

Startups bet on speedy growth in B2B e-commerce market

The Economic Times, 19th March 2015

<http://economictimes.indiatimes.com/news/emerging-businesses/startups/startups-bet-on-speedy-growth-in-b2b-e-commerce-market/articleshow/46615241.cms>

BENGALURU: A clutch of startups have sprung up in India's business-to-business (B2B) ecommerce industry, which may finally be catching up with the rapidly growing business-to-consumer or B2C sector that has spawned the country's most celebrated startup success stories.

Industrybuying.com, BazarA2Z, and StoreRoom.in are among new players on the B2B block, betting on tremendous growth in the near future in industry that has established the likes of 15-year-old IndiaMart and Walmart's BestPrice.in. "Industry products in India are not catalogued in one place and are very fragmented. You would have to contact 50 vendors to negotiate to buy each product. So building all this information on one internet platform would be of huge value," said Rahul Gupta, 36, co-founder of Industrybuying.com.

On the other hand, BazarA2Z decided to establish its online presence after running several offline B2B portals since 1997, having received multiple enquiries for its two lakh members. Bengaluru-based Storeroom.in, set up in August 2014 and specialising in household goods, now has over 600 customers and is coming out with a mobile app.

Barriers to entering the B2B ecommerce space are high, given that players have to develop strong business and logistical connections with exporters, businesses and banks to ensure smooth delivery.

Moreover, margins can be even thinner than B2C. Newcomers have tended to focus on specific vertical categories at first, such as industrial or safety products and electronics. Besides, taxation hurdles remain for interstate transactions. "In 2016, when new goods & services tax policies come in, all of India will be one market and B2B e-commerce will flourish. We are slowly creating more traction from buyers and sellers for that period," said Amit Chatterjee, founder of BazarA2Z.

According to a Walmart report in 2014, India's B2B e-commerce industry will grow to \$700 billion by 2020 from \$300 billion. For now, these portals are doing little more than a handful of orders per day, averaging Rs 10,000 each, although Industrybuying-.com's online orders have doubled every month since it received funding from SAIF Partners in December last year.

"In India, purchasing of local distributors and wholesalers is archaic and unorganised, with high information asymmetry. There is a fair amount of inefficiency in the ecosystem and not a lot of innovation has happened, so it is ripe for tech-based platforms and models to make big business," said Mukul Singhal, principal at SAIF Partners.

Unlike B2C, B2B ventures do not face restrictions on foreign direct investment, hence attracting the attention of multinational retail giants such as Walmart, which launched its ecommerce portal BestPrice in four states over the past year. Amazon is preparing to launch an online B2B portal this

year, EThad reported last September. Alibaba, which came to prominence by providing a platform to China's unorganised B2B sector, has not announced plans to bring the model to India.

"Convenience of our virtual stores, coupled with a variety of payment options and efficient delivery solutions, is some of the feedback we have received from kiranas, offices and institutions, hotels, restaurants and caterers," said Rajneesh Kumar, vice president (corporate affairs) at Walmart India.