CLICKING INTO THE FUTURE: TRENDS DRIVING INDIA'S ONLINE SHOPPING SURGE

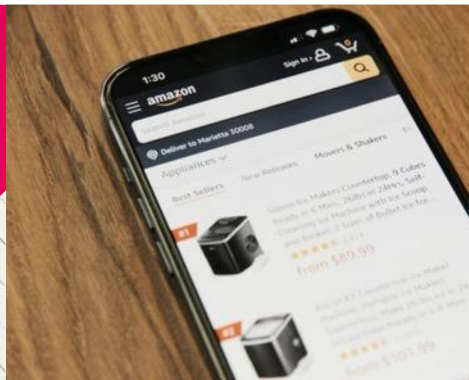
January 2025

India's retail sector is undergoing a digital metamorphosis

Online shopping is reshaping consumer shopping habits by leveraging the country's escalating digital connectivity and demographic shifts. Online shopping offers unmatched convenience, extensive choices, and often better prices than traditional stores.

Ipsos India conducted a survey among 2200 urban Indian consumers (Refer: Methodology) to gauge their online shopping habits. Based on our experience in the e- commerce sector and the survey results, we have compiled ten key consumer trends in online shopping, impacting purchase behavior and shaping E-commerce strategies.

1 Widening Demographics



2 Deeper Reach

3 Beyond Bargains

4 Instant Gratification

5 Anywhere, Anytime Shopping

6 Frequent Shopping Occasions

7 Online Reviews

8 Brand Switching

9 Specialization Surge

10 The Invisible Wallet

1. Widening Demographic: Rising female and Gen X participation in online shopping - Initially dominated by males, online shopping in India is now seeing significant female participation. This shift is not only expanding the consumer base, but also diversifying the product range, with growing demand for grocery, beauty, apparel, and household items. Current online shoppers (across E-commerce and Q- commerce) are almost equally split across males (53%) and females (47%) in our survey.

In terms of age group, while Gen Z is more active with shopping online (30% shopped online in the last 3 months), the trend extends to Millennials (23%) and Gen X (19%) as well.

Implication: Women's meticulous shopping habits, coupled with their influence and involvement in family purchase decisions, require marketers to provide comprehensive product information and build trust through transparent communication. Additionally, understanding online shopping behaviour of Gen X is also important to tailor effective targeting strategies.

2. Deeper Reach: E-commerce Breaks Down Geographical Barriers – With ~45% of internet users residing in rural India, and another 20-25% in small towns/ non – metros, E-commerce giants are unlocking the immense market potential. This digital wave is bringing a flood of new customers from Tier 2 and Tier 3 cities, transforming the retail landscape by offering consumers in lower town class/ rural areas unprecedented access to a plethora of goods and services. 2- in -10 of non- metro consumers shop online, as per our survey.

It's interesting to note that while Grocery is purchased online more in metros/Tier 1 and among affluent population, apparel purchase is high even in Tier 2/3 towns and among lower SECs.

Implication: To ride this wave, businesses should craft culturally resonant marketing strategies, bolster their logistics for swift deliveries, and forge partnerships with local enterprises, turning these untapped regions into thriving commercial hubs. Also, need to focus on strengthening mobile commerce - given the high mobile internet penetration.

3. Beyond Bargains: The Rising Appeal of Speed and Convenience - While discounts have always been the major lure, the value proposition of online shopping has evolved. 68% mention speed and convenience as the top reasons for shopping online, as compared to 61% looking for offers and discounts. This gap is much more noticeable among Gen X shoppers – who mention convenience (75%) as compared to discounts (62%).

The advantage of convenience (73%) is noticeably higher among females as compared to search for discounts (58%). At the same time, males value both – discounts (64%) as well as convenience (64%).

This trend underscores the increasing value consumers place on their time and hassle-free transactions. Its worth noting that this trend is more among the affluent (NCCS A). The less affluent online shoppers (NCCS BC) are motivated more by the discounts (67%) than the convenience (57%) the channel offers.

In the context of Q –com, those who order once a week or more frequently on Q commerce apps mention that they shop online more for the convenience (80%) as compared to discounts (59%).

Implication: Need to look at discounts and offers not just in terms of price offs, but as delivering value to consumers. Also understand the evolving context of convenience – which can mean different aspects to different consumers – and develop customer benefits accordingly.

Motivation for shopping online

Source: Ipsos Indiabus Shopper survey, Dec 2024

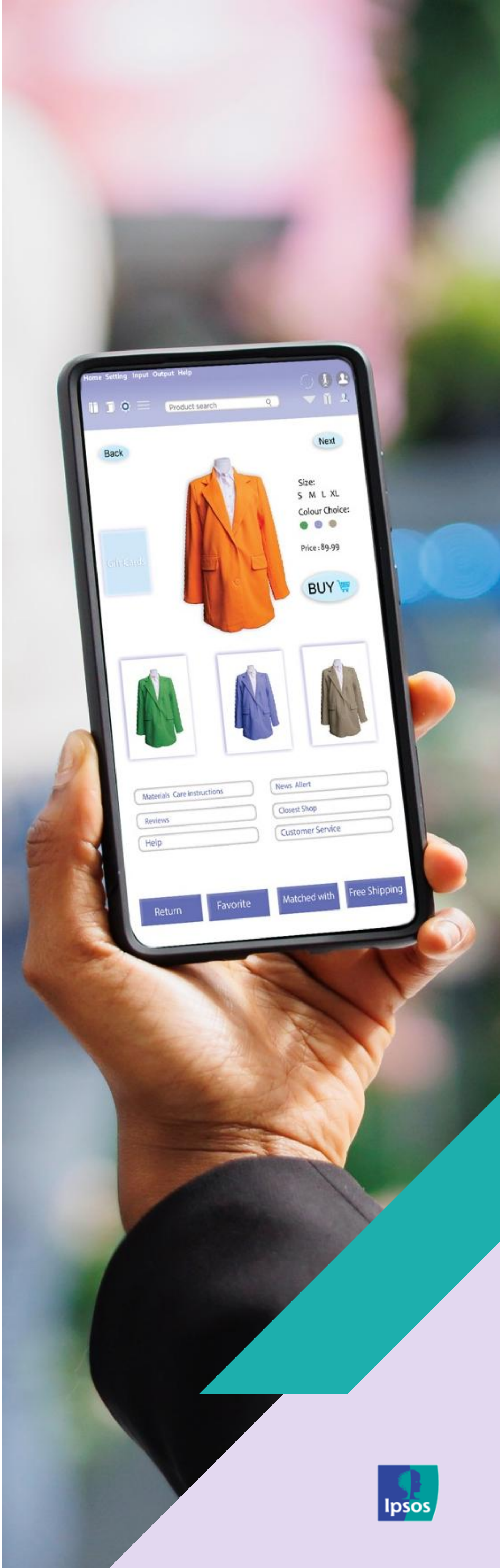
4 Instant Gratification: The Era of Quick Commerce - Today's online shoppers are hooked on to the fast delivery economy. With the rise of Q commerce players (Q com players have seen a growth of 110-130% in Q3 2024, as compared to previous year), consumers are now seeing the benefit of everything (from a packet of chips to culinary ingredients to household items) being available at their doorstep at the click of a button. This creates more "impatient" shoppers, as getting a delivery home is faster than going to the shop - mentioned by 31% of online shoppers – significantly higher among Gen X (41%).

Implication: Stockouts = lost opportunity. Harness the power of real-time insights! By leveraging platform-level analytics, understand shopper behavior through peak browsing, carting and ordering moments. Plan pop up offers accordingly to maximizing engagement and conversions.

5. Agility in Action: Embracing the Anywhere, Anytime Shopping Culture - Online shopping allows for flexible shopping - anytime, anywhere. With increased working hours and rise of nuclear families, ability to place orders even at mid night (and sometimes get instant deliveries as well!) is a benefit appealing to more and more consumers. The ability to shop from anyplace/ anytime is mentioned by 31% online shoppers as a key motivator (higher among Gen X at 39%).

Implication: Salient brands tend to get higher consideration in quick decisions. Hence visibility at the right moments is critical.

Additionally, platforms can add an option to schedule delivery as per customer's convenience.



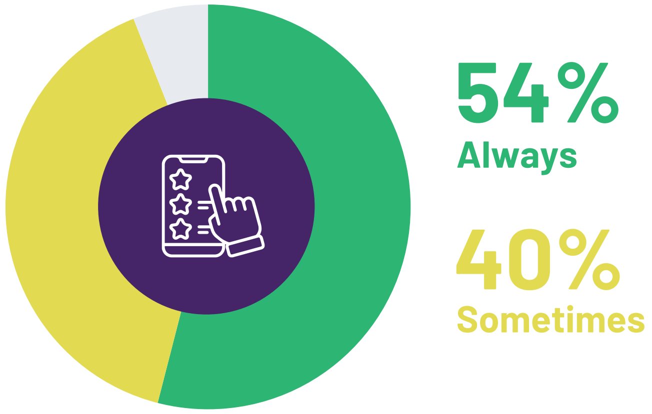
6.On-the-Fly Buys: Frequent Shopping Occasions - The degree of planning for shopping has reduced, with more frequent purchases online. Possibility of instant top ups, availability of almost everything at a click of a button has freed up the need for detailed shopping lists and stock up patterns.

Two- thirds (66%) of Q- commerce shoppers mention they use these sites at least once a week or more frequently .

Implication: In the absence of shopping lists and reduced stocking, there is a need for brands to be available in smaller SKUs online, specially in the context of grocery items. There is also a need to be able to track frequent purchases on the platform.

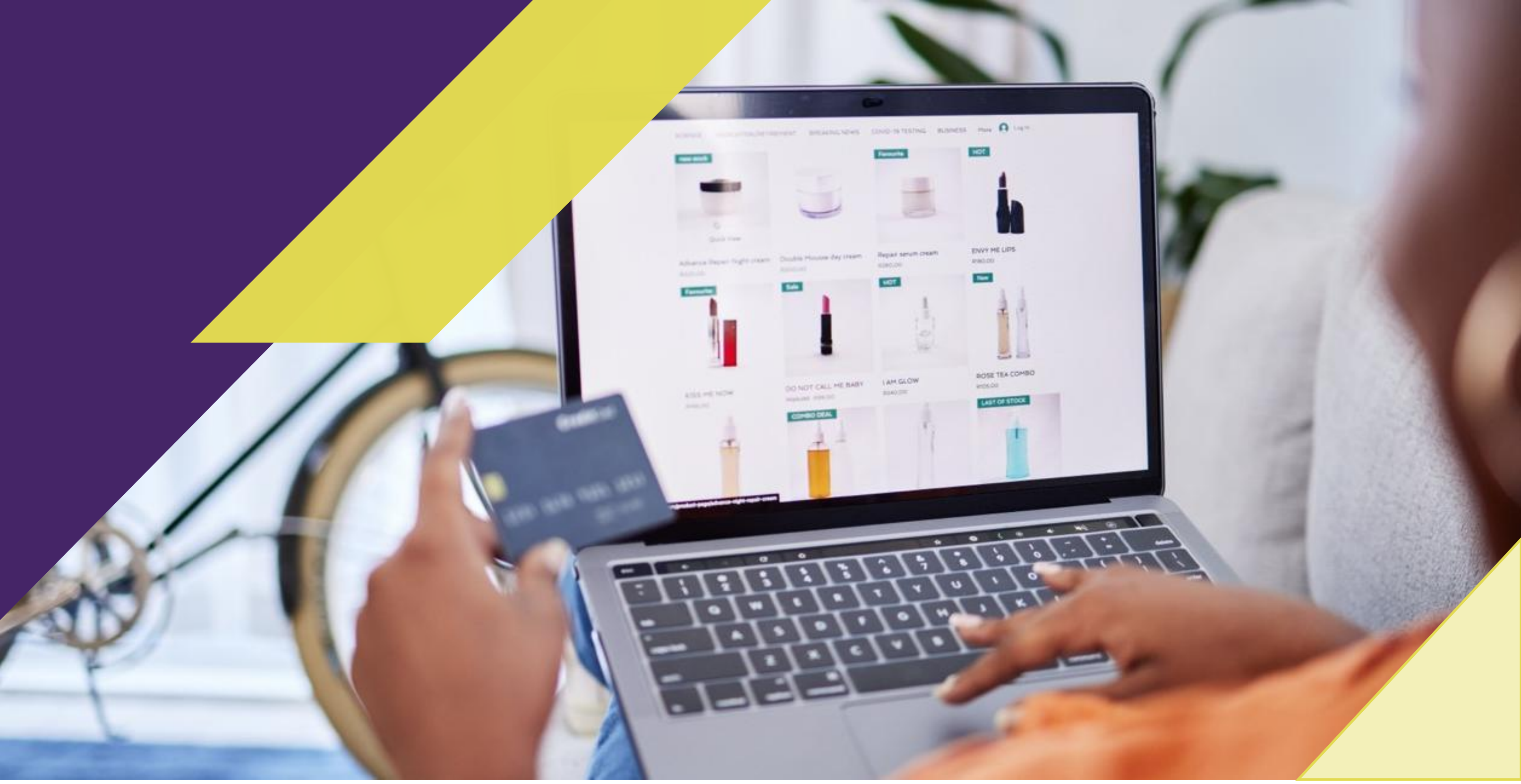
7. Online Reviews: Making a considered purchase - With easy access to product information and reviews, consumers are making more informed decisions. Shoppers spend some time to research and compare multiple offerings (on price, features etc.) and then make a considered purchase decision. 54% online shoppers always and another 40% sometimes check online reviews before making a purchase decision. In the absence of physical touch- and- feel, consumers can make an evaluated purchase only through detailed product information and customer reviews. Thus, online feedback and reviews can strongly influence success of a new launch. This has led to the rise of influencer marketing and product reviews to enhance credibility.

% of online shoppers checking online reviews



Source: Ipsos Indiabus Shopper survey, Dec 2024

Implication: Brands need to provide detailed product information and focus on building positive and authentic consumer reviews to aid in selection.



8. Brand Roulette: The Increased Propensity for Brand Switching Online - The digital marketplace encourages exploration, leading to higher brand switching, pointing to the fluid customer loyalty in the online shopping environment. In fact, 60% of those shopping for apparel and 55% of those shopping for grocery mention that they will purchase another brand (if the one planned for was not available), while shopping online.

Implication: Need for immediate purchase, combined with a menu of choices, leads to higher vulnerabilities to switch. Hence brands need to build consumer loyalties, at the same time ensure availability and easy search visibility on the online platforms.

9. Specialization Surge: The Rise of Category-Specific Platforms - The boom in specialized platforms/ vertical players, is reshaping e-commerce. Many new entrants across sectors like grocery, beauty, baby-care products, apparel, e- pharmacies etc. have appeared on the scene and led to the E-commerce boom in India.

For e-grocery specifically, the key task is having a wide offering available under one roof - 60% of online shoppers in our survey mention using Q- com sites like Blinkit, Zepto, Swiggy Instamart etc. with majority of them using more than one app!

Implication: Presence across multiple platforms and a clutter breaking approach is required for the brand to be noticed and to maximize conversion. Leverage AI to provide recommendations basis search.

10. The Invisible Wallet: The Challenge of Tracking Online Expenditure - The ease of online shopping makes expenditure tracking challenging, highlighting the need for effective budgeting tools in the digital shopping era. Nearly half (49%) of online shoppers in our survey do not remember how much they have spent online in the last one month.

Implication: Platforms should consider the possibility to introduce planners, budget checks as features/ shopping tools, to build loyalty to the platform.

In conclusion,

This landscape presents a unique opportunity for marketers – with its own challenges. Shoppers are more impatient, less planned, may not be brand loyal and look for instant gratification. At the same time, the channel offers wider reach, which may not be possible through physical distribution channels for all brands, and the possibility of hyperlocal and niche marketing - leveraging geotargeting to appeal to specific communities or a specific targeted audience.

By understanding the nuances of online shopping behavior, marketers can tailor their strategies to effectively capture the immense potential of this evolving digital marketplace.

Trend	Implication
Widening Demographic	Take into account meticulous shopping behaviour of females; Don't ignore Gen X
Deeper Reach	Bolster logistics for wider reach, tie up with local enterprises
Beyond Bargains	Build value beyond price offs and customer benefits in the evolving context of convenience
Instant Gratification	Stockouts = lost opportunity
Anywhere, Anytime Shopping	Visibility at the right moments is critical
Frequent Shopping Occasions	Review SKU mix differently for online and offline channels
Online Reviews	Build credible positive consumer reviews in an engaging format (e.g. videos)
Brand Switching	Retain Customer loyalty, ensure presence and easy search visibility
Specialization Surge	Need for presence on such "specialist" platforms as well
The Invisible Wallet	Introduce planners, budget checks as features/ shopping tools

Methodology

IPSOS INDIABUS
Omnibus that captures the nation's pulse

The survey was conducted using Ipsos IndiaBus, which is a monthly pan India omnibus conducted by Ipsos India on diverse topics, among 2200+ respondents per month from NCCS A, B and C households, covering adult male/ females across all four zones in the country.

This survey was conducted in December 2024, across 16 cities - mix of Metros, Tier 1, Tier 2 and Tier 3 towns, providing a robust and representative view of urban Indians.

The respondents were surveyed both face to face and online. The data was weighted by demographics and city-class population to arrive at national average.

For further information,

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