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REDSEER SHADOWFAX LOGISTICS INDEX

India's eCommerce play to democratize the sector with access to customers across city-tier and income class. This report helps you understand the performance of eCommerce sectors from their logistics perspective.

Q2 FY20-21 | DECEMBER 2020



RedSeer is a leader in the Internet and new age advisory. Over the last 11 years of its operations we have advised over 300 clients across the breadth of the Internet and investment industry in India, Middle East, and South East Asia. Our advisory is differentiated through our high quality IP of market insights and research, which is unparalleled in Industry and helps both corporate and funds make right choices. With more than 200 consultants across 5 offices, we have emerged as the largest home grown regional consulting firm in India.



Shadowfax, India's largest crowdsourced logistics platform, was established in 2015 with the vision of enabling commerce by empowering everyone, everywhere. Our unique tech-driven platform caters to the logistics needs of brands across verticals such as food, grocery, pharma, and e-commerce by providing a comprehensive, speedy and reliable solution right from first mile movement to doorstep delivery. On a mission to build the fastest and most reliable logistics network by empowering a million micro-entrepreneurs through technology to deliver anything, anywhere, our plug-and-play yet immersive APIs seamlessly bridge the logistical gap between businesses and their customers within minutes. Having raised \$100Mn till date from marquee investors, the company currently services 500+ cities, covers 7000+ pin codes, 150K+ delivery network partners, and delivers 500K+ orders per day.

Contents

Foreword	5
Preface	7
Executive Summary	8
1. eCommerce Logistics in India	10
2. Introduction	14
2.1 About RedSeer Shadowfax Logistics Index	15
2.2 Index Framework	17
3. eCommerce Sector Performance on RSLI	18
4. eCommerce Sector Deep-dive on RSLI	32
5. Innovations in eCommerce	59
6. Appendix	61
6.1 Glossary	62
6.2 Approach & Methodology	63
6.3 Research Coverage	65



Foreword

Shadowfax services started with food and grocery deliveries and within a span of five years grew to include eCommerce and B2B logistics. Today, we are a full stack 3PL player that has learned from across the nine categories that we service in various capacities. Our exposure to all facets of the logistics landscape has provided us with unique insights and helped shape our vision for the future of logistics.

We strongly believe that speed and criticality at doorstep would drive the next revolution in eCommerce logistics. Both these factors play heavily into the customer's decision making, platform stickiness, and more importantly, a great customer experience – something every business strives for. Our tech-driven approach has enabled us to create a crowd-sourced platform which delivers anything, anywhere in the fastest possible time. However, one of the challenges we faced over the course of building Shadowfax was the lack of a macro level view which could be used as a barometer to gauge the direction and performance of the fast-emerging eCommerce industry, especially from a logistics perspective.

It is with great excitement that I present the first edition of the Redseer Shadowfax Logistics Index (RSLI). Through this effort, we hope to highlight emerging trends that are shaping the eCommerce industry from a logistics standpoint. The ambition is to publish a quarterly one-of-its-kind report that serves

as a comparator for how efficiently supply chains connect e-tailers to markets and drive better customer experiences.

The decision to share our learnings in the form of an index came as an organic extension of our commitment to drive industry-wide excellence. We joined hands with RedSeer, one of India's largest internet focussed consulting firms, to create an objective and realistic index using parameters and benchmarks that are the driving force of success in the eCommerce industry. RedSeer's high-quality research driven approach has helped bring forth key insights and a wealth of knowledge from 40 eCommerce companies across six sectors.

As the eCommerce industry evolves and logistics with it, speed and criticality of deliveries, which includes slot delivery, exchange, smooth returns, and doorstep quality checks, will be the key go-to metrics to drive volume and customer satisfaction. This index is an attempt to identify challenges and push the boundaries of innovation in eCommerce logistics. In the time to come, I hope that RSLI will serve as a benchmarking tool and provide readers with insight and actions that can support the improvement of the overall eCommerce industry. For any queries or feedback, please feel free to reach out directly to me at abhishek@shadowfax.in

Abhishek Bansal

Co-founder and CEO
Shadowfax



Preface

With an estimated population of 1.3 Bn, India is the second largest country and one of the fastest growing markets for consumer internet companies. Online spend has come a long way and crossed 3% of the overall retail penetration mark in FY2020. Increasing internet penetration fuelled by Reliance Jio launch in 2016, growing smartphone adoption, and cheaper data have enabled faster growth in India's digital economy with more than 135 Mn online shoppers by the end of 2019. When product-based eCommerce started gaining momentum 5 years ago, logistics was one of the largest problems to be solved since the traditional logistics companies were not geared to serve the unique demands of this new-age industry.

We have come a long way since then where new-age logistics players have been able to fill the void and traditional players have also overhauled their systems to be able to serve eCommerce platforms. As the ecosystem is gaining momentum, the number of shoppers from tier 2+ cities account for half of the annual online shoppers. Both e-tailers and logistics firms are constantly innovating on their delivery models and infrastructure to serve these customers faster in a cost-effective manner.

As eCommerce evolved in India, a multitude of specialized platforms forayed the space to cater to customer needs across product categories organizing under multiple eCommerce sectors like Horizontals (platforms offering products across categories), Verticals (a category focused platform), direct-to-consumer (D2C) platforms, Omnichannel, Hyperlocal (food & grocery) and eB2B. These sectors

are at different stages of their maturity curve and their ability to serve customers across city-tiers in an efficient manner driving customer delight varies. Large Horizontal platforms, with their mature logistics and supply chain ecosystem are able to drive better efficiency, customer and partner delight whereas platforms in emerging sectors like D2C and Omnichannel need to catch up on customer experience.

Despite the difference in maturity of eCommerce sectors from a logistics and supply chain standpoint, we strongly believe emerging sectors will create a lasting impact and improve on their performance in the coming years. Further, logistics is an important lever for winning in eCommerce. With that in view, RedSeer, in partnership with Shadowfax – a diversified new-age logistics player, have created a framework to measure the logistics performance of eCommerce sectors objectively in the form of – the RedSeer Shadowfax Logistics Index (RSLI) – and track their performance quarterly, starting the quarter ending September 2020. In addition to measuring the sector's performance, the report also brings out the list of eCommerce leaders on various logistics related parameters and front runners across performance categories.

This is the first edition of the RSLI report measuring the performance of 40 eCommerce companies across six sectors on 15 parameters along shipment growth, logistics efficiency, merchant experience, and customer experience on shipment delivery and return. We hope that you find it to be an insightful read. For any queries or feedback, please feel free to reach out directly to me at anil@redseer.com

Anil Kumar

Founder and CEO
RedSeer Consulting

Executive Summary:

RedSeer Shadowfax Logistics Index (RSLI)

Key findings of the Report

1

eCommerce shipment volume to grow 4x in next 5 years from more than 2.5 billion shipments in FY2020, creating high demand for logistics and supply chain

- eCommerce market in India is estimated to grow at more than 40% CAGR for next 5 years, from USD~32 Bn in shipped GMV¹ in FY2020. This translates to ~10.5 billion shipments in FY2025 - 4X of shipment volume in FY2020.
- One of the key enablers for growth in the market has been the supply chain infrastructure built by eCommerce captive logistics players and third-party new age logistics players (3PL). The growth impact of these logistics players has been such that customers from Tier-2+ cities and urban towns have been able to place orders online.

2

RedSeer Shadowfax Logistics Index (RSLI) is a ground-up assessment of the logistics performance of eCommerce sectors, tracking them on quarterly basis

- Logistics and supply chain is key to winning in eCommerce. As online shoppers evolve in their preferences of product and platform experience, "speed of delivery, return experience and last-mile interaction" remains the deciding factor when choosing to order from a platform.
- With multiple platforms emerging in eCommerce, one of the key levers of success is to have an efficient supply chain and customer delight.
- RedSeer Shadowfax Logistics Index (RSLI) measures the maturity of eCommerce sectors² and identifies the front-runners on customer logistics experience in delivery and return.

¹GMV – Gross Merchandise Value

²Ecommerce sectors considered in the report are 1). Horizontal (offering multiple categories of products), 2). Verticals (category focus eCommerce), 3). Omnichannel, 4). Direct-to-Consumer (D2C), 5). Hyperlocal and 6). B2B eCommerce

3

eCommerce Horizontals led in RedSeer Shadowfax Logistics Index (RSLI). Key drivers of leading performance have been their growth due to COVID recovery and superior customer and merchant experience

- **Growth and Scale:** eCommerce horizontals dominated in growth during the quarter. The sector saw 100%+ growth due to COVID recovery along with superior customer & merchant experience and pent-up demand. *Meesho led the sector in shipment volume growth during the quarter.*
- **Speed and Cost Efficiency:** Omnichannel retailers dominated in speed and cost efficiency due to their low cost of fulfillment. Hyperlocal brands and vertical platforms had high costs of fulfillment. *Croma led the Omnichannel sector in speed and cost efficiency.*
- **Customer Experience:** Horizontal and vertical sectors led in customer experience across logistics parameters reflecting in their higher NPS. eB2B lagged in customer experience due to lower customer satisfaction on ease of shipment returns and lower NPS³. *Nykaa, a Beauty and personal care focused vertical platform, is the cross-industry leader on NPS.*
- **Merchant Experience:** eB2B platforms have high merchant satisfaction as they have enabled significant reach for the merchants, resulting in higher NPS.

4

Relatively mature eCommerce sectors - Horizontals, Verticals and Hyperlocal were top 3 in RSLI; Emerging sectors like Omnichannel, D2C and eB2B, despite leading individually on index pillars, performed below average on overall RSLI index.

- **Horizontals:** Post-delivery customer experience (returns and refunds) drove the customer delight for horizontals.
- **Verticals:** Platforms are focusing on higher logistics efficiency, while continuously improving on customer delight.
- **Omnichannel:** Leveraging offline footprint for faster and cheaper deliveries.
- **Direct to Consumer Brands (D2C):** Despite rapid growth in the quarter, Platform experience lags behind horizontals and verticals across all shipment delivery and pickup parameters.
- **Hyperlocal:** The sector (grocery segment) saw strong recovery (eGrocery) post COVID lockdown but merchant experience still below par.
- **eB2B:** Strong seller experience, but large variation in customer experience.



1 eCommerce Logistics in India

eCommerce shipment volume to grow ~4x in next 5 years from more than 2.5 billion shipments in FY2020, creating high demand for logistics and supply chain

eCommerce platforms shipped ~2.5 billion shipments in FY2020 growing at ~50%+ CAGR in the last 3 years. However, we expect shipment volume to grow at ~30-35% CAGR for next 5 years.

Some of the key drivers of growth for eCommerce are the latent demand in Tier-2+ cities, enablement of logistics

networks, infrastructure built by eCommerce platforms (large horizontals), and new age third-party logistics players in the last 3-4 years. The investment in logistics networks and infrastructure has enabled eCommerce platforms to reach online shoppers beyond metro and tier-1 cities to hinterland in the country.

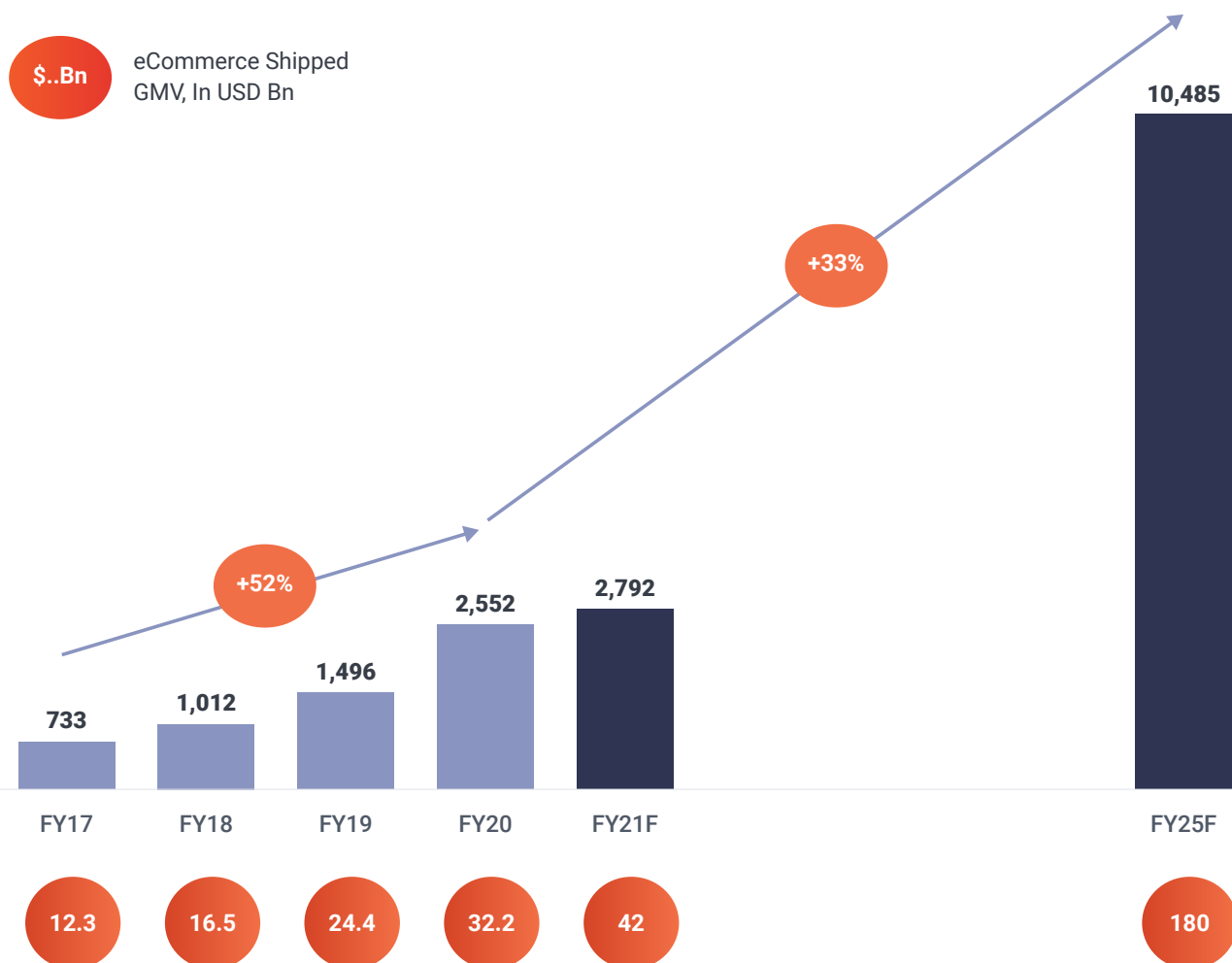
Exhibit 1A

India eCommerce Logistics Market

2017–2025F, Mn Shipments, Forward

\$.Bn

eCommerce Shipped
GMV, In USD Bn



Large horizontals and hyperlocal primarily depend on their captive logistics for shipment delivery. However, platforms in other eCommerce sectors depend on third-party logistics (3PL)

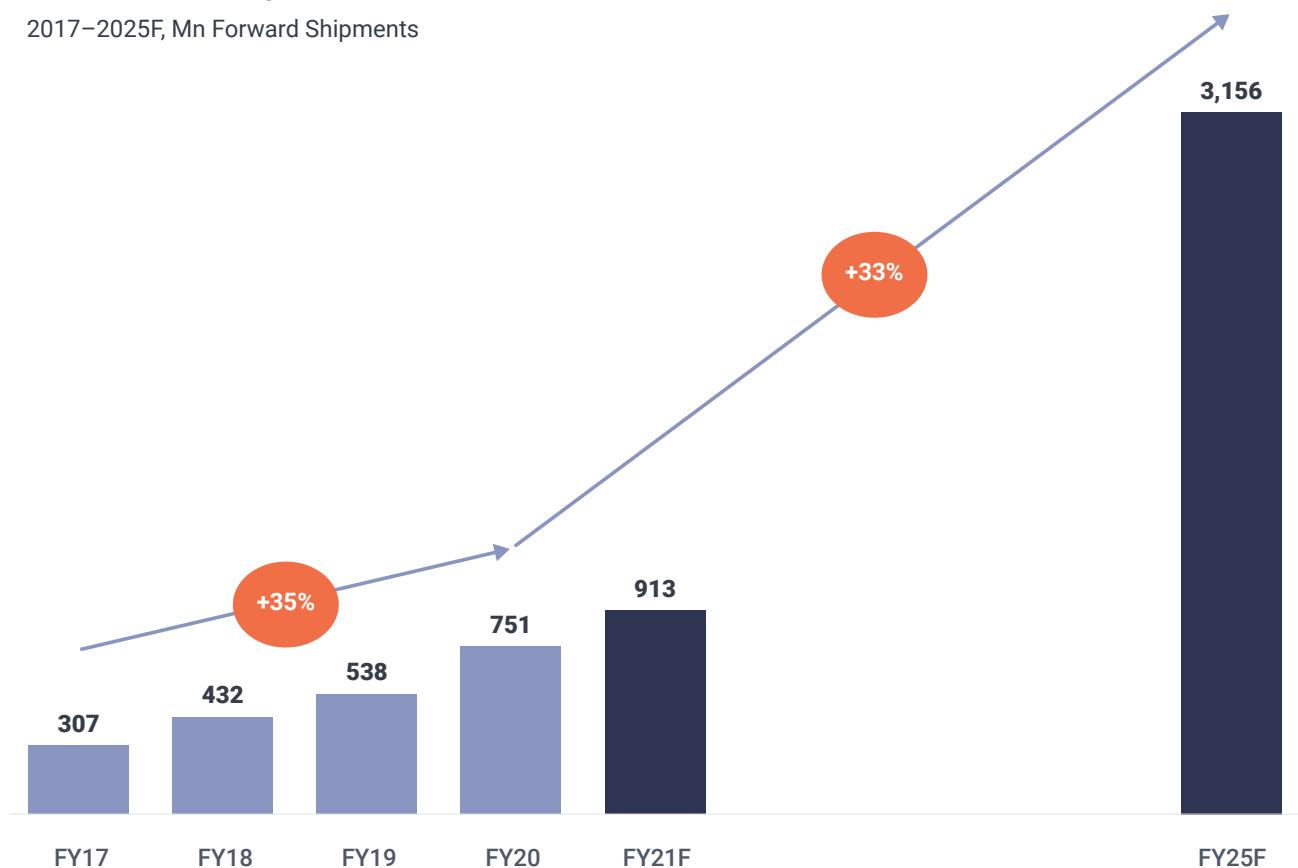
Large Horizontals² and online food delivery platforms currently account for ~75% of total eCommerce shipments. For these platforms, captive logistics³ contribution to total shipment is as high as 85%. Despite higher insourcing of shipments, these platforms depend on third party logistics to serve the less dense pincodes and smaller cities and towns. Long-tail platforms in the horizontal sector and platforms in other

sectors outsource their shipment delivery to third-party. We expect total shipment outsourced to 3PL to grow from ~0.7 billion in FY20 to ~3.1 billion in 2025. This growth in shipment is expected to come from long-tail horizontals and other sectors which will grow on the back of differentiated offerings compared to large horizontals.

Exhibit 1B

3PL eCommerce Logistics Market

2017–2025F, Mn Forward Shipments



²Large horizontals in Indian eCommerce refers to Amazon and Flipkart

³Captive Logistics refers to the inhouse logistics arm of eCommerce retailers

eCommerce is divided into 6 sectors; Horizontal sector, that offers products across multiple categories, contributes 60%+ of the market but ~43% of total shipments

eCommerce market can be segmented into the following 6 broad segments based on their geographic coverage and product offerings. Sector definitions are described as below:



Horizontal: Large e-tailing platforms offering products across multiple categories (fashion, electronics, FMCG products etc.)



D2C: New-age brands or traditional companies that offers their product directly to customers via their D2H retail.



Vertical sectors: Category focused online shopping platforms (Fashion, Beauty & Personal Care, Pharma etc.)



Hyperlocal: Platforms that provides last mile support to existing businesses through online marketplaces like FoodTech, Grocery, digital concierge etc.



Omnichannel: Retailers with multichannel approach of selling products. They have integrated their offline and online operations to provide a seamless shopping experience to the customers.



eB2B: Online platforms that facilitate the trade between sellers (Brands, distributors, wholesalers) and the buyers (retailers, wholesalers) across geographic locations.

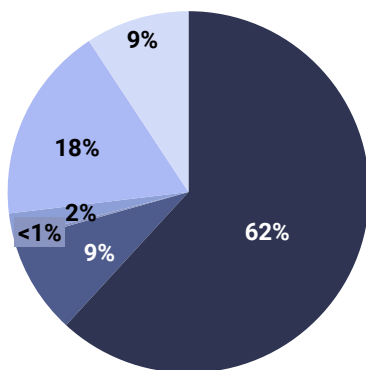
In subsequent sections throughout the report, we cover eCommerce under these 6 sectors and assess their performance on RedSeer Shadowfax Logistics Index (RSLI).

Exhibit 1C: eCommerce Market segmentation by shipped GMV and volume of shipments - FY20

Horizontal Vertical Omnichannel D2C Hyperlocal eB2B

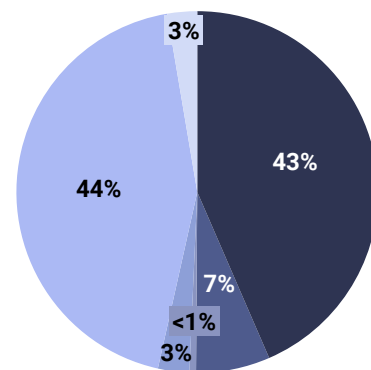
eCommerce Shipped GMV (Split by sectors, In %)

Total shipped GMV = USD 32 billion



eCommerce shipments (Forward, in %)

Total eCommerce shipment = 2.5 billion





2 Introduction

2.1 About RedSeer Shadowfax Logistics Index

One of the key enablers of eCommerce growth in India is logistics and supply chain. With the emergence of multiple sectors in eCommerce, there are different levels of supply chain maturity across sectors while accessing customers in smaller cities and driving customer delight. On the other hand, the emergence of new-age third-party logistics (3PL) players has made it easy for platforms to fulfil orders across India. These 3PLs are as niche as hyperlocal-focused to completely

diversified supply chain service providers (offering hyperlocal, warehousing, and eB2B logistics services). With the RedSeer Shadowfax Logistics Index (RSLI), we intend to assess the eCommerce sector's maturity and measure its performance from a logistics standpoint.

To ensure a comprehensive assessment, RSLI has the following features:

Exhibit 2A

RedSeer Shadowfax Logistics Index (RSLI)

Key Features



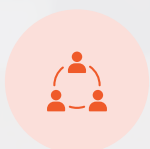
Measure eCommerce Logistics

Covers key retailing sectors in new-age/digital logistics and key platforms in those verticals



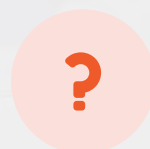
Tracks Sectoral Trends

The key aspects of eCommerce logistics across network, customers, merchants and innovation



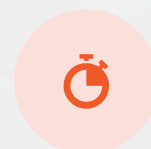
360° Coverage of Stakeholders

A ground-up approach to indexing leveraging all stakeholders in the ecosystem



'So-what' for sector platforms

Key takeaways across performance, CX and merchant



Quarterly Release

A quarterly index report capturing the trends across metrics over past set of quarters

Note(s): 1) Digital logistics includes shipments that have been ordered through online channels or "Brick & Mortar" setup of an organized retail for home delivery of products

RSLI, a quarterly index, covers six eCommerce sectors prioritized primarily based on their relevance and growth in recent years. The index is built ground-up from performance metrics of market representative platforms in the sector. The eCommerce sectors covered in the RSLI are:



Horizontal



Vertical



Omnichannel



D2C









Hyperlocal
(FoodTech, eGrocery etc.)



eB2B

A report, RedSeer Shadowfax Logistics Index (RSLI) is a comprehensive assessment of eCommerce logistics in six sectors

This index covers **40** sector representative eCommerce platforms

Exhibit 2B						
Sectors	Platforms Covered					
 Horizontal Platform	amazon	Flipkart	snapple	paytm mall	meesho	
 Vertical Platforms	Myntra	firstcry	zivame	Bewakoof	NYKAA	AJIO
 Omnichannel	lifestyle YOUR STYLE. YOUR STORE.	croma in-store online mobile	ADITYA BIRLA GROUP	Reliance digital	SHOPPERS STOP	DMart
 D2C	mamaearth	boAt	SAMSUNG	DECATHLON	mi	
 Hyperlocal	bigbasket	GROFERS	Jio	amazonpantry amazonfresh	Supermart	
 eB2B	zomato	SWIGGY	Pizza Hut	Dominos Pizza	DUNZO	
	udaan	SHOPX	ninjacart	Jio	Jumbotail	

2.2 Index Framework

RSLI has four building block indices that measure growth, speed and cost efficiency, platform merchant experience and customer experience.

They are identified to ensure a comprehensive performance assessment from both business and customer experience side. RSLI's blocks are:

- 1) **Growth and Scale Index:** Measures the shipment volume & growth in the quarter
- 2) **Speed and Cost Efficiency Index:** Measures the total reach & cost efficiency for forward and reverse logistics

- 3) **Merchant Experience Index:** Measures the seller partner experience in forward and reverse logistics

- 4) **Customer Experience Index:** Measures the overall customer satisfaction through the various stages of the delivery process

Collectively, the RSLI indices have 15 parameter elements that we measured for all the platforms. For detailed approach and methodology for RSLI indexing, refer appendix 6.2 of the report.

RSLI is a comprehensive assessment of digital logistics across 6 retail sectors along 4 pillars



Note(s): 1) Capex Investments only towards logistics – proxy taken as number of fulfillment centres & warehouses

2) Additional parameters for D2C and Hyperlocal retailers

3) Customer Survey sample has been split across eCommerce sectors and is statistically significant. For details on sector split refer appendix 6.2

A person wearing a green jacket is holding two stacked cardboard boxes. The background is blurred, showing other people. A large orange-red diagonal graphic is overlaid on the bottom left of the image.

3 eCommerce Sector Performance on RSLI

Horizontal platforms have outperformed on RSLI followed by Hyperlocal and Verticals. Their lead has been driven by their scale of operations and the steep growth rate observed during COVID recovery. Horizontals led the index primarily due to their 100%+ growth in shipment volume in Q2 over Q1 in FY21, driven by the pent up demand due to the COVID lockdown. The average score of all sectors on RSLI is 65. Emerging eCommerce sectors like Omnichannel scored lowest on RSLI.

The sector was still in a recovery mode in Q2FY21. Smaller scale of operations (in terms of shipment volume) and less than 50% shipment growth in the quarter led to its low score. However, customer satisfaction of logistics experience has been highest for Omnichannel platforms, mostly due to the faster fulfillment of orders (largely electronics) from their local stores.

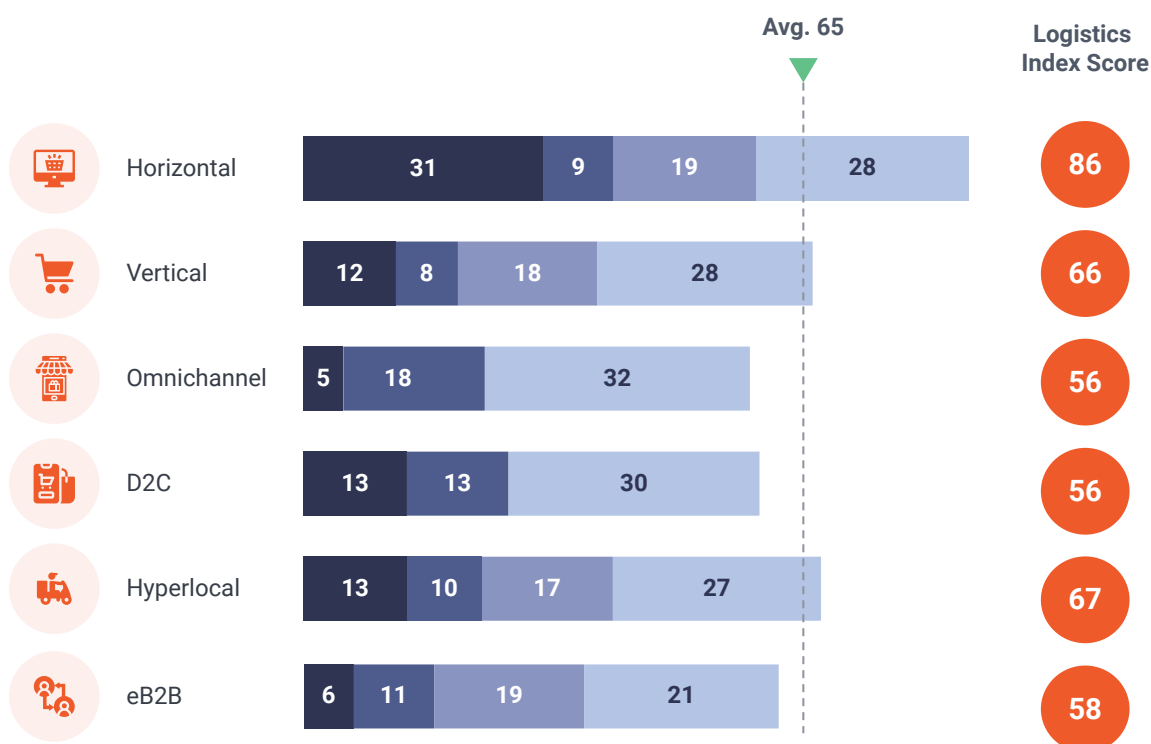
Horizontal platforms lead in growth and scale Index, primarily due to hyper growth owing to the pent up demand and high shipment volume, as compared to other sectors. However, Omnichannel retailers did well on speed and cost efficiency index due to low fulfillment cost

Exhibit 3A

RedSeer Shadowfax Logistics Index (RSLI) Score

Q2-FY21, Scale: 0 to 100, N¹=5000+

■ Growth and Scale Index ■ Merchant Experience Index¹
■ Speed and Cost Efficiency Index ■ Customer Experience Index



Note(s): 1) Merchant Index not applicable for Omnichannel & D2C retailers and the weightage of merchant index has been adjusted accordingly;

2) Customer surveys=4300+; Merchant surveys: 1200+; Expert discussions: 30+; 3) The numbers might not add to total RSLI score due to rounding off

Source(s): Customer surveys, merchant surveys, expert discussions and RedSeer Analysis

Despite leading in the overall RSLI index, the Horizontal sector scored average in performance and efficiency. The sector also has low network efficiency (high fulfilment costs). Vertical sector performance in the quarter, barring customer experience, has been average on growth, performance & efficiency, and merchant experience. Their excellent performance on customer experience is mostly due to high customer satisfaction across platform value propositions. eB2B as a sector overall saw very good seller satisfaction as most of the sellers were using the platform for the first time and did not have much online selling experience to benchmark with.

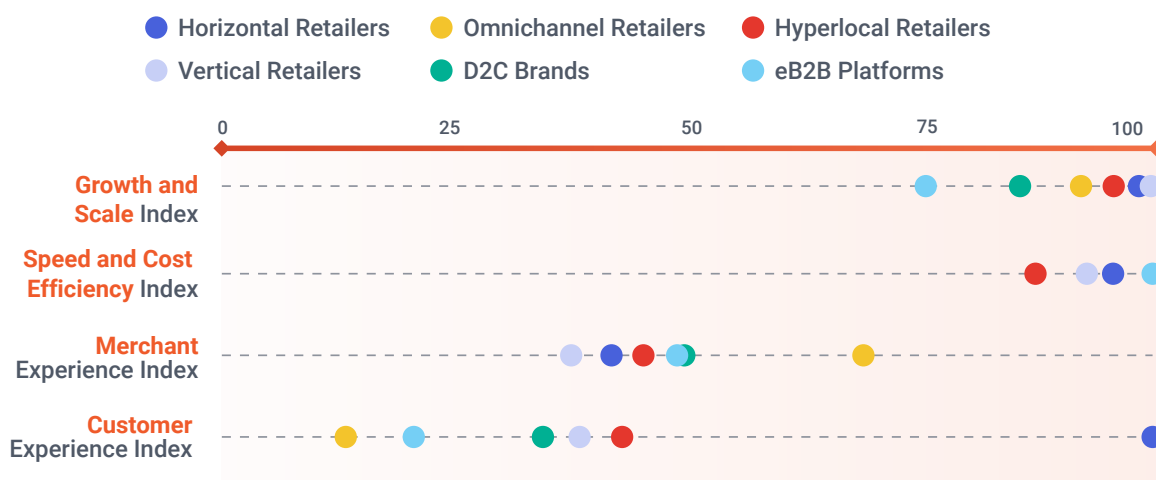
How to read the index?

The index score is on the scale of 0-100 and represents relative performance of eCommerce verticals. A higher platform score (90+) signifies absolute outlier beating averages while a clustered score signifies distributed green shoots and a lower standard deviation in performance.

Exhibit 3B

RedSeer Shadowfax Logistics Index (RSLI) Score

Q2-FY21, Scale: 0 to 100, N¹=5000+



Note(s): 1) Merchant Index not applicable for Omnichannel & D2C retailers

Source(s): Customer surveys, Merchant surveys, Expert discussions and RedSeer Analysis

RSLI Sector Leaders

Q2' FY21



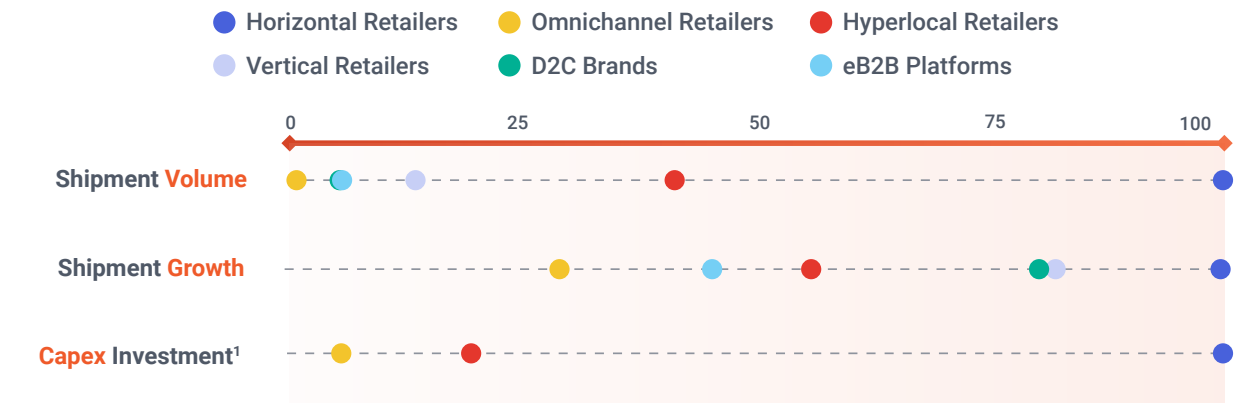
Note: Amazon and Flipkart were fairly close on the index across all parameters and are the overall leaders in terms of index scores but Amazon came out slightly ahead due to a stronger performance around delivery times and NPS.

Growth and Scale Index

Exhibit 3C

RedSeer Shadowfax Logistics Index (RSLI) Score

Q2-FY21, Scale: 0 to 100, N¹=5000+



Note(s): 1) Owing to lack of Capex investment in Q2, some sectors might not get mapped
Source(s): Customer surveys, merchant surveys, expert discussions and RedSeer Analysis



RSLI Sector Leaders – Growth and Scale Index

Q2' FY21



Future growth of horizontals and verticals will be fueled by better reach in Tier 2+ cities. The keys to success here will be smart warehousing strategy, tech based approach to cut shipment delays and excellent seller experience to win in product assortment. The selection of the right technology enabled logistics platforms will become increasingly essential.

Rohit Gupta, VP – Business Development & Strategy, Shadowfax



The quarter saw explosive growth in the shipments on horizontal and vertical sectors mostly due to pent up demand; sectors like D2C saw high growth (75%+ quarterly growth) mostly due to differentiated product offerings on the platforms.

Large horizontal platforms saw ~450 Mn shipments in the quarter ending Sept'20, followed by hyperlocal (including FoodTech and eGrocery). The sector also grew fastest (100%+ over last quarter) in terms of shipment volume due to pent up demand in the quarter. Emerging sectors like D2C saw 90%+ growth in shipment volume. The growth in D2C sector is driven by differentiated products, ability to choose from complete portfolio, loyalty member points and product discounting.

Omnichannel and eB2B sector grew relatively slowly during the quarter as offline retail was impacted during the COVID.

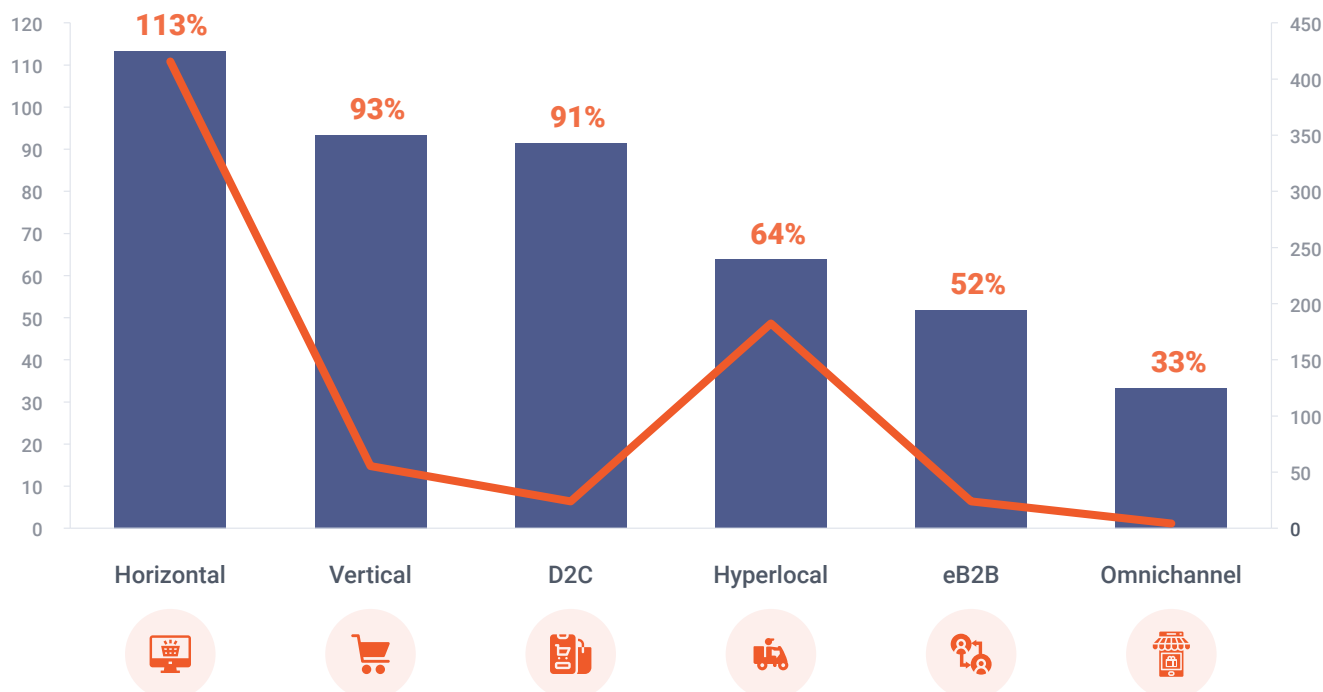
The growth in shipment volume has been a result of eCommerce platforms partnering with the new-age logistics platforms that provide complete supply chain solutions ranging from warehousing to delivery. These eCommerce centric 3PL have pin-code reach as high as 25,000.

Exhibit 3D

Total Shipments & Growth (Forward Logistics)

Q2-FY21

— Scale (Shipment Volume)
■ Shipment Growth (QoQ)



Source(s): Expert discussions, RedSeer IP and RedSeer Analysis

eCommerce Festive Sales – Case study

For eCommerce, the festive season every year brings new shoppers online and multi-fold average order value growth; festive week in 2020 clocked USD 8.3 billion in gross eCommerce GMV, up ~65% from last year

The eCommerce festive season this year saw two broad themes:

1. Mega festive sales acts as a light in the darkness of COVID

Prior to festive season⁴, eCommerce platforms invest heavily on advertisement, supply chain capabilities and partnerships leading to strong growth in online sales. Festive season came as a relief to the online retailers whose total sales were impacted from COVID. Platforms maintained very high levels of item availability despite the risks from precarious Indo-China

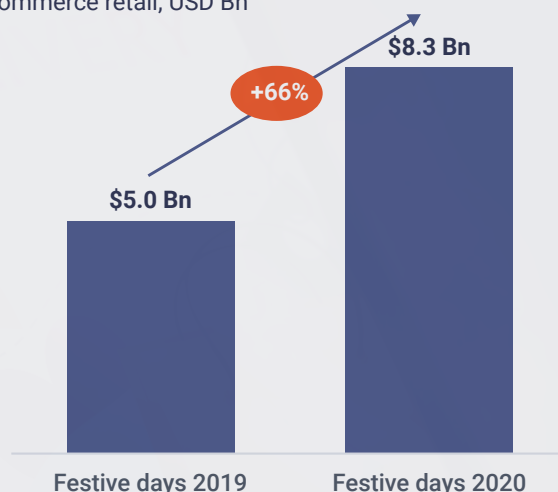
relations that also affect the supply chain ecosystem.

Buyers preferred affordable price ranges this year for almost all product categories, instead of cheap/expensive. The platforms enabled affordability this year with aggressive tie-ups through brands and financing deals, coming on the back of a bleak, pandemic-affected year.

Exhibit 3E

E-Tailing Checkout/Gross GMV (Entire Festive Month)

For overall Indian eCommerce retail, USD Bn



1. For 2020, the sale period is considered to start from middle of 15th October, with Flipkart's early access sales

2. Sales figures includes estimates for overall eCommerce in India

3. 1 USD = 70 INR

⁴E-commerce marketplaces usually hold up-to 3 sales leading to the festival of Diwali. The first of these sales is usually the largest and usually accounts for more than 60% of the sales during the festive period

2. Festive season was driven by Tier 2+ customers who shopped in bigger numbers than ever

With ~48 Mn shoppers coming from Tier 2+ cities, this festive season was one dictated by affordability and ease of access to a wide assortment of products. Mobiles continued to dominate the % share of all products across different platforms owing to a rise

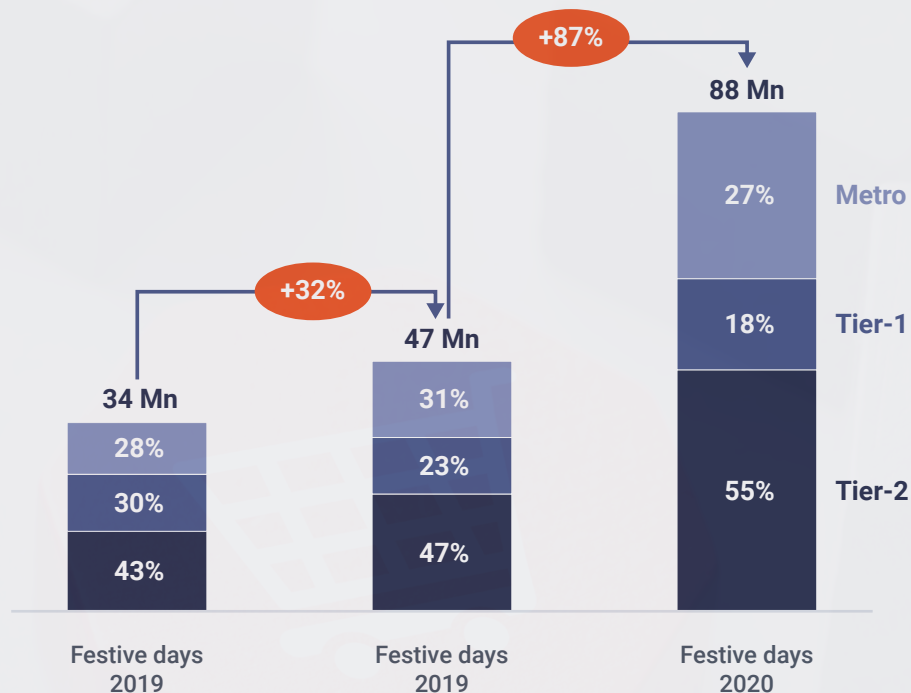
in aspiration among the new customers on the platform.

With affordability schemes increasing share of users from Tier 2+ cities, GMV per customer dropped to ~INR 6,600 from ~INR 7,450 in the last festive season.

Exhibit 3F

of shoppers (Festive Month '18-'20)

For overall Indian E-tailing, Mn

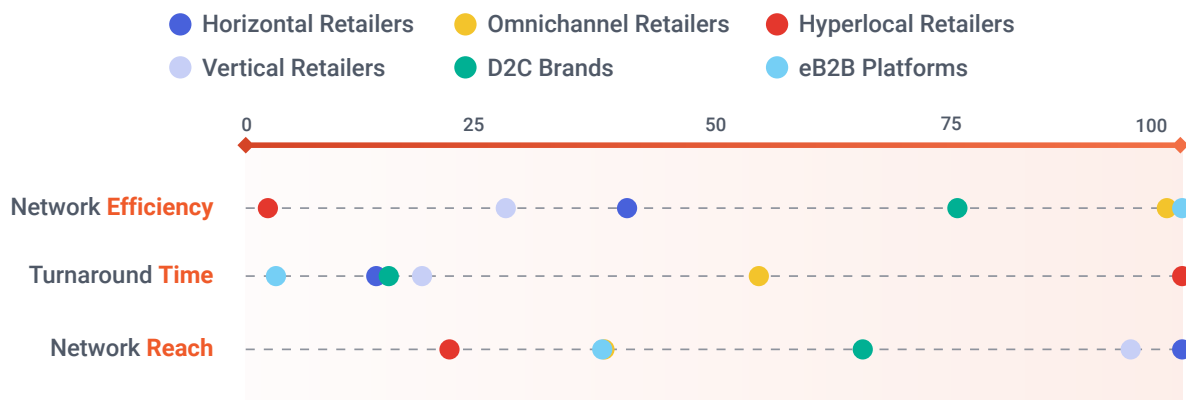


Speed and Cost Efficiency Index

Exhibit 3G

RedSeer Shadowfax Logistics Index (RSLI) Score

Q2-FY21, Scale: 0 to 100, N¹=5000+



Source(s): Customer surveys, Merchant Surveys, Expert discussions and RedSeer Analysis

RSLI Sector Leaders – Speed and Cost Efficiency Index

Q2' FY21



Growth of these sectors can be efficiently achieved through crowdsourced fleets. Service providers with strong technology stacks and robust crowdsourced models can provide tailored models for brands to reduce fulfillment costs and achieve customer delight. Additionally, crowdsourced fleets can better absorb seasonality across different categories of products and help brands/platforms to scale up or down as required.

Ankit Kala, VP – Operations & Strategy, Shadowfax



Hyperlocal and vertical sectors have the highest fulfillment cost – mostly because of low order value; Horizontals use mix of 3PL and captive logistics optimizing its cost whereas Omnichannel leverages its offline stores for last-mile pickup

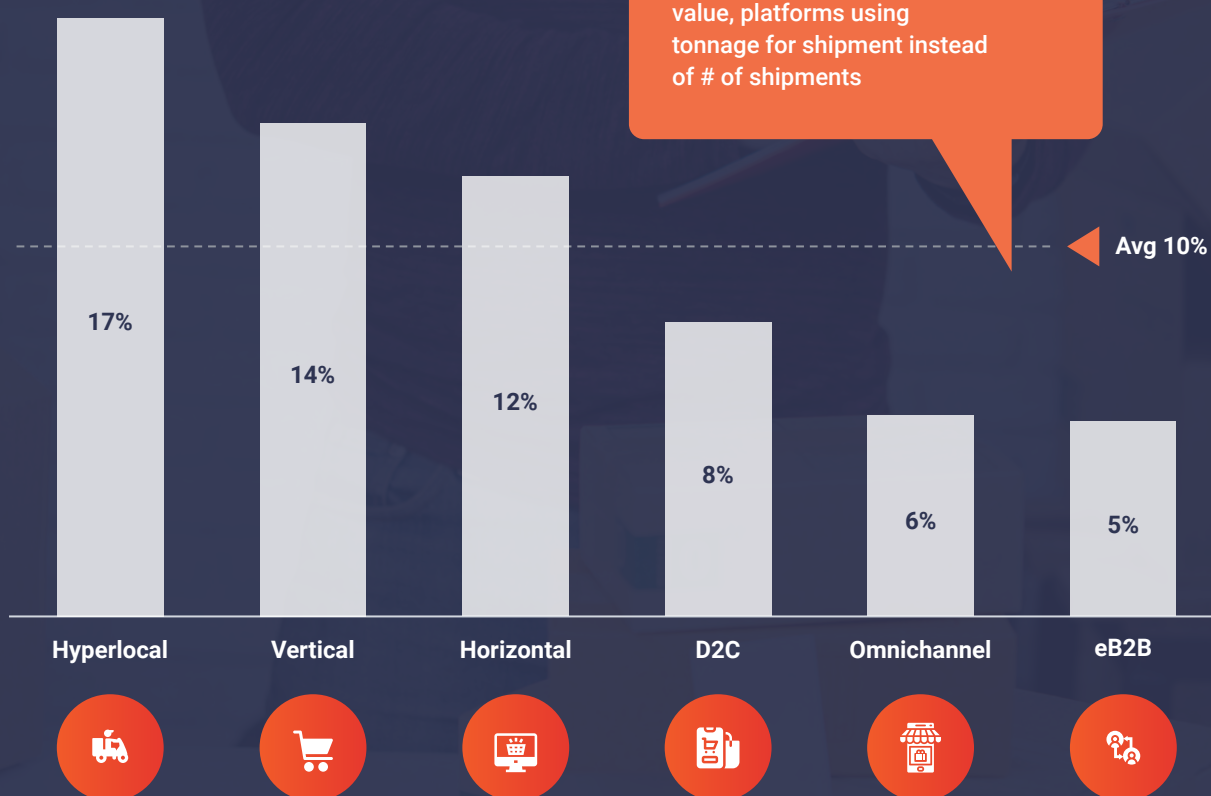
The fulfillment cost varies significantly across eCommerce sectors. Hyperlocal and Vertical sectors have the highest fulfillment cost at ~17% and 14% respectively of GMV. While the former has the lowest average order value (AOV) and only last-mile delivery, the latter has relatively lower AOV as majority of shipments are fashion products.

Despite nationwide shipments, large horizontal⁵ platforms have slightly lower fulfillment cost at ~12% due their high usage of captive logistics leading to lower shipping costs. D2C (e.g. Mi.com) platforms have low fulfillment cost due to their higher AOV and higher share of Metro and Tier-1 shipments.

Exhibit 3H

Network Cost Efficiency

Q2-FY21, Fulfillment cost as a % of shipped GMV



Source(s): Expert discussions, RedSeer IP and RedSeer Analysis

⁵Amazon and Flipkart are referred as Large horizontals

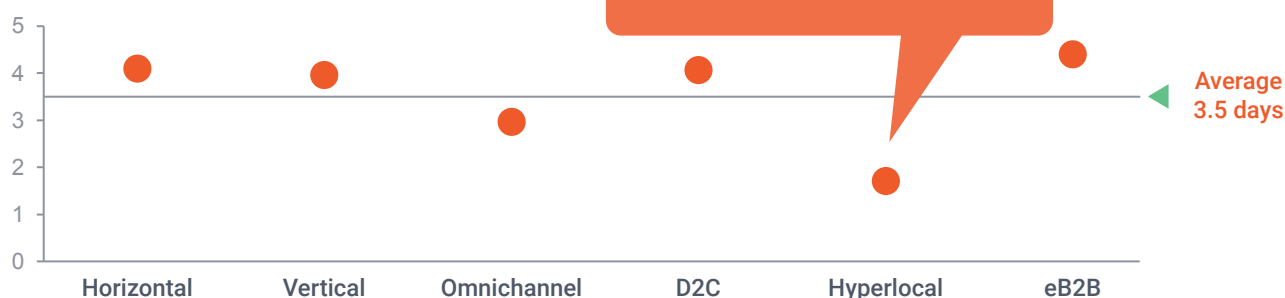
Most eCommerce verticals have similar forward delivery time except for hyperlocal, which it is significantly lower – eGrocery O2D is 1.5-2 days whereas FoodTech O2D is less than 60 minutes

Among the sectors covered in RSLI, Hyperlocal has lowest order to delivery time, primarily because of involvement of only last mile delivery. Despite leveraging a mix of captive logistics and new age third party logistics players, Horizontal, Vertical and D2C have similar order to delivery time between 3-4 days whereas the laggard has a delivery time of over 5 days. Platforms across sectors are increasingly focusing on regional warehouses / fulfillment centres to ensure faster delivery or partnering with diversified new age logistics players that offer warehousing as well eCommerce delivery solutions.

Except for large horizontals, eCommerce platforms are working towards optimizing their supply chain efforts and are increasingly preferring new age logistics players that offers complete logistics solutions for warehousing and eCommerce delivery.

Exhibit 3I

Average Turn Around Time – Forward Q2-FY21 (No. of days)



Average Turn Around Time – Reverse Q2-FY21 (No. of days)



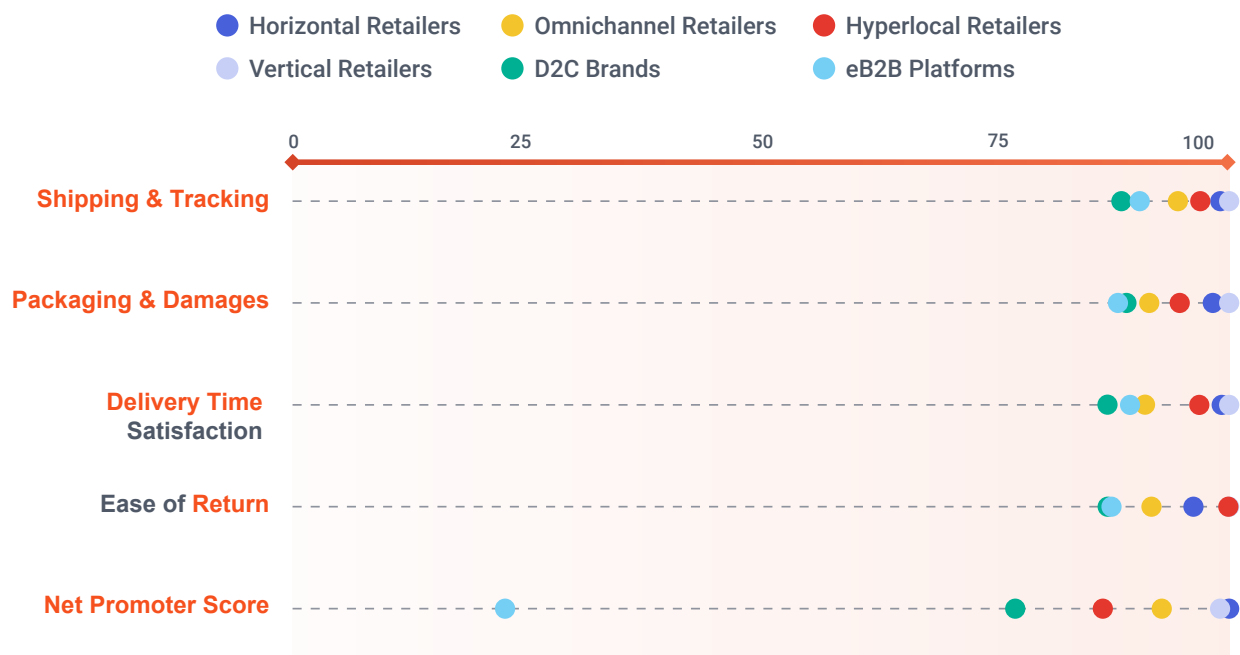
Note(s): 1) Reverse shipments not applicable for Hyperlocal retailers;
 2) Forward refers to time taken from order to delivery; Reverse refers to return intimation to pickup;
 3) Average turn around time for Hyperlocal only considers eGroceries;
 Source(s): Expert discussions, RedSeer IP and RedSeer Analysis

Customer Experience Index

Exhibit 3J

RedSeer Shadowfax Logistics Index (RSLI) Score

Q2-FY21, Scale: 0 to 100, N¹=5000+



Note(s): 1) Return Parameters merged due to high correlation;

Source(s): 1) Customer surveys, Merchant surveys, Expert discussions and RedSeer Analysis

RSLI Sector Leaders – Customer Experience Index

Q2' FY21



Horizontal and vertical sectors led in terms of customer experience across logistics parameters reflecting in their higher NPS while FoodTech and emerging sectors like Omnichannel and D2C saw average customer experience. eB2B⁶ platforms however were the laggards

Breadth of SKU availability and better experience across shipment delivery parameters has helped horizontal platforms achieve the highest NPS score closely followed by vertical platforms that have managed to achieve the highest customer

satisfaction due to its specialised operations.

For D2C & Omnichannel platforms who will find themselves competing against horizontal & vertical platforms, customer experience is going to be the key to growth.

Exhibit 3K: Customer Experience – eCommerce Sectors

Customer Satisfaction

Q2-FY21

Q. On a scale of 1 to 5, how satisfied are you with the platform across logistics parameters, 5 being highly satisfied)

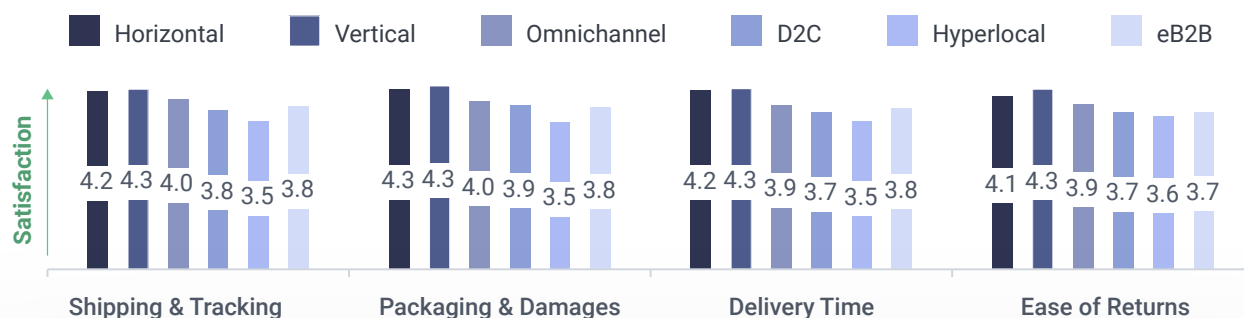


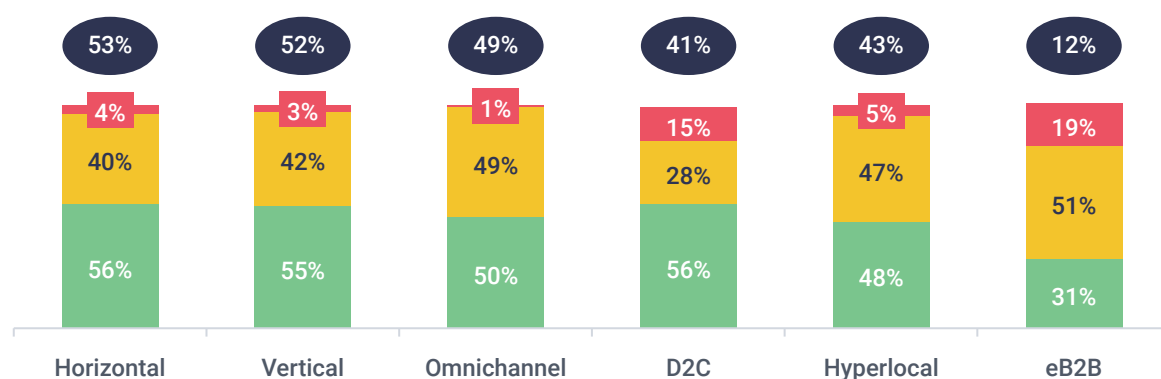
Exhibit 3L : Customer Satisfaction – eCommerce Sectors

NPS Score

Q2-FY21

Promoters Neutral Detractors

XX% NPS Score

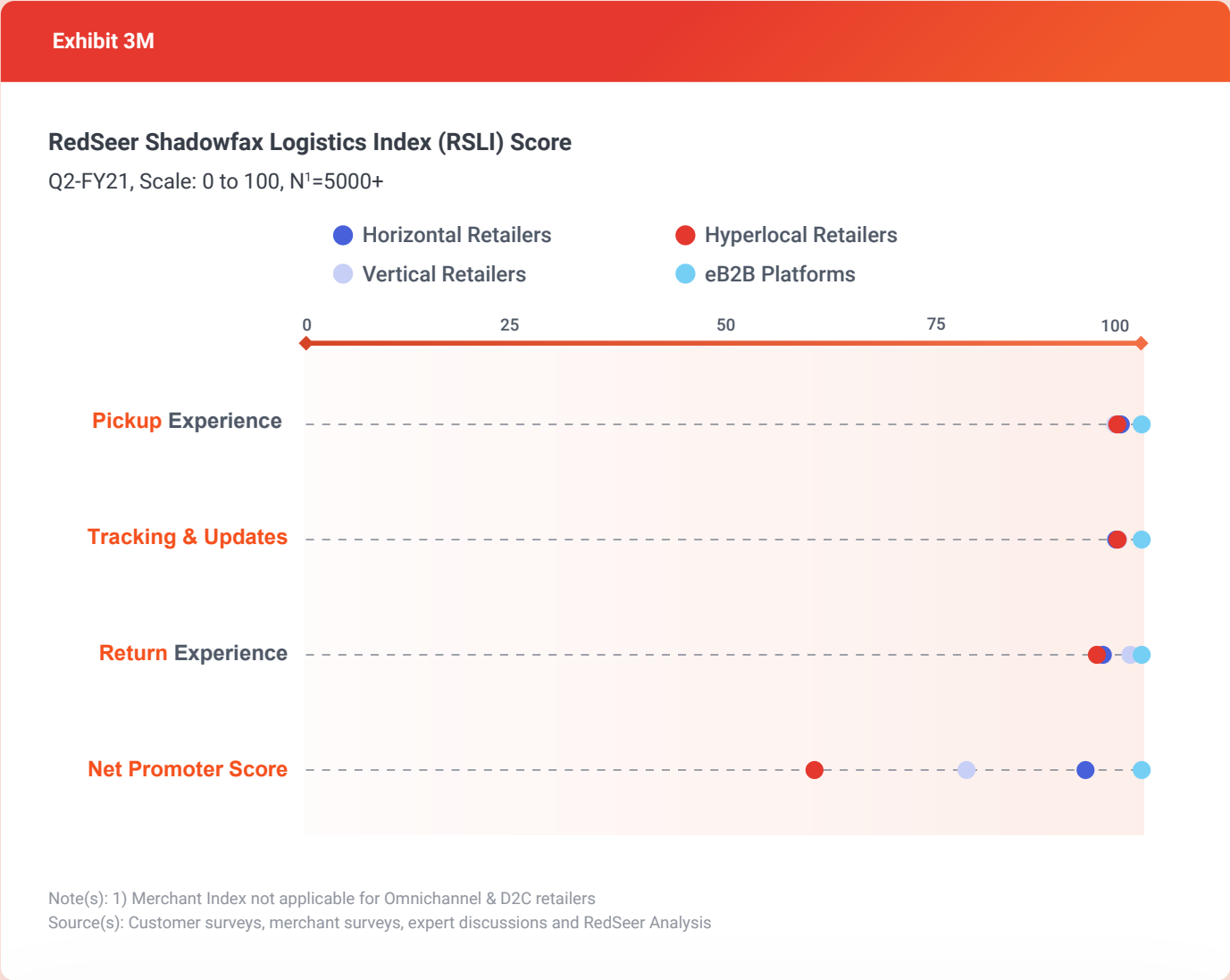


Note(s): Customer surveys=4300+;

Source(s): Customer surveys and RedSeer Analysis

⁶ For eB2B platforms the customers are the retailers that use the platform to source goods

Merchant Experience Index



Through eB2B platforms, sellers can expand their reach pan India. Also, merchants can avail better assortments and service levels. For enabling growth of this segment, managing smooth handshakes at both the shipment origin and destination is critical. New age logistics players with real-time POD, multi SKU delivery and partial returns can enable seamless transactions. Also, speedier forward + reverse movements will be critical to manage seller working capital.

Aniket Nathwani, AVP - Sales & Business Development, Shadowfax



eB2B platforms have high merchant satisfaction as they have enabled significant reach for the merchants, resulting in higher NPS

Merchant satisfaction across all the sectors were clustered around the same range with eB2B platforms doing slightly better than others translating into their higher NPS scores as well. eB2B platforms had the highest NPS as brands & SMEs find an additional channel of sales to augment their reach. Horizontals followed closely due to their end-to-end fulfillment

capabilities; something that vertical platforms need to focus on.

Hyperlocal platforms struggled due to the lower NPS scores given by restaurant partners of FoodTech players citing the high margins. However, the criticality of the service to their business was recognised post COVID.

Exhibit 3N: Merchant Experience – eCommerce Sectors

Merchant Satisfaction

Q2-FY21

Q. On a scale of 1 to 5, how satisfied are you with the platform across logistics parameters, 5 being highly satisfied)

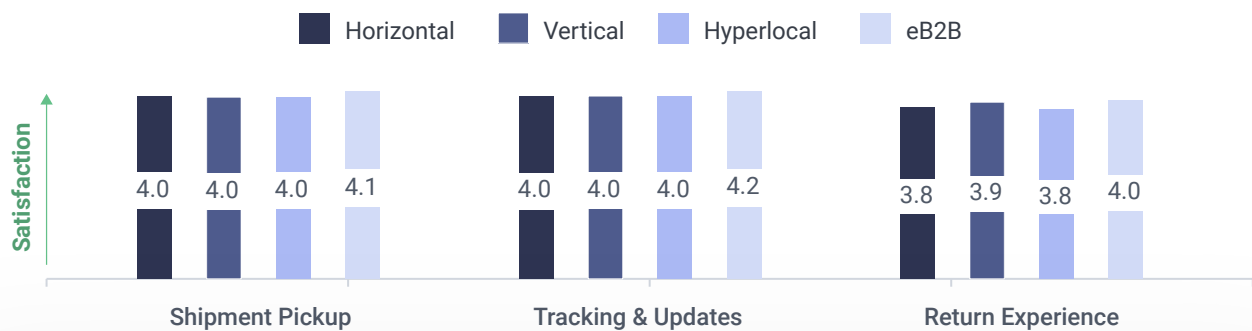
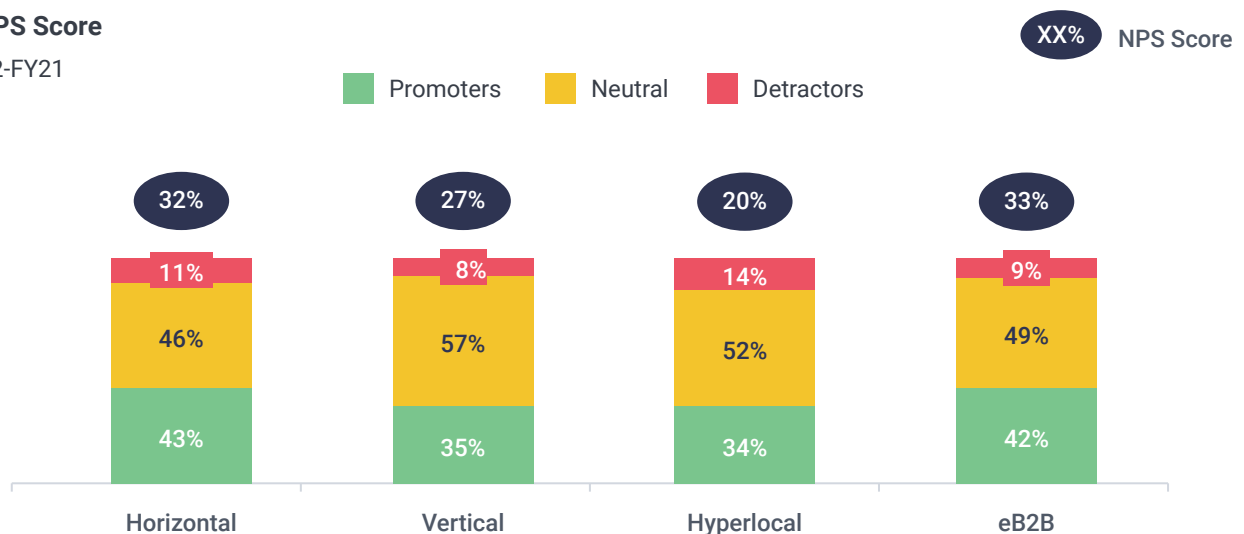


Exhibit 3O: Merchant Satisfaction – eCommerce Sectors

NPS Score

Q2-FY21



Note(s): Merchant surveys=1200+;

Source(s): Merchant surveys and RedSeer Analysis



4 eCommerce Sector Deep-dive on RSLI



4.1 Horizontal Retailers

With product offerings across categories and price segments, horizontal retailers contributed ~60% of the total eCommerce shipments in the quarter. The sector is dominated by Amazon and Flipkart, referred to as large horizontals. Together, these two platforms had ~80% share of total shipments volume.

The sector was one of the fastest to recover post COVID lockdown due to the pent-up demand and customers'

preference for online delivery of orders.

Platforms in the horizontal sector have been expanding their coverage by partnering with new age logistics partners for delivery and warehousing, with the incumbents aggressively expanding their captive capabilities with a focus on tapping opportunities from Tier 2+ cities.



A. Delivery Speed:

Shipment delivery times vary significantly in horizontal eCommerce, with the difference between platforms as high as 55%+; Amazon has the lowest shipment delivery and return pickup time due to its Metro and Tier-1 heavy customer base, regional warehousing and fulfillment centers

Captive-heavy operations tend to do better than 3PL networks due to seamless integration and higher efficiencies, therefore Amazon and Flipkart lead in shipment delivery time. However, Amazon leading over Flipkart is due to Metro and Tier-1

heavy operations of Amazon. Another key factor influencing longer delivery time is that merchant fulfilled models have an additional failure point making their TAT slightly higher than that of platform fulfilled orders.

Exhibit 4.1A

Average Turn Around Time – Forward

Q2-FY21 (No. of days) N = 1598



Average Turn Around Time – Reverse

Q2-FY21 (No. of days) N = 1598



Note(s): Forward refers to time taken from order to delivery; Reverse refers to return intimation to pickup

Source(s): Customer surveys and RedSeer Analysis



B. Customer Satisfaction:

Amazon has been efficient in forward logistics and has high customer satisfaction, Meesho drove highest customer delight in reverse shipment

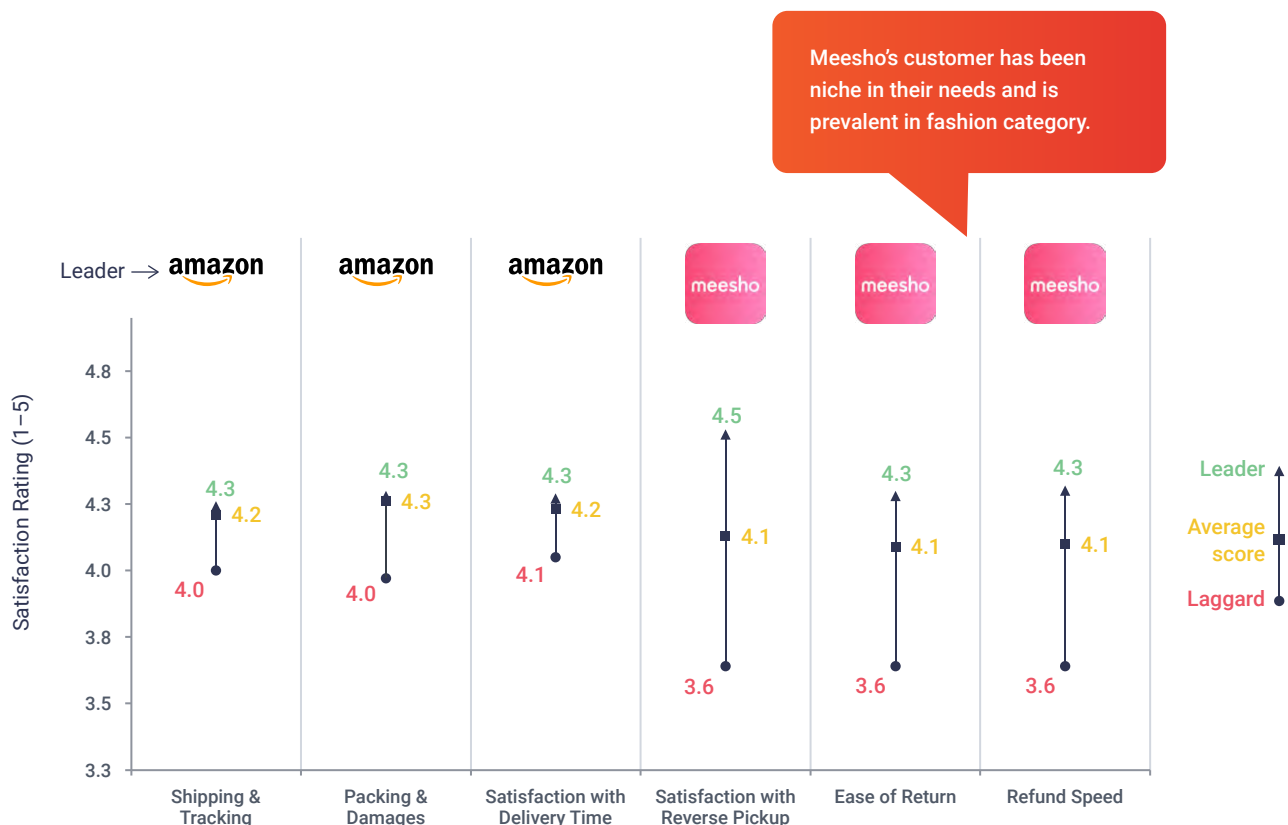
While Amazon is leading satisfaction scores in forward delivery parameters, other platforms followed closely. However, in reverse logistics, platforms have scope to improve as there was a higher standard deviation in satisfaction amongst

platforms. Niche platforms such as Meesho, focusing on the long tail of online shoppers from Tier 2+ cities managed to bring customer delight in reverse logistics.

Exhibit 4.1B

Satisfaction – by parameter

Q. On the scale of 1 – 5 (5 = Highly Satisfied), how would you rate the retailer? | N = 1598



Note(s): N for Return based parameters have lower N and in some cases, statistically insignificant

Sources(s): Customer Survey, RedSeer Analysis



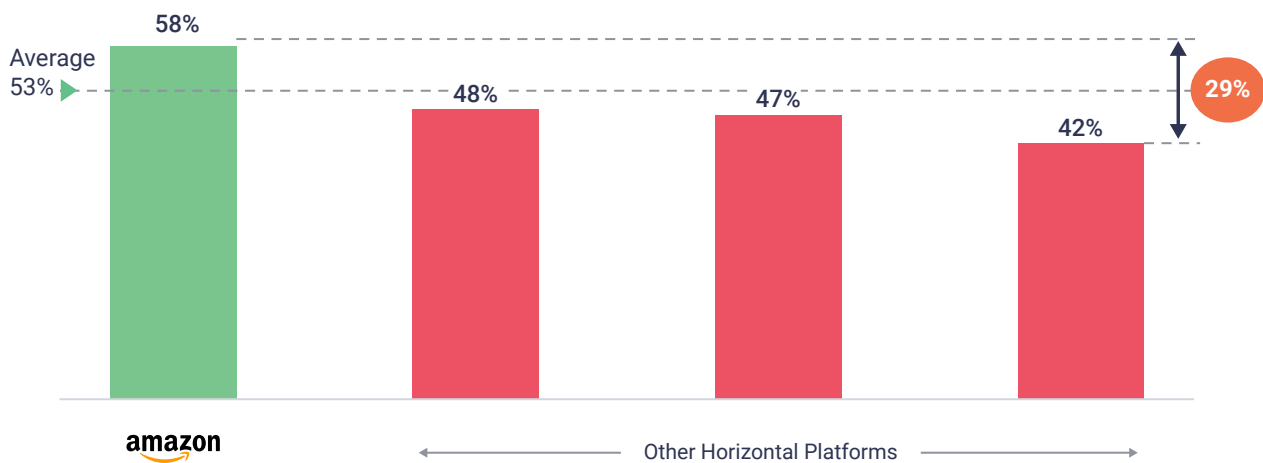
C. NPS Scores:

Amazon had the best positive customer sentiment amongst the Horizontal platforms, Amazon leading with its premium delivery service under “Prime”.

Exhibit 4.1C

Net Promoter Score

Q. On a scale of 0 – 10 (0 being highly unlikely and 10 being highly likely), how likely are you to recommend the retailer to others basis the delivery & return experience?



Sources(s): Customer Survey, RedSeer Analysis

Note(s): NPS asked on the basis of logistical experience however, influenced by the customer’s overall platform experience



4.2 Vertical Platforms

Vertical eCommerce is mostly dominated by Fashion, Childcare & BPC⁷ product retailers. Collectively, the sector is estimated to have shipped ~60 Mn shipments in Q2 FY21. Customers shopping on these platforms are generally higher up on the eCommerce maturity value chain and are comfortable shopping online. Having shopped on other

eCommerce platforms, their expectation from the platforms is at par with the best that is available. At present, the penetration of platforms is largely centered around metro and tier 1 cities. While some of the larger platforms have their captive logistics units, others rely on 3PL partners for logistical fulfillment.

⁷ BPC: Beauty and Personal Care



A. Delivery Speed:

Most vertical platforms have a higher dependence on 3PL providers for delivery and have a clustered TAT for shipment delivery; new age 3PL platforms have been able to drive lower shipment turnaround time for verticals by providing regional warehousing support

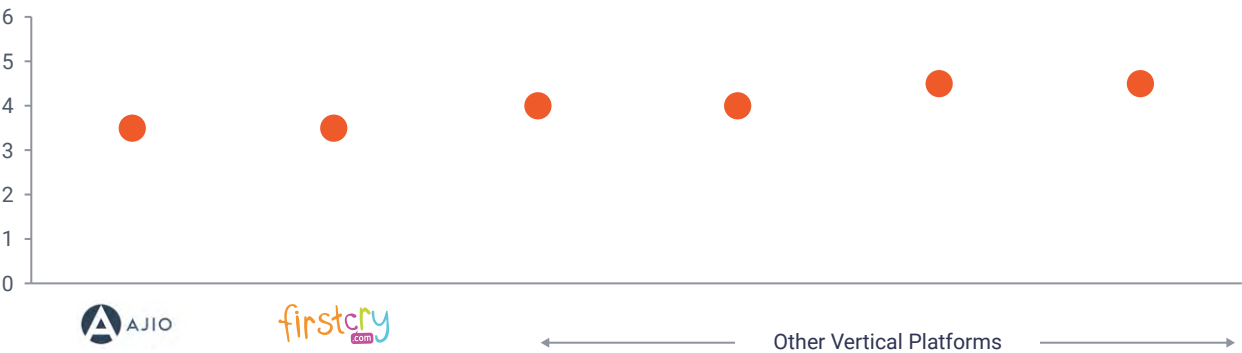
Smaller vertical players often find it difficult to match the supply chain prowess of Horizontals. While larger players have multiple warehouses and distribution centres spread across key locations in India, smaller players largely operate out of 1 or 2 centralized warehouses and the rest of the logistical

operations are outsourced to 3PL partners. This translates to extended delivery time and longer delivery time. With a strategically placed warehouse and a concentration of orders from Metro and Tier 1 cities, AJIO and FirstCry both had one of the fastest delivery times among its peers.

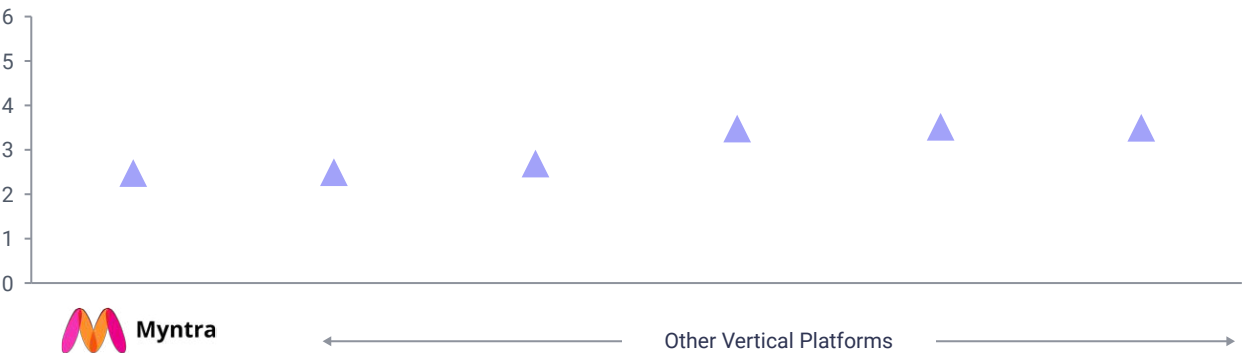
Exhibit 4.2A

Average Turn Around Time – Forward

Q2-FY21 (No. of days) N = 1163



Average Turn Around Time – Reverse



Note(s): Forward refers to time taken from order to delivery; Reverse refers to return intimation to pickup
Source(s): Customer surveys and RedSeer Analysis



B. Customer Satisfaction:

AJIO leads the sector across forward and reverse shipment experience parameters; overtaken only by Nykaa on shipping and tracking.

The sector had the highest customer satisfaction amongst all eCommerce sectors. AJIO had the best performance across sectors while Bewakoof.com under-performed in customer

experience. Across the return related parameters there was a high deviation between the leader and the laggard.

Exhibit 4.2B

Satisfaction – by parameter

Q. On the scale of 1 – 5 (5 = Highly Satisfied), how would you rate the retailer? | N = 1163



Note(s): N for Return based parameters have lower N and in some cases, statistically insignificant

Sources(s): Customer Survey, RedSeer Analysis



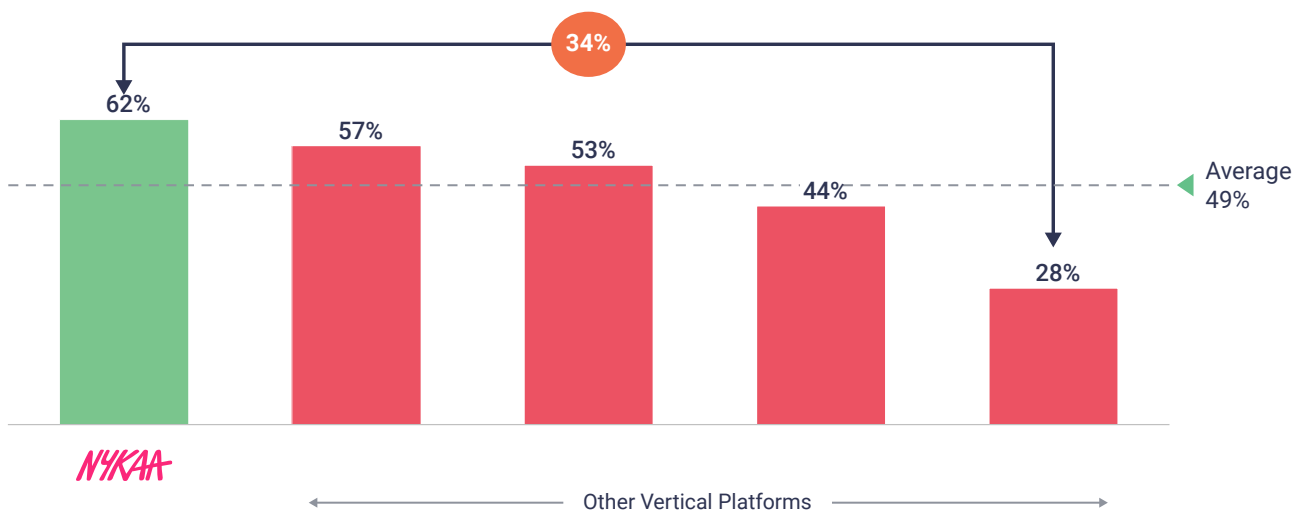
C. NPS Scores:

Most of the Vertical Platforms have high positive customer sentiment; Nykaa over indexed other platforms with no detractors

Exhibit 4.2C

Net Promoter Score

Q. On a scale of 0 – 10 (0 being highly unlikely and 10 being highly likely), how likely are you to recommend the retailer to others basis the delivery & return experience?



Sources(s): Customer Survey, RedSeer Analysis



D2C platforms have experienced a strong growth through a customer-first approach in the last year. While they have built strong differentiated capabilities in terms of product portfolio and customer engagement, higher solutioning is required in logistics to further drive client delight.

Ujjwal Chaudhry, Associate Partner, RedSeer



Note(s): NPS asked on the basis of logistical experience however, influenced by the customer's overall platform experience



4.3 Omnichannel Retailers

Omnichannel retailing has been around for a couple of years. However, most retailers started focusing on omnichannel in the past 2-3 years. With the impact of COVID, retailers' aggressive approach towards online sale improved their wallet share from online channels. Fashion & Electronics currently form the largest segment of omnichannel retailers as this has been most impacted by the rise of eCommerce.

Due to their offline presence, these players enjoy a robust supply chain network in the form of nationally distributed retail outlets which can double up as fulfillment centers; the platforms have the luxury of enjoying one of the cheapest fulfillment costs and lowest turnaround time as their focus would largely be on local fulfillment. Something that's a source of envy for many eCommerce platforms who are striving to get local presence to improve their unit economics and TAT.



A. Delivery Speed:

With its DMart Ready model, DMart has the lowest shipment delivery TAT; electronic retailers tend to do better than clothing retailers due to significant number of orders being fulfilled from the local stores.

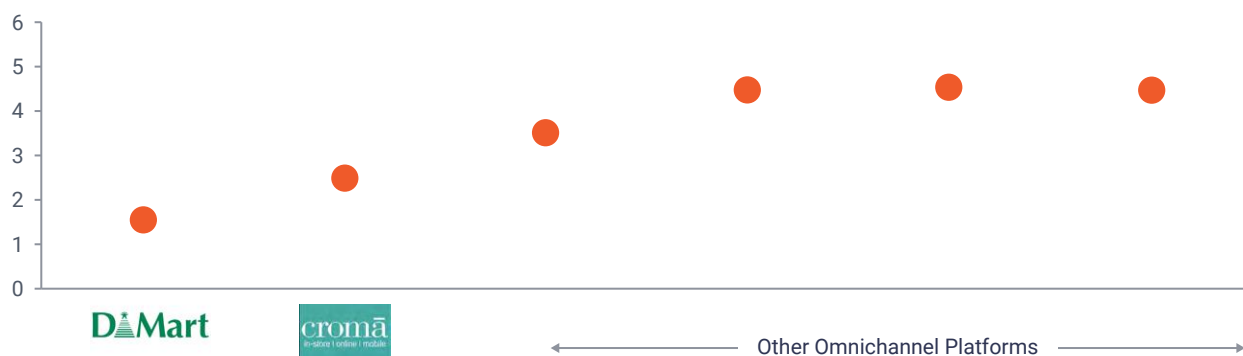
Most omnichannel platforms are working toward integrating their online and offline operations for a seamless customer experience and faster deliveries. Croma offers '3-hour delivery' of electronics in select locations serviceable by nearby stores and DMart's 'DMart Ready' online orders are delivered to local

pickup points (distribution centres) placed in high residential density areas. The service has been further expanded to serve door to door deliveries as well. In omnichannel, electronics retailers have a lower delivery TAT owing to a standard set of SKUs as compared to that of a fashion retailer.

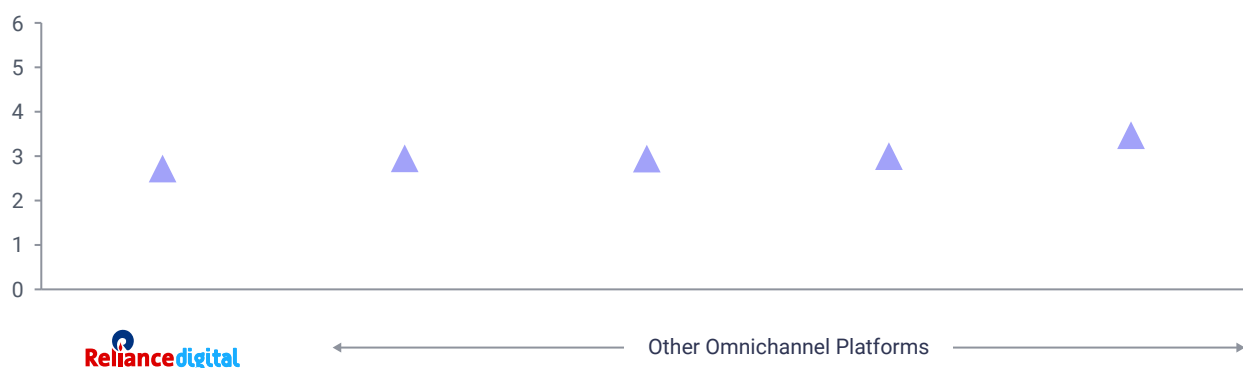
Exhibit 4.3A

Average Turn Around Time – Forward

Q2-FY21 (No. of days) N = 252



Average Turn Around Time – Reverse



Note(s): Reverse shipment TAT not applicable for Dmart because the customer must return the order to ready stores.

Forward refers to time taken from order to delivery; Reverse refers to return intimation to pickup

Source(s): Customer surveys and RedSeer Analysis



B. Customer Satisfaction:

DMart had the best customer experience in forward shipment whereas Chroma led in reverse shipment.

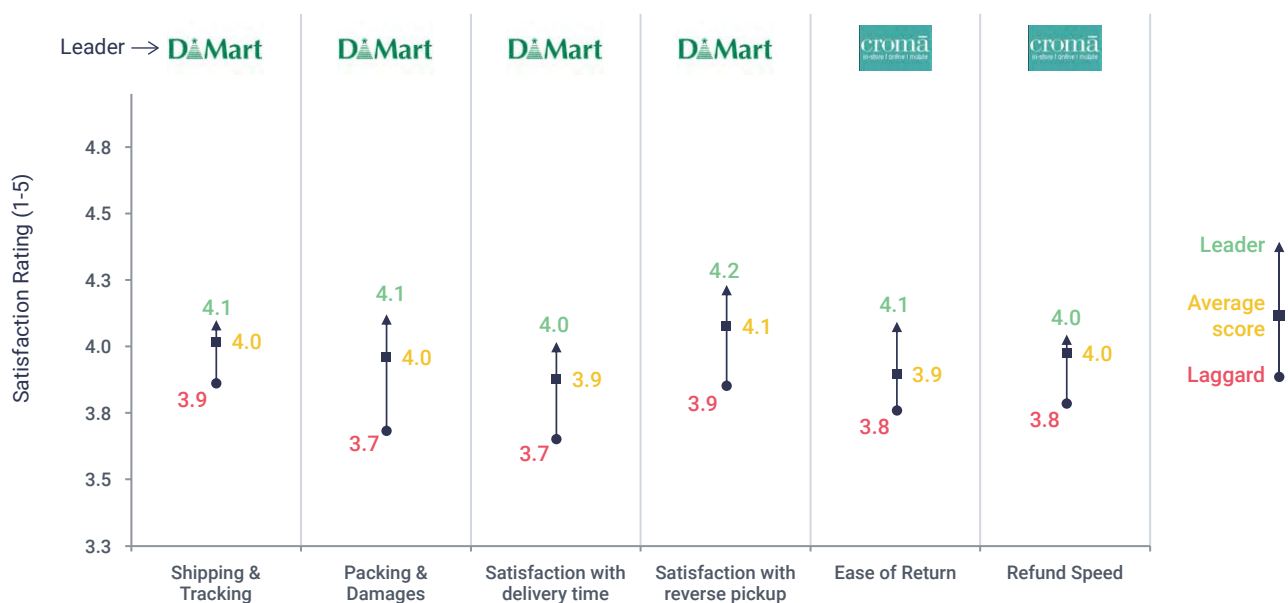
DMart had the best satisfaction with reverse pickup. However, the lowest for the process itself as the customers must go to their D-Mart Ready store for order returns. Shoppers Stop

which has been one of the first entrants in the sector and has invested heavily on technology to prime itself, rates low on the logistics experience.

Exhibit 4.3B

Satisfaction – by parameter

Q. On the scale of 1 – 5 (5 = Highly Satisfied), how would you rate the retailer? | N = 252



Note(s): N for Return based parameters have lower N and in some cases, statistically insignificant

Sources(s): Customer Survey, RedSeer Analysis



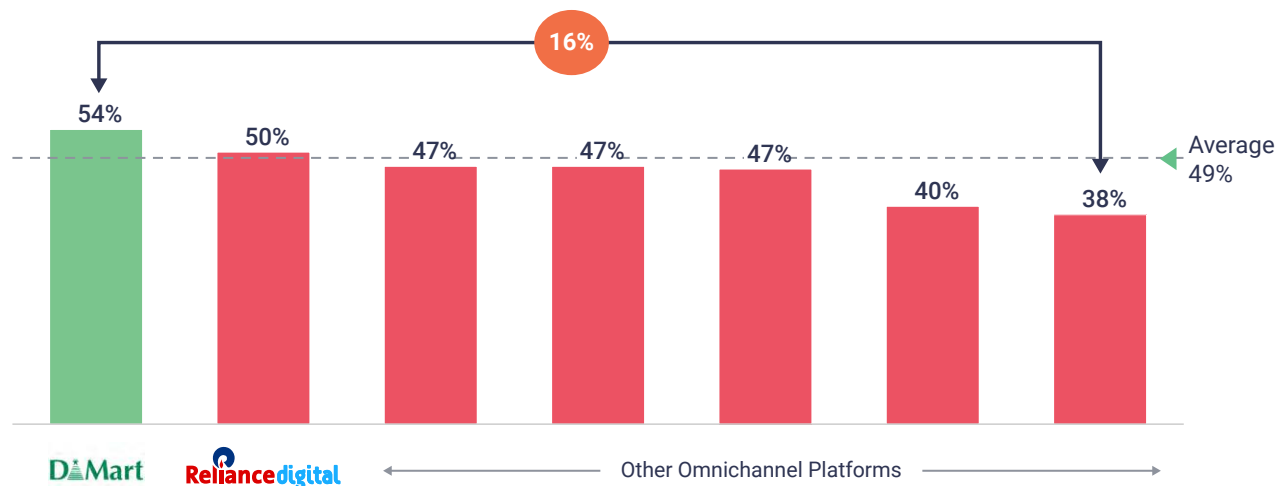
C. NPS Scores:

The customer experience of DMart was reflected in its high NPS score, leading in the sector, while most other omnichannel platforms had fairly high NPS scores.

Exhibit 4.3C

Net Promoter Score

Q. On a scale of 0 – 10 (0 being highly unlikely and 10 being highly likely), how likely are you to recommend the retailer to others basis the delivery & return experience?



Note(s): N for some players are low and not statistically significant

Sources(s): Customer Survey, RedSeer Analysis



Omnichannel solutions in India have not seen a strong traction in India unlike global models, as organized retail continued to focus on offline experience. Post-COVID, there is a growing realization of the importance of digital channels - and we expect a more seamless integration of offline and online experience to drive higher growth in Omnichannel sales in the future.

Ujjwal Chaudhry, Associate Partner, RedSeer



Note(s): NPS asked on the basis of logistical experience however, influenced by the customer's overall platform experience



4.4 D2C

Customers' online adoption and subsequently part of the digital economy has levelled the playing field for consumer brands. Access to smartphone and internet has enabled the customer to connect with their favourite brand and vice versa. Anyone can sell anything to anyone from anywhere. The dependence on physical space / stores have reduced. While sales through horizontal platforms have shown that online is a lucrative sales channel, brands have now moved

to set up their own digital sales platform to get better control of the experience, customer insights and better margins. The low barrier to entry has brought about an onslaught of niche brands across categories that are expected to further increase, it is estimated that Direct-to-Consumer brands will have an addressable opportunity of \$100 Bn by 2025. Traditional and new age brands in D2C sector have partnered with 3PLs to serve their eCommerce logistics and supply chain needs.

A. Delivery Speed:



Time for shipment delivery varies significantly for direct-to-consumer (D2C) brands whereas it is similar for return pickup; most of the D2C brands have a centralized warehouse close to their HQ from where the products are shipped.

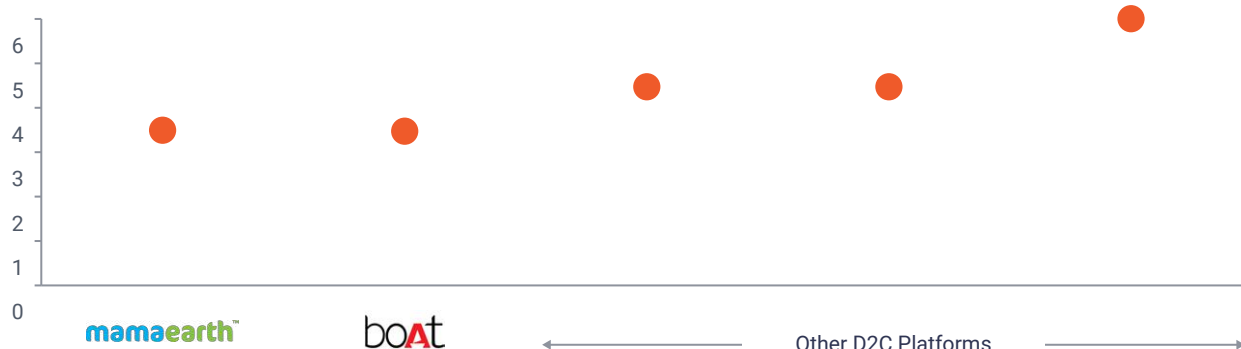
While the speed of the 3PL partner impacts the delivery time, their speeds often tend to be the same. A key differentiator in D2C comes in the form of warehouse location. A decentralized fulfillment spread across key regions allows the brand to maintain a lower TAT and a better experience. Mamaearth & boAt had one of the fastest delivery times amongst its peers. Their average delivery time of 3.5 days is equivalent to that

of Amazon delivery, one of the fastest in eCommerce. D2C brands currently have limited penetration in terms of direct sales through their websites which is driven largely by brand loyalists and skewed towards metros; though going forward, as the scale and penetration increases, it might be difficult for the brands to maintain the current TAT.

Exhibit 4.4A

Average Turn Around Time – Forward

Q2-FY21 (No. of days) N = 203



Average Turn Around Time – Reverse



Note(s): Forward refers to time taken from order to delivery; Reverse refers to return intimation to pickup

Sources(s): Customer Survey, RedSeer Analysis



B. Customer Satisfaction:

boAt is the consistent leader across shipment delivery parameters in its customer satisfaction, while Mamaearth leads in Shipping & Tracking.

Mi.com has one of the most mature D2C operations amongst the peer group, handling ~3X the shipment volume than that of boAt & Mamaearth combined but ranked lower on customer satisfaction. It can be inferred that from the perspective of the

customer, the logistical expectation from the brands is the same as from horizontals and maintaining it with scale could be a challenge.

Exhibit 4.4B

Satisfaction – by parameter

Q. On the scale of 1 – 5 (5 = Highly Satisfied), how would you rate the retailer? | N = 203



Note(s): N for Return based parameters have lower N and in some cases, statistically insignificant

Sources(s): Customer Survey, RedSeer Analysis



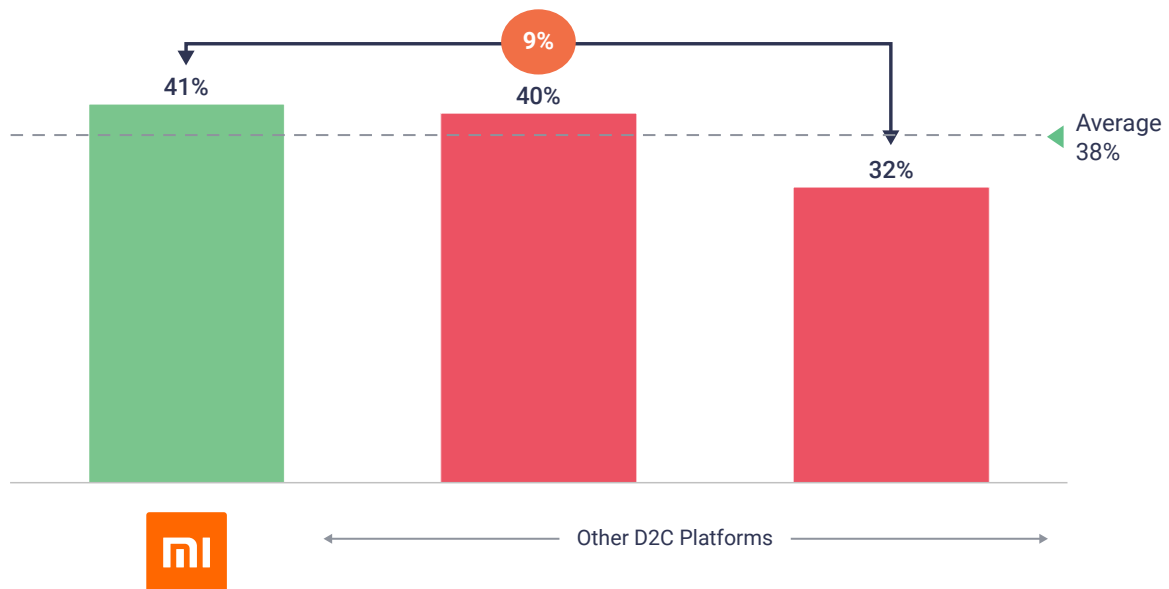
C. NPS Scores:

Despite average performance on shipment delivery and reverse experience parameters, Mi.com had the highest NPS.

Exhibit 4.4C

Net Promoter Score

Q. On a scale of 0 – 10 (0 being highly unlikely and 10 being highly likely), how likely are you to recommend the retailer to others basis the delivery & return experience?



Sources(s): Customer Survey, RedSeer Analysis

Note(s): NPS asked on the basis of logistical experience however, influenced by the customer's overall platform experience



4.5 eCommerce Hyperlocal

With product offerings across categories and price segments, horizontal retailers contributed ~60% of the total eCommerce shipments in the quarter. The sector is dominated by Amazon and Flipkart, referred to as large horizontals. Together, these two platforms had ~80% share of total shipments volume.

The sector was one of the fastest to recover post COVID lockdown due to the pent-up demand and customers'

preference for online delivery of orders.

Platforms in the horizontal sector have been expanding their coverage by partnering with new age logistics partners for delivery and warehousing, with the incumbents aggressively expanding their captive capabilities with a focus on tapping opportunities from Tier 2+ cities.

A. Delivery Speed:



Within hyperlocal, delivery TAT varies significantly between grocery and food. Online grocery had an average of 1.7 days for delivery whereas for food, it was ~35 minutes

Most of the eGrocery platforms have almost similar order to delivery time. However, we found that Amazon stands on top, with a slightly higher TAT. This is mainly because Amazon's hyperlocal is split between Amazon Fresh (limited SKU, mostly fresh goods fulfilled by Amazon or partner stores such as BigBazaar etc.) and Amazon Pantry which fulfills a

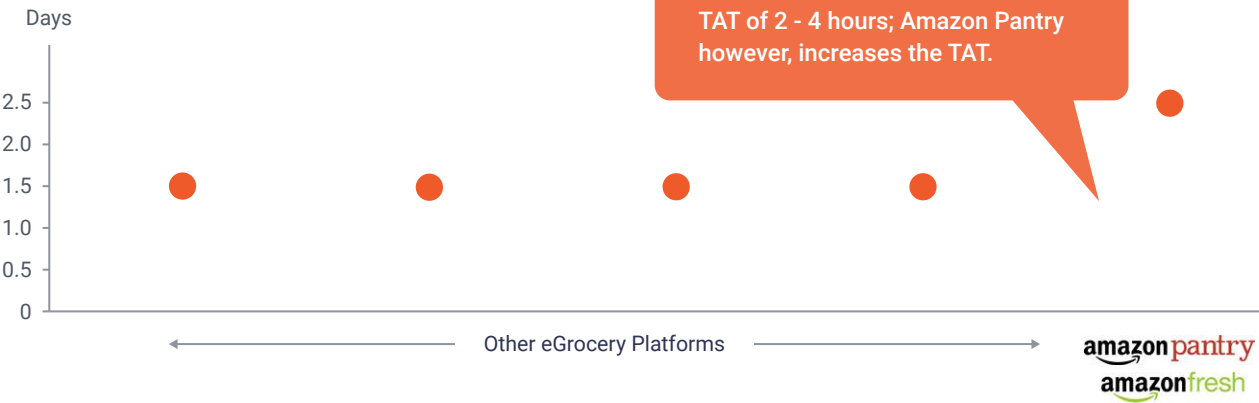
wide assortment of products available across its network. As a general trend, to reduce the time and cost for fulfillment, platforms are partnering with local retailers to source products from or setting up 'Dark Stores' / micro warehouses in high density residential areas.

Exhibit 4.5A

Average Turn Around Time – eGrocery

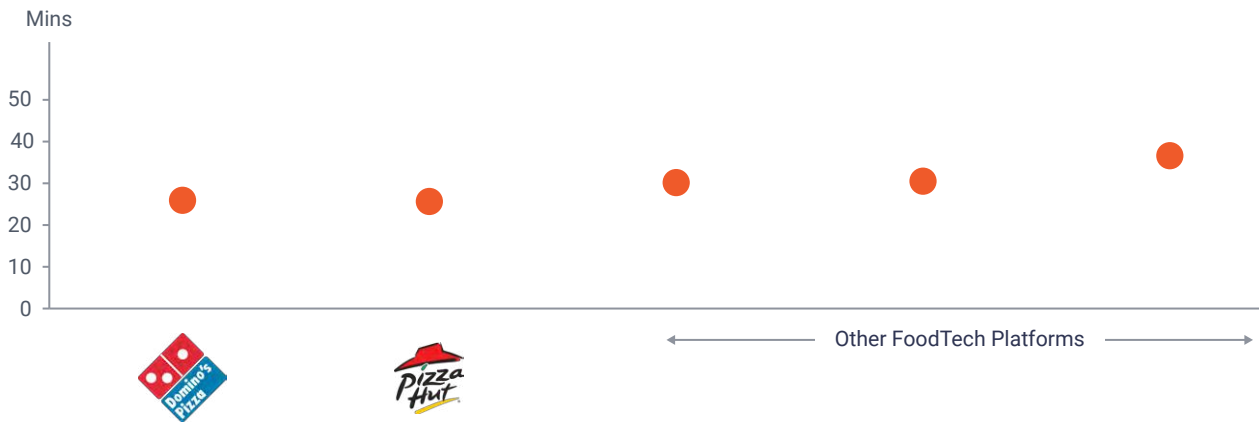
Q2-FY21 (No. of days) N = 789

● Forward Shipment



Owing to local fulfillment Amazon Fresh has one of the fastest TAT of 2 - 4 hours; Amazon Pantry however, increases the TAT.

Average Turn Around Time – FoodTech



Source(s): RedSeer Approach



B. Customer Satisfaction:

JioMart, the new entrant in hyperlocal sector, has high customer satisfaction in forward shipment parameters but below average performance on reverse shipment parameters; Flipkart Supermart and Domino's has highest satisfaction on return.

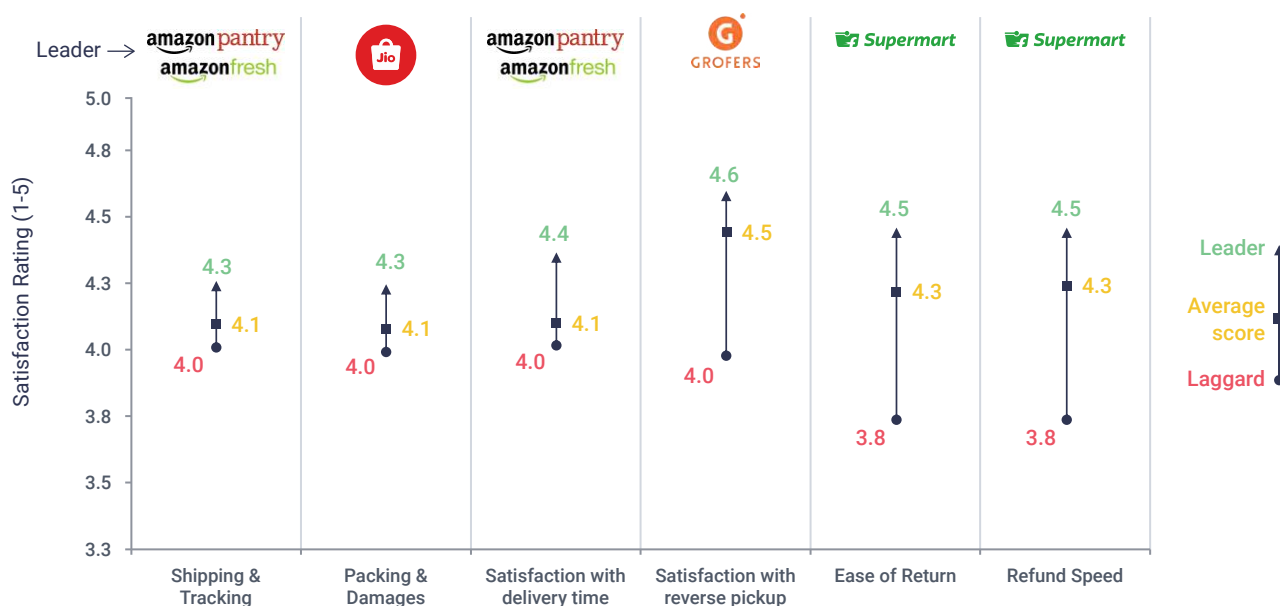
Amazon had one of the highest satisfaction levels for shipping tracking and satisfaction with delivery time; this also points to the fact that customers' expectations are different when placing order for fresh deliveries and placing orders for

'monthly stock-up'. JioMart interestingly did fairly well for forward shipment parameters. However, it came out as a laggard for reverse shipments and order tracking. Grofers had the best overall satisfaction with reverse pickup.

Exhibit 4.5B

Satisfaction – by parameter

Q. On the scale of 1 – 5 (5 = Highly Satisfied), how would you rate the retailer? | N = 789



Note(s): N for Return based parameters have lower N and in some cases, statistically insignificant

Sources(s): Customer Survey, RedSeer Analysis



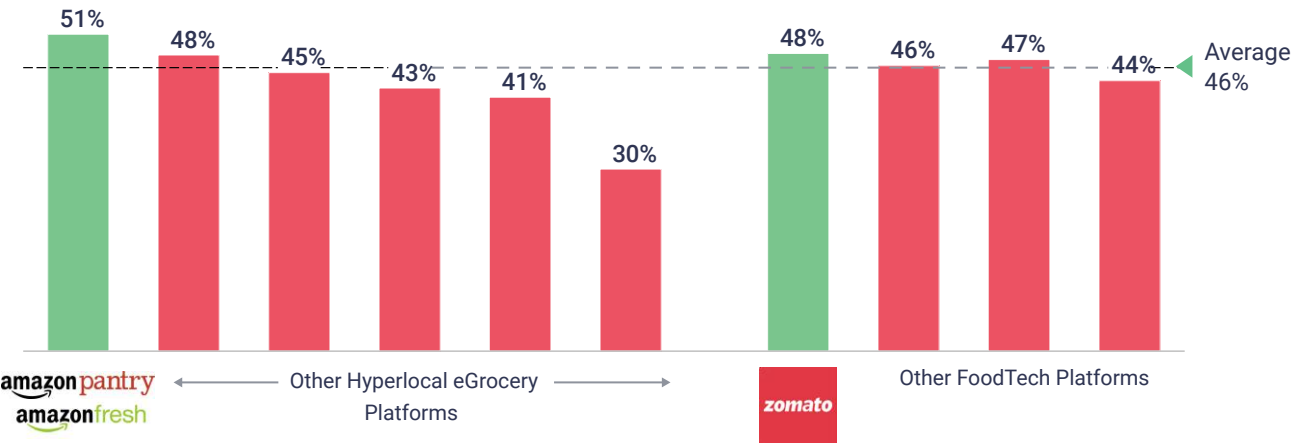
C. NPS Scores:

FoodTech platforms have highest positive customer sentiment (NPS ~45%+) primarily led by customers’ gratitude for delivering during COVID; JioMart have lowest NPS due to its poor satisfaction across return parameters.

Exhibit 4.5C

Net Promoter Score

Q. On a scale of 0 – 10 (0 being highly unlikely and 10 being highly likely), how likely are you to recommend the retailer to others basis the delivery & return experience?



Sources(s): Customer Survey, RedSeer Analysis

Note(s): NPS asked on the basis of logistical experience however, influenced by the customer’s overall platform experience



4.6 eCommerce B2B

B2B eCommerce market in India has picked up in the last 3-4 years. With the objective of making the B2B commerce convenient and efficient, platforms in eB2B connect retailers to manufacturers, distributors, and wholesalers. The platforms in this sector offer products to retailers from across consumer

products, fresh produce and industrial, and saw a total of ~25 Mn shipments in the quarter. One of the key aspects of logistics in eB2B is supply chain customization – offering services like proof of delivery and credit management.



A. Delivery Speed:

Overall, eB2B has the highest TAT for forward shipment among other eCommerce verticals. The TAT varies significantly among leading players.

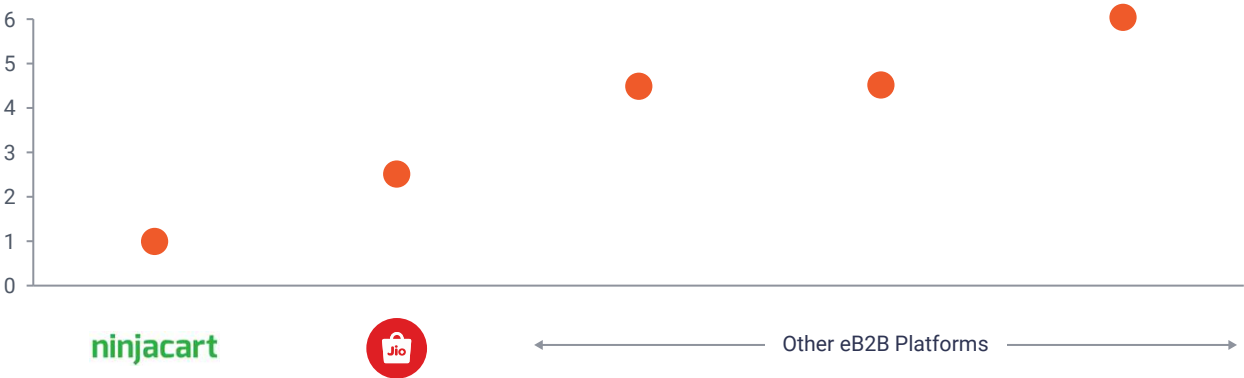
JioMart, the new entrant in eB2B, has been able to drive lowest delivery and reverse pick up; one of the key advantages for

JioMart has been its logistics arm (Grab) and its knowledge of offline retail that led to faster delivery of products.

Exhibit 4.6A

Average Turn Around Time – Forward

Q2-FY21 (No. of days) N = 325



Average Turn Around Time – Reverse



Note(s): 1) Forward refers to time taken from order to delivery; Reverse refers to return intimation to pickup.
2) Returns not applicable for Ninjacart owing to it's operations in fresh category.
Sources(s): Customer Survey, RedSeer Analysis



B. Customer Satisfaction:

JumboTail and JioMart have highest customer satisfaction across shipment parameters.

Exhibit 4.6B

Satisfaction – by parameter

Q. On the scale of 1 – 5 (5 = Highly Satisfied), how would you rate the retailer? | N = 325



Note(s): N for Return based parameters have lower N and in some cases, statistically insignificant
Sources(s): Customer Survey, RedSeer Analysis



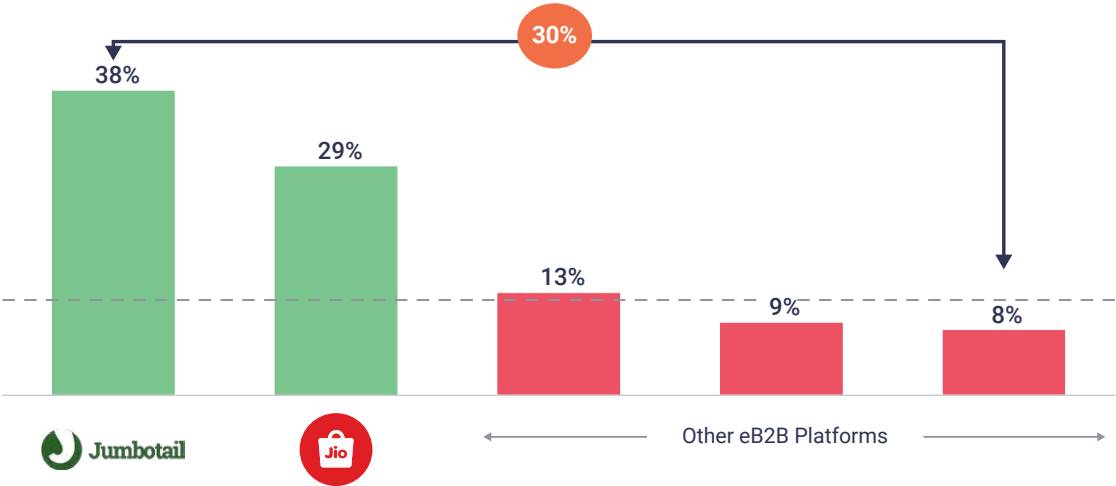
C. NPS Scores:

Higher satisfaction across parameters from JumboTail and JioMart reflects in its higher positive customer sentiment.

Exhibit 4.6C

Net Promoter Score

Q. On a scale of 0 – 10 (0 being highly unlikely and 10 being highly likely), how likely are you to recommend the retailer to others basis the delivery & return experience?



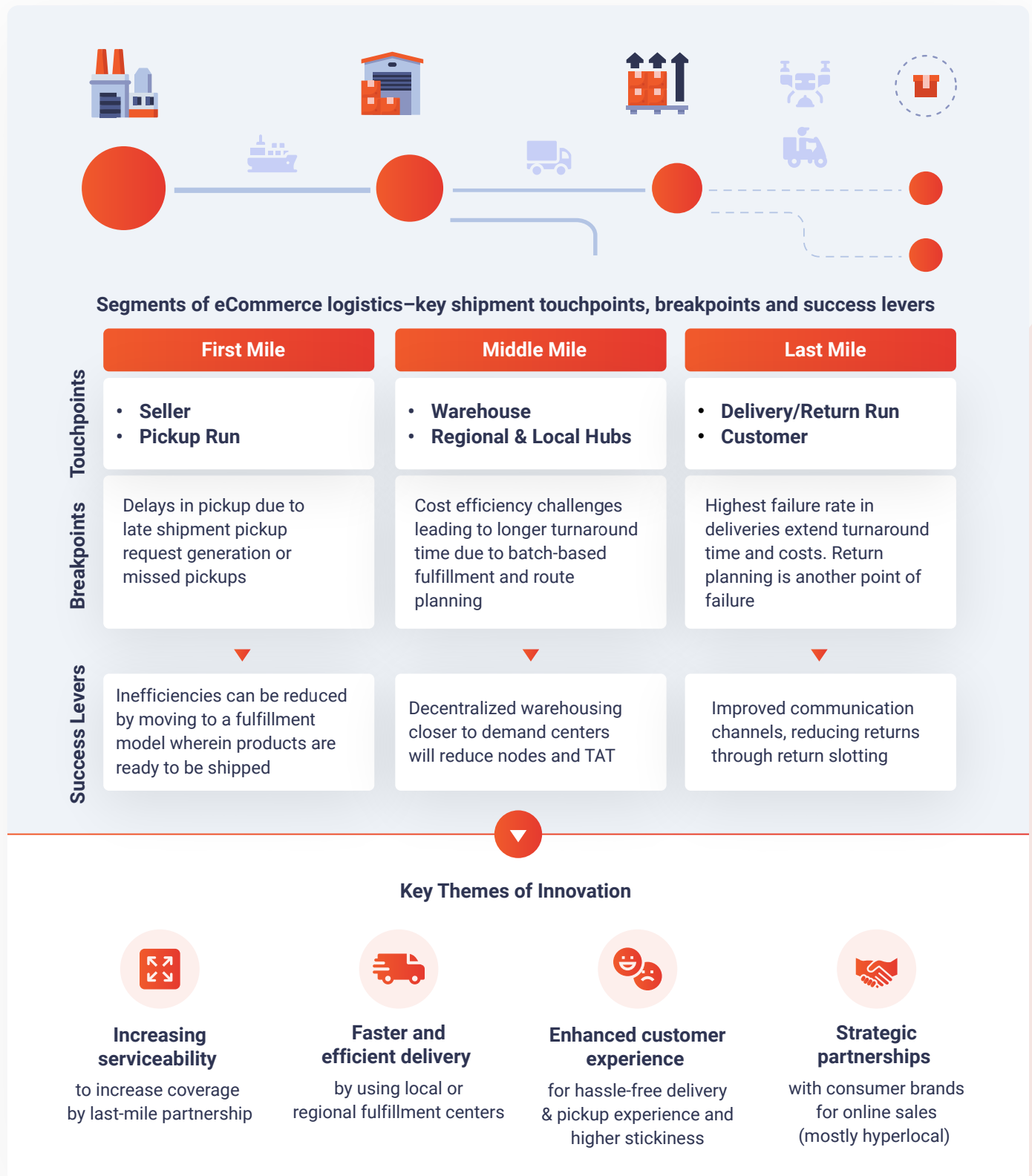
Sources(s): Customer Survey, RedSeer Analysis

Note(s): NPS asked on the basis of logistical experience however, influenced by the customer’s overall platform experience



5 **Innovations in eCommerce**

The next pinnacle in logistics is towards a decentralized fulfillment channel closer to the customer. The two key levers for logistical success are to reduce turnaround time while keeping the costs low. This can be achieved by reducing failure points and streamlining the number of nodes



High Impact innovations: In the rapidly evolving space of eCommerce and Logistics, COVID acted as a catalyst for innovations. Some interesting and high impact innovations that caught our eye in the recent past

Leveraging Kirana

Amazon, Flipkart, JioMart, Grofers tied up with kirana stores and SMEs to use their premise as last mile hubs and leverage them for last leg deliveries & pickups. Some platforms have also started sourcing inventory from them.

amazon

Flipkart



Contact Less Deliveries

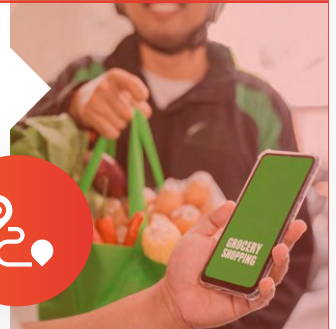
In the light of COVID, most platforms moved towards reducing touchpoints with customer leading to a push towards digital payments and doorstep delivery. This enabled faster and efficient deliveries as delivery attempts reduced and cash handling is eliminated.



RFID Tracking in Fresh Produce

Ninjacart introduced RFID tracking to track the journey and details of fresh produce. While it brings peace to the mind of consumers to know where the food is coming from it also enables efficient handling of the supply crates.

ninjacart



Voice Instruction to Delivery Executive

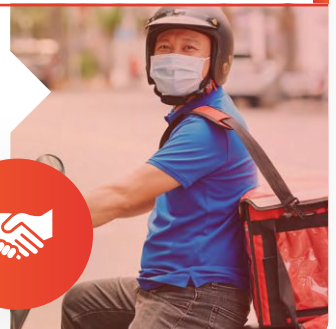
Zomato innovated in its app where a customer can leave voice instruction for delivery executive on directions etc. One of the major breakpoints in delivery is the communication between delivery partners & customers, being able to send audio notes to reduce the hassle of explaining the address.

zomato



Brand Partnerships

With the disruption of supply chain in the initial days of the lockdown, brands quickly adapted to serve the customers by tying up with hyperlocal payers to serve as a sales channel and manage deliveries by leveraging their network of dark stores and delivery executives.



New-age logistics players have been key to unlocking eCommerce opportunities and enabling innovation - A case study of how a 3PL provider helped FMCG conglomerate setup and optimize its D2C operations

Case Study



Situation

The client had a nascent D2C platform and wanted to expand faster in multiple cities with optimized investment. It did not possess capabilities to process end customer orders and required a partner who could manage warehousing and last mile delivery in an optimized manner.



Intervention

We engaged in a strategic project to establish dark stores for the client in major consumption centres coupled with last mile distribution which enabled same day and next day deliveries.

- A. Custom setup was created for client needs based on the SKU profile
- B. Client OMS was integrated with the WMS and Shadowfax last mile delivery APIs
- C. Automated inventory replenishment were established



Result

- Currently dark stores are live in 4 key consumption centres with plan to expand in top 100 cities
- More than 1000 SKUs managed
- Enabled end to end online order processing, delivery, returns driven via tech
- High adherence to service SLAs (98%+ deliveries as per slot)

Note(s): 1) The case study is provided by Shadowfax.



Neighbourhood shops have shown great resilience during the COVID period, and have started going digital for the first time in large numbers. Hyperlocal platforms need to leverage this shift better through high quality merchant solutions- ultimately giving the customers more options and a larger selection.

Anil Kumar, Founder and CEO, RedSeer





6 **Appendix**

6.1 Glossary

RSLI

RedSeer Shadowfax Logistics Index

CAGR

Compounded Annual Growth Rate

Digital Logistics

Digital logistics includes shipments that have been ordered through online channels or “Brick & Mortar” setup of an organized retailer

Horizontals

Large eetailing platforms offering products across multiple categories (fashion, electronics, FMCG products etc.)

Verticals

Product category focused on online shopping platforms

Omnichannel

Companies with a multichannel (offline and online) approach of selling products

D2C

Existing traditional giants for their D2H retail, emerging new age D2C brands segments

Hyperlocal

FoodTech, grocery, digital concierge etc.

eB2B

Includes new age B2B retail segment

Customer

An end-user of products sold on eCommerce platform. For eB2B, customers are retailers

eB2B

Includes new age B2B retail segment

Merchants

Sellers of products on eCommerce marketplaces

Shipment Growth

Shipment volume growth over last quarter

Shipment Volume

Volume of shipments in the eCommerce sector in the quarter

Avg Turnaround Time (TAT) - Reverse

Time taken to pick up a return shipment from the time of ordering return

Avg. Turnaround Time (TAT) - Forward

Order placement to shipment delivery time

Capex Investment

Number of warehouses/ distributions centres opened during the quarter in the sector

Network Reach

Number of pin codes served by eCommerce platform/ sector

NPS

Net Promoter Score

Laggard platform

The platform rated lowest in one or more of shipment related value proposition from customer or merchant perspective

Leader platform

The platform leading in one or more of shipment related value proposition from customer or merchant perspective

6.2 Approach & Methodology

The RedSeer Shadowfax logistics index is built on a framework of 4 pillars which further is measured on 15 metrics. Following is an exhaustive list of metrics along with what it measures, and the weightages given to each of them.

Index	Weights	Metric	Key question being asked / Metric Measured	Weights ¹
Growth and Scale Index	30%	1. Shipment Volume (QoQ)	Total number of shipments processed (Forward & Reverse)	40%
		2. Shipment Growth (QoQ)	QoQ Growth of shipments	40%
		3. Capital Investment	Number of warehouses/ distributions centres opened during the quarter in the sector	20%
Speed and Cost Efficiency Index	20%	1. Network Cost Efficiency	Fulfillment cost as a % of GMV	40%
		2. Network Reach	Total number of pincodes served	40%
		3. Average Turnaround Time (Forward & Reverse)	Average O2D time taken for Forward orders? Average time taken for return intimation to pick up?	20%
Merchant Experience Index ²	20%	1. Shipment pickup experience	How would you rate the pickup process?	25%
		2. Shipment Tracking Updates	How would you rate the shipment tracking?	25%
		3. Return Shipment Experience	How would you rate the return process?	25%
		4. NPS	On a scale of 0 - 10 how likely are you to recommend the company to others based on logistical experience?	25%
Customer Experience Index	30%	1. Shipping & Tracking Information & Updates	Was the shipping & tracking information easily available and reliable?	20%
		2. Packaging & Damages	How would you rate the packaging of the product received?	20%
		3. Satisfaction with delivery time	How would you rate the speed of delivery?	20%
		4. Ease of return ³	How would you rate the return processes?	20%
		5. Satisfaction with reverse pick-up speed	How would you rate the pickup speed?	
		6. Refund speed	How long did the refund take to be processed?	
		7. Overall Logistics NPS	On a scale of 0 - 10 how likely are you to recommend the company to others based on logistical experience?	20%

¹ Weightages calculated basis AHP method (analytic hierarchy process) and expert inputs

² Merchant Experience Index not applicable for Omnichannel, D2C platforms

³ Ease of returns, satisfaction with reverse pickup & refund speed as metrics merged as they had high correlation

We took a multi-pronged approach towards building the index by leveraging various sources to estimate and triangulate datapoints. The data was collected at a platform level and then extrapolated to represent the sectoral view. Then each metric was put through a TOPSIS model to get a relative comparative

score on a standard scale of 0-100. The scores at parameter level were then multiplied with the weightages to arrive at the final index score. Shadowfax's industry expertise and its panel of experts were key to structuring the index and sharing guidance on industry trends and insight validation.



⁴ The Technique for Order of Preference by Similarity to Ideal Solution is a multi-criteria decision analysis method

6.3 Research Coverage

We adopted an integrated research approach (IRA) to ensure rigor and validation and triangulation.


While conducting the market surveys to understand the stakeholder satisfaction, the sample plan was created keeping

in mind high statistical significance and market representation in the form of City-tier, geographic region, gender, and income group splits of the customers.

- Sample selected for our customer research has confidence interval in the range of 90–95% and error margin in the range of 5–10%.
- At platform level, we have maintained a minimum N of 30

for all platforms considered

- Due to COVID-19 situation and social distancing, all surveys were conducted telephonically by a team of data specialists with extensive quality checks

eCommerce Sector	Sample Coverage	
	Merchant Survey	Customer Survey
 Horizontal Platform	439	1598
 Vertical Platforms	199	1163
 Omnichannel	NA	252
 D2C		203
 Hyperlocal	317	789
 eB2B	273	325
Total	1228	4330

We also leveraged our internal IP which tracks major eCommerce and logistics platforms on a monthly basis to quantify performance and scale related metrics, supplemented

by 30+ industry experts to triangulate our findings and share additional insights.

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The logo for RedSeer, featuring the word "redseer" in a bold, red, lowercase serif font. The letter "r" is stylized with a dot above it, and the "e" at the end has a small dot above it as well.

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