

Online retail sales in India seen growing to \$32.7 billion this year

E-commerce in India has more than tripled since 2015, but it is only expected to contribute to 2.9% of the total retail sales in 2018, says an eMarketer report

Source: Fri, Jun 08 2018. 04 22 AM IST (Mint)



E-commerce in India is expected to grow by 31% this year to touch \$32.70 billion, led by Flipkart, Amazon India and Paytm Mall. Photo: iStock

Bengaluru: Online retail sales in India are expected to grow by 31% this year to touch \$32.70 billion, led by e-commerce players Flipkart, Amazon India and Paytm Mall, according to a report by marketing research firm eMarketer. However, India's growth rate in e-commerce is yet to catch up with countries such as China and Indonesia in the Asia Pacific market.

Flipkart, Amazon and Paytm Mall have been expanding into new sectors, including grocery, and with Walmart's recent \$16 billion [acquisition](#) of Flipkart, e-commerce in India is expected to launch more offline retail stores with private labels playing a larger role in segments such as fashion and electronic accessories.

A combination of factors have contributed to India's growing ranks of digital buyers, including large investments made by companies like Amazon, Flipkart and Paytm Mall, growing internet and smartphone usage, and demographics—the country's young population and burgeoning middle class.

eMarketer estimates that a quarter of India's population will become digital shoppers by end of 2018, the figure touching 41.6% by 2022.

However, E-commerce in India is yet to get into its stride. The online retail market in India has more than tripled since 2015, but it is only expected to contribute to 2.9% of the total retail sales in 2018. This, however, is expected to change in the coming years. By 2022, the sector will be worth \$71.94 billion, which is a 120% growth compared to \$32.70 billion in 2018, the research firm added.

Comparatively, in China, online retail already makes up more than 16% of the overall retail market, and is expected to touch 25% in 2020, according to a 2017 report by Goldman Sachs. In China, the next set of growth is expected to come from advanced logistics infrastructure and the offline-online retail mix led by omni-commerce retailers. In India, last-mile logistics still remains a bottleneck for most e-commerce marketplaces. But several companies such as Lenskart, Urban Ladder and Fab Alley have set-up brick-and-mortar stores across India to grow their customer base.

Apart from this, big offline retail chains like Max Fashion and Future Group are already experimenting with omni-commerce models.

"E-commerce is booming in India thanks to increased internet users and cheaper smartphones," said Eric Haggstrom, forecasting analyst at eMarketer.

"In tandem with this shift to online and mobile usage, Flipkart, Amazon and Paytm Mall have been competing fiercely to claim their share of the Indian market. All three are making large investments, which include improved logistics and payment systems, as well as offering deep discounts, which will fuel future growth in the market," he added.