eCommerce Festive Season 21

Press Note-1
## Key assumptions and definitions about festive sale events

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
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</thead>
<tbody>
<tr>
<td><strong>eCommerce Definitions</strong></td>
<td>- GMV - Gross Merchandise Value - Total value of items sold</td>
</tr>
<tr>
<td></td>
<td>- Metro refers to top 9 cities (Delhi/NCR, Bangalore, Hyderabad, Chennai, Mumbai, Kolkata, Pune, Ahmedabad and Surat). Tier 1 is the next 40 cities</td>
</tr>
<tr>
<td></td>
<td>- Category definitions - Mobiles includes smartphones and feature phones, Electronics include devices and non-devices, Large and Small Appliances include consumer durables, Fashion includes Apparel, Footwear and Accessories, Others include Home, Furniture, Books &amp; General Merchandise (Toys, Stationary, Sports&amp; Fitness, Beauty &amp; Personal Care, etc.)</td>
</tr>
</tbody>
</table>
| **Festive Event 1 Sale Dates**| - 2017- Sep 20th to Sept 24th  
- 2018- Oct 9th to Oct 14th  
- 2019-Sep 28th to Oct 6th  
- 2020 Early Access- 15th October for Flipkart, 16th October for Amazon  
- 2020 Flipkart Big Billion Days- 16th to 21st October  
- 2021- Festive week assumed as 6th-12th October (Including early access to Big Billion Days) |
Overall macro sentiment and offline shopping is recovering as COVID subsides
Opening up of offline retail and mobility to nearly pre COVID levels is likely to lead to see strong offline sales and impact eCommerce growth during festive as customers may shop on offline more than last year.

**Retail Sector Recovery - RAI data**
(As % sales in the respective month in 2019)

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**Google Mobility Index, Retail and recreation**

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**Job market is booming!**

Indian job market records strong recovery in August, grows 89%; Naukri JobSpeak

Corporate India's hiring outlook for October-December most optimistic in years: Survey

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**Consumer sentiment is bullish**

RedSeer in-depth interviews

*I don’t feel myself holding back from shopping for things I need/like because of covid. I live in Noida and most of the stores/malls are open now, my shopping spend is likely to increase*  

*In these festive sales we are planning to buy few electronic appliances including a washing machine and a toaster apart from the regular clothing and home decor stuff*  

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Note: 1: The baseline is the median value, for the corresponding day of the week, during the 5-week period Jan 3–Feb 6, 2020.
We expect festive sales (Gross GMV) to grow 30% y-o-y to $4.8 bn this year during festive week 1 and potentially $9+ bn GMV during whole festive month.

Gross/Checkout GMV- Festive Week (Sale 1)
2018-21P, USD Bn and INR Cr
Note: these are gross GMVs. Shipped GMV (net of cancellations) would be 10-15% lower for each year

Gross/Checkout GMV- Festive Month
2018-21P, USD Bn
Note: these are gross GMVs. Shipped GMV (net of cancellations) would be 10-15% lower for each year

Strong online festive sales expected despite offline opening up to nearly pre-COVID levels

Disclaimer- Festive week 2020 figures were retrospectively adjusted by 10% as the earlier figures were overestimated

Source(s): RedSeer Analysis
Note: * BAU is defined as average daily GMV from July to September

Estimates could be +10% depending on the festive month announcements

1. Festive Month defined as the period starting from the first sales event and lasting roughly till Diwali week including BAU days in between
Larger consumer base than ever before will play the major role in driving festive sales growth this year again driven by Tier 2+ shopper growth

Key customer themes

- Online Customer base has been rising even prior to festive throughout the year driven by accelerated digital adoption post COVID. We expect this expanded customer base to reflect during the festive sales period as well

- Continued growth of Tier 2+ shoppers to continue driven by growing reach and targeted selection supported by growing expansion of the affordability constructs. Tier 2+ shoppers to continue to be 55-60% of the total shopper base this year, similar or higher than 57% in 2020 festive days

<table>
<thead>
<tr>
<th>Year</th>
<th># Shoppers (Mn)</th>
<th>$ Spend/customer</th>
<th>Festive Week GMV (USD Bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>20</td>
<td>105</td>
<td>2.1</td>
</tr>
<tr>
<td>2019</td>
<td>28</td>
<td>96</td>
<td>2.7</td>
</tr>
<tr>
<td>2020</td>
<td>50+</td>
<td>74</td>
<td>3.7</td>
</tr>
<tr>
<td>2021P</td>
<td>70</td>
<td>~74</td>
<td>4.8</td>
</tr>
</tbody>
</table>

Source(s): RedSeer Analysis

Note: * BAU is defined as average daily GMV from July to September

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Category mix has been evolving differently in pre-festive months which will impact festive category mix as well— with more of fashion and electronics than before.

**Category Mix – Festive Week**
Festive’18 to ’21, % of GMV, USD Bn

**Festive Week India E-tail Category Trends**

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<th>Festive Event 1 Sale Dates</th>
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<tr>
<td>• 2018- Oct 9th to Oct 14th</td>
</tr>
<tr>
<td>• 2019- Sep 28th to Oct 6th</td>
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<tr>
<td>• 2020- Oct 1st to Oct 21st</td>
</tr>
<tr>
<td>• 2021- 6th-12th Oct (BBD incl early access)</td>
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**Key category themes**

- **Mobiles category** to remain broadly strong and key during the festive sales driven by multiple planned new launches across the price points.

- **Electronics + Appliances category** to continue growth driven by ever-expanding selection and reach and consumers holding back their purchases in anticipation of new launches and attractive pricing (per Redseer survey). Affordability constructs including EMIs and Buy Now Pay Later to be a strong growth lever in this category.

- **Fashion** to see a steady recovery this festive inline with greater outdoor mobility of consumers and steady rebound of fashion/office wear.

Source(s): RedSeer Analysis

Note: * BAU is defined as average daily GMV from July to September.

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Most sellers we surveyed are bullish on participating in this year’s festive sales as a way to make up for the sales loss suffered due to COVID

<table>
<thead>
<tr>
<th>Why do sellers want to participate in this year’s festive sales</th>
<th>Seller Perspective on Festive Season</th>
</tr>
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<tbody>
<tr>
<td>Margin charged by the platform is affordable</td>
<td>Sellers agree that festive sales will play an important role in recovery from COVID sales loss</td>
</tr>
<tr>
<td>Good performance during last year’s event</td>
<td>77%¹</td>
</tr>
<tr>
<td>Platform gets high traction during festive season</td>
<td>Nearly 70%¹</td>
</tr>
<tr>
<td>I have not observed sufficient sales over the last 3-4 months</td>
<td>Sellers agree that the sales support provided by the large e-tailers have been very positive in lead up to sales event</td>
</tr>
<tr>
<td>Platform does not ask for deep discounts</td>
<td></td>
</tr>
<tr>
<td>Fulfillment/supply chain is good on the platform</td>
<td></td>
</tr>
</tbody>
</table>

1. Almost all of the sellers who did not agree were neutral

Sources(s): Retailer Survey, RedSeer Analysis
Summary: We expect that the festive season will be the icing on the cake for the e-tailing sector in 2021 which has been buoyed by a fast growing customer (and seller) base throughout the year.

Overall Online Retail GMV - YoY
USD Bn, Gross/Checkout GMV

Higher growth expected in 2021 vs most other recent years - driven by strong consumer funnel expansion and greater than ever comfort with online shopping post COVID across the categories.

Source: RedSeer Analysis
1USD = 70INR
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Reach out to our team for in-depth and one-of-its-kind eCommerce festive season 2021 insights

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