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Dropshipping: A Revolutionary Retail Business Model

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Abstract

The rise of e-commerce has given birth to the dropshipping business model in India. In e-commerce sites, drop-shipping is an innovative, popular, and most preferred fulfilment method. Dropshipping helps many wholesalers and retailers to target stronger niches and scale up the profits with zero investment and without holding inventory. Even though the entry barriers are low, the competition is stiff because of the minimal startup cost and selling internationally without establishing a physical store. Most of the entrepreneurs got success with the dropshipping model that allows them to leverage specific platforms, strong branding and customer base, and digitalization. This paper is divided into 3 categories: mainly the understanding of the dropshipping market and the analysis of the Indian dropshipping market based on size and prominent success stories. The study is descriptive in nature. The data is collected through secondary sources such as research papers and websites.

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1. Introduction

(Lee, Allison.2025) Dropshipping is a current and quick retail business model that refers to selling online and outsourcing everything with zero inventory of goods, warehouse costs, and shipping goods to a third-party seller. It starts with conducting market research, building an e-commerce website, receiving orders from customers, setting retail prices, paving direct shipment from manufacturers and wholesalers to customers, making payment until goods are purchased by the ultimate customer, and designing solid marketing and customer relationship strategies to remain competitive. Dropshipping is an efficient and accessible order fulfilment model, but it comes with trade-offs, such as reduced control over the customer experience. Many businesses prefer dropshipping because it removes costs like warehouse storage and unsold inventory. The dropshipping market is burgeoning to 30% through 2027 globally.

Dropshipper: A Dropshipper is a person who acts as an intermediary between consumers and suppliers, operates a retail business, and curates and promotes the goods.

2. Understanding Dropshipping Market

2.1 Characteristics: Below mentioned are the basic features of dropshipping business.

1. It requires less investment in the initial stages.
2. Low barriers to entry.
3. Helps to identify and select profitable products.
4. Helps the drop shipper to select the niche with high demand and low competition.
5. Extensive market research is required to understand customer preferences.
6. To avoid delivery issues in order processing system a strong relationship between drop shippers and reliable suppliers is vital.
7. It ensures streamline, efficient and fast order fulfilment without any potential delays and order related mistakes.
8. Transparency and responsiveness work well to build customer trust in dropshipping business.
9. To build a strong brand presence in the market, drop shipping emphasizes effective marketing and branding through content marketing, social media marketing, and collaborations with influencers.

10. The dropshipping industry focuses on customer satisfaction through promptly resolving issues related to order fulfilment.
11. For fortifying competitive edge, flexibility is much more needed in the e-commerce landscape through emulating market trends, changing preferences of consumers, and technological advancements.

2.2 Working of Dropshipping Model

(Lee, Allison. 2025) has given the following steps on how this retail model works. These are as follows:

1. The retailer creates an online store and selects products to sell.
2. The customer selects a product, places an order, and makes a payment.
3. The retailer forwards the customer order to the supplier.
4. The supplier packages and processes the order.
5. The supplier uses the address details provided by the retailer and directly ships the product to the customer.
6. The customer receives the same products that they have ordered.

2.3 Business Models & Strategy

Product Reselling: A dropshipper acts as a middleman between diverse authorized distributors and customers. It mainly focuses on curating high-demand with little-competition branded or generic (unbranded) products such as pet supplies, solar-powered gadgets, home decor, electronics, educational toys, and smart home devices from different marketplaces such as IndiaMart, Baapstore, AliExpress, Alibaba, and Spocket and marketing and selling them to customers through Amazon India.

Product Creation Model: Focus on custom-designed items also known as Print-on-Demand like T-shirts, phone cases, mugs, and yoga mats.

2.4 Popular Product Niches: A successful dropshipping model targets a specific product category on the basis of quality, brand identity, and aesthetics. These are explained below in the following table.

Table 1: Popular Product Niches

S. No	Product Categories	Focus	Types of Products
1	Fashion and Apparel	Aesthetics, Quality, and Brand identity	Clothing, footwear, lingerie, and accessories (Jewellery, Bags)
2	Electronics and Gadgets	Quality and Innovation	Phone accessories, smart home devices, speakers, and headphones
3	Home Kitchen	Unique and aesthetically appealing products	Decor, furniture, organizers, tools, kitchenware, and bedding
4	Health and Beauty	Product authenticity, Certifications, and Customer testimonials	Skincare, grooming products, supplements, and fitness gear
5	Pet Supplies	Customer trust educational content or Pet- friendly and safety tips	Unique pet products and accessories
6	Baby Products	Safety and quality, organic, lightweight, and bundled products	Items for infants and toddlers
7	Hobbies and Crafts	Specialized items, high engagement and passion-driven purchases,	Supplies for DIY, art, and hobbies
8	Eco-Friendly Products	Environmental standards, consistent product quality use, and packaging	Sustainable and green items, reusable water bottle, ethical loungewear, and sustainable solutions for home office design

2.5 Categories of Dropshipping Market

The Indian dropshipping market has been segmented into the

following categories. These are shown in the below figure:

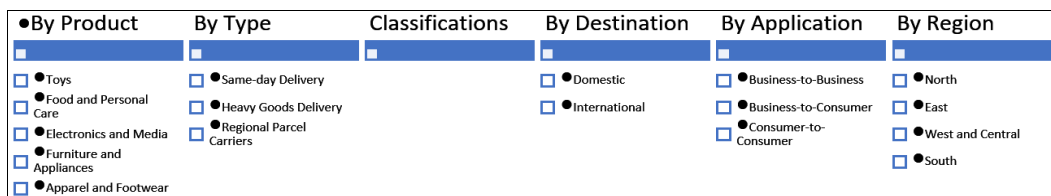


Fig 1: Categories of Dropshipping Market

2.6 Pillars of Dropshipping: Setting up a drop shipping business is very crucial in order to be successful in this business. A dropshipper has to consider the following:

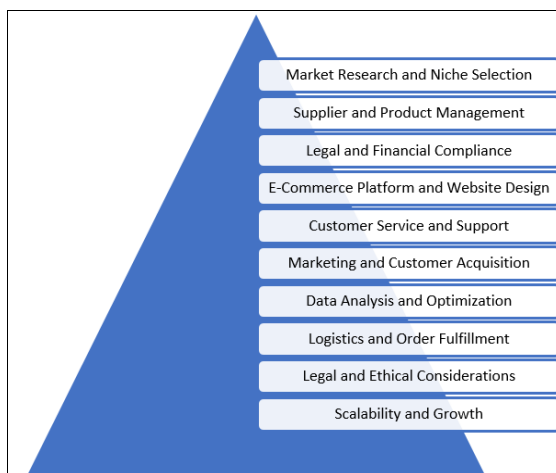


Fig 2: Pillars of Dropshipping

2.7 Factors affecting Dropshipping Market

Mcleod, M. (2023, August 2). The following are the factors that affect the dropshipping market.

1. Identify strong demand for growth potential
2. Research market trends to find niches
3. Understand competitors’ strengths and weaknesses.
4. Target customers on the basis of demographics, their preferences, likes, dislikes, and purchasing behaviors.
5. Maintain a congenial relationship with reputable suppliers who offer right-quality products at the right time, shipping, and reliable customer service.
6. Select products that align with the target audience.
7. Select a reliable, user-friendly, and responsive e-commerce platform.
8. Registration of business with local regulations such as GST registration.
9. Establish a consistent and safe payment gateway.
10. To track revenue, expenses, and profits, a sound accounting system must be followed.
11. To retain customers, effective use of digital marketing strategies such as content marketing, search engine optimization, social media marketing, and email marketing must be ensured.
12. Provide multiple channels for communication that provide customer support, through email and contact numbers.
13. Ensure prompt response time to customer issues.
14. Develop a returns and refunds policy and clearly communicate it to build customer trust.

2.8 Marketing Strategy: In order to be successful in the dropshipping retail business, a dropshipper has to include the following attributes in their marketing strategy.

1. **Branding:** A strong brand identity focuses on name, logo, cohesive experience, and tone that transforms a generic store into a trustworthy business. It helps to differentiate products and cultivate customer loyalty to the target audience.

2. **Online Presence:** The drop shipper has to make a plan about its social media channels and website.
3. **Marketing Channels:** In order to reach the right audience at the right time, a drop shipper has to figure out which type of media can give maximum reach.
 - For content marketing, emphasis should be on blogging and video content.
 - For social media marketing, drop shippers can use Facebook and Instagram.
 - Search Engine Optimization practice must be used to optimize the website.
 - Paid advertising marketing tactics through Google Ads and Facebook Ads can be used.
 - To generate more leads, email marketing can be used.

2.9 Advantages of Dropshipping

(Ferreira, C. 2023) Dropshipping business model offers the following benefits

1. No inventory
2. Low investment
3. Low entry barrier
4. Scalability
5. Replace & test products
6. Low-risk
7. Easy order fulfillment
8. Freedom

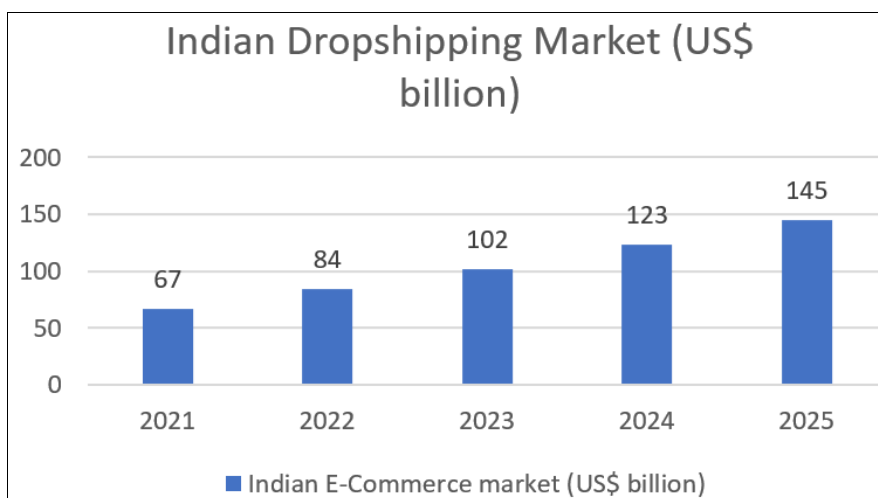
2.10 Disadvantages of Dropshipping

(Ferreira, C. 2023) Below mentioned are the disadvantages of the dropshipping business model.

1. Intense Competition
2. No control over product quality
3. No control over stock & shipping times
4. No control over price changes
5. Difficult to build a brand
6. Processing of orders is a responsibility that falls entirely on the seller.

3. Analytical View of Dropshipping Business Model in India

3.1 Market Size of Indian Dropshipping Market



Source: <https://qikink.com/blog/dropshipping-statistics/>

Fig 3: Market Size of Indian Dropshipping Market

Interpretation of the Figure: The above table shows the trends and growth velocity of dropshipping market data in India. The data notably shows upward, consistent, and steady

expansion of market size from 2021 to 2025, approximately US\$ 17–22 billion every year. With average percentage growth, it is 18 to 20%.

3.2 Major Players of Dropshipping Market in the India are:

1. Meesho Private Limited, one of the prominent platforms that allows the resellers to sell products through social media.
2. Wholsalebox Private Limited, helps the retailers to buy branded and organic goods directly from manufacturers.
3. Printrove Technologies Private Limited, permit the business to sell print on demand, customized products.
4. FatherShops Private Limited, provides website building services.
5. Shopify Technology India Private Limited, provides tools to start business online.
6. GlowRoad Private limited, (acquired by Amazon) is an app that permits users to start their business online with no investment. Later acquired by Amazon.
7. Indiamart Limited, basically, focuses on connecting buyers with suppliers.

3.3 SWOT Analysis

Table 2: SWOT Analysis

<p>Strengths (Internal)</p> <ul style="list-style-type: none"> • Low Startup Cost • Wide Product Range • Flexibility & Scalability • Zero Inventory Risk 	<p>Weaknesses (Internal)</p> <ul style="list-style-type: none"> • Low Profit Margins • Dependence on Suppliers • Lack of Brand Control • Limited Customer Experience
<p>Threats (External)</p> <ul style="list-style-type: none"> • Stiff Competition • Supply chain and distribution Challenges • Issues related to customer trust • Evolving new rules and regulations 	<p>Opportunities (External)</p> <ul style="list-style-type: none"> • Growing E-commerce Market • Digital platform adoption. • Targeting Niche Markets • Supportive Governmental Policies

4. Success Stories

1. Heads Up for Tails (HUFT), started by Rashi Narang in India, primarily focuses on pet products, namely high-quality pet food, 20 dog spas, and 41 outlets.
2. Juicy Chemistry, a certified organic skincare product company founded by Pritesh Asher and Megha Asher.
3. Diksha Patro B started the Agile Luxury store with zero virtual investment. Initially she secured her sales through WhatsApp.

Conclusion

In India most entrepreneurs have found substantial growth with dropshipping by targeting niche markets, curating efficient websites and social media platforms, strong branding, and reliable customer service. The Indian dropshipping industry provides immense growth opportunities and poses threats. In order to achieve steady success, a dropshipper has to focus on their business strengths and weaknesses and build strong relationships with reliable suppliers.

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