The President's Book on Sale
Amazon Marketing - On the Snap of your fingers
or in the Flip of a second

Prof Suryakumari Duggirala,
Faculty
Amity Global School of Business, Chennai
Email: surya@thealps.co.in
Phone: 91-94440 32986

Dr Sneha Deshpande,
Head of the Department (Economics)
PGTD, University of Nagpur
Email: svdesh@gmail.com
Phone: 91-98225 76404

Case Summary/Abstract: Readers in bookstores did, not find one of the most anticipated books of the year 2014, until 1st Jan 2015. President Pranab Mukherjee's The Dramatic Decade: The Indira Gandhi Years, went on sale on Dec 11, his birthday. The book priced at Rs.595/- by the publisher was on sale for pre-orders at Rs.399/- after day of release. Amazon.in had exclusive rights to sell the books on its website for the first 21 days, given to it by Rupa Publications, the publishers of the book. Effectively, the book was with Amazon.in for a month at a lesser price and free shipping. Exclusive associations with brands are used to create brand recall among customers, establish control and leadership as a strategic partner for leading national and international brands. Rupa Publishers earlier in Nov'14 protested against online retailers selling books at cut-rate prices. The E-Retail sector has been predicted to achieve $15 billion in the next two years from about $4 billion at present. It was projected to touch $43 billion by 2018. It will contribute to 4% of the GDP by 2020, according to Crisil.
About the Indira Regime

The Dramatic Decade was set in what was then, and now known as one of the greatest challenges of democracy. It showcased one of India's strongest leader ever, Indira Gandhi. India extended its support to East Pakistan (1971) in its struggle for democracy, leading to the formation of Bangladesh.

This period also found Indira in an aggressive avatar with Emergency (1975-77) and misusing one of India's Fundamental Rights, the Freedom of speech. This period also witnessed socialists in power, in 1977, the beginning of coalition politics, which went on for several decades.

The dramatic pronouncement by the Supreme Court that the Prime Minister was guilty of malpractices to win an election led to an uproar by the people and instead of resigning on moral grounds, Indira Gandhi imposed a state of President's Rule on the two States, Gujarat and Tamil Nadu which were non-congress ruled, thus bringing the entire country under her rule. Police were granted powers to impose curfews and indefinitely detain citizens. All publications were subject to censorship by the Ministry of Information and Broadcasting.

Impending elections were postponed with all opposition-controlled State governments removed by virtue of constitutional provision allowing for a dismissal of a State government on recommendation of the State's Governor. The President then, Fakhruddin Ali Ahmed issued ordinances that did not require debate in the Parliament, allowing Indira to rule by decree.

In 1977, going by her own controlled Press, she went to elections under the misconception that she was the most popular leader. The Janata Party, headed by Morarji Desai, guided by Jai PrakashNarain (who filed the case on her leading to her being found guilty in Court) won by asking the people to choose between democracy and dictatorship.

It was during their government in session that the Home Minister, ChoudharyCharan Singh gave the order for the arrest of Indira Gandhi for several counts of plotting to murder during the Emergency. She was arrested, and her supporters hijacked an Indian Airlines jet and demanded her immediate release.

Her trial gained sympathy from the Indian public, which earned them the title of ‘the Indian public memory is too short’. Disunity in the ruling coalition made way for Indira supporting Charan Singh as Prime Minister and then withdrawing support after a short interval. The President dissolved the Parliament in the winter of 1979. Prior to the elections, Indira made a pact with the Shahi Imam, Jama Masjid, Syed Abdullah Bukhari and made an agreement with him to assure her party of their votes for a 10-point welfare program for Muslims. In the elections the Congress returned to power with a landslide victory.

The decade also had Indira foraying into divisive politics in the State of Punjab. To counter the Akali Dal, she helped bring in Jarnail Singh Bhindranwale into Punjab politics. The Khalistan Movement, nurtured by Bhindranwale's supporters used militant tactics to create a separate State for the Sikhs. Operation Bluestar was launched by the Indian Army to flush out these terrorists holed up in the Golden Temple. This was a bold step taken by Indira in that decade which created tremendous antagonism against her, which ultimately led to her assassination in 1984.

Books and the Reading Habit

Traditionally, books were sold in bookstores and available to the reader in libraries. Booklovers thronged launching of books, book-reading sessions, stood in line for the autograph of the author on the book. With the advent of the computer and digitalization of books, the practice tapered although it did linger for renowned writers and publishers. With the market flush with electronic gadgets and the social networking world of today, reading the book had taken a back seat. Yet reading, as a habit did not perish altogether, e reading caught on. Apps for downloading books were available, either free or for a price.

Markets twinned with Lifestyle Changes

Liberalization of the Indian economy saw the entry of the competitor to the Indian businessman. India's Retail Industry saw the dwindling of the Kirana Stores, the Weekly markets and gave in to the Chain Stores, Departmental Stores and the advent of the Mall in the urban environment. This happened to groceries, clothes,
medicines, footwear and gradually all products. The next stage in marketing was the digitalization of marketing. E-Retail picked up following the success of the Credit Card culture of the people, thanks to the rapid development of the banking sector.

The IT sector and its culture of differential work timings encouraged shopping online. Traffic snarls, parking woes, pollution and competitive work atmospheres, aided online shopping to develop into a habit. Social habits of people also changed with networking culture. Life with the smartphones was a given. People from the rural areas also joined in. The Mr and MrsVarmas were actively buying from the Internet.

### Woes of the Book Stores

With buying from a Store giving way to buying online, the same applied to books. Either people bought an e-book or bought the paperback online. Fierce competition amongst the few online options brought down prices for the happy customer.

Bookstores diversified into stocking up on Music, Gift items, Toys, Household articles, Electronic gadgets etc. Bookstores also created a hip culture by providing cozy reading nooks, providing free Wi-Fi and the coffee to the table. Games and competitions for children on appropriate occasions were also brought in. Yet, they were unable to sustain the impact of the online discounts, free deliveries, music downloads, availability of everything and easily accessible in the comfort of the home. Stores had many more overheads that online retailers didn’t. Several leading bookstores wound up unable to sustain any longer.

Another nagging worry was if customers got used to paying less, it would be difficult to increase the price or even to sell at normal prices.

### The Pact

The book priced at Rs.595/- by the publisher was on sale for pre-orders at Rs.399/- with Free Shipping in 2-4 business days after day of release on Dec11th. Booking started from Dec 1st, 10 days before the release. Amazon.in had exclusive rights to sell the books on its website for the first 21 days, given to it by Rupa Publications, the publishers of the book. Effectively, the book was with Amazon.in for a month at a lesser price and free shipping. The book would not be available on any other website or bookstore for this period. On the Amazon.in website too, one customer could buy only 1 book, clearly ruling out bulk purchases by bookstores.

Amazon’s limited licensing agreement said that the license continued to perpetuity, unless either party terminated it by giving the other party 30 days' prior written notice. This implied that Rupa had no clause in the agreement to call off the exclusive deal with time having run out.

### Not the first time

This was not the first time a book was exclusively pre-booked and sold on an e-commerce platform. Mobiles, TVs, Tablets, gaming consoles, books, even homes, haute couture had all taken the online launches, pre-orders and flash sales. People shopped online on a regular basis for groceries, cuisine and dining experiences, gifting ideas.

- Britannia Industries launched their new chocolate chip cookie, Good day Chunkies in an exclusive tie-up with Amazon India for the initial 15 days.
- Coca-Cola launched exclusively its sugar-free soft drink Coca-Cola Zero in India on Amazon.in for two weeks. It got 1700 online bookings within four hours of the launch.
- XIAOMI sold 1,00,000 units of its Redmi1S Smartphone on Flipkart, its exclusive retail partner in just 4.2 seconds.
- Author Chetan Bhagat's 'Half a Girlfriend' had an exclusive pre-order on Flipkart while Sachin Tendulkar's 'Playing it my Way' also was also launched on e-commerce sites.
- Series of Shows like House of Cards were launched on Netflix.
- International songs were exclusively launched on Apple Inc's iTunes Store.
- Microsoft's gaming console Xbox One was till date available exclusively on Amazon in India.
- Motorola’s series of phones, MotoG, MotoE, MotoX were offered to buyers exclusively on Flipkart. The first batch of Xiaomi Mi3 was sold in the first 39 minutes on Flipkart. It sold more than 2 million smartphones since the launch.
OPlus India sold its smartphones and tablets exclusively through the online e-tailer, Snapdeal.

Exclusive associations with brands proved to be a tool used in marketing to create brand recall among customers. This association also helped to establish control and leadership as a strategic partner for leading national and international brands that would be interested in making a mark in the e-commerce sector of India.

What the others say
The Confederation of All India Traders (CAIT) approached the Union Commerce Minister as this Amazon's exclusivity was 'an abuse of competition'. CAIT was even earlier protesting online deep discounts. CAIT further appealed to the Commerce Minister that it was exercising restraint from complaining to the Competition Commission of India.

Traditional booksellers, Starmark, Crossword, Sapna threatened a boycott of all Rupa Publications. According to them, this exclusivity move was a disadvantage and a disruptive step setting a dangerous trend of predatory pricing that was against healthy competition.

Heads of several bookstores said that Rupa was supporting monopolistic practices.

Gautam Jatia of Starmark Bookstores said that this trend would make publishers dependent on online retailers in the long run.

Industry insiders opined that this was a turf war between the home-grown Flipkart and the international giant Amazon. Both these e-tailers bought in bulk from publishers and offered discounts in order to capture the market and build a customer base. They can then control pricing, promotions and product placements on their websites.

An iPhone 6 was sold for the full price on Amazon because its producer Apple chose to protect its on-ground distributors. But the publisher of a book was neither protecting the bookstores nor the value of its writer. A book priced at Rs 595/- was sold for Rs.399/-.

Well, the war began.

The e-retail sector
This sector was predicted to achieve $15 billion in the next two years from about $4 billion at present. It was projected to touch $43 billion by 2018. It will contribute to 4% of the GDP by 2020, according to Crisil.

Flipkart, an e-retailer was established in 2007 by Sachin Bansal and Binny Bansal, classmates at the IIT, Delhi when e-retailing was a new concept in India. They were both ex-employees of Amazon.com. During its initial years, Flipkart focused only on books, and its first product sold was a book Leaving Microsoft To Change The World by John Wood. Exclusivity Product launches on Flipkart were several, prominent among them was Motorola Mobility. XiaomiRedmi 1S was the next high profile sale by Flipkart followed by their Big Billion Day Sale.

From a two member embryonic idea, Flipkart became a 4500-member company. It redefined customer experience and broke online shopping inertia. It sold close to 30,000 items per day or 20 products per minute. Interestingly, 60 per cent of Flipkart's orders were and continue to be cash or card on delivery. This facility converted many traditional consumers who were reluctant to divulge credit card details online. Owning their shipping facility was an advantage. Customers were able to track their order. Flipkart stood tall at a $1 billion company in 2014.

Flipkart had its share of woes too. Flyte, its digital music store that took on Apple iTunes, closed down in June 2013, a year after it was launched. Here they were out-maneuvered by iTunes, Nokia and Sony that allowed them to download millions of songs for free or at a very nominal cost.

Snapdeal, another online market site, headquartered in Delhi, was set up by Kunal Bahl, a Wharton Graduate as part of the dual degree program in joint partnership with Rohit Bansal, an alumnus of IIT, Delhi. Snapdeal grew
to become one of the largest online market in India with a 4 million plus products spread across 20,000 sellers with a customer base of 4000 towns and cities in India.

Snapdeal opined that 15-20 per cent of the sales on Snapdeal came through mobile commerce called m-commerce and they would cross Rs 2000 crore in the fiscal year 2013-14. In Jun 2014, Snapdeal announced that it had achieved the 1000 sellers' milestone and got sales of over Rs 1 crore. Snapdeal received a funding of $133 million in Feb'14.

In Jun 2011, Shiv Nagar, a village located in Muzaffarnagar in Uttar Pradesh became SnapDeal.com Nagar after Snapdeal installed 15 hand pumps as villagers had no source of potable water in the village and had to walk miles to fetch drinking water.

Amazon.com

An electronic commerce company, headquartered in Seattle, Washington, Amazon started as an online bookstore in 1994 by Jeff Bezos in the name of 'Cadabra' and became Amazon.com in 1995. It was decided to name the company with a letter beginning with the alphabet 'A' as it would top any alphabetical list. From the year 2000, its logo featured a curved arrow, shaped like a smile, leading from 'A' to 'Z', representing that they carried every product from A to Z.

Jeff observed that the Amazon River was the biggest river and he aspired that his Store would also be as big, as exotic and as different. Along side diversifying into other products, Amazon also produced consumer electronics. Some of them are Amazon Kindle e-books, Fire tablets, Fire TV and Fire Phone and it also was a major provider of cloud computing services. Amazon operated with separate websites for different countries.

Amazon issued its Initial Public Offering of stock in May 1997 at a price of $18.00 per share. Innumerable acquisitions, several subsidiaries and investments by companies and funders, partnerships and software development centers, customer service centers and warehousing units were some of the many more milestones in this company to build it into a net worth of $27 billion.

eBay Inc., an American multinational corporation and e-commerce company, headquartered in San Jose, California, US founded by Pierre Omidyar in 1995. eBay started as an online auction and shopping website where people and businesses could buy and sell a broad variety of goods and services worldwide. It was not a free website and charged users an invoice seller fee. In Feb 2002, the company purchased iBazar and bought PayPal in Oct 2002. By early 2008, the company expanded to hundreds of millions of registered users, 15000+ employees and revenues of almost $7.7 billion.

At eBay India, there were three crore products across 2000 categories. eBay boasted of a global customer base of 152 million logging from 201 countries, including 4500 cities, towns and villages in India.

E-commerce enjoyed a boundary-less market, and created a lucrative batting field for many a player. There has been a growing base of customers with access to the Internet because of affordable smartphones. Ease of distribution as offered by online channels over the offline ones added up the e-commerce wave.

Online marketing enabled the seller to reach a pan-India audience. This enabled the customer to get the best price, compare with other products and make an informed decision from the comfort of his chair. The rural market was well included in these benefits. Companies stood to benefit as they made their presence where they were yet to establish a physical presence. Thus the largest, widest and most unique products were available without any physical commuting by the customer. The convenience and product range was a major contributing factor for customer preference of online marketing.

Problems and Strategies of the E-Retail

Ensuring stocks was one of the major challenges. Technological support was yet another obstacle that e-commerce websites face. Predicting and forecasting future customer demand and from which website he would prefer buying was also a counting factor. The no-touch and feel factor was slightly offset by the 30 days Return
Policy although that led to another misuse of this facility. High failure rate at payment gateways and low Internet penetration in India was a hassle.

Word of mouth publicity, Television Commercials, Discounts, Refunds, Deals, Partnerships and Combo Options, Gifts, Full Finance at 0%, Free Shipping, WOM Marketing, Glowing Reviews, Reward Coupons for Product Reviews, Mobile Apps, SEO and Adwords, Social Media were some of the strategies used by e-retail markets.

Curiouser and Curiouser
Rupa Publishers earlier in Nov’14 protested against online retailers selling books at cut-rate prices. The fight against online discounts picked up and peaked during Diwali when pre-diwali mega sales by Flipkart, Amazon and Snapdeal offered massive discounts and several products were sold at below-cost prices.

Private investors and venture capitalists have funded India's e-commerce companies to the tune of $2.3 billion that these companies now have the financial muscle to establish a monopoly.

Retail Markets for Books
National Book Trust, S.Chand& Co. Ltd, Orient Longman, Rupa Publications, Pearson Publishers, Tata McGraw Hill have been a few of the leading publishers in India. Some were indigenous while some were multinational companies. India had over 2000 publishers across the country. Retail stores ranged from books that strictly catered to schools and college requirements and provided textbooks, referral books, notebooks and related stationery for the student of all ages. Few Retail Stores specialized in books for specific discipline, like Law Books, Management books, etc. These bookstores were sans any frills and were just that, a bookshop. On the other hand, elite customers thronged the large bookstores that housed books of various authors and hues, more for the indulgence of the reading habit rather than a requirement. Libraries provided another service for those not interested in buying and accumulating books but accumulating the reading habit. All three, regular bookshops, luxury bookstores and libraries catered to various budgets and subsisted by complementing and substituting needs and customers as the occasion demanded.

Publishers normally gave 45% on the MRP to the distributors. While standalone bookstores get the stock at a discount of 32-33%, the chain stores get 40-42% from distributors.

Landmark, a subsidiary of Trent of the Tata group had 17 large outlets across the country each with 35,000 sqft of showroom space. Although books were its most visible “product category”, 30-40% of its revenue was from books and music. The rest was from “core categories” like stationery, tech accessories, computer games, and consoles, toys and gifting articles, electronic gadgets. With high rentals, and low patronage for books and music, they both were the first to go when the stores started to go down.

Crossword, formerly a division of Shoppers Stop was now a subsidiary of it. It started in 1992 in Mumbai as a chain of stores and was the few profitable book and music chains of the country. Crossword apparently clocked Rs 150 crores as revenue in 2010-11.

Standalone bookstores like Bangalore's Select Bookshop, off Brigade Road, Blossom Book House, the New & Secondhand Bookshop of Dhobi Talao, Strand Book Stall in Mumbai, the Bookworm in New Delhi's Connaught Place, Fact & Fiction in VasantVihar, Bahrison's Book Shop chain in Delhi, Giggles or Vijaya Bookstore in Chennai, were some of the many standalone bookstores that started getting the pinch with changing lifestyles and the advent of the IT in India.

The hiccups were there. The fact remained that the e-commerce platform continued to grow at a rapid pace and more and more Indian consumers would experience the convenience of online shopping. Online shopping growth was projected to zoom 350% while footfalls at shopping malls plunged to 46%. The technology challenges would be overcome and India's e-commerce would mature and consumers could shop at the most affordable prices combined with an ease of shopping.
The future for the old-style owner-managed single bookshop was not looking bright. Shop rental, staff wages, sales tax and transportation costs for the bookstore, rising fuel price, traffic hassles, rising prices of essentials for the consumer contrasted with online discounts and choice of products at the click of a button was a tough decision to take.

The War Scenario

A similar story was visible in the homegrown software exporters, including IBM and Accenture when they felt threatened by the rise of SaaS, Software-as-a-Service cloud delivery model. SaaS, in which companies paid for software based on their usage, was expected to top $22 billion in 2015, up from $14 billion in 2012, according to research firm, Gartner. In India, it was more visible with Indian tech giants losing out to global software exporters when it came to migrating existing infrastructure to the cloud model. Tech majors were unable to offer IPs in cloud space when they competed for large deals.

The war between the brick-and-mortar stores and the e-retail ones was catching on in every sector. It was not just the bookstores and e-retail for books. Due to a dip of more than 40% in smartphone sales during the festive season on account of heavy online discounting, three of south India's largest cellphone retail chains, Sangeetha Mobiles, Poorvika Mobiles and Big C Mobiles decided to pool resources. They planned to fight online retail by creating a common backend to negotiate higher margins and launch exclusive models through their stores. These three chains which controlled more than 65% of the smartphone market in offline retail in the south with 765 stores and cumulative sales of more than Rs.3000 crore, initiated talks with Samsung, LG, HTC and Micromax and expected to launch their first such exclusive models in early 2015.

Retailers were also countering the economic slowdown by offering interest-free equated monthly instalment (EMI) schemes. Double-digit inflation and falling discretionary spending capability straitened the household budgets and hence attracted them to these zero-interest financing. MegaMart, Fabindia, Future Group, Lifestyle and Godrej were of the opinion that these were the best discounts that they could offer. Essar's Mobile Store became the largest seller of Blackberry smartphones when it rolled out EMI Schemes at its 1200 stores. Banking services also got into tie-ups with stores by instant approval and minimal documentation. Jewelry sellers initiated this and manufacturers LG, Samsung, Sony and Panasonic, durable retailers like Croma, Vijay Sales and Reliance, furniture biggies like Style Spa and many retailers across products followed.

The Great Online Shopping Festival (GOSF) initiated by Google further brought a slump to the retail sector. Ecommerce markets launched exclusive models to sell exclusively on exclusive websites.

In a rising list of brick-and-mortar retailers forging alliances with online retailers, Lifestyle International entered into a deal with Flipkart to sell goods from its Max Retail, Future Group with Amazon, Tata-owned Croma with Snapdeal, Amazon and eBay, FabIndia with Myntra and Viveks with eBay to expand their reach.

Lifestyle International, that operated Lifestyle, Max and Home Centre retail chains, was set to foray into e-commerce in 2015 through a separate company. Instead of offloading to other e-retailers, having their own e-retail was a wiser option. Partnering with existing online marketplaces and allowing them to operate on the discounting model would be a conflict of interest regarding pricing with their physical stores and brands.

Yet in another development, retailers refused to sell Google's Android One handsets in India since the US company chose to launch its products online. Croma, Future Group, Planet MRetail, BigC, Lot Mobiles, Reliance Retail and Sangeetha Mobiles did not stock up any of the three Android One smartphones. Micromax, Karbonn and Spice, the three Android One makers used the online platform to launch the handsets in mid-september 2014 but decided to tap the brick-and-mortar stores as sales failed to pick up.

Technology infrastructure of Infibeam, buildabazaar.com was an online e-commerce platform built by Infibeam with operations in India and Middle East in 2011. A self-service platform, it allowed the public to create an e-commerce store, upload their product catalogue, customize their site and sell their products. It was a SaaS platform for creating online retailing websites and was rented out to various retailers and users on monthly subscription rates. It touched the 18,000 stores mark in Feb 2013. This was another development in the retail segment with more entrepreneurs going onboard the e-way.
While regular bookstores had their competition at one level of Buy One Get One Free and the like, e-retail stores had their competitions at another level with big billion day sales being crashed by other websites using keywords and lookalike sites. The war had begun.

The book war may take on a different hue. Retailers may bring up unseen issues as e-retailers not paying value added tax. Else, the e-retailers may fight each other out. It remains to be seen.

Number of Words: 4252

Bibliography/References