

The Deal Online



As consumers expand their purchase options through online shopping, e-commerce

has become one of the fastest-growing industries in Sri Lanka. With over four years of experience in this relatively young industry, MyDeal.lk has adopted a business model to suit all types of Sri Lankan consumers. Kumar Melvani, Chief Executive Officer, speaks about expanding its consumer base beyond the internet.

By Keshini de Silva
Photography Isuru Upeksha

MyDeal.lk has been in the e-commerce industry for over four years. Tell us about the beginnings and journey.
The concept of daily deals started many years ago, about three to four years before we launched MyDeal. Groupon pioneered the daily deal concept in the US in 2008, but this concept involved group buying, where a predetermined number of people would need to make a purchase for the deal to be activated. MyDeal.lk offers our customers great deals too, but our concept is a little different as there is no need for a bulk purchase to activate the deal. When MyDeal started, there were other players in the Sri Lankan online market. They had a head start of six months to one year.

I entered the industry when I founded books.lk. After I sold my stake in the business, I was looking for something to invest in. Damitha, one of my two business partners, was in contact over other projects. Eventually we saw that the daily deals concept was picking up in Sri Lanka. After all, e-commerce had always been a passion of ours. So we invested 50,000 rupees each and started MyDeal.lk. We made our first transaction on November 2, 2011. It was a 50 per cent discounted Coffee Bean voucher. Since then, we have never looked back. Our group now employs a staff of 73.

E-commerce is one of the fastest-growing markets globally. What are your thoughts on e-commerce in Sri Lanka?
E-commerce is definitely seeing an upward trend in Sri Lanka. I would say the industry experiences a growth of 70-100 per cent annually.

One of the main reasons that e-commerce is becoming popular in Sri Lanka is due to the busy lives of consumers and traffic congestion on the roads. Brick-and-mortar shops are good for a single purchase or to pop into a store during your commute, but if you want to purchase a host of items such as a bed, mattress, pillowcases and bed sheets, it is more convenient to shop online and include these items from different suppliers into one cart and then have them delivered.

Initially, we saw Sri Lankans being a little uneasy about using their credit cards online. However, now more and more Sri Lankans are using their credit and debit cards for online purchases.

What are the latest trends in the industry and how responsive are Sri Lankan consumers?

Today's Sri Lankan consumers are more aware of e-commerce than they were four years ago. They have definitely evolved. People are very conscious about the market. They will compare price, warranty and quality across the board.

While they are price-conscious, Sri Lankans are increasingly becoming brand-conscious, too. Many prefer purchasing a branded TV as opposed to a normal TV for a cheaper price.

They purchase Sony or Samsung. Why? They need to be assured about the quality of the product and service, and they don't mind paying a little extra for it. We, on the other hand, need to keep up with what the customer wants. That's the nature of the industry. This is why MyDeal.lk has a showroom where customers can actually visit and have a look at the products. We have achieved rapid growth and our current showroom is getting too congested, therefore we are moving into the more spacious showroom and office near Bambalapitiya junction to meet customer demand.

How does the Sri Lankan online shopping platform compare to the region?

Sri Lanka has a population of 21 million people, out of which approximately four and a half million have access to the internet. In comparison to India or Bangladesh, we have a limited target market. However, this is a growing market.

MyDeal.Lk Is A Little Different To The Usual Online Shopping Platforms In Sri Lanka. We Are, In Fact, An Omni-Channel Commerce Platform Offering 14 Different Payment Methods.

In any case, an increasing number of Sri Lankans have credit and debit cards. However, India's e-commerce market is a little more refined and there is a larger section of the population involved in the online shopping platform. Shopping apps are quite popular in India. In addition, they are ahead of Sri Lanka in terms of the percentage of customers who are willing to use their credit cards online.

In an increasingly competitive industry, what sets MyDeal.lk apart? What is your business model?
MyDeal.lk is a little different to the usual online shopping platforms in Sri Lanka.

We are, in fact, an Omni-channel commerce platform offering 14 different payment methods. If a consumer does not have a credit or debit card, or does not wish to make a payment online, we offer them a range of options. There is the 'pay and pick up' option, direct bank deposit option, and of course, we accept payments via mobile money transactions such as eZ Cash and mCash. Basically, the order is placed online, and the payment is made through these methods. The usual e-commerce process of email notifications and communications also plays its part.

Direct deposits and mobile money are ideal for consumers who require delivery but do not want to pay online or if they do not have a credit or debit card. So we have evolved into something different to the services offered in the market. In terms of our business model, we have diversified to providing different platforms for different needs. While MyDeal.lk is focused on discounts, its sister company MyStore.lk is a lifestyle store where you can also purchase luxury and everyday products at the market price and have them delivered to your home. Our other platform is shopping.lk, focused on unique products from China. These are usually delivered within 30 days. Travel through MyFare.lk is our next venture.

We Give Our Staff Leeway To Be Creative And Think Out Of The Box.

We have created an interface called MyAccount, which connects our customers to all of these online stores. Another aspect that sets us apart is the people. The people we work with are our team. We are very passionate and hands-on.

What is the corporate culture within MyDeal.lk?
We have a very laid-back performance-driven culture. We give our staff leeway to be creative and think out of the box. In the end, performance is what we are looking for.

It’s all about an open-door policy and open culture. My staff can talk to me. It’s not very restrictive; it’s a very open culture here. Our belief is that if we are going to grow 100 per cent each year, our staff must develop with us. For example, our Business Development Manager and Travel & Leisure Manager have grown to become heads of their respective departments.

What more needs to be done for the industry to reach greater heights?
Banks and lending institutions must look into providing financial assistance to businesses. Most banks do not lend money for capital expenditure unless the borrower can provide some form of collateral. So many small businesses find it difficult to grow unless they get money from their parents, through a rich inheritance or if they fail to find investors. This is the reason; we see many businesses mushroom up in Sri Lanka but fade away.

Especially in this industry, consumers would have encountered many platforms that have since closed. They don’t have the power to sustain the business. It’s too difficult to do it yourself. Even during our four-and-a-half year journey, our group has struggled. That is the nature of the e-commerce industry.

Profit margins are not very high in e-commerce so it is all about growth. Therefore, financial institutions should support young entrepreneurs with new financial solutions.

Any other thoughts?

The e-commerce industry is exciting, it is growing and e-commerce is here to stay.

