

Tilt among micro and small enterprises to digital channels for sales



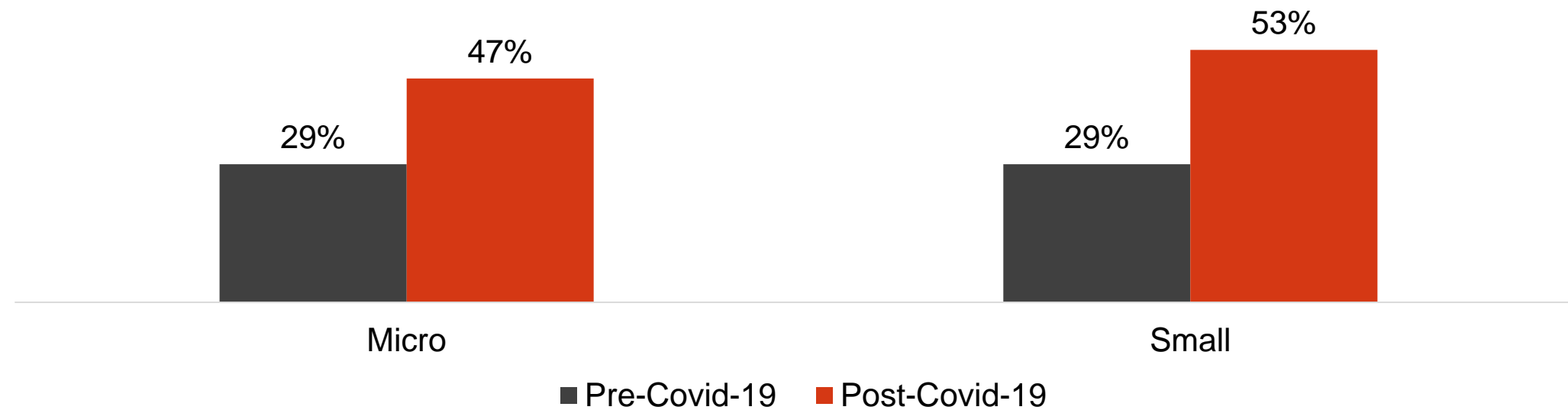
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Highlights

- **Focussed on micro and small enterprises (MSEs), with a 60:40 mix of services and manufacturing sectors (see Annexure)**
- **MSEs have moved towards digital channels such as online aggregators/ marketplaces and social media since the pandemic brought the nation to a halt**
- **Uptick in adoption of digital channels seen even among micro enterprises, despite their resource limitations**
- **Among manufacturing sectors, gems and jewellery and textiles aggressively adopted digital channels for better business prospects**
- **Among services sectors, real estate and human resources were ahead of peers in adopting digital platforms for generating leads**
- **Around 60% of the respondents that transitioned to selling via digital platforms said it helped them survive, while the remaining said it provided growth**

Micro enterprises not very far from small enterprises in digital selling

Use of digital selling platforms

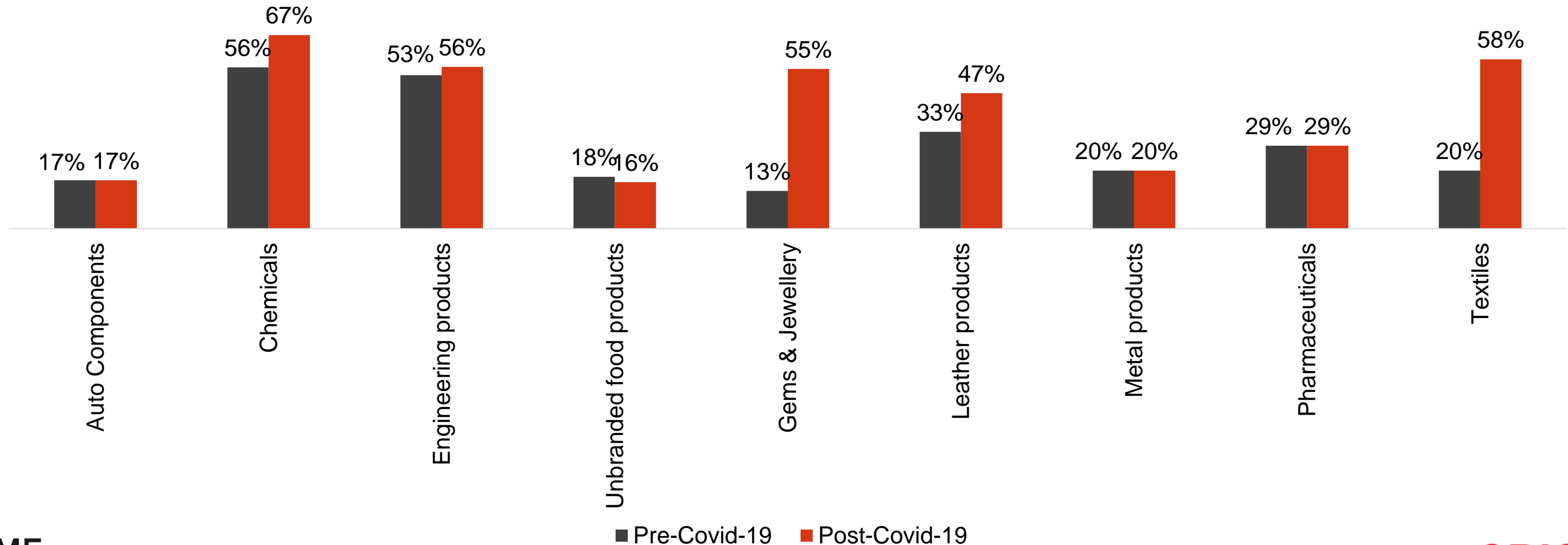


- Small enterprises have shown greater inclination to adopt digital platforms for revenue generation, at 53%, with a further 10 percentage points indicating interest in adoption in near future
- Micro enterprises are not far behind in adopting digital selling, despite their limitations of financial resources and technological capability

High rate of adoption of digital channels in a few industries reflects strategy to strengthen operations

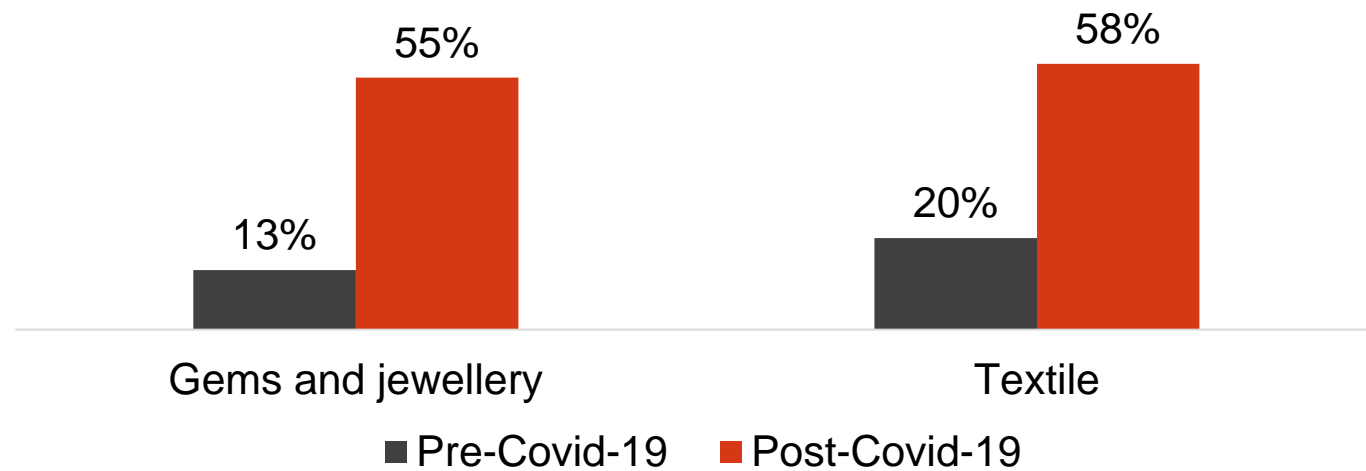
Chemicals and engineering products had high share of digital channels even before the pandemic

Digital adoption by sector

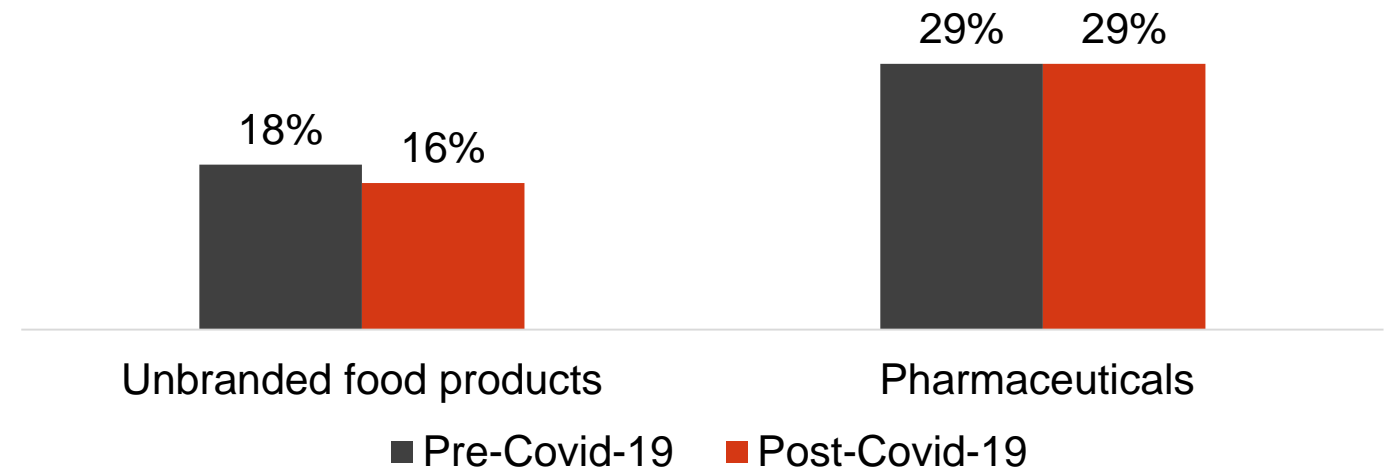


Among manufacturing sectors, gems and jewellery and textiles adopted digital channels aggressively

Using digital selling platforms – high delta*



Using digital selling platforms – low delta**



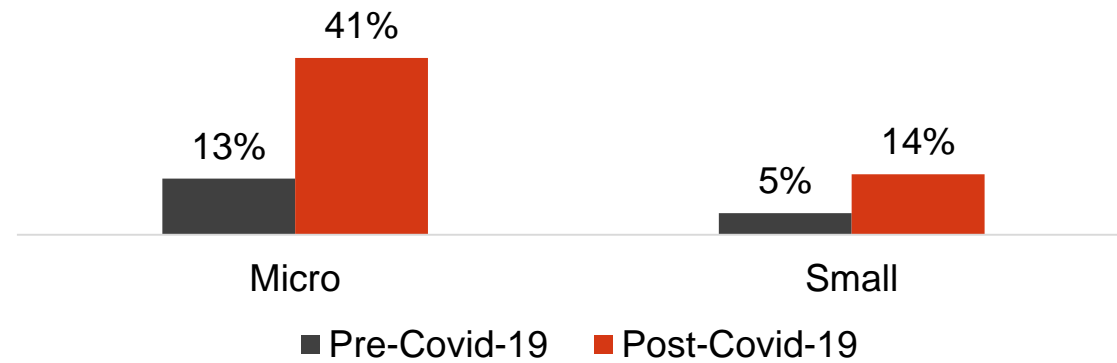
- Gems and jewellery players, primarily comprising manufacturers of non-precious stone-studded jewellery, imitation jewellery, and luxury fashion jewellery, adopted online marketing platforms to tap the demand-driven market. Increasing price of traditional jewellery is giving imitation jewellery manufacturers more opportunities to grow
- Textiles industry has also been among the top performers, which is reflected in a substantial 38% increase in players transitioning to digital selling post-pandemic
- Revenue contribution via digital platforms for unbranded food product players – including agro-produce processing units such as rice, wheat, flour millers and unbranded packaged food manufactures – has remained largely unchanged owing to more localised sales
- Pharmaceuticals industry has reported a similar trend owing to rising B2B share in revenues

*High delta – These are entities who have adopted digital channels post covid-19 vis-a`-vis pre covid-19 measured in their percentage increase

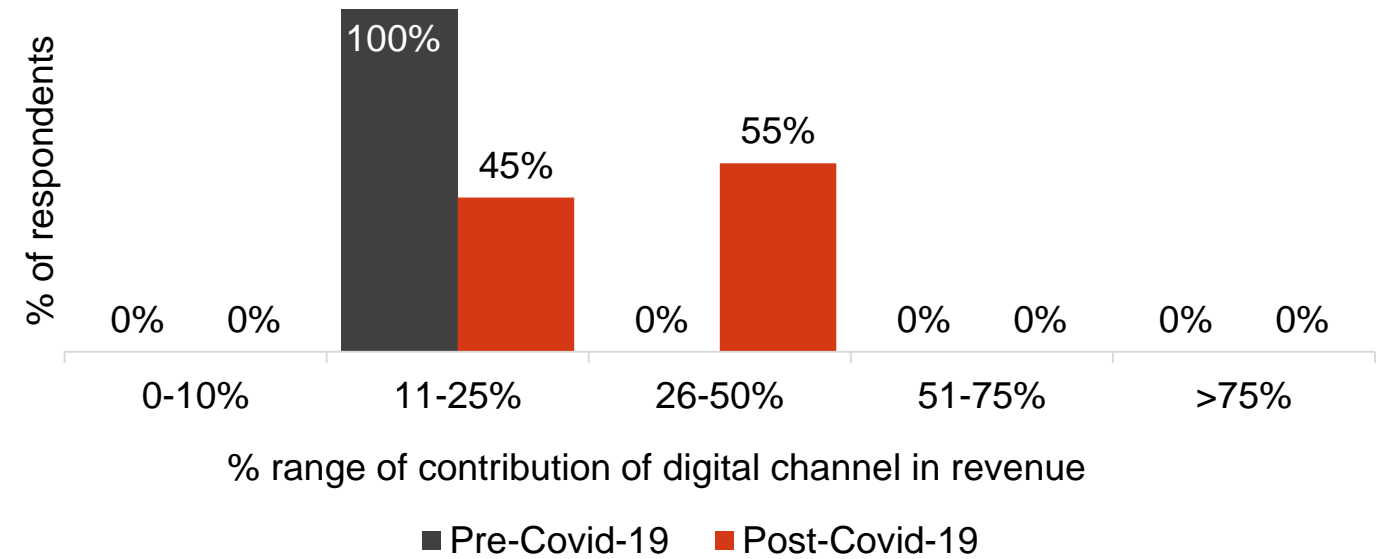
**Low delta - These are entities who have not adopted digital channels post covid-19 vis-a`-vis pre covid-19

In gems and jewellery sector, micro enterprises lead the way in adoption of digital channels

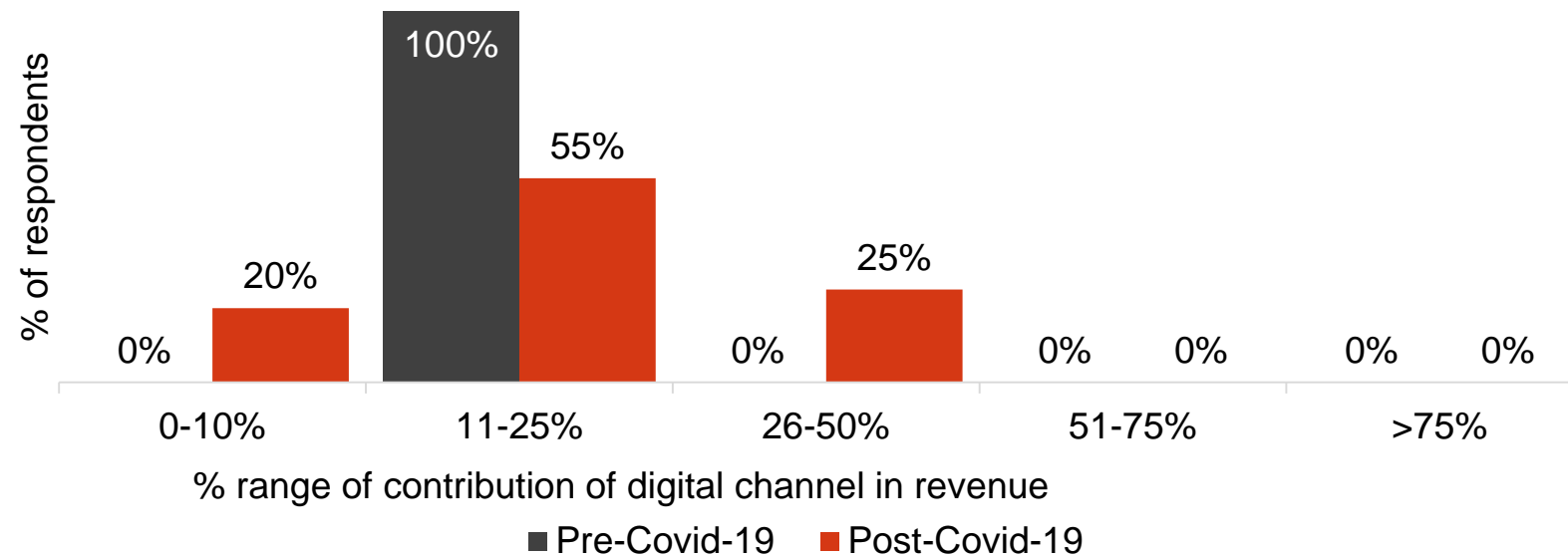
% of micro and small enterprises among digital sellers



Upward shift in contribution of existing digital channels in total revenue from pre-pandemic level

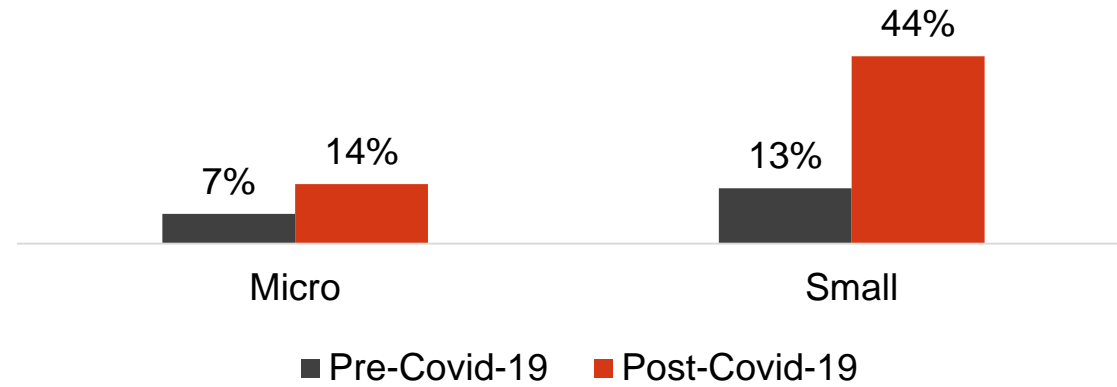


Contribution of digital channels in total revenue (existing and new users of digital channels)

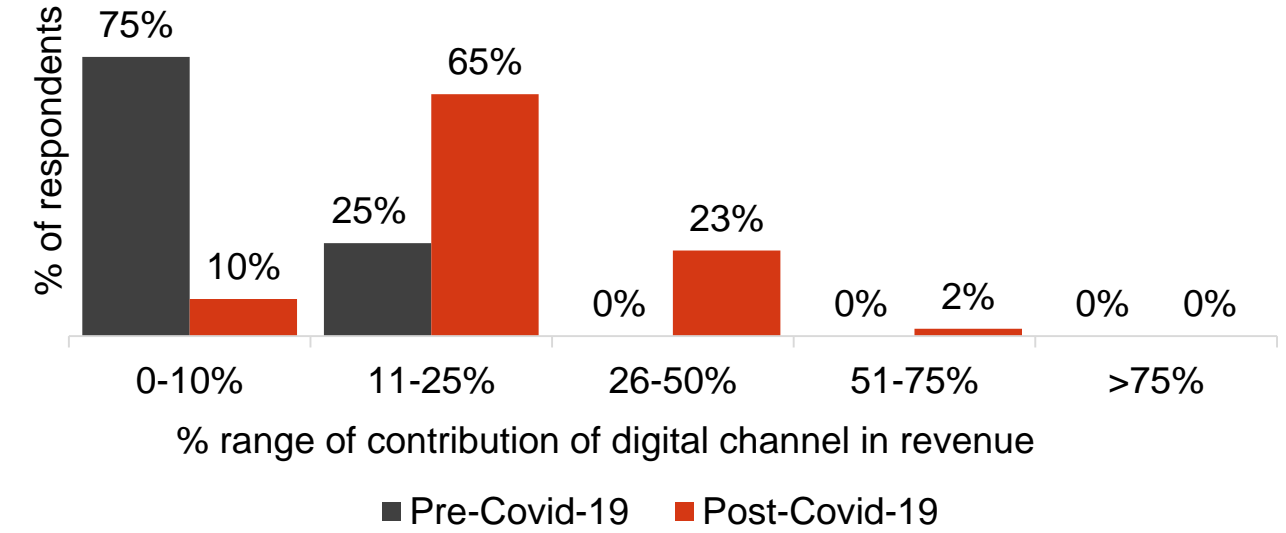


In textiles sector, small enterprises outpace micro enterprises in adoption of digital channels

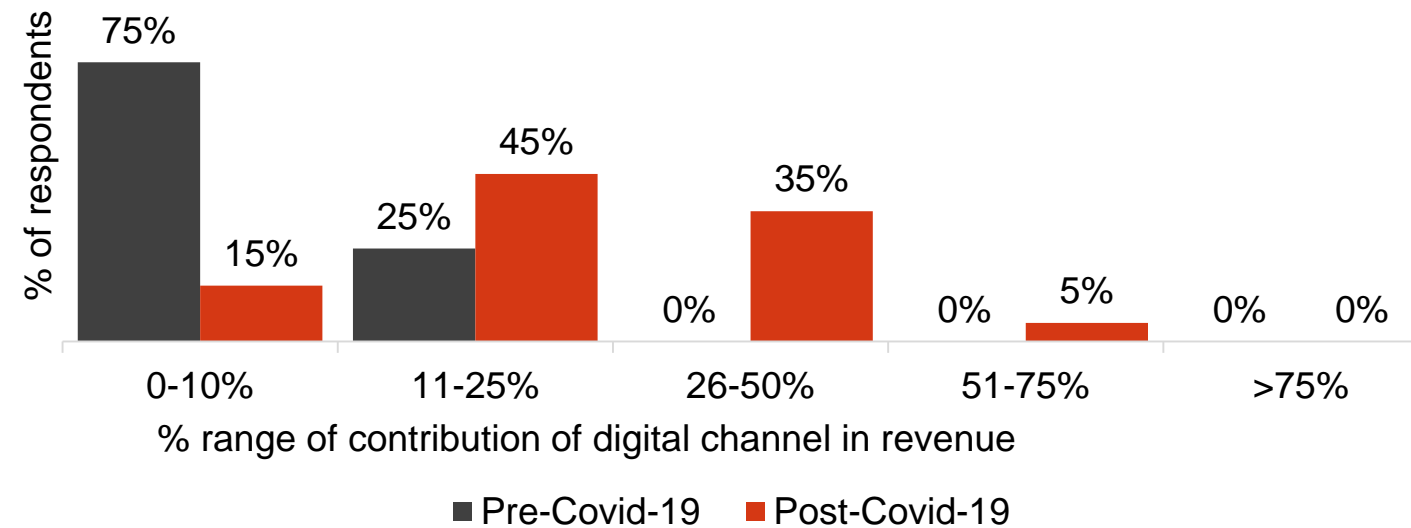
% of micro and small enterprises among digital sellers



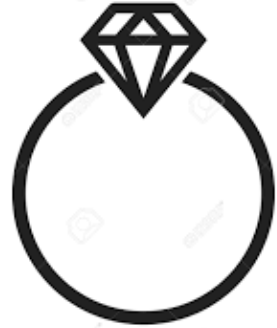
Shift in contribution of existing digital channels in total revenue from pre-pandemic level



Contribution of digital channels in total revenue (existing and new users of digital channels)



Sentiment on business activity – players having sales contribution through digital selling relatively more optimistic



Gems and jewellery

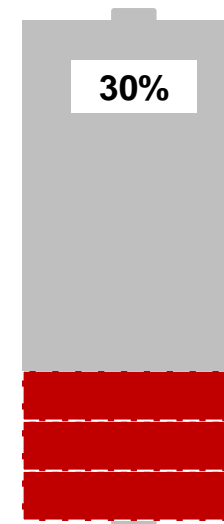
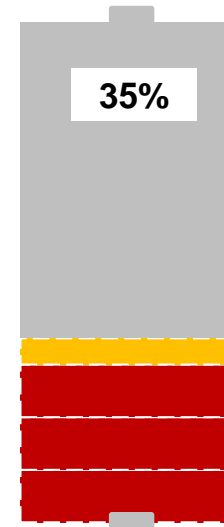


Textiles

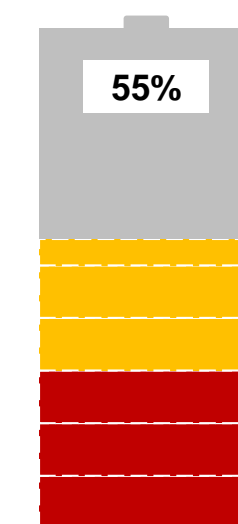
Enterprises relying on offline selling

vs

Enterprises relying on online selling



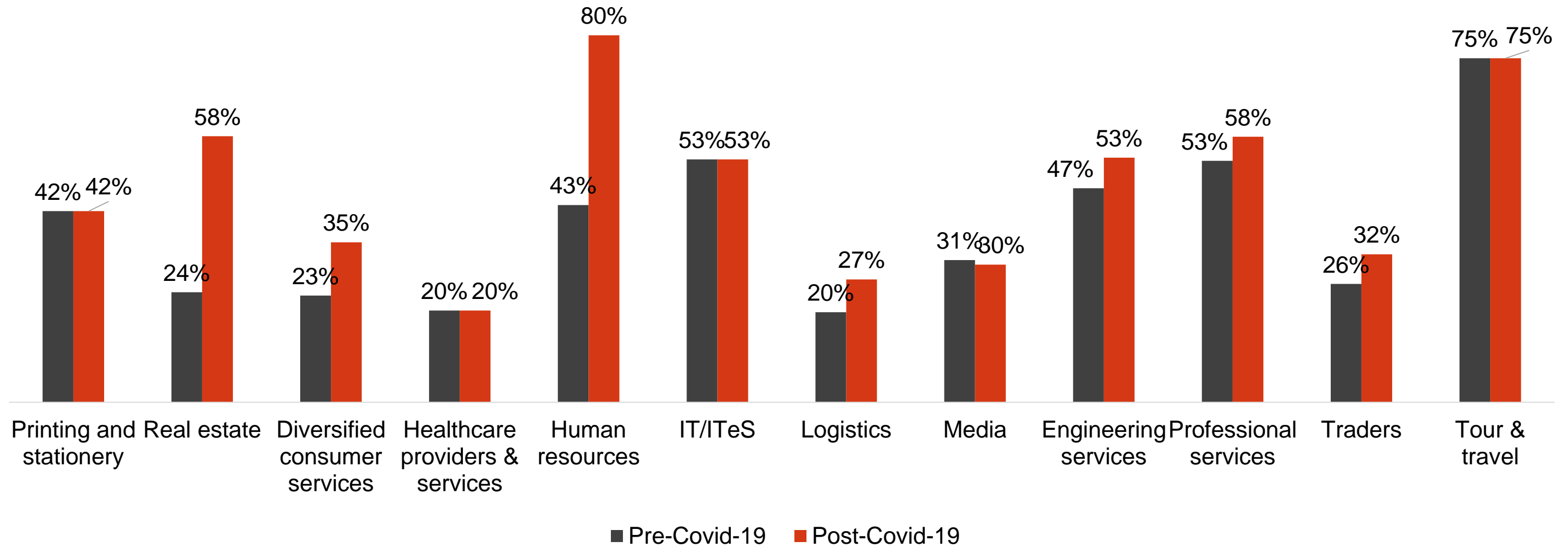
Positive sentiment towards business activity



Service industries

A few industries have traditionally had high share of digital channels; for these, the contribution remains unchanged post-pandemic

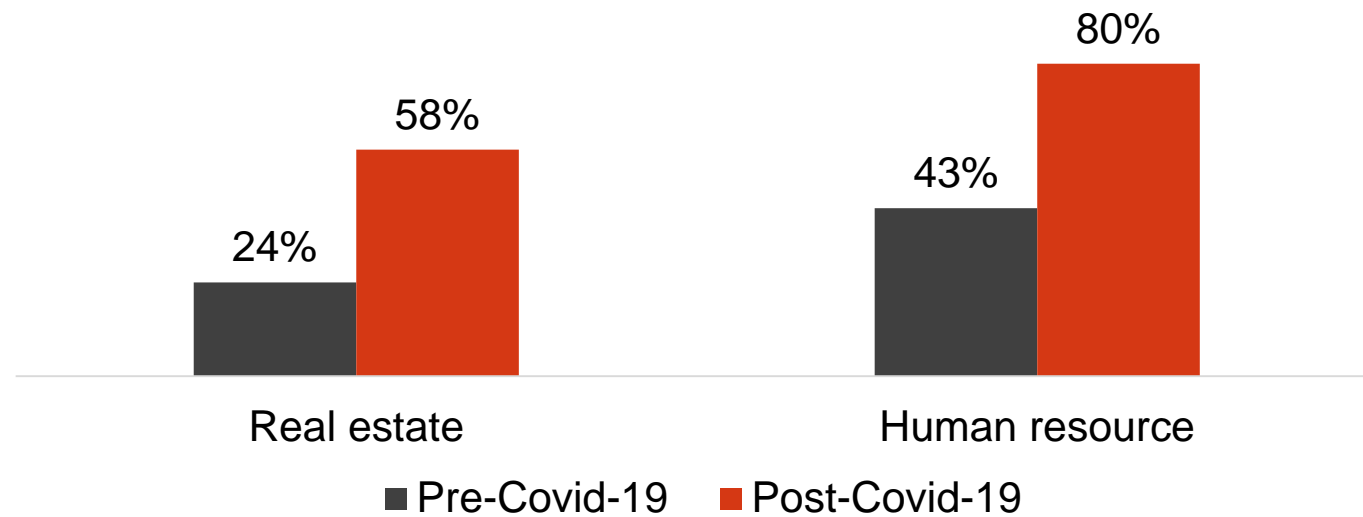
Service industry's landscape in digital adoption



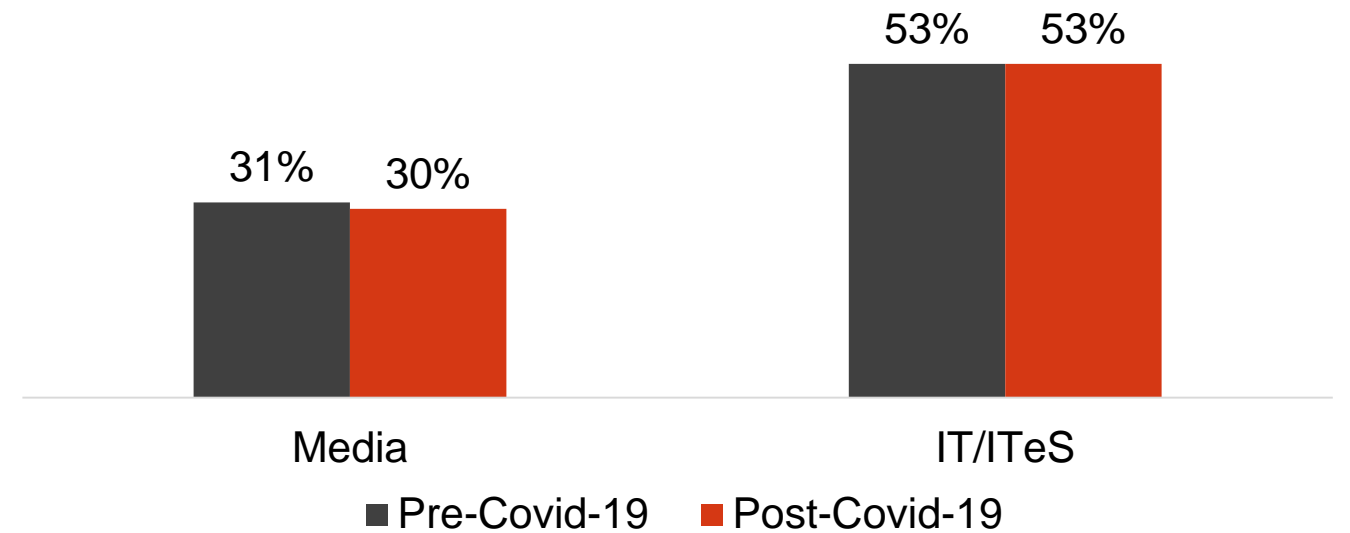
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Online marketplaces propelling real estate and human resource enterprises, among other services sectors

Using digital selling platforms – high delta



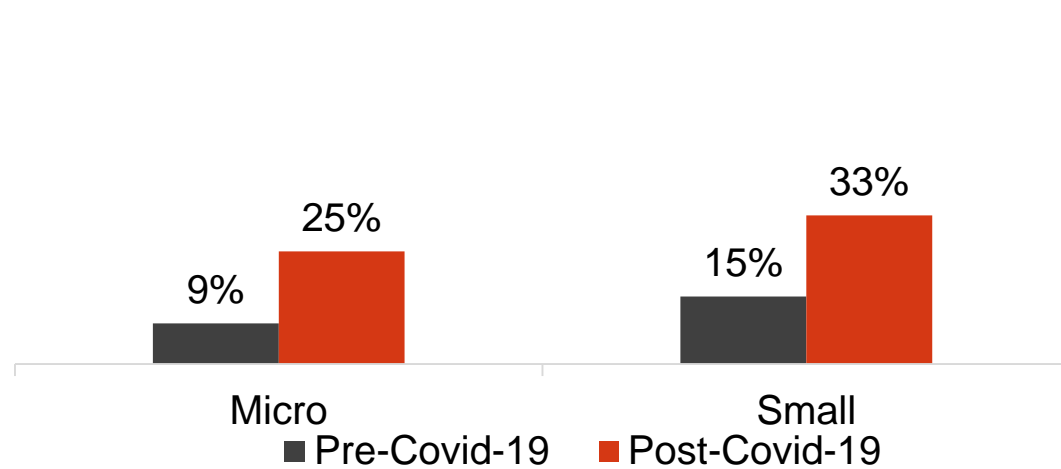
Using digital selling platforms – low delta



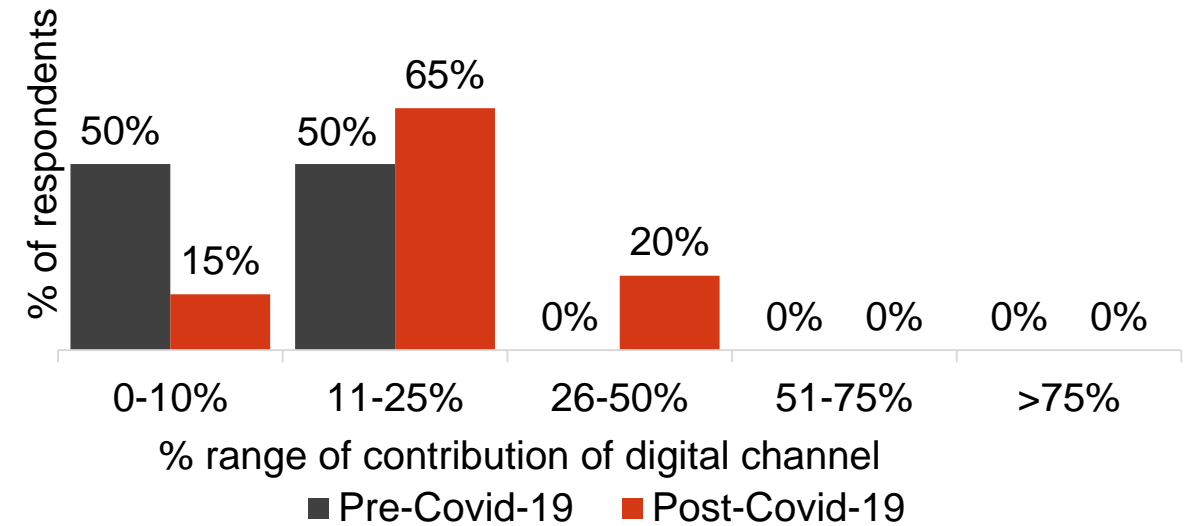
- Real estate players have employed digital marketing for lead generation. Also, most players have adopted digital sales channels and partnered with online aggregators, as well as introduced virtual tours
 - Tier II real estate players' adoption of digital channels jumped significantly to 70% from 20% pre-pandemic
- Human resource enterprises (mainly recruitment firms) have relied heavily on online channels for lead generation with social distancing leading to lower physical meetings with candidates
- However, media, which includes event management companies, outdoor shootings, and hoarding advertisers, etc, have preferred to cater to localised demand instead of aggressively pursuing digital sales due to the travel restrictions

In real estate sector, both micro and small enterprises equally aggressive in adoption of digital channels

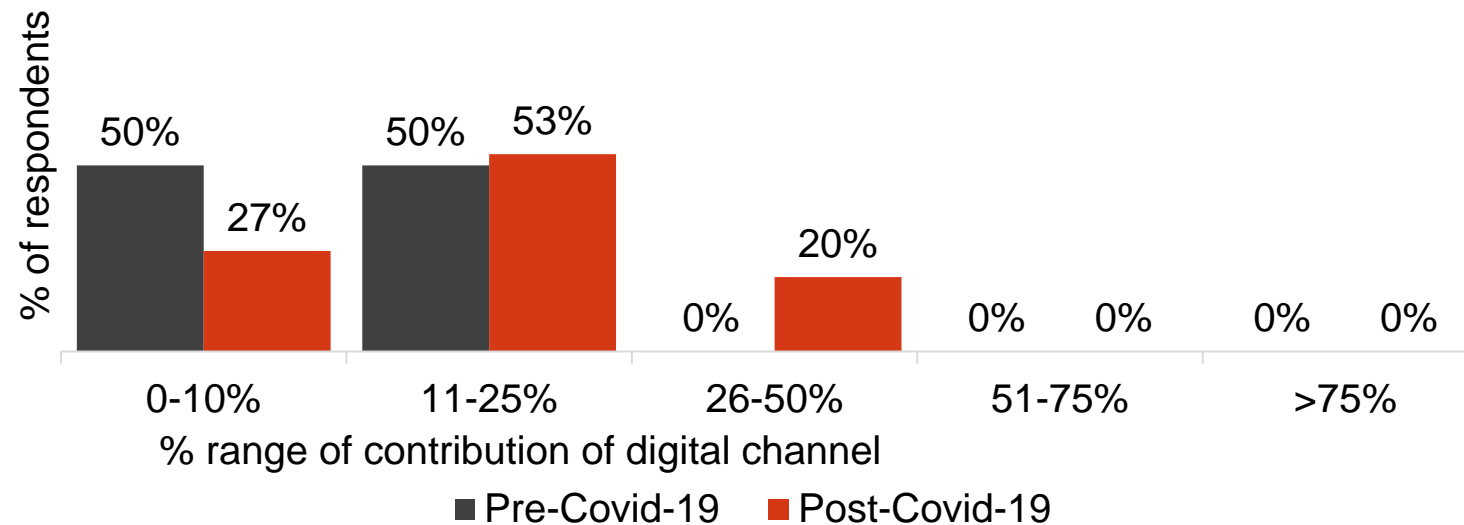
% of micro and small enterprises among digital channel users



Shift in contribution of existing digital channels users in lead generations from pre-pandemic level

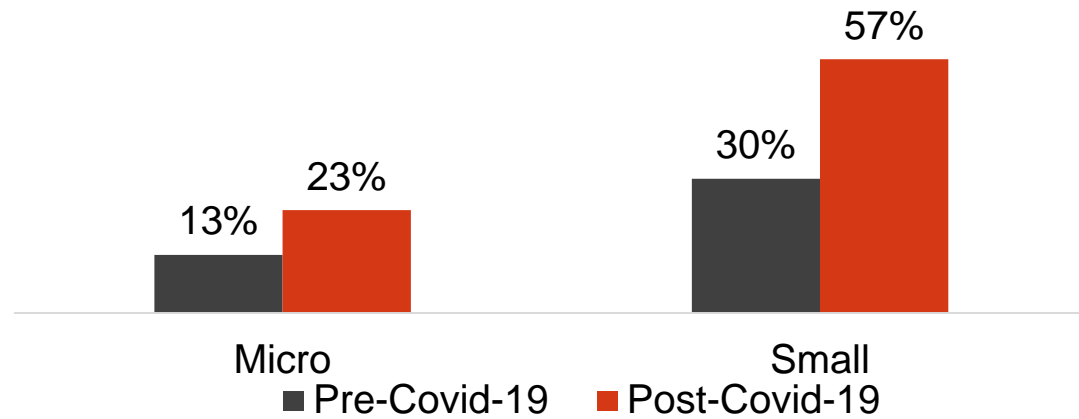


Contribution of digital channels for lead generations (existing and new users of digital channels)

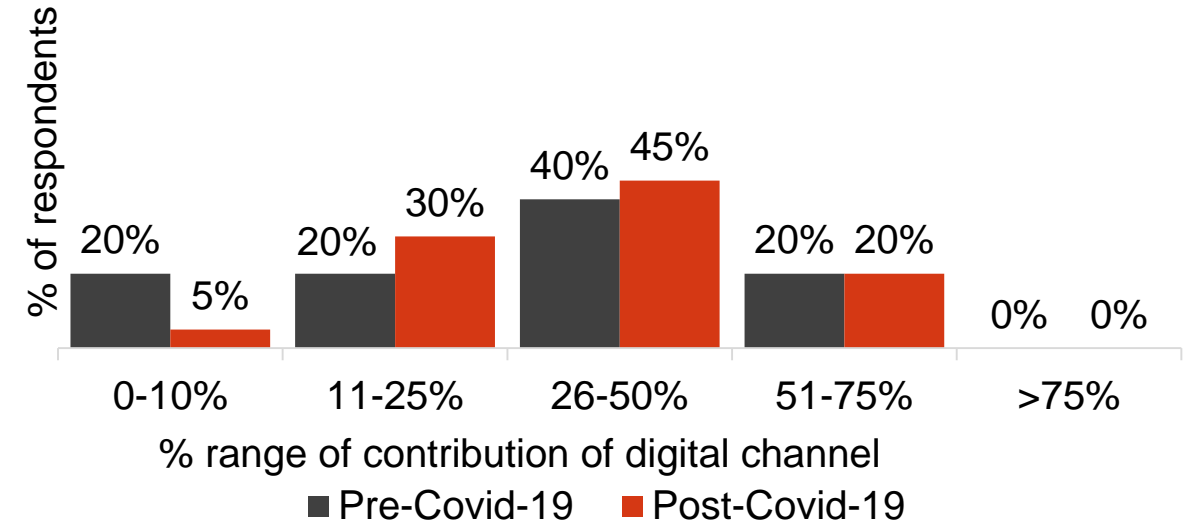


In human resources sector, small enterprises continue to enhance digital channel adoption vis-à-vis micro peers

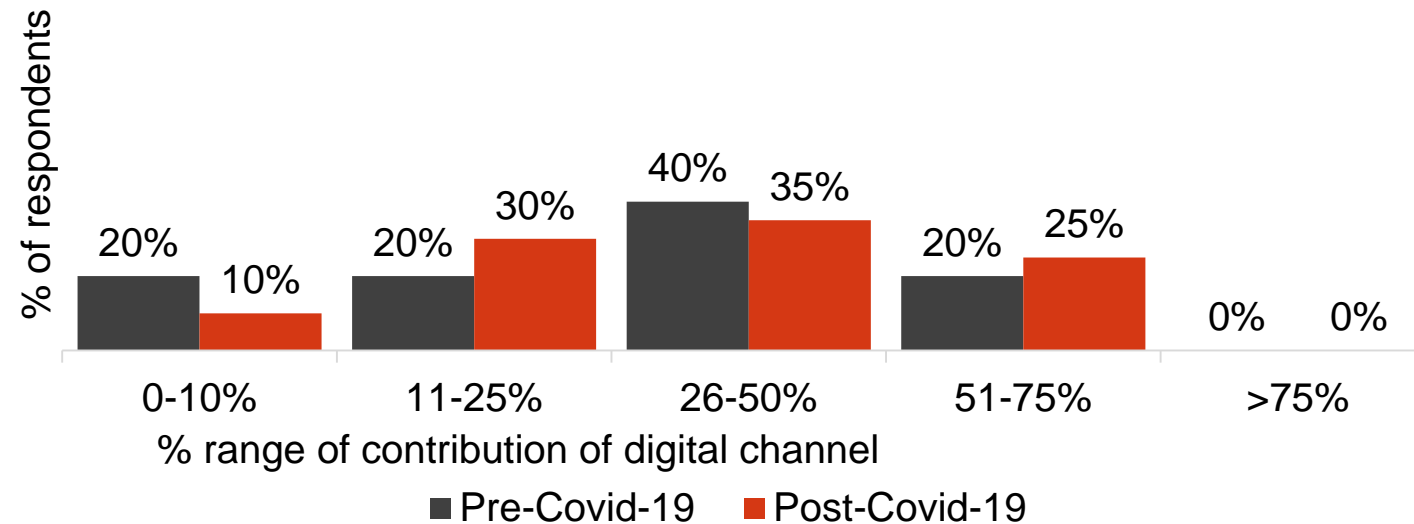
% of micro and small enterprises among digital channel users



Shift in contribution of existing digital channels users in lead generations from pre-pandemic level



Contribution of digital channels for lead generations (existing and new users of digital channels)



Sentiment on business activity – players having online presence relatively more optimistic



Real estate



SME Solutions
Human resource

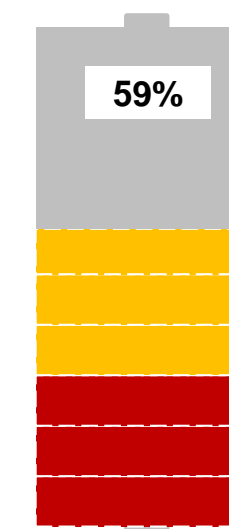
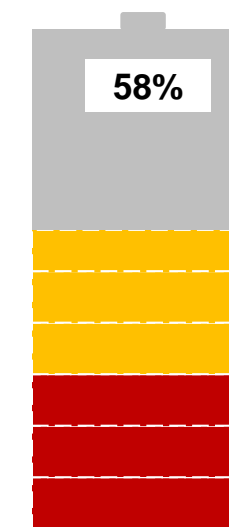
Enterprises relying on traditional marketing strategies

vs

Enterprises having online presence

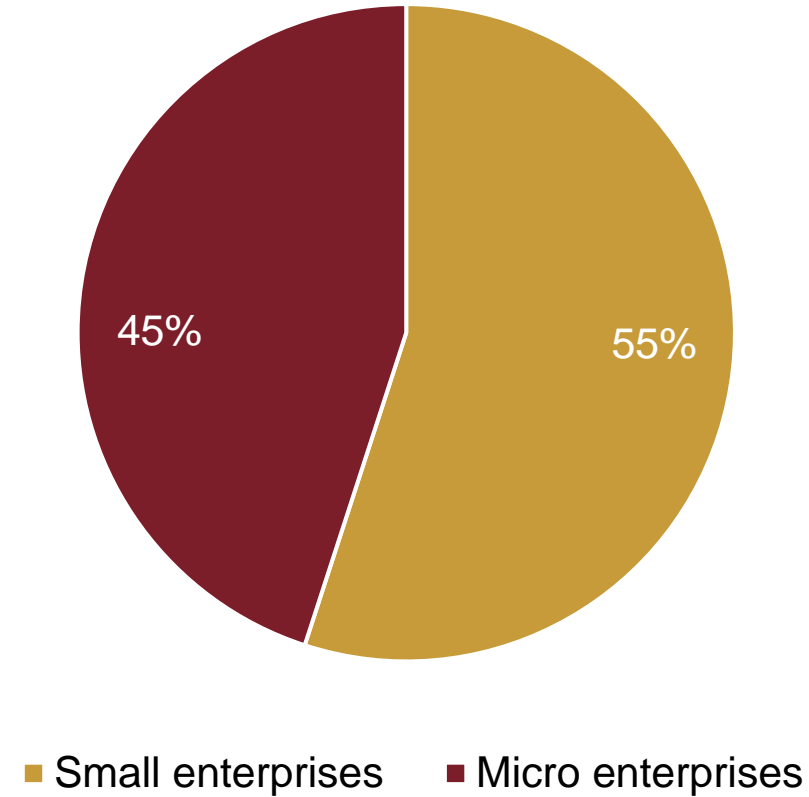


Positive sentiment towards business activity

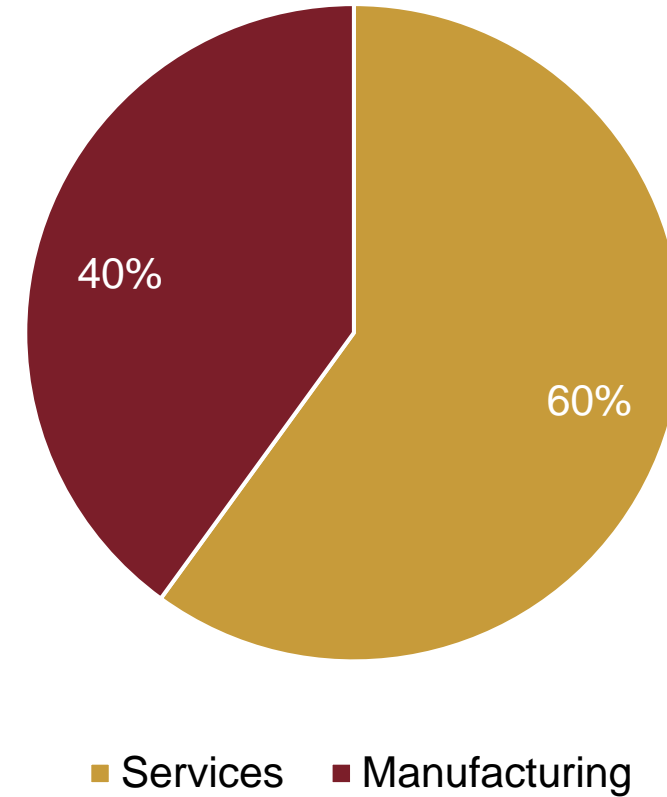


Annexure

% of micro and small entities



% of manufacturing and service sectors



- **Survey was conducted in November 2020**
- **Sample size comprised 566 companies with turnover of \leq Rs 25 crore**
 - Micro enterprises – turnover below Rs 5 crore; small enterprises – turnover Rs 5-25 crore

Thank you

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