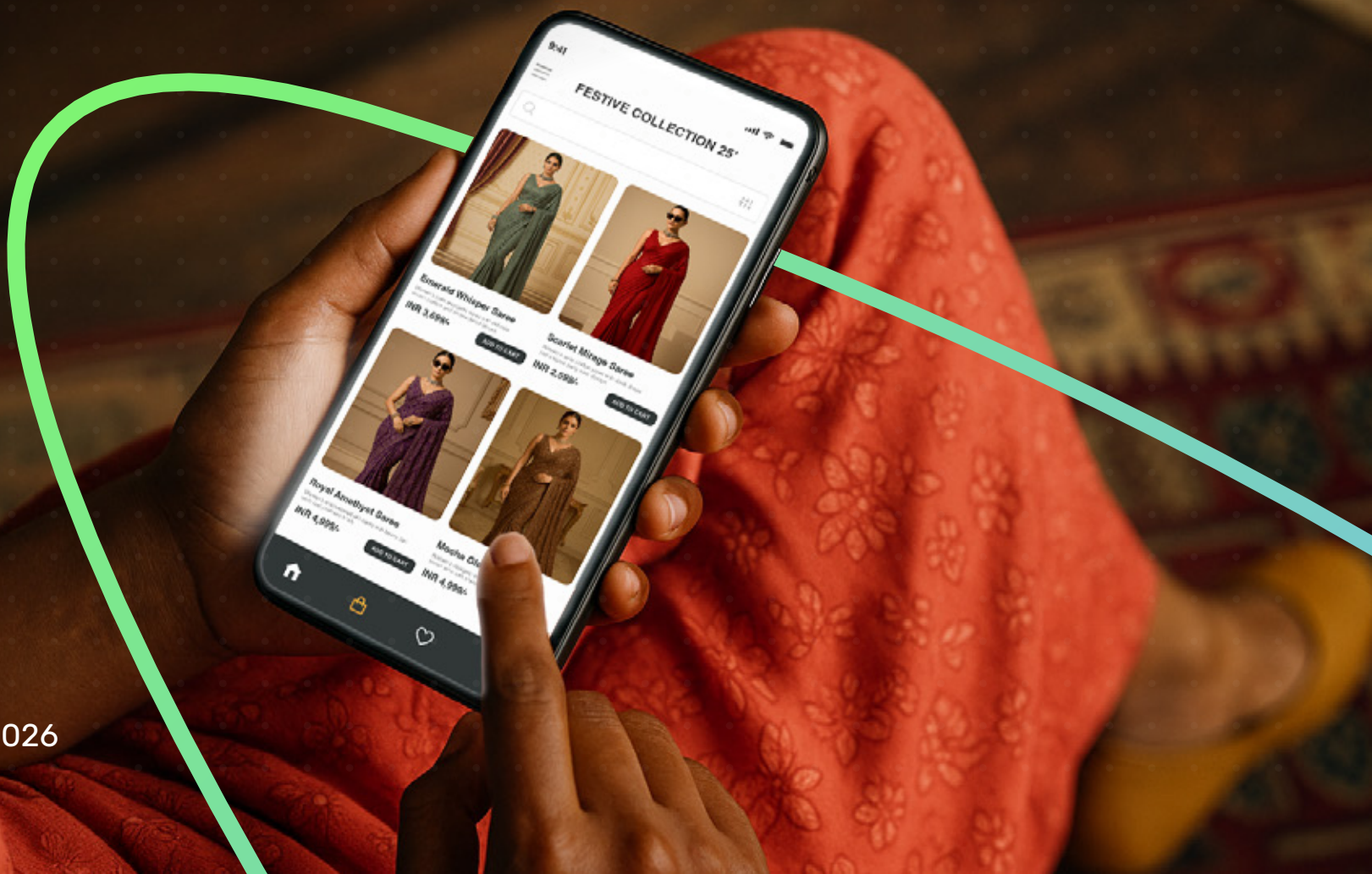




\$300 Billion Connected Commerce

How clicks and bricks are defining the future of India's E-commerce



February 2026





About BCG

Boston Consulting Group partners with leaders in business and society to tackle their most important challenges and capture their greatest opportunities. BCG was the pioneer in business strategy when it was founded in 1963. Today, we work closely with clients to embrace a transformational approach aimed at benefiting all stakeholders—empowering organizations to grow, build sustainable competitive advantage, and drive positive societal impact.

Our diverse, global teams bring deep industry and functional expertise and a range of perspectives that question the status quo and spark change. BCG delivers solutions through leading-edge management consulting, technology and design, and corporate and digital ventures. We work in a uniquely collaborative model across the firm and throughout all levels of the client organization, fueled by the goal of helping our clients thrive and enabling them to make the world a better place.



Foreword

E-commerce is redefining how India shops, with online and offline now functioning as complementary channels in consumer journeys. Shoppers fluidly navigate between screens and stores, research online, buy offline, and vice versa, based on convenience, needs, and trust. The digital landscape itself is evolving rapidly with formats like quick commerce and social commerce gaining ground. Inevitably, this is expanding the role of e-commerce in a consumer's journey and how it serves for everyday utility. This report is focused on India's B2C e-commerce landscape, reflecting how consumer-facing digital commerce is transforming retail and services.

The intent of this report is to explore how this coexistence of online and offline is creating value across the ecosystem — shaping how consumers engage, how platforms design experiences, and how brands and sellers scale. It traces the rise of new e-commerce formats, the shift in shopper behavior, and what it will take to continue this dynamic momentum. Data backed, the insights in this report have been built on a survey of over 12,000 shoppers and through holistic perspectives from industry players across the ecosystem and complemented by BCG's experience. It aims to serve as a ready reckoner for anyone across the e-commerce ecosystem looking to sharpen strategy, deepen execution, and unlock new value in India's fast-evolving commerce landscape.



Executive Summary

India's consumption engine continues to gain momentum, as both online and offline retail and services grow steadily. Digital and physical are now complementary levers within a single commerce ecosystem as shoppers today move fluidly across channels. 90-95% of online shoppers also purchase offline, while nearly half of offline shoppers research online before purchase – making clicks and bricks part of one journey. E-commerce is now integral to daily life, from daily baskets and on-the-go needs to restaurant and travel bookings, underlining the higher growth in services in comparison to retail. By 2030, India's e-commerce market is expected to reach \$300 Bn, with a shopper base nearing 440 Mn. At the same time, offline retail remains resilient, clocking 13-14% annual growth over the last four years. The opportunity is to treat the market as one, served through many doors.

The shape of e-commerce is broadening as new formats gain momentum. Category-focused platforms now account for over 60% of online spending whereas horizontal marketplaces contribute just under one-third. Quick commerce is making need-it-now shopper missions mainstream,

boosting frequency and top-ups, while social commerce and community-led discovery are bringing newer and smaller-city users into the fold of e-commerce. Shoppers now choose platforms based on mission, maturity, and intent engaging across multiple formats to meet different needs. Clarity on the role of each format, and sharpened execution on where and how to win, now matter more than ever.

E-commerce has delivered impact across the commerce ecosystem – shoppers, sellers, brands, logistics players, and the government. Women and rural shoppers comprise a growing share of online shoppers, attracted by convenience, safety, and choice. Sellers are scaling faster, catering to national demand with lower cost-to-serve, aided by shared infrastructure, digital tools, and rapid innovation cycles. Local businesses, artisans, and Micro, Small, and Medium Enterprises are formalizing, reaching new customers and geographies. Simultaneously, India's logistics backbone is modernizing, digital payments are expanding, and the workforce is becoming increasingly digitally skilled.

As the sector matures, what lies ahead is not just how it maintains growth in an increasingly dynamic environment but also how it further enables and elevates the entire ecosystem. The focus must shift to building a vibrant and trustworthy ecosystem that fosters innovation, empowers participation, expands access to capital and digital skills, and adapts to the needs of a diverse and evolving India.

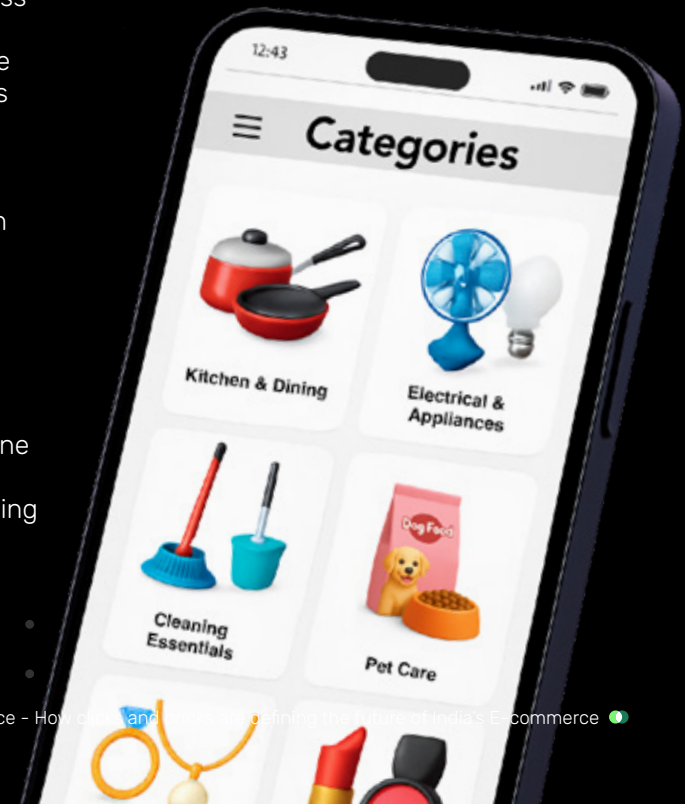


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Evolution of India's spending

Currently at \$120-140 Bn, e-commerce is estimated to reach \$280-300 Bn by 2030, comprising only 7-8% of total consumer spends.

E-commerce comprises e-retail and e-services estimated at \$75-85 Bn and \$45-55 Bn, respectively.

E-commerce adoption is becoming more widespread and the next wave of growth will be led by smaller cities and middle-income groups.

Multi channel is the norm as nine of ten online shoppers still shop offline and five of ten offline shoppers use online to research and gather information.

Evolving online aisles

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Decoding e-commerce

Category focused players now account for >60% of e-commerce spends.

Horizontal marketplaces are just about one-third of e-commerce spends.

Emerging formats (such as quick commerce, social commerce) are growing with 50%+ CAGR from 2021 to 2025.

While new online shoppers start with one format, mature shoppers use five+ online formats.

01



02



Beyond the cart: benefits for all

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Impact of e-commerce

~300 Mn Indians now shop online with
~30% from rural India and ~45% women.

~90% of small online businesses
reported growth in sales, with many also
expanding employment.

Time to scale to ₹100 Cr in revenue has reduced
from 11 to 7 years with e-commerce; also 2-3x
faster innovations for brands that sell online.

Innovations & development in logistics have
enabled ~100% serviceable pincode coverage.

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Catalyzing the ecosystem

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Imperatives to drive future growth

Evolving shopper behavior requires both
near-term business actions and long-term
ecosystem enablers.

Need to strengthen presence across channels,
improve first-time shopper experiences,
innovate on formats, and enable MSMEs.

The ecosystem needs deeper investment,
supportive and agile regulation, simplified
export pathways, and future-ready logistics.

Large-scale digital skilling and workforce
readiness are essential to unlock India's next
phase of e-commerce-led growth.

04





01

Across clicks and bricks

Evolution of India's spending

E-commerce encompasses online spends¹ across products and services



E-RETAIL

Purchase of products such as mobiles, apparel, home décor online



E-SERVICES²

Purchase of services such as travel, movie tickets, insurance online

E-COMMERCE

Online spends by consumers on purchasing any new product or service for personal consumption



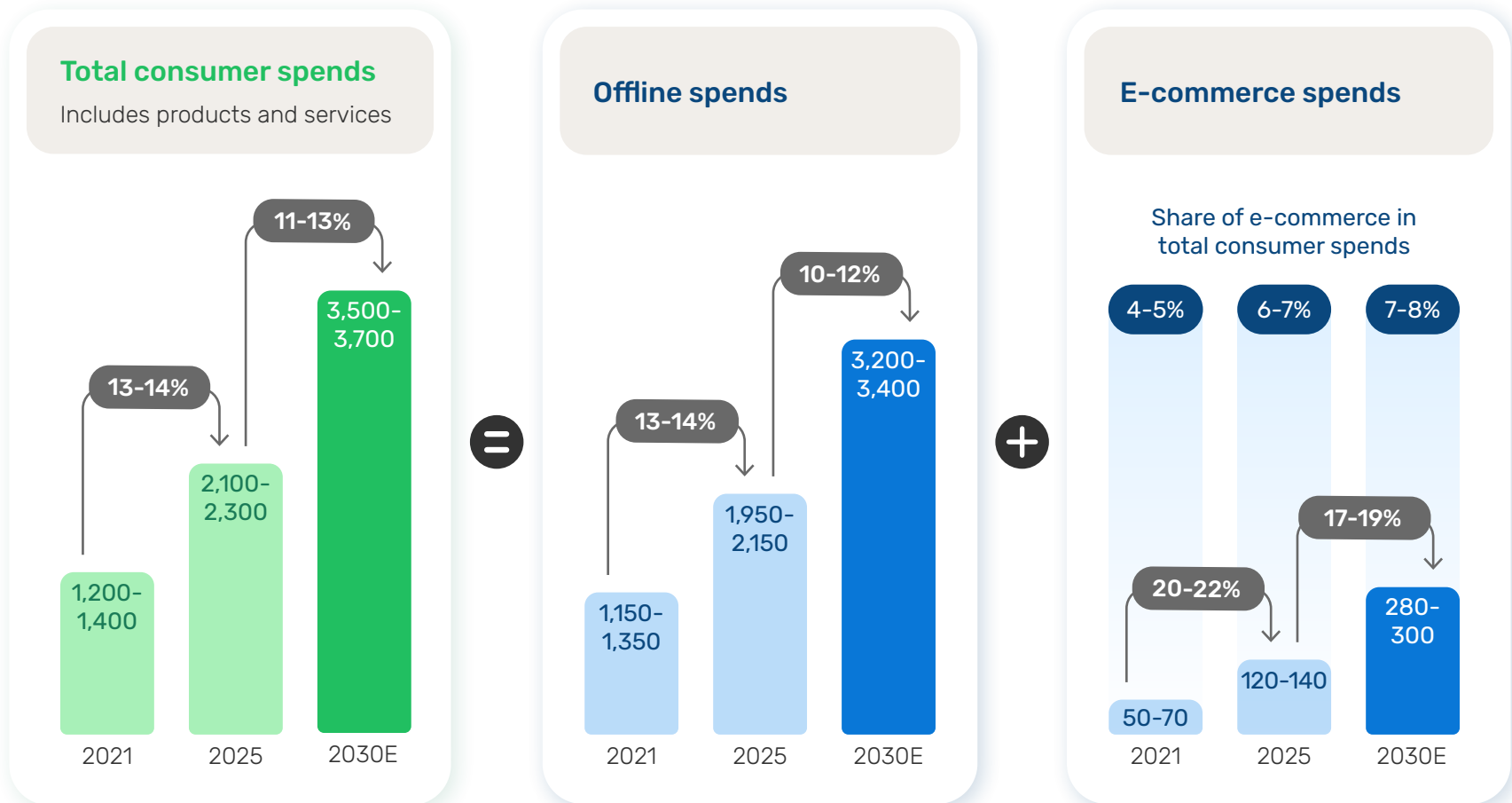
1. In this report, "spends" refers to the total value of consumer spending on goods and services purchased online

2. Recurring expenses on existing services such as monthly bills on existing electricity/water/gas connection are excluded

Source: BCG Analysis

Currently at \$120-140 Bn, e-commerce is estimated to reach \$280-300 Bn by 2030; will still be at 7-8% of total consumer spends

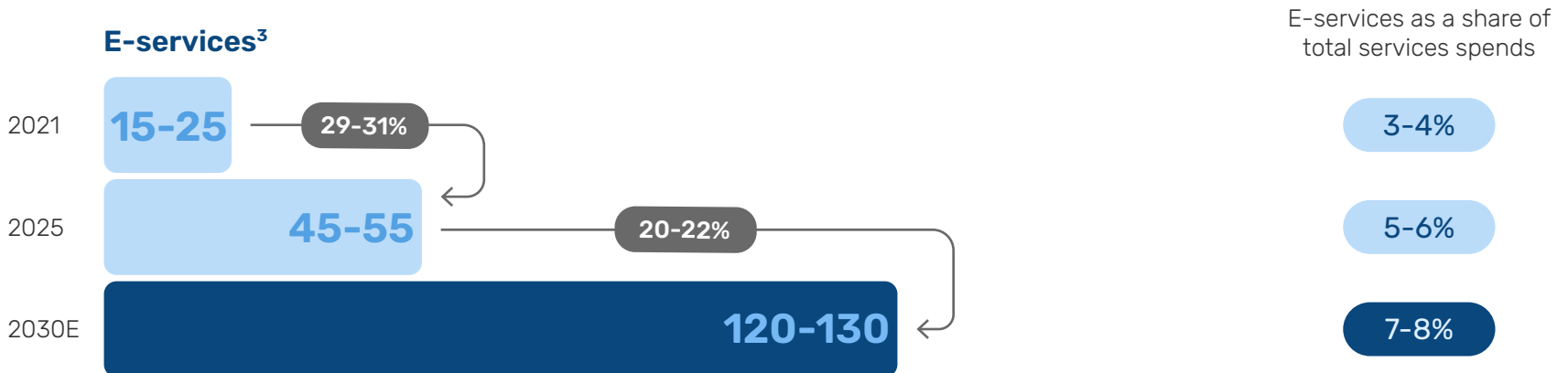
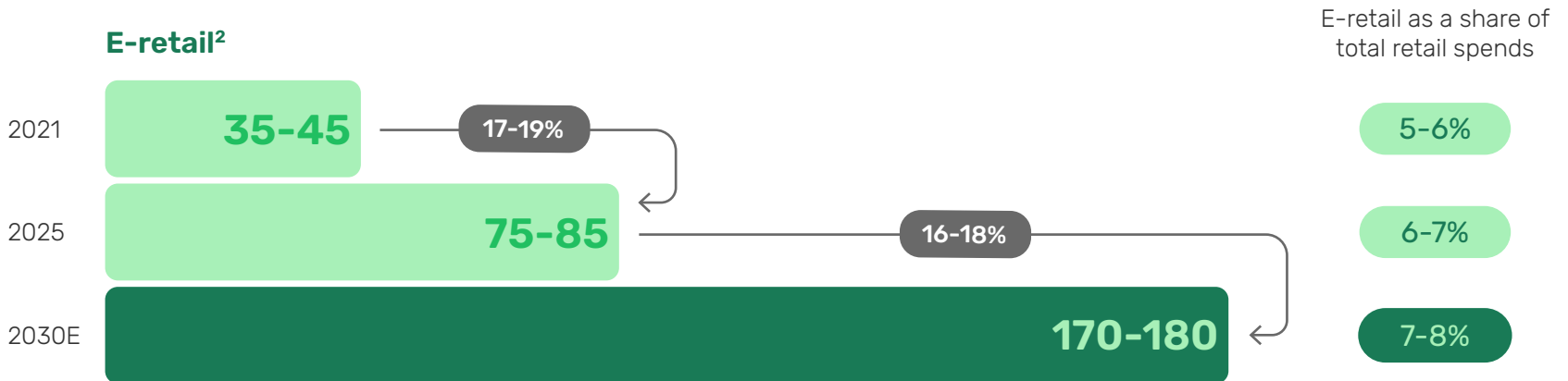
Spend (\$ Bn)



Source: BCG Buzz to Bucks 2021, 2025 survey (N=12,000; Urban and Rural coverage), PFCE, Industry experts, BCG Analysis

Currently estimated at \$75-85 Bn, e-retail is projected to reach \$170-180 Bn; e-services at \$45-55 Bn is projected to reach \$120-130 Bn by 2030

E-commerce spends (\$ Bn)¹

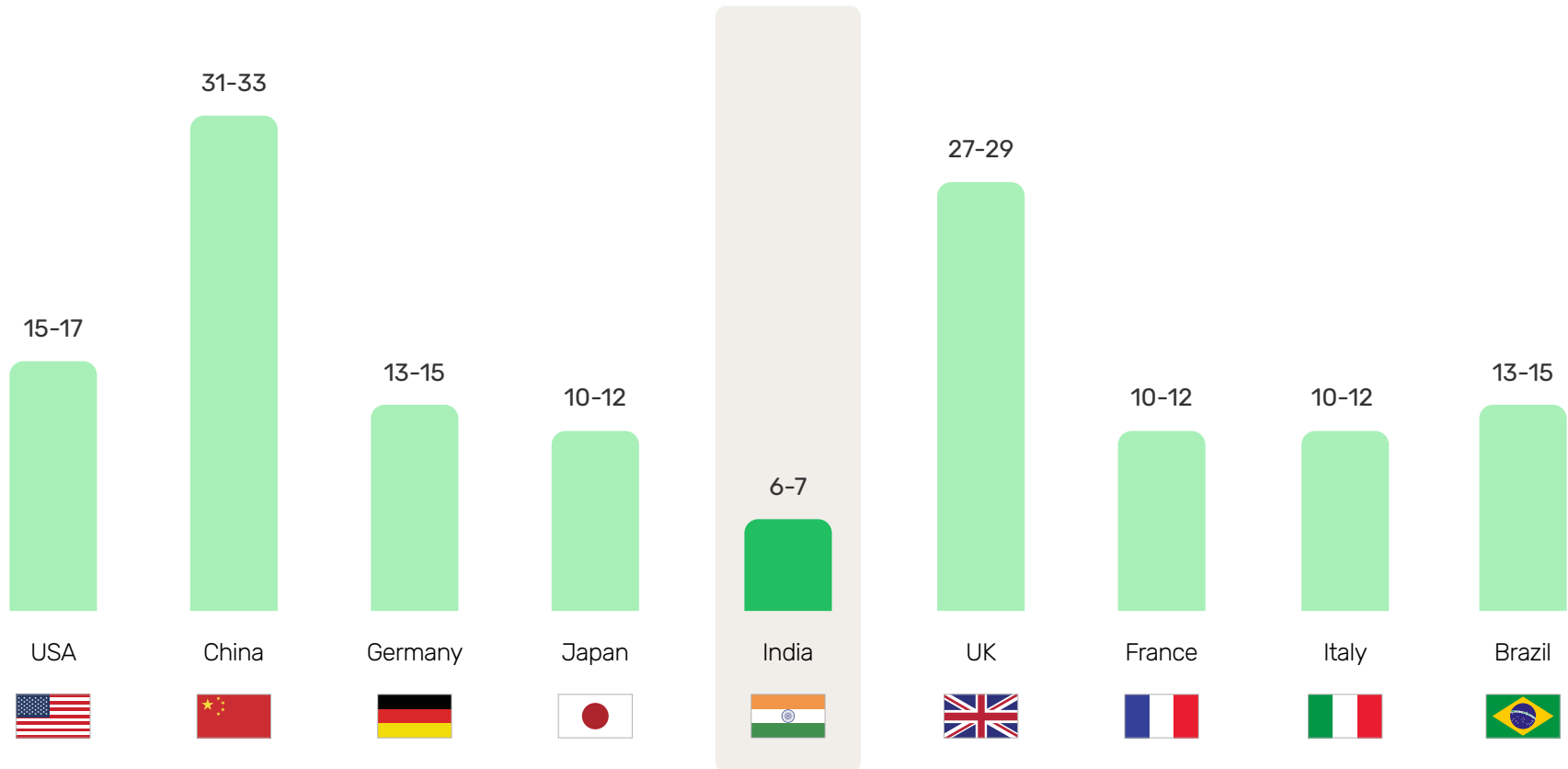


1. E-commerce spends are defined as online spends by consumers on purchasing any product or service for personal consumption **2.** Major categories included in E-Retail: apparel and footwear, mobile, food including fresh, durables/appliances, etc. **3.** Major categories included in E-Services: travel and hotels, restaurants/dining, education, auto service, online subscriptions, etc.

Source: BCG Buzz to Bucks 2021, 2025 survey (N=12,000; Urban and Rural coverage), PFCE, Industry experts, BCG Analysis

Significant room for e-retail growth in India, as penetration remains low in comparison to high GDP countries

Share of E-retail in total retail spends, 2025 (%)

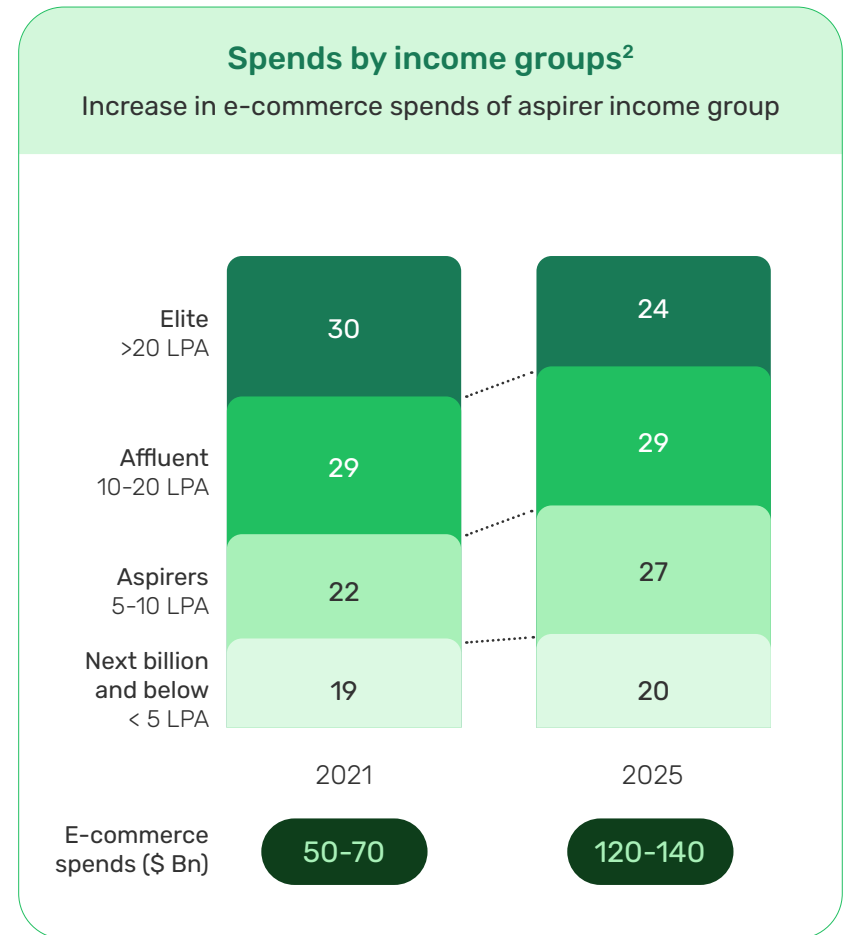
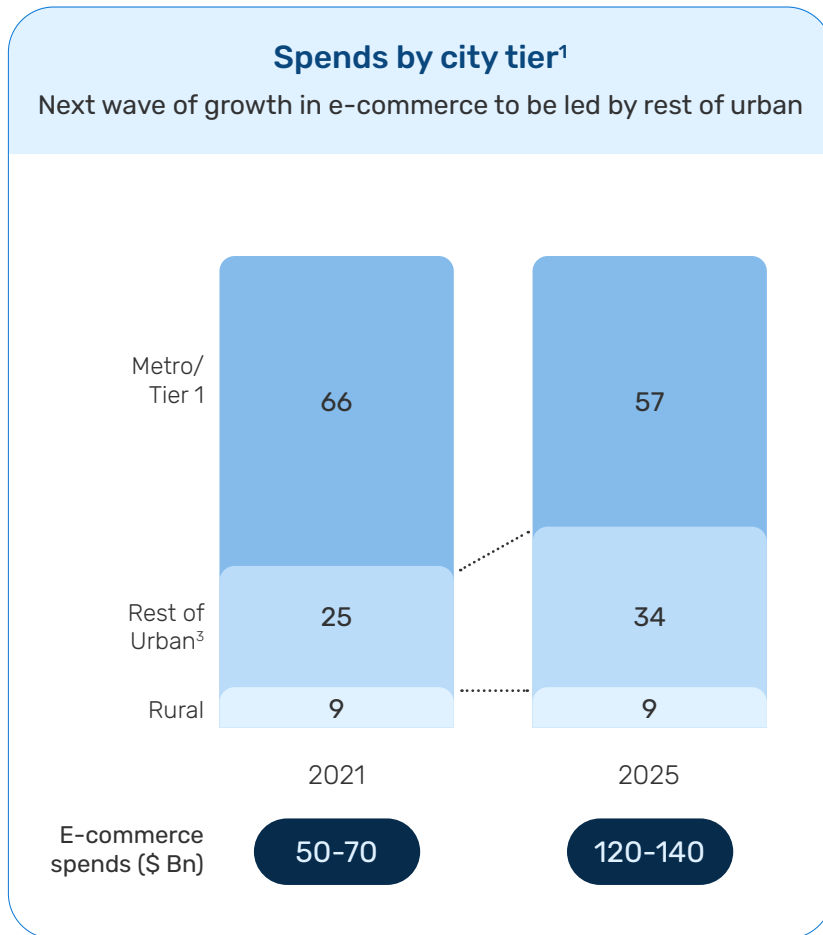


Decreasing GDP

Source: Published Government Statistics, Retail Industry Reports, Euromonitor, eMarketer, BCG Analysis

E-commerce adoption becoming more widespread; next wave of growth in e-commerce to be led by smaller cities and middle-income groups

Share of total e-commerce spends (%)

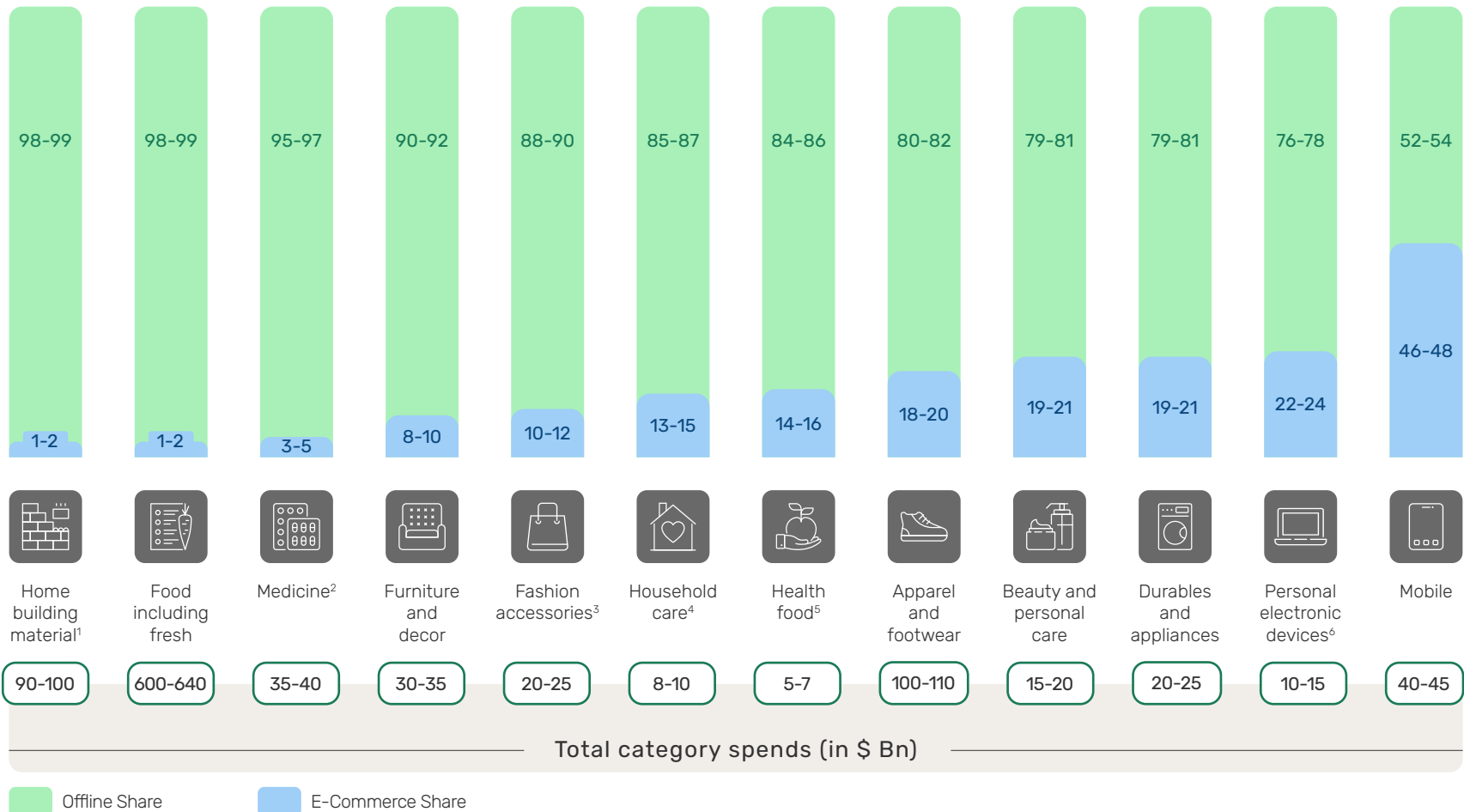


1. City tiers basis population: Metro/Tier 1 - > 10 Lakhs; Rest of Urban (Tier 2,3) - 10 Lakhs - 10K; Rural - < 10K 2. Household income estimated at 2023 prices; split of 18+ population in Mn by income groups for 2025 - Elite (59 Mn) | Affluent (150 Mn) | Aspirer (265 Mn) | Next billion and below (535 Mn) 3. Rest of Urban - Tier 2/3

Source: Buzz to Bucks 2021, 2025 survey (N=12,000; Urban and Rural coverage), BCG analysis

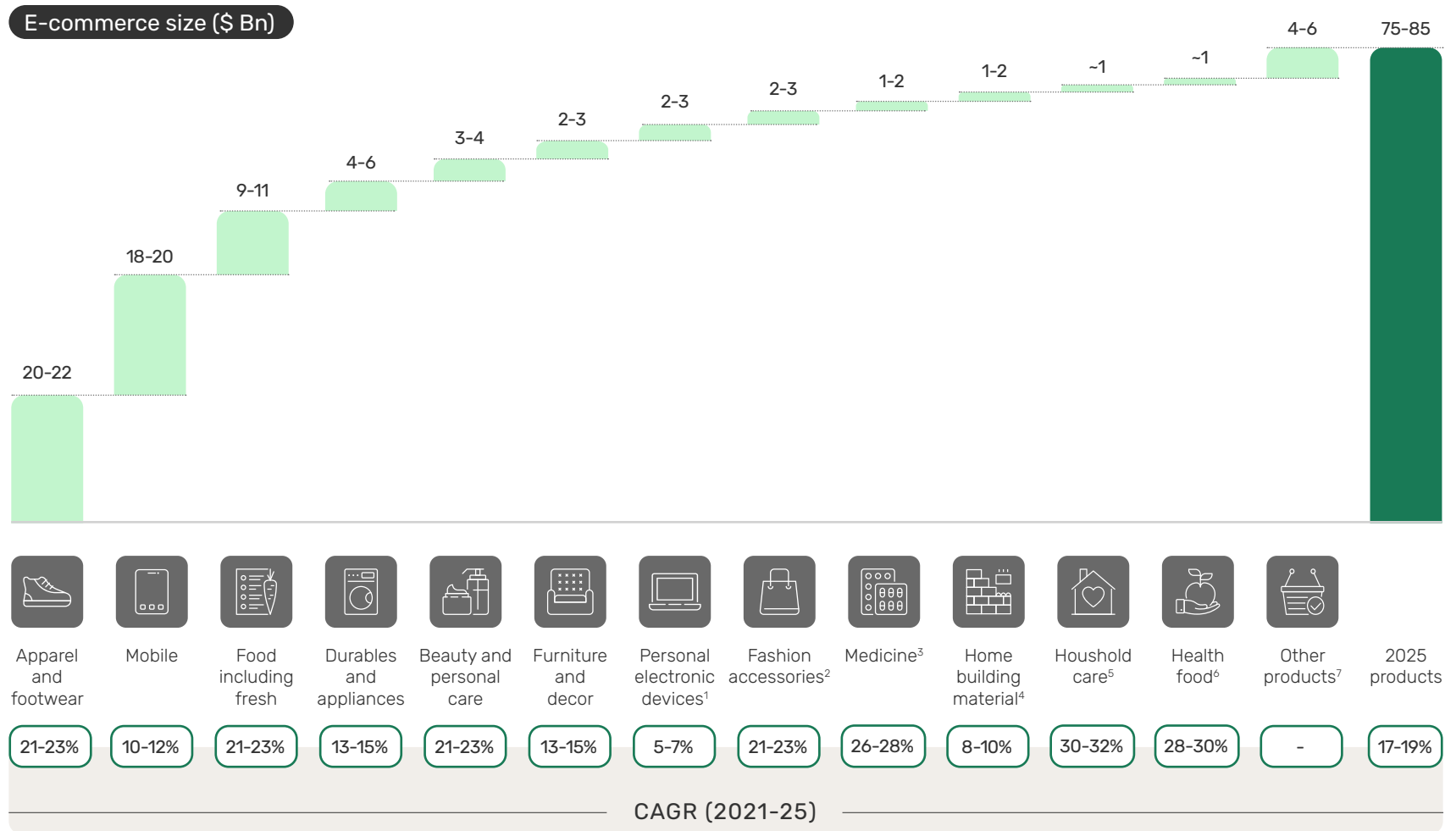
Share of online retail is larger in mobiles, personal electronic devices, durables, beauty, and apparel

Split of total category spends into offline and e-commerce (%)



1. Includes home locks, home lighting, fans, wall paints and wallpaper, electrical and carpentry products, structural building materials, wall tiles/flooring, bath fittings and sanitary products
2. Includes OTC medicines, medicines prescribed for chronic illness and for one-off/acute issues **3.** Includes fashion/imitation jewellery, watches, handbags, suitcases and luggage, sunglasses
4. Includes detergents, cleaning products, etc. **5.** Includes health food drinks, protein supplements, kid and infants food, etc. **6.** Includes laptops, tabs and wearables
Source: BCG Buzz to Bucks 2021, 2025 survey (N=12,000; Urban and Rural coverage), PFCE, Industry experts, BCG Analysis

Apparel and mobile are the largest retail categories online; high growth in new categories like medicines, health food, household care

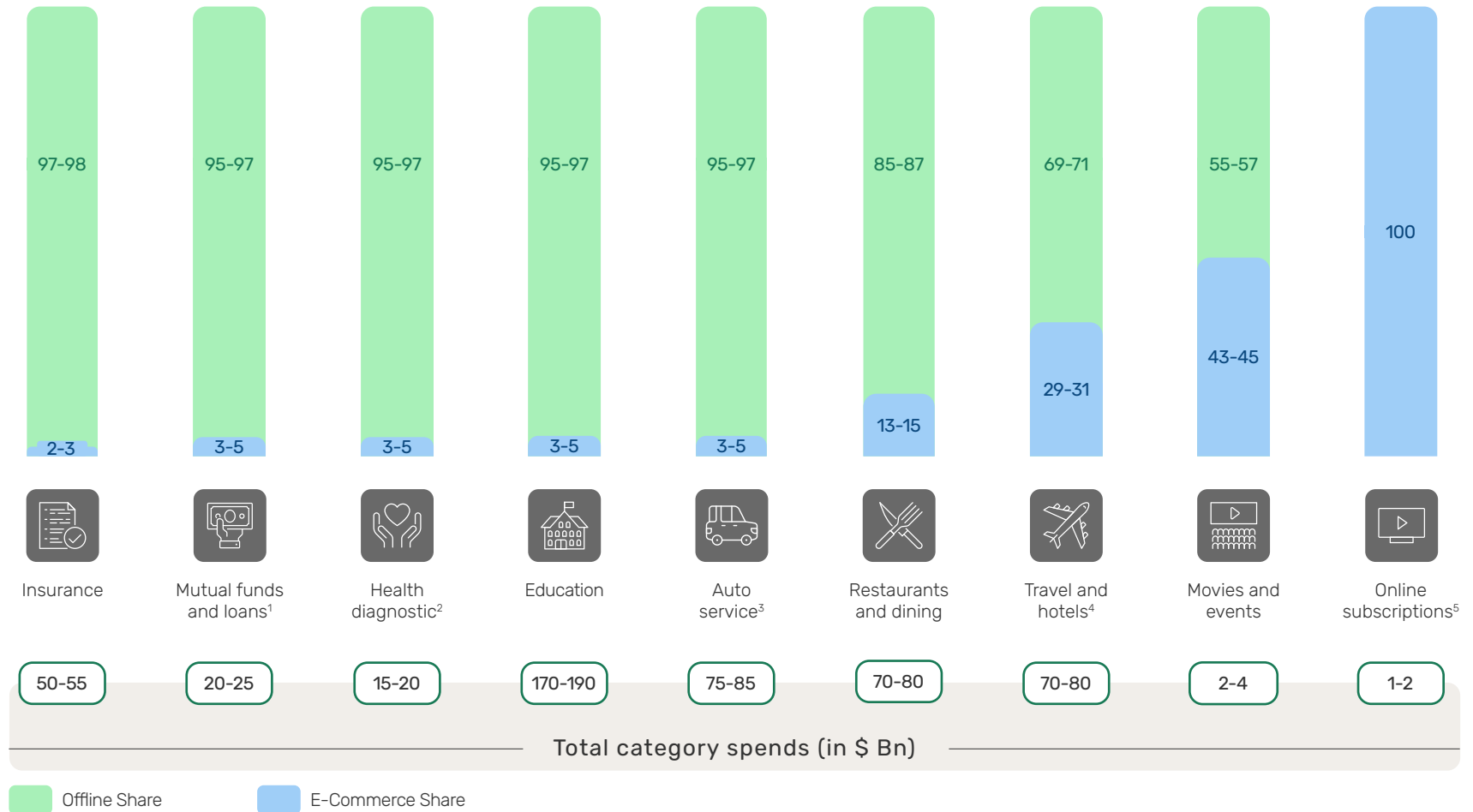


1. Includes laptops, tabs and wearables **2.** Includes fashion/imitation jewellery, watches, handbags, suitcases and luggage, sunglasses **3.** Includes OTC medicines, medicines prescribed for chronic illness and for one-off/acute issues **4.** Includes home locks, home lighting, fans, wall paints and wallpaper, electrical and carpentry products, structural building materials, wall tiles/flooring, bath fittings and sanitary products **5.** Includes detergents, cleaning products, etc. **6.** Includes health food drinks, protein supplements, kid and infants food, etc. **7.** Other products include products such as automotive, books, stationery, tableware, glassware, prescription eyewear, toys, pet-supplies, gardening supplies, etc.

Source: BCG Buzz to Bucks 2021, 2025 survey (N=12,000 ; Urban and Rural coverage), PFCE, Industry experts, BCG Analysis

Online services has a large share of travel/hotels and movies, events; while other services are largely offline

Split of total category spends into offline and e-commerce (%)

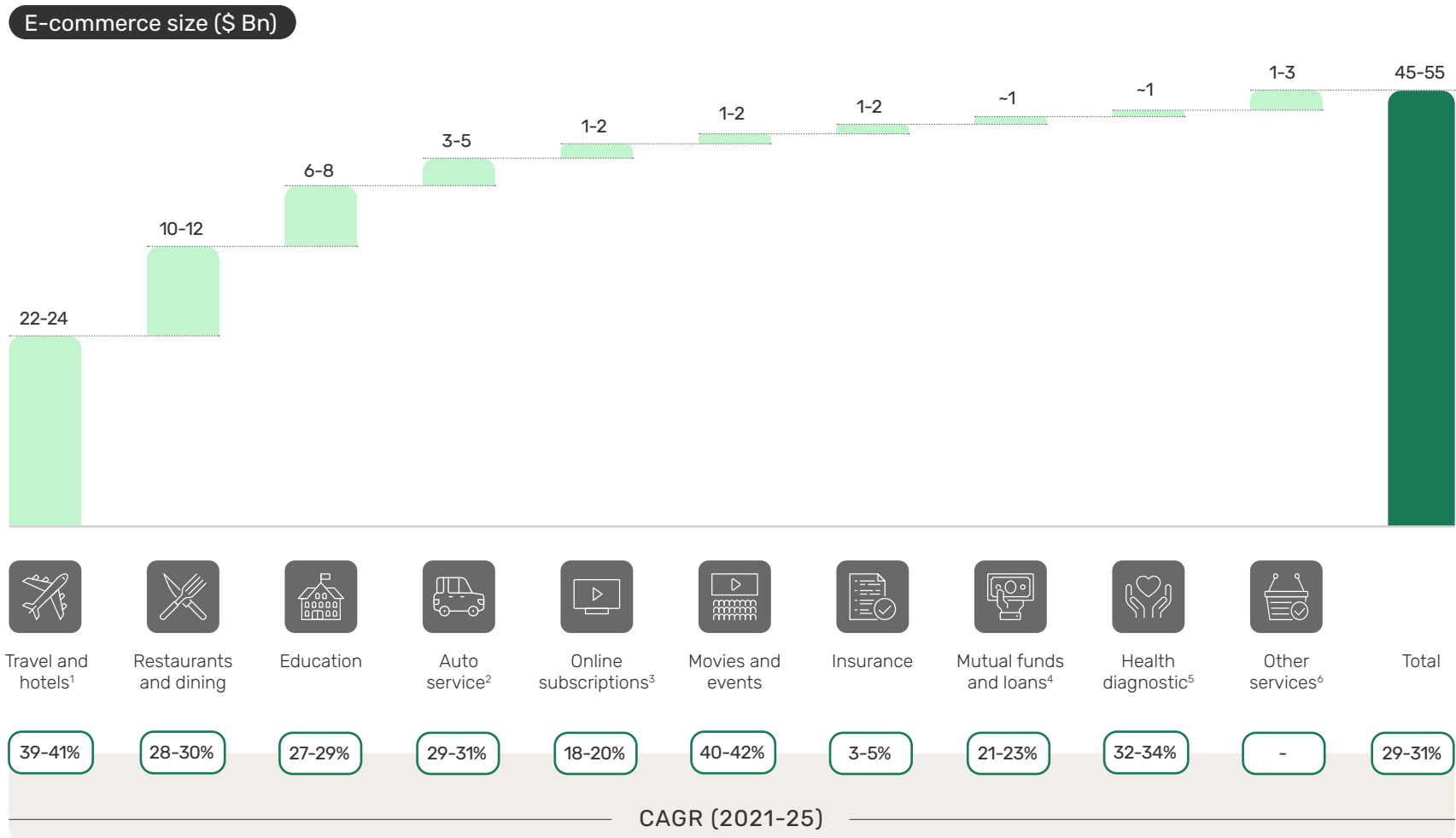


1. Includes brokerage amount for mutual funds and interest charges for loans 2. Includes diagnostic test, lab test (e.g., blood test, covid -19 test, etc.) 3. Includes auto servicing, repairs etc.

4. Includes non-business travel bookings by Indian citizens for accommodation and air, rail and road transit 5. Includes online subscriptions for video, audio and news

Source: BCG Buzz to Bucks 2021, 2025 survey (N=12,000; Urban and Rural coverage), PFCE, Industry experts, BCG Analysis

Travel and dining are the largest categories online; high growth in new services like education, auto services, movies, and events



1. Includes non-business travel bookings by Indian citizens for accommodation and air, rail and road transit **2.** Includes Auto servicing, repairs etc. **3.** Includes online subscriptions for Video, Audio and News **4.** Includes brokerage amount for mutual funds and Interest charges for loans **5.** Includes diagnostic test, lab test (e.g., blood test, covid -19 test, etc.) **6.** Other services includes services such as Home Service/Repairs, Spa and Beauty, Other home services like cooks, drivers, etc.

Source: BCG Buzz to Bucks 2021, 2025 survey (N=12,000; Urban and Rural coverage), PFCE, Industry experts, BCG Analysis

Growth in some new and upcoming categories driven largely by e-commerce



Protein Supplements

E-Commerce Spend
~55-60% CAGR from 2021-2025

- 50-55% of total category spends driven by online

E-commerce growth driven by:



Ease of comparison and availability of detailed information



Ability to reach targeted shoppers with alternative options like plant based, clean blends



Trial generation via sampling and selling single serve sampling packs



Smart pricing communication by brands e.g., per serve cost



Pet Supplies

E-Commerce Spend
~45-50% CAGR from 2021-2025

- 25-30% of total category spends driven by online

Swift adoption of e-commerce due to:



Variety of options beyond food across treats, accessories available online



Doorstep delivery preferred as dog kibble comes in large & bulky packaging



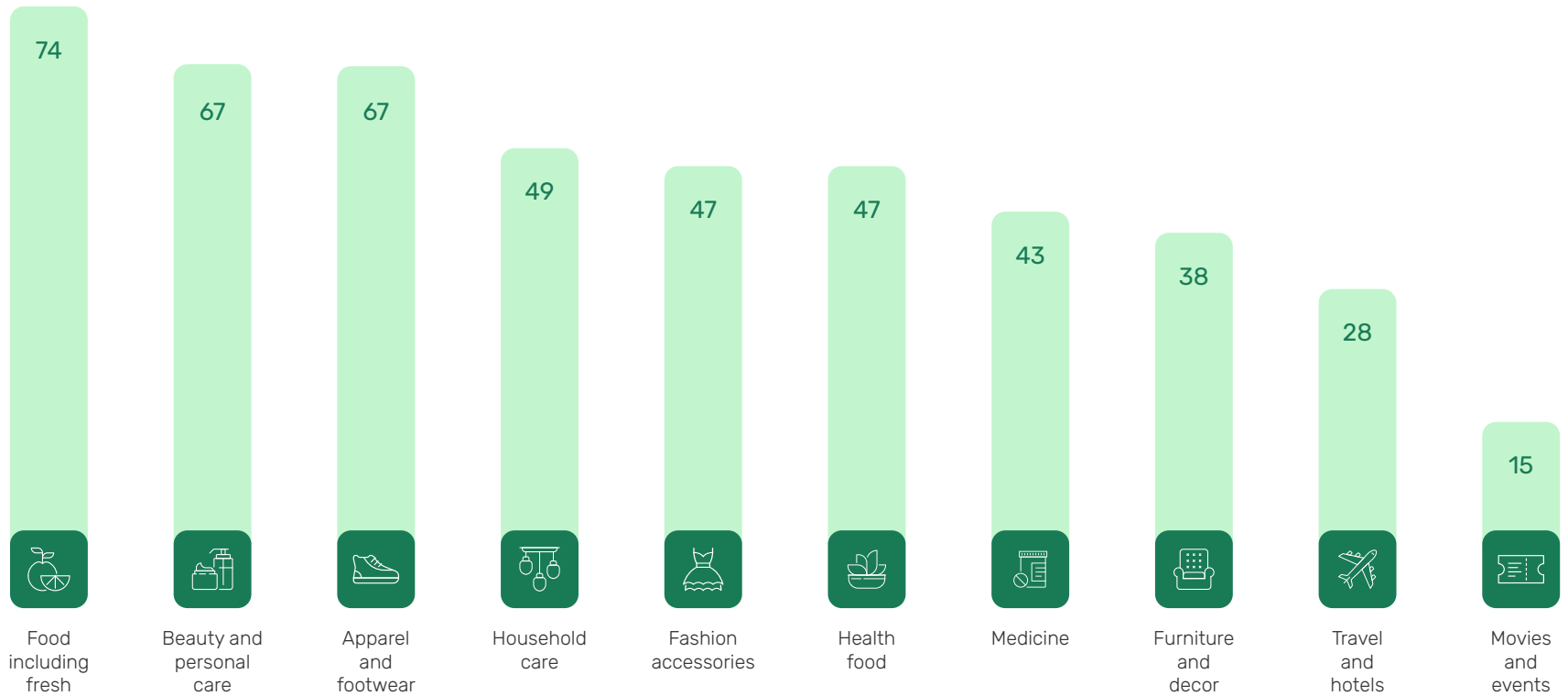
Easy repeat purchases with assured delivery timeline; helps to plan better and solves for pet parent worries

Source: BCG Buzz to Bucks 2025 survey (N=12,000; Urban and Rural coverage), Industry experts, BCG Analysis

Online shoppers also shopping offline across categories

Online shoppers who bought the same category in offline also (%)

Past 12 months purchases

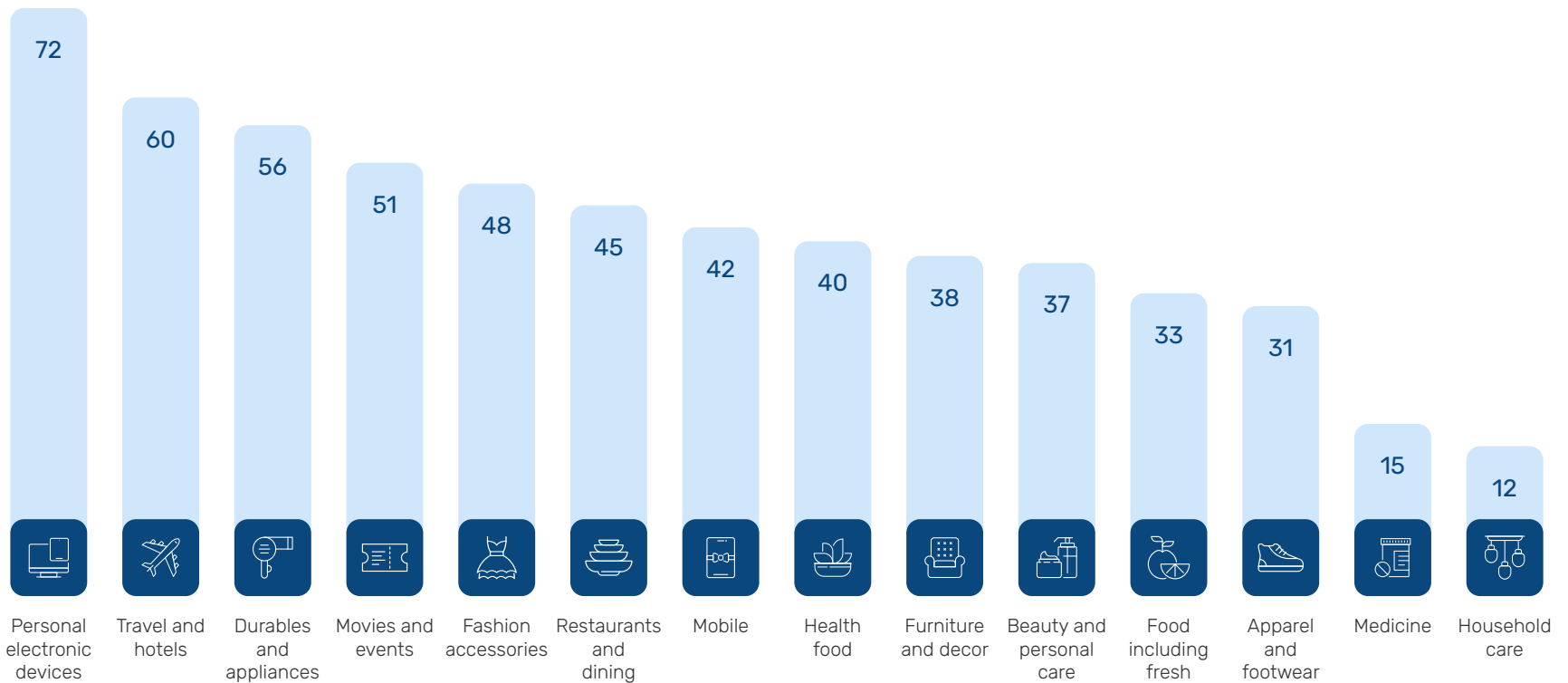


Source: BCG Buzz to Bucks 2025 survey (N=12,000; Urban and Rural coverage). Industry experts, BCG Analysis

Even among offline shoppers, digital is key to gather information before making the final purchase decision

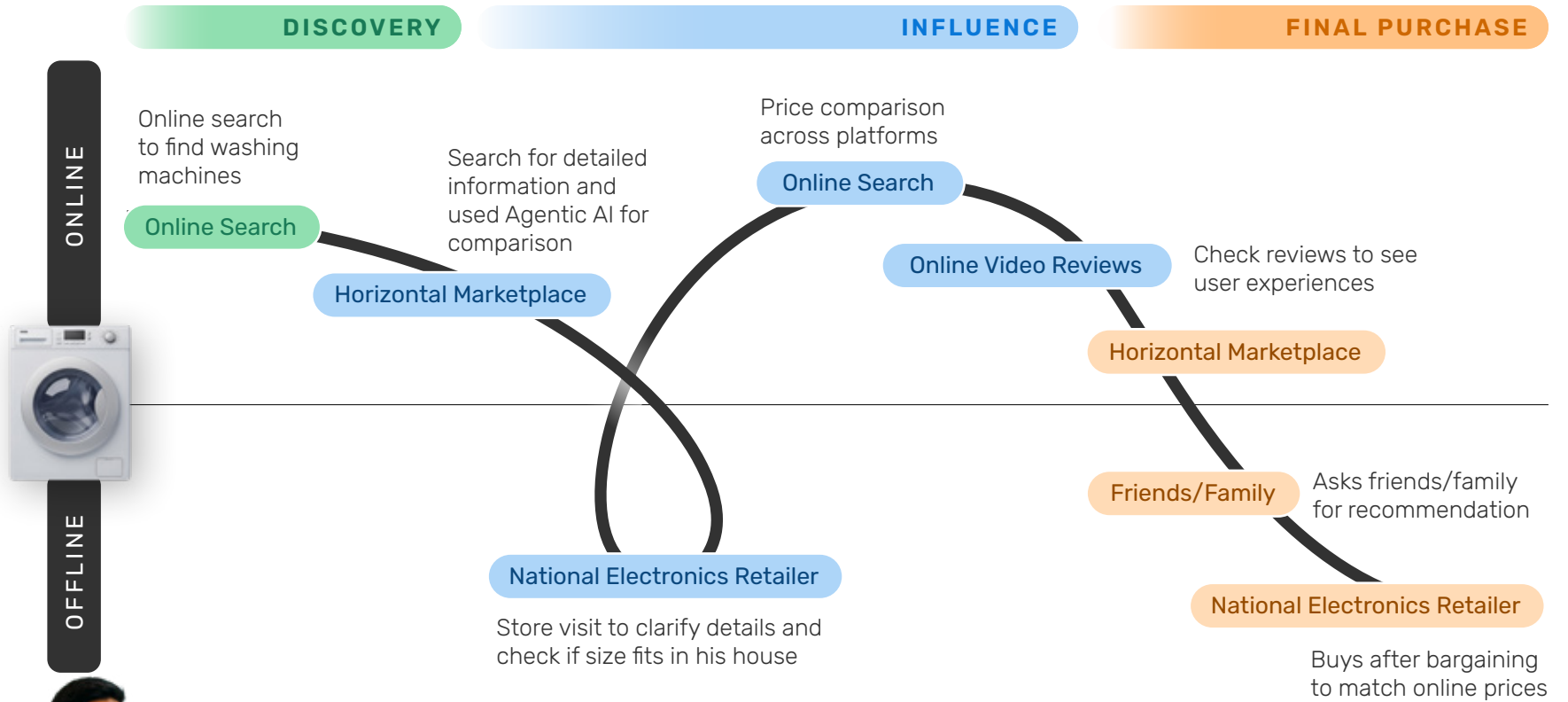
Offline shoppers who used digital sources to gather information before final purchase (%)

Past 12 months purchases



Source: BCG Buzz to Bucks 2025 survey (N=12,000; Urban and Rural coverage). Industry experts, BCG Analysis

Omnichannel behavior prominent in large appliances; Online plays key role in discovery and information gathering before final purchase at store



Male | 40 years old | Metro City



For my requirement of a washing machine, I research online first. Then I saw the multiple options and web search also gives links of sites on which it is available, which I visited for more info.



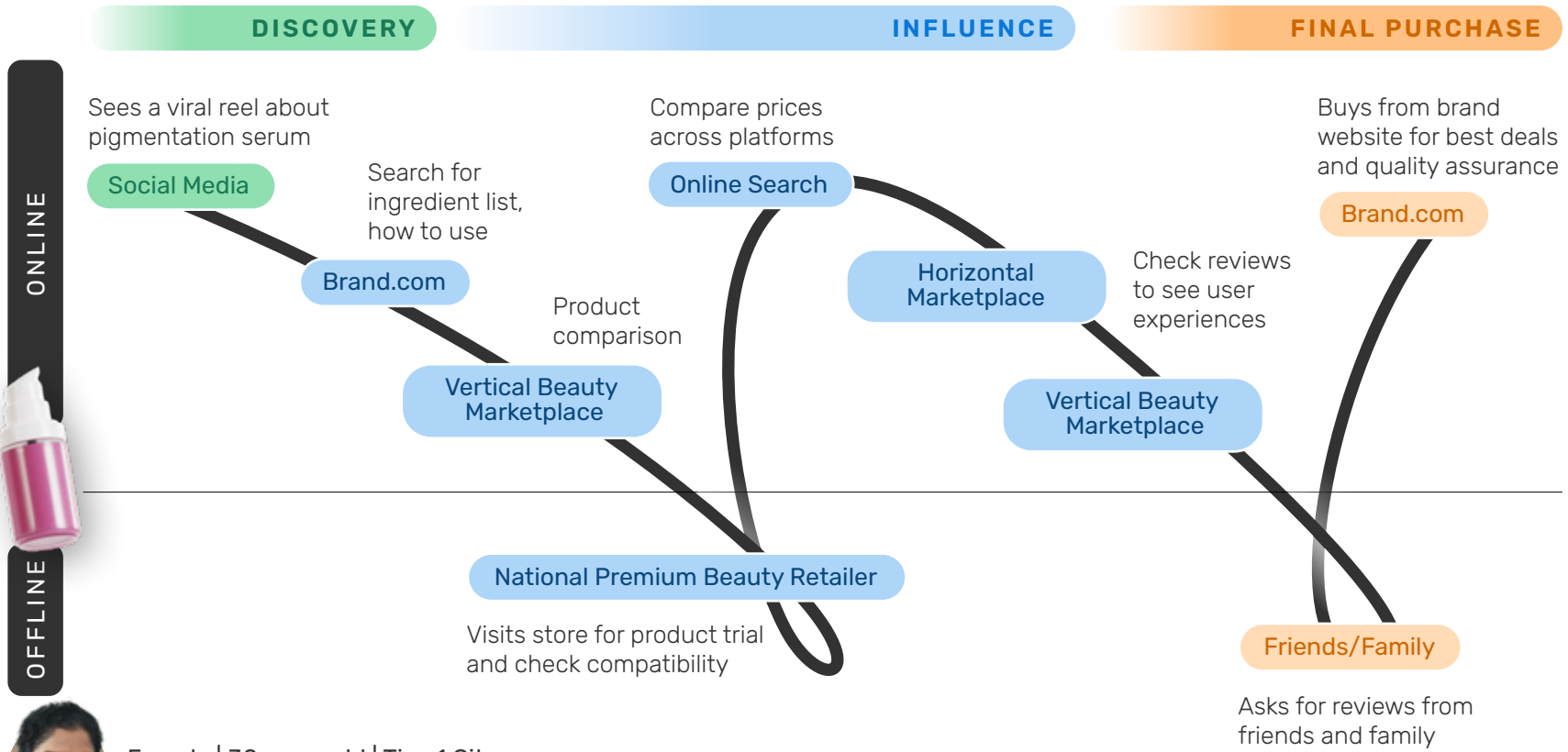
I saw product specs and info online and compared the available options and boiled down to 2-3 products. Then I went through a lot of videos on online video streaming platforms and online reviews to understand users' first-hand experiences. I also visited retail outlets 2-3 times to understand product specs in detail from the salesman.



So, definitely when I am buying a big ticket item for 5-10 years, I would prefer to purchase it offline, after checking everything physically.

Source: Focused Group Discussions with shoppers, BCG analysis

Online present throughout the journey in skincare, but offline stands out for product trials



Female | 30 years old | Tier-1 City



This viral reel about the (pink) serum kept popping up on my feed again and again.



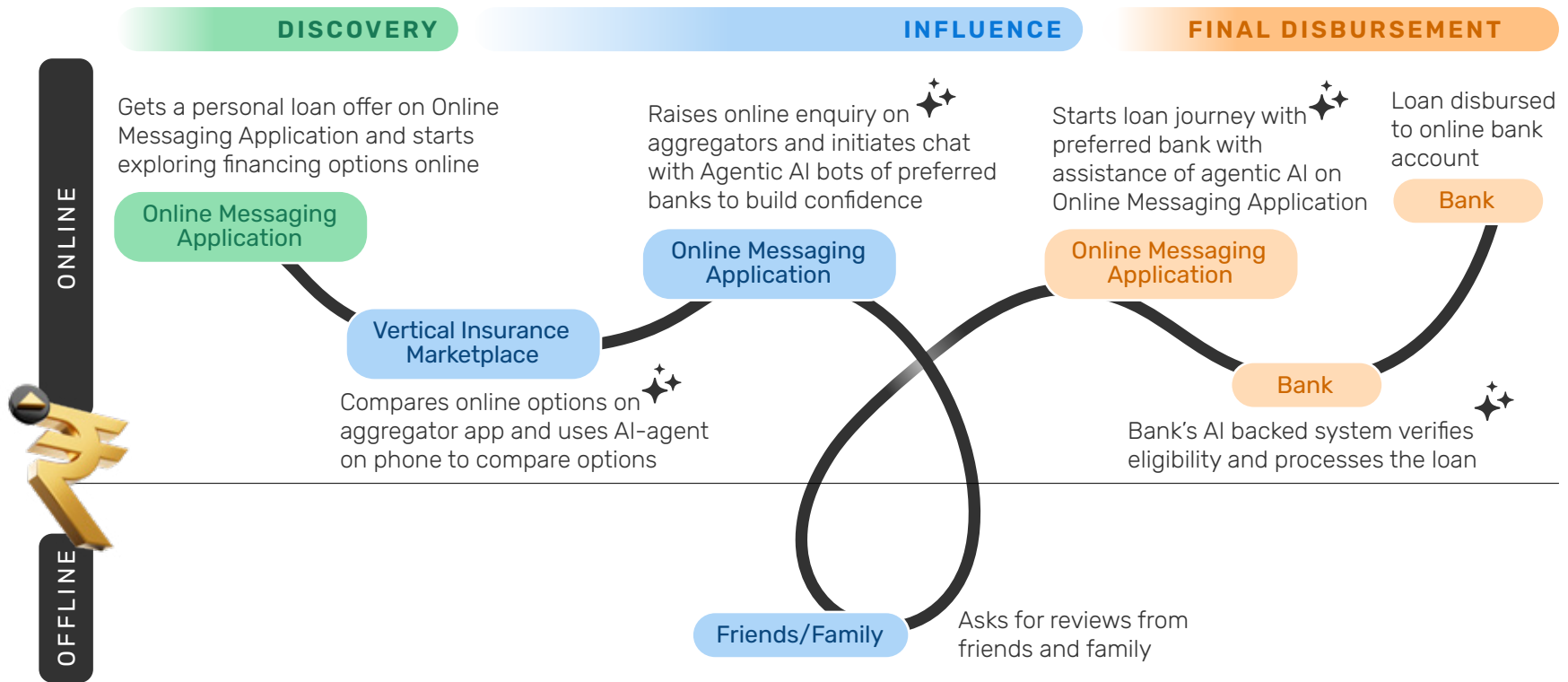
I prefer to read reviews from other consumers on online marketplaces rather than on brands. Though, I still go to the store and test the product on my skin, when I can see and try the product once, I have a little more belief in buying it.



If I am buying any product online, then I prefer its website only, so that the product is genuine. And typically, I also get the best price on the brand website.

Source: Focused Group Discussions with shoppers, BCG analysis

Discovery and purchase journey largely online for personal loans, complemented with Agentic AI interaction to address customer queries and close sales



Female | 35 years old | Tier-2 City
 Runs small boutique and wants to expand; received a prompt for personal loans

AI powered steps



I have never taken a loan before; I needed to understand technicalities by speaking to a bank representative.



I looked up my bank's app and used their AI assistant to understand eligibility, repayment terms and next steps – it was almost like talking to a real person. All this made the process much simpler.



I had the option to have my documents picked up or upload them directly on the app. It was quick and convenient with no need to visit the branch.

Source: Focused Group Discussions with shoppers, BCG analysis

Brands treat multi-channel presence as a strategic priority, as both online and offline channels play complementary roles in driving sales

ONLINE

High purchase frequency categories



Drives discovery with large assortment and options within the category of assortments. This, in turn, drives purchase and repeats with strong social proof and convenient purchase journeys



Builds experience and recruits via trials, in-store consultations, and immediate availability

E.g., tasting trials of dips and spreads at stores to drive purchase, “try-me” options to test deodorants’ fragrances

OFFLINE



MARKETING HEAD, BPC



It’s crucial for us to be present across both online and offline channels as consumers often discover and purchase products online, but still rely on physical stores to experience product texture, etc.

Low purchase frequency categories



Drives discovery and consideration via detailed product listings, easy comparisons, and reviews of real users/experts



Drives sales via trust built by expert consultation and physical inspection

E.g., guidance on features and functionalities from car salesmen and test-drives in automobiles, advise from interior designers for paints and wallpapers



BRAND LEADER, AUTOMOTIVE



Important for us to have both online and offline presence, to stay on top of consumers’ minds. Online makes discovery and comparisons easier. But offline is crucial in final sales as consumers want to see the vehicles physically and there are many 3rd parties involved like insurance, registration, etc.

Source: Industry experts, BCG Analysis





02

Evolving online aisles

Decoding e-commerce

~63% of all e-commerce spends are driven by category focused players

Category Focused Players

Platforms focused on specific product/service categories



63%

of total e-commerce spends

Types of Players

Vertical Marketplaces

Brand.com

Retailer.com

Social and Chat Commerce

Subscription and C2C Commerce

Cross Category Players

Platforms spanning multiple, diverse product/service categories



37%

of total e-commerce spends

Types of Players

Horizontal Marketplace

Quick Commerce

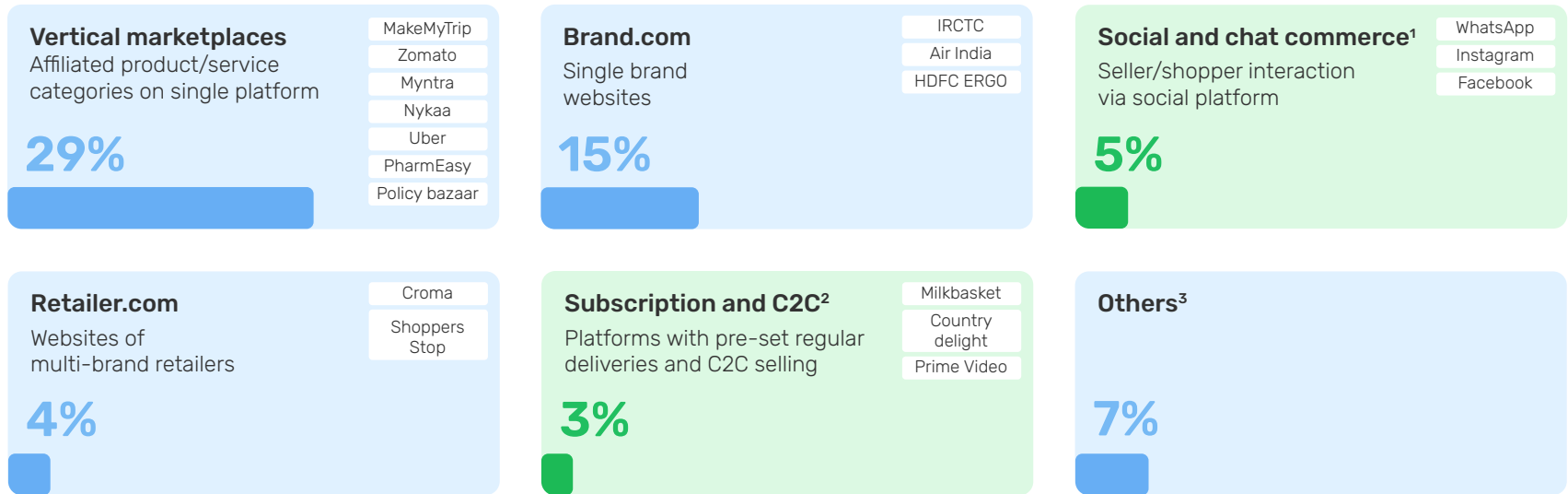
Source: BCG Buzz to Bucks 2025 survey (N=12,000; Urban and Rural coverage), PFCE, Industry experts, BCG Analysis

Horizontal marketplaces constitute only ~31% of total e-commerce as many new formats emerge

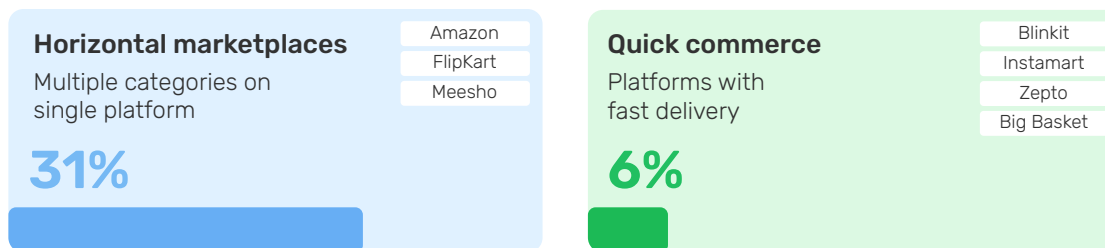
Share of e-commerce spends across channel types

Total E-Commerce: \$120-140 Bn 100%

CATEGORY FOCUSED PLAYERS



CROSS CATEGORY PLAYERS



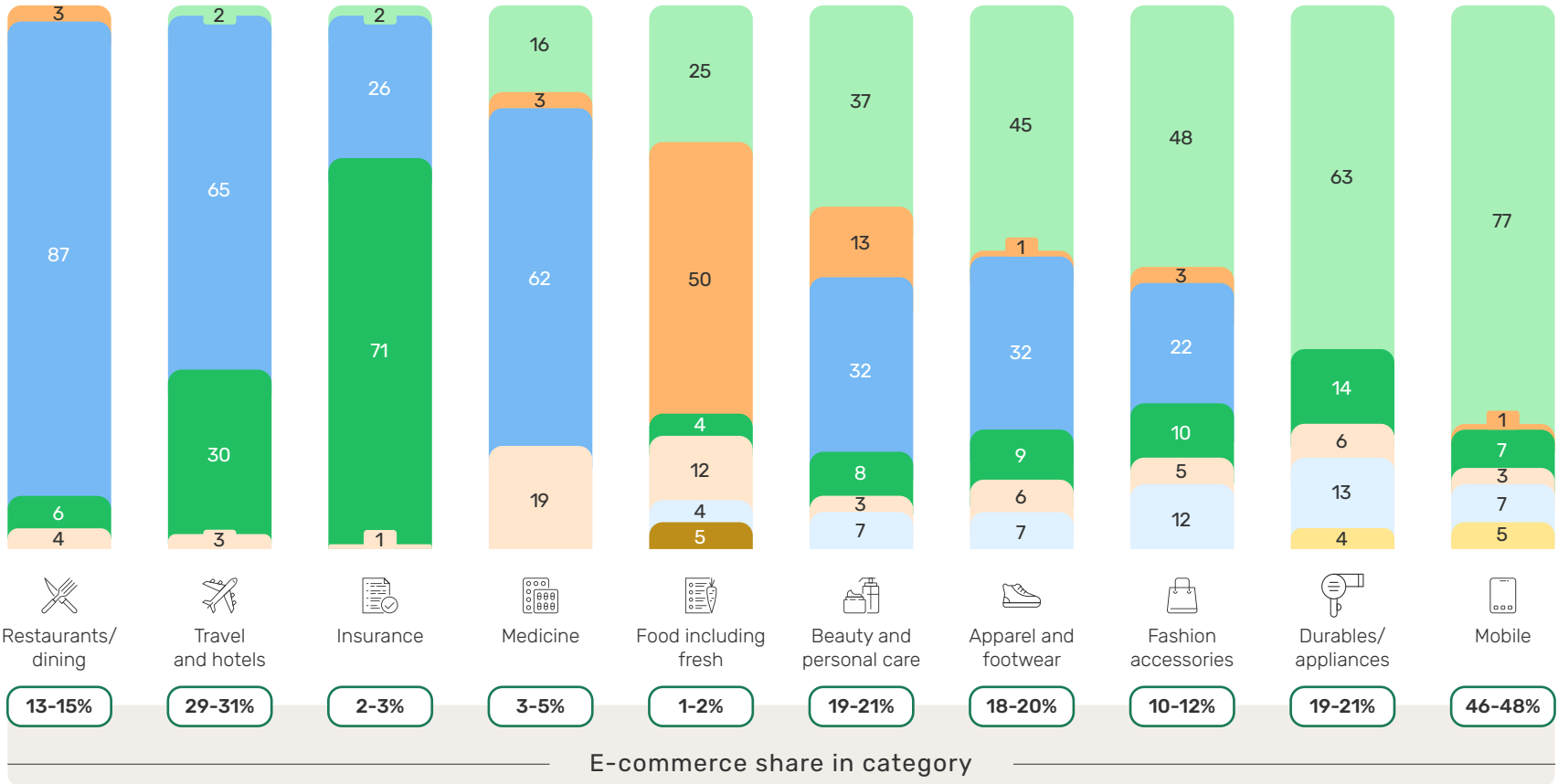
Note: Players names are only illustrative and not exhaustive

1. Social and chat commerce includes placing order on WhatsApp/chat platforms 2. Subscriptions include Online subscriptions for Video, Audio and News; C2C includes consumer to consumer selling on platforms like Olx 3. Other platforms e.g., EdTech platforms
Source: BCG Buzz to Bucks 2025 survey (N=12,000; Urban and Rural coverage), PFCE, Industry experts, BCG Analysis

Fast growing channels with CAGR 21-25 at 30%+ (vs total e-commerce CAGR)

Category contexts and shopper needs shape how e-commerce formats evolve and capture share

Share of spends by e-commerce archetypes for select categories (%)

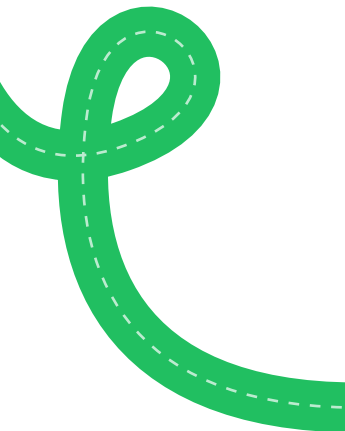


¹ Social and chat commerce includes placing order on WhatsApp/chat platforms

Source: BCG Buzz to Bucks 2025 survey (N=12,000; Urban and Rural coverage), PFCE, Industry experts, BCG Analysis

Growing shopper maturity spurs diversification beyond horizontal marketplaces

Penetration of channel in the category of shoppers (%)



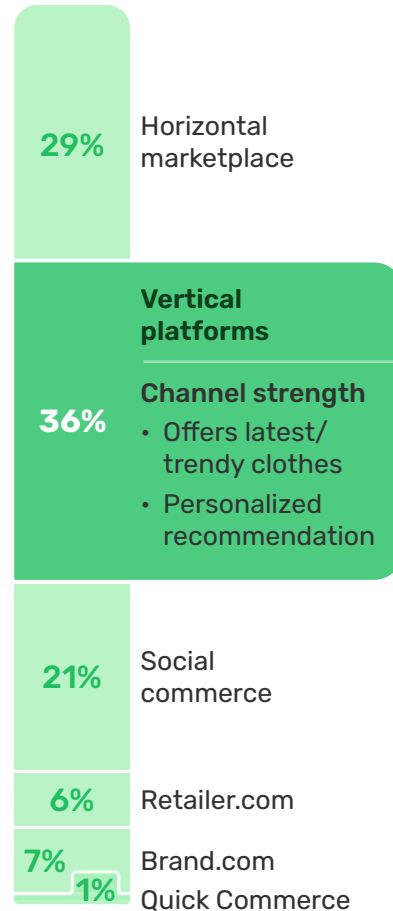
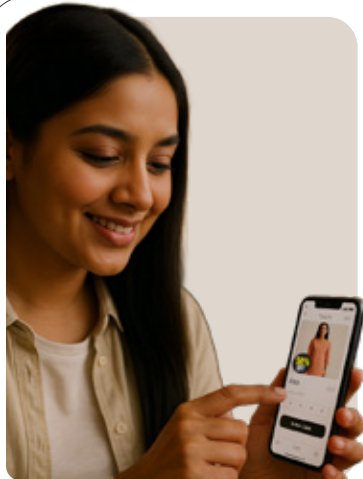
Note New digital shoppers (purchased 1-2 categories in last 1 year and using online channels for <= 2 years.) | Mature digital shopper (purchased > 5 categories in last 1 year and using online channels for more than 2 years) | India population (18+ years) % online shoppers (past 12 months)

Source: Buzz to Bucks 2021, 2025 survey (N=12,000; Urban and Rural coverage), BCG analysis

Different e-commerce formats appeal to different shoppers based on how well they deliver on their top needs

Young adults 35 years and below channel preference

Share of e-commerce spends

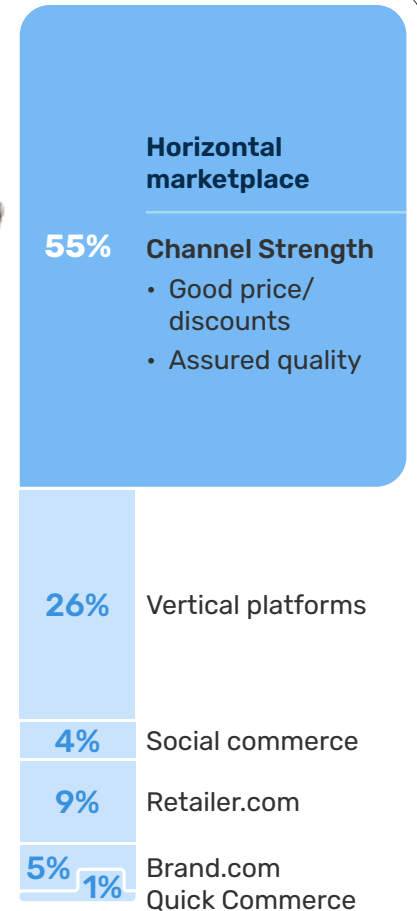


Top needs Apparel

- Offers latest products/brands
- Personalized recommendation
- Good price and promotion
- Wide variety
- Quick delivery

Older adults 35 years and above channel preference

Share of e-commerce spends

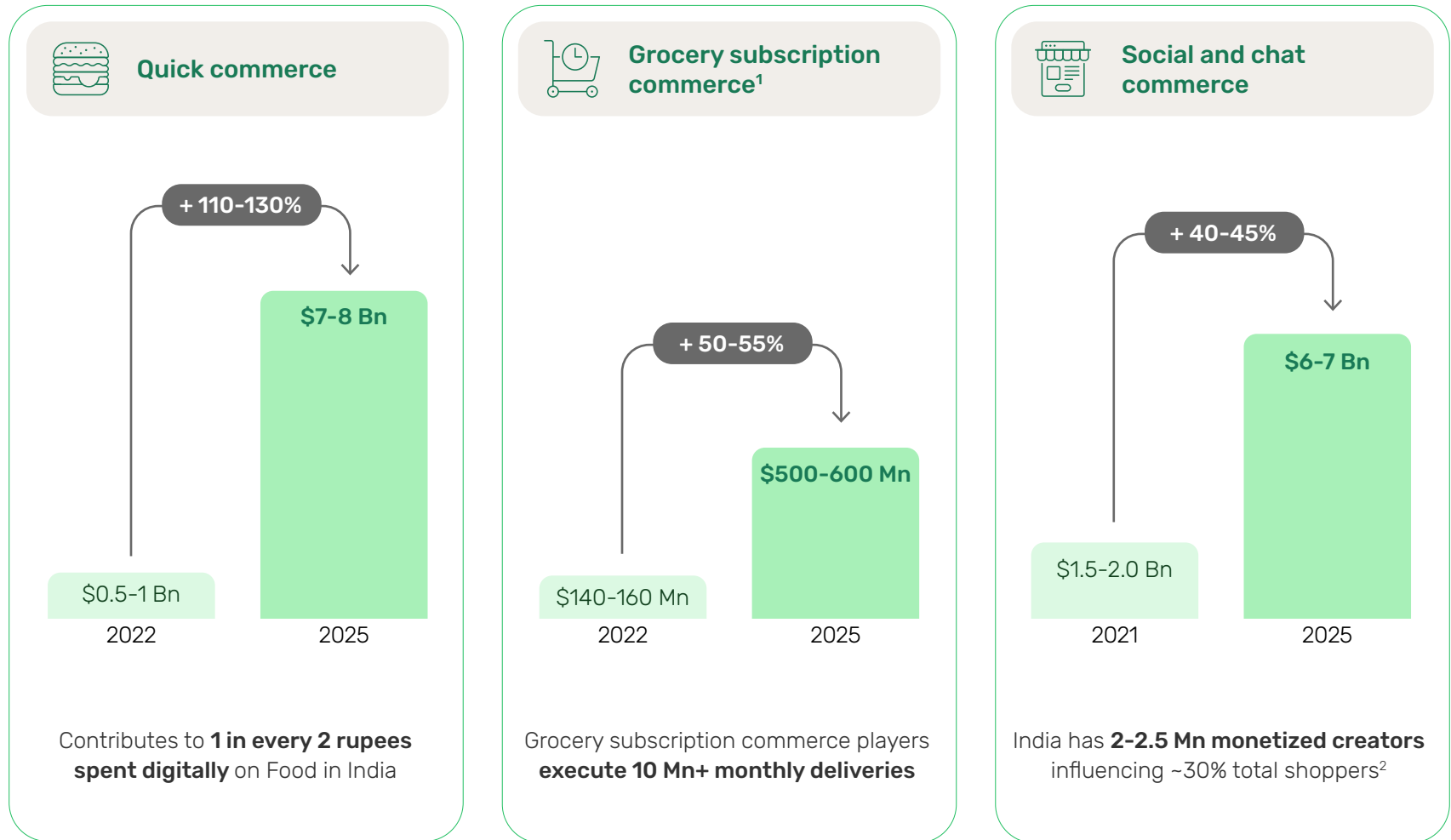


Top needs Apparel

- Wide variety
- Good price and promotion
- Good quality
- Offers latest products/brands
- Easy to shop

Source: Buzz to Bucks 2021, 2025 survey (N=12,000; Urban and Rural coverage), BCG analysis

Massive growth in new formats like quick commerce, subscription commerce, and social and chat commerce



1. Grocery Subscription commerce includes spends done on platforms offering pre-set deliveries (daily, weekly, specific days in week, etc.) via a subscription (e.g., Milk Basket, Big Basket, Country Delight, etc.)

2. Based on findings from BCG CCI study 'Content to commerce: Mapping India's Creator Economy Only'

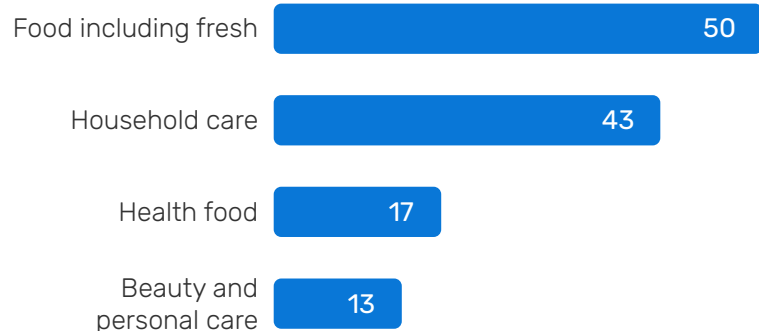
Source: BCG Buzz to Bucks 2025 survey (N=12,000; Urban and Rural coverage), Industry experts, BCG Analysis

Quick commerce is growing at 100%+ CAGR (2021-25), particularly skewed towards younger cohorts and women

\$7-8 Bn market size¹, growing at 110-130% CAGR with significant play across four+ categories

Significant share (>10%) in four categories²

Quick commerce share within online spends for category (%)



Categories launched in the last year



Mobile



Electronics



Pet Care



Home and office goods

Skewed towards younger cohort and women driven by speed and minimal pre-planning

50-55%

Young shoppers, 25-35 years

Why?

GENZ QUICK COMMERCE SHOPPER

I am not good at planning in advance and like to decide spontaneously what I want. Quick commerce players deliver instantly which is why I prefer it.



~50%

Women Shoppers

Why?

WOMAN QUICK COMMERCE SHOPPER

I am able to avoid unhealthy snacking with quick commerce, it is easy to order protein bars when I feel like a snack, directly delivered to me at office.



1. FY 2025 Gross Order Value (GOV) basis BCG analyses, industry experts and industry reports

2. Category share represents quick commerce channel share among the online spends within the respective category




Source: BCG Buzz to Bucks 2025 survey (N=12,000; Urban and Rural coverage), Industry experts, Consumer Interviews, BCG Analysis

Quick commerce is helping traditional brands scale up in different ways



Traditional hair oil brand

Expanded beyond East India through quick commerce, by targeted discoverability and portfolio expansion

-  Reached urban households pan-India beyond East India's traditional trade catchments
-  Gained category visibility via in-app placement alongside national players and competitive pricing for core hair oil
-  Scaled from one to four-five SKUs, adding ayurvedic variants that built strong online traction

Impact




Now live across 15+ metros and Tier 1 cities pan India

30% YoY sales growth on quick commerce for new products



Large dairy brand

Built distribution, launched new products to enter the southern states with quick commerce and competed with regional brands

-  Unlocked access to South India, overcoming cooperative-led barriers in traditional retail
-  Reached relevant consumer cohorts e.g., northern consumers in south, young cohort for protein range
-  Aided trials of packaging (tetra pack vs milk packets), protein messaging, etc., to meet consumer preferences

Impact

Top three on quick commerce in two states in South India

New range contributed ~7% of brand's national Gross Merchandise Value (GMV) within one month of launch

Disclaimer: Brand names have been anonymised

Source: Expert Interview

New age digital brands are using quick commerce for distribution and achieving scale



Low calorie dessert brand

Unlocked quick access to unaddressed impulse ice cream demand in a capital-efficient manner via quick-commerce



Started online-first in metros, scaled across all quick-commerce serviceable pincodes without own cold chain network



Leveraged real-time quick commerce data to identify white spaces, launch new flavors like mango popsicles



Increased purchase frequency by unlocking at-home consumptions occasions like late-night desserts

Impact

Achieved 3x revenue growth YoY reaching ₹40 Cr+ revenue in 3 years

Became one of the top three searched ice cream brands on quick commerce



Healthy foods brand

Bridged the impulse gap by making healthy choices instantly accessible via quick commerce pan India



Launched small bite sized SKUs on quick commerce, to increase trials and access for first-time shoppers



Increased frequency of purchase by converting missed snacking occasions into sales via convenient availability



Quick commerce increased brand pull in traditional trade channels, driving widespread omni-channel distribution

Impact

Achieved 2x revenue growth YoY reaching Annual Recurring Revenue (ARR) of ₹200 Cr+

Increased purchase frequency to 2x on quick commerce vs D2C

Disclaimer: Brand names have been anonymized.

Source: Expert Interviews

Social and chat commerce is growing at 40-45%+ CAGR, driven by Tier 2/Tier 3 cities and younger cohorts

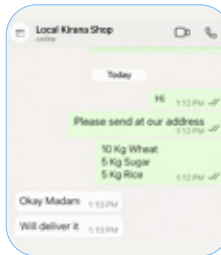
\$6-7 Bn market size, growing at 40-45% CAGR (2021-25)

What is social and chat commerce?

Comprises three major archetypes

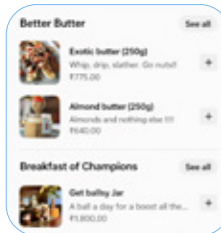
Chat commerce

- Shoppers and sellers chat via social apps
- Major use cases – groceries and medicines from local kiranas, chemists
- Convenience and communication due to prior trust and familiarity



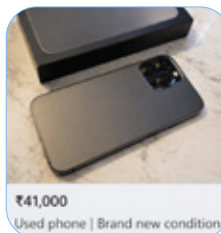
Catalog-based commerce

- Small sellers have catalogues on Instagram shops, Whatsapp Business
- Used for – apparel, organic produce, and others
- Driven by quick ordering via in-app checkout



P2P commerce

- Individuals buy/sell/exchange products on marketplaces like Facebook
- Typically used for mobiles, electronics, and others
- Driven by trust on real social profiles



Format driven by personalized seller interactions

Why?



~45%

Spends driven by Tier 2/Tier 3

MALE SHOPPER, 42 YEARS

It's just easy to message my local kirana shop on an online messaging application; don't need to open any other app; my phone doesn't have space for more applications.

Why?



~40-45%

Spends driven by younger cohorts, aged 25-35 years

WOMAN SHOPPER, 24 YEARS

I have been able to discover a lot of new styles that can be customized for me on a social media application. I got special shoes designed to match my wedding lehenga.

Source: BCG Buzz to Bucks 2025 survey (N=12,000; Urban and Rural coverage), Industry experts, Consumer Interviews, BCG Analysis





03

Beyond the cart:
benefits for all

Impact of e-commerce

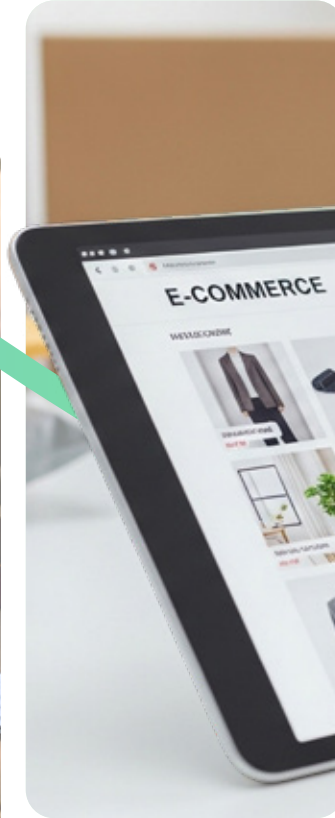
E-commerce has positively impacted stakeholders across the ecosystem



Shoppers



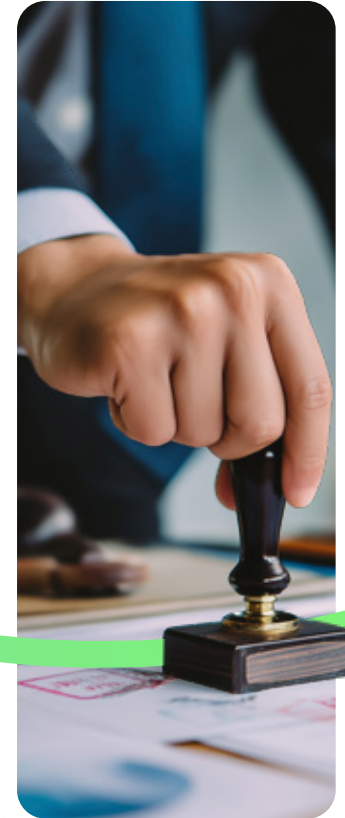
Sellers



Brands

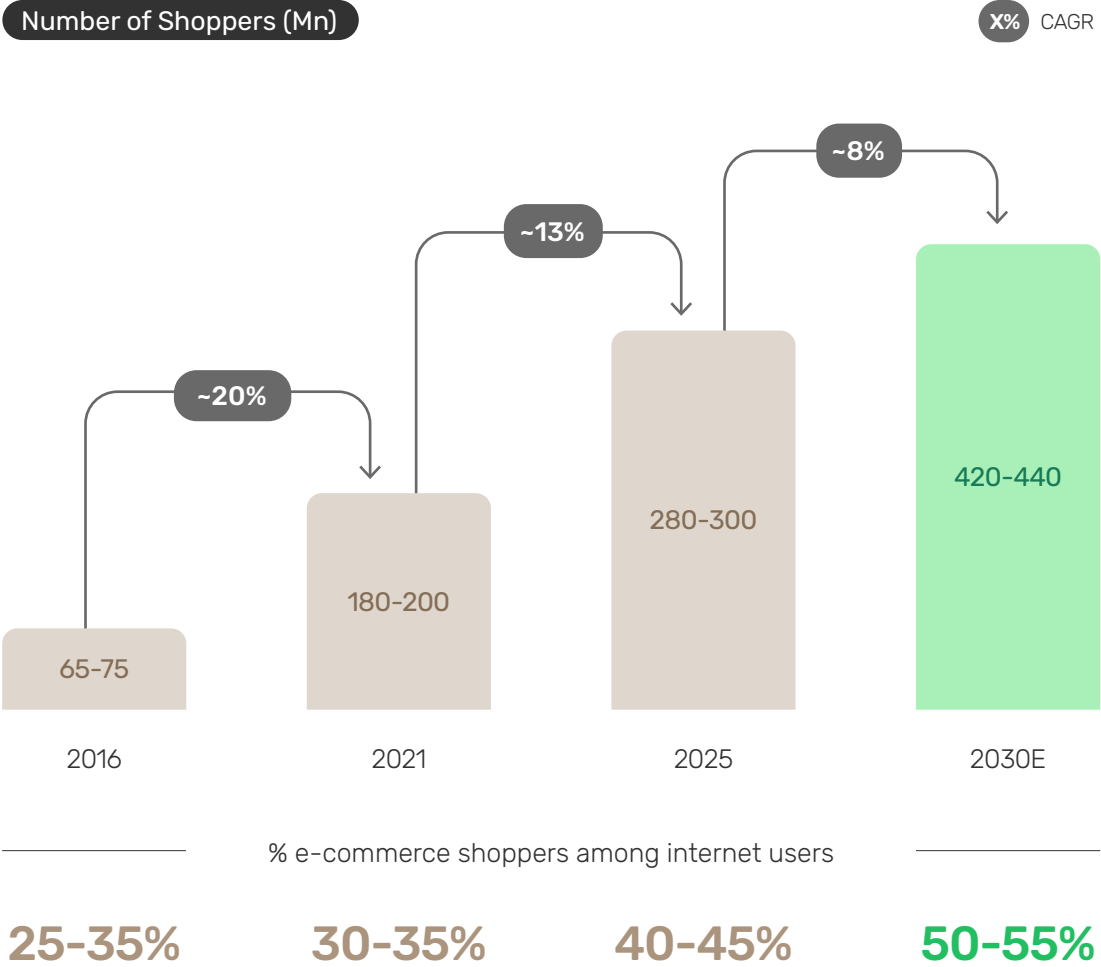


Logistics



Government

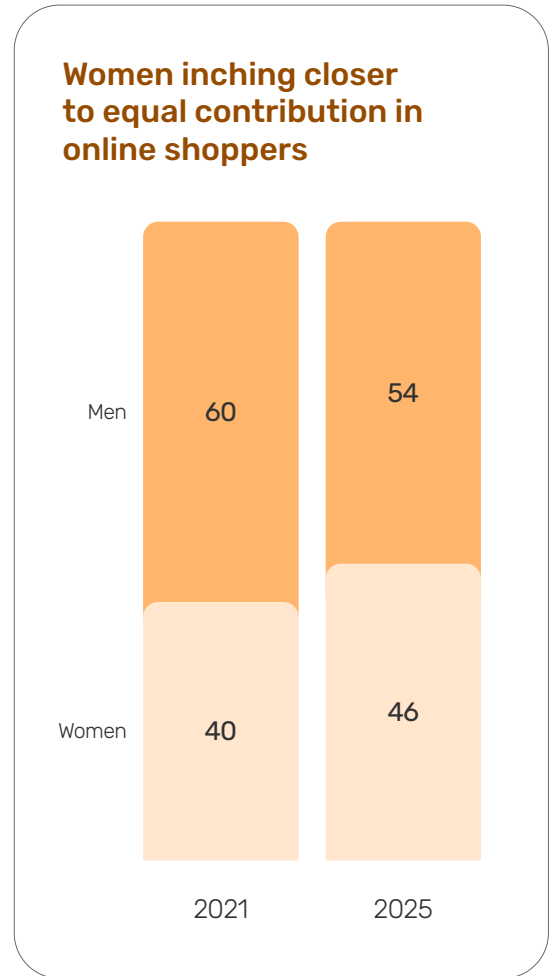
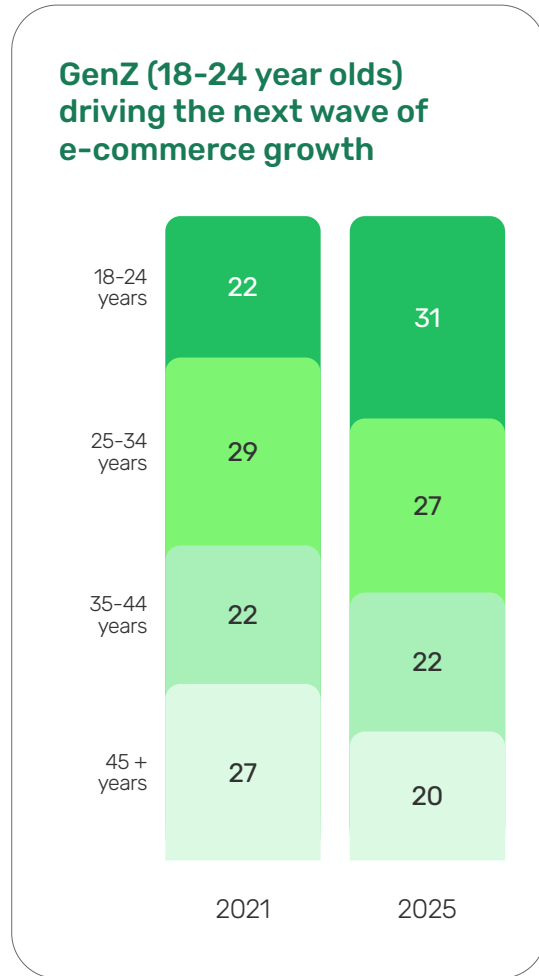
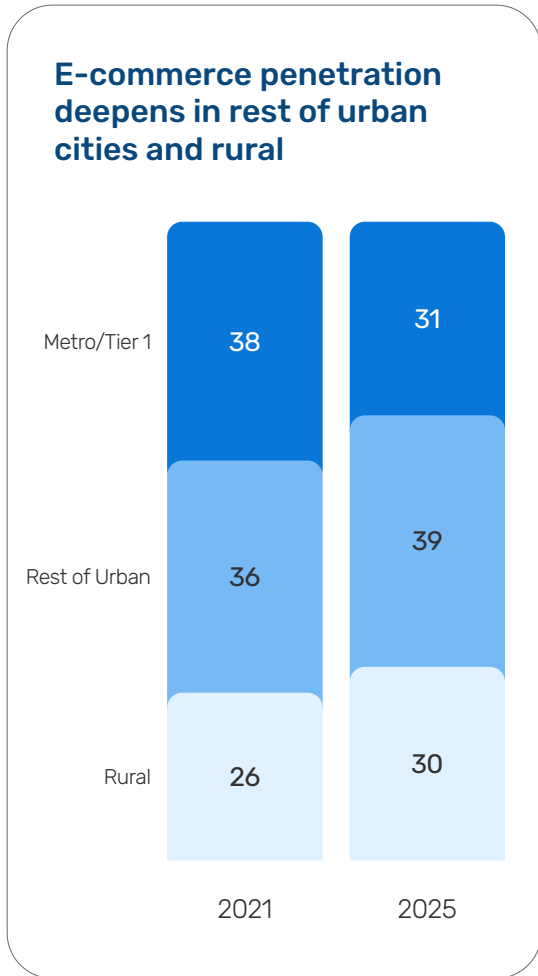
280-300 Mn shoppers in 2025 and expected to reach 420-440 Mn shoppers by 2030



Note: Digital shoppers (Mn) among India population (18+ years)
Source: Forrester, Buzz to Bucks 2021, 2025 survey (N=12,000; Urban and Rural coverage), BCG analysis

E-commerce penetration expands as rural, GenZ, and women join at scale

Share of online shoppers (%)



Note: Among urban and rural Indian population (18+ years) Online shoppers – Consumers who have purchased any category via online channel in last 12 months

Source: Buzz to Bucks 2021, 2025 survey (N=12,000; Urban and Rural coverage), BCG analysis

E-commerce is enriching shopper experiences by empowering them with more choices, greater convenience, and information for smarter decisions



More choices

~70% of online shoppers believe that e-commerce provides a greater variety of brands/products and service products to choose than offline



**FEMALE, 28 YEARS,
METRO CITY**



Online, I can see everything in one place: different brands, models, and prices. It's much easier than going from store to store.



Convenience in purchase

~68% of online shoppers believe that e-commerce offers higher convenience with any-time order placement, assured door-step deliveries



**FEMALE, 32 YEARS,
METRO CITY**



I stay away from my ageing parents – but with online, I don't worry about stocking their groceries now, can order online and be assured they won't have to carry it.



Smarter decisions

~67% of online shoppers believe that e-commerce enables them to make more educated and informed decisions while shopping



**MALE, 44 YEARS,
TIER 2 CITY**



Before buying, I always check online marketplaces, retail stores, and brand website. It helps me compare and choose confidently.

Shoppers are able to make informed decisions about products and also discover allied categories while shopping online

Consumer perspectives



I was looking for soft-drinks to use as mixers for my party. But while searching, I discovered many options that I didn't know existed – mixers and ginger-ales – they were such a hit!

“ MALE, 28, TIER 1, FOOD INCLUDING FRESH

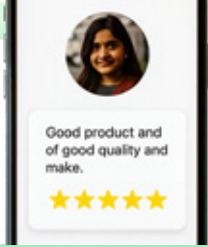


Before, I'd only see SPF when buying sunscreen, but online reviews taught me to look for things like white cast and texture. That's how I found what actually works for me.

“ FEMALE, 24, TIER 2, BEAUTY AND PERSONAL CARE

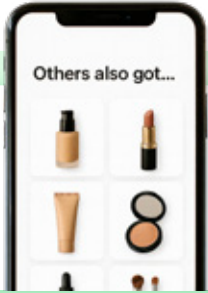
Online shoppers are able to ...

... increase product knowledge



Online shoppers discover new parameters to assess products and also rely on other users' feedback before making purchases

... discover allied categories



Online shoppers discover new allied categories with prompts like – “others also bought..”, which expands consumer knowledge e.g., creatine supplements when buying protein

Source: Buzz to Bucks 2025 survey (N=12,000; Urban and Rural coverage), Focused Group Discussions with shoppers, BCG analysis

E-commerce empowers women to shop with confidence and a sense of safety

Women feel safer to shop online

65%

Women respondents feel safer to shop online, without fear of social judgement

E-commerce channels provide both psychological and physical safety to women shoppers

“ TIER-2 CITY WOMAN SHOPPER

When I shop online, I can search and buy innerwear, personal hygiene or skincare, etc., without feeling awkward or judged.


“ METRO CITY WOMAN SHOPPER

When I shop online, I feel safe. I can order things anytime and don't have to step out late or deal with crowds. I don't have to worry about going out alone.




Source: Buzz to Bucks 2025 survey (N=12,000; Urban and Rural coverage). Focused Group Discussions with shoppers, BCG analysis

E-commerce complements India's 'Make in India' mission by democratizing entrepreneurship via low entry barriers and low-cost nationwide access

 **Low entry barriers**


Simplified digital onboarding and guided support with near zero platform fees

Asset-light model with shared warehousing, logistics, and digital storefronts allows online sellers to start with low capex


 **Faster test and learn**

Quick and easy access to information helps optimize SKUs, pricing, brand communication, and marketing for better spends and Return on Investment (ROI)

Shopper feedback mechanism drives assortment improvement and innovation

 **Easy market scale up**

Can start in small catchments and rapidly access organized national distribution via e-commerce platforms and fulfilment networks

 **Simplified business operations**

Platforms offer tools for GST filings, payments, and order management to simplify business operations for sellers

E-commerce also supports businesses in securing better financing options from banks

| | |
|-------------------------------------|----------------------------------|
| Total Revenue ₹2,45,000 | Orders Completed 1,240 |
| Average Basket Value ₹487 | Repeat Customers 36% |

Top Performing Products

- Handwoven Cotton Kurti
₹ 800 ★ 4.8 (3)
- Silk Saree
₹ 1200 ★ 4.6 (3)
- Embroidered Blouse
₹ 950 ★ 3.9 (4)
- Printed Dupatta
₹ 700 ★ 4.6 (3)

Inventory Status

| | |
|--------------|-----|
| In Stock | 240 |
| Low Stock | 60 |
| Out of Stock | 20 |
| Total Items | 320 |

Seller Performance

You're in the **Top 10%** of sellers this month!

4.7

Seller's Portal

Welcome, Sunita!
Ready to sell your beautiful creations?

- Handmade Saree ₹850 [Add to Cart](#)
- Handwoven Cotton Kurti ₹850 [Add to Cart](#)



E-commerce is enabling price discovery for farmers and greater national and international scale for traditionally small businesses

Collective farmer enterprise from Haryana

Market access and growth for small farmers via integration across platforms



Direct selling to leading e-commerce platforms



Improved efficiency via a central collection center for sorting, grading, and packaging under FSSAI license



Supported crop diversification into 40+ exotic varieties such as lettuce, broccoli, amla, etc.

Impact

Boosted farmer earnings by 10–12% compared to traditional grain markets

Benefited 500+ farmers and scaled turnover from ₹1.5 to ₹12.5 Cr in four years

Handcrafted rug collective from Uttar Pradesh

Global demand unlocked for artisanal home décor via e-commerce exports



Streamlined payments and order tracking via platform's intuitive seller dashboard



Used platform analytics to identify top designs, growing geographies and adapted catalogue and digital marketing



Leveraged third-party logistics for fast and reliable international delivery, critical for bulky home products

Impact

Reached ₹25–30 Cr annual export run-rate

Expanded artisan workforce by 3x, providing stable livelihoods

Local men's footwear brand

Gained national market access in a largely unorganized category



Leveraged online marketplaces to reach customers beyond regional market



Used platform insights to optimise pricing and boost profitability



Acted on quick customer feedback to refine product quality and enhance repeat sales

Impact

Scaled from a local business to 1,000+ daily orders within four years

Inspired other small sellers to embrace online selling

Note: Brand names anonymised

Source: Industry expert interviews, published articles, BCG research

E-commerce is encouraging entrepreneurship among women and driving the revival of traditional artisanal crafts

Women-led ethnic wear brand

Achieved nationwide visibility and financial independence for women



Managed business from home, balancing personal and professional responsibilities



Leveraged vertical marketplaces' data insights to identify fashion trends and plan new collections



Created livelihood for hundreds of rural women via inclusive production networks

Impact

Employed 100+ women artisans with a total payroll of ₹35+ LPA

Launched 150+ new festive designs across ethnic categories

Handloom brand from Varanasi

Revived Banarasi craft via a D2C e-commerce brand



3rd generation pivoted proposition to a luxury brand, reviving from a slump due to the evolution of power looms



Kept Banarasi authenticity while strengthening digital storytelling



Sells only via own website to prioritize customer experience via direct contact

Impact

Expanded from 300 to 2,000 artisans, paying 60% of proceeds to weavers

Scaled to 10k customers in 30+ countries, with only a 0.5% product return rate

Handicraft enterprise from Odisha

Revived traditional artisan livelihoods and expanded market access



Used the platform's artisan initiative to take Odisha's handicrafts to national consumers



Online demand led income generation for rural artisans across 15-20 districts



Platform support aided in scale up and product range expansion across papier-mâché, jute, etc.

Impact

Supported 100+ artisans across 15-20 districts with sustainable income

Built inventory of 1,000+ products within ~five years

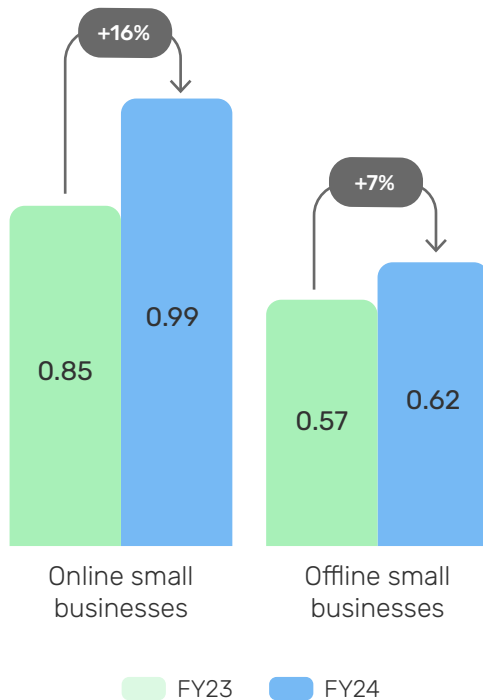
Note: Brand names anonymised

Source: Industry expert interviews, published articles, BCG research

E-commerce is empowering small businesses to grow faster with better access to national and global markets and financing options

90% small businesses that are online have scaled more vs others

Annual SMB turnover (\$ Mn)



Digitally enabled sellers are scaling fast globally

\$20 Bn+

Cumulative e-commerce exports enabled for Indian sellers since 2015, demonstrating strong global demand

750 Mn+

'Made in India' products sold globally across 18+ international markets via e-commerce channels

4K+

Exporters trained via events – boosting operational readiness, compliance confidence, and export capability

Digital sellers access better finance and export support; also invest in capability development

51%

SMBs found e-commerce presence helpful in raising external finance with lower rates, collateral free requirements

31%

Digital SMBs believe e-commerce improved access to information for exports

62%

Digital SMBs invested in employee upskilling and 50% invested in the research and development of new products

Note: SMBs – Small and Medium businesses
Source: ICRIER MSME Survey 2025 of 2,365 firms

E-commerce is reshaping the brand growth playbook and unlocking superior financial performance

Faster scale up



Via wider consumer reach, improved brand discovery, optimized inventory, and supply chain

“ BRAND LEADER, BEAUTY AND PERSONAL CARE BRAND



E-commerce has helped us scale our brand faster by helping with wider access.



Better innovation



Via data driven consumer insights, faster launches, and rapid feedback cycles

“ BRAND LEADER, CONSUMER DURABLES BRAND



Customer feedback and insights from e-commerce helped us pivot to premium offerings and launch new products quickly.



Better financial performance

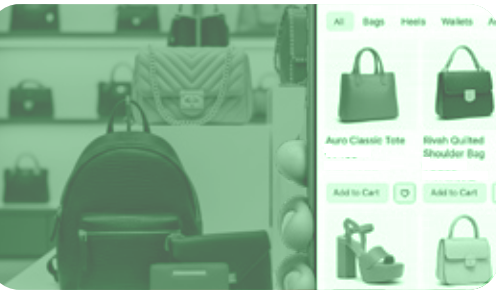


Via multichannel presence across touchpoints

“ BRAND LEADER, FOOTWEAR AND HANDBAGS BRAND



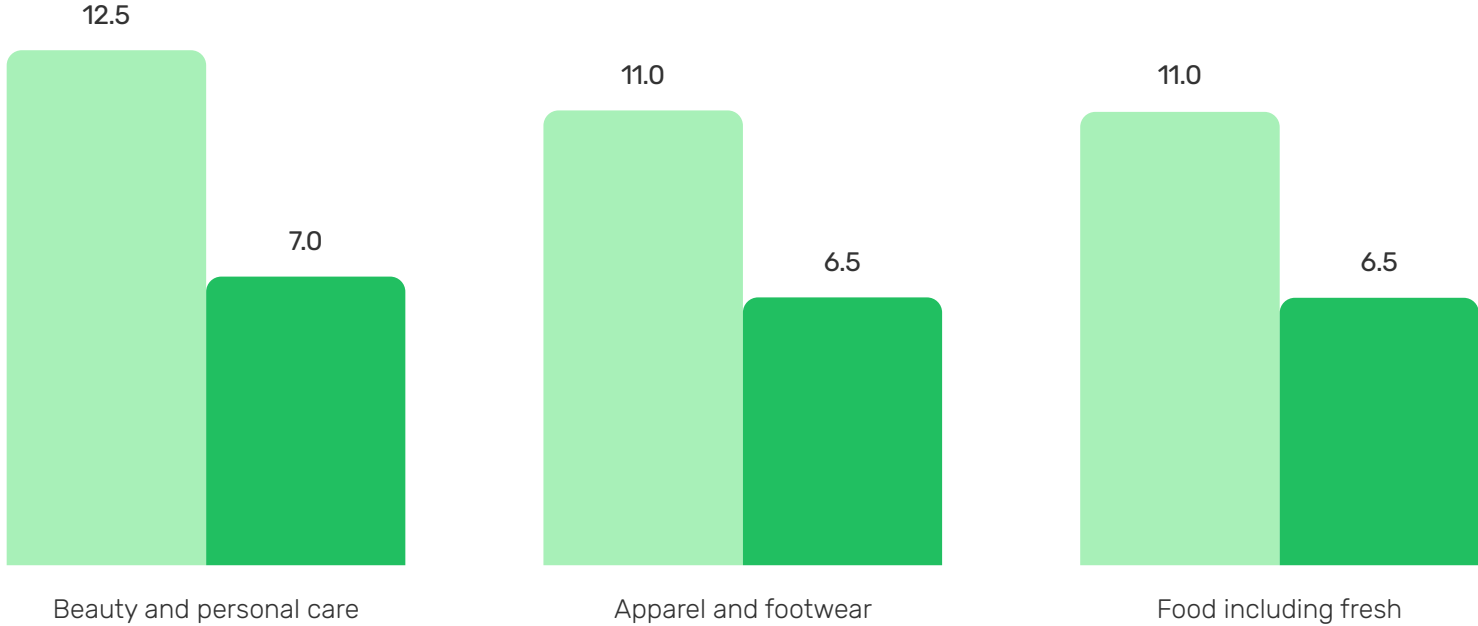
Multichannel is of sustained importance for us. It has helped us gain new customers and retain old ones. Many customers buy online and exchange at the store.




Source: Expert interviews, BCG analysis

E-commerce has reduced the time-to-scale for brands

Average time to reach ₹100 Cr annual revenue in years



Early cohort: launched in 2005-12, before widespread e-commerce adoption Digital-era cohort: launched post 2012, after e-commerce became mainstream

 Many recent 100 Cr+ brands are Indian D2C players; and took ~5.8 years on average to scale to ₹100 Cr

Note: Annual revenue of 75+ companies, with 40+ companies in 2005-2012 and 30+ launched post 2012, spread across 3 categories: Beauty and personal care (~15), footwear and apparel (~35), Food (~30)
Source: MCA Filings, VCC Edge, BCG Analysis

E-commerce accelerates innovation, resulting in 1.5-3x higher launch intensity for brands

Online forward brands have 1.5-3x new product launches vs offline forward brands¹

| Total new launches (2021-25) | Offline forward | Online forward |
|---------------------------------------|-----------------|----------------|
| Beauty and personal care ² | ~20 | ~60 (3x) |
| Food including Fresh ³ | 30-35 | 45-50 (1.5x) |

Key enablers

A E-commerce fuels new product development:

- Sharper new products related data insights
- Faster beta launches for quick feedback on product and pricing

B E-commerce also helps in portfolio expansion across targeted pockets:

- Provides ability to target niche segments, e.g., fitness conscious affluent+ in a specific city tier
- Optimizes inventory costs with shared warehousing vs maintaining own inventory across markets in offline mode

“

BRAND LEADER, FOOTWEAR

We launched our new slip-on range for 40+ age group but online feedback showed it was popular amongst young audience. We launched more variants with brighter colors – it’s our fastest growing category!

“

BRAND LEADER, CONSUMER WELLNESS

We have successfully launched a premium portfolio at 2x price index of category average on e-commerce which was unthinkable to launch offline earlier.

¹. New product launches between 2022-2025 for 10+ brands (uniform distribution between online and offline forward) each in beauty and personal care (skincare and haircare) and food category (packaged snacks, dairy) ². New product is a new range launched and does not count individual new pack sizes launched e.g., A new pack of 500 ml for existing range ³. New product is a new product category+ range + variant launched but does not count individual new pack sizes launched
Source: Secondary research, Brand.com web scraping, Mintel, Industry Expert connects, BCG Analysis

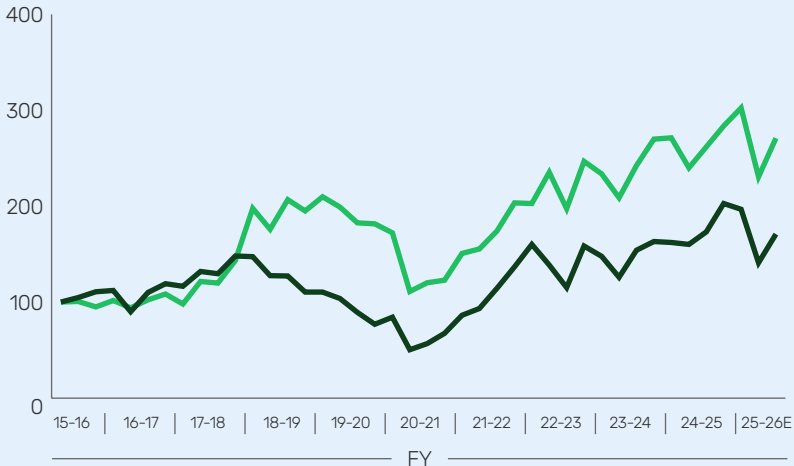
Presence across online and offline channels drives revenue growth leading to better financial performance for traditional brands

Footwear, apparel, and fashion accessories brands

Analysis for 16 brands listed since 2000



Average Indexed TSR

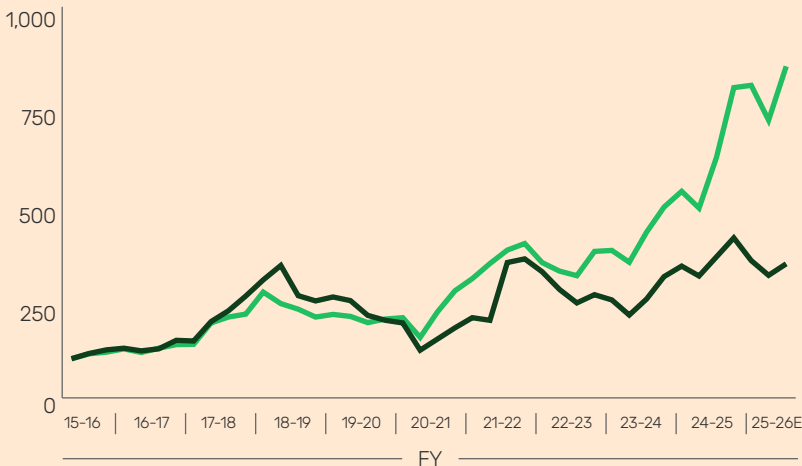


FMCG; Food (including fresh), beauty, and personal care brands

Analysis for 21 brands listed since 2000



Average Indexed TSR



— Brands with high multi-channel presence (E-commerce share >7% in total sales) — Brands with low multi-channel presence (E-commerce share <7% in total sales)

Methodology

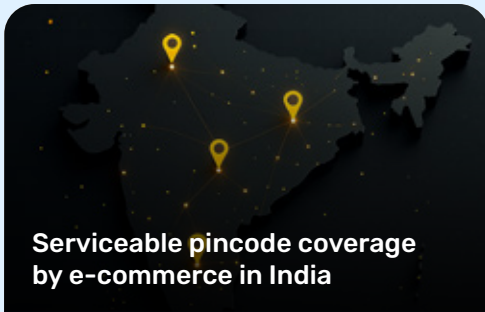
Total Shareholder Return (TSR) – Returns an investor makes from a company, from both the share price increase and dividends paid

Share prices for all companies were indexed to 100 in FY15 and average calculated across companies in the industry

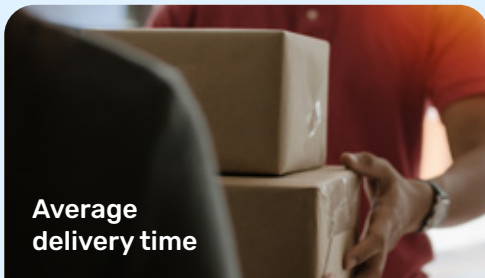
Note: $TSR = \frac{\text{Ending Share Price} - \text{Beginning Share Price} + \text{Dividends Paid}}{\text{Beginning Share Price}}$
Source: Dividend Adjusted Share Price Data (NSE/BSE), company annual reports, BCG analysis

E-commerce has strengthened India's logistics backbone with deeper reach and faster delivery

Massive improvement in India's supply chain



90% → 100%
in 2021 in 2025



6 Days → 2.5 Days
in 2021 in 2025

E-commerce warehouse capacity¹ has grown at ~10-15% CAGR (2021-25)

Warehousing capacity in 2025 vs 2021

1.6x
All-India

1.2x
Metros/Tier 1

3x
Tier 2/Tier 3

Warehouse capacity expansion driven by demand in Tier 2/ Tier 3 cities

E-commerce redistribution and fulfillment centers now spread across 25+ Tier 2 and Tier 3 cities providing last mile deliveries

Innovations in delivery models to expand reach



Tie-up with Indian postal services, helping platforms reach previously unserviceable areas like the North-East

Growth of shared and community-based warehousing, which reduces capex burden and enables expert partnerships, to accelerate technology adoption

1. Capacity Expansion based on e-commerce dominant logistics players' capacity

Source: Expert Interviews, BCG Analysis

E-commerce is driving logistics scale, supply chain upgrades, and major national infrastructure innovations

Supply chain modernization

Warehouse upgrades with automated sorters



Smart sorting based on destination, size, or type to improve process efficiency



Accurate measurement of parcel dimensions and weights for precise costing

8-10%

Reduction in sorting and packaging errors

Real-Time GPS tracking for last mile delivery



Reduces pilferage of parcels



Improves fleet visibility and delivery compliance

4-5%

Reduction in delivery costs

Improved address accuracy with geo-tagging



Reduction in repeat delivery attempts



Helps detect bad addresses, minimizing undeliverable shipments

80% → 93%

Improved address accuracy

Catalyst for large-scale innovations

Indian Railway capability enhanced to handle consumer parcels



Railway carriages upgraded for smaller/fragile consumer parcel transit vs bulk freight on freight corridors



Indian Railways launched Virtual Aggregation Platforms (VAP) to encourage the adoption of railways for e-commerce logistics

India Post re-imagined with IT 2.0 to support e-commerce



86,000+ post offices are now on digital systems; full migration underway – enabling scalable e-commerce parcel operations



3x growth in e-commerce parcels via India Post in the past 18 months

Source: Expert interviews and published articles; BCG research

E-commerce is accelerating the Government's Digital India mission

Digitization of businesses

10 Mn+

Businesses

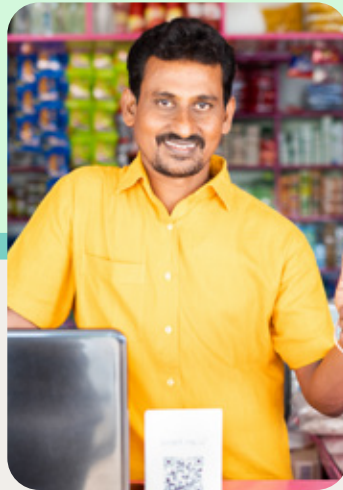


MSMEs digitized through e-commerce platforms, like horizontal marketplaces, are increasing the formalization of businesses

Digital commerce

~108 Mn

Monthly online transactions



Average UPI transactions done every month on e-commerce have almost doubled vs 2024 (1.8x increase)

Workforce skill enhancement

~15 Mn

Workers upskilled

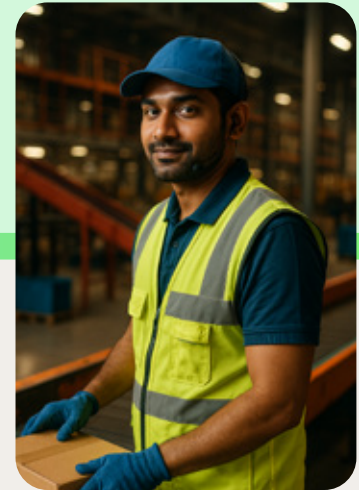


Workforce digitally upskilled across domains; expected to increase to ~24 Mn by 2030

Digitization of infrastructure

\$10 Bn+

Investments



Investments in data centers, fulfillment centers, logistics networks spanning the country, digital payment infrastructure

Source: Publicly available information, published articles, BCG research



04

Catalyzing the ecosystem

Imperatives to drive future growth

India has taken multiple strides to enable the advancement of online commerce, now contributing to 6-7% of India's consumption



Strong telecom and digital infrastructure have enabled widespread and economical **internet access** while Initiatives like UPI have created a strong 'always-on' and simplified **digital payment infrastructure**



Consumer protection frameworks have ensured transparent pricing, secure payments, and accessible grievance redressal to enhance consumer trust and encouraged online shopping



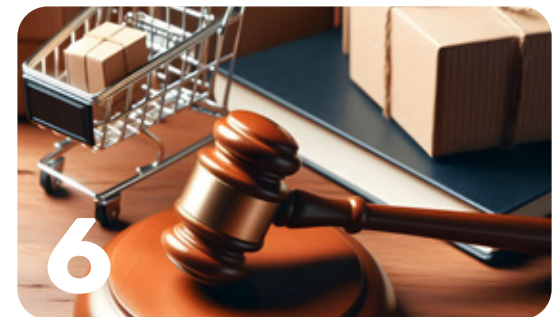
Recent labor reforms are designed to support and formalize **the large and growing gig workforce**



Logistics infrastructure has advanced with the growth of multi-modal transport, initiatives like PM Gati Shakti, and the rise of logistics companies to enable cost efficient coverage of all serviceable pincodes



Export facilitation measures (Budget 2026-27) that removed value limits on shipments and extended export incentives (Duty Drawback, RoDTEP and RoSCTL), have **simplified export pathways for small businesses, D2C brands and artisans**



Reforms like GST, Jan Vishwas Act, National Single Window System, state business reform plans, and ease of selling online have collectively **enhanced the ease of doing business for sellers**

Source: Secondary research, Published articles, BCG Analysis

Foundational trends redefining India's consumption landscape

- 1 Complementarity of online and offline**  Despite the online surge, **offline retail maintained a CAGR of 13-14% (2021-25) and is projected to remain >90% of consumer spending in 2030**, as 9/10 online shoppers continue to shop offline
- 2 Online remains small part of total retail**  Online spends currently comprise **6-7% of overall personal consumption** and are projected to grow to 7-8% by 2030, **lagging many global markets**
- 3 Heterogeneity within online**  Horizontal marketplaces account for <math><1/3</math>rd of online spends as **emerging online formats** like quick commerce, subscription commerce, social and chat commerce, etc., outpace the rest
- 4 Accelerated scale for businesses**  **Reduced time to scale to ₹100 Cr**, from ~11 to ~7 years, through quick and profitable access to markets
- 5 Simplified market access for small businesses**  Online commerce has **simplified access and distribution for small businesses** – enabling access to national markets with a few clicks and significantly low investments
- 6 Growing online shoppers with broader demographics**  ~440 online shoppers estimated by 2030 driven by growing rural, women, and youth participation
- 7 Mature online shoppers seeking up to 5+ online formats**  As shoppers mature, they shop across multiple formats as **different e-commerce formats deliver well on different needs**

Source: BCG Buzz to Bucks 2021, 2025 survey (N=12,000; Urban and Rural coverage), PFCE, Industry experts, BCG Analysis

Future imperatives to be informed by trends and priority areas emerging across the ecosystem

1 Structural trends which are reshaping India's consumption landscape



Complementarity of online and offline



Online remains a small part of total retail



Heterogeneity within online



Accelerated scale for businesses with online



Simplified market access for small businesses with online



Growing online shoppers with broader demographics



Mature online shoppers seeking up to five+ online formats



2 Key areas requiring attention that surfaced from discussions across the ecosystem



Access to capital for growth and innovation



Digital know-how to run online businesses



Regulatory frameworks to support emerging models



Access to global markets



Greater speed and reliability in logistics



Transparency and safety for online sellers



Digital safety, protection against dark patterns for shoppers



Accessible and intuitive online shopping experience for a diverse India

Source: BCG Buzz to Bucks 2021, 2025 survey (N=12,000; Urban and Rural coverage), Industry experts, BCG Analysis

HERE AND NOW

Actions that surface from emerging structural trends and identified attention areas

1

Build presence across online and offline channels

Engage shoppers seamlessly across digital and physical touchpoints

Valid for



2

Plan for each e-commerce archetypes

Plan for horizontal, vertical, social/chat, subscription, quick commerce, etc., based on the role it plays for shoppers

Valid for



3

Manage experience for growing first-time online shoppers

Enhance inclusivity with designs, vernacular interfaces, optimized UI/UX interfaces, and AI for shopper journeys

Valid for



4

Enhance digital safety and transparency for all

Use AI-driven verification and security tools to ensure reliable information, strong data governance, and robust protection for shoppers and sellers

Valid for



5

Innovate on formats and engagement models

Innovate and experiment as shoppers continuously evolve and rapidly embrace emerging "first-to-India" digital formats

Valid for



6

Enable small businesses to sell online

Simplify platform onboarding, improve technology access to enable businesses to come online and grow

Valid for



Legend:



Policy Makers



Sellers, Brands



Tech Providers



E-commerce Players



Payment Platforms



Logistic Players

Source: Industry experts, BCG Analysis

IMPERATIVES FOR THE FUTURE

Emerging structural trends and identified attention areas also point towards imperatives that could enable sustained future growth

1

Greater investment in retail in India

A comprehensive approach to drive greater investment in retail, to enable growth across the broader retail landscape through increased public and private investment, FDI, large-scale digital enablement, and easier access to financing for SMEs linked to online sales performance

Valid for



2

Digital innovation for a future-ready e-commerce

Build a future-ready e-commerce ecosystem through targeted incentives that encourage innovation in retail and the adoption and deployment of advanced digital technologies

Valid for



3

Policies and regulations to support competitiveness and foster innovation

Policies and regulations to support competitiveness and ease of operations across all retail players, recognizing the evolving e-commerce landscape, including quick commerce, subscription models, social commerce, while maintaining technology neutrality and enabling regulatory sandboxes to foster innovation across e-commerce and fintech

Valid for



4

Streamline export pathways to enable access to global markets

Simplified clearance processes, optimized inventory restrictions, and dedicated infrastructure enable global market access

Valid for



5

Talent and skills development for an evolving economy

Investments in skills development for an evolving multi-channel economy and transition of traditional retail workers to the digital economy

Valid for



6

Enable future readiness of logistics

Expansion of last-mile digital and physical infrastructure and alignment of urban planning with fast, sustainable delivery needs for future-ready logistics

Valid for



Legend: Policy Makers Venture Capitalist and Private Investors E-commerce Players Payment Platforms Logistic Players

Source: Industry experts, BCG Analysis

IMPERATIVES FOR THE FUTURE

ENABLER 1



Comprehensive approach for greater investment in retail in India in order to drive growth across the wider retail landscape

Public-private investments and FDI towards large scale digital enablement

Refer Spotlight A

Easier financing for SMEs based on online sales

Refer Spotlight A

SPOTLIGHT A



SIMEST - Targeted subsidized financing for global e-commerce

- 1 SIMEST operates as Italy's **dedicated public financial institution** to support SME internationalization through digital and e-commerce channels
- 2 Offers a structured mix of **subsidized loans and non-repayable grants** specifically designed for e-commerce-led exports
- 3 Financing supports marketplace onboarding, the development of international e-commerce websites, digital marketing, platform integration, and working capital linked to online sales
- 4 Treats **digital storefronts and online marketplaces as essential export infrastructure**, lowering entry barriers for SMEs to access global demand



Canada Digital Adoption Program (CDAP): Grant-led SME digitization

- 1 CDAP provides **direct grants, advisory support, and concessional financing** to help SMEs adopt digital tools and e-commerce solutions
- 2 Offers **tailored support for both early-stage e-commerce adoption and advanced digital transformation** through structured digital adoption plans
- 3 Integrates grants with **access to certified digital advisors and optional zero-interest financing** to ensure execution and impact

These targeted financing and grant-led approaches have enabled SMEs to adopt digital technologies faster, scale e-commerce capabilities, and compete more effectively in domestic and international markets

Source: Publicly available information from SIMEST (CDP Group), Italian Ministry of Foreign Affairs and International Cooperation, Italian Trade Agency (ICE), Government of Canada (Canada Digital Adoption Program), Innovation, Science and Economic Development Canada, Business Development Bank of Canada; BCG analysis

IMPERATIVES FOR THE FUTURE

ENABLER 2



Future-ready e-commerce through incentivization for innovation and deployment of advanced digital technologies

Targeted incentives towards driving innovation and retail

Refer Spotlight B

SPOTLIGHT B



Transizione 5.0: Incentivizing the adoption of advanced digital and automation technologies

- 1 **National tax-credit scheme** to accelerate enterprise adoption of advanced digital technologies linked to measurable productivity and energy-efficiency gains
- 2 Provides **fiscal incentives for investments in technologies** such as smart logistics, automation, IoT, data systems, AI-enabled tools, and advanced digital services
- 3 Explicitly links **technology deployment with operational modernization**, encouraging firms to upgrade core processes rather than pursue isolated digital pilots
- 4 Anchored within Italy's national recovery and resilience framework, enabling the co-ordinated and **large-scale deployment** of next-generation digital capabilities



Double Tax Deduction for Internationalization (DTDi): Enabling digital-led innovation for global expansion

- 1 Singapore offers a **double tax deduction** on Internationalization expenses that increasingly include digital and technology-driven market expansion activities
- 2 Supports the **deployment of advanced digital tools** across e-commerce, virtual trade platforms, digital marketing, data-driven customer acquisition, and analytics
- 3 **Encourages firms to innovate** in how they access global markets by recognizing digital-first and virtual modes of internationalization
- 4 Designed as a **low-friction incentive** that accelerates the adoption of advanced digital capabilities for cross-border growth

These fiscal incentives accelerated the large-scale deployment of advanced digital technologies, enabled firms to modernize operations, innovate faster, and compete effectively in global e-commerce markets

Source: Publicly available information from Government of Italy (Transizione 5.0, National Recovery and Resilience Plan, Ministry of Enterprises and Made in Italy), European Union (REPowerEU); Government of Singapore (Double Tax Deduction for Internationalisation – DTDi, Enterprise Singapore); BCG analysis

IMPERATIVES FOR THE FUTURE

ENABLER 3



Policies and regulations to support competitiveness and ease of operations across all types of players in retail

Regulatory frameworks and policies that leverage technology to improve the economics of the retail landscape

Refer Spotlight C

Regulatory sandboxes to foster innovation across e-commerce and fintech

Refer Spotlight D

SPOTLIGHT C



Blockchain enabled traceability to strengthen trust, transparency, and brand authenticity of 'Made in Italy' products

- 1 Nationally supported **blockchain-based traceability initiative** to authenticate the origin, production process, and quality of 'Made in Italy' goods
- 2 Enabled **end-to-end product traceability** across the supply chain, allowing consumers to verify authenticity through digital identifiers such as QR codes
- 3 **Implementation support** is provided to firms, particularly SMEs, covering technology adoption, integration, and operational execution
- 4 The initiative is **closely aligned with international promotion efforts**, reinforcing the credibility and premium positioning of Italian products in global markets

This has strengthened consumer trust, protected brand value, and enhanced the global competitiveness of Italian products through verifiable digital authenticity

SPOTLIGHT D



Consumer Packaging and Labelling Act (CPLA): Unified national enforcement

- 1 Canada operates a **single, nationally administered consumer packaging and labelling framework** that applies consistently across online and offline retail
- 2 Clear, **standardized requirements for product identity, quantity, origin, and disclosures** reduce ambiguity for sellers and simplify compliance
- 3 **Centralized federal oversight** enables uniform national enforcement nationwide, lowers compliance complexity, and provides regulatory certainty for businesses operating at scale

Greater centralization reduced compliance complexity, enhanced enforcement fragmentation, and strengthened consumer trust to support the growth of digital commerce ecosystems



Distintivo Digital (PROFECO): Government-verified trust seal for e-commerce

- 1 Mexico introduced a **government-issued digital commerce badge** to recognize online sellers adhering to defined consumer protection and transparency standards
- 2 **Participation signals compliance with clear codes** covering data protection, returns, disclosures and grievance redressal
- 3 The program **provides consumers with a visible trust marker** while giving compliant sellers a recognized credential to differentiate themselves

Source: Publicly available information from Government of Italy (Ministry of Enterprises and Made in Italy), Italian Trade Agency (Agenzia ICE – TrackIT Blockchain/Made in Italy traceability initiatives); Publicly available information from Government of Canada (Consumer Packaging and Labelling Act – CPLA, Competition Bureau, Canadian Food Inspection Agency), Government of Mexico (PROFECO – Distintivo Digital); BCG analysis.

IMPERATIVES FOR THE FUTURE

Simplified clearance processes, optimized inventory restrictions, and dedicated infrastructure to streamline e-commerce export pathways



Refer Spotlight E

SPOTLIGHT E



Streamlined export ecosystems and enabled e-commerce-led global market access through the 'Made in Italy' initiative supported by Special Economic Zones (SEZs)

- 1 Italy combined its national 'Made in Italy' e-commerce push with SEZs designed around simplified, centrally coordinated export processes
- 2 SEZs offer fast-track clearances, single-point coordination, and integrated advisory support, reducing procedural complexity for exporting firms
- 3 Dedicated infrastructure and harmonized oversight enable SMEs to focus on scaling international demand rather than navigating multiple regulatory touchpoints
- 4 Close alignment between trade promotion agencies, customs authorities, and SEZ administrations ensures predictability and ease of operations

This integrated, low-friction single-window export environment enabled faster e-commerce-led internationalization and strengthened small businesses' ability to compete globally.

Source: Publicly available information from Italian Trade Agency (Agenzia ICE – Made in Italy initiative), Government of Italy (Ministry of Enterprises and Made in Italy, Special Economic Zones framework); BCG analysis.

IMPERATIVES FOR THE FUTURE



Investments in talent and digital skills development to enable future readiness for an evolving multi-channel economy and transition of traditional retail workers to digital economy roles

Community-led capability building to enable inclusive digital participation

Refer Spotlight F

SPOTLIGHT F



Integrated community programs for digital skills and merchandising readiness

- 1 Singapore combines broad-based digital inclusion initiatives with **targeted capability-building programs for small and neighbourhood businesses**
- 2 Alongside national digital skills efforts like Digital for Life (DfL), the **Enhanced Visual Merchandising Programme** supports enterprises in building practical competencies across content creation, visual presentation, and customer engagement
- 3 The program spans both online and offline touchpoints, covering product imagery, copywriting, store layout optimization, and digital presence, ensuring relevance across commerce channels
- 4 Delivered through appointed partners and structured training modules, it enables consistent outcomes and participation across diverse community segments



Australian Small Business Advisory Services (ASBAS)

- 1 Australia adopted an **advisory-led model** to lift SME digital adoption through access to vetted experts at low cost
- 2 Practical, **decision-oriented guidance across digital selling**, business software, emerging technologies, and cybersecurity
- 3 **Structured delivery** ensures that support reaches diverse business segments with varying levels of digital maturity
- 4 Emphasises **sustained capability building** rather than one-time technology adoption

Formalized community-anchored, advisory-driven approaches have enabled broader and more inclusive digital participation, ensuring that small businesses and under-represented groups are equipped to engage effectively in the digital economy

Source: Publicly available information from Government of Singapore (Digital for Life, Enhanced Visual Merchandising Programme, Enterprise Singapore), Government of Australia (Australian Small Business Advisory Services – ASBAS); BCG analysis.

IMPERATIVES FOR THE FUTURE

Expansion of last-mile digital and physical infrastructure and alignment of urban planning with fast, sustainable delivery needs for the future-readiness of logistics



Refer Spotlight G

SPOTLIGHT G



China has built a smart, strong, and innovation driven logistics infrastructure to fuel economic growth

- 1 Strong public and private investments** have enhanced speed and accuracy:

 - Public-private national multimodal logistics fund to co-finance rail roads, air hubs, and e-commerce redistribution centres
 - Capex tax credits, accelerated depreciation for automation, and AI investment in warehousing (sorters, robotics, WMS, vision systems)
 - “Last-mile innovation zones” with fast-track permits for micro-hubs, locker networks, and drone corridors with sandbox regulation
 - Data-interoperability standards and open APIs for parcel routing, inventory visibility, and predictive ETA sharing across platforms and carriers
- 2 Government programs** like the 2024 Action Plan for Reducing Logistics Costs promoted digitalization, cost efficiency, and green logistics
- 3 Urban planning policies** balanced ultra-fast delivery with sustainability:

 - Urban consolidation hubs, regulated pickup points, time-window management, and freight scheduling to reduce congestion while preserving delivery speed
 - Electrification and micro-mobility to reconcile speed with emissions targets

Stronger central coordination accelerated advanced logistics modernization, enabled same-day fulfilment, nationwide reliability, and profitable e-commerce growth across urban and rural geographies.

Source: Publicly available information from Government of China (Ministry of Commerce, National Development and Reform Commission, logistics and urban planning initiatives), Chinese municipal governments; published industry articles; BCG analysis.

Methodology

Robust approach covering inputs from consumers, industry players and secondary analysis



Extensive consumer research

~12,000 consumers surveyed
across ~40 cities covering 76 categories



Demographics

Adult population (18 years. and above) with optimal representation of age, income and gender as per general population



Geographic coverage

Urban (Metro – Tier 3) and Rural; ~40 cities



~76 Category coverage

62 product categories and 14 service categories



Discussions with industry experts

40+ expert leader interactions
across Industries



30+ Industry conversations

across platforms and brand experts
across 15+ categories



10+ connects with sectoral experts
from BCG internal network

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Acknowledgements

The authors would like to thank the following BCG colleagues for their valuable contributions to this report:

Ankur Jain, Isha Chawla, Prashant Srivash, Mrityunjay Singh, Tejasvi Tannan, Parshva Dugad, Shweta Singh and Sushmitha Gumireddy.

A special thanks to Nidhi Yadav, Jasmin Pithawala and Tanya Barbora for coordinating the marketing efforts, as well as Sujatha Moraes, Abbasali Asamdi, Dhruv Anand, Saurabh Tikekar, Preet Nair, Saanchi Chatwal, Nihar Mehta, and Honesh Pareek for their contribution to the editing, design and production of this report.

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