TEACHING CASE LETS AND CASE-STUDY

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Case Title	:	**Walmart`s Entry into Indian Online Retail through Flipkart Acquisition.**
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Walmart`s Entry into Indian Online Retail through Flipkart Acquisition

Flipkart is an Indian e-commerce company. It was founded by Sachin Bansal and Binny Bansal in 2007. The company initially focused on book sales, after that expanding into other product categories such as consumer electronics, fashion, home essentials & groceries, and lifestyle products.

On 4 May 2018, it was reported that the US retail chain Walmart had won a bidding war with Amazon to acquire a majority stake in Flipkart for US$15 billion. On 9th May 2018, Walmart officially announced its intent to acquire a 77% controlling stake in Flipkart for US$16 billion, a valuation of over $20 billion subject to regulatory approval. Following the proposed purchase, Flipkart co-founder Sachin Bansal left the company, while the remaining management now report to Marc Lore, CEO of Walmart

ECommerce US. Walmart president Doug McMillon cited the "attractiveness" of the market, explaining that their purchase "is an opportunity to partner with the company that is leading

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transformation of eCommerce in the market". Indian traders protested against the deal, considering the deal a threat to domestic business.

Walmart acquired a majority stake in Flipkart, the largest online marketplace in India. This is also the biggest ever deals in the history of Walmart, which is trying hard to expand in the online retail business around the world to compete with its rival Amazon. Amazon global is a leading e-commerce portal and Walmart wants to compete against it online and in fact wants to stay ahead of Amazon, hence it considered few points before taking this decision. India is the only place Walmart could look at to fulfil its dream after China because the scope of development in India is more than any country for its size and growth rate. The customer base for Flipkart is more than Amazon India and Flipkart is growing rapidly every year and for fiscal year ending 2018. Bansals' approach towards innovation, scope of development and management skills has impressed Mc Millan (President and CEO of Walmart) to think further on the acquisition – though Flipkart is nowhere close to profits.

While the deal is expected to generate synergies for both Walmart and Flipkart, Walmart will have to face challenges as Flipkart has accumulated losses of US$3.6 billion and these are not going to decrease in the near future because of the deep discount strategy followed by Indian online retailers. It is high time the management of Walmart developed some foolproof plan to reduce Flipkart's losses and keep its number one position intact while competing with Amazon in the Indian market.

Apart from the investment, Flipkart received US$2 billion additionally for its vision to accelerate growth directly benefiting its customers. Flipkart's own supply chain arm eKart serves approximately more than 800 cities, delivering 5 lakh products in an average daily. With this deal, Walmart will bring in grocery and merchandise supply chain knowledge and financial strength, and Flipkart will make the most of the merger to grow into a listable (part of the

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visigiant quickly. Walmart's main rival Amazon India is leaving no stone unturned when it comes to adoption of newer technology.

- Discuss the core objectives behind acquisition of Flipkart by Walmart.
- Analyse the challenges and the growth strategies of Walmart at global market.
- Evaluate the impact of merger and acquisition on Indian e-commerce Industry.
- Analyse the acquisition of Flipkart by Walmart and its potential synergies from the view point of Flipkart.

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