ABSTRACT

The article involves exploring the cause and reason behind the growth and success of the Hyperlocal Ecosystem and how do Marketeers have to adapt themselves to this new Startup Ecosystem. The goal is to show that Hyperlocal Startups solve the problem of fulfilling immediate demand by connecting the customer to the nearest available supply in the most optimised manner. This has been done by studying various secondary sources of data and also examining various popular and growing hyperlocal startups. Upon examination, it is clear that the Startups in the Hyperlocal arena are growing at a tremendous rate, and that various existing ‘big-players’ such as Flipkart and Amazon are trying to play a relevant role in this nascent, yet gigantic hyperlocal ecosystem.

Keywords: Marketing; Hyperlocal Marketing; Hyperlocal, Startup Marketing

REPORT INTRODUCTION

India, a country with a huge demographic diversity, large customer base and increasing level of digitisation, presents a unique opportunity for startups to market themselves to a very select base of target customers. Today’s startups are able to address the demand-supply gap in an effective manner. The customers are able to enjoy a Starbucks Coffee at home, have their daily groceries delivered in less than 60 Minutes and also arrange for an Electrician/Plumber/Housekeeper with just a few taps on their smartphones.

This article aims to explore the reasons why hyperlocal startups are growing at a tremendous rate and also how the Hyperlocal ecosystem affect the marketing methodology of a Marketeer. Furthermore, we also try to explore how FMCG Companies can benefit from the ‘Hyperlocal Boom’

OBJECTIVES

1. To evaluate the growth of Hyperlocal startups in India.
2. To examine the reason for the growth of Hyperlocal startups.
3. To identify the problems faced by Hyperlocal Marketeers.
METHODOLOGY
All the data collected for the article is from Secondary Sources of Data, online news websites, blogs and information encyclopedias.

ARTICLE INTRODUCTION
Hyperlocal startups are the next phase of the Ecommerce Ecosystem and major Ecommerce players in India, such as Flipkart, Amazon and Snapdeal are already feeling the heat from these hyperlocal startups. To understand why and how hyperlocal startups are gaining popularity, one needs to first understand the mind and behaviour of the consumer. In today’s fast paced world, a person doesn’t want to wait for many days to receive a product and expects the product to reach him at the earliest possible time. This is the reason for introduction of services such as Two-Day Delivery, One-Day Delivery and Even Same Day Delivery by many major Ecommerce players. A customer does not mind paying a premium to receive a product in a shorter period of time. Delivery time has become one of the most important aspects of Ecommerce, ranking just after the price of the product. But, the Logistics and Supply Chain of an Ecommerce Company can only stretch and expand itself to a certain limit in the National and City (Local) channels. To cater to customers even faster, the Supply Chain needs to penetrate into the hyperlocal level. Therefore, the boom and growth of hyperlocal has been prominent in the startup ecosystem in the past few years. Today’s startups are among to solve a problem, and the hyperlocal space is an interesting and challenging problem to solve. There is also a huge magnet that attracts investors, Ecommerce giants and startups to the hyperlocal space; the magnet being the $18 Billion Indian Hyperlocal Market.

Scope
The hyperlocal space has an enormous scope and reach. Consider a specific area of Whitefield within Bangalore. Whitefield has an approximate area of about 60 kilometre square. It has about 80 large apartments along with 120-150 smaller residential complexes, accommodating a sum total of more than 2,50,000 residents. It has atleast 20 major Cafe’s, above 50 restaurants, 4 Malls, 3 Multiplexes, 30 Gymnasiums and numerous retail stores. And Whitefield is not even one of the most populous areas of the country. Imagine an area such as Connaught Place in Delhi or Powai in Mumbai. Imagine a hyperlocal solution to provide a range of goods and services to the residents of these ‘hyperlocal’ areas. This is what Hyperlocal Startups can achieve.

Challenge
The challenge of today’s hyperlocal marketing is the ability of the company to differentiate their marketing strategies to suit the tastes and mind-sets of each individual hyperlocal market. This basically means that a marketeer would have to devise different strategies to suit the needs and tastes of each and every ‘hyperlocal’ area in which the company operates. An ideal hyperlocal marketing campaign will involve several mediums such as cinema halls, cafes, apartments, gyms, stores etc. Every target market may require different messaging for every medium. Customised and thoughtful advertisement designs for all the ad spaces involved in a hyperlocal campaign is the challenging part that requires creativity, research and customisation beyond the regular norms of mass marketing.

Another challenge is the need for the marketeer to tweak their advertisements, medium and content in response to the feedback and response of the audience. Since in hyperlocal marketing the results may or may not be visible very quickly, a regular observation of ad spaces is an absolute must for increased efficiency and impact.

Main Content
The most popular hyperlocal brand in the world is Taobao Marketplace that was launched by Alibaba in China in May 2003. After the launch, the brands Market Share expanded from 8% in 2003 to over 59% in 2005. By 2012, the Taobao website had become the 8th most visited web site in China. Taobao fueled the overall growth of the Chinese online shopping industry through execution of the “Big
Taobao” strategy with the aim of becoming a provider of e-commerce infrastructure services for all e-commerce market participants.

The major segments in the hyperlocal ecosystem can be segregated into the following categories:

- **Food Delivery** - Swiggy, Tinyowl, etc.
- **Grocery & Retail [FMCG, Daily Needs]** - Grofers, Peppertap, BigBasket.
- **Home Services [Electrical, Plumbing, Laundry, etc]** - UrbanClap, Bro4U, DoorMint
- **Logistics** - RoadRunnr, Opinio

In India, the most popular Hyperlocal Startups are Grofers, Peppertap, Tiny Owl, Swiggy, etc. Below given is a brief analysis of a few major players in various hyperlocal market segments.

**Food Delivery**

In the last 12 months or so, there has been a huge boom of Food Startups in India, with startups such as Swiggy, Tiny Owl, Foodpanda, FreshMenu, Box8, Faasos, etc entering the hyperlocal food delivery market.

Swiggy Present in Bengaluru, Delhi, Mumbai, Hyderabad, Pune, Chennai and Kolkata, Swiggy has close to 5,000 restaurants listed on its platform. The company will also expand Swiggy Express, an in-house platform offering chef-made meals in less than 20 minutes. While the demand is there – food services are estimated to be a $50 billion market – issues of scale plague this sector. Companies like Tiny Owl have borne the brunt of scaling up too soon. Also, these young startups are burning up a lot of investor cash in their quest for growth, as evidenced by the many rounds of funding the companies have raised in a short period of time. Swiggy raised its Series A and B rounds within five months of each other in 2015. These startups are finding financial backers, but they will soon have to show that the growth can be sustained at a lower burn. Otherwise the funding tap could be shut off.

**Grocery & Retail**

Grofers, which was founded in 2013, started as a B2B Company and has over the last two years seen a tremendous growth trajectory. It is now present in nine cities in the country.

From employee strength of 180 people last December, it has grown to 3300 people currently. In April, the Gurgaon-based startup raised $35 million at a valuation of about $100 million from Tiger Global Management and Sequoia Capital. This funding came just two months after the company raised $10 million from the same set of investors.

Consumers can order products from shops around them and Grofers’ delivery team will deliver in less than 90 minutes. The company operates in cities like NCR, Mumbai, Bengaluru, Jaipur, Ahmedabad, and Chennai.

Hyperlocal startups are also realising the importance of Hyperlocal Retailing and therefore are also adding Retail Brands such as Imagine, etc to their product offering.

**Home Services**

Urban Clap was founded by Abhiraj Bhal, Varun Khaitan, and Raghav Chandra. UrbanClap had earlier raised a $10M Series A round from SAIF and Accel Partners in June. They count Snapdeal founders Kunal Bahl and Rohit Bansal among their early investors. Ratan Tata is also an investor in Urban Clap.

The online local services industry has seen a tremendous amount of expansion and growth. Doormint, Local Oye, Zimmber, Taskbob, Housejoy, Urban Pro, Time Saverz, Mr. Right, and The Makeoverz are just some of the other startups that have come up in this category. Many, like Urban Clap, have risen funding from venture capital investors this year. Local Oye raised $5 million from Tiger Global and Light speed Venture Partners in April.
Hyperlocal Delivery/Logistics

Hyperlocal startups have raised over $200 million risk capital over the past 10 months. If one follows, Assocham-PwC report, about 40 million consumers purchased goods online in 2014 and the number is expected to grow to 65 million this year. Narrowing down, there is a mad rush by Venture Capital investments rushing in this space, with almost over $38 million been invested in the on demand logistics delivery space, according to YourStory Research. RoadRunnr snapped the biggest share of the pie – $11 million funding in July – for developing their fleet. Other aggregators in the field are Opinio and also Ola.

CONCLUSION

The hyperlocal space is a huge market that is growing at a tremendous rate, with a few hyperlocal startups, like Qyk growing at a 200% month-on-month basis. The total estimated Hyperlocal Market size is at $18 Billion. The major Ecommerce giants are trying to tap into this market. This can be seen by new ventures by these companies, such as Flipkart’s Nearby, Amazon’s Amazon Now or Amazon Kirana and even Ola’s Ola Store. The hyperlocal ecosystem has a huge potential in the future and it is important for the marketeer to take continuos feedback of it’s marketing campaigns and make continuos logical and practical tweaks and changes to their strategies to suit each and every hyperlocal market.

REFERENCES