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Analysing Meesho's Reseller-Based Business Model: Innovations and Impacts in Digital Commerce

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Abstract

The rapid evolution of digital technologies has profoundly transformed the global e-commerce landscape, facilitating the emergence of innovative business models that cater to diverse consumer and entrepreneurial needs. In the context of India, Meesho has pioneered a distinctive reseller-based business model that strategically leverages the widespread adoption of social media platforms, increasing mobile penetration, and the proliferation of digital payment systems. By enabling individuals—particularly women and first-time entrepreneurs—to engage in online selling without substantial capital investment or prior business experience, Meesho has democratized access to digital commerce and fostered micro-entrepreneurship. This paper systematically analyzes Meesho's business model, key innovations, and multifaceted impact on the Indian digital commerce ecosystem through secondary data obtained from industry reports, academic publications, and reputable news sources. The study's findings indicate that Meesho's platform significantly lowers entry barriers and contributes to inclusive economic growth, particularly among underrepresented groups. However, the analysis also identifies emerging challenges related to platform sustainability, market competition, quality control, and regulatory compliance. These challenges underscore the complexities inherent in scaling social commerce models in rapidly evolving digital environments. The insights derived from this research contribute to a nuanced understanding of the implications of social commerce in emerging markets and highlight the transformative potential and limitations of new digital business models. The paper's conclusions have broader relevance for policymakers, digital entrepreneurs, and researchers examining the intersection of technology, entrepreneurship, and socio-economic development

Keywords: Meesho, social commerce, reseller model, digital business models, e-commerce, India

Introduction

E-commerce in India, which initially emerged as a convenience-driven service primarily targeting metropolitan consumers, has undergone a significant transformation. The sector's expansion into smaller cities and rural areas has been facilitated by innovative business models that address local market needs and digital inclusion (Retail Economic Times, 2022). The digital era has ushered in a proliferation of novel business models that challenge traditional commerce paradigms (Laudon & Traver, 2021). Social commerce, at the intersection of e-commerce and social media, is reshaping how goods and services are marketed, sold, and consumed, particularly in emerging economies (Zhang & Benyoucef, 2016). Meesho, an Indian social commerce platform established in 2015, has rapidly gained prominence by enabling individuals, predominantly women and first-time entrepreneurs, to resell products via social media channels (KPMG, 2022). This research paper critically analyzes Meesho's reseller-based business model, its innovative approaches, and its multifaceted impact on digital commerce in India. Meesho, an online shopping platform established in 2015 by Indian Institute of Technology (IIT) alumni Vidit Aatrey and Sanjeev Barnwal, has rapidly emerged as a significant entity within India's expanding e-commerce landscape.

Traditional e-commerce typically entails businesses selling products directly to consumers through dedicated websites or mobile applications, with professional sellers or established organizations listing their products for direct purchase. Leading examples of this model in India include Amazon, Flipkart, and Snapdeal. In contrast, social commerce integrates e-commerce functionalities with social media platforms, enabling consumers to make purchases directly within social networks while also allowing individuals to participate as resellers by leveraging their social connections and influence. Meesho exemplifies this social commerce paradigm by facilitating transactions via widely-used social media channels such as WhatsApp and Instagram.

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This model prioritizes community engagement, peer recommendations, and personalized sales interactions, thereby distinguishing itself from conventional business-to-consumer e-commerce platforms that predominantly cater to large-scale transactions. By focusing on social commerce, Meesho has successfully attracted millions of users, encompassing both sellers and buyers, and has positioned itself as one of the fastest-growing platforms in the Indian digital marketplace. Its innovative approach has not only contributed to the platform's rapid user base expansion but has also enabled its entry into India's distinguished "Unicorn Club," signifying a valuation exceeding one billion dollars.

Literature Review

1. Digital Commerce and Social Commerce

The emergence of digital commerce has fundamentally altered consumer behavior and business strategies (Chaffey, 2019). Social commerce, a subset of e-commerce, integrates social media platforms into the buying and selling process, enabling peer-to-peer sales and increased engagement (Liang & Turban, 2011). In India, social commerce is projected to reach \$70 billion by 2030, driven by rising internet penetration and smartphone usage (Bain & Company, 2022).

2. Reseller-Based Platforms

A reseller-based model differs from traditional e-commerce by empowering individuals to act as intermediaries between suppliers and end customers (Sahu & Singh, 2022). Platforms like Meesho provide a digital marketplace, logistics support, and payment solutions, allowing resellers to operate with minimal capital investment (EY, 2021). This model fosters micro-entrepreneurship and economic inclusion, particularly among marginalized groups.

3. Meesho: Innovations and Competitive Landscape

Meesho's key innovations include a mobile-first interface, integration with popular social media platforms (WhatsApp, Facebook, Instagram), and a robust supply chain network (KPMG, 2022). Unlike established e-commerce giants such as Amazon or Flipkart, Meesho does not hold inventory but acts as a facilitator between suppliers and resellers. Its commission-based revenue model and focus on tier-II and tier-III cities differentiate it within the Indian e-commerce ecosystem (Sengupta, 2021).

Methodology

This study employs a qualitative secondary data analysis approach, synthesizing information from academic journals, industry reports, market analyses, and reputable news articles published between 2018 and 2024. The focus is to assess Meesho's business model, its innovations, and its socio-economic impact. Data sources include Bain & Company, KPMG, EY, Statista, and peer-reviewed literature. The analysis triangulates findings to ensure validity and reliability.

Analysis

1. Meesho's Business Model Architecture

Meesho functions as a multi-sided platform connecting suppliers, resellers, and end customers. Suppliers list products on Meesho's platform, while resellers curate and promote these products through their social networks. End customers place orders, which Meesho fulfills via its logistics partners. The platform earns revenue through commissions on each transaction (EY, 2021).

2. Empowering Women and Small Businesses

- Meesho has strategically positioned itself as a catalyst for empowering women, homemakers, and small and medium-sized businesses (SMBs) to participate actively in India's burgeoning e-commerce sector. Central to this strategy is the creation of an expansive network of resellers and suppliers, fostering inclusive economic opportunities (KPMG, 2022).
 - The platform's reseller model has enabled approximately 15 million individuals—of whom nearly 70% are women, including homemakers and students—to initiate online businesses without the need for upfront capital investment (Meesho, 2023). Through Meesho, resellers can curate product selections, determine their own profit margins, and market offerings via personal networks on social media platforms such as WhatsApp and Instagram. This approach leverages the embedded trust within personal relationships to drive sales and foster customer loyalty (EY, 2021).
 - Distinctively, Meesho employs a zero-commission structure, setting it apart from competitors that typically charge commissions exceeding 15%. This model allows resellers to retain a greater share of profits, thereby attracting a broad base of sellers and promoting competitive pricing (Bain & Company, 2022).
 - In addition, Meesho's engagement with thousands of SMBs supports the sourcing of unbranded and affordable products, in alignment with the national "Vocal for Local" initiative. The platform further empowers these businesses by providing digital tools such as analytics and advertising solutions, enhancing visibility and market reach for smaller enterprises (KPMG, 2022).
- ### 3. Innovations in the Reseller Model
- **Mobile-First and Social Integration:** Meesho's mobile app is designed for ease of use and is available in multiple Indian languages, accommodating users from diverse backgrounds (KPMG, 2022).
 - **Zero Inventory Requirement:** Resellers do not need to maintain inventory, reducing financial risk and enabling entry for individuals with limited resources (Bain & Company, 2022).

- **Digital Payments and Logistics:**
The platform streamlines payments and offers end-to-end logistics solutions, enhancing trust and reliability (EY, 2021).
 - **Training and Support:**
Meesho provides digital literacy training, marketing materials, and customer support, facilitating the success of first-time entrepreneurs (Sahu & Singh, 2022).
4. **Impact on Indian Digital Commerce**
- **Economic Inclusion:**
Meesho claims that over 70% of its resellers are women, many from smaller towns and rural areas (Meesho, 2023). The platform enables supplemental income generation and supports micro-entrepreneurship.
 - **Market Expansion:**
By focusing on underserved markets, Meesho has expanded the reach of digital commerce in India, with over 100 million app downloads as of 2023 (Statista, 2023).
 - **Competitive Disruption:**
Meesho's success has prompted established e-commerce firms to explore social commerce models, intensifying competition and innovation in the sector (Sengupta, 2021).
5. **Challenges and Limitations**
- **Quality Control:**
The decentralized model sometimes leads to inconsistencies in product quality and customer satisfaction (EY, 2021).
 - **Platform Sustainability:**
Meesho's reliance on a commission-based revenue model, amid aggressive discounting to acquire users, raises questions about long-term profitability (KPMG, 2022).
 - **Regulatory and Operational Risks:**
Issues such as data privacy, consumer protection, and digital literacy gaps present ongoing challenges (Sahu & Singh, 2022).

Discussion

Meesho's reseller-based business model exemplifies how digital platforms can democratize commerce, foster entrepreneurship, and promote economic inclusion. Its innovative use of mobile technology and social media channels has unlocked new markets and empowered individuals traditionally excluded from formal employment (Bain & Company, 2022). However, the model's scalability and sustainability depend on the platform's ability to maintain quality control, manage costs, and adapt to regulatory changes. The competitive response from larger e-commerce players indicates the growing importance of social commerce as a disruptive force in the industry. From a multidisciplinary perspective, Meesho's model intersects with issues of gender empowerment, rural development, digital literacy, and platform economics. The platform's impact extends beyond economic metrics, contributing to social transformation by enabling women and marginalized

communities to participate in the digital economy (Meesho, 2023).

Conclusion

Meesho's reseller-based business model showcase a significant innovation in digital commerce, particularly within the Indian context. By leveraging the ubiquity of mobile devices and social networks, Meesho has lowered entry barriers, democratized entrepreneurship, and expanded the reach of e-commerce with the help of women as a seller and customer. While the platform's success demonstrates the potential of social commerce, sustaining growth amid challenges related to quality assurance, profitability, and regulation remains critical. Future research should explore longitudinal outcomes for resellers, the impact on traditional retail sectors, and the model's adaptability to other emerging markets.

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Conflicts of interest

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