

To Study about Business Model of Droom Company

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Abstract: *A business strategy is a document that outlines a plan of action for executives to follow in order to accomplish organisational goals. The comprehensive plan identifies business requirements to direct employment decisions and drive resource allocation. It offers clear guidance for various teams to combine their abilities in support of the organization's objectives. Businesses may then mobilize their company operations, enhance customer satisfaction, and gain a competitive edge in the market. Smooth operations are made possible at various stages of a firm by business strategy. It is a tool that may be used by leaders in all levels of management as well as in many company areas. It can encourage collaboration among employees at all levels and cohesiveness to corporate goals. In this study paper, we'll talk about the value of business strategy and the Droom Company's business strategy approach.*

Keywords: business strategy.

I. INTRODUCTION

The first and only online marketplace in India for buying and selling new and old cars is called Droom. Droom is India's largest car platform, accounting for over 65% of all online vehicle transactions. Only Droom offers end-to-end transactions between buyers and sellers on a fully transactional web platform. Our Buyer's Protection, Full Circle Trust Score, Orange Book Value, Droom History, and Eco Inspection all take into account the buyer's pain points and headaches associated with the demanding process of purchasing or selling a used car. The Droom platform offers three price formats—Fixed Price, Best Offer, and Auction—and four marketplace formats—B2C, C2C, C2B, and B2B. The website provides a broad variety of categories, including everything from a bicycle to an aeroplane, as well as all services related to cars, including warranty, RSA, insurance, and vehicle loans. With the use of US Patent-protected Full Circle Trust Score technology, Droom employs data science to increase trust at a large scale. It is a subsidiary of a Singapore Holding Company having offices in India and the US. In six rounds of fundraising, Droom has so far raised close to \$125 million.

1.1 Objectives

- To study the profile and working of Droom company.
- To study about business strategy of Droom company.

II. DISCUSSION

Business strategy describes the strategic steps a company takes to gain an advantage over competitors and benefit the business and its stakeholders. This strategy must exist since it is crucial to a company's success before any goods or services are produced or offered. The term "business model" refers to a company's method of making money. It includes a summary of any anticipated expenditures as well as the products or services the business plans to offer, together with its chosen target market. Firms, whether new or old, need sound business models.

History of the company

Droom is India's first mobile marketplace for buying and selling new and old cars. It was established in Silicon Valley in April 2014. The process of purchasing and selling a car today is outmoded, totally broken, stressful, painful, and fraught with traps. Droom provides a 21st-century approach to buying and selling cars. It facilitates transactions between users by fostering trust, introducing openness, and reducing information asymmetry.

Droom sold its first car on January 7th, 2015, and shortly after that, it launched its website and iPhone app. Droom has received over a thousand orders since May 2015 and has obtained its third round of funding.

The company introduced the aerial vehicle category in August 2015, marking the first time an aerial category has been introduced in an online marketplace. Additionally, Droom surpassed one million app downloads and added 20,000 dealers in the same year. Two million app downloads and three million monthly visitors were reached on the next day. Droom released the eco and obv (orange book value) mobile applications in March 2016 to allow for impartial and unbiased vehicle inspections as well as to offer the accurate appraisal of used cars.

Founder of the company and Logo

Droom is an online marketplace for buying and selling vehicles, including cars, bikes, scooters, superbikes, supercars, antique cars, vintage scooters, bicycles and more. Sandeep Aggarwal is the creator and CEO of Droom. The completely transactional platform, which was founded in April 2014, also sells a variety of vehicle services, such as car maintenance & cleaning, auto inspection, roadside assistance, warranty, and insurance, which are all offered by third party merchants. He is also the founder of Shopclues.com - India's first managed marketplace.



Droom, which stands for Dream + Vroom, represents our dedication to realising the dreams of our clients. Additionally, it symbolises everyone vrooming off to greater and better chances. The four main hues of the Droom logo—blue, green, yellow, and red—represent understanding and trust. Because we think there are endless opportunities for our expansion and envision combining the automotive industry at a scale that hasn't yet been explored or accomplished, Droom is represented by an infinity symbol.

Business model

B2C, C2C, C2B, and B2B are the four marketplace types available on the Droom platform. From the Droom mobile application and website, you may rent a brand-new automobile in your city and purchase or sell used cars. Droom charges 1.5% of the price for a successful vehicle sale, 2% of the price for a successful two-wheeler sale, and 12% for different auto services like insurance and warranty, among others. Droom, an online vehicle marketplace located in Gurgaon, has introduced Quick Sell, India's first C2B (Consumer to Business) marketplace. Consumers will be able to quickly complete transactions by selling their used cars to auto dealers through Quick Sell. The cost to join up for the service is INR 199. They activate their Quick Sell listing and add information about the car, including its brand, model, year, trim or variation, location, planned selling time, brief description, and pictures.

They'll receive pricing recommendations from Droom's pricing engine depending on the information they enter. The listing will become accessible to all used vehicle dealers in Droom's network after it has been activated by a client. Then, these dealers-pro-sellers produce a quotation for the client. However, the client has the option to approve or reject the request depending on its viability. The offer is sealed and closed for other dealers when a bid is accepted, and the dealer is then required to submit a guarantee payment to finalise the transaction.

Work Profile of Droom

Droom offers not only purchasing and selling but also full life cycle management and all automotive ancillary services to individuals, dealers, and big businesses. Droom is the fourth-biggest E-Commerce firm and the largest vehicle marketplace in India.

Recently, Droom introduced Droom Discovery, a tool that lets potential customers search by model or brand and offers expert opinions, price information, and an EMI calculator to aid in the selection. Droom Credit, which offers vehicle finance to both sellers and consumers of used cars and motorcycles, is another example of how Droom has expanded into the FinTech sector.

Droom's hiring practises are exceptional for a startup.

Droom has grown to be one of the biggest markets in the nation by developing the technology and product line necessary to solve the lack of confidence in the used car industry. Startups typically lack a formal HR procedure, and nobody has the time to keep track of employee churn. To keep up with the speed, the majority of startups must cope with uncertainty and confusion.

Sandeep Aggarwal, the founder of Droom, contends that a company can only flourish and endure if it has a robust hiring procedure and is successful in luring top personnel. The Droom first concentrated on the hiring procedure and developed techniques of improvising its approach.

"A startup must depend on the proper people above all else. The correct human resource investment is crucial since startups may develop considerably quicker than the sector as a whole, says Agarwal. Regardless of the candidate's income, title, function, position, or anything else, Agarwal has conducted 250 in-person interviews since the company's beginning. The company has outlined 12 fundamental characteristics and principles, including enthusiasm, energy, learning from failures, frugality, long-term perspective, excellent work ethics, and more. Although people may come from various origins, Agarwal asserts that in order to realise their full potential, we must identify some commonalities.

Three to four rounds of interviews make up the selection process, during which the candidate has the chance to assess the company as well. The applicant receives a tab while they wait for the next round that provides them with information about how the company runs. As a consumer brand, the company makes sure that the candidate has a positive experience throughout.

Since its establishment, it has been able to keep the majority of its personnel, with only three of the initial 50 leaving the company. The firm, which is present in more than 500 places, employs just over 300 people. A startup must depend on the proper people above all else. Sometimes, companies expand considerably more quickly than their respective industries, making it crucial to make the correct human resource investments. Additionally, a "22 matrix" has been developed, where one axis determines if applicants are excellent for Droom and the other determines whether they are appropriate for the open position. If someone is deemed to be culturally appropriate for Droom but unqualified for the position, they are still employed; yet, if they are qualified for the position but inappropriate for Droom's culture, they are rejected. The interview process also looks at the candidate's energy, posture, and body language to determine what sort of training they will need once hired. The company grants having a Droom type 70% weight, abilities 20% weight, and willingness to accept new challenges 10% weight.

New hires participate in the "Dip" orientation programme as part of the on-boarding process. This programme gives them an inside look into the Company's path through the "Droom glossary," where milestones and other material are curated for their awareness. Additionally, they get to meet other workers through a forum where each new hire is requested to share amusing events or experiences. They also receive a coffee date with the founder. This activity encourages children to be more open with the staff, which encourages inclusiveness. Employees get a sterling silver coin bearing the Droom logo as recognition for their work once one year has passed. With each year the employee completes, the size of the coin doubles. In addition to these programmes, the company also engages in employee-engagement activities to raise productivity and morale among staff members. For a young business, there are no shortcuts to maintaining momentum. Only concentrating on human strategies will work.

How Does it Work For Buyer?

Pick a car that is covered by the room buyer surety.

Make a little online payment to reserve a car.

Pay the balance due and pick up the car in person.

Fill out an application for buyer surety on my account.

Have your buyers' surety paperwork delivered to your email and account.

Call the assistance number shown on the purchasers surety agreement to make a claim for any problems within six months.

Droom Certification Services

Droom certification services provide an unbiased assessment on the cost, state, and history of certified automobiles. It is founded on the exclusive Droom tools ECO, OBV, and History. Uber, EVV, and Hero Fincorp are just a few of the

numerous corporate clients in the BFSI and fleet sectors that benefit from unmatched cost and reach advantages as well as bulk downloadable reports that are independent, unbiased, data-driven, printed, downloadable, and shareable. You can choose a one-time or recurring subscription-based service depending on your needs.

OBV (Orange Base Value)

OBV is the first and only algorithmic pricing engine in India that can quickly determine the fair market value of any old car. Machine learning and 21st-century data science are the foundation of OBV. Since its introduction, OBV has received 319 million or more pricing questions for 57 thousand or more items. Each month, more than 12 million users and 347 thousand or more car dealers utilise it in India.

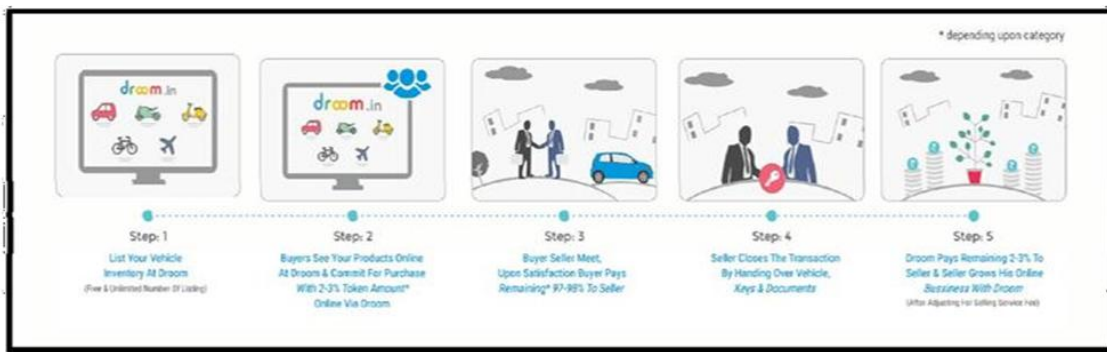
Eco Inspection

For your fleet and individual automobiles, Droom Certification Services provides thorough inspection services on a one-time or ongoing basis. It is an objective, unbiased, thorough, and scientific auto inspection service that aims to fix all vehicle mechanical issues. The most thorough inspection you can perform for your fleet, repossessions, or insurance-due cars is through ECO Inspection, which has over 10k Inspection Technicians throughout India and 13k+ transactions each month.

History Certification

With used vehicle history reports available for approximately 200 million of the 220 million registered cars in India, history is the country's largest national archive for vehicle history. Up to 80 separate history records are included in a history report, which offers general information about a vehicle's past in 10 seconds. Additionally available as a subscription package, Certification Services include more than 1000 rto's from Droom's database.

How Does it Work For Seller



Step 1: list your vehicle inventory on Droom

Step 2: customers view your product online and make a commitment to buy with a token amount of 2-3% via Droom

Step 3: have a face-to-face meeting with customers; following their satisfaction, customers pay the remaining 97- 98% to sellers

Step 4: complete the sale by handing over the vehicle, keys, and documents.

Step 5: Droom pays the vendor the final 2 to 3 percent while helping the seller expand his internet company. Droom

Competitors:

The major rival to Droom in the Indian market is cardekho.com, which offers services of a similar nature. While Droom offers a comprehensive range of vehicle services including warranty, RSA, insurance, and auto loan, which sets it apart from Cardekho and enables it to create its own market, Cardekho has partnerships with more than 4000 car dealers around the country. Cartrade.com is yet another formidable adversary.

SWOT Analysis

Strength

Business that is changing: The car business is one that is always expanding and contributing to growth and progress. Droom has the potential to become more well-known in this developing sector. Future demand for automobiles will only rise as a result of the improvements to convenience and quality of life that the automotive sector delivers.

Ongoing technological development and product innovation: With the introduction of electric vehicles and alternative fuels like Shell gas, compressed natural gas (CNG), and others, the automotive industry is increasing R&D spending to propel the next stage of growth through the use of renewable energy sources like solar, wind, and others.

Automobile manufacturers like Harley, Volvo, Bharat Benz, and others are constructing their production facilities in developing countries like India and China in order to monitor costs and manage dwindling margins. These countries are closer to industrialised economies, have a cheap labour force, and have abundant resources. An developing market would flourish in these circumstances.

Weakness

Consumers' negotiating power: Over the past three to four decades, the automotive market has changed from being a demand to a supply market. Customers now have the freedom to pick anything they want thanks to the availability of several varieties, fierce rivalry among them, and a wide range of possibilities.

Government rules: Automobile firms face significant difficulties as a result of regulations such excise duty, no admission of outside automobiles into the state, dwindling registration term validity, and volatility in fuel costs. These elements have an impact on the industry's expansion as well.

High staff turnover: When compared to a number of other industries, the car industry is reported to have a higher employee turnover rate. Additionally, it may be quite difficult to recruit and keep the top personnel in the automobile sector, especially when rivals are exerting every effort to do so.

Opportunities

Fuel-efficient automobiles: The automotive market has great prospects due to the optimisation of fuel-driven combustion engines and cost-efficiency initiatives. For a very long time to come, emerging markets will be the main drivers of growth, hence fuel-efficient vehicles are essential.

Changing lifestyles and customer demographics: This industry will expand as a result of the growing regulatory requirements for safety and fuel efficiency, the greater availability of data and information, and changes in consumer demand.

Market expansion: The demand for automobiles will soar as a result of entering new markets like Asia and the BRIC countries. In addition, new markets are probably going to start appearing shortly.

Threats

The presence of several participants in the automotive business leads to fierce rivalry and corporations eating into each other's market share, leaving limited room for new entrants.

Weak economy: The macroeconomic problems that will frighten the industry for a long time include recession, unemployment, and others.

Fuel price volatility: For the consumer market, fuel price volatility continues to be the key driver of growth. Additionally, government restrictions on the usage of alternative fuels like Shell petrol and CNG are having an impact on stocks.

Challenges and growth over the years

Droom was founded by Sandeep Aggarwal, and it quickly gained surprising popularity around the nation. Many people started to depend on this website while buying or selling an automobile. But only 4% of Indian families possess cars, compared to 25% who own motorcycles. Additionally, Droom has to contend with rivals on the market including Carwale, CarDekho, and others. They kept spending money on AI technology in order to keep their competitive edge. They improved their fintech services and skills using the money.

Additionally, the Memorandum of Understanding between the business and Toyota supported its growth. You may find out the market value of any trade-in automobile using Orange Book Value (OVB), a pricing tool developed by Droom. The company uses deep learning for car finance as well. You may use the website to submit an application for a loan if you need money to buy a used car. They consider a number of factors regarding the prospects in order to select an eligible customer.

Customers may learn more about a vehicle's past via Droom. The 220 million autos in the country are profiled in The Droom History. Droom regularly reviews and verifies the information there. After operating for over three years, the organisation claimed a GMV run rate of Rs 1,500 crore in 2017. The organization's turnover was recorded as 17.2 crore rupees in its RoC filings for the years 2015–2016. This was a substantial improvement above the 9.2 crore rupees in 2014–15. From Rs 9 crore to Rs 66 crore, personnel expenses have increased.

Droom has dealt with many moving factors to get where it is now. Earlier this year, a vccircle investigation shown trust to be a significant barrier in the industry. Online car markets responded to this by becoming more engaged and accepting full liability for all items posted on their sites.

While other competitors have shifted to an inventory model, Droom has remained true to its customer-to-customer strategy while still providing services that are almost fully owned. In addition to offering services like a fair value calculator, roadside assistance, and vehicle loans, it does comprehensive vetting to aid customers interacting with offline dealers as part of attempts to maintain standardisation.

Droom intends to utilise its most recent investment to expand Droom Credit, its line of credit, as well as its inspection and certification services. A user may receive a loan decision in this fully automated marketplace in less than 30 seconds. The entire procedure is paperless, according to Aggarwal. "For its operation, we have been collaborating with a number of financial institutions, including banks and NBFCS [non-banking financial companies]." This all-encompassing strategy, according to Navin Honagudi, investment director at early-stage financier Kae Capital, has been crucial to Droom's success. "Up until two to three years ago, [generic classifieds sites] OLX and Quikr were joined in this area as industry leaders by just cardekho and cartrade. They are categorised models that match customers and sellers while making money from advertising. But an all-inclusive buying and selling experience was lacking, according to Honagudi. Truebil, a rival of Droom that obtained new funding on Wednesday, has Kae Capital as an investor.

The managing partner of the venture debt company Alteria Capital, Vinod Murali, concurs.

The main issue in such a secondary trade market, according to him, was that you had to be confident in the vehicle's quality and were thus always at the whim of intermediaries. However, the problem is gradually being resolved over time, and levels of quality validations are now flowing in. Technology has also played a role in Droom's success, with the firm making significant investments in data science.

Controversy

Sayaan Alam, a cyber security researcher, discovered a Droom API flaw in 2018 that exposed user information such as addresses, PAN cards, banking information, etc. The problem was addressed by Droom in December 2018.

The US Department of Justice (DoJ) and U.S. Securities and Exchange Commission (SEC) filed charges against Sandeep Agarwal, the company's creator, for insider trading when he was a Wall Street analyst in 2013. The DoJ dismissed all of the accusations against him in February 2020. Additionally, Sandeep and SEC came to an agreement.

III. CONCLUSION

A company is more than just a storefront where goods are distributed. It requires a strategy for who to sell to, what to sell for, how much to charge, and how much value it is creating because it is an ecosystem.

A company's business model outlines what it does to consistently provide long-term value for its clients. After creating a business model, a firm should have a better idea of how it plans to operate and what its financial future entails.

Targeting the company's consumer base is made easier by the business model. Making marketing plans and income and expenditure estimates while taking the sort of business models and customer into consideration is aided by this.

To understand the company's competitive advantage, every investor has to evaluate the business model. Investors may make greater sense of financial data by understanding the company model.

The business model evaluation aids investors in gaining a comprehensive understanding of the company's offerings, business plans, and prospects for the future.

Recapitulating, Droom runs on a Business model, a model that is progressive and well-integrated with technology improvements. It provides information about unique marketing efforts. Even though Droom has a significant overall advantage, it will face fierce competition in the future when it is anticipated that car sales would soar. Droom is the

greatest platform for buying and selling automobiles. It offers a wide range of services that are advantageous to both buyers and sellers. Customer service is the most crucial aspect of any business, and despite the fact that Droom offers a wide range of services, I believe they fall short when it comes to resolving customer issues based on the feedback left by customers on their website.

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