

# **India Online Grocery Market By Product Type (Fresh Produce, Breakfast & Dairy, Snacks & Beverages, Meat & Seafood, Staples & Cooking Essentials, Others), By Payment Mode (Online, Offline), By Sales Platform (Mobile Application, Desktop Website), By Region, Competition, Forecast & Opportunities, 2020-2030F**

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## **Abstracts**

India Online Grocery Market was valued at USD 8.82 Billion in 2024 and is expected to reach USD 53.67 Billion by 2030 with a CAGR of 35.18% during the forecast period. In recent years, online grocery shopping platforms have significantly impacted the Indian retail market. The growth of technology-driven mobile apps from major retail companies, offering efficient product and service portfolios, has opened up new opportunities, particularly in large cities like Delhi, Mumbai, Bengaluru, Chennai, Hyderabad, and Pune. These developments have driven the expansion of the online grocery market, enhancing convenience and accessibility for consumers.

Meta's India quick commerce study surveyed 2,501 internet users aged 16-64, revealing that 85% prefer quick commerce platforms for purchasing daily essentials like food and groceries. In contrast, clothing and accessories dominate e-commerce platforms, capturing 75% of sales. However, for high-value purchases, more than 50% of respondents still prefer in-store shopping, especially for premium products. Quick commerce has surged in popularity in India, with 91% of online consumers aware of these platforms, and over half having used them recently. The key drivers behind its growth are convenience, efficiency, and accessibility. Notably, 57% of users are spending more on these platforms, particularly for grocery and personal care products. The market is dominated by Zomato-owned Blinkit, Zepto, and Swiggy Instamart, with

traditional e-commerce players like Flipkart now also entering the quick commerce space.

## Key Market Drivers

### Increasing Internet Penetration and Smartphone Usage

India's rapid increase in internet penetration and smartphone usage is one of the most significant factors contributing to the growth of the online grocery market. According to recent statistics, over 600 million people in India have access to the internet, with a significant portion of them using smartphones. The expansion of affordable internet services, especially through initiatives like the rollout of 4G networks, has made online platforms easily accessible even in rural areas. The accessibility of mobile apps for grocery shopping allows consumers to conveniently browse, compare prices, and make purchases at any time. With the proliferation of smartphones, users can access online grocery platforms without needing to sit at a computer, bringing grocery shopping to their fingertips. Additionally, mobile-first platforms are becoming more common, making it easier for people of all age groups to shop online. With the convenience of ordering groceries from home, people, particularly in urban areas, are increasingly turning to online platforms for their daily needs. This shift is not just limited to the younger, tech-savvy population; middle-aged and older consumers, especially during the COVID-19 pandemic, also embraced online grocery shopping due to health concerns and the convenience it offers. For instance, the number of internet users in India grew from 700 million in 2021 to 918 million in 2023. By 2030, India is expected to become the second-largest online consumer market, with 500 to 600 million shoppers. Major cities will account for 88% of new online shoppers and contribute USD150 billion to the online retail sector's Gross Merchandise Volume between 2020 and 2030. Government investments in infrastructure are making it easier to deliver products to remote areas, while policies now allow 100% Foreign Direct Investment in e-commerce companies.

### Changing Consumer Preferences and Lifestyle

In recent years, consumer preferences have evolved drastically, driving the demand for online grocery shopping. Traditional grocery shopping requires physical trips to crowded markets or stores, which can be time-consuming and exhausting, especially for working professionals and busy families. With a growing preference for convenience, consumers are increasingly turning to online platforms that allow them to purchase groceries from the comfort of their homes. The rise of convenience-oriented grocery shopping is closely linked to lifestyle changes in urban areas. Dual-income households and working

professionals are more inclined to use online grocery services due to their time-saving advantages. With hectic work schedules, many consumers prefer to avoid spending time on grocery shopping and would rather have items delivered to their doorsteps. Moreover, the rise of smart cities and the increasing adoption of digital payments have created a more conducive environment for online grocery shopping. Consumer demand has also shifted towards healthy, organic, and niche food products. Online grocery platforms have become essential for offering a variety of specialized products that are not always available in traditional brick-and-mortar stores. These products, such as organic vegetables, gluten-free or vegan foods, and international brands, have attracted a significant portion of health-conscious consumers looking for personalized options. The availability of a wide range of products on these platforms, combined with competitive prices, further encourages customers to choose online grocery shopping over traditional methods. A November 2023 survey revealed that 86% of Indians prefer shopping at local kirana stores, while only 2% use online apps. Among online grocery platforms, Amazon and Flipkart are the most preferred, with 17% and 15% of users, respectively, followed by JioMart with 8%.

### Improved Logistics and Delivery Infrastructure

One of the biggest challenges in the early stages of India's online grocery market was the inefficient logistics and delivery infrastructure. However, over the years, the situation has drastically improved. Leading e-commerce companies have invested heavily in building state-of-the-art logistics systems, ensuring timely deliveries across vast regions. The expansion of fulfillment centers and warehouses in key locations, both in metro cities and smaller towns, has enabled online platforms to reduce delivery times and ensure that customers receive fresh products. The growth of local delivery startups has also played a crucial role in improving last-mile delivery, ensuring that groceries are delivered quickly and efficiently. Today, many platforms offer services like same-day delivery, next-day delivery, and scheduled deliveries, making it easy for consumers to plan their grocery shopping. Delivery services have been enhanced with advanced tracking systems, allowing customers to track their orders in real-time, which builds trust in the platform. Moreover, the expansion of digital payment solutions and integration with multiple payment gateways has made online grocery shopping more seamless and secure. With features like cash-on-delivery, contactless payments, and integration with popular digital wallets, consumers have more payment options that increase the ease of use and trust in online grocery platforms. For instance, in 2024, Uber launched a new store pickup service in India, allowing customers to purchase up to five kilograms of groceries and opt for store pickup and delivery through its platform.

## Key Market Challenges

### Supply Chain and Logistics Issues

One of the biggest challenges in the Indian online grocery market is building and maintaining an efficient supply chain. India's vast geographical landscape and lack of uniform infrastructure in rural and semi-urban areas make logistics difficult. Delivering fresh and perishable items, such as fruits, vegetables, dairy, and meat, requires a highly synchronized supply chain that ensures products remain fresh throughout the journey. While large players like BigBasket and Grofers have established effective warehouse networks, smaller players still struggle to match this level of efficiency. The lack of cold chain facilities in certain regions further exacerbates this issue, affecting the quality and reliability of deliveries. Additionally, logistical challenges are compounded by traffic congestion, especially in major cities, which can delay deliveries and increase costs. Last-mile delivery remains an obstacle, as many rural and remote areas lack reliable roads and communication infrastructure. Companies need to invest in innovative solutions like hyperlocal delivery hubs and micro-warehouses to overcome these hurdles.

### Customer Trust and Product Quality Concerns

Trust is a critical barrier in the online grocery shopping space, particularly when it comes to the quality and freshness of products. Unlike traditional shopping, where customers can physically inspect products, online grocery shoppers depend entirely on photographs and descriptions. Ensuring that customers receive fresh and high-quality products is a major challenge. Issues like damaged goods, expired items, or incorrect orders can lead to negative customer experiences and drive customers away. The lack of personal touch and the inability to evaluate products firsthand can reduce trust in online platforms. To address this, platforms need to maintain transparency regarding sourcing, provide product details, and offer quality assurance guarantees. Additionally, some customers remain skeptical about the authenticity of organic or specialty products, which require extensive certifications and clear labeling to build credibility.

## Key Market Trends

### Rise of Hyperlocal Delivery Models

Hyperlocal delivery models have become a cornerstone of the Indian online grocery market. This trend focuses on serving urban consumers by leveraging smaller, local

fulfillment centers or dark stores that are closer to neighborhoods. These warehouses are stocked with essential groceries and are designed to ensure quick deliveries, often within hours or the same day. The convenience of receiving fresh produce, dairy, and other perishable items rapidly has attracted busy city dwellers who prefer the ease of online shopping but still want access to fresh groceries.

For platforms like BigBasket, Grofers, and Amazon Pantry, hyperlocal delivery models help optimize delivery times and reduce operational costs. Localized distribution centers minimize the distance between the customer and the delivery, allowing these services to provide timely delivery, which is particularly important for grocery items. This model is particularly attractive in large cities like Mumbai, Delhi, and Bangalore, where demand for instant or same-day deliveries is growing. Hyperlocal delivery has thus played a crucial role in driving adoption in metro areas, while also expanding the market reach of these platforms to previously underserved regions.

### Growing Focus on Health and Wellness Products

Another prominent trend in the Indian online grocery market is the increasing demand for health and wellness products. With rising awareness of the importance of health, fitness, and balanced diets, more Indian consumers are seeking out healthier food options. This trend has been amplified by the COVID-19 pandemic, which highlighted the need for nutritious and immune-boosting foods. Online grocery platforms have responded by expanding their offerings of organic produce, gluten-free, vegan, low-sugar, and high-protein products. Consumers now have easier access to these specialized items, which were once limited to specialty stores or local markets. The demand for organic products, in particular, is on the rise, with consumers becoming more conscious of the quality and sourcing of their food. This trend has been further boosted by the increasing awareness around food security and sustainability. In addition, many grocery platforms are also offering functional foods that cater to specific dietary needs such as keto diets, diabetes-friendly foods, and natural supplements. The increased availability and easy accessibility of these products online have made it convenient for consumers to adopt healthier lifestyles. For grocery brands, this shift is not just a trend but also an opportunity to tap into a niche market of health-conscious consumers.

### Integration of Advanced Technology and AI for Personalization

Technology is becoming an essential tool for enhancing customer experience in India's online grocery market. AI, machine learning, and data analytics are helping platforms

provide a more personalized shopping experience. Through AI-powered recommendations, platforms can offer personalized product suggestions based on a user's previous purchases, preferences, and browsing habits. This technology ensures that customers are presented with products they are most likely to buy, improving customer satisfaction and increasing sales. In addition, AI is being used to optimize inventory management and reduce waste. By analyzing purchasing patterns and seasonal trends, AI allows grocery platforms to forecast demand more accurately, ensuring that the right products are stocked in appropriate quantities. This leads to more efficient supply chains and minimizes the risk of overstocking or understocking, particularly for perishable items. Additionally, advanced technology is enhancing the delivery experience with features like real-time tracking, improved route optimization, and automated customer support, such as chatbots. These innovations are helping platforms improve operational efficiency while enhancing the convenience and reliability of grocery deliveries. As more consumers embrace the digital shopping experience, the role of technology in providing tailored experiences and seamless operations will continue to be a major driving factor for growth. A 2023 report highlighted that 78% of Indian consumers use multiple channels while shopping. The omnichannel approach caters to this diverse behavior, enabling grocers to leverage both online and offline data for maximum personalization. The key benefits include better availability for shoppers, enhanced convenience, and tailored shopping experiences.

## Segmental Insights

### Payment Mode Insights

The online payment modes segment has played a crucial role in dominating India's grocery market, driving the shift towards cashless transactions. With the rapid growth of e-commerce, especially in the grocery sector, consumers are increasingly adopting digital payment solutions like UPI (Unified Payments Interface), e-wallets, and credit/debit cards. This trend is supported by factors such as enhanced convenience, better security, and government initiatives like Digital India, which promote the use of online payments. The integration of seamless, multiple payment options within grocery platforms has made it easier for consumers to complete transactions quickly and securely. This has built consumer trust and contributed to the increased adoption of online grocery shopping. Additionally, the ongoing push for contactless payments, especially following the COVID-19 pandemic, has accelerated the shift toward digital payments. The ease and safety offered by these modes have made them the preferred choice for customers, especially in urban areas where internet penetration and smartphone use are widespread. In addition to UPI and wallets, platforms also offer

features like cashbacks, discounts, and reward points, further incentivizing digital payment adoption. The convenience of paying via apps or websites has reinforced the dominance of this segment, with cashless transactions becoming a standard practice for online grocery shoppers across India.

## Regional Insights

South India has emerged as a dominant region in India's online grocery market, driven by factors such as high internet penetration, a tech-savvy population, and changing consumer behavior. Cities like Bangalore, Chennai, and Hyderabad have seen rapid adoption of online grocery shopping due to the region's strong digital infrastructure and increasing disposable incomes. In South India, consumers are particularly drawn to the convenience of online platforms, offering quick deliveries, diverse product options, and the ability to shop from home. The growing trend of health-conscious eating and the availability of organic, specialty, and local products online has further boosted demand. Additionally, South India's urban population, including working professionals and young families, values the time-saving benefits of online grocery shopping, making it a preferred option. As a result, online grocery platforms are expanding their presence in these cities, reinforcing the region's dominance in the market.

## Recent Developments

In 2024, BigBasket (Supermarket Grocery Supplies Pvt Ltd), one of the key players in the market, joined forces with Tanishq. The platform offered, fast delivery of gold and silver coins on occasion of Diwali festival.

In 2024, Swiggy Instamart, a leading player in the online grocery delivery sector, introduced a new feature in its pilot phase to improve user experience. This feature allows customers to add their entire grocery list using three methods: writing, voice commands, or scanning, ensuring a seamless shopping experience.

## Key Market Players

Amazon India Limited (Amazon Fresh)

Innovative Retail Concepts Private Limited (BigBasket)

Avenue E-Commerce Limited (DMart Ready)

Dunzo Digital Private Limited

Flipkart Internet Private Limited (Flipkart Supermart)

Blink Commerce Private Limited (Blinkit)

One97 Communications Limited (Paytm Mall)

Reliance Retail Ltd. (Reliance Fresh)

Swiggy Limited (Instamart)

Kiranakart Technologies Private Limited (Zepto)

#### Report Scope:

In this report, the India Online Grocery Market has been segmented into the following categories, in addition to the industry trends which have also been detailed below:

#### India Online Grocery Market, By Product Type:

Fresh Produce

Breakfast & Dairy

Snacks & Beverages

Meat & Seafood

Staples & Cooking Essentials

Others

#### India Online Grocery Market, By Payment Mode:

Online

Offline

India Online Grocery Market, By Sales Platform:

Mobile Application

Desktop Website

India Online Grocery Market, By Region:

North

South

East

West

Competitive Landscape

Company Profiles: Detailed analysis of the major companies presents in the India Online Grocery Market.

Available Customizations:

India Online Grocery Market report with the given market data, TechSci Research offers customizations according to a company's specific needs. The following customization options are available for the report:

Company Information

Detailed analysis and profiling of additional market players (up to five).

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