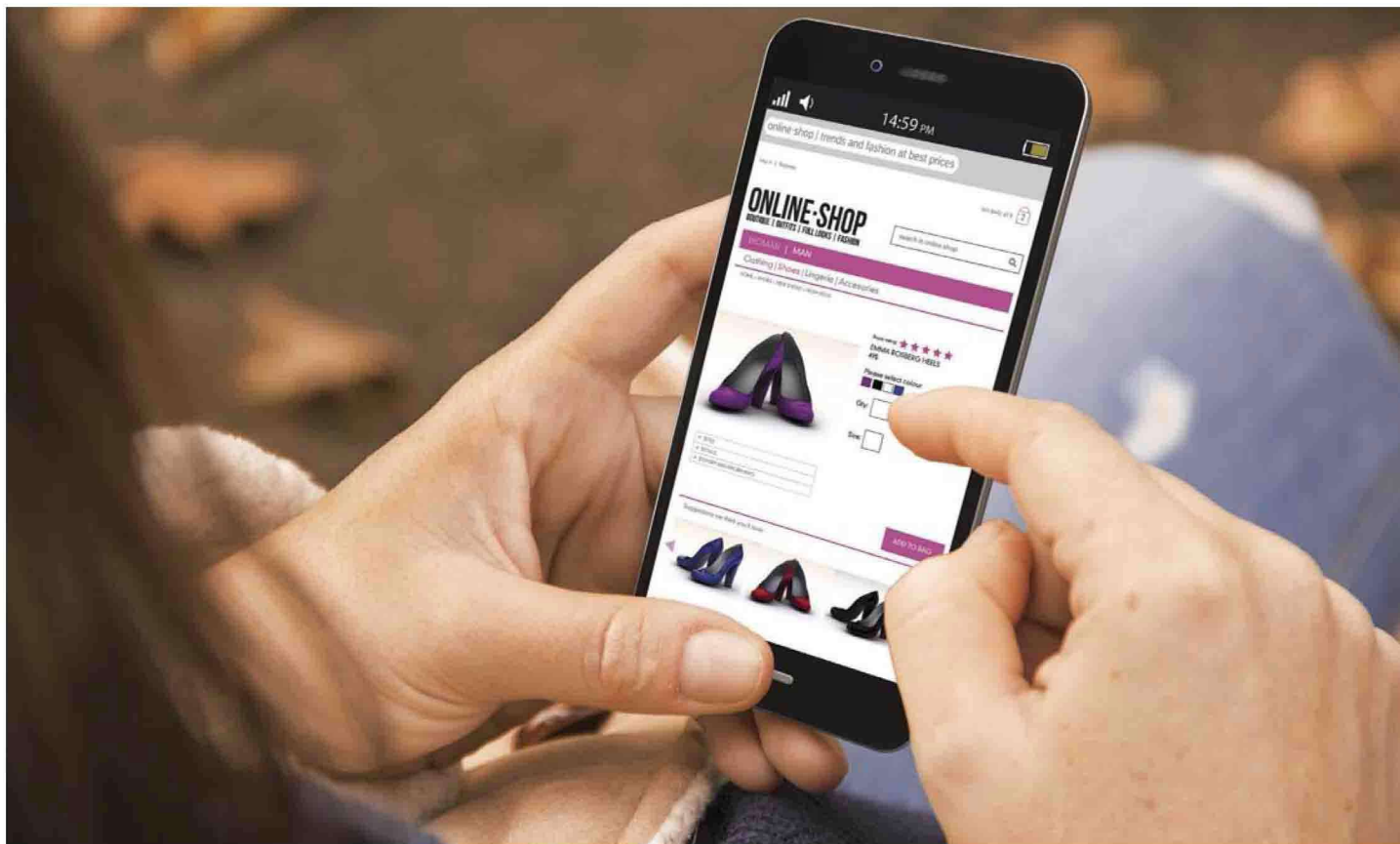


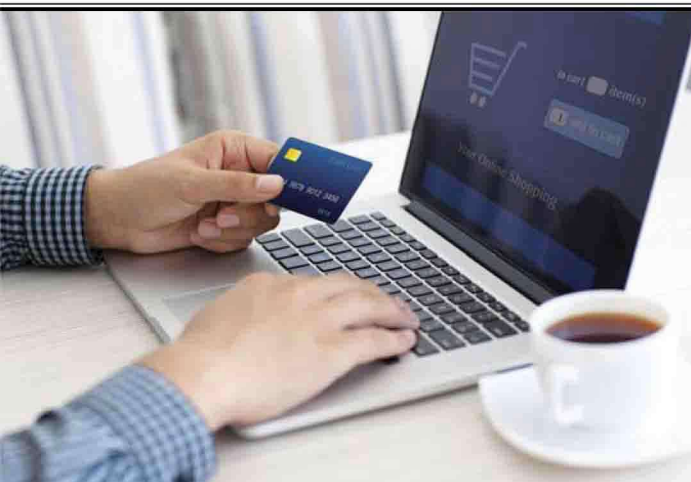
LATEST TRENDS SHOWCASING ONLINE BUYING BEHAVIOUR IN INDIA



India was one of the fastest-growing retail e-commerce markets in 2015, growing at the rate of 129.5% YOY. The growing number of internet users in the country have helped the web merchants steadily whittling away consumers' skepticism about buying online. This feature highlights some interesting facts about Indian e-commerce sector

By Images Retail Bureau

There are 'only' 300 million internet users in India. 'Only', as this number is almost negligible keeping in mind the 1.3 billion population strength of the country. However, that has not stopped Indian consumers to record a 30% CAGR growth rate in digital commerce in the last fiscal year. Declining broadband subscription prices, launch of 4G service etc. have become the driving force of e-commerce in the country. From buying groceries to furniture, apparel, accessories, beauty products, jewellery to movie tickets, trains tickets – e-commerce has really empowered the consumers. India will see more people come online than any other country in the next 15 years. With digital device and social media, online sellers are getting unprecedented opportunity for growth and have thus become continuously more attractive for investors. Though Retail e-commerce still holds a pretty small share (approx 1.7% as recorded in 2015) in the total Retail sales, but experts believe that, it is still in the embryonic stage and has immense potential of growth. It is expected to acquire 4.8% market share in total Retail sales by 2019.



Size and Growth of Digital Commerce Market

The Digital Commerce Market has grown at a CAGR of about 30%, between December 2011 and December 2015 and stands at Rs.125,732 crores.

Key Highlights of Indian e-commerce industry

Most favourite purchase of India in online in non-air travel category is electronics & electrical appliances.

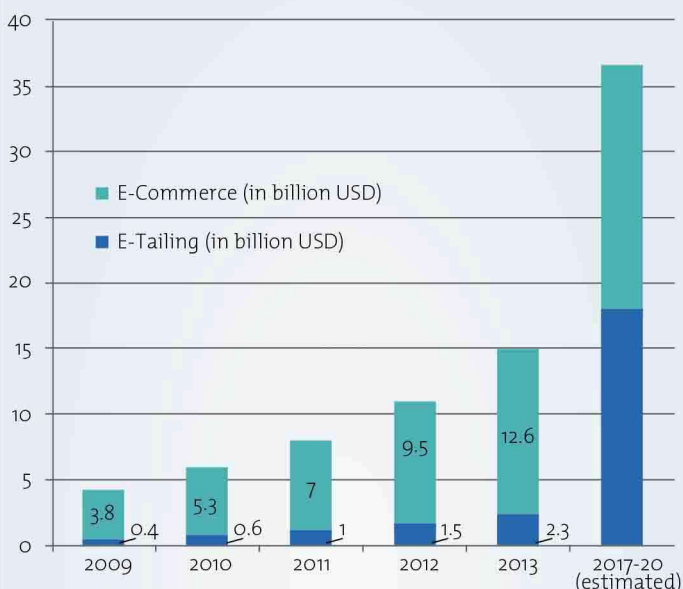
- E-commerce as of now is attracting a lot of investment. Food delivery and e-tailing such as fashion and jewellery are the most attractive.
- Online retail has grown by 57% since December 2014; electronics goods and fashion contribute close to 49% of overall spend in e-tail. Horizontal marketplaces is the clear winner. In 2015, USD 9 billion flowed into Indian startups, with ShopClues, Flipkart, Snapdeal and Paytm bringing in a fourth of the amount. In fact, Flipkart gets highest sales from mobile phones and electronic categories. Fashion, however, is where vertical players shine. Flipkart-owned Myntra & Jabong, and well-funded players like Wooplr, Voonik, and Limeroad are playing on a huge customer base.
- Online travel continues to hold lion's share of the overall Digital Commerce spends at 61% and valued close to Rs. 76,396 crores. Domestic air ticket booking and railway ticket booking are among top categories in online travel space, that contributes close to 70% of online travel spends.
- E-Tailing continue to remain the most dominant category among non-travel online spend. E-Tailing

Mobile commerce represented nearly 50% of online retail sales in India, compared with 48% in China and 34% in the US. **Mobile sales in India is expected to surpass PC-based sales this year, reaching USD 51 billion by 2020**



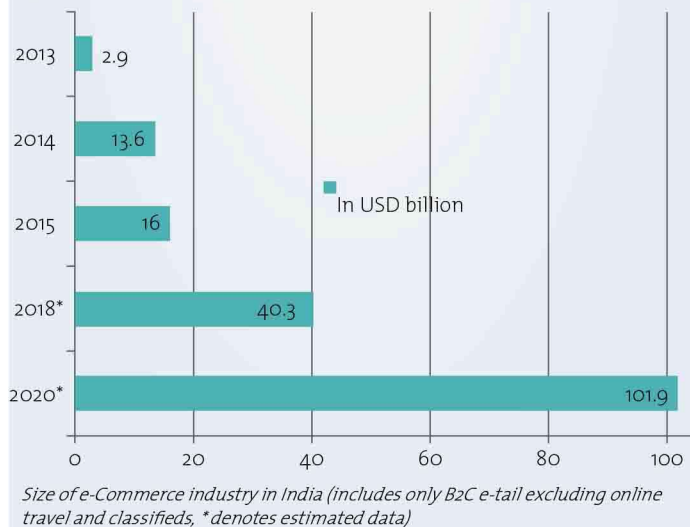
GROWTH OF E-TAILING AND E-COMMERCE IN INDIA

Though both e-tailing and e-commerce has grown substantially since 2009, but e-commerce has always registered a growth of more than 50%, whereas e-tailing has grown at an average rate of 30% only. It is expected that, e-commerce will hold this growth momentum in 2017-2020 too.



TOTAL E-COMMERCE SIZE

A 6X growth over 5 years is envisaged for e-Commerce driven by factors like new-age technology, convenience, higher adoption rates and larger reach



maintained a strong performance with a 57% YOY growth between December 2014 and 2015. The market moved from Rs. 24,046 crores to Rs. 37,689 crores between December 2014 and December 2015. Computer and consumer electronics goods, as well as apparel and accessories, account for the bulk of India's retail e-commerce sales.

- Among E-Tail categories, mobile phone and mobile accessories continue to be the top contributor to the overall pie. Given that there is an increased demand for smartphones in India, this could be a contributing factor. Computer and consumer electronics, as well as apparel and accessories, account for the bulk of India retail e-commerce spends contributing close to 49% collectively to overall

GROWTH OF E-COMMERCE INDUSTRY

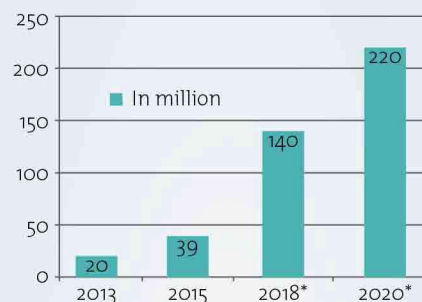


MAJOR MERGER & ACQUISITION DEALS IN E-COMMERCE SINCE 2014

Buyer	Target	Industry	Year of deal
Flipkart	Mynttra	Fashion & Lifestyle	2014
Snapdeal	Exclusively.com	Fashion & Lifestyle	2015
Snapdeal	RupeePower	Digital Financial Distribution	2015
Snapdeal	Unicommerce	Logistics, Warehousing	2015
Snapdeal	Freecharge	Payment Solutions	2015
Grofers	Mygreenbox	Mobile Grocery	2015
Flipkart	Appiterate	Mobile application marketing platform	2015
Myntra	Native 5	Mobile application development	2015
Flipkart	WeHive Technologies	Mobile advertising	2015
Snapdeal	Martmobi	Mobile applications for vendors	2015
Big Basket	Delyver	Hyper-local delivery	2015
Snapdeal	Letsgomo Labs	Mobile technology	2015
Flipkart	FX Mart	Payment Solutions	2015
Mahindra	BabyOye	Maternity & Childcare	2015
Flipkart	MapmyIndia	Digital Map Platform	2015
Future Group	FabFurnish.com	Furniture and Furnishing	2016
Myntra	Jabong	Fashion & Lifestyle	2016

NUMBER OF ONLINE SHOPPERS IN INDIA

Rise of the middle-class consumers and changing shopping habits are adding to the online shopping demography. Increased access to global products and services at a click of a button, and delivery to even remote locations would further drive up this number

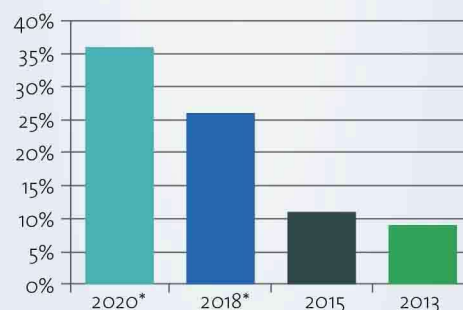


Number of online shoppers in India (includes only B2C e-tail excluding online travel and classifieds)

ONLINE SHOPPERS OF TOTAL INTERNET USERS

Online shopping is increasing its share in the total internet usage in India. Improved data connectivity in both urban and rural parts will further boost this trend. Along with the increase in basket size, the average spend on online shopping is increasing, although not at the same rate

ONLINE SHOPPERS AS A PERCENTAGE OF INTERNET USERS IN INDIA (INCLUDES ONLY B2C E-TAIL EXCLUDING ONLINE TRAVEL AND CLASSIFIEDS)



DEMOGRAPHIC OF INDIAN INTERNET USERS

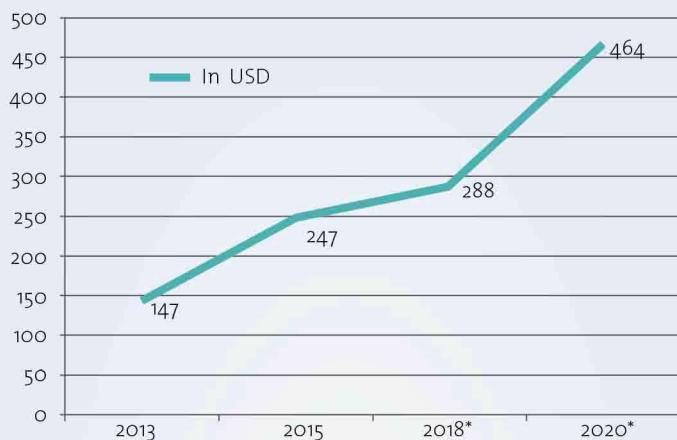
The demographics of internet users define their spending patterns and behaviour. India has a higher proportion of internet users between the age of 15 and 35 compared with China.

	China	India
Internet user base under age 35	59%	75%
Urban-rural split	72:28	63:37
% of Women internet users	45%	39%

Source: Euromonitor, Deloitte Analysis, Media reports (* estimated Numbers)

Source: Comscore

AVERAGE SPEND PER ONLINE SHOPPER IN INDIA

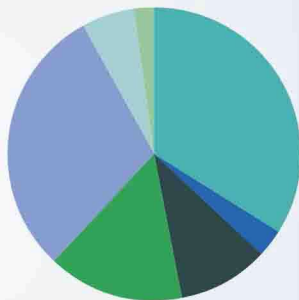


Average spend per online shopper in India (includes B2C e-tail, online travel and classifieds; *denotes estimated)

COMMODITY DISTRIBUTION IN E-TAILING

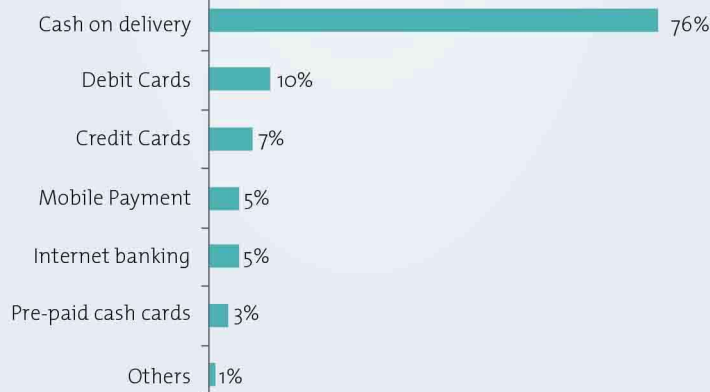
PERCENTAGE STUDY

- Baby Products 2%
- Electronics 34%
- Healthcare 34%
- Beauty & Personal Care 10%
- Books 15%
- Apparel & Accessories 30%
- Home & Furnishing 6%



FAVOURITE MODE OF PAYMENT

India is still putting faith in the COD mode. Cash on delivery is the most preferred mode of payment for those who shop online. Preference for payments using a debit card or credit cards follows at a distance. Other modes of payment include Internet Banking and Pre-paid cards. Among those who prefer a digital payment mode, paying using a debit card and net banking are the top modes of payment



“India has grown to around 400 million Internet users. If we take TRAI (Telecom Regulatory Authority of India) numbers, it is somewhere close to 332 million. Service providers are telling me the up-to-date figure would be 402 million. We are about to have 500 million users by 2017; I feel it will happen this year itself.


- Ravi Shankar Prasad, Minister for communications and information technology said in an recent interview

spend in E-Tail segment. Apparel and Footwear sale has almost doubled as compared to the previous year, recording a 52% YOY growth from Rs.4699 crores in December 2014 to Rs.7142 crores in December 2015. This segment is expected to gain further momentum and reach Rs. 72639 crores by the end of 2016.

Info online and then purchase offline or both in online: The Current Trend

Look Information (LFI) shoppers are also present in top 8 metros and small metros. Around 29% of these shoppers belong to small metros. A majority of these shoppers are from SEC B segments. They are equally spread among male and female shoppers. Apparel is the top most categories that are searched by LFI shoppers. 48% of the shoppers have looked for information on apparels online of which 18% indicated that they have done a purchase offline. Footwear, Mobile and Accessories and Online tickets are other top products that are searched online and are mostly purchased from offline channels.

E-commerce consumers in metro & non-metro cities

E-commerce giant Amazon India has stated in a recent report that more than half of its consumers come from the non-metro cities! Absence of good quality shopping malls and big brand's outlet in these cities have driven the consumers to jump online for better options. Now research shows that, Indian digital shoppers mostly belong to top eight metro cities and small metros. Most of these shoppers fall in the age group 16 to 34 years. They are predominantly male (around 64%), and belong to higher SEC groups – SEC A and SEC B. 

Source: IAMAI-IMRB Digital Commerce report 2015, IAMAI report titled 'e-Commerce Rhetoric, Reality and Opportunity' PwC analysis

Evolution of E-Commerce in India' by ASSOCHAM and PwC
'E-commerce in India, A Game Changer or the Economy,' by CII