



Flipkart sees Tier 3+ markets as the new frontier for e-commerce

~ Registered 65% new user growth in the 'Unlock'* phase from Tier 3+ markets

~ Highest growth recorded for new sellers on-boarded from these regions

~ Adoption of native languages sees a 2.5x increase from pre-COVID* to the festive* period

Bengaluru - December 18, 2020: With the need for social distancing and prioritizing safety, the pandemic has led to millions of people turning to e-commerce this past year, not only in metros but also in tier 3+ regions. E-commerce has focused on *ecosystem partnerships, technological advancements* and *new tools that enable ease of experience for first-time users* to meet the needs of consumers this year while ensuring business continuity for lakhs of MSMEs and sellers.

Flipkart has witnessed interesting demand patterns across India in 2020 as it catered to an array of consumer requirements in this unprecedented year. The company focused on consistently addressing the needs of aspiring customers in Tier 3+ regions who seek the latest products but have limited access, and customers in metros who seek new products with a minimum delivery time frame.

From changes in category preferences, the emergence of the “new essentials” to the adoption of native languages and surge in new-age forms of payments, this year has borne witness to an array of unique consumer trends.

'Bharat' consumers lead the race in a post-pandemic world

E-commerce established deep inroads in different regions of the country this year. With a growing reliance to fulfill daily necessities and aspirations of consumers, Flipkart witnessed a new user growth of close to 50% right after the lockdown*, with tier 3+ regions registering the highest growth of 65% during the 'Unlock'* (*July - September*) phase. Consumers from tier 2 and tier 3+ regions also spent the most time on the platform, signaling a continuing rise in user engagement and a shift in shopping preferences.

Increased adoption courtesy voice assistant and vernacular interface

To ensure that first-time users are at ease while shopping, Flipkart introduced two new capabilities to handhold them through the purchase journey - a voice assistant in Grocery, and vernacular interfaces across multiple languages including Hindi, Tamil, Telugu and Kannada. As more consumers joined the e-commerce bandwagon this year, a growing preference to shop in their local language was seen. This year, the adoption of native languages saw a 2.5x increase from pre-COVID* to the festive period* (January to November 2020).

Digital transactions reach new heights with UPI surge

This year, consumers across India embraced and increasingly relied on the convenience and ease of online financial transactions. Flipkart has always provided customers with the best and most convenient payment methods, and this year was no different. UPI adoption on the Flipkart platform increased nationally by 4.5X from January 2020 to August 2020, with Maharashtra



taking the lead with a 5.2X growth. Andhra Pradesh, Telangana, Kerala, Karnataka and Tamil Nadu were the other states that were at the top of the list for UPI adoption on the Flipkart platform.

MSMEs and micro-businesses become 'atma-nirbhar' with the help of e-commerce

E-commerce, over the last few years, has played a significant role in accelerating the growth of MSMEs, micro-businesses, artisans, weavers and handicraft makers across the country. This year, e-commerce played an even more essential role in extending livelihood opportunities and a chance of operational revival as these businesses were hit severely due to the pandemic.

Flipkart saw close to a 35% increase in sellers onboarded in 2020, in comparison to the same period last year. These sellers came from tier 2 and tier 3 regions such as Tirupur, Howrah, Zirakpur, Hisar, Saharanpur, Panipat and Rajkot. They primarily catered to categories such as Household needs, Women's Ethnic Wear, Grooming, Home Decor and Toys & School Supplies.

Flipkart works closely with its seller partners to ease them on to the e-commerce fold. This includes working capital support, constant counsel to leverage unique benefits on its marketplace model, analytics and market intelligence to support business decisions as well as on-ground support to ensure smooth movement of goods.

The emergence of the 'New Essentials' in 2020

The term 'essentials' has received a whole new interpretation in 2020, as consumer needs evolved dynamically throughout the year. Moving beyond what was previously perceived as critical goods, the definition has now shifted to include daily items that a consumer needs not just for food or health, but also for work and even remote learning. Pre-COVID*, the most searched products included Personal Care, Men's Clothing, Footwear and Women's Clothing. During the lockdown*, Food and Nutrition, Household, Toys and Audio products witnessed the highest demand.

Speaking about catering to evolving consumer preferences this year, **Rajneesh Kumar, Chief Corporate Affairs Officer, Flipkart Group**, said, *"As India's homegrown e-commerce marketplace, our efforts continue to be dedicated to making e-commerce inclusive for every customer, irrespective of where they are located. Flipkart's purpose has been elevated this past year, as we continue to play an important role in ensuring the safe delivery of products to consumers' doorsteps through a safe and sanitized supply chain. The emergence of "the new essentials" has seen the creation of greater opportunities and partnerships on our marketplace. This past year, we have strived to expand our offerings across categories to ensure our consumers are well equipped with everything that they need. We have consistently worked towards creating an ecosystem that serves consumers' growing needs and also helping Indian sellers and MSMEs access the pan-India market more effectively & efficiently."*

Other Key Highlights

- **Seller story:** *Surat and Jaipur together, saw a higher number of new sellers*



onboarded, in comparison to Mumbai, Kolkata and Bangalore combined

- **Loyalty unlocked:** *Flipkart Plus saw a 4X growth in the number of new accounts activated from the pre-COVID* period to the 'Unlock'* phase. The number of SuperCoins redeemed was more than double, for this same period.*
- **Product preferences:** *Home Entertainment, Women's Western wear, Household items and Toys were some of the newer categories that consumers looked for during 2020*

In a year of unprecedented developments driven by a host of external factors, everyone has learnt to embrace change, and for many, this change was led by e-commerce. Looking ahead, one of the most promising signs for the e-commerce industry is the increasing number of new shoppers and the emergence of new categories. *Bharat* will continue to play an important role in Flipkart's story as it continues to work towards onboarding the next 200 million consumers.

About the Flipkart Group

The Flipkart Group is one of India's leading digital commerce entities and includes group companies Flipkart, Myntra, and Flipkart Wholesale. Started in 2007, Flipkart has enabled millions of consumers, sellers, merchants, and small businesses to be a part of India's e-commerce revolution, with a registered customer base of over 300 million, offering over 150 million products across 80+ categories. Our efforts to democratize e-commerce in India, drive access and affordability, delight customers, create lakhs of jobs in the ecosystem and empower generations of entrepreneurs and MSMEs have inspired us to innovate on many industry firsts. The recent launch of Flipkart Wholesale, our new digital marketplace, is a testament to our commitment to accelerate the growth of kiranas and MSMEs in India. Flipkart is known for pioneering services such as Cash on Delivery, No Cost EMI and easy returns – customer-centric innovations that have made online shopping more accessible and affordable for millions of Indians. Together with Myntra, which holds a prominent position in the online fashion market, and now Flipkart Wholesale, the Flipkart Group will continue to steer the transformation of commerce in India through technology.

For more information, please contact media@flipkart.com

Annexure:

The data was studied between January - November 2020, according to the below defined periods:

1. **[Pre-COVID]** January-March 2020
2. **[Lockdown]** April-June 2020
3. **[Unlock]** July-September 2020
4. **[Festive Season]** October-November 2020