

## E-Retail Market is expected to touch \$ 120 – 140 bn by FY26'

New Delhi, Aug 18

**INDIA'S RETAIL MARKET** is expected to grow by 25% - 30% annually over the next 5 years to touch \$120-140 billion by FY26, surpassing modern trade. Much of this growth will be fuelled by small town India which accounts for four of every five new shoppers, analysts at Bain & Company said in a report.



As more consumers moved online amid the pandemic, India's count for e-retail shoppers touched 140 million in 2020. The country already has the third largest online shopperbase globally, only behind China and the US. Even as the total retail market shrunk by 5% at the end of FY21 on the back of the Covid-induced operational restrictions, the online segment surged by a considerable 25% to reach \$38 billion. "Covid -19 provided a massive stimulus to India's e-retail penetration, accelerating it by 12 months to reach approximately 4.6 % in FY21. This increase was even greater in metro cities, as one in three people shopped online at least once

across the top eight metro cities last year. Bengaluru led the way....,” analysts at the firm said in the report.

Fashion, electronics, general merchandise and mobiles continue to be “Key Gateway Categories” for new online shoppers. As brands set their eyes on the next batch of users, investments in voice and vernacular capabilities as well as incorporating the convenience of social commerce will be imperative. One in 10 users have tried to voice search while one in three new users avail vernacular platform interface. “The role of voice, vernacular and social media in online shopping is expanding. Voice and vernacular are vital to attract the next generation of online shoppers,” analysts said. Influencers and social media channels are also increasingly shaping up the shopping trajectory of consumers. For instance, almost 40% of online shoppers made at least one purchase through platforms like Facebook, Instagram and WhatsApp last year.

Indian e-retail that had largely been led by Flipkart and Amazon have seen the entry of deep-pocketed players like Reliance and most recently the Tata Group. Reliance and Tata Group are banking on a strategy of acquisitions to fight Global major Amazon and Walmart – controlled Flipkart. Besides, there are a host of other online brands that are focusing on specific segments like beauty, health and wellness products among others.

“Growing popularity of online shopping has pushed established and digital native brands to opt for a D2C (Direct to Consumer) channel via their websites.. Growing relevance of the online channel has made it a must play and must win frontier for brands. Winning an outsized share of online consumer spending requires a series of investments. This includes investments in visibility, supply chain, merchandising, conversion and key capabilities,” analysts said.

(Source : FE BUREAU)