

## Global firms test India market using logistics cos with fulfilment centres

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Many global firms are testing the Indian market by tying up with logistics firms that have built fulfilment centres, before they foray into the Indian market, according to DTDC, an Indian firm in the courier business in which GeoPost, Europe's second largest player in the courier express market, has a stake.

### Direct marketing

The €6.2-billion GeoPost is Express Parcels' business unit of €23.3-billion postal network of France — Le Groupe La Poste.

"(There are) many international brands, which want a presence in India — but are

not looking to build infrastructure. There are brands entering with an aim to reach the retail sellers directly without any need to have traditional channels," Abhishek Chakraborty, Executive Director, DTDC, told *BusinessLine*.

### Own fulfilment centres

On why such clients would not choose an Amazon, which also has fulfilment centres and thus poses competition to players such as DTDC, Chakraborty said Amazon fulfilment centres function with a very specific purpose — largely with an aim to serve Amazon as an entity.

"Players like Amazon are huge and generate enough volumes to have their own fa-

cilities. But, they usually limit themselves to faster, large volume, heavy turnaround stock keeping units (materials), which is mostly commoditised," he said. And there are huge sellers on multiple platforms such as Paytm, Flipkart, Snapdeal, Amazon, who prefer a neutral logistics player. DTDC has invested ₹8-9 crore in its fulfilment centres in 2016-17.

DTDC has about 15 fulfilment centres across the country. Four of these would be of an average size of 50,000-75,000 square feet range, which were built this year; five to six would be in 25,000-square-foot range; and four-to-five would be in 10,000-15,000 square-foot range, loc-

ated strategically. The company is witnessing a sharp revenue growth this year, although the growth would have been steeper had India not faced a cash crunch due to demonetisation, given that e-commerce was largely a cash-driven business.

### Growth estimated

"We are seeing a 15-per-cent growth on the domestic segment, 20 per cent in international growth — both from India and abroad. Profits have gone up by 45-50 per cent. We saw a dip in November and part of December due to demonetisation — now that has stopped," he shared. The growth is supported by a mix of increase in tariffs and

volumes. With a large share of e-commerce business being cash-based, the whole industry would have been impacted by demonetisation. "We are providing cash on delivery across 6,000 pin codes. Individual consignees can also pay through multiple wallets," he added.