

Luring you to

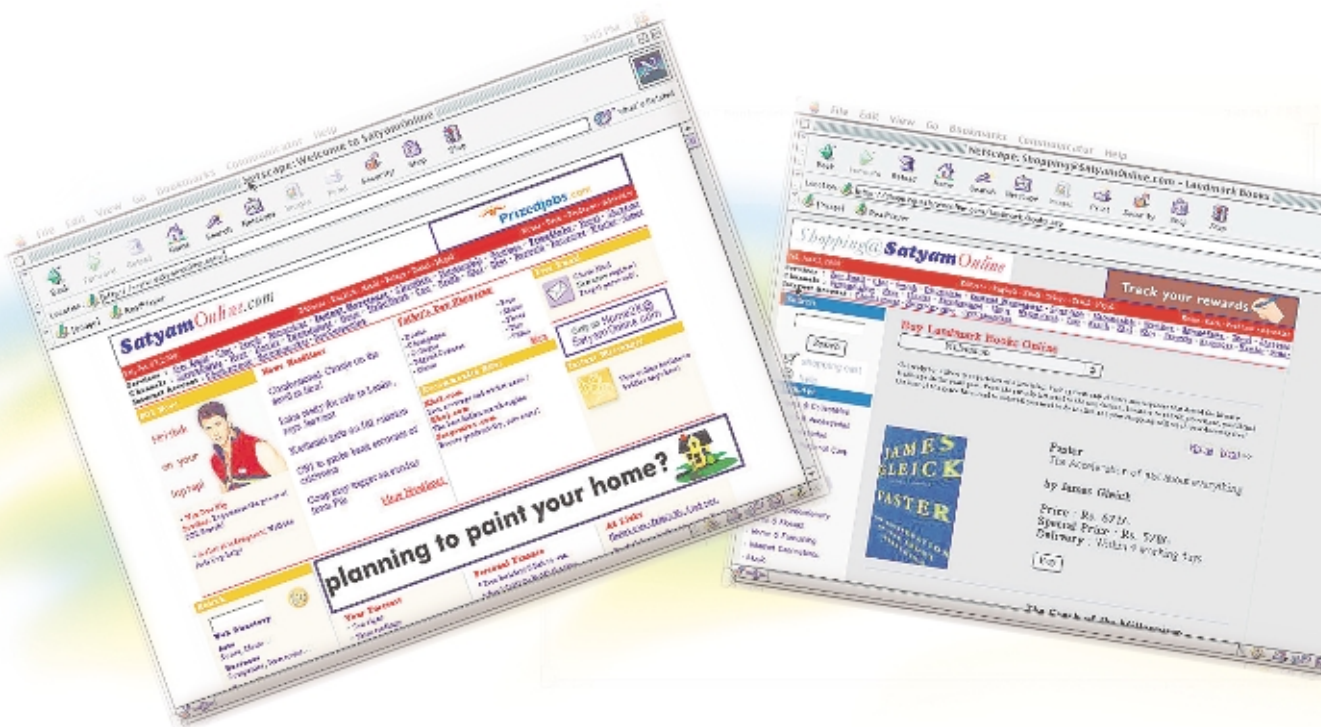
IT is better known as India's first private Internet Service Provider as well as the second Indian company to be listed on the Nasdaq. A subsidiary of Satyam Computer Services Ltd, Satyam Infoway has been at the forefront of the e-biz wave. But, there has been little talk about its shopping channel – shopping@satyamonline.com. A close examination, however, reveals that this absence of hype is deliberate, part of a strategy to walk the talk rather than spew bombast and later fail to deliver.

In an arena that still has only a few players, shopping@satyamonline.com offers a comprehensive range of products, and the company says its objective is to be "a definitive provider of e-commerce services."

Shopping@satyamonline.com has something for everyone – music, books, computers – it's all there. At present, the site has over 18 major categories to choose from, with some categories having several sub-classifications, and more shops likely to come on board in the near future. The channel has gone in for tie-ups with individual merchants for sourcing the products on offer, while the logistics angle is being taken care of by DHL (Air Freight Ltd), and the credit verification is through Citibank. Using DHL's reach, shopping@satyamonline is able to guarantee deliveries to over 280 locations across the country.

A typical transaction

So, how does a transaction at shopping@satyamonline.com work? Nothing



click-and-buy

Sankar Radhakrishnan

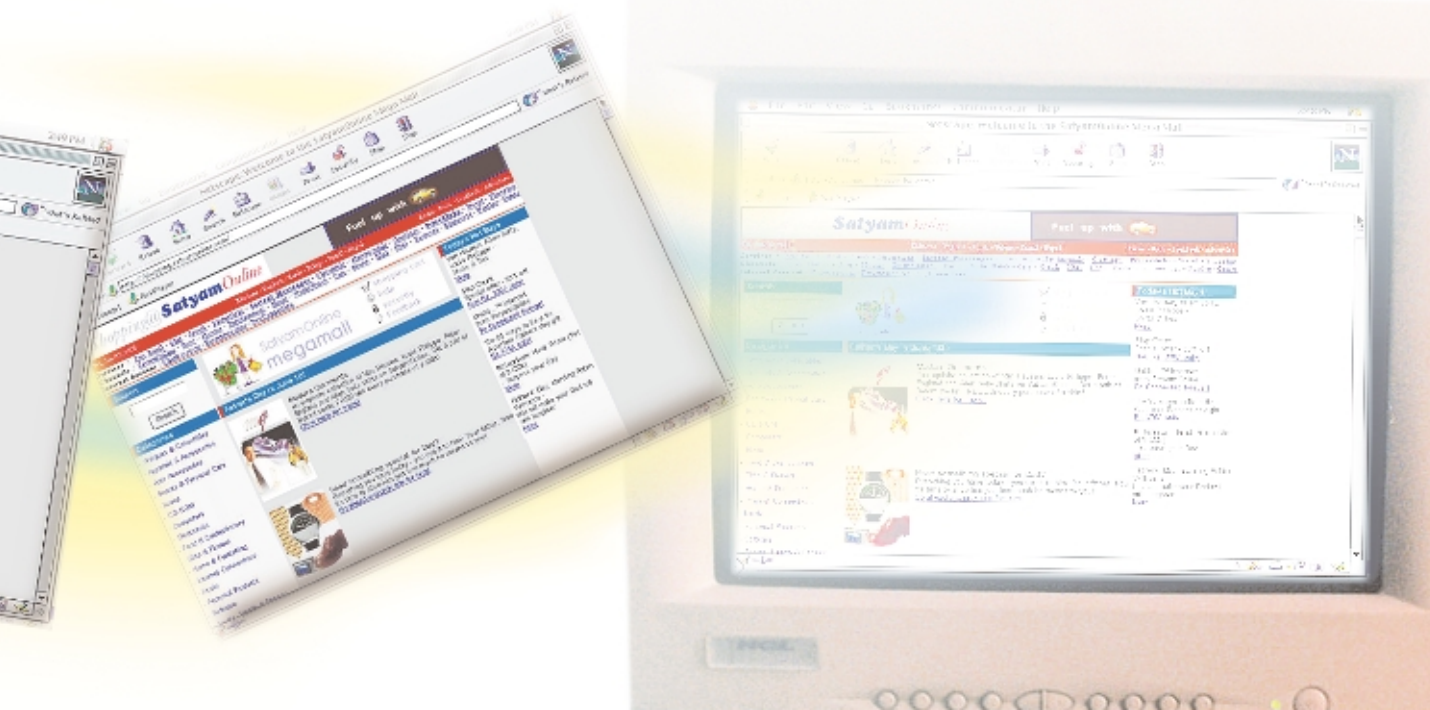
very complicated actually, but for ease of understanding it can be divided into the following stages:

1. Rita Kumar is looking for a gift for her husband. She browses through the various categories and decides that some biker-wear from Royal Enfield is just what her husband would like. She clicks on it to add it to her shopping cart. She continues to browse, and picks up some books and music too. All these are added to her shopping cart and it's now check-out time.

2. As soon as she clicks on the check-out icon, a form appears, where she has to fill in details about herself such as her postal address, e-mail address and so on, give the address to which the package has to be delivered and, of course, her credit card details. If Rita is already

registered at Satyam, all she has to do is click on a separate icon, enter her login name and password and all the necessary details are automatically filled in. All this information on the order is processed by Satyam's server, which sends a request to Citibank to check that sufficient credit is available to cover the value of the purchase. The bank then blocks this amount, but does not charge Rita's account. So, the payment is not yet made. As soon as Satyam is informed that Rita can pay for her purchases, it starts processing the order. This credit-verification process happens in a matter of minutes.

3. Satyam sends the details of the order to the different merchants who typically will have the order ready in four-seven days. Parallel advice is sent to DHL



While Satyam's online bazaar offers almost all that virtual shoppers have come to expect, its absence of an alternative payment option to those without plastic money might prove a drawback.

giving details of the consignment and where it is to be picked up from, and who the consignee is. When the order is ready, the merchant informs his local DHL contact who then arranges for the package to be picked up. Though DHL delivers most products bought at Satyam, some purchases, especially perishables are delivered by local couriers. This, however, is likely to change very soon, according to K.R. Chandrashekar, Vice-President-Retail, Satyam Infoway Ltd.

4. Once DHL has picked up the parcel, an airway bill is prepared and the package can be tracked on DHL's trace and track system. At this juncture, DHL sends a confirmation to Satyam about the product's shipment.

5. As per the current delivery system, DHL will call Rita to arrange a suitable delivery time. In case such an arrangement cannot be worked out, DHL will attempt delivery during normal business hours. In the event that the delivery cannot be carried out, DHL will make a second try, and if the delivery still cannot be made, DHL's agent will leave a DHL card and contact number at the customer's premises requesting them to contact DHL. Once the delivery has been carried out, the courier informs Satyam.

6. On confirmation of delivery, Satyam sends a requisition for settlement to Citibank, which then pays out the money to Satyam and charges the customer's account. Only then does Satyam pay the merchant.

Troubleshooting

Things usually work out all right. But what happens when something goes wrong? Suppose the merchant does not have the goods Rita ordered? This situation typically arises in the case of books and music, when the item ordered is not in stock. Satyam then keeps the customer posted about the likely delay and also offers the customer the option of cancelling the order.

Similarly, if all attempts at delivery fail and the customer also fails to get in touch with DHL, the courier informs



Satyam, which then e-mails the customer about the delivery failure and the reasons for it.

Another problem that can arise is damage to the product. Whenever possible, the courier tries to get the recipient to confirm that there is nothing wrong with the goods. But in the event of any complaint, shopping@satyamonline has a 'no questions asked' replacement policy.

Revenues

The Web site has two revenue streams:

1. Listing fees: These are paid by the shops or brands that are showcased on the mall. This is usually an annual fee, the value of which depends on the size of the store, the design and the extent of showcasing.

2. Commission on sales: Typically, this is a percentage of the sales that happen online. It is akin to the retail margin earned by brick-and-mortar showrooms, department stores and supermarkets. The exact percentage is generally determined by the category.

Why?

For the merchant, the Web site offers a new channel and greater access and thus a chance to boost revenue. This is



especially true of smaller organisations that cannot afford the marketing costs of reaching out to a larger market. Satyam gives such organisations the reach they need with its background, infrastructure and back-end systems.

For the customer, Satyam is able to offer a discount because of some savings in overheads, and the customer thus gets the goods at a slightly lower price. There is also the advantage of being able to buy goods that may not be available through regular channels. An example is being able to buy Hindustan Lever's leather bags, which are normally not available through regular channels except on certain occasions. These products are available at shopping@satyamonline.com right through the year.

The Web site also offers the customer better security of payment through its tie-up with Citibank, also ensuring security of personal customer details by restricting access to its database.

Issues

Some issues still remain to be addressed. One is the extent of penetration of credit cards in the country. It is clear that only a small section of the country's population possesses credit

cards. Though the number of credit card holders is growing, it is still a major drawback, especially when Satyam's main competitor Rediff.com offers customers the option of paying by cheque and demand draft, and even by VPP in the case of books and music. This immediately makes Rediff appeal to a much larger audience.

Another issue, and one that is common to all players in this market, is sales tax. Working out how products bought online should be taxed is a major headache for all e-tailers. Right now, Satyam has worked out a uniform rate of 10 per cent CST into its prices, but the issue will have to be clarified soon. The absence of uniform rules could be another hitch. The recently introduced IT bill may redress this though.

Delivery is another danger zone, especially since logistics in the country are not yet of international standards. The problem of delivery, however, is common to most e-tailers.

For all its advantages, though, shopping@satyamonline.com is a little unfriendly to the first-time user. For someone who has never shopped online before, it can be slightly daunting. There is assistance available at the help-desk, but the help icon is rather small and does not immediately catch the eye. Rediff, on the other hand, has a very clearly marked 'how to order' link on its shopping page.

The future

With online shopping growing by the day, shopping@satyamonline.com seems well set to be right there on top. It has an early-mover advantage as well as some solid backing. Given this, and the channel's commitment to providing exceptional customer service, the Web site appears set to be a winner. ■

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