



# INDIA

## 9 eCommerce Facts



Although considered "10 years behind China in the eCommerce space" (Morgan Stanley), India is already the world's second largest Internet market, projected to be worth USD \$119 billion in eCommerce potential by 2020. Rapidly rising Internet penetration, a burgeoning cross-border landscape, and an environment lacking in physical retail infrastructure make India a highly attractive target in any Asia Pacific eCommerce market entry strategy.

### 1 ECOMMERCE LANDSCAPE AND POTENTIAL

Morgan Stanley pegs India's eCommerce market at USD ~\$8.5 billion in 2016, fuelled by a CAGR of 63%.

**USD~\$8.5B**

### 3 THE INDIAN CONSUMER

According to the Associated Chambers of Commerce & Industry of India (ASSOCHAM), 38% of regular Indian online shoppers are aged 18-25, and 52% are aged 26-35. 65% of these are male – however, female online shoppers in India are on the rise, with rural areas seeing a 30% growth and urban areas a much larger 157% spike.



### 2 INTERNET AND MOBILE PENETRATION

Thanks to booming Internet penetration, India is expected to be home to over 320 million online shoppers by 2020 (Morgan Stanley), while smartphone ownership is expected to exceed 200 million (surpassing the US) by 2016 alone (eMarketer).

**320 Million**  
Online shoppers by 2020

### 4 KEY SOCIAL MEDIA PLATFORMS

As of 2015, 10% (134 million) of India's population were active on social media, with the largest user group being males aged 20-29 (51%). Facebook is the leading platform at 53% user adoption, followed by Google+ at 40% and Twitter at 34%.



With social media penetration growing almost by the second, India boasts rich potential for social commerce.

### 6 BRICK AND MORTAR VS ECOMMERCE

ASSOCHAM reports that almost 95% of some 4,000-5,000 towns and cities in India have no significant physical retail coverage, due to high real estate costs. As many as 106,686 new websites (Financial Express) are registered in India daily, of which over 25% are for "niche and specialist online businesses". These point to a growing demand for online retail nation-wide, as well as a potential barrier to establishing an omnichannel presence.

**106,686**  
New websites are registered daily

### 5 POPULAR PRODUCTS

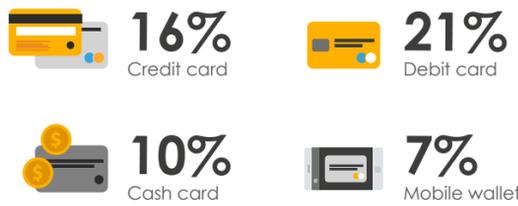
A 2015 study by the Internet and Mobile Association of India (IAMAI) profiled the following product categories in Indian online retail:



### 8 ONLINE PAYMENT CHALLENGES

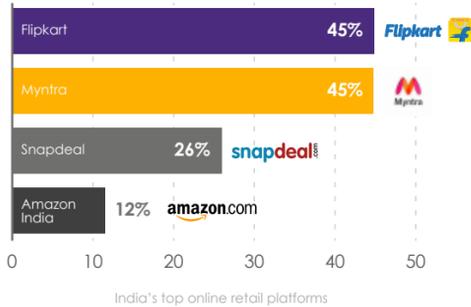
Much as in Indonesia, cash on delivery (CoD) predominates in Indian eCommerce. Almost 45% of Indian online shoppers favor it over credit cards (16%) and debit cards (21%). Internet banking and other payment methods such as cash cards and mobile wallets stand at 10% and 7% respectively. This represents a significant trust hurdle to businesses selling online in India.

**45%**  
Cash on delivery



### 7 TOP ECOMMERCE PLAYERS

In 2015, according to Morgan Stanley, India's top online retail platforms by market share were Flipkart and Myntra (45%), Snapdeal (26%), and Amazon India (12%). Their combined GMV of USD \$13.8 billion surpassed that of India's top 10 offline retailers, indicating a high affinity for marketplaces among Indian online shoppers.



Other leaders in various segments include:



### 9 CROSS-BORDER POTENTIAL AND HURDLES

According to an Ipsos MORI study for PayPal, India has one of the world's fastest-growing cross-border eCommerce scenes. The country's online cross-border spending is projected to jump 78.5% (to USD \$14.61 billion) in 2016 alone.

However, 62% of Indian online shoppers avoid shopping on international sites. Key hurdles cited are:



A focus on logistics and reverse logistics is therefore strongly recommended for any eCommerce business targeting the Indian market.

**SOURCES:** Morgan Stanley, eMarketer, Associated Chambers of Commerce & Industry of India, Time, Financial Express, Internet Retailer, Internet and Mobile Association of India, We are Social.

Want to learn more about how SP Commerce can support your online business in India and the Asia Pacific region? Contact [biz@spcommerce.com](mailto:biz@spcommerce.com)



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