



# **Business and Market Analysis of Instacart Into India**

Global Business with an Ethical Lens

Professor Jenswold

Group Members: Anna Do, Javier Garcia, Madison Jones, Austin Smith

## **Table of Contents**

<b>Introduction.....</b>	<b>3</b>
<b>SWOT Analysis.....</b>	<b>3</b>
<b>CAGE Analysis.....</b>	<b>5</b>
Cultural Distance:.....	5
Administrative Distance:.....	7
Geographic Distance:.....	8
Economic Distance:.....	9
<b>PESTEL Analysis.....</b>	<b>10</b>
Political:.....	10
Economic:.....	11
Social:.....	11
Technological:.....	12
Environmental:.....	12
Legal:.....	13
<b>Market Opportunities and Challenges.....</b>	<b>13</b>
<b>References.....</b>	<b>16</b>

## Introduction

Instacart has positioned itself as a leading grocery delivery service in the U.S., utilizing a robust network of retail partnerships and a flexible scheduling model that prioritizes customer convenience. As the company considers international expansion, India stands out as a promising yet complex market. With its rapidly growing e-commerce sector, increasing smartphone adoption, and a rising middle class, India offers significant opportunities for Instacart. However, challenges such as logistical limitations, regulatory restrictions, and consumer price sensitivity must be carefully addressed.

This report thoroughly analyzes Instacart's potential expansion into India using SWOT, CAGE, and PESTEL frameworks. It assesses the company's strengths, weaknesses, opportunities, and threats in the Indian market. The CAGE framework evaluates the cultural, administrative, geographic, and economic differences between the U.S. and India, providing insights into market entry strategies. The PESTEL analysis further examines the political, economic, social, technological, environmental, and legal factors that could impact Instacart's expansion.

This analysis aims to offer strategic recommendations that will help Instacart successfully enter and thrive in India's booming online grocery sector by identifying key market dynamics, competitive pressures, and regulatory challenges.

## SWOT Analysis

**Strengths:** Instacart provides a hassle-free way for many people to save time and reduce grocery store visits, making it especially valuable for those unable to shop in person due to injury or other circumstances. Partnering with over 650 retailers—including major names like Kroger, Costco, and CVS Pharmacy (Villines, 2023)—Instacart has established itself as a key player in the industry. This strong network of partnerships could facilitate its entry into India by forming alliances with major grocery chains such as Reliance Fresh, Big Bazaar, or D-Mart, helping it overcome initial market-entry barriers. A standout feature of the platform is its flexible scheduling, allowing customers to choose when their groceries are delivered via the app or website. Unlike traditional delivery services that only offer a set date, Instacart gives shoppers more significant control over their time, ultimately enhancing convenience and customer satisfaction (Sourabh, 2020). This flexibility can be advantageous in India's rapidly growing e-commerce market, where consumers value on-demand services, further positioning Instacart as a competitor.

Instacart's proven business model in North America, which relies on third-party shoppers to fulfill orders, could be a significant strength in the Indian market. Given India's vast labor force and growing gig economy, the company could leverage a large pool of workers to fulfill orders efficiently at a lower cost than Western markets. Additionally, the increasing penetration of smartphones and digital payments in India—led by services

like UPI—would support Instacart’s app-based platform, making adoption easier for tech-savvy urban consumers.

Instacart's experience in partnering with a wide range of large and established retail companies positions it well for a smooth transition into India's retail sector. While India does have dominant players like D-Mart, its contemporary retail market is experiencing rapid growth (PPMS). Instacart's modern technology and willingness to collaborate provide it with a competitive advantage to thrive in India’s retail landscape, offering customers a diverse selection of options from both new and existing stores.

**Weaknesses:** Grocery is the largest retail category worldwide, yet its digital transformation remains early (Silverstein, 2021). Instacart helps bridge this gap by connecting customers to a diverse range of retailers, though store availability varies by location (Villines, 2023). However, expanding into India could present challenges, particularly in underdeveloped areas where the selection of partnered stores may be limited. Additionally, India’s lack of logistics infrastructure adds to the issue, making it harder to ensure consistent service outside major urban centers. Another hurdle for Instacart is its largely negative online reputation. According to the Better Business Bureau (BBB), the company has received over 4,900 complaints in the past three years, with more than 1,900 resolved in the last 12 months. Despite an average customer rating of just 1.1 out of 5 stars, the BBB has assigned Instacart an A- rating (Villines, 2023). These reputational concerns could hinder its ability to build trust with Indian consumers, a market where customer perception and familial reviews play a critical role. If unresolved, this weakness could limit Instacart’s ability to fully capitalize on India’s booming online grocery sector.

Furthermore, Weaknesses include Instacart’s reliance on a commission-based structure, which may be less feasible in India, where consumers are highly price-sensitive and accustomed to lower grocery delivery fees through existing local players like Blinkit, Dunzo, and Zepto. Additionally, grocery retail in India is still dominated by traditional neighborhood Kirana stores, which operate on an informal credit system and may be less inclined to integrate with Instacart’s model.

Instacart has the potential to revolutionize the grocery delivery experience by adopting innovative business practices similar to those of its competitors. However, what sets Instacart apart is its advanced scheduling platform, which can enhance the personalization of its service and prioritize customer satisfaction. This focus on a customer-centric delivery system can significantly improve the overall grocery shopping experience.

By implementing effective time management strategies, Instacart can offer a flexible and reliable method for customers to receive their groceries. This is especially important in markets like India, where urban lifestyles can be hectic, and people often juggle multiple responsibilities. Many customers may find it challenging to be physically present when a

delivery is scheduled, leading to stress and uncertainty about when their groceries will arrive.

**Opportunities:** The e-commerce market thrives globally, with major players like Uber and Amazon Fresh dominating the space (Villines, 2023). If Instacart can capture a share of this growing industry, it has the potential for significant success (Silverstein, 2021). One up-and-coming market for expansion is India, where increasing smartphone adoption is fueling online shopping. According to the International Data Corporation's (IDC) Worldwide Quarterly Mobile Phone Tracker, India's smartphone market grew by 4% year-over-year (YoY), providing more consumers access to services like Instacart. Its strength in offering a seamless app-based experience aligns well with this trend, as mobile accessibility is key to capturing India's digital-first audience.

Additionally, India's economy expanded by 6.2% from October to December 2024, underscoring its dynamic and rapidly growing market and making it an attractive destination for Instacart's expansion (Ohri, 2025). However, this opportunity can be limited by the company's weaknesses, such as negative customer perception and inconsistent store availability. Both must be addressed to take advantage of India's growing market.

India's rising middle class and increasing adoption of digital commerce present significant opportunities for Instacart. Collaborating with major supermarket chains and local vendors could help the company gain traction in metropolitan areas and tier-2 cities where organized retail is expanding. Furthermore, India's fast-growing quick-commerce sector—fueled by demand for ultra-fast delivery—aligns with Instacart's operational strengths, allowing it to differentiate itself by providing scheduled deliveries and immediate fulfillment options.

Moreover, Instacart can establish a communication loop that keeps customers informed throughout the delivery process. Notifications about when the shopper is on their way or when an item may be out of stock can help customers feel more connected and in control of their orders. Such transparency can build loyalty and reinforce customer relationships, making their experience with Instacart more enjoyable and stress-free.

In summary, by leveraging an advanced scheduling platform and focusing on customer needs, Instacart has the opportunity to create a more personable and efficient grocery delivery service that resonates well with Indian consumers. In doing so, it can set a new standard in the industry, positioning itself not just as a grocery delivery service but as a trusted partner in its customers' everyday lives.

**Threats:** Instacart faces several challenges as it enters the Indian market, with multiple factors potentially hindering the smooth expansion of its e-commerce operations. Concerns over the safety and security of online financial transactions remain significant, while limited access to digital payment methods—such as credit cards, debit cards, and net banking—further restricts market penetration. Additionally, a large segment of the rural population lacks awareness of the internet and its benefits, creating barriers to

adoption. This can be difficult for Instacart, given its reliance on digital payments. However, its partnerships with established retailers could be a potential solution, allowing it to leverage their existing cash-on-delivery options or integrate with India's Unified Payments Interface (UPI) system. Moreover, India's logistics and courier infrastructure require substantial improvements, as many towns and small villages remain outside the serviceable areas of significant logistics providers. Instacart's flexible delivery scheduling, one of its key strengths, could help partially mitigate this challenge by allowing customers to plan deliveries around India's variable logistics efficiency. However, if logistical limitations persist, they could exacerbate Instacart's weakness in ensuring reliable delivery across all regions. These challenges collectively pose obstacles to Instacart's successful expansion in the country.

Despite these opportunities, threats include intense competition from well-established Indian grocery delivery players like Swiggy Instamart, Blinkit, and BigBasket, with deep local market knowledge and an existing consumer base. Additionally, regulatory challenges related to foreign investment in India's retail sector could pose hurdles for Instacart's entry. Indian consumers also place a high premium on affordability, meaning that any service fees Instacart imposes could deter potential users if they find local alternatives more cost-effective.

By strategically addressing these factors, Instacart could carve out a niche in the Indian grocery delivery market by emphasizing flexible delivery options, strategic partnerships, and a strong supply chain while carefully managing pricing strategies to remain competitive.

## CAGE Analysis

### **Cultural Distance:**

- **Language:** Instacart is based in the U.S, where English is the primary language spoken by the majority of the population (nearly 80%, according to the U.S Census Bureau.) While India also recognizes English as one of its official languages alongside Hindi, their English typically follows British English conventions rather than American English. Besides, India is a linguistically diverse country with various regional languages with dialects such as Bengali, Telugu, Marathi, and Kannada. Therefore, Instacart would need to adapt its platform to support multiple languages, incorporate region-specific translations, and provide an accessible interface for users with varying English and Hindi proficiency.
- **Religion:** There are significant religious differences between the two countries. In the U.S, 62% of the population identifies as Christian, 7% with other faiths, and the remainder are religiously unaffiliated. Meanwhile, in India, Christianity represents only 2.3% of the population, while Hinduism is practiced by up to 80% and Islam by 14.2%. In addition, the perceived moral significance of religion is notably higher, as 86% of respondents consider it essential in their moral lives, compared to 57% in the U.S.

(Statista, 2023). This strong religious belief in India can significantly influence consumer behavior. For example, dietary restrictions related to Hinduism, such as vegetarianism and faith-based holidays, could impact product demand and delivery schedules. To successfully integrate into the Indian market, Instacart should offer product recommendations that match religious preferences, highlight halal and vegetarian options, and partner with local stores and suppliers to ensure the availability of culturally appropriate goods.

- **Power distance - Hofstede:** India has a high power distance, with a score of 77, meaning that hierarchy and top-down management are deeply ingrained in society and businesses. Employees tend to look to their superiors for direction, and decision-making power is centralized. In contrast, the U.S. values equality and open communication in the workplace, with a score of 40. If Instacart wants to engage the Indian workforce, adapting to this hierarchical work culture is critical. Employee training, management styles, and communication strategies must align with clear instructions and structured leadership expectations.
- **Individualism - Hofstede:** India has a relatively low individualism score of 24, reflecting a society that gears towards collectivist traits. Indian culture emphasizes strong social ties, where individuals act in the best interests of their family, workgroup, or community rather than merely for personal gain. Family approval and societal expectations influence consumer decisions, including grocery shopping habits. Meanwhile, the U.S (60) values independence, privacy, and reliance as individuals make decisions based on personal convenience and efficiency. For Instacart, this will mean its marketing and service approach. As said earlier, grocery shopping in India is considered a social and family-driven activity, with shared meals playing an essential role in daily life. Instacart could leverage this by promoting group-based shopping features, discounts for bulk purchases, and cooperation with local retailers that cater to family needs.
- **Masculinity - Hofstede:** According to *The Cultural Factor*, India scores 56 on the masculinity dimension – indicating a society that values achievement, competition, and success, while maintaining a cultural balance that emphasizes humility and spirituality. Success is often displayed through material wealth and social status, with strong aspirations for upward mobility. The U.S is somewhat similar with a score of 62. This means that in India, consumers are likely to respond well to promotions that position Instacart as a premium, efficient, and time-saving option for busy professionals and families. Moreover, since social recognition is prioritized over individual achievement among Indians, referral programs, exclusive membership tiers, and visible benefits for frequent users could significantly boost Instacart’s popularity.
- **Uncertainty avoidance - Hofstede:** India scores 40, showing a relatively high tolerance for ambiguity and flexibility. There is an acceptance that things may not always go as planned, and people are generally comfortable adjusting to unexpected situations. The U.S score is also close (46). For Instacart’s expansion into India, this suggests a potential advantage. The company’s flexible gig-worker model, which depends on adjusting in real-time and adapting to fluctuating demands, fits well with this cultural characteristic.

- **Long-term orientation - Hofstede & Perception of time - Hall:** India and the U.S. both have similar scores of 51 and 50 in long-term orientation, suggesting neither country has a strong cultural preference in this area. However, when examining Hall's frameworks, a notable difference arises in their perception of time. India primarily follows a polychronic time culture, where multitasking is the norm, and time commitments are more fluid. Punctuality is often flexible, with individuals juggling multiple responsibilities. This cultural tendency creates a potential for Instacart to attract a key target audience among India's working class, particularly those managing different jobs or household duties, by providing flexible delivery windows and adaptive scheduling. Contrastingly, the U.S. adheres to a monochronic time system characterized by structured schedules, a high value placed on punctuality, and a linear approach to task completion. To succeed in India, Instacart may need to adjust its operations, incorporating features like rescheduling options and AI-driven order adjustments to better fit India's dynamic time culture.
- **Indulgence - Hofstede:** India is a culture of restraint with only 26 on this dimension, remarkably lower than the U.S with a score of 68. For Indians, leisure is controlled by social norms, and they prioritize duty over pleasure. While in the U.S, Instacart may be seen as a convenience for immediate gratification, it should be positioned as a tool for productivity in India. In other words, Instacart should emphasize how it can help save time and reduce stress, allowing individuals to fulfill their duties and obligations more effectively. Focusing on its ability to optimize household tasks and facilitate meal preparation will resonate more strongly with Indian consumers, who place greater importance on responsibility and commitments than instant indulgence.
- **High and low context communications - Hall:** India is considered a high-context culture, meaning communication is often indirect, relying heavily on nonverbal cues, relationships, and shared cultural understandings (LeFebvre, 2011). Messages are often implied rather than explicitly stated, requiring the listener to interpret meaning based on context. This is the opposite to the U.S.'s low-context culture, where direct communication is valued, and clarity is often preferred to minimize misunderstandings. Therefore, Instacart should adapt its marketing strategies to focus more on building relationships through storytelling and emotional appeal instead of straightforward advertising. Customer service interactions should also be more personalized and context-sensitive, as Indian consumers often seek to establish relationships rather than engage in purely transactional exchanges. Additionally, it is important to recognize that trust is a vital component in shaping professional relationships for Indians (Jakubowski, 2002). Therefore, Instacart should be open to cultivating trust-based relationships with local vendors and delivery staff, emphasizing long-term partnerships and a shared commitment that goes beyond mere formal agreements.

#### **Administrative Distance:**

- **Foreign Direct Investment (FDI) regulations in E-commerce:** India allows 100% foreign direct investment (FDI) in the marketplace model of e-commerce through the automatic route, enabling foreign companies to run platforms that connect buyers and sellers without needing prior government approval. However, FDI is prohibited in the



inventory-based model, where the e-commerce entity directly owns and sells goods to consumers. This restriction is in place to protect local retailers and ensure fair competition. To comply with these regulations, Instacart must function solely as a marketplace, facilitating transactions between consumers and local vendors without holding any inventory. Furthermore, e-commerce platforms are not permitted to influence product prices or provide significant discounts, which limits certain promotional strategies common in other markets. Understanding and adhering to these regulations is very important for Instacart's successful entry into the Indian market.

- **Data protection and localization requirements:** India's Digital Personal Data Protection Act (DPDP Act) of 2023 introduces strict guidelines that impact how companies like Instacart handle user information. The law mandates explicit consent for collecting and processing personal data, ensuring individuals are fully informed about how their data is used. A significant challenge for Instacart lies in the restrictions on cross-border data transfers, as India may limit data movement to certain countries, requiring localized storage solutions. The DPDP Act also demands companies appoint a Data Protection Officer (DPO) based in India to oversee compliance. Unlike the U.S, where data handling is relatively flexible, India's regulatory environment requires a proactive approach to data security and privacy policies. Instacart must invest in secure data infrastructure and local partnerships to navigate these requirements effectively.
- **Licensing and bureaucratic challenges:** According to the World Bank's ease of doing business report in 2020, the U.S ranks 8th and India ranks 63th. This tells that the U.S. has a more straightforward and transparent regulatory system, making it easier for businesses to register and comply with regulations. In contrast, India's business landscape is marked by a complex regulatory framework that can create challenges for foreign companies. For example, foreign entities are required to set up an Indian subsidiary with Goods and Services Tax (GST) registration or partner with local distributors to operate legally. Moreover, adhering to various laws, such as the Income Tax Act and the Information Technology Act, adds to the administrative burden and requires continuous monitoring. India also experiences more frequent policy changes, unlike the U.S where regulations are generally more stable and predictable. Therefore, Instacart should be prepared to stay flexible and agile. Consulting local legal experts is helpful for ensuring compliance with all regulatory requirements.
- **Competition regulations and consumer protection laws:** India enforces strict competition and consumer protection laws that affect e-commerce platforms like Instacart. The Competition Commission of India (CCI) monitors anti-competitive behavior through the Competition Act in 2022, including predatory pricing and exclusive agreements. In addition, The Consumer Protection (E-Commerce) Rules established in 2020 require digital platforms to provide clear pricing information and seller details while building strong systems for addressing consumer complaints. Thus, Indian digital marketplaces face tighter regulatory scrutiny compared to U.S. platforms which enjoy greater operational flexibility. It is recommended that Instacart avoid exclusive partnership and implement fair pricing structures to maintain regulatory approval and customer trust.

- **Government Policies on Gig Economy and Labor Laws:** Instacart's reliance on a gig-worker model aligns with the prevalent practices in the U.S, where gig work is widely accepted and regulated. However, in India, labor laws are evolving to potentially reclassify gig workers as formal employees. The Code on Social Security, 2020, aims to extend social security benefits to gig and platform workers, including provisions for life and disability cover, health and maternity benefits, and old age protection. With these policies in place, Instacart's cost structure may be significantly impacted. To navigate this, the company must stay updated on labor law changes, explore hybrid workforce models, and consider strategic partnerships with local delivery service providers to minimize compliance risks and maintain operational efficiency.
- **Corruption Risk:** Corruption remains a significant challenge in India, impacting various sectors, including business operations. In 2023, India scored 39 out of 100 on Transparency International's Corruption Perceptions Index, ranking 93rd out of 180 countries. This indicates a notable level of perceived public sector corruption. Furthermore, approximately 43% of members of parliament elected in 2019 had declared criminal cases against themselves, reflecting concerns about governance and integrity. For companies like Instacart considering entry into the Indian market, it is crucial to recognize and address these challenges. Conducting thorough due diligence, setting up strong compliance programs, and building transparent relationships with local partners are key strategies to reduce corruption risks. It is essential to comply with India's Prevention of Corruption Act, 1988, which makes bribery and corruption involving public officials illegal. Additionally, providing comprehensive training for employees and having clear anti-corruption policies can help protect Instacart's operations in India.

#### **Geographic Distance:**

- **Transportation infrastructure:** In India, issues such as inadequate road conditions, traffic congestion, and underdeveloped public transport systems are prevalent, especially in urban areas. These factors can lead to delays, higher fuel costs, and inefficiencies in delivery routes, making last-mile logistics particularly difficult. In contrast, the U.S has well-developed transportation networks, including extensive highways and efficient public transit systems, allowing for smoother logistics operations. For Instacart, mitigating India's infrastructure challenges should involve investing in localized logistics strategies, such as establishing micro-fulfillment centers in high-demand areas or partnering with delivery companies who understand local traffic patterns.
- **Climate Diversity:** India has a diverse climate, ranging from intense monsoons to extreme heat, which can significantly impact transportation and supply chains. For example, heavy rainfall can lead to flooding and landslides, resulting in road closures and delays in deliveries. The U.S. also experiences various weather patterns; however, its infrastructure is generally more capable of managing these changes, which may lead to fewer disruptions in logistics services. To handle India's extreme weather conditions, Instacart should develop contingency plans to ensure delivery reliability. This could include partnering with local retailers in multiple locations to reduce travel distances,

utilizing predictive weather analytics to optimize delivery routes, and offering flexible delivery windows to account for unexpected delays.

- **Population density:** India's vast geography and high population density present both opportunities and challenges for Instacart's market entry. With over 1.4 billion people, India is projected to have 427 million online shoppers by 2027 (Statista, 2024), highlighting a significant potential customer base for e-commerce platforms. However, India's population density of around 1,300 people/square mile (Worldometers) and the high volume of daily shipments, which is expected to rise from 8 million to approximately 25 million by 2025, may strain existing logistics networks. To address this, again Instacart should prioritize strategic planning, focusing on localized logistics hubs and delivery route optimization.

#### **Economic Distance:**

- **Consumer incomes:** India and the United States exhibit significant disparities in consumer incomes, impacting purchasing power and market potential. As of 2023, India's GDP per capita based on purchasing power parity (PPP) was approximately \$9,160, reflecting the average economic output per person. In the meantime, the U.S reported a GDP per capita (PPP) of around \$74,577 during the same period, indicating a significantly higher average income level. These differences suggest that while the U.S market may comprise consumers with higher disposable incomes, India's lower average income levels may require more affordable pricing strategies from Instacart.
- **Human resource availability:** India and the United States differ in the availability and cost of human resources, impacting operational strategies. India boasts a large, youthful workforce with a median age of around 29 years (Wikipedia), providing a substantial labor pool for various industries. Labor costs in India are also generally lower than in the U.S., offering potential cost advantages for labor-intensive operations. As of December 2024, India's unemployment rate stood at 8.3%, compared to 4.1% in the U.S., highlighting a greater availability of labor (Trading Economics, 2024). However, unemployment levels vary regionally—for instance, Kerala has a high youth unemployment rate of 29.9%, while Madhya Pradesh reports just 2.6% (Indian Express, 2024). These variations indicate that Instacart must adopt localized hiring strategies, targeting areas with higher unemployment rates to access a larger workforce while supporting economic development. By employing local delivery personnel and support staff, Instacart can also reduce operational expenses and enhance efficiency.
- **Rising middle class:** Despite differences in incomes between the two countries, it is important to note that India's middle class is rapidly expanding. The middle class is the fastest-growing major segment of the Indian population, rising at 6.3% per year between 1995 and 2021. It now represents 31% of the population and is expected to reach 38% by 2031 and 60% by 2047. By 2047, more than one billion Indians are projected to be part of the middle class, significantly increasing the consumer base for services like Instacart. This growing middle class is characterized by higher disposable incomes, increasing urbanization, and a shift toward convenience-based services, including online grocery shopping (CafeMutual, 2025).

- **Economic resilience and inflation:** India's economy has demonstrated notable resilience, with the International Monetary Fund projecting a real GDP growth rate of 6.5% for 2025 (Reuters, 2025). This steady growth is driven by strong consumer spending and well-managed government policies. Inflation rates have remained relatively stable, with consumer price inflation anticipated to average 4.1% in 2025, which aligns with the Reserve Bank of India's target range. For Instacart, entering a market marked by economic stability and managed inflation indicates a promising environment for investment and growth.

## PESTEL Analysis

### **Political:**

- **Regulatory Environment:** The Indian government has imposed stringent regulations on foreign direct investment (FDI) in e-commerce. The Press Note 2 policy prevents foreign-owned marketplaces from influencing product pricing or holding inventory (Department for Promotion of Industry and Internal Trade, 2023). Instacart must navigate these restrictions by working as a service provider rather than an inventory-holding retailer. This aligns with India's administrative distance discussed in the CAGE analysis, where FDI regulations are designed to protect local businesses. Additionally, in 2020, the Press Note 3 policy requires all foreign businesses interacting with Indian companies to undergo government screening, regardless of whether the management falls under Indian nationals (U.S. Department of State, 2024).
- **Government Initiatives:** The Indian government promotes digital transactions and infrastructure development under the Digital India initiative. These policies could support Instacart's expansion, facilitating cashless transactions and smoother last-mile delivery. However, as highlighted in the SWOT analysis section, many Indian consumers still rely on cash-based transactions due to trust concerns. To bridge this gap, Instacart must integrate cash-on-delivery (COD) options alongside UPI (Unified Payments Interface) solutions, ensuring accessibility for both digital and cash-reliant customers.
- **Government Stability:** India has a stable government with a generally pro-business approach, but policy unpredictability remains a challenge for foreign companies. The government frequently revises e-commerce regulations to protect domestic businesses, which can create uncertainty for market entrants like Instacart. According to the World Bank's Political Stability Index (2023), India scored -0.64, indicating higher political risk than global averages (The Global Economy, 2024). While economic reforms and digital initiatives support long-term growth, challenges like bureaucratic inefficiencies, state-level regulatory variations, and trade policy shifts could impact Instacart's operations. To navigate these risks, Instacart should monitor regulatory developments closely and engage with local policymakers to maintain compliance and adaptability in a changing political landscape.

## Economic:

- **Rising Middle Class and Disposable Income:** India's middle class is expanding, with increasing disposable income fueling demand for convenience-based services, including online grocery delivery (World Bank, 2023). Instacart functions as an e-commerce food supplier that gives ease-of-use access to this growing market in India, making entrance favorable to this vast market of online users. Besides, recent personal income tax cuts are expected to boost consumer spending further, benefiting sectors such as consumer goods and real estate.
- **Price Sensitivity:** Indian consumers are highly price-conscious, with studies indicating that over 70% prioritize price above all else when making purchasing decisions. This behavior is evident in e-commerce, where 86% of online shoppers are motivated by offers, compared to 60% of offline consumers. Additionally, 62% of consumers prefer waiting for sales or discount days for high-value purchases, reflecting a cautious approach to spending. Therefore, Instacart must strategize its pricing model to remain competitive against local players like BigBasket and Blinkit.
- **Fluctuating Fuel and Logistics Costs:** Fuel expenses take up a significant portion of transportation costs in India, accounting for approximately 40-50% of the total. A 5% increase in fuel prices can lead to at least a 1% hike in delivery costs, directly impacting e-commerce logistics. Congested urban traffic also inflates shipping costs by increasing fuel consumption and travel time. Instacart must consider these variables to maintain operational efficiency and manage delivery pricing effectively.

## Social:

- **Changing Consumer Preferences:** India's online grocery market is experiencing significant growth, projected to reach over 8.82 billion USD in 2024. This surge is driven by urban consumers' increasing preference for online grocery shopping due to time constraints and lifestyle changes. Approximately 40% of Indian consumers find using online grocery shopping apps convenient. This shift aligns with the cultural dimension of time perception in the CAGE analysis, where India's polychronic culture values multitasking and flexible schedules, making the convenience of online shopping particularly appealing.
- **Preference for Kirana Stores:** Despite the rise of e-commerce, nearly two-thirds of Indian consumers consider grocery shopping at neighborhood stores (kiranas) to be enjoyable. These local stores offer personalized services and foster strong community relationships, reflecting India's collectivist cultural traits as highlighted in the CAGE analysis. To gain market acceptance, Instacart should consider integrating these kirana stores into its platform, leveraging their established trust and local presence.
- **Trust in Local Brands:** Indian consumers exhibit a strong preference for local brands, with 45% purchasing personal care products from local brands compared to 19% from imported ones. Additionally, 91% of Indian customers believe trust becomes more important in times of change. This preference underscores the importance of cultural

familiarity and trust in brand selection. To build credibility, Instacart should engage in localized marketing campaigns and form partnerships with trusted local entities.

### **Technological:**

- **Expanding Digital Infrastructure:** With increasing smartphone penetration and affordable internet services, India's digital infrastructure is well-positioned to support online grocery delivery (Telecom Regulatory Authority of India, 2023).
- **AI and Data Analytics:** Indian e-commerce companies use AI-driven personalization and predictive analytics to optimize supply chains and consumer recommendations. Instacart must leverage similar technologies to remain competitive.
- **Payment Innovations:** The Unified Payments Interface (UPI) has revolutionized digital transactions in India, accounting for over 75% of retail digital payments in FY 2022-2023. In December 2024, UPI Lite facilitated 2.04 million daily transactions, with an average ticket size increasing by 13% year-on-year. This widespread adoption reflects a cultural shift towards digital financial interactions. Instacart's seamless integration with UPI and other local payment methods is crucial for success, catering to consumers' expectations for convenient and secure transactions.

### **Environmental:**

- **Sustainability Expectations:** Indian consumers and regulators are increasingly emphasizing sustainability in e-commerce. A 2023 study revealed that 53% of Chief Marketing Officers in India consider environmental protection essential to their brand's ethos. This shift reflects a growing consumer demand for eco-friendly practices, including reduced plastic usage and sustainable delivery methods. E-commerce platforms are now expected to adopt greener operations, such as utilizing electric vehicles for deliveries and minimizing packaging waste. Failure to align with these expectations could result in reputational risks and loss of market share.
- **Food Waste and Supply Chain Issues:** Food wastage is a significant challenge in India, with estimates suggesting that about 40% of the food produced is lost due to supply chain inefficiencies, poor storage, and transportation problems. This wastage amounts to approximately \$110 billion USD annually. To address this, optimizing logistics to minimize food spoilage and ensure efficient distribution is crucial. Implementing advanced cold-chain technologies and improving infrastructure can significantly reduce losses, enhancing food security and profitability. E-commerce platforms like Instacart must invest in robust supply chain solutions to ensure the timely and safe delivery of perishable goods, thereby aligning with both economic and environmental objectives.

### **Legal:**

- **Foreign E-commerce Restrictions:** Indian laws prevent foreign e-commerce platforms from influencing product pricing or engaging in direct retail. Instacart must comply by

acting as a service intermediary for local grocers. Press Note 2/3 forbids any FDI companies from manipulating the sales price of goods and/or services, specifically if the companies own inventory (DIPP, 2018). This strict legal enforcement would force Instacart to align its business with that of a retail company.

- **Consumer Protection Laws:** The Consumer Protection (E-commerce) Rules, 2020, require transparency in pricing, return policies, and data security. Instacart must align its practices with these guidelines to maintain compliance.

*Other legal factors have been elaborated in the CAGE analysis in the Administrative Distance section.*

## **Market Opportunities and Challenges**

Instacart's expansion into India presents significant opportunities while introducing key challenges that must be considered before advancing their operations. Three significant opportunities include changing consumer preferences, India's large population, and Instacart's business model. India's e-commerce market is growing, primarily due to consumers moving to urban areas, often leading to a busier lifestyle. This comes with a willingness to accept services that improve the convenience of mundane activities, such as grocery shopping. These shifting preferences create a significant opportunity for Instacart to introduce itself in India by leveraging its online grocery expertise to meet the demand for convenient shopping. With a growing acceptance of e-commerce, Instacart can expand its operations now to gain a large share of the grocery market. Instacart must persuade potential users that monotonous tasks can be outsourced. With more citizens moving to urban areas, their demand for convenience services such as Instacart is rising, especially as there are a greater number of these opportunities in city centers.

An additional advantage for Instacart is that India has the largest population in the world. As previously noted, although India's population density can present challenges, it also creates a promising market for business growth. With a major population comes increased diversity in customers. Consumer behavior varies depending on factors such as one's social class, geographic area, and purchasing power. It is important for Instacart to create various marketing strategies that focus on the specific areas that the company plans to serve to fully leverage the country's vast population. Not only is the population expected to further increase, but it is exceptionally young- 42.7% of those in India are under the age of twenty-five (Silver et al., 2023). This demographic is notable as younger generations tend to utilize technology more, as well as have a higher receptiveness to innovation. Already, the increase in shoppers embracing the e-commerce market is on the rise.

As discussed above, although India imposes strict regulations regarding FDI, Instacart has a great benefit compared to other models of business. Due to Instacart not selling their own products, it is able to bypass foreign e-commerce regulations easier than other outside companies. India's main concern is creating unfair advantages for companies that could harm both Indian consumers and local businesses. For instance, India's e-commerce rules prohibit a

foreign online seller from controlling their own inventory. Instacart is not as affected by the restriction of being prohibited from controlling their own inventory since they are simply the third party that links a grocery store to the customer.

Three critical challenges that Instacart must keep in mind upon entering the Indian grocery e-commerce market are competition, data protection concerns, and price sensitivity. One major concern is similar competition that is currently doing business in India. These established businesses have already captured a strong consumer base. The most popular Indian grocery delivery company is Blinkit, which delivers food staples to consumers' doorsteps. Blinkit is known for its extremely fast delivery to consumers, hence how the company got its name. However, Instacart differentiates itself by allowing consumers to choose the specific store they want their groceries delivered from, offering them more flexibility than Blinkit. The business model of Blinkit also differs from Instacart in that it is run using franchises. Each franchise serves a specific location and is able to manage its own inventory since Blinkit is an Indian company. Further, Blinkit differs from Instacart in that it sources inventory from both local businesses and its private label brands (Blinkit Franchise, n.d). Instacart has the major advantage, as it eliminates the need of setting up franchises or handling inventory, resulting in lower costs and a scalable model of business.

Another difficulty of implementing an e-commerce business in India relates to consumer payment preferences. Although the Digital personal Data Protection Act was established to protect consumers, security concerns still heavily influence how goods and services are paid for in India. As of March 2024, 60% of purchases in India were made using cash (Nayak, 2024). As corruption risk is high in India, it is important for Instacart to both protect their business, along with their customers. Since Instacart relies on card payments, focusing on consumers with cards is the way for them to penetrate the market. Instacart should accomplish this through building consumer trust. This can be done by assuring users that their personal information is protected and in compliance with India's data protection laws. Establishing consumer trust is even more important for Instacart, as it is a new service in India that must compete with established businesses that are similar.

Price sensitivity can present a major challenge for businesses of all types in India. Since the country has such a diverse group of residents across its eighteen states, it is important for Instacart to keep this in mind when determining their pricing strategy. This is especially vital since Indian consumers are extremely price-conscious. For Instacart, this creates the challenge of standardized pricing and marketing strategies not being as effective. Thus, to combat this challenge, Instacart should cater to the specific needs of each area it targets to do business in. Their overarching goal should be to price their service in a way that allows for a substantial profit margin, but to also retain customers through competitive pricing. It is important for Instacart to look at how other companies, such as Blinkit, price their services, while also differentiating itself in ways that persuade customers to choose Instacart, even if it comes at a higher price. Even with these challenges, Instacart still has a high potential to succeed in doing business in India, largely due to the country's large population and changing consumer trends.



## References

- Analyzing the Indian E-commerce logistics market.* (n.d.). GLG Insights.  
<https://glginsights.com/articles/analyzing-the-indian-e-commerce-logistics-market/>
- Bhat, S. (2025, February 27). *IMF keeps India's "stabilised" exchange rate classification through 2024.* Reuters.  
<https://www.reuters.com/world/india/imf-keeps-indias-stabilised-exchange-rate-classification-through-2024-2025-02-27/>
- Bhatia, R. (2025, February 10). *India's consumption boom: How demographics, urbanization and aspirations are shaping consumer markets.* Cafemutual.  
<https://cafemutual.com/news/industry/34167-indias-consumption-boom-how-demographics-urbanization-and-aspirations-are-shaping-consumer-markets>
- Bhargav. (2023, May 8). *Work cultural difference between India and USA at workplace.* Global Squirrels. <https://globalsquirrels.com/blog/cultural-difference-between-india-and-usa/>
- Blinkit Franchise.* (n.d.). Blinkit. <https://blinkit.com/franchise>
- Brandwagon: Online buyers are more price sensitive, reveals Kantar report.* (2024). Financial Express.  
<https://www.financialexpress.com/business/brandwagon-online-buyers-are-more-price-sensitive-reveals-kantar-report-3582881/>
- Cabinet Approves Amendment in the Foreign Direct Investment (FDI) Policy to Permit FDI in the Space Sector.* (2023). Press Information Bureau, Government of India.  
<https://pib.gov.in/PressReleaseDetail.aspx?PRID=2007865>
- The Code on Social Security.* (2020). Ministry of Labour & Employment.  
[https://labour.gov.in/sites/default/files/ss\\_code\\_as\\_introduced\\_in\\_lok\\_sabha.pdf](https://labour.gov.in/sites/default/files/ss_code_as_introduced_in_lok_sabha.pdf)
- Corruption perceptions index: India.* (2024). Transparency International.  
<https://www.transparency.org/en/countries/india>
- Country comparison tool.* (n.d.). The Cultural Factor.  
<https://www.hofstede-insights.com/country-comparison/the-usa/>
- Doing business in India.* 2023. (2023 January). Nishith Desai Associates.  
[https://www.nishithdesai.com/fileadmin/user\\_upload/pdfs/Research\\_Papers/Doing-Business-in-India-P2.pdf](https://www.nishithdesai.com/fileadmin/user_upload/pdfs/Research_Papers/Doing-Business-in-India-P2.pdf)
- Ease of doing business ranking.* Doing Business. (2020).  
[https://archive.doingbusiness.org/content/dam/doingBusiness/pdf/db2020/Doing-Business-2020\\_rankings.pdf](https://archive.doingbusiness.org/content/dam/doingBusiness/pdf/db2020/Doing-Business-2020_rankings.pdf)

- E-commerce regulation in India.* (2024, August 29). Shankar Ias Parliament.  
<https://www.shankariasparliament.com/current-affairs/e-commerce-regulation-in-india>
- 8 Major Challenges Faced by E-commerce Industry in India.* (2024, July 5). Emavens.  
<https://www.emavens.com/major-challenges-faced-by-ecommerce-industry-in-india/>
- Flynn, L. (n.d.). *Insight to India: A cultural communication guide.* Dwellworks.  
<https://blog.dwellworks.com/insight-to-india-a-communication-guide>
- Gupta, Cherry. *Top 10 Indian states with highest and lowest unemployment rate in 2024.* (2024, December 25). Indian Express.  
<https://indianexpress.com/article/trending/top-10-listing/top-10-indian-states-with-highest-and-lowest-unemployment-rate-2024-9586957/>
- H., Guru. (2024, April 8). *India culture vs USA culture: What students can expect and how to adapt.* Edvoy. <https://edvoy.com/articles/india-vs-usa-culture-how-students-can-adapt/>
- How the middle class will play the hero in India's rise as World Power.* (2023, July 9). Economic Times.  
<https://economictimes.indiatimes.com/news/economy/indicators/how-the-middle-class-will-play-the-hero-in-indias-rise-as-world-power/articleshow/101608682.cms?from=mdr>
- India budget: India's tax cut plans will boost consumption, top execs say.* (2025, February 1). Reuters.  
<https://www.reuters.com/world/india/india-budget-indias-tax-cut-plans-will-boost-consumption-top-exec-say-2025-02-01/>
- India's Middle-Class Expansion: Rising Incomes and Implications for Consumption.* (2023). World Bank. <https://data.worldbank.org/indicator/SI.POV.MDIM?locations=IN>
- Indian consumers' evolving priorities towards the environment and sustainability.* (2023). NielsenIQ.  
<https://nielseniq.com/global/en/insights/commentary/2023/indian-consumers-evolving-priorities-towards-the-environment-and-sustainability/>
- The Indian payments handbook – 2023–2028.* (2023). PwC India.  
<https://www.pwc.in/assets/pdfs/consulting/financial-services/fintech/publications/the-indian-payments-handbook-%E2%80%93-2023%E2%80%932028.pdf>
- The Indian Telecom Services Performance Indicators: April – June, 2023.* (2023). Telecom Regulatory Authority of India.  
[https://www.trai.gov.in/sites/default/files/PIR\\_30092023\\_0.pdf](https://www.trai.gov.in/sites/default/files/PIR_30092023_0.pdf)
- India - GDP per capita PPP.* (2023). Trading Economics.  
<https://tradingeconomics.com/india/gdp-per-capita-ppp>

- India online grocery market size, share & trends analysis report.* (n.d.). Grand View Research.  
<https://www.grandviewresearch.com/industry-analysis/india-online-grocery-market>
- India - Online Marketplace and E-Commerce.* (2024, January 12). International Trade Administration.  
<https://www.trade.gov/country-commercial-guides/india-online-marketplace-and-e-commerce>
- India: Political stability.* (n.d.). The Global Economy.  
[https://www.theglobaleconomy.com/India/wb\\_political\\_stability/](https://www.theglobaleconomy.com/India/wb_political_stability/)
- India's economic growth and price-sensitive consumer market.* (n.d.). Zero Gravity Communications.  
<https://www.zerogravitycommunications.com/indias-economic-growth-and-price-sensitive-consumer-market/>
- India's FDI Policy on e-Commerce: Some Observations.* (2018). Department for Promotion of Industry and Internal Trade. <https://isid.org.in/wp-content/uploads/2023/01/DN1503.pdf>
- India's Middle-Class Expansion: Rising Incomes and Implications for Consumption.* (2023). World Bank. <https://data.worldbank.org/indicator/SI.POV.MDIM?locations=IN>
- India population (live).* (2025). Worldometer.  
<https://www.worldometers.info/world-population/india-population/>
- India unemployment rate.* (2024). Trading Economics.  
<https://tradingeconomics.com/india/unemployment-rate>
- Investment from Land Border Sharing Countries.* (2020, April 22). Press Information Bureau, Government of India. <https://pib.gov.in/PressReleaseIframePage.aspx?PRID=1808806>
- Jacobsen, D. (2024, October 15). *Recognizing across cultures: India.* Workhuman.  
<https://www.workhuman.com/blog/recognizing-across-cultures-india/>
- LeFebvre, R. (2011, November). *Cross-Cultural Comparison of Business ethics in the U.S and India.* Digital Commons at Kennesaw State University.  
<https://digitalcommons.kennesaw.edu/cgi/viewcontent.cgi?article=1055&context=jekem/>
- Localism rises amongst Indian consumers.* (n.d.). Retail Asia.  
<https://retailasia.com/stores/exclusive/localism-rises-amongst-indian-consumers>
- Minhas, A. (2024, July 16). *E-commerce and online shopping in India - Statistics & Facts.* Statista. <https://www.statista.com/topics/2454/e-commerce-in-india/>
- Most Americans speak only English at home or speak English "very well."* (2023, December 7). United States Census Bureau.

<https://www.census.gov/newsroom/press-releases/2023/language-at-home-acs-5-year.html>

*Most Indian consumers remain price sensitive while buying electronic products: Study.* (2022, February 25). The Economic Times.

<https://economictimes.indiatimes.com/industry/cons-products/durables/most-indian-consumers-remain-price-sensitive-while-buying-electronic-products-study/articleshow/89808325.cms?from=mdr>

Navigating FDI regulations in Indian e-commerce. (2024, August 2). Maheshwari & Co.

<https://www.maheshwariandco.com/blog/navigating-fdi-regulations-in-indian-e-commerce/>

Nayak, Gayatri. (2024, October 29). *Digital Payments Surge: Cash usage declines post-pandemic in India, says study by RBI economist.* The Economic Times.

[https://economictimes.indiatimes.com/news/economy/finance/digital-payments-surge-cash-usage-declines-post-pandemic-in-india-says-rbi/articleshow/114471507.cms?from=mdr#google\\_vignette](https://economictimes.indiatimes.com/news/economy/finance/digital-payments-surge-cash-usage-declines-post-pandemic-in-india-says-rbi/articleshow/114471507.cms?from=mdr#google_vignette)

*9 sweeping changes proposed in India's latest Data Protection Draft Rules: What U.S. employers can do to prepare.* (2025, January 29). Fisher Phillips.

<https://www.fisherphillips.com/en/news-insights/9-sweeping-changes-proposed-in-indias-latest-data-protection.html>

*Review of Foreign Direct Investment (FDI) Policy for Curbing Opportunistic Takeovers/Acquisitions of Indian Companies Due to the Current COVID-19 Pandemic.* (2020, April 17). Department for Promotion of Industry and Internal Trade.

[https://audit.cgishanghai.gov.in/pdf/PressNote3\\_23Nov2022.pdf](https://audit.cgishanghai.gov.in/pdf/PressNote3_23Nov2022.pdf)

*Share of respondents in selected countries worldwide thinking that religious practices are an important factor in the moral life of their country's citizens in 2023.* (2023). Statista.

<https://www.statista.com/statistics/1387324/people-religious-practices-morally-important-world/>

Silver, L., Huang, C., Clancy, L. (2023, February 9). *Key facts as India surpasses China as the world's most populous country.* Pew Research Center.

<https://www.pewresearch.org/short-reads/2023/02/09/key-facts-as-india-surpasses-china-as-the-worlds-most-populous-country/>

Silverstein, S. (2021, May 21). *Instacart plans to expand globally.* GroceryDive.

<https://www.grocerydive.com/news/instacart-plans-to-expand-globally/600827/>

*Social Security code: Provisions for Gig and Platform Workers.* (2024, June 23). Corrida Legal.

<https://corridalegal.com/social-security-code-provisions-for-gig-and-platform-workers/>

- State of the connected customer: India insights & data.* (n.d.). Salesforce.  
<https://www.salesforce.com/in/blog/state-of-connected-customer-india-insights-data/>
- Transportation challenges in India amidst global fuel price hike and supply chain disruptions.* (n.d.). FleetX.  
<https://blog.fleetx.io/transportation-challenges-in-india-amidst-global-fuel-price-hike-and-supply-chain-disruptions/>
- 2023 Investment Climate Statements: India.* (2023). Bureau of Economic and Business Affairs, U.S. Department of State.  
<https://www.state.gov/reports/2023-investment-climate-statements/india/>.
- 2023 Report on International Religious Freedom: India.* (2023). U.S. Department of State.  
<https://www.state.gov/reports/2023-report-on-international-religious-freedom/india/>
- 2023-24 U.S. religious landscape study interactive database.* (2025). Pew Research Center.  
<https://doi.org/10.58094/3zs9-jc14>
- United States - GDP per capita PPP.* (2023). Trading Economics.  
<https://tradingeconomics.com/united-states/gdp-per-capita-ppp>
- UPI's share in total digital payments in India grows to 83% in 2024.* (2024, January 27). Business Standard.  
[https://www.business-standard.com/finance/news/upi-s-share-in-total-digital-payments-in-india-grows-to-83-in-2024-125012701372\\_1.html](https://www.business-standard.com/finance/news/upi-s-share-in-total-digital-payments-in-india-grows-to-83-in-2024-125012701372_1.html)
- Villines, Z. (2023, February 15). *Instacart Review: What to Know.* MedicalNewsToday.  
<https://www.medicalnewstoday.com/articles/instacart-review>