

# START-UP TO SCALE-UP

UNLOCKING NEXT WAVE OF GROWTH FOR EMERGING BUSINESSES

JUNE 2025

# Experts Speak



“In today’s dynamic times, startups that think smart and act fast to evolve will lead the charge. At Meta, we’re proud to be partners in this journey, equipping them with cutting-edge AI-driven tools to help them scale and turn bold ideas into impact.

**Sandhya Devanathan, Vice President,  
India & SEA, Meta**

“The startup ecosystem in India is ready to expand to the world. It’s striking that nearly 70% of startups in India are using AI to boost their marketing. With Meta’s AI-driven advertising tools and expertise in reaching new markets, we can help businesses expand into Tier 2/3 cities in India and go international.

**Dhruv Vohra, Managing Director,  
Small & Medium Business, APAC, Meta**

“A successful startup is defined by several factors; an exceptional founding team, products that customers love and compelling product-market-fit, extraordinary execution, and finally, a very large market in which a giant company can be built.

**Rajan Anandan, Managing Director  
Peak XV & Surge**

“For new-age consumer startups, community is no longer tactical. It’s very strategic. And founders are leveraging it to create tangible competitive advantage. Across our portfolio, brands are using their community as a consumer lab, a feedback loop, a network of evangelists, and much more. It’s a very powerful tool.

**Kanwaljit Singh, Founder &  
Managing Partner, Fireside Ventures**

“NASSCOM plays a pivotal role in empowering AI-driven startups by fostering innovation, providing strategic mentorship, and facilitating robust partnerships. Through targeted programs, we enable tech entrepreneurs to scale transformative AI solutions, strengthening India’s startup ecosystem.

**Sangeeta Gupta, Senior Vice President,  
NASSCOM**

“Indian startups are reshaping the business landscape by innovating across categories and unfolding newer consumer segments. Their continued success will depend on their understanding of emerging consumer priorities and building solutions that are not only differentiated, but also capable of scaling impact in a rapidly shifting environment.

**Himanshu Bajaj,  
MD & Head – Alvarez & Marsal India and  
GCC**

“Indian startups are the sparks that ignite economic growth. Our aim is to strengthen this by creating an ecosystem that fosters innovation, reduces barriers, and empowers entrepreneurs to turn their ideas into reality. We have diverse programs for entrepreneurs around policy advocacy, community engagement and enabling brands to tap global markets.

**Shweta Rajpal Kohli,  
President & CEO, India SPF**

“The Indian consumer is demanding world-class products and willing to pay a premium. They are no more swayed by just marketing claims and hence startups need to build for long term. Right team capability, attitude and org culture, go a long way in building sustained businesses.

**Arjun Vaidya,  
Co-Founder, V3 Ventures**



# New India, New Rules: Decoding the growth path for emerging businesses

<p>1 India, as the world's 5th largest economy, is driven by rapid GDP growth fueled by a young, expanding workforce and rising discretionary spending from higher income.</p> <p><b>100 Mn+ workforce in India</b></p>	<p>2 Rising incomes, premiumization, and preferences for customization are reshaping consumer demand, particularly in smaller cities, driving businesses to innovate and cater to specific needs.</p> <p><b>+19% in Tier 2+ income (FY23-24)</b></p>	<p>3 The shift towards omni-channel shopping coupled with diverse payment options is enhancing customer experience and fostering growth across sectors.</p> <p><b>70% consumers shop omni-channel</b></p>
<p>4 Startups evolve by focusing on product-market fit early on and scale through omnichannel, AI-driven growth, creator-led branding, and cross-border expansion.</p> <p><b>76%+ startups cite 'product leadership' as a key goal</b></p>	<p>5 Omni-channel strategies, increasingly adopted early by startups, drive higher conversion rates by blending online discovery with offline sales, with product-based startups leading the trend.</p> <p><b>2x conversion through online-led discovery in stores</b></p>	<p>6 Businesses are rapidly expanding into Bharat (Tier 2/3), leveraging conversational commerce, vernacular marketing, and influencer-led outreach to tap into strong demand and drive growth.</p> <p><b>~95% startups have expanded to Tier 2/3</b></p>
<p>7 Businesses rapidly expand into new categories within their first three years, leveraging digital tools, brand equity, and synergies to drive cross-selling and unlock incremental growth</p> <p><b>65% startups explore new categories in first 3 years</b></p>	<p>8 Businesses are increasingly leveraging creator-led brand building for niche engagement and building trust towards their brand</p> <p><b>85%+ brands leverage creator economy</b></p>	<p>9 Over half of Indian startups expand cross-border, targeting markets like the USA, UAE, and UK, leveraging localized marketing and tailored strategies for product and service scalability.</p> <p><b>Up to 25% higher profitability in cross-border</b></p>

*AI has become essential for startups, driving efficiency across business processes, with widespread adoption in marketing strategies*

**30-35% increased efficiency through AI-powered marketing**

# Demographics x Demand x Doubling Wallet... India's Startup Ecosystem Surges

India's growth is fueled by a growing young population and rising incomes

## 01 World-leading GDP growth

From FY19–24, India's annual GDP growth outpaced most major economies, making it the world's 5th-largest economy

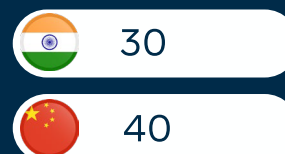
### GDP growth rate FY19–24<sup>1</sup>



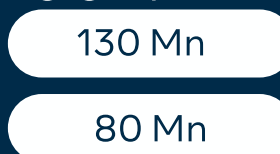
## 02 Demographic dividend driving labor supply –

Young and growing population      Increasing Labor Force Participation Rate

### Median Age<sup>2</sup>



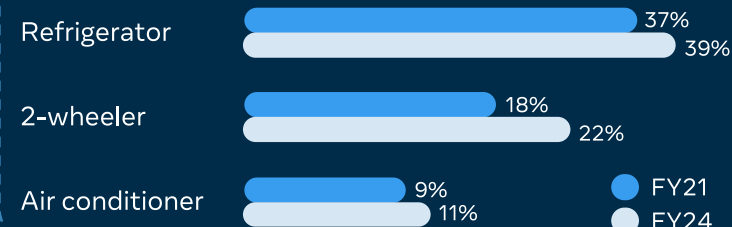
### Workforce in 20–24 age group<sup>3</sup>



## 03 Surging consumer power

Rising disposable income drove higher discretionary spending, ownership of consumer durables and access to internet.

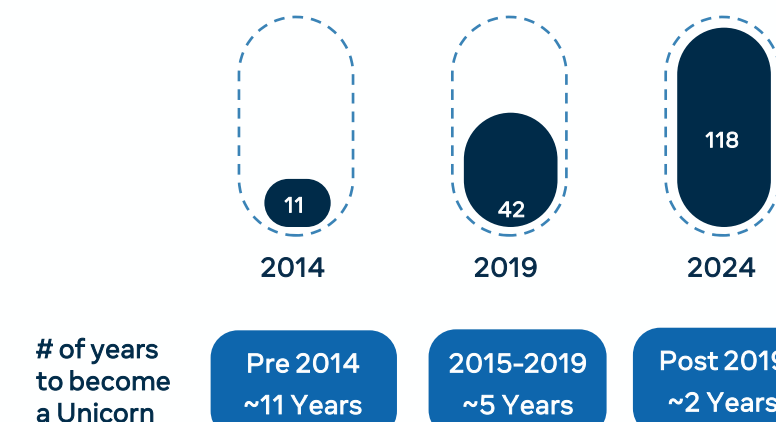
### Penetration of key assets<sup>4</sup> (%)



Startups in India are thriving on the back of changing landscape

Startup boom fueled by capital & policy: DPIIT-recognized startups reached 150k+ in 2024<sup>5</sup> — backed by strong funding and policies

### Cumulative unicorn count in India (#)<sup>6</sup>



**\$158 Bn+**  
raised by  
Startups since  
2014<sup>7</sup>

**51%**  
DPIIT recognized  
startups are  
from Non-Metro  
cities<sup>5</sup>

**\$380 Bn+**  
combined  
valuation of Indian  
Unicorns<sup>8</sup>



# From Basic to Bespoke: The Rise of the Empowered Buyer

1



Rising income levels, particularly in Tier 2/3 cities, are driving demand for branded and premium products

2



Customer needs are evolving from 'one-size fits all' to customized specific requirements

3



Omni-channel shopping journey: Customers are demanding 'best of both worlds' – Online and Offline

4



Rising customer expectation is driving innovation across the value chain

## Growth in monthly Income<sup>1</sup> FY 23-24

Metro	6%
Tier 1	7%
Tier 2+	19%

## Discretionary spend as % of MPCE<sup>2</sup>

	FY12	FY24
Urban	14.4%	16.7%
Rural	13.1%	16.6%



## Hair care

### Early 2000's

10-15 Brands from FMCG brands

### Post 2020

100+ Hyper-personalized hair care brands



## Ready-to-Drink Non-carbonated beverages

8-10 Brands of non-carbonated soft drinks

50+ Non-carbonated soft drink brands, for niche demands

70%+ customers straddle both online and offline for discovery and consideration



40%+ consumers make their purchase on both online and offline channels<sup>3</sup>

## Quick commerce is raising the bar across industries

### Pre-2020

Food delivery in 30-40 min, E-comm in 3-4 days

### 2020-2021

Quick commerce emerges, 10 min delivery

### Post 2022

Food delivery in 10 min, same-day E-comm delivery

# Funding Flows, Policy Follows

A thriving ecosystem backed by capital, comprehensive policies and robust marketing enablers

## 84%

Founders express satisfaction with the current ecosystem<sup>3</sup>

### Key Enablers



#### Investment and Mentorship partners

Provide funding, strategic guidance and access to industry partnerships; enabling startups to accelerate growth



### INR

## 9,389 Bn

Funding received by startups in 2024<sup>1</sup>

## 890

Deals in 2024<sup>1</sup>



#### Policy and Infrastructure enablers

Formulate supportive policies, provide funding and incentives, develop infrastructure, and collaborate with stakeholders to drive regulatory reforms and improve ease of doing business



## 30%

tax relief on investments above fair market value, enhancing early-stage funding<sup>2</sup>



#### Enablers of marketing strategy

Ad agencies and tech partners help in strategizing and execution of ad campaigns, enabling business strategy and growth



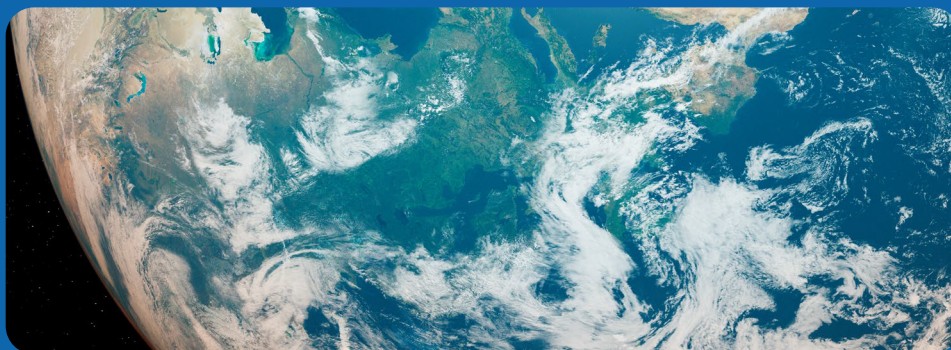
## 95%

Startups leverage such agencies to get ~25-30% better targeting and spend optimization<sup>3</sup>



Survey across 100+ emerging start-ups,  
6 key themes have emerged as critical for  
achieving the identified business goals

## Top business goals



### Building a lasting brand

Stand out as a distinctive  
brand and stay top-of-mind

### Robust Product Market Fit

Refine the value  
proposition until the  
product is indispensable

### Reach and availability

Ensure ubiquitous access  
to meet customers where  
they are present

## Key levers for growth

# 01



### Omnichannel Expansion

Expanding TAM by  
focusing on 360-degree  
product availability

# 02



### Engaging “Bharat” through conversation

Capitalizing on complete  
TAM by exploring Tier 2/3  
markets through  
conversational commerce

# 03



### Category Expansion

Owning the customer  
and channel by  
offering more

# 04



### Creator-led brand communication

Building trust amongst  
customers by leveraging  
the right ambassadors

# 05



### AI as a business driver

Driving efficiency by  
embedding intelligent  
automation and analytics

# 06



### Cross Border Expansion

Scaling revenues globally  
by unlocking new markets  
and diversifying demand



## From Core to More: Expanding Categories

### Same Buyer, New Basket: Startups Expand with Synergy

**84%** startups have expanded from core to newer categories

#### Why are founders expanding to new categories?

- 96%** Startups expanded to adjacent categories to leverage product synergy
- 95%** Startups expanded to new categories to leverage customer synergy through cross-selling
- 90%** Startups leveraged existing channels and partnerships to push new categories at scale

### Fanbase First: The Secret to Smart Expansion

**89%** Product-based startups &  
**67%** Service-based startups have expanded to new categories

Startups expand to new categories once they achieve ...

“Category expansion is a strategic move that can unlock new avenues for growth and help startups stay ahead of the curve. By expanding into adjacent categories, startups can leverage existing strengths, build on brand equity, and create new opportunities for customer engagement.

– Harsh Hari Modi,  
Co-founder and CEO, Mulmul

#### Strong brand loyalty and trust indicated by

NPS 30%+

CSAT: 70%+

#### Lead position in core category indicated by

Avg product rating  $\geq 4$

Leading market share

## 1 Category expansion

### Pick Right, Build Right: Startups Expand with Intent

**94%** Startups use digital tools to identify categories to expand

% startups using these tools



Search keyword trends

83%



Social listening

79%



Marketplace data

56%

#### Most relevant capabilities cited by startups are -

% startups citing these as key capabilities

**90%** Strong marketing

**83%** R&D and product development

**81%** Technology and platform scalability

## Everywhere, All-at-once: Winning with Omnichannel

The path to purchase now straddles both screens and shelves

**70%+** customers engage across online and offline channels to discover products and evaluate purchase decision<sup>1</sup>

Typical customer journey

### Discovery

Product discovery may be online

### Consideration

Added to cart but not purchased. Further time investment in assessing the purchase

### Purchase

Walks-in to a store, experiences the product and makes purchase

**95%**

Businesses that expanded omnichannel have attributed it as a key growth driver

Digital sells, but offline seals—trust and visibility thrive with both

**81%**

Enhance brand visibility and awareness<sup>1</sup>

**78%**

Improve trust via physical touchpoints and to understand look and feel<sup>1</sup>

Leading to

**1.8-2x**

Higher conversion of walk-ins

“

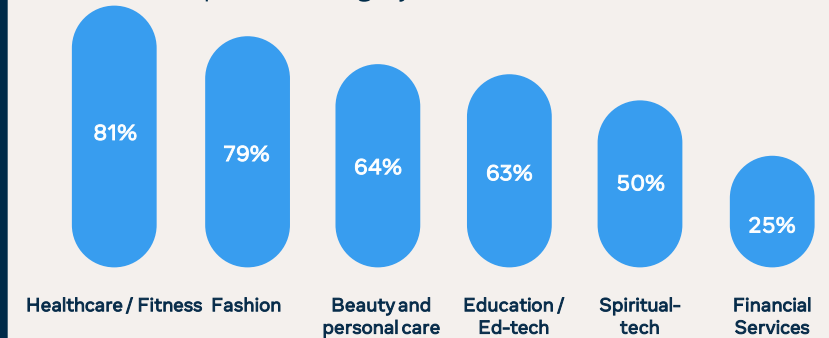
Attributing online spends to walk-ins and offline conversions is the most critical aspect to driving an efficient omni-channel business with focus on online spends

– Priyanka Salot,  
Co-founder – The Sleep Company

## 2 Omnichannel expansion

Every category is betting on the Omnichannel Formula

% of startups in its category that went omnichannel



The right offline model depends on what you sell—and who you sell to

### Exclusive Brand Outlets (EBO)

Premium and masstige segment businesses leverage EBO model to own the customer experience

### Multi Brand Outlets (MBO)

Mass/mass-premium segment businesses leverage MBO/GT channel to capitalize on existing footfall

### Hybrid

Relatively high value categories (e.g. sanitaryware) where reach and experience are both important go hybrid

## Passport to Profitability: Tapping into Global Markets

### Borderless Ambition: Going Global for Bigger Bucks

**52%+**

startups have expanded cross border

#### Key reasons to go cross border

**92%**

Startups expanded cross-border to expand their TAM

**87%**

Startups launched cross-border to tap into latent demand for Indian-origin products

Startups **witnessed up to 25%** higher profitability in key export markets by leveraging cost advantages and higher pricing

### UK, UAE, USA Lead Indian Startups' Surge



#### Key sectors that expanded cross-border are...

**95%+**  
Spiritual-Tech

USA

UK

**67%**  
Fashion

UAE

US &amp; UK

**75%**  
Ed-Tech

UAE

US

### 3 Expanding Cross-border

### Startups Win Abroad with Localized Messaging

Key capabilities required for cross-border expansion, cited by startups



Localized marketing

**75%**

Robust supply chain

**60%**

Strategic partnerships and alliances

**56%**

#### % of startups using these marketing channels

**92%**

Social Media ads

Increase marketing during regional holidays (e.g. Black Friday) to capture demand spurs

**67%**

International influencer tie-ups

Educate audience through influencers on India-specific brand story

**46%**

Search Engine Optimization

Pivot positioning from 'price-conscious' to 'product-feature centric'



## Smarter, Faster, Leaner: Revving the AI Engine

### 4 AI as a business driver

#### From Pilots to Playbooks – AI goes Mainstream

2023 onwards, startups are integrating AI into business with urgency



#### Key areas where AI is deployed

##### Marketing

(Creatives, performance marketing, Ad placement)

##### Customer support

##### Pricing

##### Product design

#### Startups Bake AI into the Business Stack, Especially Marketing

89%

##### Marketing & Growth

Predictive marketing, Gen AI Creatives, AI powered Ad ranking, Social media sentiment

80%

##### Customer Experience

AI chatbots, Multi-language Conversation, Virtual try-on, Self-service portal

79%

##### Customization and Pricing

Product customization and recommendation, Real-time price optimization, localized pricing

52%

##### Operations

Supply chain optimization, inventory management

28%

##### Product Development

Consumer insights, design automation

#### Smarter Marketing, Leaner Ops— The AI Promise

~30%

Reduction in cost per acquisition through AI-led marketing tools

30-35%+

Increased efficiency through AI generated marketing creatives

30-40%

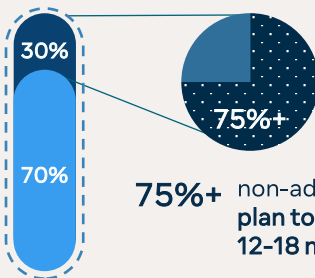
Increased ROAS based on AI-driven performance marketing

#### Of the startups surveyed...

■ Yet to adopt AI  
■ Adopted AI

70%+

startups are leveraging AI in their business processes



#### % of startups across sectors leveraging AI

88%

Health & fitness

88%

Ed-tech

86%

Beauty & personal care

86%

Ed-tech

“

AI has revolutionized our operations: cutting content TAT up to 75% for trending topics, boosting daily active users by ~10%, and scaling ad creatives efficiently, with a fairly lean team of just 6 marketers

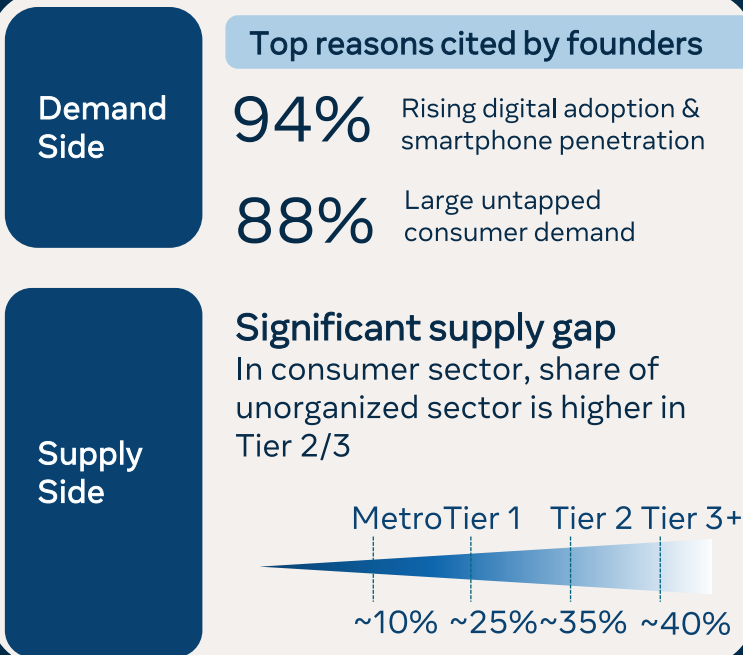
- Keertay Agarwal,  
Founder, Seekho

## Small Cities, Big Impact: Cracking the Bharat Market

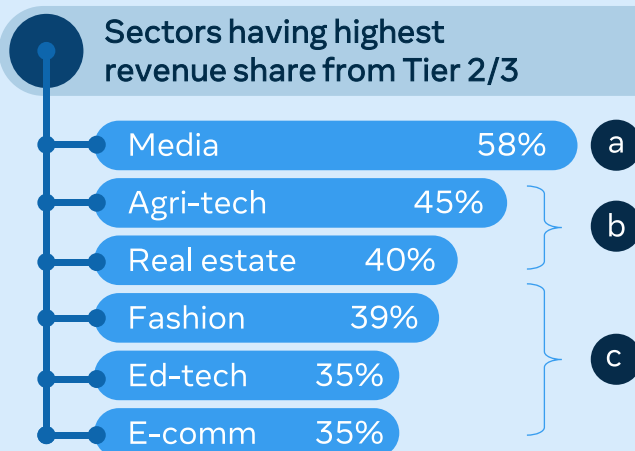
### Demand Surging, Supply Lagging – Startups Step In

**95%+** startups have launched products in Tier 2/3

### Key reasons to launch in Tier 2/3



### Media and Agri-Tech Ride the Wave with High Revenue Share from Bharat

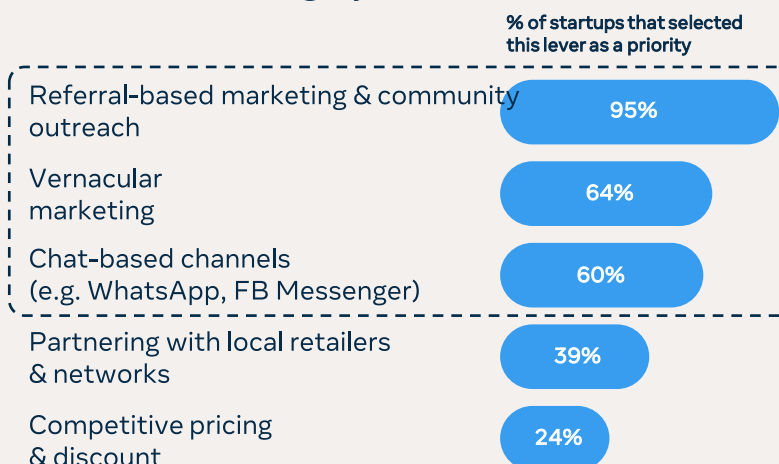


- a** Smartphone and TV access driving reach of content and media across metros and Tier 2+ markets
- b** Agri-tech and real estate sectors benefit from high farmer density, rising incomes and house ownership
- c** Rising affluence and awareness are boosting fashion, ed-tech, e-commerce adoption in Tier 2/3

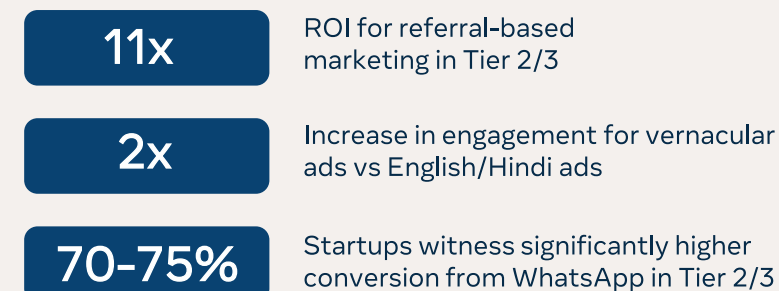
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### Engaging Bharat with conversations

#### Chat Drives Checkout: Bharat's Commerce is Highly Conversational



#### Startups Track the Metrics: Conversational Commerce Delivers



## From Clicks to Connection: Harnessing Creator Power

From Hype to Heavyweight Creator Economy Hits INR 2 Tn

**88%** startups have invested in creator-led brand building

Why are creator collaborations more compelling?

**98%** Startups believe it develops higher brand trust

**83%** Startups believe they can reach a niche targeted audience

**47 sec** Human attention span per screen; making short-form videos a powerful platform

Product or Service, Creators Seal the Deal

**60%** brands start leveraging creators within first 2 years of inception

### Top categories leveraging creators



#### Product Startups

Fashion

**98%**

... rely on creators for

Beauty and personal care

**97%**

Visual storytelling and demonstrability of products

Food and beverages

**95%**

Easier sampling and trial of products



#### Service Startups

Spiritual tech

**98%**

... rely on creators for

Media

**96%**

Educational storytelling of new service offering

Events, Travel and Hospitality

**95%**

Community and referral engine

## 6 Creator economy

The Smart Split: Celebs for Reach, Creators for Relevance



### Creators

Marketing outcomes driven

Reaching niche & community-led cohort

Authentic storytelling and deep engagement

Shorter-term engagement (e.g. festivals)

### Partnership models

**93%**

Performance based partnerships

**84%**

In-kind partnerships



### Celebrities

Marketing outcomes driven

Mass penetration across demographics

Recall and impact: High memorability

Brand's long-term association with celebrity's positioning

### Partnership models

**51%**

Strategic collaborations

**50%**

Brand ambassador



## Disclaimer

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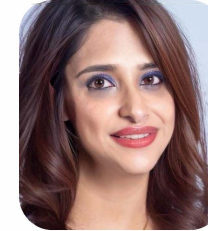
# Acknowledgement

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