Digital Commerce - 2015
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1. Executive Summary
The growth of internet and smartphones in India has driven significant adoption of various online shopping avenues among Indian Shoppers, leading to the emergence of online travel booking, E-Tailing and many other services. This report is aimed at providing an understanding of the Digital Commerce Market, 2015. Here is a summary of the key findings.

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

- Digital shoppers mostly belong to top eight and small metros. Most of these shoppers fall in the age group 16 to 34 years.

- Online travel continues to hold lion’s share of the overall Digital Commerce spends at 61% and valued close to INR 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 maintained a strong performance with a 57% YOY growth between December 2014 and 2015. The market moved from INR 24,046 crores to 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 ecommerce sales.
2. Digital Shopping in India
The advent of the Internet and smart phone usages has radically transformed the world of communications, information exchange, entertainment and business in India. There are close to 317 million people in India who are online today. The Indian smart phone market also grew 100%, from 2014 to 2015. Burgeoning internet and smart phone usages are among major game changers. The growth of internet has created various online avenues and digital shopping is one such avenue.

The Indian Shopping ecosystem has been witnessing a massive disruption lately. While traditional method of shopping still continue to be strong, shopping using a digital medium is also catching up fast with Indian Shoppers.

3. Profile of Digital Shoppers in India
Digital shoppers mostly belong to top 8 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 – A and B.

IMRB, i-Cube 2015 Estimations, Dec 2015
4. Market Size and Components

Digital Commerce industry has increased from INR 26,263 Crores in the year 2010 to INR 125,732 Crores in 2015 growing at a CAGR of 30%. Online travel industry continues to maintain strong dominance with 61% share while share of online non travel have improved over the previous year to reach 39%. In December 2015 share of E Tail was 29%. Mobile Phone and Accessories, PCs and Apparel and Footwear continue to be the dominant categories that are selling within the Etail segment.
5. Online Travel

Domestic air ticket and railways booking continue to be among top contributors to the Online Travel spends. These were the segments that were the top contributors in previous year also. Hotel Booking has seen a substantial movement in YoY growth at 165%, from INR 1965 crore in December 2014 to INR 5200 crore in December 2015. Spend on online railway ticket booking has also grown at around 34%, from INR 16200 crore in 2014 to INR 21708 crore in 2015. Online travel is expected to grow at a CAGR of around 40% to reach INR 122815 crore by end of 2016.

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IMRB, I-Cube 2015 Estimations, Dec 2015
6. E-Tail

E-Tailing maintained a strong performance with a 57% Y-O-Y growth. 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 ecommerce spends contributing close to 49% collectively to overall spend in E Tail segment. Apparel and Footwear sale has almost doubled as compared to the previous year, recording a 52% YOY growth from INR 4699 crore in December 2014 to INR 7142 crore in December 2015. This segment is expected to gain further momentum and reach INR 72639 Crore by end of 2016.

| Component share of E Tail (INR 37,689 CR) |  |
| Mobile Phones + Mobile Accessories | 14,109 | 37% |
| Apparels + Footwear + Personal / Healthcare Accessories | 7,142 | 19% |
| Consumer Durables + Kitchen Appliances | 6,452 | 17% |
| Laptops / Net books / Tablets / Desktops | 4,726 | 13% |
| Home Furnishings | 1,468 | 4% |
| Jewellery | 1,120 | 3% |
| Other Products (Vouchers / Coupons, Toys, Gifts, Flowers, Handicrafts, Stationary etc.) | 994 | 3% |
| Books | 875 | 2% |
| Cameras + Camera Accessories | 803 | 2% |
7. Utility Payment

Financial services market continues to grow, at a CAGR of around 17% between 2012 and 2015. The market reached close to INR 5231 crores in terms of transactions as of Dec’15. The demand for online utility payment is expected to reach INR 6068 Crore by Dec’2016.

8. Online Matrimony & Classified

Online Matrimony & Classified market has seen a YoY growth of over hundred percent and stood at INR 2,592 crores. In December 2014 the market was around INR 896 crores. Demand for online matrimony & classified is expected to reach INR 4277 Crore by end of 2016.

9. Other online service

Other online service market that includes booking movie tickets and tickets for other events, online commuting or cab hire, online grocery and food deliver, was INR 3823 crore in Dec’2015. In December 2014 the market was around INR 2025 crores. In future online grocery and online food delivery are expected to emerge as big ticket items. Demand for other online service is expected to grow at a CAGR of 36% to reach INR 5207 Crore by December 2016.

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<tr>
<th>Component share of Other Online Services (INR 3,823 CR)</th>
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<td>Online entertainment</td>
<td>1,100</td>
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<tr>
<td>Online commuting</td>
<td>878</td>
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<tr>
<td>Online grocery delivery</td>
<td>145</td>
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<td>Online food delivery</td>
<td>1,700</td>
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IMRB, I-Cube 2015 Estimations, Dec 2015
10. Payment method preferred

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.
11. Look for Information Users

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.
A number of reasons stop the LFI segment from buying online. Notable among them is related to touch and feel, as about 28% of them mentioned they would “See the product before they buy them”. Also they feel that they get to see more variety of the product in shop and hence they prefer not to shop online. Other key reason relate to quality and trust. More agree that online products had less credibility and hence cannot be trusted.

IMRB, i-Cube 2015 Estimations, Dec 2015
About IMRB International and IAMAI

About Internet and Mobile Association of India (IAMAI)

The Internet and Mobile Association of India [IAMAI] is a young and vibrant association with ambitions of representing the entire gamut of digital businesses in India. It was established in 2004 by the leading online publishers, and in the last eleven years has come to effectively address the challenges facing the digital and online industry including mobile content and services, online publishing, mobile advertising, online advertising, ecommerce and mobile & digital payments among others.

Eleven years after its establishment, the association is still the only professional industry body representing the online and mobile VAS industry in India. The association is registered under the Societies Act and is a recognized charity in Maharashtra. With a membership of nearly 200 Indian and MNC companies, and offices in Delhi, Mumbai and Bengaluru, the association is well placed to work towards charting a growth path for the digital industry in India.

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About IMRB International

ETech Group | IMRB (a specialist unit of IMRB International) is a research based consultancy offering insights into IT, Internet, Telecom & Emerging Technology space.

IMRBs continuous link with industry and a constant eye on the pulse of the consumer ensures that it decodes the movements of technology markets & consumers. It offers to its clients an understanding of the present market environment and a roadmap for the future.

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