



Quora

Unraveling the D2C wave in India's consumer commerce

Based on conversations on Quora

March 2023



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Introduction

Consumer commerce is gradually becoming the new norm as consumers are becoming truly omnichannel and experimenting with new brands on the backdrop of the incredible Indian e-commerce growth journey. Consumer commerce is a state where, increasingly, consumers have the ability to engage with brands more directly as well as have the flexibility to leverage traditional and digital channels for doing so. The Indian D2C market value was worth approximately USD12 billion in 2022. The same is projected to surpass the mark of USD60 billion by 2027, by growing at a CAGR of 40 per cent¹.

Consumers today are bombarded with numerous choices due to the presence of multiple touchpoints across channels. Due to this, consumers have a plethora of choices. However, it has become more complex with high variation in decision making criteria. According to a recent industry study, Indian consumers have more online interactions with companies/ brands than the global average with more than 50 per cent preferring virtual experiences to real world experiences.² The Millennial group (70% of the total sample size) forms the largest consumer base in India and are likely to share their personal data in order to have personalised engagement.³

KPMG in India, in association with Quora, has analysed the evolving consumer trends by leveraging Quora user data to understand their level of interest across various product categories in the D2C space. In addition to this, we have also examined Global Web Index data in order to estimate the market potential for different segments.

This study aims to provide insights into consumer choices. The following segmentation of the D2C market has been put together in the report:



Beauty and Skin care
(Hair, Skin and Makeup – Eyes, Face, Lips, and Nails)



Hygiene and Personal Care
(Personal grooming, Hair removal, Dental hygiene and Sanitary)



Packaged Food (Healthy Snacks and Beverages, Pet Food)

Basis the data provided by Quora concerning its users' activities, we have extracted insights from each of the segments using the following pillars (3 Pillar Curiosity Recommendation Engagement (CRE) analysis):



Users' level of Curiosity: Based on the number of Questions



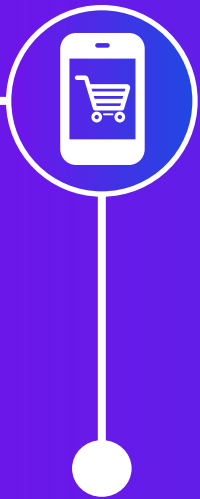
Users' activeness for Recommendations: Based on the number of Up-votes



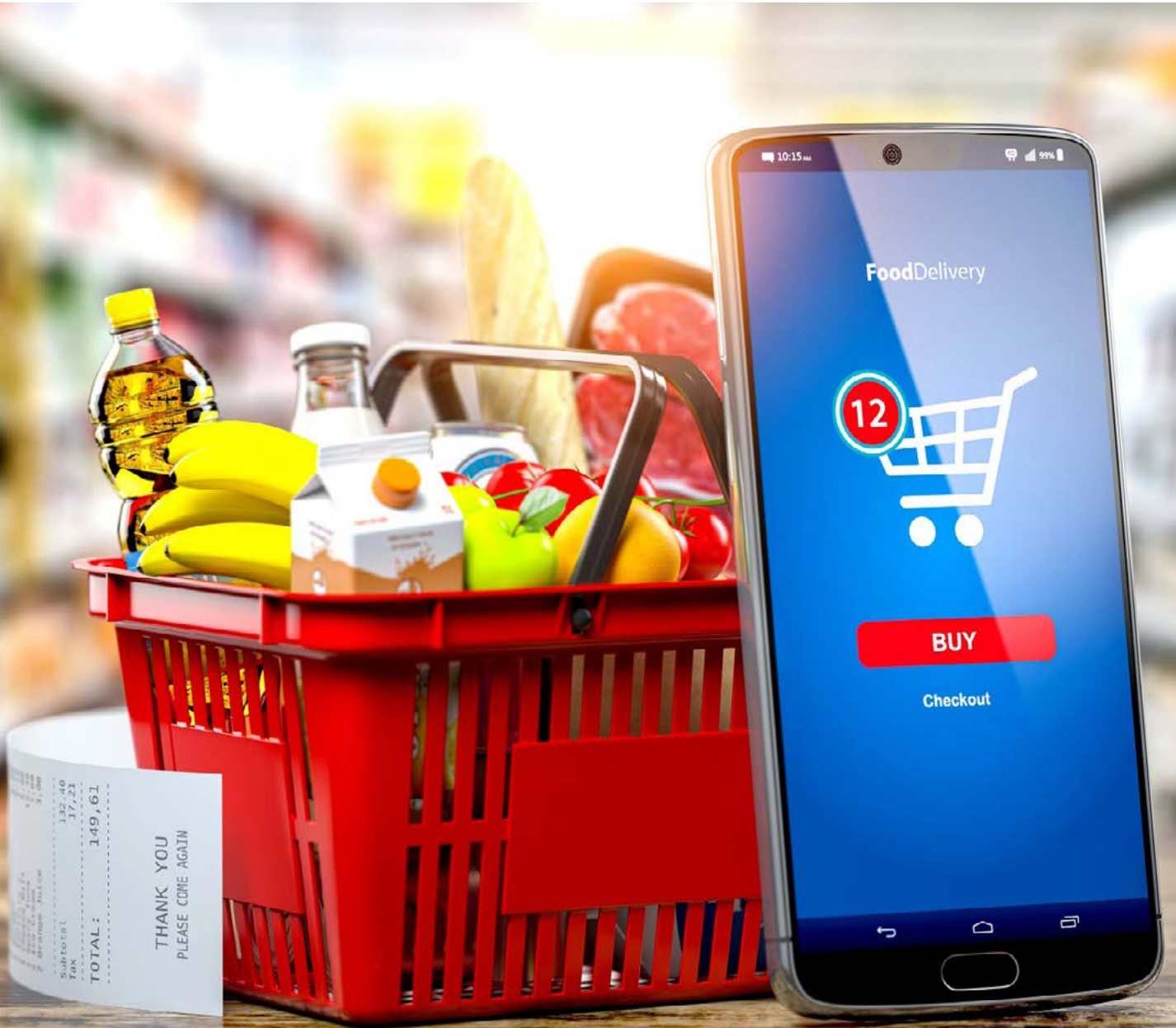
Users' Engagement: Based on the number of User Follows

We hope you will find the study insightful in your growth journey as we adapt to the new ways of consumer engagement.

1. India D2C Report 2022, CII, Accessed on 16 January 2023
2. Voice of Consumer Survey, 2022, Euromonitor. Accessed on 16 January 2023
3. The World Factbook, Central Intelligence Agency. Accessed on 16 January 2023



A segmental analysis of our D2C study

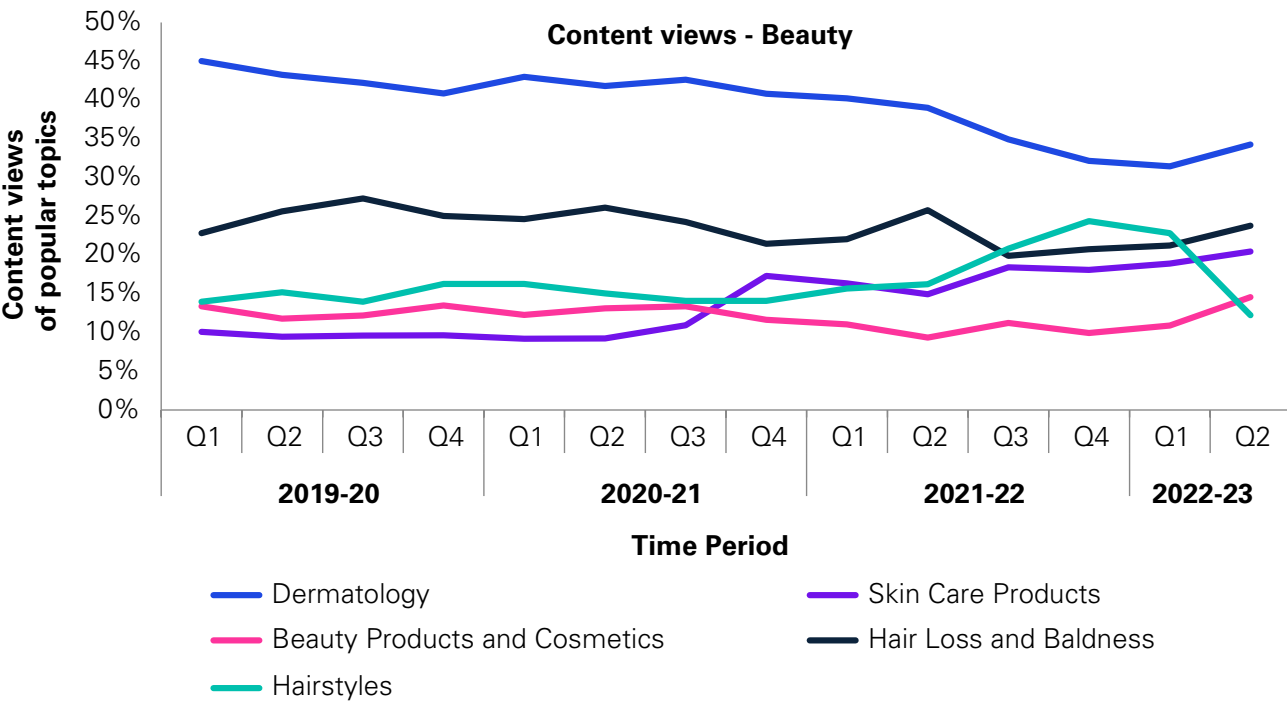




Beauty and Skin Care

Rapid urbanisation, increase in disposable income and growing aspirations of the 'selfie generation' have led to a new wave in the beauty and skincare market. The Beauty and Skin Care segment is a highly competitive battleground, as both domestic and international players are vying for increased market share. For the purpose of this study, the segment has been divided into Hair, Makeup and Skin.

Analysis of popular topics based on content views on Quora - Beauty

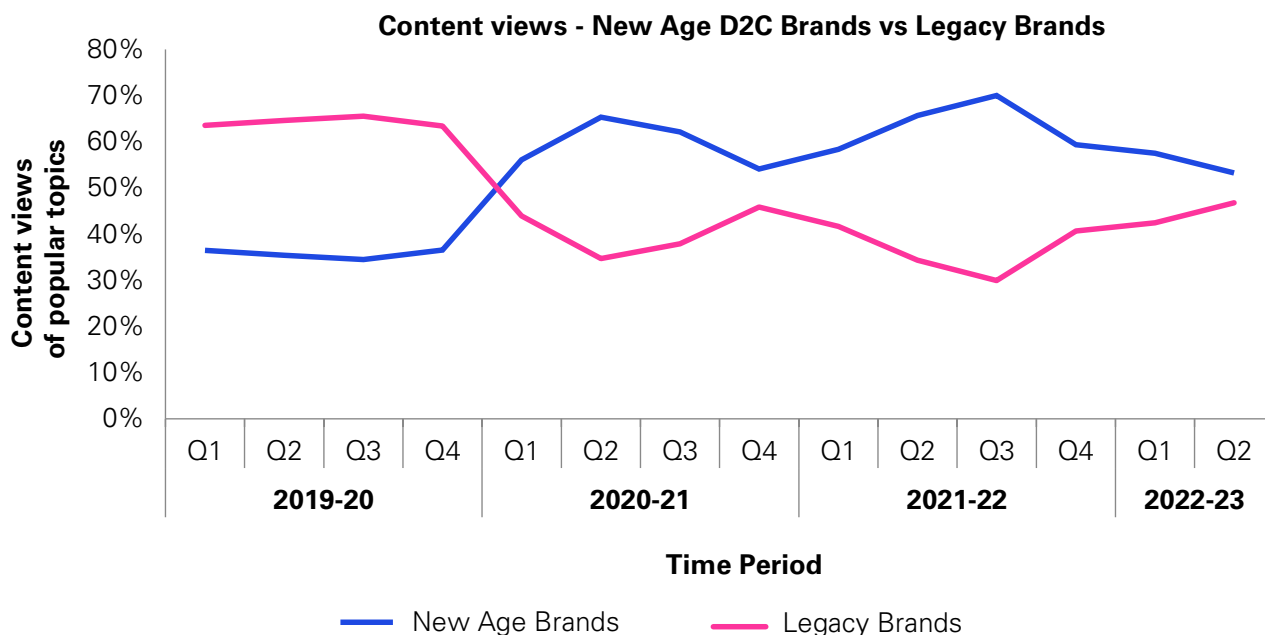


Source: Internal Quora data, April 2019 to September 2022

Quora data from FY'20 – FY'23 indicates a significant upward trend in content views of Beauty and Skin care topics. An analysis of the five popular topics based on content views reveals that dermatology is the most widely viewed topic in this category. The same is followed by Hair Loss and Baldness, Hairstyles,

Skin Care products as well as Beauty Products and Cosmetics. The topic of Dermatology consistently sustained its share throughout the given time period. This is due to the fact that with rising cases of skin conditions, users have been consciously seeking for remedies.

Analysis of popular brands based on content views on Quora



Source: Internal Quora data, April 2019 to December 2021

The chart illustrates the content views for the top three new age and legacy Direct-to-Consumer (D2C) brands over the given period.

The brands were chosen based on the highest content views from FY2019-2020 to FY2022-2023. The data indicates that the new age

D2C brands gained popularity and surpassed the content views of Legacy Brands in Q4 of FY2019-2020 and have sustained the position since then. It can also be observed that both the trend lines form a vertically inverted image, implying them being substitutes of one another.



3-Pillar CRE Analysis

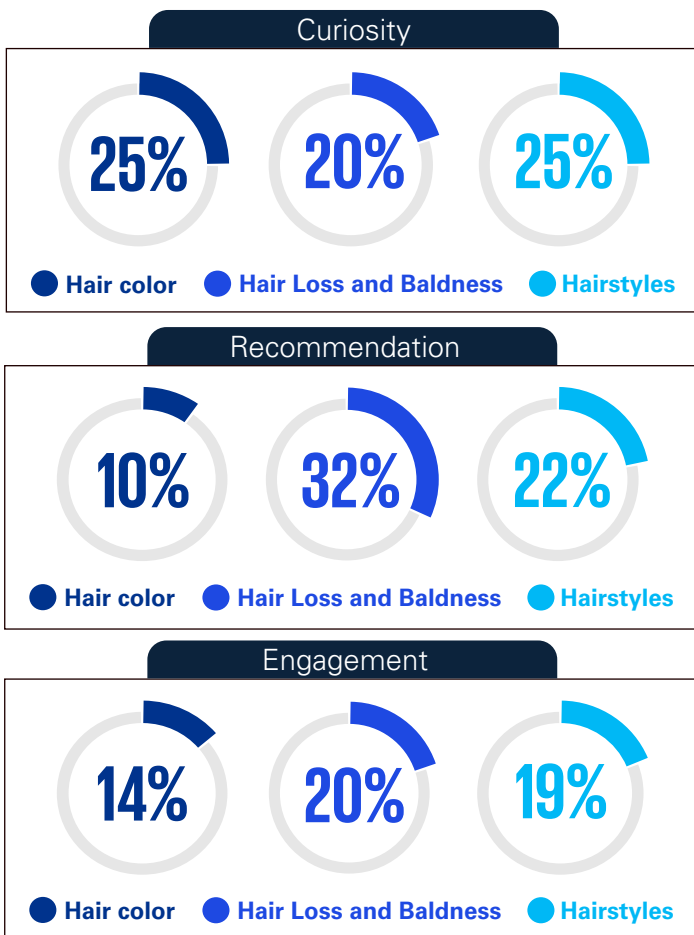
This outline presents a comprehensive understanding of the various fields of conversation within the Beauty and Skin Care industry, including Hair, Makeup, and Skin.

01 Hair



Basis content views on hair-care topics on Quora from Q1 of 2019 to Q2 of 2022, Hair Loss and Baldness accounts for 31 per cent of total content views, whereas Hairstyles and Hair Colour together contribute 32 per cent of the total content views. The remaining share of views is made up of topics such as Hair Growth, Hair Care Advice and Hair Products.

3 Pillar CRE Analysis - Hair



Source: All-time internal Quora data

Some trending topics of discussion in the Hair segment

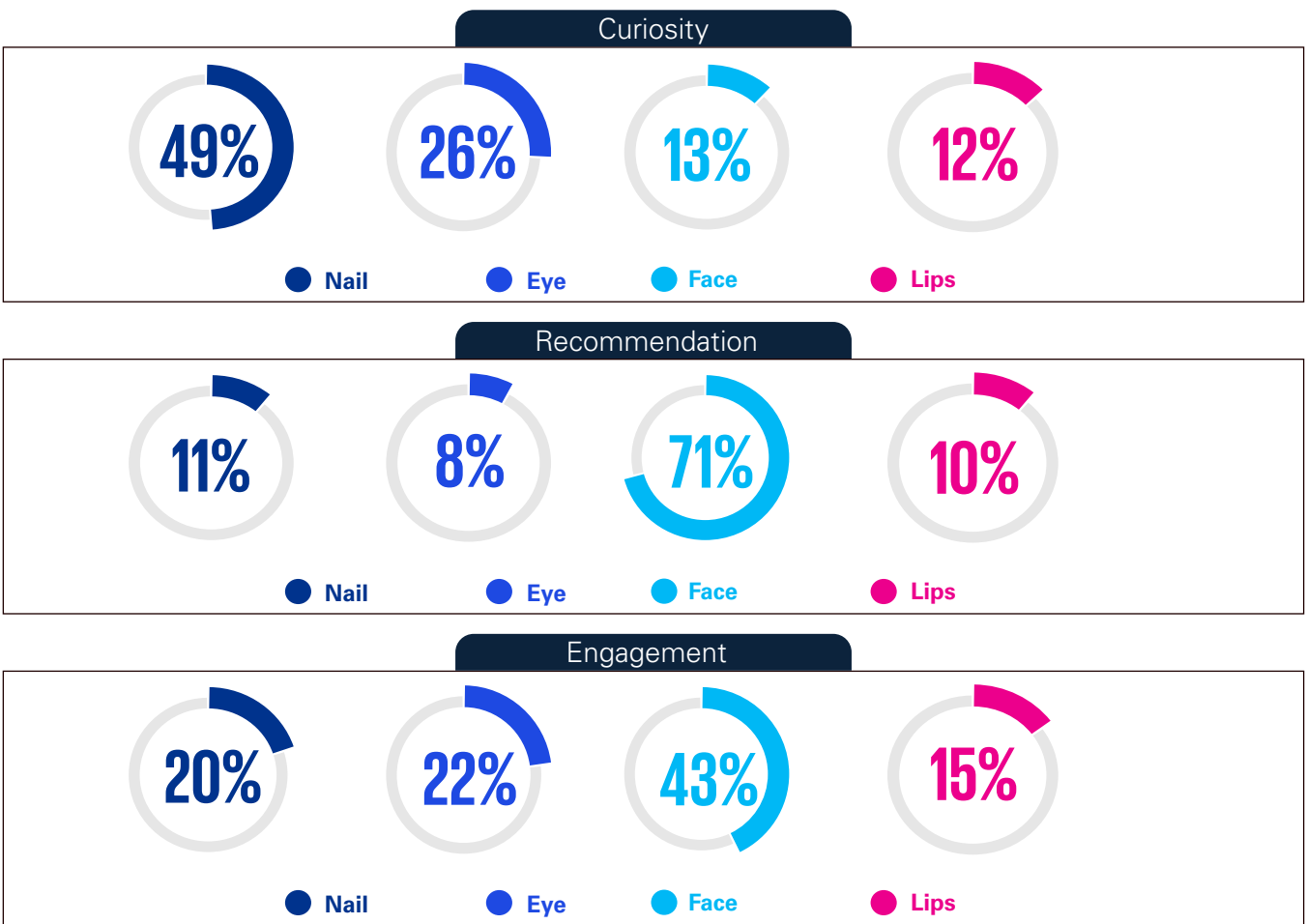
- How do you choose the right hair colour?
- What are the best hair care products for curly hair?
- How do I stop hair fall and re-grow it?
- What is your hair care routine?



02 Makeup

Makeup is a popular theme of conversation on Quora with topics like Makeup, Beauty Tips and Beauty Products and Cosmetics seeing high engagement from users looking for product recommendations and sharing their reviews.

3 Pillar CRE Analysis - Makeup



Source: All-time internal Quora data



The topics related to face makeup are the most popular on Quora as they have the highest level of engagements across two pillars (Recommendation and Curiosity). It accounts for 75 per cent of the total content views in this segment, followed by Nail & Eye topics respectively.

- Topics on Eyebrows top the list of trending topics under Eye as a category. The same has witnessed the highest level of curiosity, recommendation and engagement.
- Facial masks have become a highly popular topic within the Face Makeup category, having a significant question and upvote count. Additionally, foundation products have the highest level of engagement among users, followed by blush and blusher.
- Quora users are also interested in Lip makeup-related topics, accounting for 82 per cent of total questions in the Lip makeup category, Lipstick and Lip Balm are the most widely discussed and followed topics in this category.
- In the Nail category, users are primarily interested in and recommending Nail Care. This suggests that users have a solid understanding of the Nail Art category and have progressed beyond the product exploration stage.

Some trending topics of discussion in the Makeup segment



What is your best makeup advice for a beginner?

Which is the best foundation and compact powder for dry skin?

What's the best eye shadow palette in your opinion?

What is the best long lasting lipstick?

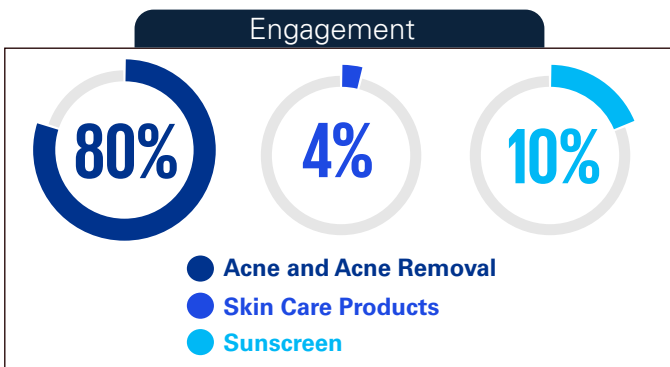
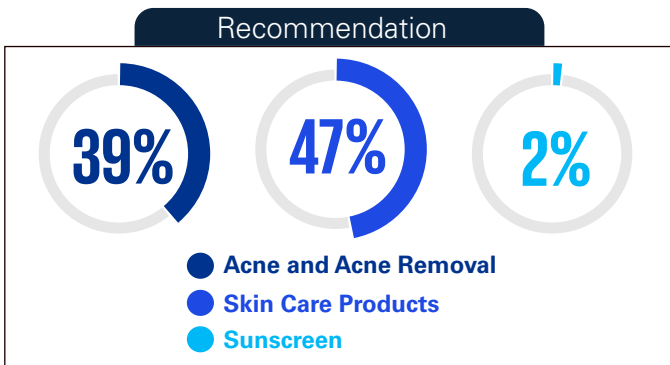
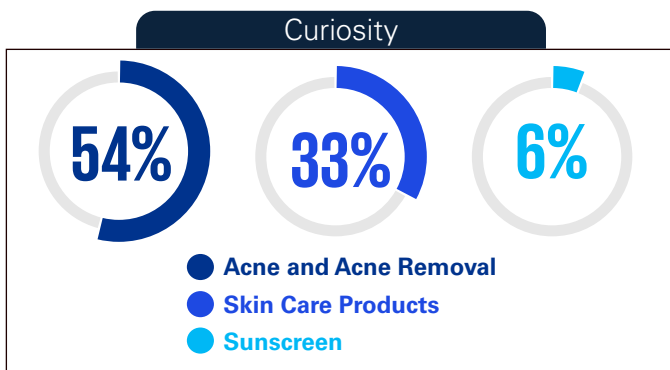
What are the best nail care products?





Basis content views from Q1 of 2019 to Q3 of 2022 for the skincare segment on Quora, the topic Skin Care Products has the highest views contributing 52 per cent to the content views in the segment, followed by 38 per cent from Acne and Acne Removal. The remaining is constituted of topics relating to Skin care tips, Sunscreens and Salons.

3 Pillar CRE Analysis - Skin



Source: All-time internal Quora data

The Engagement analysis shows that the users are more interested in the root cause elimination for the skin problems like acne and are less curious about the quick fixes such as hiding the imperfections with face makeup.

Some trending topics of discussion in the Makeup segment

What is your secret to glowing skin?

Which cream is best for removing dark spots on the face?

What are the best anti-aging skin products?

What is the best SPF to use on an Indian skin?

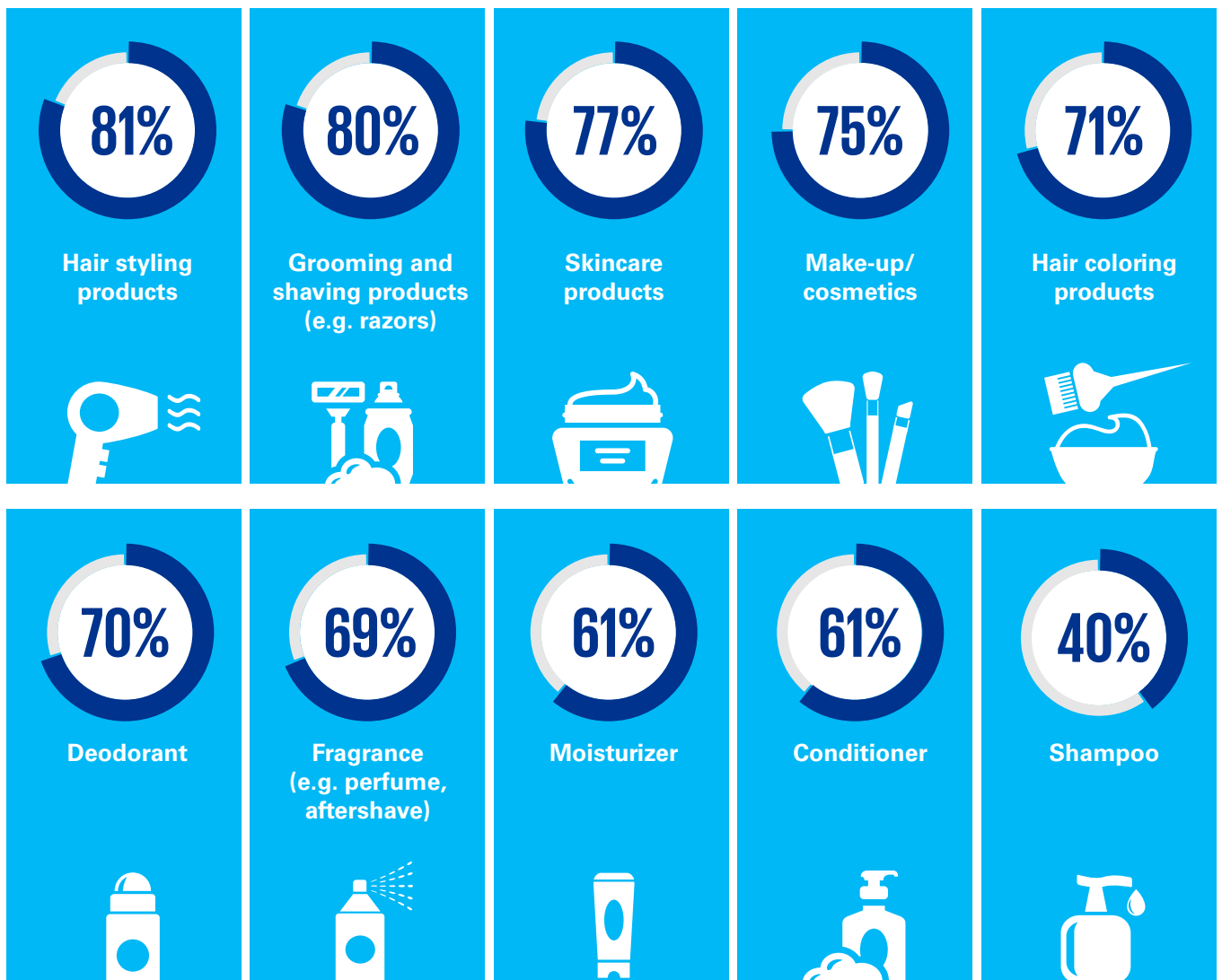
As a dermatologist, what skincare essentials do most people miss? What are your top tips for skincare?

Proclivity of Quora users to purchase online

A Global Web Index survey suggests that Quora users are more likely to purchase personal care products online compared to the average internet user in India. Hairstyling, grooming and skincare products are at the top of the online purchase list. Quora users are 81 per cent more likely to purchase hairstyling products online, 80 per cent more likely to purchase grooming and

shaving products online and 77 per cent more likely to purchase skincare products online than the average internet user in India. More than essentials like shampoo and conditioner, users are more likely to purchase beauty products like cosmetics, hair colouring products and fragrances online.

Likelihood of Quora users to purchase personal care products online



% likelihood of Quora users to purchase online compared to the average internet user

Source: Global Web Index survey of 58,000 participating internet users in India between January 2022 to September 2022; comparisons are made to the average Internet user in India



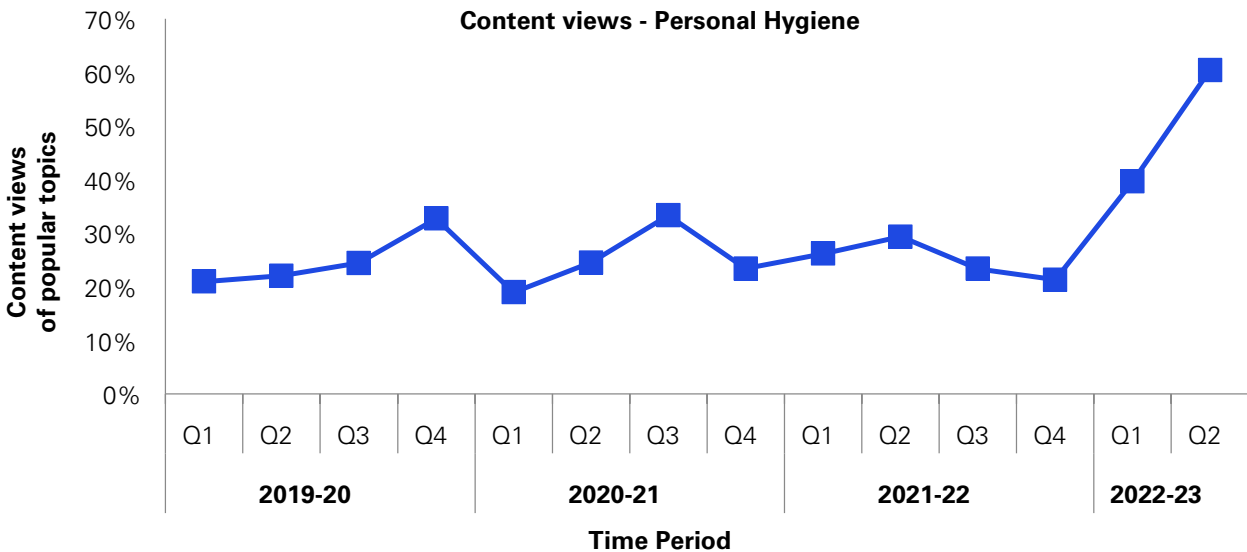
Hygiene and Personal Care

According to Invest India’s analysis,¹ the Hygiene and Personal Care market is projected to be worth USD15 billion by 2023 in India. The primary factors backing this projection are rise in awareness amongst the consumers and easy

access to information prevailing in the market.

Content views in the Hygiene and Personal Care category on Quora witnessed a steep rise starting from Q4 of FY2021-2022 and has been on an uphill ever since.

Analysis of popular topics based on content views on Quora - Hygiene and Personal Care



Source: Internal Quora data, April 2019 to September 2022

Under this segment, the four trending topics which have been observed based on the total topic views on Quora are Personal Grooming, Hair removal, Dental Hygiene and Sanitary.

3 Pillar CRE Analysis - Hygiene and Personal Care

Based on the total content views in the duration of Q1 of FY 2019-20 to Q2 of FY 2022-23 on Quora, Personal Grooming accounts for 39 per cent of the share, Hair removal for 29 per cent, Dental Hygiene for 22 per cent and Sanitary for 8 per cent.

As per Quora data, in the hygiene and personal care space, topics related to Dental Hygiene are the most talked about topic and Personal Grooming is the highest on the list being recommended and engaged with.

1. Personal Care and Hygiene, Invest India, Accessed on 16 January 2023

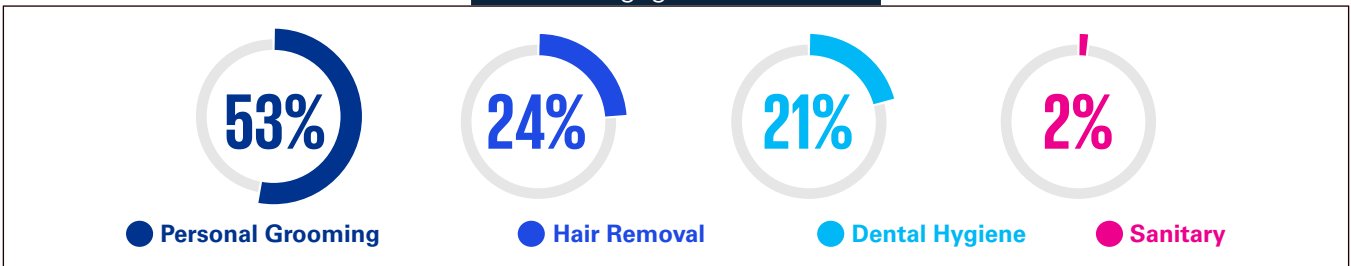
Curiosity



Recommendation



Engagement



Source: All-time internal Quora data



Some trending topics of discussion in the Hygiene and Personal Care segment

What are the best Hygiene and Personal Care products?

Which is better - shaving foam, shaving cream or shaving gel?

What's your favourite menstrual hygiene brand?

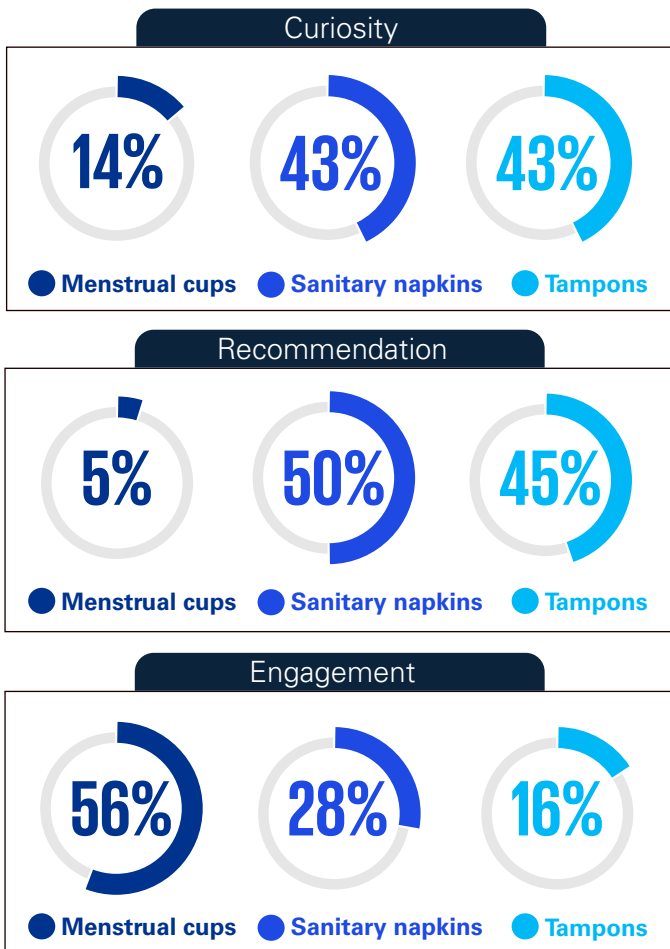


Feminine hygiene

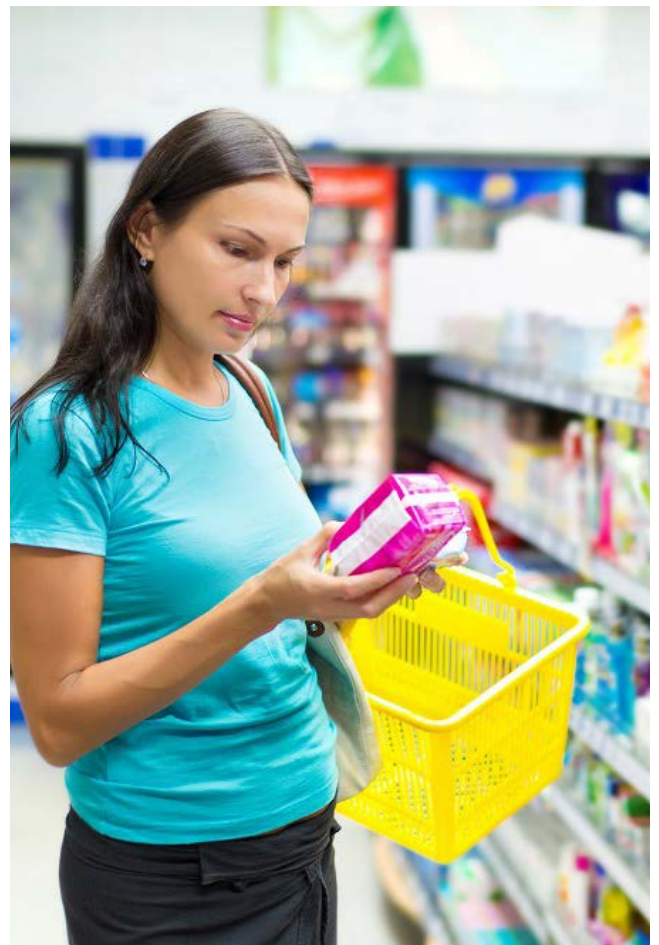


The Feminine Hygiene Products segment on Quora shows an increasing level of interest for non-conventional female hygiene products. Menstrual Cups and Tampons together contribute 53 per cent of the total content views in the category, more than the 46 per cent share of the more conventional sanitary

napkins. An interesting trend emerged in the 3-pillar CRE analysis where even though Sanitary Napkins is the more talked-about subcategory, the engagement is higher on Menstrual Cups, meaning that people are more likely to follow non-conventional female hygiene products but less likely to talk about them.



Source: All-time internal Quora data





Packaged Food

Healthy Snacks and Beverages



COVID-19 has brought about a paradigm shift in the eating habits of consumers. As they were bound with work from home mandates, experimenting with various foods became easier. There is an increasing preference for healthier eating options as people are becoming more health-conscious. According to a 2022 Global

Web Index survey, 57 per cent of Quora users are interested in health food and drinks. For this analysis, Green Tea, Oatmeal and Cereals are considered as the product categories as these have a majority share in the universe of the segment. The remaining includes Cornflakes, Muesli and Protein Bars.

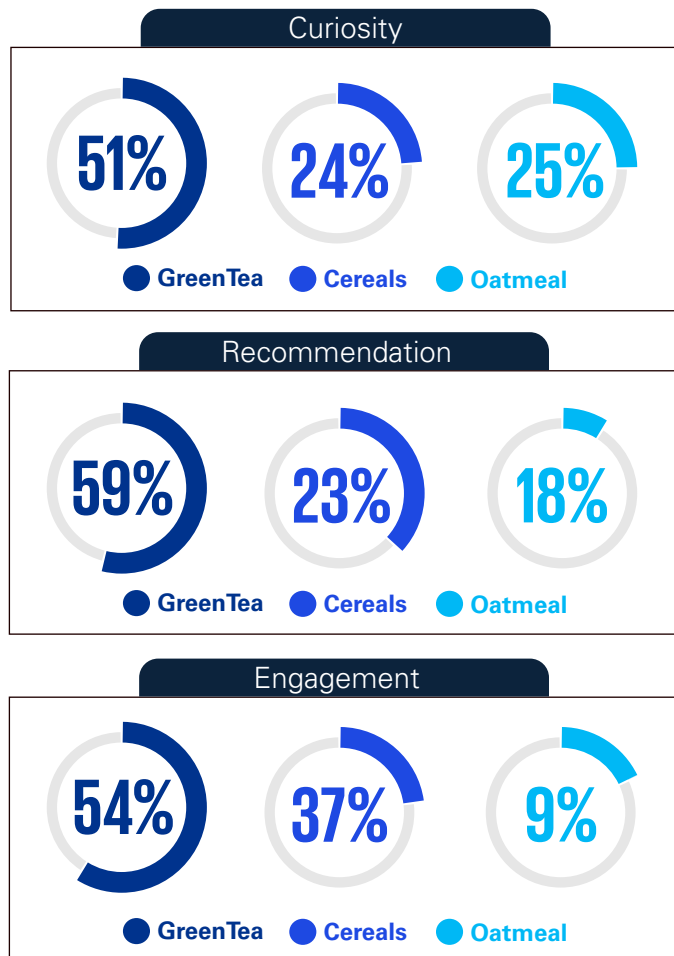


Source: Based on responses of 58,000 participating Internet users in India between January 2022 to September 2022; comparisons are made to the average Internet user in India).

3 Pillar CRE analysis - Healthy Snacks and Beverages

Out of the total content views in the duration of Q1 of FY 2019-20 to Q2 of FY 2022-23 on Quora for the given segment, Green Tea (60 per cent), Oats and Oatmeal (26 per cent) and Cereals (8 per cent) are the top 3 categories.

Green Tea is the most talked-about with the highest level of curiosity, recommendation, and engagement, followed by Cereals and Oatmeal. Cereals have significant growth potential with a high number of user followers, but a relatively low level of curiosity, indicating users are aware and willing to recommend and engage with it.



Source: All-time internal Quora data

Some trending topics of discussion in the Healthy Snacks and Beverages segment

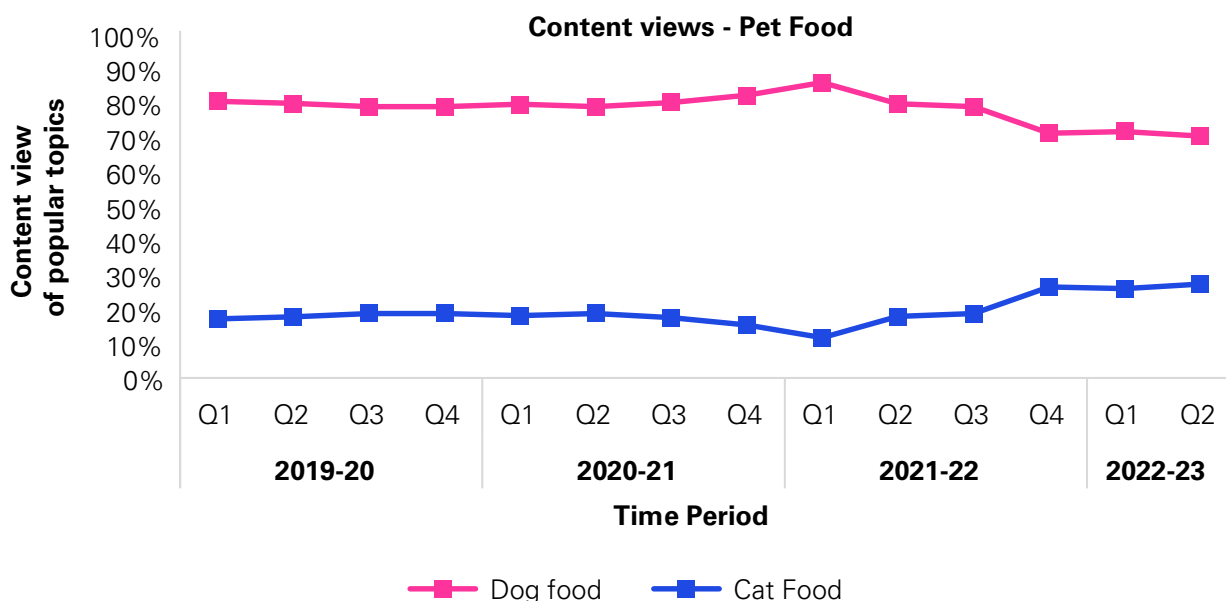
- How much time should you leave between a meal and a snack?
- Which is the best for weight gain: oats or cornflakes?
- Which ones are the best green tea brands in India?



As pet owners spent a greater amount of time with their pets during the pandemic, experimenting with different pet foods increased. Rise in demand has led to a significant increase in pet food production. The Indian Pet Food market increased from USD261.40 million in 2019 to USD451 million in 2022 at a CAGR of 20

per cent.² Quora data shows that the Pet Food segment views spiked heavily during the first quarter of 2021. This is primarily because of the rise in conversations about dog food with people researching the best diets and brands for their furry friends.

Analysis of popular topics based on content views on Quora - Pet Food



Source: Internal Quora data, April 2019 to September 2022

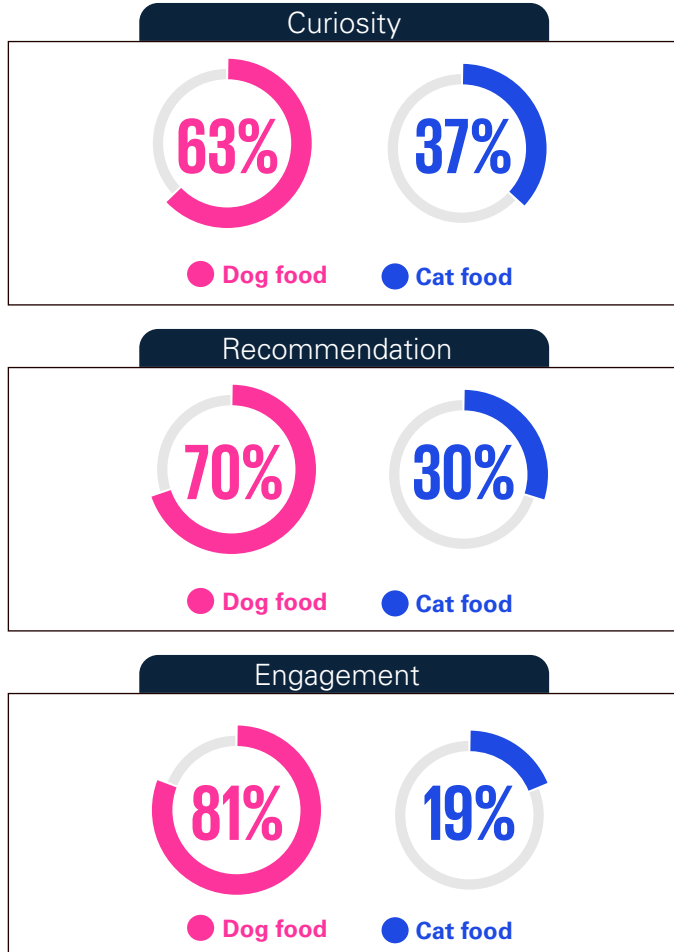
Due to a rise in the adoption rate of pets, majorly of dogs, amid COVID-19, the demand for dog food had been on an all-time high in Q1 of FY2021-2022. Both the categories are having a negative correlation in terms of their traction i.e. as soon as the peak in the content views of Dog Food hit, so did the bottom for Cat Food.




2. Consumer Health and Lifestyle survey, Euromonitor. Accessed on 16 January 2023

3-Pillar CRE Analysis

Dog food constitutes for 81 per cent and cat food for the remaining of their total combined content views in the duration of Q1 of FY 2019-20 to Q2 of FY 2022-23 on Quora. Dog food dominated when it came to being talked about, recommended and engaged with on Quora.




Source: All-time internal Quora data

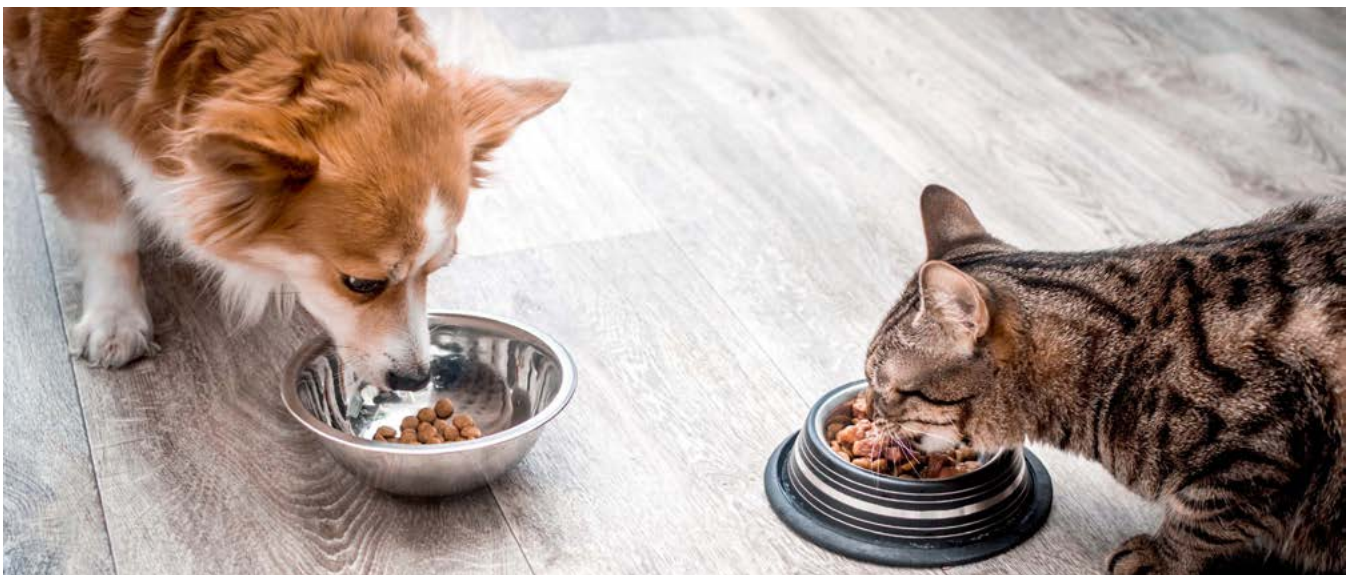


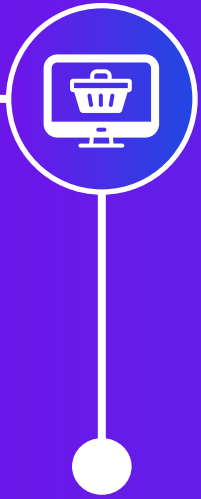
Some trending topics of discussion in the Pet Food category

- How do you choose healthy dog food?
- Which brand is good for buying dog food online?
- How do you know if pet food is healthy for your pets?
- What are the healthiest wet and dry cat food brands?



The questions under the Pet Food segment primarily revolve around seeking recommendations for dog food as well as reviews on prevailing brands.





Conclusion



Consumers have shifted their preferences to having more customisation in the goods and services being offered. Thus, this no longer renders an approach to building general marketing strategies fruitful. Rising support from the Indian government in terms of funding, liberalisation, fueling digital e-commerce and related policies have served as a push for the augmentation of the market.



Beauty and Skin Care

consumers prioritise eliminating root causes of skin issues over quick fixes. This can be seen with a higher share of following on topics like acne and acne removal. Moreover, users actively look out for products and treatments for sustainable hair growth as well as occasional styling.



Hygiene and Personal Care

market moves simultaneously with the growth in the level of awareness and health consciousness of the consumers. India owns 22 per cent share in the Hygiene and Personal care market of the APAC region and has witnessed tremendous growth in its export by registering a 26 per cent increase in a span of four years previously.¹



Healthy Snacks and Beverages

Healthy Snacks and Beverages market has been synonymous with being a convenient source of nutrition for consumers due to the rising need for affordability and accessibility. Furthermore, Green tea has been in high demand lately as more and more Quora users are recommending and following it. Cereals and Oatmeal are considered to be close substitutes for having full-fledged meals. Cereals is a popular topic on Quora under the segment and Oatmeal, being an English-style breakfast, has also gained traction amongst Quora users lately as the market is in a developing stage.

The pandemic has surged the amalgamation of offline and online shopping. Brands are now integrating with online sales channels to ensure a seamless shopping experience for customers. Further, many D2C brands today have started adopting tech-enabled solutions to streamline processes and efficiencies around supply chain and warehouse management. With the help of social media marketing, fashion and personal care brands have been enabled to market their products more effectively, be it through their own portal or with the help of influencer marketing. Voice based

shopping as well as directly through WhatsApp and chatbots are gaining traction.

With a surge in delivery apps and the increasing sophistication of loyalty schemes, online shopping is becoming a way of life. However, a customer is more likely to continue using a channel if the effort required, whether physical or emotional, is minimised. Therefore, companies are adopting an omni-channel model to help consumers accomplish their objectives simply, easily and cost effectively.

1. Personal Care and Hygiene, Invest India, Accessed on 16 January 2023

About KPMG in India

KPMG entities in India are professional services firm(s). These Indian member firms are affiliated with KPMG International Limited. KPMG was established in India in August 1993. Our professionals leverage the global network of firms, and are conversant with local laws, regulations, markets and competition. KPMG has offices across India in Ahmedabad, Bengaluru, Chandigarh, Chennai, Gurugram, Hyderabad, Jaipur, Kochi, Kolkata, Mumbai, Noida, Pune, Vadodara and Vijayawada. KPMG entities in India offer services to national and international clients in India across sectors. We strive to provide rapid, performance-based, industry-focused and technology-enabled services, which reflect a shared knowledge of global and local industries and our experience of the Indian business environment.

About Quora

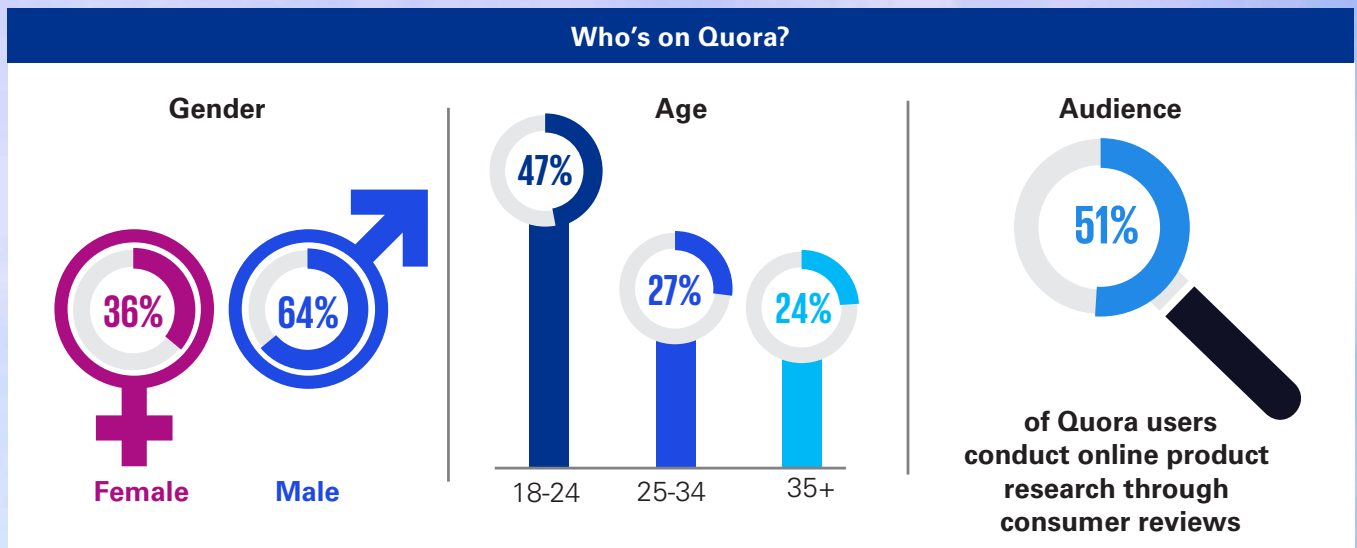
We connect the people who have knowledge to the people who need it, bring together people with different perspectives so they can understand each other better, and empower everyone to share their knowledge for the benefit of the rest of the world.

Quora for Business connects thousands of brands to over 100 million insightful Quora users in India across a wide range of topics, transforming the way brands share their industry expertise and form relationships with customers. With products such as Quora Ads and Promoted Answers, businesses can influence a high-intent audience during the consideration phase of their purchase

process. Businesses come to Quora to highlight their position as an industry thought leader, drive traffic back to their website, and build valuable relationships with customers.

About our users

Quora users are naturally curious about the world around them, making them eager to connect with individuals with diverse perspectives and a shared zeal for knowledge. This means they are actively seeking solutions that improve their lives and the businesses they work for. Today, thousands of businesses use Quora to reach high-value customers in the consideration stage of their brand journeys.



Source: Based on Internal Quora Data, GWI Core 2021 survey of participating Quora users in India



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