

ARE THE SNAPDEAL CRISIS AN OPPORTUNITY IN DISGUISE?

Hundreds of employees were handed the pink slips by the beleaguered companies like Snapdeal and Craftsvilla after they went into the cost-cutting mode

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The Indian e-commerce industry is growing exponentially and expected to touch \$50-55 billion by 2021. A market study indicates e-commerce sales in India were around \$14-14.5 billion in 2016. Despite such growth, the Indian e-commerce industry is still at a nascent stage, and alike to every startup it has its own set of challenges to deal with.

In the past couple of days we saw, Jasper Infotech that runs Snapdeal decided to layoff dozens of employees across the e-commerce marketplace and its subsidiaries, mobile wallet Freecharge and logistics wing Vulcan Express in a bid to cut cost and conserve cash. Not only this, Snapdeal Co-founders Kunal Bahl and Rohit Bansal took the decision to take 100 per cent salary cut till the firm becomes profitable.

Speaking on the same, Ronesh Puri, MD, Executive Access, said: "The layoffs will impact all layers of the company. It will also impact the mood of the e-commerce industry as others will tend to replicate this. The fact of the matter is that raising funds is becoming increasingly difficult as investors look for visibility on profitability."

Snapdeal is not alone; other players such as ethnic online retailer Craftsvilla, fashion portal YepMe and Tolexo also decided to hand over pink slips to their employees.

No doubt, such mass layoffs



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create a sense of confusion, which is not good for the industry over all. And, e-commerce is the sector where investors have pumped in billions of dollars. But, this scenario could be a temporary phase and could be over soon like a bad dream. Let's understand how.

The Other Side

This is a good time for other sectors to pick up talents from the e-commerce industry. The

spread of e-commerce has led to the rise of several niche players, which largely specialize their products around a specific theme. As per industry sources, almost 1,06,086 Websites are registered daily and more than 25 per cent are for niche businesses. This phenomenon generates a humongous requirement of talent, and such layoffs will give an opportunity to niche players to pick up the talent.

Amit Daga, Founder & MD, Deal Kya Hai? rather sees this an opportunity to acquire talent. Speaking on the same, he said, "The layoff scenario is not good for any industry but it is also an opportunity for players like us to acquire the talent with right kind of experience in the similar field."

In India, e-commerce is at a nascent stage, where business recalibration and restructuring is on an ongoing process. ©R