

# PHONEPE

---

## CASE BACKGROUND

You've been onboarded as a product consultant for PhonePe a product that is similar to GooglePay in terms of features and offerings. As a strategic decision maker, you have to work towards building a USP for PhonePe.

You must submit the following 2 parts –

### PART 1: Research doc

Prepare a document based on market research and back it with qualitative and data insights.

### PART 2: Business model doc

You have been tasked with creating a 1-year revenue estimation. Make sure you provide all calculations underlying your assumptions in as much detail available to you.

# PART 1- RESEARCH DOC

## Industry Insights

The digital payments industry in India is one of the fastest-growing industries in the country. The industry is expected to reach a transaction value of US\$321.70 billion by 2027, growing at a CAGR of 15.56%.

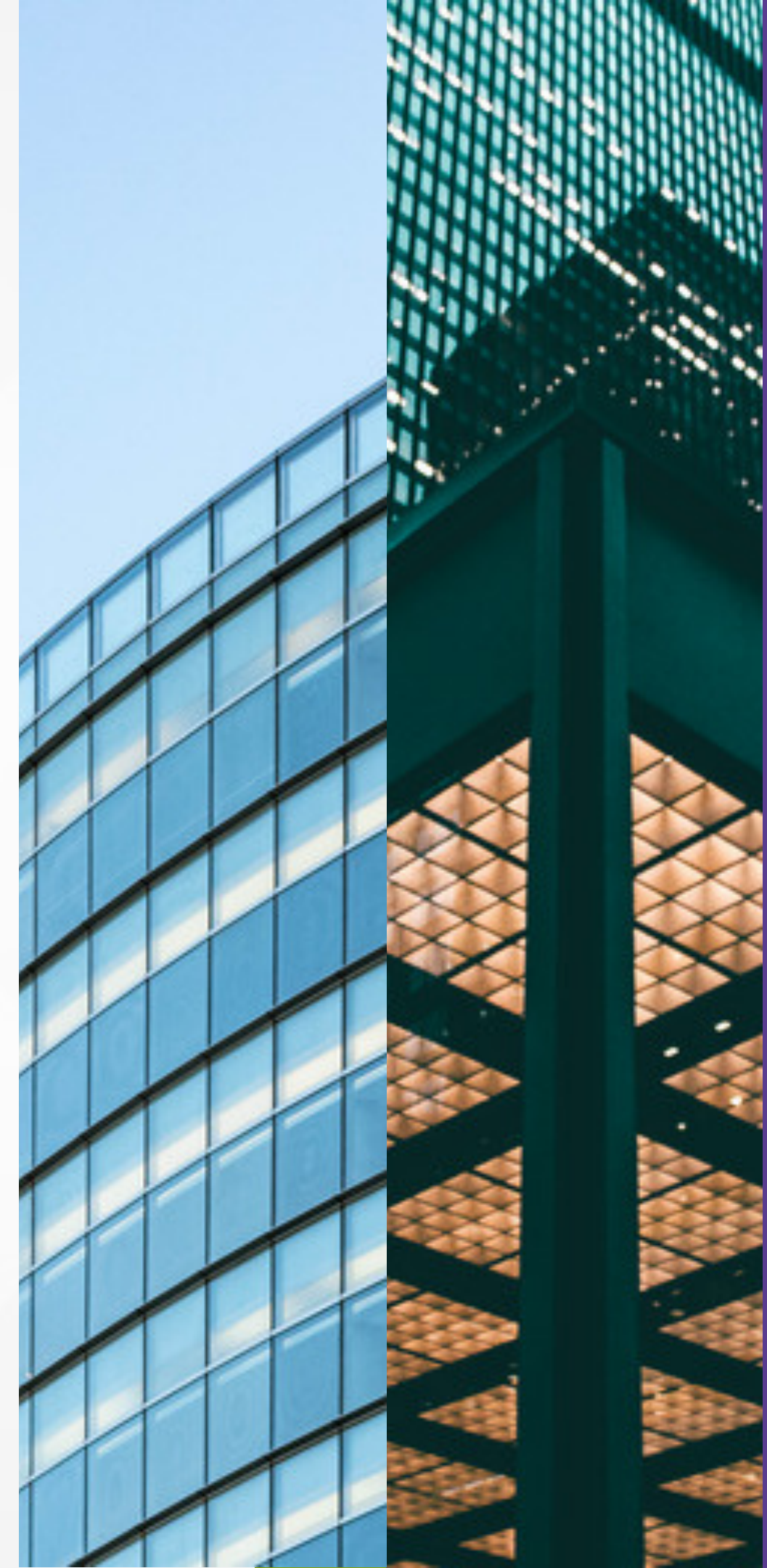
The growth of the digital payments industry in India is being driven by a number of factors, including:

- **Government initiatives:** The Indian government has launched a number of initiatives to promote digital payments, such as the Digital India campaign and the Unified Payments Interface (UPI).
- **Increasing internet and smartphone penetration:** The number of internet and smartphone users in India is increasing rapidly, which is driving the adoption of digital payments.
- **Growing e-commerce market:** The e-commerce market in India is growing rapidly, which is also driving the adoption of digital payments.

According to a report by Mordor Intelligence, the top three digital payment companies in India in terms of market share in 2022 were:

- 1.PhonePe (38.25%)
- 2.Google Pay (36.15%)
- 3.Paytm (22.60%)

Together, these three companies accounted for over 97% of the digital payments market share in India in 2022.





# PHONEPE- EXISTING OFFERINGS

---

Here are some of the key existing USPs of PhonePe:

- **One-stop shop for all payments:** PhonePe allows users to make all kinds of payments, including online payments, offline payments, and peer-to-peer transfers. This makes it a one-stop shop for all payment needs.
- **Wide acceptance:** PhonePe is accepted at over 25 million merchants across India, making it one of the most widely accepted digital payment apps in the country.
- **Ease of use:** PhonePe has a user-friendly interface that makes it easy for anyone to use, even those who are not tech-savvy.
- **Security:** PhonePe uses the latest security technologies (including MPIN) to protect users' financial information. PhonePe also offers a number of fraud protection features, such as two-factor authentication and transaction alerts.
- **Rewards:** PhonePe offers a number of rewards and cashback offers on payments, making it a more attractive option for users.





# COMPETITORS

## GOOGLE PAY

### **Product Vision:**

Focused on making GPay the most convenient, secure, and rewarding way to pay online and offline.

Committed to making digital payments accessible to everyone, regardless of their income or location.

### **Target Group(s):**

- Small businesses
- People in developing countries

### **Differentiators:**

- **Innovation:** Google Pay is constantly innovating and adding new features to its platform. For example, Google Pay recently launched a new feature that allows users to send money to anyone in the world, even if they don't have a Google Pay account.
- **Accessibility:** Google Pay is committed to making digital payments accessible to everyone. Google Pay is available in over 40 countries and territories, and it supports a variety of languages and currencies. Google Pay is also making its platform accessible to people with disabilities.
- **Security:** Google Pay is highly secure. Google Pay uses the latest security technologies to protect users' financial information. Google Pay also offers a number of fraud protection features, such as two-factor authentication and transaction alerts.
- **Rewards:** Google Pay offers a number of rewards and cashback offers on payments. This makes it a more attractive option for users to use Google Pay for their payments.



# COMPETITORS

## PAYTM

### Product Vision:

Paytm wants to offer a wide range of financial products and services to its users, including payments, banking, lending, and investments. Paytm is partnering with other financial institutions, such as banks and NBFCs, to offer its users a wider range of financial products and services.

### Target Group(s):

- Consumers and Merchants
- Financial institutions

### Differentiators:

- **Convenience:** Paytm allows users to send and receive money from friends and family, and to pay their bills and recharge their mobile phones and DTH connections.
- **Security:** Paytm is highly secure. It uses the latest security technologies to protect users' financial information. Paytm also offers a number of fraud protection features, such as two-factor authentication and transaction alerts.
- **Innovation:** Paytm is constantly innovating and adding new features to its platform. For example, Paytm recently launched a feature that allows users to invest in stocks, mutual funds, and ETFs.
- **Financial inclusion:** Paytm offers its products and services in over 11 Indian languages and supports a variety of payment methods, including UPI, credit cards, debit cards, and net banking.

In addition to these key differentiators, Paytm is also known for its strong brand recognition and its wide reach. Paytm has over 380 million registered users and over 25 million merchants.

The Paytm logo is displayed in a white box. It features the word "paytm" in a lowercase, rounded, sans-serif font. The "pay" part is dark blue, and the "tm" part is a lighter blue.

# USER PERSONAS

## TARGET USERS

- Working Professionals in Tier-1 or Tier-2 cities
- College Students



Name: Anya Ujwal  
Age: 19  
Location: Delhi, India  
Work: College Student

**Bio-** Anya is a student at Delhi University. She has to make daily payments at the college canteen and wishes not to carry petty cash and wants to go cashless. She would also like to know about the history of her spends at one tap so as to not overspend the limited amount of money she has.

### Frustrations-

- Requiring petty cash to make payments
- Tracking history of all her spends

### Personality-

- Outgoing
- Loyal
- Open-Minded



Name: Manish Kapoor  
Age: 26  
Location: Mumbai, India  
Work: Analyst at a MNC

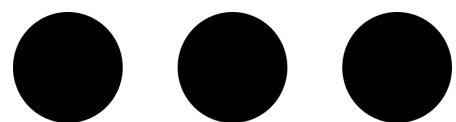
**Bio-** Manish works as an analyst at a reputed MNC. He often puts in long working hours and does not get time to pay utility bills and recharges. He'd like all of this to come under one umbrella where he can keep a track of the same.

### Frustrations-

- Not getting time to pay all utility bills one by one
- Tracking of bills and recharges

### Personality-

- Workaholic
- Curious





# USER PERSONAS

## TARGET USERS

- Merchants
- Recently married professionals



Name: Jayant Yadav  
Age:42  
Location: Ludhiana, India  
Work: Garment Merchant

**Bio:** Jayant is a garment shop owner and wants to keep track of the daily payments being made across all of his shops. He wishes to make instantaneous transfer of money between his multiple bank accounts. He is also frustrated by the high failure rates for payments being made.

### Frustrations-

- Real time tracking of user payments
- Security concerns and failure of payments

### Personality-

- Thinking
- Intuition
- Judging



Name: Neetu Arora  
Age:30  
Location: Pune, India  
Work: Consultant

**Bio:** Neetu is a working professional who has married recently. She wants to save for her future and requires access to investment plans and SIPs, all under one roof. She'd also like to look at health insurance options as she now plans to start a family.

### Frustrations-

- Requires help in planning an investment plan
- Skeptical of health insurance scams

### Personality-

- Cautious
- Feeling



# ENVIRONMENTAL FACTORS

---

**POLITICAL-** India is a country with a strong government that is encouraging its citizens to go for digital and cashless transaction and also providing support to the 'Make In India' initiative. This, along with the focus on increasing global trade provides a good political incentive for companies like PhonePe to grow.

**ECONOMIC-** With the economy expected to boom in the coming decades and India positioning itself as one of the biggest economies in the world, we can expect people to make more transactions and look forward to capitalize on the same. We can do this by rolling out offers and giving discounts on our services as this is the tested method of new user acquisition in the Indian market .

**SOCIAL-** PhonePe can look to capitalize on the social front by maintaining a positive image for the brand. This can be achieved by having a positive online presence in form of online reviews, social media marketing etc. as people in India continue to access internet and use more of social media.

**TECHNOLOGICAL-** India is undergoing a rapid migration towards internet and smartphone penetration. Cheap availability of internet is becoming the norm. All of this is a positive news for PhonePe as well as the FinTech industry in general.





# PRODUCT STRATEGY FOR PHONEPE

---

## Product Vision-

To establish a vast and adaptable transaction ecosystem that maximizes positive outcomes for all parties involved while remaining accessible and inclusive

## Target Groups-

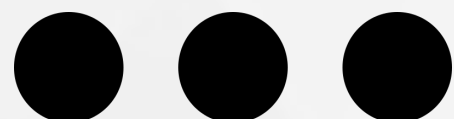
- College going students
- Merchants/Retails and Entrepreneurs
- Young working professionals
- Married working professionals

## Strengths-

- Fast and seamless transactions with quick bank linking
- Built on top of UPI
- Vast ecosystem including recharges, insurance, travel booking etc.

## Improvement Areas-

- Can tie up with Flipkart and provide value to users with means of special gift cards by buying from Flipkart through PhonePe
- Work on UI/UX improvement as the current interface looks a bit cluttered. They can also possibly introduce a search button on top right side of the screen to help the users search through all their offerings
- Tracking of spendings, category wise
- Providing expert help on areas related to investments and starting out SIPs



## PART 2- REVENUE ESTIMATION

Population of India		1,400,000,000
Percentage of people with smartphone and internet access	50%	700,000,000
Percentage of people using digital payment applications	80%	560,000,000
Percentage of people using PhonePe	38%	212,000,000
Number of daily transactions	0.1	21,200,000
Yearly Transactions	x365	7,738,000,000
Avg value of a transaction		Rs. 200
Avg transaction fees	1%	Rs. 2
Yearly Revenue		Rs. 1547,60,00,000





# THANK YOU

---

*Made by:  
Sabyasachi Mishra*