The Year in Search Report

What Google Search told us about consumer behaviour online.
India comes online.

2017

400+ million people online

330 million connected smartphone users

2020

650 million people online

500 million connected smartphone users

Sources:
IAMAI
Digital Classifieds in 2020, KPMG/Google Report
Google BCG FMCG Report 2017
Themes
Top trends that emerged across verticals.

The Story of India 1 and India 2
Non-metros are emerging as the superstars

Digital Drives Business
Digital is no longer just another marketing channel, it’s now responsible for bringing in money

Digital Transactions and E-Commerce
The former is driving the latter and vice versa

Growing Interest in Machine Learning and Artificial Intelligence
A lot of technology solutions are now embracing aspects of both

The Omnichannel Experience
Online and Offline are no longer two different ways to reach consumers, but part of the same purchase experience
Non-metros (India 2) are catching up with metros (India 1) in terms of internet usage. The three key pillars of voice, vernacular, and video are going from strength to strength in India’s Tier 2 cities. In auto and tech categories, non-metros have left metros behind in terms of search volume, and in almost every category the growth rates for search queries are far higher for non-metros as compared to metros. Local language searches too are slowly but surely rising throughout the country.

The Story of India 1 and India 2.

Non-metros emerged as the superstars.

2 in 3 Searches are coming from outside the Top 6 metros

10x growth in local language searches

Source: Google Internal Search Data
Research shows heavy impact of digital on sales across verticals like media and entertainment, FMCG, BFSI and auto.

In 2017, the term “digital” underwent a major paradigm shift; from a support function under a brand’s marketing strategy to an actual platform for business. In categories like auto there was a direct correlation between online research and offline purchase, with 20% of the sales in a leading OEM being driven by digital. Whereas in categories like FMCG and banking, entire transactions were being conducted online, with consumers relying on Search to educate themselves and also to look for products. For example, they’d not just search online for tips on hair care but also buy products that solved the problem. Similarly, they looked for information on mutual funds, and then purchased them or started an SIP account online.

**By 2020** the Internet will influence $45 bn of FMCG sales in India - i.e. 40% of the overall FMCG industry.

**20%** of a leading OEM’s sales are being driven by digital.

Source: Google BCG FMCG Report 2017

Source: Business World
Digital Transactions and E-Commerce

Both are changing the way business is done online.

Online consumer spending is expected to grow 2.5 times to $100 billion by 2020, led by growth in e-commerce, travel and hotel, financial services and digital media. The online spender base will expand 2-3x its current volume to reach 180-200M by 2020. Telco-owned mobile wallet services saw a 70% growth in searches, all numbers pointing to a robust e-commerce ecosystem.

174% growth in “Payment Banks” searches while searches for “Mobile wallets” grew by 70%

Source: Google Internal Search Data

$100 billion

The number online consumer spends will hit by 2020, 2.5x times the current number

Sources:
Digital Consumer Spending in India: A $100 Bn opportunity: Google & BCG Report
Google Internal Search Data
The Omnichannel Experience

From fingertips to footfalls; Online and Offline are merging to create a holistic story.

Multiple case studies with retail stores showed that the omnichannel shopper showed **up to 33% higher** in-store conversion rate.

Offline retail stores for fashion and lifestyle witnessed a **50% increase** in searches for “stores near me”

Source: Tata Croma & Shoppers Stop Case Studies

A staggering 79% of car buyers who watched an online video took action after watching it.

Source: Google Search Internal Data

The lines between online and offline blurred as the consumer experience became a seamless mix of the real and the virtual. Searching for stores became an integral shopping experience in the retail department, with a 50% increase for “stores near me”. There was an 80% increase in searches for stores that sell smartphones and laptops.

Source: Google Internal Search Data
Newer technologies are being leveraged as marketing and business solutions. Strewn across categories, we found examples that support a market primed to receive the benefits of AI and machine learning. In auto, car intenders were excited about 360 degree video and virtual reality potentially replacing test drives. Insurance players turned to AI-led solutions like chatbots to answer user questions for efficiencies at scale. Machine learning continues to heavily influence content consumption patterns on video-viewing platforms.

3x increase in queries for smart home assistant devices
3x increase in consumer interest around “Machine Learning” and “Artificial Intelligence” courses

Source: Google Internal Search Data
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Auto
Non-metros\textsuperscript{6} are accelerating to overtake metros\textsuperscript{1}.

Almost 60% of all queries come from outside the Tier 1\textsuperscript{1} states

50% of non-English searches are in languages other than Hindi\textsuperscript{2}

Source: Google Search Internal Data
<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Parts and accessories</td>
<td>43%</td>
</tr>
<tr>
<td>Two-wheeler insurance</td>
<td>100%</td>
</tr>
<tr>
<td>Financing</td>
<td>38%</td>
</tr>
<tr>
<td>Vehicle insurance</td>
<td>64%</td>
</tr>
<tr>
<td>Servicing</td>
<td>70%</td>
</tr>
</tbody>
</table>

Categories related to auto are rapidly gaining interest.

Source: Google Search Internal Data
Car buyers use Search to locate dealerships.

2 in 3 of an OEM’s sales were driven by digital.

8x growth in searches related to dealers on Maps in 2 years.

26% growth in dealer queries.

20% of an OEM’s sales were driven by digital.

The demand for an omnichannel car buying experience is increasing.

Source: Auto Gearshift Study 2017
50% reduction in the average number of dealership visits during the car buying journey in the past 3 years

90% of car buyers take 2 or fewer test drives

80% of car buyers watch online video during their car buying journey

79% take action post watching

Offline touch points during a consumer's car buying journey are reducing with an increasing reliance on the web.

Source: Auto Gearshift Study 2017
Car buyers agree that virtual test drives could take the wheel.

71% of car intenders agree that a 360 degree video could potentially replace a test drive.

68% car intenders agree that virtual reality could potentially replace a test drive.

Source: Auto Gearshift Study 2017
Online research for two-wheelers is shifting gears.

100% growth in queries for two-wheeler insurance which forms a significant base among the vehicle insurance segment, which in turn is growing at 64%.

Source: Google Internal Search Data

44% of two-wheeler buyers research online before their purchase.

Source: Two-Wheeler Consumer Research Study 2017, Google GFK
Banking, Financial Services and Insurance
Curiosity for both personal and business loans saw a surge.

55% growth in searches for SME loans

Top searches included keywords like:
- Business loans (2x growth)
- Small business loans (1.5x)
- Startup business loans (1.5x)

61% growth in personal loans queries

60% growth in home loans queries

Source: Google Search Internal Data
More and more Indians are looking for banking solutions online.

Source: Google Search Internal Data
It was a bullish year for mutual funds on Search.

72% growth in mutual funds queries implying the success of investor education campaigns

65% growth in ELSS (Equity Linked Savings Scheme) queries on mobile

104% growth in search queries for SIPs (Systematic Investment Plans)

Source: Google Search Internal Data
By augmenting video communication with a "Search Bar" as the call to action, BFSI brands have seen a positive impact on driving consideration and overall digital acquisition. This action made the audience search for that respective brand.

It's been included across mediums such as TV and OOH for maximum impact.

The “Search Bar” call to action is working in favour of BFSI brands.

Source: Google Search Internal Data
New technology is making online sales more efficient.

For consumers this means a seamless experience, and for businesses this means improved processes and efficiency.

64% growth in queries for motor insurance are increasing lead volumes for clients, and so insurance players have turned to tech-based solutions like chatbots for efficiencies at scale.

Businesses have also started using machine learning for speech to text translations and sentiment prediction of call centre transcripts.

Source: Google Search Internal Data
2017 saw the steady rise of e-commerce, as more and more women and residents from non-metros came online and indulged in shopping.

In 2017

- Digital spending is expected to grow **2.5x** from ~$40bn to ~$100bn led by e-commerce ($18-45bn)
- Women shoppers will increase **2.5x**
- And 35+ shoppers will increase more than 3x compared to 2017

Source: Google Search Internal Data

By 2020

Source: Digital Consumer Spending in India: A $100 Bn Opportunity, BCG & Google Report
53% growth in fashion e-commerce queries

78% online shoppers in India have purchased fashion and lifestyle products through e-commerce websites in their lifetime

38% growth in apparel queries, which is the largest share of fashion searches

Fashion is taking over the runway as the largest e-commerce category.

63% of apparel searches are coming from the Top 8 cities of India, while growth is being driven by the non-metro cities, growing at 75%

Highest growth markets are Lucknow, Jaipur, Indore and Chandigarh

1 out of 3 fashion-related queries are research-based, i.e. “How to” or “What are” queries.

Source: Google Search Internal Data
Men are looking for brands while women are looking for assortment.

96% growth in men’s clothing searches

28% were looking for branded apparel

73% growth in women’s apparel queries

65% women were searching for dresses

92% of women apparel searches are brand agnostic

Source: Google Search Internal Data

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E-Commerce
By 2020
more than
50%
of the total online shopper base will come from non-metros.

In 2017
45%
shopping queries are from non-metros, vs 36% in 2016;

Highest volume of searches from Lucknow, Jaipur and Indore

Online shopping is growing beyond the 8 metros, and the use of local languages is going up.

20% growth in searches from Top 8 metros

41% growth in searches from other cities

Fastest growing non-metro cities are: Guwahati, Patna, Chandigarh, Indore

61% growth for searches in Indian languages, 88% of these queries came from mobile.

Hindi searches command the highest share of Indian language searches, followed by Marathi and Tamil.

Source: Google Search Internal Data
Consumers are conducting extensive online research before they buy a particular brand or product.

**Baby care:**
one of the fastest emerging categories on Search, growing at 36%

- 76% queries around parenting, growing at 35%
- 73% queries are maternity and newborn related v/s 3% around childcare

**Grocery:**
the fastest growing segment with an average growth rate of 65-70% between 2017 and 2020

- 56% growth in food and grocery queries

Source: Google Search Internal Data

Source: Crisil report
Education
With learning rapidly coming online, education searches aren’t far behind.

By 2021

Online education will become a $2 billion industry growing at 8x

Paid user base will grow 6x from 1.6 million users to 9.6 million users

2x growth in online searches around education in the last two years

4x growth in online educational content consumption on YT

Source: Online education in India: Learning Re-defined. A study by KPMG in India and Google 2017
Non-metros are swiftly waking up to the power of online education.

44% of searches from beyond the Top 6 metros in 2017 for online education compared to 35% in 2016.

Cities like Patna, Kota, Guwahati, Allahabad have grown more than 100%.

Source: Google Internal Search Data
Source: Online Education Study by KPMG in India and Google 2017
There was a definite rise in interest for courses that teach new technology.

- 7x more interest in blockchain courses
- 3x more interest in “Machine Learning” and “Artificial Intelligence” courses
- 130% growth in “Cloud Computing” courses

Source: Google Internal Search Data
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Fast Moving Consumer Goods
$6-7 billion worth of FMCG products will be sold online. This will be 1/7th of the overall influence of Internet.

By 2020, Internet will influence $45 billion FMCG sales in India. i.e 40% of the industry

Households with digital access are spending 2x as much money on FMCG products. Example: Non-digital households spend x on deodorants, whereas digital households spend 3.7x

Personal Care:
- Deodorants 3.7
- Diapers 2.8

F&B:
- Soups 5.4
- Chocolates 2.9

Home Care:
- Air Freshener 4.4
- Floor Cleaner 2.4

Source: Google BCG FMCG Report 2017
Source: IMRB Kantar Worldpanel 2016
The beauty industry is exploding online for both women and men.

- **60%** growth in search queries for beauty with the following top categories:
  - Hair care: 50%
  - Skin care: 25%
  - Makeup: 20%

- **46%** growth in searches for natural remedies
- **50%** growth in searches around male grooming, with highest search share of shaving, followed by deodorants

Beauty content has overtaken food on YouTube, with a **2.5x increase** in watchtime in one year.

*Source: Google Internal Search Data*

*Source: YouTube Internal Data*
Parenting is moving online as Search and YouTube influence baby care buying decisions.

2 in 5 use Search during their research

5 searches on average during path to purchase

1 in 3 baby care buyers use online videos on their path to purchase

4x growth in watchtime for baby care videos on YouTube

2x increase in searches for pregnancy-related apps

Source: Kantar TNS: Path to Purchase Research Baby Care 2017

Source: YouTube Internal Data

Source: Google Internal Search Data
70% of searches are coming from outside of the Top 6 metros.

80% searches for recipes are coming from outside of the Top 6 metros.

Non-metros are growing much faster as compared to metros.

100% growth in search in Indian languages.

3 out of 4 Indian language searches are for Hindi content.

Top Indic searches are हेयर स्टाइल ब्यूटी टिप्स रेसिपी.

Source: Google Search Internal Data
Consumers are seeking information on healthy living.

100% growth in interest for Fitness Trackers

50% growth in interest for Healthy Recipes

Ketogenic diet and Gluten free were the top searched terms

There has also been a 10x increase in searches for food outlets “near me” in the past year.
Sport is moving from the court to our palms. Online gaming is growing at a staggering rate, year on year.

Online gaming is expected to grow from a $290 million industry in 2016 to a billion dollar industry in 2021. Online gamers are expected to grow 2.5x from 120 million to 310 million by 2021.

- 2x growth in online gaming queries
- 50% growth in gaming's share of entertainment is predicted by 2021
- 137% growth in mobile gaming queries, with mobile now accounting for 70% of the searches
- 55% of gaming searches came from outside of the Top 6 Metros

Source: Online Gaming in India - 2021

For definition of “online gaming” see point number 7 in the “Glossary”
Super fast home delivery of food is becoming a habit for Indians.

70% growth in queries for online food ordering
Source: Google Internal Search Data

The online food ordering sector has now grown to 4 lakh average daily orders
Source: Business Standard
Search is playing both headhunter and matchmaker.

- **38%** growth in dating and marriage matching over 2016
- **65%** more growth from non-metros than from metros
- **2.8x** growth in queries for dating apps in 2017 over 2016
- **2.4x** growth in searches for jobs from Tier 2 cities
- **40%** growth in searches for jobs over 2016

Source: Google Internal Search Data
Interest in real estate is growing.

43% growth in queries for real estate

49% growth in queries for affordable housing

Source: Google Internal Search Data
Media and Entertainment
Regional entertainment is really making its presence felt on Search.

1.3x more traction in its release week for Bahubali as compared to a leading annual cricket league in India.

100% growth in regional entertainment watchtime on YouTube

Source: Google Search Internal Data

Source: YouTube Internal Data
Digital and TV are forging very close ties.

171% growth in watchtime for content related to TV on YouTube
Source: Google Search and YouTube Internal Data

Research across broadcasters shows conversions amongst General Entertainment Channel viewers when exposed to the online ad for a show
Source: Google Brandometers run across four Broadcasters, 2017

3.5x lift in claimed viewership amongst users who were exposed to the online ad for the GEC show
Source: Google Brandometers run across four Broadcasters, 2017
People hit play on more Over the Top (OTT) platforms and Video on Demand (VoD) services than ever.

YouTube trailer views and watchtime continue to correlate with box office collections at 90% proving traction of content across platform boundaries, and impact of digital exposure on sales.

Digital solutions driven by innovative platforms and machine learning helped in content discovery, e.g. Voot was able to cut CPAs by 80% with automation and data driven creatives.

Source: Think With Google

OTT apps also invested in making the mobile web experience smoother with progressive web apps as India 2 came online - for example, Voot’s PWA session time per user increased by 39% and daily views per user by 15% within days of implementation.

Source: Google Developers Blog

60% growth in demand for OTT players and their brands
Source: AppAnnie

71% growth in non-metro India for VoD
Source: Google Internal Search Data
While cricket still rules the roost, other sports are also rising in popularity.

40-50 Million queries in a day for the India-Pakistan match in 2017 - the highest ever traction for a single match in a day

200% more traction on Search this year for Pro Kabaddi League as compared to last

Source: Google Internal Search Data
Retail
50% increase in “near me” searches for specific stores in the past year

39% of smartphone users who conducted a local search, visited a store within a day

The omnichannel shopper is not only buying online but is also searching for brick and mortar stores to shop at.

Sources:
Shoppers Stop, a large multi-brand retail store in India, worked with Google to connect digital marketing spends with offline sales. Google’s O2O solution ‘Store Sales Direct’ multiplied the impact of their digital investments and got 2.5x Return on Ad Spends (ROAS).

Leading retailers like Croma and Big Bazaar are seeing similar results for customers influenced by Search.

Across leading retailers like Shoppers Stop, Croma and Big Bazaar, store visitors influenced by Search on an average have 30%+ higher basket size as compared to the average customer.

20% better ROI via mobile: Mobile drives more customers to stores and delivers 20% better ROI.

Source: Google Internal Case Studies
Consumers in non-metros\textsuperscript{6} embraced the increased internet penetration by enthusiastically researching and buying tech.

Cities like Agra, Lucknow, Patna, Jaipur, and Indore drove the growth in Search queries across laptops, smartphones, and consumer electronics.

Queries from non-metros\textsuperscript{6} growing at over 4x the pace of the metros\textsuperscript{1}.

Source: Google Internal Search Data
Search was an electronics shopper's go-to for research before a purchase.

Source: Google Search Internal Data

- **63%** growth in queries for smartphones
- **45%** growth in queries for consumer electronics
- **42%** growth in queries for personal computers
- **80%** growth in queries for “Stores near me” across smartphones, PCs and consumer electronics
- **75%** growth in queries for online purchases across the three categories (Surge of 1.5x around big e-commerce sale days)
India is waking up to new technologies.

60% growth in queries for air purifiers from metros like Delhi

650% growth in queries for OLED TVs, the latest in TV technology

140% growth in queries about gaming PCs, though it remains a niche category

3x more consumer interest in smart home assistant devices

2x more interest in smart watches and fitness bands

2x more consumer interest in smart homes, lighting, and appliances

Source: Google Internal Search Data
Businesses want to go digital, and hence are looking for software online.

- **50%** growth in accounting software, where India has become the largest market (1.2x of the US) with the rollout of GST.

- **30%** growth in web domains, website builder, and hosting searches specially via mobile (+100%) indicate an increasing trend among Indian businesses to build an online presence.

- **25–50%** growth in CRM, HR, and Finance/Payroll SaaS categories, almost 10x the growth rates in large economies like the US.

Source: Google Internal Search Data
43% of searches came from outside the Top 8 cites, growing at 2x the national average.

40% of searches came from outside the Top 8 cites.

Most internet traffic now comes from outside the Top 8 cities, thanks to 4G.

Hindi searches for top 4 telcos grew to 5x of the volume during 2016.

30% higher video watchtime on 4G from cities outside of the Top 8 as compared to the Top 8.

Source: Google Internal Search Data

Source: YouTube Internal Data
4G is responsible for a rapid change in internet consumption patterns.

- 70% of searches around mobile data technology were for 4G while those for 2G & 3G shrunk to 30%.
  
  Source: Google Internal Search Data

- 27% jump in searches for checking internet speed, as consumers tested internet provider claims.
  
  Source: Google Internal Search Data

- 50% of video content was watched on 4G connections.
  
  Source: YouTube Internal Data

- Over 60% of internet speed related searches come from cities and towns outside of the Top 8, with a 50% growth in search volume.
  
  Source: Google Internal Search Data

Source: The Year in Search Report

Source: Google Internal Search Data
Consumers took full advantage of the competitive telecom market offers.

- **83%** growth in searches related to international roaming
- **60%** growth in searches for offers on top handsets bundled with telecom services
- **141%** growth in searches for telecom offers
- **63%** jump in searches for data/voice usage, despite unlimited packs with unlimited calling and plentiful data

Source: Google Internal Search Data
Consumers are looking beyond cards and cash as a method of payment.

174% growth in payments banks searches. 3 of 5 searches for telco-backed payment banks

70% growth in searches for telco-owned mobile wallet services

40% growth in searches related to merchant and seller sign-ups for wallets and payment services, showing that offline sellers are embracing the digital medium

Source: Google Internal Search Data
Consumers take the omnichannel path.

92% growth in searches for physical stores, despite tremendous growth in online usage.

71% growth in searches for subscriber apps of Top 3 telcos.

Research for prepaid mobile plans moved online with searches for prepaid connections growing by a whopping 182%.

Postpaid growth stayed flat at 2%.

Source: Google Internal Search Data
People from Tier 2 cities are using the internet to make travel plans.

By 2020

- 22% growth in air queries
- 20% growth in holidays
- 10% growth in hotel searches
- 11% growth in cab services

Most of this growth will come from Tier 2 cities.

In Tier 2 cities

Source: Google BCG Report
Brand awareness is emerging as an important factor in travel-related searches.

27% of travel queries happen with a brand term.

For air travel, this number is 54%.

For hotels, this number is 25%.

Source: Google Internal Search Data
Voice and fast loading mobile experiences are paving the way for the travel industry’s future.

Almost 7% of mobile queries for travel are on voice

Travel is leading on PWA (progressive web app) and AMP (accelerated mobile page) adoption with all big OTAs and cab players, thus ensuring that their customers have a faster loading and consequently a better user experience.

Source: Google Internal Search Data
Glossary

1. **Top 6 cities or Top 6 metros or Tier 1 cities or metros**: Bangalore, Chennai, Delhi, Hyderabad, Kolkata, Mumbai

2. **Local languages or Indian languages**: Google Search is available in nine local languages apart from English - Hindi, Bengali, Telugu, Marathi, Gujarati, Tamil, Kannada, Malayalam, Punjabi

3. **Tier 2**: Everything outside of the Top 8 cities

4. **Telco-owned mobile wallets**: Airtel Money, Vodafone mPesa, JioMoney, Idea Money

5. **Top 8 cities or Top 8 metros**: Ahmedabad, Bangalore, Chennai, Delhi, Hyderabad, Kolkata, Mumbai, Pune

6. **Non-metros**: All cities except the 8 metros

7. **Online Gaming**: Click for definition

8. **Top 4 telcos**: Airtel, Vodafone, Idea, Jio

9. **Top 3 telcos**: Airtel, Vodafone and Idea