



E-Commerce in Russia 2018

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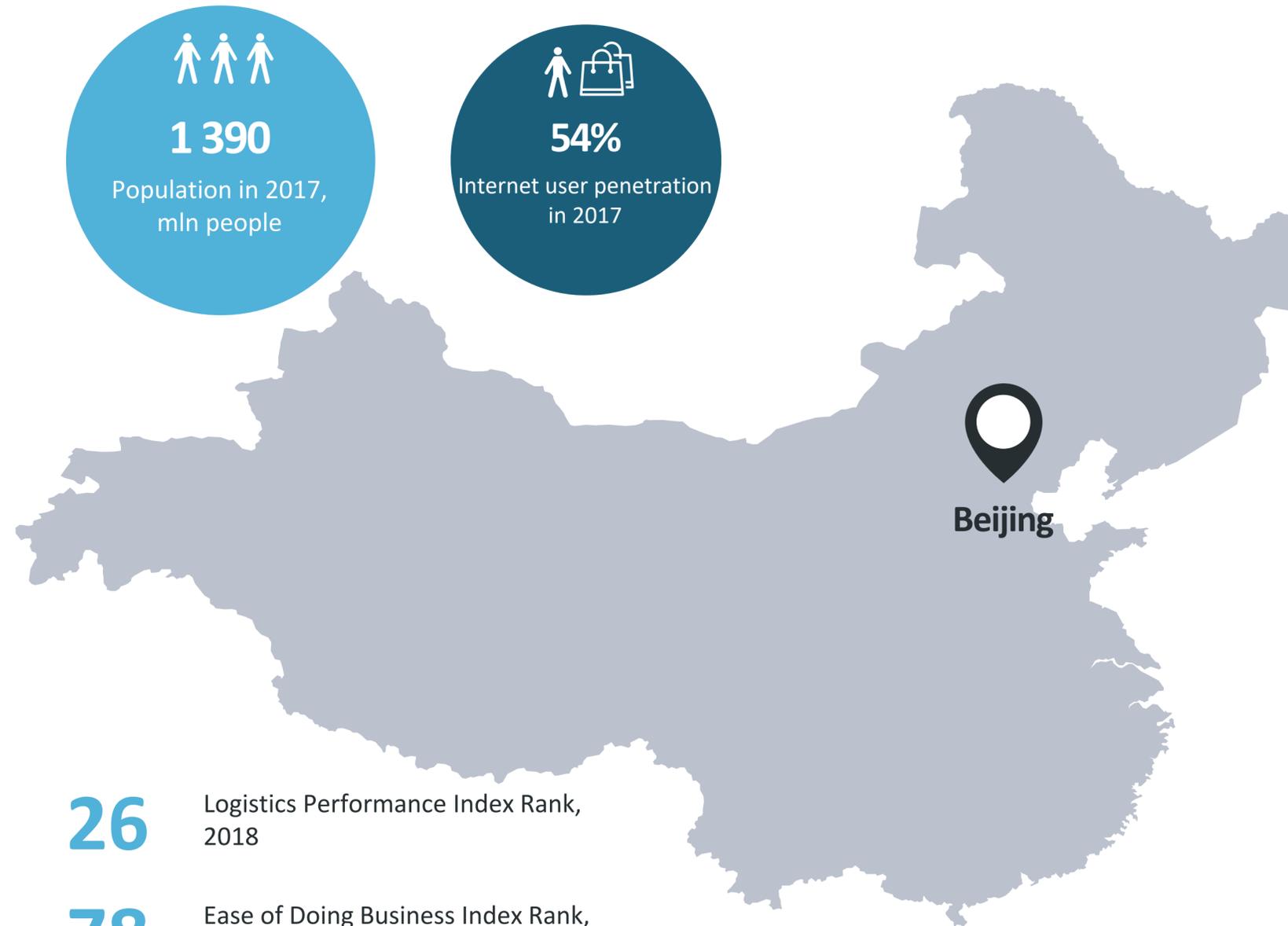
1	Global e-commerce	4	8	Mobile shopping	50
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Global e-commerce

- key markets: overview
- share of imported online purchases by region
- Three categories of e-commerce markets globally



1 / Key markets: overview



China

\$8,83

GDP per capita in 2017,
USD thousand

4,5%

The share of e-commerce in
GDP in 2018

\$4 700

End consumption by households*,
2017, USD bln

\$680

The volume of the B2C e-
commerce market in 2017

E-commerce turnover includes services.

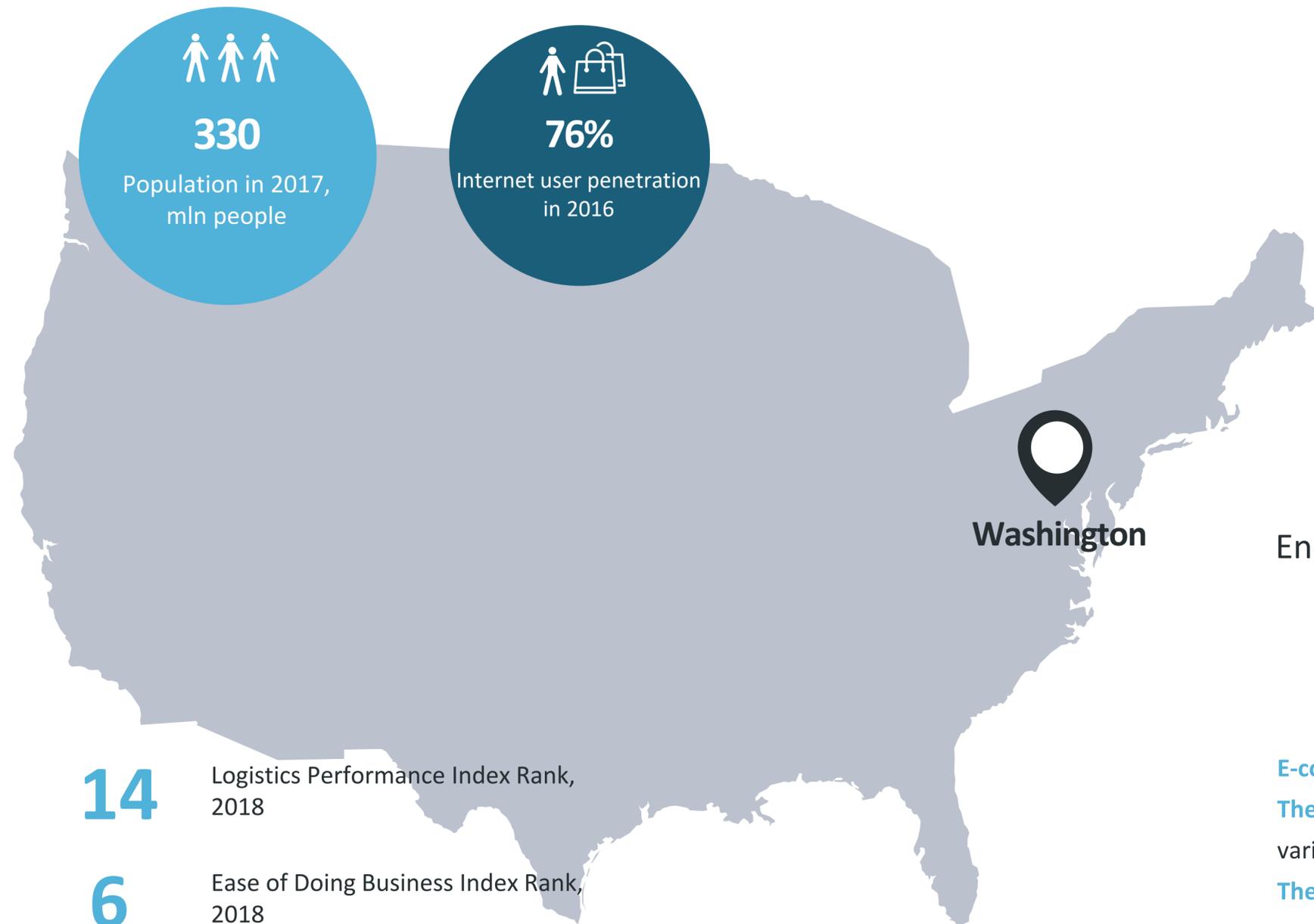
The Logistics Performance Index measures the efficiency of logistics and logistics infrastructure in various countries.

The Ease of Doing Business Index assesses the complexity of the country's regulatory environment and its convenience for starting and/or operating a business.

* households and non-profit institutions servicing households

Source: The World Bank, 2018; International Telecommunication Union (ITU), 2018; Ecommerce Foundation, country profiles, 2018

1 / Key markets: overview



USA

\$59,5

GDP per capita in 2017, USD thousands

2,6%

The share of e-commerce in GDP in 2018

\$12 800

End consumption by households*, 2016, USD bln

\$440

The volume of the B2C e-commerce market in 2017, USD bln

E-commerce turnover includes services.

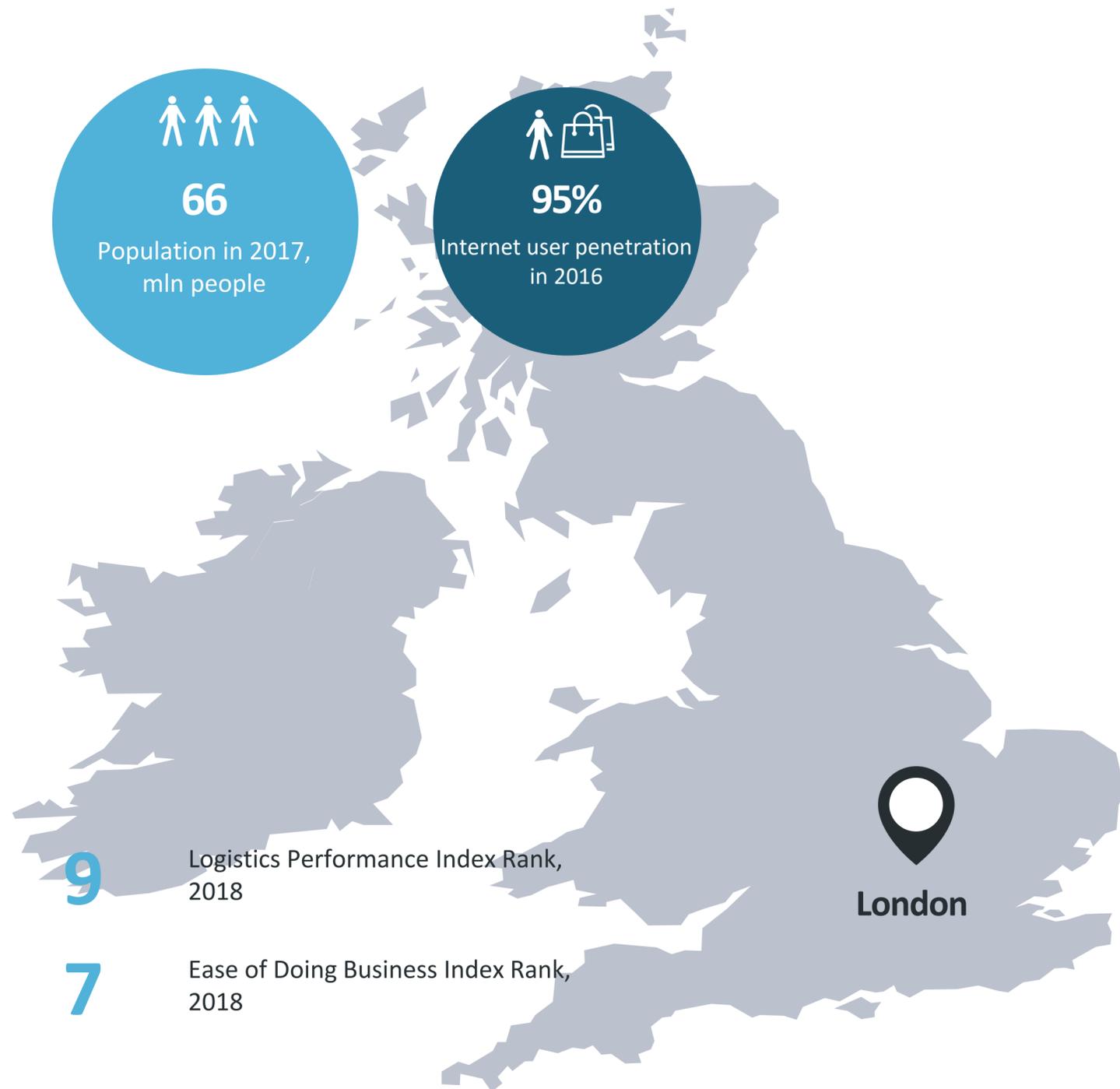
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1 / Key markets: overview



Great Britain

\$39,7

GDP per capita in 2017, USD thousands

7,9%

The share of e-commerce in GDP in 2017

\$1 700

End consumption by households*, 2017, USD bln

\$220

The volume of the B2C e-commerce market in 2017, USD bln

E-commerce turnover includes services.

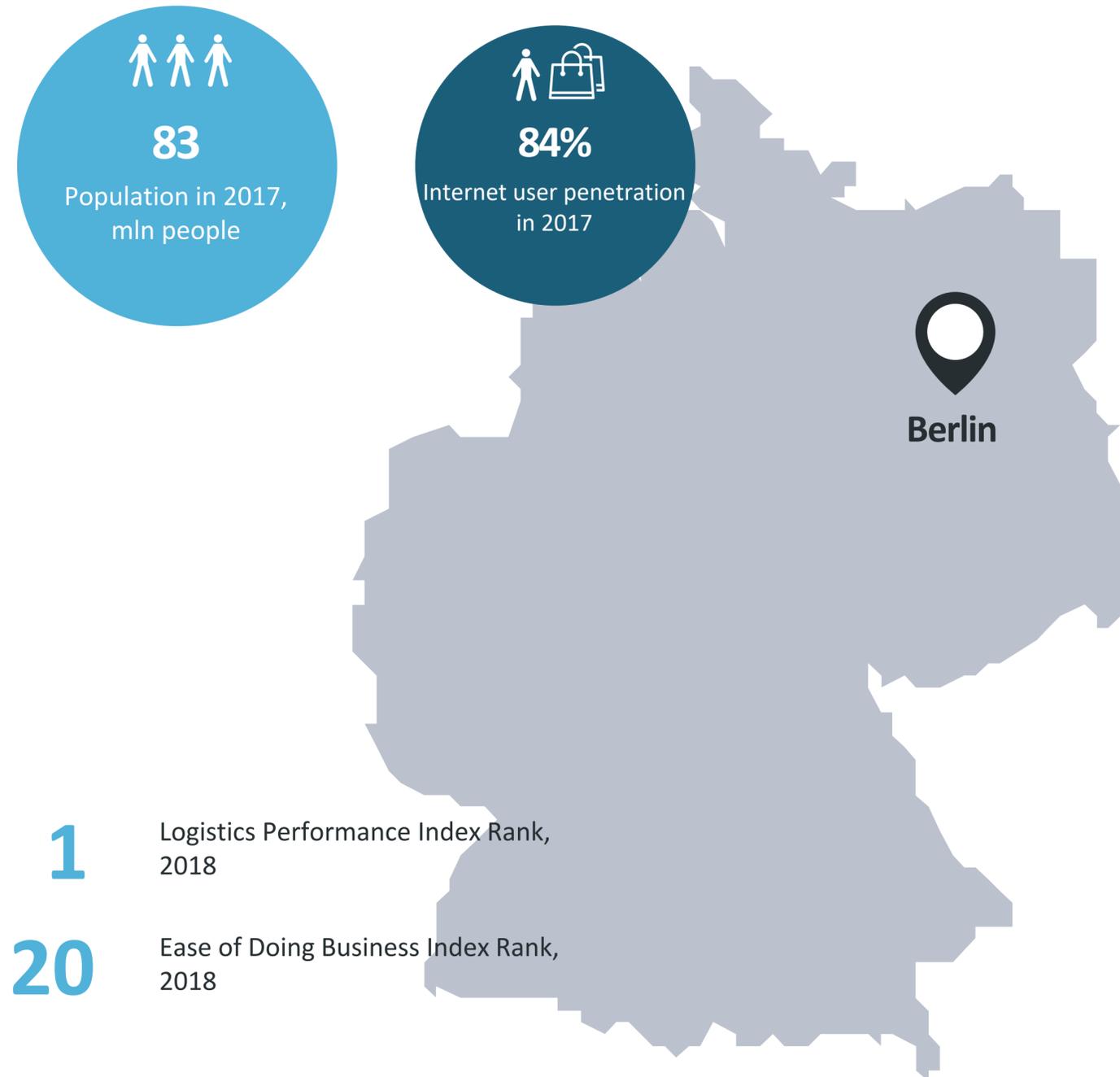
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Source: The World Bank, 2018; International Telecommunication Union (ITU), 2018; Ecommerce Foundation, country profiles, 2018

1 / Key markets: overview



Germany

\$44,5

GDP per capita in 2017,
USD thousands

3,1%

The share of e-commerce in
GDP in 2018

\$1 950

End consumption by households*,
2017, USD bln

\$82,5

The volume of the B2C e-commerce market in 2017,
USD bln

E-commerce turnover includes services.

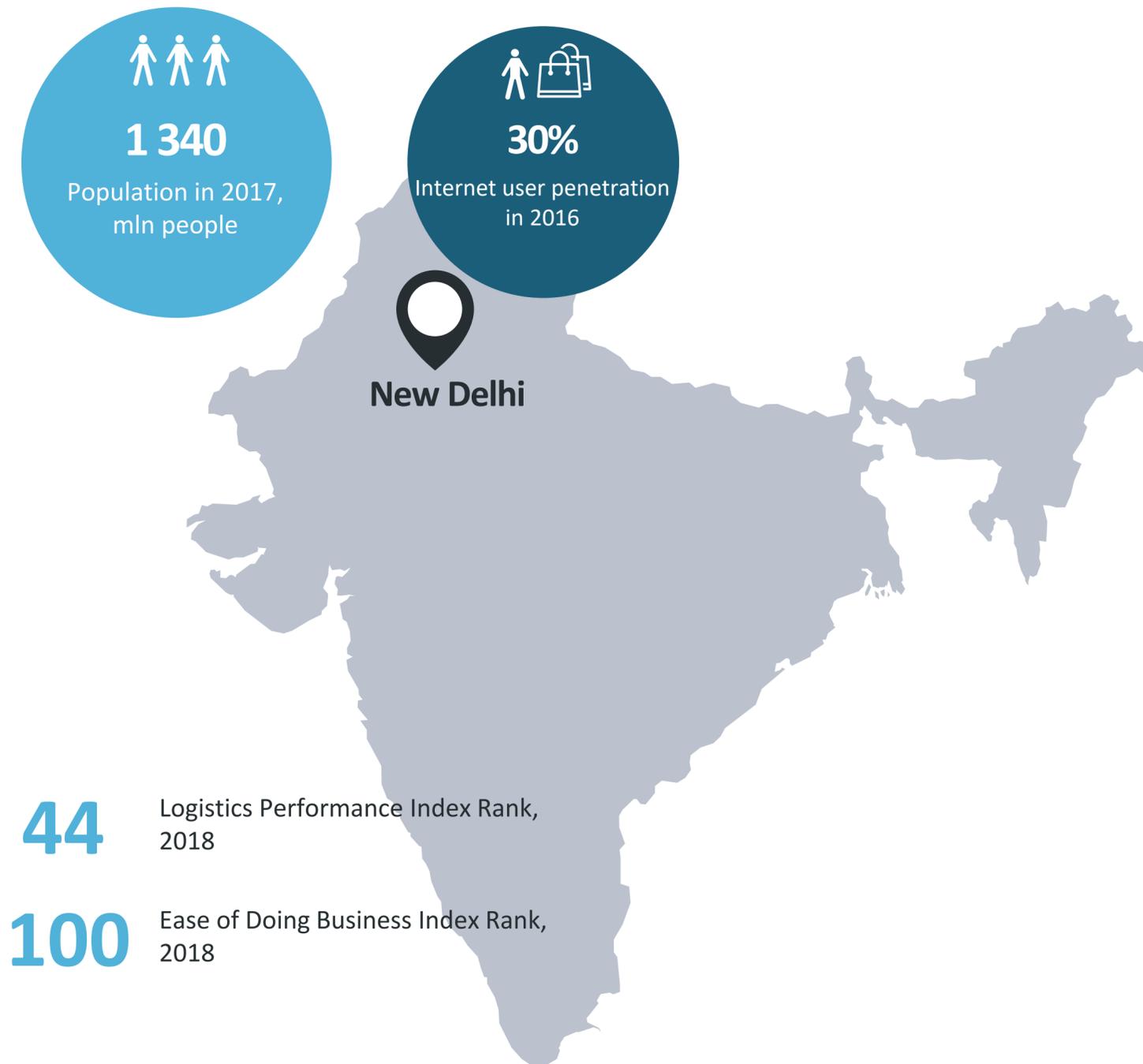
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Source: The World Bank, 2018; International Telecommunication Union (ITU), 2018; Ecommerce Foundation, country profiles, 2018

1 / Key markets: overview



India

\$1,9

GDP per capita in 2017,
USD thousands

1%

The share of e-commerce in
GDP in 2018

\$1 500

End consumption by households*,
2017, USD bln

\$37,6

The volume of the B2C e-commerce market in 2017,
USD bln

E-commerce turnover includes services.

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* households and non-profit institutions servicing households

Source: The World Bank, 2018; International Telecommunication Union (ITU), 2018; Ecommerce Foundation, country profiles, 2018

1 / Key markets: overview



Russia

\$10,7

GDP per capita in 2017,
USD thousands

2,5%

The share of e-commerce in
GDP in 2018

\$800

End consumption by households*,
2017, USD bln

\$32,5

The volume of the B2C e-commerce market in 2017,
USD bln

E-commerce turnover includes services (unlike on slide 19). The value of \$32,5 billion is used for comparison with other countries.

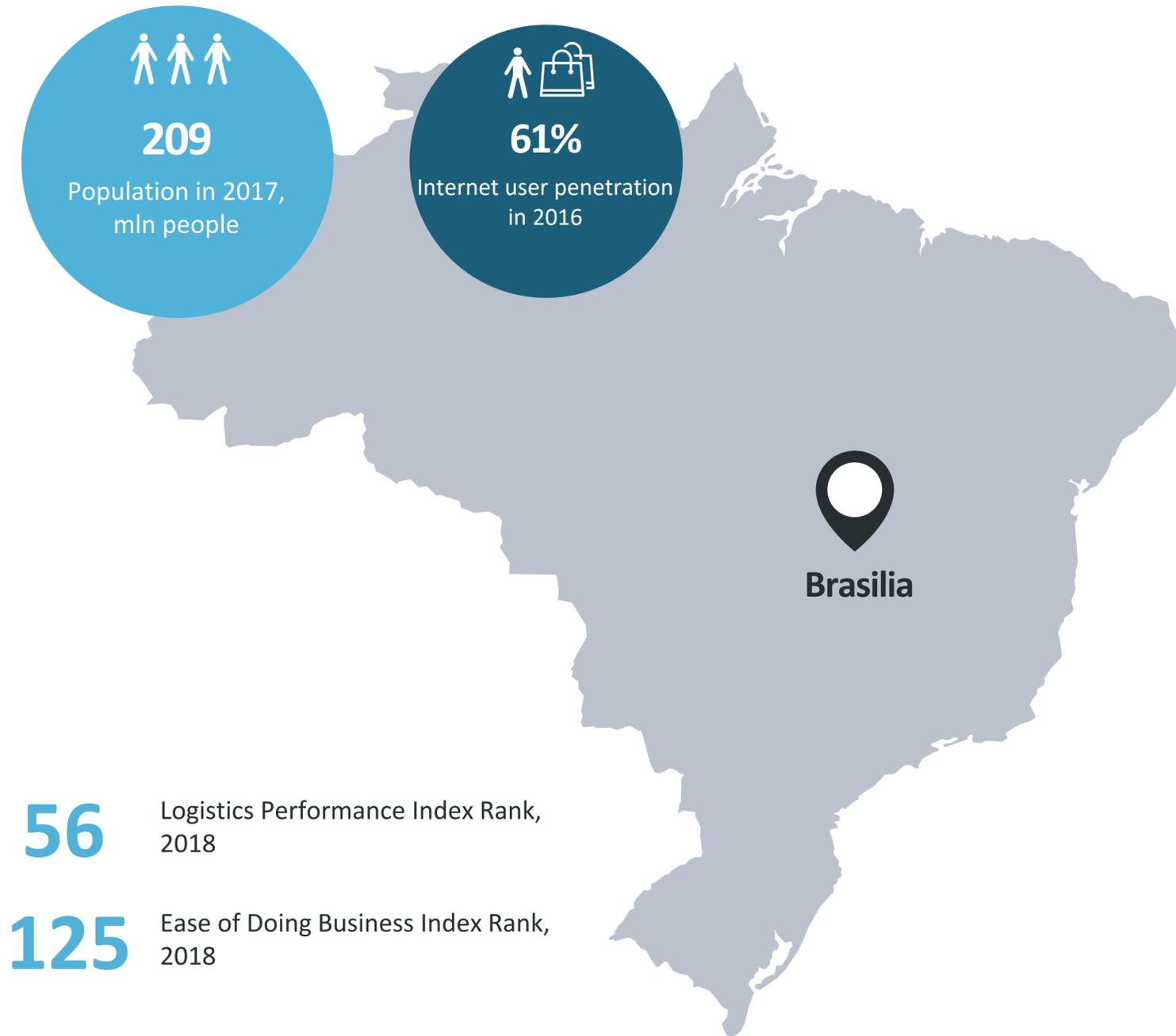
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Source: The World Bank, 2018; International Telecommunication Union (ITU), 2018; Ecommerce Foundation, country profiles, 2018

1 / Key markets: overview



Brazil

\$9,8

GDP per capita in 2017, USD thousands

1%

The share of e-commerce in GDP in 2017

\$1 300

End consumption by households*, 2017, USD bln

\$15,8

The volume of the B2C e-commerce market in 2017, USD bln

E-commerce turnover includes services.

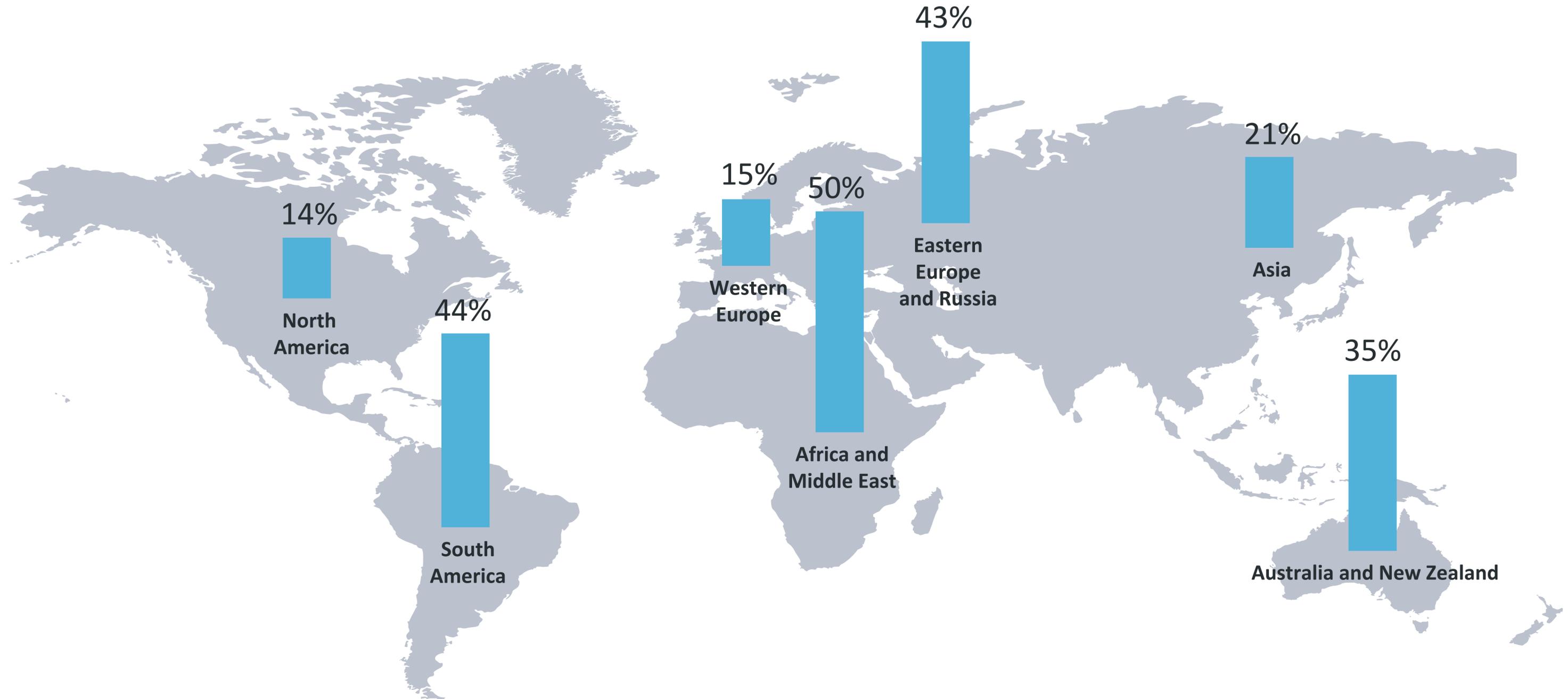
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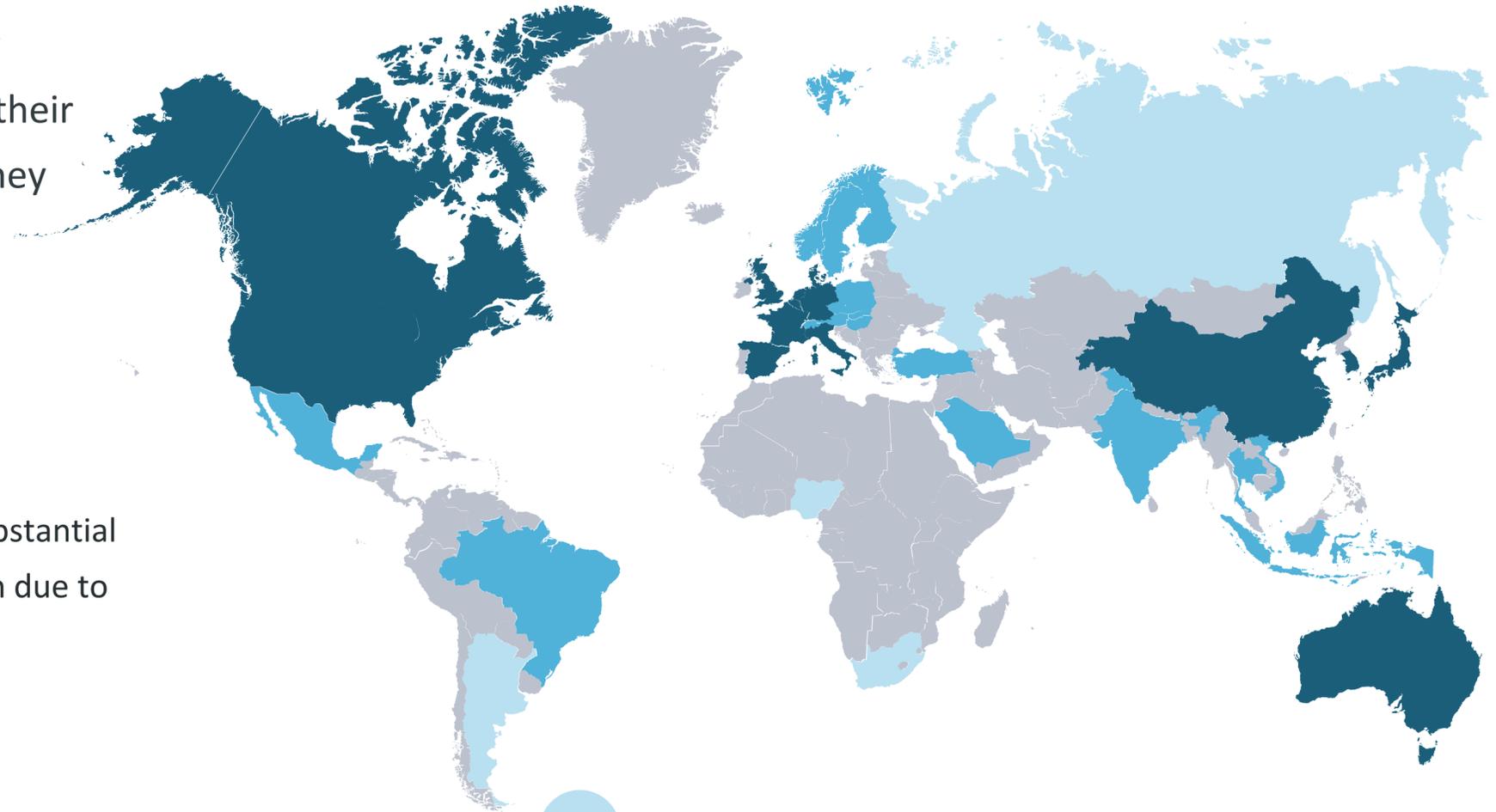
1 / Share of imported online purchases by region



Source: KPMG, Global Online Consumer Report, 2017

1 / Three categories of e-commerce markets globally

Russia is viewed as a market that foreign brands show interest in. However, most global companies factor in their size, infrastructure level and political situation when they consider entering such markets.



Top-tier markets
These markets are large or mature enough to attract substantial investment in e-commerce or relatively easy to maintain due to the existing infrastructure.

Second-wave markets
Many international brands monitor these markets, but they rarely become the first launch sites.

Wait-and-see markets
Brands show interest in these markets as well, but their size, infrastructure level or political factors delay the entry of online stores.

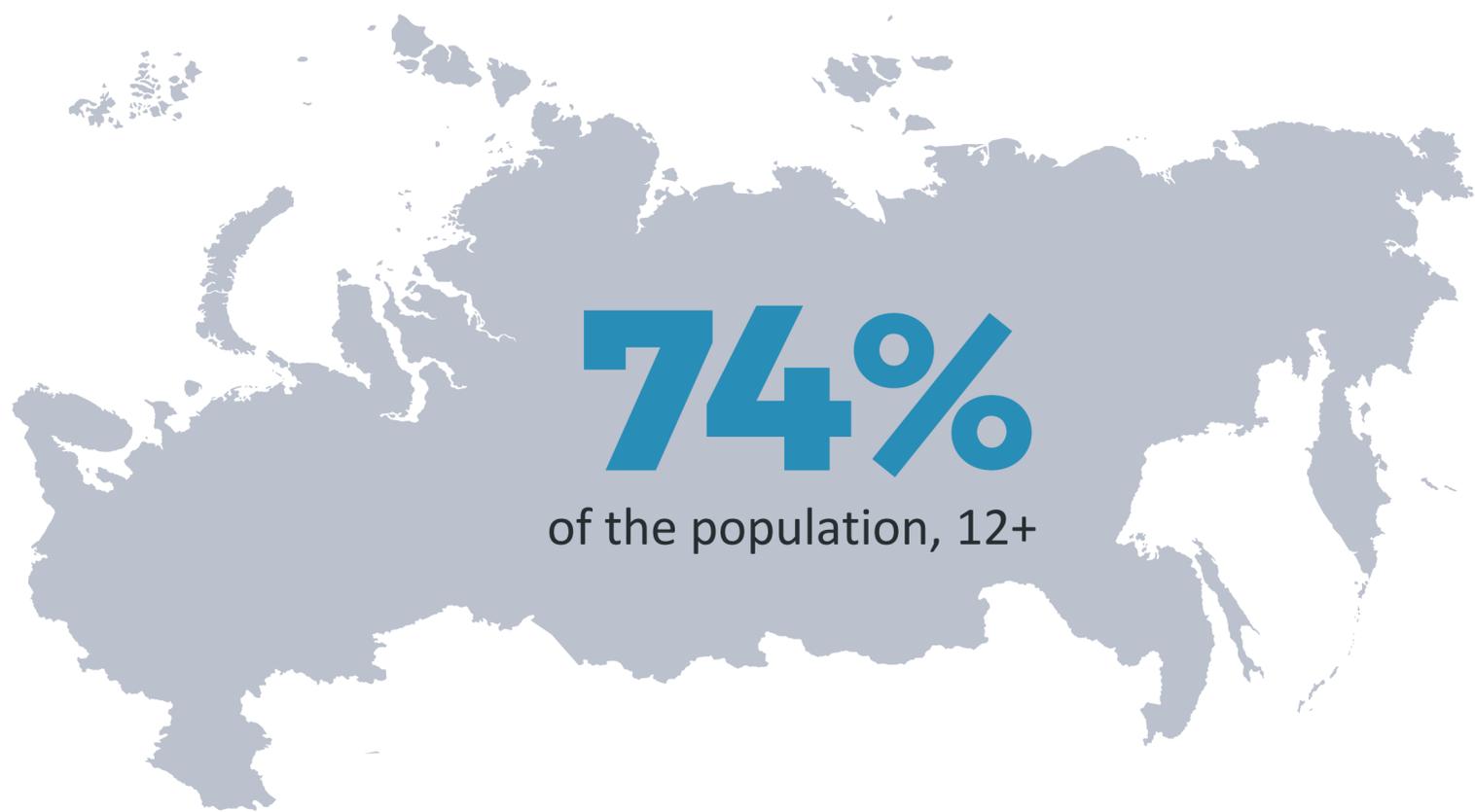
Source: Global Ecommerce Markets Will Reach \$4 Trillion By 2020. Are You In?, Shopify Plus, 2016

Online audience in Russia

- Russian online audience: size and preferences
- user age and preferred devices
- average time online per user (minutes per day)



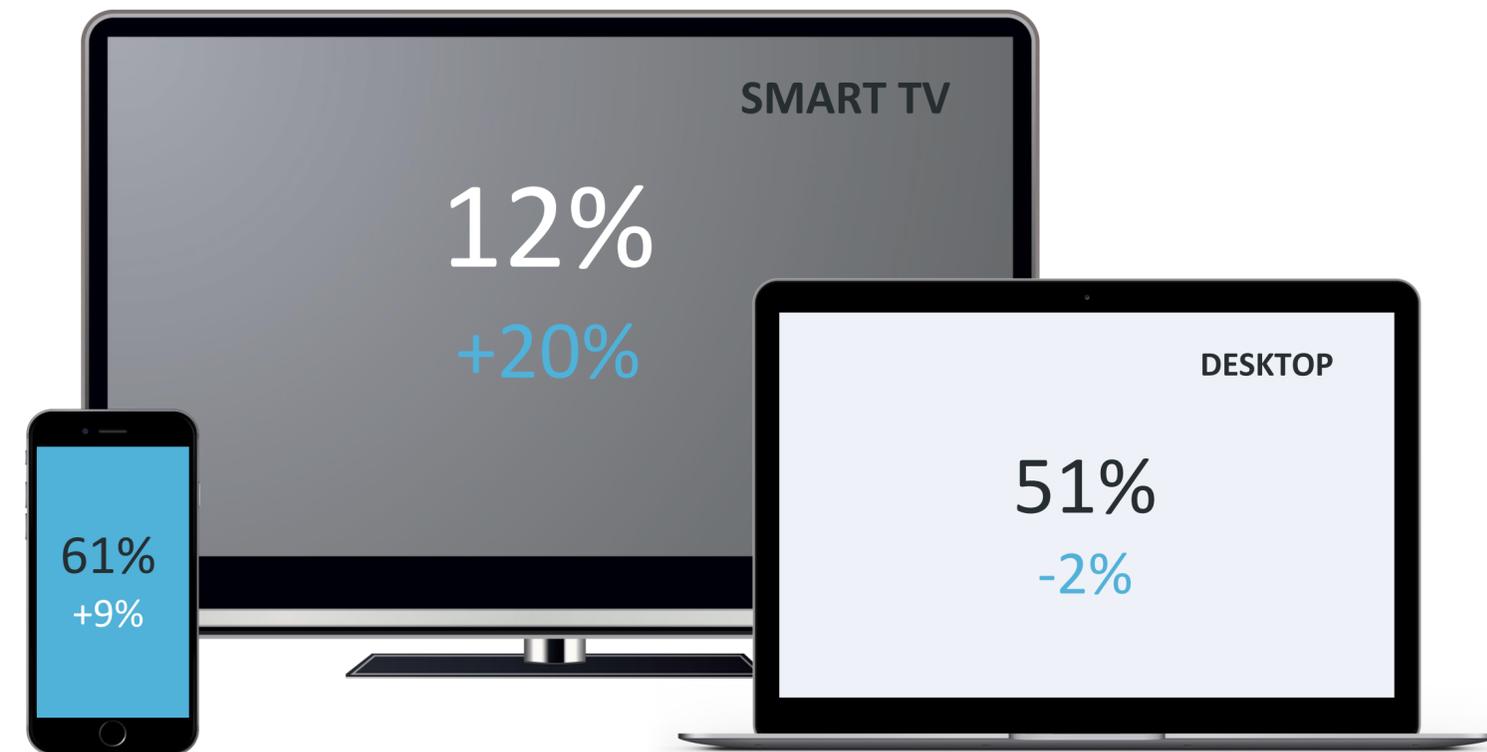
2 / Russian online audience: size and preferences



86% users go online every day

Monthly online audience

90 MLN PEOPLE ^{+3% (annually)}



Offline

26% ^{-9% (annually)}

Russia 0+, 12+, Monthly reach, million people, percent of population, April 2018 – September 2018, gain in April 2018 – September 2018 versus April 2017 – September 2017

Source: Mediascope: Аудитория интернета, 2018 (Online Audience, 2018)

2 / Russian online audience: size and preferences

MOBILE ONLY

VS

DESKTOP ONLY



21,6 MLN PEOPLE +20% (annually)

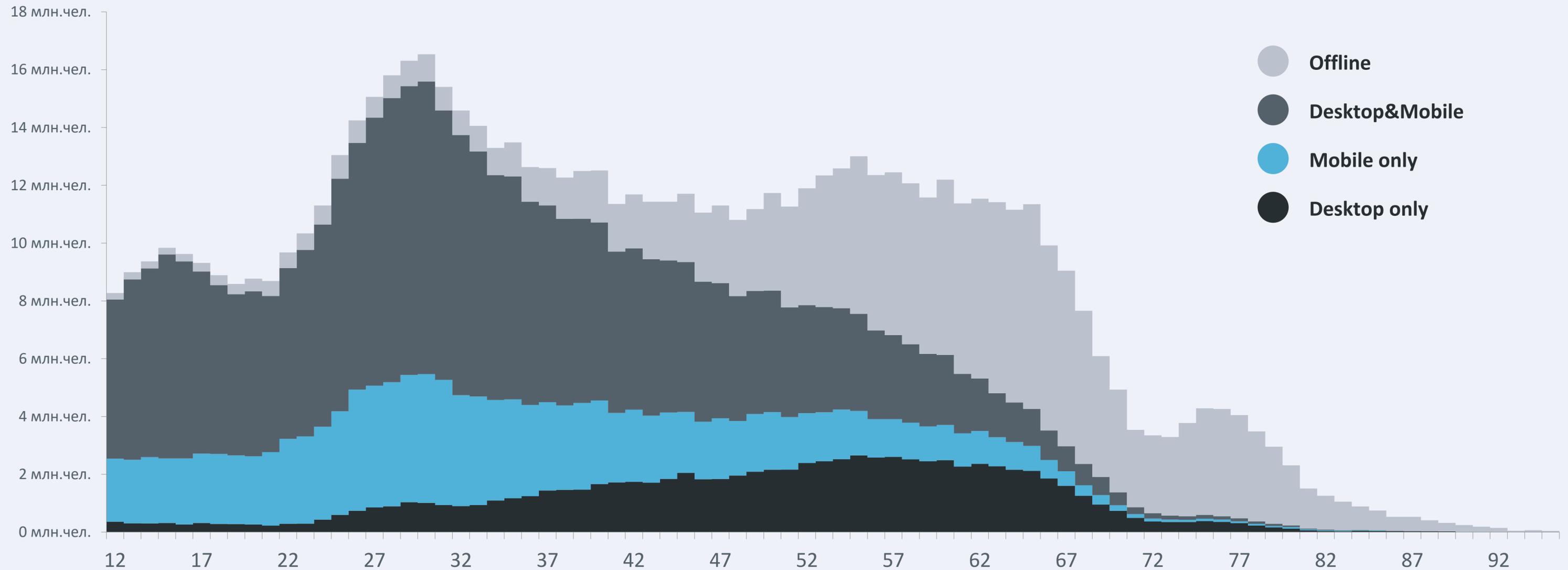


16 MLN PEOPLE - 20% (annually)

Russia 0+, Monthly reach, all 12+, September 2017 – February 2018, gain in September 2017 – February 2018 versus September 2016 – February 2017

Source: Mediascope: Аудитория интернета, 2018 (Online Audience, 2018)

2 / User age and preferred devices



Russia 0+, Monthly reach, moving average for 6 years, starting from 12 years, September 2017 – February 2018

Source: Mediascope: Аудитория интернета, 2018 (Online Audience, 2018)

2 / Average time online per user (minutes per day)



Russia 100k+, 12–64, average minutes per day online, net of time spent in "offline" themed groups in mobile applications, September 2018

Source: Mediascope: Аудитория интернета, 2018 (Online Audience, 2018)

B2C market in Russia

- online B2C in Russia, 2018
- e-commerce market growth drivers
- online sales in Russia, 2011–2018
- e-commerce in Russia, 2019–2023 forecast
- growth drivers
- 10 characteristics of the Russian market



3 / Online B2C in Russia, 2018

E-commerce (B2C commerce) implies the purchase of tangible goods from a legal entity online, also via mobile applications, social media and messengers, where the purchase is a reservation, delivery order, payment, receipt via an ODP or postal ATM. The estimates include purchases of tangible goods and do not include: services, meals, tickets and hotels, in-app game purchases, event tickets, cross-border purchases.



290 mln

orders (+18%)*



RUB 3 970

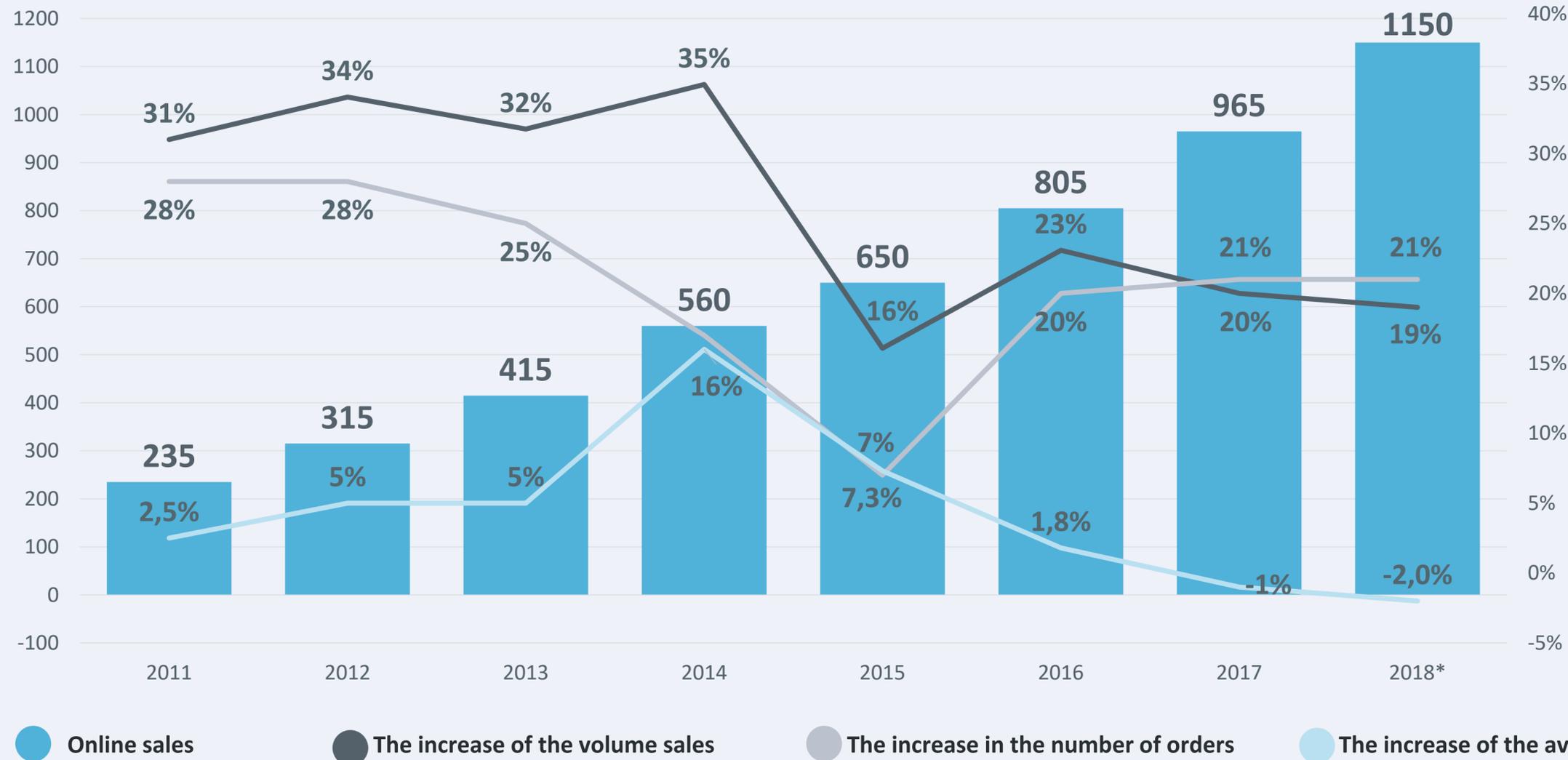
average check (-2%)*



* forecast

Source: Data Insight

3 / E-commerce market growth drivers



E-commerce growth is accounted for by the number of orders, but not the average check, which has been shrinking for 2 years in a row. The number of new customers and orders per customer is also growing.

* forecast

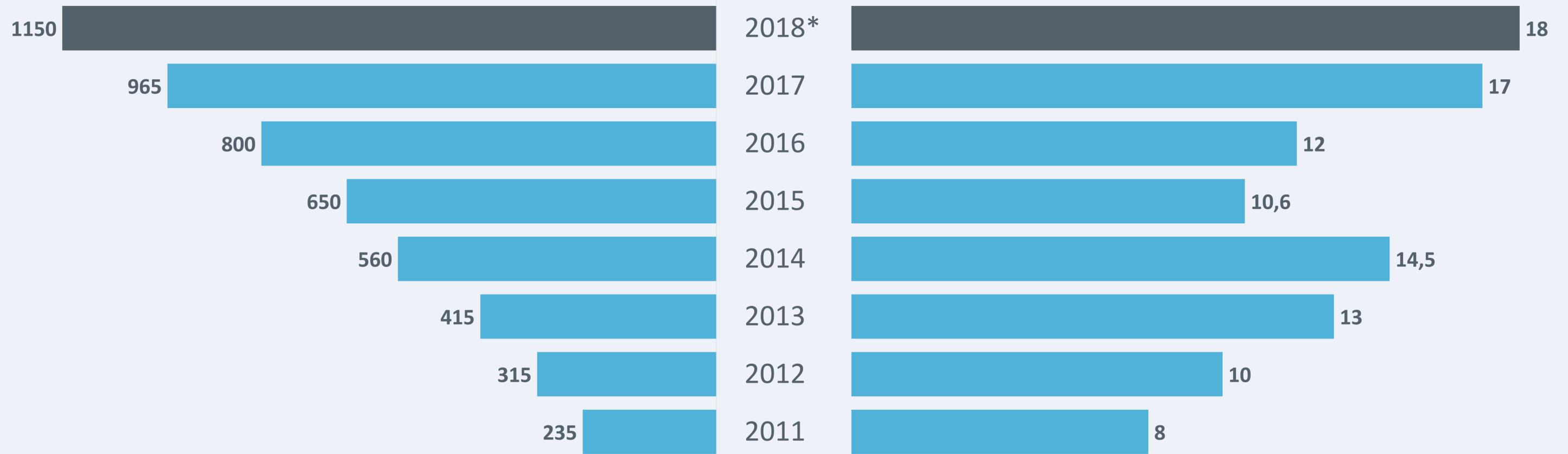
Source: Data Insight

3 / Online sales in Russia, 2011–2018

RUB (BLN)

VS

USD (BLN)



* forecast
Source: Data Insight

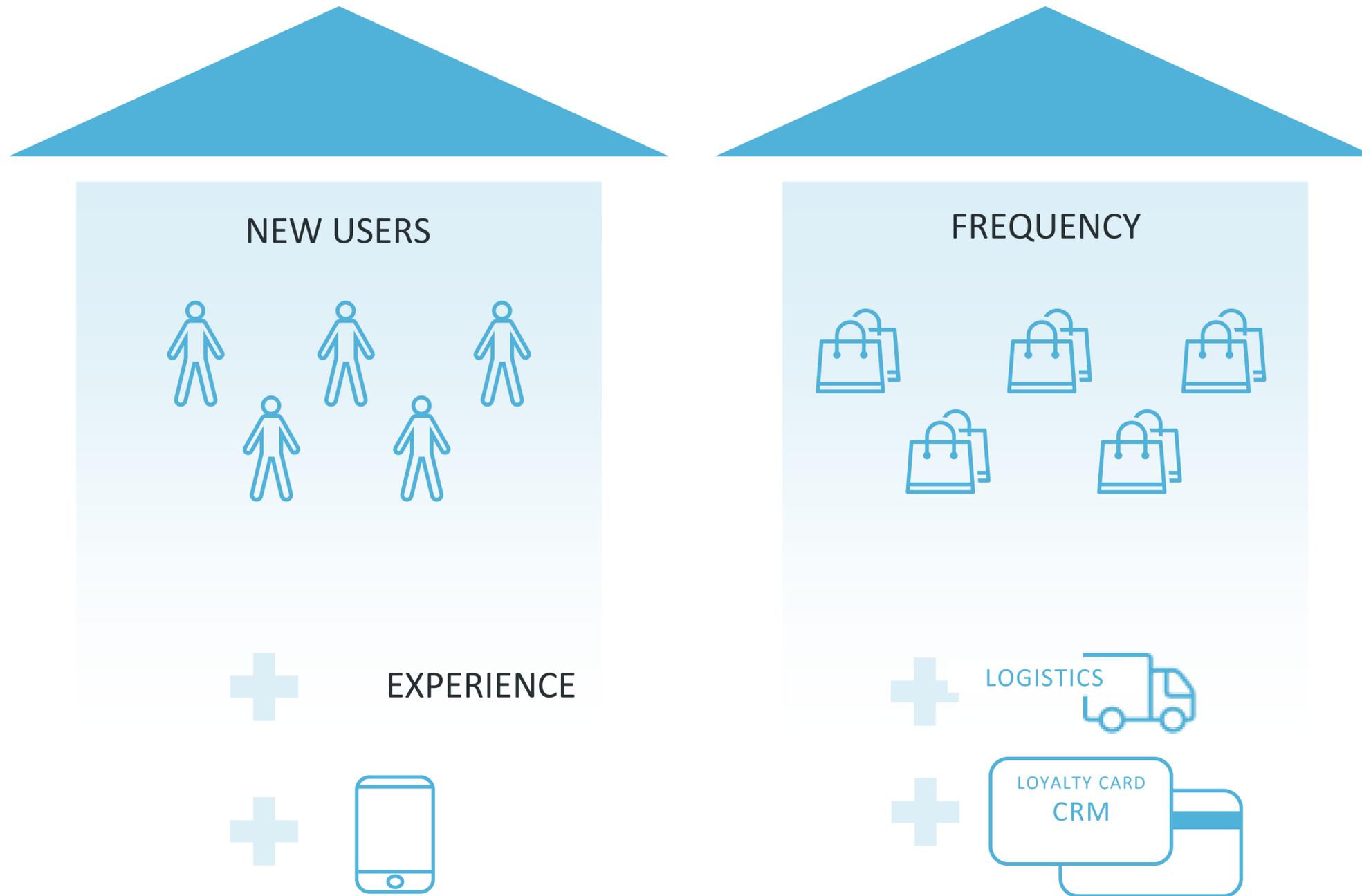
3 / E-commerce in Russia, 2019–2023 (forecast)



The e-commerce market growth rate picks up each year: 5 years ago it was growing by RUB 100 bln p.a. versus RUB 185 bln in 2018. If the current trends persist, by 2023 the market will more than double reaching RUB 2,4 trillion, with +16% average annual growth rate (2019–2023).

* forecast
Source: Data Insight

3 / Growth drivers



A growing number of online shoppers are becoming more experienced Internet users. Second-time online buyers tend to shop online more often and enter other product categories.

Source: Data Insight

3 / 10 characteristics of the Russian market

Geography (long distances)

- 1. Hyperconcentration of retailers in Moscow
- 2. Share of orders from big cities remains disproportionately large

Weak players

- 5. Disadvantaged position of international players on the Russian market...
- 6. ... yet a high proportion of cross-border purchases
- 7. A specific (local) set of marketing channels
- 8. Fragmented e-commerce market

Poor infrastructure

- 3. Fragmented logistics infrastructure
- 4. A large share of pickup from stores and ODPs

Spoiled customers (pay-later deals)

- 9. High customer expectations regarding the delivery times
- 10. Payment upon receipt prevails

C2C market in Russia

- online C2C in Russia, 2017
- the role that Internet plays in C2C sales
- share of S2C sellers: penetration geography
- C2C product categories and seller analysis
- 7 characteristics of the Russian C2C market



4 / Online C2C in Russia, 2017

C2C commerce is understood as the purchases of new or used tangible goods, exclusive of motor vehicles and real estate, by individuals from other individuals over the Internet.

We estimate that 8 million sellers and 10 million buyers are engaged in C2C commerce in Russia.



90 mln
sales

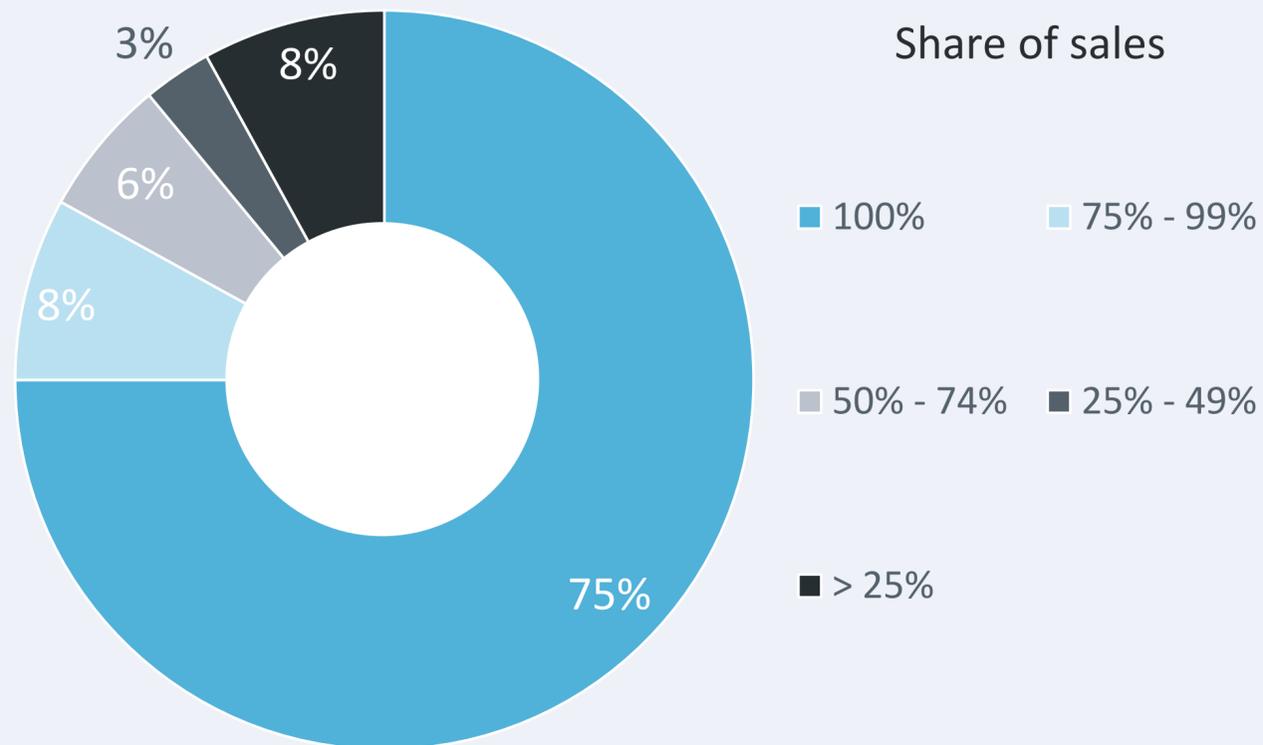


RUB 3 250
average check



4 / Role that Internet plays in C2C sales

On average, online sales account for **87% of transactions** made by individual sellers who participated in our surveys. Three out of four sellers rely on the Internet as a sole sales channel.



Only 6% engaged in active selling (to new customers rather than old customers or acquaintances) offline.

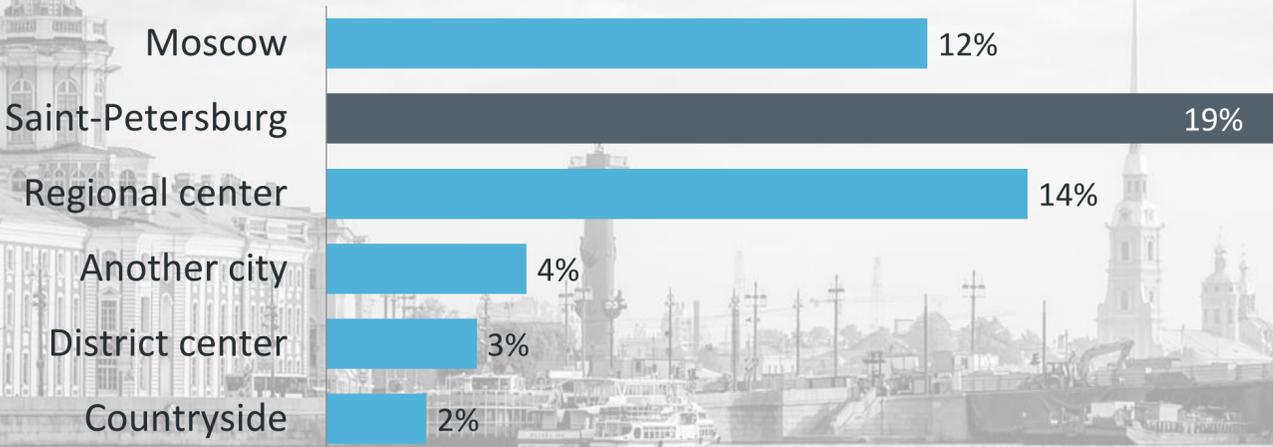


*Also in a market (2%), via newspaper ads (2%), using leaflets and paper ads, in offices, in the street, on public transport (1%)

Source: Data Insight for Avito, Online C2C in Russia: Trading between Private Individuals over the Internet, 2017 datainsight.ru/c2c-2017

4 / Share of C2C sellers: penetration geography

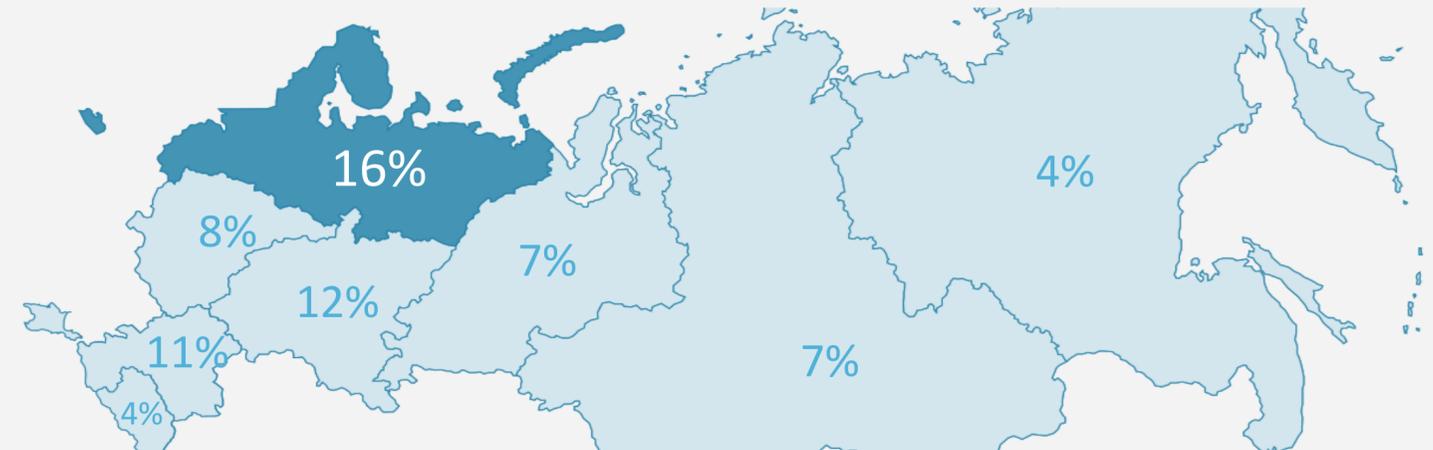
Private sellers' penetration in the population of big cities



The penetration of individual sellers in the population of Moscow is lower than the average in most regional centers and is significantly lower than in Saint Petersburg. Numbers of sellers in smaller municipalities is a fraction of those in big cities, but they are there and that matters.

North-Western Federal District is the most advanced in terms of C2C commerce. It is ahead of most other macroregions (all but Volga and South Federal Districts) by more than 200%.

Private sellers' penetration in the population of Federal Districts



Source: Data Insight for Avito, Online C2C in Russia: Trading between Private Individuals over the Internet, 2017 datainsight.ru/c2c-2017

4 / C2C product categories and seller analysis

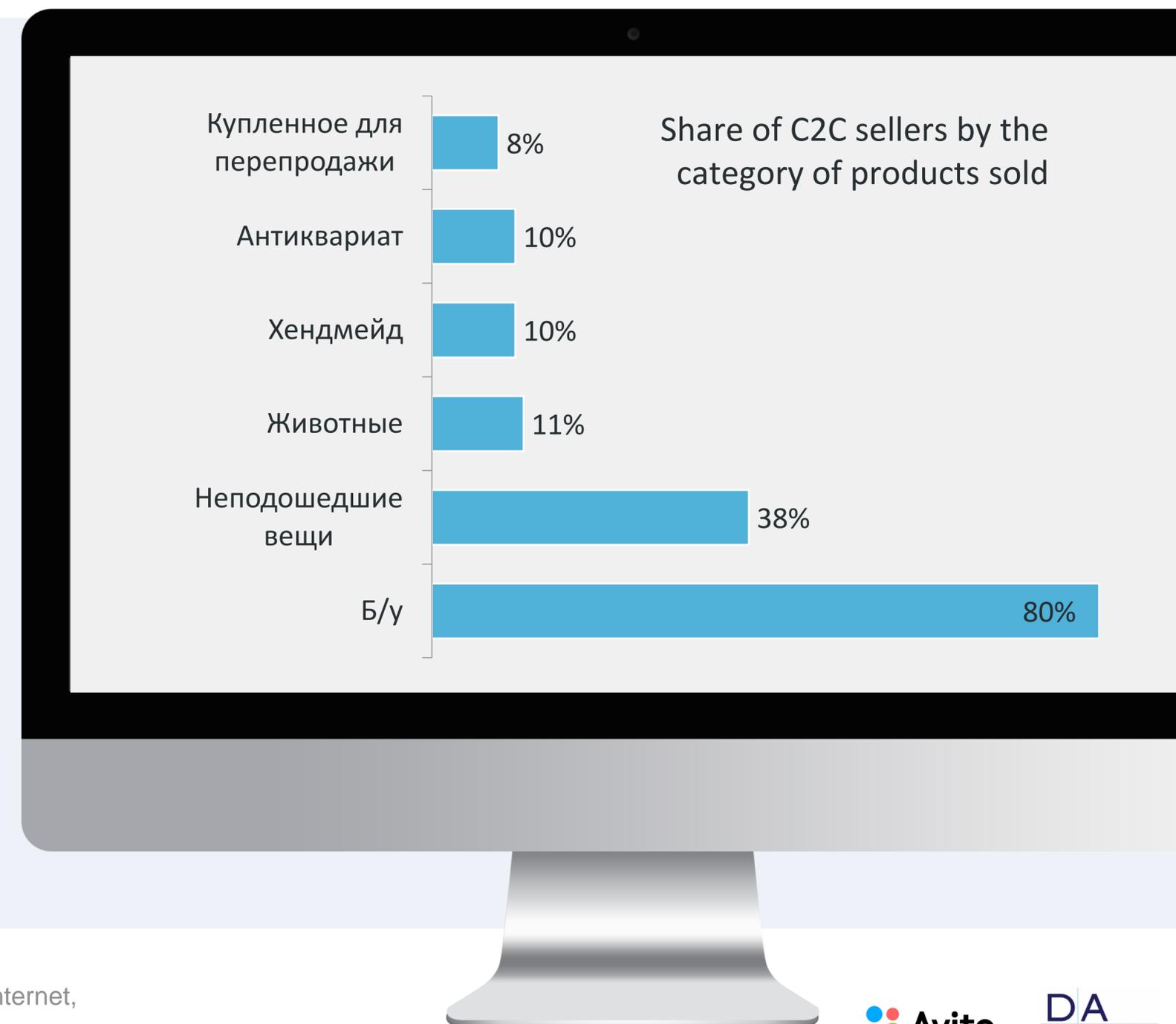
80% of C2C sellers offer used items



Of these, **43% sell only used items only.**

Only **8% of sellers offer new items** bought specifically for resale; they account for 4% of all sales (about 300,000 transactions per month).

An average seller trades in products in just above 1.5 categories.



4 / 7 characteristics

of the Russian C2C market

SELLERS



Self-employment:

5% (more than 300 000 people) are professional sellers.

High concentration:

350 000 most active sellers account for 40% of all sales.

Hyperlocal market:

92% of sellers are active only within their place of residence (town, city or region).

PRODUCTS



Diversification:

sales of used items are the highest, but 37% of transactions are in other types of goods (primarily new items found unsuitable by customers)

BUYERS



Unique audience:

a third of C2C buyers never shop online.

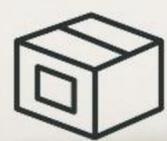
Active buyers core:

1 million most active buyers account for 47% of C2C purchases.

Huge audience with irregular buying patterns:

10 million people made at least one C2C purchase online in 2017.

Integrated and customized solutions for your e-commerce business



WAREHOUSE
LOGISTICS



24 CUSTOMER
SERVICE



IT SOLUTIONS



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Online retail import

- online retail import in Russia, 2018
- cross-border vs. domestic shopping
- overlapping audiences, 2018
- spending trends on the Russian market



5 / Online retail import in Russia, 2018

Online retail import stands for purchases made in foreign online stores operating in Russia (synonyms: cross-border, cross-border sales). The share of online retail import (in all online purchases) is **the highest** in medium-sized cities and small towns and in the countryside.



300 MLN**
orders (+34%)



RUB 1 160
average check (-4%)



Source: Data Insight

*Forecast

**Multiple parcels within one cross-border order.

5 / Cross-border vs. domestic shopping

Online orders, mln items



Online sales, RUB bln



Online sales, USD bln



● Domestic ● Cross-border

Source: Data Insight

Consumers who only shop in Russian online stores and those who also shop in foreign stores are approximately equal in number.

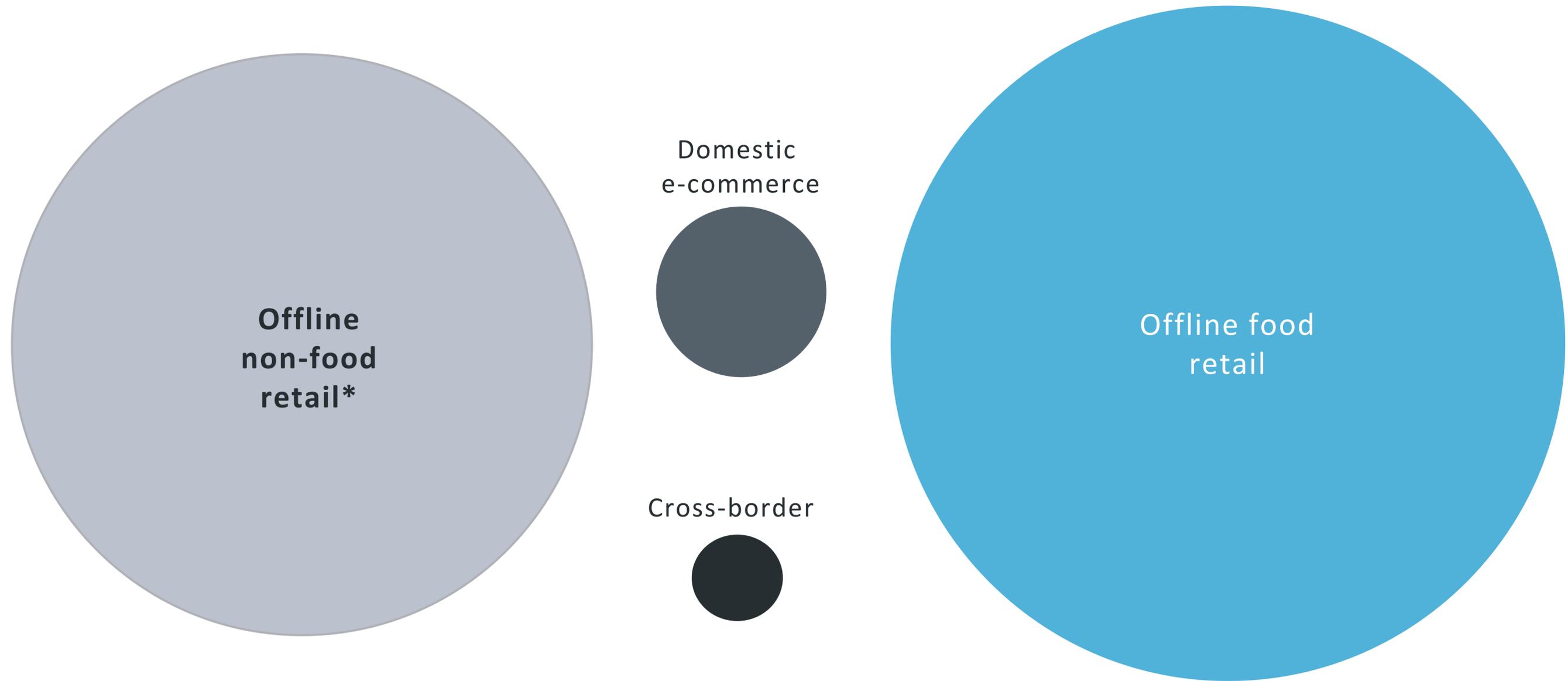


15% of consumers made purchases only on foreign websites.

* Purchases in online stores and marketplaces are taken into account

Source: Data Insight for PayPal, Russia's Online Economics: How People in Big, Medium-Sized Cities and Small Towns Buy, Sell and Pay Online, 2018 – datainsight.ru/PaymentEvolution2018

5 / Spending trends on the Russian market



* exclusive of vehicles and gasoline sales

The circle area is proportional to the turnover in 2017.

Source: Data Insight

Online retail export

- online retail export in Russia, 2018
- online retail export structure
- geographic spread of orders in online export
- product categories in online retail export
- export shipments logistics



6 / Online retail export in Russia, 2018

Online retail export stands for the purchases of goods in Russian online stores and from Russian individual entrepreneurs made from abroad.



11,2 mln
shipments



\$67
average check



* Forecast

USD 746 million based on the average annual rate as of December 1, 2018

Source: Data Insight for eBay, Online Retail Export of Goods, 2018 – datainsight.ru/eBayCrossborder2018

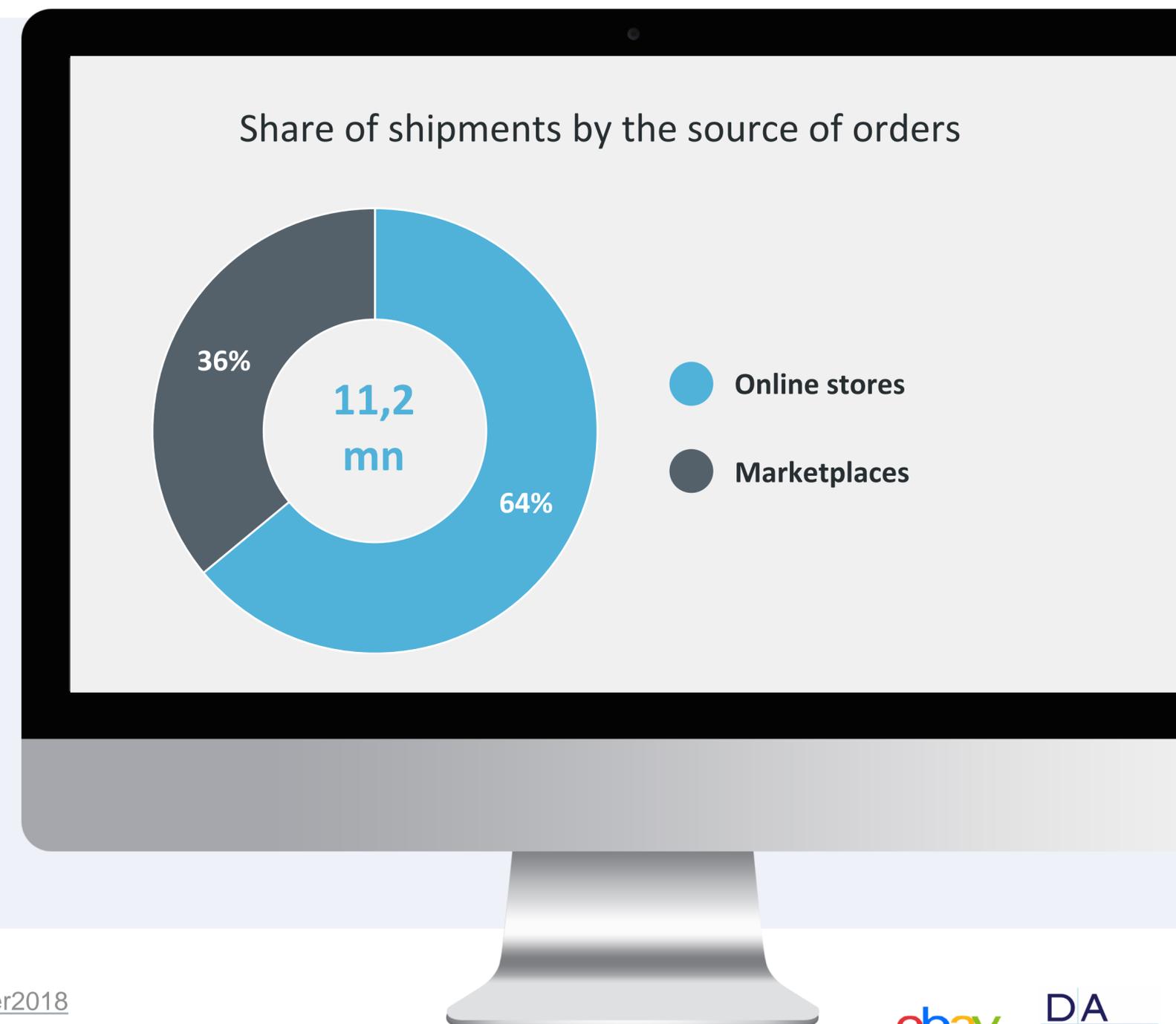
6 / Online retail export structure

About 4 million of all shipments will be ordered through marketplaces.

7,2 million shipments will be ordered in online stores via websites, local offices, social media and other channels.

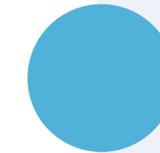
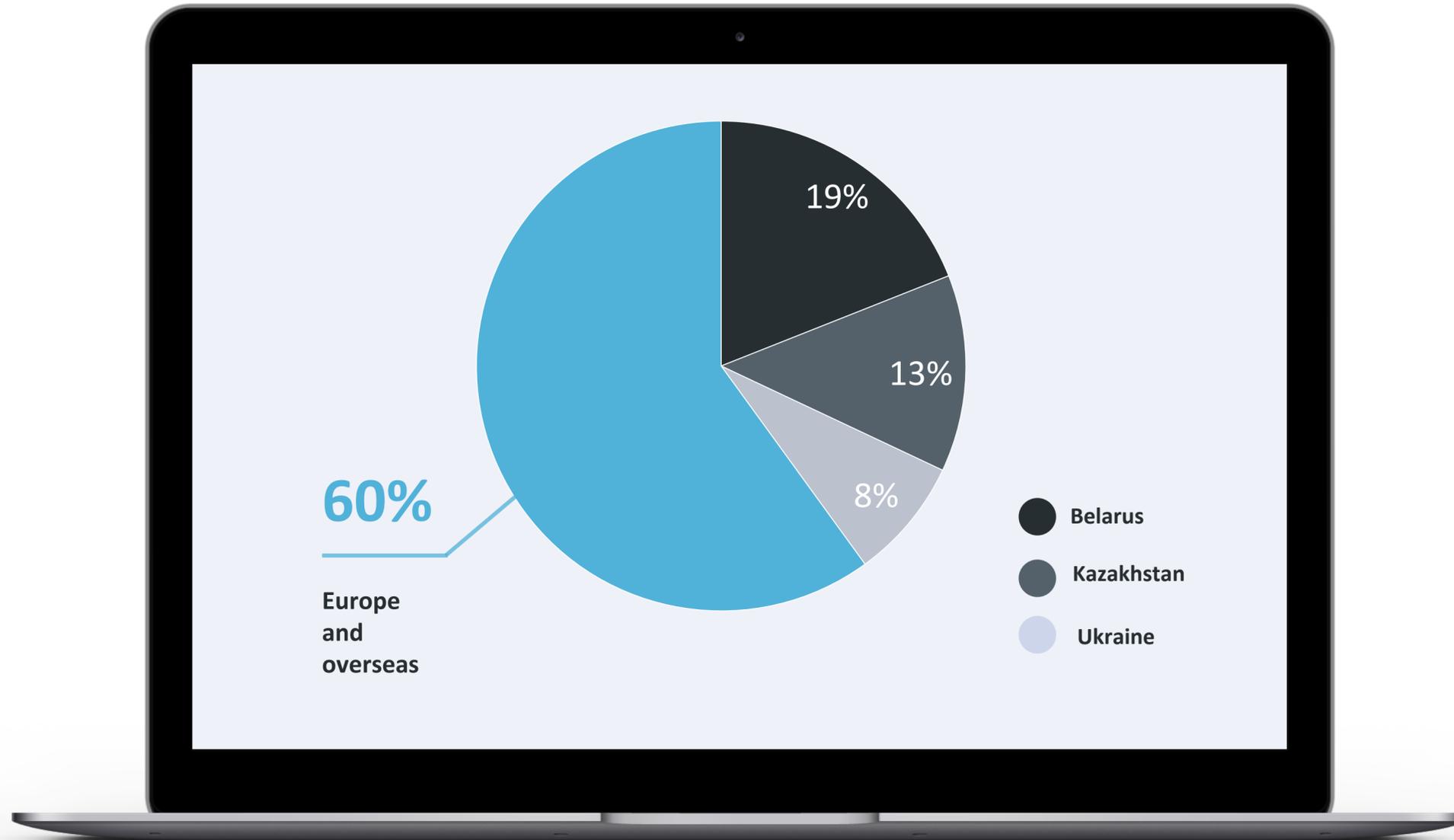


Over the past 2 years, the share of medium-sized and small exporters who sell via marketplaces and deliver using postal operators **increased from 15%** of shipments in 2016 **to 36%** of shipments forecasted for the end of 2018.



Source: Data Insight for eBay, Online Retail Export of Goods, 2018 – datainsight.ru/eBayCrossborder2018

6 / Geographic spread of orders in online export



- 17% USA
- 4.3% Germany
- 3.6% Great Britain
- 1.9% Israel
- 2.3% China
- 2.3% France
- 2.1% Canada

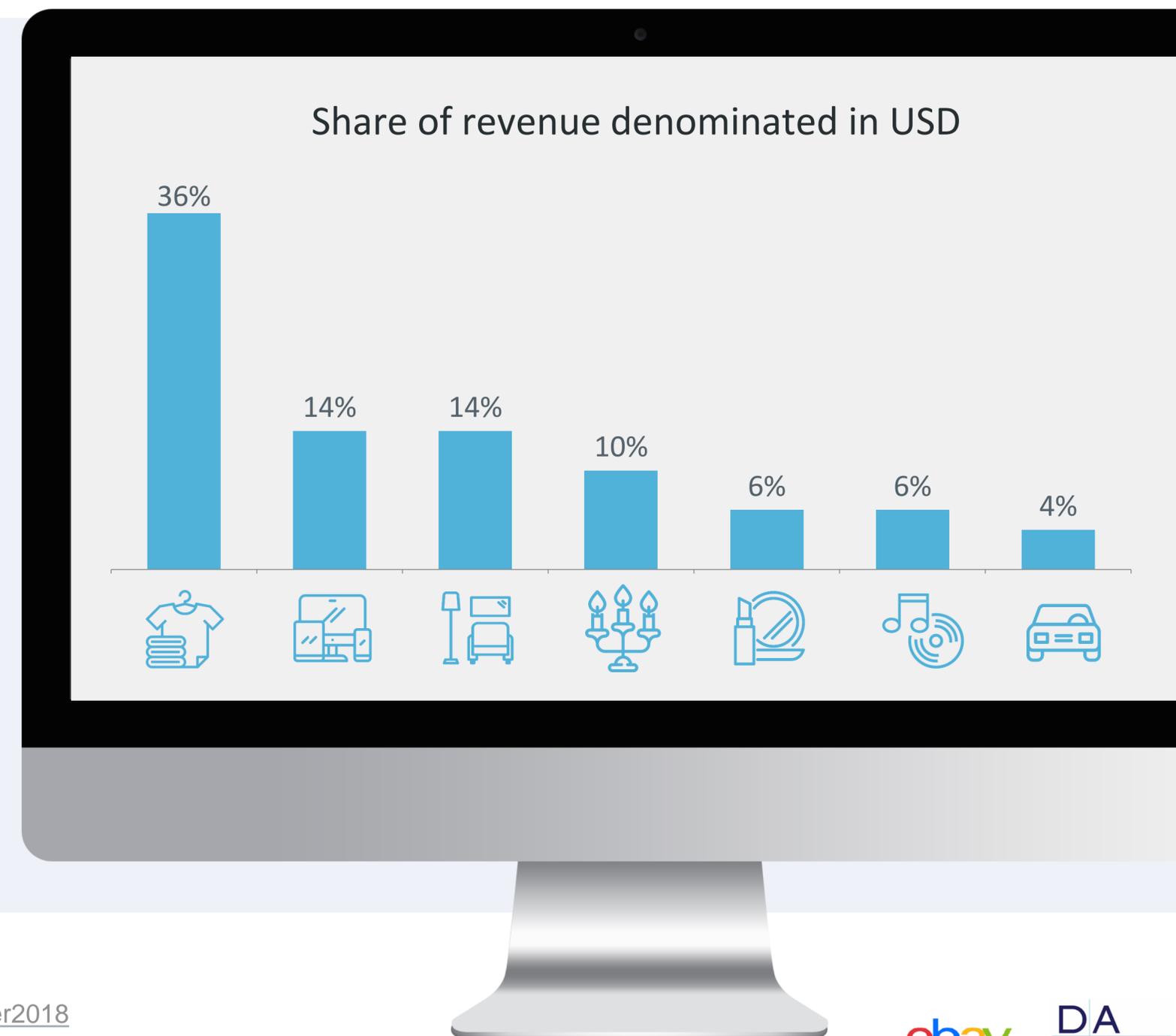
Source: Data Insight for eBay, Online Retail Export of Goods, 2018 – datainsight.ru/eBayCrossborder2018

6 / Product categories in online retail export

Fashion remains the top category by the share of USD-denominated revenue.
It is followed by home electronics and homeware & decor.



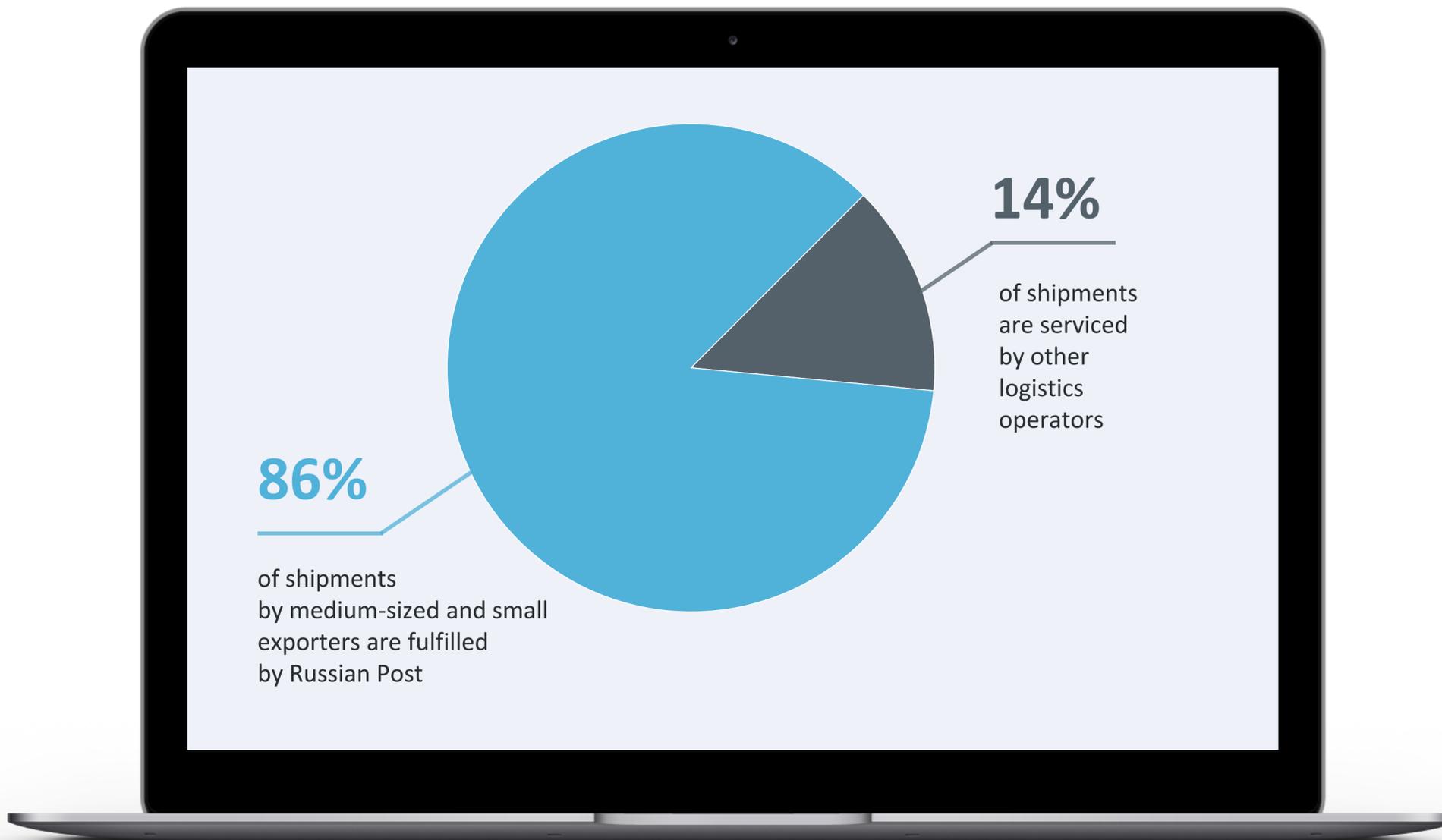
Medical products account for 3% of revenue;
food products account for 2%*.



*forecast for 2018

Source: Data Insight for eBay, Online Retail Export of Goods, 2018 – datainsight.ru/eBayCrossborder2018

6 / Export shipments logistics*



How the sellers ship**:

95% Russian Post

31% DHL

29% DPD/SPSR

29% UPS

20% ship to the overseas partner/representative via wholesale channels

* Exclusive of shipments made by large online stores, as they use their own channels for international deliveries

** One seller may use multiple delivery options

Source: Data Insight for eBay, Online Retail Export of Goods, 2018 – datainsight.ru/eBayCrossborder2018

E-commerce logistics

- online logistics in Russia, 2017
- delivery: preferences and trends
- delivery times on the Russian market, 2018
- express delivery: relevant categories , 2018



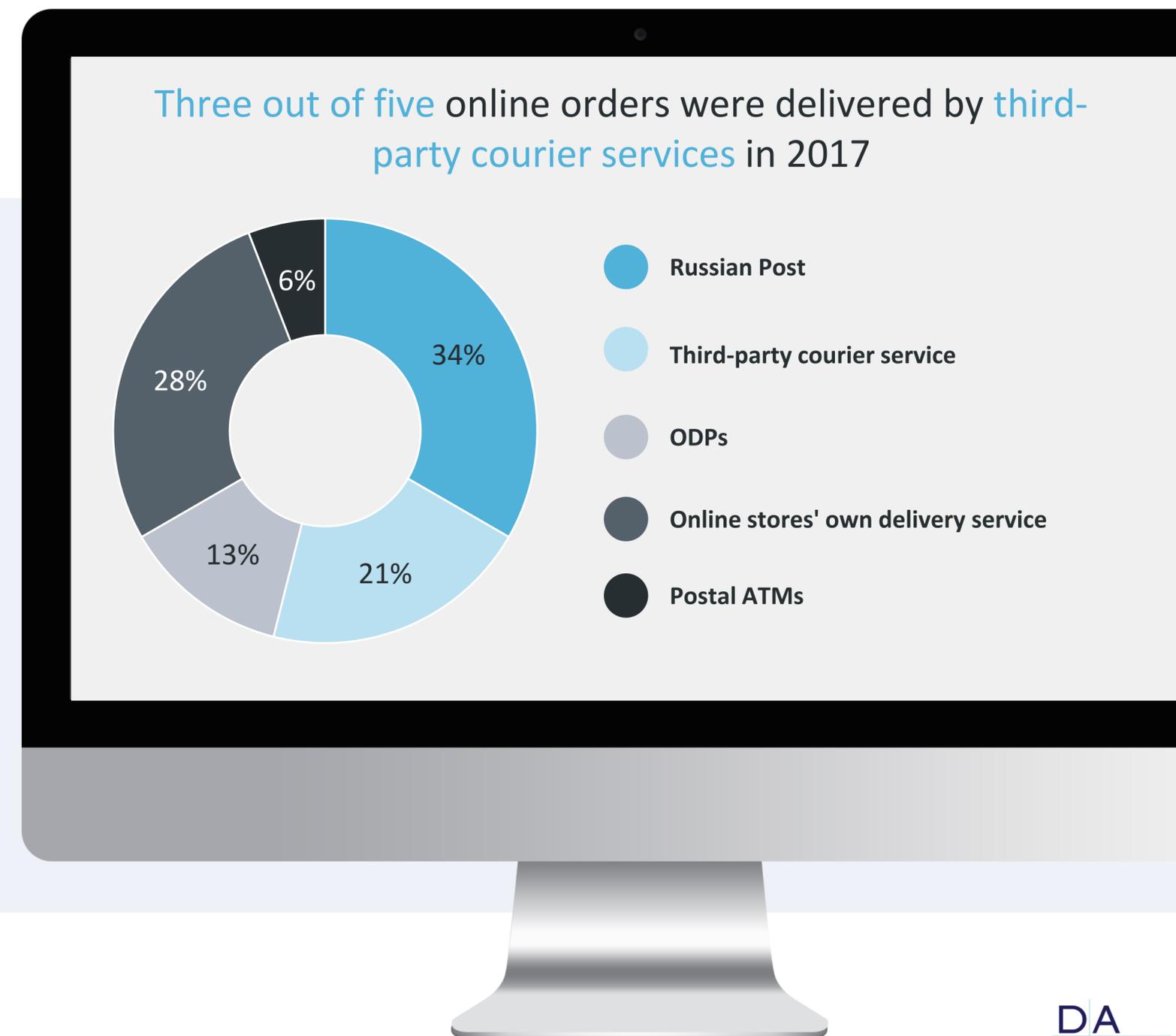
7 / Online logistics in Russia, 2017

E-commerce logistics stands for the entire range of delivery options used to ship online purchases to the end buyer.

The key trend in 2017–2018

is the growing share of pickup.

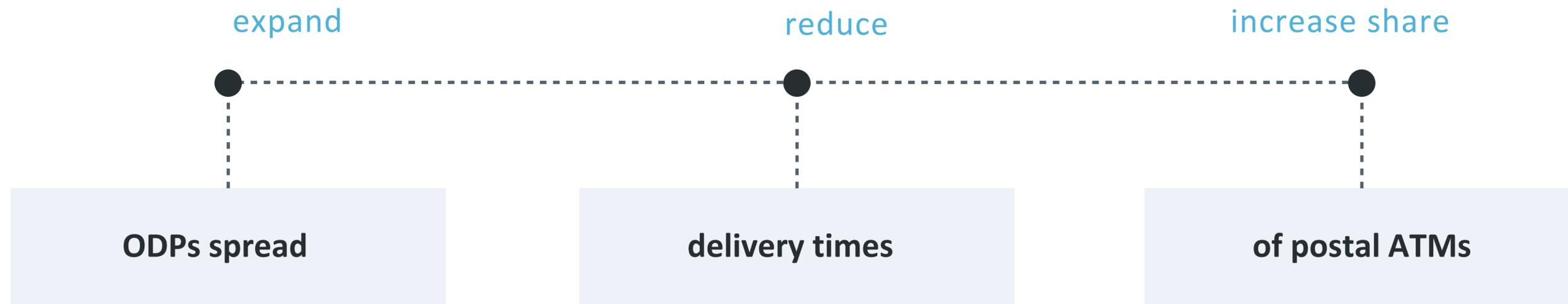
This is mostly due to the increasing number of pickup points and lower cost of their services, i.e. better quality of pickup service as such.



Source: Data Insight, Logistics Services for Online Stores: Main Report, 2017 - logistics.datainsight.ru/osnovnoy-doklad-2017

7 / Delivery: preferences and trends

- Moscow: courier delivery prevails
- St. Petersburg and other cities: pickup
- The last 2–3 years have seen a trend for the gradual levelling of preferences by city and region
- Outside of big cities: Russian Post

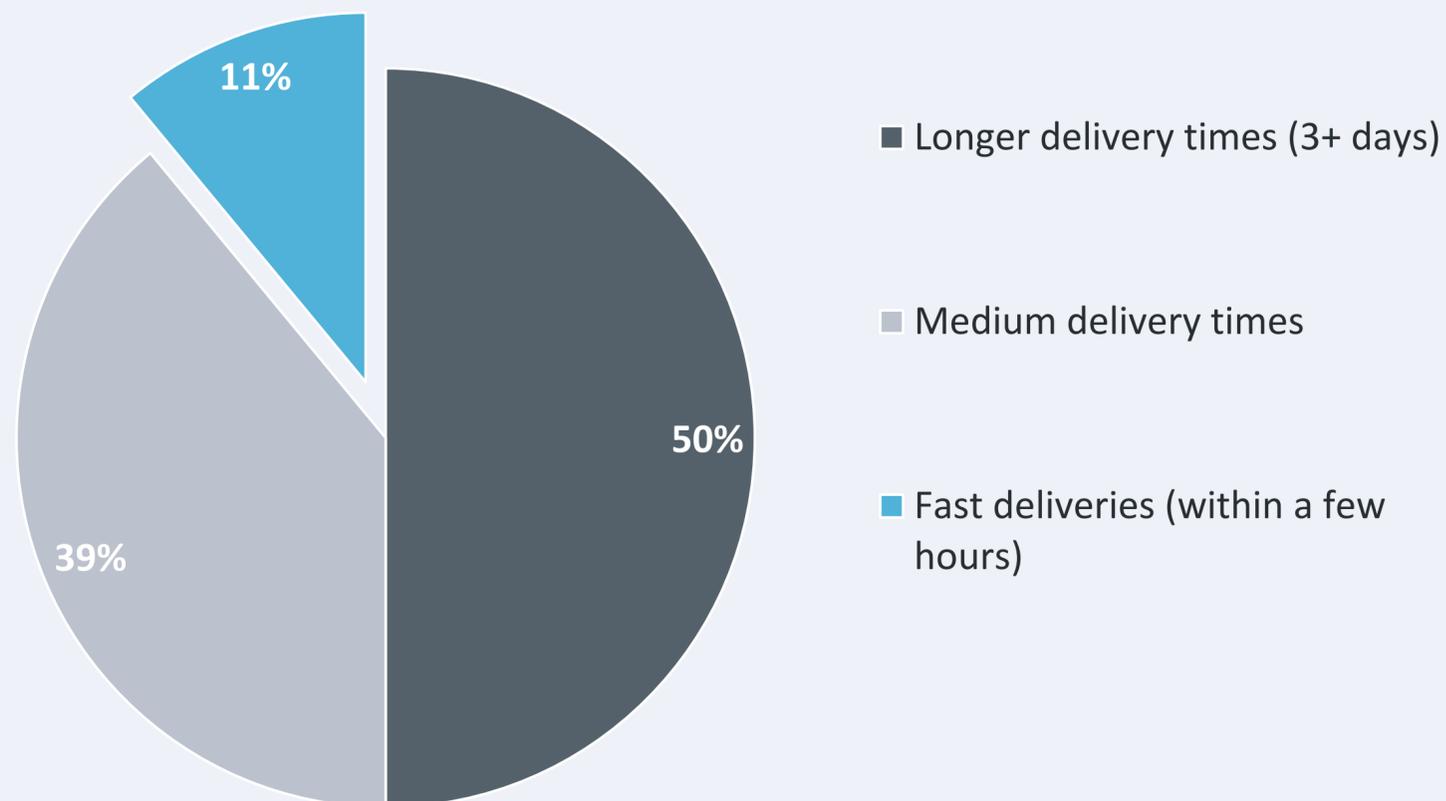


7 / Delivery times on the Russian market, 2018

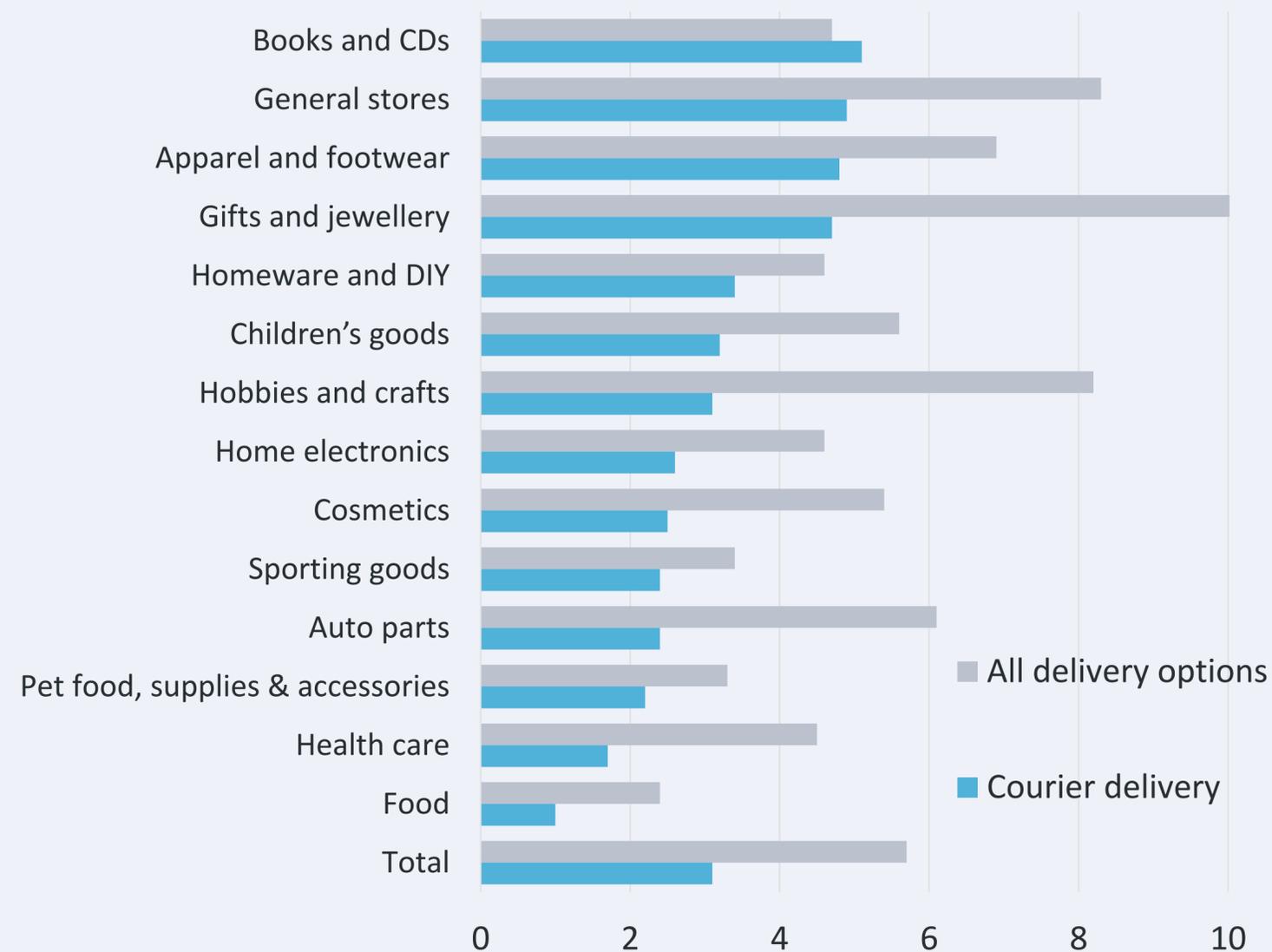
11% of shipments are fast.

Categories with the shortest delivery times are food and medical products.

Categories with the longest delivery times are books and CDs.

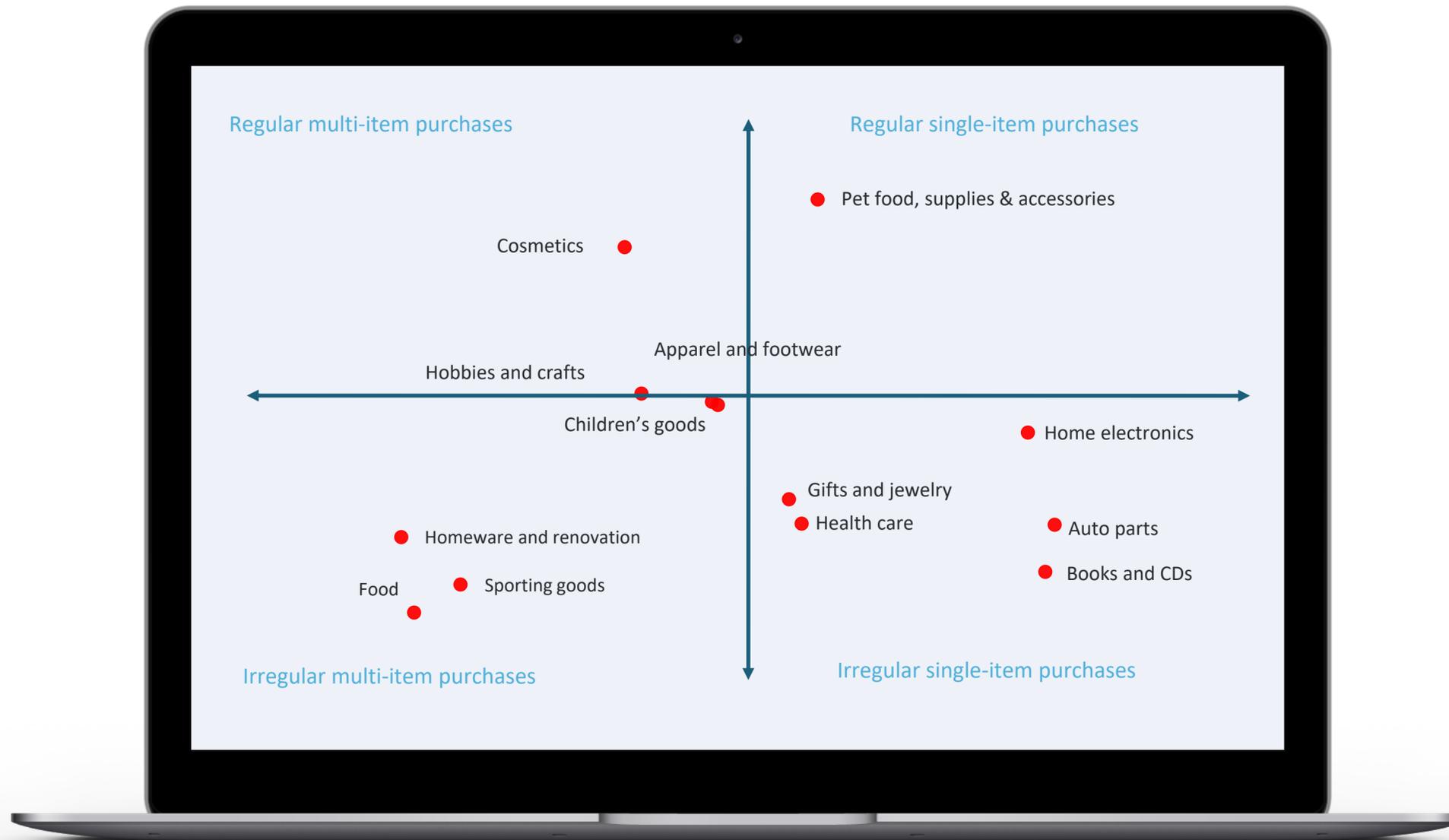


Average delivery time of the last purchase (days):



Source: Data Insight for Dostavista, Express Delivery Market, 2018 – datainsight.ru/expressdelivery

7 / Express delivery: relevant categories , 2018



Examples:

Home renovation doesn't happen every day, but when it happens express deliveries may be requested more than once.

Animal feed, on the other hand, is needed regularly but lasts for a long time.



We are always in touch!
✉ sale@dalli-service.com

☎ +7 (812) 603-86-86
☎ +7 (495) 646-86-82

Dalli Service - a delivery service for online stores in metropolitan areas (Moscow, Saint Petersburg, Moscow and Leningrad region).



Weekends and Holidays delivery

7 days a week, 364 days a year with no extra charge



Focus on quality

Couriers are polite, punctual, neat. Deliverability > 98%



Fixed rate for deliveries in Moscow region



Deliveries to other regions through aggregator websites



Technologically advanced

API, Personal account, modules



Delivery time between cities (Moscow & SPB) - 1 day



Returns of cash payments on delivery - up to 2 days



Free product pickups available

Mobile shopping

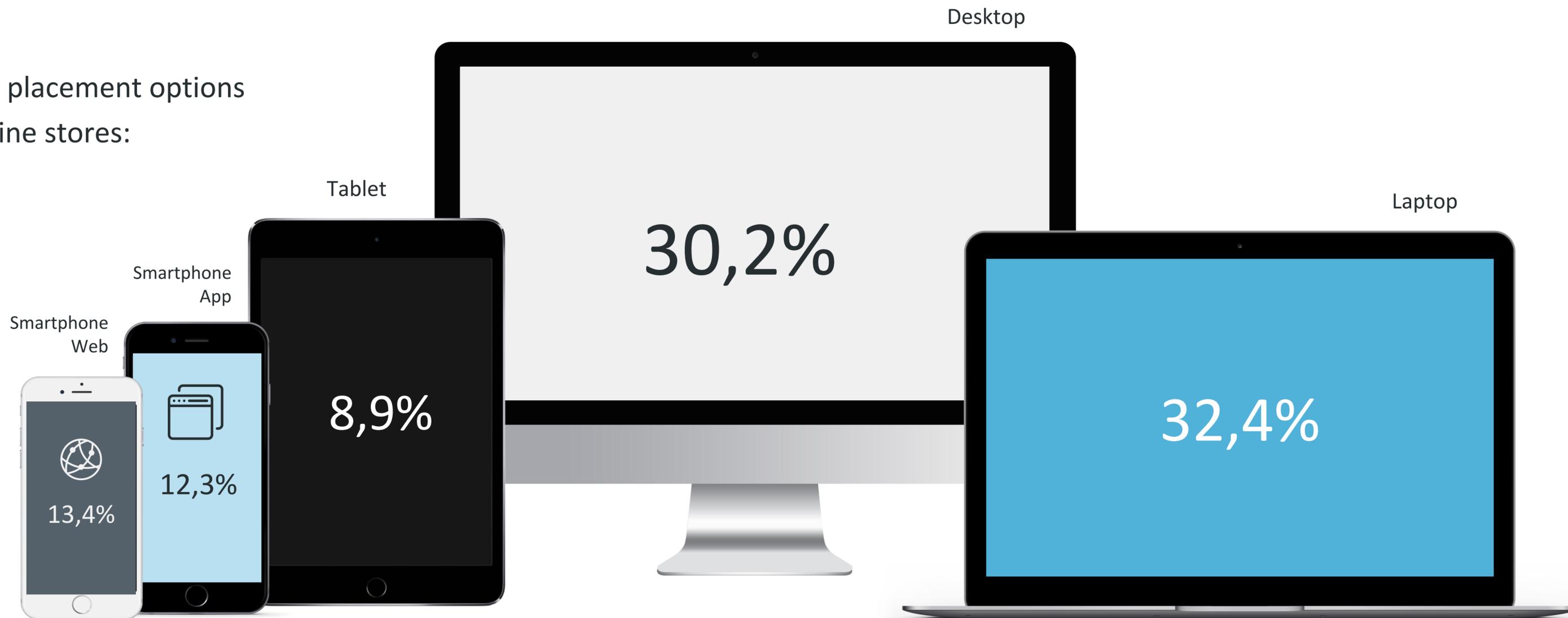
- mobile shopping in Russia, 2017
- mobile devices and users' age
- multiple-device shopping journey
- characteristics of mobile shopping



8 / Mobile shopping in Russia, 2017

We use the term **mobile** for any **purchase** made using a mobile phone, smartphone or tablet.

Order placement options at online stores:



Source: Data Insight for PayPal, Mobile Channel in Retail: How the Users Do It, 2017 – datainsight.ru/DI-mobile-09-17

8 / Mobile devices and users' age

A smartphone is #1 device used for online shopping by young people under 25.



The share of mobile purchases is also high in other social and age groups:

26%

of users with 5–10 years of online experience

26%

of small town (30–100k) residents



Source: Data Insight for PayPal, Mobile Channel in Retail: How the Users Do It, 2017 – datainsight.ru/DI-mobile-09-17

8 / Multiple-device shopping journey

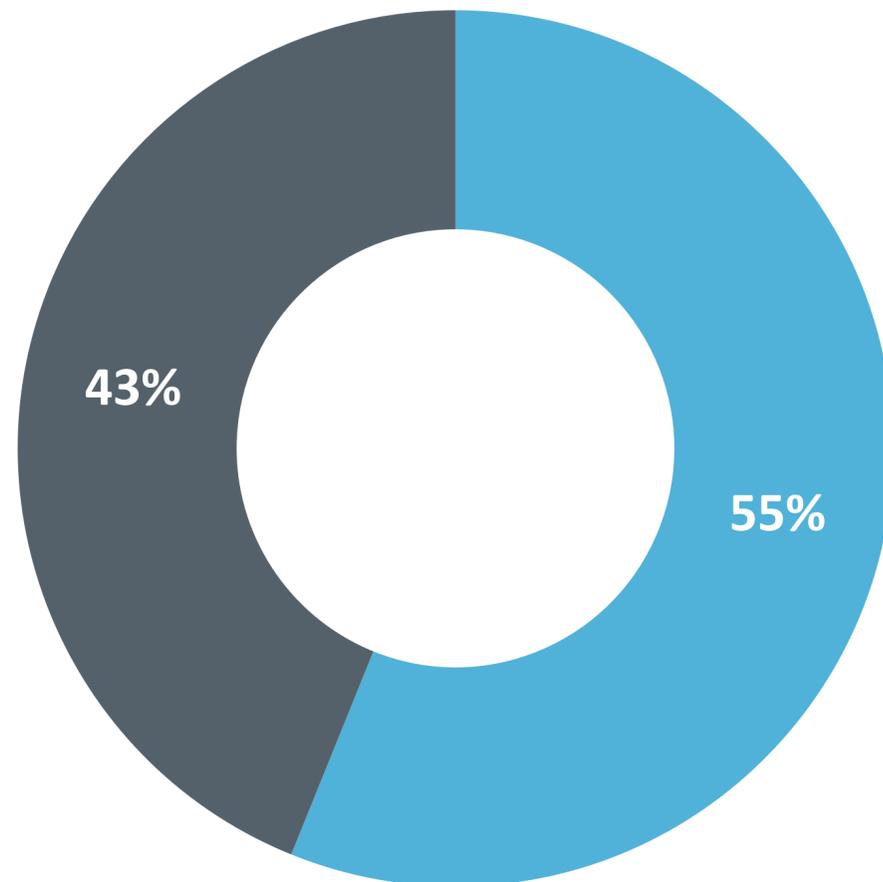
SMART PHONE

VS

OTHER DEVICES

59%

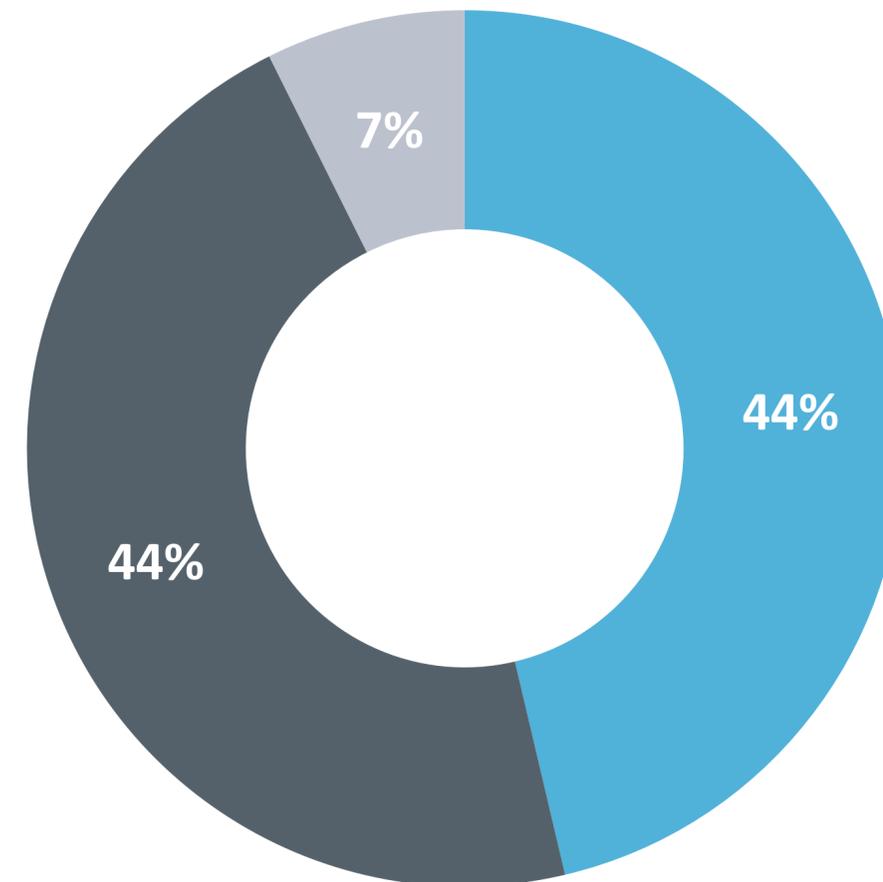
Share of purchases made using a smartphone (at any stage)



- Smartphone only
- Multiple devices

49%

Share of purchases made using multiple devices



- Single device
- Multiple devices + smartphone
- Multiple devices, no smartphone

Source: Data Insight, Мобильный канал в ритейле. How the Users Do It, 2017 – datainsight.ru/DI-mobile-09-17

8 / Characteristics of mobile shopping

Smartphones

- Every fourth online purchase (27%) is made using a smartphone*.
- Smartphones account for 53% of online purchases (though only for 11% as the single device).
- The use of smartphones for shopping primarily depends on the consumers' age.
- The reason why most mobile shoppers buy goods and services with their smartphone is the fact that it is always at hand rather than convenience.

Mobile shopping

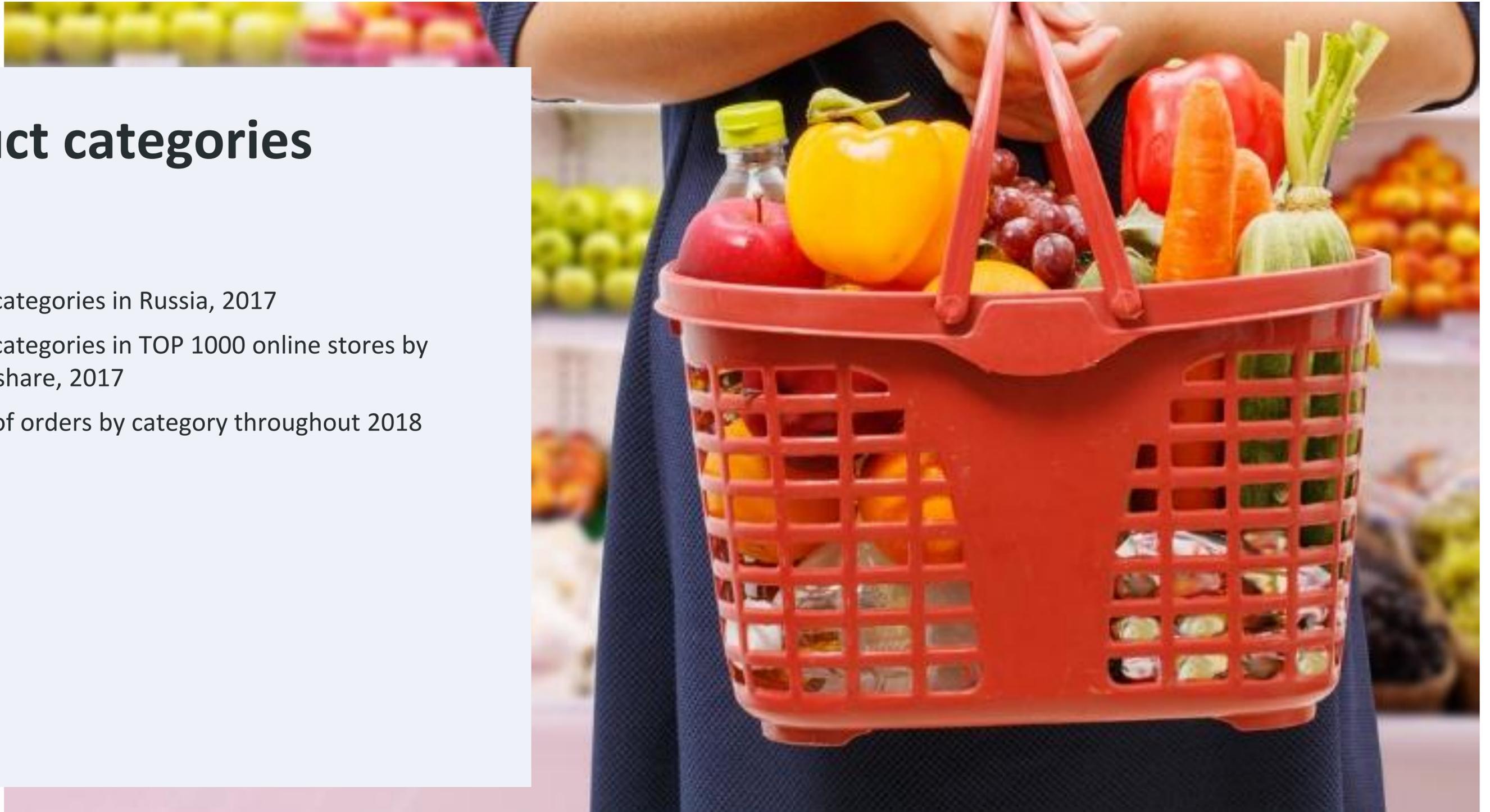
- Mobile shopping comprises 2 separate domains: purchases made via an app and a mobile browser.
- The app shopping audience is more active, loyal, higher-spending, highly convertible and dominated by several sellers.
- Purchases made through the mobile browser are characterized by low conversion and low average check.
- Mobile shopping is deemed inconvenient by most consumers (31% said a smartphone was "convenient for online shopping" versus 73% who chose the computer as a more convenient device).

* Figures on this slide and further are exclusive of the mobile-only audience

Source: Data Insight

Product categories

- product categories in Russia, 2017
- product categories in TOP 1000 online stores by revenue share, 2017
- number of orders by category throughout 2018



9 / Product categories in Russia, 2017

We **categorize** a store based on the products that account for more than 75% of its sales. If no product category fits this definition, we refer to the store as general.

Category	Largest store	Online sales, RUB bn	Y-o-y growth in 2017, %	Orders, thousands	Y-o-y growth in 2017, %	Average check, RUB.
Apparel, footwear and accessories		167	25	61,700	29	5,300
General stores + home electronics and appliances		373	7	50,800	15	9,200
Building and homeware		87	31	8,600	37	11,500
Auto parts		47	-6	8,500	-21	800

Source: Data Insight, 2017

9 / Product categories in TOP 1000 online stores by revenue share, 2017

Category	Revenue share, %	Share of stores, %	Share of orders, %
General stores + home electronics and appliances	44	22	28
Apparel, footwear and accessories	20	11	33
Building and homeware	10	11	5
Auto parts	5	8	5
Books and CDs	3	4	6
Sporting goods	3	4	2
Children's goods	3	6	5
FMCG	3	6	4
Health care	3	6	7
Cosmetics, perfumes	2	6	3
Other categories	3	16	3

9 / Number of orders by category throughout 2018

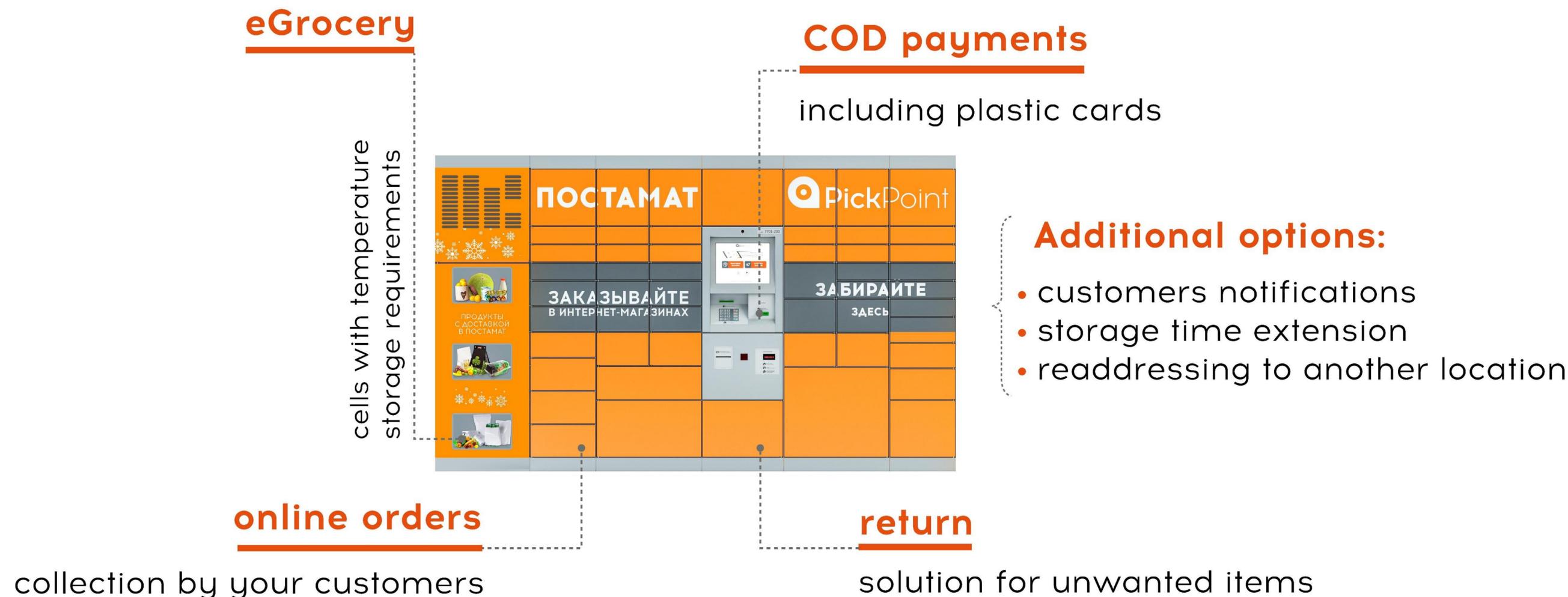
Category	Subcategory	Q1 2018, %	Q2 2018, %	Q3 2018, %
Building and homeware	Building and home renovation products	14	26	33
Building and homeware	Furniture	18	31	31
FMCG	FMCG	30	26	30
Sporting goods	Sporting and recreation products	4	7	28
Home electronics and appliances	Spare parts and accessories for appliances	15	18	26
Apparel, footwear and accessories	Fashion	5	11	25
Cosmetics, perfumes	Cosmetics, perfumes	9	21	19

9 / Number of orders by category throughout 2018 (2)

Category	Subcategory	Q1 2018, %	Q2 2018, %	Q3 2018, %
General stores	General stores	-5	-5	12
Books and CDs	Books	4	6	10
Home electronics and appliances	Gadgets	8	18	9
Health care	Medical products	14	10	1
Children's goods	Children's goods	16	20	0
Home electronics and appliances	Home electronics and appliances	14	0.6	-1
Other categories	Other categories	5	10	9

Source: Data Insight, 2017

THE LARGEST LOCKER NETWORK IN RUSSIA



2018

- Parcel lockers – automated pick-up points
- Classic pick-up points
- In **540** cities in Russia

2018 INNOVATIONS

- Sorting facility in **St. Petersburg**
- Moscow – St. Petersburg line haul to introduce **Next day delivery**

Online stores

- online stores in Russia, 2017
- average rating
- TOP 10 online stores
- online stores with highest growth rates
- accelerating growth factors



10 / Online stores in Russia, 2017

Online store is a website where consumers can place an order by filling out a form or adding products to the shopping basket. Figures in this section do not include marketplaces, MLM services, mobile stores that operate as mobile apps only, wholesale stores and stores that trade with legal entities only, purchase forms in social media and messengers, desktop applications (macOS and Windows).

- ❓ Only ~2,000 online stores receive **20+ orders per day**
- ❓ Less than 10k stores receive **5+ orders per day**
- ❓ Only ~80k stores have **20+ visitors per day**



Source: Data Insight, TOP 100 Russian Online Stores Ranking, 2017 – datainsight.ru/top100

* retrieve a non-empty page in response to a request and do not forward user to another domain

10 / Average rating

The closer to the top, the greater the gaps between the shops. While the difference in performance between two adjacent ranking categories outside the top 100 is 3–3.5-fold, the difference between top 10 and top 30 or top 30 and top 100 is already 5-fold.

	By orders per day, 2017 average	By revenue, 2017, RUB mn
TOP 1: Wildberries.ru	110,000	63,800
TOP 10	13,500	16,000
TOP 30	2,500	4,400
TOP 100	500	1,400
TOP 300	140	300k
TOP 1000	45	85

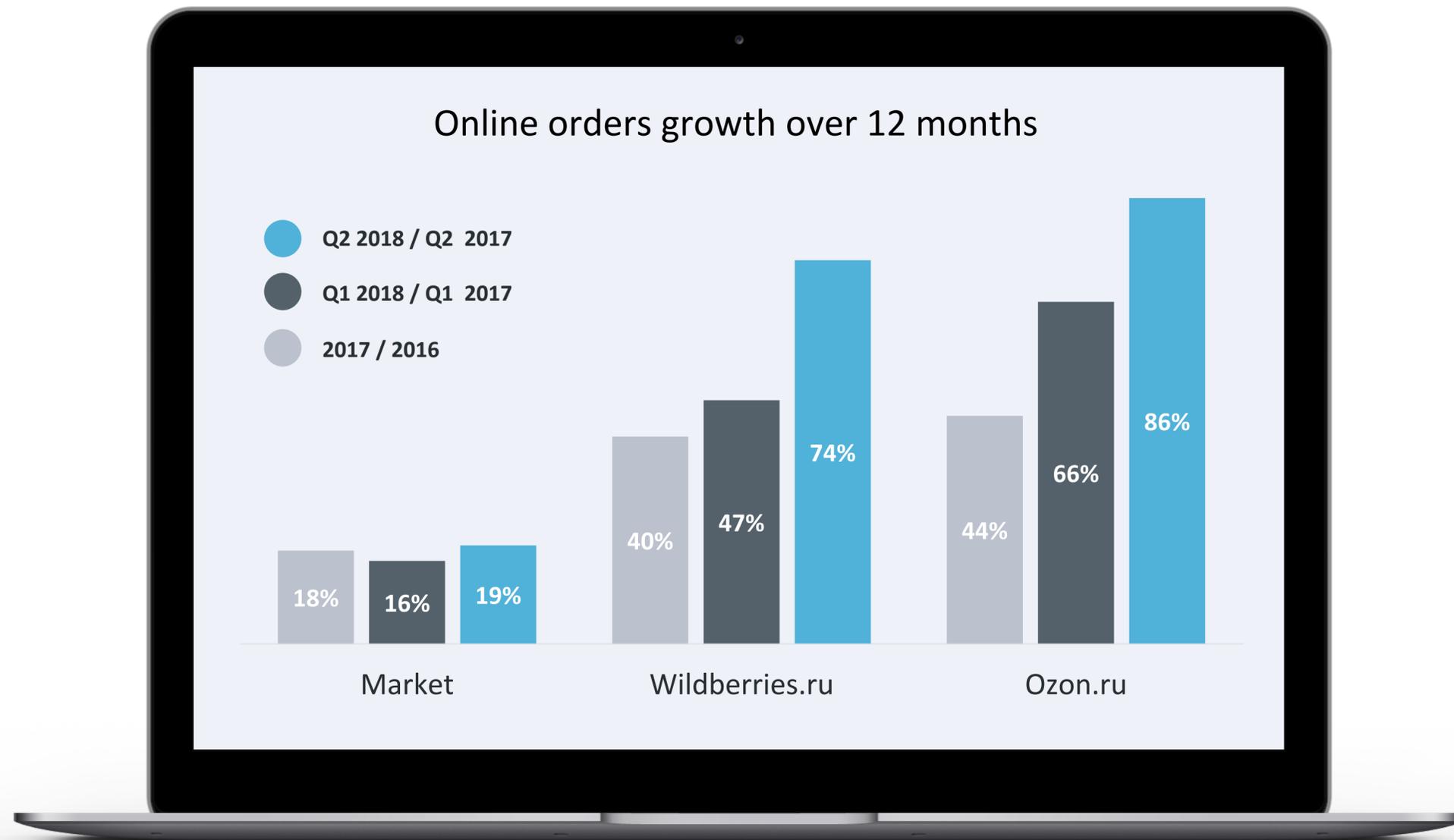
10 / TOP 10 online stores

Store	Online sales, 2017, RUB mn	Y-o-y growth in 2017, %	Orders, 2017, thousand	Y-o-y growth in 2017, %	Average check, 2017, RUB	Y-o-y growth in 2017, %
Wildberries.ru	63,800	40	39,800	37	1,600	2
Citilink.ru	55,200	35	5,190	33	10,620	2
DNS-shop.ru / Technopoint.ru	38,900	61	5 800	71	6,710	-6
Mvideo.ru	36,700	41	3,570	71	10,280	-17
Eldorado.ru	23,700	2	4,340	11	5,460	-8
Lamoda.ru	23,600	6	4,030	5	5,860	1
Ozon.ru	23,400	44	8,640	51	2,700	-5
Ulmart.ru	23,100	-37	5,910	-24	3,900	-18
Bonprix.ru	16,500	10	4,020	10	4,120	1
Svyaznoy.ru	15,700	35	1,480	37	10,670	0

Source: Data Insight, TOP 100 Russian Online Stores Ranking, 2017 – datainsight.ru/top100

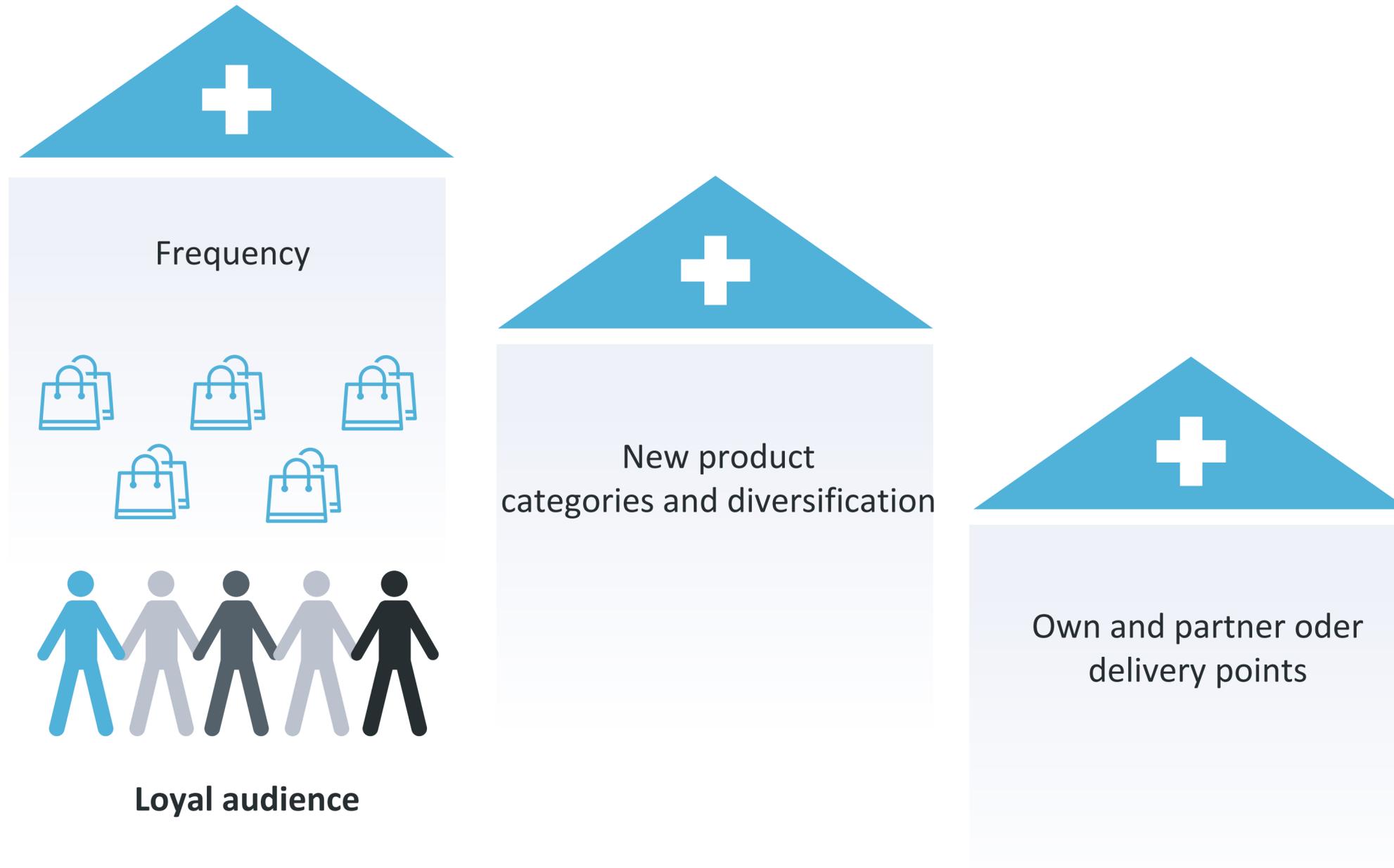
10 / Online stores

with highest growth rates



The two largest (by the number of orders) online stores are growing **4x faster than the market** and **2x faster than their own growth rate in the previous year**

10 / Accelerating growth factors



Three key factors of accelerating growth for online stores:

1) growing frequency of purchases, which is based on creating a loyal audience.

2) new product categories and diversification.

3) own and partner order delivery points.

Source: Data Insight

Social media sales

- social media sales in Russia, 2017–2018
- product categories in social media sales
- B2C and C2C channels
- major platforms in terms of B2C and C2C transactions made via social media



11 / Social media sales in Russia, 2017–2018

In this section, we are looking at sales completed via social media, messengers, classifieds and sharing economy* sites, joint purchases and sales of goods and services conducted by merchants (B2C sellers) and individuals (C2C sellers), exclusive of purchases made outside the listed platforms, namely on gaming platforms, real estate and vehicle sales.



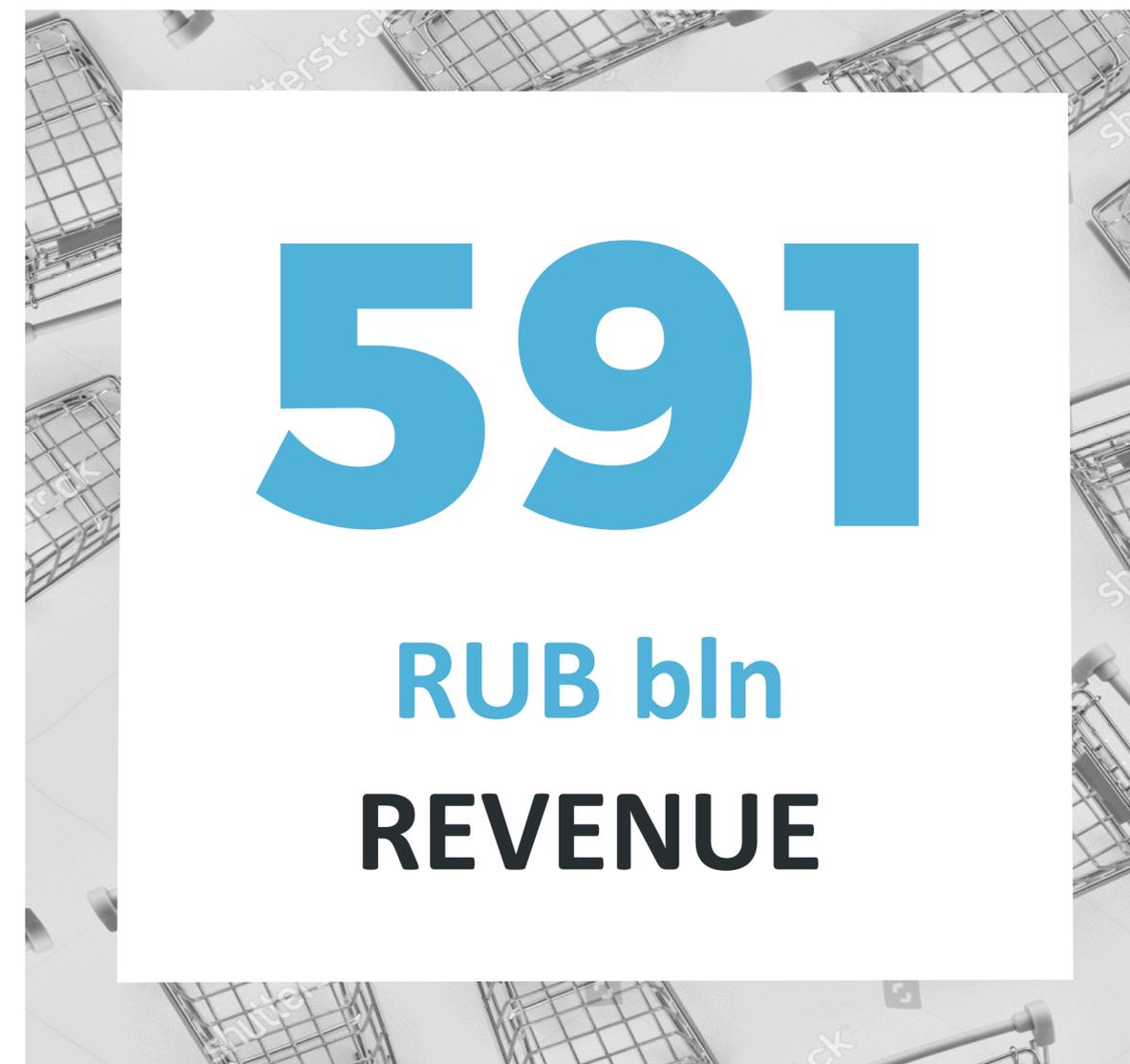
394 mln

transactions (+19%)



~RUB 1 500

average check



* A list of product and service marketplaces with social media functionality: AirBnB.ru, Profi.ru, YouDo.ru, Remontnik.ru, Pomogatel.ru, BlaBlaCar.ru, BeepCar.ru, Livemaster.ru, Etsy.com

Source: Data Insight for Yandex.Checkout, Social Media, Messengers, Classifieds and Sharing Economy Sites as Sales Channels, 2018 – datainsight.ru/socialcommerce2018

11 / Product categories in social media sales

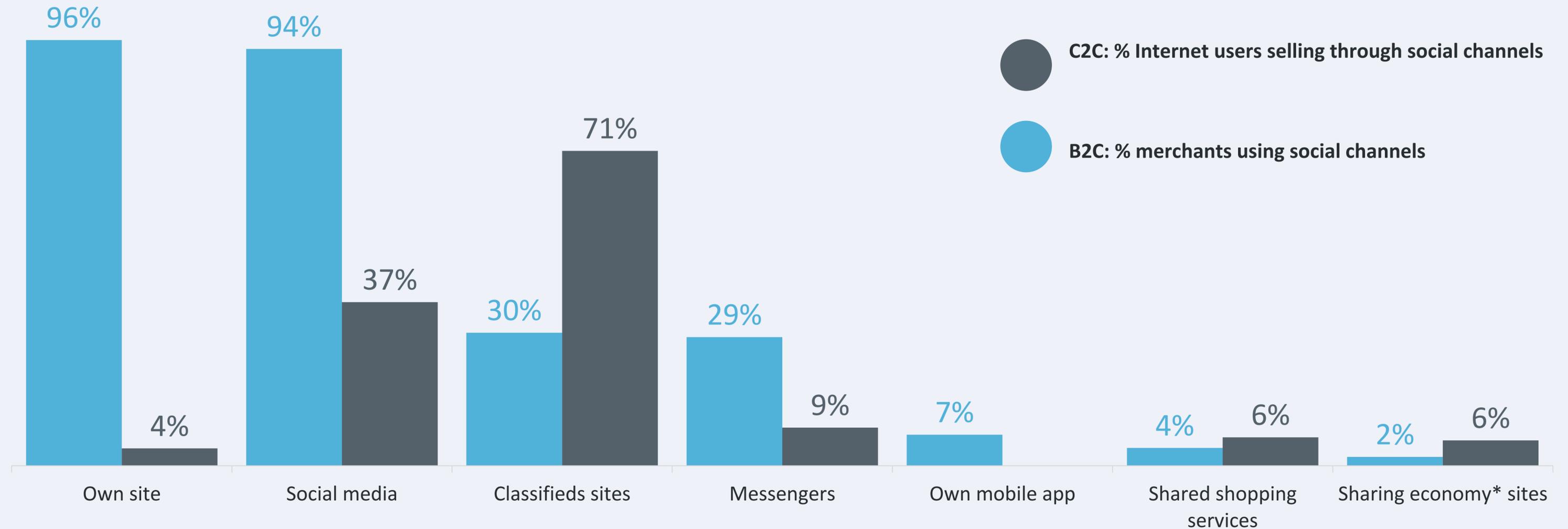
Category	Online sales, RUB bn per year	Average check, RUB *	Share of transactions, %
Apparel and footwear	101.4	1,950	15.7
Home electronics and appliances	97.6	3,600	8.2
Rental properties	79.9	6,500	3.7
Animals and plants	63.5	3,000	6.4
Children's goods	31.0	1,370	6.9
Tickets (transport, events)	22.8	1,111	6.2
Homeware and DIY	21.0	1,500	4.2
Hobbies and handicrafts	18.1	1,800	3.0
Gifts and jewelry	15.3	1,300	3.6
Food	12.3	1,000	3.7
Game characters and items	11.6	350	10.1
Auto parts and accessories	9.1	2,500	1.1
Other services	74.9	1,500	17.6
Other products	30.5	-	7.7

* Median check. Online survey of Internet users that generated 1,659 responses. Based on the question regarding the user's latest purchase via social platforms.

Source: Data Insight for Yandex.Checkout, Social Media, Messengers, Classifieds and Sharing Economy Sites as Sales Channels, 2018 – datainsight.ru/socialcommerce2018

11 / B2C and C2C channels

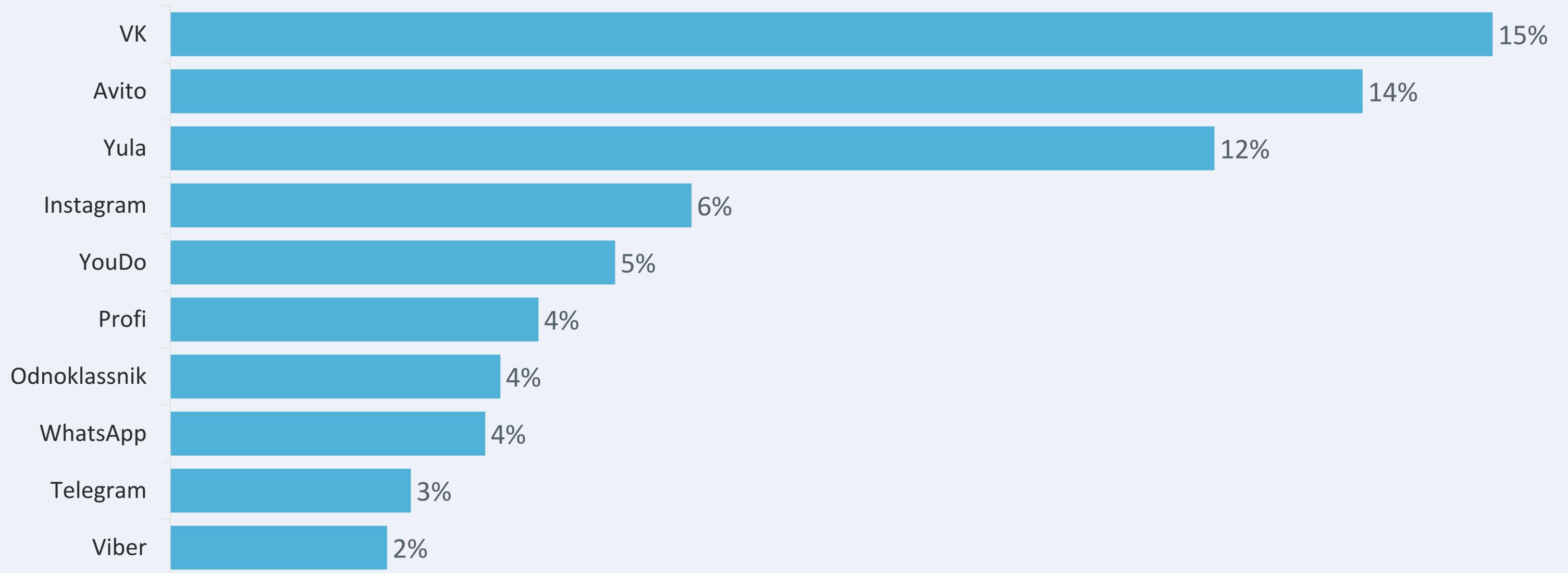
B2C merchants use social media, while C2C sellers are active on the classifieds sites.



AirBnB.ru, Profi.ru, YouDo.ru, Remontnik.ru, Pomogatel.ru, BlaBlaCar.ru, BeepCar.ru, Livemaster.ru, Repetitors.info, Etsy.com

Source: Data Insight for Yandex.Checkout, Social Media, Messengers, Classifieds and Sharing Economy Sites as Sales Channels, 2018 – datainsight.ru/socialcommerce2018

11 / Largest platforms in terms of B2C and C2C transactions on social media



Source: Data Insight for Yandex.Checkout, Social Media, Messengers, Classifieds and Sharing Economy Sites as Sales Channels, 2018 – datainsight.ru/socialcommerce2018

Online shoppers in Russia

- online shoppers in Russia, 2018
- online consumption and local population
- growing number of shoppers by population
- online consumption drivers



12 / Online shoppers in Russia, 2018

Online shopper is a person who has made a purchase using the Internet or mobile Internet.

Users who shopped via social media (see the previous section) are not included if they shopped via that channel only.

Three majority groups among the active Internet users in Russia:



Source: Data Insight for PayPal, Russia's Online Economics: (Russia's Online Economics: How People in Big, Medium-Sized Cities and Small Towns Buy, Sell And Pay Online), 2018 – datainsight.ru/PaymentEvolution2018

12 / Online consumption and local population

The share of online shoppers is above average

in large cities, among the better educated, affluent and experienced Internet users.

The **user's age is also factor**, though it rather affects the Internet penetration than the share of online shoppers within the online audience.

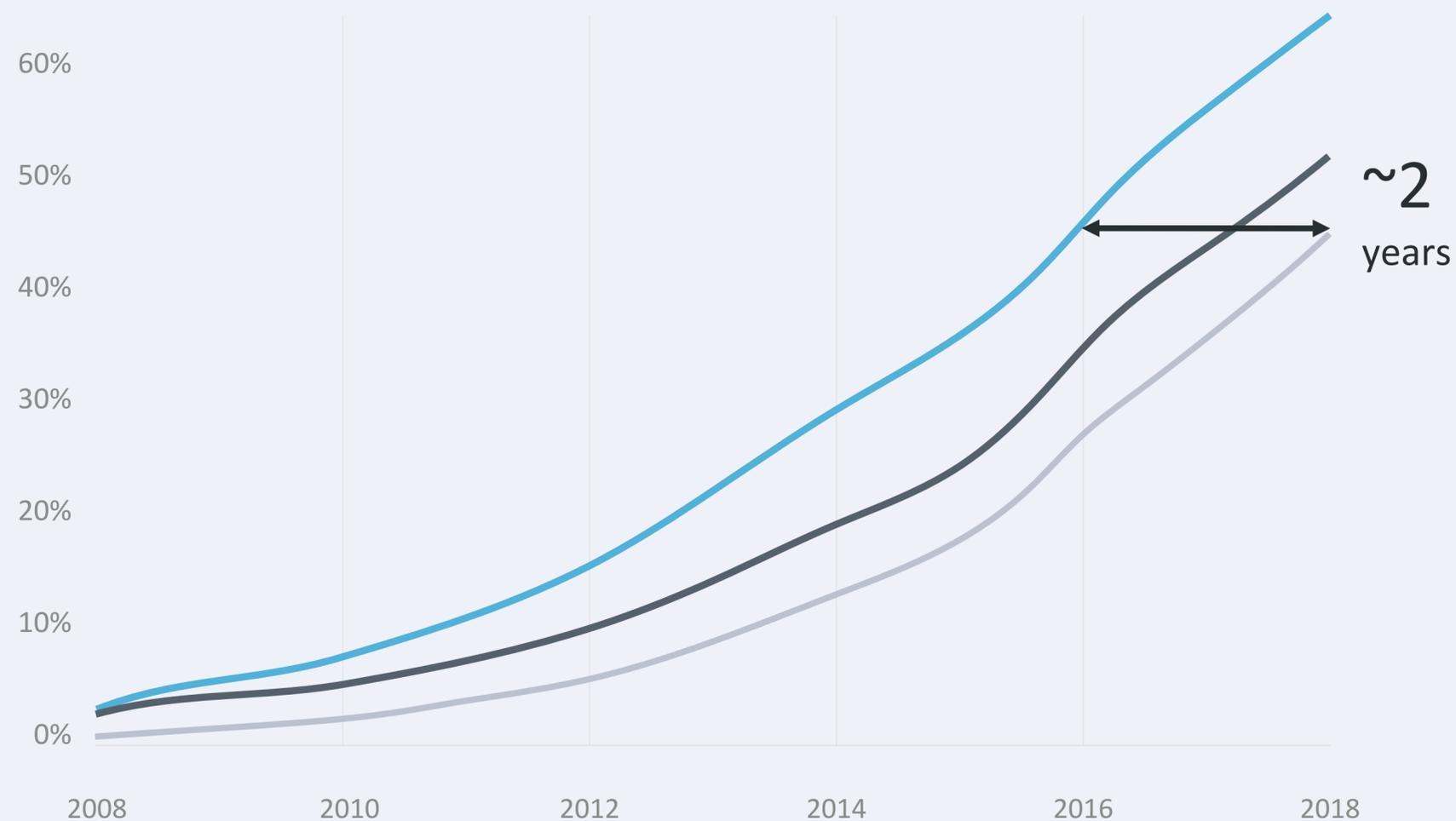


The **penetration in remote Russian regions is about a year behind the national average**. Big cities, on the other hand, are about a year ahead of the national market in terms of online shopping, payments and transfers penetration.



Source: Data Insight for PayPal, Russia's Online Economics: (Russia's Online Economics: How People in Big, Medium-Sized Cities and Small Towns Buy, Sell And Pay Online) – datainsight.ru/PaymentEvolution2018

12 / Growing number of shoppers by population



Catch-up growth: Last year, the share of online buyers increased by 7 percentage points (p.p.) in big and medium-sized cities and by as much as 9 p.p. in the rest of Russia.

- A one million-person city and bigger
- Medium-sized cities
- Rest of the country

Source: Data Insight for PayPal, Russia's Online Economics: How People in Big, Medium-Sized Cities and Small Towns Buy, Sell and Pay Online, 2018 – datainsight.ru/PaymentEvolution2018

consumption drivers

The key benefit of online shopping is **the convenience of searching and comparing products.**

The spread of consumers' responses is **practically the same** in big and medium-sized cities and small towns.

What is the key reason why use the Internet to search for, choose and order products?



**Data
sources
and methodology**



- 1 Survey data.
- 2 Aggregated / anonymized data of services that monitor user behavior (browser extensions, etc.).
- 3 Online store traffic statistics (counters + panel meters).
- 4 Own data provided by online stores.
- 5 Data derived from B2B services catering for online store.



Online sales estimates by Data Insight are based on:

- direct public and non-public data of large online stores (~100 stores);
- Data Insight monitoring data on the number of orders (>3,000 online stores);
- Data Insight monitoring data on the website traffic (>70k online stores);
- sample data (logs) on the Internet users' activity (clickstream analytics);
- surveys targeted at online shoppers.



- data.worldbank.org
- ecommercewiki.org/country-facts
- ecommercewiki.org/reports/89/global-b2c-ecommerce-country-report-2017-free
- itu.int/en/ITU-D/Statistics/Pages/stat/default.aspx
- lpi.worldbank.org/international/global/2018
- doingbusiness.org/content/dam/doingBusiness/media/Annual-Reports/English/DB2018-Full-Report.pdf
- home.kpmg.com/xx/en/home/insights/2017/01/the-truth-about-online-consumers.html
- pwccn.com/en/industries/retail-and-consumer/publications/total-retail-survey-2017-china-cut.html
- pwc.ru/en/publications/total-retail-2017.html
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- files.runet-id.com/2018/riw/presentations/21nov.riw18-red-dot-1100--ishunkina.pdf
- <http://files.runet-id.com/2018/rif/presentations/18apr.rif18-zal-1.10-00-1--ishunkina.pdf>
- datainsight.ru/c2c-2017
- datainsight.ru/eBayCrossborder2018
- datainsight.ru/PaymentEvolution2018
- logistics.datainsight.ru/osnovnoy-doklad-2017
- datainsight.ru/expressdelivery
- datainsight.ru/DI-mobile-09-17
- datainsight.ru/top100
- datainsight.ru/PaymentEvolution2018



Market research

- Market sizing
- Key players and their shares
- Market structure
- Key market trends and development barriers



Competitive analysis

- Key competitors: size, market share
- Assortment analysis
- Key strengths and weaknesses



Buyer research

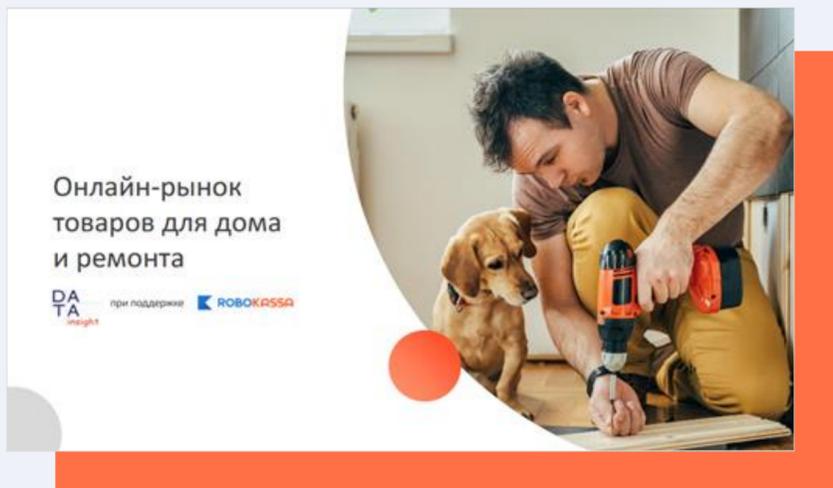
- Consumer behavior analysis
- Buyer persona (socio-demographic characteristics)
- Drivers and barriers to the selection, purchase and use of goods/services



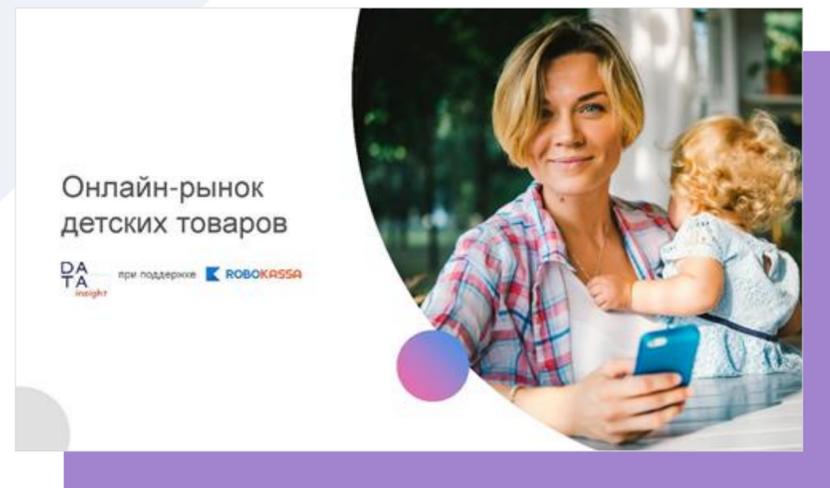
Consulting

- Strategy consulting and strategy development
- Marketing consulting
- Overview of market conditions
- Analysis of the client's business needs

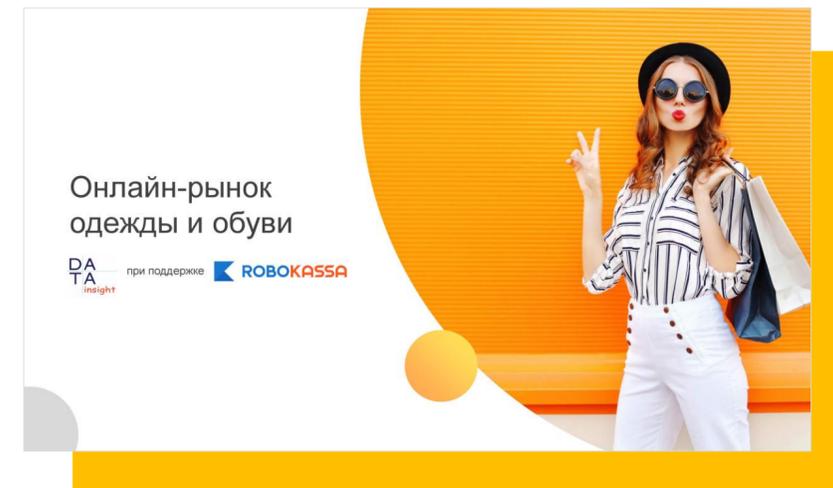
Our research by sector



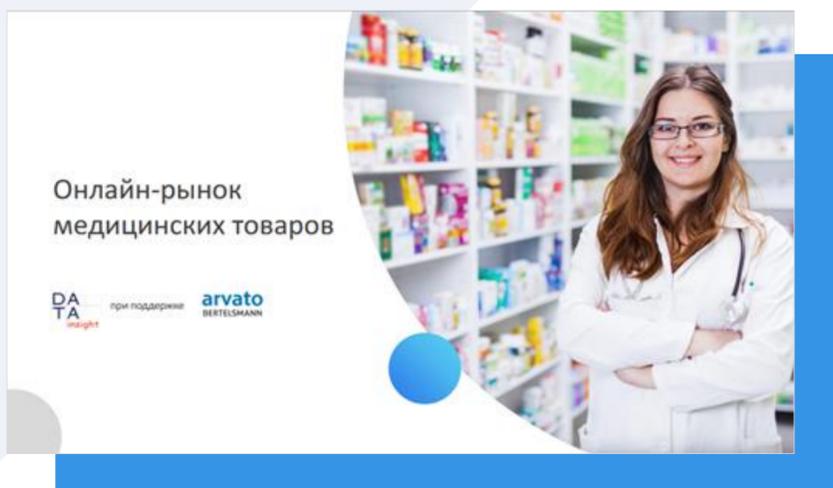
Homeware and DIY



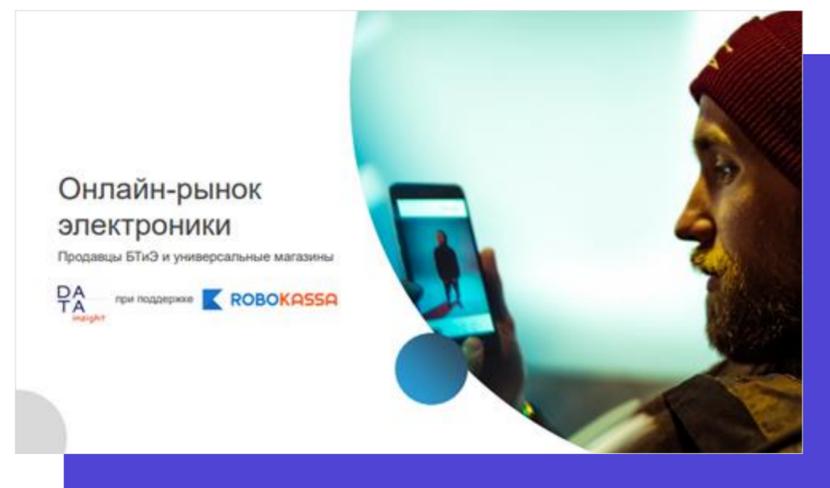
Children's goods



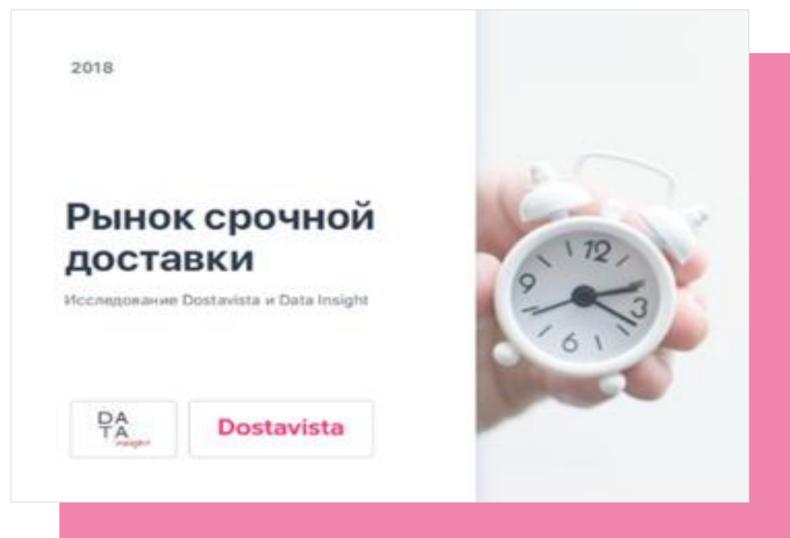
Apparel and footwear



Medical products



Home electronics



Express delivery market



Social commerce market in Russia



IAB Russia Digital Advertisers Barometer 2018



Online retail export 2018

Our clients



ESTÉE LAUDER



Experts in business process management
tailoring each project to the customer's individual needs.

arvato
BERTELSMANN

Arvato Supply Chain Solutions Group is represented in 20 countries. Belonging to the international concern Bertelsmann allows Arvato in Russia to use the experience, technology and process organization implemented in other countries of the world. Doing its business in Russia since 1997, it is one of the largest independent fulfillment providers with a wide range of services: supply chain solutions, solutions for e-commerce, loyalty programs development, logistics and financial services. Among the clients are big international brands of such segments as fashion, banks, auto business, Healthcare, High-Tech.

solution@arvato.ru

www.arvato.com/ru

A delivery service for online stores in metropolitan areas (Moscow, Saint Petersburg, Moscow and Leningrad region).



The company's focus - quality of delivery. Our couriers are polite, punctual and neat. The call center is always available and seeks to resolve all issues. Company executives are not afraid to communicate with customers. IT system has several layers of sustainability

Another company's goal is in creating points of growth for customers. Dalli Service delivers on weekends and holidays with no extra cha. This alone gives online stores over 100 days of additional sales. The company offers next day delivery to Moscow region and Saint Petersburg, fixed rate for deliveries in Moscow region. Quickly returns cash on delivery and commodity returns - from 2 days. For the convenience of customers, the company continues to work with multi-place orders. Dalli Service has free product pickups. Deliveries to other regions are made through the aggregator. The company is technologically advanced and offers the choice to use a personal account, API and various modules.

PickPoint is the leading new-generation logistics service that was created to enable easy and affordable payments and receipt of online orders.



PickPoint – is the first brand to introduce parcel locker delivery in Russia. New service was created to make online orders and COD payments more convenient and simple. PickPoint has developed the largest click and collect network in Russia, currently including parcel lockers and pick up points, that in total give 6500 locations in 450 cities. 5.5 thousand retailers already use PickPoint as their delivery channel. PickPoint unique users database contains 7.2 million people. The main aim of a locker is– enabling customers to collect, send and return parcel as simple and convenient as possible.

Parcel lockers make online shopping enjoyable:

- Customer chooses preferred location while shopping
- Customer makes decision on time and get no queues when
- The order can be paid with cash or bank card
- Customer can also send back the parcel

Focus areas of research and consulting:

- Retail and e-commerce, including tangible goods, travel and educational services.
- Consumer behavior online.
- E-commerce services analysis.
- Internet advertising, interactive advertising services and technologies, audience behaviors.



Data Insight

First agency in Russia specializes in research and consulting in the area of e-commerce and other online markets



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