



Myntra's leapfrogging to App: The Fencing of Customer Experience

Dr. A. Sivakantha Setty
Institute Of Management,
Christ University, Bangalore

I. Introduction:

Mr. Ananth Narayanan, 42, Chief Executive Officer (CEO) of Myntra (India's leading fashion and lifestyle e-tailer) created a massive buzz in the media when he declared that company is going for app only route signalling a drastic change in the Indian e-commerce business model in May 2015. Mr. Ananth Narayanan conviction to go app alone business model was based on the real-time data, which showed that 90% of traffic and 70% its sales were coming from its app in the middle of 2015. Considering the ever increasing mobile and internet penetration in aspirant India and its middle class, he was convinced that app is the future of e-commerce model in India. In May 2015, Mr. Ananth Narayanan announced that *"The mobile website will push users toward downloading the app. We are committed to our strategy of app-only, Meanwhile, the company's desktop website (for laptops and desktops) doesn't offer any browsing facility; it simply directs all users to the app"*. This announcement of Mr. Narayanan was hailed and appreciated as futuristic and game changer not only in business circles and media but also in academia.

But within six months down the lane and much to the chagrin of Mr. Ananth Narayanan, App only strategy has not only failed miserably in increasing the sales, rather it resulted in the reduced traffic and diminished sales in Myntra. Mr. Ananth Narayanan has expected a marginal decrease in traffic and sales because of its app only route for customers, but he failed to see the drastic reduction in sales within a year. Apart from dwindling sales, he had to face the backlash of disappointed and irate consumers in social media, who were spewing venom on limiting their choices and forcing app on them.

II. The Leapfrogging to App: The App Advantage

Myntra, the online fashion and lifestyle portal was acquired by online e-commerce player Flipkart for \$300 millions in May 2014. By the end of 2016, Myntra has 7.6 active million customers, it had 20 million of its app downloaded was offering 2, 30,000 products from around 1,700 national and international brands. It also had very impressive annualised gross merchandise value (GMV) of \$500 Million which is one of the highest amongst the online fashion portals. Buoyed by the global practice of customers embracing the apps, Myntra too introduced its own app and received a very healthy and impressive embracing of customers where in the middle of year 2015, around 90% of its traffic and almost 70% of sales were from the Myntra App. Encouraged by the response of its embracing the app, fashion retailer Myntra closed down its desktop site and moved completely to an app-only platform since, May 15, 2015. This meant users had no choice but to download their app. This decision was taken based on the company's quick growth of smart phones as it claimed 95 percent of its Internet traffic came through mobile and 70 percent sales were generated through smart phones. Defending the move to adopt app only plan Mr. Ananth Narayanan defended *"Culturally, we want our organization to think differently. We*

believe that in the future, all mobile transactions will happen on apps, and we want to focus all our resources — our engineers, our product teams, our sales people, everybody — on this. We want our entire organization to have an app mindset.”

Apart from following the trend of most of global brands and its customers embracing the apps, there was also a method in the madness of Myntra adopting the app only plan. Though, mobile and smart phone are the future and newer generation of customers are immersing themselves in the full fledged mobile world, but Myntra had more other reasons than the mobile crazy younger generation. Myntra believed that app only plan through mobiles would not only provide customers personalised experience, but it can also push notifications and customized offers aimed at their purchasing history and consumer behaviour. On the other hand App only, plan provided Myntra an option to save money on customer re-engagement, unlike other platforms where it relatively costs more and Return on Investment (ROI) is lesser. Myntra was aware that once customer downloads the app, it could collect user specific data as his pattern of purchase, kind of purchase he makes, duration of browsing, timing of browsing, average expenditure per purchase and other details. This kind of data collected through app would allow Myntra to build their own data analytics and competencies to serve its customers better while rationalising its own marketing functions reducing the marketing cost. Likewise, Myntra can also engage its customers for 24*7 providing the personalised experience making it win and win situation for both customers and Myntra.

This initiative of Myntra was not only hailed and celebrated as revolutionary and game changer, but also received wide appreciation even from the academicians. *“Myntra’s app-only strategy is innovative and particularly notable given its scale,”* says Kartik Hosanagar, a Wharton Professor of Operations, Information and Decisions. Hosanagar, whose research work focuses on the digital economy, believes that for Myntra, the app-only move is *“justified”* given that mobile’s reach far exceeds the reach of personal computers in India. Likewise, S. Ramesh Kumar, Professor of Marketing at the Indian Institute of Management Bangalore, notes that mobiles have become *“a part of the lifestyle”* in India and *“different apps are needed to fit in with the lifestyles of specific consumer segments.”* Apps that *“connect with people and brands in real time will become increasingly important from the viewpoint of consumer behaviour,”* he adds.

III. The Flip- Flop: Crisis

However, not everyone agreed with the app only plan of Myntra, as it restrict the choices of consumer to connect with the brand on multiple platforms as per their convenience. The app only strategy limits the richer and grander visual experience in the big screen of laptop or desktop. On the other hand, value conscious consumers in India prefer to browse and compare the prices and features from different websites and vendors before they zero on making their buying decision. Kunal Bahl, co-founder and CEO of leading online marketplace Snapdeal, is dismissive about having only an app. He thinks it is *“the dumbest and most consumer-unfriendly idea ever.”* In an interview with business newspaper *The Economic Times*, Bahl said a survey conducted by Snapdeal revealed that 80% of its customers want the personal computer site to remain even though only 20% to 30% of them use the platform. *“We are not going to go against the consumers’ wishes,”* said Bahl.

Following a backlash, Myntra reintroduced the desktop platform, and also launched a mobile web version. In June, 2016, Mr. Ananth Narayanan made a strategic U turn and announced that *“Despite the many clear positives, we’ve decided to revisit our decision. The biggest reason is*

that the feedback from consumers, especially women. According to our data, women customers, who are a key area of focus for us, in particular want to have the option of shopping across channels. In addition, as we enter the next phase of our rapid growth, we're launching home furnishing and jewellery where viewing intricate patterns lead to better purchase decisions."According to Narayanan, while Myntra believes in "taking bold calls and pushing innovation," it is "humble enough to listen to [its] customers." He says: "We [took a bold call] last year because we thought we could offer consumers a much better experience on the mobile. While it is still true that the mobile experience is far superior to the web, we have recognized that some consumers still want the option to shop on the web."

Unfortunately, there were very few consumers who were enthused by the flip-flop made by the CEO as Myntra has lost lots of loyal customers within a year and brand Myntra has witnessed steady brand erosion. The irate loyal customers have expressed their disappointment and frustration in the social media alleging that rather than creation of real value for customers, Myntra is busy in playing technical gimmicks. Apart from witnessing desertion of loyal customer base, facing backlash from loyal customers in social media, Mr. Ananth Narayanan has also lost the momentum in highly competitive online fashion retail industry in India. The dwindling sales and revenue, constant backlash on social media and reversal of app only strategy, has made Mr. Ananth Naryanan to think is app only strategy, a worthwhile experiment?

References:

1. <https://hbr.org/2003/11/the-customer-has-escaped> accessed on 30th January 2017.
2. <http://indianexpress.com/article/technology/tech-news-technology/myntra-relaunch-desktop-website-e-commerce-2797784/> accessed on December 2016.
3. <http://www.foundingfuel.com/slideshow/the-real-reason-why-myntra-moved-to-an-apponly-strategy/> accessed on December 2016.
4. http://www.business-standard.com/article/companies/5-reasons-why-myntra-is-ditching-app-only-strategy-going-back-to-website-116050400373_1.html accessed on December 2016.
5. <https://clearbridgemoible.com/how-mobile-apps-are-driving-omni-channel-retailing/> accessed on December 2016.

Teaching Note

Myntra: Fencing the Consumer Experience

I. Synopsis:

Mr. Ananth Narayanan, 42, Chief Executive Officer (CEO) of Myntra (India's leading fashion and lifestyle e-tailer) created a massive buzz in the media when he declared that company is going for app only route signalling a drastic change in the Indian e-commerce business model in May 2015. Considering the ever increasing mobile and internet penetration in aspirant India and its middle class, he was convinced that app is the future of e-commerce model in India. But within six months down the lane and much to the chagrin of Mr. Ananth Narayanan, App only strategy has not only failed miserably in increasing the sales, rather it resulted in the reduced traffic and diminished sales in Myntra. Is app- only a feasible strategy considering the product line of Myntra? How reasonable is it to hold consumers as captive to a single channel? Should Myntra adopt a hybrid strategy- a mobile app, offline and a website version?

II. Learning Objectives:

This case is written keeping the undergraduate and postgraduate of management in mind and is more suitable for marketing, entrepreneurship and strategy. The case has five primary objectives. They are to

1. Probe and understand the changing dynamics of e-commerce in general and fashion retail in particular.
2. Ascertain the pros and cons of adopting app only plan in fast evolving and dynamic e-commerce industry.
3. Evaluate the pros and cons of limiting the consumer choice and consumer experience by the adoption of choosing a single platform, i.e, app only strategy.
4. Apprehend the advantages and disadvantages of the presence of all 3 mediums i.e., a physical store, a mobile app and a website version of a fashion retail company.

Issues: Consumer Experience, Fashion Retail, App Only Strategy,

Disciplines: Marketing/General Management/Strategy

Industries: E-commerce, Fashion Retail, E-tail.

Setting: India 2016-17.

Intended Audience: Undergraduate/MBA

Assignment Questions:

Students should read the case and come to class prepared to discuss the following questions.

1. Is app- only a feasible strategy considering the product line of Myntra?
2. How reasonable is it to hold consumers as captive to a single channel?
3. Can app only strategies deliver an extraordinary experience and augment the customer loyalty?
4. Should Myntra adopt a hybrid strategy- a mobile app, offline and a website version?

Road Map for Discussion:

1. 5 Minutes : Case Introduction
2. 20 Minutes : The Rationale behind App Only Strategy
3. 20 Minutes : The Flip Flap of Myntra

- 4. 40 Minutes : Advice and Solutions for Myntra
- 5. 5 Minutes : Wrap-UP

Discussion Plan:

1. Is app- only a feasible strategy considering the product line of Myntra?

Mobile devices have now become the integral part in business and it is more so in case of e-commerce. The emergence of e-commerce in India has witnessed three distinct stages. In the first stage, consumers ordering goods and articles through desktops and laptops, later they started using mobile phones for checking, browsing, and ordering the goods marking the onset of second stage. In the current and third stage, both consumers and brands are embracing the app marking a new and distant stage of growth in vibrant e-commerce industry in India. However, when one evaluates the Myntra's App only strategy, it can be safely said that it has lots inherent risks and troubles especially in the Indian Market. Unlike cash rich- time poor consumers in developed countries, a typical Indian consumer is a bargain hunter and he or she wishes to browse, compare, select and decide to purchase based on the expected value out of purchase. On the other hand, app only strategy deprives the consumer an opportunity to compare and judge the prices of different brands and products mentioned in rival companies. Though, it limits the freedom of consumers in favour of Myntra in the short run, but consumer may get disappointed, frustrated and irate by the fencing of his experience.

Likewise, app only strategy of Myntra, deprives the consumer richer and vibrant visual experience in the bigger screen laptops and desktops. The app only strategy and its limited screen is not suitable for certain product line of Myntra. Therefore, in case of Myntra, the shift seemed hasty rather than a gradual one as Indian audiences aren't necessarily ready to completely abandon shopping from their PCs or mobile browsers. For those consumers (whether small or large) contented with a desktop or mobile browser should be allowed to do so. Getting too restrictive could only mean people will start looking for more convenient options. Therefore considering the ever expanding product line of Myntra from fashion to lifestyle accessories, offering both i.e., the best app and also the web experience in both mobile and desktop is a feasible strategy.

2. How reasonable is it to hold consumers as captive to a single channel?

The well informed, empowered, choosy consumer is having the luxury of choosing, searching, ordering at his convenience from the multitude of options available to him. In traditional consumer journey, consumer will engage in an extended consideration and evaluation phase before entering into loyalty loop. Unlike traditional consumer, the modern empowered consumer may skip various traditional phases and may directly enter into the loyalty loop, courtesy, advocacy on both online and offline. To make situation tougher and complex for the marketers, the modern consumer is disloyal to the core and would wait only few seconds before they shift loyalty to the rival brand.

Considering the new age and empowered consumerism taking place, Myntra's gamble of limiting consumer choice to the single platform that is only app is a risky gamble to begin with. Because modern consumers don't like to be held captive to a single platform in the age of Omni-channel marketing, where brands are competitively trying to engage and address consumer needs integrating all platforms and channels. Hence, the disappointed and irate consumers not only migrate to the rival brands in hordes but also criticise, badmouth and spread negativity about

Myntra in the social media. Without adding any real value to the consumer or consumer experience, the app only strategy of Myntra would be seen as a mere gimmick than any value addition to the consumer. Hence, it can be said that Myntra's app only strategy cannot be considered as reasonable where they tie down their consumers to a single channel and platform in a rapidly evolving fashion and e-tail industry.

3. Can app only strategy deliver an extraordinary experience and drive consumer loyalty?

The customer journeys in recent years have been evolving to take advantage of new technologies. Though, mobile apps are becoming increasingly popular and are at the focus of overall customer experience, but customers do not use one specific medium to shop. In India, there still exists a large chunk of traditional and value conscious consumers, who prefer to choose the usage of desktops and laptops to browse, compare across various outlets before they make a final buying decision. To dismiss such large segment of value conscious consumers and limiting their choice only to the app, may result in mass migration of consumers to the rival brands in search of better experience and freedom in different channels and platforms.

The loyalty of the consumer cannot be just achieved by limiting their choice, freedom and experience or by any of the advertising gimmicks or apps. Myntra's decision to impose app only strategy on its loyal consumers is not only counter-productive but would make them disappointed, frustrated and shift their loyalty to the rival brands. Therefore, Myntra should adopt Omni channel approach to engage them across different platforms and establish an emotional and normative attachment with the brand.

4. Should Myntra adopt a hybrid strategy- a mobile app, offline and a website version?

For more than a century, marketers followed the conventional wisdom that, consumer buying decisions followed a linear, top-down progression known as the funnel. However, thanks to revolution of internet and digitalization, consumer decision journey is no longer linear. Unlike traditional consumer journey, new consumer journey is not linear, but non-linear and it doesn't adhere to the traditional marketing funnel. The new breed of consumer is not handicapped by the asymmetry of information; rather he has access to all the information needed to take the right and rational decisions. This new breed of empowered consumer is more in control and empowered than the old generation of consumers and wants to interact and deal with the brands in a different way. Under such changed circumstances, it would be suicidal for Myntra to restrict consumer access to app only withdrawing their access to website version.

Hence, Myntra should adopt a hybrid strategy – a mobile app, offline and a website version, where by integrating all of these channels; Myntra can provide customers a seamless and personalized service. Myntra's provision of such seamless and personalized engagement and experience to customers would result into normative and emotional bondage between the brand and consumers in the long run.

Wrap – Up:

- Myntra continued to open all the three platforms Mobile, App and Website to deal and engage with the customers.
- Myntra turnover for the financial year 2018 rose by 87% to Rs. 2,000 crores.

- Mr. Ananth Naryanan's decision to withdraw the app only strategy has finally resulted into the increased sales and revenue for the Myntra in year 2017-2018,
- Mr. Ananth Narayanan still continues to be the CEO of Myntra.