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**SHAPE THE FUTURE OF MODERN MARKETING**

# How India Shops Online

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**Partner**

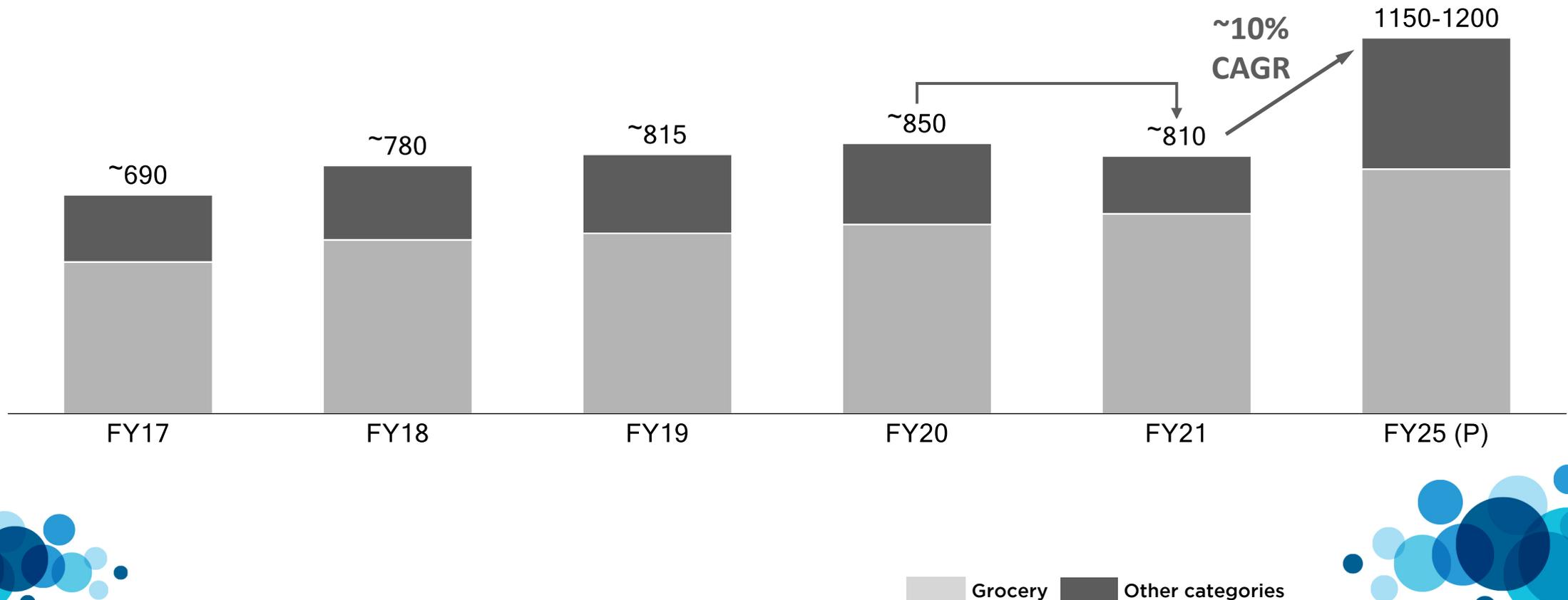
**BAIN & COMPANY** 





# India retail market contracted in FY21 but the long-term story is intact

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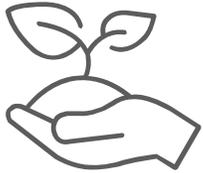


Note: Financial year (FY) from April to March  
Source: CRISIL; Forrester; Euromonitor; Bain analysis



# Globally, e-retail has followed a predictable trajectory

1



## Cautious early adoption

Less than 10%  
shopper penetration

2



## “Massification”

Steep increase in shopper  
penetration driven by  
lower data prices and  
investments to improve  
customer experience

3



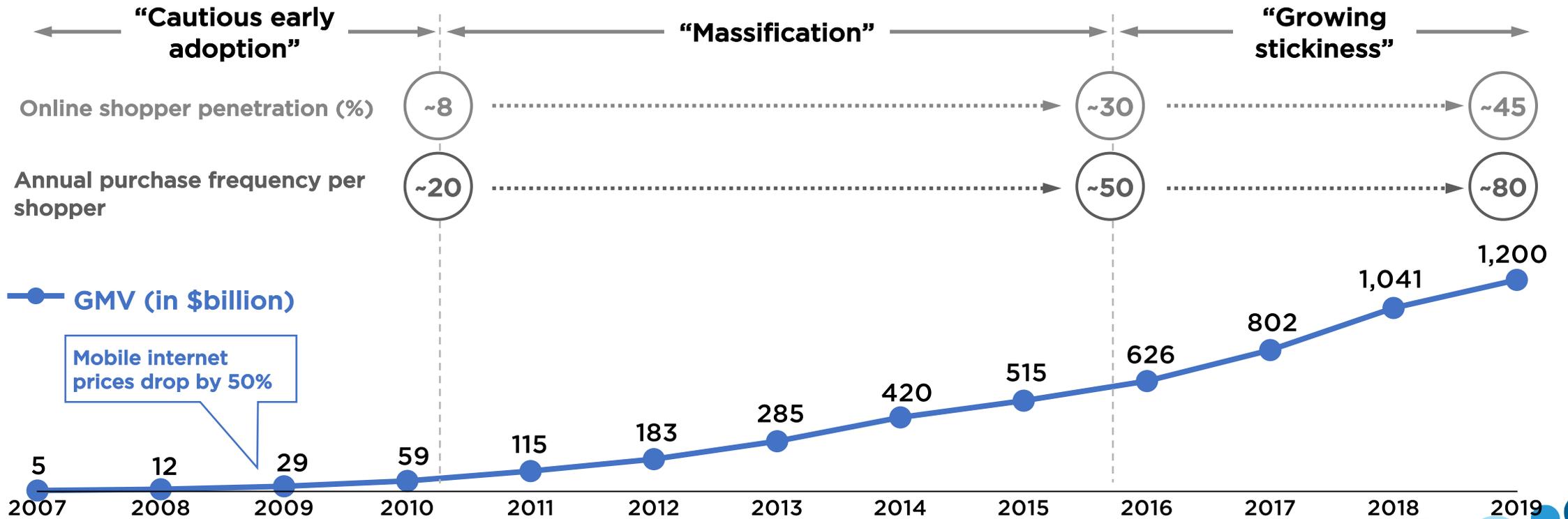
## Growing stickiness

Surge in annual  
transactions per  
customer



# China E-retail evolution

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Note: Online shopper penetration defined as online product shoppers as percentage of total population  
Source: National Bureau of Statistics of China; Forrester; Bain analysis



# \$100-120B E-retail market by 2025; COVID has brought the future forward

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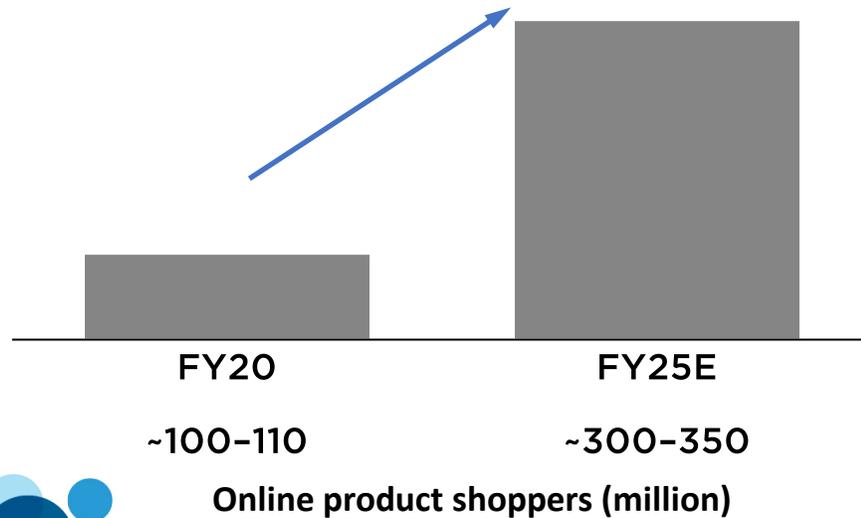
## Nearly 30% CAGR expected over the next five years

Indian online retail market (\$billion)

CAGR

# ~18 months

Acceleration  
in ex-Grocery E-retail  
penetration



# COVID-19 impacted growth differently by category

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## One-time growth spurt

Surge in growth rate (~2X+) for mobiles, electronics and large household appliances



Potential cool-off post pandemic given longer replacement cycle



## Continued acceleration

Surge in growth rate (~1.5X+) for grocery, household, personal care products



Frequent-use categories expected to sustain growth momentum



## Slow-down and rebound

Slower growth (~0.8X) in fashion and travel products



Demand rebound likely for discretionary & out-of-home products



# E-retail has already democratised shopping in India



## Consumers

Unprecedented reach;  
serving 98% postal codes



## Sellers

Millions of jobs  
created; 500K+ small  
enterprises scaling online



## Brands

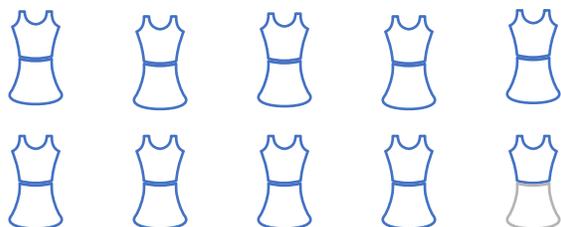
Rapid go-to-market  
and accelerated new  
product development



# E-retail has seen unprecedented reach



## Bengaluru

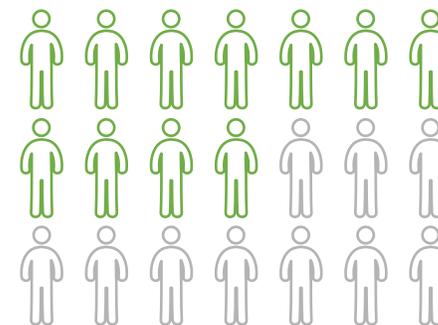


# 98%

Postal codes in India ordered at least 1 Fashion item online in the last year

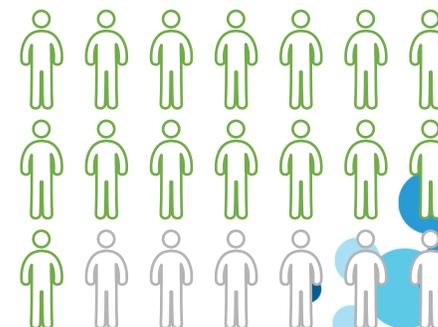
### 1 in 2

people shopped online last year



### 5 in 7

people in the 15-60 age group shopped online last year

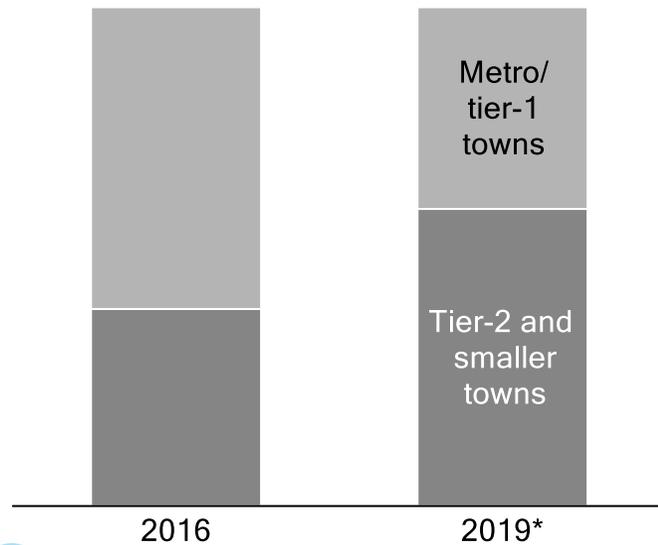


# Small town India is turbo-charging growth

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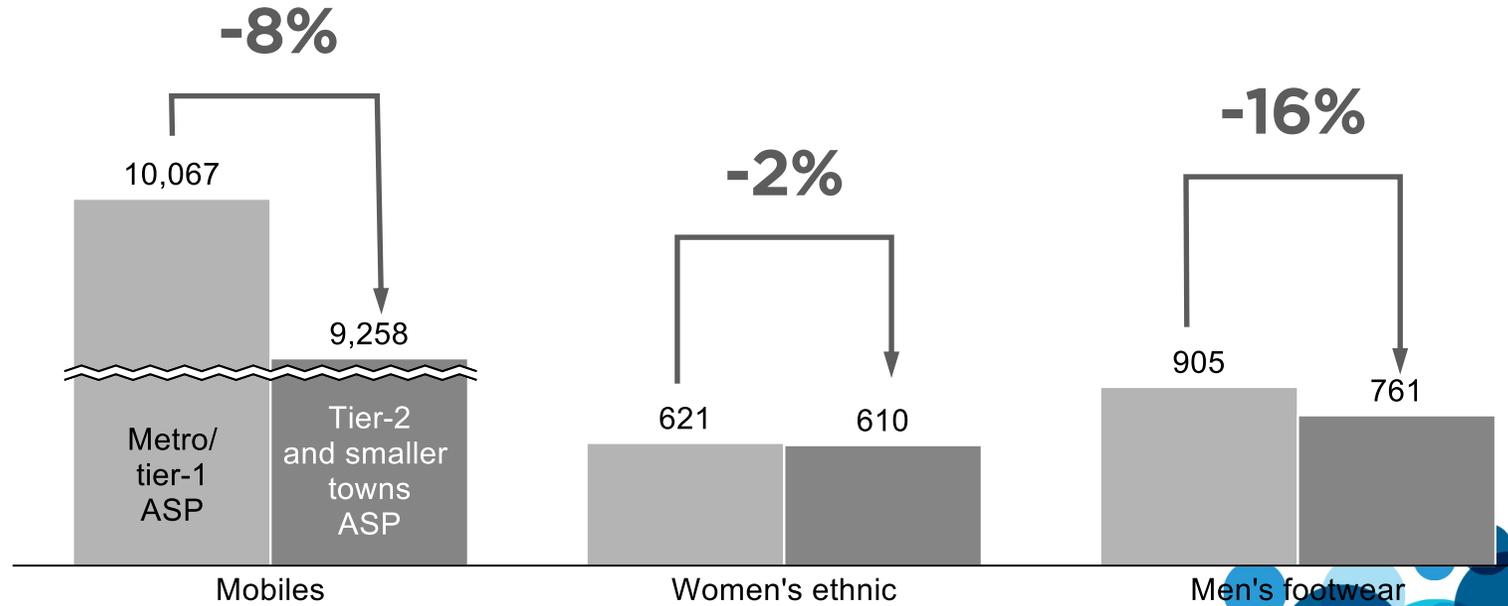
Three of every five orders are from tier-2 and smaller towns\*\*

Split of order volume by city tier (%)



Average selling price (ASP) in tier-2 and smaller towns is only marginally lower than in tier-1/metro cities

Category wise ASP (in INR)



Note: \*January-June data considered for CY19; \*\* for leading e-retail platforms  
Source: Industry participant interviews; Bain analysis

## AGENDA

Indian e-retail evolution

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**Online shopping journey**

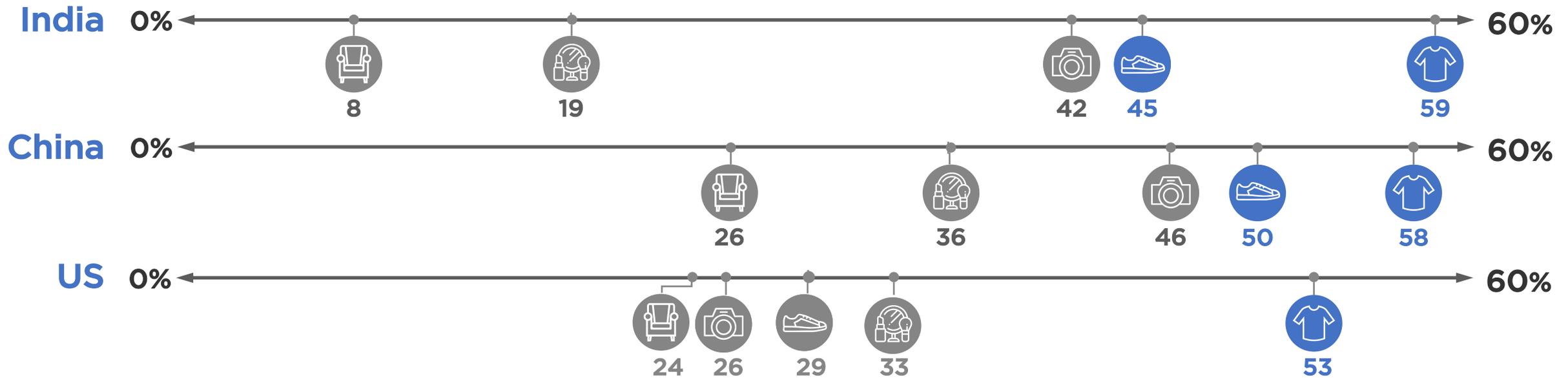
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Future of online shopping

# Fashion categories lead in online customer acquisition

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% of shoppers by category to all online shoppers (FY2020E)



Mobiles and electronics



Clothing



Footwear



General merchandise (primarily personal care)



Home and furniture

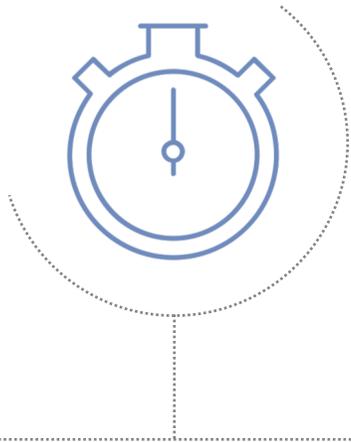
Fashion



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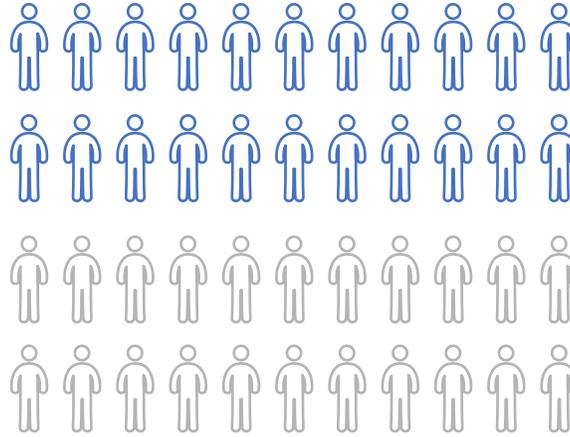
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# <10 minutes to win the online shopper; pictures speak more than words



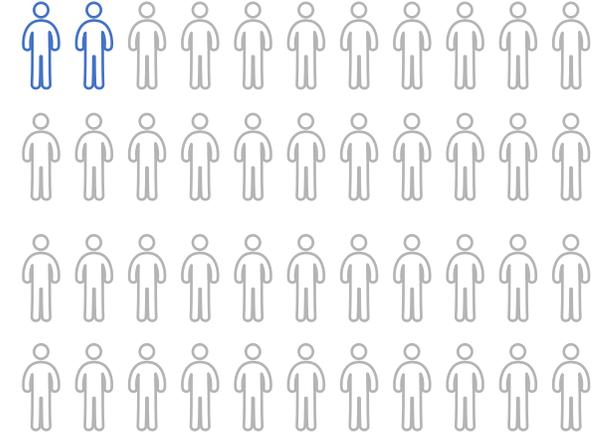
~9.5  
minutes

Time spent per visit



1 in 2

Visitors browse image gallery



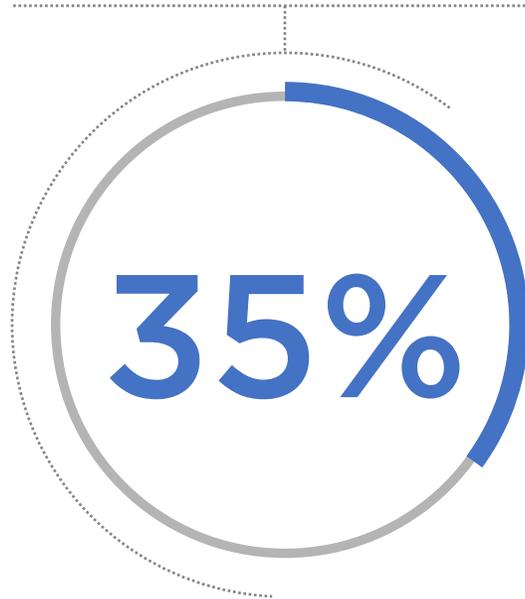
Only 1 in 22

Click on detailed product  
description



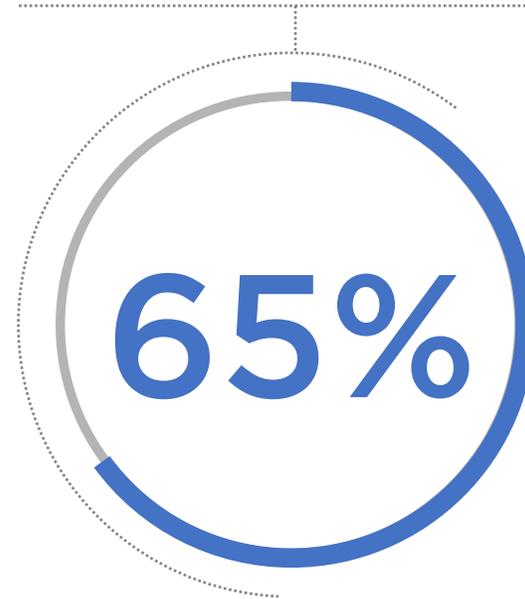
# Product discovery is increasingly happening on e-retail platforms

## India



E-retail's share of product search market in India

## US

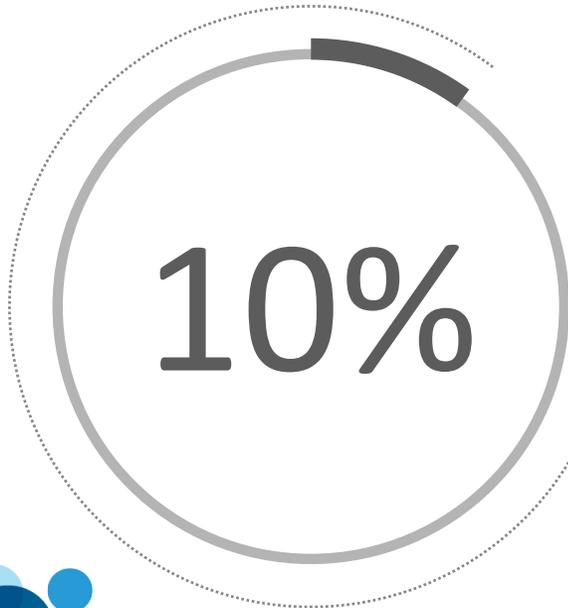


E-retail's share of product search market in the US



# Vernacular searches are gaining popularity

Regional language searches for curtains  
(as a % of total searches)



## “Parda”

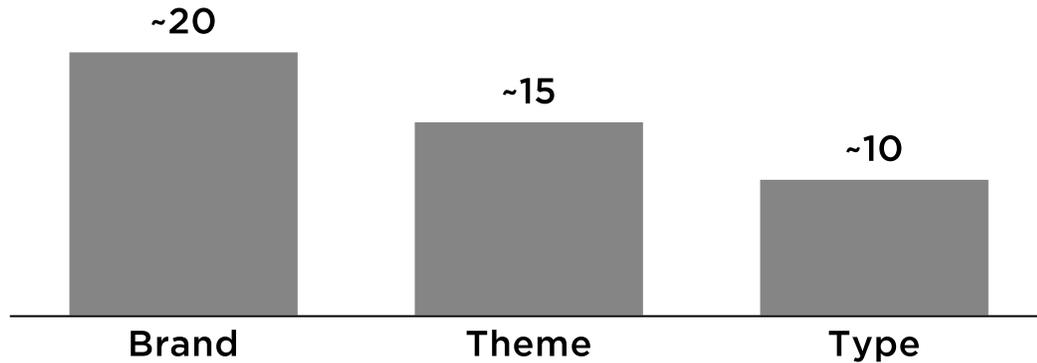
10% of all searches for curtains were in the vernacular language

### Top 5 searches

1. Window curtains
2. Door curtains
3. Parda
4. Parda set
5. Curtains long door



# In men's clothing, brand and theme are popular searches



## Top 5 searches

1. Full sleeve T-shirts
2. PUBG T-shirts
3. Adidas T-shirts
4. Couple T-shirts
5. Apna time aayega T-shirt

## Fun facts



### Slim is large

Almost two-thirds of pan-India online t-shirt sales are slim fit



### Kolkata loves T-shirts

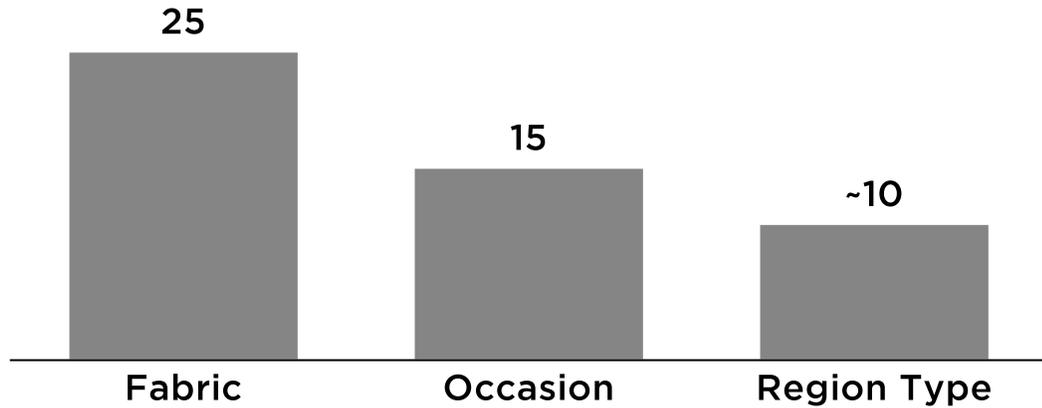
Kolkata buys 2x of Chennai, 4x of Mumbai and 7x of Ahmedabad (per capita)



### Tier-2 power

T-shirt sales in Cuttack, Gorakhpur and Agartala are comparable to Ahmedabad and Gurgaon despite 4-5x population

# Occasion and fabric are key searches in women's clothing



## Top 5 searches

1. Sarees for wedding
2. Cotton sarees
3. Sarees party
4. Sarees chiffon
5. Silk Saree

## Fun facts



**All that glitters is silver**  
Women pay 50% more for a silver saree versus a non-silver one



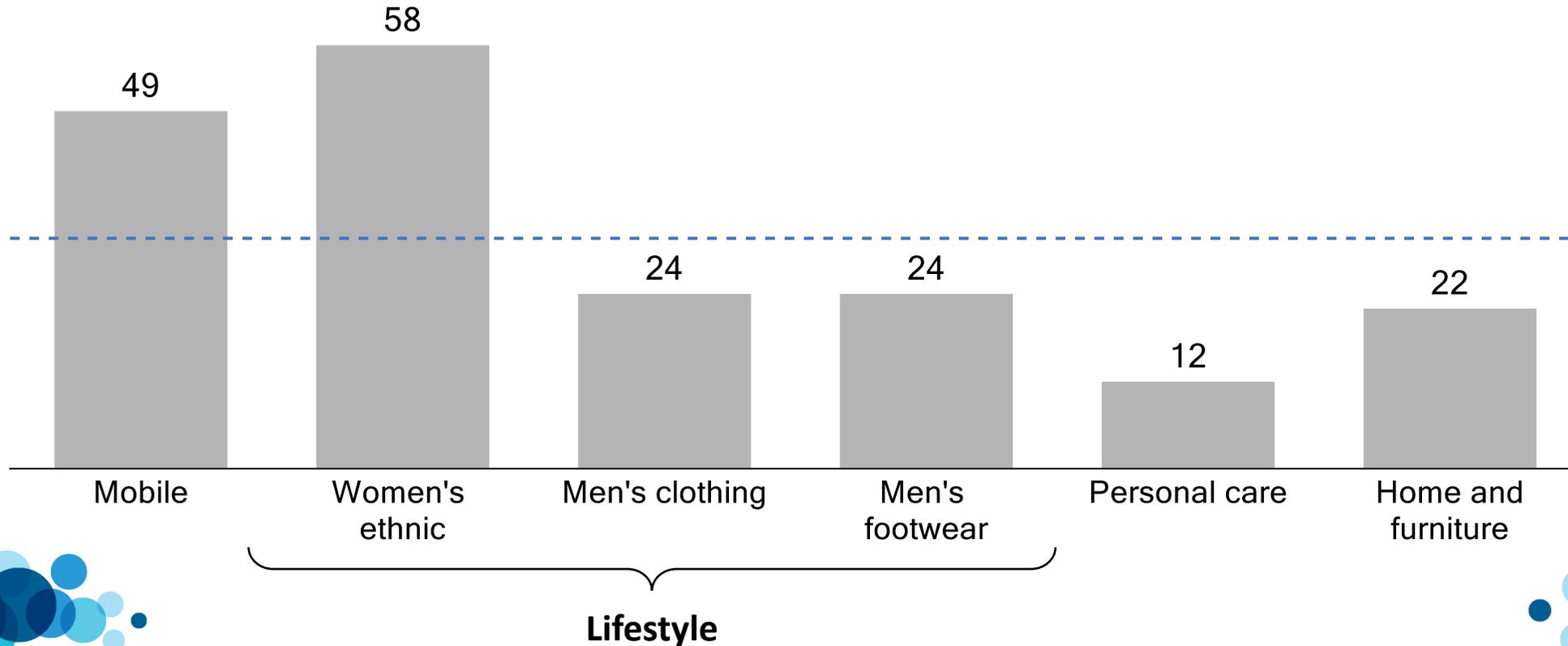
**Kanji is the queen**  
1 out of every 5 sarees sold online is Kanjivaram



**Bihar high on heels**  
Within heels, Bihar's share of high heels is 1.5x of India average



# Shoppers browse at least 20 product pages for most categories



## AGENDA

Indian e-retail evolution

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Online shopping journey

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**Future of online shopping**



# 5 key future trends

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**Voice &  
Vernacular**



**Video**



**Social**



**D2C & Omni-  
channel**

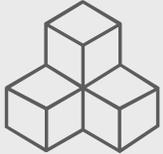


**Digital  
Ecosystems**



# How can brands win online?

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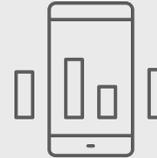
**Optimal online merchandising**



**E-retail ready supply chain**



**Step change digital marketing**



**Improved conversion on 3P platforms**



**Enhanced CX and conversion on D2C**



**E-retail capability and enablers**





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# THANK YOU

