
The Year in Search
2015

PROLOGUE

It's an incredible time to be in India! With over 300 million Indians using the Internet and 6 million new users joining every month, India is now at front and center of the Internet Ecosystem globally. By 2017, India will cross the 500 million Internet users mark and over 400 million Indians will have the power of smartphones in their hands. These next 100 to 200 million Internet users, however, will be different from those we see online today. In fact, we are already seeing the rise of new users who want to access the internet in languages other than English, and who are getting online for the first time from an affordable smartphone mostly on a 2G network! The new wave of users is rising from parts of the country beyond metros and tier 1 cities. India's Internet user base is not just limited to the youth anymore, it is increasingly older and seeking a diverse variety of information and experiences. Women user base online is also increasingly rapidly, and showing increasing engagement in use cases like online shopping, entertainment and communication. Women in urban India are in fact getting online at a growth rate faster than men.[i]

It is easy to say that mobile was the biggest trend of the year in the rapidly changing world of technology, and although we've been talking about mobile for a while, it's only in 2015 that everyone came to terms with the enormity of the impact mobile is having in India. The incredible pace of growth of the internet has also impacted how consumers are behaving on mobile. From planning holidays, to decorating homes, to watching their favorite videos online, mobile internet is beginning to influence, and in many cases define, an Indian user's first experience online- and brands are taking notice. With the consumer journey fragmented into hundreds of moments-we call them micro-moments-it's increasingly important for brands to be there when consumers reach for their devices. It is exciting to see, for example, how Search interest for cars is seeing a strong correlation to actual sales, just as the extent of popularity of a movie's trailer on YouTube is strongly correlating with its box-office collections! 2015 saw whole new categories such as Hyperlocal, Standardized Accommodation getting established as mainstream, while others like Digital Payments and Cab Services found a strong foothold-all powered by the internet and mobile. Looking at what our consumers Search for, and watch on YouTube, we have put together some trends we observed across several industries, which speak to the evolution of the Indian user online in 2015. We hope this report will add to your understanding of the new users and help set your brand up for an incredible run in 2016!

R. Anand

-Rajan Anandan

[i] iCube 2015

Key Trends

1. Mobile is the Growth Engine

2015 saw the enormity of the impact of mobile across industries, as it became the focus of adoption, consumption and user experience.[1]

Mobile is increasingly how the Indian user:

- Shops (60% of Shopping Queries are from mobile)
- Searches & Seeks Information (Over 50% of Google Search Volume)
- Consumes Entertainment Content (60% of YouTube Views)
- Travels (Over 50% of Travel Queries)
- Pays (Rise of Mobile Wallet[2])

Mobile web is gaining importance, serving as a trailer of the brand to the new user, and a pertinent channel to engage and retain existing users, in a world with a myriad of options and limited stickiness to apps.

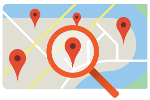
The importance of building quality mobile assets, from apps to Progressive mWeb, cannot be overemphasized in this rapidly evolving consumer journey, to increase efficiency and provide for high-quality user experience.

2. Online Consumer Evolves

The online consumer is rapidly evolving and experimenting, showing unprecedented eagerness to adopt newer use cases:

from buying standardized electronics to now buying personal care items and furnishing online

from traditional avenues of entertainment to on-demand video



to searching and shopping hyperlocal

... the user is driving innovation across industries.

Steep evolution curves and hunger for new use cases bode well for the industry.

3. Rise of the New User

While youth leads the internet wave, the industry is seeing a new wave of users.

Women users are more engaged than men on use cases such as online shopping and communication, and form a large share of YouTube user base at 40%.[3]

The share of Search volume originating from non-metros is rapidly growing.

The primary user is increasingly older for many industries, seeking a diverse variety of information and experiences.

4. Simplification and Customer Centricity

Simplification follows from the evolution of the user and the industry, and the rise of 'New Bharat' online.

Product and propositions are getting more and more focused around the customer- and thus getting simpler as they evolve.

Emerging 'How-to' content in CPG as a quick and convenient answer for the busy customer

Evolving omnichannel and multiplatform experience in eCommerce to move with the customers in their purchase journey

Banking and insurance products getting 'smarter' and simpler through technology

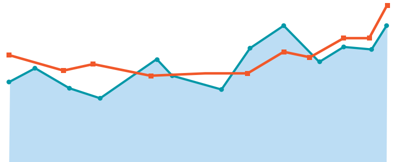
Simplicity of interface, experience and service is the new mantra to appeal to the online user.

Industry Insights

▶ Search Interest in Cars Correlates Strongly to Actual Sales

More than **3 in 4** car buyers research online

40% growth in Auto Queries annually



Consumer Querimetrix Study by Google in collaboration with Kotak, 2016 proved Google Search query trends to be a real-time indicator to predict the sales of new car launches.[5]

▶ Searching Used? Cars Lead, and so do Non-Metros

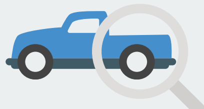
7 in 10 queries in the overall Pre-Owned market were for Used Cars

While searches for Pre-Owned goods boomed driven by players like OLX and Quickr[4], Used Cars formed the largest share.

200% growth in queries for Used Vehicles

Within Used Vehicle category, Used Cars formed 90% of the overall volume.

3 in 4 Used Car searches from non-metros

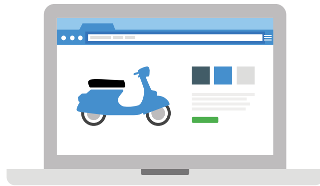


Non-metros contributed immensely to this growth.

▶ Used Two-Wheelers the Next Big Thing?

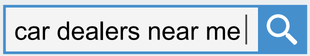
1 in 5 vehicle queries was for two-wheelers

But only 1 in 10 *Used* vehicle queries was for *Used* two-wheelers



Growing fast, this strong latent demand might lead to the developing of online market for Used Two-Wheelers.

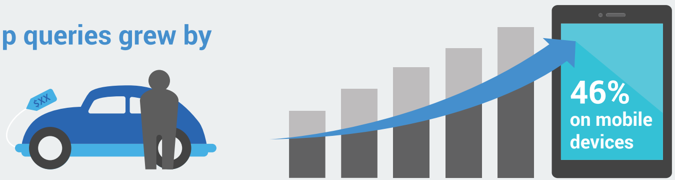
▶ Searches Go Local as Dealership Queries Grow



Car dealership queries grew by

33%

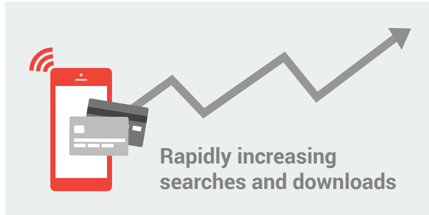
on desktop



Localized search behavior seems to be officially deep-seated in the auto space.

Payments Go Mobile

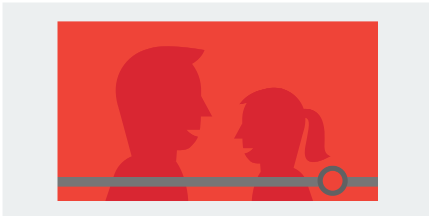
Mobile Wallet space heats up across telecom, payments and banking industries.



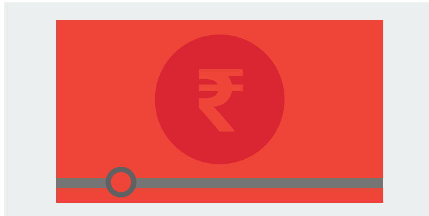
2015 saw the launch of Digital Wallets by banks, including ICICI's Pockets, HDFC's PayZapp, SBI Buddy from SBI, and PingPay and Lime from Axis.[7]

BFSI Engages Customers with Long-Form Creatives on YouTube

2015 saw BFSI experimenting with digital-first, long-form creatives, to large success.[9]



Insurance took the lead with Tata AIA, HDFC Life, BSLI and SBI Life launching long-form ads on YouTube, that were taken to TV subsequently.

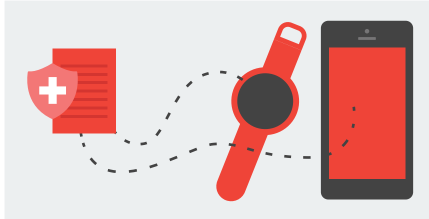


6 among the top 10 YouTube most viewed videos in the BFSI space were long-form creatives.[10]

Emergence of ‘Smart’ Insurance Products on the Cards?

Industry experts believe that data-driven underwriting will soon impact Indian Insurance space.[11]

Searches for Wearables, especially those focused on health, grew rapidly.



This could help bring in product innovations designed around data feeds from smartphones and wearables.

Simplification is the Key to a Customer’s Heart!

122M

enrolments for PM Jan-Dhan Yojana

Mass enrollments were done in 2015 using SMS/ Net Banking responses, in partnership with leading banks.[12]

The simplicity of the product, ease of purchase and use of technology were the key drivers in making this one of the most successful insurance enrollment drives across the globe.[12]

Insurance Goes Online

1 in 4

internet users bought auto insurance online[8]

Online is becoming a significant channel of sales for auto insurance, as per Google ICICI Lombard Research, 2015.[8]

35%

higher chances of policy renewal

Online Insurance customers displayed higher lifetime value than those offline, as per the study.[8]

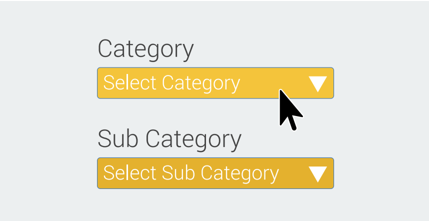
More than

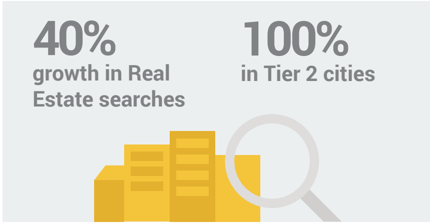
50%

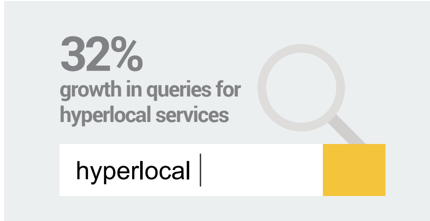
health insurance searches from Mobile

Mobile is driving the growth in online demand for insurance.

▶ Online Classifieds Evolve to Many Categories





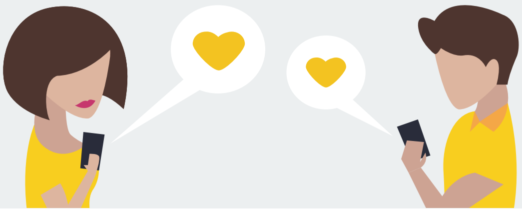


2015 saw increasing category coverage with players like Quikr and OLX expanding in verticals like Jobs and Real Estate.[13]

Demand was largely driven by Tier 2 cities. Searches for Real Estate in top metros were largely for suburban localities.

Large demand for Hyperlocal services emerged in the "verified service provider" space, such as Urbanclap.[14]

▶ Online Dating Emerges Strong as 'Love' Evolves on Google Search!



50%

growth in dating-related searches

While Matrimonial searches continued to show unabated volume, Dating-related searches grew strongly.

Players like Trulymadly, Aisle etc. continued to gain strong foothold in this market and enjoyed investor confidence.[15]

▶ Online Jobs Listings Revive- and go Mobile!

3 in 4

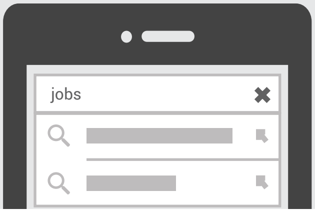
Job-related searches for White-Collared Jobs

While overall Job searches saw a strong surge with macroeconomic growth, those for White-Collared and Specialty Jobs grew at 31%.

45%

growth in 2015 for Blue-Collared job searches

Searches grew with emergence of players such as BabaJobs and UrbanClap.



41%

of job-related queries from Mobile

Mobile is gaining share in online search volume for Jobs.

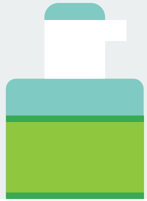
CONSUMER PACKAGED GOODS (CPG)

▶ Beauty > Apparel for Women Online Shoppers

50%

of women
online shoppers
purchased beauty

This compared to 46% for Apparels & Accessories online, as per Google Forrester Research, 2014.[16]



20%

of Beauty Category to
be sold online by 2020[17]

Significant share of Beauty category sales will move online by 2020, as per Bain-Google Beauty & Hygiene Study, 2016.[17]

▶ Target Online Households for Largest Value

2x

more valuable

Responsible for 56% of CPG consumption

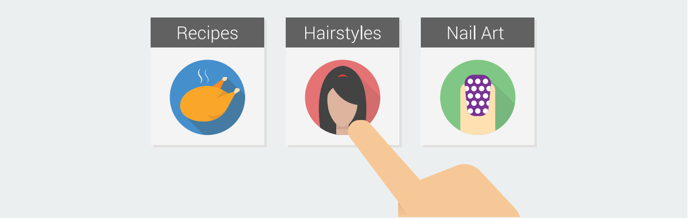
Online Households are more valuable than Offline Households for all FMCG categories, as per data from IMRB Kantar World Panel, 2015.[18]

▶ Premium Pull

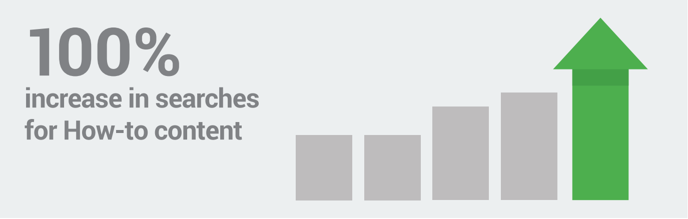
Premium categories are highly over-indexed in Online Households.[18]

Online Households control 70%+ spend share for premium categories, as per data from IMRB Kantar World Panel, 2015.[18]

▶ For FMCG Customer, Convenience Rules



With increasingly busier lifestyles, demand for "Easy & Quick" content around Recipes, Hairstyles, Nail art etc. is on the rise.



How-to content around daily needs and FMCG products is seeing high growth.[14]

▶ Internet is a Mainstream Medium for Food content

Internet is the largest food content discovery platform for women.

4M

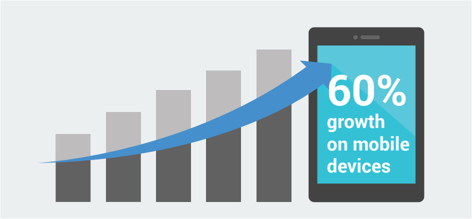
women access Food Content online weekly[19]

Digital is becoming an important medium for women (15-35 SEC AB) seeking Food Content.

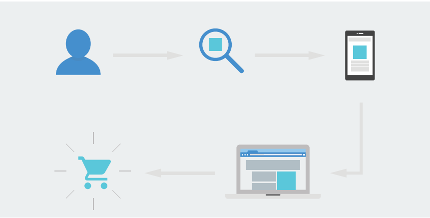
This is higher than the combined reach of Food content on TV, Magazines and Newspapers.[19]

Mobile: The Big Catalyst to Online Shopping

91% of buyers research before a purchase - a behavior that's reflected clearly in the growth in search volume.[20]



6 out of 10 online shoppers, and 70% of traffic come from mobile platforms (web and app) as per Consumer Barometer Survey, 2015.[20]



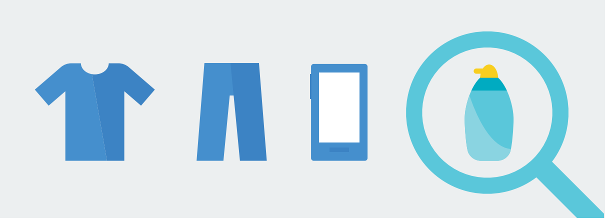
More than half of online buyers show a purchase journey across multiple devices and platforms, all shaping the final purchase decision, as per Google Forrester Research, 2014.[16]

Hyperlocal - New kid on the block; Metros Drive the Growth

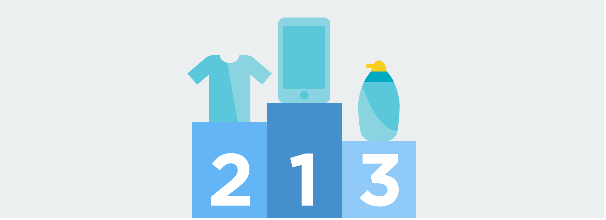
Grocery, a predominant hyperlocal category, saw large growth, especially from Metros.

Reflecting the demand, 'Hyperlocal' became the buzzword of the year, with players raising funds over $400M, and leading horizontals like Flipkart, Amazon and Snapdeal expanding their hyperlocal capabilities.[22]

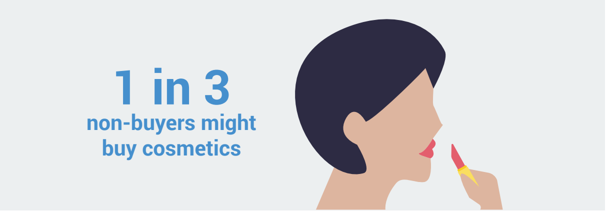
▶ eCommerce Grows in Many Directions: Vertically Too!



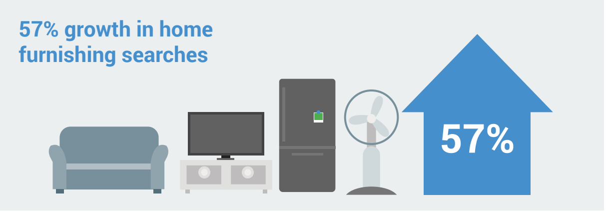
1 in 4 shopping queries is for categories like Personal Care, Jewelry and Home Furnishing.



Personal care is now the 3rd largest online shopping category.



Buying cosmetics online is considered to be a great initial trial, as per Google Forrester Research, 2014.[16]

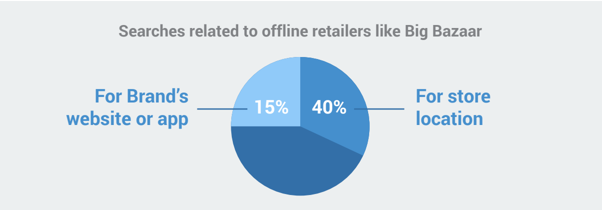


Growing user demand was reflected in intense industry action with more than $200M raised in funding.[21]

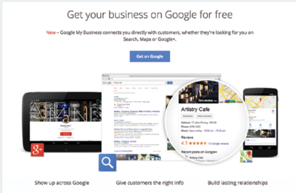
▶ The Rise of Omni-Channel: Focusing on the Customer Blurs Offline-Online Boundaries

A hybrid Omni-Channel model has begun to emerge, focusing on customer's needs across online and offline touchpoints.

Interesting partnerships- such as that between Snapdeal and Shoppers Stop- allow for integration of online brand store with offline fulfillment.[23]

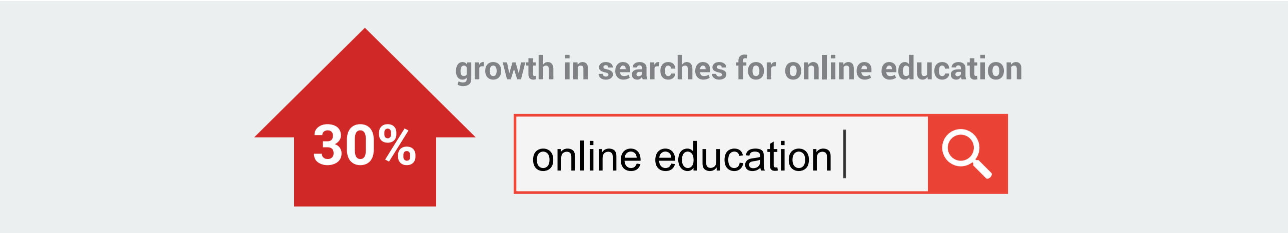


While e-tailers such as Lenskart, Babyoye, Paytm are building offline presence[24], offline stores are seeing search interest online.



The trend is likely to accelerate with increasing depth of Google My Business program expanding to over 20M SMEs and retail outlets.

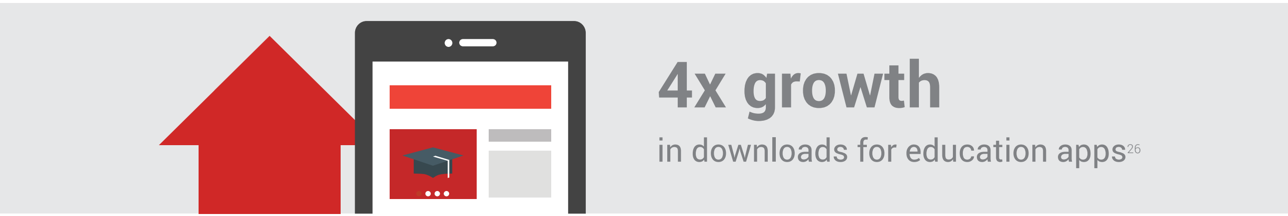
▶ Strong Rise in the Demand for Online Education



This outpaced query growth in the broader education category.

Reflecting the demand, Online Education ecosystem saw a large boost with launch of Khan academy in India, and investments in Coursera, Simplilearn, UpGrad etc.[25]

▶ Mobile Continues to Drive Education Query Growth



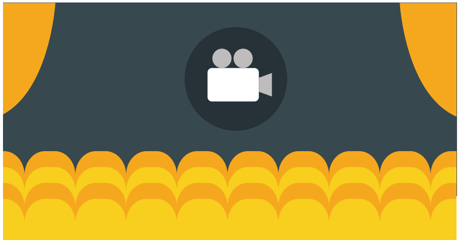
Mobile drove the growth of education queries, with Youth increasingly using smartphone as the primary device for seeking information.[20]

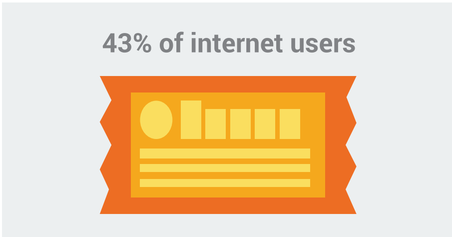
▶ Video Gets On-Demand

Increasing online demand is seeing a reflection in the market- New and upcoming OTT plays by broadcasters including STAR (Hotstar), Sony (Sony Liv), Viacom (Voot), and video offerings from VAS and Music industry players.[27]

Digital formed a key aspect of these launches and build-up strategy, with focus on App Downloads and Engagement.

▶ Bollywood Goes Online- Views for Movie Trailers on YouTube Correlate to Box Office Sales



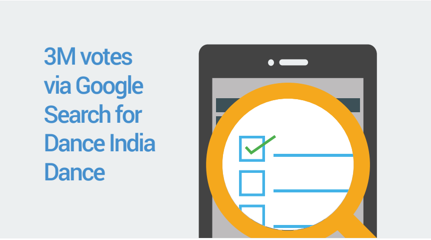


Online strongly emerged as a key driver for Bollywood promotions.[29]

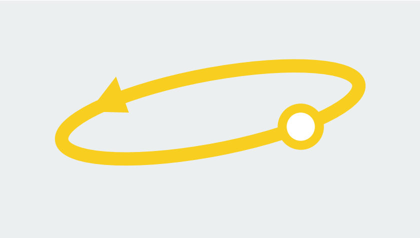
...said ‘Online Videos’ were the largest influence on their movie choices, in Consumer Barometer Survey, 2015.[20]

While 1 in 3 internet users bought their movie tickets online, ‘online’ influence on ticket sales was larger, as per the survey.[20]

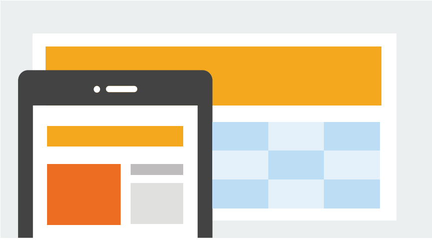
Creativity and Innovation in Media Space



India's first Voting In-Search tool for Game Shows by Zee TV

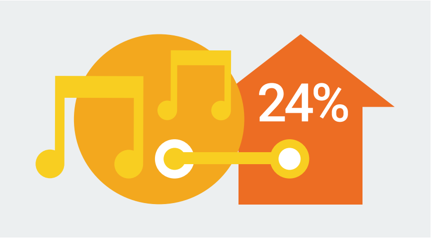


First 360 degrees video by STAR (Dance Plus) giving the viewer an interactive experience on mobile, including the Cardboard



Calendar lock innovation for mobile allowing users to add events to their schedule directly

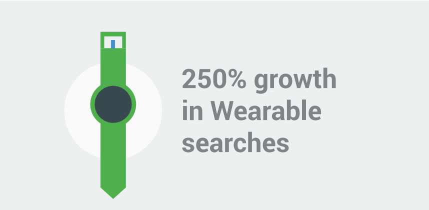
Music Streaming Gathers Large Interest



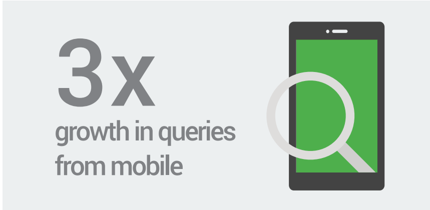
24% annual growth in queries in Music Streaming category in 2015

Install base for Music Apps grew, though a significant shift is being observed towards quality acquisitions by leading players.[30]

Interest in Wearables Grows on Google Search



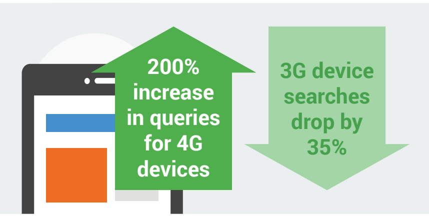
Increasing online demand saw reflection in the market with multiple launches by Samsung, Sony, and Fitbit, Micromax and GOQi.[31]



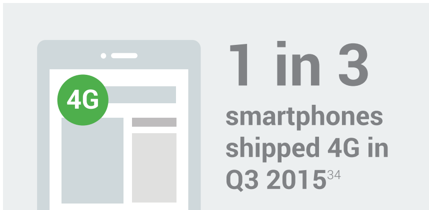
"Health" was the most searched attribute for Wearables, again reflecting in key product features and communication by brands.

..wanted to buy health and wellness-related wearables, as per Accenture Digital Consumer Tech Survey, 2014.[32]

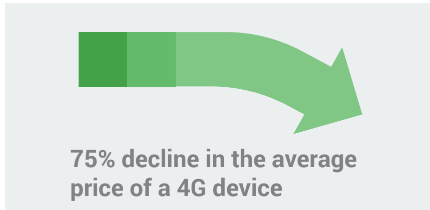
Rapidly Growing Interest in 4G Smartphones on Google Search



4G could well become the norm for non-basic smartphones.

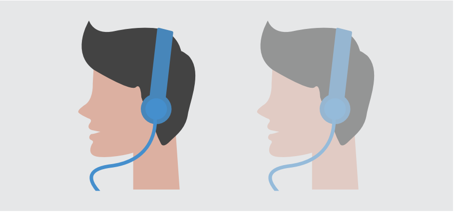


Samsung and Micromax announced ending 2G device ranges and moving to only 3G and 4G.[33]



The cheapest 4G smartphone in 2015 was available at half the price of that in 2014.[34]

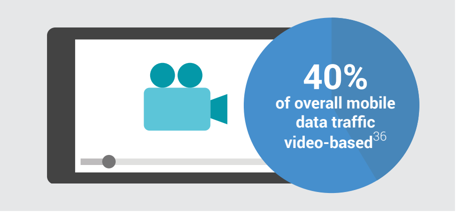
▶ Telco Apps See Large Traction

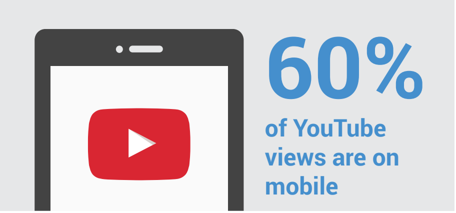


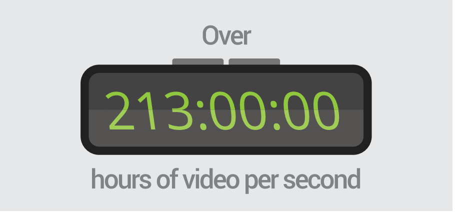
App-focused campaigns led to a huge surge in app-related queries: Airtel's 'bachat ki khun khun' campaign led to 4X growth in 2015, and Vodafone's Zumi app campaign led to a 2.4X jump within one month, in app queries for the brands.

Content Apps emerged as another strong trend. Wynk, Airtel's music app already has 5% as much search volume as 'Airtel', and saw over 10M downloads in 2015.[35]

▶ Mobile Video Rules





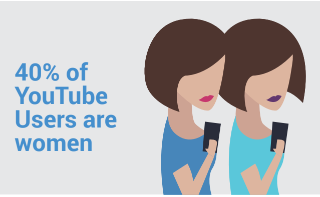


Mobile Video became the focus of most data use cases, from communication to entertainment.

Smartphone is increasingly becoming the preferred entertainment venue. [20]

..are likely to be streamed or downloaded in 2016 on mobile internet, as per analysis of payload traffic provided by Cisco, VNI 2015. [36]

▶ A New Wave of Users Emerges



Women are heavily engaged on-line for entertainment use cases.[3]

1 in 2
Searches from Non-Metros

90% of incremental Google Search growth in 2015 came from non-metros.

Increasing traction is being observed from tier 2-3 cities for eCommerce, with women driving the growth, as per Google Forrester Research, 2014.[16]

2X growth was observed in the proportion of 'older' data users in 2015. 1 in 2 Mobile Data Users is now from lower income, less educated user segment, as per Ericsson Consumer Lab Study, 2015.[37]

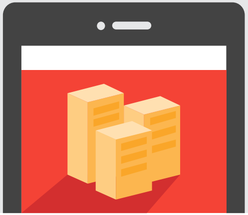
From being a young, male-heavy, metro-focused phenomenon, internet usage is now widening its roots.[38]

Non-metros here include all of India, except Delhi, Mumbai, Kolkata, and Chennai.

▶ Demand for Budget Hotels Spikes with Growing Standardization

2.5x

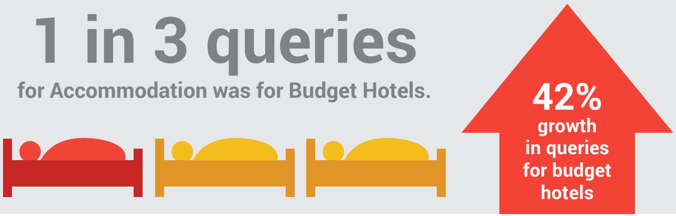
growth predicted in online hotel bookings in 2016 [39]



Hotel buyer is increasingly turning online, as per Google & TNS Research, 2015.[39]

1 in 3 queries

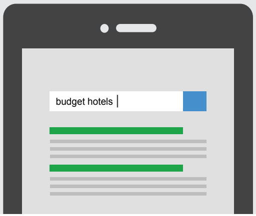
for Accommodation was for Budget Hotels.



Budget hotels are driving the demand.

105%

Growth on mobile

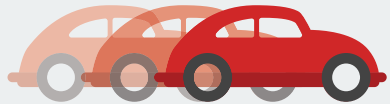


Boost in consumer interest was also rooted in the standardization of 2 and 3-star hotels, with launch of start-ups like OYO Rooms, Zo Rooms, Stayzilla, WudStays etc [40]

Interest in Cab Services on Google Shoots Up

60%
growth in Car Rental category

86% Growth
in searches for cab services



This is the highest growth seen amongst all travel sub-categories, such as bus or rail.

Expanding markets of Ola and Uber reflected this demand. [41]

173% growth in Carpooling and Ridesharing segment

Mobile Leads the Way

1 in 2
Travel queries on Mobile

60%
from Mobile for Cab and Rail Services

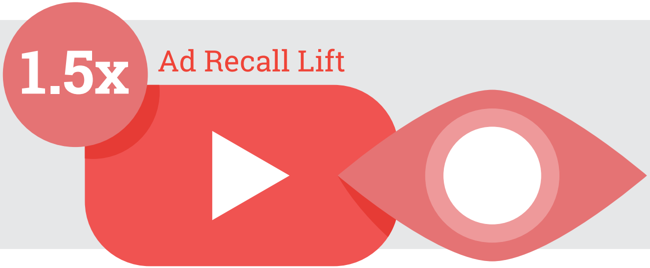
The travel consumer is increasingly turning to mobile to search.

Mobile Web is becoming instrumental along with simultaneous app focus, with the aim to capture the new mobile internet user, and solve for growing uninstall concerns.[14]

More on Digital

▶ Long form Advertising: The New Creative Frontier

Top Leaderboard ads on YouTube had an average duration of 2 min+ compared to an average of 21 seconds on TV.

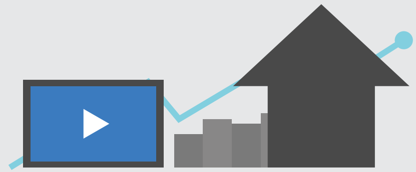


Long form ads had 1.5X Ad Recall Lift than shorter duration ads on YouTube.[42]

▶ The Big Programmatic Wave: Media & Tech Integration is Beginning to Emerge

8x

more display & video to be bought programmatically

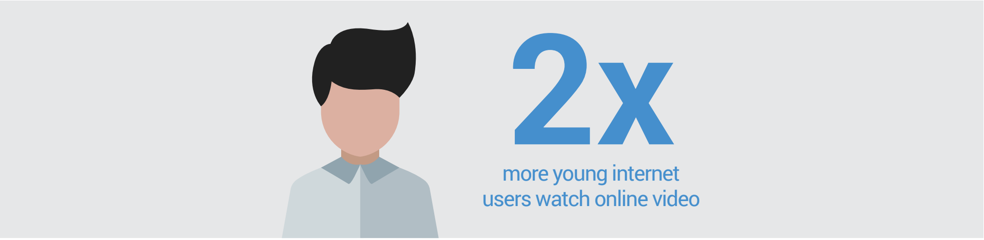


Industry expects Programmatic to capture 40% revenue share by 2018.[43]

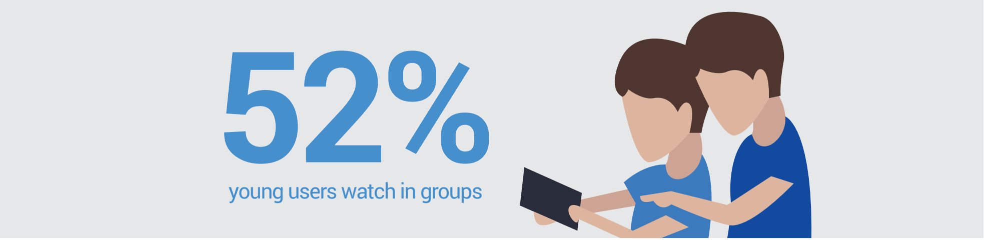
A large share of growth is likely to be driven by Video, as larger portion of Display gets bought programmatically.

~50% of programmatic revenue is likely to be driven by Big Agency Trading Desks.[43]

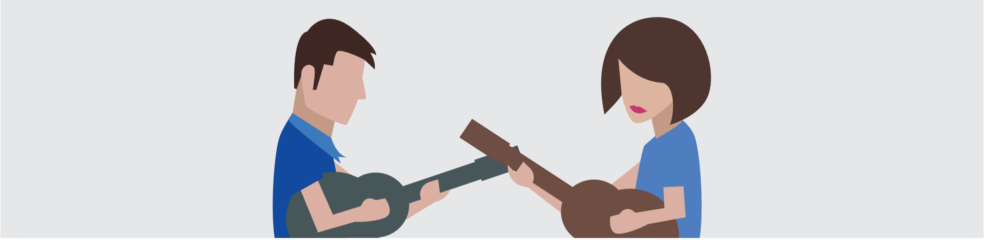
▶ Online Video: India's Young Love it



..compared to the national average, as per a survey by Consumer Barometer in 2015. 63% of young respondents claimed to be fully focused on the online video. [20]



Young users claimed to often watch online videos in groups in the Survey.[20]



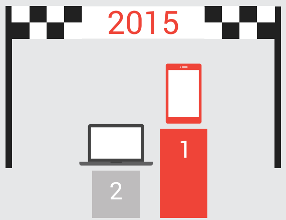
Key motivations for youth to watch online video are entertainment, learning something new, and pursuing hobbies/interests.

Native Creators Emerge

1000000+ subscribers for many native content creators

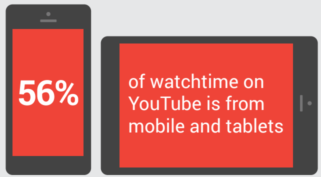
2015 saw the emergence of native YouTube creators who crossed the 1M subscriber mark, such as TVF and AIB in Web Series/Comedy Genre, and Hoopla TV, ChuChu Kids and Kids TV in Kids Genre.

Mobile Takes over Desktop



YouTube Watch time on Mobile crossed that on Desktop

6 out of 10 users watch videos on their smartphones.[44]



▶ Digital-First Video Content Receives Large Traction

Huge traction was achieved by the new genre of Web series and short films on YouTube, such as TVF's Pitchers, Permanent Roommates, Ghosh's thriller Ahalya and YRF's Bang Baaja Baraat.

Talent met audience- these 4 series saw over 20M views on YouTube.

▶ Steep Growth in Genres like Comedy, Music and Kids

Viewership and watch time on YouTube for these genres saw a double-digit growth in 2015.

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