

## **Yebhi.com – Losing its way in the booming Indian E-commerce Industry**

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### **Abstract**

The Indian e-commerce industry in the recent past has seen huge infusion of capital and has attracted many entrepreneurs towards it. The industry has taken giant strides in the last 6-7 years and is still growing at a catchy pace. Yebhi.com being one of the early movers in this industry was one of the change agents that shifted the mindset of the Indian consumer to buy online and created a space for etailers. With the intelligent use of technology and innovative marketing strategies, a lot of new players have tried to get the competitive advantage and work with wafer thin margins to lure customers. The study of this timeline keeping yebhi.com at the center, helps us understand what did yebhi.com did right and what were the lost opportunities. It also helps us to understand, where does the Indian e-commerce industry go from here.

**Key Words:** E-Commerce, Yebhi.com, Flipkart, Snapdeal, Marketing, Strategy, Nexus Ventures, Tiger Global, Accel Ventures, Catamaran Ventures, venture capitalist, angel investors, senior management

## **Yebhi.com – Losing its way in the booming Indian E-commerce Industry**

Yebhi.com started in 2009 as BigShoeBazaar.com, an online portal which primarily focused on the footwear segment. Promoted by Manmohan Agarwal ,Ex CEO (Corporate Affairs) Vishal Retail, the e-tailer grew from strength to strength to become the fastest growing company in lifestyle category in India. The enormous success that BigShoeBazaar witnessed when it first stepped into the footwear category inspired the company to explore its capabilities into newer segments like clothing, accessories, bags, jewellery and mobile phones. As a part of this expansion model, a separate brand Yebhi.com came into existence and introduced all lifestyle categories of the company's business to the market.

Yebhi.com was founded by the quartet of Manmohan Agarwal, Danish Ahmed Abdullah, Rajul Jain and Nitin Agarwal. Danish Ahmed Abdullah was already selling footwear online to encash excess stocks from his production unit in Kanpur. Rajul Jain and Nitin Agarwal were IIT Delhi graduates. It took them close to six months to convince brands to come on board. That start with footwear is now known as Yebhi.com (“me too in Hindi”) – a multi category portal with more than 250 brands spread over products like apparel, electronics, sunglasses, fragrances, bags, accessories, appliances, and of course shoes.

### **Yebhi : The Business Model**

In 2010, the company had secured Rs 10 crore in Series A funding from Nexus Venture Partners. This was followed by a second round of funding of Rs 40 crore in 2011, led by Catamaran Ventures – the private investment arm of Infosys co-founder N.R. Narayana Murthy.

The uniqueness about Yebhi was its business model – “First Buy & Sell Later”. The model enabled it to offer latest and quality products to its customers. The company used to purchase goods in bulk, in sync with latest trends and stored them in the excellent warehousing facilities(a 1 lakh sqft warehouse in Gurgaon ). This in turn enhanced the credibility of Yebhi in the market and helped it to maintain high quality standards and a perfect fulfilment ratio.

Yebhi ensured a comprehensive, three step stringent quality check process, before taking the products to the customers. This in turn, facilitated a smooth supply of goods and ensured a hassle free delivery. Yebhi.com had till then crossed an important milestone of shipping 1, 00,000 Units in single month. Yebhi.com provided a rich mix of quality and variety. The one stop shop for fashionistas, which offered

myriad category of products from apparels to footwear; travel bags to clutches; men and women accessories, jewellery etc. Nowhere in the country could you get 10,000 different products, 1400 styles of handbags, 3000 styles of shirts / tees etc. at one stop, 4000 designs in footwear, except at Yebhi.com. Yebhi.com still possesses a strong association with over 150 prominent brands like Puma, Adidas, Redtape, Liberty, Duke, Catmoss, Karigari, J. hampstead, Woodland and Reebok, among others.

With this kind of strong process in place, it was apparent for the company to become one of the most favorite shopping platforms in the country. It has a massive 1.5 lakh followers on its Facebook page. It proves to be a trailblazer in the e-commerce space with its impressive user interface understanding and a robust inventory and delivery model. It operates comprehensively through its unique B2C and B2B formats.

### **Yebhi : Accolades**

Within a year, the hard work started paying off. The industry started recognizing Yebhi's model and it bagged a basket of awards like Most Commendable title in fashion & clothing at the Online Retail Awards 2011, Hottest Internet Company of the year, Young Turks Awards in 2012, Customer & Brand Loyalty Awards by AIMIA as well. Even their Co-founder Mr Danish Ahmed won the young entrepreneur award in 2011. All the pieces were falling into place for Yebhi. Its model was appreciated in the market, its customer was reaping benefits from it and the rewards had started coming.

### **Yebhi : Exploring Opportunities**

Having done the ground work, Yebhi started exploring new horizons. The first step was when Samsung Galaxy Tab was exclusively launched on Yebhi.com. At that point of time Galaxy Tab was the best product from Samsung. Moving ahead Yebhi took over Stylishyou.in to add jewellery to the list of items on offer. No other player was offering this proposition. Yebhi was now the biggest threat to Flipkart as it had an efficient model which could understand its customer's taste as well as a responsive one which could put an order into dispatch in less than 60 minutes. Moreover, the online store had a huge variety of segments to offer which was enough to give players like Flipkart a run for their money.

Amidst the positivity surrounding Yebhi, in July 2012 it got its Series C funding worth Rs 100 crore from Fidelity Growth Partners India and Qualcomm. The funding gave Yebhi the much needed momentum to go aggressive in the market. In October 2012, it came up with a unique concept which has picked up from there on. It partnered with the Bollywood movie "Student of the Year" to officially sell its merchandize

online. Things were going really well for Yebhi as it was coming up with new and innovative concepts in regular intervals of time.

Till the end of 2012, many players had started entering the e-commerce market in India. Jabong.com backed by Berlin based Rocket Internet Group was going rampant in its marketing. Myntra had already become a popular name amongst online shoppers. Flipkart was expanding into newer segments as well. There were other players as well like Indiatimes shopping, Rediff shopping etc. But Yebhi still had its nose in the front due to its efficient model.

At the outset of 2013, Yebhi came up with the concept of Yebhi wallet, where users can load their money and use this virtual cash to shop hassle free on the portal as well as avail hefty discounts. The users also got points on each purchase which could be used in future. The concept failed to catch up with the masses. The next big thing was its “Try n Buy” campaign where it attempted to give its users an option to try the product and then buy accordingly. It was a campaign to attract customers who were reluctant to buy online just because they couldn't get the touch & feel of the product that they were buying. Yebhi had to push in a lot of money to achieve this as logistics cost increased by a significant value. The campaign has to be called off after some time as it was not giving expected returns.

### **Yebhi :Competitors in India**

What happened to Yebhi which was once considered to be a possible threat to Flipkart back in 2011, how it lost its edge completely? Who were the competitors, which came with the better business models? Let's find out.

Internet penetration in India has been increasing exponentially, with only 21 Mn in 2006 which rose to 243 Mn users in June, 2014. And E-Commerce market in India has reached about \$10-16 billion last year, with an annual increase of 88% and analysts project that by 2020 it could be worth be a whopping \$60-80 billion. So, along with the major E-Commerce companies, sector specific companies started cropping up from every nook and corner back in 2012. Almost all of these companies were making losses, but backed by strong investors, big companies started to swallow the smaller ones. Also each small sector specific companies started rolling new and new virtual stores, adding new and new products in their catalogues each day.

Flipkart was the biggest fish at that time, started by 2 IIT graduates as an online book store, it created waves when it raised \$1Mn from Accel partners, then Series B funding of \$10 Mn by Tiger Global. In

2011-12, Flipkart kept on increasing products in its catalogue ranging from home appliance to electronics to stationary. Almost everything was available on Flipkart and it became evident that it was impossible for Yebhi to catch. Looking back, Yebhi had lost its edge long ago when it decided to not jump into the new categories and stick to soft line like shoes and apparel.

Another name comes when we talk about the domination of Indian market, Snapdeal. Launched by KunalBahl, a Wharton graduate and Rohit Bansal, another IIT graduate, it started as discount deal site, By July 2012, it had raised \$62 Mn in two rounds of funding, but it was not certain that it will foray into retail market. In Feb, 2012 it started selling toys and kids products, then sports products and finally launched brand store in October 2012. By now it was certain that it had big plans, and it is here to stay. The important point here is that Nexus Venture invested hugely in Snapdeal, which is also an investor of Yebhi. All in all what was once a discount deal website had today outgrown Yebhi with solid business model and good funding.

One other name is fashionandyou.com , started in 2010 as a premium invitation only shopping club stands today with 3.6 Mn member base across 1200 locations in India. With a unique sales model of exclusive brands and designer labels, this site is the number 1 fashion loving site for women.

Apart from these there is Myntra, acquired by flipkart; deals and you, jabong, homeshop18, inkfruit etc. which have their own market share and trying further to push boundaries. But when we look at Yebhi, all we see is a brand at its decline, which needs to be revived.

### **Yebhi : Where did it go wrong?**

How it all happened? What were the reasons? Why we think Yebhi missed the train?

Let's cut to 2013. The month was March. Yebhi had just introduced with much pomp and show "Yebhi wallet" and "Try and buy", but the April 2013 balance sheet said otherwise. Its revenue for the FY 2012 was INR 88.62 Crore with registering losses worth INR 65.63 Crore. The market sentiments were poor. The government was scam tainted, with little hope of revival. The GDP was at its worst phase due to the aftermath of recession. On top of that government was putting a bill to introduce FDI (foreign direct investment) in multi brand retail and ecommerce pushing the door open to Walmart and Amazon. Once these big boys enter the market, the rest of the companies will be history. At that time and still is, Yebhi was one of the companies in favour of FDI, since it is facing two major challenges in terms of shortage of capital and inventory management. In March 2013, Yebhi hired Google India's country marketing head,

Nikhil Rungta as a Chief Business Officer (CBO) of Yebhi. Nikhil Rungta is a big name among the industry circles and he was possibly the best man to revive the company and there were some positive outcomes too. In May, 2013 Yebhi launched 30 virtual stores across India, it was able to raise INR 60 Crore in bridge funding round and signed a deal with IRCTC as white label. But everything was not right. As reports suggests, Yebhi has been scaling down its employee count (from 300 employees in March, now it had only 100); feeling a crunch of money, it had been unable to pay its suppliers for the last 7-8 months.

Gradually, its co-founders and board members quit their post to join some other ventures. First its board members Rahul Rai, MD of Fidelity and SuvirSujan, co-founder of Nexus Venture Partners quit in November 2013, then Nikhil Agrawal and Rajul Jain two of its co-founder left in January 2014 over differences with Manmohan. The big blows came when Nitin Agrawal, another co-founder and head of operations quit in February 2014. And finally Nikhil Rungta, CBO of Yebhi quit his post in March 2014 making some huge high level exits.

For a long time now, Yebhi has not been able to raise funds, in contrast its competitors like flipkart, Myntra, Jabong, Snapdeal etc. are raking in money. Incidentally its investors such as Nexus Venture Partners is also associated with competitor companies like snapdeal and shopclues; similarly another investor Catamaran Venture id partnering with Amazon's Asia to train small and medium businesses (SMB) in India. There were even talks of Nexus Ventures and Fidelity writing off Yebhi, since both of them quit its board member position.

IRCTC is one of the largest e commerce players with over 2 crore registered users and approx. 4 lakh transactions daily. And thus Yebhi started white labelling with IRCTC. But the partnership didn't last. As per IRCTC, the contract with Yebhi is ending at the end of this year and it will not be renewing it. It has decided to float a new tender, increasing the woes of Yebhi.

### **The Road Ahead**

With the recent shake up in the senior management, Yebhi.com has for a while being searching for the stability in the top ranks and in the process has lost the momentum, which its counterparts have capitalized on. The question to be asked here is that does Yebhi.com has enough resources to sustain the current downturn? Does it have that consumer faith which can revive the brand? Have they left it too late to compensate or is there a silver lining at the end of the tunnel?

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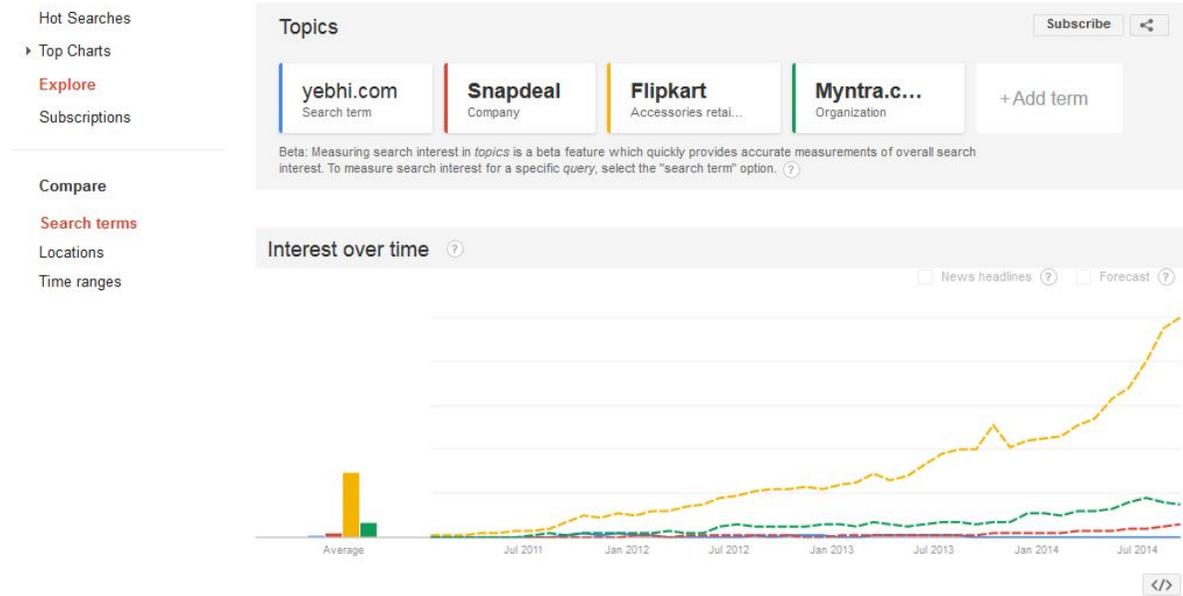
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### Appendix: 1

Comparison of Google trends between Yebhi, Snapdeal, Flipkart and Myntra from 2011 to 2014



### Appendix: 2

Yebhi's White Label IRCTC

The screenshot shows the homepage of the Indian Railway Catering and Tourism Corporation Limited (IRCTC). The header includes the IRCTC logo, the text 'Indian Railway Catering and Tourism Corporation Limited A Govt. of India Enterprise', a search bar, and contact information: '1800 200 2646', 'shop@irctc.co.in', and 'Customer Service'. Below the header is a navigation menu with categories: 'MEN', 'WOMEN', 'KIDS', 'HOME & KITCHEN', 'MOBILES & TABLETS', 'ELECTRONICS', and 'Value Picks'. A main banner features a woman in a green shirt holding shopping bags and a credit card, with the text 'WELCOME TO INDIA'S LARGEST ONLINE SHOPPING MALL' and 'GREAT QUALITY GREAT PRICES'. Below the banner are five red buttons for product categories with starting prices: 'SHOES' (starting at ₹499), 'APPARELS' (starting at ₹199), 'ACCESSORIES' (starting at ₹199), 'HOME' (starting at ₹149), and 'MOBILES' (starting at ₹199). The footer contains a pagination bar with numbers 1 through 4.

**Appendix: 3**

List of Yebhi White Labels:

<b>Brands</b>	<b>Websites</b>
<b>Maruti</b>	Maruti.yebhi.com
<b>Philips</b>	Achieversclub.yebhi.com
<b>Citi Bank</b>	Cb.yebhi.com
<b>HSBC/ Standard Chartered (Employees)</b>	Extra.yebhi.com
<b>Infosys</b>	Rclrewards.yebhi.com
<b>R Dunia</b>	Myrecharge.yebhi.com
<b>Yatra</b>	Yatra.yebhi.com
<b>Airtel</b>	Airtel.yebhi.com
<b>IRCTC</b>	Shop.irctc.co.in
<b>Philips Distributor</b>	Bandhan.yebhi.com