Going Digital

Winning the Consumer

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Market size (USD billion)

Source: IBEF January, 2016 retail report
Share in retail revenue

Food and Grocery (66.3%)  
Apparel (8.70%)  
Jewellery (8%)  
Consumer Durables & IT (5.20%)  
Pharmacy (2.70%)  
Furniture & Furnishing (3.60%)  
Footwear (1.20%)  
Others (4.30%)

Source: IBEF January, 2016 retail report
Number of Online Shoppers in India (in millions)

Source: Euromonitor, IAMAI, Media Reports
Evolution of Indian Retail Over the Decades

Exchange of goods / Source of Entertainment

Shanties
Village Fairs
Melas

Neighborhood Stores / Convenience

Kirana Stores
Mom n Pop Stores

Subsidized Costs / Distribution

PDS Outlets
Khadi Stores
Cooperatives

Customer Reach Channel

Franchise / Hi-Streets

Exclusive Brand Outlets
Hyper/Super Markets
Department Stores
Shopping Malls

E-tailing
TV Shopping, DTH, .com,
Mobile & Telephone
selling, Radio, Print media

Co-Existence is a special virtue of India!
Many questions, very little data

- Who is the digital consumer?
- What are they buying online?
- How will it make money?
- Why are they buying online?
- What are they doing online?
- What will this phenomenon be?
There is a digital tsunami headed our way.
E-commerce will be big...
... digital influence will be enormous
One size does not fit all

- **Apparel and footwear**: 10–12%
- **Consumer durables**: 12–14%
- **Electronics**: 25–30%
- **Health**: 6–8%
- **Home**: 8–10%
- **Jewelry, Fragrances**: 8–10%
- **Baby care**: 6–8%
- **Staples**: <1%
- **Branded packaged goods**: 4–5%
- **Sexual wellness**: 7–9%
- **Travel**: >60%
- **Sexual wellness**: 7–9%
- **Travel**: >60%
The digital consumer is morphing

From (2015) | To (2020)
---|---
**Older** | 1/5 users above 35 years | 1/3 users above 35 years
**More Rural** | 1/3 users from rural India | 1/2 users from rural India
**More women** | Women accounting for 29% of urban users | Women accounting for 40% of urban users
Why are they buying online?
Reasons for shopping online and percentage of consumers opting for them

- **41%** Offers highest discounts
- **23%** Has more options
- **11%** Provides products unavailable in the city
- **23%** Helps to make informed decisions
- **6%** Allows customization
- **13%** Is convenient
- **17%** Has the option of home delivery
- **7%** Offers fixed price
- **4%** Gives detailed information online
- **7%** Keeps the option of home delivery
- **4%** Helps to make informed decisions
- **7%** Offers fixed price
- **8%** Gives detailed information online
- **7%** Offers fixed price
- **7%** Helps to make informed decisions
- **6%** Allows customization
- **10%** More comfortable
- **9%** No one sees me
- **11%** Provides products unavailable in the city
Will physical stores become irrelevant?

Key drivers for shopping in physical stores for different categories

- **Habit** (Always buy from store/agents)
  - Appliances: 42%
  - Electronics: 37%
  - Cosmetics: 34%
  - Nutrition: 30%

- **Physicality** (Need to touch & feel)
  - Appliances: 38%
  - Electronics: 35%
  - Cosmetics: 36%
  - Nutrition: 30%

- **Validation** (Need to check features)
  - Appliances: 0%
  - Electronics: 13%
  - Cosmetics: 19%
  - Nutrition: 19%

- **Risk** (Big ticket purchase)
  - Appliances: 0%
  - Electronics: 15%
  - Cosmetics: 17%
  - Nutrition: 17%

- **Availability** (Not available online)
  - Appliances: 15%
  - Electronics: 15%
  - Cosmetics: 15%
  - Nutrition: 17%
Re-imagining your business in the new reality

01 Over invest in digital influence
02 Build clear aspiration and roadmap for a profitable e-commerce business
03 Invest in non-price drivers to build brand loyalty
04 Reimagine the role of physical stores to cater to the omnichannel consumer
05 Digitize your business

Brick & Mortar

01 Enhance consumer stickiness by investing in drivers beyond price
02 Build next generation CLM/consumer engagement capabilities
03 Leverage big data
04 Experience offline, sell online
05 Invest in supply chain capabilities

E-commerce
THANK YOU