



Google

Unlocking India's export opportunity

Supercharge export growth with digital

A study by KPMG in India and Google

kpmg.com/in

September 2024

KPMG. Make the Difference.



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Foreword : KPMG in India

In today's interconnected world, where digital technologies have revolutionised every aspect of business, leveraging these tools to unlock the potential of Indian exports is not just a possibility but a necessity. "Unlocking India's Export opportunity: Supercharge export growth with Digital" delves into this crucial avenue for growth in the global marketplace. Digital advertising is no longer a mere tool for visibility; it is a strategic lever that empowers businesses to reach global audiences with precision and impact.

This thought leadership piece meticulously explores the areas in which Indian enterprises, both large and small, should harness the power of digital channels to expand their market presence, enhance brand visibility, and ultimately drive export growth. Through insightful analysis and first-hand inputs, this publication highlights

the role of digital platforms such as search engines, social media and targeted advertising tools across the export purchase journeys. It underscores how these technologies can democratise access to international markets, enabling Indian businesses to compete effectively on a global scale. Compounded with the optimistic view in the recent budget by the government of India, amplification of India's export capabilities and fostering a sustainable economic development is closer than expected.

We commend the authors for their foresight and dedication in compiling this invaluable resource. We believe this will inspire and empower all those who seek to harness the boundless opportunities in unlocking India's export potential.



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Foreword : Google

India's internet economy is continuing to grow and export will be a large part of this growth story. Many Indian businesses are eager to expand their footprint on global shores, prompted by success stories in SaaS, Edtech, B2B e-commerce and more. While there are macro-economic enablers at play; such as skilled talent, policy & regulatory support, and learnings from India's sizable domestic market, the impact and influence of Digital in key export sectors for India is a topic which we felt could benefit from deeper research.

"Unlocking India's Export Opportunity: Supercharge Export Growth with Digital" is a thought leadership piece which explores, through a robust research

methodology, the growth drivers for export, and sector-specific insights on the top & emerging sectors where Digital would continue to play a significant role.

I would also like to take a moment to thank the authors and contributors for their effort and dedication in curating this resource. I hope this report will enable businesses of all sizes to better understand the growing export opportunity, and how they can leverage the power of digital.



Shalini Puchalapalli

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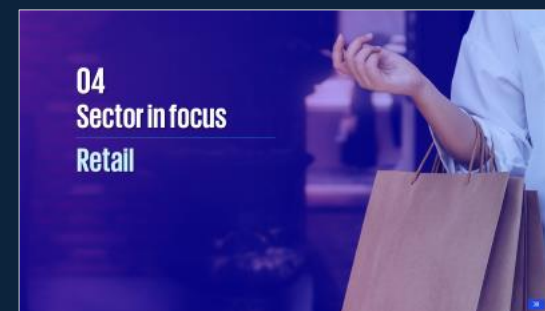
Research methodology

The growing role of exports in India's economic landscape is essential for Indian brands, providing opportunities for expansion, increased sales, and global recognition. Given the heightened focus on exports, government support, and evolving consumer preferences, Indian brands can effectively leverage digital channels to expand their reach in foreign markets. This study, a collaboration between Google and KPMG in India, aims to quantify digitally influenced export revenue across key sectors in the India. The approach involved a top-down methodology, beginning with an analysis of all export categories from India. Categories were then progressively refined based on insights from Google and SMEs, culminating in the identification of priority sectors for detailed investigation.



1. Primary interviews were conducted across small and large enterprises with a portion of their annual revenue coming from export. These businesses are well established in their respective industries within India and are already present cross-border or intend to expand globally. The interviews provided a broad view on route to customer, channel and ad preferences along with the challenges associated with customer outreach.
2. Various sources were considered for secondary research –
 - Statistics from Indian government websites and global institutions
 - Consumer profile, advertising landscape, sector-wise export landscape
 - Third-party data - Industry reports, company financials, and analyst reports

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Executive Summary

India is poised for a monumental shift in its export landscape. Projections indicate that India's exports are set to skyrocket from USD 770 Bn to USD 1.7 Tn by 2028¹, spread across services and merchandise. This extraordinary growth is driven by several key factors: the expansion of global digital trade, the strengthening of India's manufacturing sector, a growing global preference for Indian products, an increase in cross-border transactions, the rapid growth of service exports, and proactive government initiatives aimed at easing trade regulations and boosting exports.

Digitally influenced exports across the top five verticals are expected to exceed USD 100 Bn by 2028², underscoring the crucial role of digital advertising in this growth journey. Brands can tap into this export opportunity by aligning their digital marketing strategies with these growth drivers and investing in digital trade capabilities to meet the rising global demand for Indian products and services.

Travel

Attracting global travelers to India for leisure, business, and wellness

- The global travel industry is experiencing a paradigm shift, with an increasing emphasis on luxury and wellness
- The leisure tourism sector is projected to reach a digitally influenced opportunity of USD 17 Bn by 2028²
- Digital plays a crucial role, not only in influencing but also in guiding travelers through each stage of their journey, as research indicates that over 53 percent³ of travelers finalize their bookings influenced by digital
- Travel and tourism providers must refine their customer outreach and ensure they are present at every stage of the customer journey.

Retail

Harnessing digital platforms to engage cross-border shoppers, globally

- Technological advancements and global preferences for international goods have made online shopping a cross-border phenomenon. Notably, 60-75% of consumers⁴ amongst the top importing countries from India, engage in cross-border e-commerce
- The retail sector, particularly fashion, is one of the most researched category via online channels, highlighting the potential of digital channels for customer outreach in international markets
- Digital platforms are now key discovery points for new brands. Within digital research, we see Video playing a strong role in purchase consideration with 44 percent⁵ of users leveraging content via live streams to understand product usage"
- Indian brands need to stay informed about the competitive landscape and evaluate the best methods for capturing consumer attention through digital.

1 - Rising India Exports: An Evaluation of the Sectors Driving Growth, IBEF.org, 2023

2 - KPMG in India analysis, 2023

3 - Digital advertising in Travel, Statista, 2023

4 - Cross-border online shoppers by country, Statista, 2023; 5 - Megatrends: Digital Living – A Framework for the Future, Euromonitor International 2023

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Software

Digital strategies boost software exports amid rising SaaS adoption

- Organisations, on average, use around 130 SaaS products⁶, with enterprise software holding the largest revenue share at 41 percent⁶
- In anticipation of economic challenges, 70 percent⁶ of businesses plan to increase their software budgets, prioritizing security and productivity tools to address the increasing data security threats and harness the potential of Generative AI
- Digital (online search, social, websites) touchpoints are amongst the top discovery and consideration drivers for the sector
- **Indian software enterprises should categorise their target demographics and align marketing strategies with business growth stages, market maturity, and sector-specific needs.**

Real Estate

Digital discovery leads realty purchases among NRIs

- The real estate landscape is evolving, with technology redefining how people discover and purchase properties. The advancements in prop-tech and data analytics are at the forefront of this transformation
- Overseas Indians (primarily NRIs) living in developed countries constitute a key customer segment, and the contribution from NRIs is expected to grow to 17 percent by 2025⁷
- Digital platforms like online search, and social media, play a crucial role in the real estate discovery and purchase journey
- **Features such as property photos, virtual tours, and 3D views have become increasingly important for international buyers to make their purchase decisions.**

Media and Entertainment

Interactive digital realms across content and online gaming

- Cross-border digital content consumption is witnessing growth and diversification. Content creation is also getting democratised, and consumers are actively engaging with user-generated content including vlogs, tutorials, live streaming, and gaming content
- The Indian online gaming industry is expected to reach USD 7.5 Bn by 2028⁸
- Overseas movie collections, digital content over OTTs including regional content, and overseas revenues from online gaming are the key contributors to digitally influenced export revenue
- As the process of research and consumption here is online, the customer journey is highly influenced by digital media. **Digital channels like online video platforms, display ads, and social media are the top channels for customer influence and acquisition.**

Upcoming categories

While the above five sectors lead the way, several other categories exhibit significant potential for digitally influenced export revenue over the next five years. These categories include **Medical Tourism, Lab grown diamonds, Auto Parts And Ancillaries, and Ed-tech**. These sectors currently demonstrate promising potential for export growth and are gradually transitioning to digital mediums for business operations.

6 - Software: market data & analysis, Statista Market Insights, 2023

7 - NRI Real Estate Report, No Broker, 2023

8 - Leveling up: State of India Gaming FY'23, Executive Summary, Lumikai, October 2023

01 Signals of change

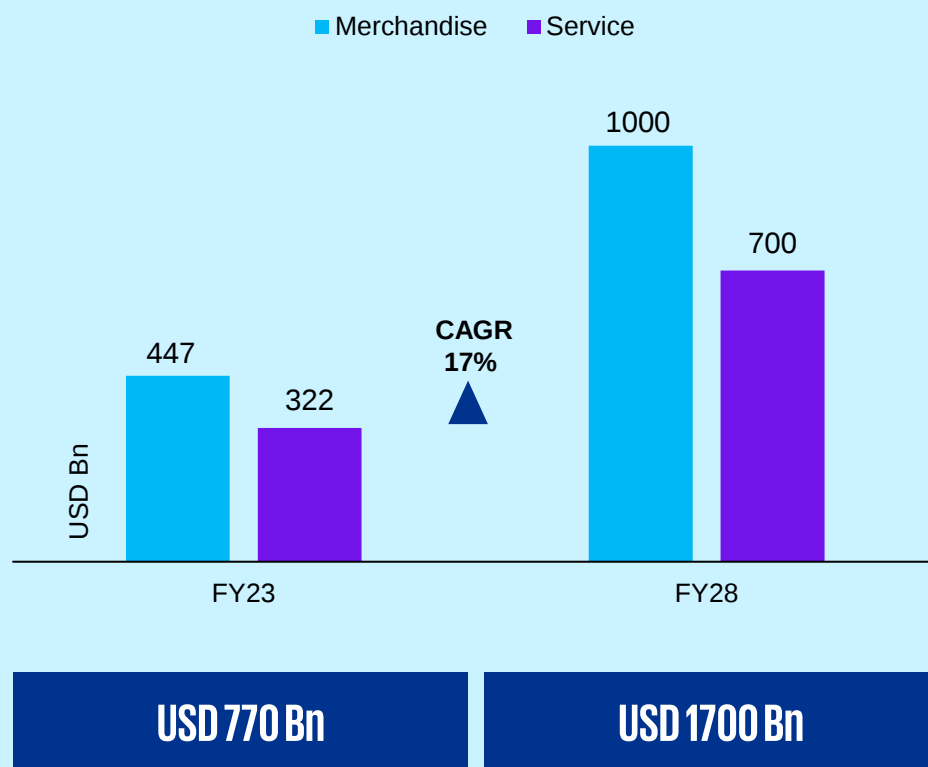
Indian export landscape



India's Export Boom

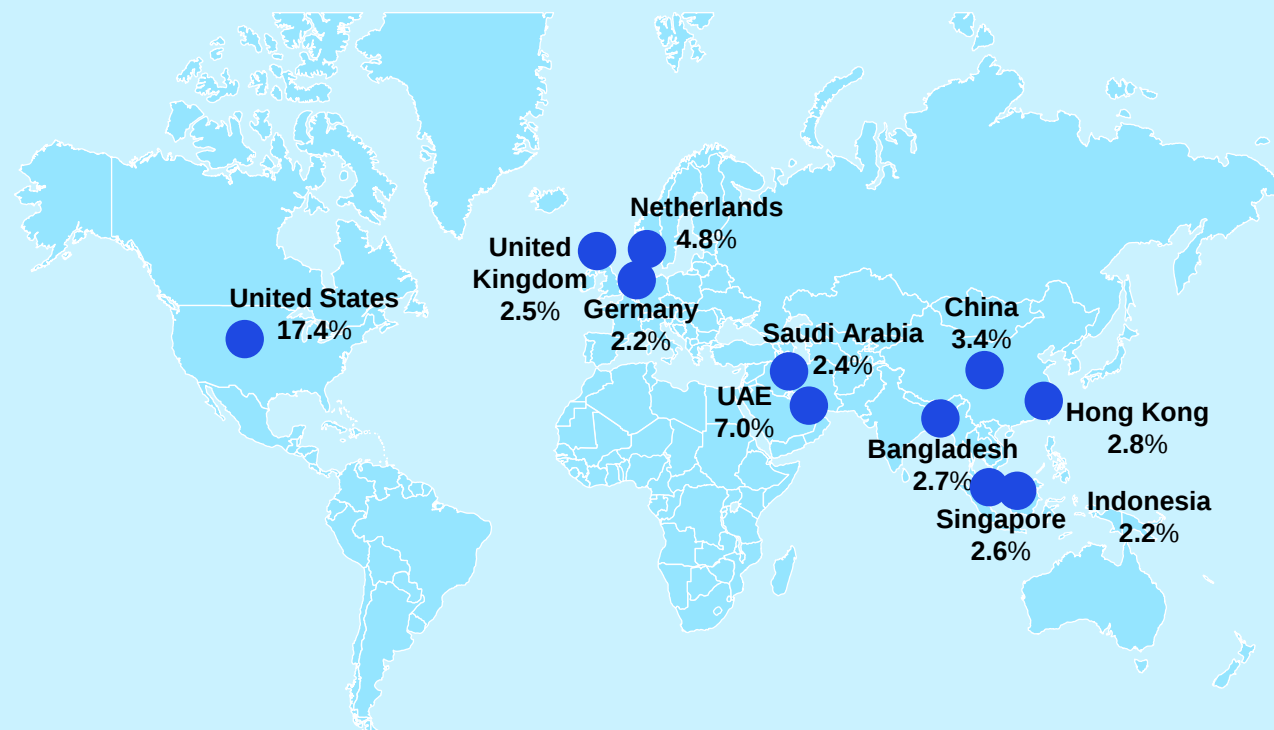
Expected to grow at a healthy 17 percent CAGR to a USD 1.7 Tn market by 2028

Export opportunity in India showcases a net CAGR of 17 percent¹ with merchandise and service market more than doubling in the next 5 years



United States is the top destination importing from India contributing 17.4 percent² to the trade value. The United States is also the leading importer for most of the merchandise categories

Top 10 destinations for Indian merchandise export FY22-23 (100% = 447 USD Bn)



1 - Ministry of Commerce, Press Information Bureau, April 2023
2 - Ministry of Commerce, Export Import data bank (Annual) FY22-23

Indian export

Synergic policies and digital adoption to propel export growth

1

Economic

India's manufacturing sector experiencing growing trade despite global disruptions

2

Government

2024 Indian Budget strengthening export competitiveness

3

Consumer

Tech-savvy consumers and affinity for global products to fuel digital trade

4

Technology

Digital connectivity and automated border processes to facilitate seamless trade

“

India should leverage its strong IT infrastructure and growing digital economy to lead the global digital trade revolution. By fostering innovation and cross-border collaboration, the country can drive economic growth and establish itself as a key player in digital trade.

”

- Akhilesh Tuteja

Partner and National Head,
Technology Media and Telecom
Global Head, Digital Trust



India's manufacturing sector experiencing growing trade despite global disruptions

Trends		Expected long term implication
Global	Rising Inflation	Rising inflation in developed economies negatively impacts low- and middle-class consumers more than affluent customers. The historically high inflation, compounded with certain geopolitical risks, affects the supply side in these countries. This is making way for trade from more affordable economies
	Expanding market boundaries	Emerging and developing countries will be the expected drivers of long-term economic growth worldwide. Asian consumers will remain key for global trade, while African middle-class households are becoming significant
Domestic	Strengthening of manufacturing sector	- Make in India and Atma-Nirbhar Bharat reforms are collectively boosting India's manufacturing sector - Contribution of manufacturing sector to GDP is estimated to increase from 15.6 percent currently to 21 percent by 2031³ - Manufacturing exports are expected to double by 2031³
	Increasing affinity for Indian products globally	India is experiencing growing demand from new markets like the Netherlands, Brazil, and Saudi Arabia, leading to considerable export gains. Indian products like handicrafts, leather goods, spices, tea, silver jewelry, and textiles are witnessing Y-o-Y export growth

³ - Make in India: A thrust into India's manufacturing and export domain, IBEF.org, Jan 2023

Government

2

Initiatives and allocations, strengthening export competitiveness

E-commerce export Hub

- Advisory on regulatory compliance, export documentation, and market research
- Professional consultation to assist MSMEs in customising products for international markets
- Training programs for MSME employees in digital marketing, supply chain management, and global trade practices.

Market Access Initiative

- Enhancing trade promotion efforts through trade fairs, meetings, and market research
- Providing sellers with guidance on rules and regulations that hinder market entry
- Supporting SMEs in navigating global trade complexities to promote niche products.

Streamlined export procedures

- Streamlining and adjusting export duties on raw materials within the leather industry to boost the leather industry's competitiveness
- Reducing basic custom duties (BCD) on mobile phones, Printed Circuit Board Assemblies (PCBA), and chargers to 15 percent⁴.

Export Development Fund

- Empowering 300,000 to 400,000 first-time exporters to market Indian products globally
- Establishing key B2B alliances and facilitating agreements for international market entry
- Providing export familiarisation programs for first-time MSME exporters, including resources and training for participation in international trade fairs.

4 - India Budget, Ministry of Finance, Government of India

Tech-savvy consumers and affinity for global products to fuel digital trade

Trends	Supporting statements
Rise in online shopping behaviour	• 67 percent⁵ of the global population is using the internet as of 2023, and this has doubled over the last decade • Cross-border e-commerce, globally, showcases a promising potential with a CAGR of 26% over 2022-30.⁶ Around 60-75% of the consumers⁷, amongst the top importing countries for India, engage in cross-border e-commerce
Enablement of cross-border payments	• Cross-border transactions involving Indian entities, had an average Y-o-Y growth of 12-13 percent between FY21-25⁸, majorly contributed by credit/debit card payments • The digital wallets segment for International B2C payments, is anticipated to have the highest CAGR over the next 5 years
Global consumer, enjoying a wealth of choices	• It is projected that consumers will be spending USD 11 Tn on the online purchase of merchandise and services, globally, by 2024⁹ • Scarcity of goods in the domestic markets may positively influence purchases from foreign markets as it provides customers with higher quality products at affordable costs.

Popular trends across digital trade	27%	28%	55%
	<i>Apparel and accessories segment had the highest contribution to the revenue⁶</i>	<i>Asia-pacific leads in cross-border e-commerce, with one of the highest share of the revenue⁶</i>	<i>Credit/debit cards account for a majority share of the cross-border transactions done globally⁶</i>

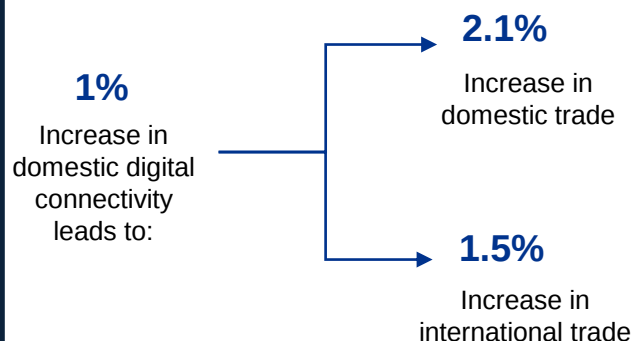
5 - Telecommunication Development Sector (ITU-D), ICT Statistics, 2023
6 - Cross-border B2C E-commerce Market Size, Share & Trends Analysis Report, Grand View research; 7 - Cross-border online shoppers by country, Statista, 2023
8 - Euromonitor International, Cross border transactions across APAC, 2021-2025; 9 - Top E-Commerce Trends Changing How We Shop In 2024, Forbes Business, 2024

Technology

4

Digital connectivity and automation to streamline trade processes

Digital connectivity has a direct impact on trade for emerging economies



Note: Calculations based on the World Bank Enterprise Survey

Digital tools increases a firm's propensity to export

- Automating border procedures can boost the export and import values for MSMEs by **4.5 to 6.5 percent**¹⁰
- The adoption of **digital tools and websites** signals higher export potential for MSMEs

Geographically, digital trade is shifting from OECD* to Indo-Pacific

- The **Indo-Pacific region** witnessed the largest increases, with a share of 18 percent of global digital trade (up from 11 percent in 1995)¹⁰
- However, **OECD*** still holds a 73 percent¹⁰ share of the global digital trade.

*OECD - Organisation for Economic Co-operation and Development

Digital trade* is growing at a faster pace vs non-digital trade

- In 2022, **digital trade*** accounted for a quarter of global trade, experiencing a 12.5 percent increase over the last five years¹⁰
- ICT services**, which are delivered digitally, significantly contribute to digital trade and have **increased by 6.9% from 1995-2022**¹⁰

*Digital trade includes digitally delivered and digitally purchased ICT – Information and Communication Technology

“

Digital connectivity and advanced technologies are the twin engines propelling exports growth, enabling MSMEs to reach global markets with unprecedented efficiency.

”

- K G Purushothaman
Partner and National Head, Telecom
Head, Digital Solutions

10 - Key issues in Digital Trade, OECD Global Forum on Trade 2023 “Making Digital Trade Work for All”, October 2023

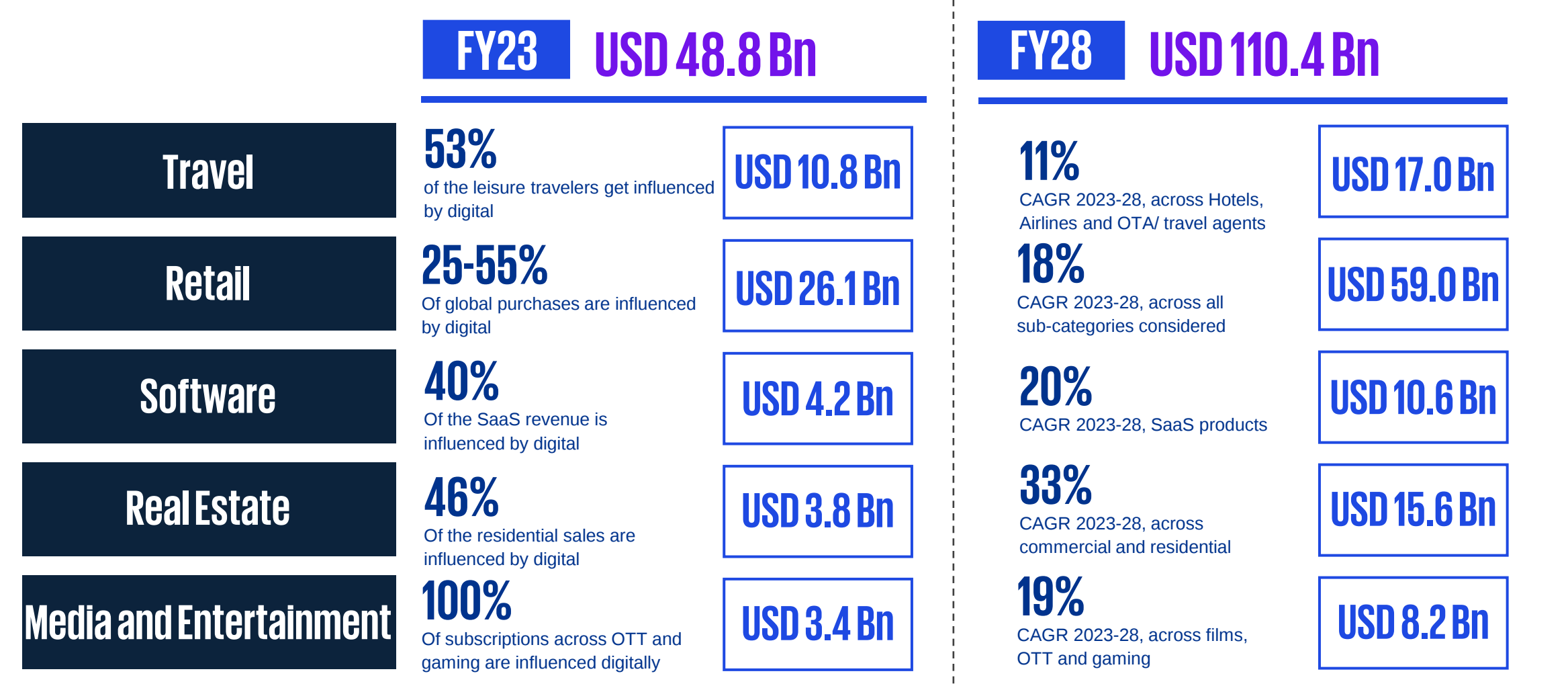
02

Digitally influenced export opportunity

Top 5 sectors



Digitally influenced export opportunity to cross USD 100 Bn by 2028



Note: The figures mentioned here are not the overall export size per sector. These represent the estimated opportunity within export which can be influenced via digital
 OTA – Online Travel aggregators, CAGR – Compounded annual growth rate of the digitally influenced export opportunity between 2023 and 2028
 Source – KPMG in India Analysis

03

Sector in focus

Travel



Travel

Attracting global travelers to India for leisure, business and wellness

1

Recent trends

Embracing longer, frequent travels with a spotlight on luxury and wellness

2

Digital Influence

Guiding travelers at every step of their journey

3

Digitally influenced opportunity

From USD 10.8 Bn in 2023 to USD 17 Bn by 2028, with hotels, airlines and OTAs as the key segments

4

Customer segment

7 Mn tourists, led by international leisure travelers and Indian diaspora

5

Indian hotels

Luxury leisure travelers and rising corporate budgets to drive bookings

6

Indian hotel's top destinations for expansion

UAE, Saudi Arabia, and Singapore amongst others

7

Indian airlines

Western visitors fuel overseas revenues

8

Indian airlines

Upgraded airports, modern aircraft, and additional capacity for international routes

9

Indian OTAs eye global markets

Entry channels are key to expansion

10

Emerging travel destinations

Tourists flocking to cities high on culture, safety, and friendly policies

Recent trends

Embracing longer, frequent travels with a spotlight on luxury and wellness



Ardent globetrotters are seeking newer experiences

As an impact of revenge travel, people are re-exploring the same locations to uncover hidden experiences.

Consumers are now traveling more frequently and moving towards –

- Longer stays with shorter periods of booking for international destinations
- Shorter getaways for local destinations.



Business travels are extending into family trips

Half of the respondents in the U.S., U.K., and Canada, along with 68 percent¹ of respondents in Australia are interested in extending their trips to experience new destinations.



Despite inflation, spending on luxury is still prevalent

International travelers are now seeking luxury

- 70 percent¹ of leisure travelers across the U.S., U.K., Canada, Japan, and Spain expect and plan to spend more money on their next trip
- Even with the increasing recession fears, households in the U.K. have not cut down on their travel budgets from 2021 through 2024.



Great headway in Ayurvedic and wellness tourism

The global movement towards mental wellness is a key trend shifting international traffic to India. Travelers are now seeking peaceful locations and relaxing activities.

- 78 percent¹ of consumers include wellness activity in their travel
- 45 percent¹ of leisure travelers are seeking relaxation on their next trips.

1 - Trending in Travel: Emerging consumer trends in Travel and Tourism 2021 and beyond, WTTC and Trip.com Group

Digital influence

Guiding travelers at every step of their journey

Awareness



User driven online searches drive a large portion of traffic to travel players' pages

Preferred channel to initiate travel research²
(percentage share of traffic)

64.7%	Online search
29.5%	URL search
3.71%	Third-party websites
1.04%	Email
0.90%	Social media

Note: Information across key geographies only.
URL search refers to users directly searching for the brand URL website in web browsers

Interest



Travelers engage with multiple ads while planning and finalizing their journeys

Preferred research channel
(percentage of respondents)

53% Influenced by digital ads

Consideration



OTAs are the preferred customer channel for comparing options and making the final bookings

Preferred channel of booking³
(percentage of respondents)

58-65%	OTA/Website
9-14%	Agent
14-19%	Mix of both

Purchase



Online channels are the major travel sales channel due to the convenience of multiple payment options, and instant booking confirmation

Travel sales channel³
(percentage revenue share)

69%	Online
31%	Offline

2 - KPMG in India analysis (Using SimilarWeb data)

3 - Digital Advertising in Travel, Statista, 2023

Digitally influenced opportunity

From USD 10.8 Bn in 2023 to USD 17 Bn by 2028, across hotels, airlines and OTAs

Key segments

Hotels

11.6%

Of **hotel revenue** is contributed by international travellers⁵

Airlines

16%

Of **airfare** is contributed by international traffic inbound to India⁶

Online Travel Aggregators

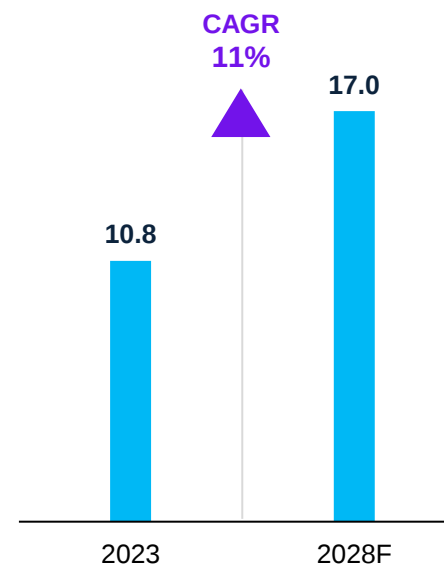
3-7%

Of **OTA revenue** share is from foreign geographies²

~USD21.7 Bn

Foreign earnings received by India's travel and tourism sector in FY23⁴

Digitally influenced opportunity across the Indian travel and tourism industry (USD Bn)



Source: KPMG in India analysis

“

Indian tourism industry should utilize targeted digital pull, to engage and guide international travelers, enhance brand visibility across digital interactions, and drive significant growth in inbound travel.

”

- Girish Nair
Partner and National Head,
Aviation Sector

4 - India Tourism Statistics at a Glance 2023

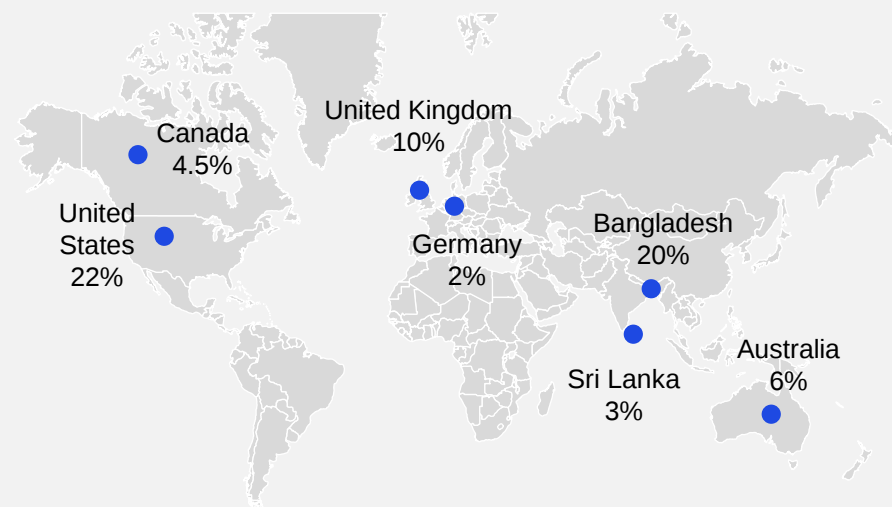
5 - EMIS Insight-Industry Reports, Tourism sector in India, 2023

6 - Market share of major airlines in India, based on International traffic, Statista, FY22

Customer segment

7 Mn tourists, led by international leisure travelers and Indian diaspora

Share of inbound tourists to India by country



Source: Travel and Tourism in India, Statista; India Tourism Statistics at a Glance 2023

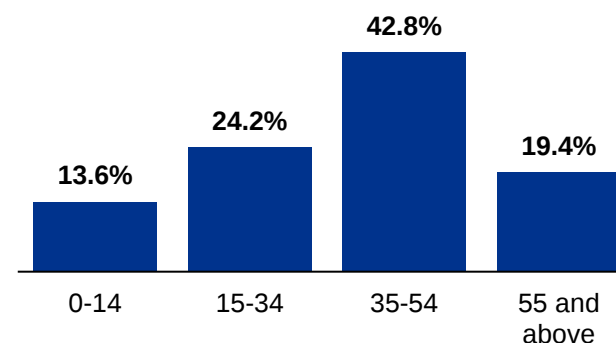
7 Mn = **5.48 Mn** + **1.52 Mn**

Inbound tourist arrival to India Foreign tourist arrival (includes PIO) NRI arrivals



Tourist demographics

Age-wise distribution (% share of Inbound tourist arrivals to India)⁴



59%



41%



Purpose of travel

Purpose of travel (percentage share of Inbound tourist arrivals to India)⁷



Indian hotels

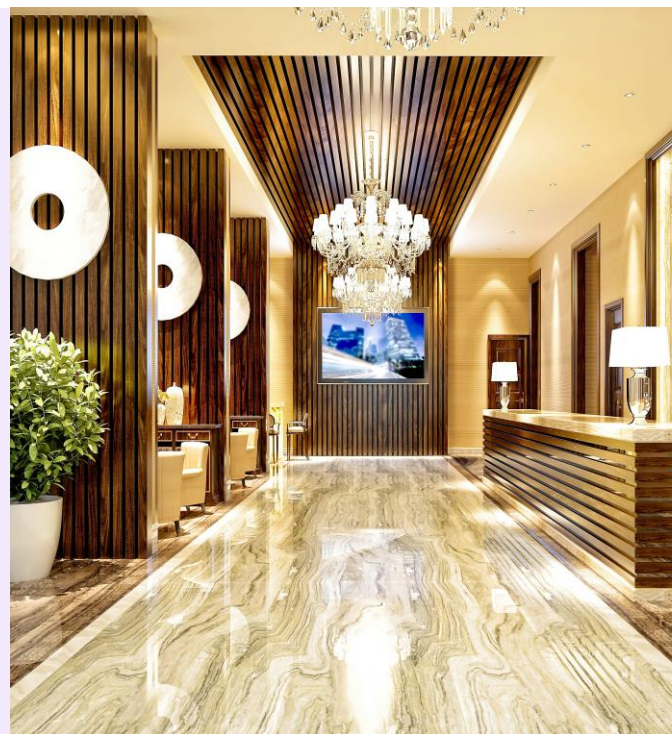
Luxury leisure travelers and rising corporate budgets to drive bookings

Indian luxury hotel market is estimated to grow at a CAGR of 10% over 2024-29, reaching a market of USD 4.4 Bn by 2029⁸

59 percent of the companies, globally, expect business travel budget and volume to increase in 2024 over 2023⁹

Leisure travel

- Within luxury hotels, the **contemporary themed hotels** have witnessed a significant y-o-y growth of 35 percent⁸
- Other popular themes include **modern** and **heritage** with a respective y-o-y growth of 25 percent and 15 percent⁸
- Moving forward, **heritage** is expected to be the most popular theme over the next 5 years.



Business travel

- International business travel spending is back to approximately **58 percent**⁹
- Domestic business **travel bookings** have returned to **67 percent** of pre-pandemic 2019 levels⁹
- **Spending by an average corporate** customer in 2023 was 26 percent higher compared to 2022⁹
- India is known to host conferences and trade shows.



8 - Indian Luxury Hotel Market Size 2024-29, Mordor Intelligence

9 - Business Travel Outlook poll by GBTA 2023, 865 business professionals across 41 countries.

Top destinations to expand for Indian hotels

UAE, Saudi Arabia, and Singapore amongst others

Hospitality developments require localised as well as globalised resources, for establishing a successful presence in a new geography. Hoteliers prefer expanding into countries offering high financial liquidity, stable government, air, and ground connectivity, favourable policy reforms, skilled workforce, and low taxation on FDI.

UAE and Singapore

receive a tremendous number of international travelers owing to its **well-connected and accessible infrastructure**.

Saudi Arabia

is proactively positioning the Kingdom in tourism through **favourable policies** and a high influx of Tourism development funds.

Maldives

despite the underdeveloped infrastructure, the government's **Special Economic Zone** Act of 2014, has relaxed rules for businesses, thereby inducing **liquidity** for the island.

Philippines

tourism is deeply embedded in **service culture**. Owing to its rich heritage and cultural significance, the country is on the map for luxury stays.

Portugal

offers a **skilled workforce** in hospitality. With the rising labor shortage in Europe, Portugal will become the most desirable destination.

South Korea

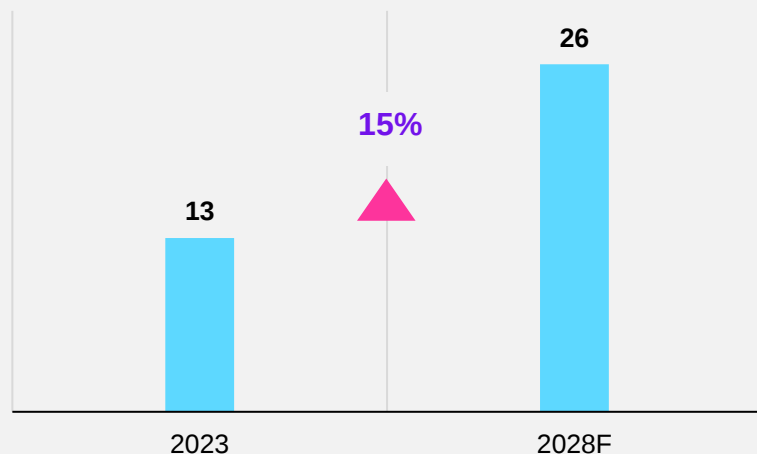
has become a popular destination because of its **pop culture**. The country also offers **modern city infrastructure** and global connectivity.

Indian airlines

Western visitors fuel overseas revenues

Of the total 7 Mn foreign tourists arriving in India, Delhi International Airport receives almost half of that traffic.

Aviation market in India (USD Bn)



Source: Indian Aviation market size and share analysis, Mordor Intelligence, 2023



Airline preferences

- Indian carriers collectively receive **~43% of the international traffic¹⁰**, inbound to India.
- Most of the air traffic comes from the U.S., U.K., Australia, and Canada. Travelers from **western countries are opting for domestic airline brands**
- Travelers from **Middle East and Southeast Asia**, prefer their domestic airlines
- Tourists from **adjacent countries** such as Bangladesh, and Nepal, prefer land routes of entry.



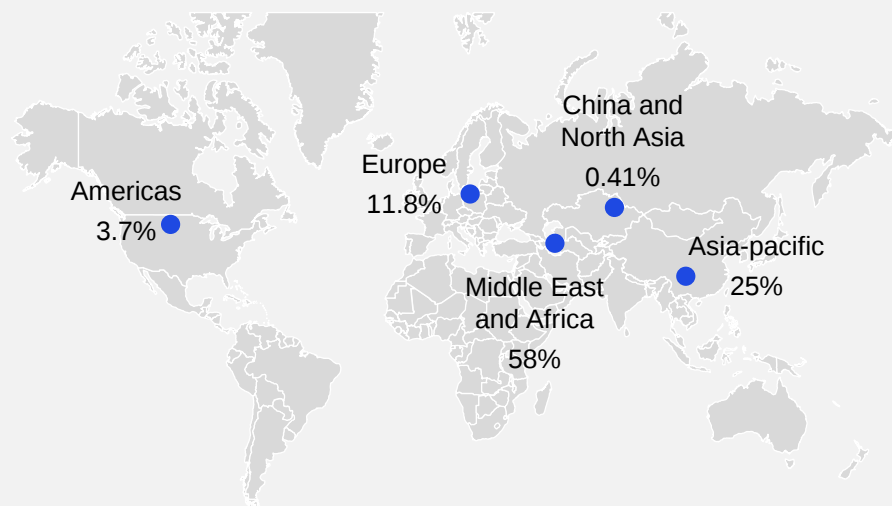
10 - Market share of major airlines in India, based on International traffic, Statista, FY22

Indian airlines

Upgraded airports, modern aircraft, and additional capacity for international routes

Outbound traffic from India is majorly to middle eastern countries, led by business travelers and layovers for travelers to western countries

Share of outbound traffic from India (percentage of passengers)



Source: International Tourism in India, Statista, 2023

Most domestic airlines are connected to 40 overseas locations¹¹, and are extending to newer ports such as Copenhagen, Melbourne, Doha, and Milan.

Key growth drivers

Potential Air traffic hub

Indian Airlines are placing **huge orders for Aircraft** in preparation for growing domestically and expanding internationally

Investment in Airports

Airports Authority of India (AAI) has taken up the development of airports with a projected CAPEX of **USD ~3 Bn** in the next five years¹²

Rising overseas coverage

The leading carriers have improved their cabin designs and **added capacity on international routes** to meet the rising demand from business travelers

High online sales

In countries from where large number of foreign tourists arrive in India, **40-50 percent** of travelers prefer online booking channels, preferably OTA³

11 - Brand websites – (IndiGo.com, AirIndia.com)

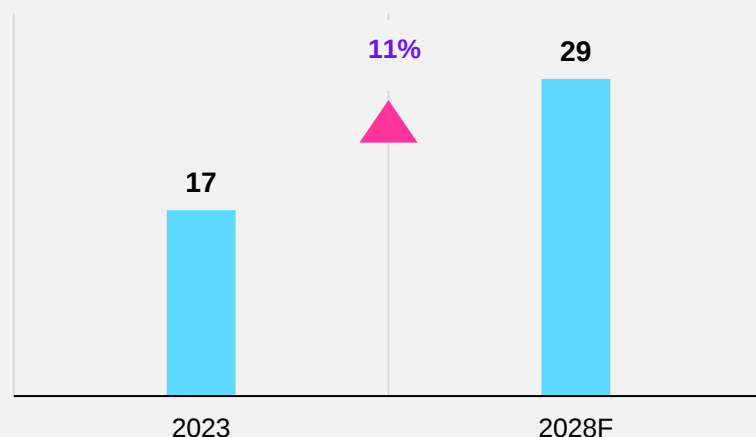
12 - Press Information Bureau, Government of India, Ministry of Civil Aviation, 2023

Indian OTAs eye global markets

Entry channels are key to expansion

Indian OTAs have a low presence, especially amongst the Western markets, receiving only 2-3 percent² of their direct traffic from the U.S., U.K., and UAE; presumably from NRIs.

Online travel market in India (USD Bn)



Source: Indian Online travel Market Size and share – Industry report, Mordor Intelligence

Direct vs Global Distribution Services (GDS) channels for entering new markets

Considerations	Direct	GDS
Cost	Lower transaction fees and distribution costs	Initial setup costs + integration expenses+ transaction fees can add up and affect margins
Control	Better control over pricing, branding and inventory management	Limited control, as inventory and pricing is managed by GDS
Flexibility	Flexible in terms of contract negotiation with suppliers	Flexibility in terms of inventory access without individual negotiations with suppliers
Customisation	High – can create customized packages due to direct contracts with suppliers	Packages based on fares, budgets and availability through GDS
Inventory availability	Limited access to suppliers which were not contracted directly	Access to a wide range of inventory from multiple suppliers
Integration	Significant development effort and ongoing maintenance required	Initial setup costs, integration expenses and adherence to GDS standards required
Scalability	Additional resources and infra investments needed to scale	Offers scalability and access to a broader market

Emerging travel destinations

10

Tourists flocking to cities high on culture, safety, and friendly policies

The following destinations will be significant for global travelers over the coming decade:

Emerging	Evolving	Developed
• Ho-chi Minh • Manila • Lagos • Delhi • Cairo • Jakarta	• Abu Dhabi • Bangkok • Kuala Lumpur • Istanbul • Seoul • Munich • Lisbon	• Dubai • Hongkong • Amsterdam • London • Osaka • Tokyo • Singapore
These cities have witnessed gradual tourism growth and offer long-term development opportunity	These cities are currently experiencing high inbound visitors and are developing infrastructure to match the scale of tourism	These cities have witnessed tremendous tourism growth and are managing the current scale of tourism

Parameters determining the 'travel destination of choice

- The city infrastructure should be flexible and scalable to accommodate the total number of visitors arriving in the city
- It should cater to both leisure and business travelers and offer cultural and historical attractions for leisure travelers, and host exhibits and tradeshow to engage business travelers
- The country's policies, culture, and weather conditions should be inviting to tourists and provide a safe and secure environment with readily available healthcare and emergency support
- Additionally, large settlements of diverse ethnic groups have recently become an inviting feature. This ensures familiar food options and language support across key tourist attractions.



04

Sector in focus

Retail

Retail

Harnessing digital platforms to engage cross-border shoppers, globally

1

Recent trends

Retail exports to shift to digital channels, with several digital touchpoints in the purchase journey

2

Digital interactions

An integral decision influencer at every touch point

3

Digitally influenced opportunity

to reach USD 59 Bn by 2028, primarily across fashion, durables, and packaged goods

4

Customer segment

The United States is the primary importer across most categories; the key demographic being millennials

5

Apparel leads online research in retail export

Indian private labels gaining western traction

6

Indian branded jewelry yet to shine abroad

Customers prefer Shopping by type of Jewelry (e.g.: Rings, Necklaces)

7

Indian home department

Modern earthen aesthetic home brands elevating Indian handicrafts globally

8

Indian snacks and luxury ayurvedic personal care

Top picks in packaged consumer goods

9

Upcoming channels

Social and live commerce are the new cross-border shopping trend

10

Emerging destinations

Key determinant being online popularity, boosted by global trends and government support

Recent trends

1

Retail exports to shift to digital channels, with many digital touchpoints in the purchase journey



Global tech-forward consumer

- **USD 11 Tn** is the projected online spend on merchandise and services globally in 2024¹, which is twice the market size in 2019
- **Cross-border transactions** performed from India are showcasing an average **Y-o-Y growth of 12-13 percent** between FY21-25², majorly contributed by credit/debit card payments
- **Apparel and accessories** are the most popular category in online B2C trade, globally. Other categories include – consumer durables, beauty, and personal care.



Increase in digital ad spend

- European countries such as Germany, France, and the Netherlands are the leading markets with a **16-20 percent share of digital ad spend in Retail**³
- The United States, contributes **15.7 percent** of the digital ad spend on Retail³
- Middle East and Asia Pacific regions currently have low spending on digital media, however, are **fast-growing markets** for the sector.



Customers are also influenced by digital Retail media

- Almost 50% of the marketers worldwide are allocating more budget, ~10-20% towards digital retail media³
- China is the leading market in retail media and alone contributes **57.6 percent** of the total spending for 2023.⁴

“

To capitalize on the growing digital trade landscape, Indian brands should leverage online platforms and digital marketing strategies to reach global markets, drive brand recognition, and significantly contribute to the country's economic growth.

”

- Puneet Mansukhani
Partner – Digital Advisory
Sector Head – Retail
Head Global Retail – Digital & Technology Transformation

1 - Top E-Commerce Trends Changing How We Shop In 2024, Forbes Business, 2024; 2 - Euromonitor International, Cross border transactions across APAC, 2021-2025

3 - Digital Retail media advertising worldwide, Statista, 2023; 4 – Advertising Expenditure Forecasts, Zenith The ROI agency, Global, December 2022

Digital interactions

2

An integral decision influencer at every touch point

Awareness



A typical customer discovers a new brand, while going about their everyday activities

Key channels for new brand discovery⁵ (percentage of respondents)

46%	Social media
42%	Online search
37%	E-store
35%	Video website and app
16%	Online forum, blog or podcast
16%	Endorsement from favorite / well-known celebrity

Interest



The customer seeks more information on the interested brand and their respective offerings

Leading channels for product research⁶ (percentage of respondents)

31%	Marketplaces
18%	Browsing in-store
14%	Online search
14%	D2C brand websites and pages
12%	Retailer sites

Consideration



The customer weighs several options and considers making a purchase through preferred channel

Leading sources for purchase consideration⁷ (percentage of respondents)

47%	of digital consumers trust in-person conversations with family when making decisions about what to shop
44%	of digital consumers are using live streaming to better understand the usage of the product
38%	of digital consumers actively use messaging services to interact with the brand on purchase details
33%	of millennials make their purchase decision based on the brand's political belief
24%	of digital consumers trust social media influencers when making purchase decisions

Purchase



The customer either makes the purchase on consideration channels or is directed to the ecommerce or D2C website for payment

Share of revenue across retail sales channel⁸ (Current as well as 2030 estimates)

2023	2030	
86%	72%	Ecommerce
6%	12%	Social commerce
2%	4%	D2C
2%	9%	Quick commerce
2%	2%	Live commerce

5 - Sources of inspiration for new products, Statista consumer insight, December 2023; 6 - Leading channels of product search worldwide, Digital Retail Media Advertising, Statista, 2023

7 - Voice of Customer Digital Survey, Euromonitor International, 2023 ; 8 - Digital Shopping Behaviour, Statista, 2023

Digitally influenced opportunity

From USD 26 Bn in 2023 to USD 59 Bn by 2028, primarily across fashion, durables and packaged goods

~USD 74 Bn

Export revenue from
Indian retail⁹
(in FY23)

Fashion

21.4 Bn

Apparel

Includes knitted and non-knitted wear

17.0 Bn

Jewelry and Accessories

includes jewelry, leather handbag, footwear, and perfumes

Consumer durables

10.7 Bn

Home Department

Includes plastic products (homeware, sheets, and films), furniture, beddings, carpet, ceramics, etc.

Consumer packaged goods

24.1 Bn

Food and Beverage

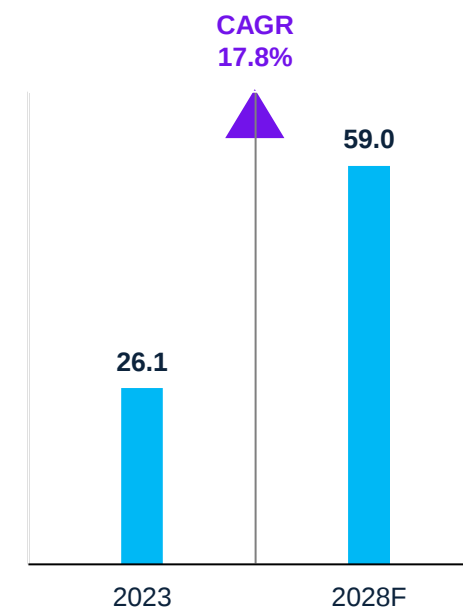
Includes cereals, sugar confectionaries, coffee, tea, and, spices

0.6 Bn

Ayush and Herbal

Includes 2.4% of the total pharmaceutical revenue comes from AYUSH and herbal, personal care products

Digitally influenced opportunity across Indian retail products (USD Bn)



Source: KPMG in India analysis

Note : AYUSH - Ayurveda, Yoga & Naturopathy, Unani, Siddha, Sowa Rigpa, and Homoeopathy

9 - IBEF.org, FY23 export data

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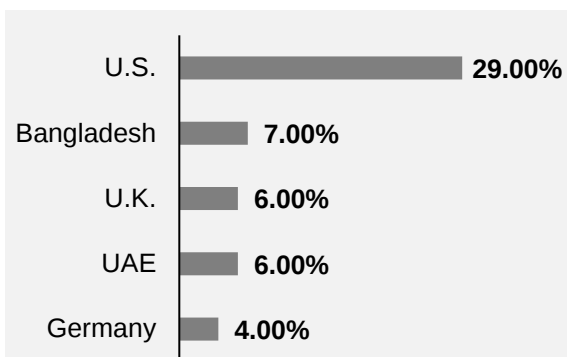
Customer segment

The United States is the primary importer for most categories; key demographic being millennials



Apparel

Top 5 destination countries for apparel export (percentage share)⁹



Customer demographic (% share)¹⁰

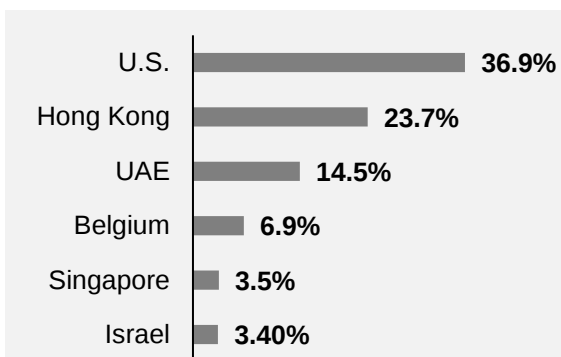
60%
Female

41%
25 – 35 years



Jewelry

Top destination countries for jewelry export (percentage share)⁹



Customer demographic (% share)¹⁰

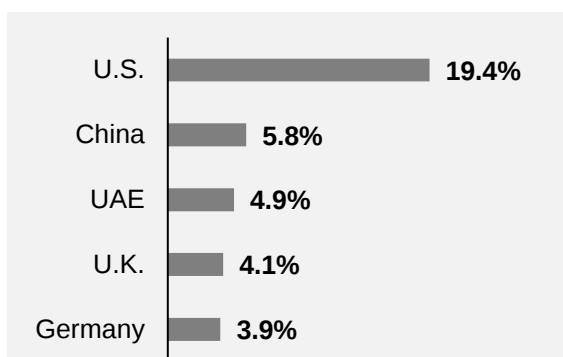
59%
Male

46%
25 – 35 years



Homeware products

Top destination countries for homeware products export (percentage share)⁹



Customer demographic (% share)¹⁰

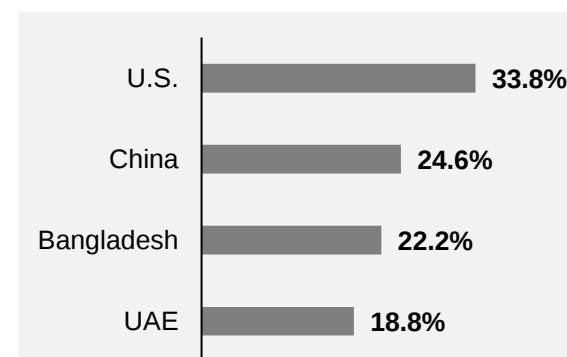
65%
Male

44%
25 – 35 years



CPG

Top destination countries for packaged consumer goods export (percentage share)⁹



Customer demographic (% share)¹⁰

64%
Male

38%
25 – 35 years

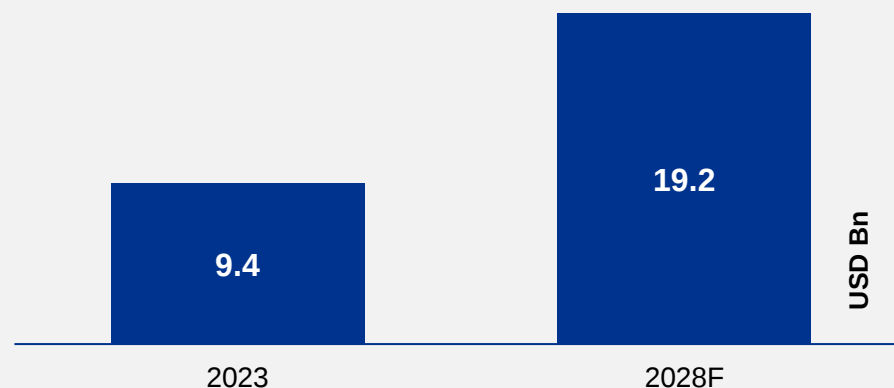
¹⁰ - KPMG in India analysis

Apparel leads online research in retail export

Indian private labels gaining western traction

Indian private labels are receiving inbound traffic on brand websites from countries such as the **U.S., U.K., and Canada.**

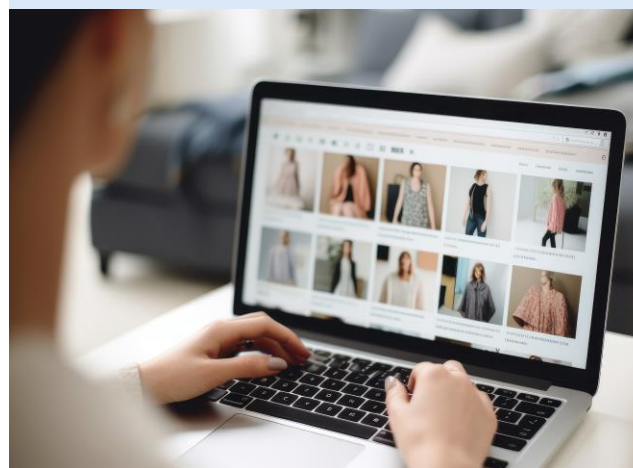
Digitally influenced export opportunity (Apparel)



Channel preferences

40-43%
customers

prefer online **channels** for research¹¹



Customer preferences

Customers are **willing to pay** more for elements, such as⁷ -

- 33%** Comfort
- 31%** High quality
- 23%** Durability
- 19%** Perfect fit
- 18%** Preferred design

Source: KPMG in India Analysis

11 - Online vs Offline product research by Category, Statista, 2023

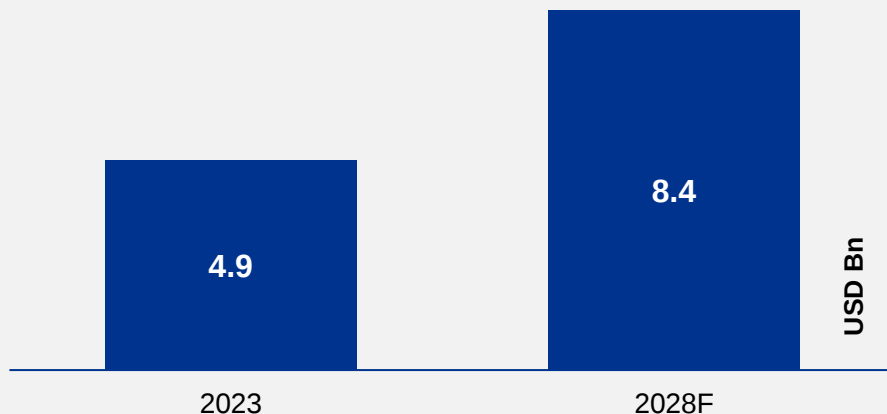
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Indian branded jewelry yet to shine abroad

Customers prefer shopping by type of Jewelry (e.g.: Rings, Necklaces)

Silver jewelry has witnessed the highest export growth from India. **Imitation jewelry**, however, has seen a decline in 2023. Jewelry is primarily sold through **traditional trade channels** and is currently exported by **MSMEs**

Digitally influenced export opportunity (Jewelry)



Source: KPMG in India Analysis

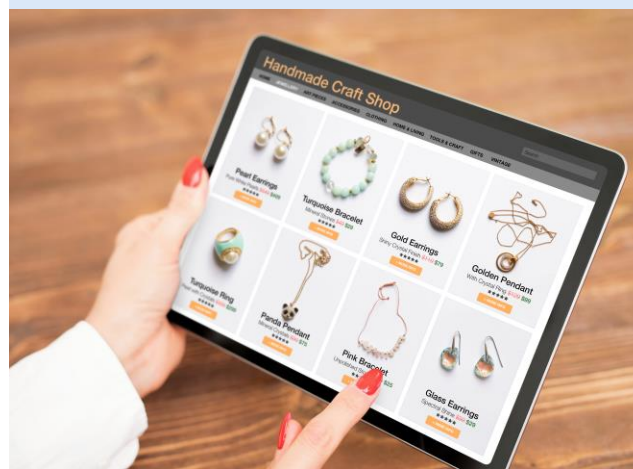
12 - Jewelry Market Worldwide, Statista, 2022



Channel preferences

20-40% customers

prefer online channels for research¹¹



Customer preferences

More than **50 percent** of the consumers prefer **gold jewelry** followed by **diamond jewelry** with a **25 percent** share¹²

Bridal jewelry holds a greater revenue share over **fashion jewelry** in most regions

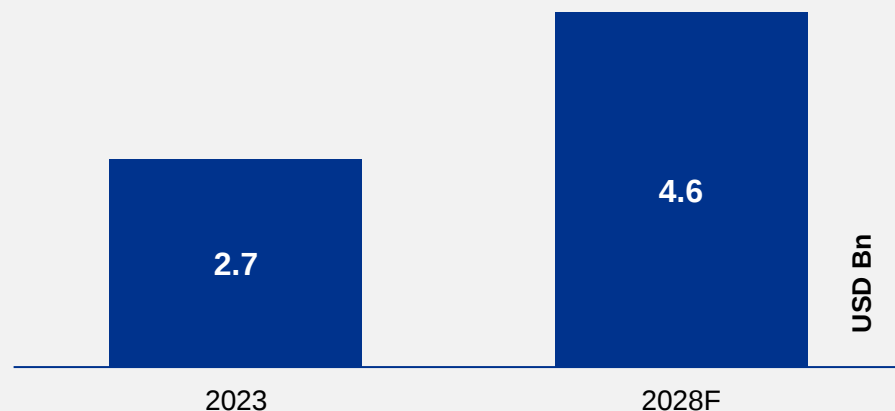
Across jewelry type, **rings** hold the majority market share of **~40-45 percent** followed by **earrings** and **necklace**¹²

Indian home department

Modern earthen aesthetic home brands elevating Indian handicrafts globally

Sustainable homeware, beddings, and functional space-saving solutions are the key sub-categories gaining popularity outside of India, especially with website traffic from the **U.S., Bangladesh, and France**

Digitally influenced export opportunity (Home department)



Source: KPMG in India Analysis



Channel preferences

20-30% customers

prefer online **channels for research**¹¹



Customer preferences

Self-care and wellness have become a key driver in the selection of home product aesthetics

Handicrafts from India, including intricate textiles, **pottery**, and **wooden carvings** are highly sought after.

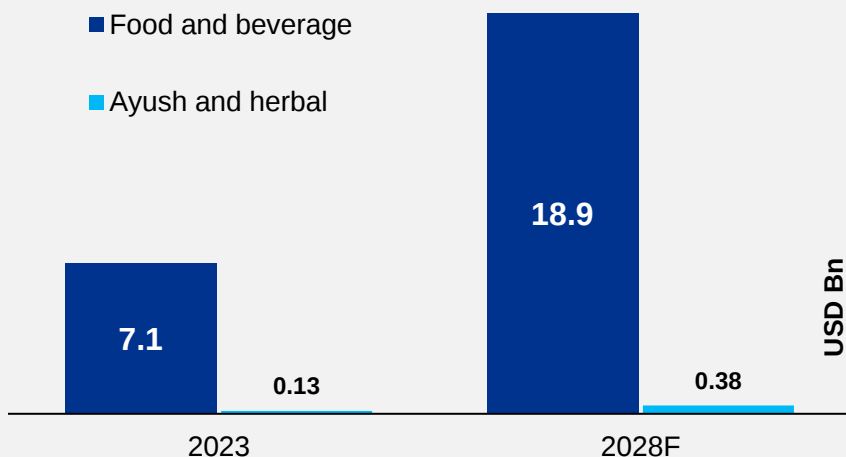
Consumers prefer to use their phones to **see physical products like furniture** projected onto their homes **via AR**

Indian snacks and luxury ayurvedic personal care

Top picks in packaged consumer goods

Tea and spices remain ever-popular Indian export categories, along with sugar, cereal and confectioneries, within agricultural produce.

Digitally influenced export opportunity



Channel preferences

20-30% customers

prefer online **channels for research**¹¹



Customer preferences

Branded **snacks, dairy, and cooking Ingredients** have a high penetration in the western markets

In Ayush and herbal, **luxury skincare** products receive greater traffic from outside of India, over economical brands

In beverages, Indian **artisanal and craft drinks** are getting recognised globally

“Indian brands aspiring to establish a global presence should strategically utilize digital channels and platforms to showcase their offerings to international consumers. Leveraging the digital route can enable seamless and cost-effective access to diverse markets, enhancing brand visibility and customer engagement across borders.”

- Nikhil Sethi

Partner and Co-Lead ,Customer and Operations,
National Leader -Consumer Goods

Note: AYUSH - Ayurveda, Yoga & Naturopathy, Unani, Siddha, Sowa Rigpa, and Homoeopathy
Source: KPMG in India Analysis

Upcoming channels

Social and live commerce are the new cross-border shopping trend

Social media is the leading channel for exploring new brands, especially for fashion and personal care product

Key reasons for customers to prefer Social commerce

- Customers across all generations actively consume **recommendations coming from influencers**
- Customers are delighted by the level of **relevance and relatability of the ad content**
- Customers find **high-quality reviews and shopper photos**, extremely helpful in making purchase decisions.

Target segment

- **73 percent** of the younger internet users are now **purchasing through social network** in select countries¹³
- Leading markets include – **China, India, Thailand, Argentina and Mexico** with rest of the world not far behind.

Live streaming, as a purchase channel, has been popularised by influencers, specially for apparel and beauty products

Key reasons for customers to prefer Live commerce

- Customers find it **easier to understand** the product on live videos
- Customers like the live demos as they are **informative** on after-sale usage
- Customers shopping life are offered **additional discounts**
- Customers prefer **exploring new brands**
- Customers enjoy experiencing **new ways of shopping.**

Target segment

- **Apparel** is the leading category with **53 percent** of the total sales across live stream⁷
- **46 percent** of the consumers in **Asia Pacific and Middle East** use live commerce for purchase⁷
- Key user lies in **China, India, Thailand, UAE and Brazil**, with recent users seen across **Indonesia, Vietnam and Turkey.**

¹³ - Social Commerce, Statista, 2023

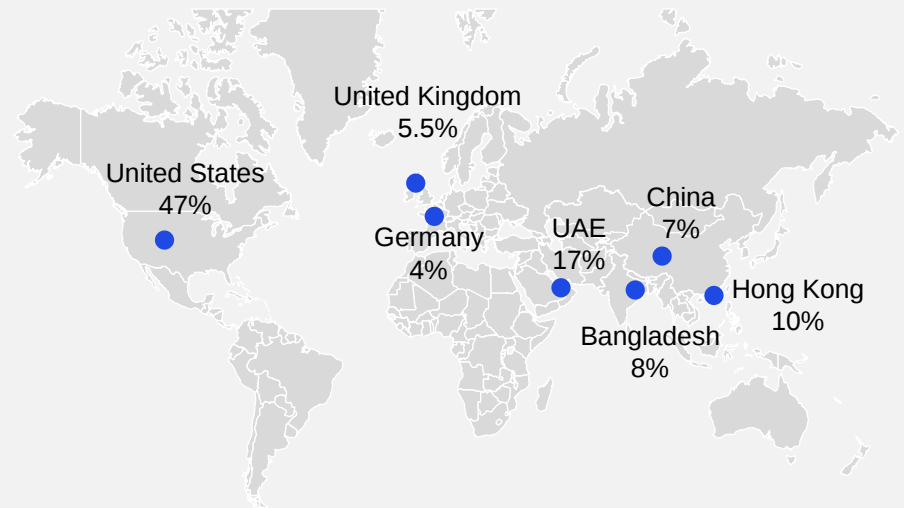
Emerging destinations

10

Key determinant being online popularity, boosted by global trends and government support

Current top destinations for retail export are U.S., UAE, and Hong Kong

Share of export revenue across destination countries (FY23)



Source: IBEF.org

Apparel

Based on **demand for Indian products** and the percentage of people **researching apparel online** across borders, the following countries show promise for increasing export volume

Canada

South Africa

Saudi Arabia

Jewelry

Based on the potential increase in **export share** and percentage of customers **researching Indian jewelry online**, the following countries show promise for increasing export volume

Canada

Saudi Arabia

Kuwait

Home department

Based on the potential increase in **export share** and growing **intervention by the government** to promote home products abroad, the following countries show promise for increasing export volume

Singapore

Saudi Arabia

France

Consumer packaged goods

Based on the potential increase in **export share** and growing **intervention by the government** to promote Indian food products abroad, the following countries show promise for increasing export volume

Canada

Australia

Malaysia

05

Sector in focus

Software

Software

Align marketing strategies with market maturity

1

Recent trends

Businesses now use 130 SaaS products on average, focusing on productivity and security

2

Digital influence

A pivotal instrument for lead cultivation in an intent-based industry like software

3

Digitally influenced opportunity

From USD 4.2 Bn in 2023 to USD 10.6 Bn by 2028, for Software-as-a-Service (SaaS) products

4

Customer segment

8 states host 65 percent of Indian tech company clients in the U.S.

5

SaaS products

Enterprise software leads with 41 percent share; CRM solutions set to soar

6

SaaS purchase consideration

Security takes top precedence for global customers

7

Emerging destinations

The United States leads software revenue with 51 percent share; China is one of the fastest-growing markets

Recent trends

Businesses now use 130 SaaS products on average, focusing on productivity and security



Leveraging AI to improve business performance

- The global AI software market is expected to witness accelerated growth, becoming **4X** of its current size by FY30¹
- AI software will find more applications around productivity, as they can reduce error and save time across operations. 35 percent² of those working in tech related roles are already using **Gen AI assistance for work-related tasks**.



Increasing spending on SaaS with focus on security and productivity software

- **70 percent¹** of the businesses are planning pre-emptive increase in **software expenditure** due to the looming risk of recession
- **50 percent¹** increase in the software deployment **as SaaS vs on-premise**, over the past 5 years
- The software budget distribution amongst the U.S. and European companies in FY23, was majorly allocated to **security and productivity software** (11 percent each)³.



Asia to become the next tech hub

- **58 percent** tech companies in the U.S. feel **high product cost** is the biggest business challenge²
- **31 percent** of the Europe based tech companies are facing **skilled IT labor shortage²**
- **44 percent** of the U.S. tech companies face longer downtime due to **chip shortages** or hardware shipping delays²
- **20 percent** of Europe-based tech companies find it challenging to **provision hardware and track inventory** across remote employees.²

Indian SaaS revenue stood **at ~USD 13 Bn in FY23** and is expected to reach USD 33 Bn by 2028⁴. This includes bundled offering across software, hardware and services. More than **70 percent** of the Indian SaaS revenue is **generated in global markets**

1 - Software Market data & Analysis, Statista market Insights, 2023; 2 – Anticipated IT challenges for Tech companies in 2023 by region, Tech Trends 2023, Statista

3 - Top information technology (IT) software budget distribution in organizations in North America and Europe for 2023, Statista; 4 – Software industry in India, Industries & Markets, Statista 2022

Digital influence

A pivotal instrument for lead cultivation in a high- intent industry

Awareness



A business identifies a problem and explores solutions via online/offline industry platforms

Key channels for customer outreach based on marketing spend⁵ (percentage of businesses)

64%	Video
53%	Thought Leadership
47%	In-person events
43%	Paid advertising
33%	Social Media Management
33%	Webinar

Interest



The business narrows down the solution and starts researching vendor options online

Leading digital channel for content promotion⁵ (percentage of businesses)

78%	Social media ads
64%	Online search
59%	Display ads
35%	Sponsored content
29%	Email promotions
27%	Print ads (digital)

Consideration



After evaluating options, the business initiates the communication with the vendor as convenient

Observed customer response to promotion content⁵ (percentage of businesses)

84%	of the businesses become aware of brand and solution features, adding the brand to the consideration set
76%	of the businesses reach out via a web form or leave their contact details after the in-person event
Business from existing customers - The influence of content promotion at this stage is not only to influence new customers but also to strengthen existing customer loyalty.	
SaaS with easy-to-use trials have a better competitive advantage – Easy sign-up process and intuitive user journey go a long way in client conversions.	

Purchase



The business, after negotiating with the sales team, finalises the terms of the contract

Observed customer response to promotion content⁵ (percentage of businesses)

58%	of the businesses end up being onboarded as a new client, thereby contributing to the brand's revenue
40%	of the businesses get subscribed to the product/solution, although yet to make a purchase
Today's B2B customers typically complete over 70 percent ⁶ of their decision-making journey before they first interact with a sales representative	

5 - B2B advertising and marketing in the U.S.; Statista, 2023; : N = 1080 B2B marketers

6 - The Future of Sales in 2025: A Gartner Trend Insight Report, 2020

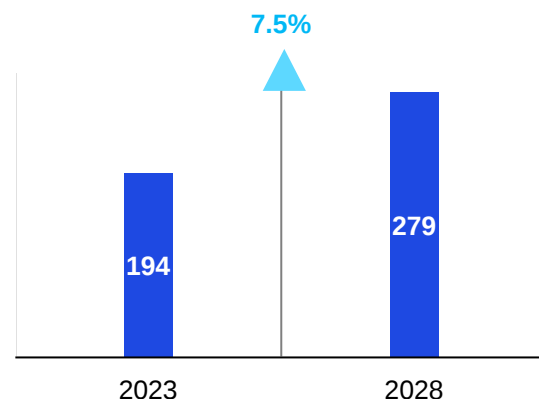
Digitally influenced opportunity

From USD 4.2 Bn in 2023 to USD 10.6 Bn by 2028, for Software-as-a-Service (SaaS) products

~50 percent

of the **total service export** was from
IT and software services in FY23⁷

Indian IT export revenue (USD Bn)



Source: KPMG in India analysis

54%

IT Services

Outsourcing of IT-related business processes to a third-party

54%

Business Process Management

Collaborating with IT to improve business processes and align with organisation's goal

54%

Engineering R & D

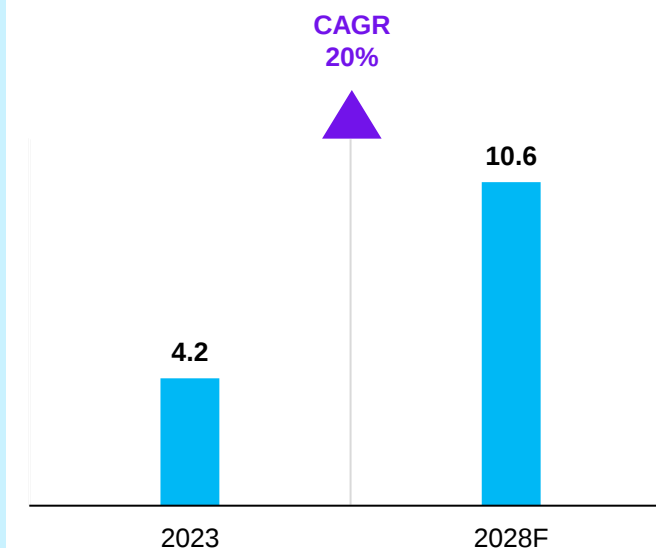
Researching and developing software-led products across sectors

3%

Software

Includes enterprise software, productivity software, infrastructure and application development software

Software products and services, using the SaaS model of distribution, is the focus category for digitally influenced export, under IT sector



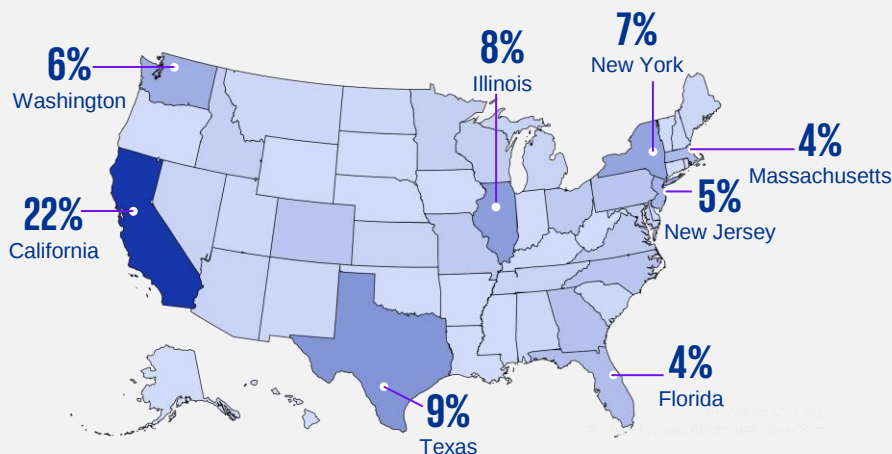
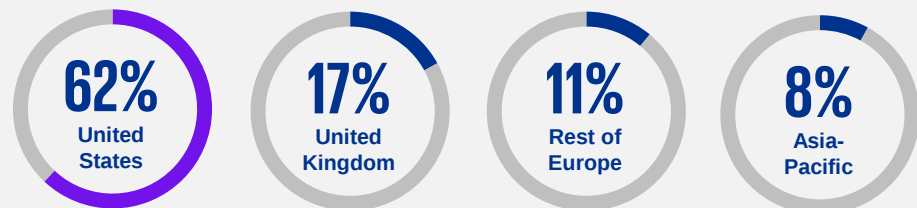
Source: KPMG in India analysis

7 - IBEF.org, FY23 export data

Customer segment

8 states host 65 percent of Indian tech company clients in the U.S.

Share of export revenue across destination countries (FY23)⁷



Source: KPMG in India Analysis (aggregate data across software company websites); N - 187



Top 5 software products purchased by companies in recent years¹

55%	IT architecture and security
46%	Help desk and IT support
41%	Business intelligence and data analytics
40%	Accounting and finance
33%	HR and talent management



Expectations of businesses from the software products

- Privacy and security
- Lower up-front cost
- Continuous service support
- Faster deployment
- Ease of operation
- Scalable usage



India's SaaS sector should not only ride the wave of digital but lead it. Indian SaaS companies should explore innovative digital outreach methods for foreign markets and set new benchmarks globally.

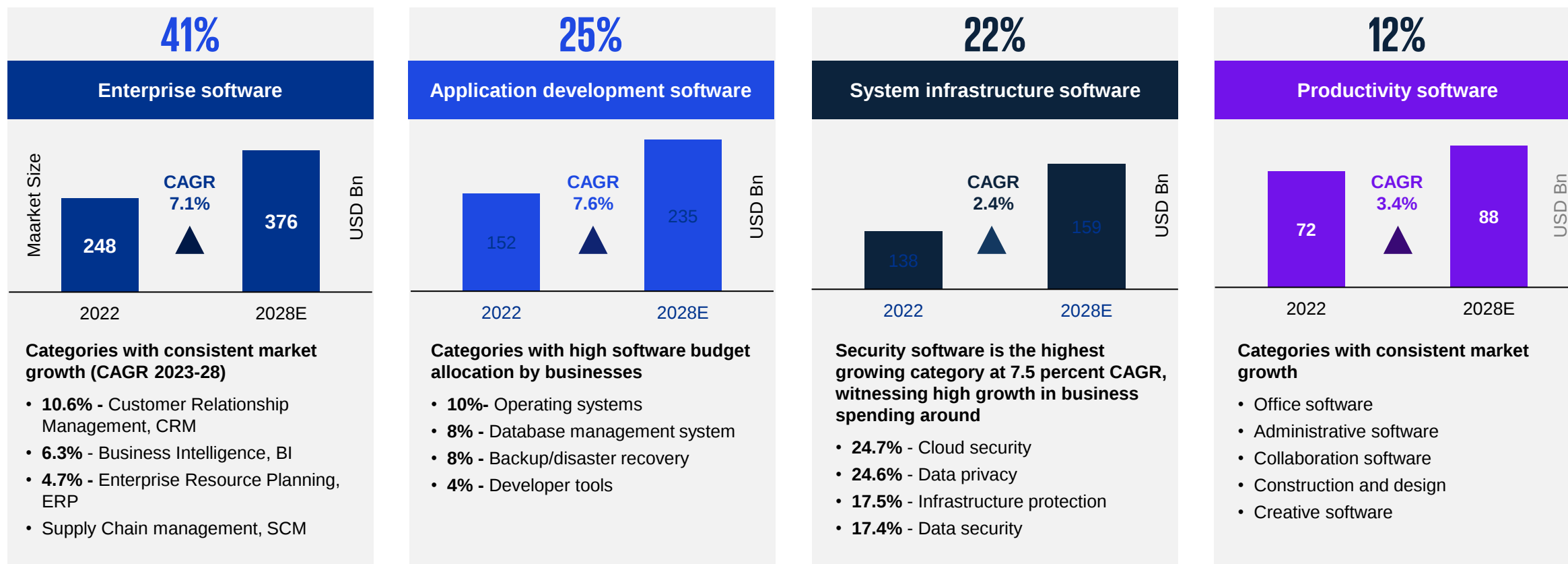


- Dipayan Ghosh
Partner, Technology Media and Telecom

SaaS products

Enterprise software leads with 41 percent share; CRM solutions set to soar

Global software market¹



SaaS purchase consideration

Security takes top precedence for global customers

Security (42%)

Cyber security is a major concern for businesses especially when migrating to or integrating new software¹. The following are the key concern areas⁸ -

- 43%** Businesses find the management of identity and access governance to be a complex and burdensome task
- 40%** Companies are hesitant to grant internal access to third-party entities
- 32%** Organisations are worried about potential data loss during the migration process
- 31%** Businesses are concerned about the risk of malicious applications being downloaded onto their main systems
- 31%** Companies are troubled by the slow detection and response to threats in critical SaaS products
- 29%** Businesses are anxious about SaaS misconfigurations due to limited visibility into security setting changes.

Usability (38%)

Businesses take into account how easy it will be for the end user to navigate the software with minimal efforts.

Across most regions, one of the top reasons for implementing SaaS product is to enhance employee experience -

	North America	Europe	Asia-pacific
1	Improve profitability	Improve profitability	Improve profitability
2	Influence customer experience	Enhance employee experience	Enhance employee experience
3	Derive operational efficiencies	Explore new business models	Influence customer experience
4	Enhance employee experience	Influence customer experience	Modernise infrastructure

Features

Based on latest tech trends, businesses are looking for the following features in software –

- Minimal AI bias
- Democratised platforms to enable independent deployment of data
- Self-healing environment.

Cost

There is a high variation in cost structure basis the bundling of the software with hardware and service. Businesses might prefer -

- Transparent breakdown of pricing structure and underlying charges
- Precise estimation of outage cost.

Integrability

Businesses prefer asset-light models such as subscription-based, because it-

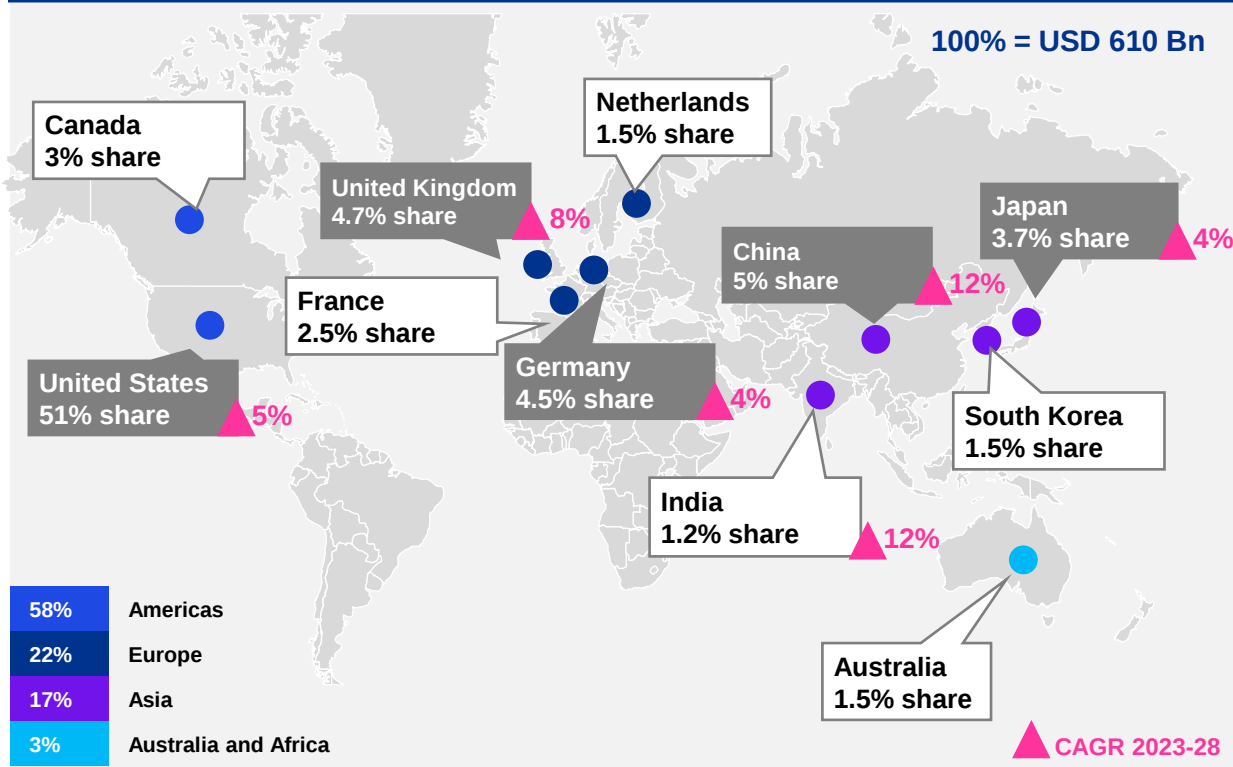
- Requires low levels of capability integration and is quick to set up
- Eliminates the need for the client to constantly invest in system upgrades.

8 - Main security concerns when adopting SaaS application worldwide, Enterprise Software, Digital & Trend, Statista, 2023

Emerging destinations

The U.S. leads software revenue with a 51 percent share; China is one of the fastest-growing markets

Top-revenue generating software markets (percentage share of revenue)



Countries/cities with a high number of upcoming start-ups and businesses are expected to see greater demand for IT services and software in the future

America

- United States is home to **46 percent** of the unicorns by value, of which **23 percent** are in technology sector⁹
- **San Francisco, New York, and Boston** are amongst cities that have highest number of unicorns
- **Ecuador and Panama** have high per capita entrepreneurial activity.

Europe

- Europe is home to **12 percent** of the unicorns globally, by value⁹
- **London, Paris, Berlin and Amsterdam** are the leading cities in Europe with highest number of investments in start-ups
- **Latvia and Netherlands** have high per capita entrepreneurial activity.

Asia

- Asia is home to **43 percent** of the unicorns globally, by value⁹
- **Beijing, Shanghai, Bengaluru, Shenzhen and Guangzhou** are the cities with highest number of unicorns
- **Thailand and India** have high per capita entrepreneurial activity.

Source: Software Market data & Analysis, Statista Market Insights, 2023

9 - Distribution of unicorns value worldwide by regions, Statista, 2022

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An aerial night view of a city skyline, likely Dubai, featuring several prominent skyscrapers and a multi-lane highway with light trails from traffic. The sky is dark blue with some clouds. The text is overlaid on the left side of the image.

06

Sector in focus

Real Estate

Real Estate

Digital discovery leads realty purchases among NRIs

1

Recent trends

Technology is redefining how people discover and buy properties

2

Digital influence

Navigating customer journeys with digital interactions

3

Digitally influenced opportunity

From USD 3.8 Bn in 2023 to USD 15.6 Bn by 2028, focusing on NRI's contribution to Indian realty

4

Customer segment

Overseas Indians to bolster real estate as NRI contribution grows

5

Customer segment

NRI picks - Spacious properties, from credible builders, with high expected returns

6

Residential segment

Upscale boom elevates demand in top cities

7

Commercial segment

Global retailers expanding in India, led by Fashion, Food and Beverage and Entertainment categories

8

Office segment

Workspaces redefined with the rise of co-working in India

9

Emerging markets

Ahmedabad, Hyderabad, and Pune - fastest-growing metros in commercial real estate

Recent trends

Technology is redefining how people discover and buy properties



Prop-tech is a key change driver, transforming how properties are bought and sold today

- Prop-tech primarily aims at **enhancing the overall real estate experience** and **simplifying the real estate sale and purchase process**
- **Virtual property tours** have revolutionised property scouting, allowing prospective buyers to explore **properties across the world** from the comfort of their device screens
- Real estate sellers **can now market their properties digitally from their devices** and reach out to a much larger base of potential buyers.



Data and analytics is enabling real estate players to better connect with potential customers

- **Large volumes of data** is now digitally stored on the cloud and brands can now **leverage data analytics to approach target customers**
- **Analysis of market trends and buyer preferences** can be used to provide **customised recommendations** to prospective buyers
- **Data and the insights provided by analytics tools**, is one of the biggest assets of the digital transformation in real estate.



AI and blockchain technologies will continue to play an important role in the future

- **The use of Artificial Intelligence (AI)** is likely to **expedite** bringing in **virtual agents**, which could help buyers in initial stages of property research
- **Blockchain, and related technologies**, may see usage in some markets to help **streamline the process of buying and selling properties** and **reducing frauds** through smart – contracts.

“

Leveraging digital innovations is essential for maintaining a competitive edge and driving growth in the real estate sector, particularly in attracting international buyers

”

- Chintan Patel
Partner and Head, Real Estate

“

Indian real estate developers should pivot around digital discovery for enhanced engagement with the NRIs, drive sales and foster stronger connections at each stage of the customer journey.

”

- Chaitanya Gogineni
Partner, Digital Platforms

Source :The Digital Real Estate Revolution: How Tech Is Transforming The Industry, Forbes.com, March 2024

Digital influence

Navigating customer journeys with digital interactions

Awareness



Customers today are increasingly utilising online medium to look for properties

First step taken in home buying process (percentage of respondents)*

47%	Looked online for properties
18%	Real estate agents
9%	Banks or mortgage lender
8%	Looked online for information on home buying process
7%	Friends or relatives
5%	Physical visits

Interest



Buyers are actively engaged in research through digital media

Information sources used in research (percentage of respondents)

73%	Online search
40%	Online video site
39%	Signages
29%	Open Houses
9%	Home builders
Real estate agents are a critical source of information for buyers who prefer to research offline	

Consideration



After evaluating options, the business initiates the communication with the vendor as convenient

Leading features to aid consideration (percentage of respondents)

85%	of buyers look for photos of the property that they intend to buy
80%	of buyers look for detailed information for the property that they would like to purchase
53%	of home buyers look for contact information of real estate agents
49%	of home buyers look for virtual tours of the property
27%	of home buyers look for interactive maps or videos to augment the information available with them

Purchase



Customers value end-to-end assistance and guidance in the purchase process

Booking the shortlisted property

51% of buyers say that the home they eventually bought was found online

Booking properties online vs offline

Foreign buyers **expect convenience** to select and book a unit from the developer's inventory and provided the option to pay booking amount online.

Simplified purchase process

Large transaction values means customers expect end-to-end support including site visits, home loan assistance, legal advice and documentation to simplify the purchase process

* Respondents from the US market

Source :Home buyers and generational trends, USA, 2023 NAR report

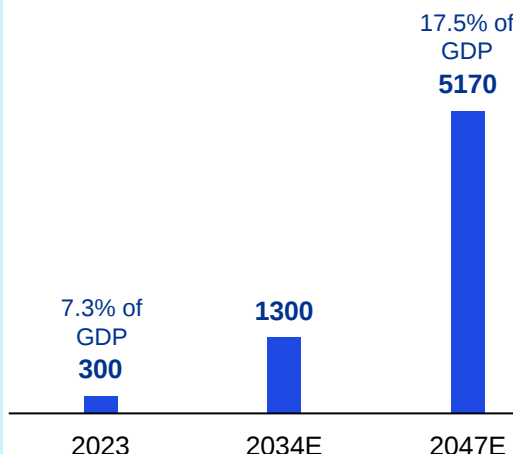
Digitally influenced opportunity

From USD 3.8 Bn in 2023 to USD 15.6 Bn by 2028, focusing on NRIs' contribution to Indian realty

USD 300 Bn

is the estimated size of the Indian Real Estate market in 2023¹

Indian Real Estate Market Size Growth (USD Bn)



80%

Residential Real Estate

Properties utilised for residential purpose.
Estimated value of USD 240 Bn¹

20%

Commercial Real Estate

Properties utilised for commercial purposes.
Estimated value of USD 60 Bn¹

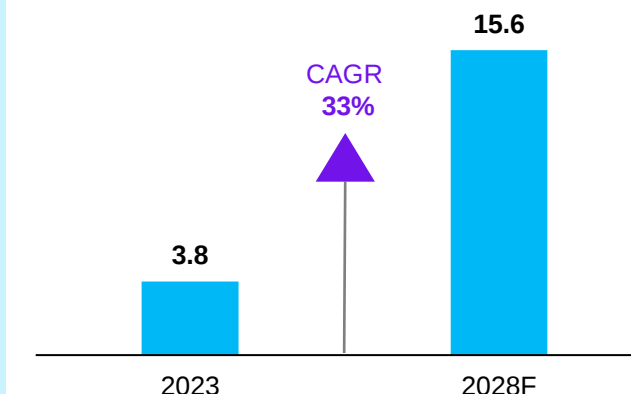
12.5%

NRIs contribution to Indian real estate

Residential properties being purchased by NRIs²

Primary sale of residential and commercial property to buyers outside India is the focus category for digitally influenced opportunity under Real Estate sector

Digitally influenced export opportunity (USD Bn)



Source: KPMG in India analysis

1 - Real estate sector may touch \$1.3 tn by 2034: CREDAI Report, Hindu Business Line, March 2024; 2 - NRI Real estate report 2023- NoBroker.com, 2023

Customer segment

4

Overseas Indians to bolster real estate as NRI contribution grows

The value of residential real estate opportunity from NRI buyers is currently estimated at **USD 6.8 Bn³**

NRI contribution is expected to rise from 12.5 percent currently to 17 percent by 2025.²

NRI contribution to India residential real estate
(percentage share)



45 percent of the NRIs are looking to buy a new property²

60 percent of those are looking to buy it for living purposes and the rest of the **40 percent** as an investment²

Within NRIs, purchasing the property for living purposes, **43 percent** are buying it for their family living in India while the rest **57 percent** are buying for self-use²

NRIs residing in developed countries like the **U.S., UAE, U.K., Canada, Australia, Singapore, France and Germany** are main buyers of residential properties²

Residing countries for majority of NRI buyers

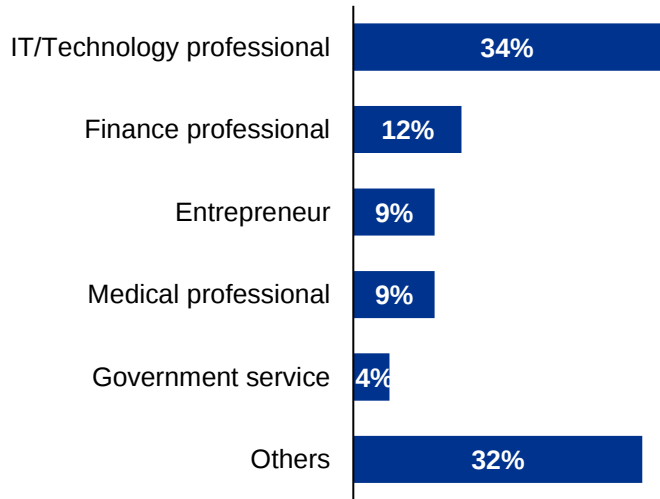


Age group of NRI buyers²

27%	32%	21%	20%
30-40 years	40-50 years	50-60 years	+ 60 years

IT professionals are the top NRI buyers in Indian market responsible for more than one-third of total contribution.

Profession of NRI buyers²



3 - KPMG in India analysis based on estimated USD 54.5 Bn primary residential sales value for 2023; 4 - Population of Overseas Indians, mea.gov.in, May 2024

Customer segment

NRI picks - spacious elegance with growth and credibility

Preferred property type

40 percent of NRI buyers are looking for a property with a budget exceeding **INR 1 Cr.** with a focus on the **premium and luxury** real estate segment

Ticket size

40%	22%	20%	18%
1 Cr. and above	80 L to 1 Cr.	60 to 80 L	40 to 60 L

Property size

18%	25%	29%	11%	17%
1 BHK	2 BHK	3 BHK	4 BHK	> 4 BHK

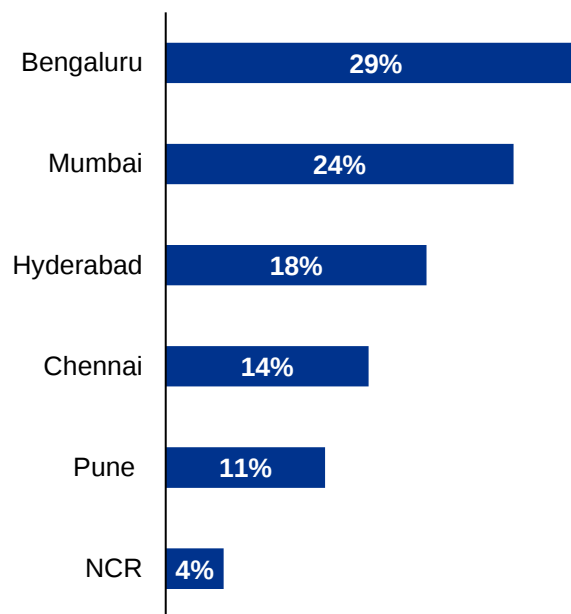
Type of property

54%	11%	19%	16%
Gated communities	Non-gated housing	Holiday home	Plot

Preferred locations

Bangalore (29 percent) , **Mumbai (24 percent)** and **Hyderabad (18 percent)** are the preferred destinations for NRIs looking to buy properties

NRI's preferred location for property purchase in India (percentage of NRIs)



Behavioural insights

46 percent of those surveyed are turning to **real estate websites** for researching property for investment in India

Decision criterion while purchasing a property in India (% of NRIs)



Other insights on NRI Buyers

- **82 percent** of NRI buyers have indicated lack of information and transparency as major challenges while buying a property in India
- **52 percent** of NRI owners have said that they want property management services to oversee their real estate asset

Source : NRI Real estate report 2023- NoBroker.com, 2023

Residential segment

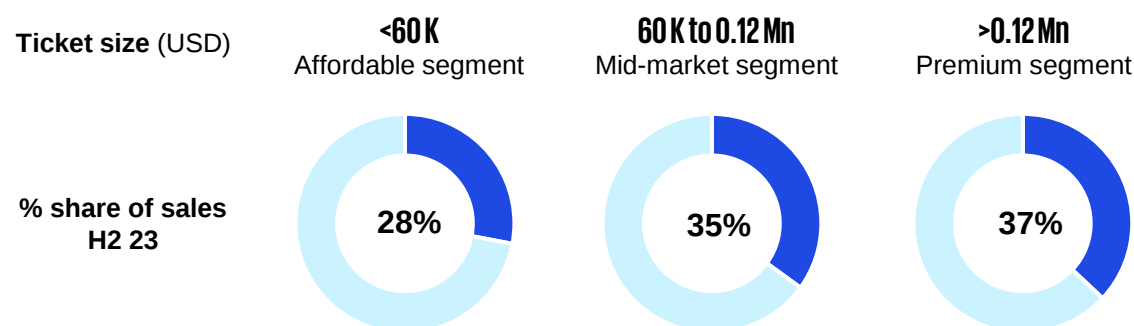
Upscale boom elevates demand in top cities

Primary residential sales increased 31% YoY in 2023 as 4.76 lakh units were sold across Top 7 markets, led by MMR region⁴

	Units sold in 2023 (in '000s)	% of Total units sold
MMR	153.9	32%
Pune	86.7	18%
NCR	65.6	14%
Hyderabad	64.0	13%
Kolkata	61.7	13%
Bengaluru	23.0	5%
Chennai	20.8	5%

- Home sales in the range of 4 Cr (USD 0.5 Mn) and above stood at 12935 units, growing 75% in 2023, led by Delhi NCR, Pune and Hyderabad⁵
- Average home sizes increased by 11% in the top 7 cities to 1,300 square feet in 2023 from 1,175 square feet in 2022⁶
- Need for bigger, spacious homes picked up during the pandemic and has continued as hybrid working becomes the new norm.

Buyer inclination on the rise in the mid-market and premium segments, leading to higher ticket sizes⁷



City	Affordability index
Mumbai	51%
NCR	27%
Bengaluru	26%
Pune	24%
Chennai	25%
Hyderabad	30%
Kolkata	24%
Ahmedabad	21%

- Ahmedabad, Pune and Kolkata remain the most affordable metros⁷
- Affordability (EMI/income) expected to improve as GDP growth exceeds inflation
- All top cities are below the affordability threshold of 50%, excluding Mumbai

4 - Indian Residential Real Estate Annual report 2023, Anarock; 5 - Luxury housing sale jumps 75% Y-o-Y in 2023, Economic Times, Feb 2024

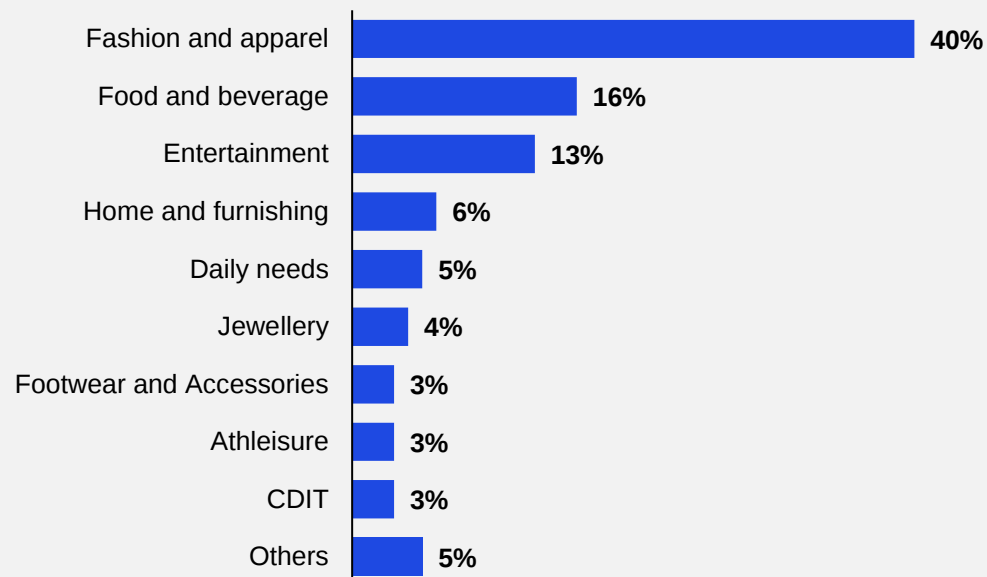
6 - Average size of home increases by 11% Y-o-Y, NCR sees biggest rise, Economic Times, Jan 2024; 7 - India Real Estate Residential and Office Market – H2 2023, Knight Frank,

Commercial segment

Global retailers expanding in India, led by Fashion, Food and Beverage and Entertainment categories

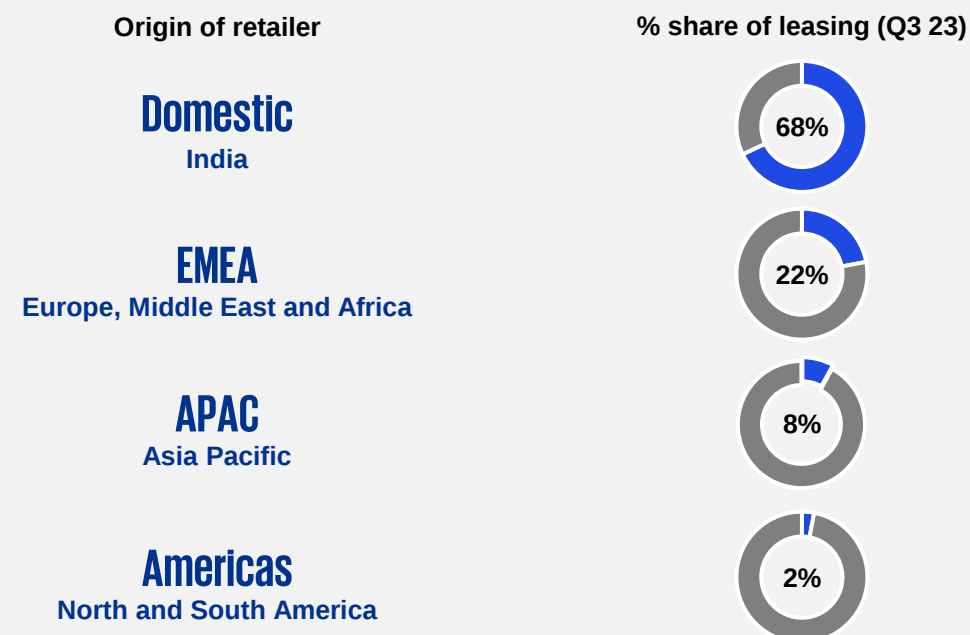
- Key sectors based on transaction volume are **Fashion and Apparel, Food and Beverages and Entertainment**⁸
- The Indian luxury market is estimated to be 8.5 Billion USD market in 2023 and is one of the fastest growing markets in the world.⁸

Leasing transaction volume (% share) 2023



Total leasing volume : 8.7 Mn sq.ft

- **68%** of the retail opportunity is from domestic retailers and **32%** from global retail brands, as they expand into Indian market⁹
- Domestically, demand for organised real estate is also pushing developers to expand in tier 2 and 3 cities



*Tier 2 cities include : Chandigarh, Indore, Kochi , Jaipur and Lucknow

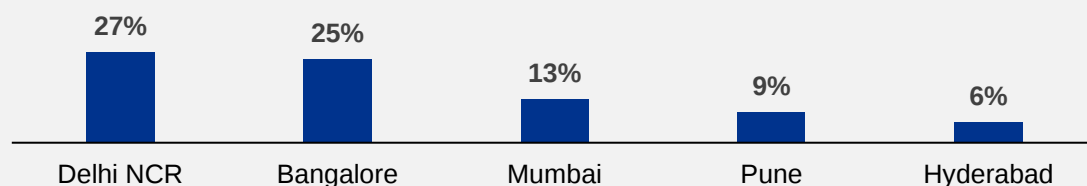
8 - 2023: Year in review, Retail sector review, JLL, 2024; 9 - -- Share of retail leasing activity in India in Q3 23, by origin of realtor, Statista, Q3 23

Office segment

Workspaces redefined with the rise of co-working in India

- **Delhi NCR (27%), Bangalore (25%), Mumbai (13%), Pune (9%) and Hyderabad (6%)** contribute to **approximately 80%** of co-working space share¹⁰
- **Startups** are major consumers of co-working space, and hugely benefit from scalability and ease of management of flex spaces

Top metros for co-working space supply



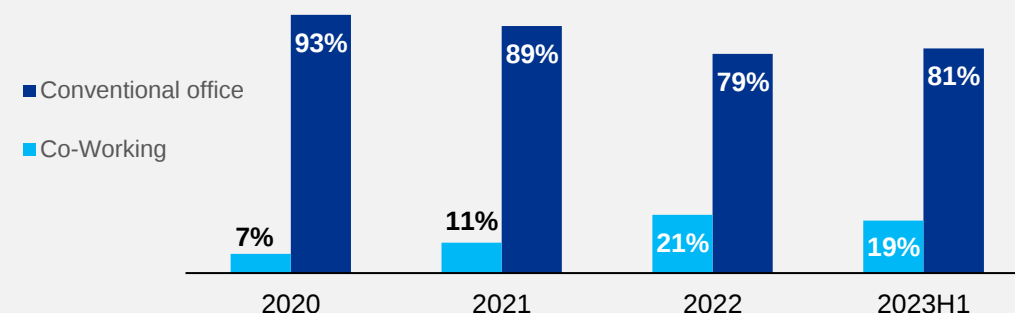
- Space operators are now actively expanding their operations to **Tier II and Tier III cities**
- **Ahmedabad, Jaipur and Indore are top 3 cities within tier 2 and tier 3** cities and have **65%** of the total supply

Top 10 Tier-2 and Tier-3 cities as per co-working space supply

Ahmedabad	Jaipur	Indore	Coimbatore	Lucknow
Vishakhapatnam	Bhubaneshwar	Kochi	Madurai	Thiruvananthapuram

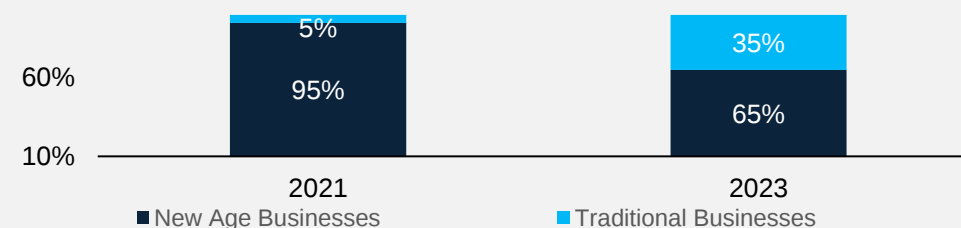
- Scalability and cost advantages have been instrumental in co-working space usage increasing from **7% in 2020 to 19% in 2023**¹¹

Office space leasing trend



- Traditional businesses today have 35% share in co-working space consumption in 2023 compared to just 5 % in 2021

Co-working space consumption



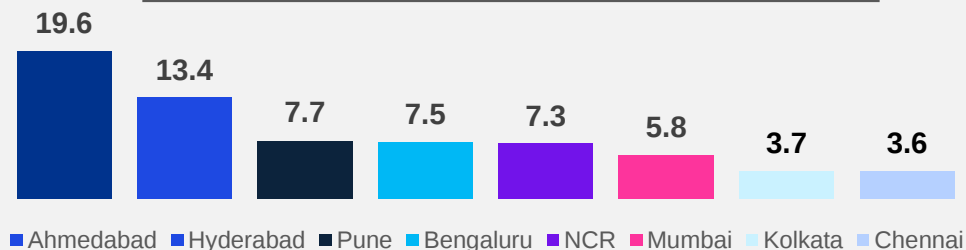
10 - New Age Flex Workspace, myHQ by Anarock, 2023; 11 - Co-Working & Managed Offices Redefining the Indian Commercial Real Estate, UpFlex India, December 2023

Emerging markets

Ahmedabad, Hyderabad, and Pune amongst the fastest-growing metros in commercial real estate as next 10 markets emerge

- Growth in **IT BPM, BFSI and healthcare sectors**, creation of **(STPs)** and **(SEZs)**, and increase in demand for **flexible co-working spaces** are propelling the commercial segment
- **Ahmedabad, Hyderabad and Pune** markets have been growing at a higher CAGR than mature markets like **NCR and Mumbai** over the last decade¹²

Rise in grade-A office inventory (2013 to 1H - 23) (CAGR%)



Emerging cities are creating a diversified industrial mix as commercial segment expands

Top 10 emerging markets for commercial segment¹²

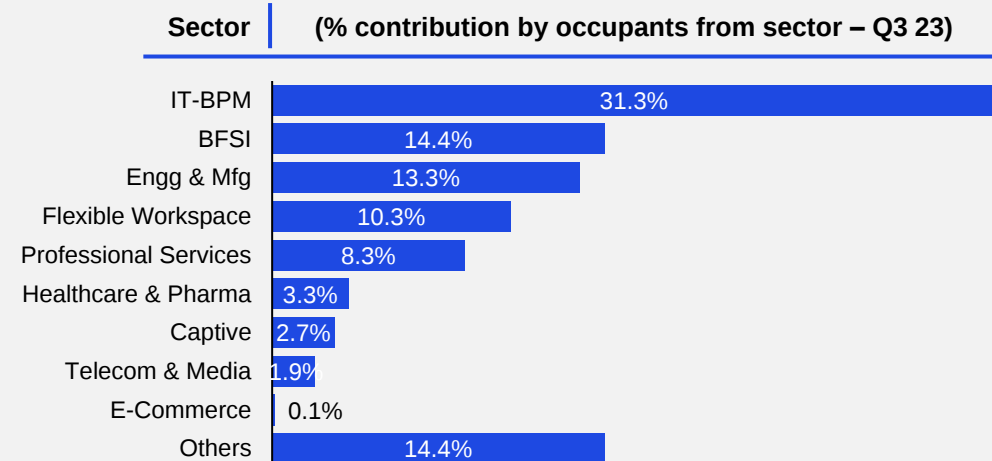
Bhubaneshwar	Coimbatore	Indore	Jaipur	Kochi
Lucknow	Nagpur	Surat	Thiruvananthapuram	Vishakhapatnam

Factors considered for emerging markets: Population size index, Population CAGR Index (2011-21), Ease of living, International Air Passengers' Index, Domestic Air Passengers' Index, Metro Development index, Tertiary Education Enrollment (TER) index, House Price Index (HPI), GDP Per-Capita Index

STP – Software technology parks ; SEZ – Special Economic Zone

12 - India's next 10 emerging markets, Cushman and Wakefield, 2023 ; 13 – India Office Market report , Cushman and Wakefield Q3 23

- **IT-BPM, BFSI and engineering and manufacturing sectors** are the leading sectors in terms of gross leasing volumes for office inventory¹³



- **GCC share** has grown substantially to **42%** in 2023⁷

Type of Business	GCC Global Capability Center	Third Party IT Services	India Facing Domestic companies	Flex Co-working spaces
% Share of leasing (H2-23)	42%	9%	38%	11%

07

Sector in focus

Media and Entertainment



Media and Entertainment

Interactive digital realms across content and gaming

1

Recent trends

Digital streaming and online gaming continue to transcend borders

2

Digitally influenced opportunity

From USD 3.5 Bn in 2023 to USD 8.2 Bn by 2028 across films, digital content and online gaming

3

Overseas theatricals

Indian films expand foreign footprint post pandemic slump

4

Video streaming

Captivating audiences worldwide with immersive storylines

5

Music streaming

Reaching global earpieces with digital beats

6

Online gaming

India's rapid growth powered by mobile gaming at the forefront

7

Global trends

Hyper-casual downloads surge, while RPG leads in-app purchases

8

Indian gaming goes global

Top foreign markets for Indian gaming companies

9

Digital influence

Simplifying interactions at each stage of user journey

10

Way forward

Crafting engaging experiences to captivate global audiences

Recent trends

1

Digital streaming and online gaming continue to transcend borders



Personalised, bite-sized content and online gaming have social audiences hooked

- Audiences today have **limited attention spans, consuming content in rapid bursts**
- Online video platforms cater to such audiences, offering **quick, engaging videos** in various **niches**
- **Streaming services and social media platforms** are using **AI-based algorithms** to curate **personalized recommendations** and content experiences for their users
- **Social interactions** within online games is contributing to **higher engagement and retention**.



Content creation is now democratised as digital technology empowers creators

- **Social media** has been a key enabler for anyone to be a **content creator**
- Consumption of user generated content (UGC), **like daily vlogs, tutorials, watch-along streams, live streaming including gaming content** is rising
- **Generative AI** will empower creators, facilitating democratisation of content creation.



Cross border content and online gaming are bringing global audiences closer

- Audiences value **varied experiences** and global streaming players have made **international content easily accessible** across the world
- **Online gaming** has expanded to **wider global audiences** beyond serious gamers via **casual, mobile based** gaming providing rich, captivating and simple interfaces at the same time
- **Social media** has also **enabled creators to reach global audiences** and allowed for more diverse array of voices to be shared and consumed internationally.

The rising consumption of digital content across borders, including digital streaming and gaming, highlights significant opportunities for businesses to expand into new markets and demographics

“

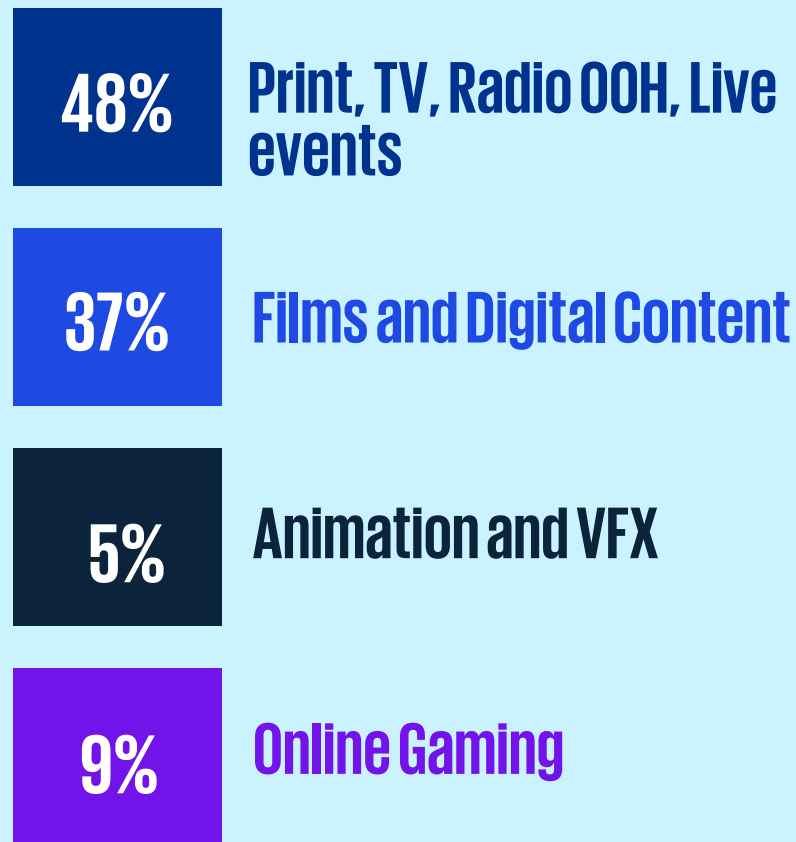
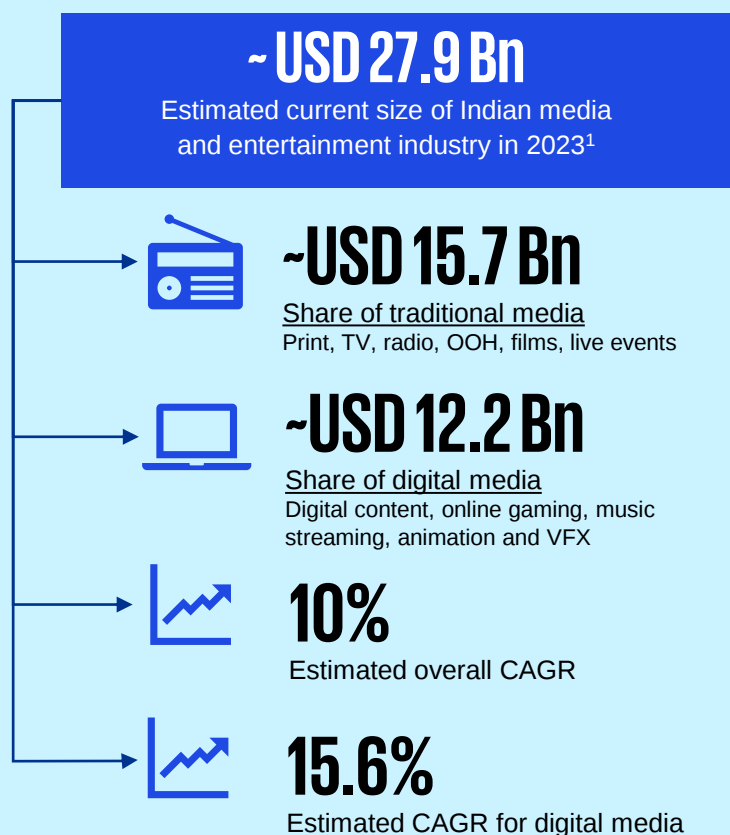
Indian creators are witnessing significant interest from international audiences. To maximize the opportunity, the Indian OTT and gaming industries should calibrate investments across digital touchpoints and engage more viewers, globally.

”

- Sonica Bajaj
Partner, Technology
Media and Telecom

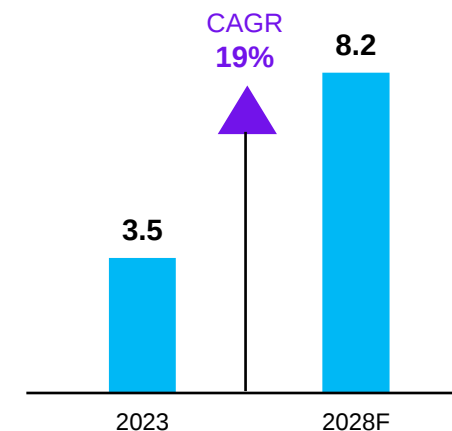
Digitally influenced opportunity

From USD 3.5 Bn in 2023 to USD 8.2 Bn by 2028 across films, digital content and online gaming



Overseas revenues from a) Films, b) Digital content streaming through OTTs and c) Online gaming, are the focus categories for digitally influenced export, under M&E sector

Digitally influenced export opportunity (USD Bn)



Source: KPMG in India analysis

1 - Media and Entertainment Industry Report, IBEF.org, May 2024

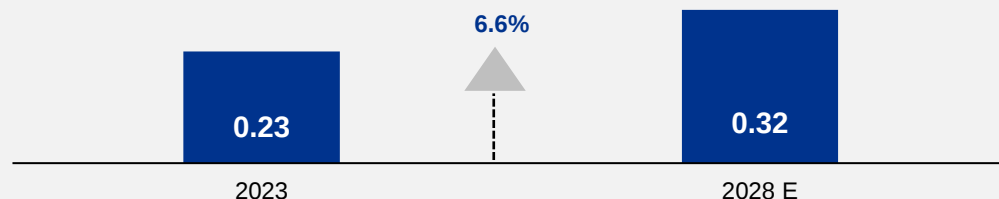
Overseas theatricals

3

Indian films expand foreign footprint post pandemic slump

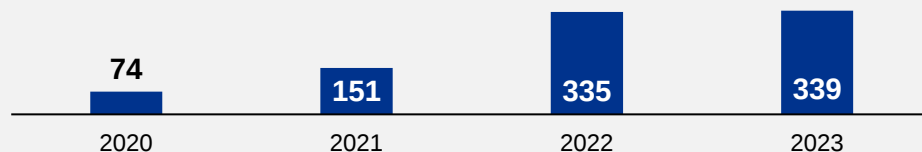
Indian films' gross overseas box office collection amounted to USD 230 million, growing almost 19% over 2022 and expected to reach 320 million by 2028²

Overseas theatrical revenue (USD Bn)



339 Indian films released in foreign markets in 2023 compared to just 74 in 2020. Lesser films released directly on OTT apps as audiences returned to theaters³

No. of Indian films released outside India



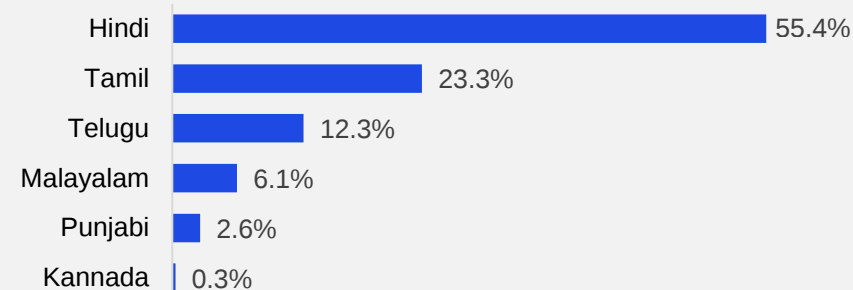
Indian diaspora is the key demographic for film content consumption⁴

- The Indian diaspora has high affinity towards Indian movies, especially big banner films which cast established names
- Besides traditionally strong markets like **U.K., U.S. and U.A.E, France, Germany and Japan** are coming up as potential markets



Hindi, Tamil and Telugu movies lead overseas theatrical collections followed by Malayalam, Punjabi and Kannada movies⁵.

Overseas collections estimated split by language (2023)



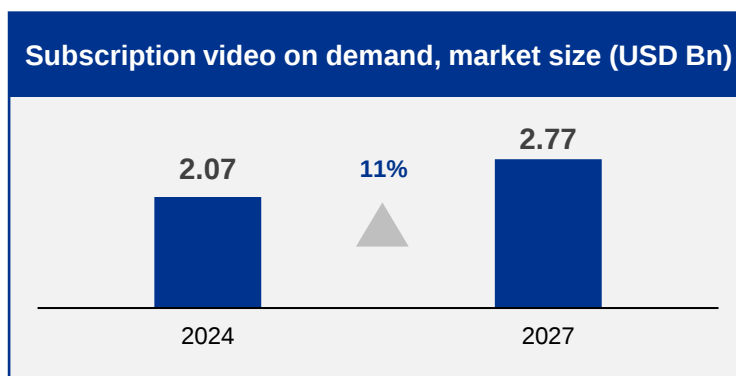
2 - Revenue of the film industry in India in 2023 by source, Statista, Apr 2024; 3 - Overseas releases of Indian films, Statista, Apr 2024

4 - Indian mega hit movies make inroads into overseas markets | Mint (livemint.com), Jun 2023 ; 5 - KPMG in India analysis based on top 87 movies with overall gross collections greater than USD 2.4 Mn

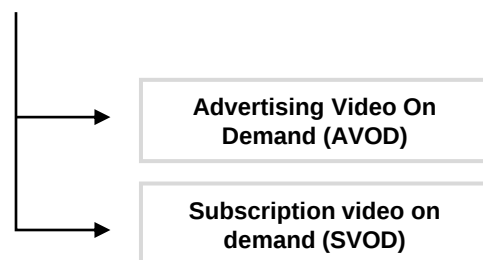
Video streaming

Captivating audiences worldwide with immersive storylines

Video streaming market in India is estimated to reach USD 6 Bn by 2027⁶, with a focus on SVOD



- Digital content has experienced significant growth over the past five years and is anticipated to surpass television soon
- Video is the primary revenue driver within digital content. The distribution channels for video, particularly over-the-top (OTT) streaming platforms, **predominantly operate under two revenue models⁶** -

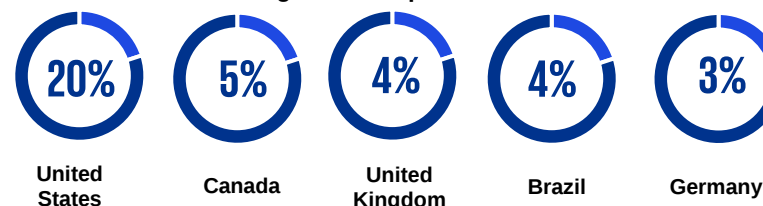


For Indian OTT platforms, 87% of the web traffic is from within India, while 13% is from overseas⁷



- Overseas traffic is led by neighbouring countries and the U.S.
- By July 2023, **revenue for Indian OTT platforms from overseas users grew 194%** and **no of transactions grew by 361%** over the last two years⁸

Share of traffic from foreign geographies on the Indian domain of global OTT platforms⁷



Global consumers are willing to spend ~ 15-50 USD monthly for SVOD

1. Popular subscription pack range in India⁹

3.6 – 6 USD	Preferred by 24% of consumers
6 – 24 USD	Preferred by 50% of consumers

2. Popular subscription pack range across key geographies⁹

Below 15 USD	Preferred by 47% of consumers in US
25 – 100 USD	Preferred by 40% of Canadians
Below 15 Pounds	Preferred by 55% of consumers in UK
Below 50 USD	Preferred by 54% of consumers in Brazil
Below 10 Euros	Preferred by 54% of consumers in Germany

6 - Video-on-Demand, Digital Media, Statista, 2023, 7 - KPMG in India analysis based on data from similarweb.com

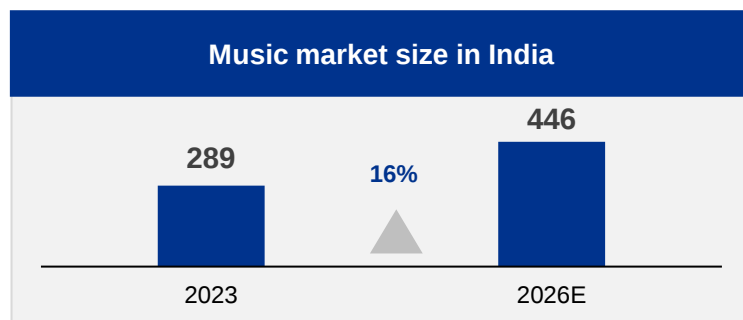
8 - From India to the world - Razorpay, July 2023; 9 - State of Mobile 2024, Sensor Tower

Audio streaming

5

Reaching global earpieces with digital beats

Music market size in India currently stands at USD 289 Mn and is expected to reach 448 Mn by 2026¹⁰



- 87% of music industry revenues are earned through digital means¹², primarily led by advertising revenues
- In 2023, approximately one million music streams were played every three minutes¹⁰
- Non-music format products, such as podcasts, news, and audiobooks are bringing in 40+ aged customers to the platforms.

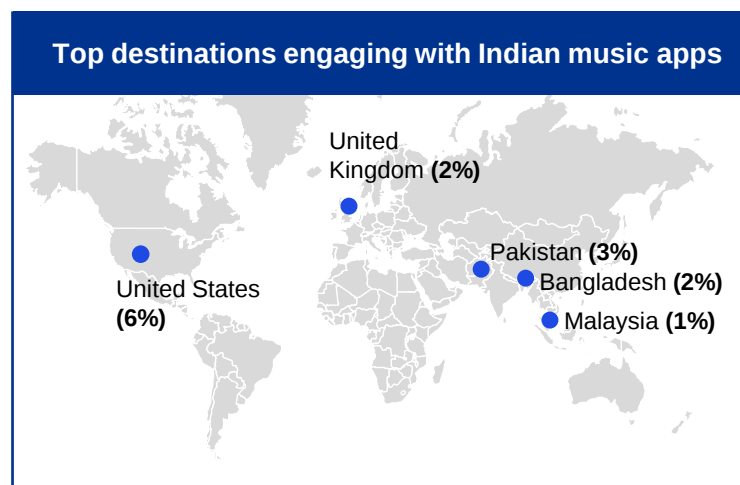
Key Trends - Indian audio OTT market

Highly competitive market with more than 15 audio streaming providers

Within regional content, Punjabi music is witnessing a surge

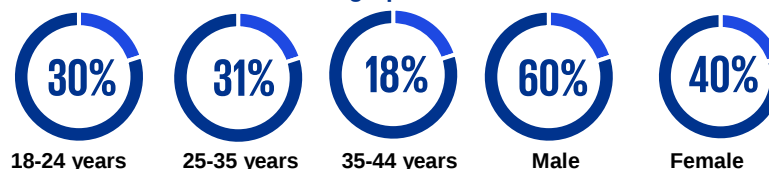
Telecom players are licensing music and streaming on their platforms

The United States has the most listeners for Indian music content¹¹ outside India



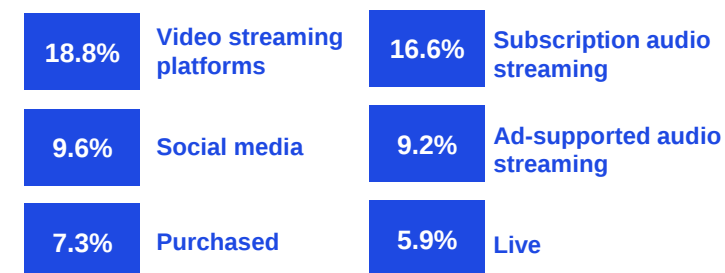
- Only 14% of the website traffic is coming from foreign locations¹¹
- 72% of the mobile and desktop traffic is coming on the music streaming platforms through online searches¹¹

Demographics¹¹

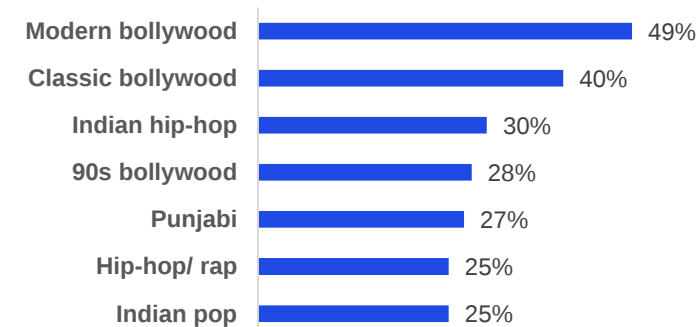


Consumers prefer listening to music on various online platforms, with Bollywood genre leading the charts

1. Preferred channel for listening to music¹²



2. Trends across music streaming in India¹²



¹⁰ Media and Entertainment Industry Report, IBEF.org, May 2024; ¹¹ – KPMG in India analysis based on data from similarweb.com

¹² - Music Industry in India, Statista, 2023

India's rapid growth powered by mobile gaming at the forefront

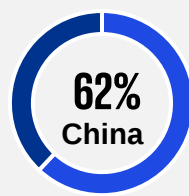
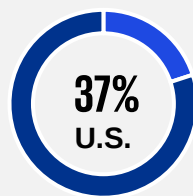
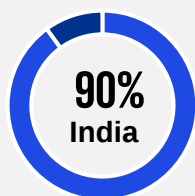
China, U.S. and Japan are the top online gaming markets worldwide with India amongst the fastest growing markets¹³

Country Online games market USD Bn (2023)

China	82.06
United States	68.27
Japan	25.84
South Korea	8.71
United Kingdom	7.94
Canada	3.50
France	3.45
Brazil	2.23
Italy	2.16
Spain	1.43
Indonesia	1.12
Philippines	1.94
Turkey	0.88
Saudi Arabia	0.90
UAE	0.39

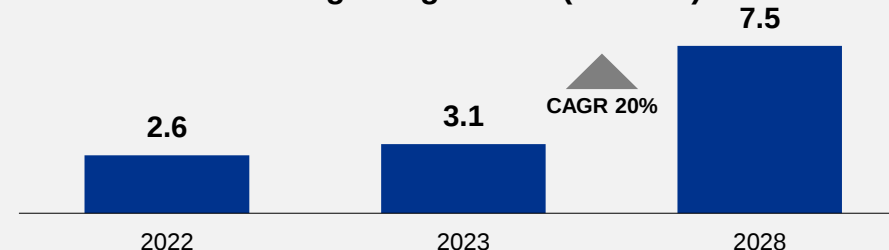
India online gaming market size in 2023¹⁴
3.1 Bn USD

Mobile gaming constitutes 90% of Indian online gaming market compared to 37% in the U.S. and 62% in China¹⁵



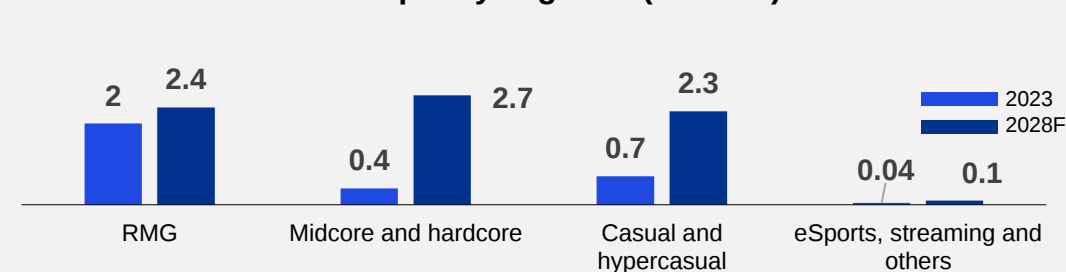
The Indian gaming market is projected to reach USD 7.5 Bn by 2028. Real Money Gaming (RMG) has been the highest contributor to gaming till now¹⁴

India online gaming market (USD Bn)



- In 2023, RMG contributed almost 64% of the online gaming revenue in India
- Apart from RMG, overall growth is expected in the casual and hyper-casual segments in India

Revenue split by segment (USD Bn)



13 - Digital video game revenue in selected global markets in 2023, Statista – Aug 2024, 14 – Leveling up: State of India Gaming FY'23, Lumikai in collaboration with Google, October 2023

15 - India's gaming industry powers up, Economic Times, March 2024

Hyper-Casual downloads surge, while RPG leads in-app purchases

Top genres for mobile game downloads - worldwide in 2023¹⁶

- Within mobile games, most downloaded games are from the **hyper-casual, simulation and action genres**
- Match, puzzle and tabletop genres witnessed year on year growth in 2023
- Games with high downloads and active users can be better monetized across markets globally.

Genre	Total downloads (Bn)	Downloads (YoY%)	IAP (YoY%)	Share of all downloads	Share of all IAP spends
Hyper-casual	16.4	-7.5%	52.9%	28%	0.5%
Simulation	10.5	0.7%	-5.3%	18%	9.5%
Action	5.5	-12.1%	-10.3%	9%	5.8%
Kids	4.3	0.1%	10.8%	7%	0.7%
Puzzle	3.1	4.9%	1.8%	5%	1.6%
Match	3.1	6.7%	16.3%	5%	12.6%
Racing	2.6	-1.4%	-7.4%	4%	0.8%
Tabletop	2.5	5.7%	4.8%	4%	2.0%

Top genres for in-app purchases – worldwide in 2023¹⁶

- In – app purchases forms one of the biggest components of gaming revenue
- **Role play games (RPG), strategy and match** are the top three genres in in-app purchases (IAP) accounting **for over 55% of** all in-app purchases
- IAP grew over 50% for hyper-casual games in 2023 over 2022.

Genre	Total downloads (Bn)	Downloads (YoY%)	IAP (YoY%)	Share of all downloads	Share of all IAP spends	In – app purchases (USD Bn)
RPG	16.4	19.7%	-3.8%	3.0%	30.0%	24.5
Strategy	10.5	2.2%	-11.7%	2.0%	13.0%	10.7
Match	3.1	6.7%	16.3%	5.0%	12.6%	10.2
Casino	4.3	-1.5%	-0.1%	3.0%	10.0%	8.3
Simulation	10.5	0.7%	-5.3%	18.0%	9.5%	7.7
Action	3.1	-12.1%	-10.3%	9.0%	6.0%	4.7
Shooting	2.6	-6.0%	-21.3%	4.0%	5.0%	3.8
Party	2.5	6.7%	84.4%	2.0%	4.0%	3.3

16 - State of Mobile gaming – 2024, Data.ai – May 2024

Indian gaming goes global

Simple, immersive, social!

Top foreign markets for Indian gaming companies¹⁷

- Top countries are based on analysis of 150+ games from 20 Indian online game publishers across different app distribution platforms



17 - KPMG in India analysis based on data sourced from SensorTower, Jun 2024



Indian online games reaching audiences across all continents

- Mature markets like **U.S. and U.K. have been the traditional target** markets for gaming entertainment
- More recently, **Brazil, Middle East and South-East Asia** are emerging as key overseas markets for Indian gaming companies
- As game design and quality improves, Indian games are gaining traction from countries like **Spain, Belgium, Cambodia, Thailand, Kuwait and Qatar** amongst a host of other countries.



Drivers of international expansion and adoption

- Expansion to foreign markets has been accelerated by quick **adoption of mobile games** that are **easy to understand and play**
- **Social interaction** with other game players is also one of the **key reasons for sustained usage** along with rewards based on continuity and frequency of playing.
- **Rapid prototyping and testing** for commercial viability is essential for Indian gaming companies to establish themselves in foreign markets. Successful games can eventually be scaled up for monetization.

Digital influence

Simplifying interactions at each stage of user journey

Awareness



Online gamers become aware of new games that they can experience and play

Leading channels for game discovery¹⁸ (percentage of respondents*)

64%	Online video platforms
35-38%	Across major social media platforms individually
34%	Word of Mouth
32%	Online ads
29%	TV
29%	Online store promotions
23%	Online review sites

Interest



Users actively gather more information about the available options

Leading channels for information¹⁸ (percentage of respondents)

28%	User reviews
22%	Influencer/celebrity endorsement
14%	Review by critic or journalist
• Gamers look for various factors while they look for information related to games • User reviews are critical for online gamers as they provide a first-hand experience of having played the game and unbiased feedback about the gameplay • Gaming influencers' reviews of games find high acceptance among their followers	

Consideration



After gathering information, gamers consider several factors as they make up their minds

Leading sources for purchase consideration¹⁸ (percentage of respondents)

40%	The game is from a franchise I enjoy
30%	Game part of existing subscription service
25%	From a developer I respect
18%	Exclusive content or early access
17%	Promotional offer or discount
• Familiarity and trust are most important parameters to spend money on online games • Other factors include cost, existing subscriptions or promos and discounts.	

Purchase



Buying/downloading online games and making in-app purchases

Downloads and purchase¹⁶

1Bn+	Average monthly downloads for mobile games in the year 2023
>USD 1.4 Bn	Average monthly spend on mobile games in 2023
28%	Hyper-casual games were the most down-loaded games in 2023
30%	Of all IAP spends, RPG genre had the highest percent of In-app purchases
• Mobile game downloads are majorly driven through the app-stores on different devices • While the number of downloads was highest in the hyper-casual segment, most revenue was generated through in-app purchases in the RPG segment.	

* Respondents from the U.S. market

18 - How gamers discover what to play in 2024, Big Games Machine, May 2024

Way forward

10

Crafting engaging experiences to captivate global audiences

- Monetisation over the coming years will be driven by In app purchases and ad revenues¹⁴

Monetisation source	FY23 (USD Bn)	FY28E (USD Bn)	CAGR 23-28
Ads	0.6	1.7	23%
In-app purchases	0.5	3.3	46%
Real money gaming	2.0	2.4	5%
Gifting, virtual tipping, game pass purchases etc.	0.04	0.1	25%

In the next five years, the Indian gaming market is expected to **continue its growth trajectory through in- app purchases and advertisements** as casual and mid-core games gain market size

Future growth avenues

Global penetration of Indian games to have a higher contribution to revenue as developers, publishers and streaming platforms look to expand in **foreign markets**.

Create from India for the world

- Currently, only one game out of the top 10 highest¹⁹ revenue-generating games in India is built by an Indian studio**, which signifies huge scope for Indian studios to create world class games
- Indian game developers can utilise the rich cultural heritage and history and bring larger than life characters to life. This will be crucial to establish the identity of Indian games worldwide.

Mobile gaming to fuel growth

- Global mobile gaming segment** is currently close to **USD 100 Bn** and projected to grow at **10.39% over the next 5-6 years²⁰**
- Mobile gaming is growing exponentially due to gameplay experience and high-quality graphics comparable to console games
- Smartphones and internet penetration increase in markets like SE Asia, Latin America and Africa** will significantly benefit mobile gaming.

Higher ARPU user acquisition and retention

- U.S., U.K., France, Germany, Singapore, Thailand, Indonesia, South Korea, Brazil, Argentina, Mexico, Saudi Arabia, UAE, and Turkey** are amongst **the top markets for consumer spend on mobile gaming²¹**
- Acquisition and retention of **higher ARPU customers** will be a key driver of revenues for Indian gaming companies from countries across the globe.

Government policies and initiatives

- During budget 2022, the government announced the establishment of an Animation, Visual Effects, Gaming, and Comics (**AVGC**) **taskforce** to create world class Indian products for both domestic and export purposes
- E-sports was recognised as a multi-sport event in December 2022, which is a major boost to online gaming in India
- The Ministry of Electronics and Information Technology (MEITY) was appointed the nodal ministry for online gaming, to work with the industry and create a regulatory framework for the industry, which is balanced for the industry, investors and consumers.

Investments made in the online gaming industry

- The Indian online gaming industry has seen investments from leading PE And VC firms, adding up to an estimated value of USD 2.8 Bn²² from both domestic and foreign sources between 2020 and 2024
- Other strategic investors **include incubator programs to support emerging developers and gaming studios** with funding and know-how.

19 - How India's rising gaming ecosystem is bringing investment opportunities, The Economic Times – March 2024; 20 - Mobile Gaming Market Size & Share Analysis - Growth Trends & Forecasts (2024 - 2029), Mordor Intelligence, May 2024

21 - State of Mobile Gaming 2024– Data.ai, accessed May 2024; 22 - Powerplay: A regulatory guide for Indian gaming companies, Treelife – March 2024

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08

The India Export Advantage

Upcoming sectors



The Indian export advantage

Upcoming sectors

While travel, retail, software, real estate, and media and entertainment remain the primary areas of emphasis, emerging export categories offer significant opportunities for future growth. These sectors, driven by innovative products and services, meet the evolving demands of global markets. As traditional sectors mature, these new areas are poised to drive export growth. Leveraging digital channels, these sectors can effectively reach international markets, highlighting their unique value propositions and competitive advantages.

1

Medical Tourism

in India, delivering world-class yet affordable healthcare to international patients

2

Auto parts

aftermarket segment to drive exports in the U.S. and Europe

3

Lab grown diamonds

exports to grow at 15% for 2023-28

4

Ed-tech

Near term consolidation but overall outlook promising for 2023-28

Medical Tourism

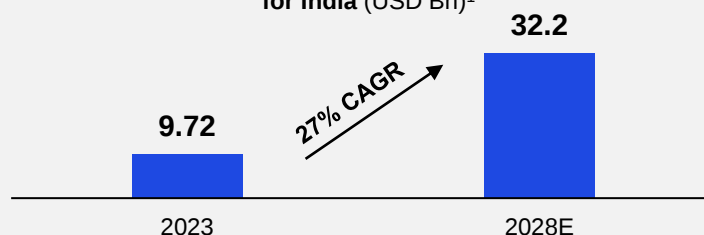
in India, delivering world-class yet affordable healthcare to international patients

Market overview

India has emerged as a prominent player in both medical and wellness tourism, boasting high-quality healthcare facilities, affordable treatment options, and diverse wellness offerings.

India ranks 10th in the Medical Tourism Index and 5th in wellness tourism destinations across the Asia-Pacific region¹

Medical tourism market size and growth forecast for India (USD Bn)¹



Factors attracting foreign patients to India

- Affordability
- Shorter waiting periods for critical treatments vs several developed nations
- Comparable healthcare facilities and world-renowned professionals.

Supply and demand



Delhi and Mumbai are the primary hubs with majority patient arrivals.

657 Indian hospitals accredited by NABH¹

39 Indian hospitals accredited by JCI¹

166 Countries eligible for Indian E-Medical visa¹

Services offered by Medical Tourism Facilitators (MTF)

Consultancy	Initial assessment	Price estimation	Visa invite
Accommodation	Language support	Tourism	

69% of the incoming patients are coming from Bangladesh²



Opportunity potential

- The primary channel for inquiry and appointment booking is online through a web form
- ~60% of the patients **prefer digital platforms** for initial consultation and bookings followed by a connect on the phone and initial consultancy³
- Medical Tourism Facilitators (MTF) focus their marketing efforts mostly on performance-based campaigns vs brand-building. These efforts contribute to a hospital's indirect channel of sale.

~15-30% of the Hospital's leads from foreign patients are contributed by MTFs⁴

~30-40% of leads are coming from word-of-mouth referrals⁴

~15% from paid advertising channels²

Rest of the leads are gained through other non-promotional channels and web-forms

“To capitalize on India's expanding medical tourism sector, it is imperative for industry stakeholders to utilize online platforms and digital tools. This strategy can effectively draw the attention of patients by highlighting India's affordable, world-class healthcare services”

- Devika Deshpande
Director, Technology Media and Telecom

1 - Medical Tourism in India 2023, Netscribes, EMIS, February 2023

2 - KPMG in India Analysis (assessed through SimilarWeb data)

3 - Digital Healthcare Market in India 2022-2027, Netscribes, EMIS, December 2022

4 - Primary research

Note: Accreditation Board for Hospitals and Healthcare Providers (NABH); JCI - Joint Commission International

Auto parts

2

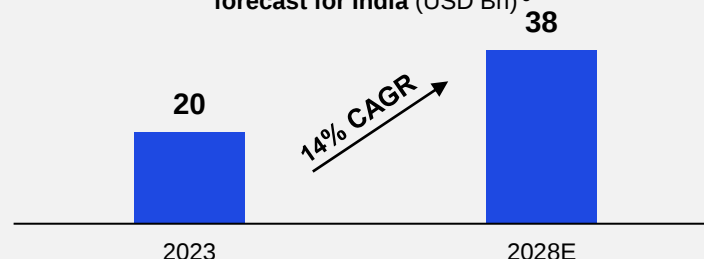
aftermarket segment to drive exports in the U.S. and Europe

Market overview

The auto component sector has grown consistently over the past 5 years. The industry currently stands at USD 70 Bn with ~66% contribution from component sales to OEMs⁵

The Auto component export reached a surplus of USD 700 Mn in FY22, contributing 22% share to the total industry turnover⁶

Auto component export revenue and growth forecast for India (USD Bn)⁵



Factors driving export revenue growth

With a huge pool of skilled workers and the cost advantage offered by locally sourced raw materials, India has been the sourcing hub for the ASEAN region.

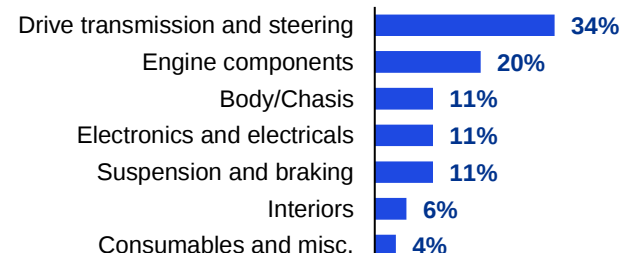
India also has manufacturing costs 10-25% lower than Europe and Latin America⁷

Supply and demand

OEMs in India are setting up component manufacturing units with the focus on becoming the sourcing hub for Asia-Pacific India has a strong position in exporting shafts, fasteners, and bearings

OEMs are extending existing lines and establishing EV manufacturing units, majorly in Rajasthan and Gujarat. Electronic component manufacturing is focused on the Tamil Nadu area.

Top component exported from India (% share)⁵



33% of the demand is coming equally from America and Europe⁷



Opportunity potential

The export value of Auto components for the first 2 quarters of FY24 were estimated at USD 10 Bn⁵

Key customer segments for exports across destination countries would be the Tier I and II dealers in the Aftermarket. The United States is the top destination with over 0.25 Mn car repair dealerships. 48% of the U.S. franchisees are focused on used car maintenance and repair.⁸

32% of the customers in the U.S. buy Auto spare parts online⁹

23% of the customers in Europe buy Auto spare parts online⁹

30-40% of the EV buyers in Europe prefer purchasing online for at-home delivery⁹

26% of the customers in Europe prefer dealers with both online/offline retailers⁹

Online sales for auto components have been gaining traction in India, especially for catalog products such as wipers, lighting, gear, suspension, etc. Leading E-commerce brands are now established strategic tie-ups with top aftermarket brands opening the path for cross-border e-commerce.

5 - Auto Component Industry Report FY22-23, AMCA, Press Conference, August 2023

6 - Automotive Component Manufacturers Association of India, Press release, August 2023

7 - Auto Component Industry Report, IBEF.org, May 2024

8 - Auto Dealers in the United States, Statista Industries & Markets, 2022

9 - Online Car Sales Worldwide, Statista, 2022

Lab-grown diamonds

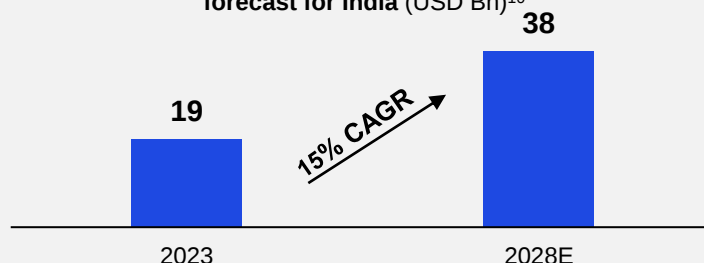
Exports to grow at 15% for 2023-28

Market overview

India produced close to 3 Mn lab-grown Diamonds in FY23. India mainly exports CVD (Chemical Vapor Deposition) diamonds and diamond-set jewelry using HPHT (High Pressure and High Temperature) and CVD diamonds¹⁰

In 2023, the government of India also eliminated the 5% tax on diamond seed imports to promote the export of Lab-grown Diamonds¹⁰

Lab grown diamond export revenue and growth forecast for India (USD Bn)¹⁰



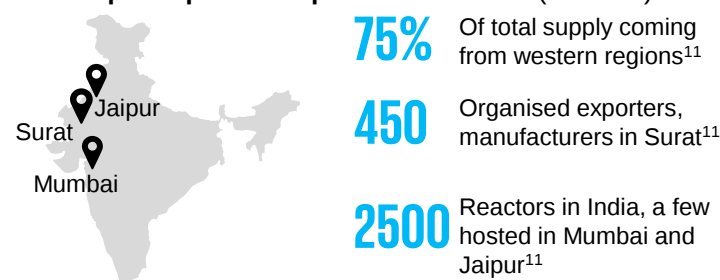
Factors driving export revenue growth

Despite being an asset-heavy business, production efforts in lab-grown diamonds can easily translate into revenue. With the limited supply of natural diamonds and indistinguishable characteristics of lab-grown diamonds, exponential adoption is foreseeable

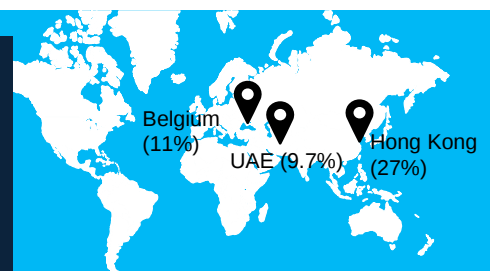
Supply and demand

- Lab-grown diamonds are expected to take over 10% of the Diamond market share by 2030, worldwide¹¹
- Global production currently stands at 7-8 Mn carats with ~50% of the contribution coming from China and 25% from India¹¹
- In India, smaller diamonds, less than 2 carats are expected to see faster growth in the CVD segment with sustained popularity of coloured diamonds, at the category level.

Top component exported from India (% share)



30% of the diamond exports are going to the United States¹⁰



Opportunity potential

- Diamonds serve as the raw material for jewelers
- Taking into consideration the high average procurement value, and product quality checks by authorised institutions, the channel of sale will be primarily B2B
- Advertising, however, will play a key role in establishing brand awareness and credentials in the market before influencing sales

22% of the revenue in the jewelry market, worldwide, are coming from online sale¹²

Luxury watches are an upcoming segment with **1.9X** the market size of Luxury jewelry¹²

The global online Jewelry market size is expected to reach **USD 117 Bn** by FY27¹²

7% of the specialty jewelers in US opt for lab-grown diamonds¹²

There has been a significant increase in marketing from International jewelry brands in India. The affluent class in India is currently exercising their aspirations of owning luxury accessories which makes it one of the most favourable selling grounds for global jewelry brands.

¹⁰ - IBEF.org, FY23 export data

¹¹ - Lab-grown Diamond Industry, Statista Insights & Markets, 2022

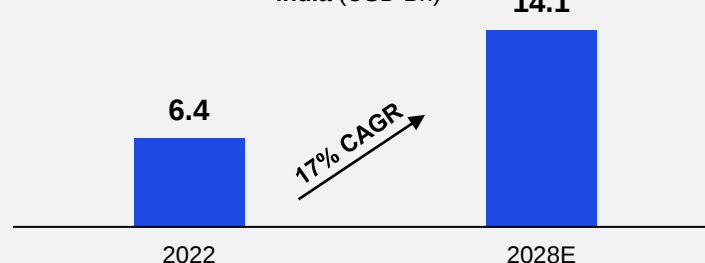
¹² - Jewelry Market Worldwide, Statista Insights & Markets, 2023

Near term consolidation but overall outlook promising for 2023-28

Market overview

India occupies a significant position in the global education sector. With over 260 million students enrolled in more than 1.5 million schools and around 50,000 colleges, it boasts one of the most extensive networks of higher education institutions worldwide, largely driven by private enterprises¹³

Ed-Tech market size and growth forecast for India (USD Bn)¹⁴



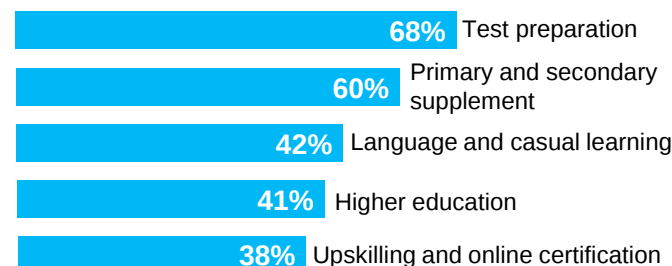
Factors contributing to the growth of the sector

- High internet penetration
- National Education Policy 2020
- Increasing online content consumption
- Young employable population
- Increased demand for skilled professionals

Supply and demand

- Ed-tech in India took off in primary and secondary education as a learning enabler along with regular schooling.
- Additionally, E-learning platforms witnessed 51% Y-o-Y increase in sales from international markets in 2023¹⁵

Major segment across Indian education and growth over the past 5 years¹⁶



Indian ed-tech startups witnessed 36% increase in demand globally¹⁵



Opportunity potential

- Ed-tech sits entirely on online channels. All the touch points across the customer journey have the potential to be influenced digitally
- Most important stage for foreign market entry is brand discovery
- Ed-tech brands need to score right on faculty credentials, student testimonials, and most importantly the range and value of courses offered, to even come under the student's consideration set.

During discovery of a course¹⁷

53% of the respondents discover course via digital advertisements

26% discover courses via online searches

Post-discovery research¹⁷

39% of the respondents' head to social media

32% check out brand websites

2 of the 5 Unicorns in India have now ventured out of their core verticals for a share of the study-abroad market. A few are leveraging an ongoing stream of students across various verticals for market entry while others are establishing relationships with prestigious universities abroad. With the Interim Budget of 2024-25 is planning to contribute USD 8.75 Bn for the Department of School Education and Literacy alone, the sector is set to soar¹⁸

13 - Education Industry Analysis, IBEF.org, May 2024

14 - Indian EdTech Market Summary – Competitive Analysis and Forecast to 2028, Global data, Feb 2024

15 - Razorpay: India's e-learning renaissance report, based on transactions between April 2021 and July 2023

16 - The Rise of Online Education in India: Key Strategies Indian EdTech Must Employ to Meet the Growing Demand, 2020

17 - Ed-Tech Industry in India, By Market Research & Consumer Insights Division Social Beat, 2022; 18 – Ministry of Education, Highlights of Budget 2024-25

Glossary

Category	Merchandise and services included under each sector
Cross-border consumers	Consumers purchasing merchandise/services from other countries outside their native country
Destination countries	Countries importing merchandise and services from India
Digital channel	Channel of acquisition or purchase of the category is done via digital channels, irrespective of the delivery channel
Digital export	Revenue generated when the merchandise is purchased digitally, or service is delivered digitally for export purposes
Digital trade	Revenue generated when the merchandise is purchased digitally, or service is delivered digitally, for export and import purposes
Digitally influenced opportunity	Revenue projected to be generated via digital marketing channels in FY28
Digitally influenced revenue	Revenue directly generated via digital marketing channels (in FY23)
Emerging destination	Countries that show a high potential to become a significant destination country for a particular segment
Export revenue	Trade value of exports in USD
Exporters	Businesses selling their products or services in foreign countries.
Medical Tourism	Tourism involving consumers travelling to other countries to avail medical procedures and services
Medical Tourism Facilitators	The intermediaries bridging the communication between Hospitals/clinics and the end-consumer
Merchandise	Physical goods and commodities being exported from India
Online search	Includes queries across various search engines, marketplaces, and/or other website searches unless otherwise specified or indicated in the data tables
Route to customer	Different channels through which the merchandise/services change hand before finally reaching to the customer
Traditional channel	Channel of acquisition or purchase of the category is done via digital channels, irrespective of the delivery channel
Users	End users purchasing the merchandise and services from the exporters

Acknowledgements

Content contributors

- Dipayan Ghosh
- Devika Deshpande
- Rajat Anand
- Pooja Singh Khuswaha
- Arjuna Gomatam
- Utsav Singla

SME contributors

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- Vijay Chawla
- Nikhil Patil
- Puneet Mansukhani
- Nikhil Sethi
- Girish Nair
- Rishi Khanna
- Vibhor Gauba
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