



VOICE

THE BRIDGE TO BHARAT

WHITEPAPER



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# Executive Summary

The Covid19 pandemic influenced economies across the globe and created major shifts in the availability of labour, money and goods & services for a majority of the population across India as well. Severe disruptions have been witnessed in this duration – due to closed borders, lockdown, breakdown of transportation & delivery networks both at national/local levels in urban areas. Tier-2,3 India had millions of people using smartphones for primarily entertainment and communication purposes. These people turned to Ecommerce when the pandemic hit their services & supply.

The crippled consumption from most urban areas was compensated to a great extent by the sudden rise of eCommerce transactions from the non-urban regions. Businesses quickly realized that a significant share of their earnings was actually coming from these regions where the consumers had woken up to the benefits of online commerce – for both buying and selling. As Ecommerce brands explored ways to enable diverse segments of consumers in tier-2, 3 regions of India, they realized that English-centric Apps with a focus on touch UI is a barrier for most smartphone users in these regions. For them typing is a challenge, lack of English literacy is a constraint and figuring out the regular touch user interfaces is intimidating.

That is when major Ecommerce brands in retail, travel, healthcare and financial services realized that voice and vernacular are the biggest drivers to onboard these consumers. Major Ecommerce brands have set up dedicated teams to understand the unique needs of this market to win over nearly 500 million consumers who will be the biggest market for these brands in the next decade – and that is almost twice the population of a country like the USA that is waiting to do business online!

Among all the technological and operational levers available for Ecommerce brands, Voice (with a Vernacular edge) has emerged as the most powerful driver that solves multiple unique challenges for this huge market. 9 out of 10 new users are likely to be local language users and are new to Ecommerce and have to pay the ‘English Tax’ to use these apps.. A multilingual Voice Assistant becomes a mandatory feature in every Ecommerce App that wants to win the decade.

But, are Ecommerce brands ready to win the Voice & Vernacular game?

## Abstract

Indian Ecommerce consumers are not just from the Tier 1 cities anymore. A population the size of the USA is ready to ride the Ecommerce train. They are best served by the Voice & Vernacular.

Are the Ecommerce brands ready for this paradigm shift?

“

Microsoft has seen two years of digital transformation in just two months... ”

– Satya Nadella

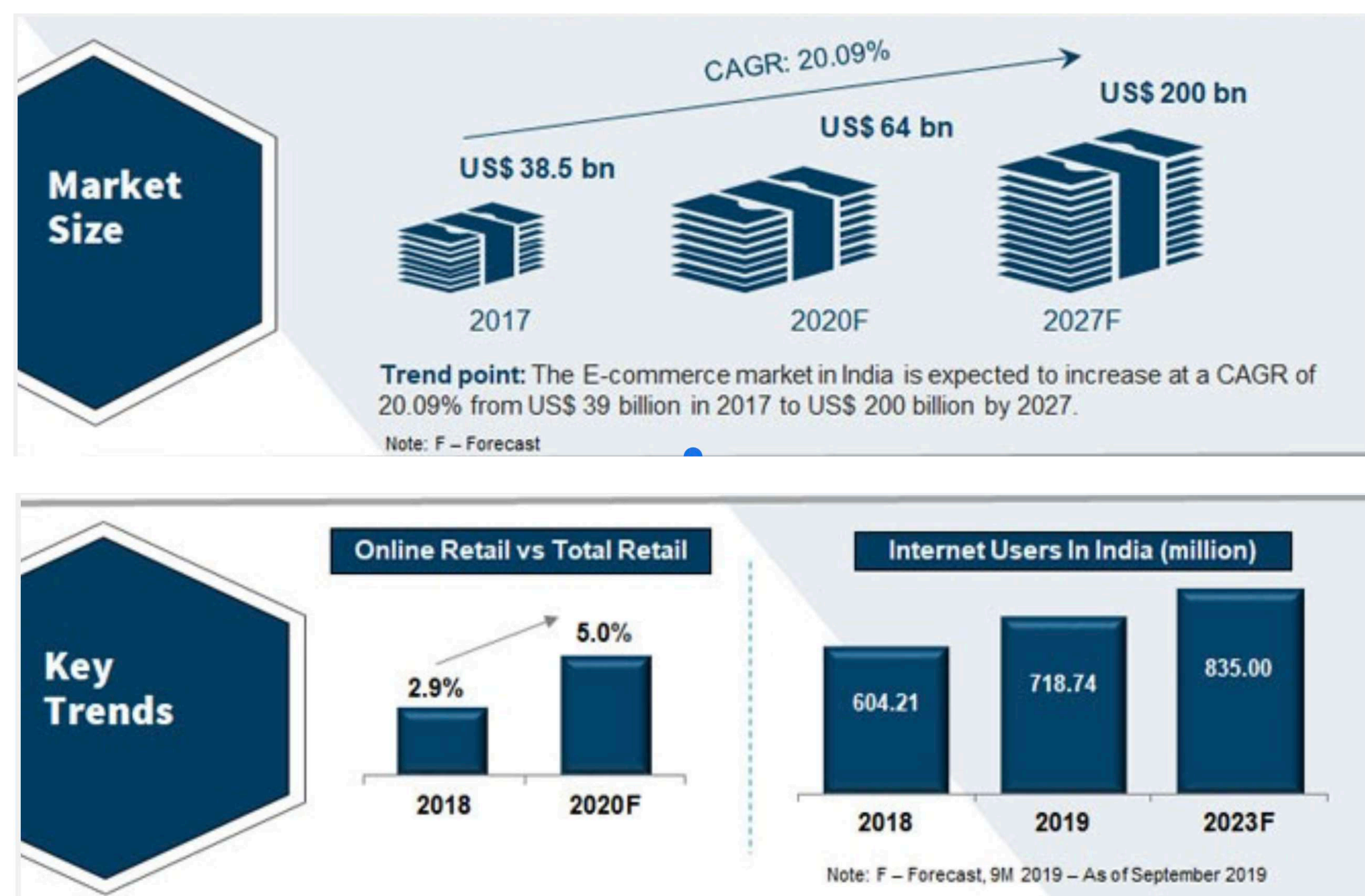


# Introduction

No whitepaper in 2020 can start without mentioning the once-in-a-century black swan event – the CoVid19 pandemic. The Indian government enforced one of the most stringent lockdowns witnessed anywhere in the world. Goods movement stopped. Retail was choked. Deliveries got affected. The world, as we know, changed for us – and with it, the state of Ecommerce in India was altered significantly for the players.

## State of Ecommerce in India

Ecommerce in India has grown at an annual rate of 20% p.a. over the past 3 years.



Ecommerce comprises less than 5% of the retail market in India. The primary driver of Ecommerce in the past has been the deals and discounts that marketplaces offered, especially during the well-advertised sale days closer to the key spending seasons. This was further amplified by the explosion of mobile device sales across India and the entry of a variety of mobile device brands to India. Year-on-year mobile sales grew rapidly to reach a vast base of 500 million people.

The Tier-2,3 population, regional language speakers and migrant workers typically used these devices for communicating with family and friends on whatsapp and calls and watching videos on YouTube, cricket on hotstar & short videos on Tiktok.

Those in cities were exposed to the other benefits of mobile such as online shopping and banking. They realized that they can order products for their homes at cheaper prices, from the convenience of their phones, or book a train to go back home or find information about nearby places to visit before heading elsewhere. At the same time, Tier-2,3 region merchants, producers, farmers, craftsmen and artisans realized that there is a huge opportunity to sell to a much larger market outside their hometowns.



# Impact of Covid on India

Three seminal changes happened during the Covid19 lock-down in India:

- \* Bounce-back of the local kirana stores as the mainstay of essentials supply
- \* Millions of workers moved back to their hometowns from cities
- \* App-based Payments & Delivery Services became vital

## Kirana Stores – the guys who fed us in a pandemic!

While the mobile app-based Etailers' razzmatazz in marketing and discounting had captured the imagination of the urban consumer for the past 5 years, the intense pressure on delivery services and goods movement actually showed up the chinks in the armour of billion dollar giants of retail.

At such a time, the saviour for urban areas came from the neighbourhood stores who managed to procure goods and deliver them home despite the pandemic precautions in place. Millions of people who had erstwhile gone online for a few rupees less, now realized the importance of the store.

Most importantly, Etailers realized that the last mile delivery can actually happen from the nearby stores and not always from a warehouse or distribution center! With this realization came the idea of onboarding such partners for delivering services – but there was one challenge. These were not the online, digital, App savvy folks. They spoke regional languages, preferred trusted relationships and dealt in cash! The Ecommerce players had to reinvent themselves to get such partners on board. How?

## The return of the migrant workers!

The abrupt announcement of the lockdown by the Government of India caused a lot of migrant workers to go back to live under their own roof in their villages. They knew that coming back to work may not happen anytime soon and that they will have to find new means to earn a livelihood, which could be by trade or services online. They had learnt about ecommerce and online banking and more in the cities, which they took back to their villages and families who also adapted to online trade and banking for necessities or just for the excitement of doing something new!

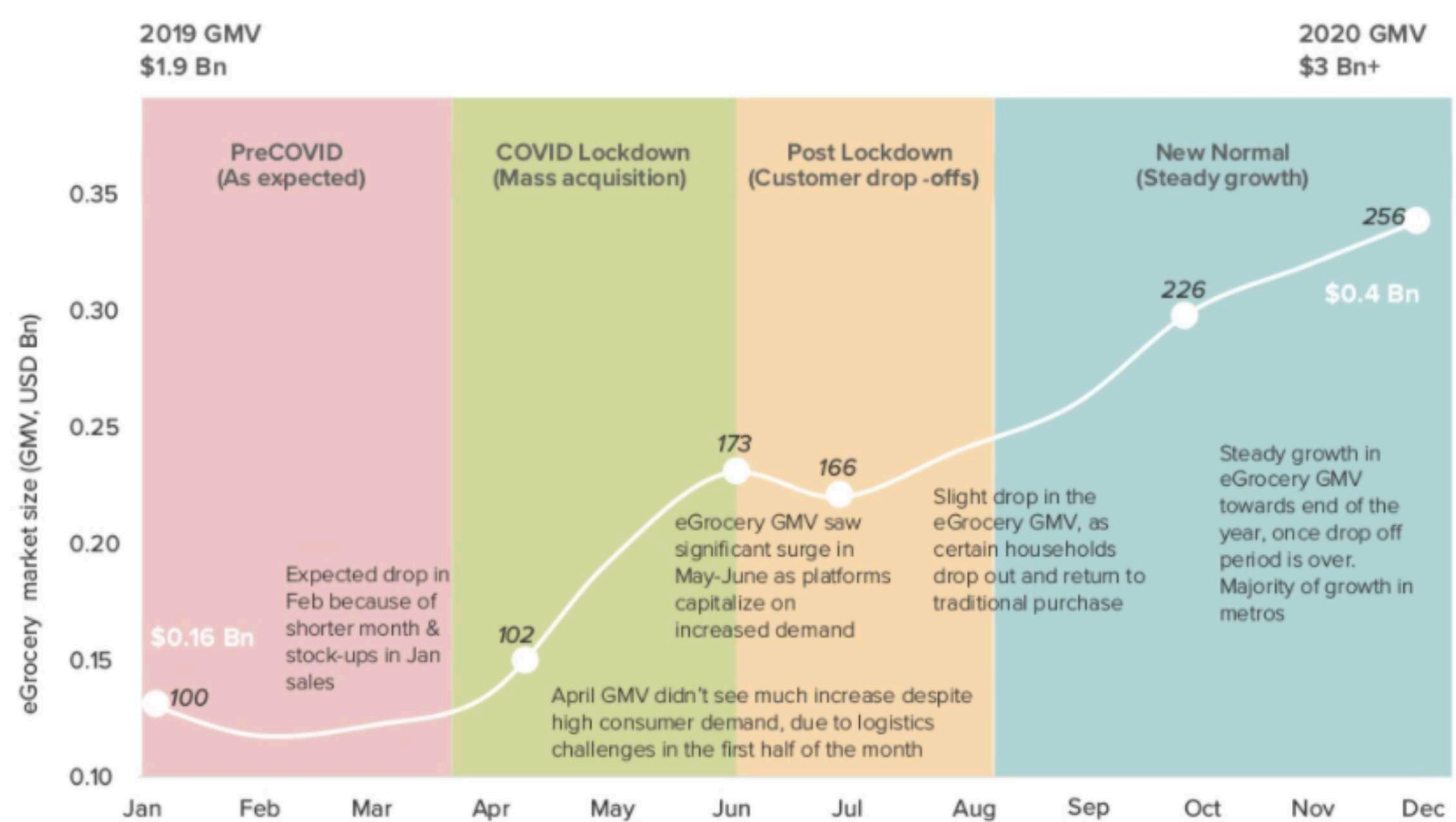
## Social Distancing and Business Transactions?

Social distancing, sanitizer usage and remote transactions became the need of the hour in the times of the pandemic, as there was no alternative or cure for it. So, it became a business necessity and legal requirement to maintain such precautions in the usual business transactions.



That led to the rise of online ordering, contact-less deliveries and digital payments – more like avoiding cash touched by others. This forced a lot of people even in the urban areas also to adapt to this shifting shopping environment – whether they wanted to or not. Many older people, the non-digital savvy and the touch phone abhorring individuals were forced to adapt and learn. But it was not an easy journey for them to learn & adapt in a touch-first UI environment.

## Net Impact of all these changes was a rapid rise in Ecommerce in Tier-2,3 India.



## How did this impact Ecommerce?

Until 2020 Ecommerce in India had always been urban-centric and focused on the salaried professionals and the educated younger population in these urban areas. The marketing and sales were all targeted towards this segment who were the faster adapters and more frequent customers for most things that went online.

Recent sales data from Flipkart and Amazon in India suggest a similar trend. According to a report by consulting firm Redseer, the total sales in the first week of festive sale grew by 55 per cent year-on-year to \$4.1 billion in 2020, from \$2.7 billion last year.

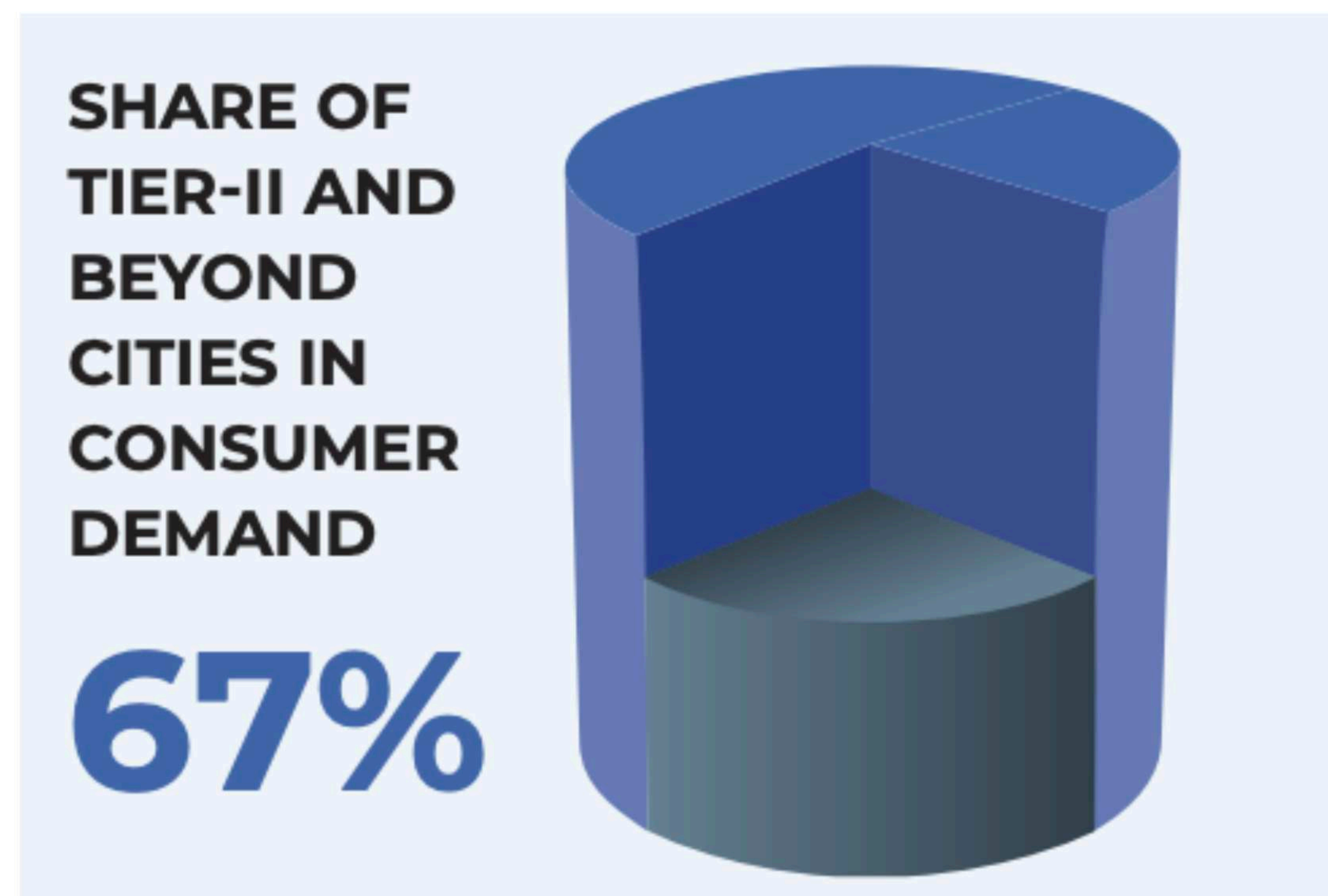
Flipkart and Amazon collectively shared 90% of the total sales, out of this Flipkart had nearly 68% market share. Festive season sales are expected to almost double in the next two months alone and touch \$7 billion in gross merchandise value (GMV), compared to \$3.8 billion in GMV sales in the same period last year, according to estimates from Internet research firm RedSeer. Meanwhile, the Indian e-commerce industry is now estimated to grow 32.8% in 2020, higher than the pre-Covid projection of 29.7%. The number of online shoppers in India during the festive months is set to double to around 50 million from 28 million in 2019.

**Covid has been an accelerator of digital adoption like no other force in the history of the world.**



## But where are these new users coming from?

CoVid19 accelerated the trend that was already underway – digital shopping from the Tier 2 cities and beyond in India. CoVid19 boosted the growth of Ecommerce in these regions.



The e-commerce industry in India registered a 17 per cent increase in order volume as of June 2020, when compared to the pre-lockdown period, stated the August-2020 Annual Ecommerce Report by Unicommerce, an e-commerce software platform.

The report further stated that tier-III cities saw the fastest growth at 53% while the top five tier-III cities contributed to roughly 22% of the total volume of sales.



"Though traditional metro cities have seen higher growth than the rest of India in order of volume, this trend has reversed after Covid-19. The rest of India witnessed a growth of over 31 per cent, which was primarily contributed by growth in tier III."

"91% of new customers, and 66% of new Prime sign-ups from small towns; shopping in 5 Indian languages, and orders from over 98.4% of India's pin-codes in just 48 hours"



"Over 666 million visits on Flipkart recorded during the Big Billion Days with over 52% of these visits recorded from Tier III cities and beyond. Along with the momentum witnessed from metros and Tier 2 cities, Tier 3+ cities have seen an uptick of 50% new customers"



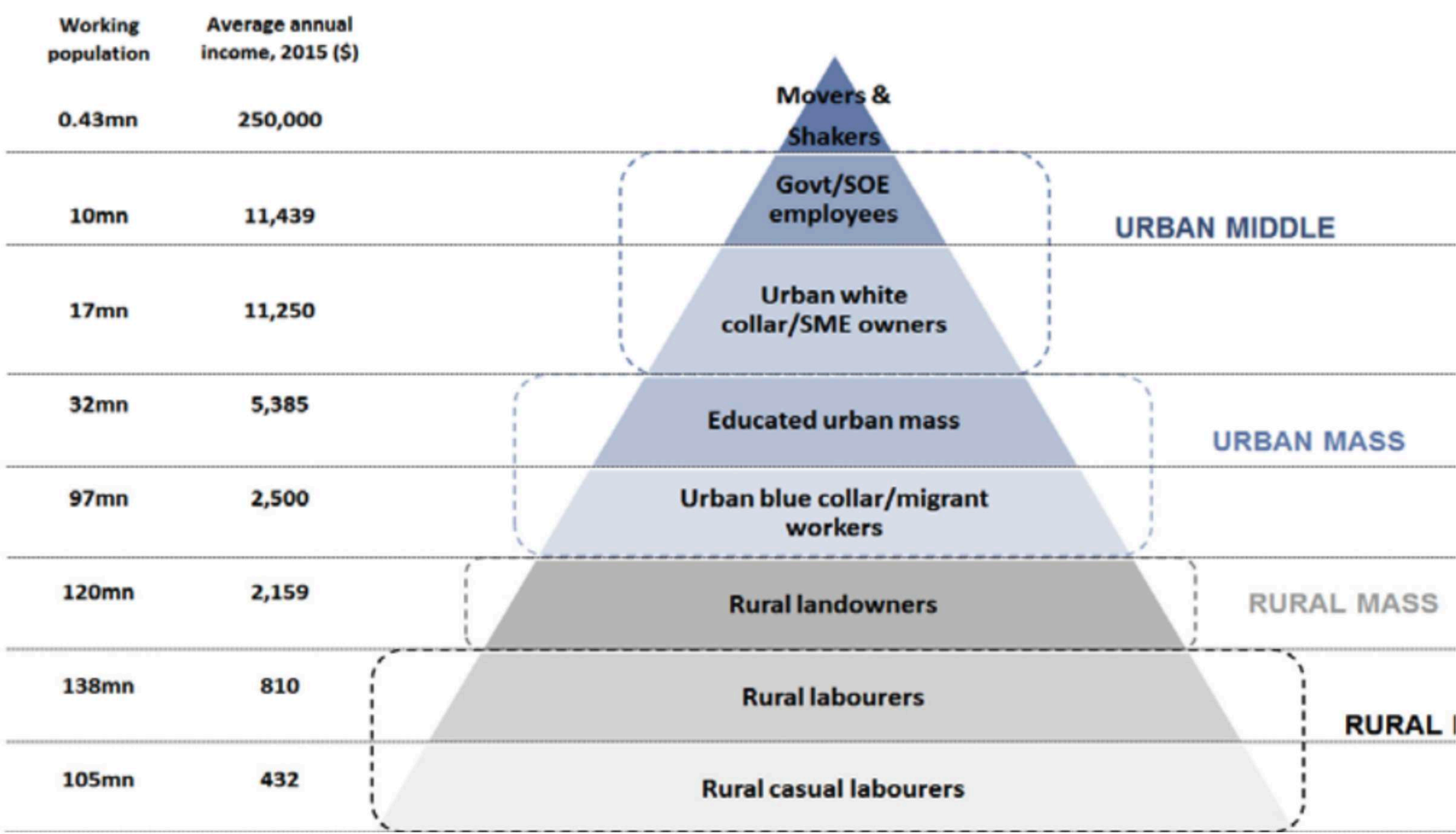
"90 percent of its orders were from Tier II and III cities, even as 30 percent of the total orders came from first time users."

Who are these people who have suddenly started shopping online from these cities? These are the Next Billion Users.



# Who are these new customers?

Exhibit 2: Identifying the key cohorts of the Indian consumer



Source: [Goldman Sachs](#)

Have you ever wondered who these next billion users are that everyone keeps talking about? Is it the first-time internet user like my mother living in Mumbai or is it a teenager in Kanpur who has just received his first smartphone? Would you consider a computer science engineer working out of Muzzafarnagar a Next Billion User?

Reports usually define the next billion users as the Indians whose household income is between INR 1.6 Lakh to INR 5.6 Lakh. By that metric, most entry level educated workers in metros will also fall in the bracket of the next billion users. Is a person who is earning a 5L and shopping considered one of the Next Billion Users segment?

## So who really are these Next Billion Users from the other India?

As with most things in India, it is hard to define a clear boundary. But there’s a high probability that a large portion of the next billion users come from India’s Tier 2/3/4 cities and smaller towns, mostly because that’s where 92% of India’s population lives.

And that’s where the maximum growth is happening in the mobile device adoption, first time internet usage – which will be on a phone and not a laptop/PC and that’s where giants like Jio are headed with their data and affordable entertainment devices.



1 Internet Users							
CY18		CY23F		CY18		CY23F	
300Mn		580Mn		260Mn		400Mn	
Active Internet Users		Monetizable Users		Vernacular Monetizable Users		Spending power - Vernac Monetizable	
~2x Growth		~1.5x Growth		~1.6x Growth		~2x Growth	

2 Digital Ad Spends							
CY18		CY23F		CY18		CY23F	
\$3Bn		\$10Bn		\$0.3Bn		\$3Bn	
On Internet		On Vernacular Internet Platforms		On Non-Fb/Google Platforms <sup>2</sup>		On Video platforms <sup>2</sup>	
~3.3x Growth		~10x Growth		~6x Growth		~7x Growth	

Note(s): 1. \$650 Bn in CY23 = 340 Mn Vernacular monetizable users (CY23) x ~\$1900 per capita annual spend (\$1450 annual spend in CY19, increased at 6% yearly inflation until CY23); 2. For both English and Vernac content / ads;

Source: [Redseer Report](#)

## Breaking the assumptions about Next Billion Users

“The next billion users are conspicuous consumers, meaning that they are willing to spend more for a product or service (than the middle class for instance) if given added safety nets and quality services, which they have for the longest time been denied.”

Healthtech startup Medcords’ cofounder Shreyans Mehta says they have seen more paying subscribers and users in Tier 2 and smaller cities as compared to Tier 1 and metros. Medcords has observed a 30% conversion rate among users from Tier 2 and beyond cities, whereas only 1% of users in Tier 1 and metro cities actually paid for teleconsultations. That could well be explained by easier access to healthcare services in cities, but it also shows that the ‘next billion users’ can be monetised with the right products that understand their needs and engage them really well!

According to Anuj Kacker, cofounder of consumer lending company MoneyTap, the larger a city, the higher the number of transactions, but the average transaction value is lower in big cities, while in small towns, the average transaction value is higher, which is great for the assets under management metric that lending companies prize.

## What are the expectations of these new consumers?

Payal Arora, a professor and chair in technology, values, and global media cultures at Erasmus University Rotterdam, wrote a book on what defines the next billion users in India and what drives them. She told in, an interview, to Inc42,



## What challenges do these consumers face?



What does this mean?

How to type 'aloo'?

Kahan jaoon ab?

How do I checkout?

Mom, I explained it to you yesterday.

1. They are **intimidated** by the visual & **English-only experience**
2. **Typing** is a **hurdle**, with non-English speakers
3. App **navigation** is **painful**
4. **Discovery** is **broken** with limited real estate on phone screens
5. **Learning curve** is **steep**

## How are businesses solving for these new consumers?

### Iconography for Bharat

Building trust with the users is of utmost importance for companies looking to capitalise on this demography. For that to happen, the first step is prioritising simplicity and clarity in the communication about a product and its benefits, believes BharatPe founder and CEO Ashneer Grover. Universally-recognised signs & symbols can be used instead of text to drive conversions and actions.

Grover added,

“

**As far as possible, iconography should be used to eliminate the need for language in the UI**

”

### Using Voice to break the language barrier

For many Indians, searching by voice rather than text is their first choice – rather than typing searches and emails, the huge mass of new entrants to the internet are using voice, video and images to communicate in popular apps.



According to Google, searches in local languages have seen 66% growth but still English remains the most used language across Google's product platforms in the country. Moreover, according to the search engine giant, 9 out of 10 new internet users in the country at present are consuming online content in Indian languages.

To adjust to this new reality, tech companies – especially digital giants such as Amazon, Google, Apple, Facebook and others – as well as Indian unicorns such as Flipkart and Paytm are making major efforts to enable communication in an increasing number of local languages through their home grown voice assistants.

Google's India head, Caesar Sengupta, writes in an official blog,

**“Two years ago, we introduced voice search in nine Indian languages on Google Assistant. Hindi is now the second-most used Assistant language globally after English”**

Ecommerce marketplace Flipkart acquired Liv.ai in 2018 to offer consumers a voice assistant that uses natural language processing to identify different accents in nine Indian languages. It also launched Saathi, a smart assistive technology to help users navigate through the website with the help of audio and textual instructions.

Paytm launched a Sound Box, that solves the problem of shopkeepers having to check their phone if a customer's payment has succeeded with a voice alert.

Startups such as Bengaluru-based Slang Labs are looking to bring voice-to-action SDK (software development kit) to online marketplaces, D2C brands and online travel agents, supporting a wide range of Indian regional languages.

KaiOS is an operating system that powers non-touch smart feature phones like Reliance's JioPhone and JioPhone 2 . On KaiOS, people have the option to speak to a voice assistant in their regional language and perform actions like sending messages on WhatsApp. Reliance & Google have invested in KaiOS'. Jio KaiOS devices are set to dominate the Indian market of Tier-2,3 regions in the coming years by selling as many as 100 million devices! When Google Assistant was launched on KaiOS the Google Assistant's overall usage jumped by 6X.

Hindi is the second most used language in the entire world on Google Assistant.



# Voice Shopping In India



## The Amazon Story!

For the first time in a major online sale, customers experienced the Amazon Great Indian Festival in regional languages: Hindi, Kannada, Tamil, Telugu and Malayalam.

Apart from this vernacular push, Amazon is also powering up its app with Alexa, its homegrown Voice Assistant that can invoke searches and specific actions in the app.

In the run up to the Great Indian Festival, Alexa answered over ~100K requests from customers on the Amazon shopping app to help navigate to their favourite stores such as the SMB Store, the Great Indian Bazaar, deals, gifting store and the Fun Zone.

On the Amazon Shopping app, Alexa received its highest single day requests of over 1 million to guide customers to their product searches, best deals, bill payments, music and much more during Prime Exclusive Access.

To get more users to engage and try their Alexa Voice Assistant in India, Amazon even announced roping in Amitabh Bacchan as the voice of Alexa in India! This illustrates the seriousness with which Voice is being considered inside Amazon for Indian market and also the kind of no-holds-barred investments that are being made in the same.



## The Flipkart Story!

Flipkart launched an In-App Voice Assistant to make buying groceries online as intuitive as shopping from a neighborhood store. The In-App Voice Assistant can understand local dialects, variations, colloquial terms and mixed language commands.

16% of the users shopped for groceries using Voice Assistant in Hindi language and 82% of the surveyed users on Flipkart App preferred to use voice for grocery shopping in future. 95% of the users who used regional languages on Flipkart App prefer to continue to use the app in their regional languages itself.

Top cities that used the Flipkart In-App Voice Assistant feature are Bangalore, Hyderabad, Delhi, Chennai and Mumbai. Interestingly, more than 20% of the new users who visit Flipkart everyday use regional languages on the Flipkart App.





## The Slang Labs Story!

A leading App-based Grocery Ecommerce Brand tried the Slang In-App Voice Assistant for Grocery on a limited base of users to experiment with Voice Shopping. A study of the usage revealed that nearly 25% of the users who tried Voice Shopping used vernacular languages on the App's Voice Assistant – and among all of them, majority of the users preferred to use Hindi!

Another significant insight that was revealed in this experiment was that 25% of the users who tried the App's Voice Assistant never went back to their touch-based shopping experience on the App. These findings clearly corroborate the overall analytics revealed by Amazon & Flipkart analytics as well.



# Conclusion

What started as a pandemic and challenge to the sustenance of the economy and livelihood of millions of people, the Covid19 has actually paved the way for an acceleration in regulatory changes, developmental efforts, infrastructure spending by the government and brought new consumers on board the digital bandwagon. These are all positive outcomes of an otherwise forgettable event.

The pandemic and the digital revolution in India have opened up a market that is larger than the entire population of the USA and UK put together! But it is not a cakewalk to tap this opportunity for most players unless they prepare themselves to understand this new consumer better and engage them on their terms. Voice, Video & Vernacular emerge as the three new pillars of brand engagement for the next billion users who will join the Ecommerce journey.

Among the three new levers of engagement, Voice aided by Vernacular will be the most important driver of growth for Indian Ecommerce companies in the next decade as it is the only pillar that supports transactional engagement for businesses. Not only does Voice with Vernacular increase the reach and expansion of the Ecommerce platforms, but it also deepens the penetration in the urban areas where hitherto hesitant audience will reluctantly shop more often on their platform – provided their journey is simple and conversational.





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