

# Indian Fashion E-commerce 2024: AI, Challenges, and Growth Opportunities

*Indian fashion e-commerce set for major growth in 2024, with AI, challenges, and new consumer trends driving innovation and expansion.*

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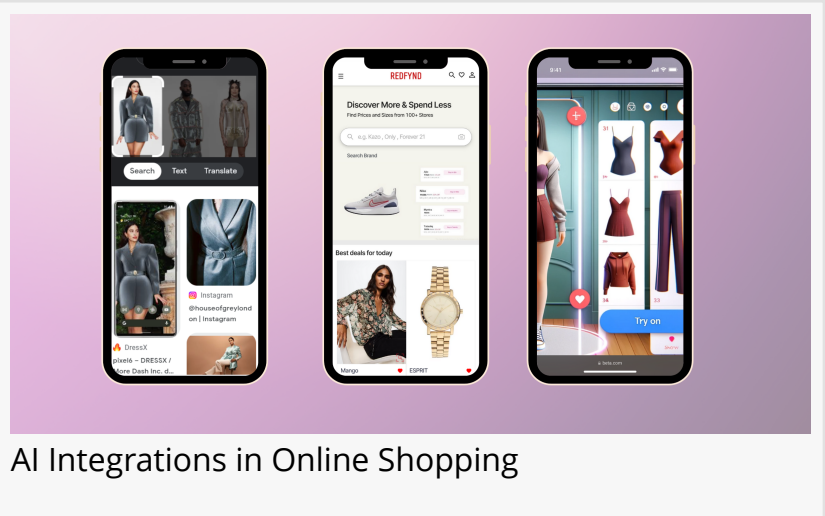
/EINPresswire.com/ -- The Indian

fashion e-commerce sector is on the brink of a major transformation.

Forecasted to expand at a CAGR of 11-12%, it is poised to hit \$115-125 billion by 2025. This impressive growth

trajectory is fueled by changing

consumer behaviors, increased internet usage, and the widespread adoption of digital payment methods.



AI Integrations in Online Shopping

## Challenges On The Path Forward

The journey, however, isn't without obstacles. According to ICRA, a leading credit rating agency, the Indian fashion retail sector is expected to see only a modest 10% revenue growth in FY 2024. This is primarily due to persistent demand fluctuations and inflationary pressures.

### 1. Rising Competition And Digital Advertising Costs

Retailers face heightened competition in an already saturated market, necessitating innovative approaches to stand out. Parallel to this, digital advertising costs in Indian e-commerce are soaring, estimated to reach \$21 billion in five years. This growth in ad spend comes amid questions about the effectiveness of most digital advertising platforms. The influencer economy, with its nearly 3 million content creators, is reshaping marketing strategies, with influencer-led live commerce projected to grow to \$8 billion by 2030.

### 2. Changing Consumer Expectations

Today's consumers expect advanced search and discovery tools from e-commerce platforms. Innovators like [Redfynd are leading with visual and semantic search technologies](#), enhancing the online shopping experience and letting users quickly find and compare products across multiple

retailers. This seamless, unified search experience ensures users can effortlessly locate and choose the best options, making informed decisions with ease. Also Brands must embrace innovation and offer more sustainable products in response to growing customer awareness about the environmental impact of fashion. Furthermore, consumers now expect quicker, smoother delivery and returns, signaling a shift towards greater convenience and service standards.

## Opportunities Ahead

The Indian fashion e-commerce landscape offers vast opportunities in the coming year. Newer e-commerce models, such as aggregators like Redfynd and social commerce platforms, are reshaping how consumers discover and purchase fashion. The influencer economy is thriving as micro and macro influencers yield higher ROI for brands than top-tier influencers, reflecting a shift towards more authentic marketing. Additionally, [Redfynd Ads](#) and Meta ads have emerged as other high-ROI sources, adept at reaching highly relevant audiences.

### 1. Digital Reach Expanding

India's burgeoning internet market, the second largest globally with over 800 million users, and a growing middle class projected to reach 547 million by 2025, offer a fertile ground for e-commerce platforms. The online retail sector is expected to contribute 10.7% to the total retail market by 2024, a significant leap from 4.7% in 2019. This is a particularly enticing opportunity for international fashion brands, as the rise of e-commerce and digital marketing has widened the audience reach.

### 2. Newer E-Commerce Models

E-commerce aggregators are on rise as today's online shoppers are more diligent, often researching and comparing products across platforms before making a purchase. This trend has contributed to Redfynd's overall user base swelling to a million, as it caters to the demand for price comparison from 100+ stores and detailed product information. Additionally, the rise of social commerce in India, where users engage with and buy products directly via social media, complements platforms like Meesho and GlowRoad, as both trends underscore the modern shopper's preference for informed and convenient shopping experiences.

### 3. Improving Infrastructure

Significant advancements in infrastructure, including the rise of plug-and-play services and improved logistics, are making e-commerce more accessible and easier for new players. Also, the launch of the ONDC by the government is set to democratise the digital retail space, supporting micro, small, and medium businesses.

## The AI Revolution in Fashion E-commerce

With the Indian e-commerce market expected to exceed \$200 billion by 2026, AI integrations will become crucial for business growth. From virtual fitting rooms to smart sizing, AI will transform

the fashion retail experience. [Platforms like Redfynd will provide a level playing field for small brands](#) and retailers. AI will continue to make more personalised shopping experiences and more targeted digital ads.

In summary, while the Indian fashion e-commerce industry faces several challenges heading into 2024, the opportunities for growth and innovation, particularly through the integration of AI, are abundant. The industry's potential to evolve and adapt will be key to its success in the coming year and beyond.

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