

# AJVC SLACK CHANNEL

**AMA#6 WITH HITANSHU GANDHI DATED  
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**Bezos claims that e-comm is a positive sum game and small retailers benefit a lot from it. While I understand that retailers get a platform, what are the cons of a big monopoly in the short and long term. For US and Indian context?**

eComm as a positive sum game. Let's first step back and understand the dynamics of the availability of ubiquitous marketplaces with incredible logistics engines powering them: You now have infinite variety that caters to all sorts of niche long tail audiences - a garage-based supplier in Goa that sells vacuum pumps for long term coffee bean storage! So, on the positive side: It monetizes the consumer surplus - it helps customers in smaller towns or even many of us to consume more than we would do otherwise. This includes impulse (Kindle books?)/ copycat (same T shirt as my buddy) purchases as well as esoteric items like I mentioned above. On the negative side? The offline economy is totally decimated courtesy COVID. For some companies, it is the mental hassle of firing so many staff / shutting locations that is holding them back, else offline retail is facing an existential storm.

Offline stocks have always been limited - while you could try a pair of shorts, but you never had the variety like Amazon. now courtesy COVID and then the aatmanirbhar theme, shipments of all sorts are stuck and not cleared because of labour shortages and general supply chains breakdown globally.

At the same time, customers are showing that demand is perfectly elastic - no one needs COVID with their coffee. So far too many people are either socializing 1-1 or simply not stepping out courtesy grocery or food delivery apps or even big retailer websites e.g. Shoppers Stop online So together, you have collapse in both demand and supply while the online selection remains robust. You don't need a degree to guess what could happen next.

**How have you seen this impacting Magicpin and any learnings from the same?**

Again, no ground breaking insights here - you just need to batten down the hatches and wait for the hurricane to pass. No one company can "drive consumer behaviour "change" amidst a pandemic. You just have to offer compelling options for consumers to partake - our learning was to take our offline marketplace.(we were at 80k offline -

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merchants besides brand outlets pre-COVID) online-offer grocery delivery from nearby quality merchants and even piloting food delivery as well. The lucky thing for many companies is that the ecosystem is now modular - so you can leverage Shadow Fax or Dunzo for deliveries which wasn't available 5 years back. As for learnings - we can do a retrospective in 2025 and then see what truly worked. Any grand proclamations today are certainly likely to be wrong the moment they are written down.

### **Why did you take the IIT - IIM route, and any learnings from that decision ?**

Frank answer - I didn't know better. I am the child of a retired IIT professor so getting into IIT seemed logical. I had good work ethics as a student (and no distraction - no Fortnite!) so I got great marks. One thing led to another and I had AIR 166 in JEE. Within IITD, I realized that doing a PhD was too much hard work and lifelong dedication - I had a role model of a senior who was like an elder brother. I said to myself "saabun tel bechna aasan hoga aur consistent rahega" - at least that field doesn't evolve as fast as VLSI design (my BTech project area). So, I chose the easier treadmill. Again, I was lucky and made it to IIMA. Did I think through life as much as LinkedIn life gurus claim? Nah, just followed examples around me.

### **How does Magicpin differ from a Nearbuy ? Business/revenue model and strategy wise.**

I will keep it at a high level - you need to earn your discounts in magicpin - which drives intentional purchases since customers must trade-off. At magicpin we strove to build a ROI engine for small merchants which doesn't exist. One of the downside of the Groupon model was overwhelming demand goes to limited number of merchants with zero control on the quality of the customer - anyone could encash a deal on Westin buffets.

We introduced the concept of earning points on transactions which you monetize as discounts in transactions on partner merchants. You earn wherever you like, doing stuff you always did - but burn those points on our partner merchants - whether a lassi joint in Varanasi, or a pub in Gurgaon sector 29 or a brand fashion retailer in Navi Mumbai. It also allows us to drive differential earn - spends at a local merchant without printed bill earn much less than our partner merchant or a premium outlet like FoodHall. This allows us to let premium customers earn more and thus spend more on brands they like.

### **How do you see retail evolution post e-commerce world or covid ?**

My personal take - in 5 years eComm penetration would be dramatically higher but otherwise frankly the world will not look very different. Stepping out for retail is part of the human condition. Going out makes us feel good and relieves us from the mundane nature of our daily existence. Plus purchases are emotional - you know the specs of a car but the feeling of sitting in the seat and driving it is another experience. You could consummate the final deals online in a much higher proportion but experience still would happen offline. Swiggy can give me all the discounts they will, but coffee with friends doesn't feel the same as in a cafe. Sorry if you expected dramatic pronouncements but some things remain the same - only the trend lines shift a bit.

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**What would be your advice for a fresh college graduate to minimize the number of regrets in the forthcoming years of life?**

I am supremely unqualified to share any nuggets - a life coach whose consulted a few hundred people is likely to be more relevant. Regardless here are some of my unqualified rambling thoughts.

- As my hero Derek Sivers says, in your youth, the answer to everything in life should be a "Hell Yeah" - say yes to everything - gain experience and then introspect / reflect on what felt good. If someone would've told me in 1990s that jobless bums who stay home and play games could be millionaire celebrities , I would've been shocked but look at eSports today. So the key is to follow your passion but observe the envelope of commerciality.
- The other key thing is to seek out people shamelessly for guidance - not for your case, but to understand their life journey and their choices. Do this with thoughtful research but then you will gain better appreciation for why folks did what they did.
- Now even after you've gained a wealth of perspectives and tried a variety of things, you still need your bearings - I recommend starting with stoicism early. The only certain thing in life is that it ends, so your decision should be to explore thoughtfully but not obsessively. For as Seneca said, the biggest angst in life comes from the gap between what we wished could have happened and what actually did. It is academic to earn a crore rupees fresh out of MBA and be deeply stuck with anxiety. So that is more key in my mind. As always, your mileage in life may vary. No right answers - this is just my limited philosophy.

**I see a lot of clutter on Amazon site due to their huge catalogue. The personalization also seems to have been lost somewhere. What is your take on this? Do you feel specialized sites with one category is the future? Will it need some impetus to go there?**

I agree that frankly I do NOT care one bit about Amazon's recommendations or their variety. I HATE the typical search results for the most case. What do I like? "Compare with similar items" Amazon shows the other products bought by folks who considered a certain product. Specialized category sites are NOT easy - curation sounds excellent till people start missing revenue targets and then everyone enters the market place / long tail demand game. I would wish that there were more specialized retailers like headphonezone.in but what will survive would be niche retailers like theloom.in which are well curated but funded by patient capital and not seeking to "conquer the world". This is not easy and requires discipline - I am not sure which companies will fit that bill honestly. I would gladly buy from such companies by the way . What also needs to happen is small brands who run their own loyalty programs and sell directly to customers via Shopify. I mean, if today I discovered great coffee and I can buy from them directly, giving more money to the small roaster team - why not? But no easy answers exist - and definitely no blitz scaling answers. On that I am willing to bet a bag of coffee :)

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**What your advice would be for budding/less-experienced product guys? Amazed by the analysis you do on some products. Would love to get a bird's eye view and learn more of your trade**

I am not a product guy by trade and it is just critical thinking (after years of beating received in the consulting profession) I bring to the table. No rocket science - read a lot, ask stupid questions, find learning communities and debate vigorously. Be humble to recognize when you're on the wrong track, What's the worst that could happen? You'd be wrong - but you'd be so much richer for it. Of course, find places with folks much smarter or experienced than you. You learn from getting schooled badly not from coming to the right answer. Not much growth there personally. Lastly, ask around - esp. in product - always assume you are not your own customer. Always ask how would my grand mom or Ramu kaka (stereotypical tech illiterate non MBA aam aadmi) react?

**What's better, a horizontal marketplace like Udaan, Amazon or verticals like Jumbotail, Myntra?**

If I had a perfect answer for that I wouldn't be answering these questions but would've placed bets on behalf of a top VC. Sometimes, time is what proves the resilient / enduring business. There is no certain clear answer ever outside of MBA lecture hall class participation quotes :)

**In your opinion what are the hallmarks of a democratic e-comm relationship between the producers/ manufacturers and ultimate sellers? The background of this question is based on AJVC's Amul breakdown, and the complications Amazon has with its retailers such as its replication of successful products**

Can't really comment authoritatively since I have not worked with marketplaces. What follows is 1st principles response, it makes eminent sense for Amazon to push their private labels or basics no different from BigBazaar pushing Koryo. But frankly - this is a clarion wake-up call for weaker brands. If they thought they could survive the 2020s with some slick ads and just stamping their brand identity on outsourced products without delivering an end to end customer wow - Amazon is crushing them with lower prices, similar tech and no questions asked returns. It may be an extinction event for some brands but that is always the case - in any market only the top few brands prosper - eComm merely hastens this. Consider the TV market - many companies exited the market long before Vu gained a good share via Flipkart. Change is natural and has always been there. But put in reverse - I will spend 40% over Amazon Basics in my split AC purchase tomorrow. Because I don't want surprises. But for near commodity things like simple computer stands - Amazon Basics is now the 800-pound gorilla in the market and brands need to deliver differentiation or compete on cost. No easy way out. PS: Do note Amazon outsources manufacturing - so my Solimo non-stick mini tadka pan was manufactured by Nirlep. So maybe you will still have the same contract manufacturers at the back end but less "known consumer brands" at the front end in the WORST case scenario (not sure when).

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### **What is the one habit that has paid you dividends over the years?**

No habits per se but I can share thinking approaches that work for me -

- Giving a shit aka paying attention and asking if we can do better.
- Critically thinking things and asking questions like an idiot from first principles, not accepting obvious or lazy answers. "So what?" clarifies things.
- Respecting experience is key - strategy consultants often go in, learn a lot about a new sector and deliver robust plans in 6-8 weeks flat. Part of that is to understand what makes current status quo work and listen to understand what can be improved. Again, my life story has been fairly average post IIMA so I really am not some guru to pretend I can tell you key insights. But yes, if I were to advise my 20-year-old self - I would suggest a stronger focus on time / energy management and better self-care. I wish I had taken up yoga earlier - waking up without backpain would've been a dividend I would want :)

### **Do you think a lot of Consumers in tier 2 to tier 4 cities actually use app based-platforms like MagicPin etc**

Of course, they do use all the apps they need to - it's about offering value. Why wouldn't they be just like us? Zomato and Swiggy didn't enter 500 cities if the demand wasn't there! Just as a small example - Magicpin had almost 30+ partner merchants right outside BHU in a place called Lanka for whom we would drive business. As hyperlocal as it gets.

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