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Snapdeal: A Strategic Dilemma!

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Snapdeal: A Strategic Dilemma!

By Prof Ramendra Singh, IIM Calcutta

In Q1 2015, Snapdeal, one of the top three online marketplaces in India (other two being Flipkart and Amazon), launched a new brand campaign called ‘Dil Ki Deal’ featuring arguably the top Bollywood star, Aamir Khan. The campaign was instrumental in highlighting the shift in the strategy of Snapdeal from its earlier positioning of “Bachatey reho” (Deals all the time) to an ‘emotional connect’ with customers. The ‘Dil ki Deal’ campaign was also important to enhance the position of Snapdeal amongst the e-commerce marketplace sector.



**Figure 1: Aamir Khan endorsing Snapdeal in “Dil ki Deal” brand campaign
(Source: Snapdeal website)**

At the backdrop of this competition were industry reports that claimed that the marketplace firms were using the investor funds to increase customer acquisitions, offer discounts and increase products on offer. For example, Flipkart which claimed no 1 position and was aiming to reach \$ 10bn gross merchandise value (or GMV) was losing more than Rs 2 for every Re 1 of revenue earned. GMV represents the price of products sold and net revenues are a certain percentage of the GMV (commissions earned by the firm from sellers). Industry reports claimed that in 2013-14, while all top 3 firms had revenues between Rs 1500mn- 1800mn, firms such as Flipkart were having losses of Rs 4000mn on a revenue base of Rs 1790mn. Comparative numbers for Snapdeal were Rs 2646mn and Rs 1541mn respectively, while for Amazon the figures were

Rs3213mn and Rs1689mn respectively.¹ If these reports can be believed, then the financial position of Snapdeal looked to be the healthiest among the top 3 marketplace firms in India.

But Ranjan Kant, Head-Strategy, Snapdeal was still a worried man. His dilemma stemmed from the explosive growth that the firm was witnessing amidst a mind-numbing competitive market. This stage of organizational life cycle was different from the time when the firm was new and growth was not exponential. It was in 2007 when good school friends, Rohit and Kunal Bansal left their corporate careers to start, a “Coupons website” and ended up with a 70% market share! But, a visit to China in 2012 highlighted the excitement and the new-age Chinese entrepreneurs’ belief in the e-commerce marketplace model. Soon after that the two friends changed their business model around in a month to launch Snapdeal. Today, Snapdeal has over 150,000 sellers (vendors) serving over 25 mn customers regularly. It’s an online analogue of an offline retail store with a million doors where customers can enter from anywhere they wish and interact with sellers of all varieties while being assured of quality and service. Snapdeal was started with and continues to expound on the vision of being a true marketplace.

Consumer Behavior and the E-commerce market in India

India, a country of 1.2 bn people also has the world’s third-largest internet user base (254.4 million). However, India still does not feature in the top 10 e-commerce markets globally due to factors such as poor low internet penetration, slow internet speeds in smaller cities and in rural areas, and poor customer service. E-commerce in India started in late 1990s, yet the growth took off only around 2012-13. According to Telecom Regulatory Authority of India (TRAI)'s data, total internet subscribers in India as of September 2014 was 254.4 million, of which 92.46% were on mobile devices.² In 2014, the global B2C e-commerce was as big as \$22.492 trillion, of which e-commerce retail sales was \$1.316 trillion, or 5.9% of overall retail sales³. But some developed markets had higher share of retail sales coming from e-commerce. e.g., In North America the share was 33%, and in Asia-Pacific it was 31%. By comparison, India’s e-

¹ <http://trak.in/tags/business/2014/11/06/flipkart-amazon-snapdeal-revenues-losses-comparison/>

² <http://www.trai.gov.in/>

³ http://www.business-standard.com/article/news-ians/china-s-e-commerce-market-is-80-times-larger-than-india-s-special-to-ians-115061700219_1.html

commerce retail sales share was only \$ 5.3 bn, which paled in comparison to \$ 426bn for China and \$ 305bn for USA. China and US combined controlled more than half of global retail e-commerce sales in 2014. On a global scale, e-commerce is expanding so fast that by 2007, and more than 85% of internet users had made purchases through the internet.⁴

Despite a lag, India was expected to catch up fast in the internet enabled retailing given her demographic dividend (India had more than 60% population which was young, much in contrast to greying China), improving internet speeds, and high smartphone penetration. India is also known as the land of shopkeepers which is likely to benefit the online marketplace firms such as Snapdeal. As per 2013 Technopak and KPMG report, 63% of e-commerce ventures were started by first time entrepreneurs, which benefitted the small businesses, small merchants and semi-urban and rural population. These small businesses find new customers at a small fraction of the cost. In 2013, around 30,000 sellers sold their merchandise on EBay India to 4 mn customers in 3311 towns and cities, while 15,000 sellers exported variety of merchandise to 112 customers in more than 190 countries.⁵

Fueled by better logistics, improved online advertising, and more advanced IT/ITeS, it is expected that e-commerce in India would grow to up to 4% to the GDP by 2020.⁶ As per Forrester Consulting, as well as going by the Google search trends, some reports estimate that online shoppers in India has grown from 8mn in 2012 to 35 mn in 2014, and will go up to 100mn by 2016 in a \$ 15bn market.⁷ A recent 2015 report on internet trends from Mary Meeker showed that 41% of Indian online retail happened on mobile phones, and mobile traffic was around 65 % of all online traffic. In fact, Indian m-commerce was ahead of China, UK and even US. For Snapdeal and Flipkart in India, the mobile platform contributed about 70% of total business, way ahead of 50% for other online start-ups such as Alibaba.⁸

⁴ Nielsen Company, <http://th.nielsen.com/site/documents/GlobalOnlineShoppingReportFeb08.pdf>

⁵ ASSOCHAM India and PWC report titled 'Evolution of e-commerce in India' (2013)

⁶ D&B, Technopak and KPMG report titled 'In India analysis' (2013)

⁷ <http://timesofindia.indiatimes.com/tech/tech-news/Online-shoppers-in-India-to-cross-100-million-by-2016-Study/articleshow/45217773.cms?from=mdr>

⁸ <http://indianexpress.com/article/technology/tech-news-technology/mary-meeker-report-these-slides-confirm-that-in-india-mobile-internet-is-the-driving-force/>

Innovations within the firms, both technical as well as in marketing are also responsible for faster adoption of online shopping among Indian shoppers. Leading players such as Flipkart, Snapdeal as well as Amazon have introduced innovative business models, convenient payment options such as cash on delivery (COD), backed by back-end technological support, and extremely customer friendly policies. For example, marketing initiatives such as flash sales, ‘by invite only’ as well as coupons and short-duration deals have helped these firms to gain a wallet share very quickly. Other marketing initiatives of the firms included: 30 day return policy, Money back guaranty, Equated Monthly Installments (EMI), Exchange offers, Try and Buy services, Festive Dhamaka, Flash sale offer, and the much popular, The Big Billion day/Big day/ Biggest sale of the world. However, such marketing innovations such as flash sales often create frictions not only for the manufacturers and their channel partners but also for the online marketplace firms, as Flipkart had to face with Xiaomi and Motorola.

On September 2nd, 2014, Xiaomi Tech (a Chinese technology giant) sold its low priced smartphone Redmi 1S through a Flash Sale in a tie up with Flipkart, selling 40 thousand units within 4.3 seconds, followed by a second sale of another 40,000 units on September 9th which was sold in 4.5 seconds⁹. The third flash sale was held on a week later which sold another 40,000 in 3.4 seconds¹⁰, a week later 60,000 units was sold in 5.2 seconds¹¹ and on September 30th another 60,000 took 13.9 seconds to sell¹² and a 100,000 units were sold off on October 14th in 4.2 seconds¹³, making the total sale of more than 300,000 units in a time period of just 35 seconds altogether (besides the 150,000 units sold in the big-billion day).

⁹<http://tech.firstpost.com/news-analysis/40000-xiaomi-redmi-1s-units-go-shelves-less-minute-233050.html>

¹⁰<http://gadgets.ndtv.com/mobiles/news/40000-redmi-1s-smartphones-gone-in-34-seconds-xiaomi-592701>

¹¹<http://gadgets.ndtv.com/mobiles/news/60000-redmi-1s-smartphones-go-out-of-stock-in-52-seconds-xiaomi-596605>

¹²<http://gadgets.ndtv.com/mobiles/news/60000-redmi-1s-phones-go-out-of-stock-in-139-seconds-says-xiaomi-600044>

¹³<http://www.deccanchronicle.com/141012/technology-science-and-trends/article/100000-units-xiaomi-redmi-1s-be-available-october-14>

Earlier in 2014, Flipkart also in a similar successful flash sale fashion sold four other smart phones of Motorola Mobility named Moto G, Moto X and Moto E in a similar fashion, which was followed by another Xiaomi Mi3 high-end smartphone of Xiaomi Tech. This has created a huge backlash in the traditional retail market, complains have been made due to the undue advantage these online retailers possess for greater connectivity through internet. Brick-and-Mortar retailers have complained that they are unable to cope up with such tie ups between producers and online retailers and are facing a sales drop, and that such schemes favor online sellers so much so that they can be forced to stop selling.

There are several other growth impediments also in the e-commerce growth story. It is an extremely capital intensive business that requires high and continuous infusion of huge capital at regular intervals, in a business model that has wafer thin profit margins, and in a business environment that has weak infrastructural and logistical support. The competition is also so intense that in 2012, there were as many as 1877 online retail firms.¹⁴ Other challenges include low internet penetration rate in India of about 11% which is much below the global average of 34%; high drop-out rates of up to 30% on payment gateways, consumer trust deficit and lower adoption of online payment options that leads to costlier payment mechanisms such as COD.¹⁵ In India, as on June 2015, 100% foreign direct investment (FDI) is allowed in business-to-business (B2B) e-commerce, but no FDI is allowed in B2C e-commerce. However, online marketplace firms such as Amazon, Flipkart or Snapdeal mostly allow vendors to sell to their customers, rather than selling their own products to customers (Amazon and Flipkart do have few private labels, but Snapdeal is yet to launch its own private label), due to which the FDI regulation is not applicable to these firms.

Snapdeal's Strategy dilemma

There are three sources of revenues for Snapdeal:

¹⁴<http://www.livemint.com/Companies/PIR8bciWpdizPFDT8s2c5O/India8217s-ecommerce-story-at-risk-of-losing-its-sheen.html>

¹⁵ KPMG-IAMAI report titled 'e-Commerce Rhetoric, Reality and Opportunity' (2013)

1. **Commissions on sales:** this varies between 5% for some brands (% of gross/net value that varies for each seller) to even 30%-40% for other brands based on specifics of each seller contract. Snapdeal does not charge any listing fees from its sellers as of now.
2. **Advertising:** This source of revenue is based on pay-per-click (PPC) model as followed in the world of digital marketing in the online space. In case of smaller sellers, advertising may be for more value-added services, while it can be brand promotions for large sellers. This is not a big source of revenue.
3. **Services to Buyers:** This is also a very small source of revenue (less than 5%) but has the potential to become larger in near future. Examples of services to buyers include COD, quicker deliveries and so on.

Like with all Marketplaces, Snapdeal's strategy comprises of 5 key elements:

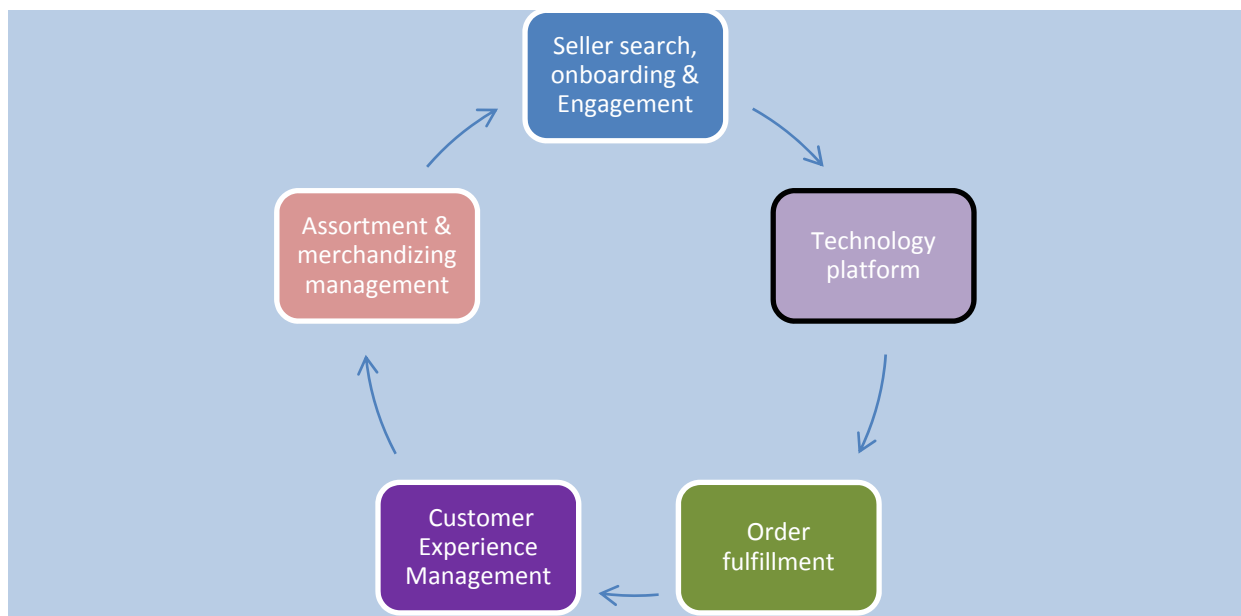


Figure 2: Snapdeal's 5 key Elements of Marketplace Structure

With a national catalog of over 10 mn products, and despite the exponential growth, there were many unresolved issues that were still not fully addressed to bring higher customer delight. Snapdeal had a philosophy of merchandise and assortment planning that is based on three aspects:

- Something for everyone (wide & deep assortment for all segments of customers),
- Value for money and
- Exciting deals

Will it be enough to sustain the customers' interest in purchasing from Snapdeal? One daunting challenge was that only 1% of retail was still into e-commerce. The firm had plans of more customization and personalization for each customer. However, to enable personalization for millions of customers, other issues needed to be resolved, that included several aspects of vendor management. Snapdeal's marketing engine primarily focused on two value propositions:

- ❖ Convenience to offline customers and
- ❖ Wider assortment & lower price for online customers.

Sellers are also considered by Snapdeal to be an important stakeholder that helps them to deliver on the firm's merchandising strategy. Snapdeal wants to broaden its vendor base by including SMEs across regions and by encouraging new entrepreneurs. Efforts are also one to increase the sales and profitability of the sellers by helping them streamline their operations, reduce operating costs and increasing sales. One factor that helps to improve seller satisfaction is that Snapdeal have not launched any private labels yet, although the firm has plans to launch private labels in few categories in the near future.

To increase customer acquisition as well as retention, the firm uses multiple tools including BTL (below the line) tools such as, newsletters, notifications, and messages; ATL (Above the line) such as, television & radio campaigns; SEO (search engine optimization) and affiliate marketing. The firm has only recently started to use customer data to trigger personalized communication. Flipkart, on the other hand, has been largely focused on metro customers with relevant assortment (including exclusives) and product features (image search, barcode search, chat, share, etc.). Only recently, the firm has started to focus on increasing assortment and improving performance by revising business model from being inventory-led to being a marketplace and by increasing its presence in lower tier towns/cities. For example, Amazon observed that during its Great Indian Festive Sale, almost two-thirds of its orders came from Tier-2 and Tier-3 cities and

towns¹⁶. Amazon has been working on extending its customer centric strategy in India by focusing on localizing their suite of products and services as well as the business model for the Indian customers. The strategy revolves on building 4 key propositions –(1) personalized offerings, (2) low cost, (3) error free experience (for both customer & seller) and (4) fast & reliable delivery. In comparison to Flipkart and Amazon, Snapdeal's strategy focusses on 4 key aspects:

- ❖ Personalization (discovery process & communication),
- ❖ Localization (assortment & operations),
- ❖ Building trust by promising
- ❖ Delivering and continuing to deliver highest value of money (by having efficient operations).

Given that during most festive seasons(see Exhibit 3 for the financials of such promotions), Snapdeal has to handle as many as 300 orders per second, the firm not only relies on sophisticated forecasting models and analytical tools for better demand forecasting, but also has the strong technical support of more than 1500 engineers. In terms of logistical support, Snapdeal has increased its warehousing space by more than 1.3mn square feet across 63 fulfillment centers in 25 cities where most sellers and buyers are located. One of its nearest competitors, Amazon has also ramped up the technical and logistical support with 21 fulfillment centers in 10 states consisting of more than 2mn square feet of space, and storage capacity of more than 5mn cubic feet. It has also tied up with NGOs for enhancing the strength of rural distribution in India.¹⁷

Assortment Strategy

Unlike as in the offline stores, where customers in large store format purchase an assortment of products in a single shopping basket (or cart), it's quite different in the online space. Snapdeal customers (similar to customers of other marketplace firms) often buy one product at a time. Although the facility of cart is given to customers, and even few customers do add products into

¹⁶http://www.media4growth.com/retail/article.html?aid=2619_New_and_improved_e-retail_business

¹⁷http://www.media4growth.com/retail/article.html?aid=2619_New_and_improved_e-retail_business

the cart based on their shopping priorities, yet they do not ‘check-out’ a cart. However, recent trends based on advanced analytics show that even though customers are slowly moving towards acceptance and adoption of shopping cart, yet a large proportion of sales today is ‘one product at a time’ kind of purchase. Snapdeal uses analytics to understand what % conversions of total visits made by the customers (see Exhibit 1) to understand how many visits lead to purchases and what % of the journey was completed, which could yield insights into where and how the cart was abandoned. Follow-up with visitors by call-centers help to understand the reasons thereof. If Snapdeal understands that customers would surely buy by getting a good deal, then s/he is given the ‘good deal’. Snapdeal also studies the patterns of co-occurrence of purchases made by customers (see Exhibit 2 for a sample of such co-occurrence data) to understand what products get bought together, so that product assortments can be improved. This is one step away from the market basket analysis done by most offline stores in large format. Besides using deeper customer insights to arrive at micro-segmentation, customizing promotional offers, and individualized pricing, analytics is also helping the firm to detect and prevent frauds by sellers.

Snapdeal aims to become the one-stop shop for every customer by being the best priced platform in the online space. To achieve this strategy the firm is undertaking extensive efforts to map out the price-product matrix to being itself at parity with competitors, while at the same time trying to give to customers the products at a price they are looking for. The idea is that the firm should be able to understand each customer so that it can offer the customized assortment of products to each customer at a customized price for him/her. No two customers should see the same assortment of products or even buy the same product at the same price. A relationship curve between GMV(of the product category) and % discount shows that as discounts increases, GMV of the category increases up to a point, beyond which higher discounts do not bring any incremental GMV.

Snapdeal has diagnosed itself lacking in the following five capabilities:

1. Lack of centralized analytics based pricing policy
2. Ability to guarantee best in class assortment mix and gaps in assortments

3. Lack of relevance to (metro) customers – User profiles available but decision drivers and purchase impulse insights limited
4. Limited insights on Offline market such as what is available and selling in the offline market and at what price
5. Limited ability to predict what will become big in the future

The firm has a large seller base, but close relationships existed only with few top sellers providing head end assortment. Moreover, there was a limited analysis of long tail assortment availability but no mechanism to assess the gap against assortment mix available in offline space.

On the pricing front, there is a centralized pricing team that provides recommendations but the final pricing remains decentralized. For comparable products, efforts are made to match competition in somewhat automated manner. But the following processes remain inefficient:

- Extent of gap vs. competition is currently manually determined.
- At times, price may be kept higher than competition to meet internal targets, and this may be leading to breaks in customer perception about best price.
- For non-comparable products, discounts demanded even for non-elastic items to meet sales targets, though may have no correlation to perception or elasticity.
- GSV(gross selling value) goals set at category manager level – portfolio play becomes tough in this situation, since optimization may at best lead to local maxima, not global maxima

Assortment Gap Identification

A key pillar of Snapdeal's strategy is to ensure that it is the one stop shop for all customer needs by making the entire assortment available on its platform. In such a scenario identifying assortment gaps across both online and offline space is critical. Some of the key strategies Snapdeal is using or plans to incorporate to identify assortment gaps are

- Identify assortment of competitors (brands, price points, attributes level) and then use automated mapping with current assortment.
- The firm also aims to use trending keywords both on site and in Google trends, social media.

It is important to tag important critical gaps in the assortment based on top list of competition, trending searches, no results on site, high GSV and ratings based on which the seller acquisition team would be given focused inputs to onboard the assortment. For rejigging the dashboards, the assortment updating status, extent of delays from TAT (turnaround time), deviations from target prices would be studied.

Once analytical capabilities develop further, Snapdeal aims to use analytical model based centralized pricing to convey “best priced perception” to its customers. There were 3 big dilemmas facing Snapdeal today:

- 1. How to expand the market for online shopping and drive online purchase behavior of Indian consumers?**
- 2. How would Snapdeal make its product catalogue relevant to the customers (e.g., a metro customer gets a right assortment?)**
 - a. How often should this catalogue be updated for its quality & not just quantity?**
- 3. How to evaluate the ROI of consumer promotions?**
 - a. What should be the key tenets & metrics?**
 - b. How different should it be from that for an offline retail stores?**

Exhibit 1: Visits and Conversions on Snapdeal Website & App (Source: Company)

Category	Visits						Conv%						Total Conv%
	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	
Mobiles & Tablets	104,858,628	63,252,562	74,074,754	71,810,116	75,980,513	106,439,142	1.74%	1.70%	1.85%	1.67%	1.91%	1.74%	1.76%
Women's Ethnic Wear	11,796,006	7,138,998	8,167,074	9,480,462	11,152,804	16,773,985	4.11%	4.93%	5.35%	5.26%	6.96%	7.55%	5.95%
Men's Footwear	12,804,713	7,556,750	9,875,823	9,345,055	9,155,538	14,816,062	4.37%	4.58%	4.68%	4.29%	4.28%	4.14%	4.37%
Men's Clothing	10,992,304	7,825,512	8,688,133	7,628,988	8,009,755	13,260,968	3.64%	3.46%	4.17%	3.22%	3.64%	3.79%	3.67%
Computers & Peripherals	9,678,485	7,251,310	9,207,731	8,193,086	8,470,818	10,930,407	4.28%	3.77%	3.92%	4.12%	4.09%	4.64%	4.15%
TVs, Audio & Video	9,245,011	5,609,666	6,844,409	6,983,446	7,173,198	11,573,759	2.81%	2.61%	2.13%	2.19%	2.48%	2.31%	2.40%
Appliances	12,129,224	5,240,092	5,091,407	5,341,179	5,200,080	7,852,983	1.78%	2.32%	2.87%	3.04%	3.21%	3.54%	2.73%
Women's Clothing	6,275,290	4,525,985	5,203,597	4,978,077	5,153,717	7,764,423	2.64%	2.43%	2.99%	2.59%	2.95%	2.80%	2.74%
Watches	6,275,689	3,585,750	4,477,757	4,868,562	4,679,446	7,221,003	3.73%	3.83%	4.01%	4.53%	4.63%	5.26%	4.42%
Bags & Luggage	5,091,598	3,042,924	3,381,756	3,537,090	3,866,402	5,179,437	1.77%	2.32%	1.92%	1.60%	1.60%	1.95%	1.86%
Kitchenware	4,636,316	2,740,901	2,653,692	3,438,187	3,518,032	5,091,044	4.66%	4.21%	4.44%	4.67%	5.34%	6.15%	5.02%
Automotive	4,120,805	2,929,100	3,499,426	3,099,935	2,518,825	3,429,353	4.35%	4.01%	3.24%	3.17%	4.18%	4.48%	3.87%
Home Furnishing	3,542,882	2,458,942	2,330,088	3,644,117	2,565,246	4,849,571	3.88%	3.50%	3.76%	3.90%	4.65%	5.24%	4.25%
Kitchen Appliances	2,104,113	2,055,867	2,453,732	3,042,433	3,754,019	5,383,028	4.10%	2.65%	2.54%	2.61%	2.62%	3.19%	2.90%
Women's Footwear	3,676,839	2,345,519	3,104,776	2,536,903	2,513,341	4,470,855	2.22%	2.23%	2.33%	2.43%	2.58%	2.24%	2.33%
Fashion Jewelry	3,174,095	2,138,441	2,346,918	2,800,452	2,769,728	4,473,063	3.45%	2.84%	3.34%	3.50%	3.61%	4.20%	3.58%
Furniture	3,628,399	2,197,951	1,874,613	3,309,278	2,247,570	3,349,195	0.74%	0.66%	0.81%	0.77%	1.05%	1.35%	0.91%
Toys & Games	4,401,258	2,343,376	2,185,113	2,296,910	2,073,378	3,268,068	2.77%	3.00%	3.40%	3.31%	3.01%	2.92%	3.04%
Sports & Fitness	3,592,376	1,695,188	2,017,616	2,049,007	2,505,508	3,832,437	3.27%	3.75%	3.94%	4.07%	3.63%	2.96%	3.52%
Hardware & Sanitary Fittings	2,294,312	1,914,570	1,735,827	2,671,900	2,546,857	3,962,685	4.16%	3.88%	5.09%	4.17%	4.24%	5.59%	4.63%
Fashion Accessories	2,940,738	2,020,723	2,269,628	2,500,340	1,771,044	2,338,048	4.06%	3.81%	3.96%	3.18%	5.34%	6.06%	4.32%
Cameras & Accessories	2,473,455	1,423,474	1,623,280	1,886,322	2,064,397	3,019,578	1.57%	2.22%	2.30%	2.08%	2.24%	2.59%	2.20%
Eyewear	2,913,758	1,741,595	1,650,241	1,663,286	1,621,367	2,387,723	2.63%	2.22%	2.19%	2.25%	2.60%	2.54%	2.41%

Home Decoratives	2,091,551	1,314,172	1,337,890	2,284,685	1,503,635	2,769,573	3.24%	4.46%	3.82%	4.23%	5.06%	5.66%	4.52%
Beauty & Personal Care	-	515,443	1,257,017	1,906,046	2,690,364	2,998,947	N/A	3.12%	3.43%	3.26%	3.64%	4.40%	3.73%
Home Improvement	1,411,251	1,176,239	981,704	1,397,010	1,841,042	1,988,374	2.16%	2.79%	3.15%	2.78%	2.38%	3.36%	2.80%
Stationery	958,625	904,550	1,009,562	829,636	1,091,364	1,229,313	4.27%	2.71%	2.57%	3.18%	2.77%	2.63%	2.94%
Girls Clothing (2-8 Yrs)	878,545	482,683	522,155	731,132	792,203	1,607,639	2.19%	2.48%	2.81%	2.27%	2.78%	2.76%	2.58%
Fragrances	14,124	470,657	853,262	790,437	1,030,454	1,453,944	1.28%	3.45%	3.53%	3.60%	3.80%	3.57%	3.60%
Gaming	1,146,756	631,295	725,005	724,821	624,977	924,968	1.91%	1.97%	1.65%	1.49%	1.88%	1.78%	1.77%
Precious Jewelry	864,371	459,952	650,047	703,218	708,768	1,072,200	0.65%	0.47%	0.66%	0.53%	0.51%	0.54%	0.56%
Nutrition & Supplements	-	51,723	740,860	904,741	1,245,502	1,351,183	N/A	0.16%	2.11%	2.80%	3.59%	3.80%	3.15%
Musical Instruments	1,053,598	527,641	594,506	589,251	680,204	860,342	1.42%	1.89%	1.98%	2.16%	1.85%	1.55%	1.78%
Health, Wellness & Medicine	78,643	215,228	487,490	768,682	1,144,807	1,216,359	0.00%	5.50%	5.71%	5.10%	4.61%	5.74%	5.19%
Online Education	1,426,089	289,464	372,429	447,001	511,529	892,707	0.65%	1.61%	1.35%	0.88%	0.63%	0.30%	0.75%
Boys Clothing (2-8 Yrs)	590,181	340,116	421,084	481,188	629,213	984,656	2.98%	3.03%	3.41%	3.08%	2.79%	3.81%	3.27%
Kids Footwear	474,689	276,519	362,355	378,660	430,640	1,000,734	2.43%	2.48%	2.61%	2.22%	2.16%	1.52%	2.08%
Office Equipment	530,487	277,111	571,080	400,755	376,201	419,999	2.04%	1.77%	0.74%	0.96%	1.10%	1.07%	1.21%
Baby Care	-	153,748	346,790	411,971	629,503	701,789	N/A	4.96%	3.71%	4.06%	3.31%	3.54%	3.72%
Infant Wear	455,961	274,010	326,769	322,738	329,965	579,193	2.07%	2.62%	2.47%	2.68%	3.04%	3.03%	2.68%
Girls Clothing (8-14 Yrs)	295,956	177,556	237,843	267,896	356,017	648,063	2.73%	2.64%	2.70%	2.53%	2.91%	3.08%	2.84%
Handbags & Clutches	-	-	-	-	33,360	1,777,951	N/A	N/A	N/A	N/A	149.28%	4.87%	18.62%
Automobiles	219,925	71,591	329,713	775,247	131,246	196,628	40.72%	0.05%	17.03%	18.33%	0.01%	6.55%	16.85%
The Designer Studio	153,619	94,320	301,155	349,622	120,534	496,018	0.07%	0.05%	0.11%	0.09%	0.20%	0.17%	0.12%
Boys Clothing (8-14 Yrs)	180,648	98,884	142,489	163,230	233,818	380,846	4.33%	4.99%	5.34%	4.22%	4.24%	4.71%	4.62%
World Food / Indian Food	3,352			2,619	208,924	907,729	0.09%	N/A	N/A	0.61%	0.61%	0.33%	0.38%
Movies & Music	128,252	116,133	146,045	168,196	187,122	297,531	0.82%	0.48%	0.45%	0.34%	0.33%	0.21%	0.38%
Books	-			179,616	280,763	394,123	N/A	N/A	N/A	0.41%	1.55%	3.12%	2.01%
TV Shop	40,651	66,728	118,758	133,609	135,072	120,797	161.39%	72.24%	50.76%	53.21%	64.06%	94.90%	70.50%
Digital Entertainment	-	10,591	66,374	59,266	142,037	172,367	N/A	0.02%	0.05%	0.01%	0.83%	1.19%	0.70%
Real Estate	96,890	47,000	46,598	65,258	63,216	69,849	0.05%	0.01%	0.01%	0.00%	0.18%	0.20%	0.08%
Hobbies	91,551	39,124	43,068	49,700	61,894	72,834	0.38%	0.54%	0.62%	0.42%	0.31%	0.26%	0.40%
Home Services	28,870	13,027	24,772	69,962	19,478	33,924	6.69%	8.35%	3.50%	1.29%	0.31%	0.38%	2.50%
Gifts & Events	21,757	11,254	9,515	10,885	8,915	6,366	0.02%	0.05%	0.06%	0.06%	0.03%	0.31%	0.07%
Click and	27,006	11,825			-	-	0.04%	0.03%	N/A	N/A	N/A	N/A	0.04%

Collect							%	%						
Household Essentials	-		-	-	-	554	N/A	N/A	N/A	N/A	N/A	115.48%	254.56%	
Snapdeal Select	-	-	-	-	190	-	N/A	N/A	N/A	N/A	25.32%	N/A	212.03%	

Exhibit 2: A sample of the co-occurrence of purchases made by online customers across few categories on Snapdeal (Source: Company)

Categories→	Innerwear	Laptop Adaptors	Curtains & Accessories	Kitchen Tools	Air Conditioners Split AC	Earrings
Earrings	2.4%	0%	0%	0%	0%	0%
External hard Disk		8.4%	0%	0%	0%	0%
Tees and Polos	14.7%	0%	0%	0%	0%	0%
Dress Material	2.3%	0%	0%	0%	0%	3.5%
Innerwear & Sleepwear	9.7%	0%	0%	0%	0%	2.4%
Dresses	12.6%	0%	0%	0%	0%	0%
Salwar Suits	4.3%	0%	0%	0%	0%	0%
Soft Toys	0%	0%	1.9%	0%	0%	0%
Home Decor	0%	0%	5.1%	0%	0%	0%
Bathroom Accessories	0%	0%	14.6%	0%	0%	0%
Pillows & Covers	0%	0%	20%	0%	0%	0%
Toasters & Sandwich maker	0%	0%	10.4%	0%	0%	0%
Dining & Serving	0%	0%	12.9%	0%	0%	0%
Washing Machines & Dryers	0%	0%	0%	0%	25.6%	0%
Geysers & Heating Appliances	0%	0%	0%	0%	15.2%	0%
Dresses	0%	0%	0%	0%	0%	10.7%
Mangalsutra	0%	0%	0%	0%	0%	23.9%

**Exhibit 3: Financial Highlights of Various promotions run by Snapdeal in Recent Past
(Source: Company)**

Date of event	Event	Days	Visits	Unique Visitors	Orders	GMV	New Customers	Marketing Spends in Crores (Offline+ Online)	CAC (Cost/Acquisition)	%GMV (Spend s/ GMV)	Cost / Unique Visitor
<i>Sep-14(30 days avg.)</i>	Non Sale Time Frame- Pre Diwali	30	4,038,726	1,608,741	203,223	388,138,330	70,725				
<i>Oct-14(31 days avg.)</i>	Diwali 2014	31	7,099,862	2,324,275	361,347	666,951,574	137,412	52.00	122.07	2.52%	7.22
<i>Sep-15(30 days avg.)</i>	Non Sale Time Frame- Pre Diwali	30	6,230,356	1,582,162	371,390	606,644,028	106,745				
<i>Oct-15(29 days avg.) excluding 30&31st</i>	Diwali 2015	29	11,287,314	2,905,734	757,845	1,032,580,250	196,830	65.00	113.87	2.17%	7.71
<i>11-Nov-14 (1 day)</i>	Snapdeal Savings Day	1	16,884,477	8,972,440	878,533	1,313,937,024	309,452	4.95	159.96	3.77%	5.52
<i>Rest Of Nov'14(29 days avg.)</i>	Non Sale Time Frame	29	5,269,764	1,688,538	296,382	494,440,686	97,860				
<i>25-May-15 (1 day)</i>	India Mobile Day	1	10,676,938	7,146,730	693,033	1,606,070,220	170,204	6.24	366.62	3.89%	8.73
<i>Rest Of May (30 days avg.)</i>	Non Sale Time Frame	30	8,100,764	2,470,976	423,645	730,182,946	134,955				
<i>26-Feb-15 (1 day)</i>	App Fest	1	8,673,999	5,977,601	570,168	905,588,516	149,142	2.99	200.48	3.30%	5.00
<i>Rest Of Feb (27 days avg.)</i>	Non Sale Time Frame	27	6,884,777	2,157,983	384,921	623,489,548	111,261				