

## Our Reach



**30K +**  
Monthly Online  
Transactions

**10+**  
Players

**50K +**  
Sellers

**10K +**  
Employees



# E-tailing in India

## A RedSeer Perspective

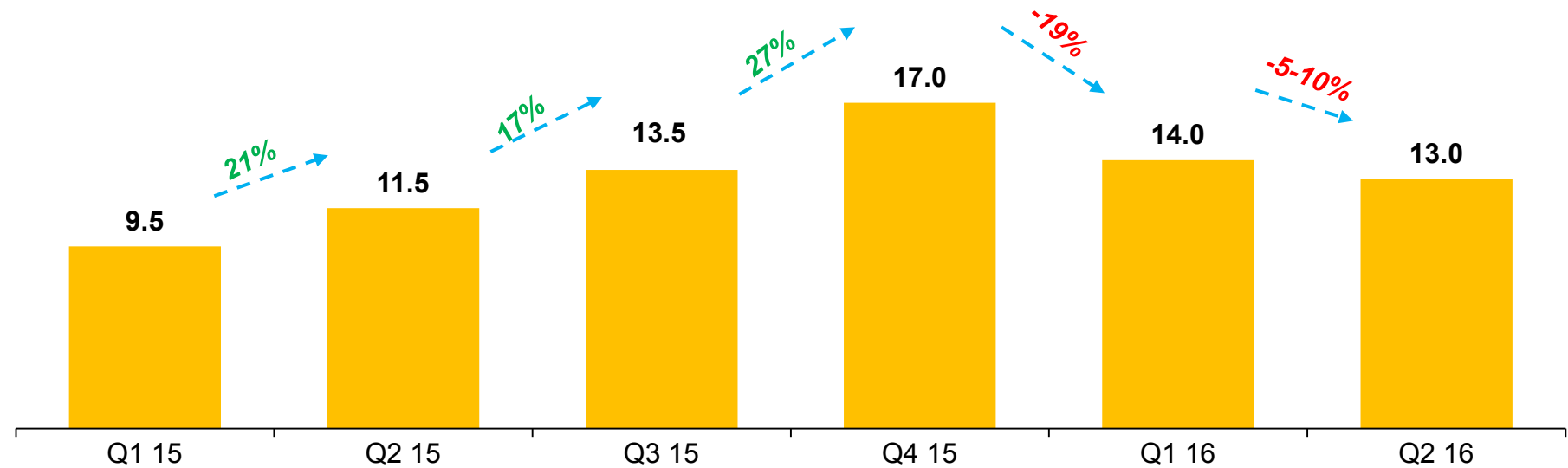
*Nov 2016*

# After multiple quarters of sustained growth, the e-tailing industry shrank in the first two quarters of CY16...

## Key Takeaways

- DIPP regulations restricting deep discounting and capping share of GMV from in-house sellers at 25% responsible for lacklustre performance
- Investors stance of observing the market on valuation correction further created the need for disciplined cash burn, creating a loop of slow growth

Indian E-tailing Industry Annualized GMV Run Rate  
(For Each Quarter in Calendar Year, Pre-cancellation , USD Bn)

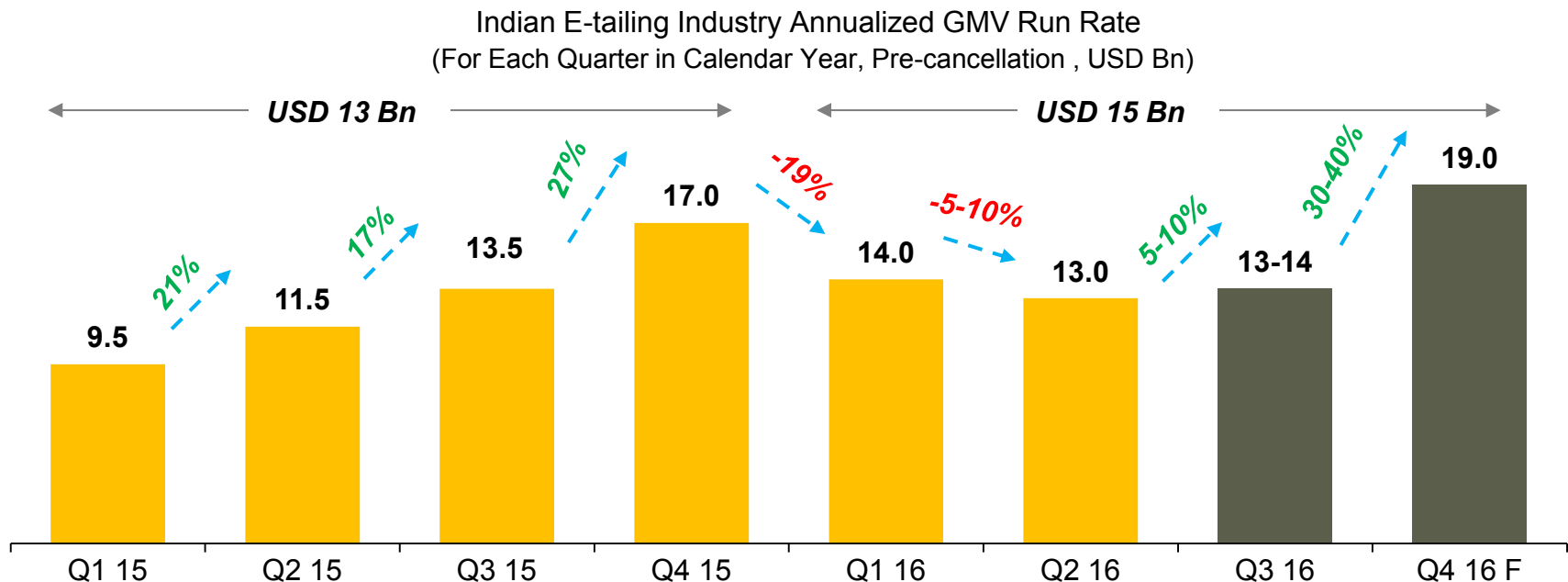


**Data Sources-** Online e-tailing market data here is sourced from RedSeer e-tailing market reports from 2015 onwards. RedSeer tracks this market m-o-m using its proprietary Integrated Research Approach™. Offline market numbers are sourced from online reports of other companies

## ...However, the last two quarters of the year have brought in cheer

### Key Takeaways

- Strong festive performance puts industry on track for a CY16 GMV of USD 15 Bn- up from USD 13 Bn in CY15
- Festive Season (October) in 2016 vs 2015
  - Gross GMV recorded in excess of USD 2 bn vs 1.5 bn in 2015- Driven by online only and exclusive products across categories and strong addition of new customers
  - Industry moving towards organic and sustainable growth- Higher return on marketing and more diversified product sales mix vs 2015

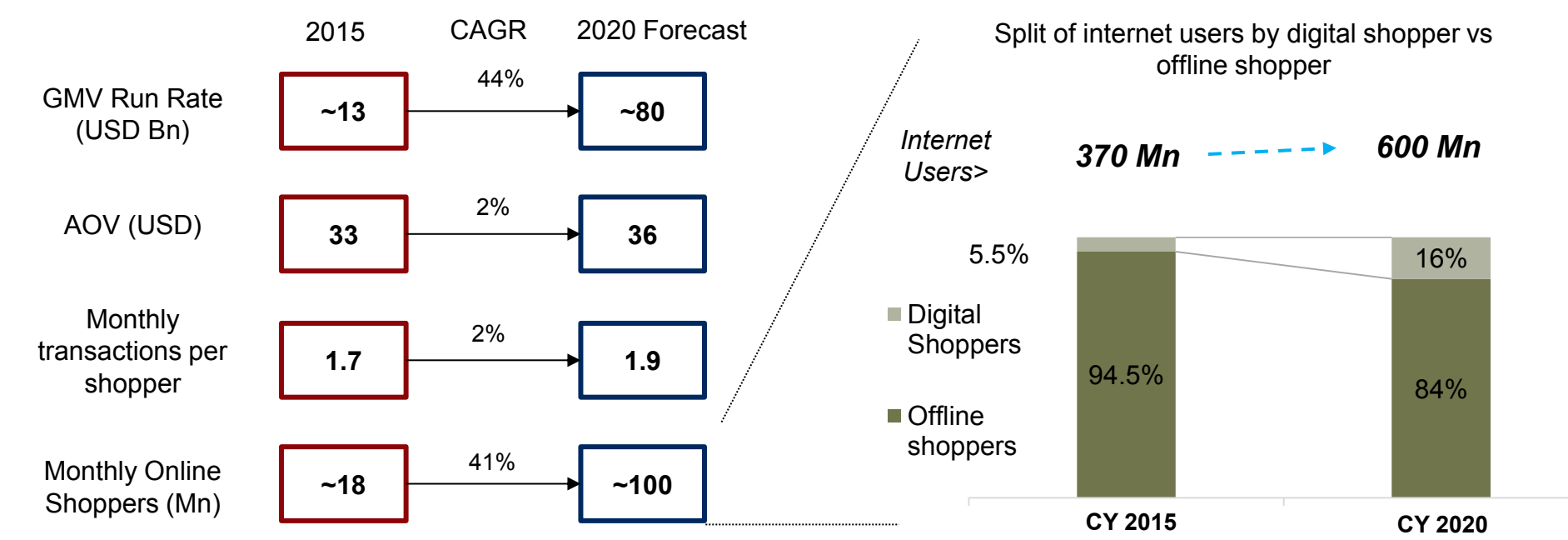


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# Industry needs to dramatically accelerate addition of monthly online shoppers to realize USD 80 Bn GMV by 2020

## Key Takeaways







- E-Tailing GMV is expected to grow to ~80 Bn USD by 2020 driven by
  - Small increases in AOV and monthly transactions per shopper
  - More than 5X growth in unique monthly online e-tailing shoppers to 100 Mn- Which entails increasing the % online shoppers amongst internet users from 5.5% currently to 16%, by 2020
- Increase in % online shoppers is an eminently realizable target- RedSeer research shows that most internet users do not shop online because of infrastructural issues, most of which should be resolved by 2020



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# Market is still largely driven by mobile phones, but focus is increasing on other categories

● >50% 
 ● 20-50% 
 ● 5%-20% 
 ● <5%

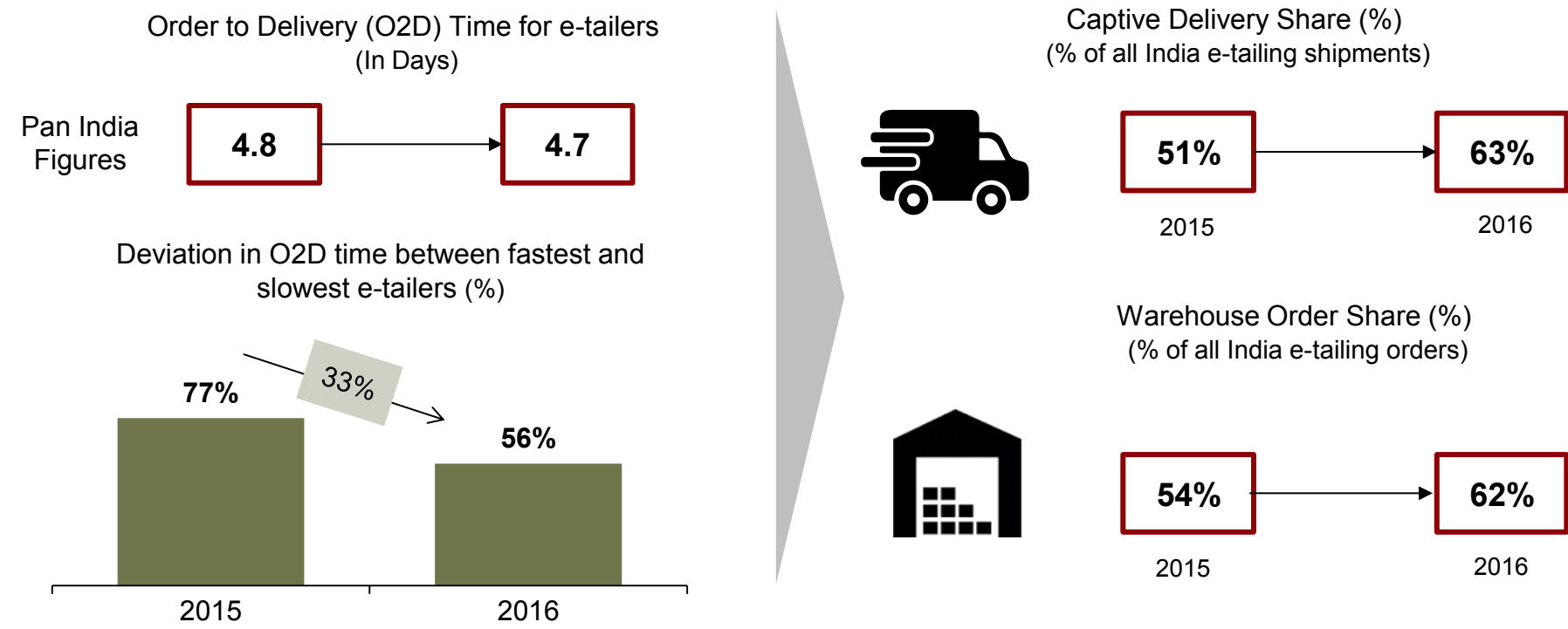
Categories	Share of online GMV	Online Penetration	Future Growth Prospects	Key Takeaways
 Mobiles	<span style="color: green;">●</span>	<span style="color: yellow;">●</span>	↔	<ul style="list-style-type: none"> <li>Historical growth propelled by exclusives</li> <li>Growth is slowing down as online penetration increases to &gt;25%</li> </ul>
 Fashion	<span style="color: pink;">●</span>	<span style="color: red;">●</span>	↑	<ul style="list-style-type: none"> <li>Expected to be fastest growing category and account for 35+% online GMV by 2020</li> <li>Verticals expected to have a strong play</li> </ul>
 Large Appliances	<span style="color: pink;">●</span>	<span style="color: pink;">●</span>	↑	<ul style="list-style-type: none"> <li>EMI schemes and exclusives along with continuously expanding supply chains are driving growth</li> </ul>
 Furniture and Home	<span style="color: red;">●</span>	<span style="color: red;">●</span>	↔	<ul style="list-style-type: none"> <li>Remains a slow growth story, especially in furniture, even with &lt;2% online penetration</li> <li>Verticals expected to have a strong play</li> </ul>
 FMCG incl. Grocery	<span style="color: red;">●</span>	<span style="color: red;">●</span>	↑	<ul style="list-style-type: none"> <li>Still in very initial stages and has &lt;1% online share, with pilot programs across cities</li> <li>Expected to be a focus sector in future</li> </ul>
 Others	<span style="color: red;">●</span>	<span style="color: red;">●</span>	↔	<ul style="list-style-type: none"> <li>Books market is saturating</li> <li>Limited growth seen in other niche categories</li> </ul>

Data Sources- RedSeer's Integrated Research Approach™

# Delivery speeds have become faster and more consistent- reflecting growing supply chain maturity

## Key Takeaways

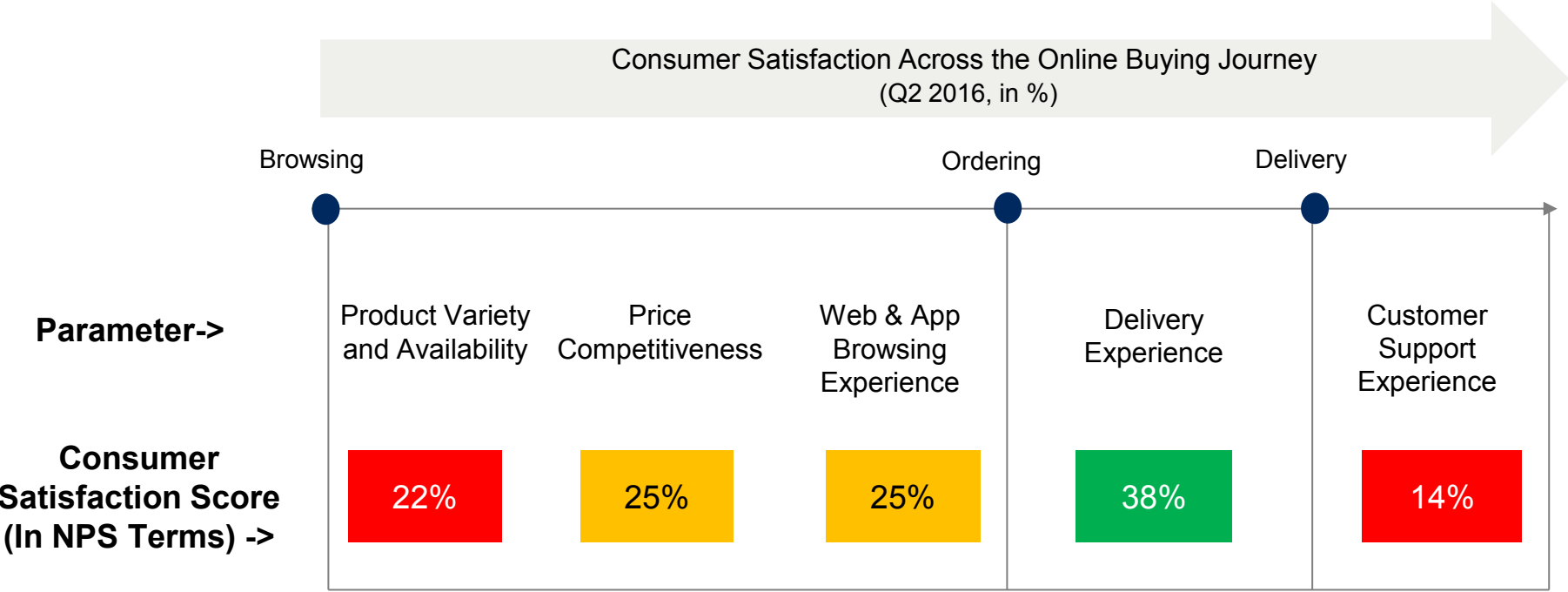
- Increased maturity of e-commerce supply chains reflected in improvement in industry delivery speeds and convergence between fastest and slowest e-tailer speeds
- Improvements in speeds driven by greater control on delivery process through:
  - Increased % deliveries handled by captive logistics arms (eKart for Flipkart, ATS for Amazon etc.)
  - Growing investments in warehouses to enable higher share of warehouse-fulfilled orders



# Customers also report relative satisfaction with delivery experience- but are unhappy with customer support

## Key Takeaways

- While consumers are largely pleased with 'delivery experience', 'customer support experience' is a major pain point- and a current focus area of e-tailers
- 'Lack of product variety' as a key pain point reflects the challenges faced by customers in searching for desired products online- a key improvement area for e-tailers if they are to onboard the next wave of digital shoppers

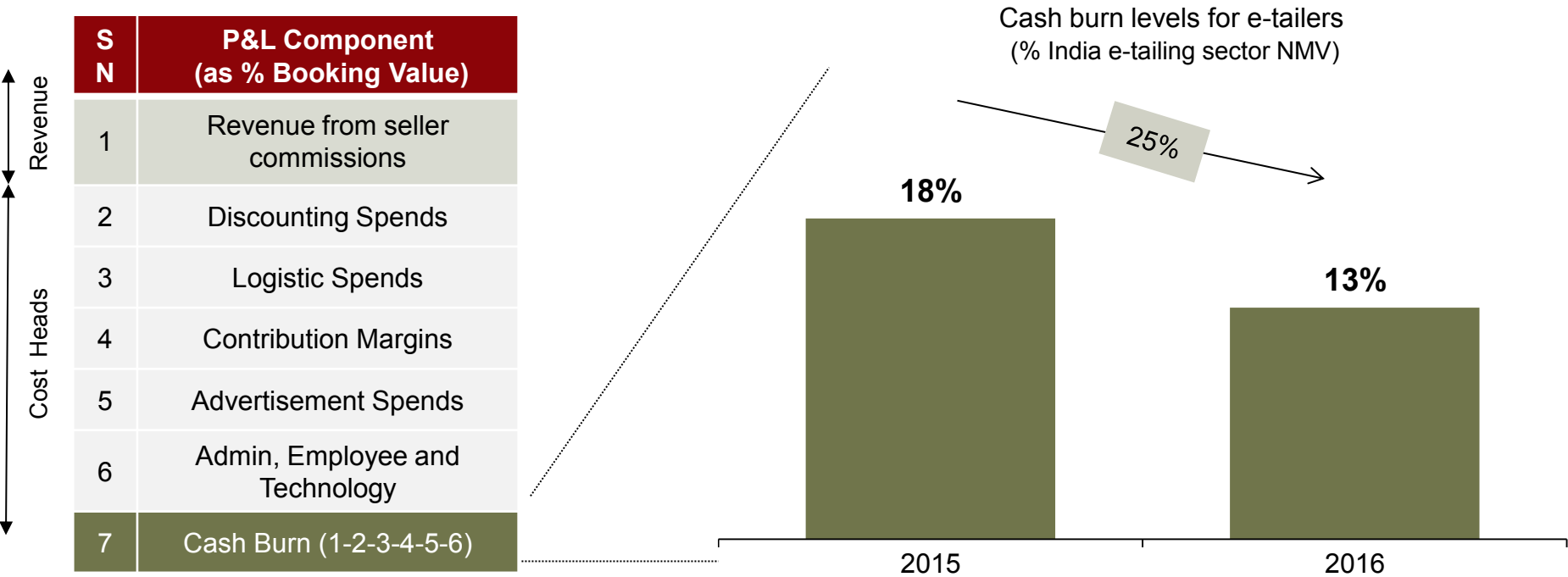


Data Sources- RedSeer surveys of 3000+ consumers on a monthly basis

# Unit economics is improving, driven by both revenue and cost side improvements

## Key Takeaways

- Revenue improvements- Increased seller monetization revenues and higher marketplace commissions
- Cost improvements- Drop in both discounting/advertising expenses along with a fall in supply chain costs, driven by investments in supply chain efficiencies and use of alternate supply chain channels
- Players have already started becoming contribution margin positive in 2016 - *cash flow positive situation expected 2018 onwards*



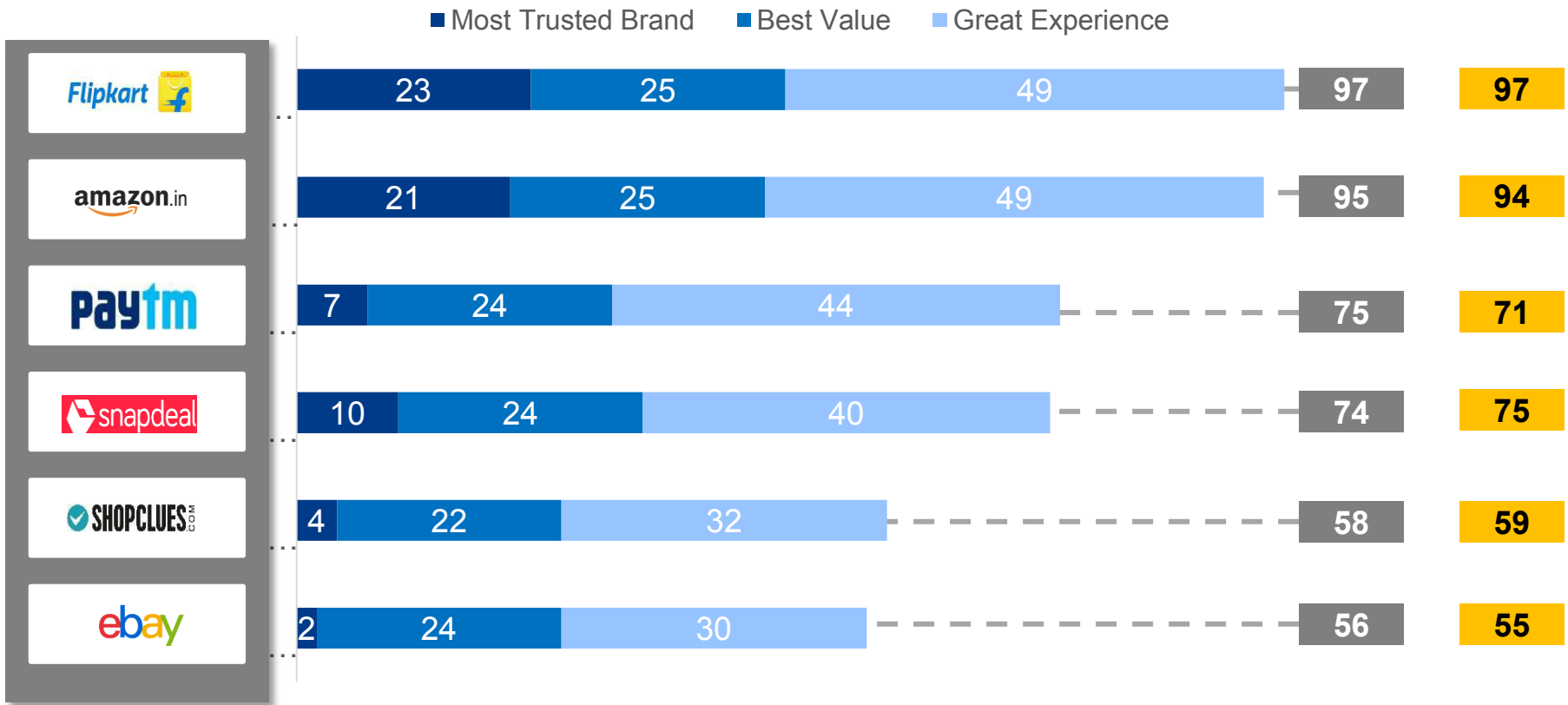


# Flipkart remains the overall leader on our E-tailer leadership Index- which is assessed on 30+ parameters every quarter

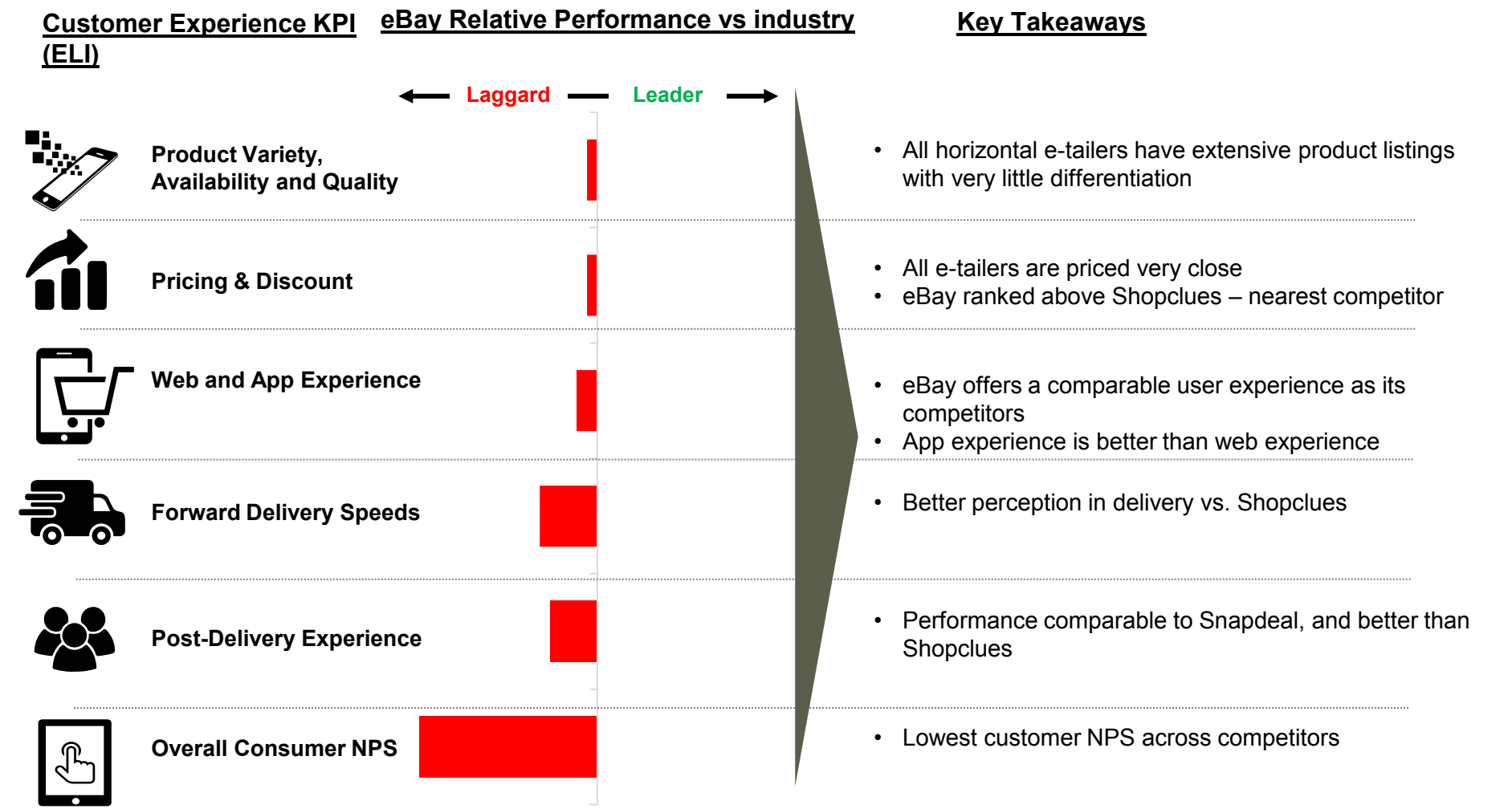
## Key Takeaways

■ Q3 2016 ■ October 2016

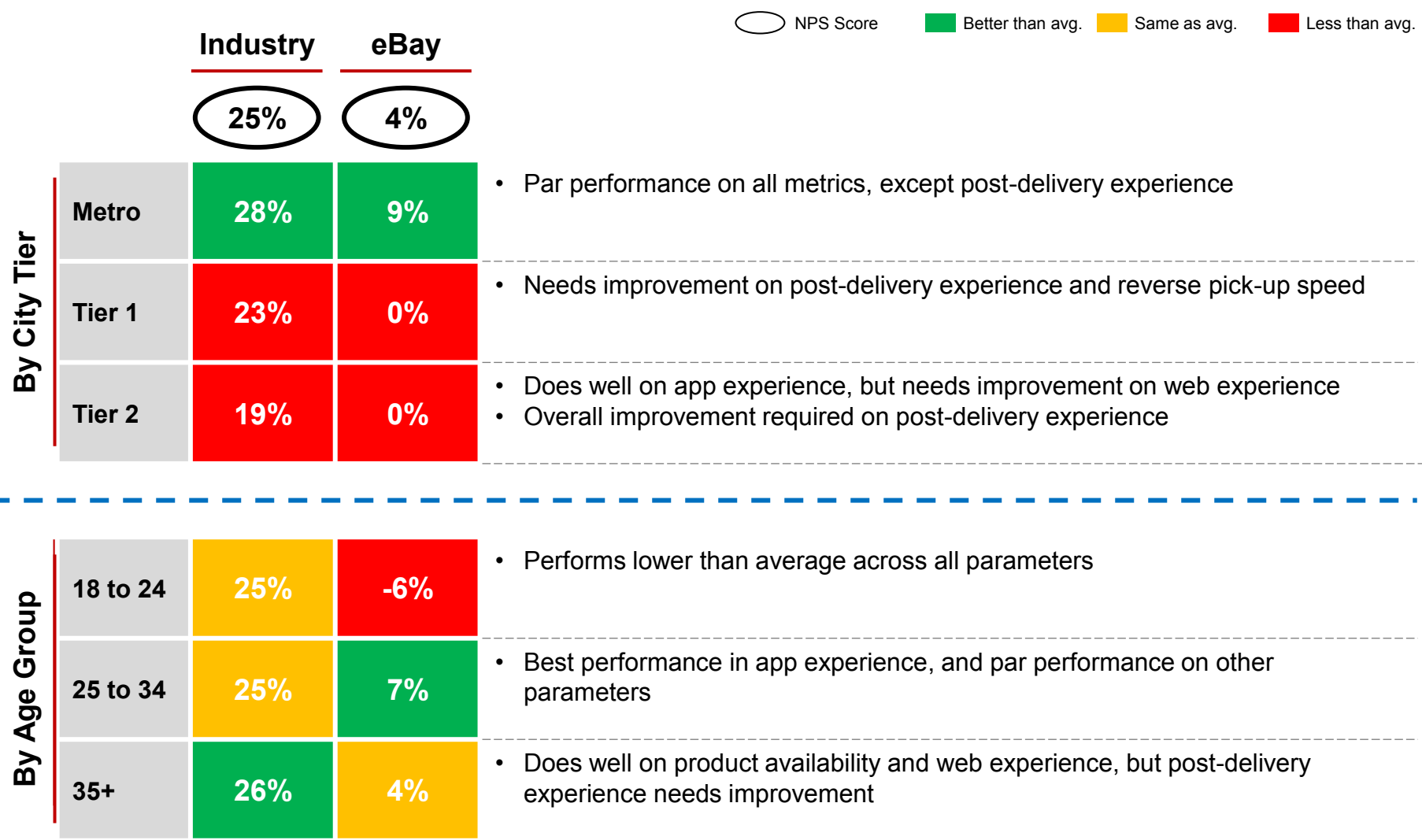
- Flipkart continues to lead the index in the second iteration as well
- Its performance has improved q-o-q to displace Amazon on ‘great experience’ - Driven by focus on delivery, customer support and web/app experience



# eBay improved its previous position from previous iteration, but still lagged the industry average



# eBay achieves its highest NPS with customers in Metro and 25-34 age group

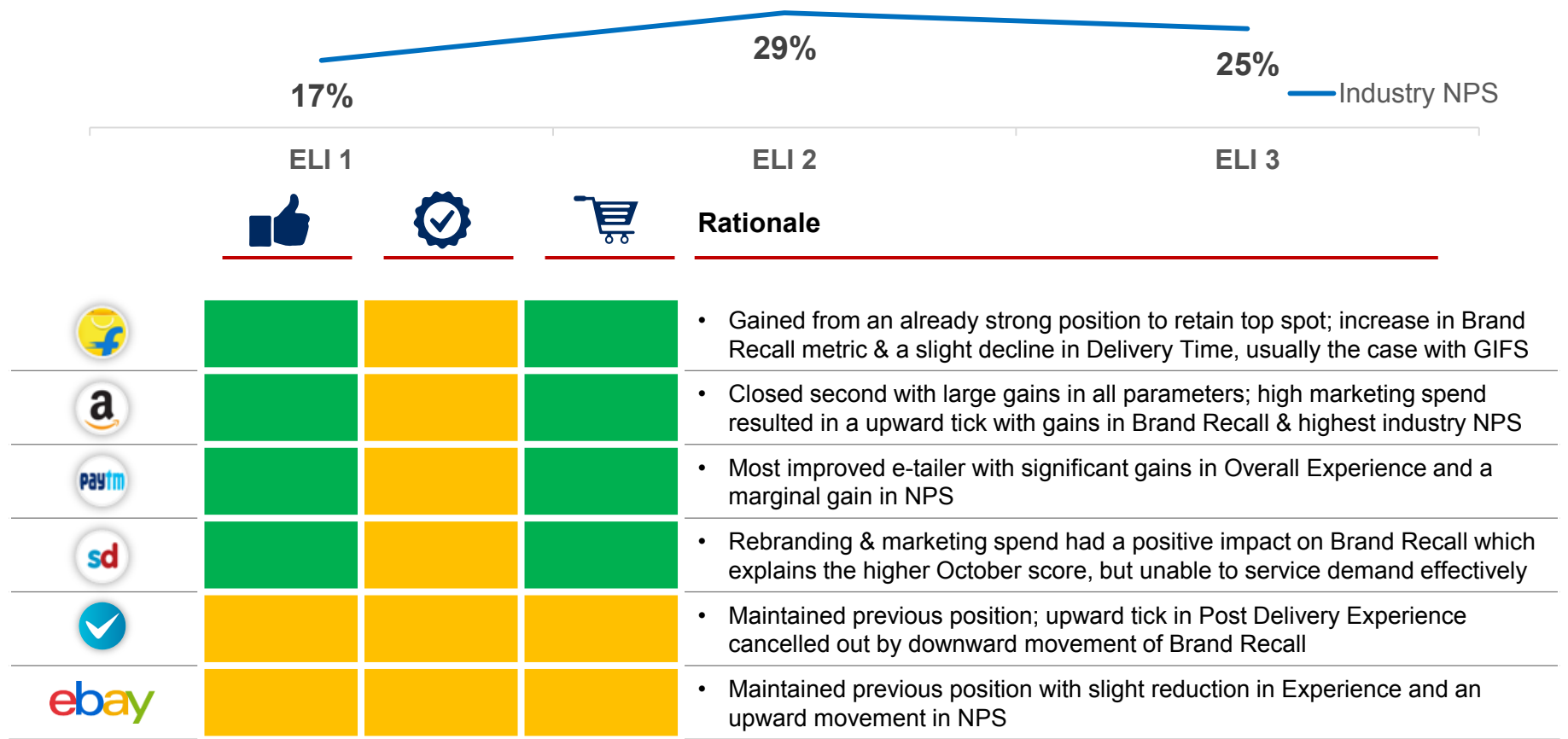


# Overall industry scores have been improving gradually: Q3 vs. Q2

Up from Q2   Same as Q2   Down from Q2

## Key Takeaways

- The industry has moved upward over the last two quarter, (reflected in the higher NPS score), but has suffered from increased customer expectations
- Q3 NPS metrics were impacted in the short-term by the Great Indian Festive Sale (GIFS), held over a 5-day period in October



# Thank You !

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