



# E-commerce Trends and Consumer Behavior in India: A 2025 Perspective

**Dr. Rakeshkumar C. Patel**

Associate Professor,

Dharmsinh Desai Institute of Commerce, Nadiad, Gujarat, India.

Email - prc1429@gmail.com

**Abstract:** India's e-commerce sector is undergoing a significant transformation, marked by rapid growth and dynamic shifts in consumer behavior. This paper explores the key trends shaping the Indian e-commerce landscape in 2025 and analyzes their impact on consumer purchasing patterns. The study, based on a review of recent industry reports and academic literature, highlights the emergence of disruptive models such as quick commerce (Q-commerce), trend-first commerce, and hyper-value commerce. It examines how technological advancements, including AI-driven personalization and the rollout of 5G, are enhancing the online shopping experience. Furthermore, the paper delves into the nuances of Indian consumer behavior, which varies significantly across demographics like Gen Z, regions, and city tiers. Key findings indicate a move towards sustainability, a preference for digital payments, and the growing influence of social commerce. The paper conducts a SWOC analysis to identify the strengths, weaknesses, opportunities, and challenges within the sector. It concludes with strategic recommendations for businesses to navigate this evolving market, emphasizing the need for localization, technological adoption, and customer-centric strategies to foster growth and loyalty.

**Key Words:** E-commerce, Consumer Behavior, India, Quick Commerce, Digital Marketing, Gen Z, SWOC Analysis, Online Shopping.

**JEL No:** L81, M31, D12

## 1. INTRODUCTION:

The Indian e-commerce market has emerged as a global powerhouse, becoming the third-largest retail market in 2024 with the world's second-largest base of online shoppers<sup>[1]</sup>. The market's gross merchandise value (GMV) reached approximately \$60 billion in 2024 and is projected to surpass \$160 billion by 2025, growing at an annual rate of 25-30%<sup>[2][1]</sup>. This exponential growth is propelled by key drivers such as rising internet and smartphone penetration, the widespread adoption of digital payment systems like UPI, and increasing urbanization<sup>[2]</sup>.

Despite a temporary slowdown in 2024 due to macroeconomic factors, the long-term fundamentals of the market remain robust. Projections estimate that the e-retail market will reach \$170–\$190 billion by 2030<sup>[1]</sup>. This growth is democratizing the retail landscape, with nearly 60% of new online shoppers since 2020 hailing from Tier-3 or smaller cities<sup>[1]</sup>. Consumer preferences are also evolving beyond traditional categories like electronics, with a significant surge in online sales of groceries, lifestyle products, and other high-frequency categories<sup>[1][3]</sup>. This paper analyzes the current trends shaping this dynamic sector and their profound impact on consumer behavior in India.

## 2. LITERATURE REVIEW:

A review of existing literature reveals several key themes in the study of e-commerce and consumer behavior in India. Researchers have explored the factors influencing online purchase intentions, the role of digital marketing, and the impact of consumer trust.

A study by **Kurrey and Sheikh (2025)** provides a comprehensive overview of consumer buying behavior trends in Indian e-commerce. Their work highlights that convenience, pricing, delivery speed, and product reviews are critical factors influencing consumer choices. They also point to the growing skepticism around the authenticity of online reviews and the rising demand for unbranded or private-label products<sup>[3]</sup>.



The following table summarizes key findings from various authors in the field:

Author(s) & Year	Focus of Research	Key Findings
Afreen Nishat et al. (2022)	Willingness to pay a premium for perishable goods	Consumers' willingness to pay is influenced by price, value perception, and trust in online labels and certifications <sup>[3]</sup> .
Thomas et al. (2020)	Credibility of online reviews	The precision, completeness, and reliability of reviews influence consumer trust, but fake reviews diminish credibility <sup>[3]</sup> .
Jaafar (2012); Singh & Roy (2023)	Purchase intention for private-label products	A positive perception of private-label brands, based on perceived value rather than brand recognition, encourages purchases <sup>[3]</sup> .
Wang et al. (2018); Kumar & Sharma (2023)	Loyalty in fresh food purchases (online vs. retail)	Convenience is a key driver for online grocery shopping, leading to different loyalty patterns compared to offline channels <sup>[3]</sup> .
Tuan et al. (2022); Gupta et al. (2024)	Perceived risks in e-commerce (data security, pricing)	Trust in platforms, secure payment options, and app usability are crucial for mitigating perceived risks and influencing behavior <sup>[3]</sup> .
Bain & Company (2025)	E-retail disruptions and "Many Indias" consumer behavior	Identifies Q-commerce, trend-first, and hyper-value models as major disruptions. Highlights diverse behaviors across Gen Z, regions, and city tiers <sup>[1]</sup> .

### 3. RESEARCH GAP:

While existing literature has extensively covered general e-commerce trends and consumer behavior determinants, a significant gap remains in understanding the collective impact of the new wave of disruptive e-retail models in the Indian context. There is a need for a consolidated analysis of how **quick commerce, trend-first commerce, and hyper-value commerce** are simultaneously reshaping consumer expectations and behaviors across India's diverse demographic and geographic segments. Much of the research predates the full-blown impact of these models, particularly in the post-2024 landscape. This paper aims to address this gap by synthesizing the latest data and trends to provide a current and holistic view.

### 4. RESEARCH PROBLEM:

The primary research problem is to analyze the latest e-commerce trends emerging in India in 2025 and to understand their specific, multi-faceted impact on consumer behavior. This includes examining how different consumer segments (defined by age, region, and e-retail maturity) are responding to these trends and what strategies businesses can adopt to effectively cater to this complex and heterogeneous market.

### 5. OBJECTIVES:

The main objectives of this research paper are:

1. To identify and analyze the dominant e-commerce trends in India for 2025, including technological innovations and new business models.
2. To examine the evolving patterns of consumer behavior in response to these trends, focusing on different consumer segments.
3. To conduct a SWOC analysis of the Indian e-commerce sector to understand its internal strengths and weaknesses, as well as external opportunities and challenges.
4. To provide strategic recommendations for e-commerce businesses to enhance growth, customer engagement, and competitiveness in the Indian market.



## 6. RESEARCH METHODOLOGY:

This study employs a descriptive and analytical research design. It is based on the analysis of secondary data collected from a wide range of credible sources. These include:

- In-depth industry reports from consulting firms like Bain & Company, McKinsey & Company, and EY<sup>[1][4][5]</sup>.
- Market research data and forecasts from sources such as IBEF and Statista<sup>[2][6]</sup>.
- Academic research papers and journal articles from databases like Google Scholar<sup>[3][7]</sup>.

The research synthesizes qualitative and quantitative data to build a comprehensive understanding of the topic. A SWOC analysis framework is used to systematically evaluate the factors influencing the e-commerce landscape<sup>[3]</sup>.

## 7. DATA ANALYSIS:

The Indian e-commerce market is on a strong growth trajectory. As of 2024, it has become the world's third-largest retail market, with an e-retail GMV of about \$60 billion<sup>[1]</sup>. The market size is expected to grow significantly in the coming years.

### MARKET GROWTH AND PROJECTIONS:

The table below illustrates the market's growth from 2020 to 2025, showing a consistent upward trend in market size, although the growth rate is projected to moderate as the market matures<sup>[2]</sup>.

Year	Market Size (USD Billion)	Growth Rate (%)
2020	46.2 <sup>[2]</sup>	—
2021	63.4 <sup>[2]</sup>	37% <sup>[2]</sup>
2022	83.5 <sup>[2]</sup>	32% <sup>[2]</sup>
2023	110.3 <sup>[2]</sup>	32% <sup>[2]</sup>
2024	138.9 <sup>[2]</sup>	26% <sup>[2]</sup>
2025	163.0 <sup>[2]</sup>	17% <sup>[2]</sup>

## KEY CONSUMER BEHAVIOR TRENDS:

1. **Rise of Quick Commerce (Q-commerce):** Q-commerce (delivery in under 30 minutes) has revolutionized consumer buying habits. In 2024, it accounted for over two-thirds of all e-grocery orders and a tenth of total e-retail spending<sup>[1]</sup>. This model is expanding beyond groceries into categories like electronics and apparel and is projected to grow by over 40% annually through 2030<sup>[1]</sup>.
2. **The Gen Z Influence:** Gen Z (born 1997-2012) now represents 40% of India's e-retail shoppers. Their behavior is distinct: they are more experimental, rely heavily on social media for brand discovery, make faster purchase decisions, and strongly prefer UPI for payments<sup>[1]</sup>.
3. **Regional and Tier-2/3 City Growth:** Consumer behavior varies significantly by region, influenced by local culture and economic factors<sup>[1]</sup>. Furthermore, shoppers in Tier-2 and smaller cities now exhibit spending power comparable to those in metro areas, driven by better logistics and a growing interest in premium brands<sup>[1]</sup>. Three in five new shoppers since 2020 have come from cities designated as Tier-3 or smaller<sup>[1]</sup>.
4. **Hyper-Value and Trend-First Commerce:** Platforms offering ultra-low-price assortments (hyper-value) have seen their market share surge to over 12% of e-retail GMV, attracting price-sensitive consumers<sup>[1]</sup>. Simultaneously, trend-first commerce, especially in fashion, which focuses on launching trendy collections at affordable prices, is expected to quadruple to \$8–\$10 billion by 2028<sup>[1]</sup>.

## 8. SWOC ANALYSIS:

A SWOC analysis reveals the key internal and external factors impacting the Indian e-commerce sector<sup>[3]</sup>.

- **Strengths:**
  - **Widespread Digital Adoption:** High and growing internet and smartphone penetration<sup>[3]</sup>.
  - **Fast-Growing Market:** A high CAGR and expanding reach across multiple product categories<sup>[3]</sup>.
  - **Personalized Shopping:** AI-driven recommendations are enhancing customer engagement and conversion rates<sup>[2][3]</sup>.



- **Demographic Dividend:** A large, young, and tech-savvy population<sup>[6]</sup>.
- **Weaknesses:**
  - **Cybersecurity Concerns:** Online fraud and data privacy risks deter some consumers<sup>[3]</sup>.
  - **Tangibility Issues:** Inability to physically inspect products remains a barrier for certain categories and consumers<sup>[3]</sup>.
  - **Complex Reverse Logistics:** Managing returns and refunds efficiently is a persistent challenge<sup>[3]</sup>.
- **Opportunities:**
  - **Expansion into Rural Markets:** Increasing internet reach in smaller towns and rural areas presents vast untapped potential<sup>[2][3]</sup>.
  - **Technological Advancements:** Adoption of 5G, AR/VR, and AI can create more immersive and efficient shopping experiences<sup>[8][2]</sup>.
  - **Sustainability:** Growing consumer preference for eco-friendly and ethical brands offers a new dimension for competition<sup>[2][9]</sup>.
  - **Vernacular Commerce:** Localized content and language support can attract a broader customer base<sup>[2]</sup>.
- **Challenges:**
  - **Intense Competition:** Price wars and heavy discounting from domestic and global players create a challenging environment<sup>[3]</sup>.
  - **Logistics and Supply Chain:** Last-mile delivery inefficiencies, especially in non-metro areas, can impact customer satisfaction<sup>[3]</sup>.
  - **Consumer Trust:** Concerns about product authenticity and misleading advertisements affect buyer confidence<sup>[3]</sup>.
  - **Regulatory Landscape:** Evolving policies on taxation, data protection, and FDI require constant adaptation<sup>[3]</sup>.

## 9. RECOMMENDATIONS:

To succeed in India's dynamic e-commerce market, businesses should consider the following strategic recommendations:

1. **Embrace Hyper-Localization:** Businesses must move beyond a one-size-fits-all approach. This involves tailoring product assortments, marketing communication, and language to align with diverse regional and cultural preferences, effectively catering to the "many Indias"<sup>[1]</sup>.
2. **Invest in Technology and Personalization:** Leverage AI and machine learning to offer hyper-personalized recommendations, improve customer service with chatbots, and optimize supply chains<sup>[2][5]</sup>. The integration of AR/VR for virtual try-ons can help bridge the tangibility gap<sup>[10][8]</sup>.
3. **Develop an Omnichannel Strategy:** Bridge the gap between online and offline retail. Physical experience centers can build trust, while integrated inventory systems can offer a seamless shopping experience across all channels<sup>[6][3]</sup>.
4. **Strengthen Supply Chain for Speed and Reach:** To compete with Q-commerce, businesses must invest in robust logistics. This includes optimizing last-mile delivery to serve Tier-2/3 cities effectively and managing reverse logistics to handle returns smoothly<sup>[3]</sup>.
5. **Focus on Building Trust and Sustainability:** Enhance cybersecurity measures to protect customer data. Be transparent with pricing and product information. Cater to the growing demand for sustainable products and ethical practices, as this is becoming a key differentiator for consumers<sup>[2][3][9]</sup>.

## 10. CONCLUSION:

The Indian e-commerce sector is not just expanding; it is evolving into a more complex, fragmented, and nuanced ecosystem. The rapid rise of Q-commerce, trend-first models, and hyper-value platforms is fundamentally altering consumer expectations around speed, choice, and price. Consumer behavior is no longer monolithic but is shaped by a confluence of factors including age (especially the rise of Gen Z), geographic location, and income levels.

Success in this market is no longer solely about scale but about agility, localization, and a deep understanding of the diverse consumer segments. Businesses that invest in technology, build trust, and adapt their strategies to the unique needs of the "many Indias" will be best positioned to thrive in this exciting and competitive landscape. The future of e-commerce in India will be defined by personalization, sustainability, and immersive digital experiences<sup>[2]</sup>.



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