Shiprocket × KPMG

Bharat 2.0

AI, Tech & The Future of Intelligent Commerce

Narrative

India isn't just witnessing a shift in commerce; it's undergoing a systemic rewiring. Over the last few years, Bharat's consumption engine has evolved from traditional to transformational. Non-metro digital adoption has surged, quick commerce has redefined convenience, and new-age D2C brands have reset consumer expectations. What began as acceleration is now a full-scale surge.

2025 marks Year Zero of AI-native commerce, where intelligence isn't an add-on, it's foundational. Startups are being built in days, going to market in a week, and raising rounds with lean teams powered by GenAI. Operational drag has vanished; prompts have replaced processes. Commerce is no longer built linearly, it's imagined, trained, and scaled in real-time.

On the consumer side, the journey is now multilingual, personalised, and AI-optimised from discovery to returns. Search is vernacular, buying is intent-driven, delivery is predictive, and support is always-on. Every click is smarter, faster, and more relevant than the last.

This is the era of the three-person unicorn. Founders are prompt engineers, product designers and marketers rolled into one, empowered by toolchains that turn ideas into interfaces overnight. Warehouses are thinking. Photos are being generated. Returns are being predicted. AI isn't helping commerce grow; it's redefining how commerce is built.

And through it all, one truth emerges: the future belongs to those who lead responsibly. With India's digital and ethical edge, we have a once-in-a-generation opportunity to shape the global narrative on intelligent, inclusive, and trustworthy commerce.

Welcome to Bharat's AI-native moment.

This is not the next chapter, it's an entirely new playbook.

Executive Summary

India's commerce is changing fast, driven by more people using the internet, new consumer habits and AI. This report, Made for Bharat, Powered by AI: The New Age of Commerce, explains how India's markets are evolving, where it stands right now and what's coming next. It also gives clear steps for companies to succeed in this new era of Commerce.

The Journey So Far: India's commerce has grown rapidly, driven by rising per capita income. The growth is fast-paced and inclusive, growing beyond metros, driven by rising internet use in smaller towns. UPI, digital payments and COD options made online shopping more accessible, while public digital infrastructure and affordable data boosted reach. Logistics adopted AI early, especially in warehousing and inventory. Quick commerce introduced deliveries in minutes. D2C brands are raising the bar on personalisation. These shifts set the stage for AI to play a larger role across the value chain, from local-language search and address sorting to 24/7 support. AI now powers discovery through recommendations, product descriptions, delivery time predictions and proactive updates, making every customer touchpoint smarter. Omnichannel commerce, GenAI-led operations and personalised CX define the current landscape. Consumers too have changed, preferring smaller, more frequent purchases from emerging brands, with higher expectations for personalised interactions and shorter delivery timelines.

At the same time, improved infrastructure is lowering logistics costs, making digital commerce faster, more efficient and accessible across regions.

Future Outlook: Startups will launch quickly with small teams and businesses will create products faster.

Commerce will become even more personalised, intelligent and seamless through:

- End-to-end customer engagement right from discovery to fulfillment and service, across channels
- Intelligence-powered infrastructure will become standard, helping businesses tap into larger markets and improve unit economics
- Hyper-personalisation to enhance customer experience

How Companies Can Prepare:

- First, be present where customers are, offering omnichannel experiences that match how people shop today.
- Second, prioritise meaningful interactions by using AI to personalise journeys for both customers and partners.
- Third, build a robust foundation of data and AI tools to enable scalability.
- Finally, shift from doing everything in-house to thriving within strong ecosystems by collaborating with AI-powered logistics and tech partners.

Conclusion

AI-native commerce is a huge opportunity for India. Companies that use AI smartly can work faster, improve unit economics, and give customers what they want. This report is a guide for businesses to lead in this exciting new era, helping India become a global leader in smart, inclusive commerce.

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Foreword

Commerce, in some form or the other, is as old as humanity itself. Throughout history, it has constantly reshaped itself, adapting to context, unlocking new opportunities and evolving with every shift in technology and behaviour. From bartering in bazaars to bytes on mobile screens, each era has introduced a new way to transact, to trade and to trust.

Today, we're not just witnessing the next leap. We're living through a fundamental rewiring of commerce itself. AI isn't another wave of innovation. It's the new operating system for how commerce is built, scaled and experienced. And nowhere is this revolution more dynamic, more visible, than in Bharat.

Made for Bharat, Powered by AI: The New Age of Commerce is our attempt to capture this pivotal moment. It distils the shifts we're witnessing on the ground from Tier 3+ cities and towns becoming digital-first markets, to smarter, more efficient operations driving growth and from predictive fulfilment systems to multilingual, always-on customer journeys. This isn't just acceleration, it's reinvention.

At Shiprocket, we haven't just observed this evolution; we've helped shape what the future looks like. By powering over 425 million transactions and enabling 400,000+ businesses, we've seen AI shift from buzzword to backbone. It now drives real-time decisions, anticipates needs and delivers commerce experiences that feel personalised by default. This isn't just automation. It's intelligence in action. And it's laying the foundation for a future where Bharat's businesses are not only digital, but decisively AI-first.

But technology alone isn't the story. What matters now is how we use it. Responsibly, inclusively and with purpose. As Bharat steps into its AI-native era, we have a rare opportunity to define a model of commerce that is not only intelligent but also empathetic and equitable.

This report is both a reflection of where we are and a guide to where we're headed. I hope it sparks thought, action and ambition for every reader.

The future of commerce in Bharat won't look like the past. With AI, it's being built smarter, faster and for everyone.

Saahil Goel

MD & CEO, Shiprocket

Foreword

India's economic growth and digital acceleration are reshaping the way consumers and businesses connect. Consumers today are more aware and expect fast, consistent and personalised experiences across every interaction. This shift is pushing organisations to reimagine how they operate and to use technology as a true enabler of value.

Artificial intelligence (AI) is at the centre of this change. It is helping companies turn data into action, making it possible to understand and serve each customer individually. By blending data, automation and human insight, AI is creating a new level of efficiency and responsiveness. Businesses that embrace this shift are improving decision-making, reducing time to market and unlocking new growth opportunities.

In the coming years, the lines between digital and physical experiences will continue to blur. Personalised engagement, conversational commerce and AI-driven tools will change how consumers discover, evaluate and purchase. Organisations that embed AI across operations, from insights to execution, will be able to create a truly connected and intelligent business model.

Sustaining this momentum will require collaboration, adaptability and a responsible approach to innovation. Companies that can combine technology with purpose, agility with structure and growth with governance will define the next phase of progress in this AI-driven era.

Akash Sharma

Associate Partner,
Corporate Finance
KPMG

Foreword

As India continues its remarkable growth journey, we are witnessing a transformation in how businesses operate and how consumers engage with them. The rise of digital technologies, coupled with growing consumer expectations, is reshaping every part of the value chain. Personalisation, agility and trust have become the key drivers of success in this evolving landscape.

Artificial intelligence (AI) is central to this change. By combining data, intelligence and automation, AI enables businesses to better understand their consumers and deliver experiences that are relevant and timely. It is helping organisations move towards a “segment of one”, where every interaction is personalised. This marks a new era of productivity and innovation, where intelligent systems work alongside people to enhance decisions and accelerate growth.

Looking ahead, consumer interactions with brands will become increasingly conversational and technology-driven. Personalised engagement and AI-powered tools will redefine how companies connect with customers. To stay ahead, organisations must embed AI across their operations, from insights to execution, creating a connected and intelligent ecosystem.

Long-term success will depend on staying consumer-focused, building strong data foundations and fostering a culture of responsible innovation. Collaboration across the ecosystem will also be vital, as transformation cannot happen alone.

Even as technology evolves, the timeless principles of understanding customers, staying agile and balancing speed with strategic focus will continue to matter. Businesses that align innovation with governance, and speed with sustainability, will lead the next phase of India’s growth in an AI-enabled future.

Anand Vermani

Associate Partner,
Corporate Finance
KPMG

CHAPTER 1

Shifts in the Past Few Years

Bharat's commerce revolution began with access, with millions coming online, digital payments going mainstream and new shopping behaviours taking root in small towns and big cities alike. But it's AI that's taking it to the next level.

It started with smartphones in rural pockets, UPI scans at kirana stores and emergence of eCommerce marketplaces. Then came personalised impulse purchases on quick commerce apps, targeted ads, predictive inventory systems and always-on customer support. Quietly, intelligence began embedding itself into every layer of commerce.

This chapter traces that journey. We'll explore the early signs of AI adoption across marketing, fulfilment, support and consumer engagement. You'll see how startups began automating operations, how vernacular search reshaped discovery and how customers moved from convenience to expectation.

The AI-native era didn't arrive in isolation. It was built on the behavioural, infrastructural and technological shifts over the years.

1.1 Market Evolution and Digital Adoption

Bharat's digital transformation has been nothing short of remarkable, As of March 2025, India had **969.1 million** internet subscribers (TRAI, July 2025), marking an 9% year-on-year growth. The rural sector played a significant role, accounting for 488 million users, or 55% of the total internet base.

Notably, gender parity in digital access has also improved, with women now comprising 47% of internet users. This surge in internet adoption has paved the way for new consumption patterns, with small towns and rural areas leading the charge. As the internet continues to expand its reach, it's not just about access; it's also about changing how people shop, interact with brands and make payments.

UPI, for instance, now accounts for 84% of India's total retail digital payment volume, positioning it as a global leader in real-time transaction systems. These shifts are rapidly reshaping Bharat's commerce landscape, setting the stage for the AI-driven future that follows.

1.1(a) Surge in Non-Metro Digital Adoption

Internet access is often the first step in any story of modern digitisation, and in Bharat's commerce journey, it proved to be the catalyst. The rapid rise in internet adoption across India, especially in rural regions, laid the groundwork for digital transactions, online discovery and a new generation of connected consumers.

In 2024, India recorded over

969.1

million
active internet users

marking an **9%**
year-on-year growth

This surge was primarily driven by rural India, which accounted for

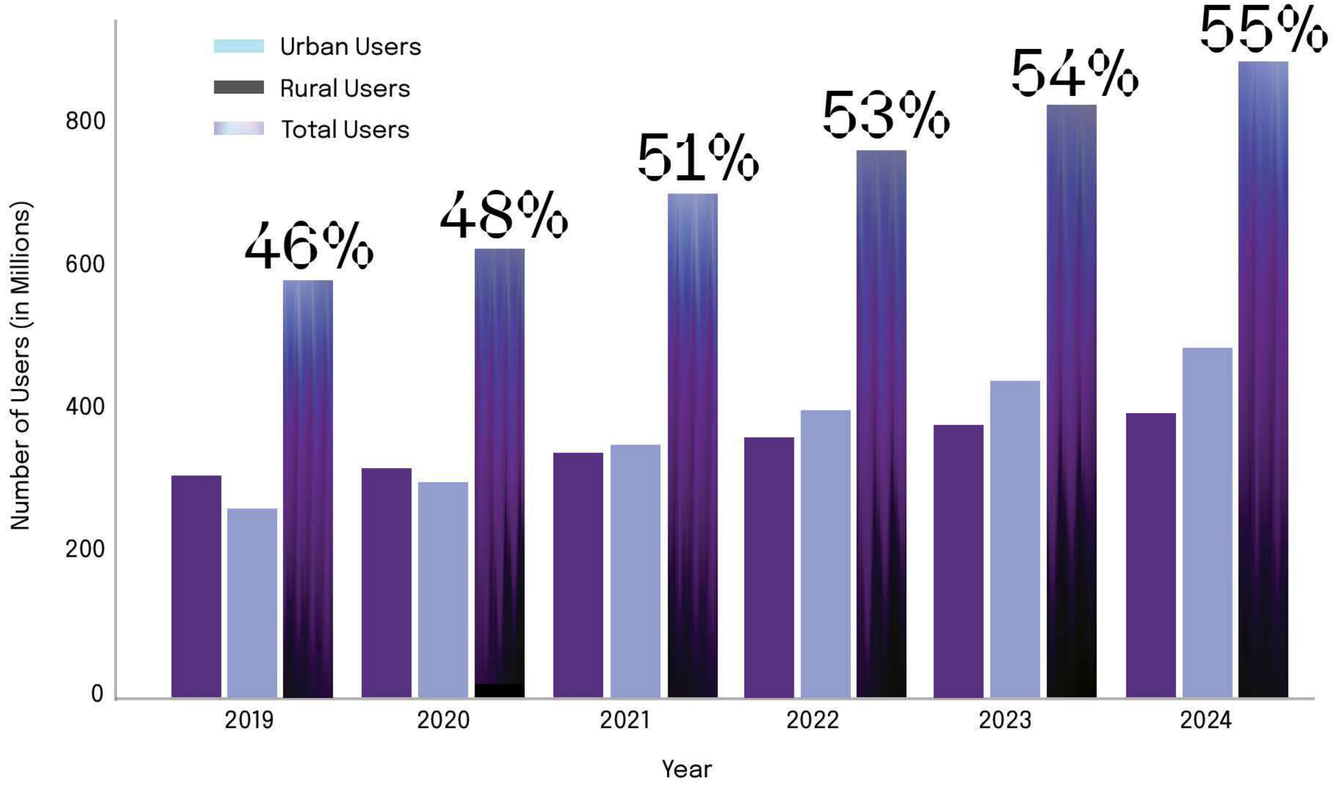
488

million
users

made up **55 percent** of the total internet base

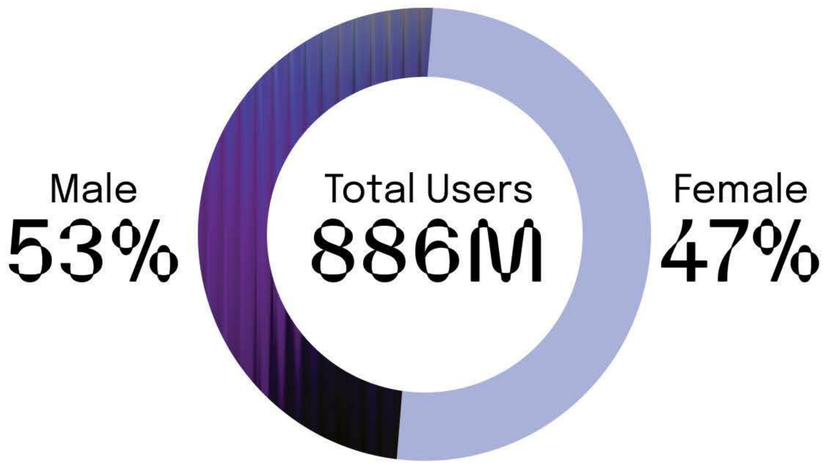
A particularly noteworthy aspect of this transformation is the increasing gender parity in digital access. Women now comprise 47% of all internet users.

Growth of Internet Users in India
(2019–2024, in Millions)



969.1 Mn
2025 projection

Gender Split of India's Internet Users (**2024, in Millions**)



1.1(b) Emergence of D2C Brands

Quick commerce and D2C evolved in parallel. As consumers embraced faster deliveries, they also began moving away from traditional marketplaces, choosing brands that spoke directly to them. This gave rise to India's Direct-to-Consumer (D2C) wave and its growth has been nothing short of explosive.

From $11.6 billion in 2016, the D2C market reached $80 billion in 2024. It is now forecasted to hit $100 billion by 2025. In 2024, India ranked second globally in D2C funding, ahead of China, the UK and Italy and behind only the US. With over 11,000 D2C brands and nearly 800 of them venture-funded, the ecosystem is maturing fast.

While overall D2C funding dipped to $757 million in 2024, early-stage activity told a different story. Seed funding rose by 18% to $141 million and early-stage rounds grew by 25% to $355 million, a strong indicator of long-term investor confidence.

D2C Addressable Market Growth

Year	Market Size ($ Billion)
2016	11.6
2019	26.8
2022	55
2024	80
2025*	100

1.1(c) UPI, Digital Payments and COD

As internet access expanded, digital payments quickly followed. What began with basic online transactions soon evolved into one of the world's most advanced payment ecosystems.

Unified Payments Interface (UPI) has been at the centre of this shift. In FY2024–25, it contributed 84% of India's total retail digital payment volume and handled nearly half of all global real-time transactions. The scale and simplicity of UPI have made it a default choice for millions.

Yet, despite this rapid digital uptake, cash still holds ground. Around 105 million Indians continue to prefer Cash-on-Delivery, particularly in rural and semi-urban regions. This coexistence highlights the importance of offering hybrid payment options that match consumer comfort and context.

UPI Transactions
(in crore)

10,637
FY2022–23

9,210
FY2023–24

11,761
FY2024–25

1,947
July 2025

Transaction Value
(in ₹ lakh crore)

143.3
FY2022–23

147.28
FY2023–24

180.24
FY2024–25

25.08
July 2025

UPI's Share of India's Digital Transactions

Volume

Share in transactions value

1.1(d) Rise of Quick Commerce

As digital payments became second nature, consumer expectations began to shift. Convenience was no longer just about online availability; it became about speed.

Quick commerce emerged to meet this demand, moving essential and impulse purchases from scheduled deliveries to minutes-based fulfilment. What started as an urban experiment is now a national habit. In 2025, India's q-commerce sector is projected to grow by 75-85%, reaching a gross merchandise value (GMV) of $5 billion.

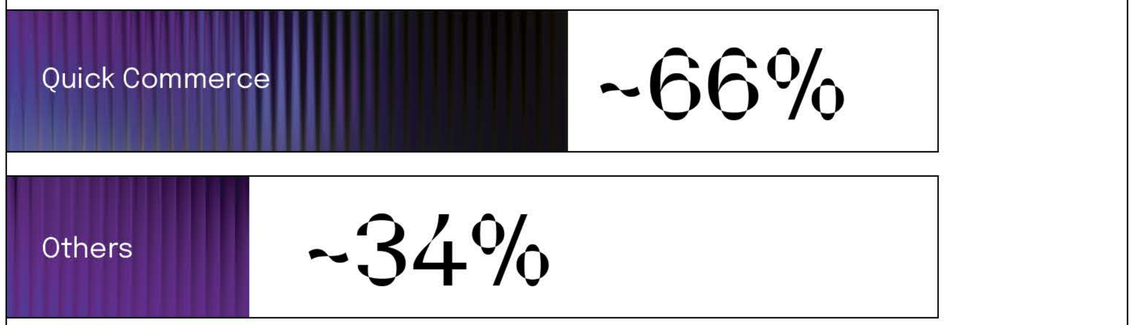
In 2024 alone, monthly transacting users rose by over 40% and the average monthly orders per customer jumped from 4.4 in 2021 to 6 in 2024, highlighting a deepening consumer dependency on instant delivery. Unlike traditional eCommerce, which sees seasonal hiring spikes, q-commerce hiring grew steadily through the year, peaking at 22% in December 2024. This points to long-term structural growth rather than short-term demand cycles.

Quick commerce is no longer a side channel. It is fast becoming a core pillar of digital consumption.

Geographic distribution of Quick Commerce Workforce (in %)

20 Karnataka	19 Maharashtra	13 Telangana	8 Delhi
8 Tamil Nadu	6 Uttar Pradesh	5 Kerala	4 West Bengal
4 Haryana	3 Gujarat	10 Others	

Quick Commerce's Share in E-Grocery Orders By Volume



1.2 Infrastructure and Consumer Shifts

India’s eCommerce ecosystem has rapidly evolved with rising digital demand. In 2025, the market is estimated at $125 billion, with over 220 million online shoppers.

This growth drove innovation in infrastructure, including one-click checkouts, AI-powered logistics, and government initiatives like the National Logistics Policy, which aims to reduce logistics costs to 8% of GDP by 2030. These advances also reshaped consumer behaviour. Shoppers moved from bulk purchases to more frequent, need-based buying. In 2024, 82% of users ordered snacks and 68% ordered fruits and vegetables through Q-commerce platforms. More than half placed five or more orders per month.

Expectations for personalisation also increased, with 81% of consumers preferring tailored brand experiences and 73% seeking even more advanced customisation, increasingly enabled by real-time, AI-driven tools.

1.2(a) E-Retail, Faster Checkout and Fulfillment

As digital demand scaled, infrastructure had to follow. What began with increased online discovery soon required faster checkouts, integrated fulfilment and scalable backend systems to support millions of concurrent orders.

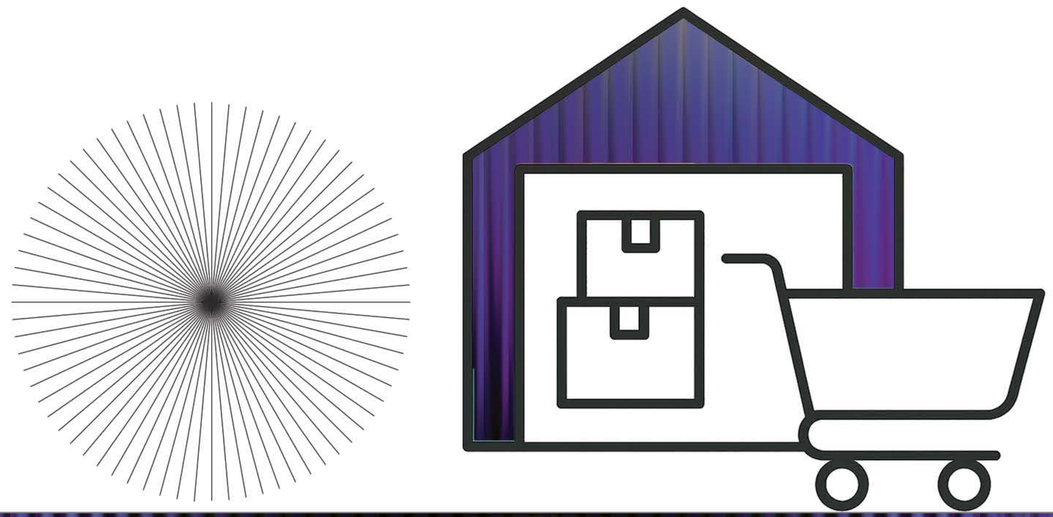
India's e-retail market touched $60 billion in 2024, making it the second-largest globally, overtaking the U.S. The total online shopper base crossed 270 million, driven largely by non-metro users, 61% of new digital shoppers since 2021 came from Tier-2 and smaller cities.

To support this rapid expansion, India's digital commerce stack evolved across the board. Shiprocket has witnessed this evolution first-hand, serving over 400,000 sellers across Bharat.

One-click checkouts and auto-filled addresses are now standard. Integrated logistics APIs automate dispatches in real time, while AI tools recommend the best courier options based on PIN codes and load capacity, reducing both cart abandonment and delivery failures.

On the physical side, logistics is transforming too. Warehouse space demand is projected to reach 1.2 billion square feet by 2027, across Grade A, B and C assets. Urban micro-hubs, essential for last-mile delivery, are expected to require over 35 million square feet. Meanwhile, warehouse automation is scaling fast, with the market set to hit $2 billion annually by 2026, positioning India among the top six users globally.

Supporting this is the government's National Logistics Policy, which aims to bring logistics costs down to 8% of GDP by 2030, a crucial lever in boosting efficiency and global competitiveness.



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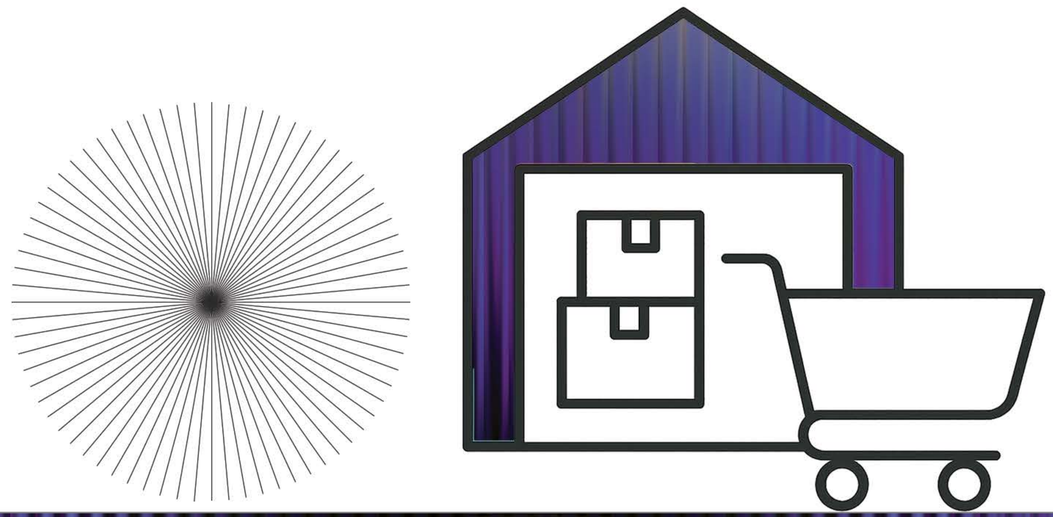
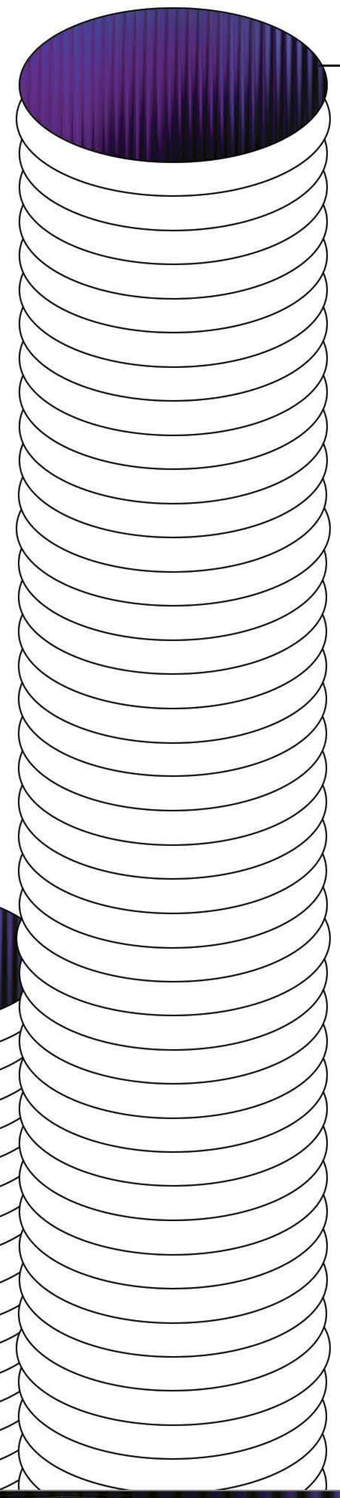


India’s eCommerce Market



$345 billion

Market Size (Projected 2030)

300 million

Online Shoppers (Projected 2030)

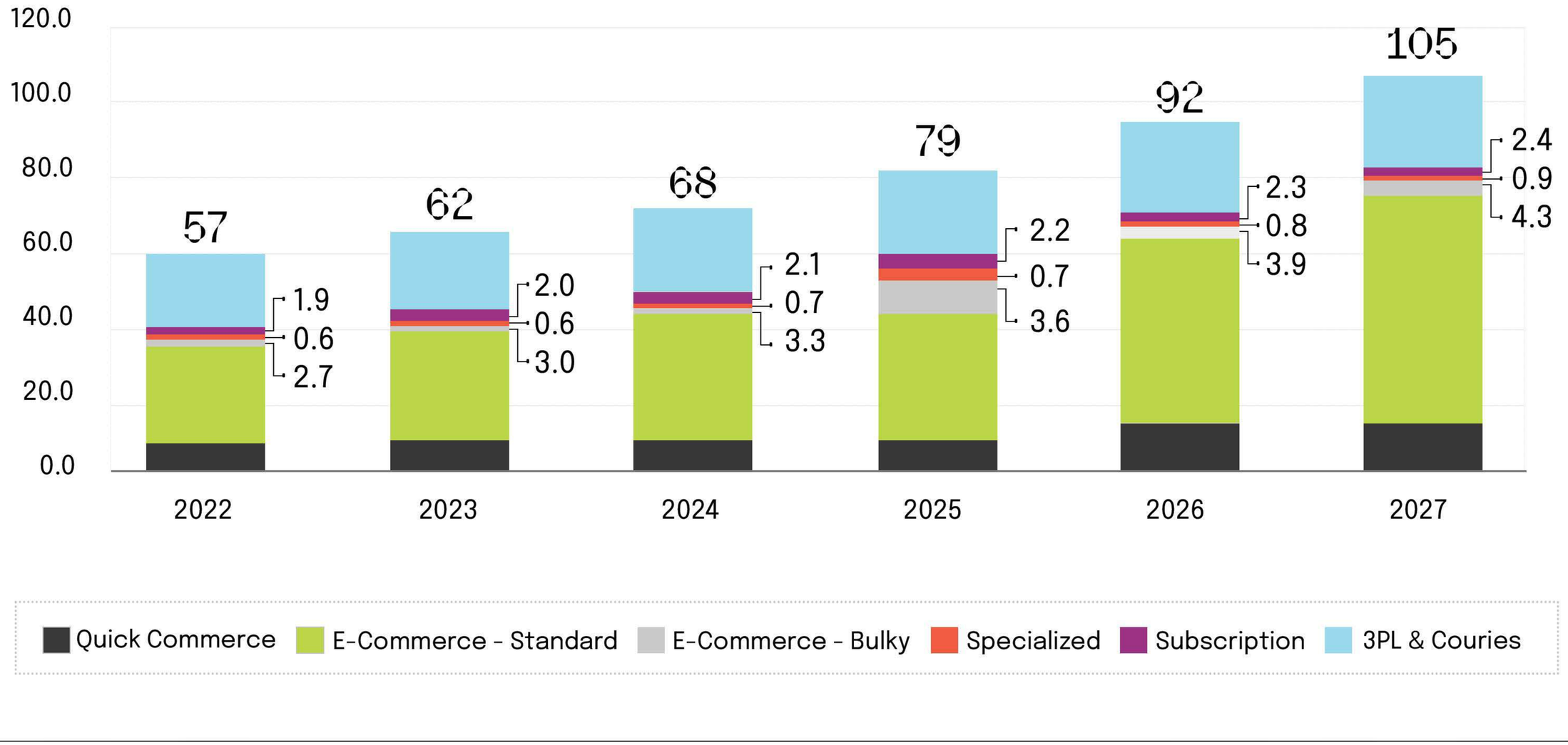
New Shoppers

125 million

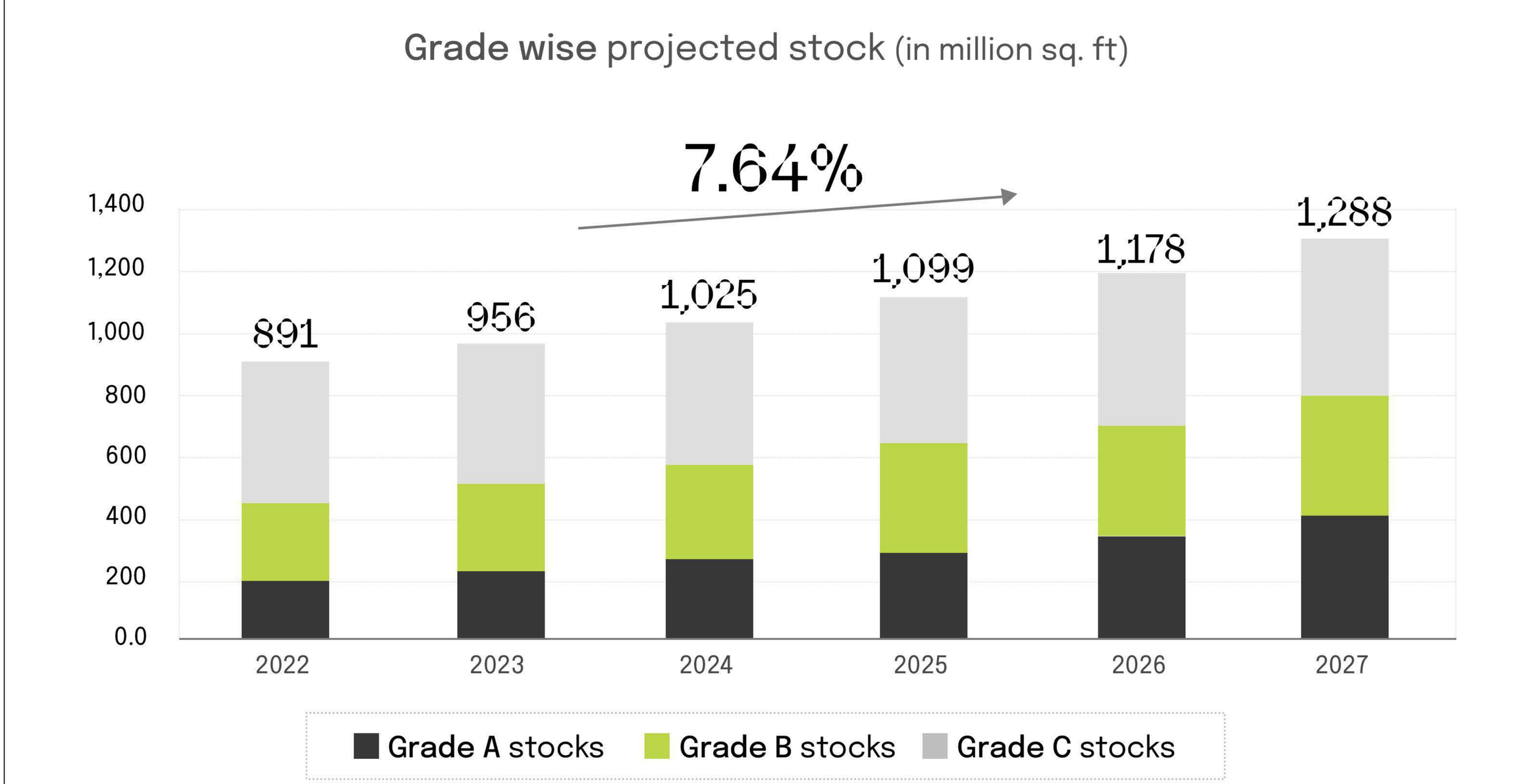
since 2021

Urban fulfilment combined space requirement

(in million sq. ft)



Total warehousing stock is expected to cross 1,250 mn sq ft by 2027



1.2(b) Expansion of General Trade (GT) and Modern Trade (MT)

With the rapid growth and formalisation of MSMEs, currently contributing to over 30% of the country's Gross Value Added (GVA), retail in Bharat increasingly adopted a hybrid model. General trade (kirana stores) and modern trade (organised retail) both leveraged digital tools to stay relevant. Platforms like JioMart and ElasticRun enabled small retailers to access procurement networks and digital payments, effectively blurring the lines between online and offline commerce. This phygital model set the stage for an omnichannel revolution. The Indian government's initiatives, such as the Open Network for Digital Commerce (ONDC), aimed to democratise digital commerce and support small retailers in integrating with larger e-commerce platforms.

Digitally Empowered Retail: The Rise of Hybrid Commerce

India's retail sector underwent a significant transformation, marked by the convergence of traditional kirana stores (General Trade or GT) and organised retail formats (Modern Trade or MT). While GT continued to dominate with over 90% of FMCG sales, MT expanded rapidly in urban and Tier-1 cities, driven by structured supply chains and data-led merchandising.

This convergence gave rise to a "phygital" retail model – a blend of physical presence and digital enablement. Both GT and MT players increasingly adopted technology to enhance procurement, payments, inventory and customer engagement.

Evolution of Trade Models

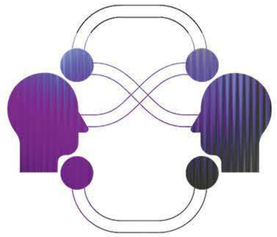
The transformation of India's retail landscape could be understood through the evolving roles of GT and MT:

General Trade (GT) modernised through mobile-based billing, inventory tracking and digital procurement. Platforms such as FieldAssist, helped kiranas integrate into digital commerce ecosystems. Platforms like ElasticRun allow a village kirana store to browse and order a wide selection of products from leading brands like Coca-Cola and P&G. A 2023 study by Inc42 revealed that ElasticRun has connected over 80,000 villages to a broader product ecosystem, fostering economic growth in rural areas (YourStory). However, GT's fragmented structure and smaller footprint often limited its ability to adopt advanced tools, resulting in more manual operations and slower tech integration compared to MT.

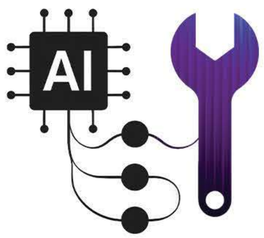
Modern Trade (MT) leveraged advanced technologies like AI and analytics for planogram optimisation, dynamic pricing and personalised promotions, offering a more structured and data-driven retail experience. Retail in India is increasingly adopting a hybrid model. General trade (kirana stores) a n d modern t r a d e (organised retail) a r e both leveraging digital tools to stay relevant. Platforms like JioMart and ElasticRun enable small retailers to access procurement networks and digital payments, effectively blurring t h e lines between online a n d offline commerce. This phygital model s e t s t h e s t a g e for a n omnichannel revolution. The Indian government's initiatives, such as t h e Open Network for Digital Commerce (ONDC), aim t o democratise digital commerce and support small retailers in integrating with larger e-commerce platforms.

Key Enablers of Transformation

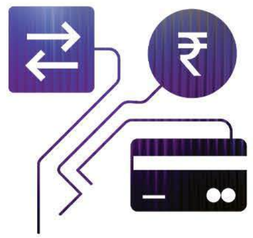
Several technological and operational innovations drove this convergence:



Digital procurement platforms connected kiranas with wholesalers and brands, improving product availability and pricing.



AI-driven inventory tools helped retailers forecast demand and reduce stockouts.



Integrated payment systems like UPI and BNPL (Buy Now, Pay Later) simplified transactions and improved cash flow.

Retail analytics dashboards provided insights into customer preferences, enabling more targeted stocking and promotions.

These enablers not only improved operational efficiency but also enhanced the customer experience across both formats.

General Trade (GT) vs Modern Trade (MT)

General Trade (GT)	VS	Modern Trade (MT)
Cash-dominant	**Payment Methods**	Digital & card payments
Personal, trust-based	**Customer Relationship**	Transactional, loyalty-driven
Emerging	**Technology Adoption**	Advanced (AI, Analytics)

1.2(c) Increased Preference for Smaller, Frequent Purchases

As AI-driven enhancements made digital shopping smoother and more responsive, consumer behaviour began to evolve in parallel. The traditional model of bulk buying gave way to a new norm, frequent, impulse purchases powered by speed and convenience.

Quick commerce played a major role in shaping this shift. In 2024, **82% of users ordered snacks** and **68% ordered fruits and vegetables** via Q-commerce platforms. The habit is sticky: **53% of users placed more than five orders per month** and **67% reported average order values above ₹400.** This change isn't just about frequency, it's about mindset. Consumers are no longer planning purchases; they're responding to moments. In fact, **6-8% of Q-commerce sales** now come from unplanned buying, particularly in categories like snacks, festive goods and gifting.

With daily online shopping jumping from 33% to 87%, brands are being pushed to rethink how they manage inventory, optimise fulfillment and deliver hyperlocal experiences in real time.

Consumer Trends and Business Impact in Quick Commerce

82%
Users ordering snacks via quick commerce

68%
Users ordering fruits & vegetables via quick commerce

6–8%
Share of Q-commerce sales from impulsive buying

53%
Users placing 5+ monthly Q-commerce orders

67%
Users with AOV above ₹400

7–10%
More revenue for kirana stores with quick commerce.

1.2(d) Expectation of Personalisation

As shopping became more frequent and impulsive, personalisation was no longer a value-add, it became a baseline expectation. When customers engaged with brands more often, they expected those brands to understand their preferences, habits and history.

In 2024, 81% of consumers preferred brands that offered personalised experiences. Around 70% valued brands that remembered past purchases and previous interactions. Expectations continued to rise, with 73% of users seeking improved personalisation as technology advanced.

To meet these expectations, brands embraced AI. Tools like generative AI and predictive analytics helped marketers create dynamic content, optimise send times and recommend products in real time. This shift transformed marketing from generic campaigns into data-led, tailored journeys that felt personal and delivered stronger results.

Personalisation Impacts on Customer Engagement

81%
Customers preferring personalised brand experiences

70%
Customers valuing history-based personalisation

73%
Consumers expecting more advanced personalisation

6x
Personalised emails vs. generic - higher transaction rate

29%
Uplift in open rates for personalised emails

41%
Uplift in click-through rates

1.3 The Early Impact of AI on Commerce

The digital infrastructure advancements laid the foundation for AI's deep integration into Indian commerce. By 2024, the global AI retail market had reached $11.61 billion, with projections indicating a 23% CAGR through 2030.
In India, retail leaders began embedding AI across their operations, with predictive analytics, inventory management and personalised marketing becoming central to their strategies.

Startups also embraced AI early on, with 77% of them investing in technologies like AI, machine learning and blockchain. The rise of AI-powered tools, such as chatbots, fraud detection systems and automated customer support, led to significant improvements in operational efficiency.

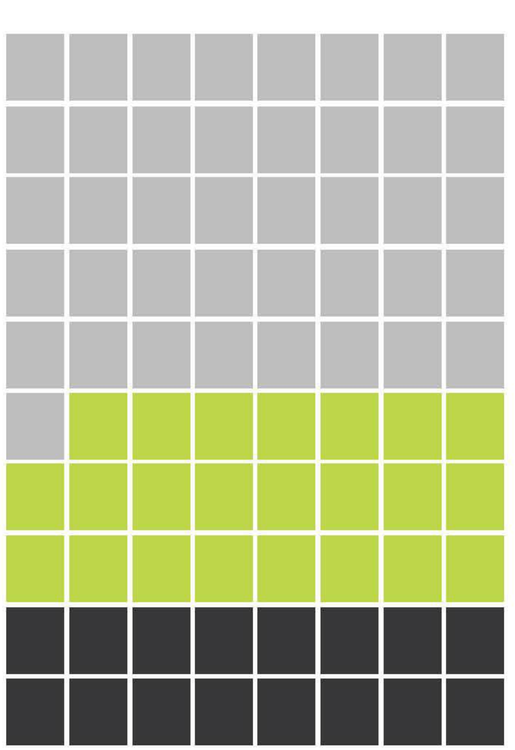
AI's impact was particularly visible in logistics, where companies reported up to 99.9% order accuracy from intelligent systems, coupled with cost reductions of around 20%. These early AI integrations have set the stage for an even more profound transformation of Bharat's commerce space.

1.3(a) Early AI in Marketing, Inventory and Logistics

As digital infrastructure matured and customer expectations evolved, brands started turning to artificial intelligence, not as a futuristic add-on, but as a practical lever for growth.

By 2024, the global AI retail market had reached $11.61 billion, with projections indicating a 23% CAGR through 2030. In India, retail leaders began embedding AI deeply across their operations. From technology platforms and product development to workforce planning and logistics, AI became central to how modern retail scaled.

This shift wasn't just experimental. It marked the beginning of intelligence being integrated into the core, where marketing, inventory forecasting and delivery operations were increasingly informed by algorithms, not just instinct.



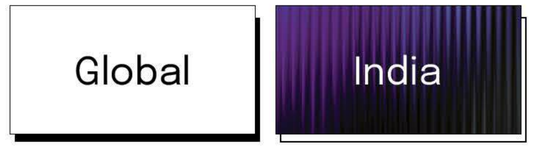
— $73
AI startup funding
in Q1 2025

— $40.2
Projected AI in retail
market size (2030e)

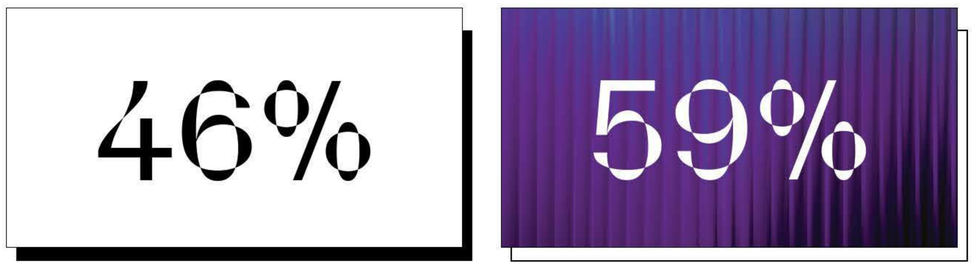
billion

— $11.61
Global AI in retail market size (2024)

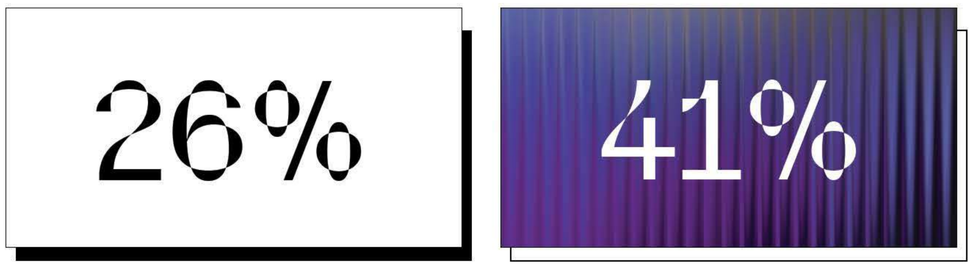
AI Integration Priorities – Retail CEOs (India vs. Global)



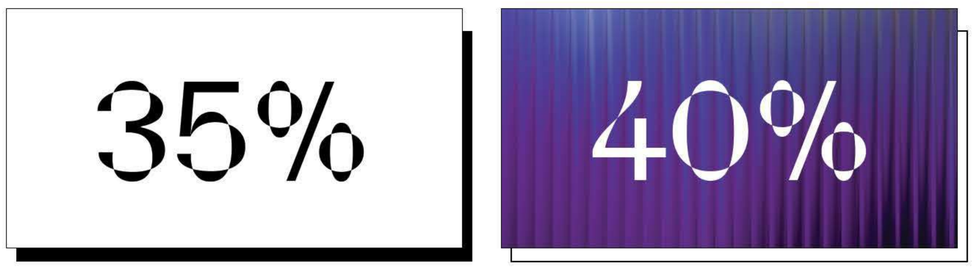
Technology platforms



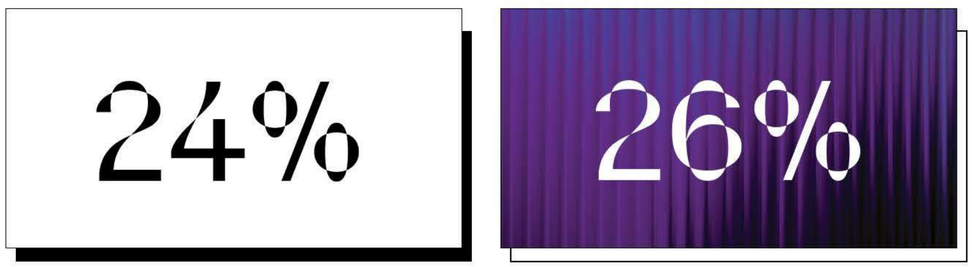
New product/service development



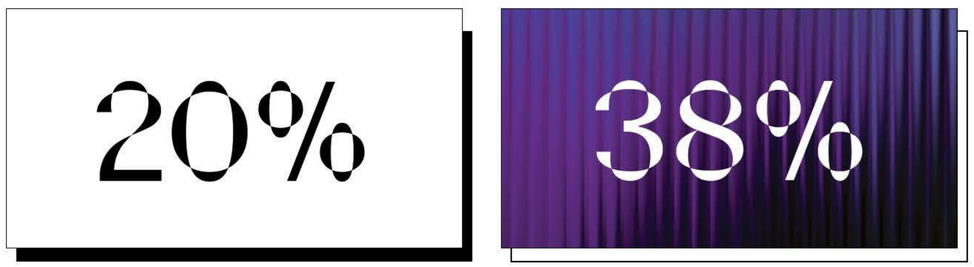
Business processes & workflows



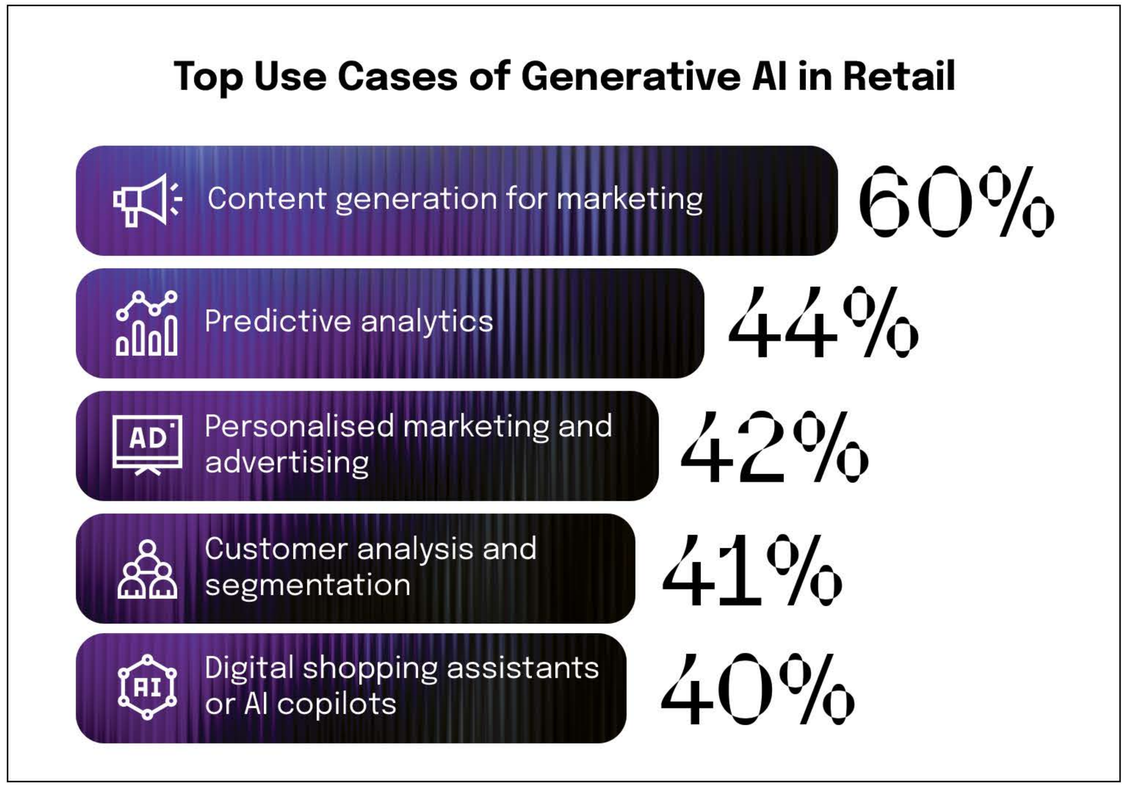
Core business strategy



Workforce & skills



Generative AI is now being embedded across retail operations to drive automation, personalisation and predictive decision-making. From marketing content to virtual assistants, its impact spans both customer-facing and back-end functions.



AI in Marketing and Fulfillment

Once AI found its footing in retail operations, its impact began to show across the entire customer journey – from discovery to delivery.

On the demand side, marketing was the first to benefit. Ad platforms began using machine learning to optimise targeting, bidding and creative performance. Campaigns could now adapt in real-time, responding to user behaviour and context to deliver more relevant experiences and stronger ROI. On the supply side, AI transformed how brands managed inventory. Predictive models helped anticipate demand surges, automate restocking, and optimise fulfilment, an approach already seen in logistics platforms like Shiprocket. This shift reduced both surplus stock and missed sales, moving brands closer to responsive, lean operations built around data. This shift reduced both surplus stock and missed sales, moving brands closer to responsive, lean operations built around data.

Warehouse and Fleet Automation

AI is transforming warehousing and logistics into lean, data-driven operations. Static storage spaces are being replaced by intelligent fulfillment hubs where robotics handle picking, packing and sorting with minimal human input.

Leading retailers report up to

99.9%

order accuracy

from robotic systems, alongside significant reductions in cost and manpower. On the ground, AI-enabled fleets are optimising last-mile deliveries through real-time tracking and predictive alerts, boosting both speed and customer satisfaction.

Operational Impacts of Warehousing Automation

Up to
99.9%

Order accuracy with robotic systems

~20%

Operational cost reduction

~40%

Reduction in warehouse labour expenses

Optimisation Impacts on Fleet Management

End-to-end shipment visibility

Customer retention ↑ by up to
35%

Predictive tracking systems

Reduction in lost/delayed shipments

Proactive delivery issue resolution

Improved NPS and customer trust

Demand Forecasting and Inventory Optimisation

AI's role in **demand forecasting** is proving to be a game-changer. With advanced predictive models, companies are achieving **forecast accuracy above 90%,** allowing for more responsive and lean inventory management.

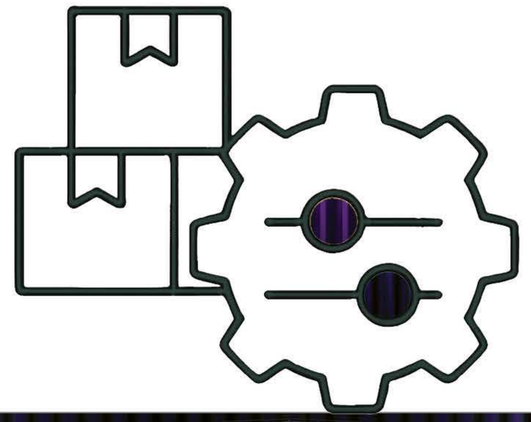
Key outcomes include:

40%
fewer stockouts

25%
reduction in
excess inventory

Millions
saved in lost sales &
warehousing costs

In high-velocity categories like groceries and q-commerce, spoilage is down by 30%, while dark store efficiency has improved through smarter stock turnover, enabling faster deliveries with minimal waste.



1.3(b) AI-Optimised Forecasting

As India's digital landscape became more multilingual and inclusive, the next leap came in how businesses interpreted consumer behaviour – not just by understanding what users searched for, but by predicting what they would want next.

The AI evolution unlocked a new frontier of forecasting capabilities, extending beyond traditional data analysis to incorporate behavioural signals, market sentiment and hyper-local insights. The demand forecasting horizon significantly reduced, with companies now revisiting their forecasts every 7 to 15 days and improving demand accuracy using advanced demand sensing techniques.

Cognitive planning began leveraging internal data (such as historical sales and planned promotions) alongside external signals (like market trends, economic data and consumer behaviour patterns), using a combination of statistical and machine learning models for more adaptive and precise forecasting – resulting in better accuracy.

Use Case: A snack brand forecasts festive demand by blending sales data with local preferences, ensuring stock availability at the point of sale.

AI reshaped the landscape of demand forecasting in modern commerce by assessing multiple dimensions:

Social Media Sentiment Analysis

AI tools began mining platforms like Twitter, Instagram, and regional forums to gauge consumer sentiment. This real-time emotional pulse helped brands anticipate demand spikes or dips based on trending topics, influencer endorsements, or public feedback.

Example

A surge in positive sentiment around a skincare product on Instagram could trigger early restocking decisions for D2C brands.

Localised Demand Forecasting

AI models started forecasting demand at hyper-local levels, down to neighbourhoods or pin codes. This became especially critical for quick commerce platforms and kirana integrations, where delivery speed and inventory precision were key.

Impact

Enabled efficient dark store stocking and reduced last-mile delivery failures.

Forecasting for New Product Launches

Unlike traditional models that struggled with zero historical data, AI used proxy data, competitor trends, and consumer behaviour analytics to predict demand for new products. This helped reduce launch risk and improve go-to-market strategies.

Use Case

A new beverage brand forecasted initial demand using AI agents trained on similar product launches and regional taste preferences.

Dynamic Pricing Optimisation

AI integrated demand forecasts with pricing algorithms to adjust product prices in real time. This helped balance inventory, maximise revenue, and respond to competitor pricing or seasonal demand shifts.

Result

Retailers increased margins during high demand and cleared stock during lulls without manual intervention.

Operational Efficiency Gains

Forecast Accuracy

Forecast precision **up to 95%** reduced stockouts and overstocking.

Waste Reduction

Especially in perishables, spoilage dropped by 30% due to smarter turnover.

Cost Savings

Millions saved annually in warehousing and logistics through lean inventory models.

Customer Satisfaction

Improved product availability and faster delivery enhanced loyalty and retention.

Enhanced Team Productivity

AI-driven planning reduced manual workload, allowing teams to focus on strategic decisions and faster execution.

AI-driven demand sensing became a strategic necessity for modern commerce, empowering businesses to stay agile, reduce inefficiencies and deliver better customer experiences in an increasingly dynamic market.

1.3(c) AI-Generated Content

The creative process underwent a radical transformation, powered by generative AI tools capable of producing high-quality content – from product photos and ad banners to full-length videos and personalised campaigns – at unprecedented speed and scale.
Modern businesses were no longer constrained by manual workflows or creative bottlenecks. With tools like Jasper, Creatopy and GenAI, brands began to ideate, design and deploy content tailored to specific audiences, platforms and objectives – all with minimal human intervention.

These tools went beyond basic automation. They enabled:

Creative diversity

AI-assisted scripting and ideation platforms generated a wide range of concepts, helping marketers break out of repetitive patterns and explore new directions.

Brand alignment

AI maintained consistent brand voice and tone across formats and channels, even while adapting content for different platforms.

Hyper-personalisation

When integrated with CRM systems, AI tools created personalised videos using avatars, voice cloning, and dynamic visuals – delivered through email, social media, or in-app experiences.

Efficiency and scale

Platforms like Creatopy allowed marketers to produce multiple ad variations (sizes, languages, formats) from a single template and even connect directly to ad platforms for automated campaign optimisation.

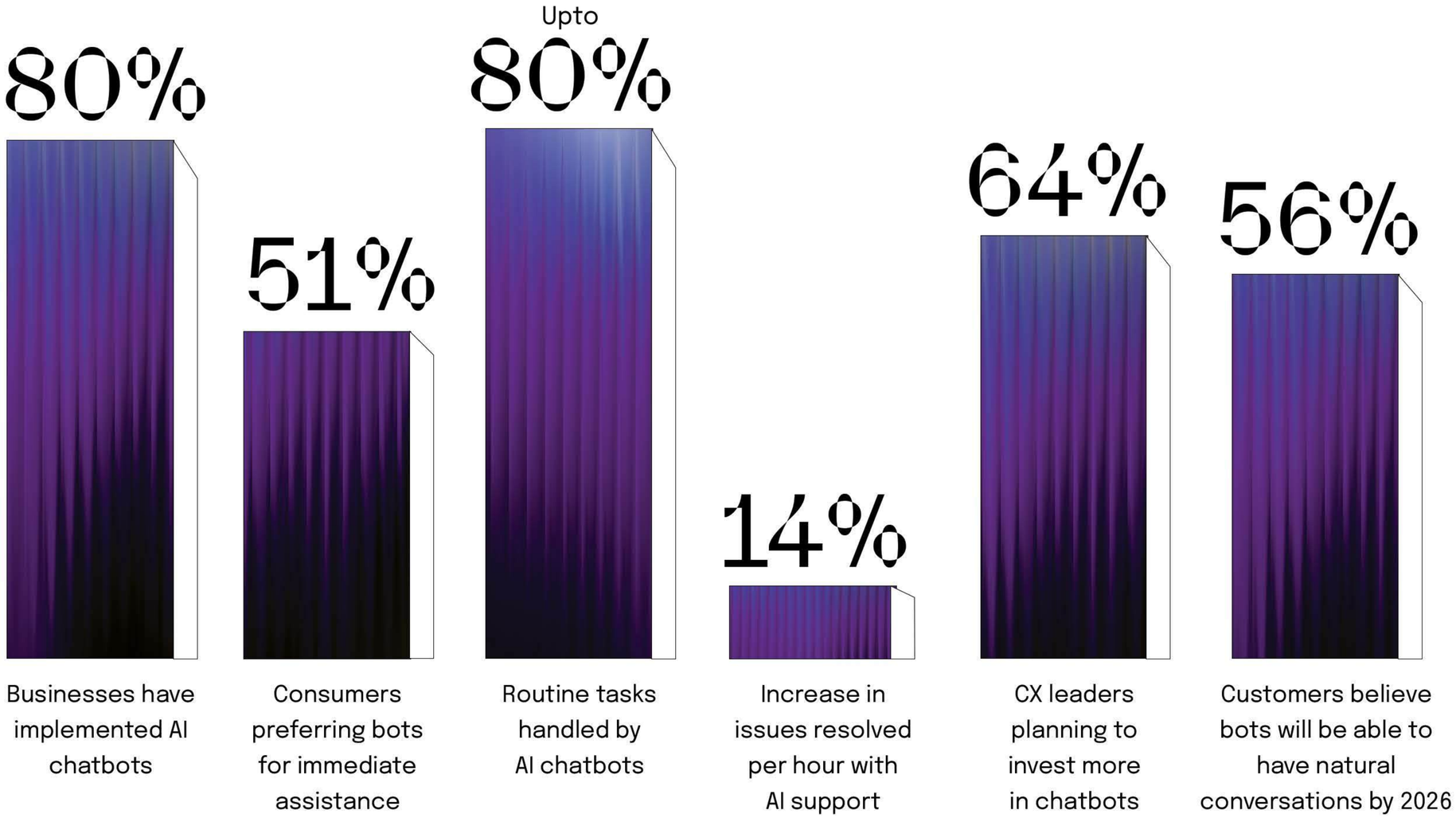
For example, a marketer could generate a product video simply by selecting the target audience, platform and desired look and feel. The AI handled the rest, from scriptwriting and subtitles to transitions and music, delivering a ready-to-publish asset in minutes.

In a digital-first world, AI-generated content was not just a productivity booster, it became a strategic lever for relevance, speed and impact. This agility was essential in contexts where responses needed to be immediate. Even a simple event, like a light drizzle, could be capitalised on by launching real-time campaigns for rain-related products and services.

1.3(d) AI Support and Customer Engagement

As discovery became multilingual and inclusive, expectations around service also began to shift. Consumers didn't just want convenience, they demanded relevance, speed and 24/7 responsiveness. AI-powered support stepped in to meet this demand. From instant answers to proactive assistance, intelligent support systems are transforming customer engagement across sectors. In 2024, some companies reported over 80% reductions in average resolution times, thanks to AI integration.

These tools also boosted agent productivity, enabling teams to resolve **15% more issues per hour on average**. With **64% of CX leaders planning to invest further in chatbots**, the next wave of support is not just automated, it's becoming predictive, conversational and deeply personalised.



1.4 The Outcome: Core Pillars of Commerce

As commerce evolved beyond digital adoption, three foundational pillars emerged, omnichannel integration, personalised experiences and AI-led operations. In 2024, 79% of global consumers expected consistent service across online and offline touchpoints, while 77% of Indian shoppers used both channels interchangeably. Brands that delivered seamless journeys retained nearly 3× more customers.

At the same time, personalisation became a critical growth lever, with 96% of marketers reporting improved sales due to tailored experiences. Underpinning both was the rise of AI: India led globally in enterprise AI deployment, with over 59% of large firms integrating it into operations. Together, these three pillars are redefining intelligent commerce, connected, customer-first and data-driven.

1.4(a) Omnichannel Integration

As personalisation became the standard, consumers also began demanding fluidity across platforms. Shoppers no longer thought in terms of online versus offline, they expected one unified experience wherever they chose to engage.

In 2024, 79% of consumers said they expected a consistent experience whether they were shopping in-store, on mobile, or online. Brands that delivered strong omnichannel journeys reported 89% customer retention, while those with fragmented strategies saw just 33%.

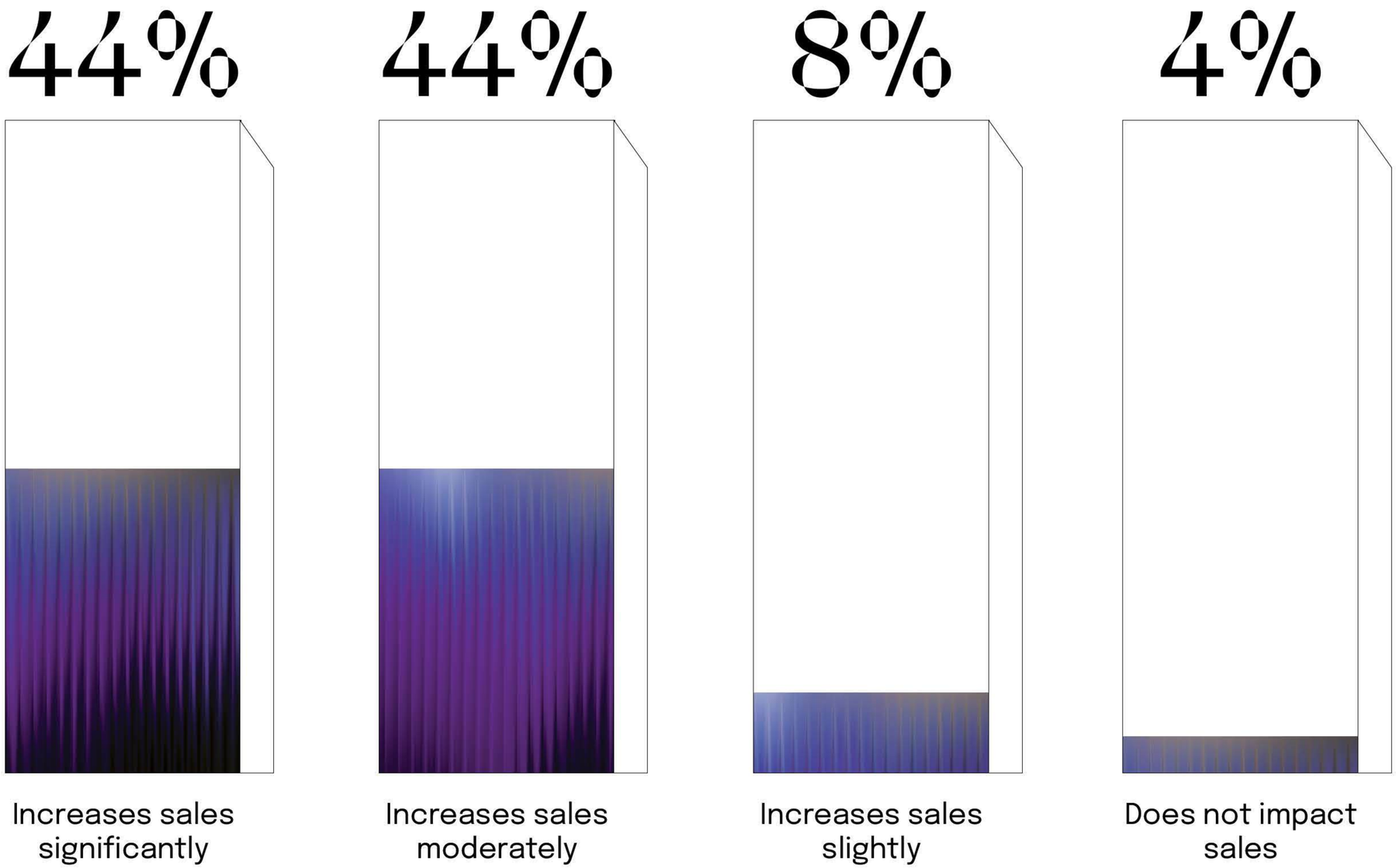
In India, 77% of shoppers used both online and offline channels, highlighting the need for retailers to break silos and build systems that integrated inventory, customer data and fulfilment across the board.

Omnichannel Behaviour Among International Shoppers	
79%	Consumers expecting a consistent cross-channel experience
89%	Customer retention (strong omnichannel strategy)
33%	Customer retention (weak omnichannel strategy)
61%	Customers expecting personalised service across channels
40%	Conversion lift due to BOPIS integration

Omnichannel Behaviour Among Indian Shoppers	
77%	Shoppers using both online and offline channels
85%	Shoppers using smartphones in-store to compare prices
96%	E-shoppers researching online before any purchase

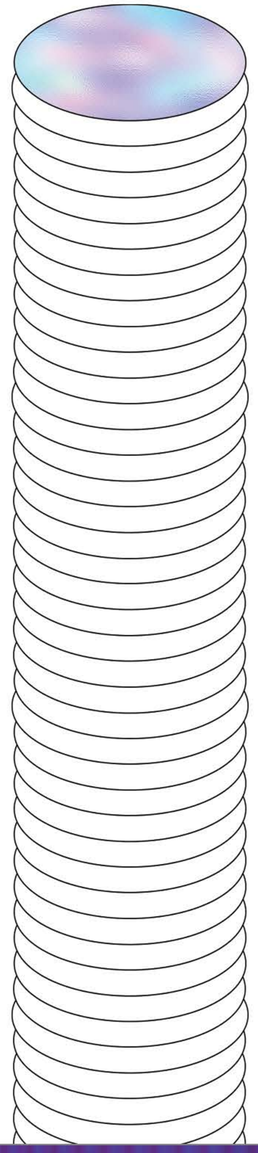
1.4(b) Personalisation

Personalised marketing is recognised as a core growth lever. In 2024, 96% of marketers reported that personalised experiences had improved sales, with 44% attributing a significant uplift directly to personalisation. These outcomes reflected a clear shift toward customer-centric strategies across marketing functions.



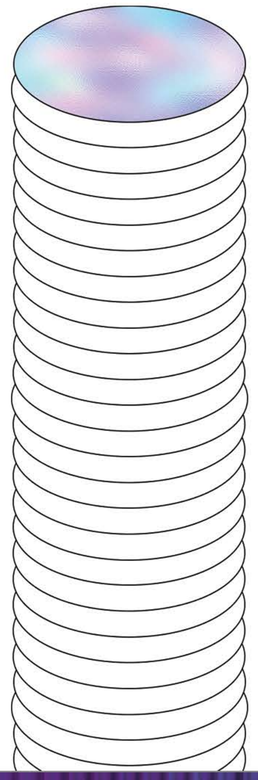
1.4(c) Data and AI Evolution

AI began reshaping the global workforce by transforming existing roles, creating new job categories and shifting skill demands. In India, this transformation was clearly visible as businesses rapidly adopted Generative AI (GenAI) technologies to streamline operations and boost productivity. 59% of Indian enterprises with over 1,000 employees had already deployed AI in their operations, the highest share among all countries surveyed. This marked a pivotal step toward leaner, data-led organisations powered by automation and intelligent systems.



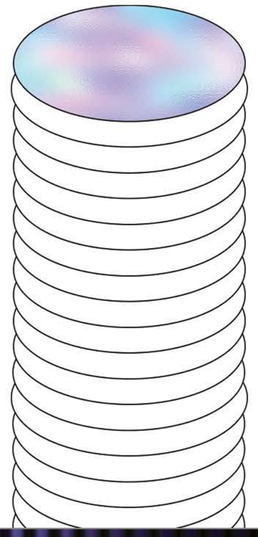
263%

Growth in AI talent concentration (2016–2023)



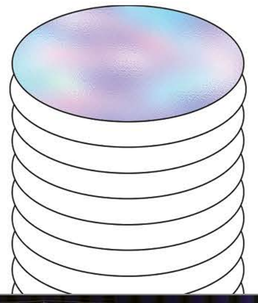
70%+

Companies dedicating >5% of IT budget to AI (FY24)



67%

Enterprises using AI to drive business growth



58%

of companies have clean and organised data that can be used for AI

Key Drivers of AI Adoption

Organisations in India are adopting AI not just to innovate, but also to improve efficiency and reduce costs. Accessibility and seamless integration into common business software are further enabling uptake.

Top Business Drivers Behind AI Integration

62%

Need to reduce costs and automate key processes

60%

Advances in AI that make it more accessible

47%

AI embedded into standard off-the-shelf business applications

AI Investment Priorities

27%

Customer experience

16%

Planning and strategy

16%

Optimisation of IT functions

Barriers to Effective AI Implementation

46%

Data accessibility issues

42%

Limited AI skills, expertise, or knowledge

38%

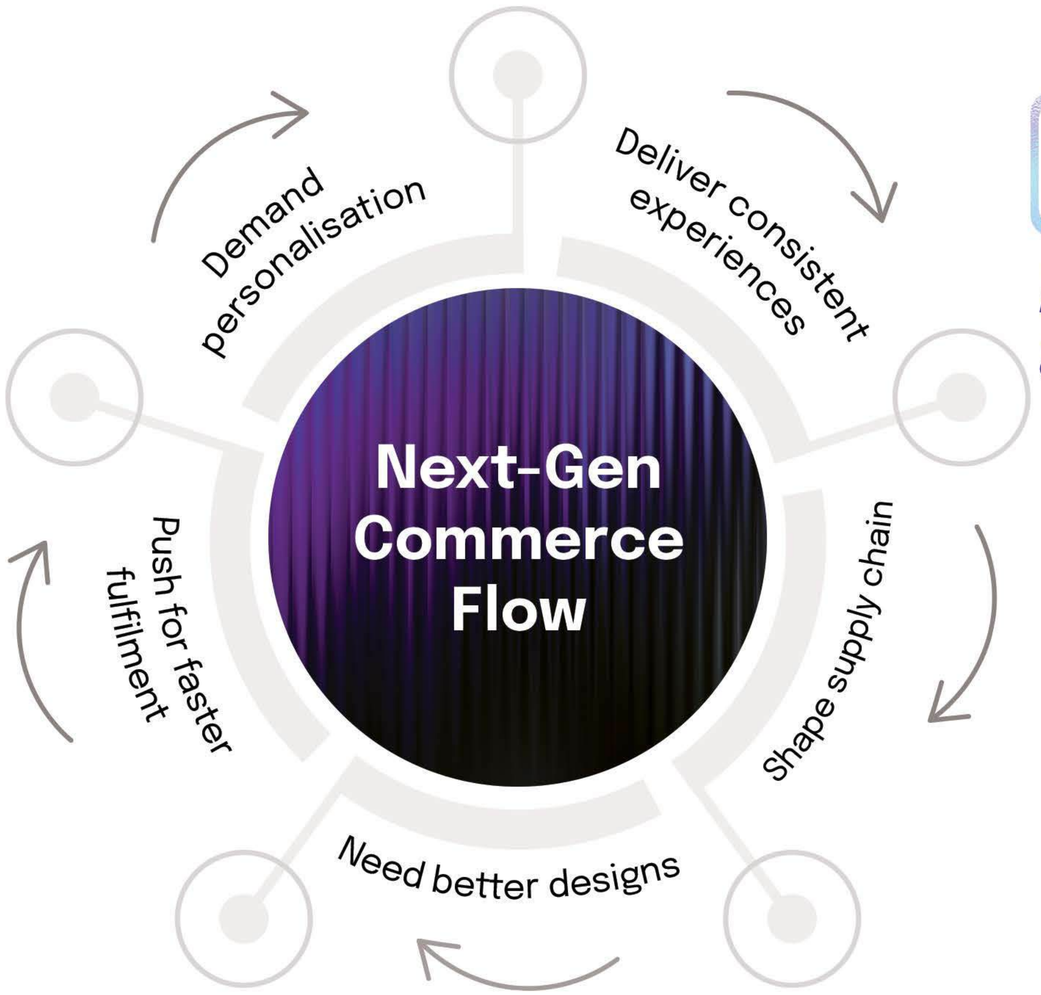
Difficulty in integration and scaling

Economic, social, behavioural, and digital shifts

Evolving Consumers

Real-time fulfilment, responsive inventory, optimised logistics

Adaptive & Efficient Operations



Targeted engagement, predictive insights, conversion-focused journeys

AI-Led Marketing & Sales

Responsive sourcing, regional planning, AI-assisted forecasting

SCM Strategy & Planning

Omnichannel, localised, faster to market

Offering Strategy

CHAPTER 2

The Future

AI has already begun reshaping how Bharat does commerce, from smarter order processing to intelligent inventory management. But its true power lies not just in optimising the backend; it also lies in reimagining the customer experience.

We are now entering a phase where AI is moving from being purely operational to becoming deeply behavioural. It is starting to predict what users want, when they want it and how they prefer to engage. While many aspects of AI-led commerce have already taken shape, others are still evolving and expected to mature in the coming years.

To understand what lies ahead, we turned to those shaping the future: industry leaders and domain experts. In this chapter, we present their insights along with publicly available information on how AI is expected to shape businesses in the coming years.

2.1 Future Drivers of Commerce

The future of Bharat's commerce is being shaped by growth in smaller towns, evolving customer behaviour, and the rise of accessible, intelligent tools. Tier 2+ cities have seen a marked increase in festive spending, surpassing metros, as trust in online shopping deepens. At the same time, AI tools are becoming more cost-effective, with API costs dropping nearly 80% in two years, making advanced technology usable for businesses of all sizes.

This accessibility is transforming how businesses function and how new ones are launched. Startups are now going live in days, enabled by leaner teams and intelligent systems that automate design, development, testing, and marketing.

With 79% of industry leaders believing AI will significantly speed up product launches, go-to-market timelines are shrinking fast. However, as tasks like customer support and marketing become increasingly automated, it is critical that companies balance this efficiency with empathy and ethical responsibility.

2.1(a) Economic Growth: Tier 4/5 Towns Evolving Into Tier 2/3 Markets

The future of commerce and retail in India will be driven by the rising economic momentum in Bharat. As smaller towns grow in purchasing power, digital adoption, and aspirations, their influence on the national consumption landscape is expanding rapidly. This shift, when combined with the increasing adoption of AI, will lead to three major transformations:

Faster speed to market
as businesses become more agile to meet new demand.

AI influencing customer behaviour,
with consumers actively engaging with intelligent systems for product discovery and decision-making.

AI transforming internal operations
becoming a necessity as businesses work to match the pace of evolving customer expectations.

Tier 4 and 5 towns are steadily evolving into Tier 2 and 3 markets. With India's urban population expected to rise by 416 million by 2050, these regions are emerging as powerful engines of demand and consumption.

Expanding user base and repeat shoppers

Approximately

80%

150 million annual transacting customers come from Tier 2, 3, 4 and beyond, reflecting a seismic shift in digital GDP spread beyond metros.

Spending growth outpacing metros

Tier 2+ cities saw a

13%

festive spend jump, outpacing metros, driven by online shopping comfort and platforms like Shiprocket improving access in underserved regions

Retail penetration rising

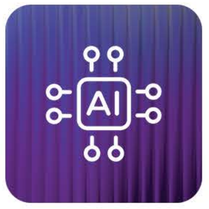
NielsenIQ data shows Tier 4 markets growing at a steady

10%

annually from 2018–2023, outpacing overall retail, signalling sustained consumer engagement in smaller towns.

2.1(b) Accessible, Cost-Effective AI Tools

As new shopping behaviours take hold and demand rises from smaller towns, the technology powering this shift is also becoming more accessible. What was once limited to big tech players is now available to businesses of all sizes.
Reliable AI tools are getting cheaper, easier to deploy and faster to deliver results, driving mass adoption across sectors. From content generation and logistics planning to customer support and analytics, AI is no longer a premium capability. It's fast becoming the foundation on which the next wave of digital commerce will be built.

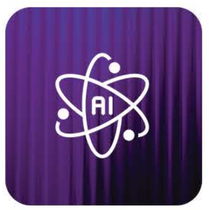


Widespread Adoption

Public adoption of AI is high: Two in three people (66%) report intentional regular use of AI tools for either personal, work, or study purposes, and three in five (60%) say they can use AI effectively. 58% of employees report intentionally using AI tools in their work on a regular basis

AI Tools in Daily Use

Public in emerging economies report higher regular use (80% vs 58%), training (50% vs 32%), knowledge (64% vs 46%) and efficacy (74% vs 51%) than those in advanced economies. The survey indicated public in India have high degree of trust (76%) and acceptance (63%) on AI systems. 47% report their organization uses AI to a moderate to very large extent across a range of areas and tasks, and 30% report limited use in isolated areas or specific tasks. Just under 25% of employees report their organization does not use AI



Benefits from AI usage

The use of AI at work is delivering a range of positive performance benefits. Most employees report increased work efficiency, access to accurate information, innovation, higher quality of work and decisions, and better use and development of skills and abilities. Most people (83%) believe the use of AI will result in a wide range of benefits. Importantly, 73 percent of people are personally experiencing or observing these benefits 84% of the people surveyed indicated that AI applications can deliver cost reduction or better use of resources, with 68% indicating that they have personally experienced or observed these benefits

2.1(c) AI-Driven Logistics and Warehousing

Commerce doesn't grow in isolation, it moves with the infrastructure that supports it. As demand spreads to newer markets and customer expectations rise, India's supply chains are being reimagined.

AI-powered logistics and warehousing are playing a central role in this shift. By automating repetitive tasks, optimising inventory in real time, and streamlining last-mile delivery, these systems are helping businesses cut costs while delivering faster, smarter service. This tech-driven efficiency is fast becoming a backbone of scalable commerce.

Cost reductions

Improvements in real-time visibility and optimisation through AI tools can drive significant gains in overall warehouse operational efficiency by 15 to 20% and reduce costs by 5 to 10%.

AI in supply chain

Applying AI-driven forecasting to supply chain management can reduce errors by 20–50%.

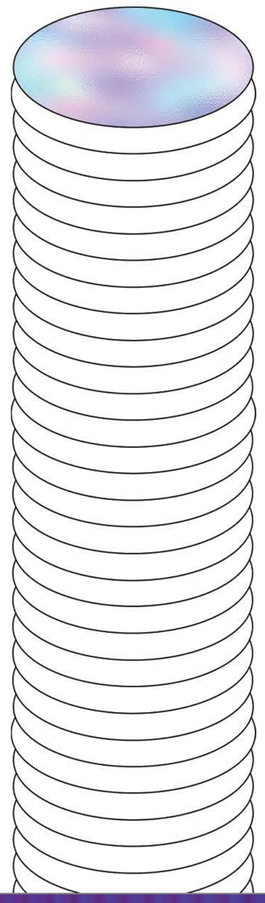
Policy Push

The Union Budget 2025–26 prioritises digital public infrastructure, with ₹11.2 trillion allocated to enhance logistics and trade networks. This complements AI's role in modernising logistics and ensures seamless integration across different transport modes.

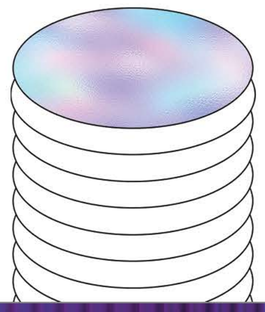
2.1(d) Startups Built by “Three-Person Unicorns”

When we think of AI, automation is one of the first things that comes to mind, and rightly so. It’s already transforming how businesses operate, but what’s truly exciting is how it’s rewriting the rules of starting up. We’re entering an era where hyper-automation could let two or three people build and scale in days, especially with infra like Shiprocket powering fulfilment and delivery from day one.
Armed with AI tools that can design, develop, test and even market products, these ultra-lean teams may soon be launching fully functional companies faster than ever imagined. This isn't just speculation, it's a direction many domain experts strongly echoed in our conversations with them.

Outlook on Rapid Startup Formation Enabled by Automation



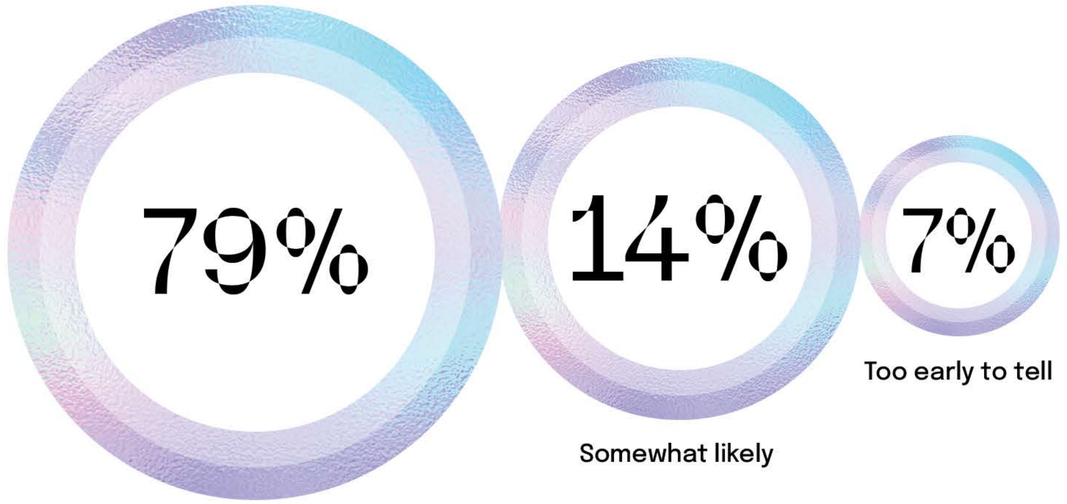
79%
Expect leaner teams to launch and scale rapidly in the next 3-5 years



21%
See this shift happening to some extent

When we asked industry experts about what’s changing, many pointed to the fact that several key functions are already becoming easier to automate. Customer support, software testing, content creation, marketing analytics, admin tasks, accounting, and even regulatory processes are all being reshaped. What came through clearly was that roles with repetitive, rules-based work, especially in operations, are the most ready for automation.

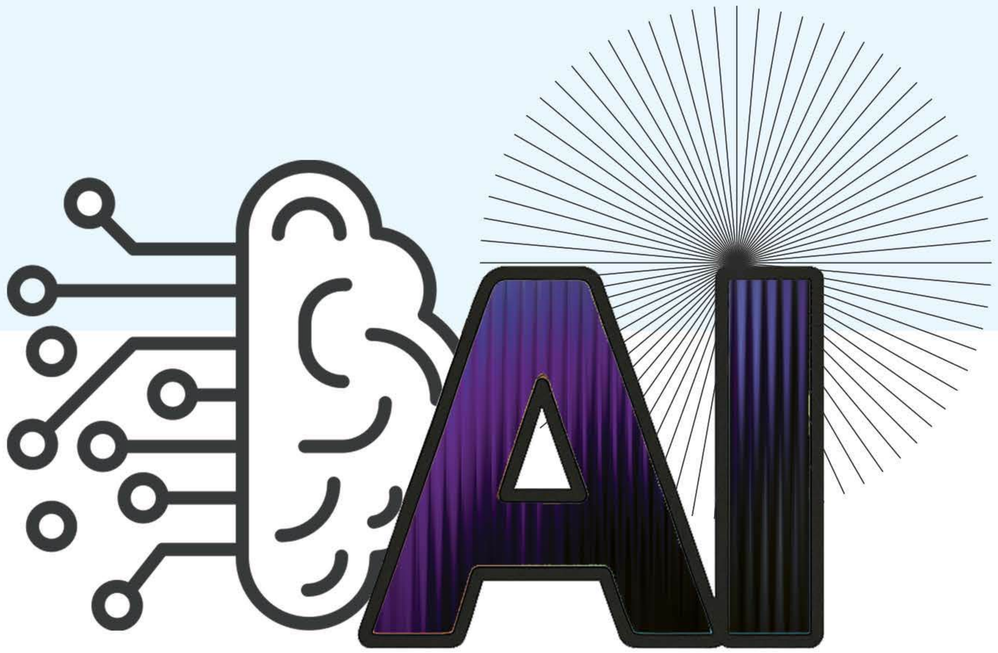
Outlook on GenAI Reducing Go-to-Market Timelines for Digital Products



While most leaders believe AI will significantly speed up go-to-market timelines, they also urge caution. Many pointed out that the absence of empathy in customer interactions, hallucinations and lack of deep context about the business could lead to serious issues. Speed, they warned, can come at the cost of depth, raising concerns around data handling, ethical responsibility and the overall quality of the customer experience.

Cursor, an AI code editor launched in 2023, has already hit $100 million in ARR, without a sales team and with only 20 people. Other similar examples include bolt.new, Lovable, Midjourney, Mercor and ElevenLabs.

With AI technologies getting smarter every day, the future will see faster time-to-market for new features and new ways of engaging with customers. This will also open the field for startups with truly innovative offerings. Furthermore, we expect established players to become more agile and increasingly open to the use of AI. Ultimately, the future will bring greater comfort with using AI in more strategic areas of the business.



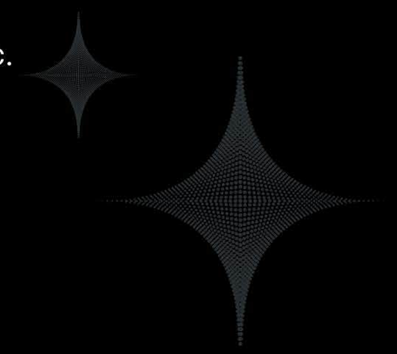
2.2 Where Commerce is Headed

As AI becomes embedded in every layer of commerce, consumer expectations and business operations are undergoing a profound transformation. From frequent, AI-guided purchases to hyper-personalised journeys, customers now demand speed, intuition and relevance at every touchpoint.

In India, over 60% of digital users prefer chat-based shopping experiences, and 85% say visual cues drive their buying decisions.

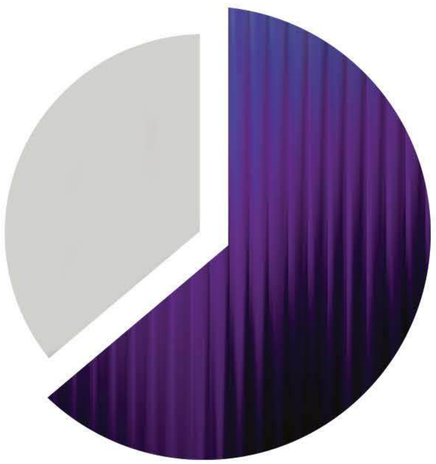
Meanwhile, behind the scenes, commerce infrastructure is being rebuilt. Warehouses are evolving into intelligent fulfilment hubs, SEO is becoming AI-automated, and customer service is shifting to agentic AI that can resolve issues proactively.

Together, these shifts mark a new normal, one where commerce is faster, smarter and deeply human-centric.



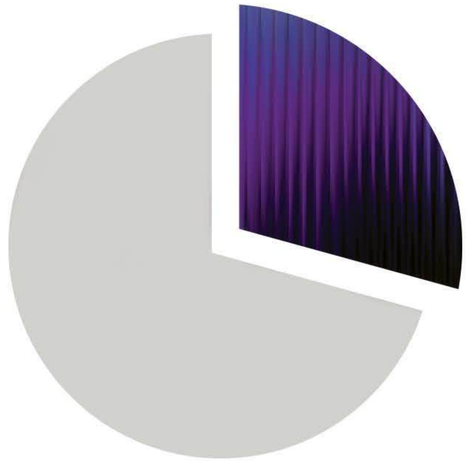
2.2(a) Shift to Frequent, AI-Driven Purchases

If emerging markets are one of the big drivers of growth, shifting shopping habits seem like an equally strong force shaping the future. As consumers across Bharat become more digitally fluent, their approach to buying is changing, moving from planned purchases to frequent, AI-guided decisions. With smarter recommendation engines and personalised nudges, shoppers are discovering new brands on the go, often choosing based on convenience or instant relevance. This shift means the traditional path to purchase is giving way to a more dynamic, need-based journey, where AI helps brands stay visible and timely at just the right moment.



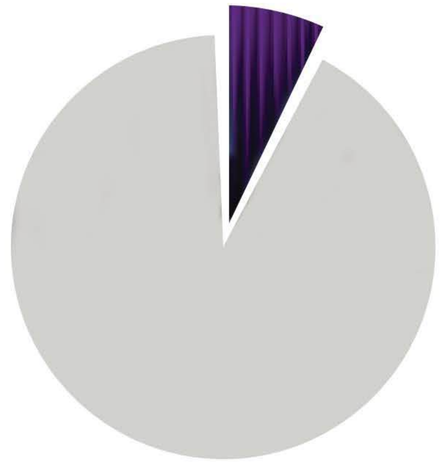
64%

Expect customers to become more open



29%

Expect this shift to some extent



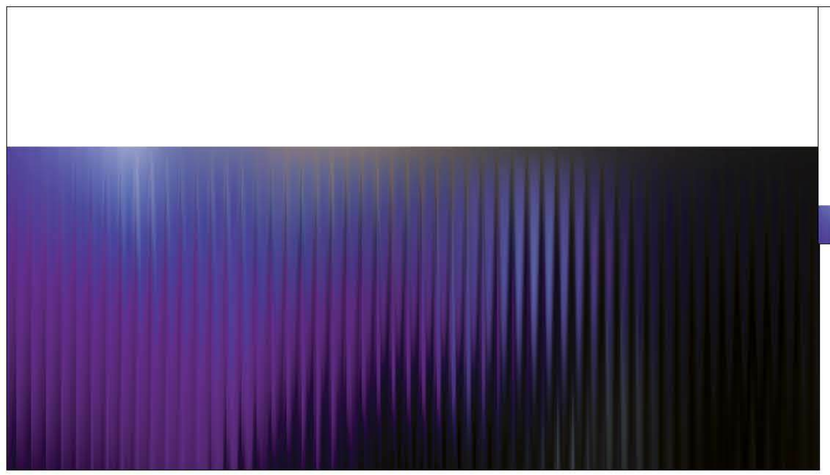
7%

Do not expect this shift

2.2(b) Hyper-Personalised Shopping Experiences

We've all seen personalisation take centre stage in recent years, from basic recommendations to tailored promotions. But as the concept evolves, it is now giving way to a more advanced version: hyper-personalisation.
This deeper, data-driven approach is quickly becoming a key growth driver in commerce. Brands that get it right are already seeing up to 10% revenue gains and growing two to three times faster than those that don't. Today's shoppers expect personalisation as standard, not a bonus.

Impact of Hyper-Personalisation on Brand Performance



78%

Consumers expecting AI to recognise and remember preferences

6–10%

Revenue increase from effective personalisation

Anticipated revenue shift toward top **15%** personalising brands

2.2(c) AI-Driven Visual Search

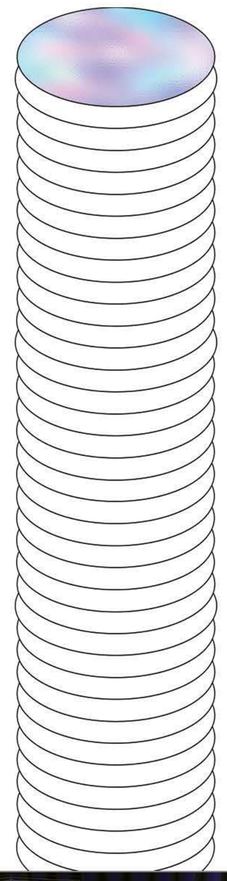
Just as hyper-personalisation sharpens how offers are tailored, product discovery is evolving alongside. It's becoming more intuitive, more visual and far less reliant on keywords.AI is changing the way consumers find what they need, not just through text but also through images.

With 85% of shoppers saying visual cues influence their buying decisions the most, visual search is fast becoming a key driver of conversions. Tools like Google Lens, now handling over 10 billion queries a month, are showing how AI can connect what people see to what they want.

AI Integration & Searches in Indian Languages

In India, this shift is taking a more inclusive turn. Visual search is now being paired with regional language capabilities, allowing users to search using both images and Indian languages. This is helping unlock digital commerce for a wider audience in a way that feels more natural and personal.

Trends in AI and Visual Search Adoption in India



90%+
AI visual recognition accuracy across tasks

85%
Consumers influenced most by visual information

10 billion+
Monthly Google Lens usage

2.2(d) Conversational and Voice Commerce

If visual discovery changes how users find products, conversational interfaces are reshaping how they engage with brands. India is stepping into a conversational commerce revolution, with 50-60% of digital users preferring chat-based experiences for everyday needs. With over 650 million Indians already active on messaging and social platforms, businesses are starting to meet customers where they are, through text, voice and multimodal AI. Voice commerce is adding another layer to this shift. It enables hands-free, natural interactions that are especially helpful for users in vernacular-speaking and mobile-first segments. The momentum is strong, more than 60% of large enterprises plan to increase their investment in conversational platforms in the next 3 to 4 years and over 80% are gearing up to use generative AI to deliver more personalised customer experiences.

Rise of Conversational and Voice Commerce in India

80%+ Enterprises planning to invest in generative AI in 1-2 years

60%+ Enterprises planning to increase spend on conversational platforms

50–60% Digital users preferring conversational journeys

15 million
SMBs using WhatsApp for Business

650 million+
Digital users preferring conversational journeys

2.2(e) Augmented Reality (AR) and Virtual Try-Ons

Just as conversational commerce is making brand interactions more intuitive, AR and virtual try-ons are redefining how customers evaluate products online. These immersive technologies are helping bridge the gap between physical and digital retail by letting shoppers virtually experience items before making a purchase.

AR Engagement Impact

200% surge in engagement and a 94% increase in conversion rates with AR, compared to conventional methods. The impact of AR in sectors like retail is particularly striking and noticeable.

Market Growth Potential

The concept of "ARetail" is revolutionizing shopping, fundamentally changing how we engage with commerce. In 2022, AR in the global retail market alone delivered $2.39 billion and industry projections suggest it will nearly quadruple by 2028.

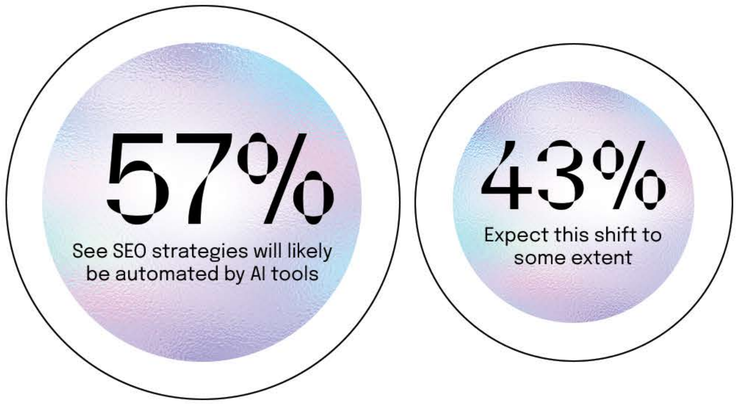
Conversion & Returns

Virtual try-on technology can boost sales by up to 30% and reduce returns by 20%.

2.2(f) AI-Led SEO Automation

As AI-generated content becomes more common, SEO is stepping into a new phase. The focus is shifting from manual tweaks to intelligent automation–where AI doesn't just write, but constantly optimises content for search performance. From keyword targeting to user intent alignment, smart SEO tools are making digital discovery faster, smarter and more adaptive.

Shift Toward AI-Led SEO Automation

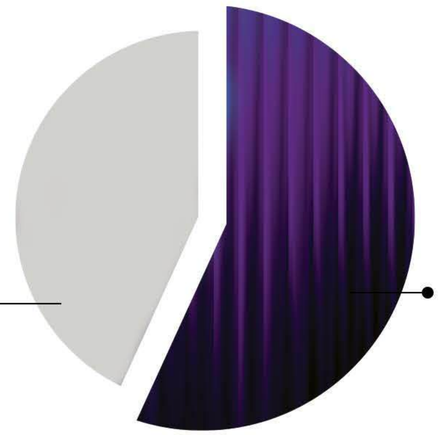


Many leaders believe this shift is realistic and inevitable. But they also point out that human judgment will continue to play a key role, especially in interpreting trends, refining strategy and maintaining brand authenticity. The future of SEO will likely be hybrid: AI for speed and scale and humans for context and creativity.

2.2(g) Autonomous Shopping Agents

As AI tools become more capable, the next logical step is agents that go beyond assistance, ones that can browse, compare and even complete purchases independently.
These autonomous shopping agents could soon operate within user-set boundaries like budget, preferences and past behaviour, changing how convenience and personalisation are delivered.

Outlook on Autonomous Shopping Agents



43% Believe autonomous shopping agents will become mainstream

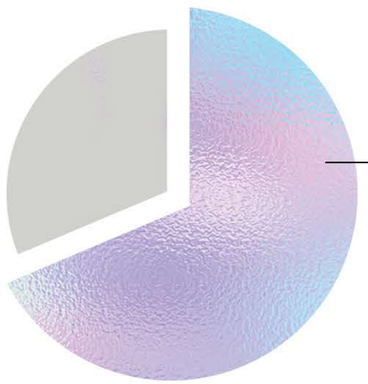
57% See them limited to niche or specific use cases

While several industry leaders believe this shift is likely, they also highlighted a few critical enablers. Trust is essential, users need to feel confident delegating decisions. That means robust fraud protection, secure payments and explainable decisions. Agents will also need to deeply understand user behaviour, offer personalised suggestions and provide easy controls for approval or cancellation. Until these systems mature, autonomous shopping may remain limited to repeat or low-risk purchases.

2.2(h) Smart Warehousing and Fulfilment System

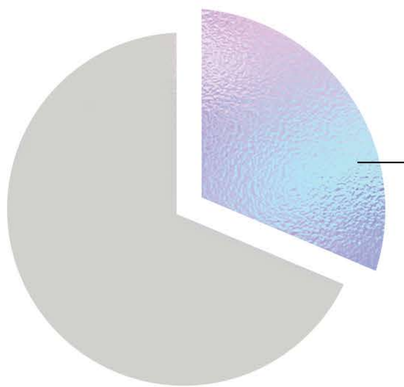
While autonomous agents will reshape how orders are placed, smart warehouses will transform how those orders are fulfilled. As AI starts taking over shopping decisions, fulfilment systems must match that intelligence with speed and adaptability. Warehouses, once passive storage units, are becoming dynamic hubs, capable of making decisions, managing inventory in real time and ensuring faster deliveries. With automation, micro-fulfilment models and data-led operations, warehouses are now evolving into intelligent fulfilment engines that think and move as quickly as the orders coming in.

Evolution of Warehouses Into Intelligent Fulfilment Hubs



69%

We are heading toward AI-powered warehouses that make real-time decisions



31%

We already have AI-powered warehouses making real-time decisions beyond automation

2.2(i) Enhanced Fraud Detection and Security

As fulfilment gets smarter, so must protection. With AI handling more commerce operations, from autonomous agents placing orders to intelligent warehouses managing fulfilment, the need for real-time, intelligent fraud detection becomes critical. Businesses will have to shift from basic backend automation to predictive, self-learning systems that can identify and block threats before damage is done.

Checkout Fraud Prevention

AI algorithms monitor cart activity and transaction flow to flag unusual payment patterns or bot behaviours at the checkout stage.

Fake Return & Refund Detection

Platforms use machine learning to detect high-risk return behaviour and identify refund abuse patterns across user accounts.

Account Takeover Protection

AI helps recognise suspicious login attempts or credential stuffing attacks, safeguarding customer data and transaction history.

2.2(j) AI Agents for Customer Support

The shift towards faster, AI-powered commerce calls for equally agile and intelligent customer support. After securing transactions and fulfilment, the next big shift is in how brands interact with customers. AI is no longer just a backend assistant, it's becoming the first line of service, capable of solving problems, opening internal tickets and even making rule-based decisions in real time. AI is making support smarter and more proactive. Instead of just reacting to issues, AI tools will soon anticipate customer needs, resolve them early and guide users with personalised recommendations. Organisations already using AI-powered service tools have reported a 17% boost in customer satisfaction.

Proactive support that remembers

AI tools will integrate with customer relationship management (CRM) platforms to personalise customer support, proactively resolve issues and generate tailored recommendations, often before customers even ask. In fact, 70% of global customer service managers are using generative AI to analyse customer sentiment across multiple customers.

AI-Powered Self-Service

AI-powered bots will handle a broader range of interactions across channels, offering more intuitive, human-like support. AI won't just respond to existing questions. It will proactively analyse customer interactions across calls, emails and social media to identify emerging issues and knowledge gaps as they arise.

Agentic AI: Autonomous, Problem-Solving Agents

The future of customer service is being shaped by agentic AI, autonomous systems that go beyond scripted responses to independently manage and resolve complex tasks.

Conversational AI That Adapts

AI will provide real-time suggestions, summarise past conversations and offer sentiment analysis-based guidance. These abilities will help agents respond more naturally and empathetically. Given the speed at which AI is advancing, customers will become increasingly comfortable interacting with AI agents, often preferring them for their speed, 24/7 availability, and anonymity. As these agents become more efficient and effective, customers will not only engage with them but also seek their advice, ushering in a new era of agent influencers. This shift will contribute to the rise of contextual and conversational commerce. At the backend, AI will enable faster analysis, generate decision options, and, in many cases, make autonomous decisions that influence the actions of other agents or humans. This will redefine turnaround time expectations for both internal and external customers.

CHAPTER 3

How Companies Can Prepare

We've seen how AI has quietly embedded itself across the layers of commerce, reshaping how consumers discover, decide and demand. From the early signals of AI adoption in marketing and logistics to the rapid acceleration of GenAI, it's clear that the present is already intelligent, and the future will be even more dynamic.

But with this shift comes a clear mandate: businesses must be prepared. Not just to adopt AI, but to rewire how they engage, operate and grow in an AI-shaped economy. The way forward is no longer about isolated transformation. It is about building connected, AI-augmented systems that learn, adapt and scale around the customer.

From omnichannel engagement and personalisation to data infrastructure, partner ecosystems and responsible AI practices, each is now a building block for businesses to compete with agility and earn long-term trust. With 79% of Indian consumers spending more with brands that personalise, and 76% of organisations expecting over 10% ROI from AI in the next year, the imperative is clear.

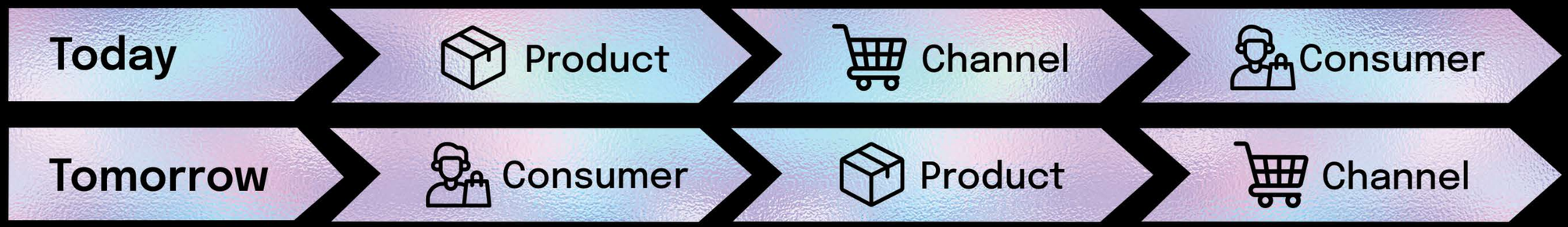
The goal is not just to keep up. It is to lead with intelligence, empathy and speed. Chapter 3 offers a roadmap to help businesses do exactly that.

3.1 Be Where Customers Are

Conventional industry metrics have traditionally oriented retailers around products and channels. In the world of seamless commerce, that model must be inverted, placing consumers at the forefront of the business.

The traditional key performance indicators (KPIs) such as sales per square metre are fast becoming less relevant than benchmarks such as cost-to-serve, share of wallet, customer acquisition costs and customer lifetime value. By measuring and incentivising these KPIs, retailers can eliminate channel silos and align their leaders around the consumer.

– **Towards Seamless Commerce, KPMG**



As customer expectations evolve, businesses must offer seamless, AI-augmented experiences across all touchpoints, digital and physical. Today's Indian consumer engages fluidly across mobile apps, websites, social media, WhatsApp, in-store kiosks and voice assistants.

More importantly, these interactions are no longer siloed; they are omnichannel, multilingual and context-sensitive. 77% of shoppers prefer buying from an omnichannel brand. Around 70% of Indian internet users prefer Indic languages over English. This shift demands more than presence, it demands AI-powered integration and orchestration.

Key Enablers

Unify Customer Profiles

Consolidate data across touchpoints, web, mobile, call centers, social, to form a 360° view of the customer.

73%

of Indian respondents felt they often had to repeat or re-explain information to different epresentatives.

Salesforce

Personalise Engagement at Scale

Use AI to predict intent and deliver contextual offers and messaging.

79%

of Indian consumers spend more with brands that personalise engagement.

Twilio

Automate and Adapt Support

Use AI chatbots and assistants for real-time, context-aware service.

80%

of Indian consumers now use AI chatbots to check status of issues, recommend products, and access elf-help guides.

ServiceNow

Orchestrate Cross-Channel Journeys

Use AI to map user journeys and trigger actions across channels, WhatsApp, web, in-app, or SMS, based on user behavior.

Cross-chanel marketing optimises the marketing budget by

15–20%

by accurately tweaking marketing strategies.

Forrester

3.2 Drive Meaningful Experiences

In today's competitive landscape, delivering personalised experiences is no longer a luxury, it's a necessity. Indian consumers expect interactions that reflect their preferences, behaviors and cultural context. AI is central to enabling these hyper-personalised journeys at scale.

AI helps businesses analyse massive volumes of data, from browsing history and purchase patterns to social media signals, creating dynamic customer profiles. This intelligence fuels tailored engagements that drive loyalty, conversions and satisfaction.

Key Enablers

Implement Predictive Personalisation

Use AI to forecast customer needs based on past behavior, recommending the right products content, or offers.

81%

of consumers are more likely to make a purchase when brands offer personalized experiences.

Enable Context-Aware Engagement

Deliver real-time & relevant support & messaging based on a customer's location, device, or interaction history.

6–7x

Brands that use real-time data see higher conversion rates for relevant, real-time messages; up to 50x purchase likelihood.

Adopt Dynamic Content Creation with GenAI

Use Generative AI to automatically craft personalised ads, emails, product descriptions, and web content.

71%

of marketers expect Generative AI will help eliminate busy work and allow them to focus more on strategic work.

Reorient the Organisation to Be Customer-First

Companies must reshape their operating models to prioritise customer experience and expectations, while also learning to work alongside AI agents and tools

You've got to start with the customer experience and work back toward the technology, not the other way around. **Steve Jobs**

3.3 Build an AI and Data Foundation

As AI adoption accelerates in India, building a robust AI and data foundation is no longer optional, it's the backbone of scalable, intelligent commerce. From Generative AI to real-time machine learning, companies must invest in the infrastructure, tools and governance needed to operationalise AI across functions.

A strong AI and data backbone enables automation, personalisation and faster decision-making, key to driving efficiency, agility and growth in India's rapidly digitising economy.

Key Enablers

Invest in Scalable Data Infrastructure

Adopt cloud-native architectures and data lakes to manage both structured and unstructured data. Today, there are multiple options available to build or buy access to scalable data infrastructure.

15% *Global data center capacity is projected to grow at 15% per year, but this expansion may still fall short of rising AI-driven demand, suggesting that businesses are rapidly moving towards scalable data infrastructure.*

Implement Real-Time Data Processing

Enable real-time data capture and analytics to support AI-driven decision-making at every touchpoint.

72% *of customers expect instant service, driving the need for real-time data processing*

Establish Data Governance and Privacy Frameworks

People have more trust in the technical ability of AI systems to provide a helpful service but are more sceptical of their safety, security and impact on people.

58% *trust AI's technical capabilities, but this cannot be taken for granted. Organisations will have to ensure trust is earned, not assumed, by demonstrating responsible organisational AI use. Establishing governance frameworks that support oversight, accountability, transparency and risk management will be critical.*

3.4 Focus on Ecosystem Collaboration

As India's commerce ecosystem becomes more complex and digital-first, no business can thrive in isolation. Partnering with AI-powered logistics, supply chain and technology providers is essential to unlock speed, intelligence and scalability. AI is transforming everything from inventory planning and route optimisation to automated customer service, capabilities often best accessed through external collaboration.
Collaborating with the right ecosystem players allows businesses to tap into advanced AI capabilities, accelerate innovation cycles and deliver superior customer experiences.

Key Enablers

Adopt Scalable AI Solutions via Partners

AI transformation doesn't have to be built from scratch. Partnering with scalable AI solution providers can accelerate time-to-value while reducing complexity and cost.

77% *of organisations face significant pressure from shareholders to demonstrate immediate ROI on AI investments.*

76% *anticipate a return of more than 10% from AI within the next year.*

To support this shift, firms like KPMG have built AI-enabled platforms that help organisations change smarter and move faster, eliminating inefficiencies and building trust at every step.

Intelligent Retail: A Blueprint for Creating Value Through AI-Driven Transformation, KPMG International, 2025

Integrate Data for Smarter Decisions

Organisations leveraging AI report that 82% of people expect improved decision-making and problem-solving.

73% *have personally experienced or observed these improvements in real-world scenarios.*

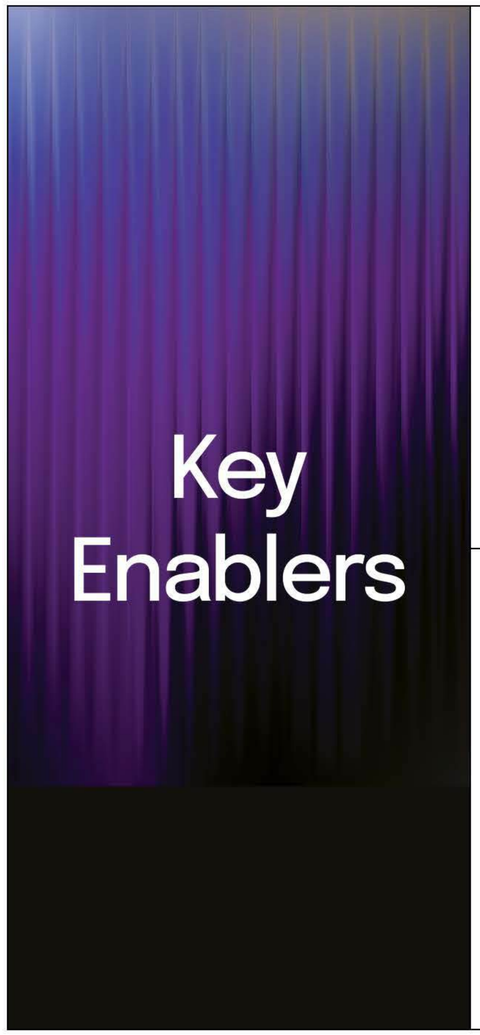
Leverage AI-Powered Logistics

Partner with tech-forward logistics providers to improve route planning, reduce delivery times and enhance visibility.

5%-20% *Embedding AI in operations can generate significant value, including a 5% to 20% reduction in logistics costs*

3.5 Embed Responsible and Ethical AI Practices

As AI becomes central to commerce and customer experience, integrating ethical, transparent and responsible AI is no longer optional, it's essential. Businesses must ensure their AI systems are fair, explainable and responsibly governed, not only to build consumer trust, but also to comply with evolving regulations and societal norms.
Without oversight, AI risks reinforcing bias and mishandling data, which can erode trust and lead to reputational damage. Responsible AI is both an ethical imperative and a strategic advantage.



Ensure Transparency in AI Decisions

Clearly communicate when and how AI is being used across customer interactions to build trust and maintain openness.

Across all markets, including India, at least

79%

of global citizens and

67%

of Indians

expect products and services using artificial intelligence to disclose its usage.

Mitigate Bias in AI Models

Actively audit and address bias in AI algorithms to prevent discriminatory outcomes and ensure fairness.

65%

of executives report awareness of discriminatory bias in their AI systems.

Establish AI Governance and Accountability

Create clear frameworks and oversight mechanisms to ensure AI is used ethically and in compliance with regulation.

76%

of consumers think there should be further regulation on how companies use AI.

Prioritise Data Privacy and Security

Protect consumer information and be transparent about how data is collected, stored, and used to maintain trust and meet regulatory expectations.

87%

of consumers said they would not do business with a company if they had concerns about its security practices.

These are exciting times for businesses and consumers alike. AI is unlocking the potential for deeper, more meaningful experiences and new ways to engage with customers across every touchpoint.
The companies that thrive will be those that stay close to their customers, while simultaneously identifying the right operating models, moving at speed and building an ecosystem of scalable solutions and partners. This transformation will require significant investments in time and resources, alongside a relentless focus on profitability, cultural change and reimagined ways of working.

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- Nikhil Patil - Partner, KPMG
- Manuj Ohri, Partner, KPMG

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