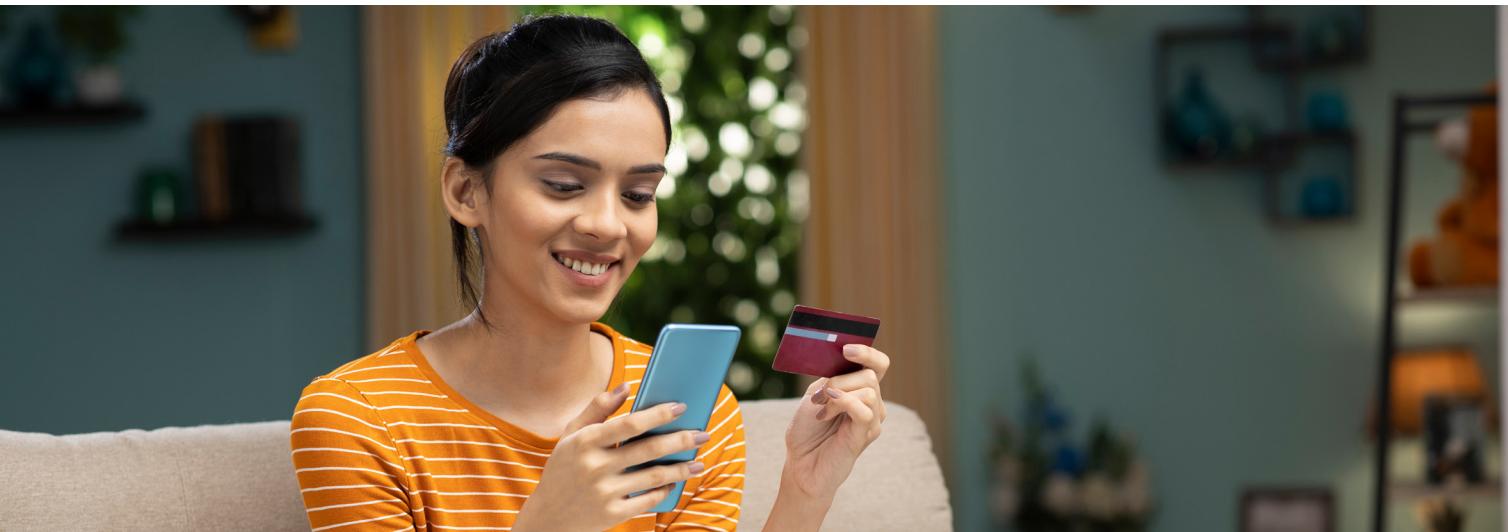


How India Shops Online 2025



Evolving shopper habits and business models
are reshaping the e-retail market.

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Executive summary

India has become a retail powerhouse over the last decade, ascending to the third largest retail market globally in 2024. The Indian e-retail market has surged to approximately \$60 billion in gross merchandise value (GMV), boasting the world's second-largest online shopper base.

India's consumption and discretionary spending have faced headwinds in recent years, with private consumption growth slowing from 11% pre-Covid (2017–19) to ~8% post-Covid (2022–24). This decline is driven by higher inflation and a stagnation of real wages. The stress in consumption is evident in e-retail growth in 2024 being 10%–12%, compared to historical growth rates of over 20%.

However, the recent fiscal and monetary policy interventions are expected to drive a rebound in e-retail growth, especially from the festive period of 2025, on account of revival in the consumption cycle. Long-term market fundamentals remain robust, with e-retail projected to exceed 18% growth over the next six years, reaching an estimated \$170–\$190 billion in GMV, with nearly 1 in 10 retail dollars spent on e-retail by 2030. This growth will be fueled by increased discretionary spending as India's per capita GDP surpasses \$3,500–\$4,000—a crucial tipping point unlocking discretionary and e-retail spending globally. States in India with per capita GDP above \$3,500 already exhibit 1.2 times higher e-retail penetration than other regions.

High-frequency categories such as grocery, lifestyle, and general merchandise will drive e-retail growth, accounting for two out of every three dollars spent on e-retail by 2030. These categories are set to see a two- to fourfold increase in e-retail penetration over this period.

Growth will continue to reshape India's shopping landscape. User adoption is already spreading from Tier-2 to Tier-3 cities, with three in five new shoppers since 2020 coming from cities designated Tier-3 or smaller. This growth is unlocking access for consumers in remote, brand-starved areas, as evidenced by the 1.2 times higher e-retail shopper penetration in the Northeast compared to the rest of India. The seller base is also diversifying, with 60% of new sellers since 2021 hailing from Tier-2 or smaller cities.

Three disruptions—quick commerce, trend-first commerce (especially in fashion), and hyper-value commerce—will define the next chapter of growth. Each of these models is at a different level of maturity. Together, their evolution will shape the future of India's e-retail landscape.

Quick commerce (Q-commerce; less than 30-minute delivery): Q-commerce is revolutionizing how consumers buy in India, with over two-thirds of all e-grocery orders and a tenth of overall e-retail dollars spent on these platforms. Indian q-commerce players have bucked global trends and scaled profitably. India's unique structural advantages, including high population density and close access to a network of low-rent dark stores, have enabled this growth. Q-commerce has since attracted multiple players, which has made the consumer value proposition richer.

Q-commerce is projected to grow at over 40% annually through 2030, driven by expansion across categories, geographies, and customer segments. While q-commerce began with grocery, 15%–20% of its GMV now comes from categories such as general merchandise, mobile phones, electronics, and apparel. Expansion beyond major cities has also fueled growth, though the top six metros still account for the lion's share of GMV.

Q-commerce players have improved unit economics by increasing order values, lowering supply chain costs, and enhancing gross margins (via direct sourcing from producers and farmers, and deploying monetization levers such as advertising and platform fees). However, to sustain profitable growth, companies must adapt their business models for markets beyond major metros, manage rising competition, and optimize supply chains as the market evolves into a two-speed proposition—offering select products in under 15 minutes and a wider assortment within an hour.

Trend-first commerce (frequent launches of trendy collections at affordable prices): This model is rapidly gaining momentum in India. Trend-first fashion alone is expected to grow fourfold, reaching approximately \$8 to \$10 billion by 2028, with more than half of this revenue from online sales. Interestingly, this model is also quickly expanding beyond fashion, with the role of trendy assortment expanding in categories such as beauty (e.g., Korean glass skin routine), electronics (e.g., vibrantly colored smartwatches), and luggage.

India's unique demographics—with a large base of young, value-conscious consumers who are active on social media—position it perfectly for the trend-first commerce boom. The rapidly expanding influencer and supplier ecosystems will only further accelerate this growth.

Globally, trend-first fashion has thrived by following a tech-driven, repeatable playbook involving four key components: (1) investing in social media to target Gen Z; (2) offering hyper-trendy, low-priced collections with daily launches driven by advanced trend-spotting algorithms; (3) utilizing a test-and-scale model to quickly introduce and restock popular styles; and (4) providing a bespoke user experience that emphasizes novelty and rewards user engagement.

In India, multiple players are looking to capture a slice of this market. Offline brands such as Zudio (by Trent), H&M, and Zara have successfully offered a compelling “trends-first” proposition to Indian consumers. Meanwhile, online platforms, such as Flipkart Spoyl, Myntra Fwd and Shein, along with emerging brands like Urbanic, Snitch, and NewMe, are also looking to win over Gen Z consumers and trend-savvy millennials.

Hyper-value commerce (ultra-low price assortment): Hyper-value commerce has seen a global surge, exemplified by the success of Temu in the US, which accounted for roughly half of all American e-retail app downloads within a year of launch. Temu's 55–60 million monthly active users were just shy of Amazon's 65–70 million US users as of January 2025, with GMV having grown at over 40% annually to between \$14–\$16 billion by the end of 2024.

In India, hyper-value commerce's contribution to e-retail has scaled from around 5% of e-retail GMV in 2021 to more than 12% in 2024. These platforms have gained strong traction among lower-middle-income consumers, particularly in Tier-2 or smaller cities, by focusing on an affordable product assortment. Additionally, these platforms have rapidly expanded their seller base by offering seller financing and zero-commission models.

India's e-retail market, akin to the broader retail landscape, is diverse, with purchase behavior varying dramatically by age, region, city tier, and e-retail maturity:

- **Age:** The gradual rise of Gen Z (born between 1997–2012), accounting for almost 40% of e-retail shoppers, has been the most salient shift in India's shopper base. Gen Z shopper behavior stands out. Gen Z split their shopping basket, with half of them shopping from over five e-retail platforms annually; these shoppers are also more experimental, spending three times more on insurgent fashion brands vs. older cohorts. Heavily influenced by social media, 70% of Gen Z shoppers discover brands online and make quicker purchase decisions, browsing fewer search listings than millennials before buying. Over 90% of Gen Z digital transactors prefer Unified Payment Interface (UPI) for digital payments. A rise in Gen Z income and the addition of more Gen Z to the workforce will make it a crucial cohort for brands to solve for.
- **Region:** Socioeconomic and cultural factors influence consumer behavior across India's diverse regions. In the North, brands are often associated with status, which is evident in the higher share of branded searches in men's fashion. Conversely, in the South, shoppers view brands as markers of quality, manifesting in more branded searches in electronics. There are numerous examples of these regional distinctions. For instance, consumers in the North gravitate toward trendier styles, like boot-cut jeans and bold hair colors, whereas consumers in the Northeast demand smaller apparel sizes, reflecting petite body frames. Shopping behavior also varies within a few hundred kilometers within a region, or even within a few kilometers within a city, influenced by urbanization, affluence, and cultural factors. In Rajasthan's eastern districts, close to student hubs such as Kota and Jaipur, sports footwear is more popular, whereas casual footwear prevails in southern districts. Similarly, in Bengaluru, younger residents in Koramangala favor party snacks and ready-to-eat products, while neighborhoods like JP Nagar and Banashankari show a different consumption profile.
- **City tier:** Shoppers in Tier-2+ cities show comparable spending power to bigger cities, with average selling prices being in line or only marginally lower in categories such as electronics, appliances, and general merchandise. Shoppers from these cities are also increasingly embracing premium brands and attributes. Interestingly, shoppers in smaller cities often view sponsored listings as a marker for quality. Retailers must adapt their strategies to cater to the growing consumer base in these cities that values both affordability and quality.

- **E-retail maturity:** Mature markets such as Coimbatore and Vadodara, marked by high e-retail penetration and affluence, see about 40% higher e-retail spend per shopper compared to nascent markets such as Prayagraj and Warangal. Consumers from these markets favor premium products, with 10%–25% higher average selling price across categories vs. nascent markets. These shoppers also display a stronger preference for insurgent brands.

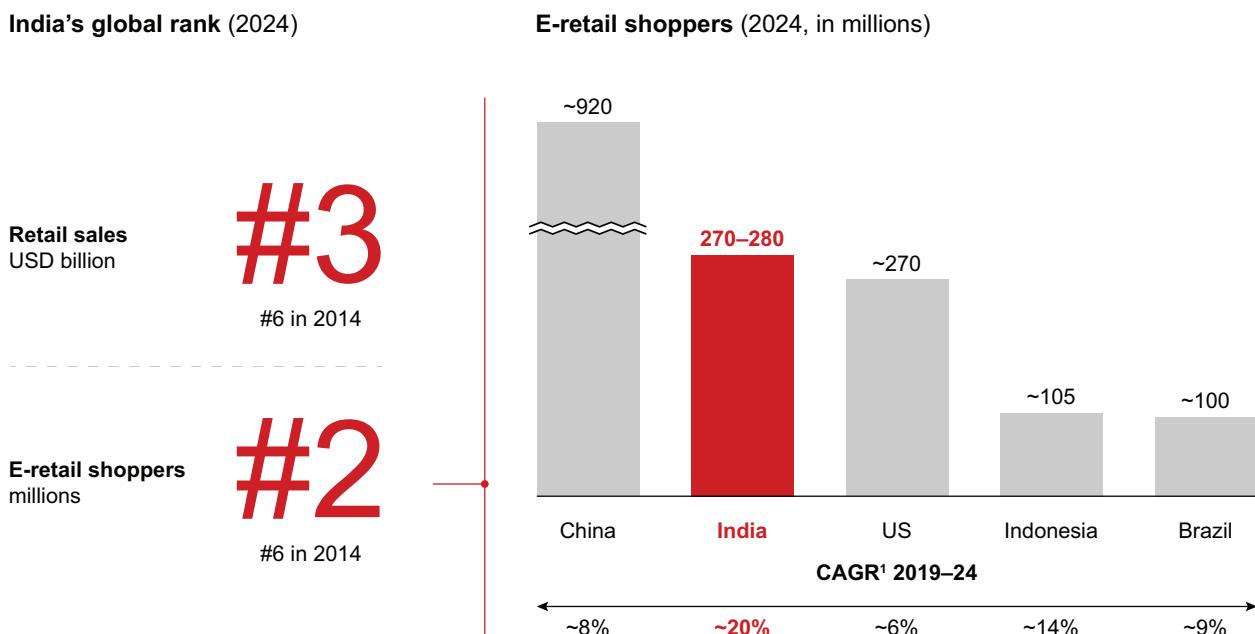
These differences in purchase behavior indicate massive opportunity for retailers. Brands and sellers can harness the diversity of consumer preferences across India by (1) tailoring their range and assortment to reflect regional variation in features and price points; (2) creating products that align with emerging trends (e.g., Korean-inspired fashion) and market whitespaces; (3) using targeted e-retail advertising (display and search) to enhance brand awareness and drive sales; and (4) improving conversion by focusing on ratings and reviews, offering faster delivery options, and enhancing catalogs.



E-retail market overview

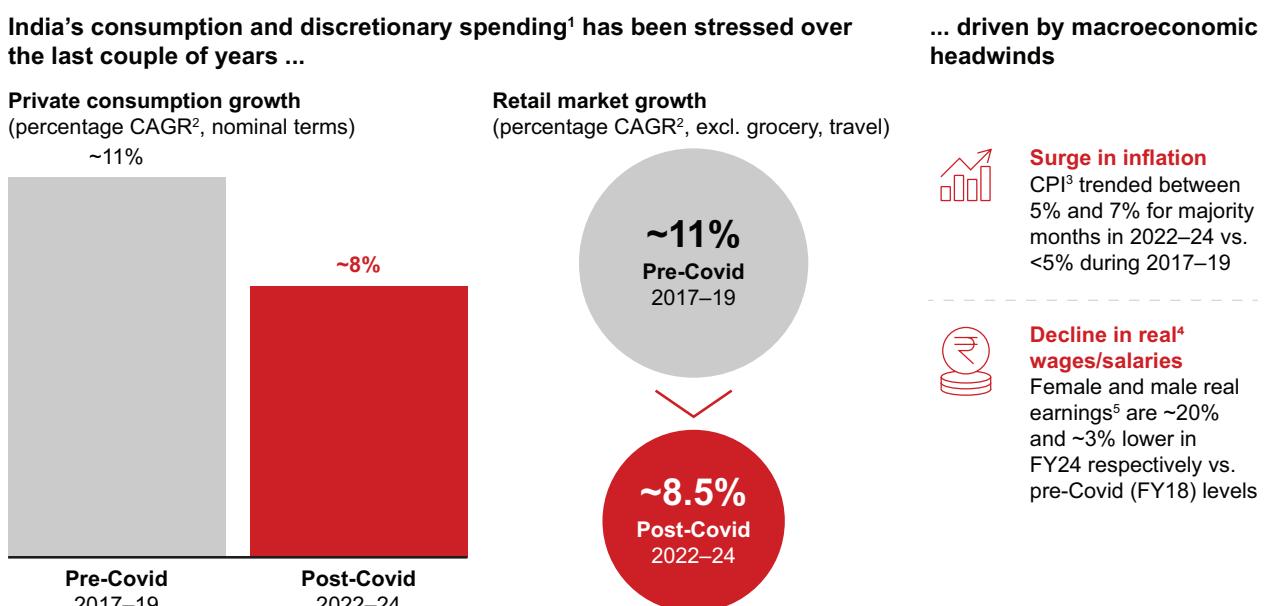
- ▶ India's e-retail market has scaled to an impressive ~\$60 billion in 2024. Notably, with over 270 million Indians shopping online in 2024, India has pipped the US to become the second-largest e-retail market in terms of online shoppers.
- ▶ The e-retail market growth has slowed down to 10%–12% in 2024 vs. more than 20% seen historically, largely due to macroeconomic and consumption stress. Consumption growth has declined from approximately 11% pre-Covid (2017–19) to approximately 8% post-Covid (2022–24), a change caused by inflationary pressure and stagnating real wages.
- ▶ Despite near-term macroeconomic headwinds, the long-term prospects remain strong. The e-retail market is expected to scale to \$170–\$190 billion by 2030, growing at over 18% annually. Nearly 1 in 10 retail dollars is projected to be spent on e-retail by 2030, fueled by an uptick in discretionary spending as India's GDP per capita crosses the crucial \$3,500–\$4,000 threshold, a key tipping point observed in e-retail spending globally.
- ▶ Categories with high purchase frequency, such as grocery, lifestyle, and general merchandise, are set to contribute around 70% of incremental growth, with penetration levels expected to climb two to four times from current levels.
- ▶ E-retail continues to democratize the shopping landscape in India. E-retail penetration has expanded from Tier-2 cities to Tier-3 and smaller cities. Almost 60% of new customers since 2020 hail from Tier-3 and smaller cities. The seller landscape is also evolving, with over 60% of new sellers onboarded since 2021 from Tier-2 and smaller cities.

Figure 1: India e-retail surges ahead, claiming the title of the second-largest shopper base globally



Note: 1) Compound annual growth rate
 Sources: Forrester; GlobalData; Market participant interviews; Bain analysis

Figure 2: Macroeconomic pressure post-Covid has impacted discretionary spending

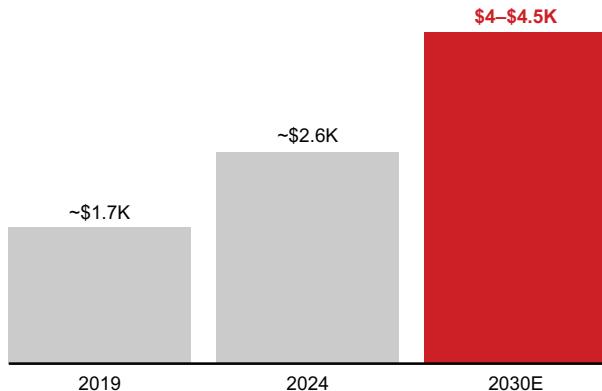


Notes: 1) Discretionary spending defined as retail market excluding grocery; 2) Compound annual growth rate; 3) Consumer price index; 4) Adjusted for inflation; 5) Computed as weighted average of real earnings across self-employed, regular, and casual workers
 Sources: Ministry of Statistics and Program Implementation (MoSPI); RBI; Economic Survey 2024–25; Fitch; Forrester; Market participant interviews; Bain analysis

Figure 3: However, long-term retail and e-retail market growth prospects remain robust on account of rising affluence

By 2030, India's GDP per capita is set to cross \$3.5–\$4K, where inflection in e-retail spending is seen globally

GDP per capita¹ (\$)



Even in India, regional pockets with GDP per capita >\$3.5K already have higher e-retail penetration⁴



■ GDP per capita⁵ >\$3.5K ★ E-retail penetration higher than India (states with >\$3.5K GDP per capita)

1.2x E-retail penetration for states with >\$3.5K GDP per capita (vs. rest of India)

Higher CAGR³ in e-retail spend per shopper in China 5–7pps² and Indonesia as GDP per capita crosses \$4K, due to increased discretionary spending

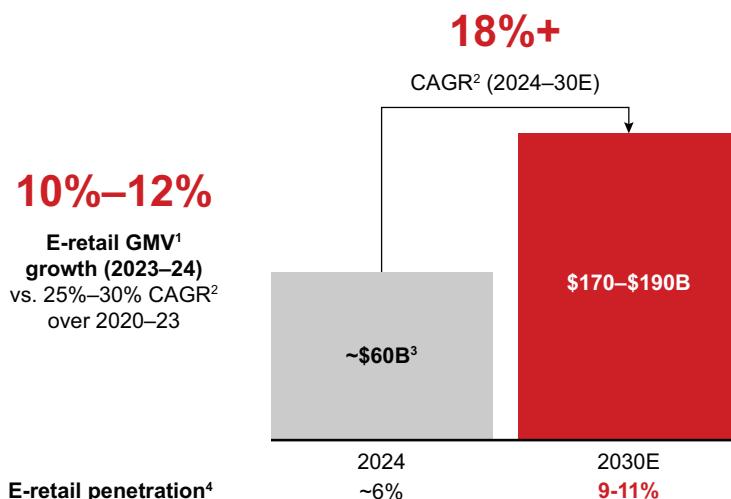
Notes: 1) Exchange rate: 1 USD = INR 82.6; 2) Percentage points; 3) Compound annual growth rate; 4) E-retail market as percentage of overall retail market (2024); 5) Gross state domestic product from RBI and population estimate from UIDAI for 2024

Sources: RBI; UIDAI World Bank; International Monetary Fund; MOSPI; Nielsen; Market participant interviews; Bain analysis

Figure 4: Hence, despite short-term slowdown, India e-retail market is set to rebound with 18%+ growth

India's consumption stress evident in 2024 e-retail market growth

Macroeconomic tailwinds likely to revive consumption cycle



Higher disposable income (\$10–\$12B annually) due to personal income tax relief⁶



Salary increase for 10M+ mid-income households driven by 8th Pay Commission⁶ (with effect from Jan 2026)



Better liquidity and cheaper borrowing on account of 25bps⁷ repo rate cut⁸ and 50bps⁷ CRR⁹ reduction¹⁰

Notes: 1) Gross merchandise value for all retail categories, including pharma but excluding travel; 2) Compound annual growth rate; 3) Exchange rate: 1 USD = INR 82.6; 4) Penetration represents e-retail GMV as a percent of total retail market; 5) No personal income tax until INR ~1.2 million income announced in Union Budget 2025–26; 6) Revision in salaries, pensions, and allowances for ~5 million government employees and over 6 million pensioners; 7) Basis points; 8) Announced by RBI in Feb 2025; 9) Cash Reserve Ratio; 10) Announced by RBI in Dec 2024

Sources: CRISIL; Forrester; Netscribes; Union Budget report 2025–26; Market participant interviews; Bain analysis

Figure 5: High-frequency categories to constitute two-thirds of e-retail market in 2030, capturing over 70% of the incremental market growth

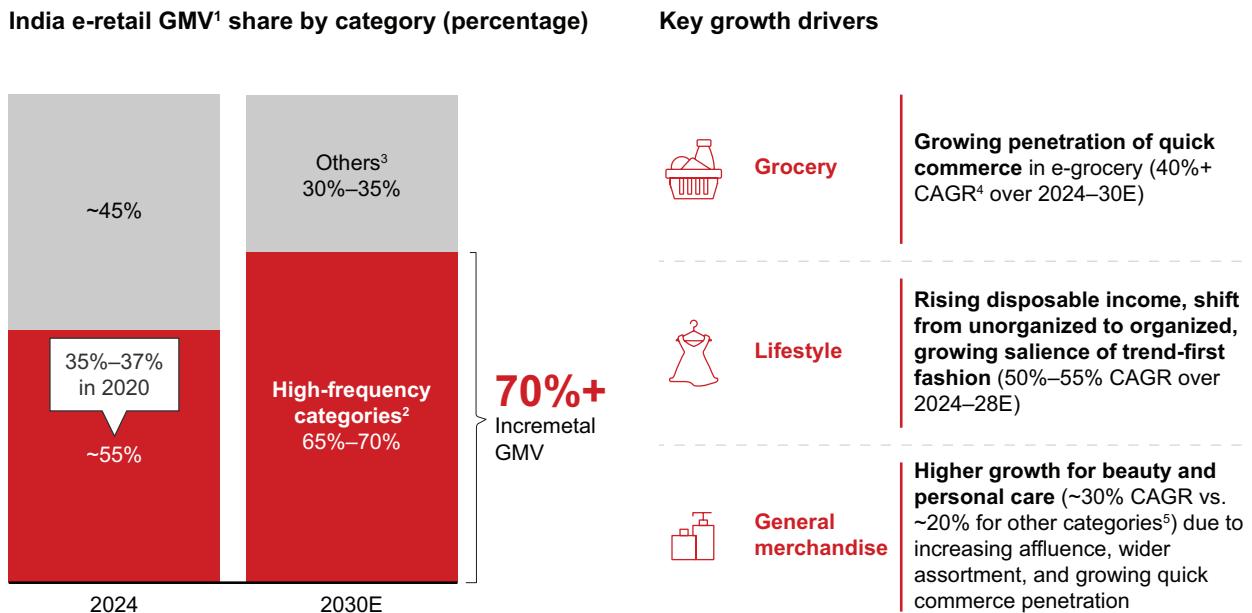


Figure 6: A two-to-four times penetration uptick is expected in these high-frequency categories

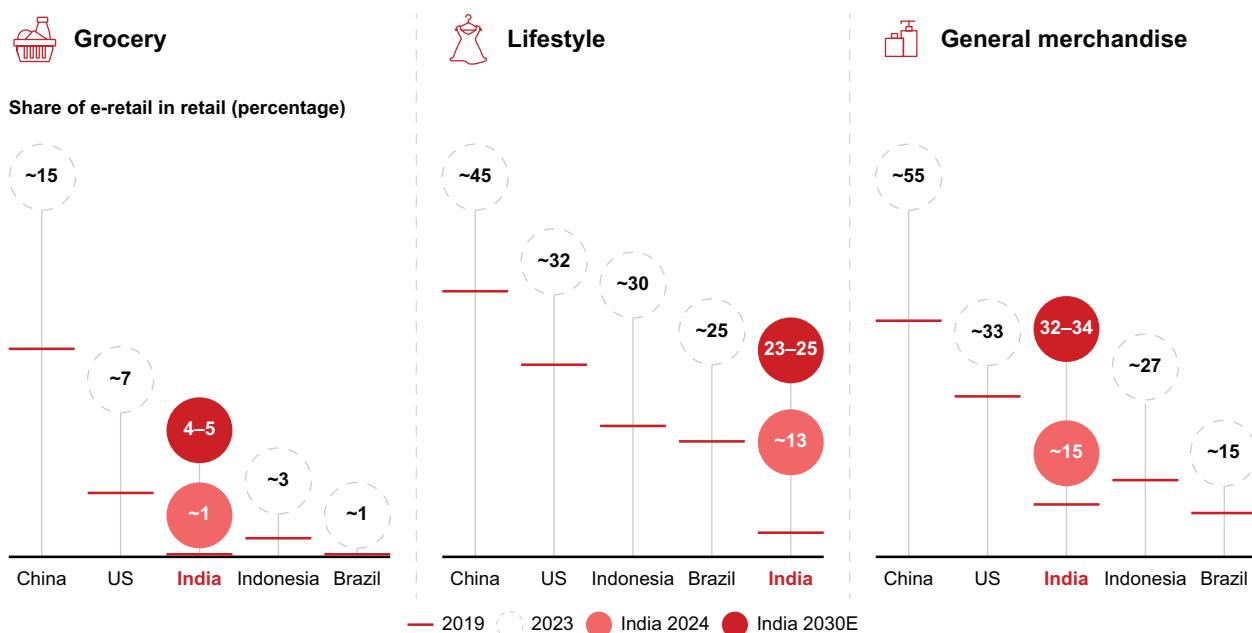
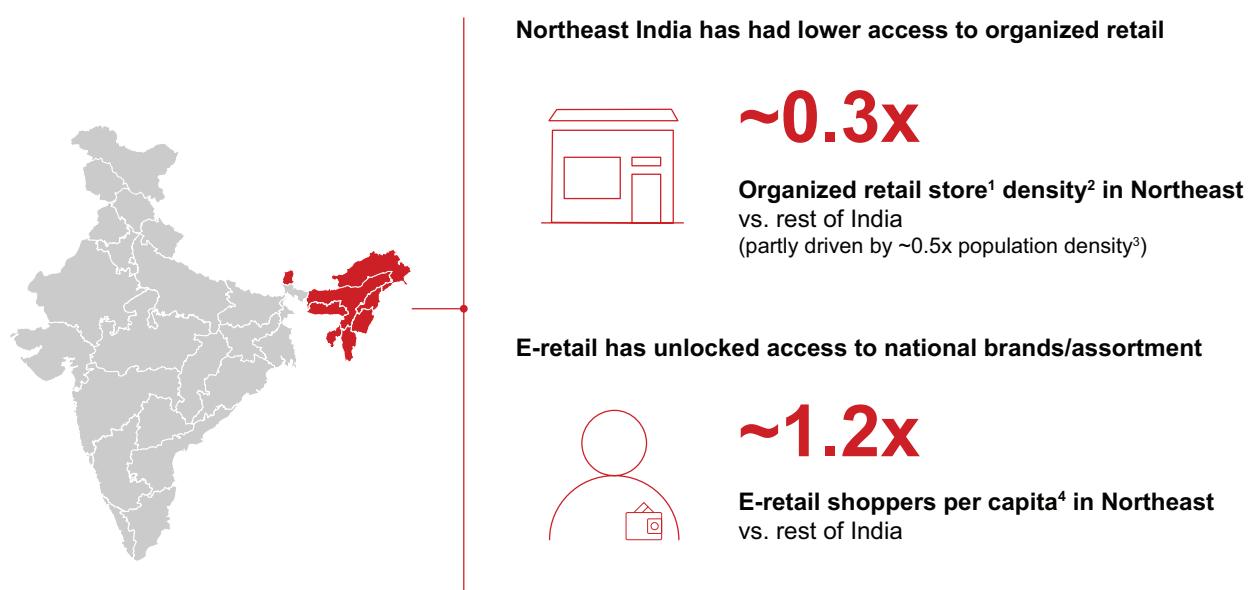


Figure 7: E-retail has democratized the shopping landscape—Tier-3+ cities are now at scale



Note: 1) Metro/Tier-1 covers top ~50 cities based on population (typically >1 million), Tier-2 covers next 100 towns (typically 0.5–1 million population), and Tier-3+ covers remaining towns
 Sources: Market participant interviews; Bain analysis

Figure 8: E-retail has enabled access to remote, underserved areas



Notes: Data for 2024; 1) Basis mapping of 6.5K+ fashion stores (including exclusive brand outlets, such as H&M, PVH, and Zudio; and multi-brand outlets such as Reliance Trends and Shoppers Stop) and 1K+ electronics stores (including Croma and Reliance Digital) across India; 2) Store density defined as number of stores per sq. km.; 3) Population per sq. km.; 4) Defined as annual active e-retail shoppers per capita
 Sources: Ministry of Environment 2021; Company websites; Market participant interviews; Bain analysis

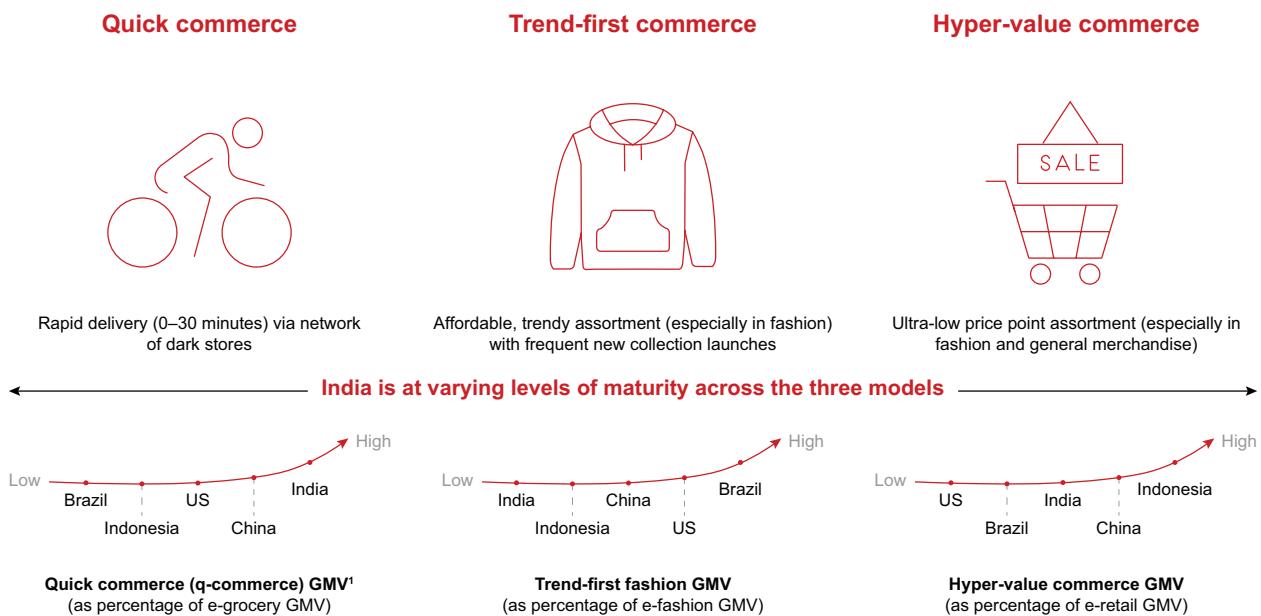


Disruption in e-retail

Three disruptive business models—quick commerce, trend-first commerce, and hyper-value commerce—are changing the tapestry of India's e-retail market:

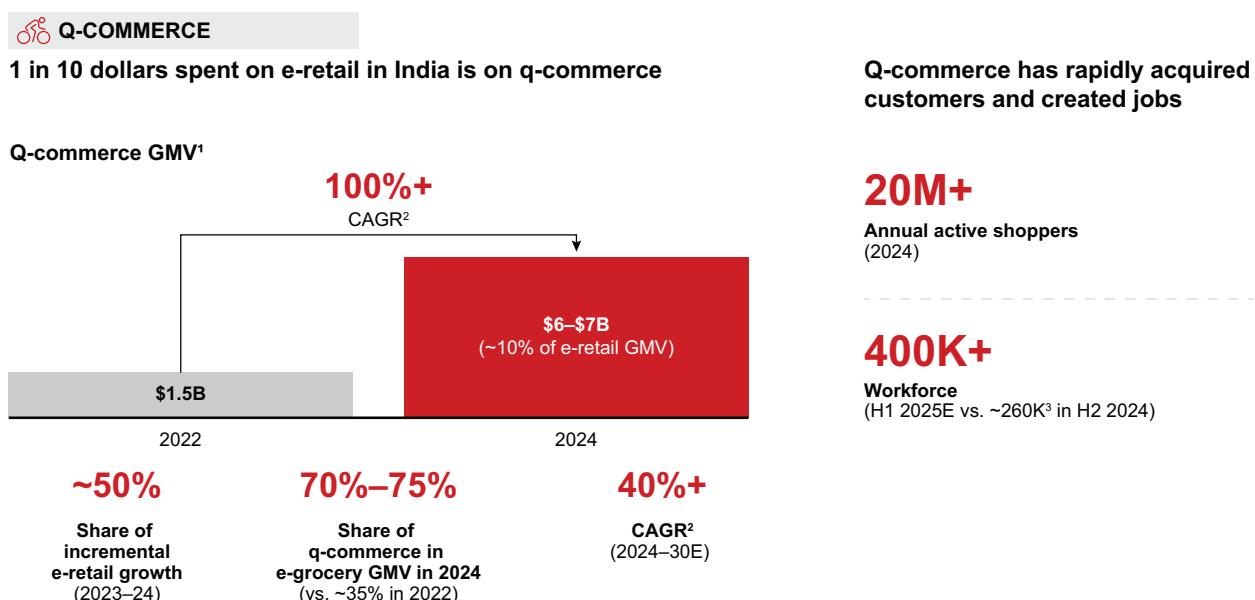
- ▶ The dramatic rise of quick commerce (i.e., delivery in less than 30 minutes) has been one of the most defining hallmarks of India's e-retail market over the last two years. In 2024, more than two-thirds of all e-grocery orders and one-tenth of e-retail spend happened on q-commerce platforms. Q-commerce is forecasted to grow by over 40% annually until 2030, fueled by expansion across categories, geographies, and customer segments. Players have also unlocked a profitable model to scale up through a blend of customer-facing and back-end initiatives. The space is also becoming more competitive, with new entrants such as Flipkart Minutes, Myntra's M-now, BigBasket's BB Now, and Amazon's Tez joining the race.
- ▶ Trend-first commerce (i.e., frequent launch of trendy assortment at affordable prices) has picked up the pace, particularly in fashion. Trend-first fashion is expected to quadruple to \$8–\$10 billion by 2028, with more than half the spends online. Globally, trend-first fashion players, such as Shein and Fashion Nova, have scaled through a tech-driven repeatable playbook involving leveraging social media to target Gen Z, offering hyper-trendy, affordable collections, deploying test-and-scale models to launch and replenish popular styles, and delivering an engaging user experience. India's vast base of young, value-conscious, social-media-savvy shoppers will fuel this boom. However, the influencer ecosystem and local manufacturing capabilities will have to evolve further to enable the model to realize full potential.
- ▶ Hyper-value commerce (i.e., offering a wide range of ultra-low price point assortments) has witnessed a surge globally, as evidenced by the success of Temu in the US. Within a year of launch, the app amassed nearly half of e-retail app downloads and currently boasts 55–60 million monthly active users, closely trailing Amazon's 65–70 million in the US, as of January 2025. In India, hyper-value commerce platforms' share of e-retail GMV has surged over the last three years to reach 12%–15%. Players have gained traction with lower-middle-income consumers, especially in Tier-2 and smaller cities, due to affordable product offerings. These platforms have also rapidly onboarded sellers by offering attractive growth with a zero-commission model and seller financing.

Figure 9: Three key business models have disrupted e-retail in India (and globally)



Notes: Data for 2024; Sample players considered (non-exhaustive)—q-commerce: Blinkit, Zepto, Instamart, Meituan, Instacart; trend-first fashion: Shein, Inditex online, H&M online, Urbanic, Mynta's Fwd, Spoy; hyper-value commerce: Pinduoduo, Shopee, Temu, Meesho, Shopsy; 1) Gross merchandise value
Sources: Flywheel Digital (EDGE); Market participant interviews; Bain analysis

Figure 10: Quick commerce is thriving in India, bucking global trends



Notes: 1) Gross merchandise value at exchange rate: 1 USD = INR 82.6; 2) Compound annual growth rate; 3) Comprises ~200K delivery partners and ~60K other employees
Sources: Forrester; Company filings; Analyst reports; Market participant interviews; Bain analysis

Figure 11: Structural factors, coupled with category creation by leading players, have fueled surge in q-commerce

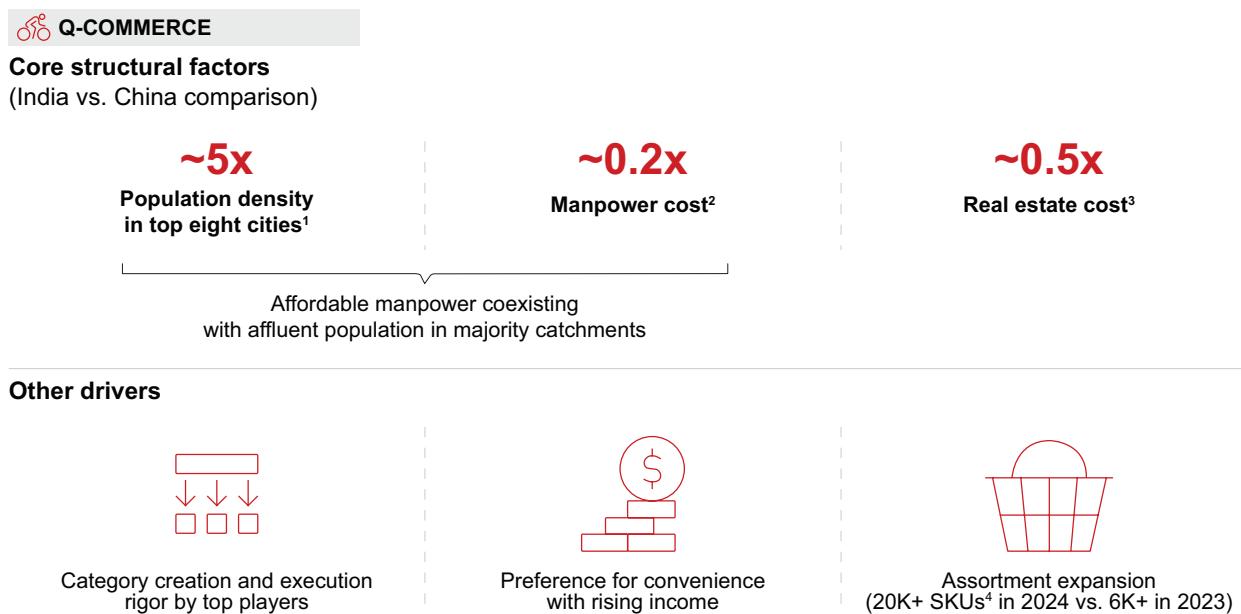


Figure 12: Scale-up beyond grocery and top cities to drive next growth wave

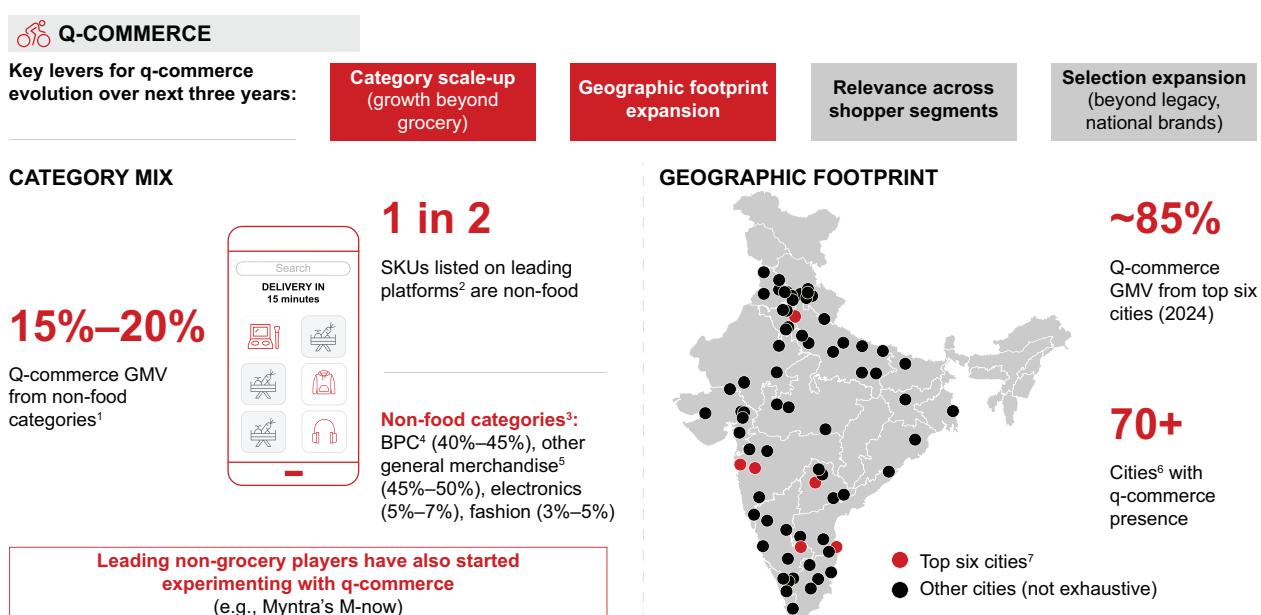
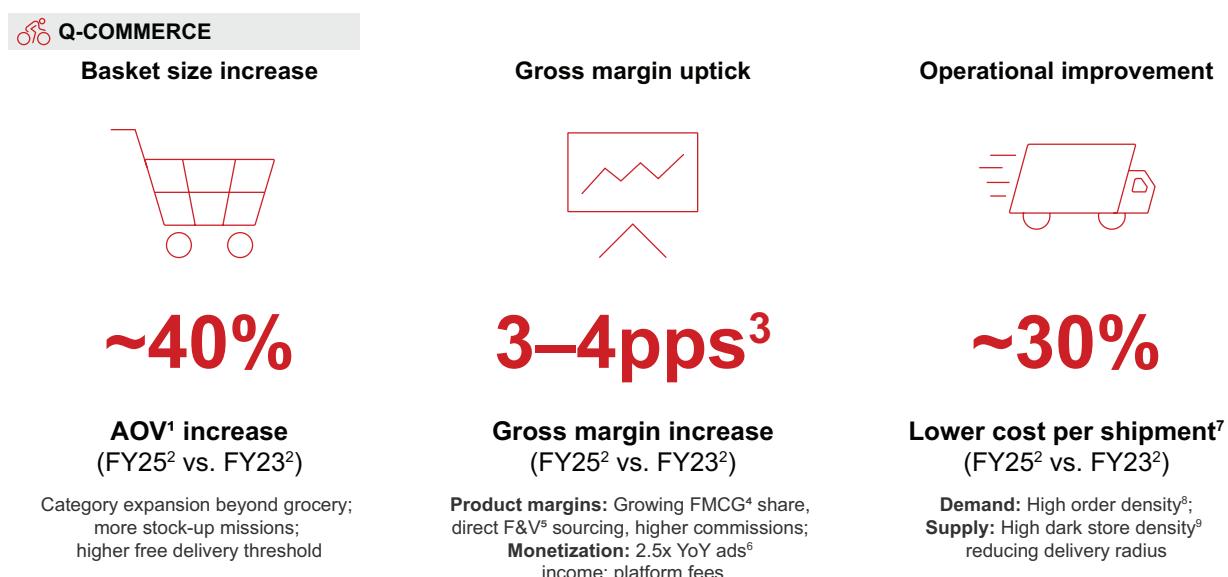


Figure 13: Q-commerce growth to also be driven by broad-based adoption across shopper cohorts and brand archetypes

Q-COMMERCE				
Key levers for q-commerce evolution over next three years:	Category scale-up (growth beyond grocery)	Geographic footprint expansion	Relevance across shopper segments	Selection expansion (beyond legacy, national brands)
SHOPPER COHORTS¹				
	Gen Z	Bachelor millennials	Dual-income households	Homemakers
Shopper penetration (percentage of addressable ² population)	1x	~1x	~0.7x	~0.3x
(Penetration transcending beyond affluent shoppers to cover upper/lower-middle-income cohorts)				
Monthly TPC³ indexed to Gen Z (2024)	1x	~1.6x	~2.1x	~0.6x
Typical need states	Daily needs, snacking (at odd hours)	Daily needs, limited stock-up missions	Daily needs, weekly stock-ups	Emergency FMCG top-up
Salient categories (trials)	Snacks (electronics, BPC ⁴)	FMCG, fresh (electronics, tobacco)	FMCG, staples (BPC ⁴ , baby care)	FMCG, staples (pharma OTC ⁵)
BRAND MIX				
Regional brands (e.g., Chitale ⁶ , Milma Milk ⁷)				
Private labels (e.g., Relish ⁸ , Supreme Harvest ⁹)				
Insurgents (e.g., The Whole Truth, Kapiva)				

Notes: 1) Gen Z: 18–24 years old; bachelor millennials: young, affluent (typically 24–32 years old, often living with friends); dual-income households: young, millennial, affluent, married, working couple, typically 30–45 years old; homemakers: 35+ years old, middle-class, single-income household; 2) Households with INR >500K annual income in top 50 cities; 3) Transactions per customer; 4) Beauty and personal care; 5) Over the counter medicines; 6) Pune-based snacks brand; 7) Kerala-based dairy company; 8) Zepito's in-house meat brand; 9) Swiggy's private-label brand for staples
Sources: Flipkart consumer survey 2024 (n=~400); Press release; Market participant interviews; Bain analysis

Figure 14: Q-commerce players have tapped three key profitability levers



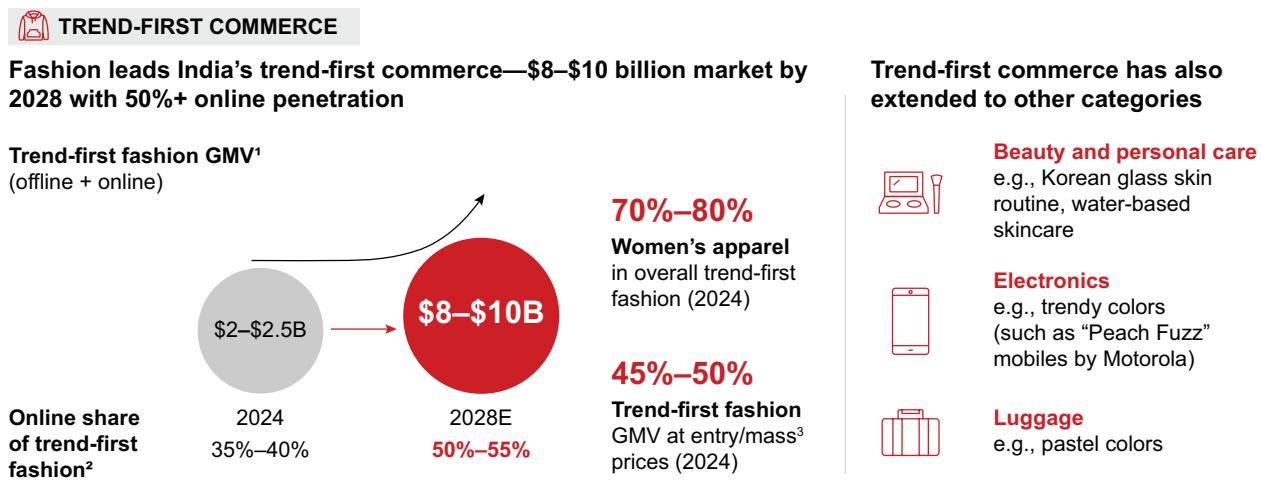
Notes: 1) Average order value; 2) Data for Q1–Q3 of FY23 and FY25; 3) Percentage points; 4) Fast moving consumer goods brands, which typically offer high margins; 5) Fruits and vegetables; 6) Advertising income in absolute terms; 7) In mature catchments with >1,000 orders per day; 8) High order density results in high utilization of dark stores, driving lower fixed supply chain cost per shipment; 9) Number of dark stores per sq. km. area in a city
Sources: Company filings; Press release; Analyst reports; Market participant interviews; Bain analysis

Figure 15: Q-commerce players need to navigate evolving models and growing competition to drive sustained, profitable growth



Note: 1) Contribution margin defined as gross margin minus all variable costs
Source: Market participant interviews

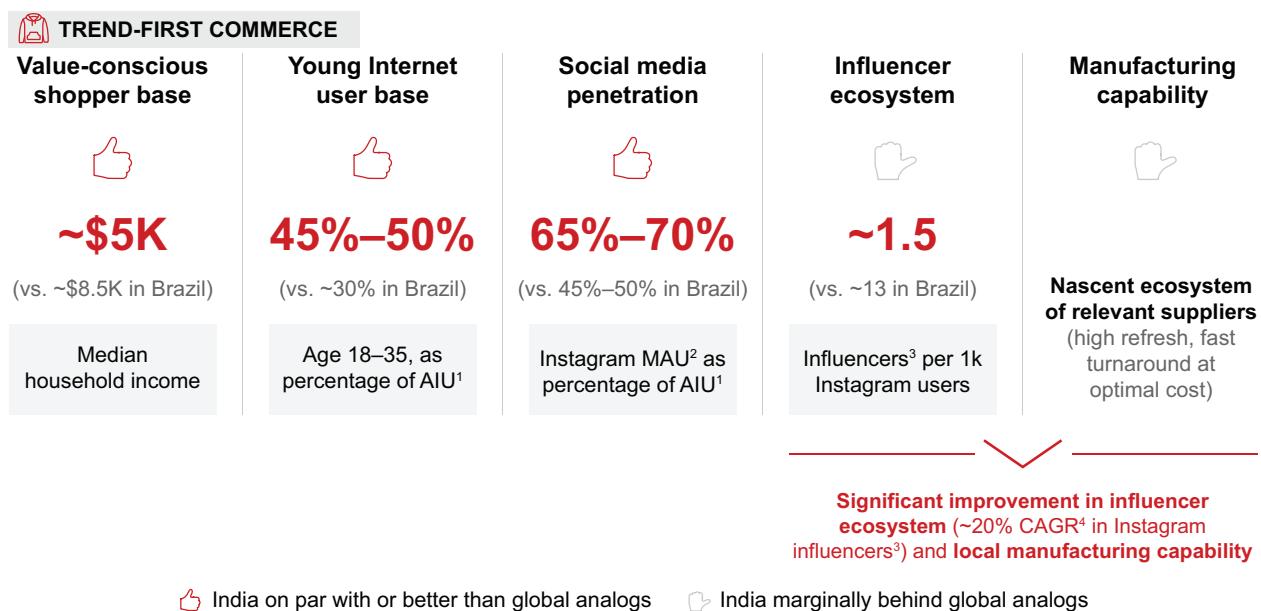
Figure 16: Trend-first commerce scaling rapidly in India, transcending from fashion to other categories



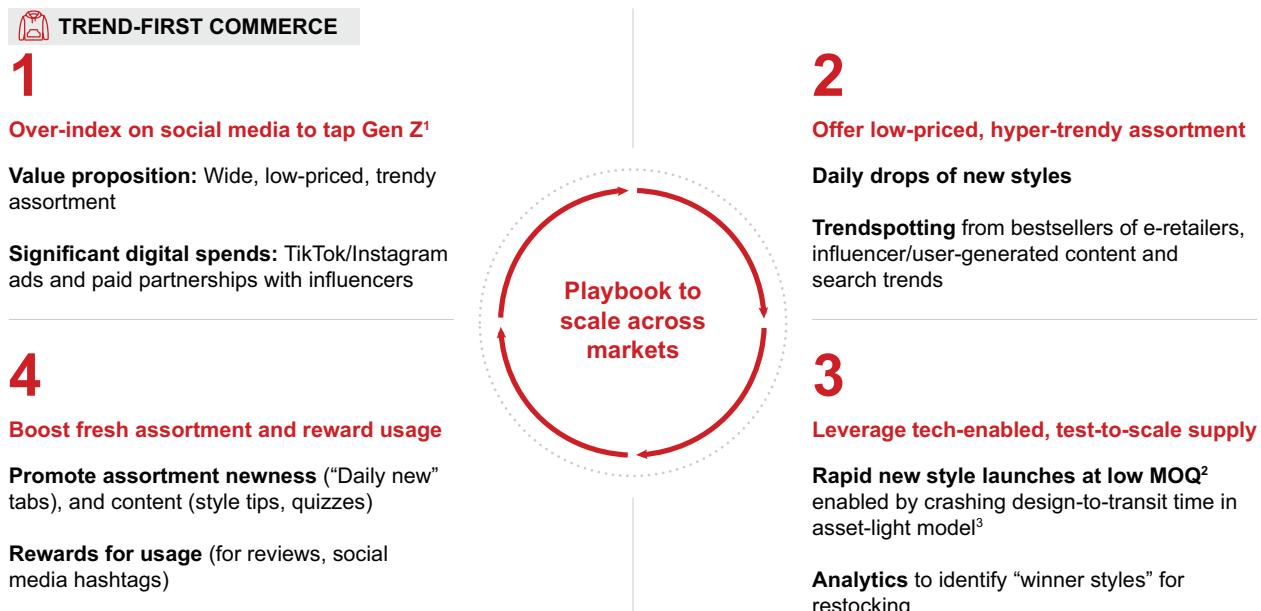
Key player archetypes (fashion):

Core offline (Zudio, H&M)	Horizontals (Flipkart Spoyl)	Verticals (Mynta Fwd)	Global entrants (Urbanic ⁴ , Shein ⁵)	Omnichannel insurgents (Snitch, NewMe)
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Notes: 1) Gross merchandise value; 2) Penetration calculated using online and offline GMV of trend-first fashion brands like Zudio, Zara, H&M, Mynta Fwd, Flipkart Spoyl, NewMe, Snitch, etc.; 3) Typically items priced less than INR 700–750; 4) London-based brand; 5) Entered in Feb 2025 in collaboration with Reliance
Sources: VCCEdge; Market participant interviews; Bain analysis

Figure 17: Strong fundamentals exist for trend-first commerce to succeed in India

Notes: Data for 2024; 1) Active Internet users; 2) Monthly active users; 3) Active Instagram accounts in 2023 with 10K+ followers, mapped to country based on country of majority (50%+) follower base; 4) Compound annual growth rate over 2022–24
Sources: EMarketer; Fitch; HypeAuditor; Euromonitor; Nielsen; Sensor Tower; GlobalData; Market participant interviews; Bain analysis

Figure 18: Globally, trend-first fashion players have scaled by using a repeatable playbook with technology at its center

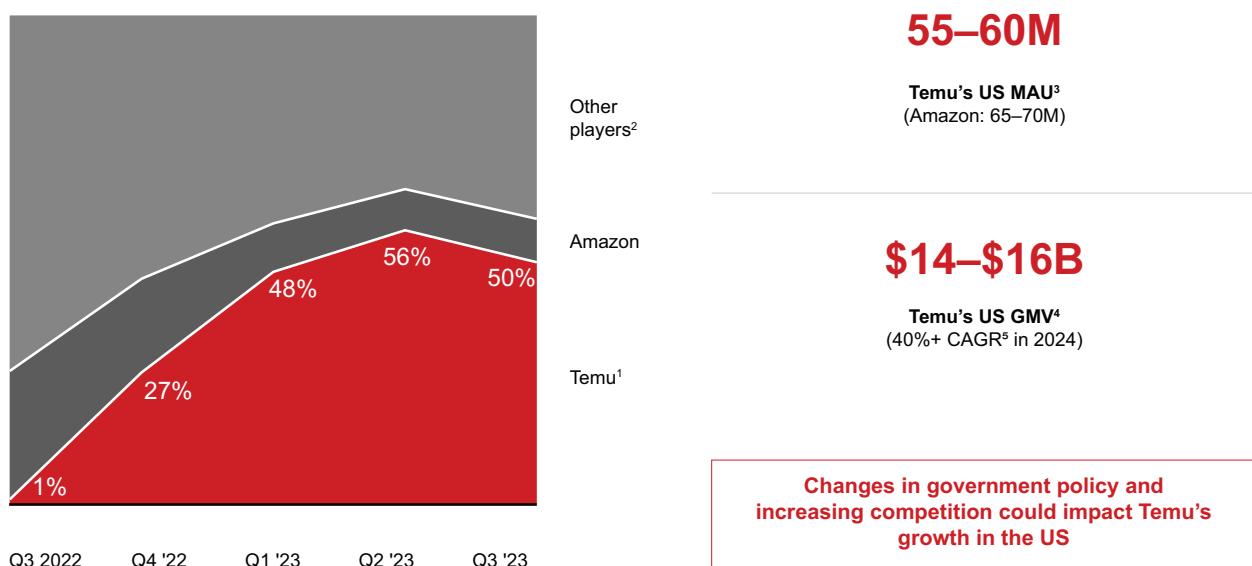
Notes: 1) Individuals born between 1997 and 2012; 2) Minimum order quantity; 3) Tie-ups with multiple small-scale apparel manufacturers with fabric positions to limit investment in manufacturing garments
Source: Market participant interviews

Figure 19: Hyper-value commerce models are scaling globally and in India alike

 **HYPER-VALUE COMMERCE**

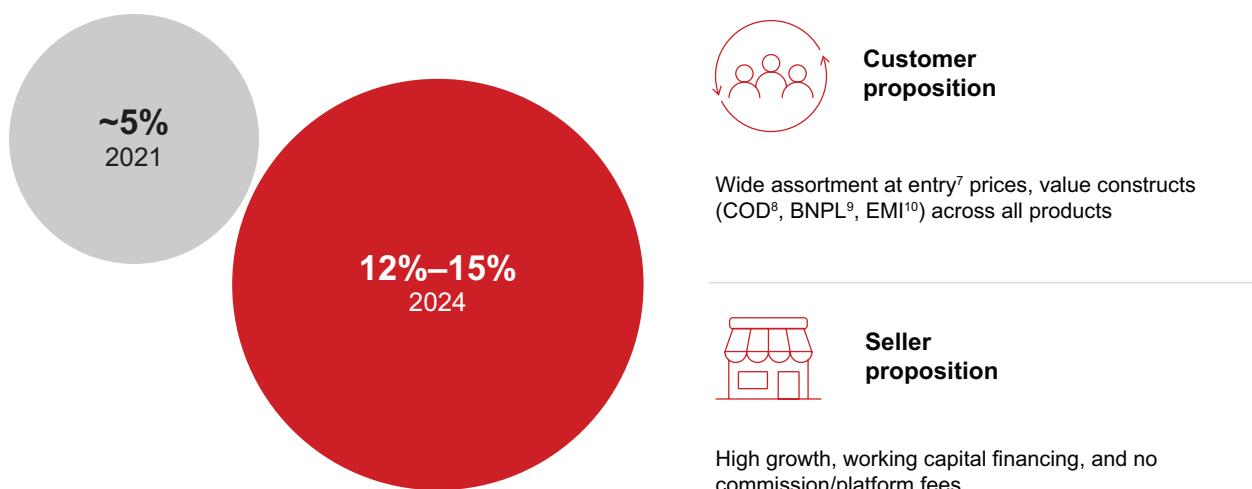
Temu¹ has been a disruptive force in the US

Share of e-retail mobile app downloads within one year of launch (US, percentage)



Even in India, hyper-value commerce platforms⁶ have scaled rapidly by offering a compelling customer and seller proposition

Share of hyper-value platforms GMV in e-retail



Notes: 1) Temu is a cross-border marketplace launched by Chinese e-retailer Pinduoduo in the US in Sep 2022; 2) Other players: Etsy, AliExpress, Walmart, Target, Best Buy, SHEIN; 3) Monthly active users = Android + iOS, as of Jan. 2025; 4) Gross merchandise value; 5) Compound annual growth rate; 6) Includes e-retail market at <INR 500 price points across platforms like Meesho, Shopify, and Amazon Bazaar; 7) Typically < INR 500; 8) Cash on delivery; 9) Buy now pay later; 10) Equated monthly installment

Sources: Flywheel Digital (EDGE); Sensor Tower; Market participant interviews; Bain analysis



Winning in “many Indias”

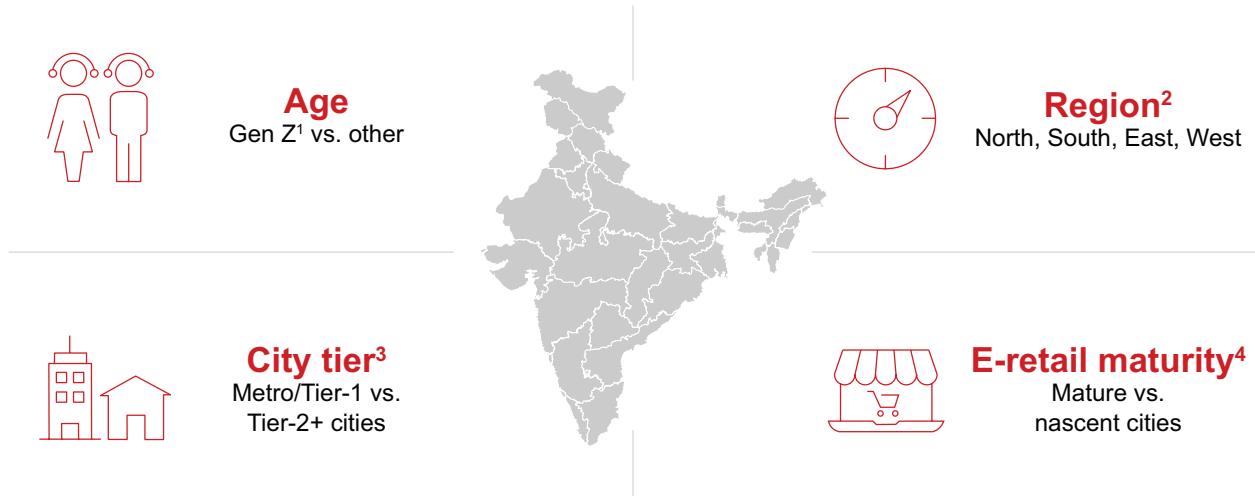
India’s e-retail landscape is heterogeneous, reflecting “many Indias.” Variations in purchase behavior exist across age, region, city tier, and e-retail maturity:

- ▶ The scale-up of e-retail spend by Gen Z (born between 1997 and 2012) has been particularly notable. Representing 40% of India’s e-retail shoppers, Gen Z boasts 1.5 times the e-retail spend share on categories such as lifestyle, beauty, and electronics compared to other age groups. Gen Z has a distinct shopping behavior—they are more experimental, rely heavily on social media for brand discovery, make faster purchase decisions, and show a marked preference for UPI for digital payments.
- ▶ E-retail spending patterns vary widely across regions, shaped by deep-rooted socioeconomic and cultural differences. For instance, North India leans toward trendier fashion while the Northeast sees higher demand for smaller apparel sizes due to generally petite body frames. These nuances can be observed within a few hundred kilometers in a region or even within a few kilometers in a city, influenced by varying catchment-level demographics and affluence.
- ▶ E-retail spending of shoppers in Tier-2 and smaller cities is broadly at par with that of Metro/Tier-1 cities, with similar or only slightly lower average selling prices across categories. These shoppers are also showing a growing interest in premium brands and features. This growth is driven by faster delivery options, cash-on-delivery availability, and e-retail ads serving as indicators of quality.
- ▶ E-retail purchase behavior also varies based on e-retail maturity. In mature cities characterized by high e-retail penetration and affluence, the e-retail spend per shopper is around 40% more than in nascent cities. Shoppers in these cities show a strong preference for premium brands and attributes, with average selling prices elevated by 10%–25% across categories. They also demonstrate greater adoption of insurgent brands across categories.

Brands and sellers can capitalize on the nuances of “many Indias” by (a) adapting their product range and assortment, (b) developing new products aligned with evolving trends and market whitespaces, (c) leveraging targeted e-retail advertising (display and search) to improve brand awareness and kick-start a growth flywheel, and (d) enhancing conversion by building a critical mass of ratings, offering faster delivery options, and optimizing product catalogs.

Figure 20: India's e-retail landscape is heterogeneous—there exist “many Indias” with disparate purchase preferences

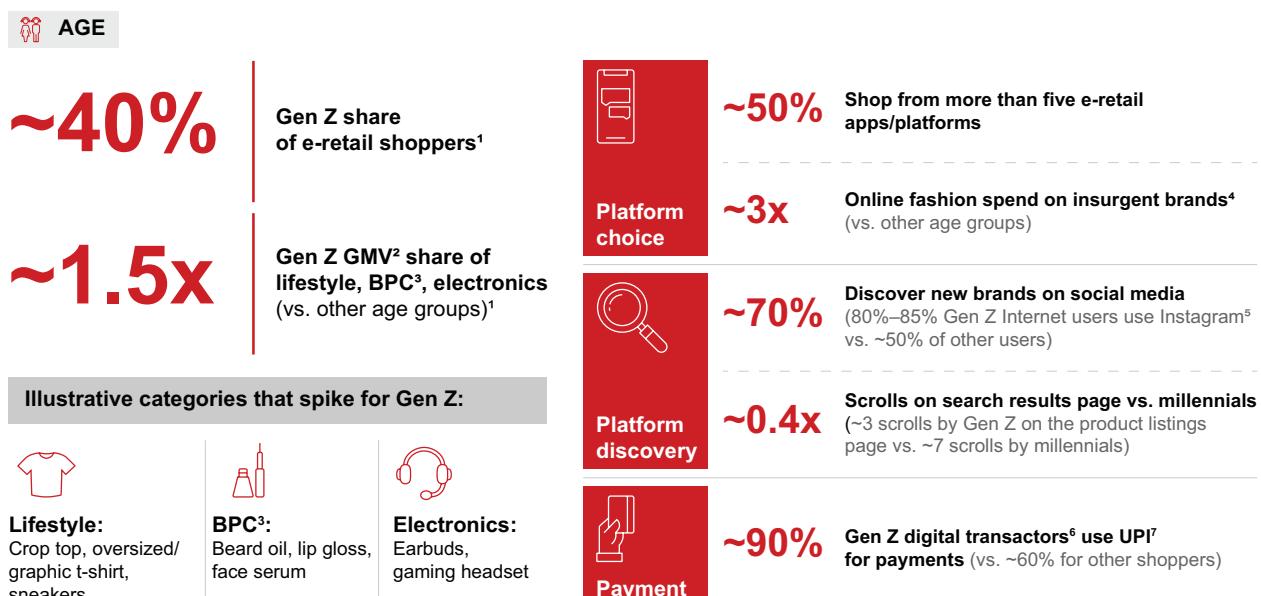
We explored variation in e-retail purchase behavior through four lenses



Notes: 1) Individuals born between 1997 and 2012; 2) Illustrative states (not exhaustive): North—Delhi, Haryana, Punjab; South—Andhra Pradesh, Karnataka, Tamil Nadu; East—West Bengal, Jharkhand, Odisha; West—Maharashtra, Gujarat, Goa; Northeast—Sikkim, Arunachal Pradesh, Mizoram; 3) Metro/Tier-1 covers approximately the top 50 cities based on population (typically more than 1 million), Tier-2+ covers all other towns (population less than 1 million); 4) Maturity based on e-retail GMV penetration and affluence (defined as GDP per capita)

Source: Market participant interviews

Figure 21: Gen Z shoppers are distinct—they experiment more, are highly influenced by social media, and favor convenient payment options



Notes: 1) Data for 2023–H1 2024; 2) Gross merchandise value; 3) Beauty and personal care; 4) Includes online-first, new-age apparel brands (e.g., The Bear House, Snitch, Freakins); 5) Instagram Gen Z monthly active users as percentage of Gen Z active Internet users; 6) Covers only users of digital modes of payment (debit card, credit card, net banking, UPI and equated monthly installment (EMI); excludes cash on delivery); 7) Unified payments interface

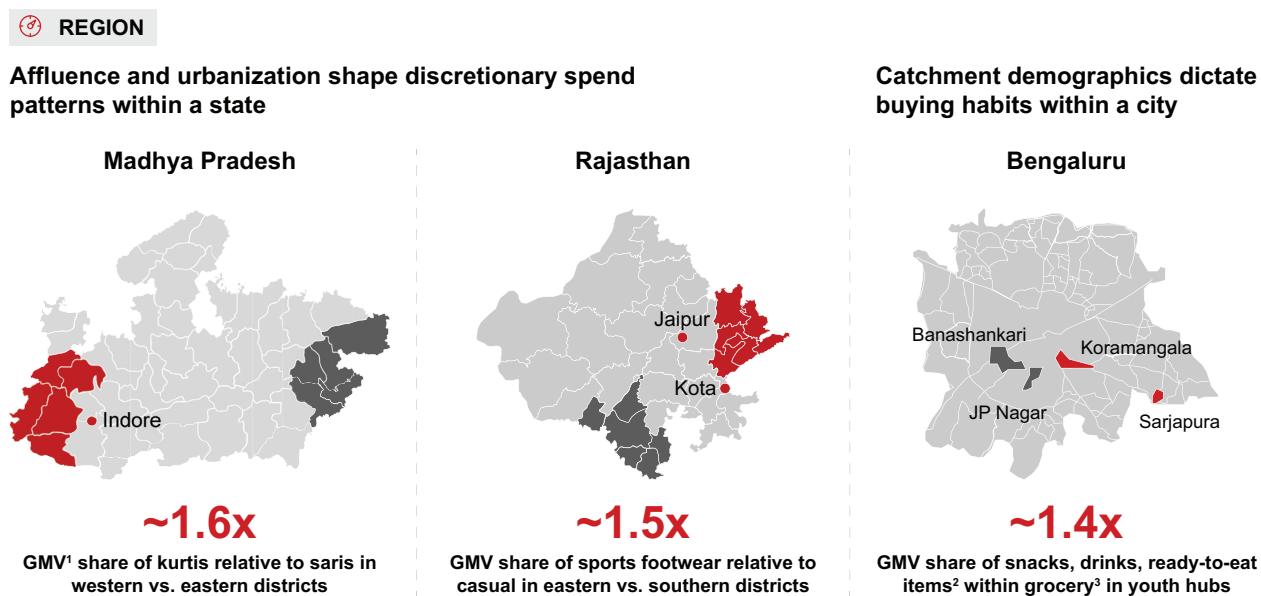
Sources: Sensor Tower; GlobalData; Flipkart consumer research; Bain consumer survey 2022 (n=700); Market participant interviews; Bain analysis

Figure 22: Wide differences in buying behavior exist across regions, stemming from social, economic, and cultural differences



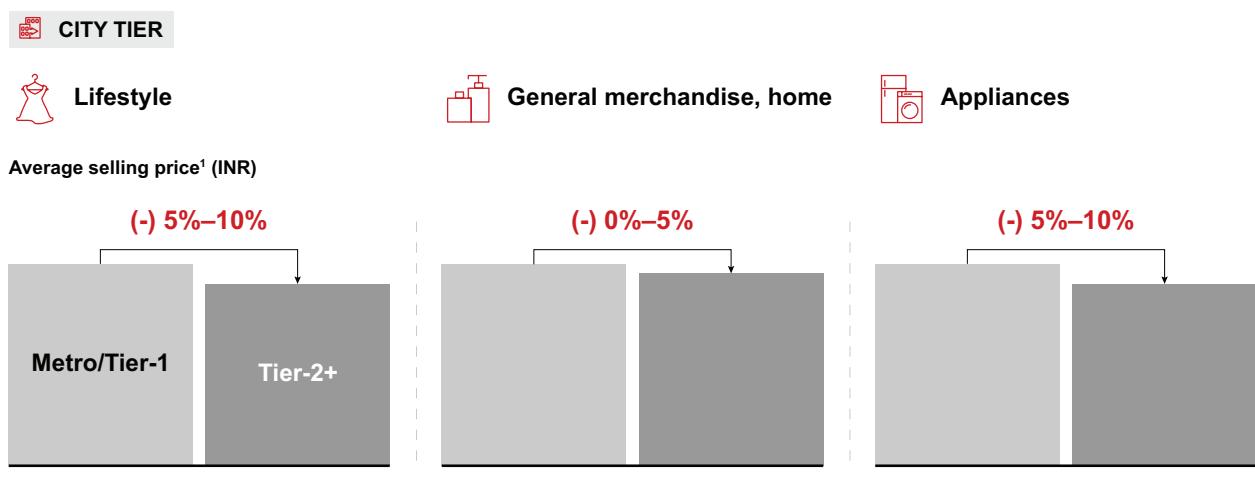
Notes: GMV data for 2024 until September, searches data for 2024 unless otherwise specified; Top 150 search terms considered for all search-related insights; 1) Search terms containing brand name, for H1 2024; 2) Includes men's jeans; 3) Includes silver, blue, red, green, white, pink, and gold; 4) Gross merchandise value; data from Jun'23-Aug'24; 5) Attributes include color, fabric, type, fit; 6) Includes blonde, purple, burgundy, red, and blue; 7) Includes instant and storage water heaters; 8) Data from Google searches normalized for e-retail shoppers across regions; indicative terms: sofa cum bed, murphy bed, foldable table; data for 2024 (until September); 9) Includes high-wattage mixer grinders and low-wattage juicer mixer grinders; 10) Includes facewash, shampoo, hair oil; 11) Data from Jun'23-Aug'24; Analysis for formal shirt, casual and formal trouser, jeans; For bottomwear, sizes smaller than or equal to 30 considered an XS/S equivalent
Sources: Google search trends; Market participant interviews; Bain analysis

Figure 23: Even within a region or a city, demographic differences drive variation in purchase preferences



Notes: Data for 2024 for Madhya Pradesh; Data for 2023 for Rajasthan; Data for September 2024 for Bengaluru; 1) Gross merchandise value; 2) Includes chips, chocolates, muesli, cereal bars, oats, aerated drinks, fruit drinks, ready mixes, jams, and spreads; 3) Includes food and beverages only
Sources: Nielsen; Market participant interviews; Bain analysis

Figure 24: E-retail spending in Tier-2+ cities is broadly on par with Metro/Tier-1 cities, as evidenced by selling prices across categories



Key enablers fueling e-retail adoption in Tier-2+ cities:

1.5X Share of orders delivered within two days in Tier-2+ cities in last two years²

75% Cash-on-delivery orders in Tier-2+ cities³

65% Tier-2+ shoppers view sponsored listings as quality markers⁴

Notes: 1) Data for 2023–September 2024; 2) Comparison for January–September 2024 vs. January–September 2022; 3) Data for H1 2024; 4) Basis survey conducted in June 2024
Sources: Market participant interviews; Flipkart consumer survey 2024 (n=800); Bain analysis

Figure 25: Tier-2+ shoppers are increasingly adopting premium attributes and brands

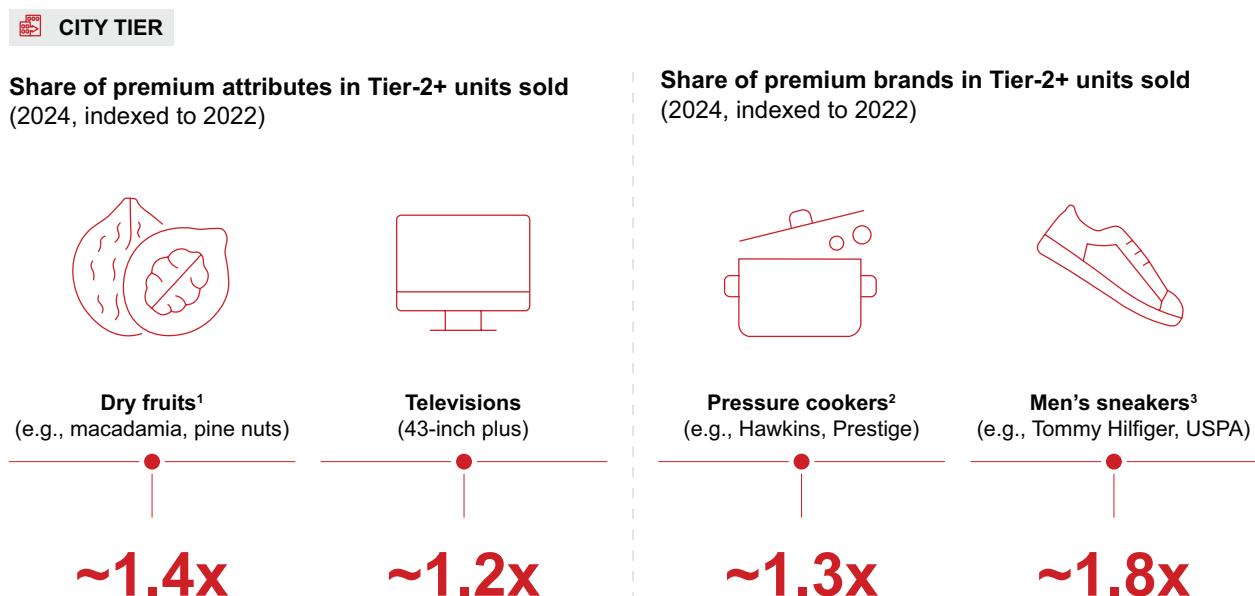


Figure 26: Buying behavior varies across city archetypes based on e-retail maturity

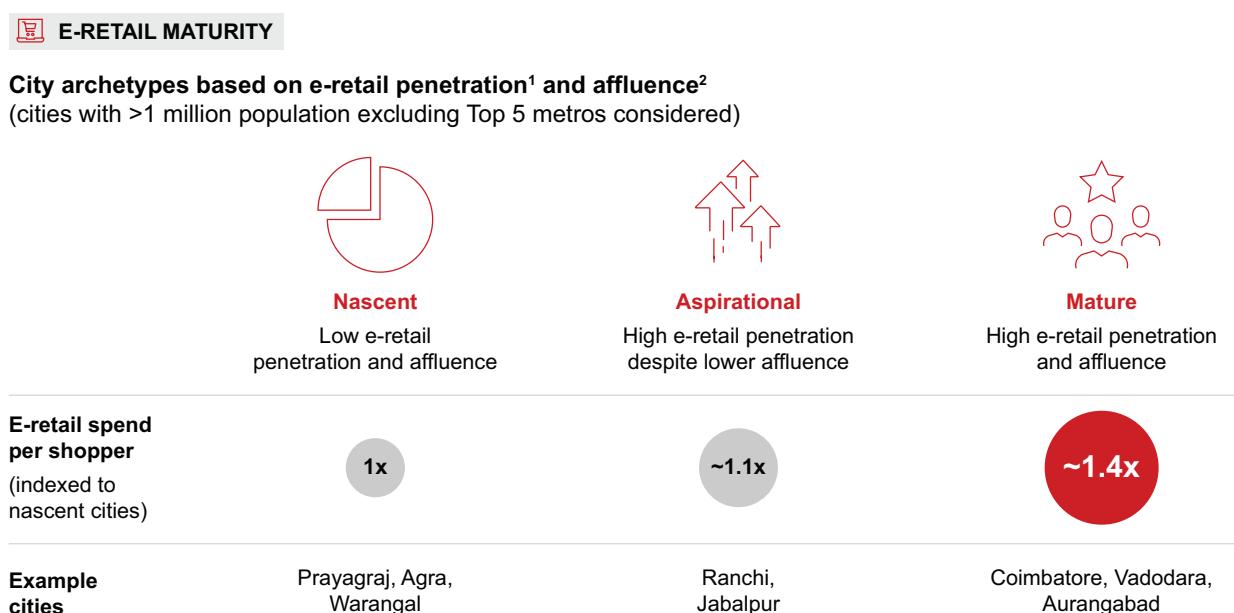


Figure 27: Shoppers from mature cities embrace premium products

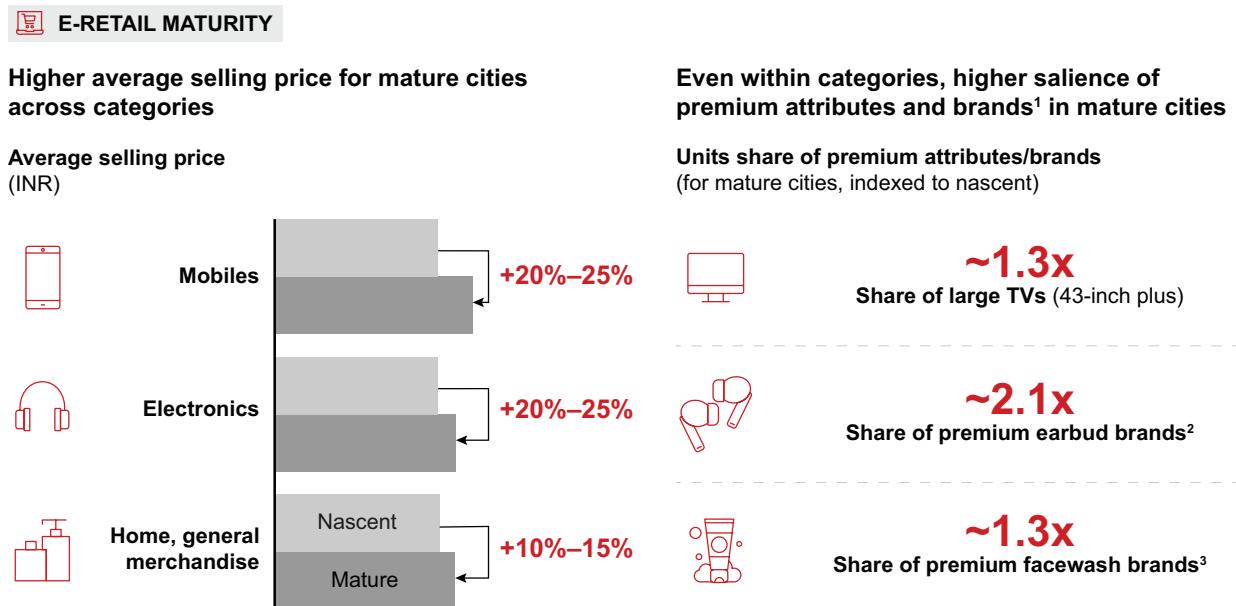


Figure 28: Shoppers from mature cities experiment more with insurgent brands

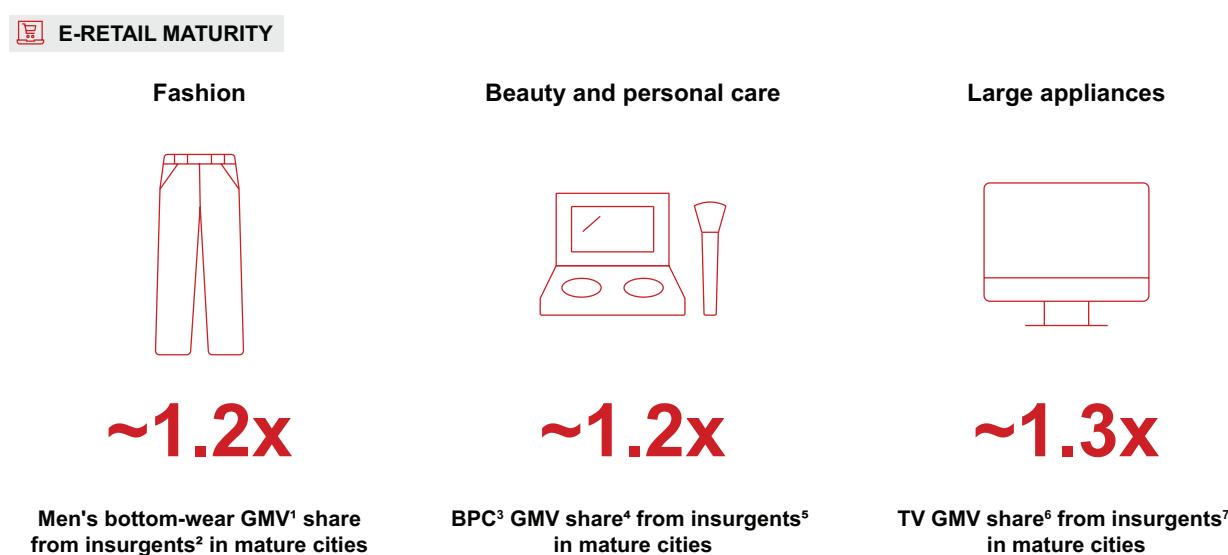
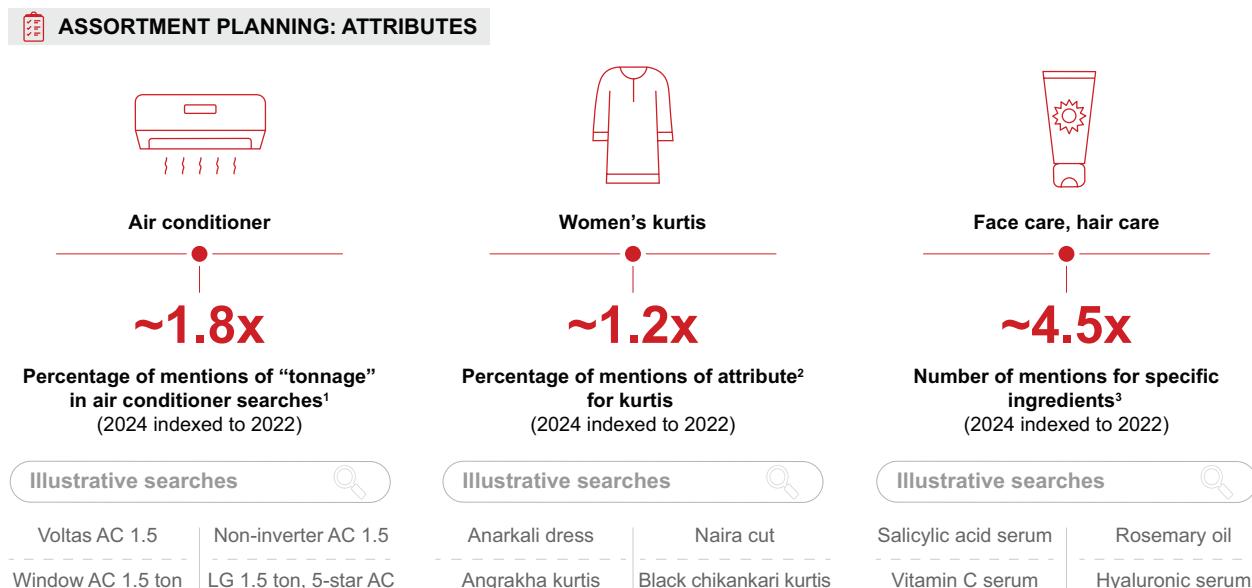


Figure 29: Brands and sellers must tap into the nuances of “many Indias” to inform assortment, product development, and marketing decisions

			
Assortment and range planning	New product development	Targeted marketing	Conversion improvement
Features/attributes mix e.g., ingredient-based in beauty	Emerging trends e.g., Korean fashion, jorts	E-retail ads e.g., home/category page banners, sponsored listings	Ratings and reviews management e.g., adequate number of ratings; reviews with product images
Deep dive in subsequent pages			
Price-point mix e.g., mini-sound bars (INR ~2,000 price point ¹) to pair with 32-inch TVs	New form factors e.g., collapsible wardrobes, shift from square to round smart watches ²	Off-platform campaigns e.g., influencer collaborations, performance campaigns	Delivery promise e.g., <2-day promise, “fulfilled by platform” tag
Size mix e.g., smaller apparel sizes in Northeast	Market whitespaces e.g., 4-star air conditioners	New product/category launches e.g., 360-degree campaigns across on/off-platform ads and CRM ³	Catalog improvements e.g., product video in description page

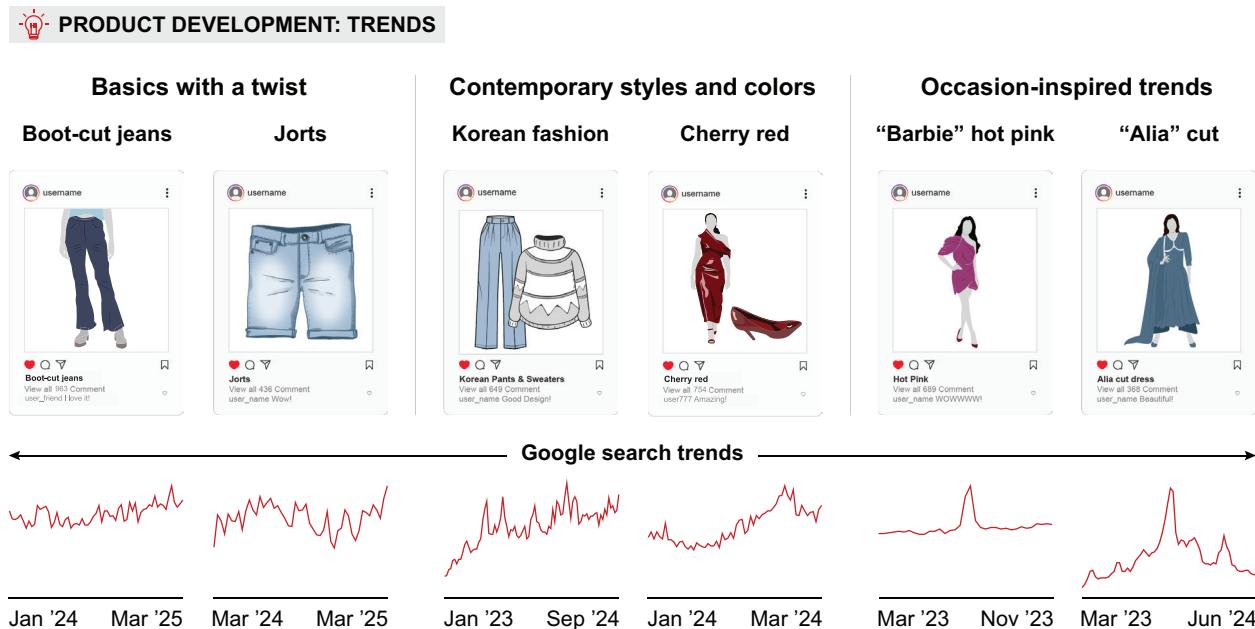
Notes: 1) Customers typically willing to pay 15%–20% of 32-inch TV price for sound bars; 2) In line with traditional digital/analog watches; 3) Customer relationship management
Source: Market participant interviews

Figure 30: Brands must adapt selection and catalogs to the growing salience of attribute-based searches across categories



Notes: 1) Basis top 100 search terms; 2) Data basis Google search terms; attributes include type (anarkali, A-line, sharara, etc.), pattern (plain, printed, chikankari, etc.), fabric (cotton, georgette, etc.), and color; 3) Data basis Google search terms; specific ingredients include vitamin C, retinol, and niacinamide for face care and rosemary, aloe vera, and almond for hair care
Sources: Google search trends; Market participant interviews

Figure 31: Brands in design-heavy categories such as fashion are introducing new ranges to capture micro-trends



Sources: Google search trends; Bain analysis

Figure 32: E-retail ads are gaining prominence across categories and brand archetypes

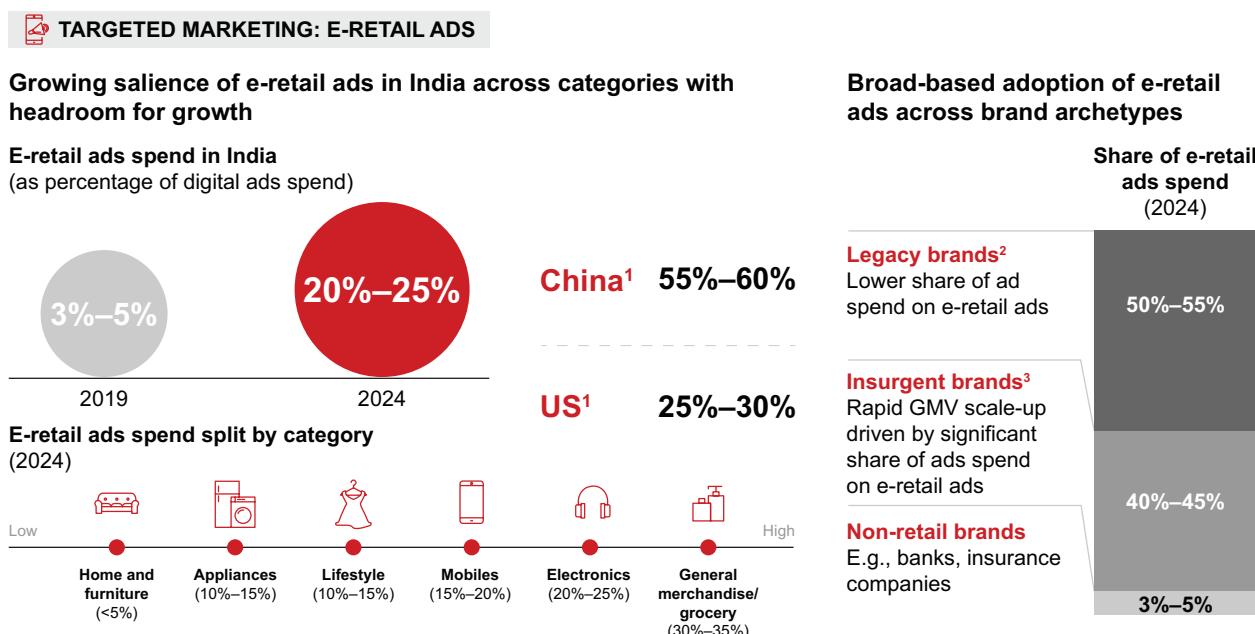
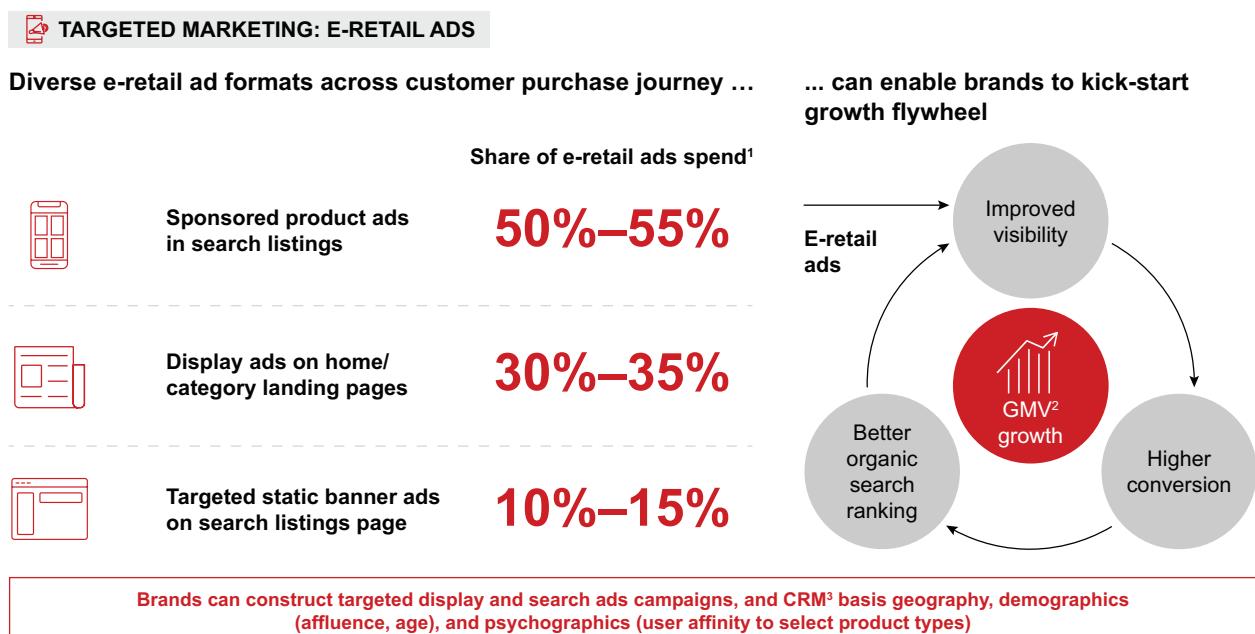
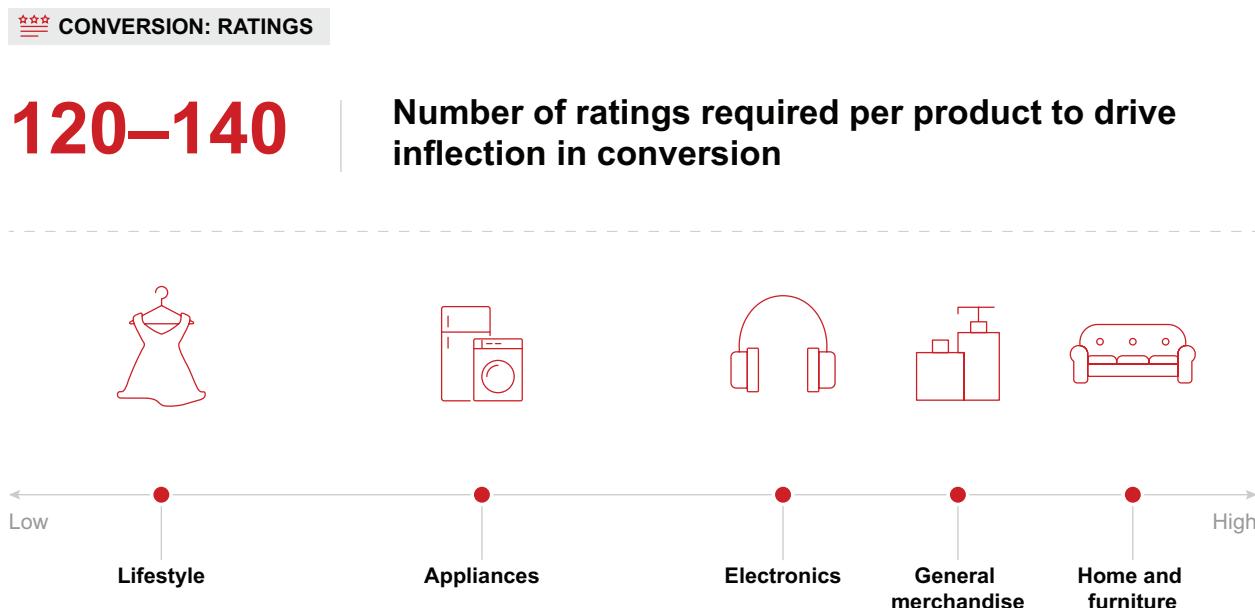


Figure 33: Brands can leverage multiple e-retail ad formats to kick-start growth flywheel



Notes: 1) Data for 2024; 2) Gross merchandise value; 3) Customer relationship management, e.g., push notifications, WhatsApp messages
Sources: Market participants interviews; Bain analysis

Figure 34: Brands and sellers should prioritize building a critical mass of ratings to drive an inflection in conversion and kick-start the growth flywheel



Sources: Market participants interviews; Bain analysis

Brand speak: Insights on leveraging diverse and evolving e-retail consumer preferences

Coca-Cola India

Abhishek Gupta, Chief Customer Officer



Adapt product assortment based on maturity of clusters

In mature clusters, Coca-Cola offers a full portfolio of brands/packs while creating new purchase occasions (e.g., diet drinks), whereas in nascent clusters, a focused range of local flavors/packs is offered.



Adopt a “test-learn-scale” approach for new product launch

Contrary to the traditionally lengthy pan-India launch, brands are adopting a data-powered approach on e-retail for rapid new product launch and scale-up. For example, Coca-Cola tested Honest Tea¹ initially on a q-commerce platform in one city before scaling pan-India across channels.



Tailor marketing based on user behavior on q-commerce

Brands are aligning marketing campaigns with q-commerce demand patterns. For instance, tonic water outsells soft drinks on weekend nights, sales of soft drinks peak between 8:00 pm and 10:00 pm, while juices peak between 9:00 am and 12:00 pm.

Safari

Pushkar Jain, Chief Marketing Officer



Customize marketing to reflect regional demand variation

Safari employs localized campaigns promoting sturdier luggage for long trips favored in the North vs. light-weight options for short trips in the South. Similarly, campaigns emphasizing style and innovation for trend-seeking Metro/Tier-1 shoppers vs. an affordable but versatile range for aspirational Tier-2+ shoppers.



Materially dial up social media presence to win with Gen Z

Brands are focusing on building a community through social media campaigns and user-generated content to capture and engage Gen Z, who value authentic engagement and meaningful interactions.



Enable easy access to product information and user reviews

Brands are prioritizing transparency and enhancing catalogs to cover not only product features but also ratings and reviews to target discerning customers who research products extensively before purchasing.

boAt

Aman Gupta, Co-founder



Amplify social media engagement to target Gen Z, millennials

Brands are creating visually appealing content, showcasing products in real-life settings, and tapping into the credibility of leading influencers and celebrities to offer “Insta-worthy” products.



Index on personalized experiences to engage Gen Z, millennials

Brands are offering a wide product assortment to cater to diverse preferences. Personalized marketing like targeted recommendations and CRM² campaigns further enhance customer engagement and loyalty.



Create a strong brand narrative to captivate Gen Z, millennials

Leading Gen Z brands like boAt have created a vibrant community of passionate advocates, “boAtheads,” by positioning themselves as a “lifestyle choice,” not just a “brand.”

Haier India

Priyanka Sethi, Head of Marketing



Anchor on visually captivating content to attract Gen Z

Gen Z favors frequent, budget-friendly, trend-first purchases and visually engaging content. Brands like Haier target Gen Z by offering innovative, affordable products through interactive audio-visual campaigns on salient platforms like Spotify.



Align marketing strategies with aspirations of “Bharat”

Social media, particularly influencers and local endorsements, is pivotal in shaping purchase decisions, especially for Tier-2+ shoppers who seek “urban-like experiences” at attractive deals without compromising on quality.



Pivot to localized campaigns for regional demand clusters

Brands like Haier analyze factors like weather conditions, home sizes, income, search queries, and browsing behavior to craft impactful campaigns with tailored messaging in vernacular languages.



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The Flipkart Group is one of India's leading digital commerce entities and includes group companies Flipkart, Myntra, Flipkart Wholesale, Cleartrip, and super.money.

Established in 2007, Flipkart has enabled millions of sellers, merchants, and small businesses to participate in India's digital commerce revolution. With a registered user base of more than 500 million, Flipkart's marketplace offers over 150 million products across 80+ categories. Today, there are over 1.4 million sellers on the platform, including Shopsy sellers. With a focus on empowering and delighting every Indian by delivering value through technology and innovation, Flipkart has created thousands of jobs in the ecosystem while empowering generations of entrepreneurs and MSMEs. Flipkart has pioneered services such as Cash on Delivery, No Cost EMI, Easy Returns, and UPI. These customer-centric innovations focus on enhancing digital payment offerings for all customers while making online shopping more accessible and affordable for millions of Indians.

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