

E-commerce industry records 26% YoY order volume growth in FY 23: India's E-commerce Index by Unicommerce

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- *Electronic Peripherals & Home Appliances reported a whopping 47% increase in order volumes during FY-23*
- *Marketplaces reported 31.2% growth, while brand websites grew by 24% in FY-23*
- *Tier I Cities reported the highest growth of 31.1%; while Tier II and Tier III cities grew 23.3 and 22.4% respectively*

Unicommerce, India's leading e-commerce enablement SaaS platform today launched the third edition of its annual trends report, the '**India E-commerce Index**' 2023. Indicating a maturing e-commerce landscape across the country, India's e-commerce industry has recorded an impressive 26.2% YoY order volume growth in FY-2023 supported by a 23.5% rise in annual GMV (Gross Merchandise Volume) compared to the previous financial year.

The report throws light on the consistently rising consumer inclination towards online shopping and provides a rationale for the rapid adoption of omnichannel strategies by brands to cater to the rising demand across both physical and digital channels.

Electronic Peripherals & Home Appliances, Eyewear & Accessories most demanded during FY-2023

The e-commerce space has witnessed robust growth in the electronic products & peripherals segment with a notable 46.8% YoY order volume growth and GMV grew by 20.6% in FY-2023, the report stated. This can be attributed to the inclusion of newer brands which were seen offering economical products across the segment.

The Eyewear & Accessories segment recorded a substantial 44.6% YoY order volume growth during FY-2023. The segment's GMV saw a significant uptick and rose by 52.8% annually during the same period as compared to the last financial year. The Beauty & Personal Care segment

recorded a reasonable 26.6% YoY order volume growth and an 18.9% YoY growth in GMV during FY-2023. Driven by the increasing number of young consumers, the Fashion & Accessories segment witnessed a YoY order volume growth of 19.5% along with a rise in its GMV by 15.3% during FY-2023.

Newer Ecommerce categories Home Decor, Health & Pharma showcase fast growth

With rising demand for artifacts, kitchenware, wall hangings and plant accessories, the Home Decor segment witnessed strong YoY growth of 27.2% in its order volumes during FY-2023. As a result of brands offering high-quality products, the segment's GMV increased by 46.5% annually during the same period as compared to FY-2022 resulting in a jump in the average order value by 15% during the period.

Health & Pharma, which has become an important ecommerce segment as consumers continue to shop for medicines and nutraceuticals online, recorded a YoY order volume growth of 22.1% during FY-2023. With the segment catering to the discrete needs of a diversified audience, the segment's GMV rose by 38.5% leading to the average order value growing by 13% during the same period.

Marketplaces witnessed faster growth of 31.2% in FY-2023

As brands continued to adopt a mixed approach to serve their customers across their brand websites as well as marketplaces, FY-2023 saw consumer preference move slightly towards marketplaces which witnessed a 31.2% YoY order volume growth during the period. Brands continue to offer exceptional experiences via their brand websites, providing exclusivity and personalization and saw a YoY order volume growth of 24% during FY-2023.

With a rising number of Beauty & Personal Care brands offering higher discounts across marketplaces, order volumes grew exponentially by 80.1% during FY-2023 whereas, brand websites witnessed a 20.5% rise among the segment during the same period as compared to the last financial year. On the other hand, Electronics Products & Peripherals and Home Appliances saw a higher YoY order volume growth across brand websites recording a 55.4% increase during FY-2023 while marketplaces witnessed a YoY order volume growth of 36.7% within the same segment. Other segments like Home Decor, Fashion & Accessories and FMCG saw higher YoY order volume growth across marketplaces during FY-2023 witnessing 39.1%, 27.1% and 23.6% respectively during the same period.

Tier I cities showcased faster growth while Tier II and Tier II cities demonstrated immense potential

As offices return to regular operations, there has been a notable shift of consumers shifting back to Tier I and metropolitan cities for work, resulting in Tier I cities exhibiting fast growth in order

volumes relative to Tier II and Tier III cities. Tier I regions indicated the highest YoY order volume growth of 31.1% during FY-2023, followed by Tier II and Tier III cities which witnessed YoY order volume growth rates of 23.3% and 22.4% respectively, during the same period. Consistent e-commerce growth in Tier II and Tier III cities underscores their substantial untapped potential. These cities are witnessing continued e-commerce adoption driven by increased online consumer activity and small businesses from these regions venturing into e-commerce as potential sales channels.

The market share of Tier II and Tier III cities stood at 18.6% and 37.1% respectively in FY-2023, reducing slightly from 19.2% and 38.6% respectively during FY-2022. Tier I cities however observed a slight increase in market share during the same period which stood at 44.3% in FY-2023 as compared to 42.2% in FY-2022.

Brands fight Order Returns to enhance the consumer experience

The FY-2023 exhibited a slight rise in order returns which stood at 10.4% as compared to 9.8% order returns in FY-2022. The report further attributed the rise in order returns largely due to Cash-on-Delivery (COD). In FY 2023, the return rate for Cash on Delivery (COD) orders stood at 20.9%, a slight uptick from the 19.3% recorded in FY 2022. Conversely, returns on prepaid orders exhibited a marginal increase, rising from 5.6% in FY 2022 to 5.8% in FY 2023. The notably lower return rate on prepaid orders has prompted companies to incentivize such orders, reflecting a strategic approach to minimize returns and enhance customer satisfaction. Also, COD orders continue to account for more than 60% of the overall returns, while prepaid orders accounted for 39.2% of the overall returns.

Interestingly, returns on marketplace orders grew by 26.3% in FY-2023, while it was 24.2% in FY-2022. With greater use of technology and deeper consumer connect, D2C brands witnessed a marginal reduction in order returns which stood at 6.2% in FY-2023 as compared to 6.3% during FY-2022.

Omnichannel becomes central as a brand strategy

As the demand for omnichannel strategies rises, new-age brands have integrated this approach into their business models, while traditional enterprises are adopting cutting-edge technology to establish a cohesive framework that serves both their physical and online sales channels. The number of online orders shipped-from-store reported a 44.6% growth during FY 2023 compared to the previous financial year.

Stores continue to adopt omnichannel technology to serve their customers better and enhance their shopping experience. During FY-2023, the number of stores that implemented omnichannel operations rose by 58.4% as compared to the last financial year.

Speaking on the launch of the third edition of the report, **Kapil Makhija, CEO of Unicommerce** said, *"The launch of India's e-commerce Index 2023 marks a pivotal moment in our industry's evolution. The consistent growth of over 25% underscores the robust maturity of the sector. E-commerce is no longer just an additional sales channel; it has seamlessly woven itself into the fabric of modern business. Companies are harnessing digital platforms not only to sell but also to promote and engage with consumers. We are transitioning into a true omnichannel era where brands and consumers seamlessly interact and transact across a multitude of online and offline touchpoints. At Unicommerce, we remain committed to simplifying e-commerce selling through a range of initiatives. This comprehensive report, now available on our website, reflects our dedication to empowering businesses in this dynamic landscape."*

Unicommerce is one of the leading e-commerce enablement SaaS platforms in India that powers post-purchase experience for brands, marketplaces, and fulfillment service providers. With 200+ industry integrations across marketplaces & carts, logistics service providers & 3PLs, ERPs, POS, and accounting software, the platform is deployed by many leading brands namely Mamearth, boAt Lifestyle, Lenskart, SUGAR Cosmetics, Timex, Myntra, TCNS, Rare rabbit among others.

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