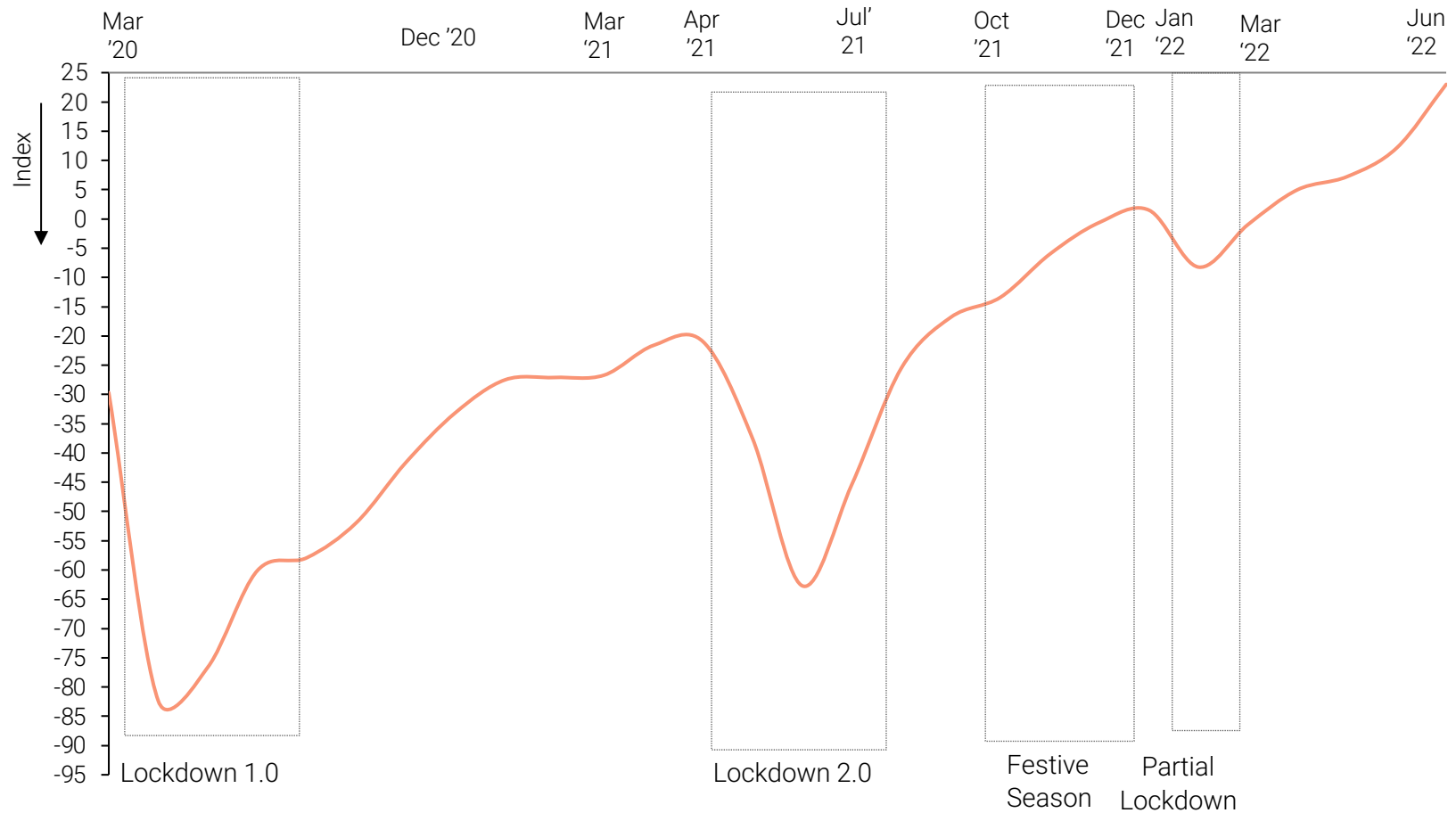


Offline retail and recreation activity is back to pre-COVID levels

Google Mobility Index, Retail and recreation

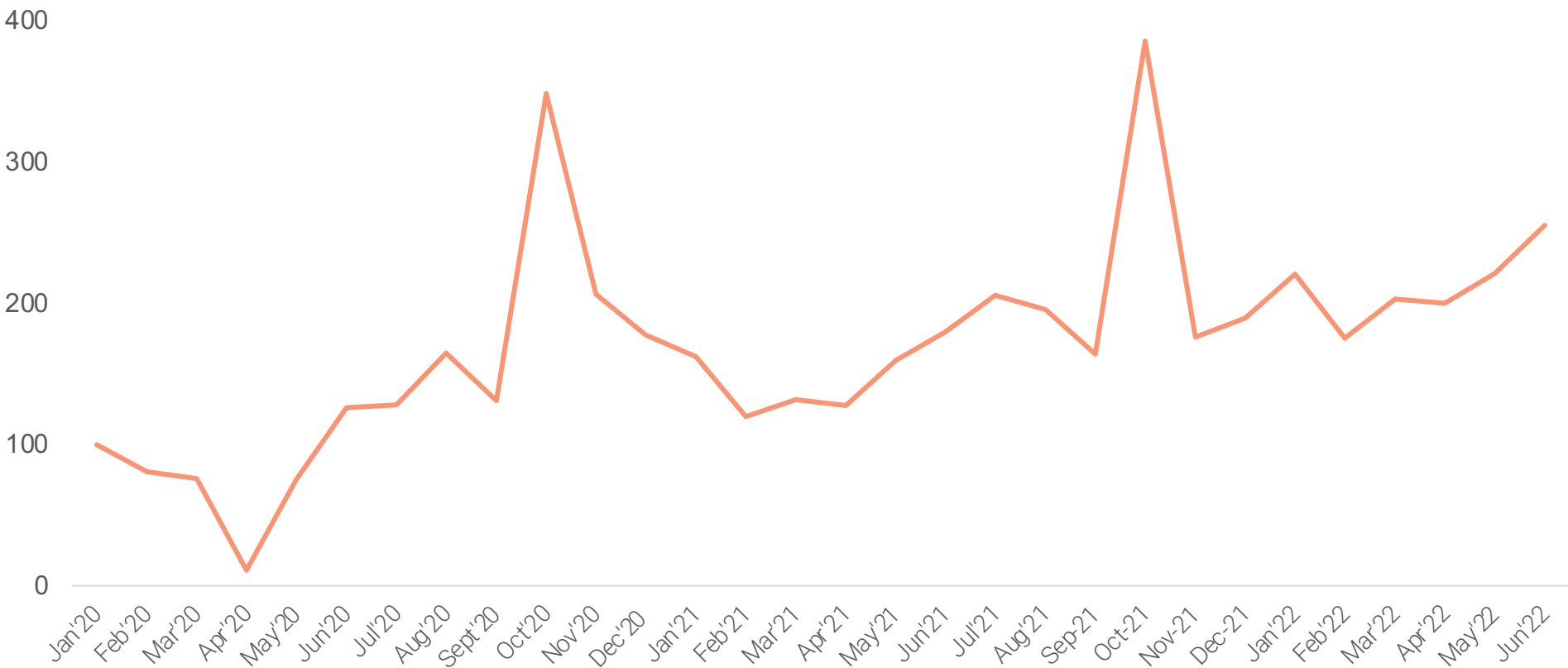
March '20-Jun '22 (Indexed¹)



Yet India online retail remains on continue robust growth trajectory despite offline unlock

India E-tailing GMV- Indexed

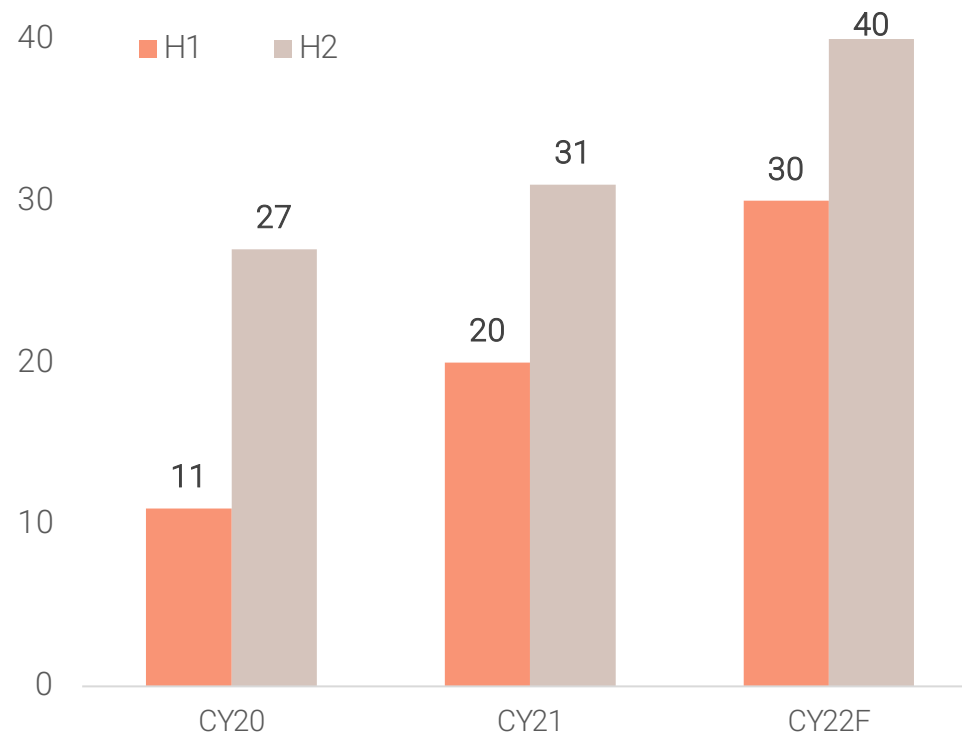
Monthly GMV, Jan'20-June'22, Indexed to Jan 20=100



~\$30 Bn GMV in H1 2022 sets India E-tailing up for a ~\$70 Bn GMV in 2022 growing 35% y-o-y

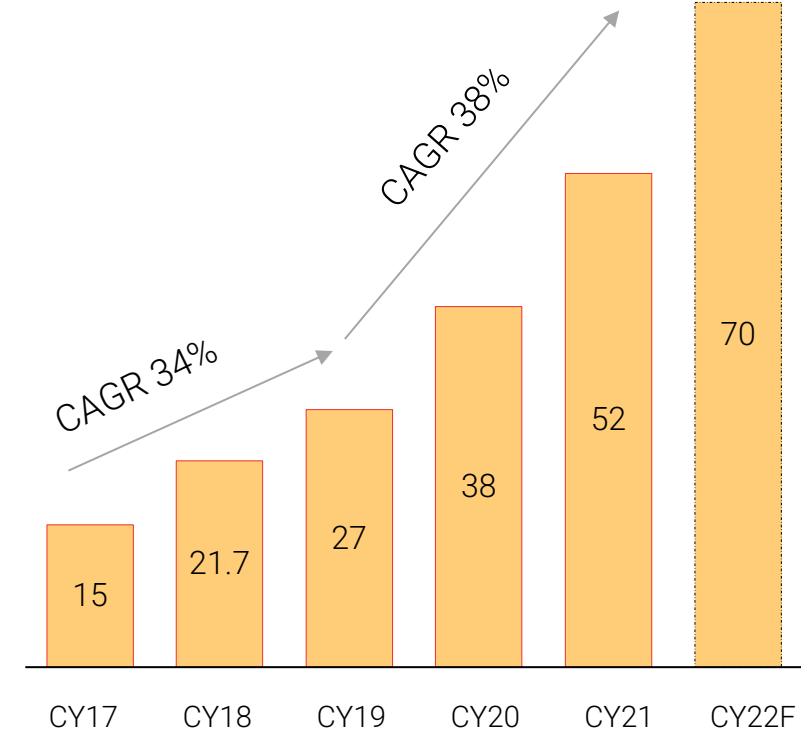
India E-tailing GMV- Actuals

Quarterly GMV, JFM'20-JFM'22, USD Bn



India E-tailing GMV- Annual

USD Bn, CY 17 – CY 22F

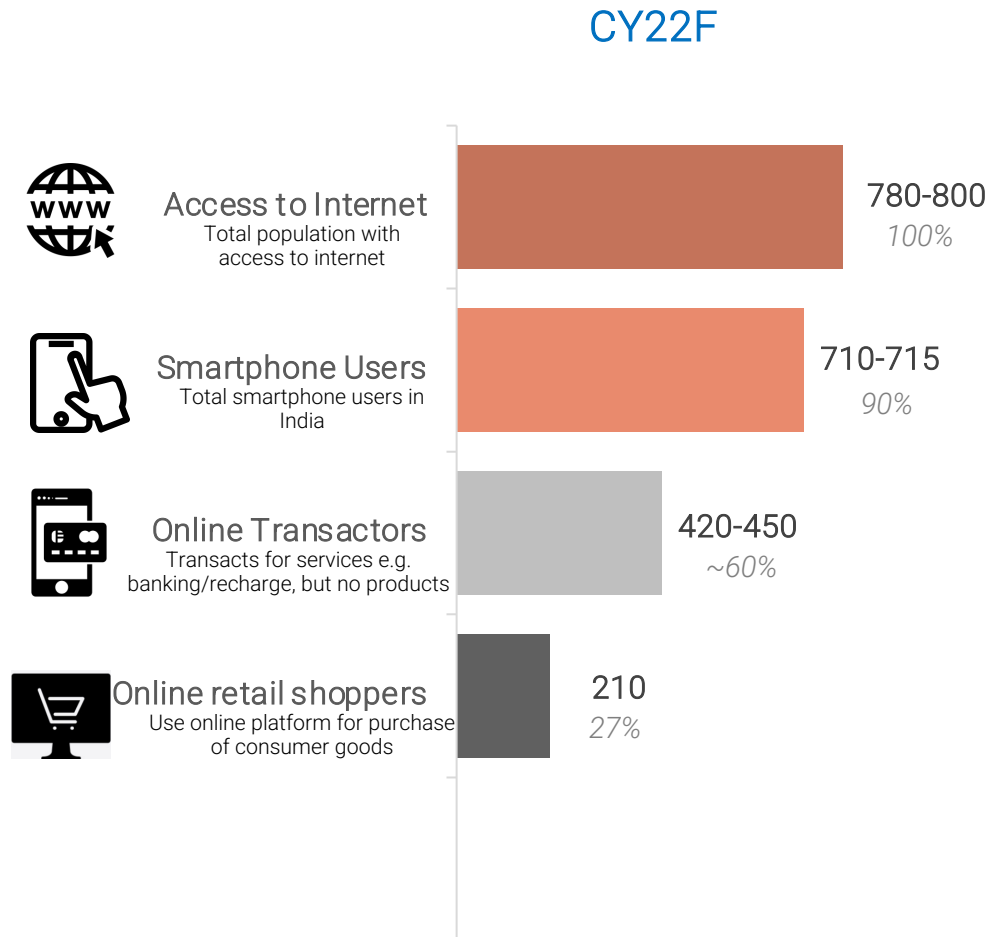


What is driving the e-tailing growth?

Answer 1- A more robust funnel than ever before with 210 Mn unique shoppers expected in 2022, largely from smaller cities

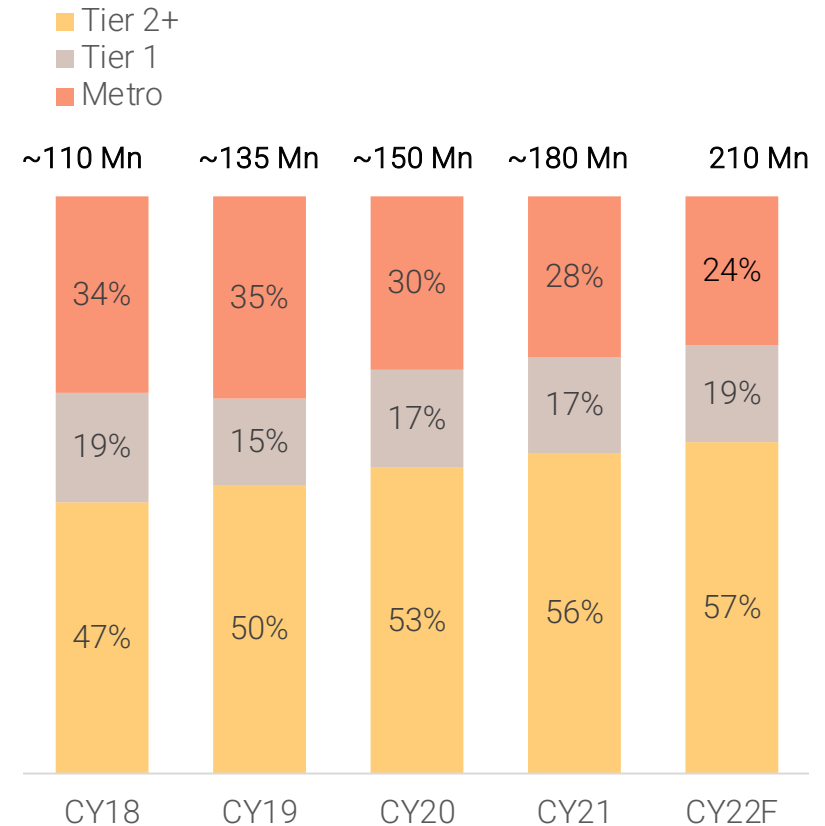
Internet Users in India

% split, Mn, CY 22F



Overall Online Product Shoppers- By City Tier

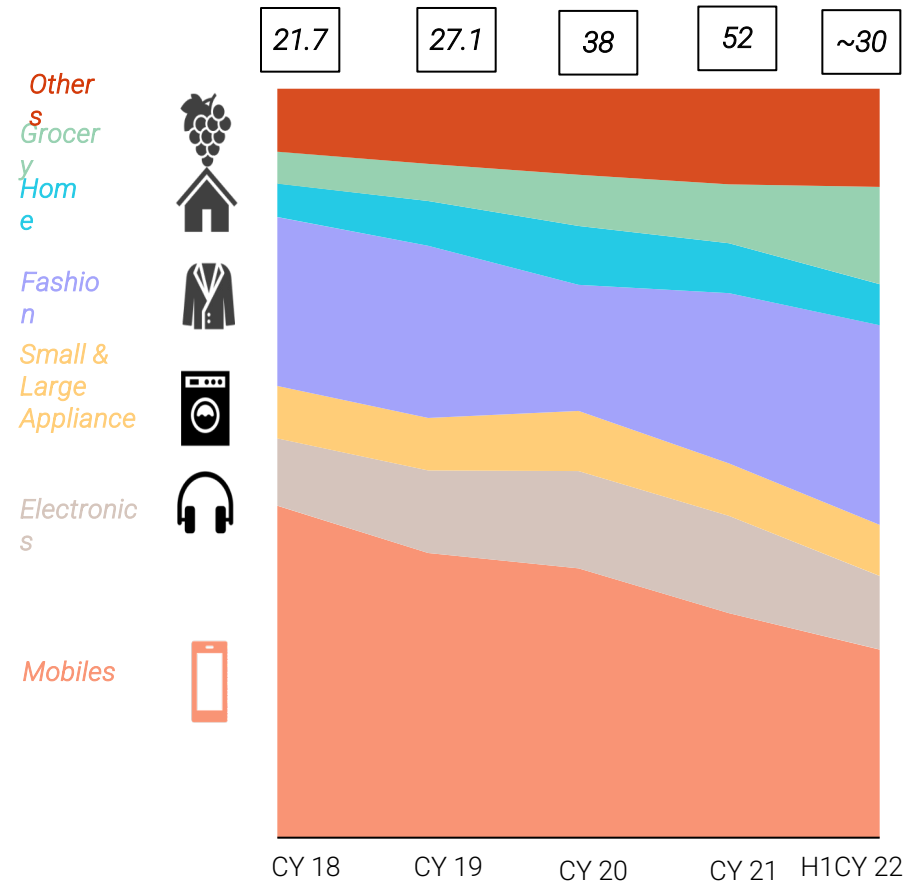
% split, Mn, CY 16- 22



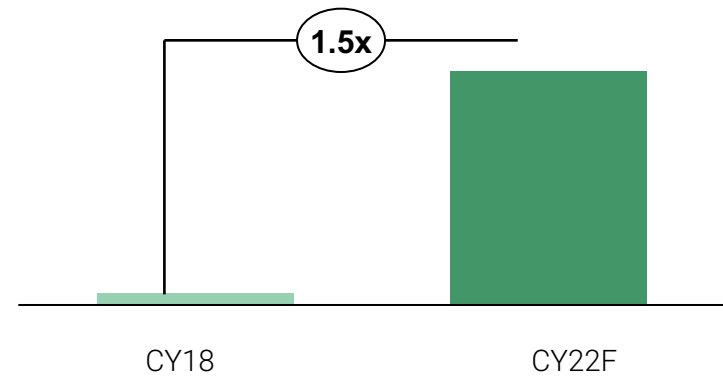
What is driving the growth?

Answer 2- Consumers are buying a wider set of categories than before which is reflected in total annual spending

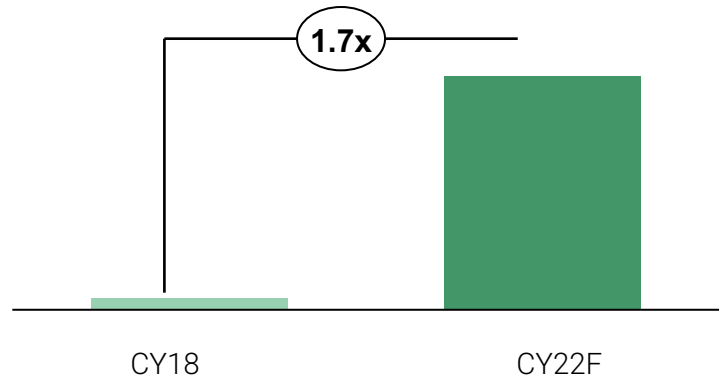
India E-tailing Category GMV break-down y-o-y
(CY18-H122, US\$ Bn)



Annual online spending per shopper- USD



Annual Transactions per Shopper

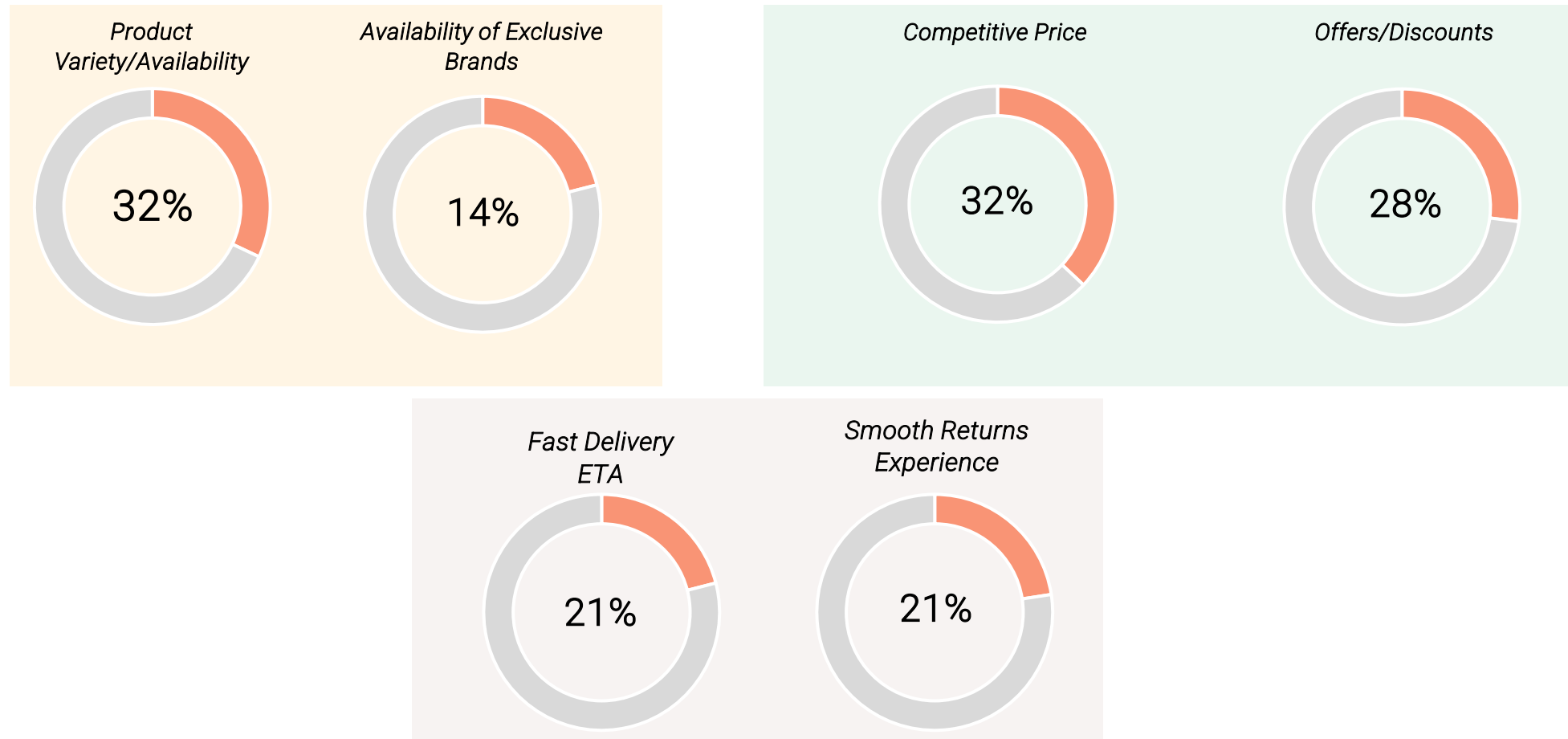


While pricing remains important, consumers are shopping online (vs offline) for product selection along with delivery/returns experience

Why do consumers buy online vs offline?

Q. Why did you use eCommerce apps instead of traditional shopping?

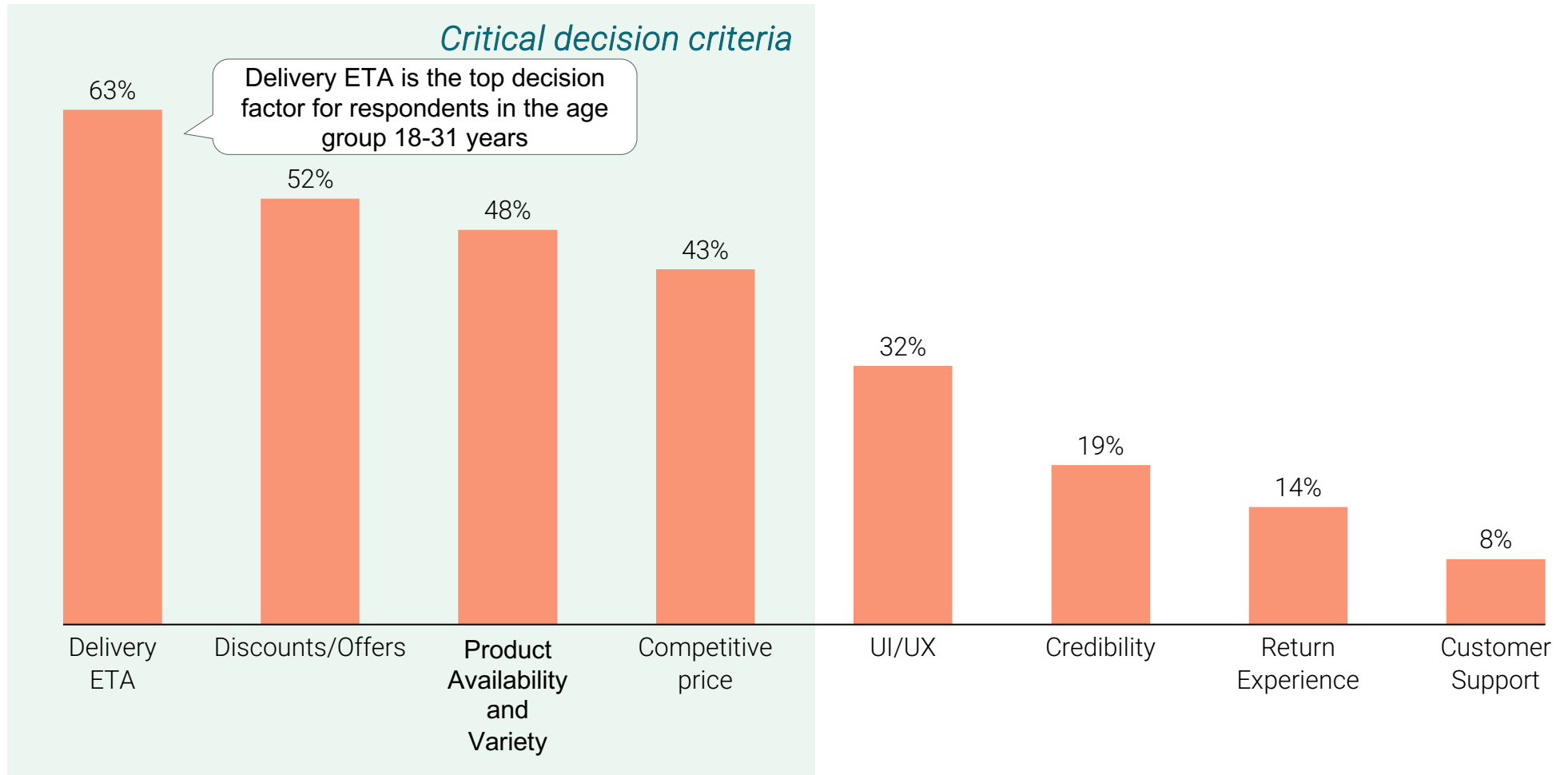
N = 314, in %



Delivery time along with discounts are the most important factor while making a purchase decision from an online platform

Performance Metrics

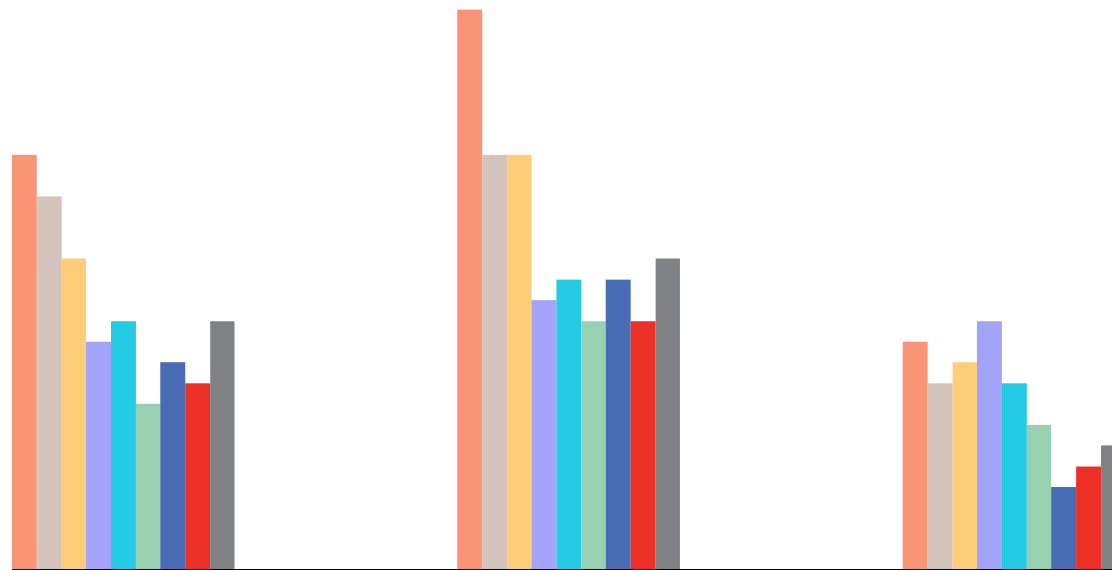
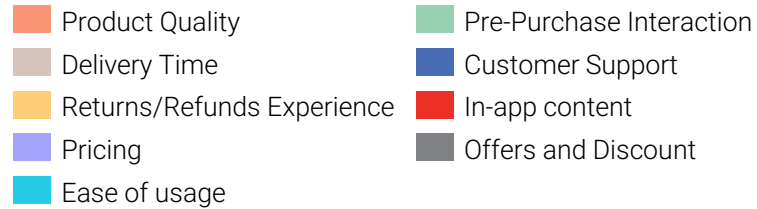
N = 314, in %



Despite a lot going well, consumer continue to face issues with traditional e-tailers

Platform-wise user complaints

N = 314, in %



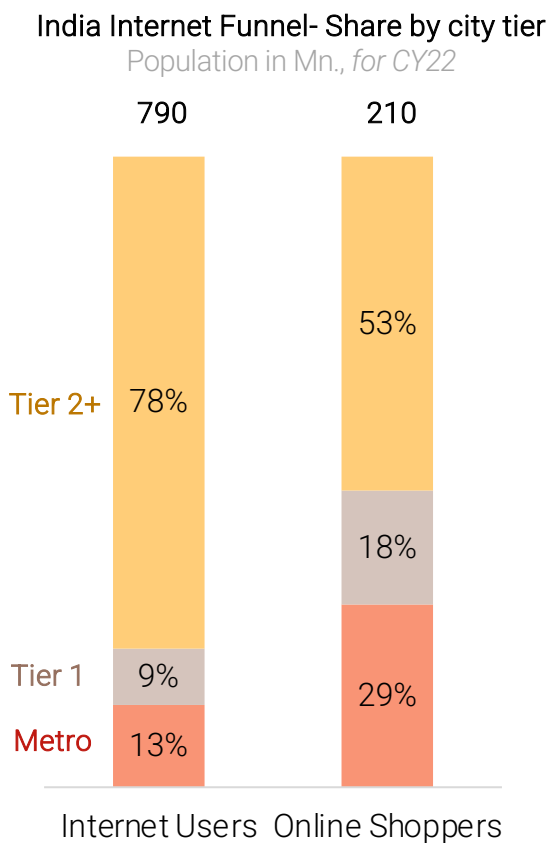
Top 2 horizontals and Leading Vertical

Takeaways

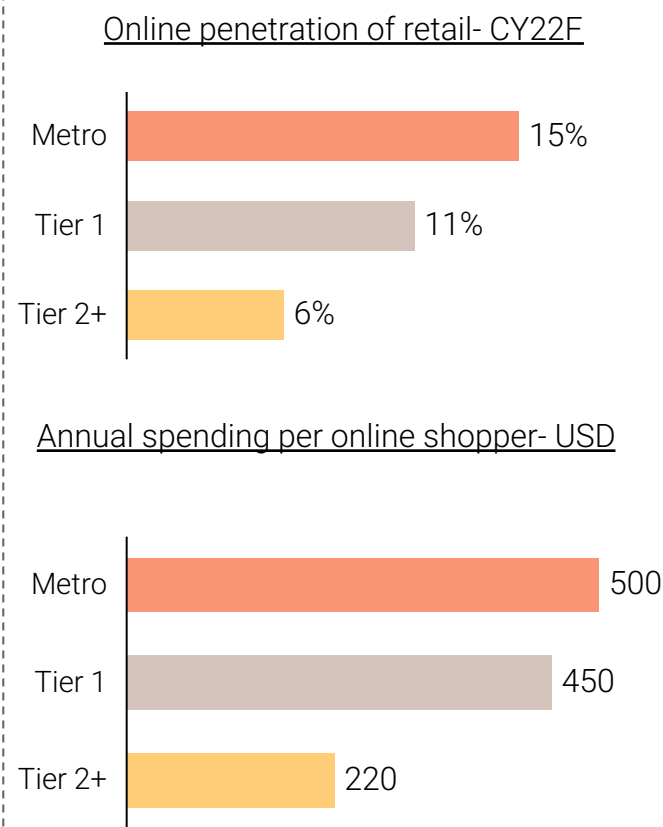
- Product quality concerns remain critical
- Delivery and returns, given their importance as decision criteria, come out as key concerns as well
- Customers are largely satisfied by pricing/discounting
- Significantly high share of customers demanding more pre-purchase interactions, better ease of usage and more in-app content

Challenges with online shopping evident in underpenetration of e-tailing in smaller cities, across metrics

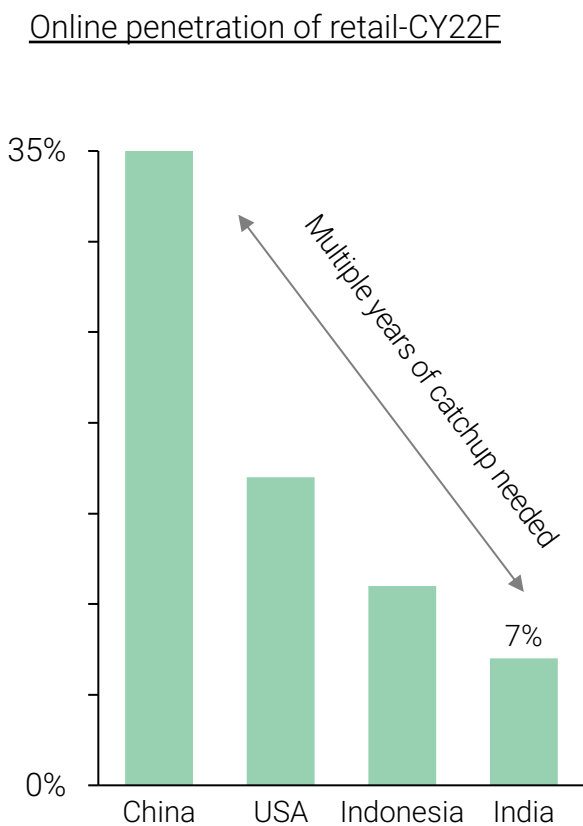
Online shopper base is skewed to metros...



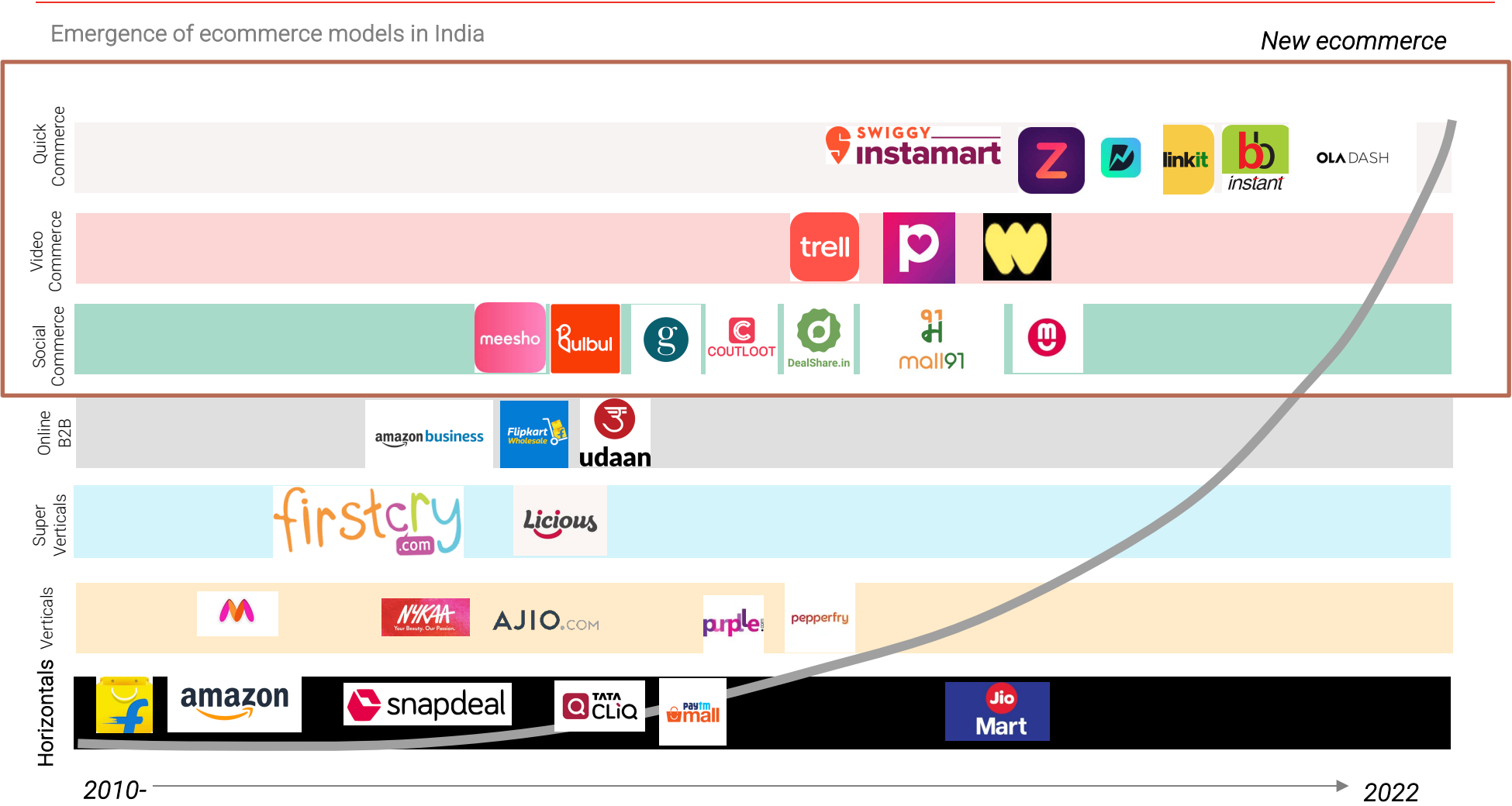
...With low penetration amongst smaller cities



Preventing India from reaching its e-tailing potential



New eCommerce models have come up in last few years to cater to unsolved consumer needs



Source: Analysis

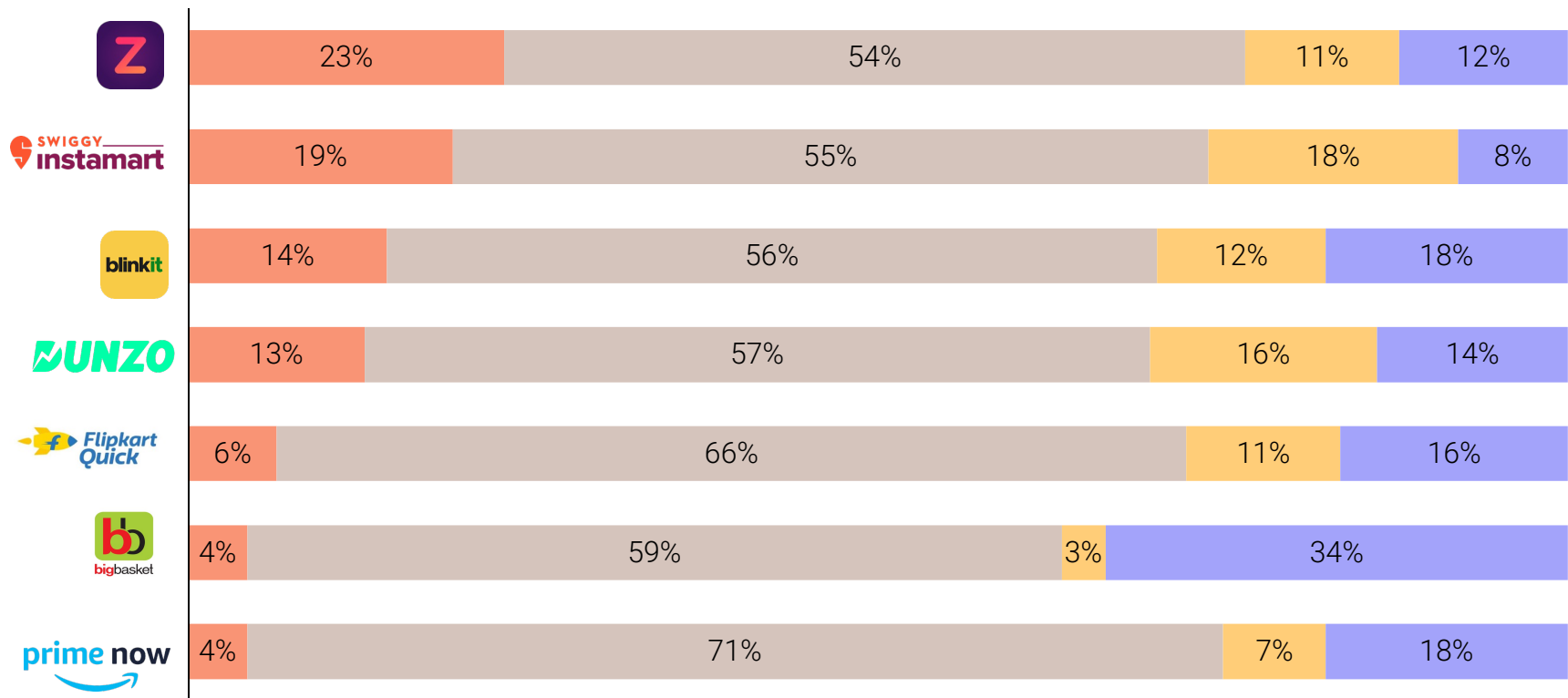
Zepto, Instamart, Blinkit and Dunzo has the maximum awareness amongst the consumers pursuing new eCommerce models

Unaware Unaided Aided TOMA

Awareness

Q. Which of the following eCommerce players are you aware of?

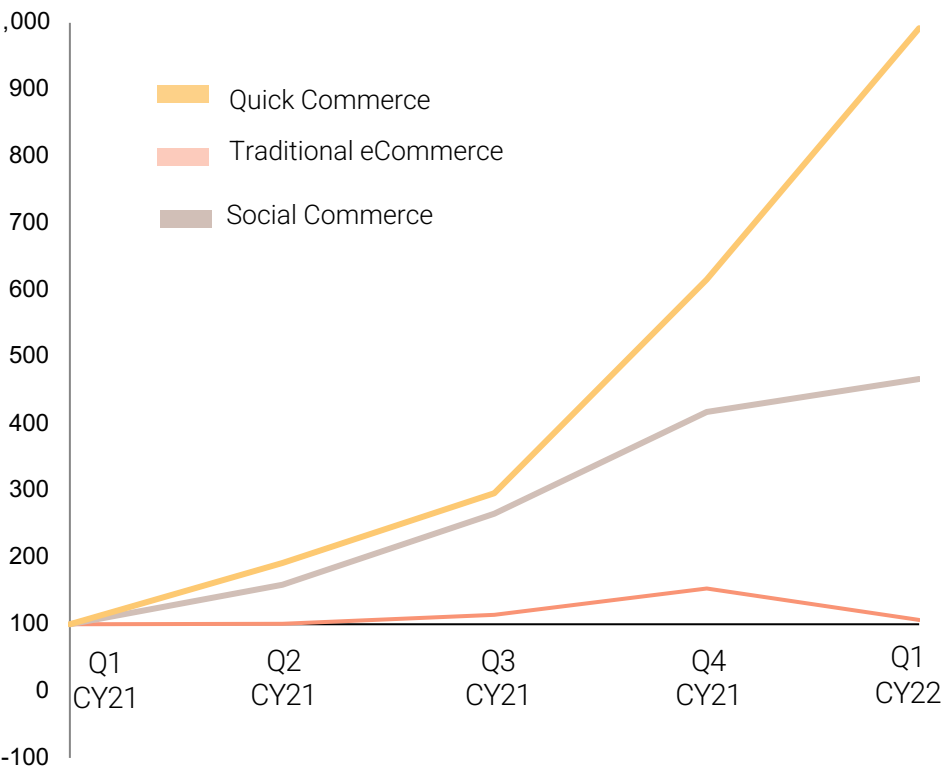
in % N = 314



Growth trajectory has been robust for new eCommerce models who have gained share steadily in fashion and grocery categories

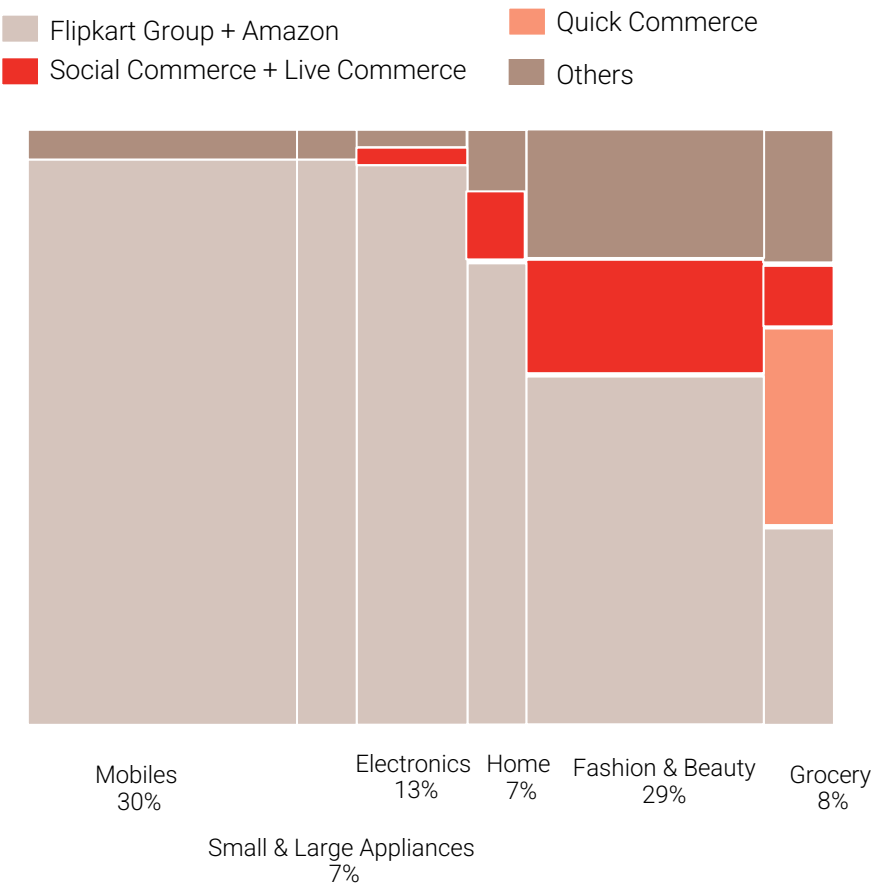
E-Tailing

Indexed Gross GMV in INR Cr, Q1 CY21 – Q1 CY22



Annual GMV, CY21

USD Bn, JFM'21-JFM'22

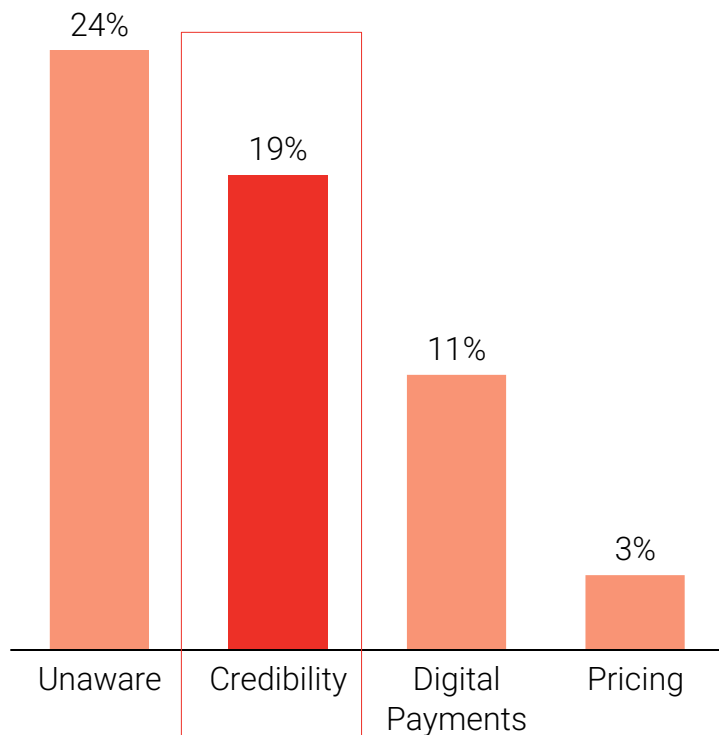


Awareness and trust are two major metrics that would help build traction for New Commerce

Reasons for Non-Adoption of New Commerce

Q. Why have you never used new commerce platforms?

N = 371 in %



Reasons that would lead to adoption of New Commerce

Q. What changes would lead you to adopt New Commerce?

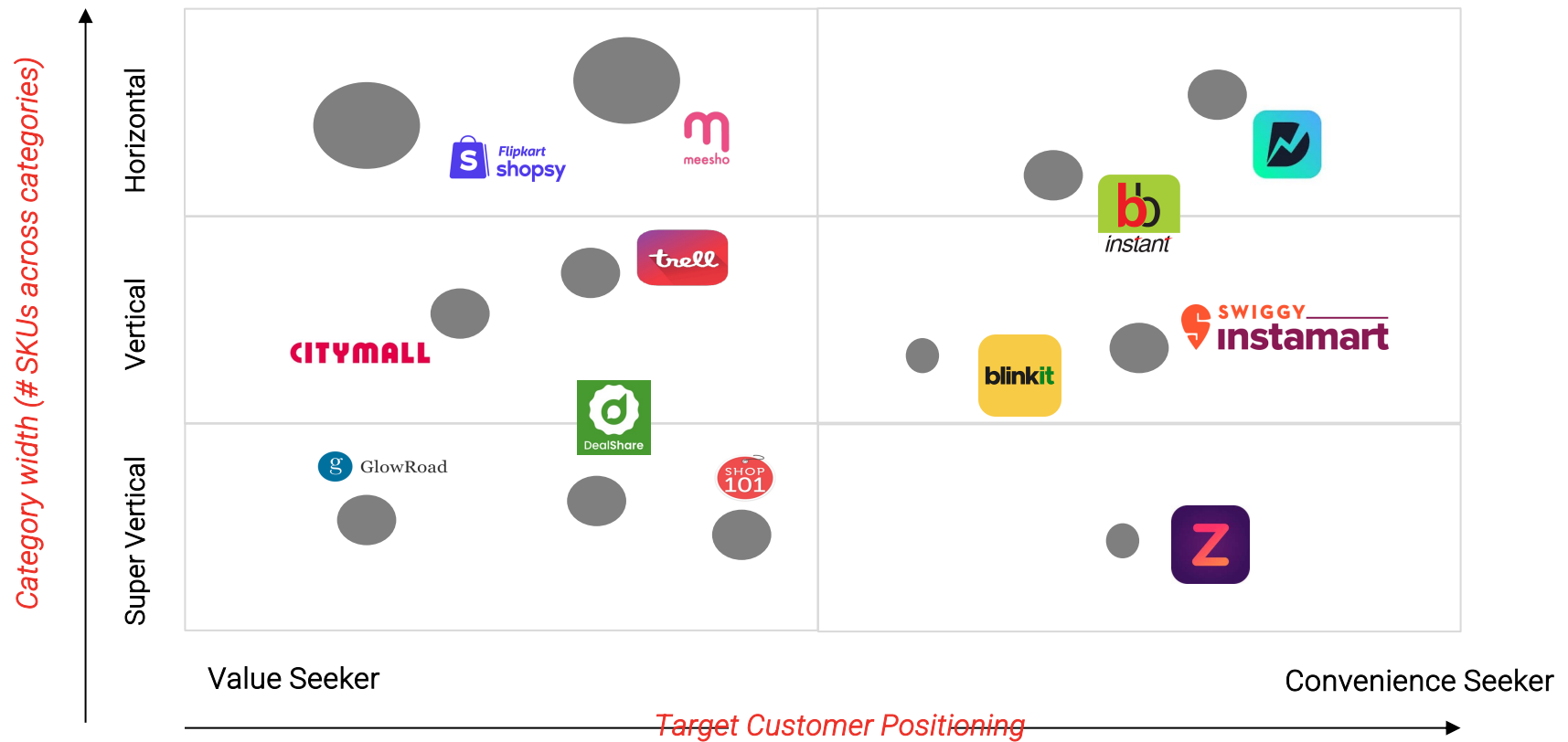
N = 371 in %



New ecommerce players are positioned across the spectrum solving for varied customer cohorts and their needs

Positioning of new eCommerce players

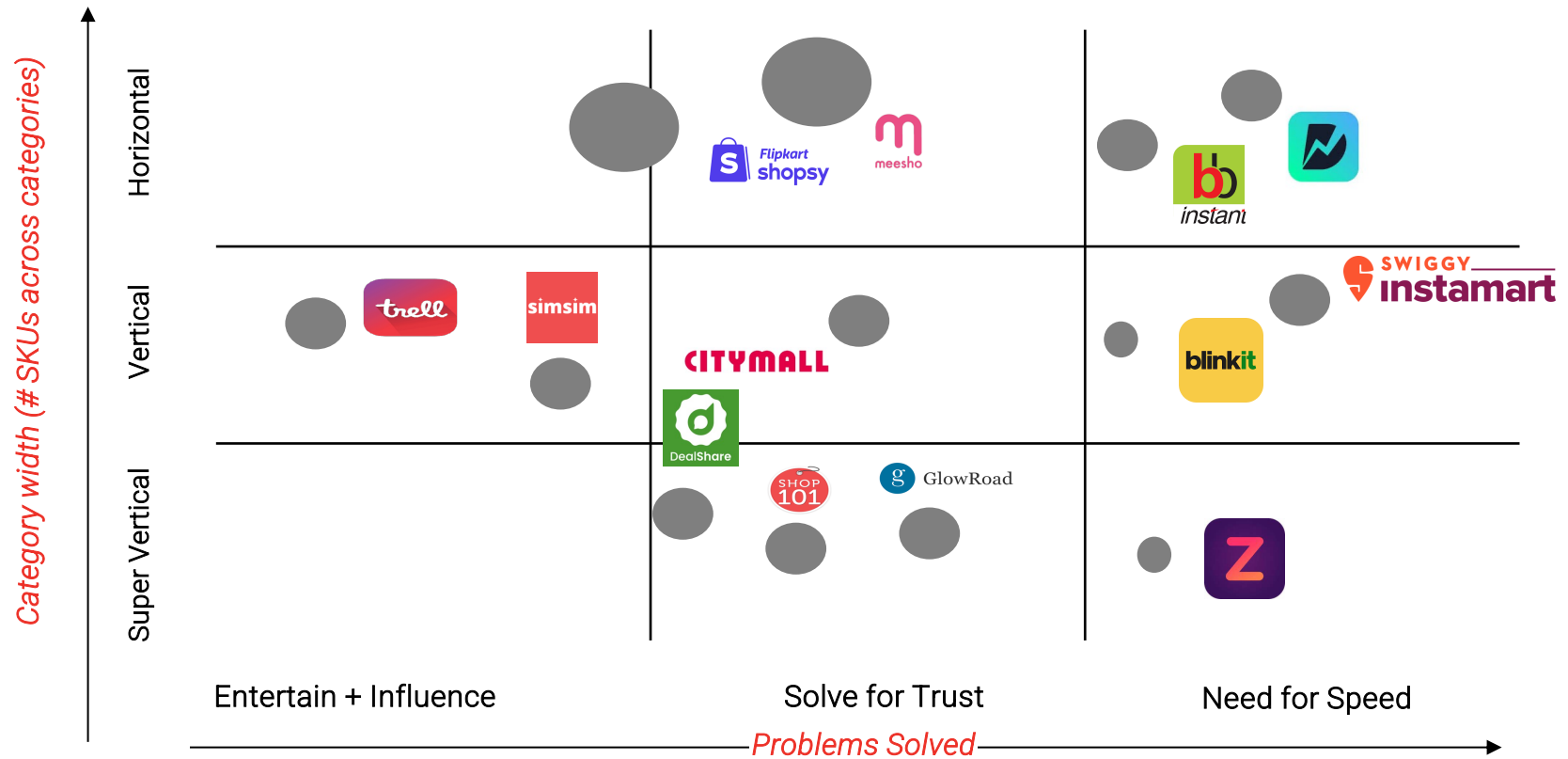
Bubble Size indicates # cities serviced



New ecommerce players are positioned across the spectrum solving for varied customer cohorts and their needs

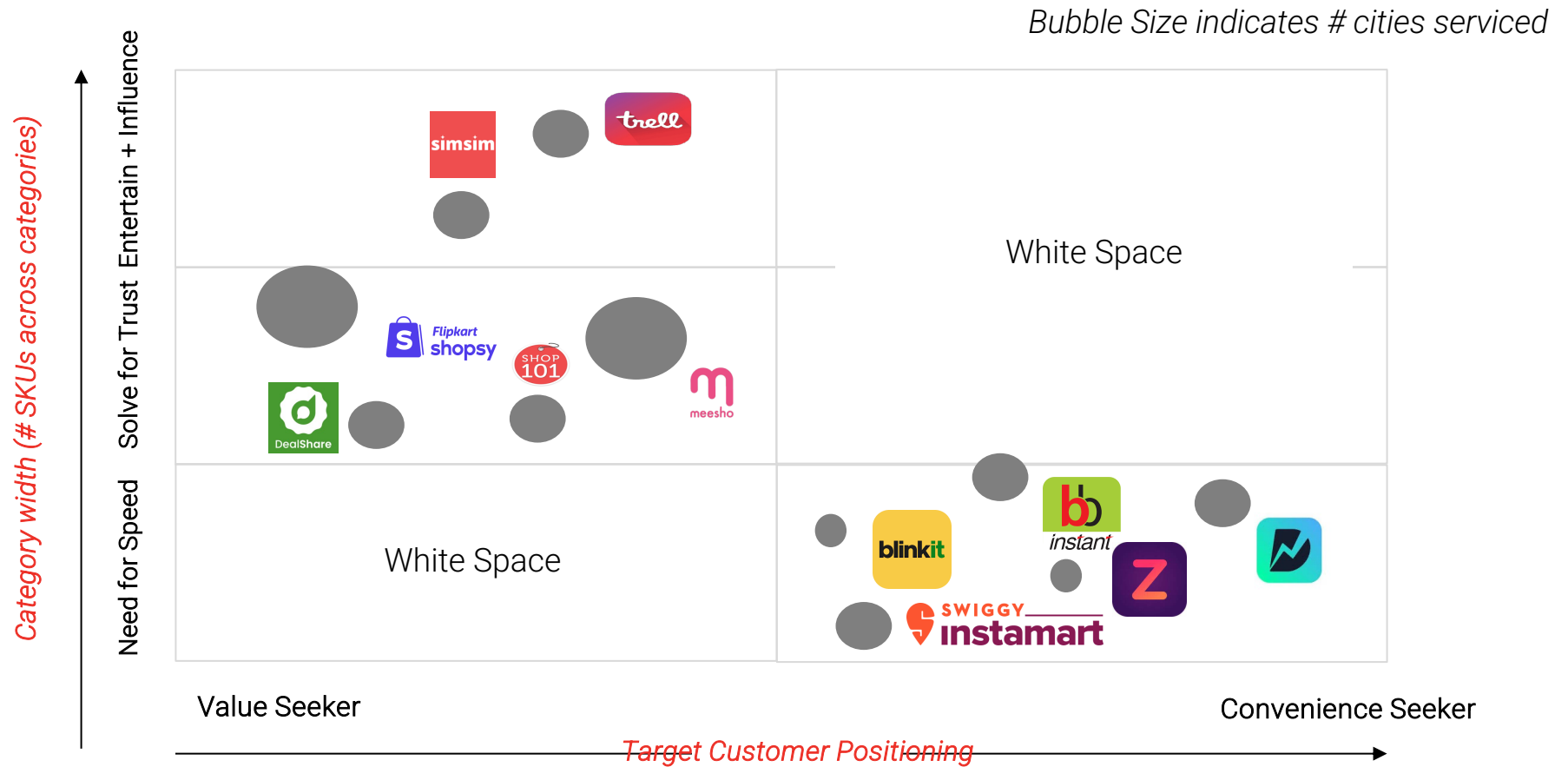
Positioning of new eCommerce players

Bubble Size indicates # cities serviced



New ecommerce players are positioned across the spectrum solving for varied customer cohorts and their needs

Positioning of new eCommerce players



Quick commerce- Continues massively gain share within eGrocery market in India despite global headwinds for the model

Quick commerce faces headwinds globally

Tech Times

Delivery Service Platform Gorilla Forced to Exit Belgium as Recession Drags on



CNBC

Delivery startup Gopuff cuts 10% of its global workforce and closes 76 U.S. warehouses

12 hours ago



Ultrafast grocery firm Jokr pulling out of US, selling assets

Will others follow suit in bumpy ultrafast delivery landscape?

DELIVERY

The Quick Seems Dead as Ultrafast Grocers Retreat En Masse

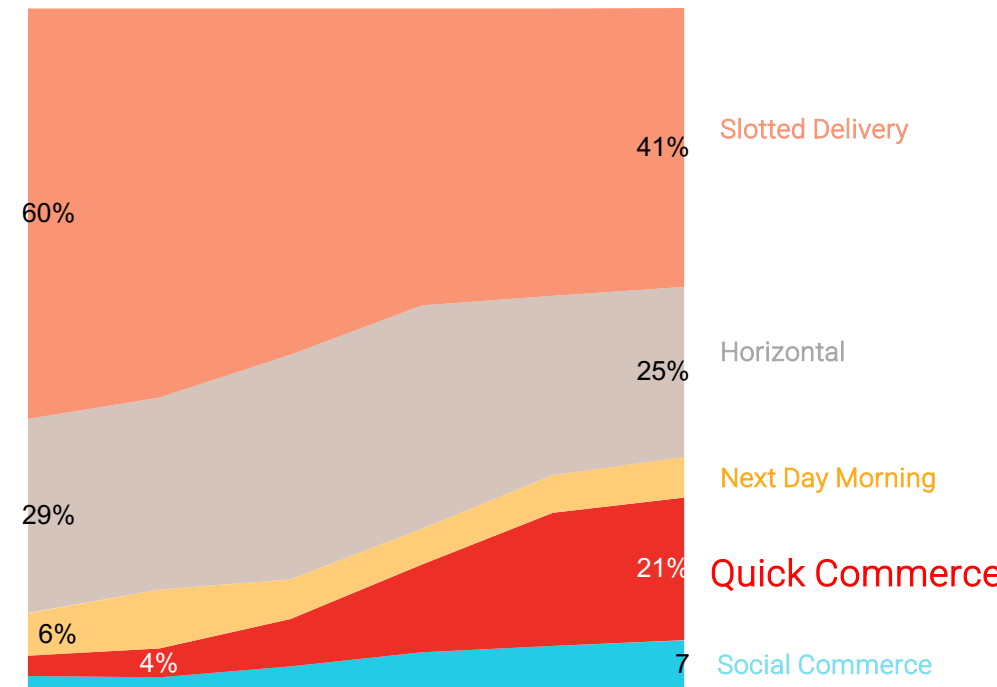
By PYMNTS

Posted on July 11, 2022

Listen to Article

Yet quick commerce grows rapidly in India

eGrocery GMV Quarterly
USD Bn, JFM'21-AMJ'22

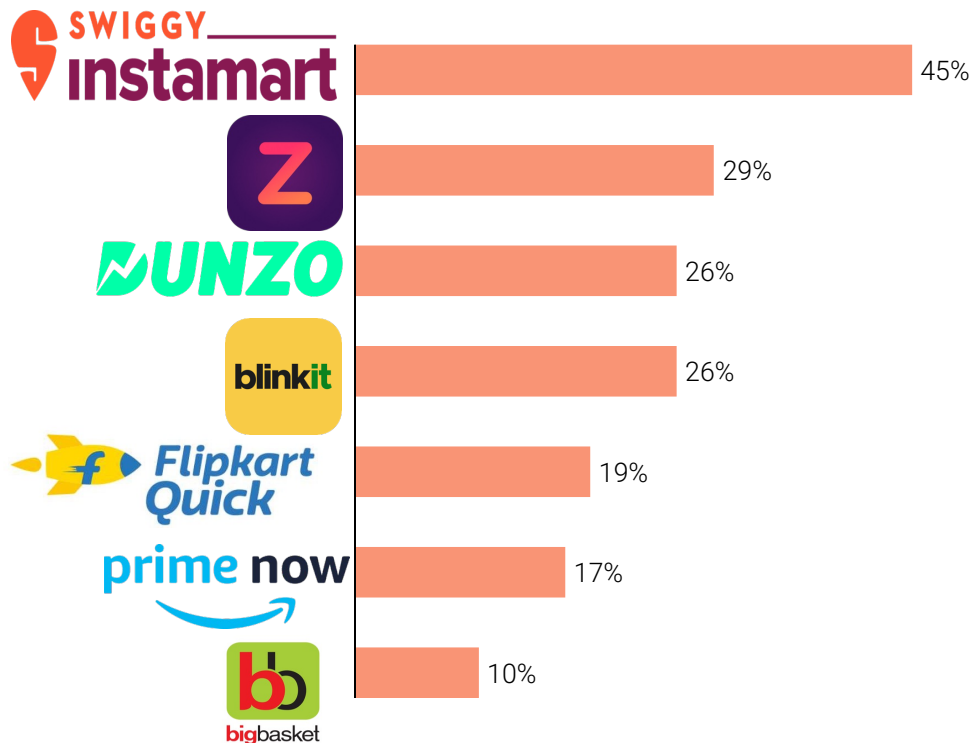


While q-com is solving effectively for speed, consume research clearly indicates the immense unit economics pressure for q-commerce

Heated competition in q-commerce evident in balanced consumer preferences for platforms

Platform wise usage trends

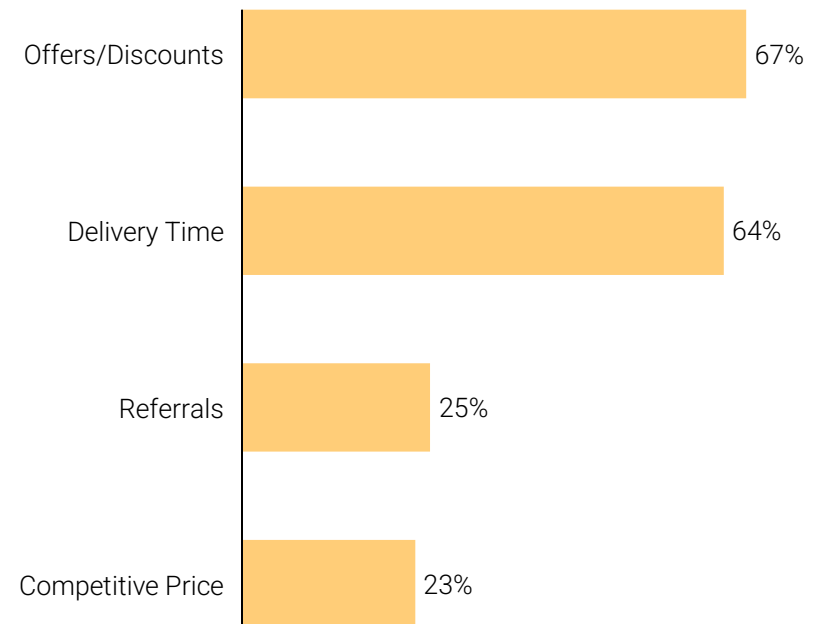
Q. Which of the following Quick Commerce players have you used?
N = 188 in %



Price remains an important purchasing criteria along with speed to switch to q-com

Q. Why did you use Quick commerce apps instead of traditional online players?

N = 188 in %



Q-commerce platform need to solve other key experience challenges to grow sustainably

Platform-wise user complaints

Q. What are the complaints/ shortcomings you have with the platform you use?

N=188, in %

Product Availability and Variety

Offers and discount

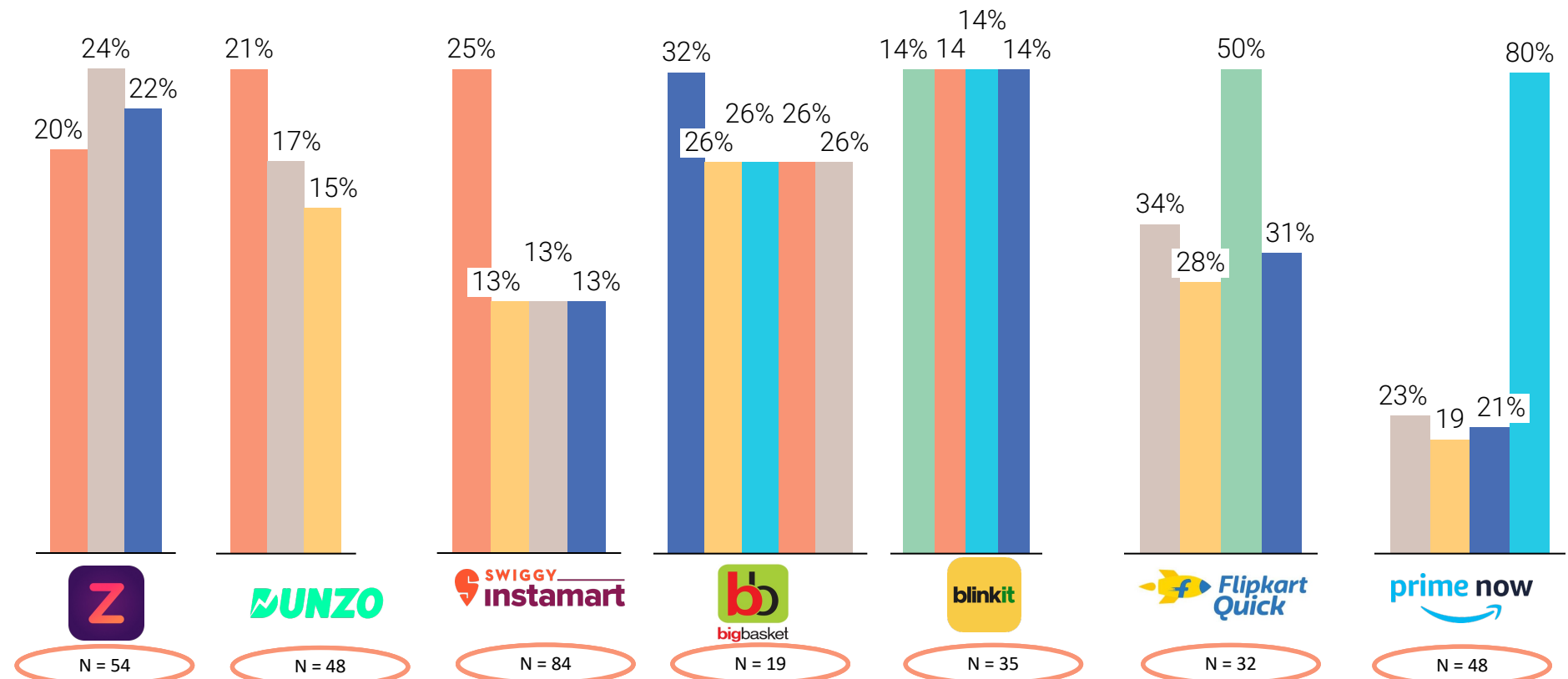
Returns/Refunds Experience

Customer Support

Product Availability and Variety

Local Language Support

Price Competitiveness

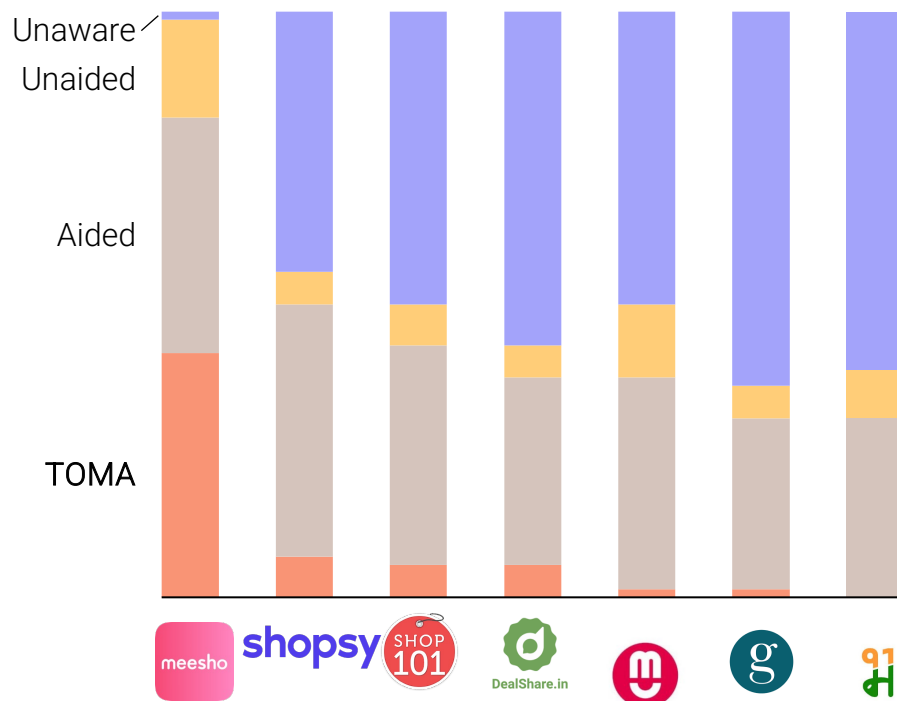


Coming to social commerce, platforms have gained meaningful consumer mind and wallet share despite being present for limited time

Low unaided awareness is hindering rapid adoption

Aided & Unaided Awareness

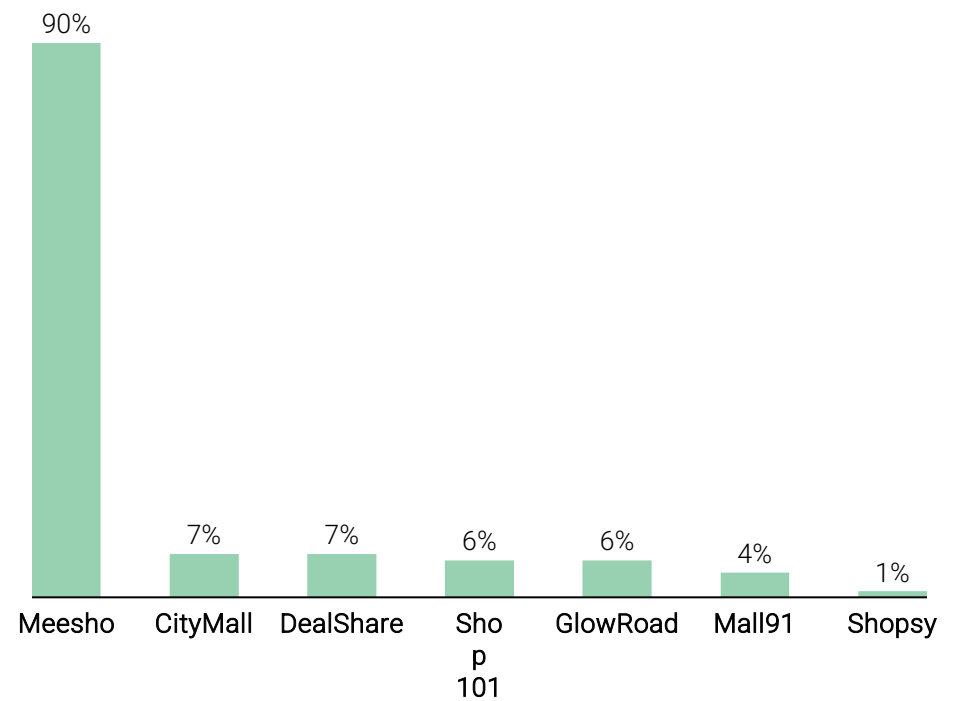
Q. Which of the following Social Commerce players are you aware of?
N = 27 in %



One player has outsized share of usage

Platform wise usage trends

Q. Which of the following Social Commerce players have you used?
N = 27 in %



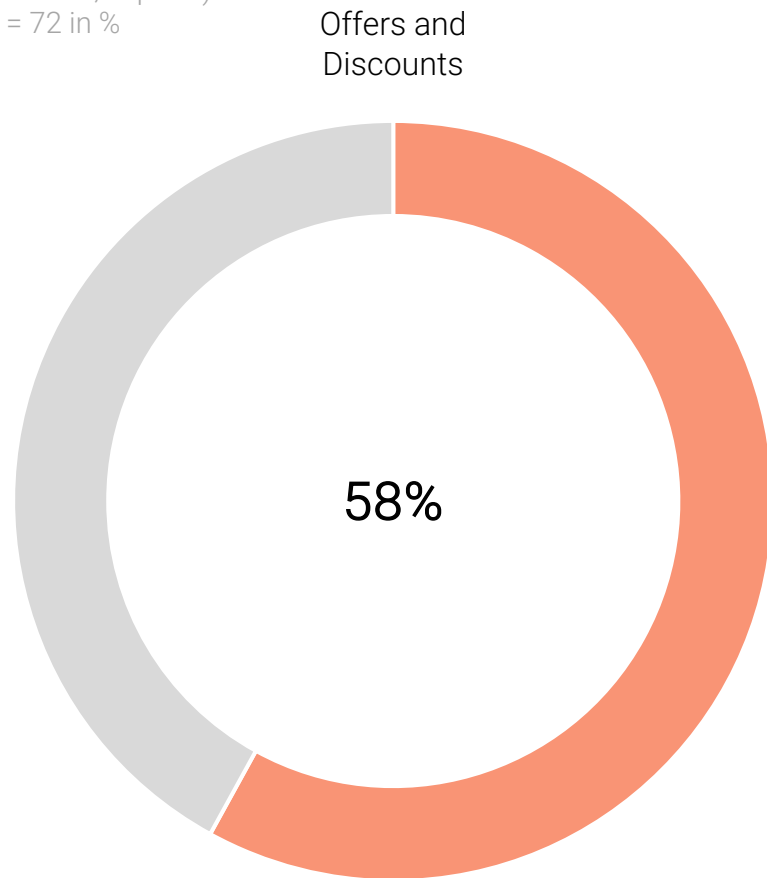
Social commerce players are effectively solving for affordability , better consumer support and local language

Performance Metrics

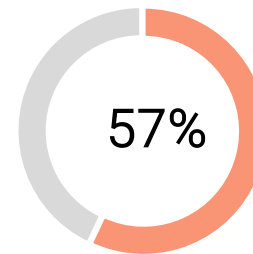
Q. Why did you use Social commerce apps instead of traditional online players

(Amazon, Flipkart)

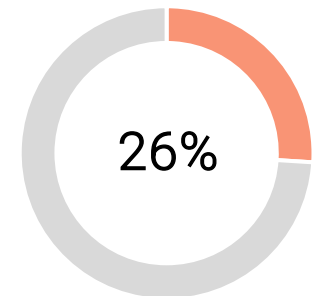
N = 72 in %



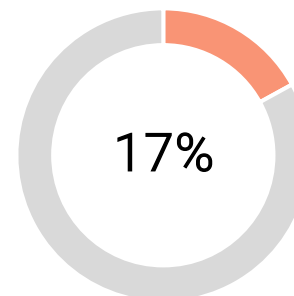
Competitive Price



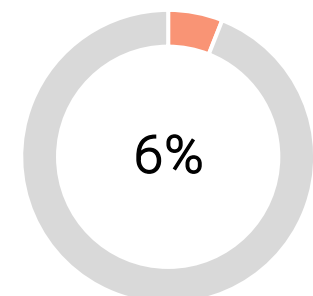
Friends/Family Referral



Customer Support



Local Language Support



Usage is forecasted to grow across all the three commerce models

Expected usage trends

Q. How is your usage expected to evolve in the next 6-12 months?
in %, N varies by model

		eCommerce	Quick Commerce	Social Commerce
Increase Significantly	⬆️⬆️	22%	24%	14%
Increase Slightly	⬆️	33%	36%	44%
Remain Same	—	41%	38%	34%
Decrease Slightly	⬇️	3%	0%	0%
Decrease Significantly	⬇️⬇️	1%	0%	8%

Scale wise the new commerce models are at an extremely early stage

Current MTU for traditional vs new
ecom

H1 2022 GMV for traditional vs new
ecom

New eCommerce models with integrated play or with a hybrid play are doing better

Hybrid Play

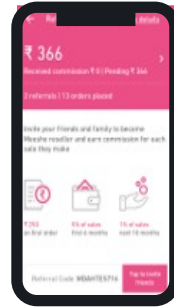
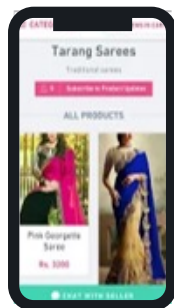
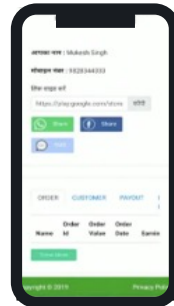
B2C + Community Model



B2C Interface



Community Model



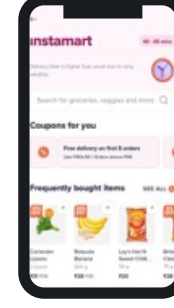
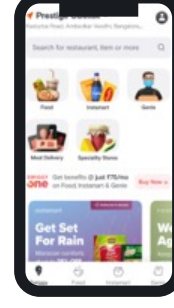
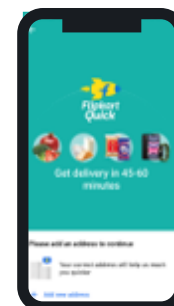
Integrated Play

Multifaceted page + In-app Redirects

Multifaceted page



In-app Redirects



- Resellers have **trust & loyalty of their group members** which they utilise to acquire customers; **Cost-effective** because of being an **asset light mode**
- Resellers/affiliates curate products that fit the taste & price preferences of their **social groups** resulting into a **highly personalized experience**

- Augments the consumer promise of **enabling unparalleled convenience** by making grocery delivery **more instant and delightful**
- Integrated model provides a **platform reliability** which is one hygiene factors to its customers

Unit economics remains a key challenge for new ecommerce models

Unit Economics – New Commerce Models

For FY22, Quick + Social + Video Commerce

Excellent

Good

Average

Poor



CITYMALL

BUNZO

SWIGGY
instamart



Net GMV (\$Mn)	390	1897	26	23	
Take Rate (%)	10%	23%	32%	12%	
Revenue (\$Mn)	39	428	8	3	
Supply Chain Costs (%)	10%	21%	30%	22%	
Marketing Costs (%)	14%	35%	12%	14%	
PG Costs (%)	0.05%	0.34%	0.43%	0.30%	
People Tech & Admin Costs (%)	4.6%	6.3%	8%	5.3%	
CM (%)	-19%	-40%	-18%	-29%	

With CAC especially hurting the players

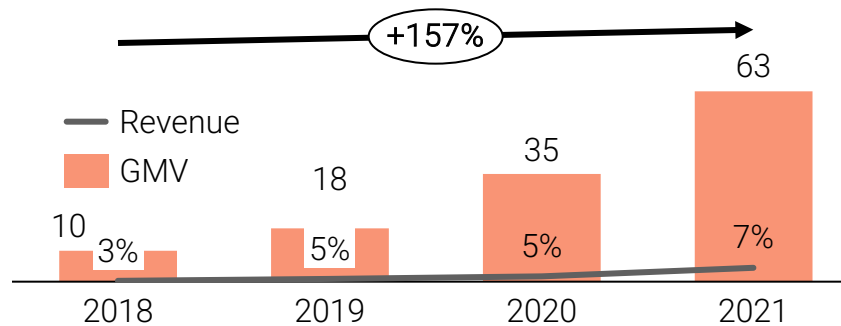


CAC story

Global case studies indicate a robust pathway to superior economics for new ecommerce models



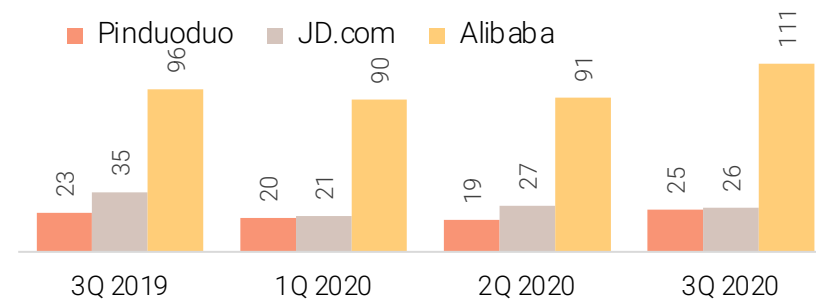
Monetization
Model



- Exclusive Platform – Shopee Mall
- Promoting Ads – Shopee University
- Platform currency – Shopee Pay



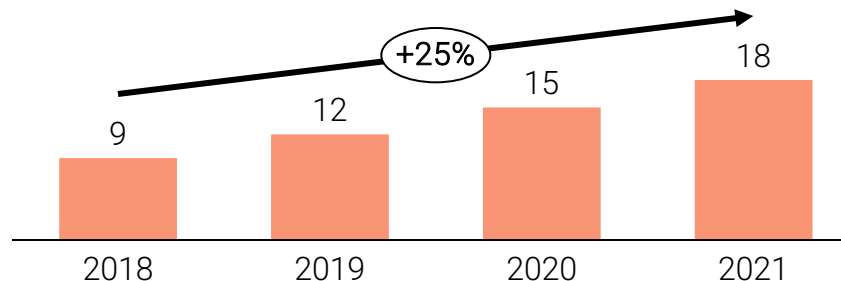
Low Cost of
Customer
Acquisition



- Referral and Group-buying model
- Leveraging buying powers of the bottom of pyramid
- Daily hooks, easy shareability on WeChat

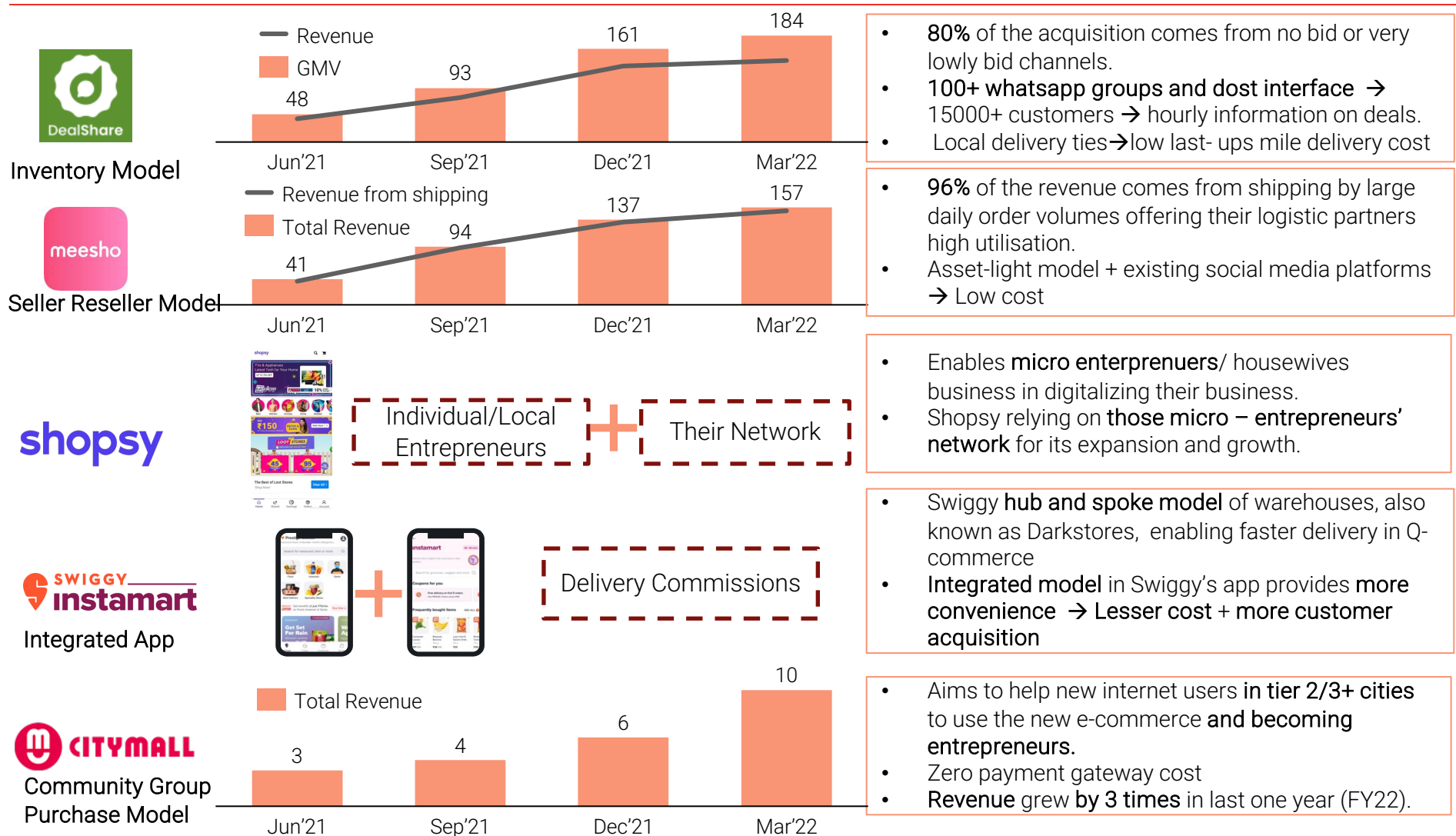


Logistics
Efficiency



- Large Fleet of Drivers & Logistics Support
- High number of logistics centres

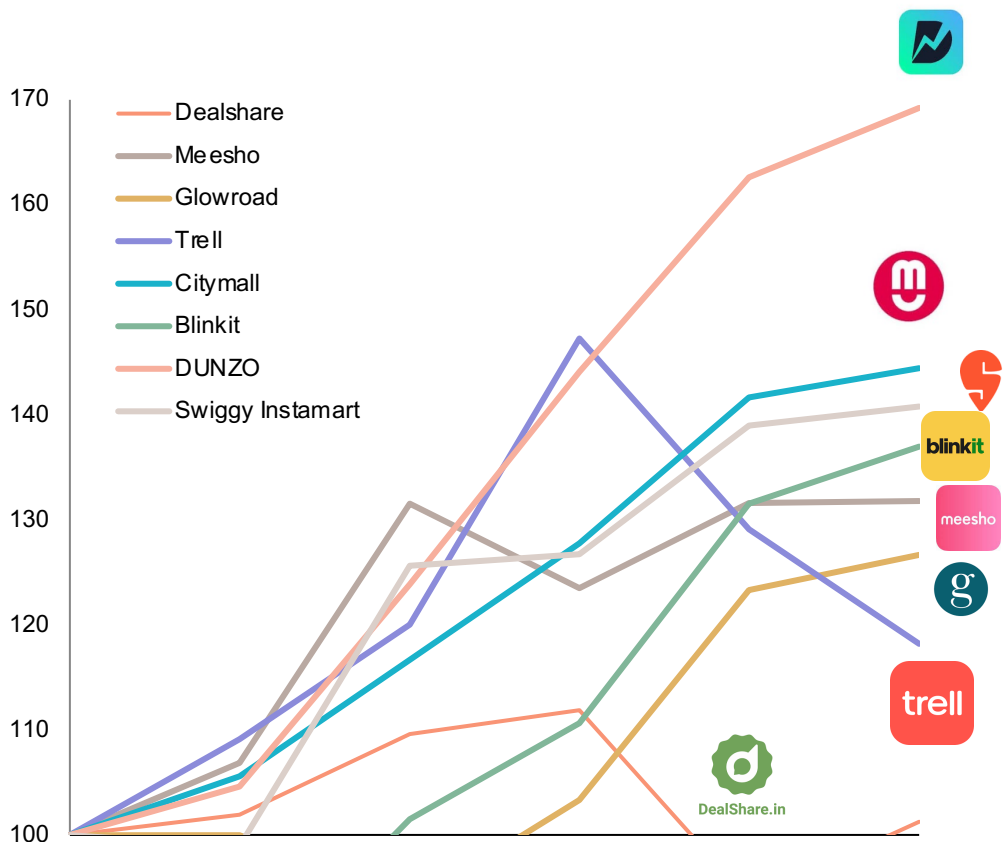
Some new eCommerce players are doing better than other on key unit economics metrics



Growth trajectory has been robust for new eCommerce models who have gained share steadily in fashion and grocery categories

E-Tailing

Indexed Gross GMV in INR Cr, Jan'22 – June'22



Annual GMV, CY21

USD Bn, JFM'21-AMJ'22

