Shape of Indian eCommerce: 2024 & Beyond

Description

India is making strides toward becoming a digitally empowered society at a breakneck speed. Initiatives to boost e-governance, the widespread use of smartphones, increased Internet access, and the rapid growth of digital payments are propelling the country's progress toward a trillion-dollar digital economy by 2025.

IBEF revealed that Indian eCommerce is projected to rise at a 27% CAGR by 2026. Meanwhile, the Indian e-commerce industry is projected to reach US$ 325 billion by 2030, experiencing significant growth. The eCommerce marketplaces recorded a 22% increase from 2022, reaching a significant milestone of US$ 60 billion in the fiscal year 2023.

During the festive season, the e-commerce giant Meesho observed a 40% YoY increase in orders. Furthermore, Datum Intelligence reported that online marketplaces experienced a 26% increase in online orders compared to 2023, selling goods worth $6.5 billion during the festive sale week.

According to Forrester's latest report, online retail penetration in India is expected to jump from 4.7% in 2019 to an impressive 12% by 2024. India's internet users soared to 903 million by 2023, up from 784.59 million in 2021.

Shifting Consumer Demographics

The eCommerce space has witnessed major shifts in consumer behavior. The bulk of online shoppers in India are aged 26 to 35, accounting for 39% of the market, followed by 18- to 25-year-olds, who

make up 25%, with 68% male and 32% female shoppers.

A notable shift in Tier 2 and Tier 3 cities has further fueled growth as internet accessibility improves in smaller towns. Data from eCommerce intelligence surveys show a staggering 75% growth in beauty e-commerce apps and an incredible 400% increase in fashion e-commerce over 2023. These trends underscore the expanding scope for eCommerce marketing services in India.

Key Trends & Strategies for 2024 & Beyond

1. **Marketplace Dominance:** Players like Flipkart and Amazon continue to dominate the Indian eCommerce sector. Their innovative logistics networks and aggressive pricing strategies make them household names across the country. To stay competitive, sellers need to leverage the vast reach of these platforms while also embracing direct-to-consumer (D2C) strategies.
2. **Digital Payments Boom:** UPI (Unified Payments Interface) transactions crossed 10 billion in September 2023, demonstrating the massive growth in cashless payments. This shift further supports the evolution of digital commerce, with businesses encouraged to enhance their payment flexibility to attract more customers.
3. **Omnichannel Approach:** If you are thinking about integrating your offline and online channels to offer seamless shopping experiences and stay connected to both the frontend and backend side of your business, it is the right time to deploy a digital shelf analytics platform to accelerate your brand growth and stay ahead of the competition. From inventory management to competitive pricing and maintaining a positive brand image across platforms, Kinator is a one-stop solution for all your business needs.
4. **Sustainability Focus:** Indian consumers are becoming increasingly aware of environmental issues, pushing brands to offer eco-friendly packaging and sustainable products. This trend is expected to expand significantly in 2024 as part of the broader push toward responsible

commerce. Implement sustainable packaging and shipping practices, recycle policies, and elevate your brand ethos. Nielsen revealed that 73% of global consumers are eager to modify their consumption habits to minimize environmental impact.

5. **Personalization and AI:** Personalization, powered by AI, is shaping the future of eCommerce. In 2024, more platforms are expected to integrate AI-driven product recommendations, personalized deals, and predictive analytics to improve the consumer experience. Platforms like Myntra have already rolled out AI features that suggest outfits based on past purchases and browsing behavior.

6. **Subscription Models:** More consumers are opting for subscription services in 2024. Whether it's for groceries, beauty products, or fashion, subscription models that offer convenience and cost savings are seeing an uptake in India's fast-growing consumer market.

Behavioral Shift of Indian Consumers: eCommerce Growth in 2024 & Beyond

The shift in consumer behavior has transformed Indian eCommerce, introducing numerous first-time online shoppers and encouraging seasoned buyers to increase their frequency of online purchases. This digital evolution has propelled the Indian eCommerce landscape into its next phase of growth.

1. Digital First Consumers: As we step into 2024, the convenience of online shopping has become a necessity for Indian consumers. Forrester revealed that 87% of Indian consumers have transitioned to shopping online. Giants like Amazon and Flipkart report that the trend has expanded beyond metropolitan areas to Tier 2 and Tier 3 cities, where millions of individuals now prefer the safety and convenience of eCommerce platforms.

A notable shift in 2023 has been the rise of voice commerce and regional language adoption. Platforms now offer shopping experiences in 15+ local languages, making it easier for first-time users to navigate. Companies have also tailored their marketing strategies to include regional promotions, making eCommerce more accessible than ever.

2. Quick Commerce Boom: One of the largest growth segments is online groceries. While 50% of urban dwellers value swift and rapid deliveries, value deals and offers are cherished by 54% of consumers in Tier 2, 3, and 4 cities (PWC India). These platforms are responding by scaling up their last-mile delivery and offering hyperlocal products, aligning with the changing consumer behavior that favors convenience and local needs.

3. Festive Seasons Continue to Drive Sales: Festive sales in India remain a critical growth period for eCommerce platforms. According to the Economic Times, the first week of holiday sales saw orders worth $6.5 billion across marketplaces. Nearly three-quarters of this sum came from mobile phones, electronics, consumer durables, household items, and general merchandise.

Adapting to the New Consumer Mindset

For small and medium-sized enterprises (SMEs), the digital shift has been a game-changer. Many SMEs that initially embraced eCommerce out of necessity are now thriving in the online space. As eCommerce evolves, businesses must stay up-to-date with changing consumer behaviors. From hyperlocal marketing strategies to AI-driven personalization, the future of Indian eCommerce hinges on innovation and the ability to meet the dynamic needs of a digitally savvy audience. The shift may have catalyzed this transformation, but 2024 is shaping up to be the year where digital commerce becomes the norm for all, regardless of geography or demographics.

[Download PDF](#)

Recent Developments in India's Leading Marketplaces: eCommerce & Quick Commerce Edition

Amazon India

Amazon is what Indian people think of when they think of online shopping. On average, Amazon receives 323 million monthly visitors (78%) online. Amazon started operating in India in 2013. This online marketplace has evolved to be India's largest since its start, posing fierce competition to others.

Amazon Fresh Expansion: Amazon India announced the expansion of Amazon Fresh, its full-basket grocery service of wet and dry groceries, to 130+ cities. The company is focusing more on quality than instant delivery. With a "4-step quality check," Amazon Fresh guarantees that the produce they sell is of the highest quality after sourcing it from more than 11,000 farmers.

[Voice Commerce](#): Amazon's integration with Alexa enables shoppers to place orders using voice commands. With increasing language support, Amazon is catering to non-English-speaking users, especially from Tier 2 and 3 cities.
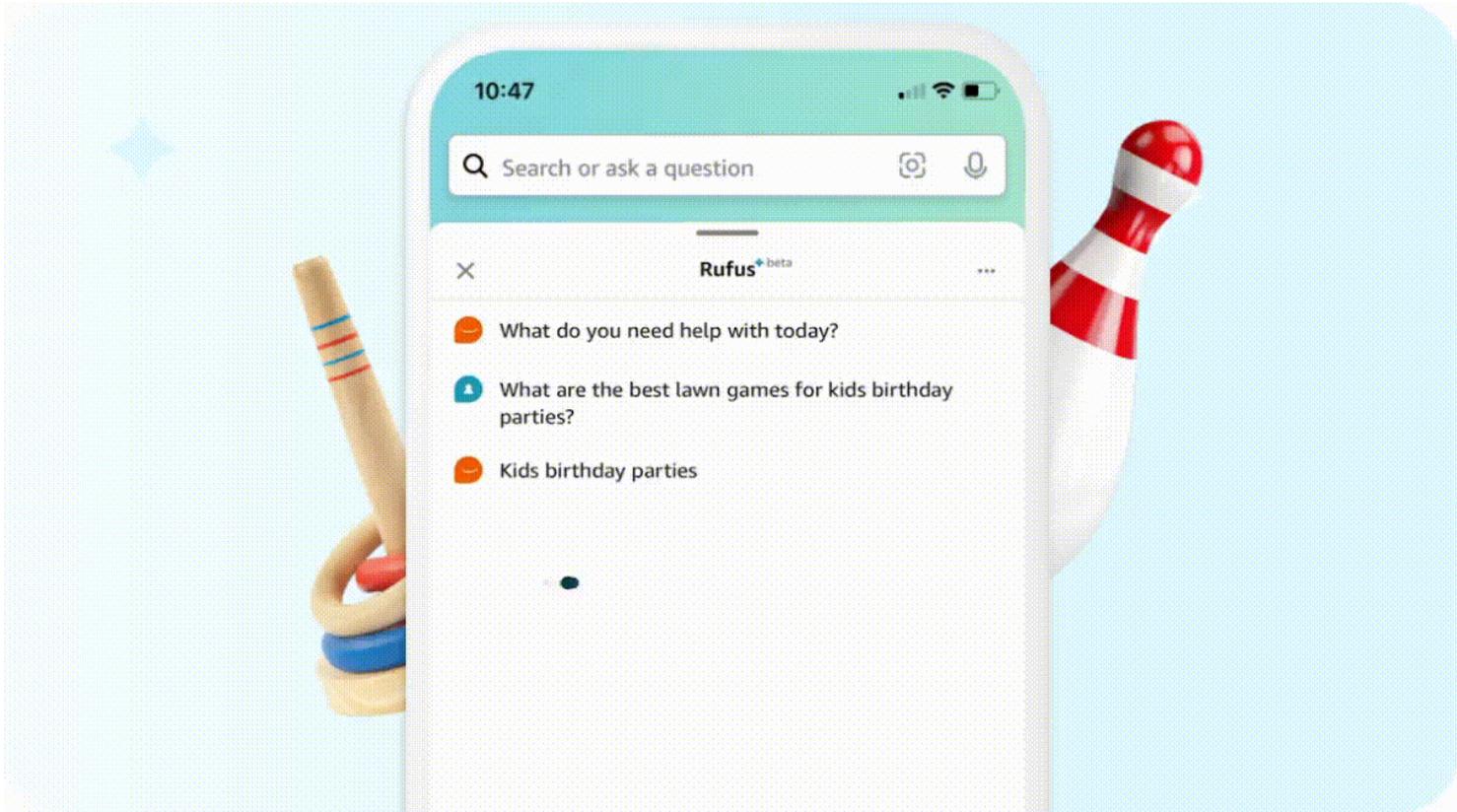
Rusu, Amazon AI assistant. Source: Amazon India.

Amazon's Rufus: An initiative focused on enhancing the shopping experience through personalized interactions. This platform utilizes AI-driven features to provide tailored recommendations and facilitate smoother transactions for users. Rufus aims to simplify the online shopping process, making it more intuitive and user-friendly, particularly for those less familiar with eCommerce.

Flipkart

Flipkart Minutes: Flipkart has ventured into quick commerce with its own segment, "Minutes." The service is launched in response to the changing landscape of Q-Com. Flipkart's arm deals in groceries and daily essentials to phones, electronics, and gifting items.

Shopsy: Flipkart's Shopsy aims to capitalize on the social commerce trend by enabling users to share products with friends and family through social networks, earning commissions on purchases made through their links. The platform aims to empower individuals, particularly in rural areas, to leverage their social connections for entrepreneurial opportunities.

Investments in AI and AR: Flipkart has introduced AI-based personalisation and AR (augmented reality) features to enhance the shopping experience. Customers can now virtually try on fashion items or see how furniture would look in their homes, reducing the need for physical shopping.

Reliance JioMart

Hyperlocal Grocery Delivery: JioMart, powered by Reliance's extensive retail and digital infrastructure,

focuses on delivering groceries and essentials through a vast network of neighborhood Kirana stores. JioMart offers same-day delivery in various cities and uses Reliance's retail presence for fulfillment.

Integration with WhatsApp: JioMart has integrated with WhatsApp, allowing users to order groceries directly through the messaging app. This simplifies the user experience and taps into the growing preference for convenience.

Private Labels: JioMart is leveraging its own brands and private labels to offer exclusive products across various categories like groceries, personal care, and electronics at competitive prices.

Meesho

Focus on Social Commerce: Meesho has rapidly scaled its social commerce model, which allows sellers to share product listings on WhatsApp, Facebook, and other social platforms. By focusing on social referrals and community-driven shopping, Meesho has reached a large user base, particularly in Tier 2 and 3 cities.

Meesho Mall: Recently, Meesho has introduced Meesho Mall, featuring a curated selection of premium products at competitive prices, aiming to move beyond its roots as a reseller platform into a more mainstream eCommerce space.

Tata CLiQ

Tata CLiQ Luxury: As consumers become more discerning, Tata CLiQ Luxury focuses on high-end fashion, electronics, and lifestyle products. With a strong emphasis on customer service, this initiative caters to premium customers.

Tata CLiQ's omnichannel approach allows customers to order online and pick up products from a nearby Tata-owned physical store, blending online and offline experiences.

BigBasket

Express Delivery Service: As part of its Q-Commerce push, BigBasket has launched BB Now, offering 10–20 minute delivery of groceries and household items. It operates through a network of dark stores and micro-warehouses in urban areas.

BB Daily: This service allows customers to subscribe for daily essentials like milk, bread, and eggs, ensuring consistent and quick delivery.

Transitioning from eCommerce to Q-Commerce

The Indian eCommerce market is evolving from traditional models to Quick Commerce (Q-Commerce), which focuses on ultra-fast deliveries, usually within 10–30 minutes. This shift is primarily driven by consumer demand for convenience and immediacy, especially in urban areas where time and convenience are at a premium.

Here are the major factors driving this transition:

1. **Changing Consumer Expectations:** Indian consumers, particularly in metropolitan cities, now expect faster delivery times, not just for groceries but also for categories like electronics, fashion, and personal care. The need for instant gratification, driven by busy lifestyles and urbanization, has led to a surge in demand for Q-Commerce. Impulse buying for everyday essentials, particularly for grocery items, has spurred the growth of Q-Commerce platforms like Blinkit (formerly Grofers), Zepto, and Swiggy Instamart. These platforms are redefining the concept of convenience shopping by making rapid deliveries the new normal.

2. **Rapid Expansion of Dark Stores:** Dark stores, or fulfillment centers that are not open to the public, play a crucial role in the Q-Commerce model. Companies like BigBasket, Zepto, and Flipkart Quick are setting up dark stores and micro-warehouses in key neighborhoods to cater to demand within a 2-3-kilometer radius. These centers enable faster picking, packing, and delivery, ensuring orders are completed within minutes.

3. **Tech-Driven Efficiency:** AI-powered logistics systems optimize the delivery process, helping platforms predict consumer demand, allocate resources more efficiently, and reduce delivery times. For instance, Swiggy and Blinkit use AI to streamline their last-mile delivery. Route optimization algorithms ensure that deliveries are made in the shortest possible time, reducing costs for the platform and enhancing the customer experience.

4. **Focus on Hyperlocal Deliveries:** Q-Commerce thrives on hyperlocal fulfillment by leveraging local retail stores or purpose-built micro-warehouses. Platforms like Dunzo and Swiggy Genie connect users to neighborhood stores, ensuring that products are sourced and delivered from the closest possible location. This model helps support local businesses while ensuring rapid fulfillment, benefiting both consumers and small-scale retailers.

5. **Adoption of Subscription and Membership Models:** Q-Commerce platforms are

experimenting with [subscription-based](#) services to ensure recurring deliveries for frequent purchases. BB Daily and Super Daily are examples of this model, where customers subscribe to daily deliveries of essentials. Membership models, like [Zepto Pass](#), offer benefits such as free delivery on orders above 99 and offer discounts up to 20% over the order of 299, helping retain high-frequency customers.

Looking Ahead

As Indian eCommerce moves toward 2025, the ability to stay ahead of the curve depends on embracing emerging trends and leveraging data-driven insights. Paxcom offers a suite of eCommerce solutions designed to empower businesses, from digital shelf analytics tools like Kinator, which helps optimize listings and track competitor performance, to advanced advertising services that enhance visibility on platforms like Flipkart, Amazon, and more. These services are crucial for brands aiming to capture the evolving preferences of Indian consumers, especially in growing markets across Tier 2 and 3 cities.

If you're looking to optimize your digital shelf performance, drive targeted advertising campaigns, or streamline inventory management, shoot us an email at info@paxcom.net or fill out the [form](#), and one of our executives will reach out to you.

[Enquire Now](#)