

# The Rise Of *E-commerce* and The D2C Push.



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# Introduction

Did you know that as of 2025, the e-commerce market is projected to reach \$200 billion, up from \$75 billion as compared from 2023, according to a joint report by IAMAI and KPMGIndia's e-commerce landscape is experiencing unprecedented growth, driven by technological advancements, increased internet penetration, and supportive government policies.

The Indian e-commerce sector in 2025 will be a dynamic space of challenges and opportunities, driven by technological advancements, changing consumer behaviors, and the need for operational optimization. Unlike revolutionary disruptions, the focus will be on achieving efficiency and scalability while managing economic pressures and heightened competition.

Here's an in-depth look into trends shaping the Indian e-commerce landscape in 2025, supported by data and analytics.



# Market Growth Trends

The e-commerce sector's rapid expansion is evident, with revenue expected to reach \$67.16 billion in 2025. A compound annual growth rate (CAGR) of 10.06% is anticipated from 2025 to 2029, indicating sustained growth. As seen, the Direct-to-Consumer (D2C) market is projected to grow at a CAGR of 40%, reaching \$60 billion by 2027.



# Key Drivers

- Several factors contribute to this growth:
- Digital Adoption: Increased internet penetration and smartphone usage have expanded the online consumer base.
- Digital Payments: The proliferation of digital payment methods has facilitated seamless online transactions.
- Government Initiatives: Programs like Digital India and the Open Network for Digital Commerce (ONDC) aim to democratize digital commerce, enhancing accessibility for consumers and businesses alike.

## **AI-Driven Personalization and Optimization :**

- Artificial Intelligence (AI) will play a pivotal role in redefining personalization in the Indian market. This level of personalization has proven to increase conversion rates by 15% and customer loyalty by 30%
- Case in point: Indian retail giant Reliance Retail's AI-driven algorithms already cater to hyperlocal preferences, influencing product assortment at the store level. This trend is likely to become the norm across both B2B and B2C sectors

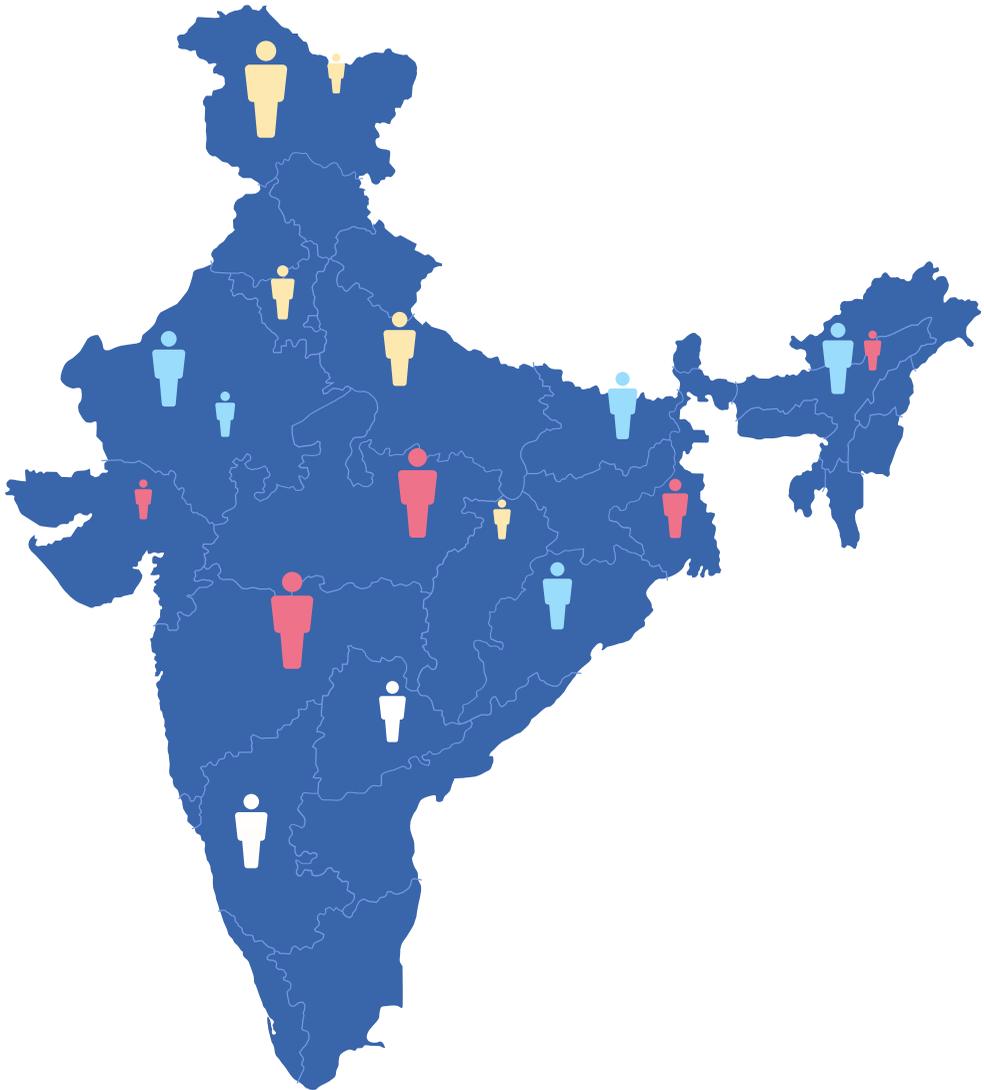
# Regulatory Insights and Initiatives

**Since 2014, several flagship programs have been launched to foster a digital economy and empower businesses:**

- **DigitalIndia** – Strengthening digital infrastructure and internet penetration.
- **MakeInIndia** – Promoting local manufacturing and digital entrepreneurship.
- **StartupIndia** – Supporting e-commerce startups with funding and regulatory ease.
- **SkillIndia** – Training the workforce to adapt to digital business models.
- **InnovationFund** – Funding tech-driven e-commerce solutions and digital payment infrastructure.
- **Government e-Marketplace (GeM)** – Transforming Public Procurement

- **Launched:** 2016 by the Ministry of Commerce & Industry

**Objective:** Providing an efficient, transparent, and inclusive digital procurement system for government agencies.



# Why Invest In Retail & E-Commerce

## Burgeoning Consumer Base

India's middle class is projected to surge by 75 mln households by 2040, fueling increased consumption and retail growth

## Thriving E-commerce Market

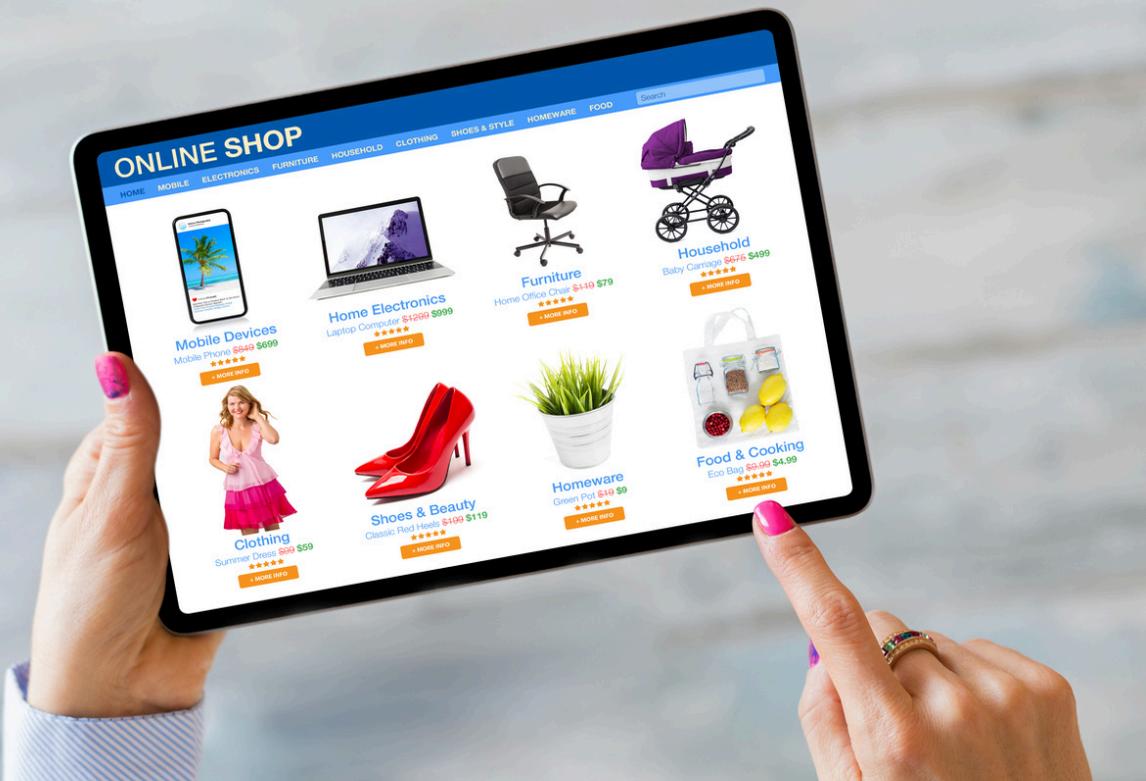
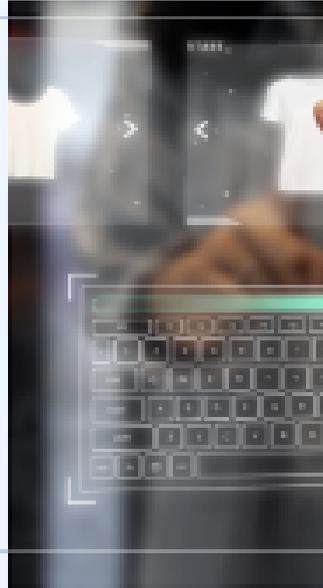
India leads in retail innovation, with 15-2.5 Mn M QoQ's online retail 49% in commercial growth projected

## Government's support

Initiatives like GST and FDI via automatic route allow international players to invest in single-brand retail and e-commerce

## Robust Growth & Diversification

India's retail market grows by 60% in 2020, with offline retailers seeing 20% YoY growth highlighting sector strength



## Major Investors



# The Rise of E-Commerce and D2C in India

The Direct-to-Consumer (D2C) market in India has seen an explosive rise over the last few years, driven by key factors like changing consumer behavior, digital adoption, and a shift towards personalized shopping experiences. Some major reasons for this surge include:

## Growth of Digital Infrastructure

- India now has 850 million+ internet users, making online shopping more accessible.
- The rise of digital payments (UPI, BNPL, and wallets) has reduced friction in online transactions

## **Pandemic-Led Acceleration**

- COVID-19 forced traditional brands to go digital, accelerating e-commerce penetration from 4% in 2019 to 11% in 2024.
- Consumers adopted online-first brands, leading to a permanent shift in behavior.

## **Consumer Preference for Authenticity & Personalization**

- Unlike marketplaces like Amazon/Flipkart, D2C brands control their messaging, customer data, and personalization, creating stronger brand loyalty.
- Millennials and Gen Z prefer brands with a strong identity and transparency.

## **ONDC & Government Push**

- The Open Network for Digital Commerce (ONDC) initiative is helping D2C brands break Amazon-Flipkart dominance by reducing platform dependency.

# Top D2C Brands in India & Their Marketing Strategies

## boAt (Electronics & Audio)

- Strategy: Influencer marketing, offline expansion, limited edition drops
- Key Tactic: Partnering with cricketers & celebrities to build aspirational value
- Growth: Became India's #1 audio brand, now expanding globally

## Mamaearth (Beauty & Personal Care)

- Strategy: Purpose-driven branding, community engagement, aggressive performance marketing
- Key Tactic: "Safe & toxin-free" messaging to target conscious consumers
- Growth: Scaled from ₹17 Cr revenue in 2018 to ₹1,500 Cr+ in 2023, IPO launched in 2024

## **Sugar Cosmetics (Beauty & Makeup)**

- Strategy: Digital-first content marketing, Instagram/TikTok virality, omnichannel expansion
- Key Tactic: UGC (User Generated Content) and influencer-led tutorials
- Growth: 5000+ retail touchpoints despite being D2C-led

## **Licious (Meat & Seafood Delivery)**

- Strategy: Full-stack control, high trust, fresh & hygienic promise
- Key Tactic: Solving an unorganized industry problem (Fresh meat home delivery)
- Growth: India's first D2C unicorn in food-tech

# The Souled Store (Fashion & Merchandise)

- Strategy: Licensed pop-culture merchandise, limited drops, community-driven marketing
- Key Tactic: Creating exclusivity with limited editions and fandom engagement
- Growth: ₹450 Cr+ revenue in 2024, expanded into offline stores

Crore



# How D2C in India is Different from the US?

Factor	India D2C Market	US D2C Market
<b>Market Maturity</b>	Emerging, rapidly growing, still relies on marketplaces (Amazon, Flipkart)	Mature, well-established, independent D2C brands thrive
<b>Marketing Focus</b>	Performance marketing-heavy (Instagram, Meta, Google Ads), influencer-led	Community-driven, subscription-based, organic content focus
<b>Consumer Behavior</b>	Price-sensitive, seeks discounts & COD (cash-on-delivery)	Brand-loyal, willing to pay for premium experience

<b>Factor</b>	<b>India D2C Market</b>	<b>US D2C Market</b>
<b>Payment Ecosystem</b>	UPI, Pay Later (BNPL), heavy COD reliance	Credit cards, subscriptions, PayPal, Apple Pay
<b>Logistics &amp; Delivery</b>	Hyperlocal, COD-focused, cost-sensitive	High penetration of same-day/next-day delivery
<b>Customer Trust</b>	Consumers still skeptical of D2C, prefer Amazon due to return/refund policies	Consumers are comfortable purchasing directly from D2C

# User Journey in a D2C Market

## Awareness (Discovery Phase)

Social Media Ads (Meta, Instagram, Google)

Influencer Endorsements

Word-of-mouth / Virality

**Example:** You see a boAt influencer collab on Instagram promoting new earphones

## Consideration (Engagement Phase)

Visiting the D2C website

Reading reviews, checking pricing

Comparing with Amazon/Flipkart

**Example:** You browse boAt's website, check price vs. Amazon, read Trustpilot reviews

## **Purchase (Conversion Phase)**

Discounts / Limited-time offers

Multiple payment options (UPI, BNPL, COD)

Hassle-free checkout

**Example:** You buy earphones on boAt's site because they offer an extra 10% off

## **Post-Purchase (Loyalty Phase)**

Order tracking updates

Easy returns/refunds

Community engagement (emails, loyalty rewards)

**Example:** boAt sends you a post-purchase email offering a 15% discount on your next purchase

## Advocacy (Referral Phase)

Users share experiences on social media

Loyalty rewards for referrals

Subscription or repurchase

**Example:** You refer boAt to a friend via a discount code & get rewarded



# Future of D2C in India (2025 & Beyond)

D2C revenue to reach \$100B by 2027

Omnichannel growth - More offline stores + digital hybrid models

Influencer-commerce & live shopping (like China's TikTok Shopping model)

AI-driven personalization - Chatbots, AI-recommended products

Subscription & retention focus - Less discounting, more brand loyalty

# Closing Thoughts

The Indian government's proactive measures are shaping a robust, inclusive, and globally competitive e-commerce ecosystem. By promoting innovation, fair competition, and digital connectivity, India is poised to become a global e-commerce powerhouse.

India's e-commerce sector is on a robust growth trajectory, supported by technological advancements, strategic government initiatives, and a dynamic fintech ecosystem.

Addressing challenges such as regulatory compliance and cybersecurity will be crucial for sustaining this momentum and ensuring a secure, inclusive digital marketplace.



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