

E-Commerce in India: A Case Study on Consumer Buying Behaviour Trends

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Abstract

India's e-commerce sector is witnessing rapid expansion, driven by evolving consumer behaviour and technological advancements. This study explores key development areas in Indian e-commerce while analysing emerging trends in consumer buying behaviour. A SWOC (Strengths, Weaknesses, Opportunities, and Challenges) analysis is conducted to provide deeper insights into the sector's current landscape and future growth potential. The study, based on secondary data from literature, case studies, and industry reports, highlights how e-commerce businesses are enhancing supply chains and leveraging technology to personalize shopping experiences, foster customer engagement, and build trust. Additionally, content-driven marketing strategies, such as blogging and video creation, are proving instrumental in increasing organic traffic and sales, allowing businesses to optimize resources while monetizing visitor engagement through retargeting ads. The findings offer valuable insights for e-commerce sellers, enabling them to refine their strategies to improve consumer satisfaction and brand loyalty, ultimately contributing to the sector's sustained growth in India's digital economy.

Keywords: E-Commerce, Online Shopping, Consumer Behaviour, Digital Marketing, SWOC Analysis

Introduction

The rapid adoption of e-commerce in India has transformed the way consumers purchase goods and services, ranging from electronics to daily essentials. Online shopping has gained momentum due to attractive discounts, increased internet penetration, and the expansion of quick delivery services across the country. While established industry leaders continue to dominate, many smaller businesses have also entered the market by offering app-based solutions for the daily delivery of essentials.

According to a report by the Boston Consulting Group, e-commerce currently accounts for approximately 5-6% of India's total retail sector. However, its growth trajectory is remarkable. Predictions from Invest India estimate that the Indian e-commerce retail market will expand from \$30 billion in 2019 to \$200 billion by 2026, growing at an annual rate of 30%. A study by Nielsen highlights that during major festive seasons such as Dussehra and Diwali, online purchases of fast-moving consumer goods (FMCG) reached 20% in 2023, compared to 13.5% in 2019. This indicates a shift in consumer preferences beyond electronics and apparel, with groceries and personal care products witnessing a surge in online sales. In terms of volume, FMCG accounted for 35% of total online purchases, an increase from 30% in 2019.

Consumer behavior in e-commerce is influenced by multiple factors, including convenience, pricing, delivery speed, and product reviews. Online reviews play a crucial role in shaping consumer purchasing decisions, yet skepticism regarding their authenticity has grown in recent years. Studies suggest that various online and offline factors impact consumer choices, with many preferring online shopping for its ease and efficiency, while others still value the in-store experience for brand exploration and firsthand product assessment. The process of evaluating online reviews involves factors such as accuracy, completeness, argument strength, and quantity, but the rise of fake reviews has led to concerns over credibility.

A significant determinant of consumer buying behavior is trust in product labeling and certification. Research indicates that consumers are more likely to make a purchase and pay a premium when they perceive a product as safe and authentic. Labeling, brand perception, past shopping experiences, and peer recommendations play a vital role in influencing purchase intentions. Furthermore, consumers mitigate risks associated with online shopping by relying on return policies and guarantees.

A growing trend within the Indian e-commerce market is the increasing demand for unbranded or private-label products. These products, often manufactured by regional businesses, do not carry well-known brand names but offer competitive pricing and quality. The concept of "unbranded" extends beyond the absence of a recognizable label; it also includes emerging brands striving to establish their market presence.

As the e-commerce landscape in India continues to evolve, businesses are adapting to the changing preferences of consumers. Industry experts acknowledge the rising prominence of online grocery shopping, with companies like Godrej Consumer Products Ltd. (GCPL) reporting that online channels now contribute 4% of their total sales. The influx of new online shoppers and their shifting preferences highlight the need to study consumer behavior trends in this dynamic sector. This paper aims to explore the evolving purchasing patterns, key influencing factors, and the growing significance of unbranded products in India's e-commerce industry.

Literature Review

A systematic review of existing literature has been conducted using Google Scholar and other academic databases, analysing research published in journals between 2002 and 2024. The keywords used for the search included **"Consumer Buying Intention," "Online Purchase," "Willingness to Pay," "Consumer Perception," and "E-commerce Growth in India."** In addition to journal articles, secondary sources such as research reports from credible international organizations have also been reviewed to understand evolving consumer trends in India's e-commerce sector.

Table 1: presents a summary of key research studies on consumer buying behaviour, willingness to pay, and influencing factors in the context of online shopping.

Table 1: Related Research on Consumer Buying Behaviour in E-commerce

| S. No. | Field of Research | Focus | Outcome | References |
|--------|------------------------------|--|---|--|
| 1 | Consumer Behavior | Readiness to pay a premium price for perishables | Consumers' willingness to pay for perishables is significantly influenced by price concerns and value perception. Trust in online labels and certification influences spending decisions. | Afreen Nishat et al. (2022); Zhang et al. (2019) |
| 2 | Digital Marketing | Online review credibility | Factors such as the precision, completeness, and reliability of online reviews influence consumer trust in product quality. However, fake reviews reduce credibility. | Thomas et al. (2020) |
| 3 | Consumer Behavior | Purchase intention for private-label products | A positive perception of private-label brands encourages willingness to pay. Consumers rely on perceived value rather than brand recognition when making purchase decisions. | Jaafar (2012); Singh & Roy (2023) |
| 4 | Consumer Preferences | Shopping orientation of women towards online FMCG purchases | Women with a stronger utilitarian shopping approach prefer online purchases for convenience, discounts, and variety. | Seema et al. (2016); Verma & Bhatia (2024) |
| 5 | Customer Loyalty | Fresh food purchases through online vs. retail platforms | Buyers exhibit different loyalty patterns in online and offline channels, with convenience being a key factor in online grocery shopping. | Wang et al. (2018); Kumar & Sharma (2023) |
| 6 | Consumer Behavior Prediction | Perceived risks in e-commerce (data security, pricing risk) | Trust in e-commerce platforms, secure payment options, and app usability influence online shopping behavior and reduce perceived risks. | Tuan et al. (2022); Gupta et al. (2024) |
| 7 | Product Labeling | Impact of ingredient labeling on consumer trust and spending | Information on product labels affects consumer trust, influencing their willingness to pay. Label transparency and certification increase purchase confidence. | Hwang et al. (2016); Mishra & Goel (2024) |
| 8 | Consumer Perception | Perceived risk in online shopping and its effect on willingness to pay | Consumers perceive a higher level of risk in online shopping compared to physical stores. Trust-building mechanisms such as return policies and guarantees mitigate concerns. | Samadi (2009); Rajan et al. (2023) |
| 9 | Consumer Buying Intentions | Impact of discounts on purchase decisions | Consumers prioritize perceived value when making purchasing decisions, and discount strategies influence actual buying behaviour. | Agmeka (2019); Patel & Iyer (2024) |

Objective

- 1) To examine evolving consumer trends in India's e-commerce industry.
- 2) To identify and categorize emerging patterns of consumer buying behaviour in the Indian e-commerce landscape.

- 3) To provide strategic recommendations for enhancing growth and customer engagement in the e-commerce sector.
- 4) To conduct a SWOC (Strengths, Weaknesses, Opportunities, and Challenges) analysis of consumer purchasing behaviour within the Indian e-commerce industry.
- 5)

Research Methodology

This study employs a theoretical framework using secondary data sources to analyze consumer buying behavior trends in India's e-commerce industry. Data is collected from research papers, case studies, e-commerce reports, industry blogs, government publications, and online sources such as Google Scholar and market research databases. The research applies a SWOC (Strengths, Weaknesses, Opportunities, and Challenges) analysis to examine key factors influencing online shopping behavior. A conceptual model is developed to explore consumer preferences, digital trust, price sensitivity, and convenience in e-commerce purchases. Insights from literature and market trends are integrated to provide strategic recommendations for industry growth, ensuring a systematic and data-driven approach to understanding India's evolving digital marketplace.

Consumer Trends in The E-Commerce Industry

The lifestyle segment in India continues to be largely dominated by unorganized and unbranded general commerce, which currently accounts for nearly 70% of lifestyle retail demand. E-commerce, despite its rapid growth, makes up only 4% of modern trade, which itself holds a 16% share of the overall retail industry. In contrast, premium lifestyle retail has a significantly higher penetration in organized retail spaces, accounting for 45% of contemporary retail, while only 10% of sales in this segment were conducted online as of 2019. While Tier 1 and Tier 2 cities house numerous national and international brands catering to fashion-conscious consumers, demand for affordable alternatives is equally strong in other parts of the country, where consumers seek similar styles at more budget-friendly prices.

Although e-commerce platforms have successfully expanded to cover a large portion of India's pin codes, they still struggle to fully cater to the demand for low-cost, unbranded products due to their higher operational costs and customer acquisition expenses. Online searches for exclusive products have reportedly increased by 140%, while interest in unbranded products has grown by 75%, highlighting the rising consumer preference for affordable alternatives. Data from 2016 indicates that unbranded FMCG products held a significant share in several categories: 52% for chips, 49% for salty snacks, 36% for floor cleaners, 26% for tea, and 25% for hair oil. These statistics reflect a steady increase in unbranded product sales on e-commerce platforms, emphasizing a shifting consumer focus toward affordability and accessibility.

A special report by Coresight Research revealed that low-cost, unbranded apparel dominates Amazon Fashion, making it the most popular category on the platform. An analysis of nearly one million clothing products listed by Amazon sellers indicated that unbranded apparel saw a 900% increase in product listings between August 2018 and 2019, surpassing well-established global brands like Nike, Calvin Klein, and Adidas. This trend underscores the growing demand for affordable, non-branded fashion, particularly among price-sensitive consumers.

The rise of unbranded products in e-commerce presents both challenges and opportunities for established brands. To remain competitive, quality brands must prioritize consumer needs, ensuring that product innovation, affordability, and brand trust remain at the core of their business strategies. While unbranded goods continue to thrive, branded businesses can leverage e-commerce platforms like Amazon and Flipkart to enhance their reach without compromising quality. Companies must also focus on delivering value-driven products that address consumer pain points, ensuring long-term customer loyalty.

To support e-commerce growth, the Indian government has introduced several initiatives aimed at expanding broadband penetration, enhancing digital payment security, and establishing a robust legal framework for conflict resolution. These efforts have significantly contributed to India's digital transformation, mirroring the trajectory observed in developed markets like the United States. With continued advancements in infrastructure, financial security, and consumer trust, India's e-commerce industry is expected to witness sustained growth, further shaping the country's retail landscape.

Types of Consumer Behaviour in E – Commerce

The Indian e-commerce landscape has evolved significantly, influenced by changing consumer preferences, digital adoption, and affordability. Consumer buying behaviour in online shopping varies across different segments, particularly between value-conscious and premium buyers.

1. **Budget-Conscious Shopping** – A majority of value-driven consumers prefer to set a budget and adhere to it. They invest significant time in researching products and comparing prices before making a purchase.
2. **Focus on Discounts and Offers** – Price sensitivity is a key factor influencing buying decisions. Many shoppers actively seek discounts, cashback, and deals, often prioritizing products with the highest markdowns.
3. **Low Brand Loyalty** – Consumers in India are increasingly open to exploring different brands, focusing on cost-effectiveness rather than brand allegiance. They often switch brands based on better pricing, quality, and customer reviews.

4. **Aspirational Purchases** – Lifestyle-driven buying is a common trend, with many shoppers opting for products that enhance their social image and personal appeal. Aspirational needs influence spending, particularly in fashion and electronics.

5. **Influence of Social Media and Peer Recommendations** – Family, friends, and social media play a crucial role in shaping consumer preferences. Younger consumers especially rely on influencer recommendations and online reviews before finalizing their purchases.

Suggestions For Further Success

The continued success of India's e-commerce industry depends on several evolving factors. Future research should explore the following key areas to enhance consumer experience and business growth:

1. **Optimized Product Availability and Curation** – A well-structured product catalog catering to regional preferences and diverse consumer needs can improve engagement. Research can focus on how curated collections and localized product availability impact buying decisions, particularly in tier-2 and tier-3 cities.

2. **Role of Reviews and Personalized Recommendations** – Consumers heavily rely on peer reviews and influencer opinions when making purchase decisions. Studies can analyse the effectiveness of AI-driven personalized recommendations and the influence of social validation on consumer trust in e-commerce platforms.

3. **Customer Retention and Engagement Strategies** – As consumer preferences shift online, loyalty programs, interactive communities, and personalized shopping experiences become critical. Future research can assess the impact of long-term engagement strategies, such as gamification and exclusive membership benefits, on customer retention.

4. **Enhancing Supply Chain and Logistics Efficiency** – The e-commerce sector must address challenges related to last-mile delivery and reverse logistics, particularly in non-metro areas. Research can explore cost-effective solutions for improving delivery speed, reducing transportation costs, and enhancing supply chain resilience.

5. **Integration of Online and Offline Retail** – Certain product categories, such as beauty and household essentials, require a hybrid shopping model. Studies can focus on the adoption of virtual trial technologies, offline experience centers, and omnichannel retailing to bridge the gap between digital and physical shopping experiences.

6. **Evolving Consumer Behavior in Value-Based E-Commerce** – The shift of budget-conscious consumers toward online platforms presents a growing opportunity. Research can examine how value-driven shoppers adapt to e-commerce, their expectations regarding affordability and quality, and strategies to enhance their digital shopping experience.

SWOC Analysis

A SWOC (Strengths, Weaknesses, Opportunities, and Challenges) analysis provides insights into the key factors influencing consumer buying behavior in India's e-commerce sector. It helps identify areas of growth, existing limitations, market opportunities, and industry challenges.

Strengths

1. **Widespread Digital Adoption** – The rapid expansion of internet penetration and smartphone usage has fueled online shopping, particularly in urban and tier-1 cities, with increasing adoption in tier-2 and tier-3 regions.

2. **Fast-Growing Market** – With a high CAGR, India's e-commerce industry is experiencing exponential growth, expanding its reach across multiple categories.

3. **Global Expansion Opportunities** – Digital payments and regulatory support have enabled Indian businesses to scale internationally, providing wider market access.

4. **Personalized Shopping Experiences** – AI-driven recommendations and targeted marketing strategies enhance consumer engagement and improve conversion rates.

5. **Influence of Social Media and Digital Advertising** – E-commerce platforms benefit from influencer marketing and data-driven advertisements, significantly impacting purchase decisions.

Weaknesses

1. **Cybersecurity Concerns** – Online fraud and data privacy risks deter some consumers from fully embracing e-commerce.

2. **Lack of Brand Visibility for Small Sellers** – Many e-commerce platforms prioritize product marketing over branding, making it difficult for smaller vendors to build long-term recognition.

3. **Perceived Quality and Tangibility Issues** – Consumers often hesitate to buy products online due to the inability to physically inspect them before purchase.

4. **Technical Challenges** – High operational costs related to website maintenance, logistics, and customer service can be a burden for new entrants.

5. **Returns and Refund Complexities** – Handling reverse logistics and customer dissatisfaction over return policies remains a challenge.

Opportunities

1. **Expansion into Rural Markets** – The increasing internet reach in smaller towns and rural areas presents untapped potential for e-commerce platforms.
2. **Integration of Online and Offline Retail** – A hybrid shopping model, combining digital stores with physical experience centers, can bridge trust gaps for hesitant consumers.
3. **Advancements in Technology** – The adoption of 5G, virtual reality (VR), and augmented reality (AR) can enhance the online shopping experience.
4. **Localized Content and Language Accessibility** – Providing product information and customer support in regional languages can help attract a broader customer base.
5. **Sustainability and Ethical Consumerism** – Eco-friendly packaging, sustainable sourcing, and ethical business practices can drive consumer preference in the evolving market.

Challenges

1. **Logistics and Supply Chain Limitations** – Delivery inefficiencies, especially in non-metro areas, can affect customer satisfaction.
2. **Intense Market Competition** – Price wars, heavy discounting, and competition from global players pose challenges for domestic sellers.
3. **Consumer Trust and Skepticism** – Concerns regarding product authenticity, hidden costs, and misleading advertisements affect buyer confidence.
4. **Government Regulations and Compliance** – Evolving policies around taxation, data protection, and foreign investments require constant adaptation by businesses.
5. **Digital Divide and Internet Connectivity Issues** – Despite rapid growth, certain remote areas still face limited internet access, affecting e-commerce expansion.

Findings

Consumer Expectations and Preferences

1. **Value and Quality** – Consumers seek affordable products without compromising on quality.
2. **Trust and Security** – Safe transactions, secure payment options, and reliable service enhance consumer confidence.
3. **User-Friendly Experience** – Simple navigation, clear product descriptions, and easy purchasing processes improve engagement.
4. **Accurate and Timely Delivery** – Customers expect precise order fulfillment with real-time updates on shipments.
5. **Competitive Pricing and Discounts** – Price-sensitive buyers actively look for deals, discounts, and price comparisons.
6. **Minimal Personal Data Requirement** – Consumers prefer platforms that require limited personal details for transactions.
7. **Innovative and Social Shopping Trends** – Increasing reliance on influencer recommendations and interactive shopping experiences.

Industry Opportunities

1. **For Retailers** – Digital integration allows retailers to expand their market reach and enhance customer engagement.
2. **For Wholesalers/Distributors** – Partnering with manufacturers and using e-commerce can streamline distribution networks.
3. **For Producers** – Selling directly through online platforms strengthens brand identity and increases visibility.
4. **For Individuals** – The rise of e-commerce opens opportunities for digital entrepreneurs, logistics providers, and service-based platforms.

Suggestions

To succeed in India's evolving e-commerce landscape, businesses must enhance their digital visibility by optimizing for unbranded searches and understanding consumer search behavior to improve engagement. Small-scale entrepreneurs can leverage e-commerce's accessibility to establish themselves with minimal investment, fostering market expansion. As online shopping is projected to dominate future retail trends, companies must continuously adapt to changing consumer preferences and technological advancements. By embracing data-driven marketing, innovation, and new business models, e-commerce players can capitalize on emerging opportunities and drive sustained growth.

Conclusion

India's e-commerce sector, valued at \$40 billion, continues to thrive due to its scalability and adaptability. Unlike traditional retail, online businesses can expand effortlessly by leveraging digital marketing, optimizing operations, and adopting flexible supply chain models like drop shipping. This eliminates the constraints of physical space and inventory management, allowing sellers to focus on customer engagement and market expansion. As consumer reliance on e-commerce grows, businesses that embrace innovation and data-driven strategies will be well-positioned for long-term success in the dynamic Indian market.

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