

INVESTIGATING SUSTAINABLE BUSINESS MODELS IN INDIAN CONSUMER INTERNET START-UPS

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ABSTRACT

This study delves into the landscape of sustainable business models within the realm of Indian consumer internet start-ups. With the rapid growth of the digital economy in India, propelled by increasing internet penetration and a burgeoning consumer base, understanding the dynamics of sustainable business models becomes imperative. Through a comprehensive literature review and empirical analysis, this research aims to identify, analyse, and evaluate the various business models adopted by Indian consumer internet start-ups, with a specific focus on their sustainability aspects. Drawing upon insights from interviews, case studies, and financial data, the study seeks to uncover the key determinants of sustainability in these business models, including revenue generation strategies, customer acquisition and retention tactics, scalability, and social and environmental impact. Furthermore, the research explores the challenges and opportunities encountered by Indian consumer internet start-ups in implementing sustainable business practices and proposes actionable recommendations for fostering a more sustainable entrepreneurial ecosystem in the Indian context. By shedding light on the intricate interplay between business viability and sustainability, this study contributes to both academic literature and practical insights for entrepreneurs, policymakers, and investors navigating the dynamic landscape of Indian consumer internet start-ups.

INTRODUCTION

1.Introduction to Sustainable Business Models (SBMs): SBMs go beyond traditional profit centered models by incorporating the impact of business operations on external stakeholders like society and the environment. These models calculate the net value generated by considering the overall impact on stakeholders.

2.Sustainable Business Practices: SBMs involve specific actions taken by companies to improve longterm viability, such as reducing, reusing, and recycling resources. These practices contribute to environmental and social sustainability while ensuring long-term financial gains.

3.Benefits of SBMs: Adopting SBMs leads to long-term success by integrating economic expansion with social value and environmental mitigation. It also helps identify risks in supply and value chains, fosters innovation to mitigate those risks, and enhances brand image, appealing to environmentally conscious consumers and potential employees.

4.Examples of Sustainable Consumer Internet Start-ups: The document highlights three prominent examples: Yulu, Swiggy, and Flipkart, detailing their sustainability initiatives and how they align with economic, social, and environmental sustainability pillars.

5.Porter's Five Forces Analysis: The analysis assesses the competitive position of consumer internet start-ups, considering factors like the threat of new entrants, substitute products, bargaining power of customers and suppliers, and competitive rivalry.

6.Statement of the Problem and Need of the Study: The document identifies a gap in understanding the formulation and implementation of sustainable business models at the company level, particularly in consumer internet start-ups. It emphasizes the need for detailed study to understand how such models are articulated and adopted in this context.

LITERATURE OF RIVEW

The literature on sustainable business models in Indian consumer internet start-ups provides valuable insights into the evolving landscape of entrepreneurship in one of the world's fastest-growing digital economies. Scholars have extensively examined various dimensions of sustainability within this context, including economic viability, social impact, and environmental responsibility. Studies highlight the diverse business models adopted by Indian consumer internet start-ups, ranging from subscription-based models to advertising-driven platforms and e-commerce ventures. Furthermore, research emphasizes the importance of scalability and innovation in driving sustainability, with successful start-ups leveraging technology to reach larger audiences while minimizing environmental footprint. Moreover, scholars delve into the challenges faced by these start-ups, such as intense competition, regulatory complexities, and the need for continuous adaptation to evolving market trends. Overall, the literature underscores the significance of sustainable business practices in not only ensuring long-term profitability but also fostering positive societal and environmental outcomes in the Indian consumer internet ecosystem.

NEED OF RESEARCH

Research into sustainable business models within Indian consumer internet start-ups is imperative due to several factors. Firstly, the sector is witnessing rapid growth with evolving dynamics, necessitating tailored approaches for long-term success. Secondly, rising environmental concerns and consumer demand for sustainable products require effective integration of sustainability strategies. Thirdly, sustainable business models can contribute to social impact by promoting ethical practices and fair labour conditions. Additionally, they offer a unique selling proposition, aiding market differentiation in a competitive landscape. Furthermore, staying compliant with evolving regulatory landscapes is crucial for start-ups. Moreover, attracting investor interest and ensuring long-term viability are key considerations. Ultimately, such research drives innovation, addresses societal challenges, and fosters responsible entrepreneurship in India's dynamic digital economy.

OBJECTIVE OF THE STUDY

1. Identify and classify the various business models adopted by Indian consumer internet start-ups.
2. Analyse the sustainability aspects of these business models, including economic viability, social impact, and environmental responsibility.
3. Explore the key determinants of sustainability in Indian consumer internet start-ups, such as revenue generation strategies, customer acquisition and retention tactics, scalability, and innovation.
4. Examine the challenges and opportunities encountered by Indian consumer internet start-ups in implementing sustainable business practices.
5. Propose actionable recommendations for fostering a more sustainable entrepreneurial ecosystem in the Indian consumer internet sector.
6. Contribute to academic literature by shedding light on the intricate interplay between business viability and sustainability in the context of Indian consumer internet start-ups.
7. Provide practical insights for entrepreneurs, policymakers, and investors navigating the dynamic landscape of Indian consumer internet start-ups.

METHODOLOGY OF THE RESEARCH

The research is purely descriptive. The information was gathered using only secondary data. The data collected here is based on the sustainable business models of the internet start-ups based in Bangalore. There are humongous internet start-ups but very few follow sustainable business models. The report contains the sustainable business models of Yulu, Swiggy and Flipkart. The information of these companies was obtained from a variety of sources such as journals, articles and the internet sources.

SECONDARY DATA

The present study is basically drawn upon secondary data which are published in Journals, Newspapers, Magazines, Internet websites, various Books related to the topics and other references were made.

LIMITATIONS OF THE STUDY

- Time was a constraint.
- Secondary data was assumed to be true and unbiased

SWOT ANALYSIS

Strengths:

1. **Global Market:** Internet start-ups have access to a global market without physical barriers, enabling business expansion worldwide.
2. **Time Saving:** Online transactions save time by eliminating the need for physical movement.
3. **Cost Effective:** By reducing middlemen and infrastructure costs, internet start-ups can compete with larger companies.
4. **Price/Product Comparison:** Customers can compare prices and products efficiently, enhancing their bargaining power.
5. **Fast Exchange of Information:** Internet facilitates rapid and accurate information sharing between businesses and customers.

Weaknesses:

1. **Security:** Concerns about security, especially regarding payment processes, hinder the growth of online start-ups.
2. **Fraud:** Hackers exploit personal and financial information for fraudulent activities.
3. **Limited Discounts and Bargaining:** Online stores offer fewer discounts, and negotiation is often not possible.

4. **Long Delivery Timing:** Delivery times can be lengthy due to outsourcing and lack of synchronization with seller schedules.
5. **Limited Exposure:** Internet start-ups may have limited exposure in areas with limited internet access.

Opportunities:

1. **Changing Trends:** People prefer branded items and are willing to order through online start-ups if branded items are available.
2. **Increasing Number of Users:** Growing internet usage leads to an increasing number of online shoppers.
3. **High Availability:** Online businesses operate 24/7, catering to customers' convenience.
4. **Wide Business Growth:** Internet start-ups have broad reach and long-term growth potential.
5. **Advertising:** Online advertising is less expensive than traditional offline methods.

Challenges:

1. **Competitors:** Global and local competition poses a challenge, with large corporations entering the sector.
2. **Change in Environment, Laws, and Regulations:** Changes in trends, legislation, and regulations can impact online start-ups.
3. **Innovation:** Constant innovation is necessary to meet customer demands, which can strain resources.
4. **Privacy Concerns:** Fears about privacy and data abuse lead to concerns such as spam emails and identity theft.

ANALYSIS OF THE STUDY

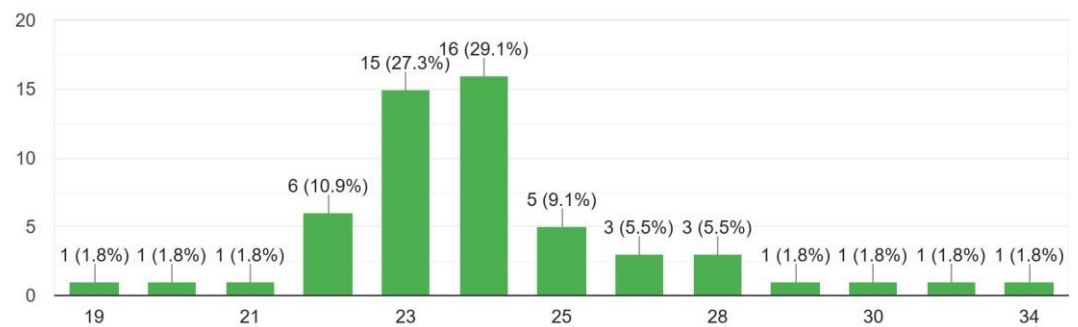
The current focus on eco-innovations, eco-efficiency, and corporate social responsibility in industrial sustainability falls short of addressing the comprehensive changes needed for long-term social and environmental sustainability. Sustainable Business Models (SBMs) are crucial for driving corporate sustainability innovation, incorporating sustainability into company goals and procedures, and gaining a competitive advantage. However, existing literature and business practices show a need for a more comprehensive approach to business model innovation for sustainability. Several key strategies have emerged:

1. **Maximizing Material and Energy Efficiency:** This involves maximizing material productivity, resource efficiency, and waste reduction throughout the company to enhance the value proposition.
2. **Turning 'Waste' into Value:** By using waste streams as inputs to other products and processes, this archetype reduces resource demand, waste to landfill, and emissions, thereby increasing resource efficiency.
3. **Replacing Fossil Fuels with Renewables and Natural Processes:** Transitioning to renewable resources and natural processes aims to create more environmentally friendly industrial operations, conserving finite resources and minimizing waste and pollution.
4. **Providing Functionality Instead of Ownership:** Shifting towards a service model where customers pay for functionality on a per-use basis alters material throughput needs and aligns customer demands with manufacturers' goals.
5. **Taking Responsibility for Stewardship:** Firms actively contribute to sustainability and development within their value networks, maximizing societal and environmental benefits.
6. **Promoting Self-Sufficiency:** This approach tackles sustainability through sustainable consumption, reframing the value proposition to engage stakeholders and minimize overconsumption and material/energy throughputs.

DATA ANALYSIS AND INTERPRETATION

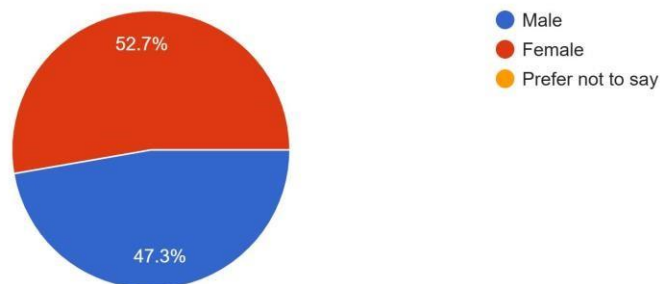
Age

55 responses



Gender

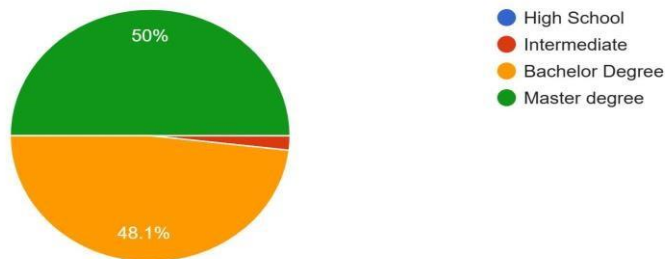
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The study's gender distribution shows more female respondents (29) than male (26), emphasizing the need for inclusive strategies in Indian consumer internet start-ups.

Educaion Level

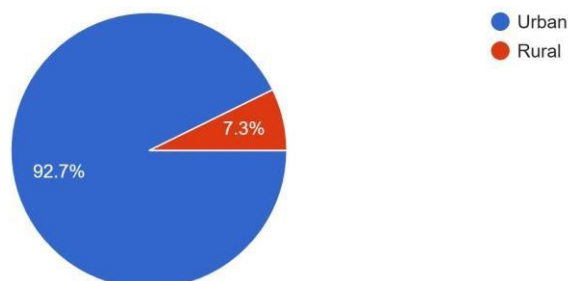
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Respondents' diverse education backgrounds (27 master's, 26 bachelors', 1 intermediate) provide insights into skillsets shaping sustainable business models in Indian consumer internet start-ups.

Location

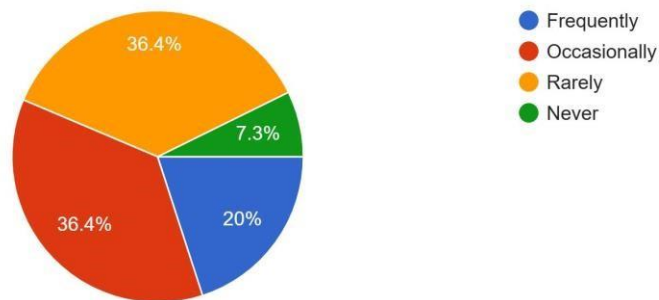
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Urban respondents dominate (51), contrasting with only 4 from rural areas, revealing potential market dynamics and infrastructure disparities crucial for tailored sustainable business models in Indian consumer internet start-ups.

How often do you purchase products/services from consumer internet start-ups?

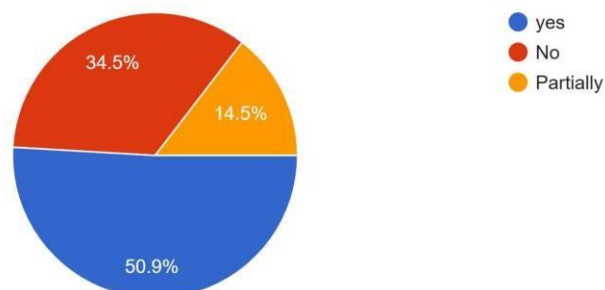
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Purchasing behaviours among respondents vary: 20 buys occasionally, 20 rarely, 11 frequently, and 4 never from consumer internet start-ups, offering insights for tailoring sustainable business models to diverse Indian market needs.

Are you aware of sustainability practices adopted by consumer internet start-ups in India?

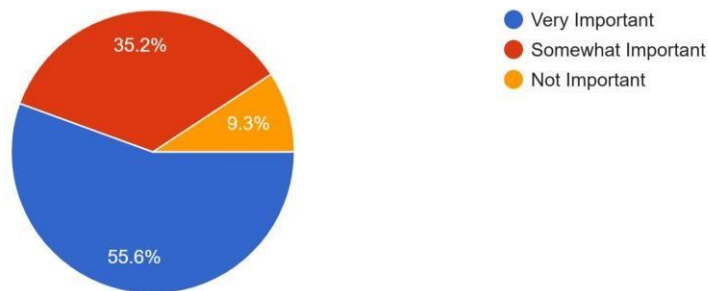
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Awareness of sustainability practices varies among respondents: 28 aware, 19 unaware, 8 partially aware, underscoring the necessity for information dissemination to bolster sustainable business models in Indian consumer internet sector.

How important is sustainability to you when making purchasing decisions from consumer internet start-ups?

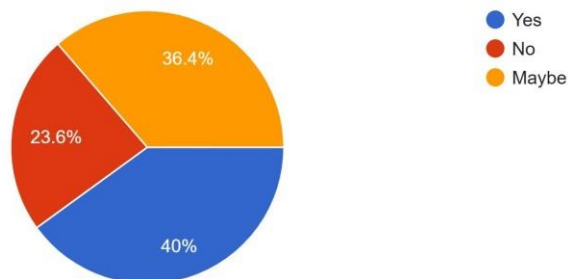
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Sustainability holds significant importance in purchasing decisions for respondents: 30 very important, 19 somewhat important, and 5 not important. This highlights the necessity for start-ups to integrate sustainable practices to align with consumer values in the Indian market.

Would you be willing to pay a premium for products/services offered by consumer internet start-ups that are environmentally sustainable?

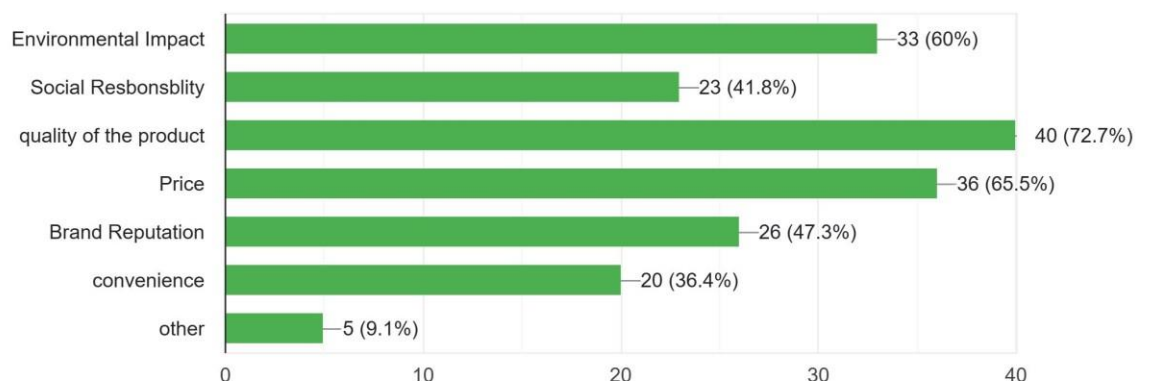
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Respondents' willingness to pay a premium for environmentally sustainable products/services varies: 22 definite, 20 maybe, and 13 not willing. This insight informs start-ups on pricing strategies and market positioning to align with consumer preferences in India.

What factors influence your decision to choose sustainable products/services from consumer internet start-ups? (Select all that apply)

55 responses



LEARNING EXPERIENCE & CONCLUSION

The study provided me with a valuable opportunity to deepen my understanding of Sustainable Business Models (SBMs) and their application within the realm of Consumer Internet Startups in Bangalore. It enabled me to grasp the nuances between Sustainable Business Models and traditional business models, shedding light on their formulation and execution within internet start-ups.

Here's how the study enriched my knowledge:

- Introduced me to new concepts and frameworks.
- Enhanced the value of my learning by delving into innovative sustainability practices.
- Provided fresh insights into the realm of sustainable business practices.
- Expanded my understanding of renowned internet start-ups in the region.

In conclusion, the study revealed the vast landscape of sustainability innovation, characterized by diverse concepts and potential approaches to business model innovation. It underscored the growing emphasis on Sustainable Business Models among internet start-ups, highlighting their commitment to mitigating ecological and social impacts while addressing pressing societal challenges like climate change.

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