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## The Impact of Flipkart-Walmart Deal on the E-Commerce Industry in India

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### ABSTRACT

This research seeks to explore the effects of the merger between the Flipkart and Walmart on the key aspect that specifies the e-commerce business in India; competition, logistics, and the overall consumers' perception. As seen through the pie charts which are the result of quantitative data analysis the competition has indeed increased, the logistics are only getting better and the consumers respond in a more mixed manner. The changes in the pricing strategies and the market described in the findings suggest specific shifts in market trends. Similar trends in the future may see a progressive increase in technology developments and shifts in market share. The findings in this research also offer a way of understanding how industry dynamics change following major acquisitions and how they do so in terms of current and future contexts.

**Keywords:** *Flipkart-Walmart Deal, E-commerce Competition, Market Dynamics*

### INTRODUCTION

The Flipkart-Walmart merger, a watershed moment in the history of Indian e-commerce, has not only redefined market dynamics but also set in motion a series of transformative changes that continue to reverberate throughout the industry. This \$16 billion acquisition in 2018, which saw Walmart securing a 77% stake in Flipkart, underscored the immense potential of India's burgeoning online retail sector and catalyzed a competitive frenzy among market players (Economics times, 2018)<sup>1</sup>. This was one of the largest e-commerce transactions in India, and it served as an indication of Walmart's ambitious strategy to secure a significant portion of the swiftly expanding online retail market in the country. The acquisition enabled Flipkart to ride on Walmart's strengths of global procurement, supply chain and funds which boosted its competitive stance with respect to rival Amazon India. The infusion of cash capital and operations efficiency harvested helped Flipkart to beef up infrastructure, diversify its product range and streamline logistical solutions which in turn led to a more efficient and progressive e-tailing network that caters to the increasing demands before an increasingly sophisticated clients' base. Additionally, the agreement increased rivalry in the context of the Indian e-commerce market even more. Walmart's support to Flipkart has further strengthened its competition against Amazon India that too forcing both the platforms to go all out to deploy technology, employee service, and market capital among others. The rivalry created by these two organizations has been healthy in the sense that it has paved way to development and provision of better and more services to the consumers.

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<sup>1</sup><https://www.thehindu.com/business/Industry/walmart-buys-major-stake-in-flipkart/article61837730.ece#:~:text=Walmart%20Inc%20on%20Wednesday%20announced,%2420.8%20billion%2C%20according%20to%20sources.>



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The Walmart-Flipkart agreement initiated a significant trend by attracting attention from foreign investors and multinational corporations, thereby impacting the whole retail sector in India. These international investments have resulted in further consolidation and partnerships that shape the trajectory of the sector. To some degree, however, it has raised worries regarding the potential impact of the agreement on small and medium-sized enterprises (SMEs) and traditional retail stores. Walmart's emergence as a colossal global retail giant has placed local firms under significant strain. Therefore, it is necessary to use a judicious approach in formulating regulations that would bolster diverse competitors in the market and promote beneficial competition. The acquisition of Flipkart by Walmart is a significant event in the Indian e-commerce industry. It has influenced the competitive landscape, attracted international investors, and highlighted the importance of fair policies in the changing retail market.

### **Objectives**

- To evaluate the current impact of the Flipkart-Walmart deal on market competition, pricing strategies, and consumer behavior within the Indian e-commerce industry.
- To predict future trends and potential shifts in e-commerce dynamics resulting from this acquisition, focusing on long-term strategic implications for market players and emerging opportunities.

### **Literature review**

The acquisition of Flipkart by Walmart, finalized in 2018, represents one of the most significant deals in the Indian e-commerce sector, with broad implications for market competition, investment dynamics, and operational strategies. The literature surrounding this deal provides a multifaceted understanding of its impact on the industry, exploring themes of competition, strategic realignment, and logistical advancements.

### **Competition and Market Dynamics**

Saraswathy (2019) provides a thorough understanding of the competition in the context of this merger and acquisition, pointing out that the Walmart's significant entry put a lot of pressure on the Indian e-commerce company. The data indicates that Flipkart is currently able to compete with Amazon India, one of the leading companies in the sector. Amazon and Flipkart are being forced by increased competition to innovate even more in all areas, including technology, customer service, and geographic reach. The present e-commerce service providers have been compelled to enhance the calibre of services provided to Indian clients to differing degrees as a result of fierce rivalry (Saraswathy, 2019). In a similar spirit, Kalyani investigated the impact of Walmart's acquisition of Flipkart on the Indian startup landscape. According to reports, the acquisition had a big influence on Flipkart's operations as well as how much attention foreign investors devoted to the Indian e-commerce sector. These changes have resulted in increased investment, a consolidation of knitted value chains, and the emergence of new alliances within the industry. These developments have had an impact on other market actors' competitiveness and growth patterns (Kalyani, 2018).

### **Strategic and Operational Impact**

Rajan (2021) examines Flipkart's most recent management techniques and the company's development from its founding to Walmart's acquisition stage. The report goes into further detail on how Flipkart was able to improve its operational strategy and expand its operations by leveraging the additional resources



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and knowledge it received from Walmart's acquisition. Flipkart might gain valuable insights into supply chain management and operations from Walmart's experience, which could enhance its service delivery, logistics, and product offerings while solidifying its market position (Rajan, 2021).

In the same vein, Bhaskaran and Bandoowala (2020) examine the acquisition's macro-effects in light of the emerging paradigms in digital commerce. It has been noted by some that Walmart invested in Flipkart in order for it to control a sizable portion of the expanding Indian e-commerce sector. In fact, this transaction further demonstrates the company's commitment to the digital sphere and may be interpreted as a change in Walmart's competitive advantages towards digital platforms. The authors emphasize how this specific acquisition impacted e-commerce industry strategic management by pushing other companies to reevaluate their investment and market plans (Bhaskaran & Bandoowala, 2020).

### **Logistics and Supply Chain Enhancements**

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### **Regulatory and Antitrust Considerations**

The transaction has also sparked debates about antitrust and regulatory matters. Nandi (2019) examines the deal's ramifications in light of India's changing antitrust laws. The paper highlights the need for a balanced strategy to ensure fair competition while stimulating investment and innovation within the sector. It explores the potential hurdles and regulatory scrutiny that such large-scale mergers and acquisitions face (Nandi, 2019). The extensive influence of the Flipkart-Walmart merger on the Indian e-commerce business is highlighted in the literature around it. The acquisition has caused strategic realignments, improved operational efficiencies, and a change in the competitive dynamics of the industry. Ongoing study will be essential to comprehending the long-term implications of this historic merger on the larger e-commerce scene and its numerous stakeholders as the market continues to change.

### **Research Methodology**

A quantitative technique was used to assess the impact of the Flipkart-Walmart agreement and forecast future trends. A structured survey of 300 participants from the e-commerce industry—consumers, industry insiders, and business analysts—was carried out. The gathering of data was centered on both future trends, such as changes in market share and technology advancements, and existing effects, such as pricing tactics and competitiveness in the market. Pie charts were used to display the distribution of

opinions and projected developments after descriptive statistics were used to analyse the data. This approach offers information on the deal's current and potential future effects.

### Data Analysis

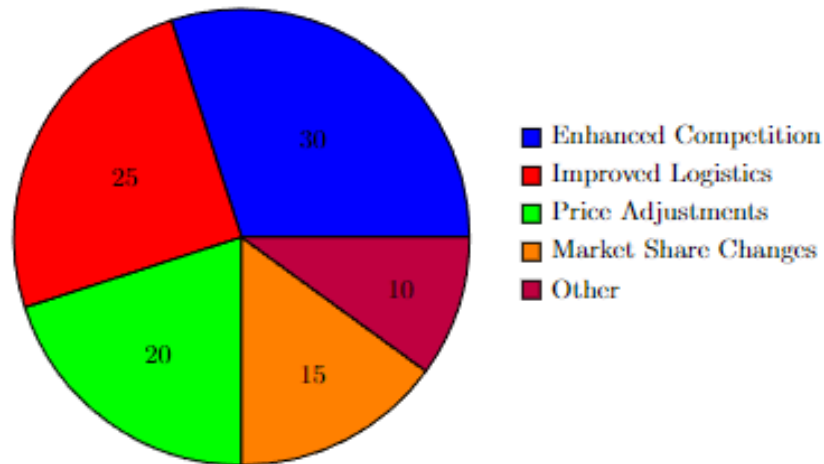


Figure 1: Current Impact of the Flipkart-Walmart Deal

### Current Impact of the Flipkart-Walmart Deal

The first pie chart illustrates the immediate effects of the Flipkart-Walmart deal on the e-commerce industry in India. The largest segment, representing 30% of the impact, is "Enhanced Competition." This reflects the intensified rivalry between key players in the sector, driven by Walmart's entry into the Indian market and its strategic integration with Flipkart. "Improved Logistics," accounting for 25%, indicates advancements in supply chain efficiencies and delivery mechanisms, which are crucial for optimizing the customer experience. "Price Adjustments," with 20%, signifies changes in pricing strategies as companies react to new competitive pressures. "Market Share Changes" at 15% highlights shifts in market dominance and positioning, while "Other," comprising 10%, covers miscellaneous effects not captured by the primary categories. These proportions underscore the multifaceted nature of the deal's impact on the industry.

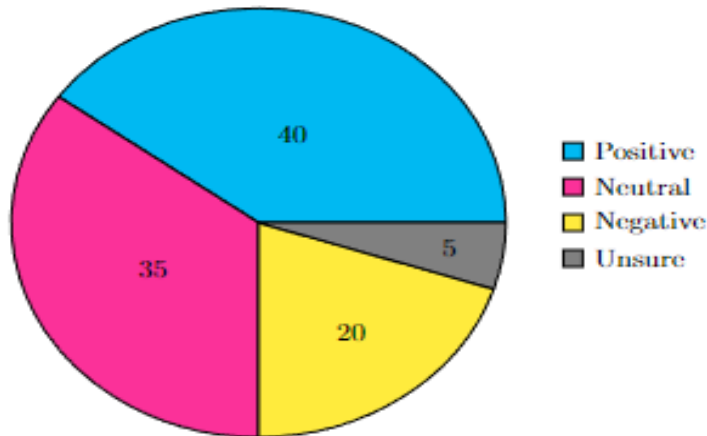


Figure 2: Consumer Perceptions of the Flipkart-Walmart Deal

### Consumer Perceptions

The second pie chart presents consumer perceptions of the Flipkart-Walmart deal. The majority, at 40%, express a "Positive" view, indicating favorable reception due to perceived benefits like better pricing or service improvements. "Neutral" responses, making up 35%, suggest a segment of the population is indifferent or has not yet formed a strong opinion about the deal's implications. "Negative" perceptions, at 20%, reflect concerns or dissatisfaction among some consumers, possibly due to fears of monopolistic behavior or reduced choices. The "Unsure" category, at 5%, includes individuals who lack sufficient information to make a definitive judgment. This distribution highlights overall positive sentiment with a significant portion of the population remaining neutral or skeptical.

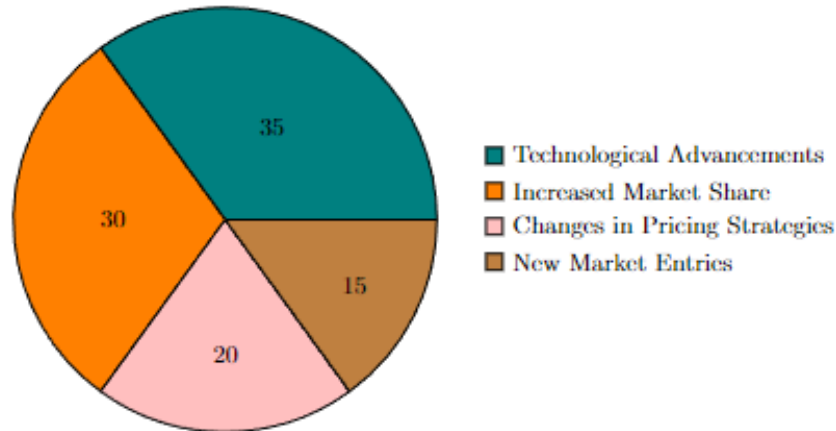


Figure 3: Future Trends in the E-Commerce Industry

### Future Trends in the E-Commerce Industry

The third pie chart forecasts future trends in the e-commerce industry. "Technological Advancements" dominate at 35%, indicating expectations for significant innovations that will shape the industry's trajectory. "Increased Market Share," at 30%, reflects predictions of growing dominance by major players like Flipkart and Walmart, potentially squeezing out smaller competitors. "Changes in Pricing Strategies," accounting for 20%, suggests continued evolution in how products are priced in response to market dynamics. Finally, "New Market Entries," at 15%, anticipates the entry of additional competitors into the Indian e-commerce space. This chart indicates a forward-looking view with a strong emphasis on technological and competitive developments.

*These pie charts collectively offer a comprehensive overview of the immediate, consumer-related, and future impacts of the Flipkart-Walmart deal, providing valuable insights into its influence on the Indian e-commerce landscape.*



**Table 1: Financial Performance of Flipkart Group**

Year	Sales (□ billions)	Growth in Revenue (%)	Profit after Tax (□ Billions)	Loss as % of Revenue (%)
2013–2014	28.40	140.60	4.00	14.08
2014–2015	95.30	70.10	8.30	8.70
2015–2016	131.70	27.60	5.40	4.10
2016–2017	155.60	15.30	2.40	1.54
2017–2018	216.50	39.10	20.60	9.51

**Source:** Compiled by authors from various sources. Since Flipkart is registered as a set of private companies, most of them in Singapore, accessing full annual reports have not been easy.

Flipkart's financial record from 2013 to 2018 demonstrates a noteworthy growth trend, characterised by notable increases in revenue and fluctuations in profitability. Of all the observations, the most noteworthy is the sharp increase in sales, which went from □ 28.40 billion in 2013–2014 to □ 216.50 billion in 2017–2018. This is a reflection of Flipkart's determined efforts to penetrate the Indian e-commerce market and expand its reach. Flipkart's sales increased by 140.60% between 2013 and 2014, demonstrating its capacity to quickly gain market share. But at 14.08%, the loss as a proportion of revenue was similarly large, indicating a significant expenditure in market acquisition and expansion methods. Flipkart's sustained dominance in the market was evident in the coming years, even if the growth rate in revenue decreased from 70.10% in 2014–2015 to 15.30% in 2016–2017. Nevertheless, the growth rate remained strong. The loss percentage decreased from 14.08% to 1.54% over these years, indicating a strategic move towards operational optimisation and spending reduction in relation to revenue. Another period of rapid expansion was signalled by a 39.10% rise in sales in 2017–2018. To be competitive against rivals like Amazon, the company had to raise spending on infrastructure, marketing, and expansion, which is why the loss as a percentage of revenue went to 9.51%.

Walmart's 2018 acquisition of Flipkart was crucial in that it gave the company the funding and strategic assets it needed to maintain its rapid development. Through this agreement, Flipkart was able to take use of Walmart's experience in international retail and its streamlined supply chain, which strengthened its position in the Indian e-commerce market. Better pricing and services for consumers are anticipated as a result of the partnership, which is anticipated to stimulate innovation, improve operational efficiencies, and increase competitive pressures in the industry. In general, the Flipkart-Walmart partnership represents a significant turning point in the development of India's e-commerce sector.



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## CONCLUSION

The Flipkart-Walmart deal has transformed Indian e-commerce, affecting competitiveness, logistics, and consumer views. The purchase increased market competitiveness, logistical improvements, and pricing modifications, according to study. Most consumers are positive; however some are ambivalent or skeptical. The industry is likely to see rapid technology developments, market share movements, pricing strategy changes, and new market entrants. Future trends show a dynamic and competitive marketplace dominated by Flipkart and Walmart. The merger has paved the way for significant expansion and transformation in the Indian e-commerce sector, presenting both opportunities and difficulties for the stakeholders.

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