

AMAZON, ALIBABA, WALMART & TENCENT IN INDIA: TURNING PAYMENTS LIFESTYLE COMPANIES INTO



Alibaba has unbeatable infrastructure and is neck in neck with Amazon in financial services, cloud, payments, food and e-commerce. But Alibaba surpasses in browsing, lifestyle, SME lending, public apps & its awesome integrated PRC apps which it is simply inserting into Paytm.

Amazon is creating a world class 'farm to market' infrastructure which is a blueprint for 100 countries. The world has never seen such a thing. Walmart comes in third. And the incumbents Commonwealth banks like HSBC and Stan C are rapidly being left in the dust. (India is one of Stan C's biggest market by revenue). These two banks will not BECOME the pipes for financial services – THEY ALREADY ARE. Firms like Bank of Baroda and Yes Bank got onboard with Amazon and Alibaba. HSBC and Stan C should have done the same – is it too late? Bank regulators prevent two things: collaboration and open systems. Without these two vital links, regulated banking entities can not be transformed. We can blame the board of directors of these two banks, but is the fault with the bank regulators?

Amazon: stealth-like buildout of financial infrastructure in India in 18 months – food, finance, fun, film, FX, Cloud and more.

There is one word for competition in the Indian online space: fierce. Amazon is pushing the envelope into uncharted waters faster than anyone. The online world is growing at 23% CAGR and 98% of India is offline.

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The extent of Amazon's penetration into all parts of Indian life: it is truly a life style company... and a bank, insurance company, entertainment firm, publishing house and an agricultural conglomerate.

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In a short period of time, Amazon can now challenge and beat Standard Chartered or HSBC in their Commonwealth backyard. AMZN is now far deeper and wider in the scope of products which it offers. It has Amazon Pay (wallet), Red Bus (transport), Faasos (food delivery), Niki (utilities), Book My Show (theater), Tone Tag (payments), Qwiksilver (gift cards), Emvantage (payments), Lending (corporate loans), Capital Float (SME loans), Prime (cards), Protect (insurance), Acko (insurance).

Retail, entertainment, cloud, logistics: this is a company that can't stop. Retail development: Future (hypermarkets), Easy Day (local stores), Ezone (electronics), Shoppers Stop (department store), More (supermarkets), Pantry (delivery), Prime Now (fresh produce).

Amazon Prime is new and has a 5% market share. Prime Video is also less than 1 year old. In the Cloud market, AWS is new but already has 5 centers with \$100 mn in revenue. Amazon in logistics is probably the most interesting in that it touches all parts of Indian life throughout the country. This includes Fulfillment (delivery and warehouse management), Flex (warehousing), Easy Ship (local delivery), ATSP (last mile delivery), IHS (crowd sourced delivery), Prime Now (ultra-fast delivery). And it is investing \$700 million into a national infrastructure program for farm to market delivery of food. This is something that will offer tremendous productivity improvements, since 30% of food in India is wasted on the trip to the market.

Alibaba: also on a hyperactive expansion binge in India with equally impressive arsenal of tools with Paytm.

Paytm is for all intents and purposes Alibaba. It is migrating onto the Alibaba 5.0 network in all services. In return, it offers Alibaba 300 million subscribers. Digital transactions are growing at more than 20% CAGR. Currently, Paytm dominates with 50% market share. The multiple offerings of Paytm are a mirror image of Alibaba in China – virtually identical. These include banking, tickets, utilities, FX, investing, insurance, taxes, tracking finances, Indian Unified Payments, e-commerce, QR

payments, gifts, charities, travel, streaming, gold trading, credit cards, prayer, tolls, credit cards...and more. This platform has 300 million users and the grocery part is only two years old. There are dozens of offerings which bring together an entire lifestyle in one page – finance, investing, insurance, entertainment, leisure, education, prayer.

Alibaba is new to the E-mall space but is morphing Tao Bao to Paytm Mall. It is behind Walmart and Amazon. It also has a 20% stake in Big Basket, which itself has a 40% market share for groceries in India. Online grocery business (versus the overall grocery/retail spend) is a tiny fraction – less than 0.05%! The sky's the limit here.

The last interesting part of the Alibaba arsenal is UC Web. Alibaba has a 50% market share in India for mobile browsing. (It also has a 41% market share in Indonesia!). This is almost 25% of the global MAU for UC Browser. Google is number 2 with 30%.



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