

Digital Retail in 2020: Rewriting the Rules

A Google-A.T. Kearney Study | May 2016



Foreword

An industry coming of age.

Indian e-tailing has so far focused on customer acquisition, gross merchandise value (GMV) growth and scale, funded through heavy discounts and expensive (player) acquisitions. However, players (and investors) understand that the focus now needs to shift from unconstrained growth to sustained profitability.

Tough times ahead.

This shift, however, will not be easy. Changing industry dynamics over the next few years, across customer segments and purchase categories, will make profitable growth a challenging ask. The industry will need to rewrite the rules of play – uncovering customer needs beyond discounts, competing and collaborating with offline retailing, and designing delivery models for the future.

To the rescue!

This Google-A.T. Kearney study seeks to answer how the industry can navigate this challenging landscape, concurrently charting a course for profitable growth. With the right game plan, we believe the industry can still grow at a healthy CAGR of 40%+ to become a USD 55-60 Bn GMV industry by 2020 (~25% of organized retail). If done successfully, the industry can live up to its promise of being the much-hailed growth engine for the economy, creating opportunities for multiple sectors, both online and offline.

We conducted comprehensive market research and built a robust market model to develop deep insights, further validating them using global learnings

Methodology used

1



One of the largest ever consumer studies in Indian e-tail'

- **3,000+ consumers surveyed**
- **Qualitative interactions (60+ consumer and 15+ seller interviews)**
 - Personal interviews as well as FGDs (Focus Group Discussions)

2



A robust multi-dimensional market model

- **Proprietary model** predicting e-commerce spend across categories, income segments, and geographies in 2020

3



Extensive global benchmarking

- **Global best practices and innovations**, leveraging A.T. Kearney experience as well as desk research

1. Market research exercise conducted by GFK, India

Terms and definitions used

Tier	Population (Millions)	Category	Annual Household Income (INR lakhs)
Metro	> 4	Globals	> 12
Tier 1	1 – 4	Strivers	6 – 12
Tier 2	0.5 – 1	Seekers (U)	3 – 6
Tier 3	0.1 – 0.5	Seekers (L)	1.5 – 3
Tier 4	0.01 – 0.1	Aspirers	< 1.5
Rural	< 0.01		

Category	Select Products
Packaged Food	<ul style="list-style-type: none"> • Packaged and processed food
Fresh Food	<ul style="list-style-type: none"> • Fruits • Vegetables • Milk, milk products • Fish, egg, meat
Lifestyle	<ul style="list-style-type: none"> • Apparel • Footwear • Accessories
Consumer Electronics	<ul style="list-style-type: none"> • Mobiles and tablets • Computer, storage devices • Electronic accessories
Consumer Durables	<ul style="list-style-type: none"> • Large appliances • Small appliances
(Home) Furniture & Furnishings	<ul style="list-style-type: none"> • Home furniture & furnishings • Homecare items
Personal Care	<ul style="list-style-type: none"> • Personal hygiene • Grooming products
Baby Care	<ul style="list-style-type: none"> • Baby hygiene
Books & Media	<ul style="list-style-type: none"> • Books • CDs

The Indian e-tail industry will evolve rapidly over the next 5 years, posing some key questions for stakeholders



Who?

- Who will be the online buyers in 2020?
- Will they have different purchase needs and behaviors, compared to online buyers of today?
- Should players adopt a segmented approach to serving them?



Why?

- Why do current buyers buy online? Why will new buyers buy online?
- Will customers also pay for premium offerings?
- Which sources of search and evaluation will lead them to purchase online?



What?

- What categories are being purchased today? What categories will be purchased in 2020?
- What are / will be the purchase drivers and differentiators across categories?



How?

- How will buyers shop across channels?
- Which devices will they prefer to browse on?
- How will they prefer to pay?



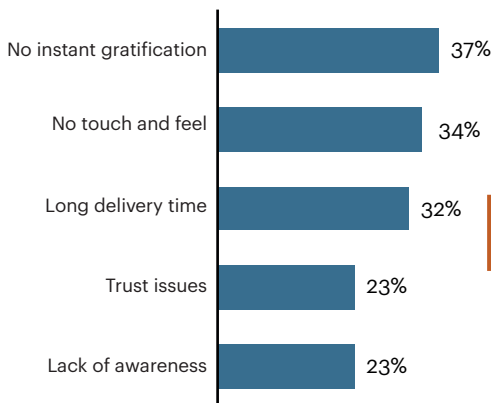
Number of online shoppers will grow more than 3X; however, top 1/3rd of customers will drive 2/3rd of spend

As adoption barriers are overcome, 125 Mn new shoppers will come online by 2020.

- Delayed gratification, lack of “touch and feel” and long delivery time are the top 3 barriers for non-buyers today.
- Long delivery time is a key pain point for customers in Metros (40% of surveyed respondents) and for Globals (40%). Whereas lack of touch and feel is a key deterrent for customers in Tier 2/3 cities (40%) and for Aspirers (40%).
- For categories such as Jewelry, Personal Care and Furniture & Furnishings, overcoming the need for touch and feel will be key.

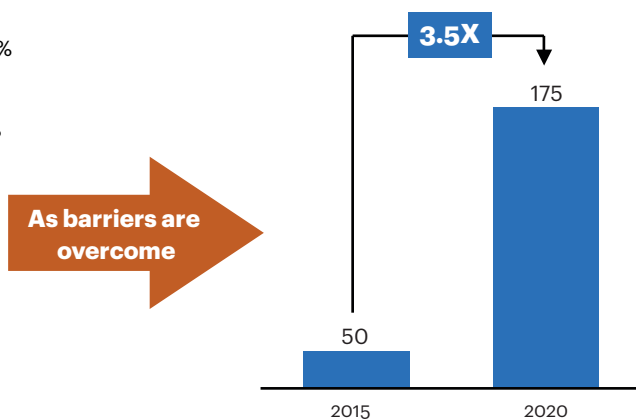
Top adoption barriers for current non-buyers

(% of surveyed respondents)



Number of online shoppers

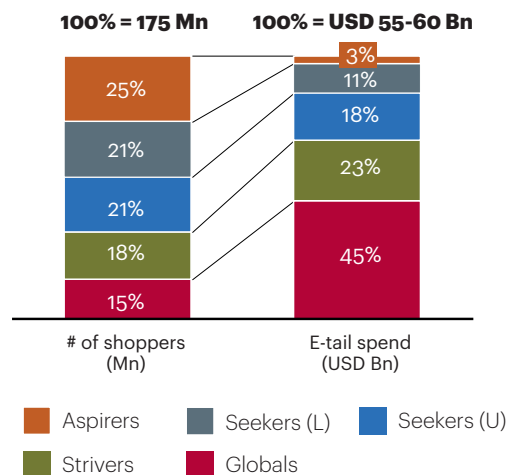
(Mn)



Of the 175 Mn online shoppers in 2020, the top 60 Mn (“high value” customers) will contribute to 68% of total spend. Customers from higher income classes (Globals and Strivers) and Metros and Tier 1 cities are more likely to be high value.

- Globals and Strivers will account for 68% of spend.
- Metro and Tier 1 customers will also account for a similar share of spend.

Number of shoppers (by income) and corresponding share of e-tail spend in 2020



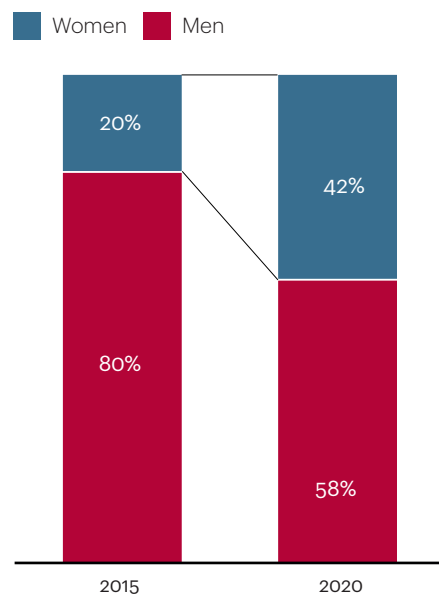
Source: A.T. Kearney-Google study based on GFK consumer survey, A.T. Kearney market sizing model

Women will more than double their share of online spend (to >40% in 2020)



















- Current (online) women buyers will increase spend on categories such as Lifestyle as players deliver on non-discount promises such as convenience, product assortment and availability of latest designs / fashion.
 - Further, being able to choose their delivery time (55% of respondents) and to pick up the shipment (without divulging personal details) (40% of respondents) will enable increased spend across most categories.
- Industry will see a 5X+ growth in number of women shoppers by 2020, as top barriers to adoption for non-buyers are overcome.
 - 1 in 4 women claim they will start shopping if e-tailers also have an offline presence.
- A similar story has also played out in China's e-tail market – women have overtaken men in overall spending. While men spend more per item, women spend more overall (higher purchase frequency).

Spend share in e-tail

(%)



Women exhibit different purchase needs and behaviors, compared to men

How they research...	What they purchase...	How they purchase...												
<ul style="list-style-type: none"> • Women are more “social shoppers”: – Women rely significantly more on recommendations by friends and family (~10% points more than men). – Women’s purchases are influenced much more by social media advertisements, as compared to men’s (1.5X more than men’s). 	<ul style="list-style-type: none"> • Top 3 categories purchased by new buyers: <table border="1"> <thead> <tr> <th colspan="3">Men</th> </tr> </thead> <tbody> <tr> <td>Consumer Electronics  64%</td> <td>Lifestyle  36%</td> <td>Books & Media  23%</td> </tr> <tr> <th colspan="3">Women</th> </tr> <tr> <td>Lifestyle  50%</td> <td>Consumer Electronics  36%</td> <td>Personal Care  34%</td> </tr> </tbody> </table> <p>xx% % of surveyed respondents (current non-buyers) that will likely start online journey with the category</p>	Men			Consumer Electronics  64%	Lifestyle  36%	Books & Media  23%	Women			Lifestyle  50%	Consumer Electronics  36%	Personal Care  34%	<ul style="list-style-type: none"> • Current women buyers have higher preference for COD payments as compared to men especially for low ticket items like Fresh Food and Groceries. • In our survey, 30% of current women buyers claimed that they would increase online shopping if women delivery staff were employed.
Men														
Consumer Electronics  64%	Lifestyle  36%	Books & Media  23%												
Women														
Lifestyle  50%	Consumer Electronics  36%	Personal Care  34%												

Source: A.T. Kearney-Google study based on GFK consumer survey, A.T. Kearney market sizing model



Online sellers will need to grow by 5X+ to serve the increased demand

Increased demand as well as the recent regulatory push will call for growth in the number of online sellers:

- This growth needs to happen across categories (10X+ growth in product volumes by 2020, including currently under-penetrated categories) as well as geographies (need for more “local” sellers to cover a more geographically dispersed customer base).
- Recent regulatory guidelines (April 2016) direct marketplaces with foreign investments to cap sales originating from a single seller to 25%. This will further drive the players to diversify their seller base.

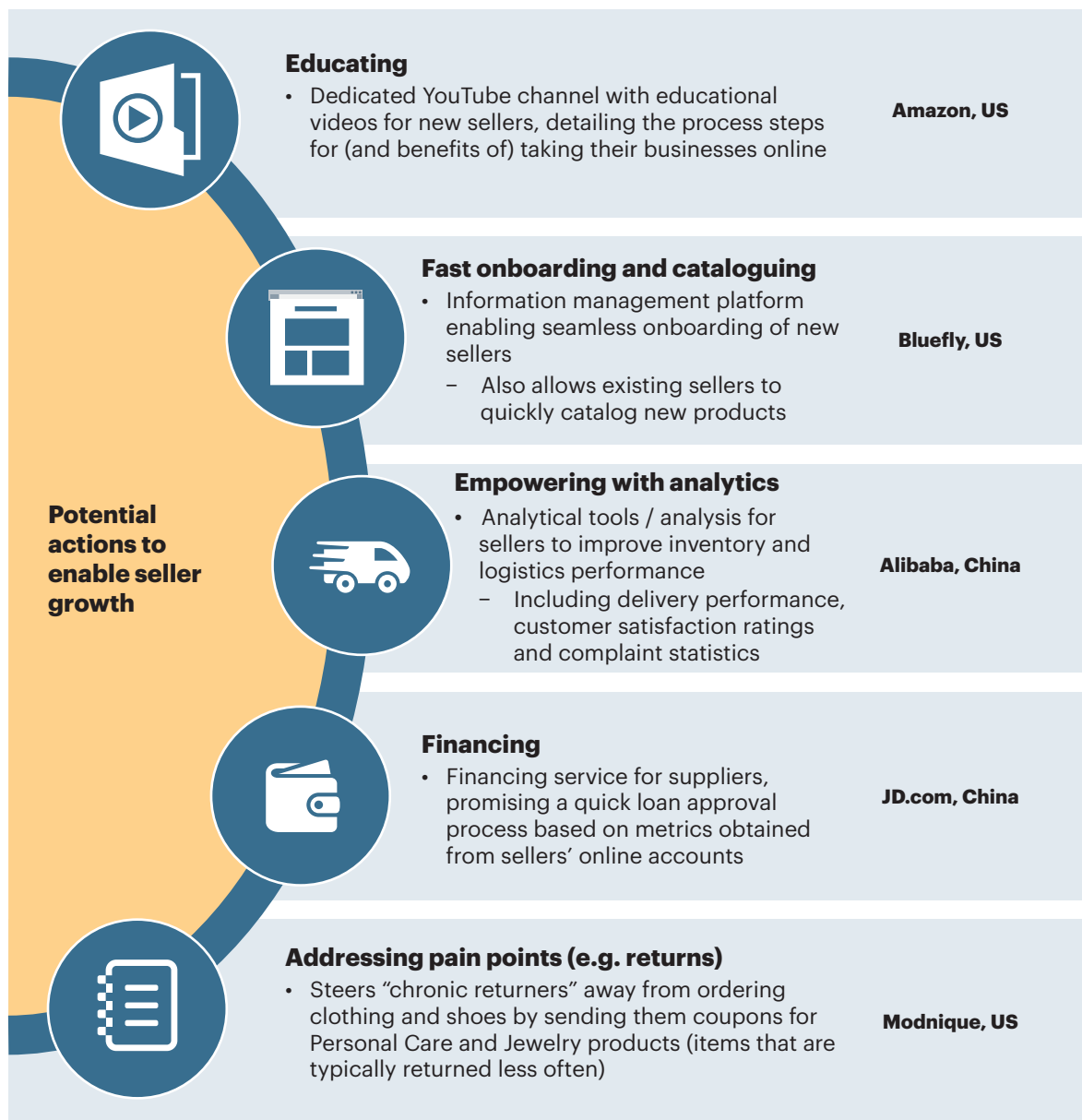
However, specific challenges will need to be addressed with respect to onboarding (and retaining) sellers.

Onboarding and retaining sellers online – key challenges

Getting sellers onboard	Keeping sellers onboard
<ul style="list-style-type: none">• Education and awareness – Benefits and challenges of going online, what to expect etc.• Cataloguing products <p>“... don’t know what to expect online...seems like a technically complex task” - Offline seller from Kolkata</p> <p>“I had to hire a separate team just for photoshoots and writing product descriptions!” - Online seller from Jaipur</p>	<ul style="list-style-type: none">• Back-end operations – Procurement and inventory management <p>“They won’t forecast demand, so inventory management is a big challenge...” - Online seller from Bangalore</p> <ul style="list-style-type: none">• Exceptional circumstances (customer complaints, returns etc.) <p>“When the customer returns a product, we have to bear the costs of returns.” - Online seller from Delhi</p> <ul style="list-style-type: none">• Delays in settlement of cash payments, leading to working capital issues
<ul style="list-style-type: none">• Financing – Credit requirements for starting / scaling up, insurance requirements (especially for high value products, cash-in-transit) etc.	

Source: A.T. Kearney-Google study based on GFK consumer survey

Online marketplaces will have a key role to play in enabling this growth of the seller ecosystem





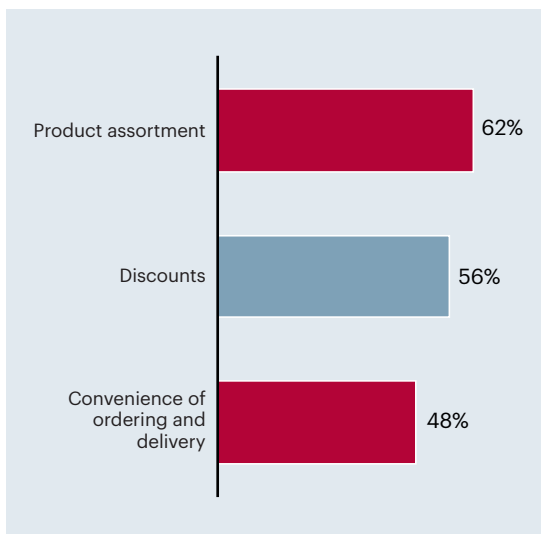
Customers will move beyond discounts; product assortment and convenience will be key purchase drivers

Both existing and new online buyers will look for offerings beyond discounts. In fact, over 90% of buyers in our survey claimed that they would not stop shopping online if discounts were discontinued.

- For current online buyers, product assortment and convenience of ordering and delivery are the top 2 non-discount purchase reasons.
- New buyers will also value the same factors, though convenience will be the top purchase driver, over assortment.

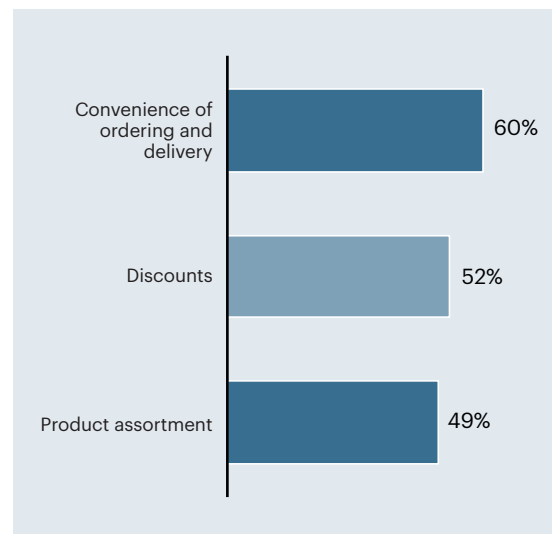
Reasons for online purchase – current buyers

(% of surveyed respondents)



Reasons for online purchase – new buyers

(% of surveyed respondents)



It is critical to identify and target customers who value non-discount reasons and “opportunistically serve” those that value only discounts

- Customers who do NOT value discounts (48% of future buyers): **Delight** by building a robust value proposition around non-discount reasons.
- Customers who value discounts as well as non-discount reasons (42%): **Overcome** need for discounts by differentiating on non-discount reasons.
- Customers who value only discounts (10%): **Opportunistically serve** when customer is identified as “high value”.

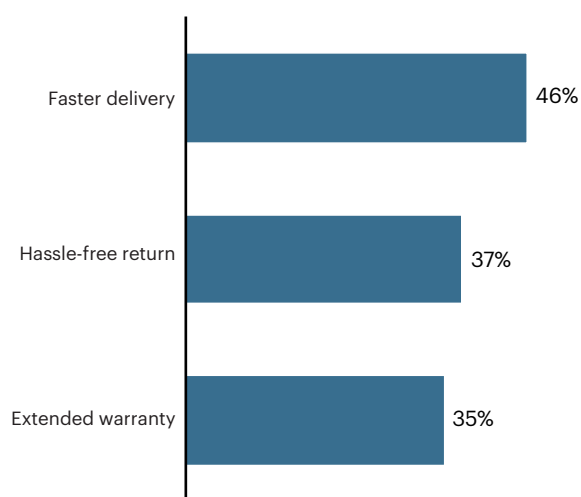
Source: A.T. Kearney-Google study based on GFK consumer survey

The e-tail industry will move towards service differentiation, with some customers even willing to pay for select premium services

In addition to moving beyond discounts, customers will demand Value Added Services (VAS).

- In fact, in our survey, more than 90% of customers said that they would be willing to pay for some of the premium services.
- The top 3 services customers will demand are faster delivery, hassle-free return and extended warranty.

% of surveyed respondents that will pay for the Value Added Service



Global case studies

- **Lamoda**, a fashion e-tailer in Russia, trains its delivery personnel to be able to offer fashion advice that shoppers typically expect from a store assistant.
- Customer gets 15 minutes to try out the product and check the fit, during which time the delivery person also offers fashion / fit advice. Returns are handled by the delivery person.
- **JD.com**, one of China's largest B2C e-tailers, offers an invitation-only membership (JD Plus) with benefits like free shipping, free e-books and special discounts.
- It also offers premium services such as 3-hour delivery and JD Now (an instant WiFi connected device that reorders the designated item).



Digital will play a key role in driving customers to buy online; 50% of organized retail to be influenced by digital in 2020

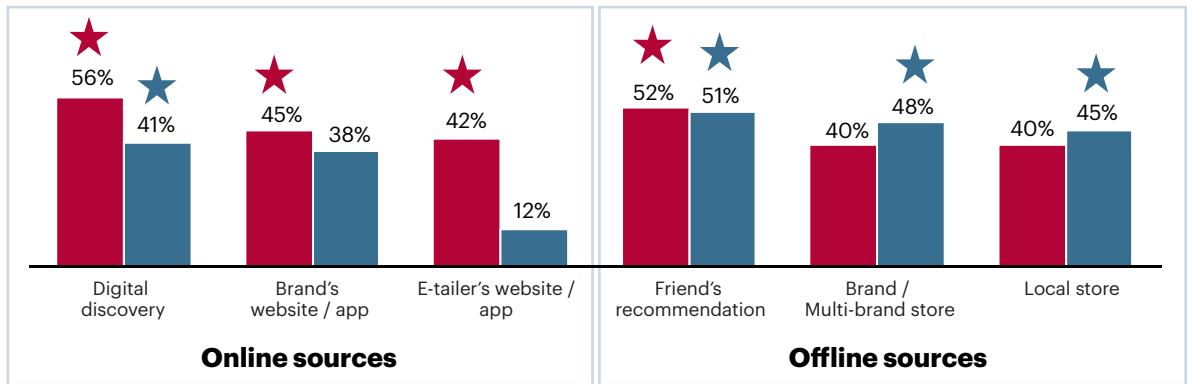
Digital will be an important source of information / discovery for current online buyers:

- 3 out of the top 4 information sources are digital (digital search, brand’s website / app, e-tailer’s website / app).
- E-tailer’s website / app is particularly relevant for buyers of Home Furniture & Furnishings (preferred by 63% of respondents).

Current (online) non-buyers list digital discovery as one of the top 4 information sources. For Consumer Electronics, in fact, digital search, brand’s website / app and retailer’s website / app are key online information sources. As these non-buyers start buying online, it is expected that digital will become more important for other categories as well.

Sources of information / discovery for current and new buyers

(% of surveyed respondents)



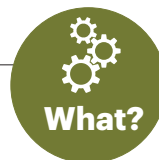
■ Current Buyers ■ New Buyers ★ ★ Top 4 Sources

Implications on marketing spend

Digital discovery	Investment in digital advertising
Brand's website / app	Investment in campaigns and offers to drive more traffic to Brand website / app
Friend's recommendation	Investment in referral programs e.g. "recommend a friend" (through email / social media) feature
Local store	Investment in BTL ¹ to drive awareness regarding online buying

1. Below-the-line marketing

Source: A.T. Kearney-Google study based on GFK consumer survey



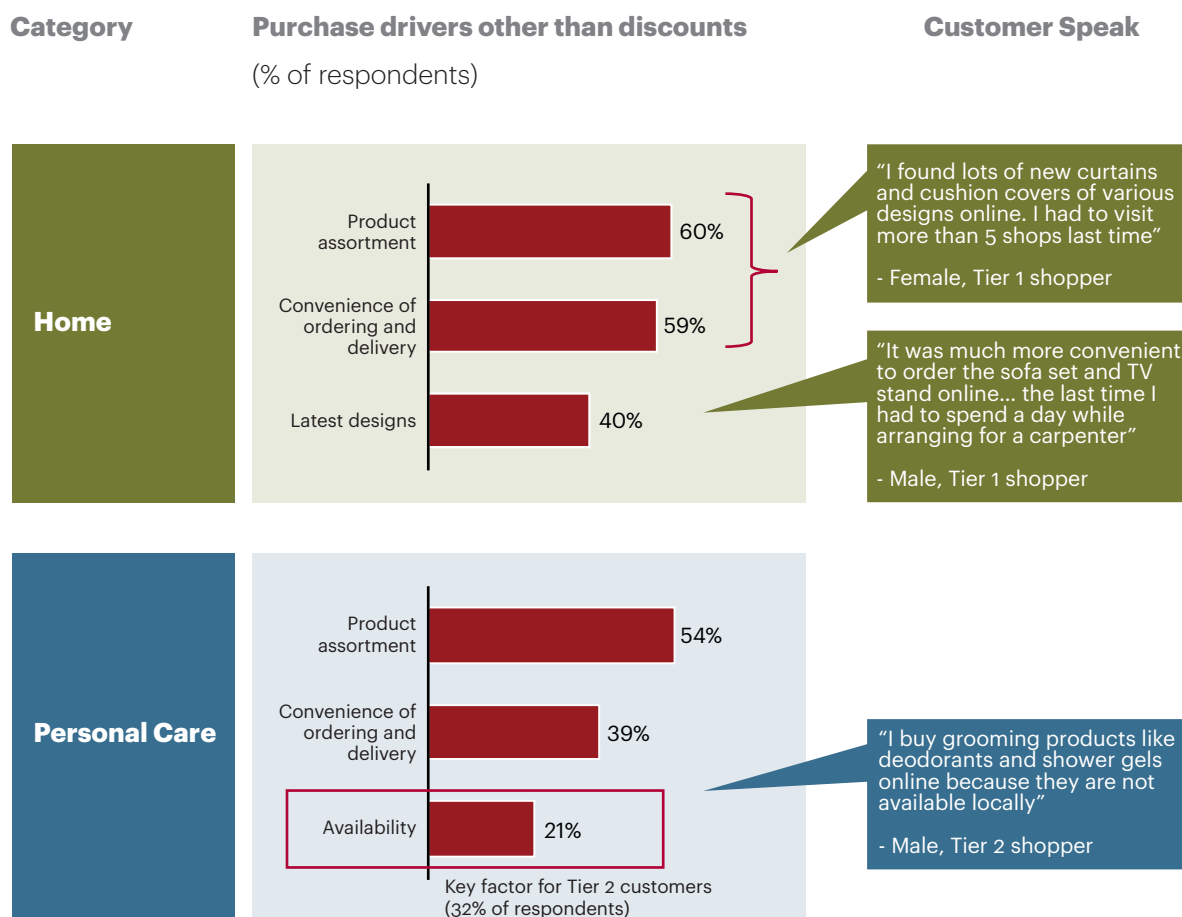
Lifestyle will overtake Consumer Electronics as the largest e-tail category by 2020

Lifestyle and Consumer Electronics will continue to dominate spend; however, Lifestyle will overtake Consumer Electronics as the largest category (35% and 20% of e-tail spend in 2020, respectively).

- New buyers more likely to start their online purchase journey with Lifestyle, followed by Consumer Electronics.
- Existing buyers will spend more on Lifestyle driven by availability of latest designs.

Under-penetrated categories like Home and Personal Care will see a steep increase in e-tail penetration (100% and 200% respectively).

- Home (Furniture & Furnishings) will see high adoption due to assortment and convenience of purchase, while Personal Care will see uptake due to availability, especially in Tier 2+ cities.



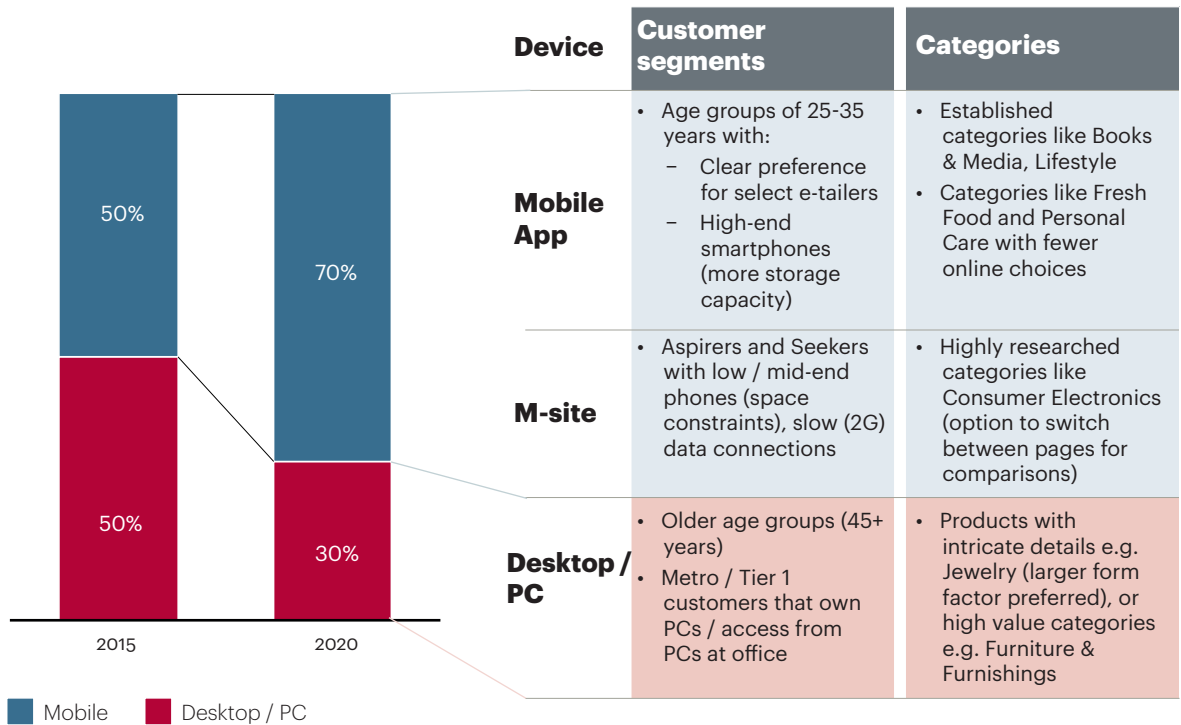
Source: A.T. Kearney-Google study based on GFK consumer survey



Mobile as a device will further strengthen its share of e-tail spend; desktop / PC will continue to be relevant for select customer segments and categories

Preferred online shopping devices
(% of e-tail spend)

Customer segments and categories for which respective device / platform will be relevant



Customers will demand an omni-channel presence; not having one could cause players to lose out on 20-30% of potential buyers in select categories

Omni-channel presence across different stages of the customer purchase journey should be prioritized based on the category in question. For instance,

- Physical presence to facilitate search and trial & testing in Consumer Electronics, Home Furniture & Furnishings and Personal Care (preferred by >55% of surveyed respondents).
- Offline pick-ups in Lifestyle (e.g. alterations post purchase) and Fresh Food including Groceries (pick-up at the store). This option is preferred by >40% of surveyed respondents.

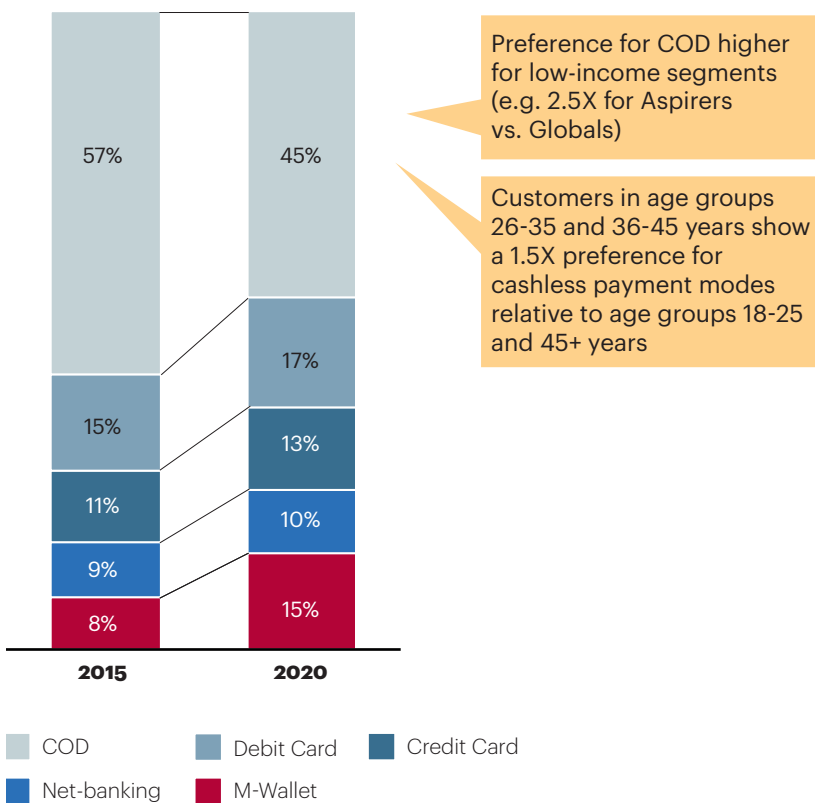
Source: A.T. Kearney-Google study based on GFK consumer survey

COD will continue to be the dominant payment mode; however, its share of transactions will decrease by 2020

Share of Cash-on-Delivery (COD) transactions is expected to reduce from 57% in 2015 to 45% by 2020. COD will continue to be preferred by lower income classes and customers without bank accounts / plastic money and those that are not comfortable paying online (e.g. age group 45+ years).

Online payment modes

(% of transaction volumes)



A key question for e-tail players is how to reduce COD transactions. Several approaches can be adopted:

- Direct incentives e.g. discounts / vouchers for prepaid purchases, cashback schemes on debit and credit cards
- Loyalty programs e.g. e-tailer branded debit and credit cards rewarding customers for frequent online purchases
- Electronic Point-of-Sales (PoS) devices at delivery (Card-on-Delivery)

Source: A.T. Kearney-Google study based on GFK consumer survey

These changes in industry landscape call for some key actions by industry players, as they chart their path to profitable growth



Move beyond discounts: Online players need to build a value proposition around non-discount-related needs

The value proposition needs to be tailored by category. Players can further differentiate themselves by offering targeted Value Added Services (VAS), potentially also charging a premium. Faster delivery is a key VAS demanded by customers; others are category-specific asks e.g. extended warranty / buy-back in case of high value categories such as Consumer Electronics and Durables, and Jewelry.

Purchase drivers beyond discounts, by category

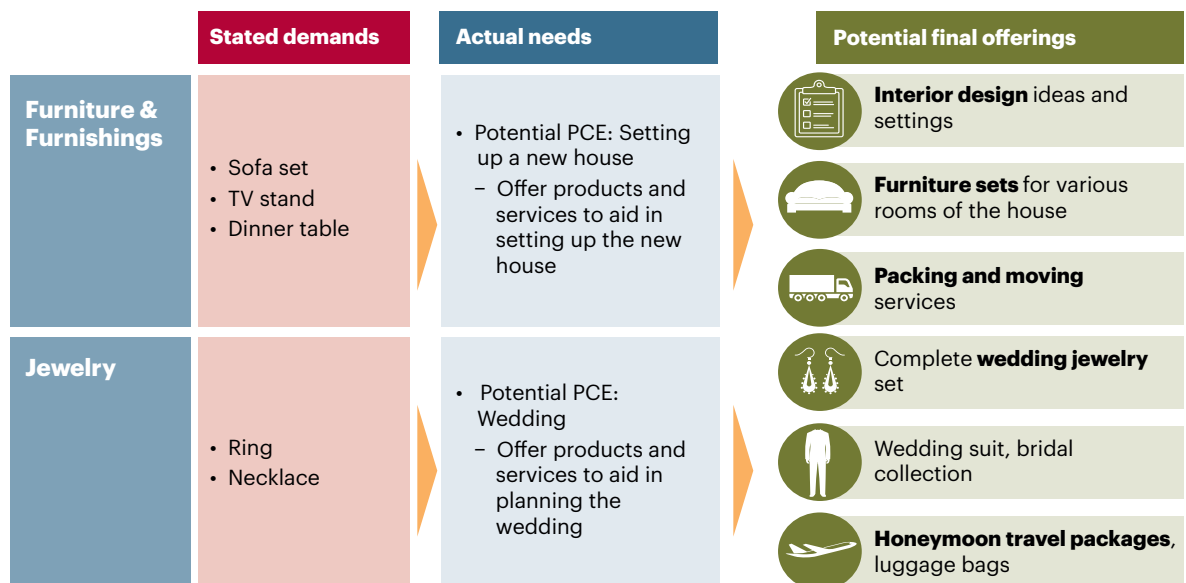
Top reasons for purchase, beyond discounts

■ 1st
 ■ 2nd
 ■ 3rd
 ■ 4th

Category	Convenience of ordering and receiving	Product assortment	Availability of latest models / designs / SKUs	Higher likelihood of availability online	Favorable payment terms	VAS demanded by customers
Consumer Electronics	2nd	1st	3rd	4th	5th	Faster delivery, extended warranty
Consumer Durables	1st	2nd	3rd	4th	5th	Faster delivery, gift wrapping
Lifestyle	2nd	1st	3rd	4th	5th	Extended warranty, trial before purchase
Books & Media	2nd	1st	3rd	4th	5th	Faster delivery, trial before purchase
Furniture & Furnishings	2nd	1st	3rd	4th	5th	
Fresh Food	2nd	1st	3rd	4th	5th	Faster delivery, buy-back
Jewelry	2nd	1st	3rd	4th	5th	

Players should also adopt a Pivotal Customer Event (PCE)¹ approach to maximize profitability.

PCE Illustration



Note:

1. PCE Labs is A.T. Kearney's global capability platform aimed at integrating multiple skill sets to deliver practical value to clients. Pivotal Customer Events are meaningful commercial interactions that are important to customers and generate an economic benefit for businesses.

Source: A.T. Kearney-Google study based on GFK consumer survey

Further, players can delight customers by offering Value Added Services, potentially charging a premium for some.

Value Added Services – select case studies

1

Customization

- **Vans**, an American footwear retailer, allows the user to completely customize footwear
- Customers can choose a base model and select from a variety of designs and colors

2

Try before buying

- **Warby Parker** a US eyewear e-tailer, has a home try-on program that allows users to try on 5 pairs of spectacles for a period of 5 days before buying
- The spectacles are delivered with a prepaid return cover, allowing users to return them free of cost

3

Tailoring services

- **Fashionara**, an apparel e-tailer, has introduced a free-of-cost alteration service at the customer's home
- During delivery, customers can try out the product, give alteration measurements and have it tailored to fit

4

Installation and set-up services

- **Furniture.com**, a US furniture e-tailer, offers free unpacking, assembly and packaging removal services along with delivery

‘Satisfice’ customers that have a high cost-to-serve: develop tailored, sustainable offerings

Select customer segments (especially those in Tier 2+ cities) will pose a higher cost-to-serve as unique challenges are encountered across order generation, order fulfillment and user access and experience. Players need to ‘satisfice’ rather than delight.

Order generation

- Limited awareness and access (to internet) will lead to higher acquisition costs.
 - Online players will need to develop a sustainable delivery model.
-
- **StoreKing** in India has developed an innovative model leveraging pre-existing FMCG channels to overcome the high cost-to-serve (especially for Tier 2+ customers).
 - Customers can access 50,000+ products through kiosks (connected to the internet) placed at the local stores. Further, the local retailer also assists customers in placing the order.
-

Order fulfillment

- Tier 2+ buyers will be more geographically dispersed leading to higher logistics costs. Further, a higher share of customers without bank accounts and / or plastic money will imply more COD transactions, also increasing cost-to-serve.
 - Players will need to invest in innovative partnerships (discussed on page 20), build local seller networks and adopt approaches to reduce COD transactions.
-
- **JD.com**, one of China’s largest e-tailers, has a network of “brand promoters” that pick up products from warehouses and deliver them to rural customers through third-party logistics providers.
-

User access and experience

- This segment will rely more on smartphones for online information search and purchase. Lack of access to apps / m-sites due to device limitations and connectivity issues could lead to loss of potential customers.
 - Players need to develop lighter apps and mobile platforms.
-
- **Diapers.com**, a US based baby care e-tailer, has added an offline functionality to its app, which allows customers to add items to the cart when facing low data connectivity.
 - Shoppers can choose from previously purchased products (common in baby care) and ‘check out’ in presence of a strong network.
-

Future-proof the supply chain: Online players need to solve for challenges unique to the e-commerce supply chain

Below we talk about three specific challenges.

1

Challenge: E-tail incurs more costs than traditional logistics due to returns; typically 10-15% of orders are returned.

Possible solution: Reduce costs by managing returns better and engaging customers to share costs.

- **Guardian.com**, a Singapore health & beauty e-tailer, has partnered with Ninja logistics to optimize routes to allow for multiple deliveries and pick-ups (returns) in a single route.
- **Asos**, a UK fashion and beauty e-tailer, has partnered with a network of 4,500+ convenience shops and newspaper agents to offer the Collect Plus service.
- Customers can drop off products at the designated points, thus “sharing” the cost of return.

2

Challenge: Customers need instant gratification, which is lacking in e-tail.

Possible solution: Provide a definite delivery slot for customers, eliminating uncertainty.

- **DPD Group**, a leading UK parcel delivery company, uses its Predict service to provide recipients a one hour delivery window, intimated through SMS and e-mail.
- Recipients can track the parcel location in real-time, with accuracy of up to 15 minutes.

3

Challenge: There is a lack of supply chain infrastructure in rural, Tier 3+ regions.

Possible solution: Explore innovative partnerships (convenience shops, FMCG distribution chain) for last-mile connectivity.

- **Tata DoCoMo** tied up with Hindustan Unilever for a distribution alliance leveraging their wide distribution network to deliver SIM cards in rural areas.

Go online: Staying offline is not an option as digital will have significant influence on both online and offline spend

Offline (organized) retailers can either go online on their own or choose a hybrid model (going online on their own as well as tying up with marketplaces):

- **Own channel:** Leverage existing offline infrastructure to support online delivery (e.g. pick-ups at offline stores).
- **Hybrid:** Leverage the wide customer base and supply chain capabilities of the marketplace while staying visible to their customers online (e.g. site-in-site).

Select case studies

Location-based offers



- **Macy's**, one of the largest omni channel e-tailers has partnered with Shopbeacon, to use their location-based services
- Customers are sent personalized offers, based on their location within the store

Site-in-site



- **Bestdays vintage**, a UK apparel retailer, has a site-in-site presence on Asos.com (the largest apparel e-tailer in UK)
- The site-in-site presence gives Bestdays vintage high visibility on Asos.com. Value proposition for the marketplace includes omni-channel offerings and a unique product (vintage garments)

Cross-channel promotions



- **House of Fraser**, a UK apparel retailer, introduced a new cross-channel loyalty scheme allowing customers to accrue points regardless of how they shop - in-store, online, or via telephone
- An assisted in-store service allows House of Fraser staff to help customers order goods online that are out of stock in the store. Customers can return later to collect or have the goods delivered directly to their home

Go omni-channel: Prioritize stages of the customer decision journey for omni-channel focus, based on category of purchase

Channel	Customer Speak	Imperative for Retailer
	"I need to alter a pair of jeans at the store – the website tells me that there are 3 stores within 5 km of my house that I can get to easily."	<ul style="list-style-type: none"> • Prompt customer to indicate on website which store he / she intends to visit • Alert store staff of customer's imminent arrival
	"I thought that waiting at the store would be painful – but the staff here just greeted me by name and offered a gift coupon with a flat 10% discount!"	<ul style="list-style-type: none"> • Push new products to the customer • Provide personalized, tech-enabled service
	"The staff picked out some outfits for me to try on while I wait – the fitting room has virtual mirrors connected to Facebook... I can ask my friends for their opinions in real time!"	
	"Totally forgot to record my show on TV today. I'm going to head home and try the remaining clothes there."	
	"I really liked the clothes I tried! Also, I want to try out an outfit that I found and reserved online on Instagram. I'm going to go back to the store to purchase all of this stuff"	<ul style="list-style-type: none"> • Offer product browsing and purchase integration with social media
	"This other store down the road just sent me a message about a flash sale! And guess what? They're giving me a 15% discount there."	<ul style="list-style-type: none"> • Push notifications to customers based on location and shopping history
	"This store now allows me to make a purchase just by scanning a product's QR code on my phone!"	<ul style="list-style-type: none"> • Easy-pay options – cash / credit – with pre-saved customer info • Mobile check-out with electronic receipt
	"The store will deliver all my purchases at home within 6 hours. My data was already saved on their database from earlier so no need to tell them my address!"	<ul style="list-style-type: none"> • Provide easy product fulfilment options – from home-delivery to in-store pick-up as per the customer's convenience

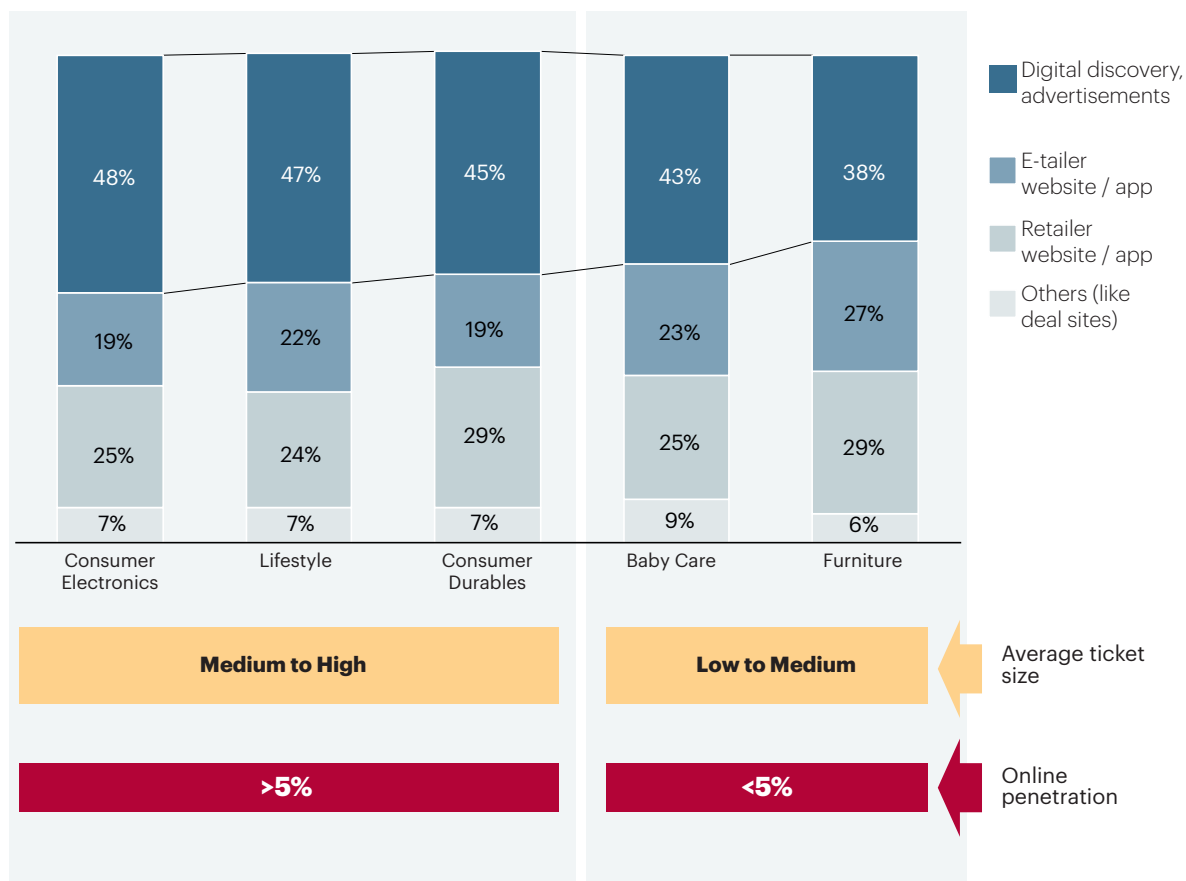
Optimize digital media spend: Preferred platform for online information search differs by category

Offline retailers should optimize their spend and mix on digital media based on category:

- For high ticket size, high penetration categories (e.g. Lifestyle, Consumer Electronics etc.), allocate more spend to digital advertisements.
- For low ticket size, low penetration categories, allocate more spend to the e-tailer’s platform (site / app).
- Across categories, search preference for retailer website / app is higher than e-tailer website / app. This further points to the need for offline retailers to have at least an own online channel (especially in Consumer Electronics and Consumer Durables).

Preferred platform for online information search, by category

(% of surveyed respondents)



Source: A.T. Kearney-Google study based on GFK consumer survey

Enhance customer offerings using digital: Brands and manufacturers need to adopt the right online channel and maximize customer engagement and lifetime value

The online channel of choice for brands and manufacturers is a function of the economic attractiveness of the category and their value proposition:

Online channel choice for brands and manufacturers



Further, brands and manufacturers should leverage digital to engage.

- Invest in own website as well as social media to drive engagement.
- Focus on building brand image and garnering consumer insights (on future product needs).

-
- **Old Spice** launched a viral marketing campaign with personalized videos posted in real time to drive engagement with customers.
 - Campaign led to a significant increase in social media activity and product sales.
-

Lastly, brands should develop offerings to maximize lifetime value.

- Offer complementary services for digital customers to establish customer loyalty.
-
- **Lloyd's** 'MyLloyd' mobile app allows customers to make service requests for their appliances directly on the platform.
-

“Finance” the value chain: Players need to develop tailored offerings to enable industry growth

Consumer finance

- Provide hassle-free credit to customers with instant underwriting at point-of-purchase, especially for high value categories like Consumer Durables, Home Furniture & Furnishings etc.
 - Assess customer creditworthiness through means such as ID validation, Aadhar verification, CIBIL score checks, location-based geo-tagging, scraping of bank a/c statements etc.
-
- **Affirm**, a US-based financial services firm, uses big data analytics to determine shopper credit rating at point of purchase and offers convenient consumer financing options.
-

Supply chain finance

- Provide short-term finance (e.g. to start up) and working capital loans to sellers.
 - Underwrite credit risk of anchor e-commerce players, assign dynamic credit limits to sellers based on online performance metrics like customer ratings, returns ratio etc.
-
- **Iwoca**, a UK-based firm, provides business loans to eBay and Amazon sellers. It uses metrics linked to the sellers' Amazon or eBay accounts to gather data.
-

Authors



Ajay Gupta, Partner,
A.T. Kearney
ajay.gupta@atkearney.com



Himanshu Bajaj, Partner,
A.T. Kearney
himanshu.bajaj@atkearney.com



Pulkit Trivedi, Head of
Industry, eCommerce
Google India
tpulkit@google.com



Pranjal Jain, Principal,
A.T. Kearney
pranjal.jain@atkearney.com



Siddharth Jain, Principal,
A.T. Kearney
siddharth.jain@atkearney.com



Aruni Bhattacharya,
Principal
Industry Analyst
Google India
aruni@google.com



Deepak Maloo, Consultant,
A.T. Kearney
deepak.maloo@atkearney.com

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