The Rise of Mobile Retail in India’s Digital Age
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1. **Report Highlights**

- In India, both time spent in mobile apps and downloads have more than doubled from Q1 2014 to Q1 2016. App store downloads in India are projected to grow by 92% to 7.7 billion in 2016 and eventually reach 20.1 billion in 2020.

- India’s mobile retail segment growth continues in 2016, as consumers increasingly use their smartphones to shop. Q1 2014 to Q1 2016 was a period of high growth for retail apps in India, with many enjoying significant growth in active users, while time per user and downloads grew over 10x for India’s top 10 retail apps.

- While major retail players have evolved their business models to stay competitive — with many becoming hyperlocal marketplaces — competition from abroad is intensifying. *Amazon* overtook *Flipkart* to become the top retail app by downloads in India in Q1 2016, and *Wish* also made its first appearance in the top 10 that quarter.

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2. Introduction

India’s Thriving Mobile App Economy

The rapid deployment of mobile telecommunications infrastructure and emergence of sub-$100 smartphones has triggered a wave of mobile-led economic development in emerging markets like India. The country’s mobile phone subscriber base recently surpassed one billion, highlighting the staggering potential of mobile technology in the country. The use of smartphones in India has leapfrogged that of PCs to such an extent that it shifted the culture of consumption toward the mobile platform.

As a result, mobile app downloads — excluding games — more than doubled in the two years since Q1 2014. This helped make India the leader in percent growth among the top 10 markets by downloads.

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In addition, the overall amount of time Indian consumers spend in apps has also more than doubled since Q1 2014, outpacing worldwide growth.

The remarkable growth of both downloads and app usage cements India as a critical market for app publishers with unrivalled potential.

In Q1 2016, Indian consumers spent 2.5x more time in apps than they did two years ago.
The Rise of Mobile Retail in India’s Digital Age

The Forecast for India is More Apps Ahead

Looking ahead, App Annie’s *Forecast Intelligence* predicts accelerating growth for the Indian mobile app market. We project India’s app store downloads to grow 92% to 7.7 billion in 2016, and to reach 20.1 billion by 2020. Adoption of smartphones by the rising middle class will continue to be a significant growth driver, as handset vendors intensify their focus on lower-tier cities.

As economic prospects improve for India’s large, youthful and entrepreneurial population, India’s app economy is poised to soar as well. New apps are rapidly emerging, and downloads and usage are exploding across many categories, with Indian consumers already using games, social, lifestyle and media apps more heavily than before.

India’s app store downloads will see soaring growth, from a projected 7.7 billion in 2016 to 20.1 billion by 2020.

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3. The Mobile Retail Revolution in India

Consumers Turn to Apps for Shopping

It’s now clear that one of the fastest-growing app sectors in India, as well as worldwide, is mobile retail. Over the past several years, a massive influx of funding has helped to establish a multitude of mobile-focused retail juggernauts, leading to a fiercely competitive ecosystem that’s relied on innovation to get ahead.

The surging rate of innovation and growth bodes well for the future of India’s retail app market, as consumers are spending much more time shopping on mobile. Time spent in the top retail apps grew over 11x from Q1 2014 to Q1 2016. This increase in usage has also led to growth in spending, with mobile commerce representing nearly 50% of online retail sales in 2015.

On average, Indian consumers spent over 11x more time in top retail apps in Q1 2016 compared to Q1 2014.
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Hyperlocal Marketplaces Dominate Usage

Despite the seemingly insatiable appetite of Indian shoppers, online retailers in India have faced numerous challenges that have shaped successful business models and cutting-edge features in today’s market.

To scale their user base in vital but nascent lower-tier cities, retailers must offer hyperlocal services. This brings value by enabling faster deliveries, flexible payment options (e.g., mobile wallets, cash-on-delivery, direct bank transfers) and product replacements. As a result, major players have transformed from inventory-led to managed marketplaces, with the likes of Flipkart, Amazon, Paytm, and Snapdeal all following this model. In fact, 9 out of the top 10 retail apps by MAU operate a marketplace business model, with BigBasket being the sole player that carries its own inventory.

![Top Retail Apps by Monthly Active Users (MAU), India](image)

<table>
<thead>
<tr>
<th>Rank</th>
<th>App</th>
<th>Company</th>
<th>Business Model</th>
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<tr>
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Note: Apps in MAU tables are individual, non-unified apps. Product Category denotes the primary category of products available in the app, and does not necessarily preclude the inclusion of products from other categories.

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While the top 4 apps continued to dominate in India due to their companies’ vastly superior logistics network and product range, all the top 10 retail apps registered solid growth in active user volumes from the same time period last year.

Downloads Provide a Glimpse Into Future Trends

Growing usage of retail apps provides a clear picture of the current health of India’s mobile retail market. Still, downloads remain an important indicator of future market potential.

Downloads of the top 20 retail apps as of Q1 2016 have grown tremendously over the past two years as new players and apps rapidly surfaced, but growth has slowed as key players started to establish themselves and the ecosystem has started to mature.

However, with Indian retailers magnifying their focus on expanding hyperlocal services to consumers in lower-tier markets, and smartphone adoption still increasing, we expect retail app downloads to continue to rise.

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Growing Competition From Abroad

Local players such as Flipkart and Snapdeal ruled the roost in the earlier years of the country’s mobile retail revolution, but foreign players such as Amazon and Wish have notably made great strides over the past couple of years, with Amazon eventually reaching #1 by iOS and Google Play downloads in India in the first quarter of 2016.

"Today over 70% of our traffic comes from mobile. As customers are highly engaged on the app, we have doubled down on our investments on the app to build a superior experience on the app and drive more engagement." Kishore Thota, Director Marketing, Amazon India
Amazon’s recent success highlights the need to localize services for the Indian market, providing customized features such as cash-on-delivery, seller universities, and community pick-up points across the country. Wish, on the other hand, has sought a different path to success. For its apparel business, Wish effectively incorporates discovery and curation elements to drive user engagement and promote social sharing. Voonik and LimeRoad are similarly apparel-focused apps that have also enjoyed growth through incorporation of social shopping elements so this model is undoubtedly worth keeping an eye on.

With the proportion of overall downloads from foreign retail players increasing, local players will need to further strengthen their supply chains, marketing and support. Indian consumers have embraced Amazon and Wish not just because of price competitiveness, but also customer service, product exclusivity and innovative marketing.

4. Looking Ahead

Without a doubt, India is one of the world’s most exciting e-commerce markets, but with an ever-rising number of mobile-only internet users, its mobile retail journey is still in its early days. Alongside mobile population growth, the emergence of entrepreneurial Indian startups continues unabated, all aiming to provide exciting investment opportunities for far-sighted investors.

Many companies have realized that the path to success in a diverse market like India is to push the boundaries with innovation. Deploying a hyperlocal strategy and utilizing omnichannel marketing will create platforms with which customers can be more effectively acquired, engaged and retained. Successful mobile retail companies have always actively focused

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on improving key aspects of their product offerings and services, from vendor onboarding to last-mile delivery. In mobile-first India, however, to keep driving sales and retaining customers, retailers must provide a seamless and engaging shopping experience through mobile apps.

The Technology Behind the Report

App Annie helps companies build better app businesses and is used by 94 of the top 100 publishers across the globe. From competitive benchmarking to international expansion, we deliver the data and insights needed to succeed in the app economy.

The information contained in this report is compiled from App Annie Intelligence, the leading market data solution for the app economy. To see how our app store data for download, revenue, demographic and usage estimates can help guide your critical business decisions, request a demo today.

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The Most Trusted Partner In the App Economy

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</tbody>
</table>

App Annie products are used by 94 of the top 100 publishers and include more than 500,000 registered app professionals.

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About App Annie

App Annie delivers the most trusted app data and insights for your business to succeed in the global app economy. Over 500,000 registered members rely on App Annie to better understand the app market, their businesses and the opportunities around them. The company is headquartered in San Francisco with 425+ employees across 15 global offices. App Annie has received $157 million in financing, including investors such as e.Ventures, Greenspring Associates, Greycroft Partners, IDG Capital Partners, Institutional Venture Partners and Sequoia Capital.

Learn more at www.appannie.com.

Report methodology and updates are available here.