

**BAIN & COMPANY** 

ADDING TO CART:



DIGITAL'S IMPACT ON

**FMCG**

report by Google India and Bain & Company

**Google**

10<sup>th</sup> February, 2015

# Executive Summary

**\$35Bn**

Digitally influenced FMCG sales by 2020 (1/3<sup>rd</sup> of overall FMCG)

**250Mn**

Consumers shopping online by 2020 (1/3<sup>rd</sup> of internet users)

**\$5Bn**

FMCG sold online by 2020 (50X growth)

**Infant Care, Beauty, Male Grooming**

Digital Pioneers of 2020

**How to win?**

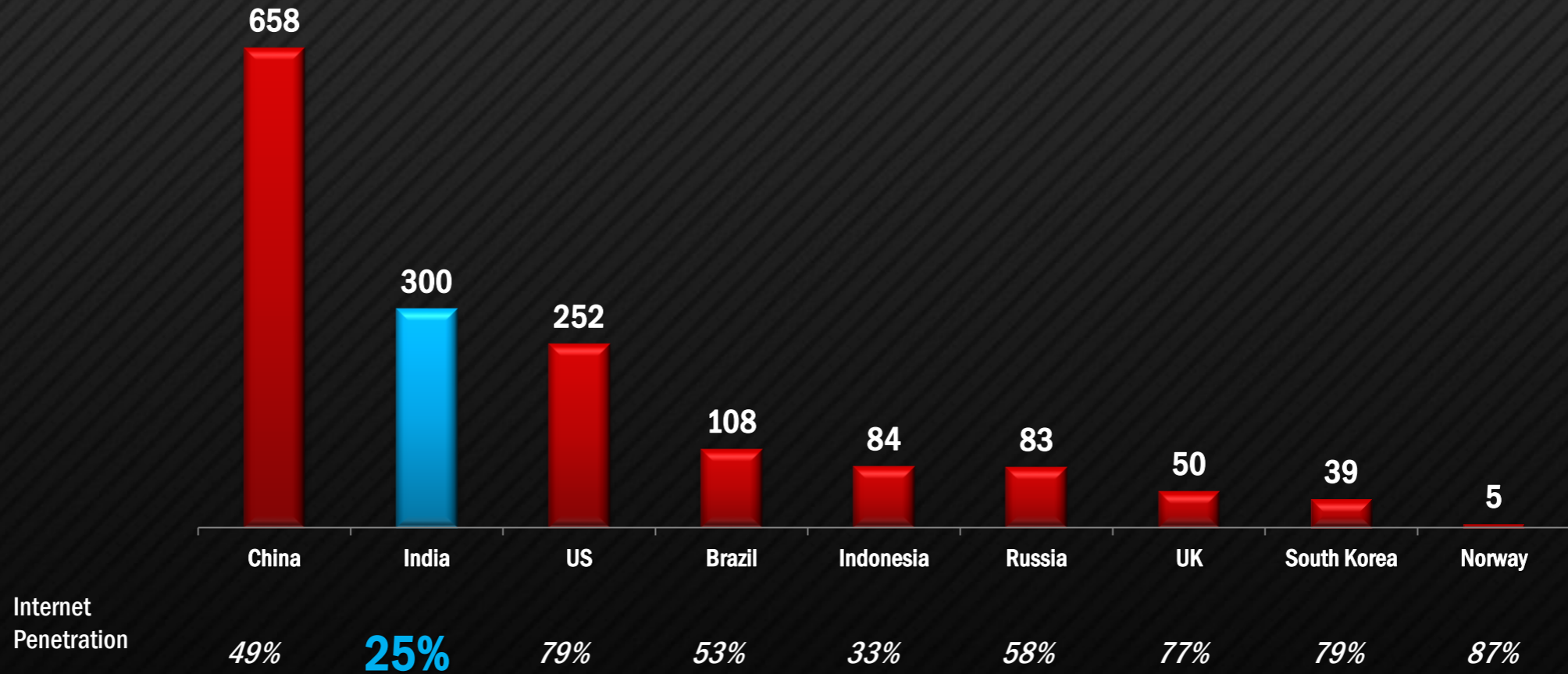
Winning strategy for Indian FMCGs



**Consumers**



Online Population (MM)  
2014



By 2020

**650 Mn**

Indians will be online

*Screenagers*

*Women*

*Rural*

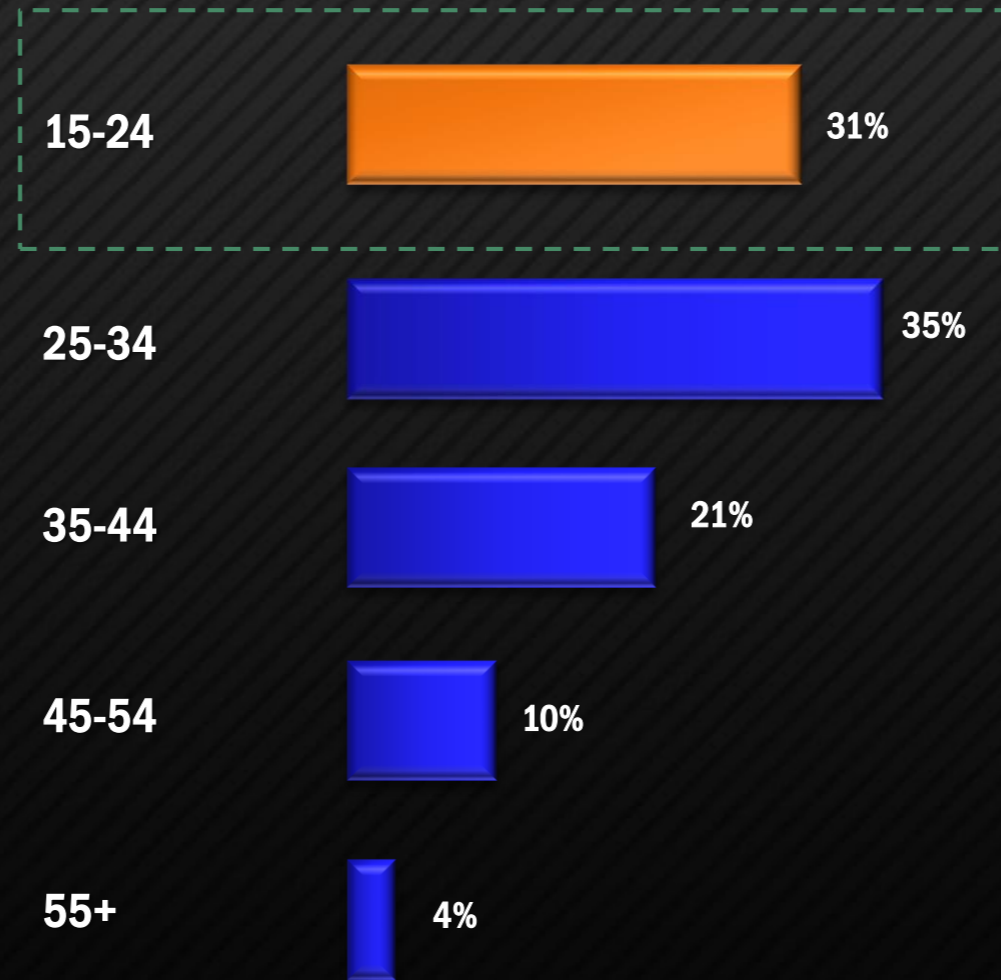
# 200 Mn+

## Screenagers

\*Screenagers: Born 1996-2005

Source: comScore, United Nations (UN), Morgan Stanley Research estimate; Nielson Informat Smartphne Analytics Aug'14

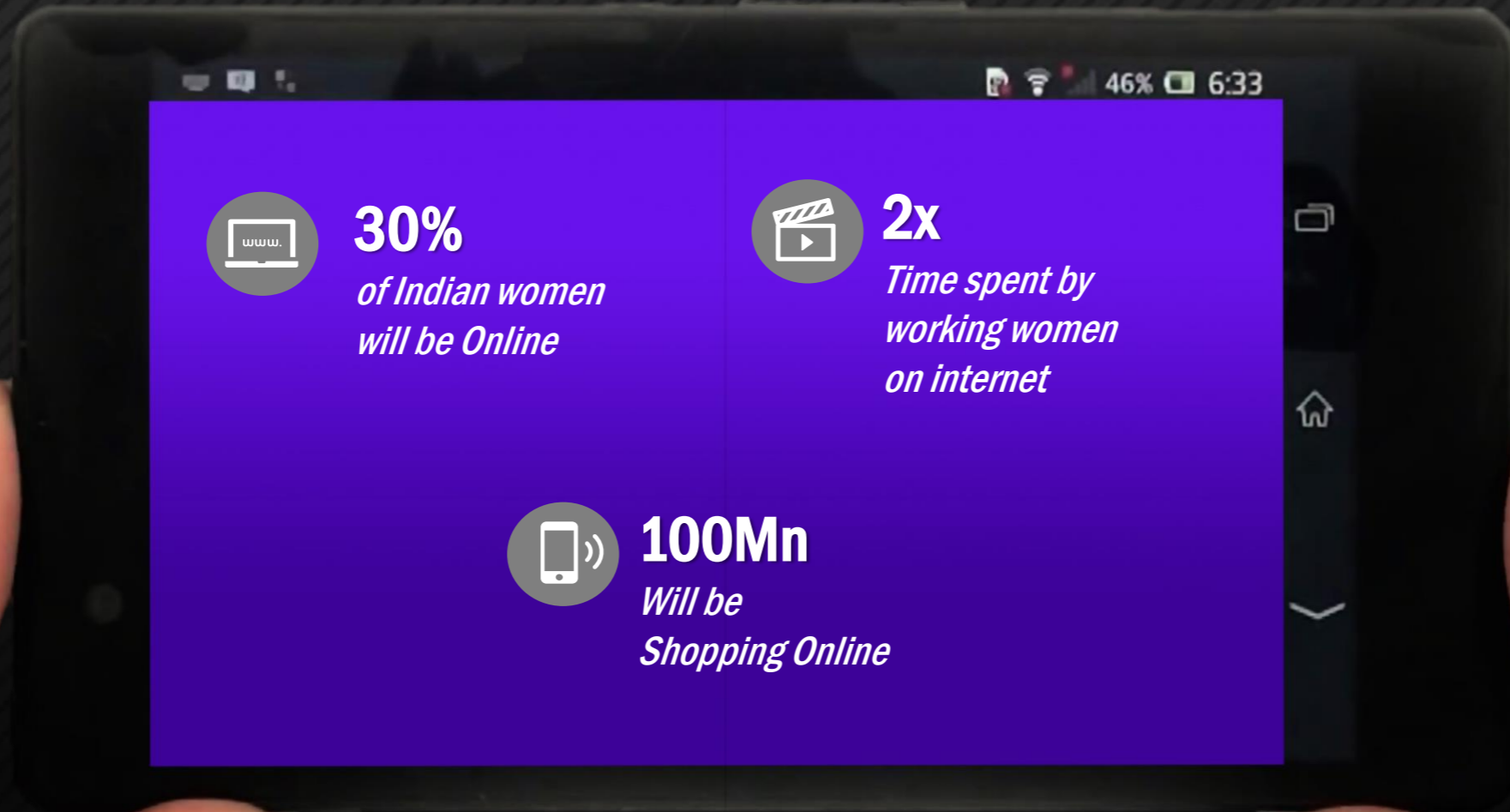
# 200mins daily time spent on their phone today



\*Screenagers: Born 1996-2005

Source: comScore, United Nations (UN), Morgan Stanley Research estimate; Nielson Informat Smartphne Analytics Aug'14

# 200Mn+ Women







# 250 Mn+

Rural users

# 6X growth in **ONLINE SHOPPER** base



# Decoding the digital Influence

*\$35Bn Digital sales getting influenced by digital platforms*



# Consumer Survey

- 1600 internet users (Male & Female)
- FMCG decision makers/ key influencers
- 13 cities across India in two different \ town-classes
- 8 FMCG categories
- Conducted between Oct - Dec 2014

Skin care



Hair Care



Infant Care



Foods



Beverages



Home Care



Oral care



Male Grooming



*\*Use internet at least once a month*



A background image showing a man in a blue shirt on the left using a tablet and a woman in a dark jacket on the right using a smartphone. The image is split vertically by a thin white line.

# 35%

Men strongly influenced by digital sources while purchasing FMCG

# 22%

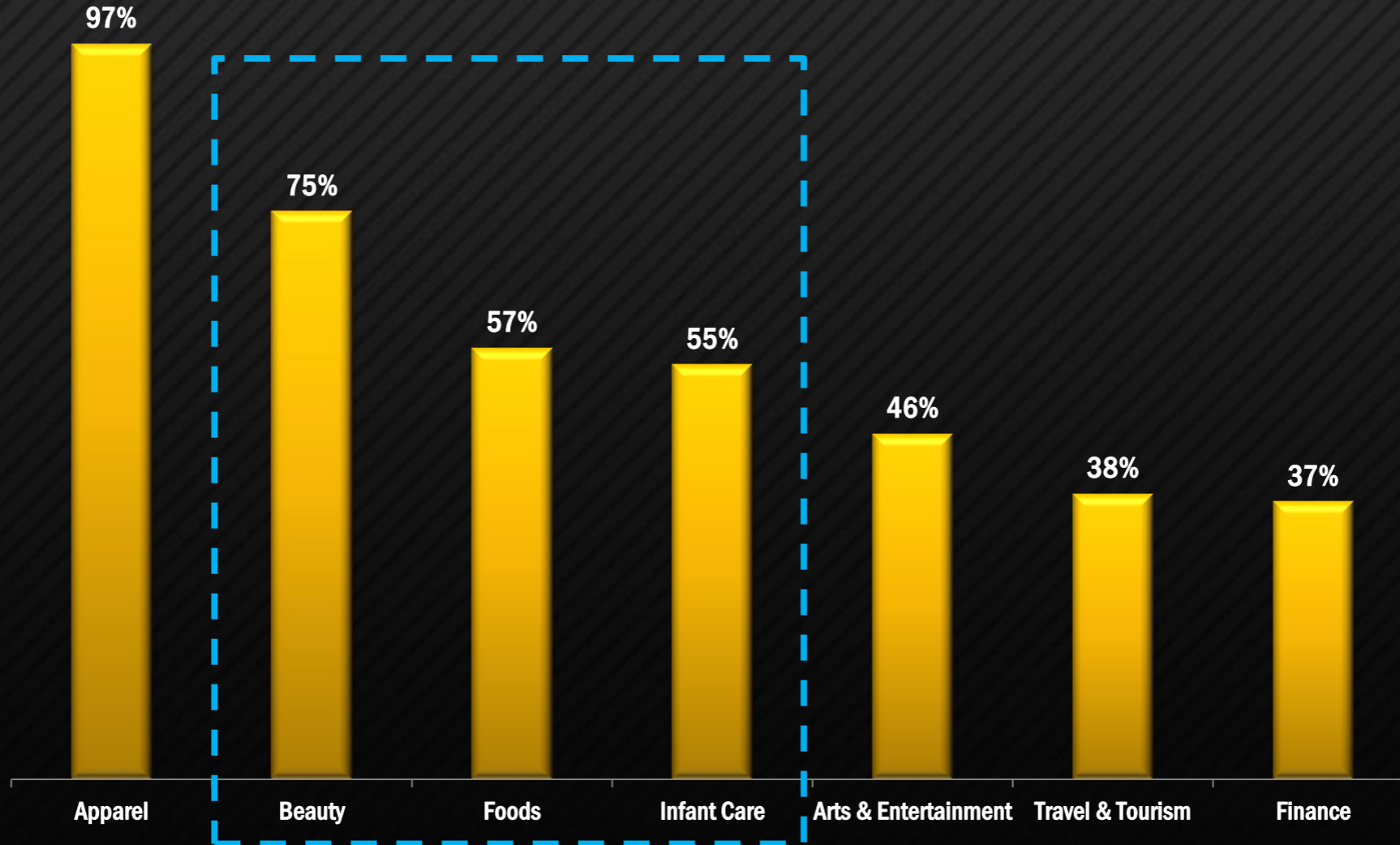
women are influenced by digital sources while purchasing FMCG

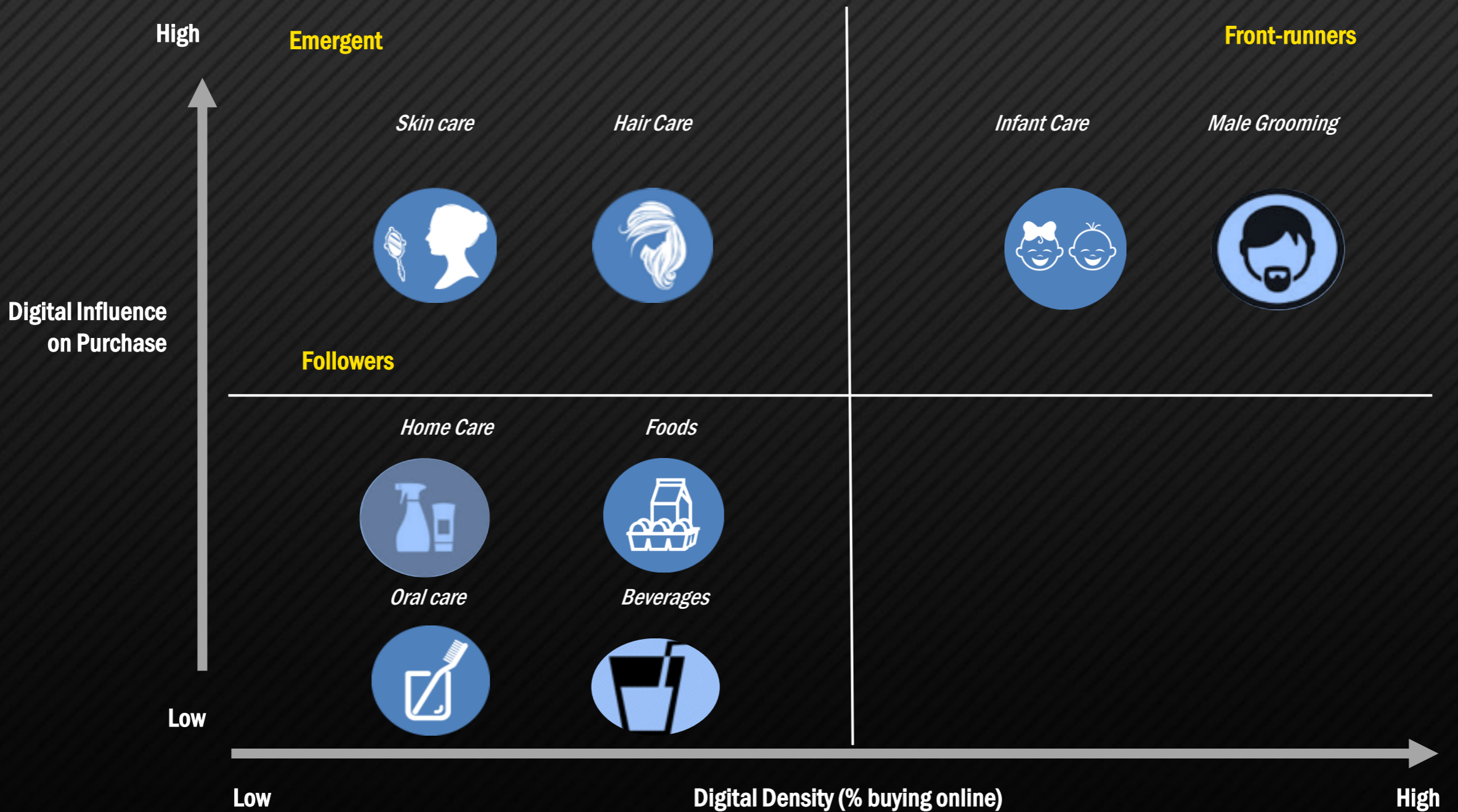
# With Influence coming from multiple digital platforms



# Reflecting in faster growth in FMCG searches

Year on Year Query Growth as of December 2014





Source: Bain-Google consumer research

Notes: Position on graph is based on relative ranking of categories. Women respondents considered for all rankings, except Male grooming



# Beauty is set to explode on digital

**2nd**

Biggest searched FMCG category

**Only 15%**

Searches are branded

**100%**

YOY growth in Shopping searches



# Foods is the next big story

## #1

*Searched category  
in FMCG*



## Highest

*Interest in Recipes in India  
On YouTube*



## Top 5

*Most watched categories on  
YouTube*



# Channels



**Consumers are already purchasing FMCG online...**



**~50%**

**online shoppers purchased  
FMCG online**



**2in3**

**buy more  
when Shopping online**

**Strong willingness in non-shoppers to buy**

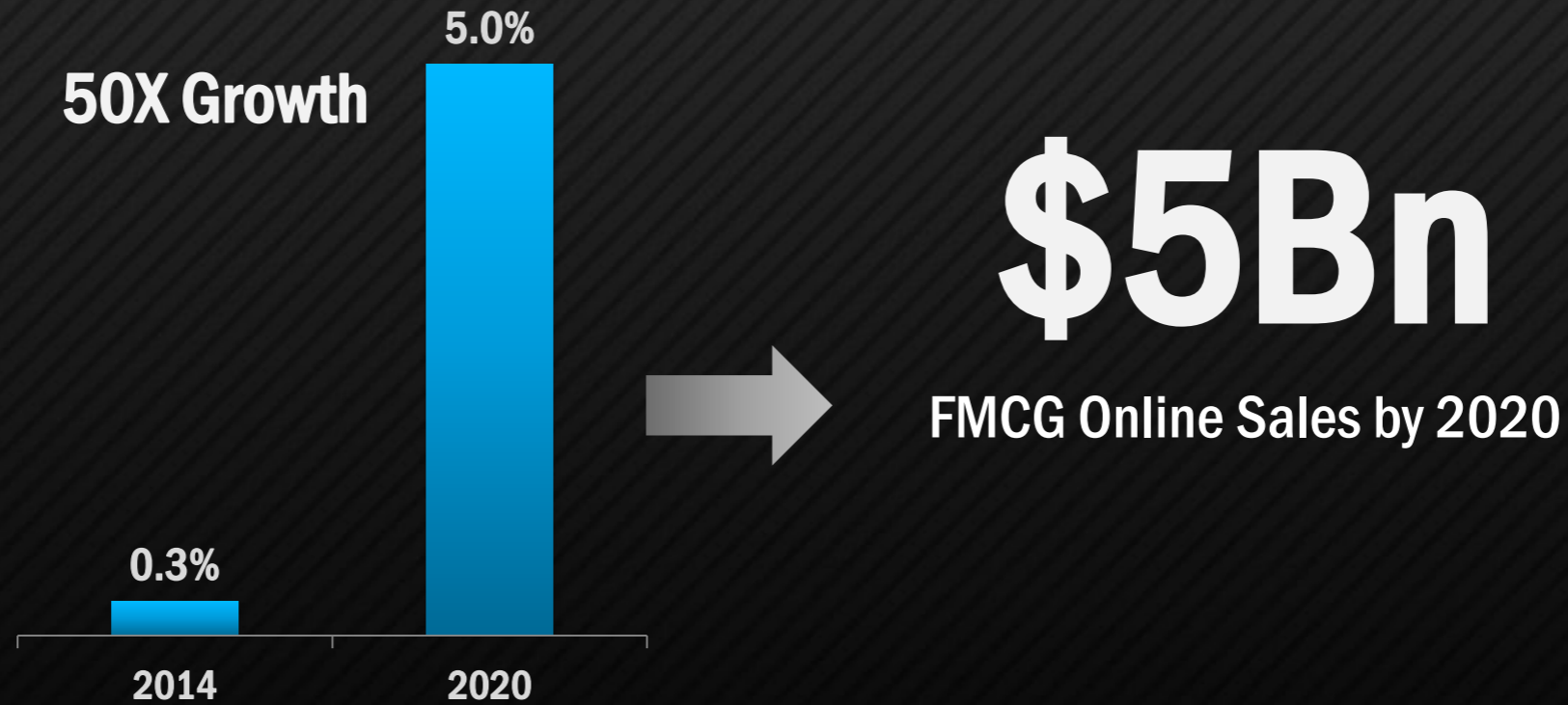
**40%**

**women likely to purchase FMCG  
in next 12 months**



*How likely are you to purchase any FMCG product online in the next 12 months? (Base: Women, Internet users)  
Source: Bain-Google consumer research*

We expect India share to reach **5%** by 2020



Notes: FMCG Online sales includes alcoholic drinks. Fresh food is excluded from overall FMCG sales.  
Source: Euromonitor, TRAI, eMarketer, Bain analysis

**With the channel-mix of many categories  
tilted towards **online****



**Male Grooming**

**25-30%**



**Infant Care**

**20-25%**



**Beauty**

**8-10%**

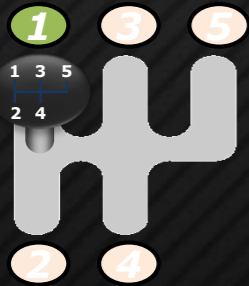
# How to Win?





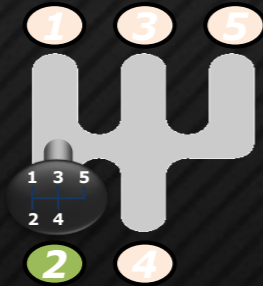
# Act NOW

## Uncover category's digital truths



- Impact of digital
- Profit pool shifts

## Wisely choose digital battlefields



- De-average consumers and portfolio
- Create seamless on/offline experiences that

## Ensure digital reinforces brand strategy



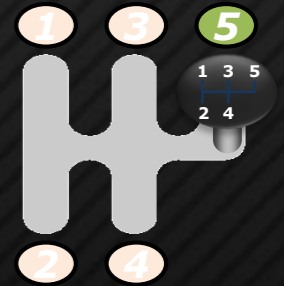
- How digital fits within the brand's strategy (vs. brand's digital strategy)
- Create vs. just tell stories
- Deliver Perfect Online Sales Experience

## Re-allocate resources



- Shift media spends – follow your consumer
- Invest in technology/ IT/ Analytics

## Organize around consumers, not screens



- Invest in new capabilities,
- Build new ecosystem partnerships

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