

Case Study: **Paytm**

Founded in 2010, Paytm started as a prepaid mobile recharge website. Currently its business is not only limited to recharge but has expanded as online payment platform including mobile recharges, utility bill payment, wallet payment and wallet to wallet and wallet to bank transfers for many leading internet based companies like Bookmyshow, Makemytrip, FoodPanda, IRCTC and many others.

It was founded under the implemented idea of Vijay Shekhar Sharma and has got the first mover advantage in the mobile industry. The company has been backed up by Alibaba group and Ratan Tata. The firm raised \$575 million from Alibaba group for a share of 25% in the company.

Paytm is growing faster and they have over 20 million registered users as per their current data. Their website and mobile app has been transformed into a fully-fledged e-commerce marketplace offering categories from electronics, mobile phones, sports & health, home & kitchen, books, baby & toys and many more categories.

The app downloaded on various platforms has touched the mark of 7 million. The additional features added like Bargain power which is not currently available at any other marketplace and unified dashboard has made the selling and buying more interesting. Monthly order of over 15 million is completed over here.

Vijay Shekhar in his initial college days has started his own firm Xs! Corporation with his batch mate Harinder Takhar, which offers web guide services to the clients. Observing the popularity of smart phones, he decided to do something around it and in December 2010, he launched Paytm, a mobile wallet. At present, Paytm has 50 million consumers doing 60 million transactions a month and is expected to touch 100 million consumers till the end of 2015.

Paytm in February 2014 launched its mobile based marketplace and now recently has launched a seller dedicated app with zero commission model.

Besides, Paytm has also contracted with IRCTC to make Paytm wallet as one of the online payment option while booking a ticket. IRCTC processes around 180 million transactions every year; and Paytm has a strong base of 60 million wallet users who can use their wallet instead of using plastic card details. These wallet holders have an access to shop over the app and pay with Paytm wallet across 21,000 merchants.

Over the next six months, the Noida-based firm is considering at 25,000+ tickets per day using Paytm wallet on IRCTC platform.

According to a report, "Paytm claims to earn revenues of over \$500 million now but Sharma says this will jump to \$2 billion by December 2015. Half of Paytm's run rate will then come from the m-commerce marketplace push. And the focus will be on getting more users. Alibaba also echoed its view and Erik Jing of Alipay says, "We don't care about profitability. We care about SMEs, users on the Paytm wallet."

Paytm has recently joined in the hyper-local venture by starting grocery delivery in Bangalore. The hyper local market has raised more than \$60 million over the past two months from various venture capitalists.

Paytm has just shoot up its business as it has just raised a **funding** of \$575 million from Chinese e-commerce company Alibaba Group. In the same month, India's leading investor and businessman Ratan Tata has also invested in the company. Paytm will utilize the fund in recruiting fresh talent, acquisitions, marketing and brand building.

The company is currently dealing in mobile and DTH recharge, bill payments, bus tickets, data card recharges, e-commerce marketplace, payment gateway, Paytm deals and coupons.

Vijay Shekhar said, "We do 400,000 orders per day, which is second highest in the country after IRCTC". Over 50% of the orders are from the mobile app making use of the largest mobile commerce platform. An amount of INR 500crore is allocated for marketing in the year 2015, "said the founder".

The Question:

With a huge 500 crore advertising budget Paytm marketing managers are in huge confusion regarding how to use this fund effectively. They are aware that often large funds and huge marketing campaigns fail to generate the desired response due to overconfidence and power it generates among marketing managers. It often drives short sighted decision. So the marketing and branding strategy is a very critical to the firm's success considering that Paytm has lot of different business verticals.

If you are the marketing manager of Paytm what will be your plan to achieve the ambitious plans of market penetration Paytm has?