of the proliferation of hyper-specialized applications in the current post pandemic scenario, e-commerce organizations have moved to a more composable enterprise approach to assembling digital capabilities rather than developing them from scratch each time. GrubHub’s experience has given us a few insights and best practices in managing e-commerce during pandemic (Yasin, 2020). A growing number of e-commerce organizations are turning to microservices to enable them to rapidly create new customer experiences. E-Commerce businesses that are deploying microservices to production will also require some form of service mesh functionality so as to scale their application. The Indian e-commerce industry is still in the middle stages of its development, and its adoption is still rather complicated and varied, as compared to that of other countries (Tiwari, 2014).

A major benefit of e-commerce is that it offers convenience to the customers, since they don’t need to leave their homes to do their shopping, and they can make purchases from the comfort of their home, especially for products that are not available in nearby stores. A wide range of products can be purchased through e-commerce, which is a time-saving and money-saving method of buying products. The emergence of e-commerce has also given consumers a great deal more control over their purchases. In addition to researching products, they are also able to compare prices across retailers when they are researching products. Online shopping also has another advantage, which is the fact that it often offers sales promotions or discount codes to its customers, which allows them to enjoy greater savings as well as greater convenience. A big advantage of e-commerce is that it provides detailed information about products that can’t be obtained from in-store staff. Online order history can also be reviewed and tracked by a customer of their order history. The invention performance perspective has been examined in-depth in recent years, because of the hegemony of digital platforms, innovation culture, and e-commerce marketing capabilities (Khattak, 2022). It has become possible for manufacturers and consumers to bypass intermediaries in order to reduce transaction costs through the use of E-commerce technologies as a result of these technologies. Among the ways by which this can be achieved is by utilizing best price deals and group purchases to expand the search area in order to make this possible. Local businesses and consumers are pivotal to e-commerce’s success at the local and regional levels as it depends on how they adopt it at these levels.

Insights and observations related to Innovation, Product and Process within the Indian eCommerce Industry

Listed below are some of the top observations that the authors made after talking to a cross-section of e-commerce experts in the industry. Also, the authors would like to mention that the below observations as it pertains to Innovation culture, product and process are selected and not exhaustive in nature. We prioritized the top observations and put them below.
Core Technology

As a result of rigid, siloed infrastructures, e-commerce companies are unable to anticipate trends such as stock shortages and price flexibility in a timely manner, making it difficult for them to deliver consistent messages to the end-user. Technology has played an undeniably important role in fostering the growth of e-commerce over the last few decades. There are many core technologies that are used in the field of e-commerce, including chatbots, mobile commerce, online transaction processing, inventory management systems, etc. A heavy reliance on technology is required by ecommerce startups if they are to meet the growth and retention needs of their customers.

Socio-economic and demographic aspects

The authors observed that despite the challenges posed by Covid-19, the e-commerce sector remains optimistic about the future in spite of ongoing challenges. There is much more to e-commerce as a concept than slick branding, web platforms, and direct-to-consumer marketing strategies. B2B e-commerce innovations that enable B2B transactions to be conducted quickly, securely, and with the highest level of fidelity provide the most significant and impactful results for organizations. Using e-commerce, we are accelerating and disseminating more widely the changes that are already under way in the economy, such as the reforming of regulations, the establishment of electronic links between businesses (EDI), the globalisation of economic activity, and the increasing need for highly skilled workers, among other things. Due to the development of electronic commerce, many sectoral trends that are already taking place, such as electronic banking, direct booking of travel, and one-to-one marketing, will be accelerated to even greater heights.

Innovating in the field of live selling

E-commerce retailers are experimenting with live selling and a large number of them are using live selling as a method of enhancing their e-commerce businesses. There are a number of names used to refer to live selling, but the most common are video commerce, live commerce, and livestreaming commerce. It is basically a combination of internet entertainment and commerce in which a presenter broadcasts live video to an audience with the purpose of selling something to them. According to a broader definition of the term, online home shopping can be seen as an online version of television home shopping, as well as its equivalent on the internet. The live selling strategy may be a useful Go-to-Market (GTM) strategy that can help to facilitate the purchase journey of many online shoppers from awareness to conversion, but it is certainly not an easy activity to implement, because it involves a number of requirements.

Content versus Context

When it comes to e-commerce innovation, understanding the difference between content and context is an important step on the path to becoming a conscious leader as well as a conscious organization. Those who are successful in the field of e-commerce understand this well and aim to always pay attention to the context of any conversation in which they are involved. By focusing on the context, e-commerce companies are able to direct conversations in a way that helps the content to resolve itself in a healthy, productive, and sustainable manner by taking into account the context. The authors feel that content is without a doubt king, but context is the queen when it comes to delivering content. To reach consumers effectively, e-commerce companies need to be able to create brilliant content at the right time when they are receptive to it in order to reach them in a way that is appropriate.

Co-creation and collaboration

In order to secure e-commerce in traditional retailers, co-creation and collaboration will be crucial. There are various retailers across India with varying levels of capability, and tailoring the approach to each retailer is one of the keys to ensuring innovation and implementation are successful.
Achieving long-term sustainability and scale for every innovation

There will be a great deal of pilot opportunities in e-commerce; however, those that have the potential to scale and last should be the ones that are looked for by e-commerce innovators. It is important to remember that e-commerce foundations are not built horizontally, but vertically.

Value creation

India's e-commerce industry has seen a significant increase in the popularity of predictive data platforms over the past few years. Data and analytics are used to provide consumers and merchants with consistent value by reducing challenges and preventing complications from occurring before they arise, making it possible to provide value to them over and over again.

Social commerce

In the e-commerce sector, social commerce has been transforming the way in which e-commerce is carried out in India. E-commerce and social media have combined to form social commerce. A brand's use of social media platforms to sell products and services is considered to be a part of social commerce. Social commerce can be a major part of the business strategy of businesses in India that rely heavily on e-commerce sales.

Augmented Reality (AR)

As the market for e-commerce in India is expected to grow rapidly by 2025, the use of augmented reality (AR) will become one of the fastest-growing trends. The use of augmented reality enhances the real world experience by combining immersive, interactive elements with real world environments. Due to the rapid growth in popularity of augmented reality, brands and customers are able to interact as they would over a physical interface using an interface that is similar to that of a physical interface due to the use of augmented reality.

Empowering customers through personalization in e-commerce

The term 'personalization strategy' in the context of e-commerce refers to the creation of an online experience that is geared specifically to each customer's needs. Personalization depends on various factors, such as the previous purchases a customer made, his browsing behavior, his geographical location, his language, among others, which all contribute to the level of customization.

Voice shopping

Among the emerging trends in Indian e-commerce, voice shopping is one that should be closely monitored by Indian e-commerce businesses. In order to purchase goods and services online, voice commerce refers to the use of voice recognition technology to make purchases of goods and services through the use of voice commands. Customers can now use voice commands instead of typing in keywords on their mobile devices or computers to make purchases instead of manually typing them out.

One click ordering

We are entering an era in which a simple check-out process will be possible as we move from laptops to mobile phones to emerging devices such as watches and tablets. Traditionally, for consumers to be able to place an order online, they must provide a significant amount of information about themselves. It is inefficient and time-consuming to have to manually enter information about every time a customer wants to make an online purchase as it is time-consuming and tedious. As a result of the small screen on a mobile device, this is an extremely inconvenient experience for its users. There is no need to go through the checkout process when ordering with one click. This technology is going to be used more and more by e-commerce businesses in the upcoming years.
An overview of the Indian e-commerce industry

It has been reported that India will have a $350 billion e-commerce market by 2030, according to a recent report released by IBEF. During the period of 2024, there is expected to be a growth of 57 percent for the Indian online grocery market, which is expected to reach $18.2 billion (Forbes, India). It is clear that every business has had to deal with the uncertainties related to the pandemic as part of their learning process. The adoption of an online model, the change in consumer consumption patterns, the lack of a touch and feel experience for customers, and disruption in the supply chain are some of the challenges involved. As a result, businesses that were able to adapt to the volatility were able to prosper, while businesses that were not able to do so suffered the consequences. Despite the fact that the e-commerce industry had been revolutionizing its online infrastructure for a number of years, Covid-19 marked the beginning of a significant adoption of these features. We have made it habitual for our customers to interact with brands from the comfort of their homes through instant deliveries, free returns, customization, and loyalty programs, which are just a few of the many perks that have made this possible. There are times when disruptions may be unintentional, but they often have a major impact on a variety of factors. A significant increase in the number of people experimenting with the products and services of online brands has been seen not only in the urban areas of India, but also in the rural areas of the country. Having said that, because the number of innovative businesses coming up every day is increasing, it is becoming more and more difficult to tolerate low-quality products on the market. It goes without saying that in this highly competitive environment, the only way to stand out is to pace up the changes.

Figure 1: An overview of e-commerce in India

Business models prevalent in e-commerce in India

As e-commerce industry growth continues, business models for e-commerce companies are becoming increasingly complex due to the rapid growth of the industry. In the last few years, researchers have discovered that there has been no single e-commerce marketplace that has maintained the same business model that they started with as they have grown over the years. There is probably no better example than that of Amazon or Flipkart, which started with books and grew into becoming the juggernauts they are today as they grew into becoming as they grew to become as they grew into becoming. Several websites that are originally built on an inventory-based model where they sell their own products but later evolve...
into marketplaces are those that were originally built on an inventory-based model where they sell their own products. Consequently, due to the fact that they can offer a wide range of products at a low price, they are also able to offer a wide range of products. The authors of the study analysed the top models that are used in e-commerce in India today, an explanation of each model is given below in the figure itself.

JioSaavn - Company overview and history

As one of the leading online music streaming services in the world, JioSaavn is an Indian company that distributes Hindi, English, Punjabi, Malayalam, Gujarati, Bengali, Kannada, Tamil, Odia, Telugu, Bhojpuri, and other regional Indian music across the globe. It is estimated that Saavn, which was founded in 2007, has acquired the rights to more than 8.0 crore (80 million) music tracks across 15 different languages since the company was founded in 2007. A freemium model underpins the JioSaavn service; its core features, such as the ability to stream music in high quality and the ability to download it for offline listening are available for free with some limitations, while additional features, such as improved streaming quality and the ability to download music, are only available with paid subscriptions. The Saavn service is an Indian digital music service that transforms the way people around the world access and experience music on a regular basis. A unique combination of Internet radio and on-demand music capabilities, as well as proprietary social features like music tagging and music chat and Web today support, makes Saavn one of the most rich media experiences available on mobile devices, and it is available via both Android and iOS devices.

As part of its B2B offering, Saavn was founded in 2006 as BODVOD Network with the aim of distributing Bollywood content in North America. It was later in 2009 that Saavn shifted its focus from being a music streaming service to becoming a destination for fans of Bollywood and other South Indian music. Saavn relaunched its flagship product, Saavn.com, to become a B2C service. Currently, Saavn is one of the largest distributors of Bollywood and other Indian entertainment around the world, at least in terms of its number of titles. In an announcement made on 23 March 2018, it was announced that Saavn
would merge with JioMusic in a deal that is expected to be worth more than $1 billion. It was in December 2018 that Saavn was rebranded as JioSaavn following the completion of the merger, which was finalized in December of the same month. The company's award-winning products, such as phonetic search, dynamic bit-rate streaming, global native ad-serving, and industry-leading design, are all available on iOS and Android platforms, allowing the company to serve content across a variety of devices. The Saavn Pro service gives you the option of listening to music without being bothered by annoying ads and the users also have the option of listening offline if you wish. Due to its partnerships with leading platforms, Saavn has been able to reach out to more music fans than any other South Asian music service thanks to its unique ability to reach a wider audience.
JioSaavn Innovation culture, process and product

There has been intense competition amongst JioSaavn's competitors in recent years from Spotify, the Wynk platform, Gaana, and Hungama. Here is a list of the innovations that JioSaavn has implemented throughout its history in order to make them stand out from their competitors and make them one of the most successful music streaming apps in Southeast Asia and India

Innovation and complete overhaul of the home screen and UX design

A number of new design and functional elements have been introduced to JioSaavn's homescreen because JioSaavn's innovation drive aims to keep up with the competition by bringing a number of new design and functional elements to the JioSaavn's homescreen. The streaming app has also recently been updated with a new homepage navigation option as part of the streaming app's updates, as well as a more dynamic browse screen that allows for a more user-friendly browsing experience as part of the streaming app's updates. A further innovation on the platform has been the introduction of 'Living Search', which gives recommendations based on what is trending and 'Shorties', which are 15-second looping visuals that accompany certain tracks on the platform and are part of the 'Living Search' feature. There have been a number of updates to Artist Profiles, as a part of the innovation revamp, which include "improved organisation, recent releases, featured playlists, and a complete discography for each artist.". Keeping in line with ever changing audience behavior, JioSaavn seeks to provide something for everyone across its all-encompassing audience base through its new look and feel and a change to its user experience.

Customised recommendation using Artificial Intelligence

A new AI functionality has been added to the app, including collaborative filtering, matrix factorisation, word2vec, and matrix factorisation. As a result of listening patterns of the users, we will be able to provide them with better and more tailored recommendations according to their listening habits so that they can enjoy listening to the music they like. The app has managed to provide recommendations across a wide range of regional languages as a result, in addition to Hindi and English, as a result of this approach.

Innovating internal music search for new music

A key component when it comes to music streaming is discovering new music, so JioSaavn wanted to prioritize a sharpened engine that would be able to make relevant track recommendations and suggest new tracks as soon as possible. Additionally, the company was able to innovate quickly and make updates to all of its platforms at the same time. The JioSaavn team has worked hard to ensure that their users receive a first-class user experience by fine-tuning their ranking algorithms, displaying top results, integrating new content types and optimizing their spell-checking system using artificial intelligence in order to provide the best user experience possible.

Innovation and tackling Music Piracy

In India, JioSaavn is regarded as a turning point for the music streaming industry, with the country experiencing accelerated technological innovations, rapid adoption of digital services, and an industry that is at par with that of global leaders when it comes to digital music. As far as the music industry is concerned, piracy continues to be a major issue. We have already seen a revival in the Indian music market as a result of streaming, and having low-cost streaming available on a large platform will encourage users to use a good product and interface, which will help competitors to step up their game. With its new look and feel as well as a change in its user experience, JioSaavn hopes to keep up with the ever-changing trends in audience behavior by providing something for everyone across its all-encompassing audience base. The audio streaming service plans to launch a series of programs and pro packs throughout the duration of the campaign in order to wean as many customers away from piracy and still allow them to pay for high-quality audio at affordable prices. The move is part of the brand's efforts
to wean off as many customers from piracy as possible. The biggest innovation that the company has made since its launch has been tackling piracy, which has been one of its main objectives ever since. Music streaming services have made it easier for users to listen to their favorite tunes anywhere they want, whenever they want with greater convenience. There is no need for them to download the songs first, whether through purchasing them on iTunes, purchasing the CDs, or illegally adding them to their devices. As a matter of fact, the prevalence of piracy was much higher before 2008. While there are numerous discussions about whether JioSaavn pays enough to artists, one good thing JioSaavn has accomplished is channeling users towards legal streaming platforms that offer music for free. Consequently, those singers are getting more than they would have been able to get if listeners had downloaded their songs illegally.

**Flipkart - Company overview and history**

Founded in Bengaluru, Flipkart Private Limited is an Indian e-commerce company registered in Singapore as a private limited company. Initially, the company concentrated on the sale of books online before expanding into other product categories, such as consumer electronics, fashion, home essentials, groceries, and lifestyle products. Amazon’s Indian subsidiary and Snapdeal’s domestic rival are the primary competitors of the service.

**Figure: Covering history of Flipkart**

Flipkart Innovation culture, process and product

Having innovation as a core element of Flipkart’s DNA, since it was founded in 2010 and has continued to do so even to the present day, Flipkart has continuously been providing its customers with innovation and advancements since its inception. Besides the fact that Flipkart has made a lot of strides in our sustainability practices, they have empowered our customers with the knowledge they need to make informed decisions, they have empowered the Indian startup ecosystem, and they have done many other things that have all contributed to our goal of innovating for India.
Innovating AR capability "Flipkart Camera" on its e-commerce app

A new enhancement to Flipkart's app is its Flipkart Camera, a new feature that allows users to experience immersive e-commerce experiences through augmented reality. The new feature provides consumers with the ability to move from imagining what a product will look like in their head to experiencing what it will look like in reality before making a purchasing decision.

As a result of Flipkart's innovation, customers are able to experience real-life purchasing experiences using technologies such as augmented reality and Flipkart Camera. Using the Flipkart Camera, customers are able to make an informed decision during their online experience, and thus make it more engaging and beneficial for them. With the use of the camera, customers can experience the product by using a visual, 3D experience prior to making a purchase decision in categories such as furniture, luggage, and large appliances, where customers need to estimate the size and fit of the product and understand its aesthetics before making a purchase decision.

With the goal of making e-commerce a truly immersive and inclusive experience for customers, Flipkart continuously strives to improve its capabilities. With the Flipkart Camera feature, they aim to take this experience to the next level by providing consumers with in-home demonstrations of their products from the comfort of their home, thereby helping them to make an informed decision before making a purchase decision. Using this technology has many benefits for the customer in terms of both improving the customer experience and helping the customer find the right product for their needs.

Flipkart's sustainability innovation - eliminating all single-use plastics

As of July 7th, 2021, Flipkart announced that it had achieved the milestone of eliminating 100% of single-use plastic packaging throughout its entire supply chain within its own organization. As a result of having initiated the drive to reduce plastic in 2018, Flipkart announced in 2019 that it would eliminate single-use plastic by the year 2021 with the goal of reducing plastic to zero. Flipkart has ensured that its leadership in sustainable packaging has not slowed down as a result of the COVID-19 pandemic in 2020, which introduced new variables into the business. The milestone was reached while navigating a tough year impacted by COVID-19, which made it even more difficult. A key element of Flipkart's sustainability journey has been its concerted efforts to create a positive impact on the environment as well as the social environment.

The achievement of this milestone innovation was made possible by the introduction of the most scalable sustainable alternative solutions, including eco-friendly paper shreds, the replacement of poly pouches with recycled paper bags, the replacement of bubble wraps with carton waste shredded material, and the use of two-ply rolls, just to name a few. It has also ensured that Flipkart has complied with all EPR regulations throughout this process and, through its network of recyclers, has ensured that the equivalent amount of single-use plastic going to consumers has also been recycled completely. One of Flipkart's other key initiatives can be summed up as 'E-commerce ready packaging,' where Flipkart has been able to ship close to 15% of its products without adding a second layer of packaging to them. By working with brands across apparel, electronics, and home furnishings, Flipkart intends to reduce the need for an outer layer by shipping products in the original packaging from the manufacturer/brand, so that the outer layer is not needed.

An innovative approach to payments by Flipkart

The three key pillars that are driving Flipkart's new QR code Pay-On-Delivery facility are increasing consumer adoption of digital technology, reinforcing customer trust, and enhancing customer safety. Flipkart, with the help of its Cash-on-Delivery service, aims to empower shoppers who are new to the internet and Cash-on-Delivery, helping them engage in digital payments and reap the benefits within it.

During the outbreak of the pandemic, the advances were brought about by the fact that many customers...
were spread out all over the country. This made online shopping the most convenient and safest way for them to buy what they needed. Consumers are able to find a wide range of products that will suit their needs on the Flipkart website, which is an online marketplace. In addition to household essentials, groceries, and travel supplies, technology is also part of this category. There is a wide range of options available to the customers, so they can choose from as many as they like. There are more than 150 million products available on Flipkart for you to choose from. Despite the fact that the pandemic has accelerated the adoption of UPI payments, nearly 75% of customers still prefer to make payments through cash on delivery (CoD) as their preferred method for making payments. As a result of its recognition that many people want simpler and more easily accessible payment solutions, Flipkart has innovated and is now offering its customers the option to utilize a contactless, QR-code-based payment solution on all their pay-on-delivery shipments.

A hyperlocal delivery innovation for Covid essentials with Flipkart Quick

As a result of 'Flipkart Quick' innovation, which enables COVID-essentials to be delivered within 90 minutes of ordering and as a result of Flipkart's wide range of in-house innovations undertaken in order to promote safe commerce, Flipkart's technology and its customer-centric focus have been employed in these advancements in addition to enhancing the safety of commerce. A location mapping technology is used by Flipkart Quick in order to locate the nearest Flipkart hubs through the use of location-based services. In the middle of the pandemic, hundreds of thousands of our delivery heroes have delivered food and supplies to customers, ensuring that they stay inside and safe, and lakhs of sellers and MSMEs have assisted in keeping small businesses running through this hyperlocal marketplace. This innovative approach to customer-centricity is built on the foundation of a strong ecosystem, which is made possible by its strategic partnerships with local vendors and a robust and expanding supply chain. Through Flipkart Quick, Flipkart also supports the livelihoods of local farmers, people working in food processing and delivery, small businesses, and sellers, through partnerships with these groups.

Conclusion

The authors conclude from their research and a deep dive into the case studies of JioSaavn and Flipkart that business innovation is about making core changes in the business model that will lead to growth. Changing something for the sake of changing something is not the same as creating value for the sake of creating value. A common misconception is that innovation has to be the first mover, and that it also has to be public-facing, which is not always the case. E-commerce is a domain that offers an abundance of opportunities for innovation when this concept is applied to it. There will be an increasing number of fast, quick, and incremental innovations in the future of digital commerce so businesses must be able to offer a seamless experience across all touchpoints in order to remain competitive in the future. A significant impact on the success of the e-commerce sector in terms of its ability to enhance the overall performance of the sector has been proven to result from the application of innovation in the area of e-commerce in an effort to enhance the user experience. The world of online shopping is changing rapidly and e-commerce enterprises cannot afford to stand still as innovation is changing the landscape of both business practices as well as technology. Taking advantage of these considerable advantages is crucial for the enterprise. There are many things that can be considered a commitment to innovation, but it doesn't always mean you have to be the pioneer, though it is often about the customer relationship as well. The key to embracing this technology is to recognize the infinite opportunities it offers in marketing, supply chains, inventory, customer engagement, transaction management, and post-sales service. Embracing innovation means being able to identify inefficient processes and revise or replace them as necessary, as well as pursuing new products, services, and processes that will enhance the brand, provide savings, and allow the company to be more profitable.
LIST OF REFERENCES.


