

India SFV in 2024

# “From Likes to Monetizing Millions”



**redseer**  
Strategy Consultants

Bangalore. Delhi. Mumbai. Dubai. Singapore. New York

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# About us



Redseer Strategy Consultants is a leading strategy consulting firm that has been at the forefront of shaping the new-age business landscape in India for the past 15 years. Redseer's relentless focus on innovation, deep consumer understanding, and strong entrepreneurial mindset have established it as the go-to advisory firm for new-age consumer-focused businesses.

Redseer is the #1 advisor to new-age firms planning IPO strategy, a leading advisor to PE on making the right investment calls, and works closely with the founders and board on long-term sustainable businesses. Redseer and its partner OC&C with over 1000+ consultants, create a positive impact on their clients from 22 cities across 5 continents.

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# Executive Summary

The widespread adoption of smartphones, and the internet generated an appetite for various entertainment formats among the Indian population. With attention spans shortening, bite-sized content gained immense popularity over the years. Leading this shift is short-form video (SFV), which is increasingly taking up share of engagement among smartphone users across the country.

While active users across all digital platforms such as social media, OTT video, SFV, News, and e-commerce have grown steadily over the years, Tier 2+ “Bharat” users are the drivers of all of these sectors. These users, who show a preference for regional content, have also been found to be tech-savvy and account for 70% of online transactors in India.

Since 2020, Indian SFV platforms have seen a 3.6x increase in daily active users, reaching the scale of mainstream digital platforms. On an average, users spend ~30 minutes per day on these Indian SFV apps. With more than 60% of SFV users coming from middle- to high-income households, they present a significant monetization potential. SFV users also show high platform overlap, with 97-98% actively engaging in messaging apps, social media, YouTube, e-commerce, OTT services, and paid gaming.

Our research found that users on Indian SFV platforms fall into four archetypes; value seekers, digital innovators, household stewards, and career mavens. The value seekers, typically 18 to 60-year-old blue and gray-collar workers, and digital innovators, predominantly 18 to 25-year-old students and professionals are the top cohorts. On an average, they engage with Indian SFV content for about 30 minutes everyday.

To further drive engagement, we found Indian SFV platforms investing in content quality and user experience. Our research found that 99-99.5% of the content on Indian SFV platforms were original. This improvement in content quality has enhanced the user experience resulting in a net promoter score of 59%, reflecting in the form of high user loyalty to these platforms.

India's SFV platforms have built a steady and highly engaged user base in recent years laying the groundwork for tangible and long-term monetization opportunities. When examined closely, four key monetization streams emerge. **Advertising**, being the first stream generated \$95-100 million in the financial year ending March, 2024 and constituted 1-1.5% of the total digital ad spend in India. Currently, the usage of India SFV platforms is swipe-based and less on clicks. Advertising revenue stream is set to grow rapidly as platforms solve for the growing performance marketing needs of advertisers.

Second, **Influencer marketing** is projected to triple in size to \$3-4 billion by FY29 driven by creator marketplaces which build deeper brand-influencer partnerships. **Virtual tipping**, the third stream is also gaining momentum and is expected to reach \$700-800 million by FY29 as users engage more with live streaming. Finally, **Video commerce** is poised to reach \$5 billion by FY29.





- 1.** Indian Short-form video demonstrates resilience in userbase, cementing its positioning as a mainstream entertainment format amongst Bharat users (Tier 2+)

# SFV Platforms Are Strengthening Their Position With Growing User Base and Platform Engagement

Short-form videos (SFV) have gained immense popularity over the last few years. The bite-sized and engaging formats have made this content type a hit on platforms like TikTok, Instagram Reels, YouTube Shorts, Josh and Moj. This rise has been fueled by the ubiquity of smartphones as the primary medium for content consumption and the surge in user-generated content (UGC) on these platforms.

A sizable chunk of the audience for short-form videos in India comes from Tier 2 cities and beyond. These users, with a strong appetite for regional content, are tech-savvy and represent a large segment of online transactors. Since the 2020 ban on TikTok, India's home-grown SFV platforms have seen steady growth in adoption and have established their presence in the market.

## Bharat (Tier 2+) users make up 70% of online transactors

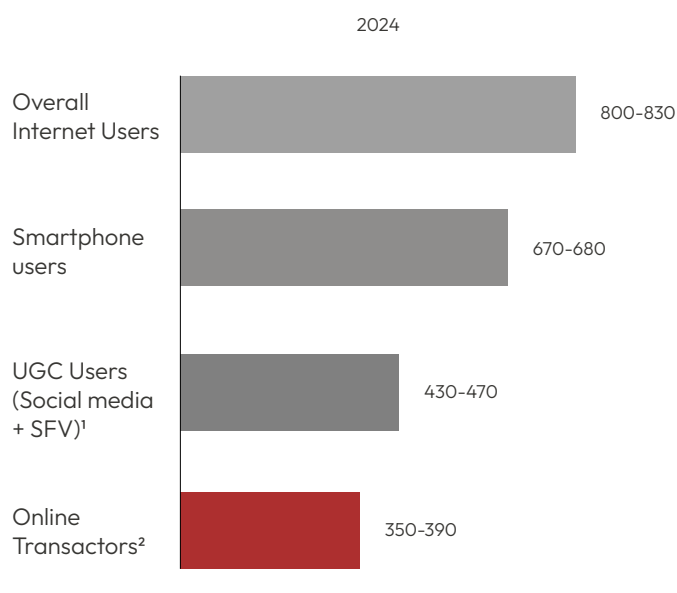
India has approximately 830 million internet users, with a significant 83% originating from Tier 2 and beyond cities. This demographic, commonly termed "Bharat users" in this report, is playing a pivotal role in shaping India's digital ecosystem. While the proliferation of affordable smartphones, combined with low data prices, drove India's digital transformation, it also fostered a vast and increasingly tech-savvy Bharat user base.

Furthermore, the availability of online services in regional languages accelerated the digital maturity of Bharat users by enhancing their confidence in online

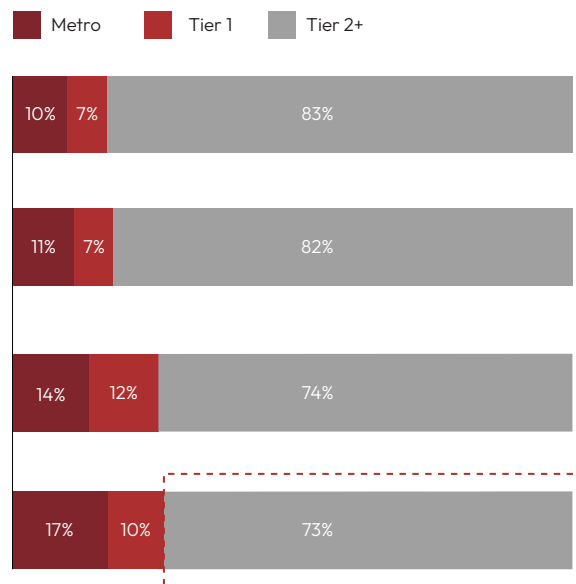
transactions. As a result, a vast pool of these users now constitute 73% of Indian digital transactors with high monetization potential.

Online engagement of Bharat users over the years has driven most of the digital sectors in India. They represent the largest share of monthly active users (MAU) across sectors such as social media (~56%), OTT video (~36%), short-form video (~63%), news (~61%), and e-commerce (~58%).

**India Internet funnel**  
In Mn, 2024



**India Internet funnel – Tier wise split**  
In %, 2024



Note (s): 1. Social Media and SFV include SFV (Short-form video) platforms, YouTube, Facebook, snapchat, and other social media platforms in India. 2. Online Transactors are those who make digital payments using UPI, shop on e-commerce, consume OTT audio & video etc.

Source(s): Redseer Research and Redseer Analysis

# The resilience of Indian SFV platforms is driven by a strong userbase

By early 2020, short-form video (SFV) had already become a staple form of entertainment for the majority of internet users. The subsequent ban on TikTok in India created a significant void in the SFV space that was swiftly filled by homegrown platforms. As demand for SFV entertainment continued to rise, Indian platforms experienced robust growth and even surpassed TikTok's user base. This led to a threefold

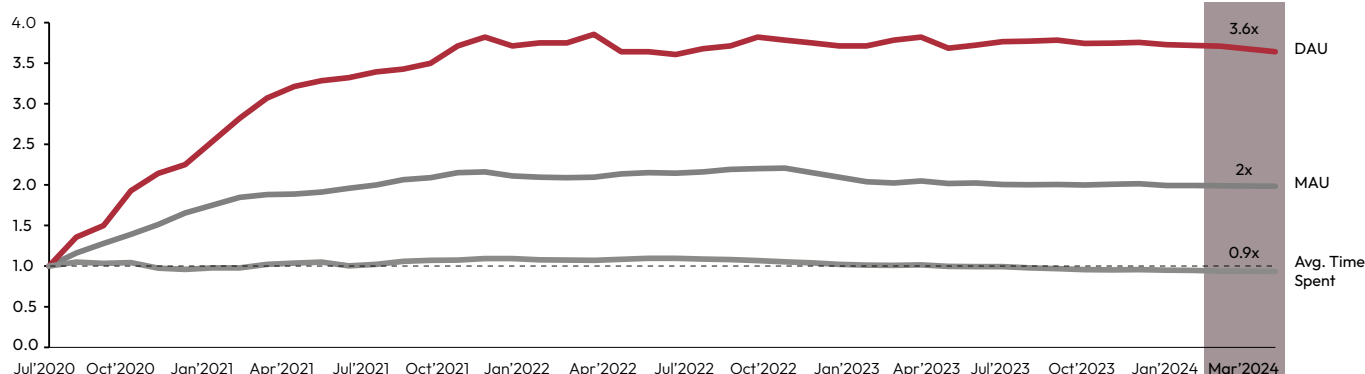
increase in the user base, which remained resilient, driven by the widespread appeal of short-form content.

Meanwhile, Indian SFV platforms implemented creator programs to build a creator ecosystem. Additionally, they partnered with influencers to onboard local talent capable of generating niche followings that were monetizable.

## Post Tik-Tok Ban – Short-form<sup>1</sup> userbase and engagement analysis

July 2020 Values Indexed to 1

Tik-Tok Ban (Jun '20)



Note (s): 1. Short-form video does not include Instagram Reels, Facebook Watch and YouTube Shorts here

Source(s): Redseer IP and Redseer Analysis




Finally, a shift in Indian consumption behavior played a crucial role in the resilient growth of the user base. As modern digital users exhibit reduced attention spans, the appeal of short-form and bite-sized content has become increasingly prominent.

OTT video, and messaging. However, there is still tremendous potential for SFV platforms to increase their DAU and the average time spent per DAU. Emerging platforms now have a lucrative opportunity to capture the vast untapped user base.

The user stickiness of SFV platforms has also been on par with other formats such as news, social media,



## Key Growth Drivers

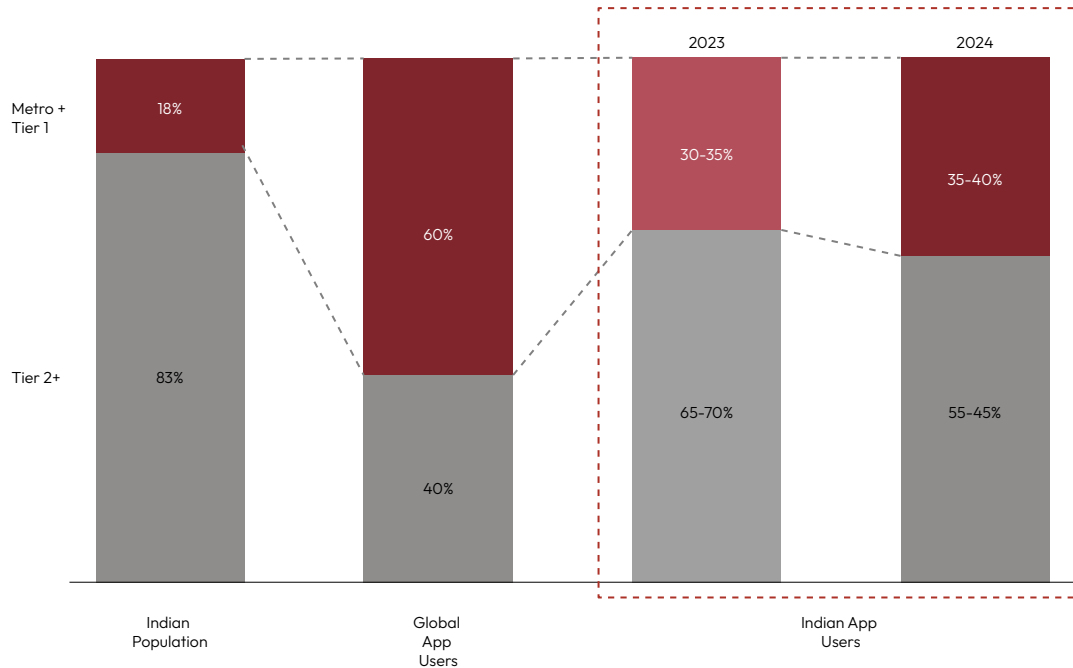
-  **TikTok ban created a void in the ecosystem**  
Indian SFV userbase surpassed TikTok's user base within three months by **capitalizing on the TikTok ban**
-  **Indian SFVs are building high quality creator base**  
Platforms introduced **creator programs** and partnered with influencers to onboard local talent
-  **Change in Indian consumption behaviour**  
Reduced attention spans and **shifts in Indian consumption behaviour** have boosted the user base for SFVs



## Focus on regional content has fueled SFV user base growth

Indian SFV platforms have also seen a shift, with more users from Metro and Tier 1 cities increasingly consuming regional content. From 2023 to 2024, the number of these users has grown from 30-35% to 35-40%. As the users in these regions have higher incomes, they are more easily monetizable. Furthermore, 35% of surveyed Metro and Tier 1 users, and 42% of Tier 2+ users, preferred consuming SFV in regional languages. While regional content appeals across India, it is a major factor that attracts Tier 2+ audiences where monetization continues to expand.

**Indian population and SFV users tier-wise split**  
In %, 2024



Source(s): Redseer Research and Redseer Analysis







2.

**Users of short video  
interact with varied set of  
digital media, have  
disposable income and  
transact maturely**

# Indian SFV Platforms See 30-Minute Daily Engagement On Average Across Four User Archetypes

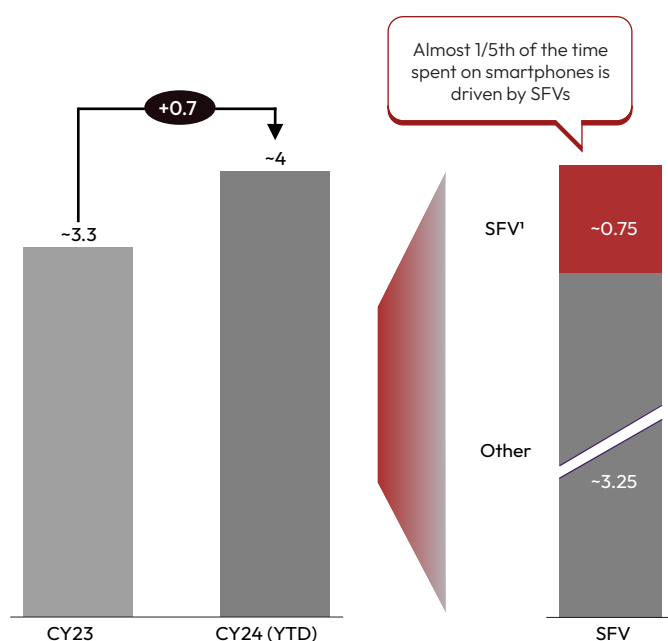
On an average, a user spends ~30 minutes consuming content on Indian SFV platforms, and more than 60% of these users come from middle-to-high-income households. SFV users can be categorized into four archetypes: Value Seekers, Digital Innovators, Household Stewards, and Career Mavens, with 50% of them representing monetization opportunities.

The Value Seekers and Digital Innovators being the most engaged cohorts, spend over 30 minutes daily on content. Additionally, 97%-98% of SFV users also engage with other platforms like messaging apps, YouTube, and social media, while being active in e-commerce, OTT services, and paid gaming.

## India's love for short-form content drives its growth

**Average Time Spent across Smartphone – Split by services**  
In Hours, N=~950

Q. On an average, how much time do you spend on your smartphone and watching Short-form content?



Note (s): 1. SFV (Short-form video) here includes both Indian and Global SFV platforms  
Source(s): Consumer Surveys, Redseer Analysis and Consumer IDIs

Indian users love watching short-form videos and spend about 1/5th of their smartphone time on it. Approximately 71% of surveyed users agree that SFV content is highly engaging due to its variety and ability to cater to their need for quick, easily consumable entertainment.

64% further indicated an increase in their time spent on SFV apps as it is easily consumable during work breaks and leisure time. Additionally, 59% believe that SFV content will eventually replace long-form videos.

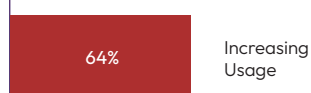
**Short-form Consumption Trends**  
N=~950

Q. Do you agree with the following statements?

I always end up spending more time watching Short-Form content than I planned to



I have started watching more Short-Form content than what I used to, 6 months ago



I spend more time watching Short-Form content than streaming movies or tv shows



“ Short-form videos are highly entertaining. I watch them at least 1.5-2 hours every day, whenever I get time off from the house chores and children ”  
- Homemaker, Faridabad

“ I find short- videos and reels very entertaining, they help me keep myself busy during my free-time and so my screen-time has increased significantly. ”  
-Accountant, Ludhiana

Source(s): Consumer Surveys, Redseer Analysis and Consumer IDIs

# Indian SFV content consumers fall under four archetypes

Our research identifies four distinct archetypes of users on Indian SFV platforms: Value seekers, digital innovators, household stewards, and career mavens. Each cohort offers a unique monetization potential, with the first three being core user cohorts driving SFV platform adoption.

The **Value seekers** are blue and grey-collar workers in the age group of 18-60 years. They prefer regional entertainment and spend an average of 35-40 minutes on SFV platforms every day. This cohort is ideal for localized content strategies with ad-based models. **Digital innovators** constitute tech-savvy students and young professionals in the age group of 18-25 years. They spend an average of 30-35 minutes on SFV platforms each day and prefer to follow trends













in music and fashion. They offer monetization potential in premium content and social commerce.

**Household Stewards** are 21 – 60-year-old homemakers who engage with SFV platforms after chores. They typically spend 20-25 minutes on apps on average and prefer content related to fashion, beauty, and lifestyle. This cohort is suited for FMCG and lifestyle brand outreach with ad-based models. **Career mavens** are seasoned professionals in the age group of 25 – 60 years. They spend about 25-30 minutes on SFV platforms every day and show a preference for casual entertainment and community updates. This cohort presents avenues for localized and knowledge-driven SFV engagement.

## Segmentation of Indian SFV users

N=Variable

Intensity of consumption  
Low  High

Consumer Personas		Core User Cohorts			
					
Description		• seek simple discovery process, ease & regional content	• Have embraced mature digital formats that fit their culture and lifestyle, while being open to new trends	• moved from long-form videos to engaging, culturally tailored shortform content	• consume SFV to relax & stay updated with enter-taining, bite-sized content
Demographics	Age (in years)	18-60	18-25	21-60	25-60
	City tier	All	All (Predominantly Tier-2+)	All (Predominantly Tier-2+)	All
	HH Income	<INR 6 lakhs	All income groups		>INR 6 lakhs
	Occupation	Blue & grey collared workers	Students & young salaried employees	Homemakers	Experienced workforce & self employed
Time spent	Smartphone (In hours)	 ~3.75	 ~4.10	 ~3.5	 ~4.0
	Indian SFV (In mins)	 35-40	 30-35	 20-25	 25-30
Drivers of Indian SFV Consumption		Casual entertainment, Time-pass	Socialise, Keep up with trends & follow favourite influencers	Time-pass, follow favourite influencer	Casual entertainment, community updates

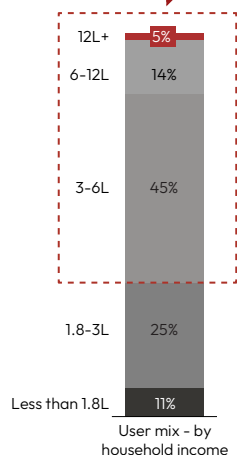
Source(s): Consumer Surveys, Redseer Analysis and Consumer IDs



## More than 50% of Indian SFV app users are monetizable

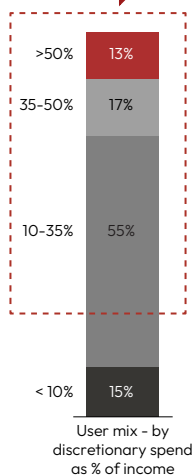
### Indian SFV Userbase - Split by Income N=~950

~60% of SFV users are in the mid income to high income cohorts



### Indian SFV Userbase -% income available for discretionary spends<sup>1</sup> N=~950

>70% of users have >10% of their income available for discretionary spending



Majority of SFV users belong to mid-to-high income cohorts, with over 10% of their income available for discretionary spending. The user base with a strong purchasing power offers significant monetization potential for Indian SFV platforms. Additionally, platforms can further tap into this potential through newer monetization models like video commerce and tipping.

Note (s): 1. Discretionary spends refer to non-essential purchases or activities that are not essential for your basic needs and can include items such as entertainment, dining out, shopping for non-essential goods, hobbies, travel, and other non-essential activities

Source(s): Consumer Survey and Redseer Analysis





# Core Indian SFV cohorts spend actively on E-commerce and are nascent users of OTT and paid gaming

Indian SFV users display varied spending behaviors across types of digital media. However, they are found to prominently spend on e-commerce and OTT services, with spends on gaming being at a nascent stage.

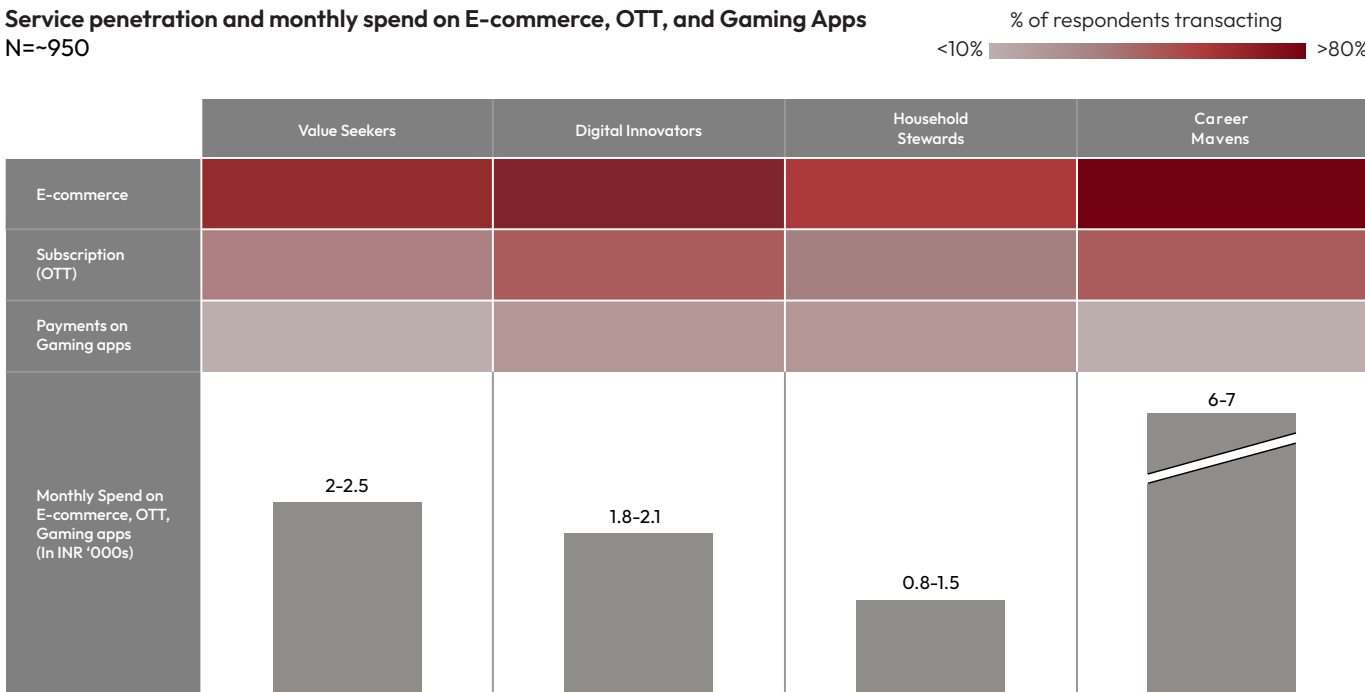
**Value Seekers:** coming from mid to lower-income groups, lean towards ad-supported or low-cost models. They spend an average of INR 2,000-2,500 per month on e-commerce, OTT, and gaming and can be targeted for affordable services.

**Digital Innovators:** engage with e-commerce and subscription-based services and spend an average of INR 1,800- 2,100 a month on them. They are more likely to opt for in-app purchases.

**Household Stewards:** tend to be cautious spenders and spend the least on digital services at INR 800-1,500 a month on average. However, they present opportunities for lifestyle content monetization.

**Career Mavens:** are professionals with a strong financial capacity. They usually prefer premium and subscription-based services and spend an average of INR 6,000-7,000 on e-commerce, OTT, and gaming apps a month.

Service penetration and monthly spend on E-commerce, OTT, and Gaming Apps  
N=~950



Source(s): Consumer Survey, Redseer Research and Redseer Analysis



“ I’ve been using Josh and Moj well before YouTube Shorts and Instagram Reels were introduced, so I’m quite accustomed to these platforms. On weekends, I catch up on trending series and new movies on Amazon Prime and Sony Liv. I also do most of my shopping online now ”

- Career Maven, Pune



**3.**

**There has been a “significant uptick” in content quality of content on Indian Short video apps; users found them on-par or better at times to global peers**

# Indian SFV made significant strides on content with more original and relatable content

Indian SFV platforms have made significant strides in delivering original and highly relatable content that aligns with users’ preferences. It’s made possible by leveraging a vibrant and growing creator ecosystem to effectively engage Bharat users while increasing the quality of content to enhance user experience. Platform features such as creator connect which allows users to interact, and even collaborate with creators further drives originality and relatability of content.

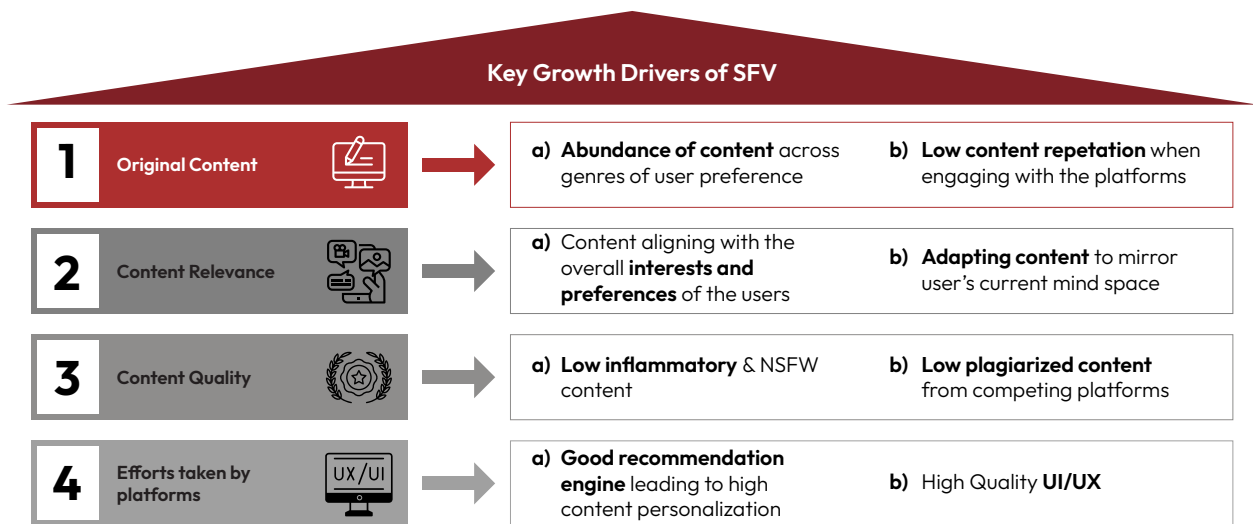
## Content is the “hero and hook” for the massive monetizable userbase on Indian SFV platforms

Original, relatable and high-quality content is the driver of engagement on SFV platforms. It is also crucial for capturing and retaining new users. The key to SFV platform growth lies in a strong recommendation engine that delivers high-quality, relevant content while minimizing inflammatory content. Additionally, fostering a community of talented creators producing original content plays a pivotal role in sustaining user engagement and platform loyalty.

### Characteristics of content on Indian SFV platforms

Descriptive

Indian SFV platforms are driving growth with abundance of original, relatable and safe (ORS) content coupled with enhanced UX



Source(s): Redseer Research and Redseer Analysis

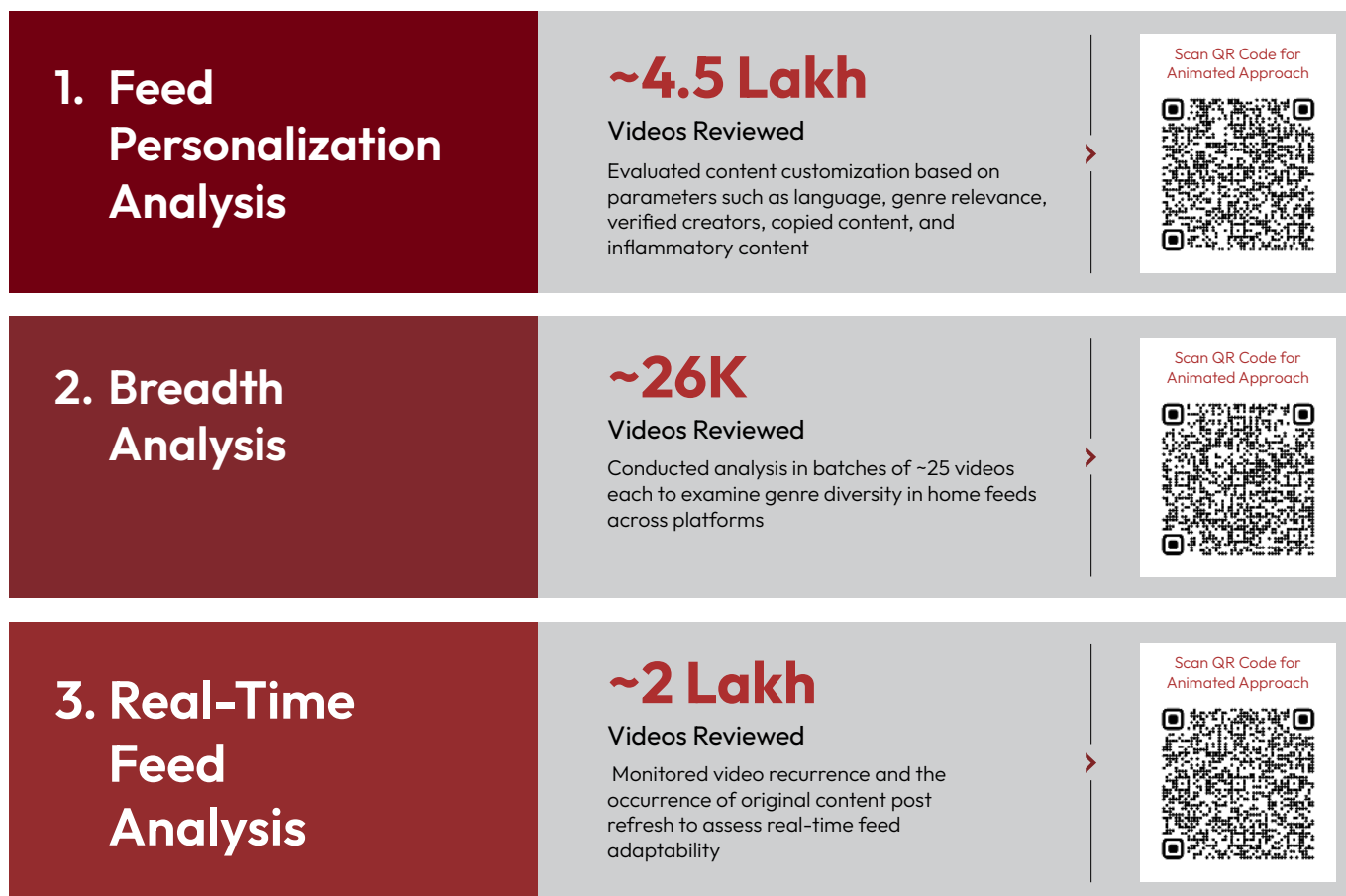
## A structured and integrated testing approach revealed SFV platform performance across various parameters

The methodology for testing the apps for content originality, diversity, personalization and relevance involved three different types of analysis across different SFV platforms:

**Feed Personalization Analysis:** Approximately 4.5 Lakh videos were tracked to analyze content customization based on parameters such as language, genre, verified creators, copied content, and inflammatory content. The assessment was designed to evaluate the SFV platform’s effectiveness in personalizing user feeds.

**Breadth Analysis:** A total of 26,000 videos across different platforms were reviewed in batches of ~25 to examine the genre diversity in user home feeds. The findings helped evaluate the platforms’ effectiveness in providing a balanced content offering.

**Real-time Feed Analysis:** More than 2 Lakh videos were reviewed for video recurrence and the occurrence of original content. The assessment showed effectiveness of the recommendation engine to display new content post refresh.



Source(s): Redseer Research

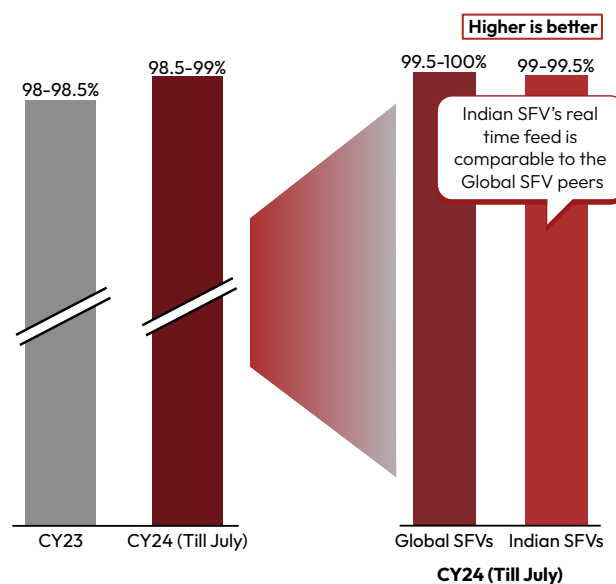
## With maturing creator ecosystem “original content display” continues to grow on Indian SFV platforms

Indian SFV platforms now match their global peers in delivering original content, driven by following contributing factors:

- **Rise of micro-influencers:** Micro-influencers have a smaller niche following of users who are highly engaged. Their regular contribution amplifies the pool of fresh content.
- **Advances in algorithm:** Advanced algorithms driving the SFV platform engine effectively reduce content repetition. By prioritizing fresh and more varied user experiences, the SFV platforms increase original content.

Further contributing to originality on Indian SFV platforms is the high prevalence of user-generated content (UGC), which is characterized by diverse perspectives of individual users. Creators looking to stand out often experiment with new themes, ideas, and styles that showcase their unique personal experiences.

### Original content<sup>1</sup> displayed post refresh<sup>2</sup> - Overall In %, N=~2 Lakhs, CY 2023-24 (Till July)



Note (s): 1. Analyzing the content displayed in the feed after refreshing it, with each refresh showing a batch of 25 videos 2. Original content is the content that is not getting repeated post refresh  
Source(s): App Testing and Redseer Analysis



# Content relevance across Indian SFV platforms is comparable to its global peers

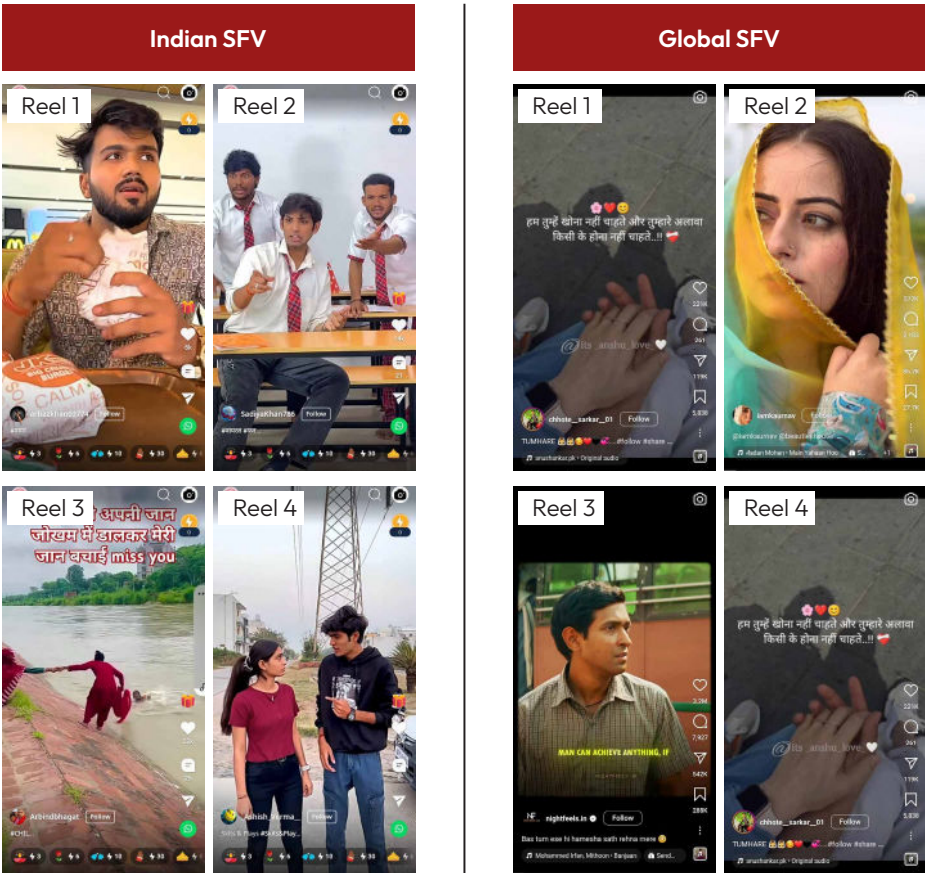
Leading Indian SFV platforms dominate popular genres, such as music, dance, and dialogue, by delivering highly relevant content to users and tailoring content to local preferences. The platforms maintain content relevance by utilizing ML/NLP along with semantic understanding to accurately analyze and tag content.

The content library of Indian SFV platforms is found to be in line with India’s needs. Our analysis shows that the genre breadth trends of Indian SFV platforms are similar to their global counterparts. Moreover, Indian SFVs command a larger share in the most preferred genres, such as comedy, dialogue, and acting. This demonstrates a strong alignment of Indian SFV platforms with audience tastes. While SFV platforms perform well in most areas, there is still room for improvement to further refine content across all genres.

## Characteristics of content on Indian SFV platforms

Descriptive

Illustrative



Note (s): Real-time feed analysis involves tracking the same videos over refresh trials. By repeatedly refreshing the feed and noting video recurrence, this helped gauge the effectiveness of the platform’s recommendation engine.  
Source(s): App Testing and Redseer Analysis

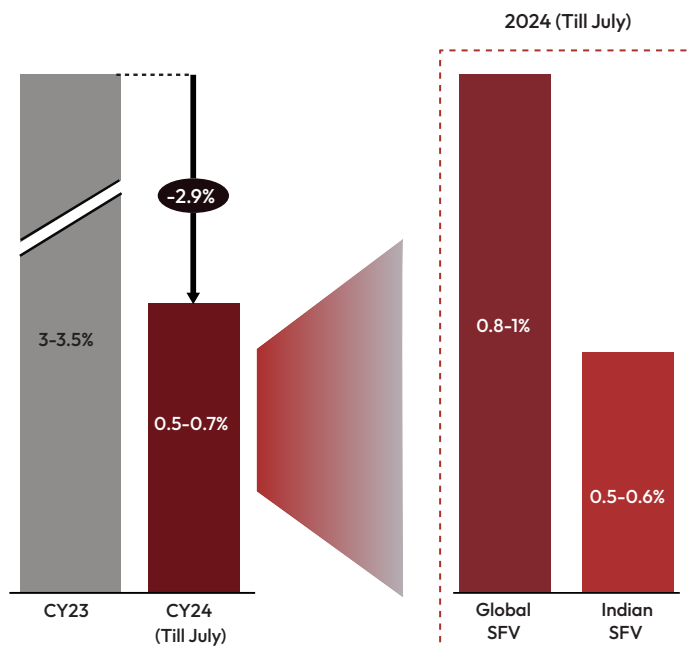
# Quality of content remains high with inflammatory content share less than 0.6%

The prevalence of inflammatory content on Indian SFV platforms is less than 0.6%, which is below the global average of 0.8 to 1%. The drop is largely attributed to the adoption of advanced AI-powered audio models and human review processes by the platforms. Together they can detect and manage inflammatory content to enhance reliability and safety for the users.  
With moderation strategies in place, our research found that ~70% of Indian SFV platform users report

rarely or never having encountered inflammatory content. Low exposure to harmful content enhances user experience and encourages higher engagement, which results in audience loyalty.  
Existing instances of inflammatory content can often be traced to issues such as mis-tagged posts, clickbait headlines, nuances of cultural and linguistic differences, echo chambers and filter bubbles.

## Inflammatory Content<sup>1</sup>– Overall and platform wise

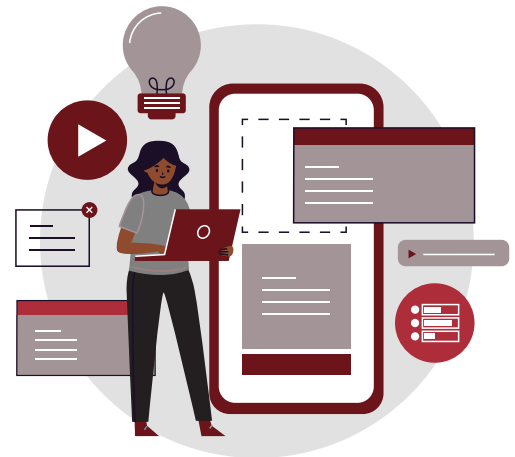
In %, 2023-24 (Till July), N=~4.3 Lakh (2023-3.5 Lakh, 2024-80k)



Note (s): 1. Inflammatory Content – % of content in the industry that is inflammatory (content that involves violence, nudity, racial discrimination, vulgar content, etc.)  
Source(s): App Testing and Redseer Analysis

“ After I reported hateful content a few months back, the frequency of such content has decreased significantly ”

– Self-employed, Vadodara



## User experience on Indian SFV apps has been positive across most parameters

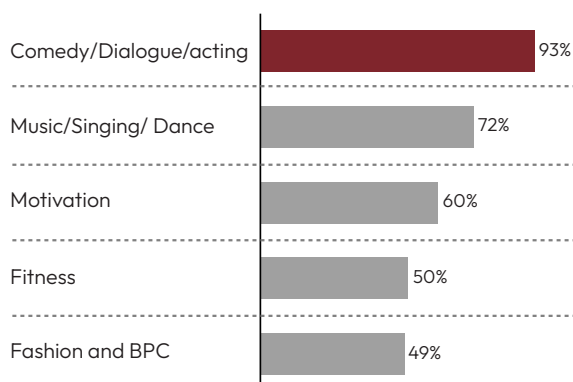
Advances made by Indian SFV platforms on user experience have yielded ratings that are comparable to global platforms. The improvement is driven by the following factors:

Indian SFVs excel in content relevance, with an average relevance score of 80%, which is 10% higher than global counterparts.

Indian SFVs exhibit genre breadth trends similar to global counterparts

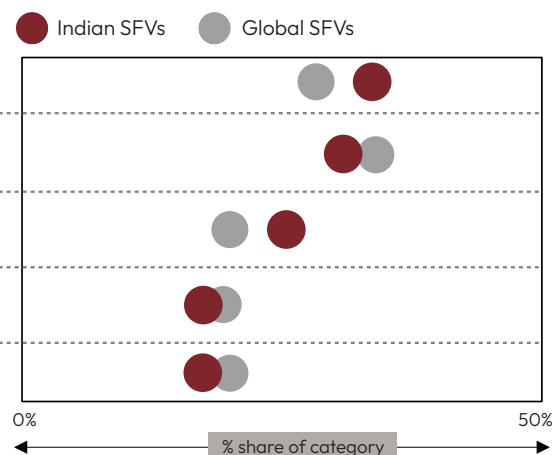
### Top 5 Most preferred genres in SFVs

In %, N=~950



### Genre Breadth<sup>1</sup> analysis for most preferred genres

CY24 (Till July), N = ~26,000 videos



Note (s): 1. Breadth Analysis refers to the expanse of each genre preference in each platform. The more the breadth of preferred genre the better. It is calculated by randomly scrolling through ~26k videos equally distributed across platforms and understanding how much of each genre type was visible in each platforms  
Source(s): App Testing, Consumer Surveys, Redseer IP and Redseer Analysis

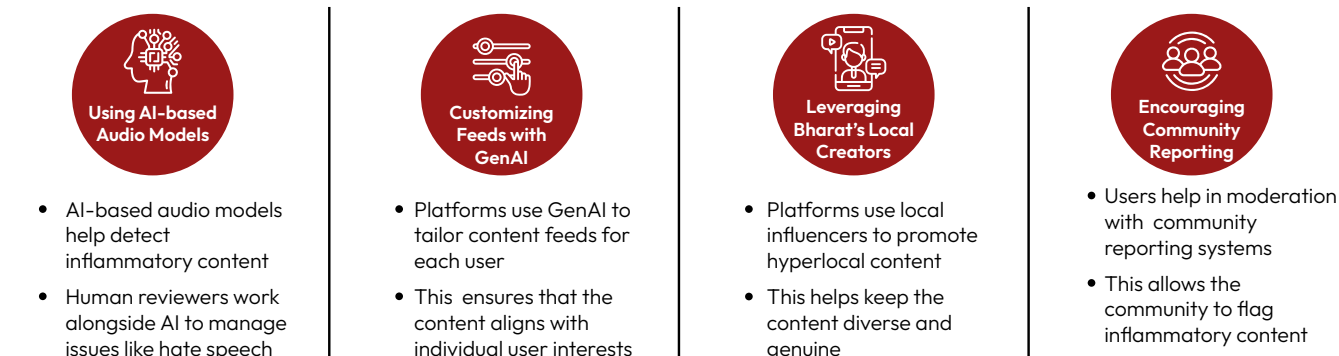
## SFV platforms are refining strategies to prevent inflammatory content while improving the relevance and quality of the content

SFV platforms are also refining strategies to prevent inflammatory content while improving quality and relevance. At the platform level, AI audio models and Gen AI are being used to reduce inflammatory content

and tailor feeds to user interests. Meanwhile, at the user level, encouraging community reporting and promoting local creators contribute to the same goal.

## Content Moderation Strategies by SFV platforms

## Descriptive



Source(s): Redseer IP, Redseer Insights

## Expert Speaks

“ We’re enforcing strict controls on content glamour by using inhouse AI models to ensure a balanced and authentic experience. ”

- Expert, SFV Platform 1

“ We’re creating a smart, affinity-driven feed that anticipates user needs and curates custom-built content. ”

- Expert, SFV Plattform 2

## Across experience parameters, users rate short video apps higher with Indian apps rated at par with global peers

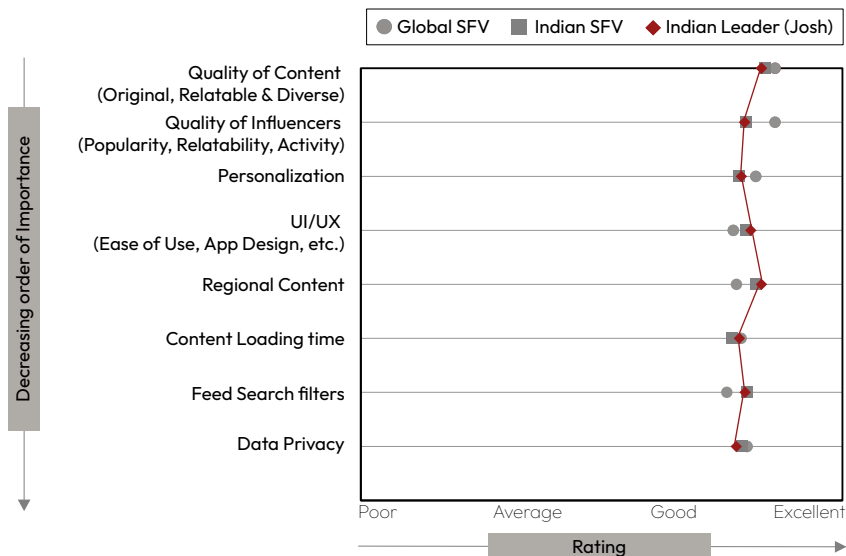
Indian SFV platforms have made significant strides across various experience parameters, leading to higher user ratings, and have achieved user experience comparable to global platforms.

These improvements are attributed to a variety of factors including enhanced content originality, availability of regional content, and good UI/UX.

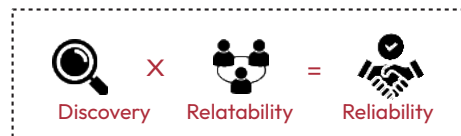
### Parameter level rating

N=310 (rating from users using both Indian and Global SFV platforms)

Q. How has been your experience of using following apps across parameters?



## Key Insights



## Super simple Discovery

Highly relatable, hyper-local content for Tier 2+ audiences distinguishes Indian SFVs from global platforms

## Relatability to reach the broader Bharat

Indian SFV platform's intuitive interfaces, and user-friendly features making them ideal for Tier 2+ who have limited digital skills

Source(s): Consumer Surveys and Redseer Analysis

## Good app usage experience led to high net positive user sentiment (especially in Tier 2+ cities), driving platform loyalty

First, the platforms have simplified content discovery to offer highly relatable, hyper-local content. This vernacular reach for all audiences also sets Indian SFV platforms apart from their global peers. Second, the intuitive user interfaces and user-friendly features make Indian SFV platforms accessible to the broader Bharat audience - even to those with limited digital skills.

Improved user experience has resulted in the Indian SFV platforms having a higher net positive customer sentiment with an NPS score of 59%. Looking at the overall picture, most of the surveyed users fell under the category of promoters, while a significant portion

remained neutral. Compared to Metro and Tier 1 cities, Tier 2+ cities have a higher net promoter score (NPS) of 65%. The heightened sentiment can be attributed to several factors, including lower inflammatory content and platform focus on vernacular content driven by regional influencers.

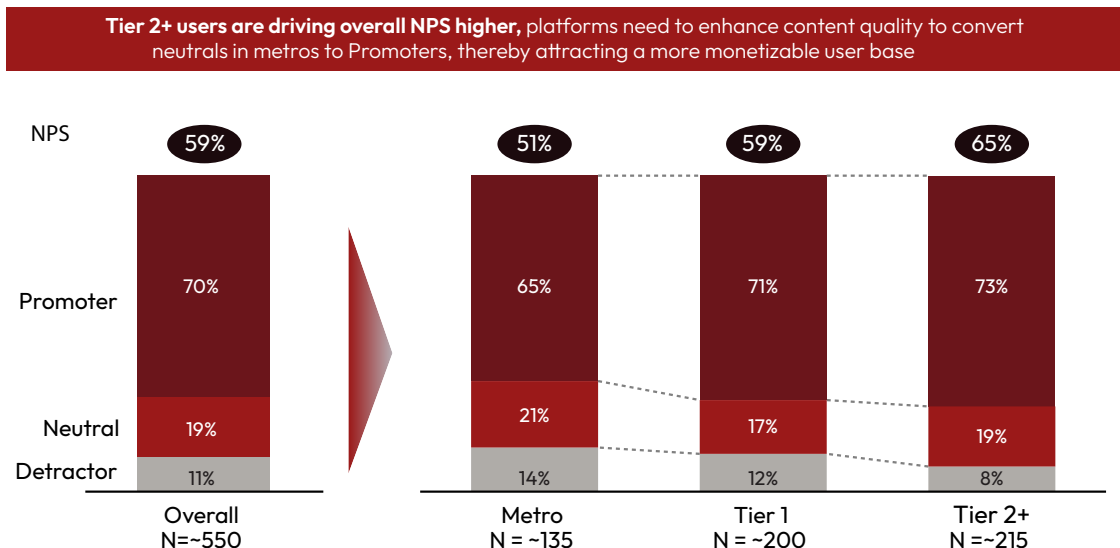
Since the number of neutral users is higher in the metro than in Tier 1 and Tier 2, platforms have an opportunity to enhance content quality to convert these users into promoters. This shift would significantly expand their monetizable user base, as metro users typically have higher disposable incomes.

Improved user experience has resulted in high net positive sentiment, particularly among Tier 2+ users as reflected in a net promoter score of 65%, indicating strong platform loyalty.

### India SFV user Net Promoter Score (NPS)

N= ~550

Q. On a scale of 0-10, how likely are you to recommend this app to your friends/family?



Note (s): 1. Net Promoter Score (NPS) breakdown : Ratings 0-6 = Detractors. 7-8 = Passives, 9-10 = Promoters

2. Net Promoter Score formula : % total Promoters - % total Detractors

Source(s): Primary Research and Redseer Analysis





## **4.** Monetisation opportunity for Indian SFV apps are at the cusp of a breakout

# Monetisation opportunity for Indian SFV apps are at the cusp of a breakout

With the popularity of short form video (SFV) increasing and Indian SFV platforms maturing, several monetization avenues are emerging.

Over the last 24 months, advertising on SFV platforms has seen significant growth as brands are increasingly recognizing it as an important format in their marketing strategies for running marketing campaigns.

Influencers, also called new-age celebrities, are promoting products and brands. Influencer-led marketing is gaining prominence as influencers offer brands direct access to highly engaged audiences.

Users on these platforms are making direct payment, called virtual tipping, to promote and support the content creators. Virtual tipping is a fast-emerging monetization avenue for SFV platforms, driven by the rising popularity of live streaming and real-time influencer interactions.

As engagement on India SFV platforms increases, we are beginning to see evidence of video commerce taking place on these platforms.

## SFVs 4 key monetization levers

Descriptive



### SFV Advertising

In FY24, Indian SFV platforms contribute 1-2% of overall digital ad spend. This share is expected to grow as brands improve ad spending efficiency and SFV platforms shift toward performance marketing



### Influencer Marketing

Influencer marketing is expected to 3x its share to 10-15% by FY29, with an anticipated growth rate of 40-45% (3x the digital advertising overall growth)



### Virtual Tipping

In India, gross tipping in entertainment is set to surpass \$700-800 Mn by FY29, driven by increase in feature awareness, quality content and strong sense of personal connection



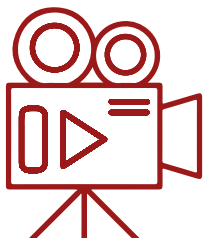
### Video Commerce

Video Commerce is at its inception in India. Demand & supply-side tailwinds will help Indian SFVs to replicate success like Chinese counterparts

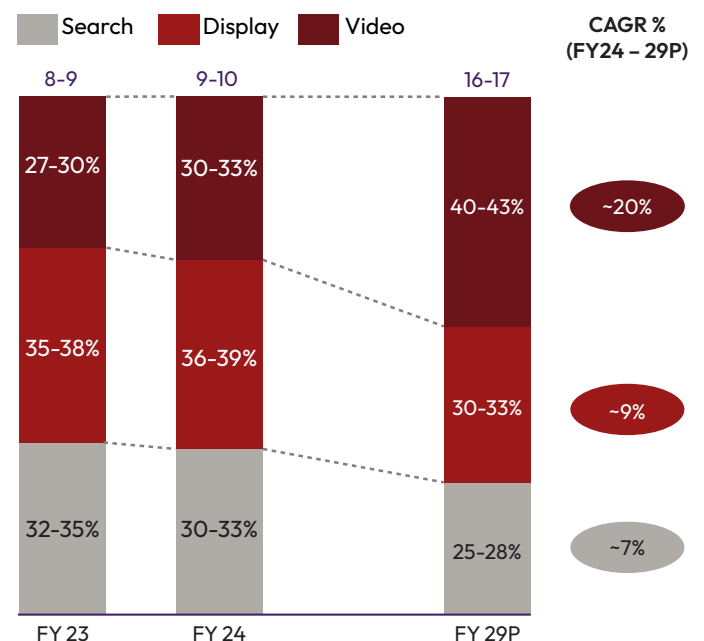
## Lever 1: SFV Advertising

## Indian digital ads spend market is expected to grow ~2X in the next 5 years

Digital ad spending in India is projected to grow at a 13% CAGR, soaring from US\$ 9-10 Bn in FY24 to US\$ 16-17 Bn in next 5 years. A closer analysis of India's digital advertising market reveals that the share of video is steadily rising and outpacing traditional formats like search and display. As more people indulge in the consumption of video content, its share in the digital advertising market is expected to grow from 30-33% in FY24 to 40-43% by FY29.



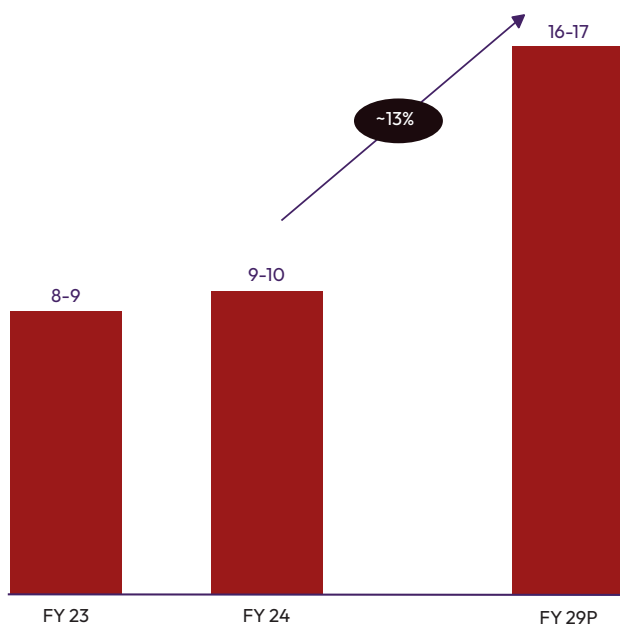
India digital advertisement market by type of format  
FY23-24, FY29P, USD Bn



Source(s): Redseer Research and Redseer Analysis

## India digital ads market - by format

FY23-24, FY29P, USD Bn



Source(s): Redseer Research and Redseer Analysis

“ Since these platforms have a significant user base from tier 2 and 3 cities, they are ideal for increasing the reach for the brands ”

-Senior marketing manager,  
New-age BPC brand

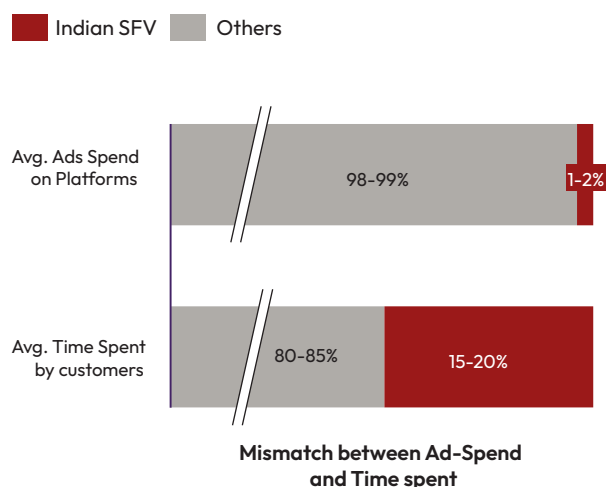
## Indian SFVs are yet to realize their full potential in ad spending

Indian SFV platforms are yet to fully tap into their potential, with ad spending lagging behind the amount of time users spend on the platforms. Although SFV platforms constitute 15-20% of the time spent on media consumption, advertisers spending on SFV platforms still remains at 1-2%. Brands are yet to match user engagement proportionately with their ad spending.

The underutilized potential of India SFV despite their growing presence can be attributed to two key factors. The platform currently is more suitable for brand focused campaigns and less on performance-based campaigns. The swipe-based usage of SFV platforms leaves little room for clicking by the users. This leads to most of the ad spending towards branding and not on performance. Second, with performance marketing on the rise, SFV platforms need to build their capabilities and educate brands on leveraging their format for conversions.

### Advertising Spent vs Time Spent - Short-form Video Platforms'

FY24



Note (s): 1. SFV market includes Josh, Sharechat, Moj, Chingari, and other Indian SFV players

Source(s): Redseer Research and Redseer Analysis

### Key Insights



SFV platform usage is swipe-based and less on clicks, leading to most of ad spend towards branding and not on performance



Spending on performance marketing is increasing and SFV platforms need to build capabilities and educate brands to cater to this trend



“ Though brand spends are improving, a significant gap remains between user time and ad spend on Indian SFVs. Platforms will have to improve offerings like predictive analytics to provide effective conversions to advertisers ”

- Expert, SFV Platform 2





## Indian SFV platforms offer high viral reach making them effective at targeting Tier 2+ audience


Videos going viral can reach millions of users in a short time, and SFV platforms are found to be effective in delivering such reach. It makes SFV platforms a highly effective tool for brands to reach Tier 2+ audiences. Viral posts are particularly effective in addressing top-of-the-funnel marketing objectives, such as enhancing brand awareness and driving quick recognition.

While platforms like gaming and OTT perform well at conversion and consideration, SFV platforms are yet to fully optimize their capabilities on this front.

### Advertisers' Perspective – By media platform

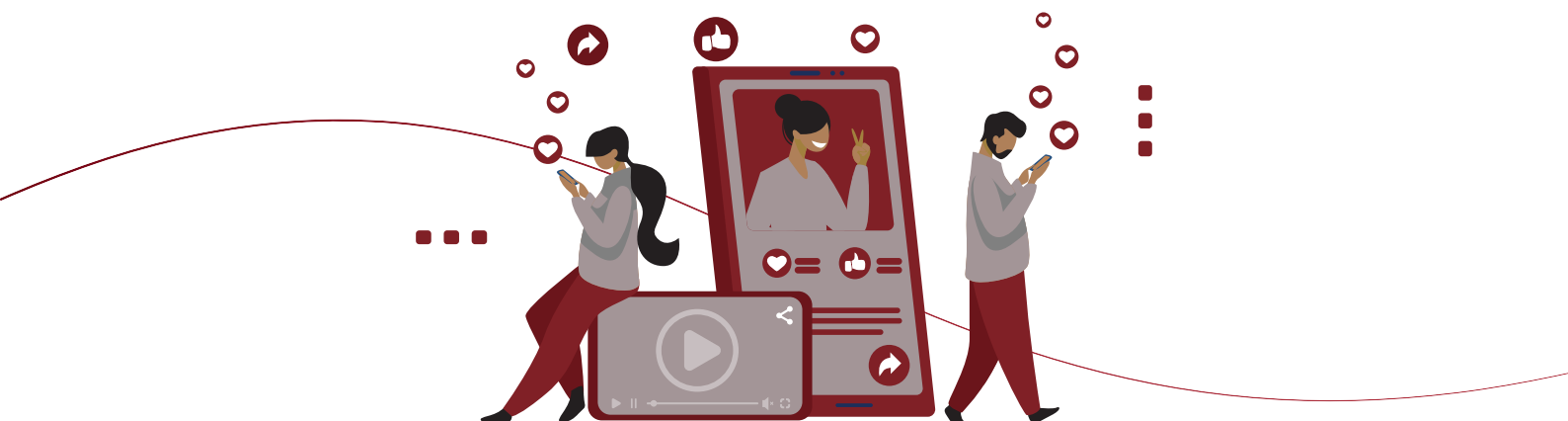
Descriptive

	Potential Low  High	 Gaming	 OTT	 SFV
Top of funnel (Reach)		Niche users	Wider reach	Expand Presence
Middle of funnel (Consideration)		Relatable product	Measurable response	Encourage to try
Bottom of funnel (Conversion)		High spenders-only Niche	Delayed actions-Fatigue	Low value userbase



SFV platforms are majorly used to achieve **viral reach and quick brand recognition**. Brands and advertisers believe that SFV platforms are **still not optimized for conversion**

Source(s): Redseer Research, Redseer Analysis and Expert Inputs



## Lever 2: Influencer Marketing

## Influencers now shape consumer choice and facet of modern life

Influencers have become architects of modern consumer behavior. They are shaping everything from the daily habits of their followers to their purchase decisions and even long-term aspirations. Recommendations from influencers can significantly alter brand images as they are viewed as trustworthy by their loyal follower base. Moreover, influencers have the power to amplify brand reach by tapping into new audiences and driving purchase decisions by creating an emotional bond with consumers. Their personal connection encourages followers to prioritize influencer recommendations before making a purchase.

## Growing Impact of Influencers

Descriptive

Influencers have become architects of contemporary lifestyles, shaping daily habits, long-term ambitions, purchasing decisions, brand perception, and overall consumer attitudes. They impact



## Brand trust & authenticity

Followers see influencers as trustworthy due to their personal content, making their product promotions appear authentic and reliable



## Brand awareness

Influencers can significantly amplify a brand's reach, allowing brands to access untapped audiences



## Driving purchase decisions

Influencer content's emotional connection can drive consumers to prioritize their recommendations

“ I usually buy my beauty products after I have seen an **influencer using them**. This helps in building a trust on the product and brand ”

- Student, Delhi

**"I've discovered many brands through influencers, and they've worked really well for me"**

**- IT Professional, Bengaluru**

“ Everything I buy these days is influenced by influencers. From the facewash I use, to the dress I wear, to the car I am going to buy ... ”

- Banker, Mumbai

### Key Sentiments for Influencer marketing by users





# Brand engagement with influencers is set to create a \$3-4 Bn influencer marketing opportunity

Brands are increasingly utilizing influencer marketing to effectively reach their target audience, even in highly niche categories. For instance, beauty and personal care and automobile brands are reaching younger audiences through popular influencers and building trust through authentic and personalized messaging. Direct user engagement has made influencers effective

## Increasing brand preference towards influencer marketing

Descriptive

The trend of leveraging influencers is expanding across various industries, incl. conventional sectors like automobiles and banking

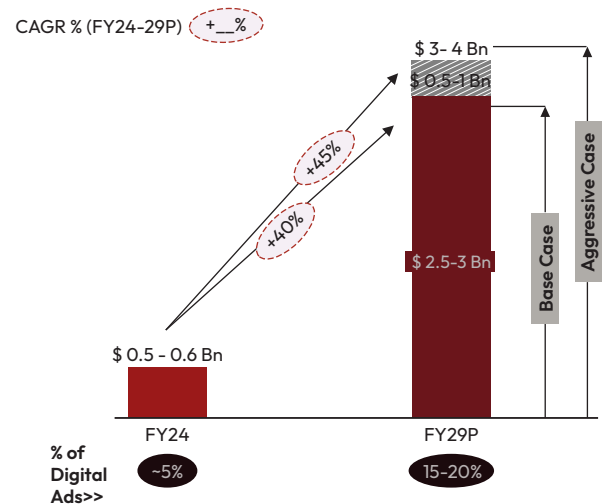


in boosting brand credibility and outreach across all sectors.

With more brands going the influencer way, influencer marketing is expected to grow at a steep CAGR of 40-45% from US\$0.5-\$0.6 Bn in FY2024 to US\$3-\$4 Bn in the next 5 years.

## Influencer marketing spend market size

In USD Bn, FY24, FY29P



Source(s): Redseer Research, Redseer Analysis and Redseer Estimates

## Advertiser Speaks

“ Most effective way to connect with consumers is through influencers they trust. We anticipate market growth on the back of increased brand spend on marketing, to reach a larger consumer base ”

~ Leading Indian Digital Marketing Agency

“ We are now heavily doubling down on our influencer marketing, especially for our new products. The connection influencers have with today's modern customer is unmatched ”

- Brand Manager, FMCG



# Creator marketplaces have proven to be highly effective for influencers

Creator marketplaces from Shortform video platforms have emerged as game changers in the influencer marketing space by providing a cost-effective and transparent way for brands to identify, partner and collaborate with influencers. These marketplaces offer a complete campaign solution for brands with dashboards and real-time data and insights.

The platforms also foster long-term brand and influencer relationships which are mutually beneficial. Compared to traditional influencer agencies, creator marketplaces enable greater control on campaigns,

lower costs, transparent pricing, and increased value for both brands and influencers.









“ Maintaining dashboards, tracking data, and running campaigns becomes easy with brand marketplaces that even charge lower commissions ”

- Marketing specialist, D2C fashion brand

## Models supporting creators' marketing in India

Descriptive

Intensity of challenge  
Low High

		Direct	Influencer Marketing Agencies	Influencer- Brand Marketplaces
Description and Value Proposition		<ul style="list-style-type: none"> <li>Cost efficient with potential of long-term relationship</li> </ul>	<ul style="list-style-type: none"> <li>End-to-end influencer marketing</li> <li>Reduce operational work from Brand side</li> </ul>	<ul style="list-style-type: none"> <li>Self-serve tools &amp; End-to-end influencer marketing</li> <li>Data driven algorithms for influencer insights</li> </ul>
Business Model		No intermediary's commissions involved	Commission fee - 15%- 30% of influencer's fee or campaign budget	Commission fee- 8%-12% of the influencer's fee
Better Creator Discovery	Better Creator Discovery			
	Flexible Budget			
	Real time Ad Performance			
	End - to - end campaign management			
Indicative companies			   	   

Source(s): Redseer Research, Redseer Analysis and Expert Inputs



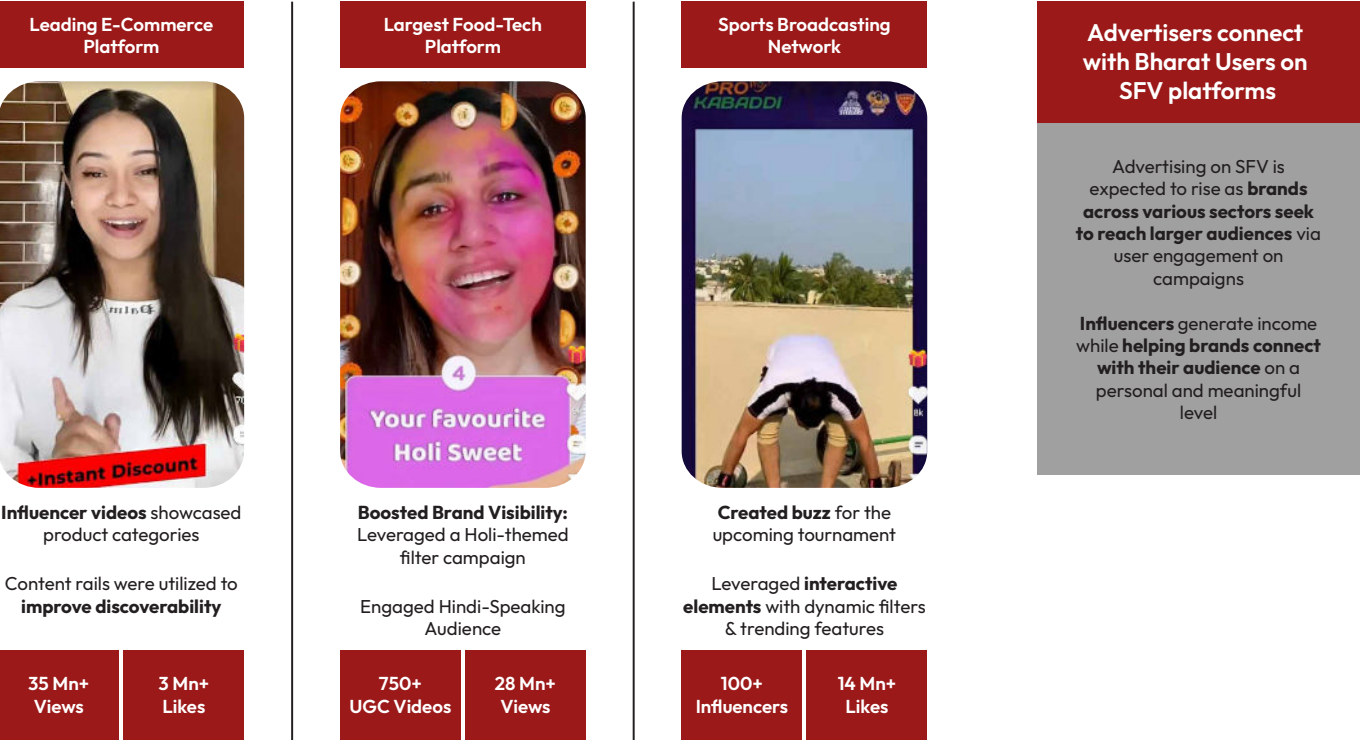
# Brands are exploring Influencer-led campaigns on SFV to reach niche and mass Bharat audiences

Regional influencers have clusters of niche followers in the Tier 2+ regions that add up to a significant pool of users. Brands can leverage SFV platforms to tap into regional markets where relatable content garners strong user engagement. Players in major sectors such as e-commerce, food tech, and sports broadcasting are making headway with influencer-led campaigns for strong user engagement.

As brands continue to connect with a broader audience in niche pockets, advertising on SFV platforms is expected to rise significantly. Influencers are playing central role in this by creating meaningful, personalized content that builds brand connections and, in return, generates their income.

## Brand Case Study

Descriptive



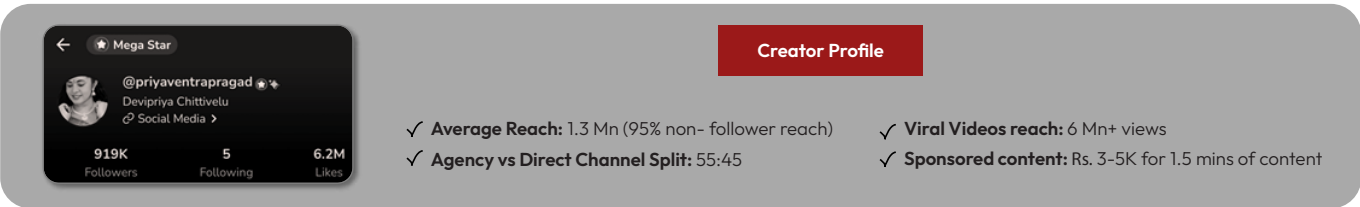
Source(s):Brands In-depth-Interviews, Redseer Analysis

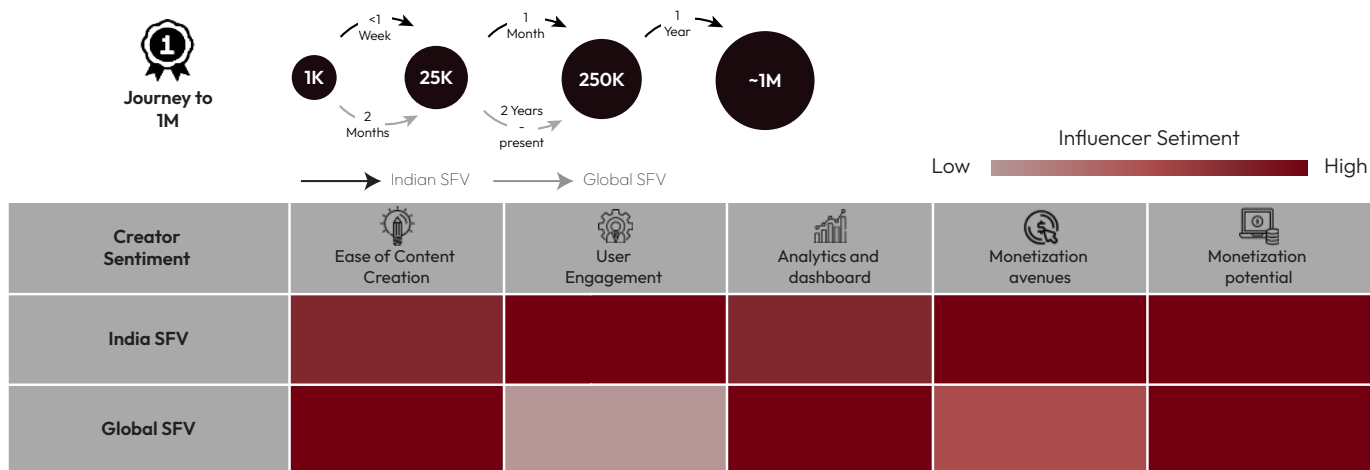
# Case Study: Indian SFVs creators reach 1 million followers in half the time compared to global SFV creators

SFV platforms offer influencers/creators a chance to earn income by creating engaging content and partnering with brands. Many influencers turned hobby SFV content posting into a profession after their content went viral. Over time, as their reach increases, they see a fast growth in their earnings.

## Indian SFV Content Creator Success Story

Descriptive





Source(s): Influencer Inputs, Redseer Research and Redseer Analysis

### Brand collaborations



Influencer growth is also determined by the platform. On average, SFV creators on Indian platforms take only half the time to reach 1 million subscribers when compared to global platforms. They also agree that Indian SFV platforms offer better dashboards and analytics, ease of content creation, greater user engagement, and better monetization potential.



### Influencer Speaks

“Whenever I post content about sarees and designs, my followers specifically request those exact designs from the brands, including the same color, design, and material”



## Lever 3: Virtual Tipping

### Virtual tipping is expected to become \$700-800 Mn opportunity by FY29

Virtual tipping is poised for substantial growth driven by the increasing popularity of live streaming.

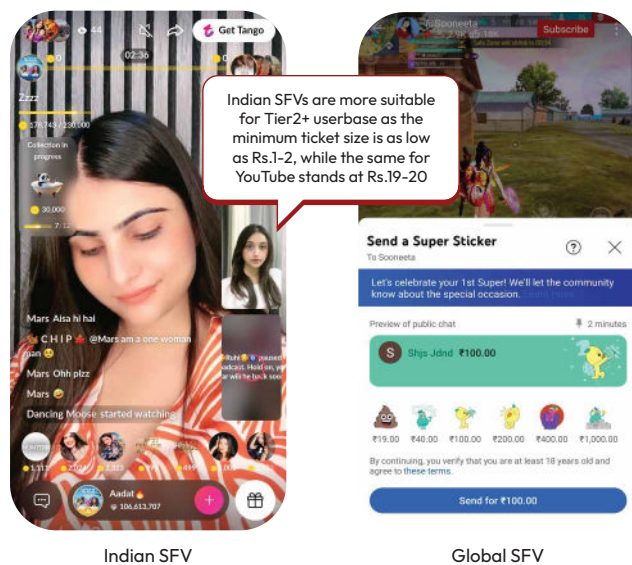
The real-time engagement with the influencer and sense of exclusivity boost user participation and engagement across streaming platforms. Followers get a chance to interact with their favorite influencers and show their appreciation in the form of tips during the live stream.

Indian SFV platforms offer micro-tipping options with a ticket size as low as INR 1-2, making it easy for users to

tip compared to higher average rates on global platforms where tip value starts at INR 19-20. Most platforms monetize virtual tipping by implementing a small transaction fee or taking a percentage on each tip. Trends show this virtual tipping opportunity for entertainment platforms in India could grow at a CAGR of 45-55% from \$70-120 Mn in FY24 to \$700-800 Mn by FY29. The high user engagement on Indian SFV opens up substantial monetization opportunities for both influencers and the platforms.

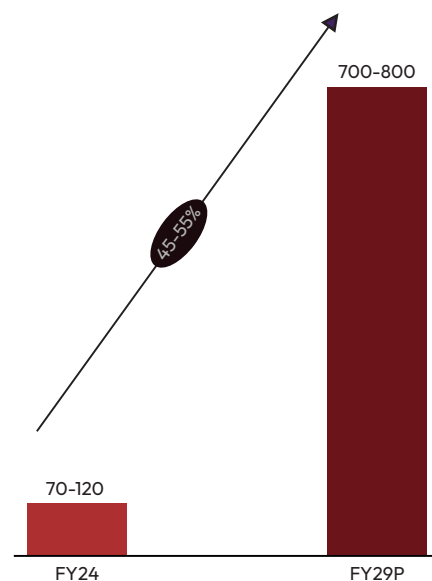
**Virtual Tipping is increasingly gaining popularity in India**  
Descriptive

Live streaming promotes **real-time interaction, exclusivity, and immediacy**, significantly driving engagement while enabling new revenue streams like **Virtual Tipping**



**Virtual Tipping revenue opportunity for entertainment<sup>1</sup> platforms in India**

In USD Mn, FY24, FY29P



Note (s): 1. Entertainment comprises of Virtual Tipping on Short-form video, live-streaming, social media, gaming, etc.

Source(s): Redseer Research, Redseer Analysis and Redseer Estimates

### Tipping their favourite influencers is a growing trend among SFV users

Currently, only a small portion of SFV users tip their favorite influencers. However, most of the audience who do tip comes from mid- to high-income households. Tipping is a way for users to support influencers and enjoy special perks. A majority of surveyed users were also willing to tip to show their love for the influencer.

Lack of awareness for tipping stands as the major reason why many followers do not tip their favorite influencer. Once prompted, many users have shown interest in tipping, but issues like low influencer

engagement and complicated transactions hold them back. Once these concerns are addressed, tipping could become more popular and improve user engagement.

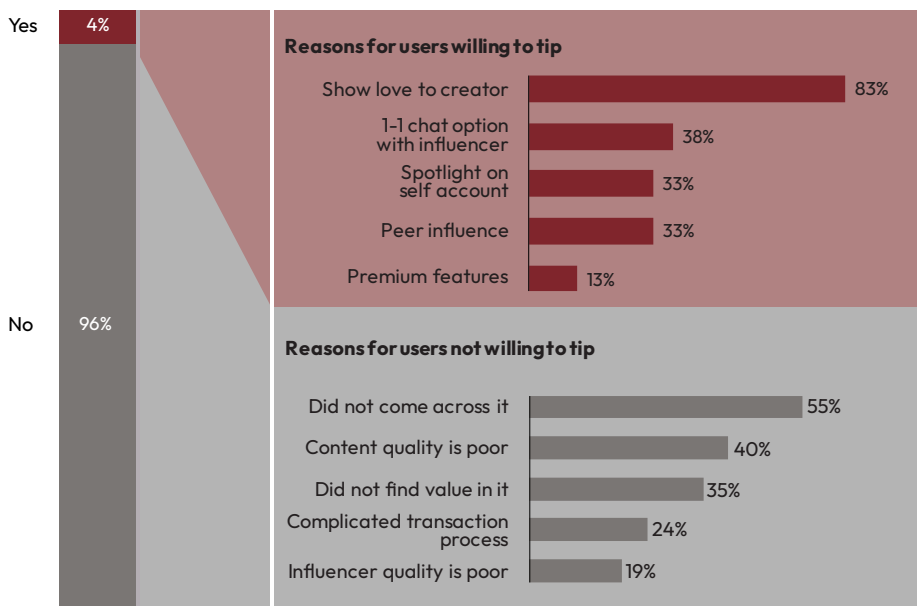
Of the 4% of surveyed users, the average tipper spends about INR 100 on tipping every month. This amount is expected to grow as platforms overcome the barriers to tipping and enable better interactions. Personalized shoutouts on live streams, active user participation, and exclusive perks, such as one-on-one calls with the biggest tippers and fans, can encourage users to spend more on influencers.



## Indian user tipping behaviour

In %, N=~950

Q: Have you ever tipped/ virtually gifted any influencer on video livestreams on SFVs?



Source(s): Consumer Surveys, Redseer Analysis and Consumer IDs

## User Speaks

“ I tip my favourite influencers frequently to show love and appreciation. I think the tip acts as an encouragement to produce more such content ”

- Freelancer, Kolkata

“ I hope to get a 1-1 with my favourite influencer one day through the tips ”

- Student, Jaipur

“ I haven't tipped online influencers yet because I haven't come across that option in the app ”

-Blue Collar Worker, Gurugram

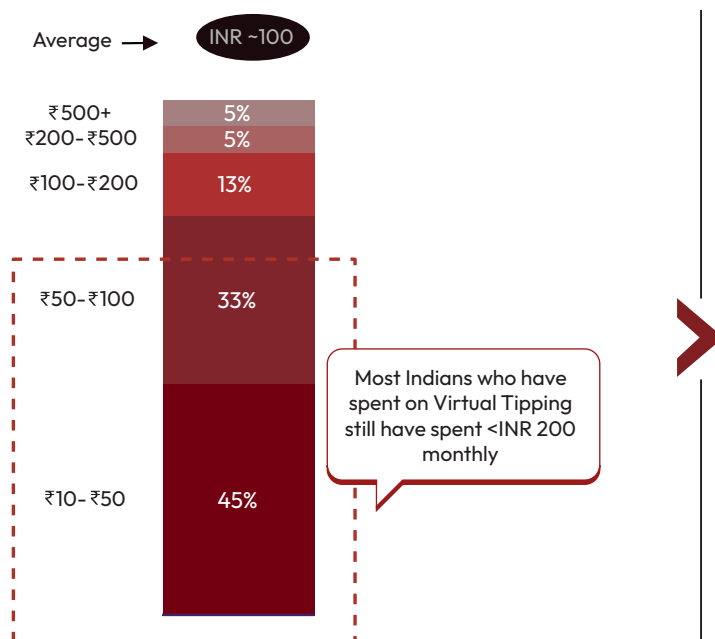
## User support through virtual tipping creates monetization opportunities for influencers

Virtual tipping enables users to support their favorite influencers and show their appreciation for the content they enjoy. It makes them feel a sense of personal connection with the influencer and enjoy their moment of spotlight on the live stream. It is also a monetization opportunity for the influencers as it motivates them to create enjoyable content that keeps the followers coming back with tips.

### Average monthly tipping spend

In %, N =~40

Q: On an average, how much do you spend on tip/ Virtual Tipping on monthly basis on Short-form video apps?



Source(s): Redseer Research, Redseer Analysis and Redseer Estimates

## User Speaks

“ Coming across relatable engaging videos make me tip more because I feel a sense of personal touch with the influencer ”

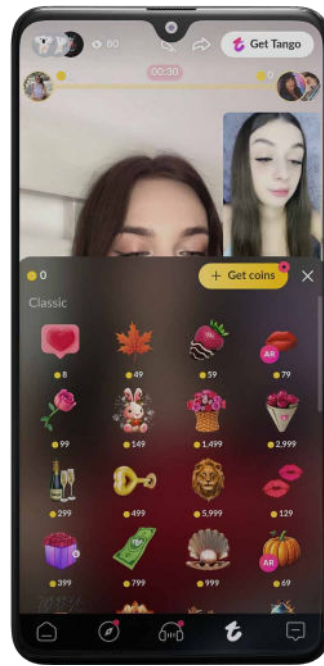
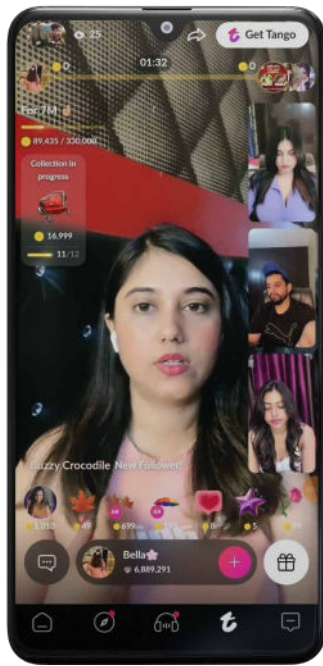
-Value Seeker,Ghaziabad

“ The quality of content matters the most to me. I tip whenever I come across good content to motivate the influencer ”

- Career Maven, Indore

## Virtual Tipping Process Descriptive

Illustrative



Scan QR Code for  
Animated Approach



### Influencer Speaks

“ My follower's tipping keeps me motivated for honing my skills and going live with my followers ”

### User Speaks

“ I love tipping because it lets me support my favorite creators and feel more connected during live streams. It's a fun way to get featured ”

Source(s): Redseer Research and Redseer Analysis

## 1-1 Audio and video calling is an emerging monetization avenue for Indian SFV platforms

Apart from showing their appreciation and supporting their favorite creators, users seek the exclusivity that personalized interaction brings. For instance the one-to-one paid audio or video feature is growing as a significant monetization opportunity for SFV platforms. Under this model, users pay a fee on a per-minute basis to call their favorite influencers for a one-to-one conversation facilitated by the platform.

While most of the fee goes to the creator, the platform takes a percentage of the earnings as commission.

SFV platforms can build a revenue stream this way by creating strong communities around influencers with fans having exclusive access to their favorite creators.

### Potential User Proposition of 1-1 Paid Private Calls



**Exclusive access** with creators allows fans to engage in personalized and direct interactions, fostering a deeper connection



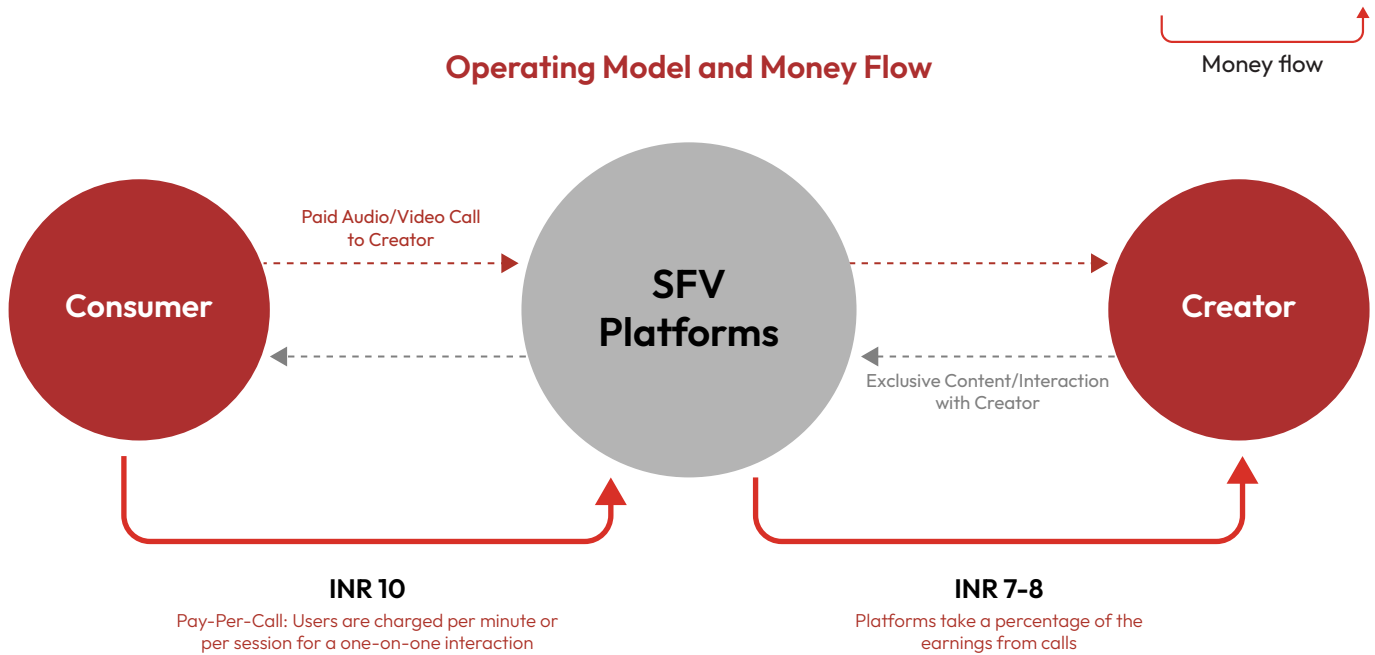
**Fan Support Networks** dedicated to specific creators or interests fosters community & collaboration



**Community building** which allows like-minded audiences to connect through shared interests and experiences



**Creator-Focused Workshops** which share insights and empower followers to build stronger connections



Source(s): Redseer Analysis

## Case Study- In China, virtual tipping has grown to a USD 30 Bn opportunity

In China, virtual tipping has rapidly evolved into a multi-billion dollar industry that contributes significantly to SFV platform revenues. The market grew from 25-27 Bn in 2021 to an estimated 30-35 Bn in 2024. The leading SFV platform in China derives 30% of its revenue from tipping with 21% of its monthly active users participating on the platform.

Indian SFV platforms are following a similar path to China in boosting influencer monetization through virtual tipping and driving stronger loyalty and user engagement. Mirroring the trends in China, India's growing enthusiasm for tipping holds significant potential as a major revenue stream for SFV platforms.

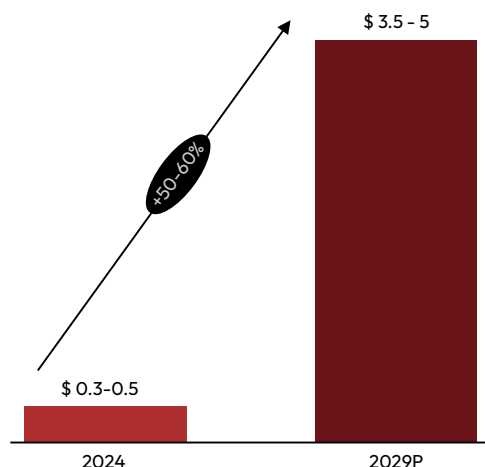


## Lever 4: Video Commerce

### Video commerce in India is nascent, with a huge potential to grow

#### India's Video Commerce Market by GMV

In USD Bn, FY2024, 2029P










Currently, the online retail MTU base is ~100 Mn. Therefore, to expand their online presence, brands could leverage the broad reach of SFV platforms and promote products through videos

Video commerce refers to the buy and sell of a product by a merchant or influencer to a user on a video content platform. It offers brands a unique opportunity to engage consumers in real time and enhance their shopping experience through interactive features and instant feedback. It is highly effective in generating immediate sales. As users increasingly adopt video commerce, more so on ecommerce marketplace currently, SFV platforms can harness their influencer partnerships and regional content to build trust and drive conversions.

The video commerce market in India is projected to grow at a CAGR of 50-60% from \$ 0.3-0.5 Bn of GMV in 2024 to \$3.5 – 5 Bn by 2029. With an existing online retail MTU of ~100 Mn, brands are expected to leverage the reach of SFV platforms to expand their online presence. The key growth drivers of video commerce for SFVs in India include:

#### Key growth drivers for Video Commerce on SFVs in India

 Rise of Video Content	 Growing Influence of Content Creators	 Increased Digital Maturity of SFV users	 Robust Ecosystem Support
<ul style="list-style-type: none"><li>Indians are rapidly <b>transitioning from traditional video</b> formats to modern ones, spending a staggering <b>~4 hours daily on mobile devices</b></li></ul>	<ul style="list-style-type: none"><li>Influencers today shape every purchase choice</li><li>Influencer marketing is poised to grow at <b>4X the digital Ads market</b> of India</li></ul>	<ul style="list-style-type: none"><li><b>~80% of SFV users</b> in India engage in e-commerce</li><li><b>40-45% use digitally mature services</b> like OTT, paid gaming, online insurance, etc.</li></ul>	  

Source(s): Expert Inputs, Secondary Research, Redseer Research and Redseer Analysis

**Robust Ecosystem Support:** UPI, Digital India, and ONDC, enable fast, easy, and secure online transactions which can support video commerce adoption.

**Increasing popularity of SFV Video Content:** Indians are quickly moving from traditional long video formats to modern video formats such as SFVs.

**Increased Digital Maturity of SFV Users:** Around 80% of Indian SFV users engage in e-commerce. Out of this population, 40-45% also use mature digital services like OTT, paid gaming, and online insurance.

**Influencer Impact:** Influencers now shape consumer perceptions and purchase choices. Real-time interactions with influencers create a sense of immediacy that drives purchases.

Additionally, the growing trend of online shopping and integration of social commerce can further strengthen the role of video commerce in future digital strategies of brands.



## Chinese SFVs have experienced rapid growth in Video commerce

In China, video commerce is a mature market, accounting for 20-25% of e-commerce GMV in 2024, with SFV platforms contributing 60-70% of GMV. While the recent video commerce CAGR growth in China slowed due to economic and policy-related challenges.

To match their Chinese counterparts in engagement, Indian SFV platforms must focus on delivering an exceptional user experience through three key strategies. First, educating influencers in content creation areas such as product demonstrations and real-time audience queries helps improve engagement. Second, introducing gamification features can sustain user interest and build a habit loop that keeps users returning. Lastly, in-app integrations like brand stores, product catalogues, and payment gateways enable a smooth consumer journey.

## SFV platforms can help unlock new monetization avenues through commerce marketplace model

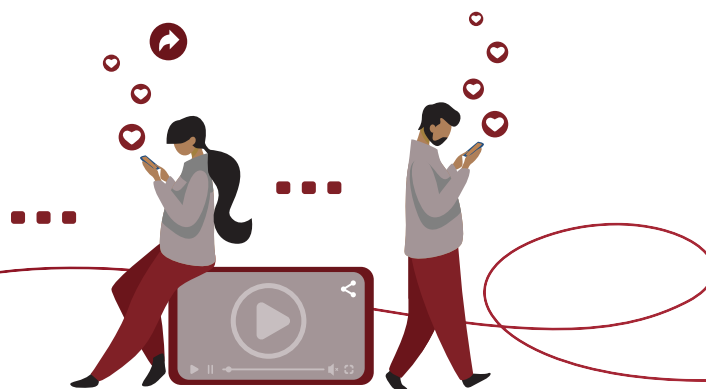
SFV platforms can further work on building revenue streams the following commerce marketplace models:

### 1. Selling for merchant

SFV platforms with a large and highly engaged user base tend to attract users with high purchase intent. By acting as intermediaries, they allow merchants to list their products on the platform and in turn run marketing campaigns to increase visibility of the product. When a user places an order, the logistics partner handles the delivery and collects payment. The logistics partner then settles with the SFV platform, which in turn, settles with the merchant.

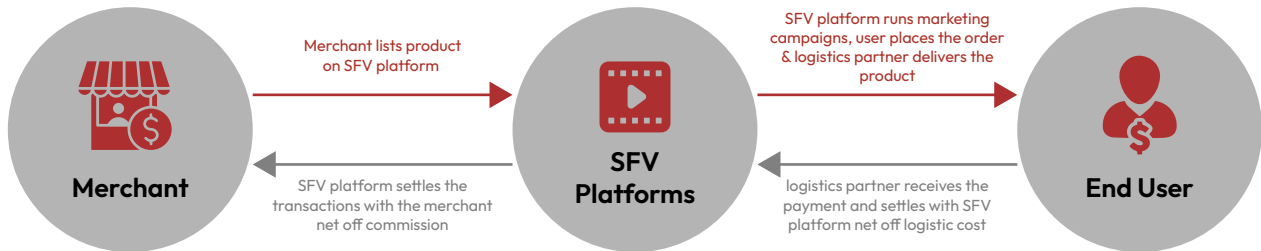
### 2. Partnering with drop shippers

In this model, SFV platforms work with drop shippers to earn a profit margin on each sale. Merchants list their products on the platform, while the drop shipper selects products from the platform and runs marketing campaigns. When a user places an order from the drop shipper, a logistics partner delivers the product and collects the payment. After covering their costs, the logistics partner settles the payment with the SFV platform. The platform then pays the merchant after taking its margin and compensates the drop shipper based on their agreement.



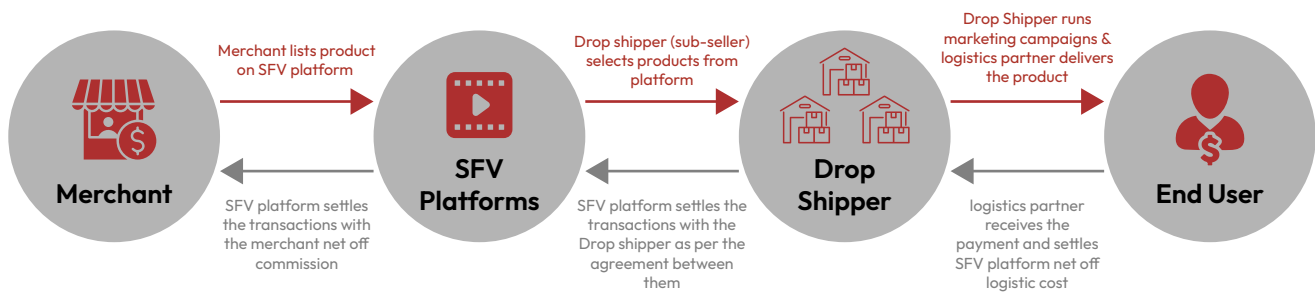
### Selling for Merchant

The SFV platform acts as an intermediary between the merchant & users,  
facilitating sales & charges a commission



### Platform business/Drop Shipper Model

The SFV platform partners with drop shippers who further market products from  
the platform & earns a profit margin on each sale made in total



Source(s): Redseer Research and Redseer Analysis



# Way Forward

Indian SFV landscape presents abundant opportunities for SFV platforms, brands, and influencers in the next 5 years. With increasing user engagement across Metro and Bharat users, influencer-driven marketing, and expanding monetization avenues like video commerce and virtual tipping, SFV platforms are well-positioned to become a mainstream platform in the digital advertising landscape.

At the platform level, SFV apps can drive growth by optimizing ad performance for brands. Introducing tools that simplify ad creation, targeting, and analytics can boost performance and conversion tracking. Enhancing user-influencer collaboration with features like tipping and video commerce can strongly drive engagement and reach on platforms. Lastly, the introduction of new formats, such as audio series and astrology, can further increase user interaction and retention.

Brands can leverage SFV platforms to tap into Tier-2+ markets and strengthen their presence by connecting with a broad and diverse user base. SFV platform's focus on brand awareness and performance marketing can also allow brands to drive conversions effectively. Finally, brands can utilize the extensive influencer networks on SFV platforms to create tailored, end-to-end campaigns that maximize performance and engagement.

# Glossary – Definitions and Classifications

Term		Definitions
Cities	Metro	The cities of Ahmedabad, Bangalore, Chennai, Delhi/ NCR, Hyderabad, Kolkata, Mumbai and Pune, have been considered as Metro cities for the purpose of this study
	Tier1	Tier 1 cities are non-metro cities with population of more than 1 million
	Tier2+	Tier 2+ cities are cities with population between 10 thousand than 1 million
Transactors	Transactors are those who make a few digital payments and use e-commerce, online food ordering, online ticketing and e-grocery along with M&E	
MAU	Monthly Active Users	
DAU	Daily Active Users	
Original Content	Original content is the content that is not getting repeated post refresh	
Inflammatory Content	Inflammatory Content - % of content in the industry that is inflammatory (content that involves violence, nudity, racial discrimination, vulgar, etc.)	
UGC	User Generated Content	
GMV	Gross Merchandise Value refers to the total sales value of merchandise sold over a specific period through a platform or marketplace	
Engagement Rate	Engagement rate measures the percentage of followers interacting (including likes, shares, comments, and clicks) with the content	
Virtual Tipping	Virtual Tipping on content platforms involves users sending digital gifts, tokens, currency to content creators as a form of appreciation or support	
MTU	Monthly Transacting Users	
Bharat Users	Bharat Users refers to consumers from cities beyond the major metropolitan areas, typically including Tier 2+, smaller towns & rural region	
Commerce Marketplace Model	A business model that enables SFV platforms to connect merchants with buyers, facilitating transactions and generating revenue through commissions and fees	
Indian SFV	Indian origin digital platforms offering short video content	



# Authors



## **Anil Kumar | Founding Partner**

Anil Kumar is the Founder of Redseer Consulting. He has been part of engagements in Internet, Private Equity, Retail CPG and Healthcare among others. He specializes in growth and investment strategies. Anil is a believer of the data-driven approach in solving business problems. His consulting approach leverages Data IP, sector expertise and the client's core hypothesis. He holds a B-tech from IIT Delhi. He can be reached at

[anil.kumar@redseerconsulting.com](mailto:anil.kumar@redseerconsulting.com)



## **Mukesh Kumar | Associate Partner**

Mukesh Kumar is the Associate Partner at Redseer Consulting and has 9+ years of experience in growth strategy engagement across internet, education, healthcare, and consumer products with clients across India, MENA, and North America. He holds a B.Tech from IIT Delhi. He can be reached at

[mukesh@redseerconsulting.com](mailto:mukesh@redseerconsulting.com)



## **Shivam Mundhra | Engagement Manager**

Shivam Mundhra is an Engagement Manager at Redseer Consulting and has 5+ years of experience in consulting clients on growth, product and M&A strategies. He has advised clients across varied industries including video streaming, social media, gaming and financial services. Shivam holds an MBA from Indian School of Business and is a commerce graduate from Shri Ram College of Commerce. He can be reached at

[shivam.mundhra@redseerconsulting.com](mailto:shivam.mundhra@redseerconsulting.com)



## **Kaustav Ritwik | Associate Consultant**

With over 3 years of consulting experience, he has worked on diverse mandates including e-commerce growth strategy, commercial due diligence, and benchmarking. He has been actively involved in cross-category engagements within online marketplaces, advising platforms on areas such as pricing optimization, SKU assortment, and margin improvements. He holds an MBA from the Indian Institute of Management, Kozhikode. He can be reached at

[kaustav.ritwik@redseerconsulting.com](mailto:kaustav.ritwik@redseerconsulting.com)



## **Wasim Khan | Associate Consultant**

Wasim is an Associate Consultant at Redseer, specializing in Digital Media and Entertainment, Mobility, and Insurtech. He has extensive project expertise in due diligence, market research, and competitive benchmarking. Wasim holds a B.Com (Hons) from SRCC, Delhi, and can be contacted at

[wasim@redseerconsulting.com](mailto:wasim@redseerconsulting.com)



## **Devesi Verma | Business Analyst**

Devesi has worked on engagements in digital media & entertainment. She brings project experience in industry research and key account management strategy. She has graduated from Shri Ram College of Commerce, University of Delhi and holds a degree in B.Com Honours. She can be reached at

[devesi.v@redseerconsulting.com](mailto:devesi.v@redseerconsulting.com)

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