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THE INDIAN GROUP-BUYING SITE MYDALA.COM BEGAN IN 2009. FOUNDER AND CEO ANISHA SINGH TALKS ABOUT GROWTH AND THE COMPANY'S FOCUS.

by Varun Jain

**What is Mydala.com all about?**

Mydala.com started in August 2009. We are the pioneers in group-buying websites in India. Mydala itself means "my group." The idea was to provide deals to customers in a group setting. What they couldn't get buying alone, we would provide it to them. We have now reached a subscriber base of more than 5.3 million. People who follow us regularly get deals from Mydala.

We have also started an initiative called Mydala Mall which allows merchants to showcase their products. It works as an alternative marketing platform for merchants where they don't have to pay any money upfront to get the results.

**How does Mydala mall work?**

Merchants who want to showcase more than one product can do it on Mydala Mall. You can say it is the online equivalent to any physical mall in India. The customer here is not

Riding the E-wave



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in a retail setting where the merchant is responsible for getting the crowd in. We invite merchants to come and showcase their products here.

Our website already offers a high-traffic platform. Merchants prefer to sell their products through the Mydala Mall rather than setting up an individual and independent site of their own where they are responsible for everything, from the payment gateway to the entire operations.

### How has the journey been so far?

For a company which spends next to nothing on marketing and which has grown a 5.3 million-strong subscriber base and is amongst the top 100 e-commerce sites of India, I think we have done phenomenally well for ourselves. It is not just a random thing. We have seen a nice upward curve throughout and are loving it. We have also added products which give value to the users as well as the merchants.

### What about your marketing strategy?

To promote Mydala, We could have done brute-force marketing but that was never our thing. There is a reason for this. We used our own money initially to start the site and got funded only in April last year. Before that, we were growing virally. We grew to millions of subscribers completely by our earnings alone. Our transacting base in India is very high.

For doing e-commerce in India, our measuring gauge was never that every one in India should see us. Rather, it was about the transacting user-base seeing us. It was whether the regular online buyers are buying from us or not, since at the end of the day, it is all about selling from the website. We are now getting aggressive with our marketing but are happy with what we have done until now with our transacting user base.

### Are you profitable?

This cannot be true for a company that is growing rapidly. The reason is that you take all that you get and plough it back in and use it to expand territory. If I keep ploughing my profits back into the business to keep growing, it is a choice. Technically we are not profitable but we are profitable in terms of where we are heading.

### Why do you think group-buying sites have become popular?

A lot of companies have entered into online deals business since the beginning

of 2010, but there is none doing group-buying except Mydala. In group-buying sites like ours, you go to the merchant and ask for a discount. The merchant will set a minimum order on which he will be able to give you the best discount. He can give you a good deal if he thinks he can make a decent profit by selling at least, say, a 100 articles at the discounted price. We take the deal. This will only be honoured when there are buyers for all the 100 articles. The minimum set by a merchant can be anything. This model goes viral instantly.

If you like a deal which is set at 100 to go live and you are the 97th customer, you are surely going to ask your friends and relatives to also buy the same. On the other hand, on deal sites, you can buy a single article yourself. But this does not entice you to make the model viral.





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### What kind of market research you did before setting up Mydala?

We started this company not merely because it was the trend. Many other people entered the space in India when they saw the Groupon craze. We researched and tried to find out the pain areas of the local merchants. We looked at them and the places where they can really advertise for their products. The options were few, and none of them was useful in gauging ROI and customer acquisition. Worse, the merchants had to spend money upfront. With Mydala, the merchant has to pay nothing upfront to us and we are helping him with acquired customers. After this, it is up to him to retain his customers. Now we have added a merchant panel at the backend which lets the merchant track and see what his ROI looks like on Mydala.

### What all verticals does Mydala cover?

We currently cover about seven verticals: restaurants, health and beauty, travel, fashion, lifestyle, home & baby, and events. We are basically across the board.

### How do you look at the present competition in group buying?

We have competition at different levels. The good thing about being in the deals area is that we work with a lot of online players. They come and showcase their products at Mydala to a larger transacting audience. In the beginning of 2010, the market went haywire. A lot of deal sites started appearing randomly in India. There were a lot of acquisitions taking place all over the segment—one deal player acquiring other at random, which for me made no sense.

The group buying and deals market has begun to mature now in the country. However, that being said, in any business—and I am not just talking about e-commerce—we should look at a horizon of at least 3 to 5 years to decide where the market is heading and where each of the player is sitting. So at this point we just cannot say which player is



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the competition for us and which one can we write off. At this stage in the market, innovation is the only breakthrough.

### What was your investment?

Initially, we invested our own money in starting the Mydala operations. Last year, we were fortunate enough to have a group of angel investors who invested about ₹1.1 crore into our business. Since then, we have raised two rounds with Info Edge of USD 2 mn and USD 4 mn, respectively.

### How do you make money in this business model?

We work on a success fee. This is the

reason why this model is so successful. We take a cut on everything that is sold through Mydala. There is no upfront fee that we charge. Only if you sell through us do we charge a success fee from the merchant. This is how we make money.

### Have you observed any changes in consumer behaviour over the last couple of years?

Yes. Users are more active online today than ever before. They have also become a lot more tech-savvy. Indian consumers have started doing mobile Internet as well. And they have also begun to transact on their own, which is good news for us. We do not have to push them to transact anymore. You provide a good service to consumers and the service takes off.

### What is the USP of Mydala?

If you are looking for a deal, you have to come to Mydala because we are giving you the maximum number of options. At any given point of time, we are giving our consumers around 2,000 deals. Mydala provides you the best value on deals with maximum options.

### Are sites like yours going to harm brick-and-mortar stores?

On the contrary, we help smaller merchants increase their footprint. For example, a restaurant which was marketing through flyers in certain areas of Delhi is now getting the footprint of entire city through Mydala. Suddenly, the volume of that restaurant has changed and it becomes to compete head-on with bigger restaurant chains. What we see is that the local merchants have started understanding the importance of going online to increase sales. The landscape is already changing in India.

As far as the product side is concerned where real estate has emerged as a big challenge, there will be a period shift to e-commerce. But it will not be instant, because Indians still want to touch and feel the product they are buying.