E-COMMERCE FESTIVE TRENDS REPORT 2020

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Introduction

The festive season is the most important and opportunistic time of the year for the e-commerce industry. The consumers are ready to splurge and marketplaces and brands leave no stone unturned to attract consumers with lucrative offers and deals. Considering the importance of the festive season, Unicommerce, India's largest e-commerce focused SaaS platform, has once again brought an insightful data-driven festive trends report to understand the changing dynamics of India's e-commerce ecosystem.

The report analyses shopping trends for the festive month of 2019 and 2020. The time period for the analysis is 30 days prior to Diwali with a sample size of over 44mn orders. This was the first festive season after the world was hit by the pandemic earlier this year and the report deep-dives into sector-wise growth, rising demands from consumers from "Bharat" and trying to understand the new consumer behaviour. The report will also decode some interesting facts about the growth of brand websites and companies getting serious and focused on the D2C business model.
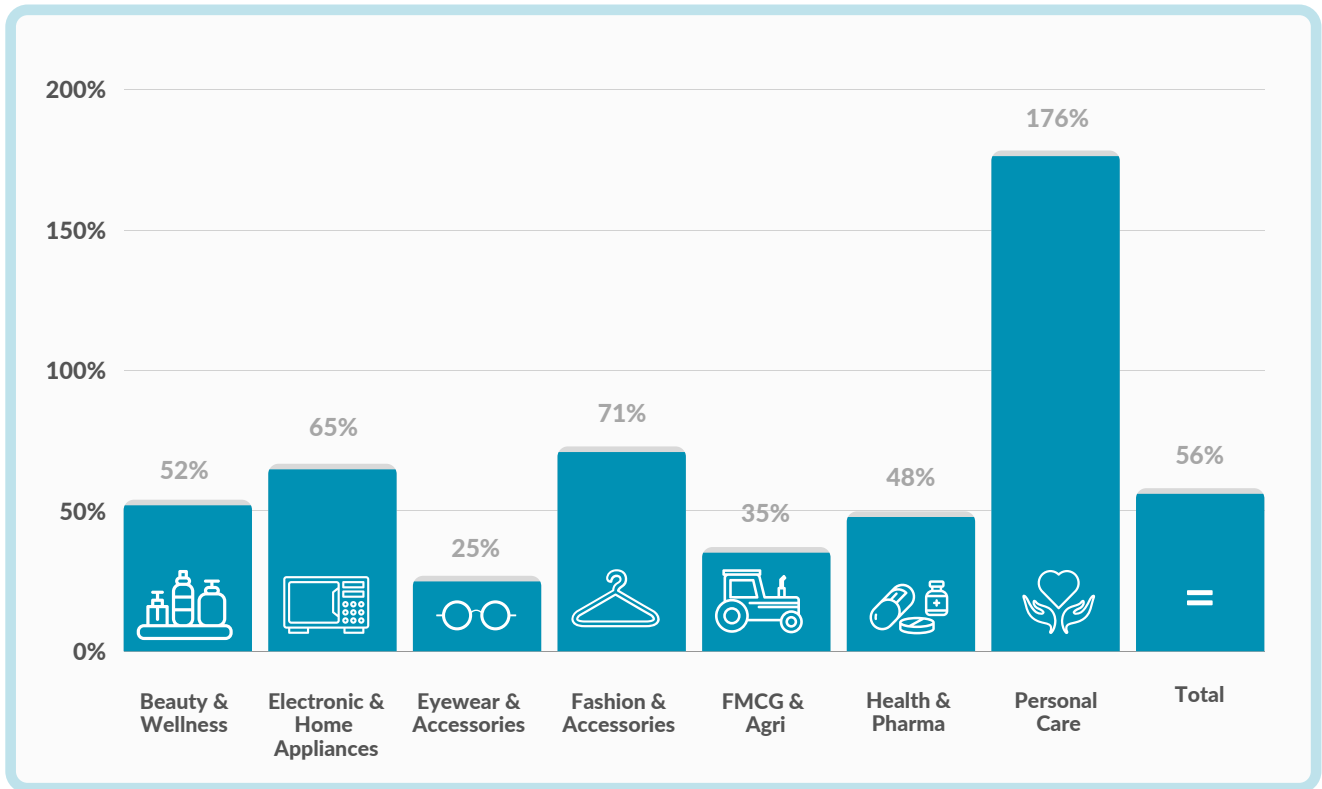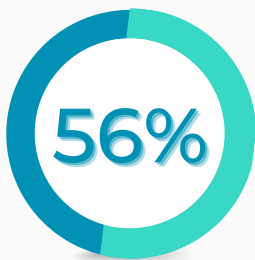
What India shopped during festive season

- Each year the festive season brings cheer to the e-commerce industry. Consumers and sellers both equally wait for the season and try to make most of it. This year e-commerce players and e-tailers worked even harder to meet the ever-rising online consumer demand.

- The festive season e-commerce industry reported ~56% growth in order volume as compared to the festive season last year*. The increasing order volume also led to the 50% growth in GMV as compared to the last year festive season.

- The consumers have become more value conscious than before and now are shopping across new categories. The rise of new categories such as personal care and beauty products and higher sales of lower value products has led to a decline in average order value by 4% as compared to last year's festive season.

- One of the most promising signs for the e-commerce industry is the rising number of first-time online shoppers and the new emerging categories. Personal care category has emerged as the biggest gainer with ~176% order volume growth over last year festive month. Beauty and wellness is another category that has reported ~52% order volume growth over last year festive month.

- Fashion and accessories is always the biggest category with maximum share of order volume. As people plan to travel and meet families during the festive season, the number of consumers indulging in fashion shopping during the Diwali sale increases significantly. This festive season, fashion and accessories category witnessed an order volume growth of 71% as compared to previous year's festive month, which is higher than the industry average.

- The electronics segment continues to be the highlight of festive season sales, with all marketplaces extensively promoting discounts and offers on electronic products, The segment saw substantial growth of 65% in order volume as compared to festive month of 2019.

- Returns continue to be a concern for e-tailers across India. The automation and increasing consumer awareness is leading to consistent decrease in returns. This festive season, the industry overall observed a 35% decrease in return orders as compared to the last year. The fashion and accessories category continues to the category with maximum return orders."

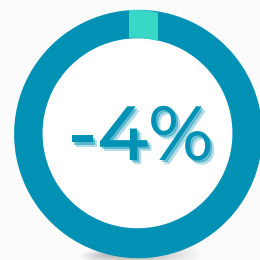*Festive season is one month prior to Diwali in 2019 and 2020

Order Volume Growth

Order Volume Growth by category:
- Beauty & Wellness: 52%
- Electronic & Home Appliances: 65%
- Eyewear & Accessories: 25%
- Fashion & Accessories: 71%
- FMCG & Agri: 35%
- Health & Pharma: 48%
- Personal Care: 176%
- Total: 56%

Festive Season E-commerce

56% — Order Volume Growth

50% — GMV Growth
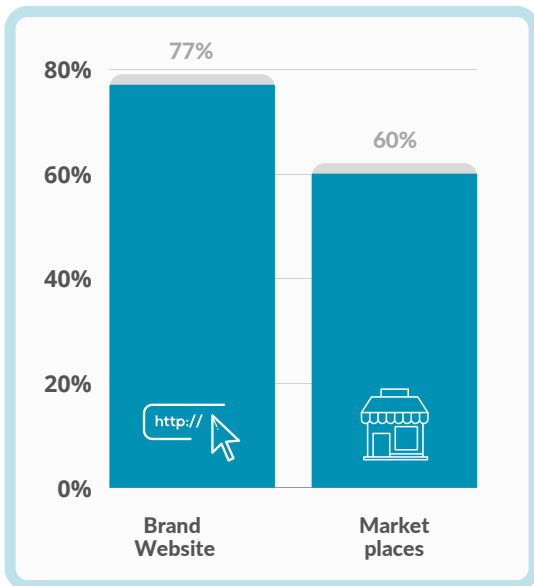
-4% — Average Order Value
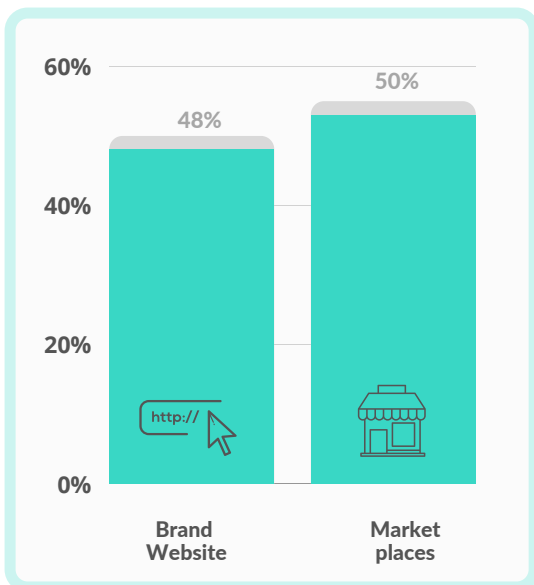
35%

Average Return Orders reduced by 35%

Personal care is fastest growing category with 176% order volume growth

Brands focused on going D2C

Order Volume Growth on D2C Website

This year we have seen brands getting serious about online selling with constant growth in brands developing their own website. Post lockdown, the brands have started adopting technology solutions to improve business efficiency.

This festive season, not just marketplaces but brand websites have also reported huge growth in consumer demand. Big brands are now committed towards selling through their own websites. The brand websites witnessed ~77% order volume growth as compared to 60% order volume growth of the marketplace.

GMV Growth on D2C Website

It's interesting to see that in spite of the disparity in order volume growth there is a marginal difference in GMV growth of brand websites and the marketplaces. The GMV for brand websites increased by 48% while for marketplaces the GMV increased by 50%. This signifies that brands offered more discount on their own websites than marketplaces to get more customers. This also led to a significantly low average order size on brand websites. The average order size on the brand website decreased by 16% as compared to 5% dip for the marketplaces for the period of last year's festive month.

# Increasing shoppers from Tier-II and Tier III cities of India

▶ The Tier II and Tier III cities have been growing way-faster than metropolitan cities and its impact is also visible in the festive season sale as well. The Tier II and beyond cities have witnessed a growth of ~99% as compared to last year's festive season. The growth in Tier I and metropolitan cities remain at around 20%.
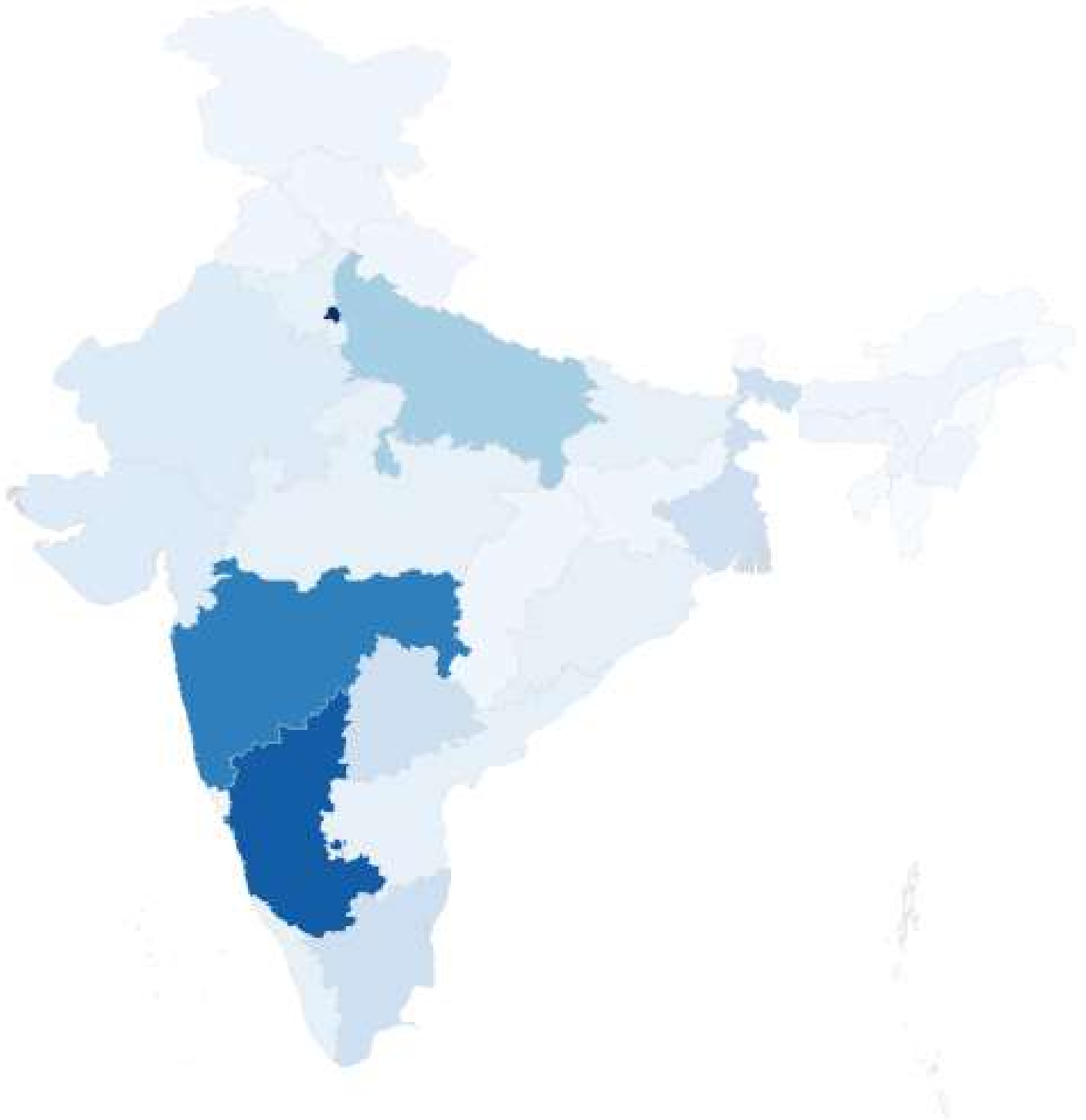
Tier II and beyond cities have witnessed a growth of ~99%

▶ The contribution of Tier II and beyond cities is increasing exponentially. In this festive season, Tier II and beyond cities of India contributed over 59% of the online consumer demand of India, while traditional metros and Tier I cities contributed around 41% to the overall online retail.

59% *Contribution of Tier II and beyond cities in online consumer demand*
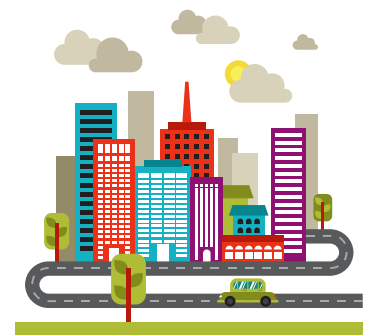
▶ States with metropolitan cities continue to be the dominating states with Delhi, Maharashtra and Karnataka being the biggest drivers of e-commerce. These three states combined contribute ~55% of India's e-commerce volume in the festive month.

Percentage Share Of Consumer Demand

<0.5%   >15%

Delhi NCR region includes Delhi and adjoining districts of Haryana (Gurgaon, Faridabad, Jhajjar and Sonepat) and Uttar Pradesh (Gautam Budha Nagar, Ghaziabad, Baghpat)

About **Unicommerce**

Established in 2012, Unicommerce is the Indian market leader in e-commerce enablement software for multi-channel, warehouse management and omnichannel services. Unicommerce has emerged as one of the most preferred middleware solutions as it serves over 10,000 registered customers across India, Middle East, South East Asia and South Asia with an average relationship of 4+ years with enterprise customers. Some of its key clientele include Forever New, Chumbak, Jack & Jones, Vero Moda, W, Being Human, Liberty Shoes, Guardian Pharmacy(GNC), Metro Shoes, among many others.

Its platform is also seamlessly integrated with more than 100 partners across marketplaces,logistics providers and ERP systems. Few of the key platform partners of Unicommerce are Amazon, Flipkart, Myntra, Shopify, Magento, Delhivery, FedEx, Blue Dart, DTDC, Ginesys, Logic, Tally, among many others.

In its endeavour to simplify e-commerce selling for everyone, Unicommerce has developed various SaaS tools for small sellers, brands and e-commerce companies. The different solution offered by Unicommerce are:

> **Multichannel Order Management** – The multi-channel order solution platform offers seamless integration across 40+ marketplaces and website platforms. This is specially built for multichannel retail business where you can manage orders and purchases in bulk over multiple channels; offline stores, online marketplaces and carts, and can be seamlessly integrated with 10+ ERP systems.

> **Multichannel Inventory management** - The multichannel inventory management solution offers a centralised view of inventory across all marketplaces and websites.It automates the inventory update, replenishment, sale orders, deliveries, and returns to provide an exact stock position. The platform helps in automatic stock synchronisation to maintain the right balance of stock and stock reordering and helps improve the sales and controls order cancellations.

> **Warehouse management** - Unicommerce WMS is designed to enhance the efficiency of e-commerce operations resulting in superior customer experience. The solution helps in automating all warehouse operations from picking, packing dispatch to how goods are received from the suppliers in the warehouse.

> **Omnichannel management** - Central system across online and offline operations by merging offline and online sales inventory on one platform. Helps the company's route their online orders to the closest offline store to minimize logistics cost and enhance customer experience by reducing the fulfilment time. Can be integrated with both omnichannel marketplaces as well as website platform.

> **Marketplace seller management solution (also called Dropship panel/PO panel):**
Designed for large marketplaces to manage multiple vendors. The vendor panel helps in allocating order to the right vendor and manage inventory and returns across multiple vendors

We also have a Uniware Mobile App which is a comprehensive dashboard where all products can be accessed across multiple channels, in addition to providing complete order processing, inventory management, and various advanced warehouse management features.

To Know more:
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