

Rewriting Urban Convenience: An Analytical Study of India's On-Demand Service Economy

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ABSTRACT:

In the evolving urban living landscape, on-demand services have become an integral part of daily life. Ranging from food delivery and health consultations to home cleaning and repair services, these platforms have experienced substantial growth, particularly in the aftermath of the COVID-19 pandemic. The accelerated digitalization in India since 2016 has significantly contributed to this expansion, enhancing both the accessibility and efficiency of such services. This study examines the impact of on-demand services on consumer behavior in Indian cities, their role in employment generation, and their broader contribution to the digital economy. It also underscores the pivotal role of technological advancements in enabling and sustaining this transformation.

Keywords: On-demand Services, Employment Generation, Technological advancement, Digitalization

INTRODUCTION:

India's cities are rapidly evolving into dynamic hubs, reshaping how people live, work, and spend. This urbanization is not just about more people moving to cities; it's a powerful catalyst for economic progress, digital innovation, and shifts in lifestyle. By last year, over 519 million Indians, representing more than a third of the total population, called urban areas home, and this number is projected to keep growing. States like Maharashtra and Tamil Nadu, where already over half the population resides in cities, are at the forefront of this digitally driven future.

This urban shift is fueling significant economic and technological expansion. As city life becomes increasingly fast-paced, urban dwellers are seeking out convenient services to streamline their daily routines. India's young population, with over 65% under the age of 35, is a key driver of this trend. These digitally native individuals readily embrace services that offer ease and efficiency.

Consequently, on-demand services have become deeply embedded in the daily lives of urban consumers. Platforms like Zomato, Swiggy, Ola, Uber, Urban Company, Blinkit, and Zepto have transitioned from being occasional conveniences to essential parts of everyday life. These services offer more than just goods; they provide the valuable commodities of time, comfort, and choice.

The COVID-19 pandemic accelerated this transformation. As people adapted to restrictions and sought safer, contactless options, the demand for digital services experienced a significant surge. Even beyond the pandemic, this new way of living has persisted, becoming the standard rather than an exception. Today, urban consumers highly value personalized, time-saving services. Notably, the number of first-time users

of on-demand apps saw a substantial increase of 30–35% during the pandemic.

The gig economy, which underpins many of these on-demand services, is also expanding rapidly. Projections indicate that by 2030, the gig workforce could encompass around 235 million individuals, contributing over 4% of India's total employment. This has created new avenues for flexible, informal employment, allowing students, part-time workers, and professionals to earn income through digitally enabled, location-independent roles. A significant portion of these gig workers are involved in medium-skilled tasks such as delivery or driving.

Technology forms the very foundation of this on-demand revolution. The widespread availability of smartphones, affordable internet access, and sophisticated digital payment systems like UPI have empowered millions of Indians to seamlessly interact with services in real-time. Innovations like GPS tracking and AI-driven customer support have made these platforms not only accessible but also remarkably efficient. By 2023, India boasted over 1.2 billion mobile connections and 850 million internet users, providing a strong digital infrastructure for the growth of startups.

This research aims to delve into how these unfolding trends are shaping the behavior of urban consumers. Are people increasingly moving away from traditional service models? How crucial is technology in their purchasing decisions? And what is the impact of startups on job creation and overall economic growth? This study seeks to address these important questions through data-driven insights and thorough analysis.

OBJECTIVES:

1. To define and understand the structure and functioning of on-demand service platforms.
2. To identify the primary drivers behind the growth of this sector.
3. To assess the contributions of these services to India's economy, particularly in terms of employment.

PROBLEM STATEMENT:

As urban environments grow more fast-paced and demanding, the need for efficient, flexible, and instant services continues to rise. While on-demand platforms are gaining widespread acceptance in Indian cities, it is essential to examine the depth and sustainability of their impact. Are these services significantly altering consumer behavior? Are they creating meaningful employment opportunities? In addition, is their growth a lasting shift or a temporary trend? This research aims to critically evaluate the role and relevance of on-demand services in the context of contemporary urban India.

This research aims to find answers to these questions by analyzing the preferences of consumers, the contribution of technology, and the economic impact of on-demand services in shaping the future of Indian cities.

HYPOTHESIS:

Hypothesis 1:

H0: The rise of on-demand services has not contributed to unemployment reduction

H1: The rise of on-demand services has contributed to unemployment reduction.

Hypothesis 2:

H0: Technological advancement has not contributed to the rise of on-demand services.

H1: Technological advancement has contributed to the rise of on-demand services.

RESEARCH METHODOLOGY:

This research follows a descriptive design, integrating both qualitative and quantitative data. Primary data was collected via structured Google Forms shared with 50 respondents from different professional backgrounds—students, advocates, homemakers, IT professionals, and small business owners. The sampling method used was random sampling to ensure a diverse set of perspectives. Secondary data sources included academic journals, reports by NITI Aayog, and government publications.

The data collected was analyzed using basic descriptive statistics and chi-square tests to validate the hypotheses and explore meaningful patterns and correlations. The results are then interpreted to draw conclusions and offer practical suggestions.

REVIEW OF LITERATURE:

- Sur and Prasad (2020) emphasize the transformational nature of digital platforms, focusing on how they democratize access to services while also exposing laborers to new vulnerabilities due to informal work contracts and inconsistent income.
- Dr. Upender Sethi (2022) in his paper “The Gig Economy in India: Opportunities and Challenges” discusses how platforms like Urban Company, Swiggy, and others provide flexible income sources. However, he raises concerns about the lack of formal employment benefits and job security for gig workers.
- S. Kumar (2023) highlights how AI, automation, and mobile app innovation have enabled Indian startups to meet changing consumer demands. According to his study, cities like Bengaluru, Mumbai, and Pune are leading hubs for service innovation.
- Mrs. Varada V. Khatri (2022) points out that India’s young population is a powerful force behind digital adoption. Their comfort with technology and openness to convenience-based solutions have propelled on-demand platforms into mainstream use.
- A NITI Aayog (2022) report projects that the gig workforce will grow to 235 million by 2030, contributing significantly to India's employment pool, especially in urban centers.

Key Factors That Affected the On-Demand Economy

1. **The Demands of Urban Living:** The fast-paced nature of city life leaves people with limited time for everyday tasks. On-demand services have become popular because they offer a convenient way to save time by bringing goods and services, like food and home repairs, directly to people. This helps to simplify busy schedules.
2. **The Rise of Smartphones and the Internet:** The widespread use of smartphones and more affordable, faster internet has been a game-changer. People can now easily order food, book transportation, shop, and even consult doctors online from their homes. This ease and convenience have made on-demand services a natural part of urban life, growing because everything is accessible with a few taps on a phone.
3. **The Convenience of Digital Payments:** The shift from carrying cash to using digital payment apps like UPI, Paytm, and Google Pay has made transactions quicker, safer, and much more convenient. Paying for on-demand services, whether it is a ride or a meal, is now effortless, removing a common worry from busy lives.
4. **The Growth of the Gig Economy:** The traditional 9-to-5 work structure has evolved, with more people taking on flexible "gig" roles as delivery agents, drivers, or freelancers. This provides them

with the freedom to work on their terms and earn money when they need it. This flexible workforce is essential for the on-demand model, ensuring there is often someone available to provide services whenever and wherever needed.

5. **Innovation by Tech Startups:** Many innovative startups are using technology to make services much more efficient. Through apps, artificial intelligence, and automation, they are streamlining processes. For example, imagine an app that understands your preferences or provides real-time delivery updates. These startups focus on using technology to solve everyday problems simply and quickly, making life easier for everyone.
6. **The Impact of the COVID-19 Pandemic:** The pandemic significantly increased our reliance on on-demand services. Lockdowns led people to turn to online shopping, food deliveries, and virtual healthcare to stay safe. What began as a necessity has become a lasting habit, as people recognized the ease and convenience these services offer.
7. **The Influence of a Young Population:** India's young people are at the forefront of this digital shift. Comfortable with technology, they readily adopt new and quick ways to accomplish tasks. Whether it is ordering food, booking transport, or shopping online, young people are driving the demand for on-demand services, valuing speed and convenience that technology enables.
8. **Government Support for a Digital India:** The government's Digital India campaign has significantly improved internet access across the country. This increased connectivity, even in smaller towns, supports the growth of tech-based businesses and startups. With more people online and digitally literate, digital entrepreneurship is thriving, and on-demand services are a key part of this expansion.

DATA INTERPRETATION:

Age of Respondent

Table 1: Age

Response	Frequency	Percentage
18-25	34	68
26-30	02	4
31-45	04	8
45 above	10	20
	50	100

The majority of survey respondents fell within the 18–25 age group, indicating that younger consumers are the primary users of on-demand platforms. Their familiarity with digital tools and mobile applications contributes to their active engagement. Gender representation in the survey was relatively balanced, suggesting a broad appeal of these services across demographics.

How often do you use on-demand services?

Table 2: Use of on-demand services

Responses	Frequency	Percentage
Weekly	18	36
Rarely	10	20
Monthly	13	26

Daily	09	18
	50	100

A significant portion of respondents reported using on-demand services every week, with some using them daily. This frequent usage reflects the extent to which these platforms have integrated into the routines of urban consumers. However, a smaller group indicated occasional use, underscoring that demand may vary based on lifestyle and personal preferences.

Primary reason for choosing on-demand services over Traditional services (Multi-select)

Table 3: Reasons for choosing on-demand service

Response	Frequency	Percentage
Time-saving and convenient	28	56
Discounts and offers	10	20
Cost effectiveness	08	16
Better Quality and service	04	8
	50	100

Convenience and time-saving were identified as the most influential factors motivating the use of on-demand services. In urban settings, where time is a critical resource, services that reduce effort are highly valued. In addition to convenience, respondents also appreciated cost-effectiveness, service quality, and promotional offers, highlighting the multifaceted appeal of these platforms.

Do you think technological advancement leads to a rise in on-demand services?

Table 4: Do technological advancement leads to a rise in on-demand services

Response	Frequency	Percentage
Yes	48	98
No	2	02
	50	100

The majority of the respondents agreed to the fact that technological advancement has significantly led to rise in on-demand services. This shows technology is a key factor in this sector. Technology came up as one of the most important reasons for the success of this sector. Almost everyone agreed that digital tools have pushed on-demand services forward. From placing orders with a few taps to real-time tracking, tech has made these services smooth and accessible.

Do you think on-demand services have created more job opportunities?

Table 5: On-demand services have created more job opportunities

Response	Frequency	Percentage
Yes	41	90
No	9	10
	50	100

Most respondents believed that on-demand platforms have contributed to employment, especially through delivery roles, freelance opportunities, and personal service jobs. This perception aligns with global trends and reflects the growing reliance on gig and contract-based work models.

Are these jobs sustainable in the long run?

Table 6: Sustainability of the job

Responses	Frequency	Percentage
Yes,	30	60
No,	20	40
	50	100

Responses are mixed. About 60%% think they are sustainable, while 40% aren't so sure. This suggests that while people appreciate the new job opportunities, they also worry about job security and the lack of benefits like health insurance and fixed salaries.

Would you continue using on-demand services if prices increased?

Table 7: Will you continue with on-demand if there is a change in price

Responses	Frequency	Percentage
Yes,	35	70
No,	15	30
	50	100

We also looked at whether people would keep using these services if prices increased. Around 70% said they would still use them, mainly because of how convenient they are. But about 30% said they might switch to traditional services, which means price still matters to a lot of people.

To sum up, urban consumers are embracing on-demand services mainly for the ease and flexibility they offer. The sector is not just shaping consumer behavior—it's also contributing to job creation and driving economic activity. However, concerns around job stability and pricing remain. Most importantly, it is clear that technology has played a central role in making this ecosystem thrive.

HYPOTHESIS TESTING

Hypothesis 1:

H0: The rise of on-demand services has not contributed to unemployment reduction

H1: The rise of on-demand services has contributed to employment generation

Table 8: Perception of Employment Generation Due to On-Demand Services

Response	Frequency	Percentage
Jobs Created	48	98
Significant Impact	2	02
	50	100
Chi-square Value = 20.48		
P-value = 0.00000599		
Result: H0 Rejected		

Out of a total of 50 respondents, an overwhelming 48 respondents (98%) reported that on-demand services have created jobs, indicating a strong positive perception of employment generation in this sector. Only 2 respondents (2%) believed that the services had a significant impact, which also reflects a positive, albeit more moderate, acknowledgment of employment effects.

This skewed distribution strongly favors the notion that on-demand services are perceived as employment generators.

Hence the p-value is significantly less than 0.05, we reject the null hypothesis (H0).

The data provides strong evidence to support the claim that the rise of on-demand services has contributed to employment generation.

Hypothesis 2:

H0: Technological advancement has not contributed to the rise of on-demand services

H1: Technological advancement has contributed to the rise on demand services

Table 9: Role of Technology in the Growth of On-Demand Services

Responses	Frequency	Percentage
Tech is a Key Factor	48	96
Tech is Not a Key Factor	02	4
	50	100
Chi square value = 42.32		
P-value= 0.0000000000776		
Result: H0 Rejected		

An overwhelming 96% of respondents (48 out of 50) identified technology as a key factor in the growth of on-demand services. Only 4% (2 respondents) disagreed, indicating a very strong consensus among participants on the crucial role of technology—such as mobile apps, digital payment systems, GPS, and cloud computing—in enabling the success and expansion of on-demand platforms.

Since the p-value is far below the 0.05 significance level, we reject the null hypothesis (H0).

There is strong statistical and perceptual evidence that technological advancement has significantly contributed to the growth of on-demand services. Respondents overwhelmingly recognize that without these innovations, such services would not have scaled or functioned as effectively.

FINDINGS

- Increased Reliance Post-COVID-19:** People have come to depend more on on-demand services not only during the pandemic but also afterwards. The convenience of having things like food, medicine, and transportation brought to their homes has become a preferred way of life for many.
- Technology as the Foundation:** The study strongly indicates that the success of on-demand services hinges on robust technology. User-friendly mobile apps, real-time tracking, secure online payments, and reliable internet connectivity are essential for seamlessly connecting customers with service providers.
- Convenience over Cost for Urban Users:** A key finding is that city dwellers prioritize convenience over the lowest price. They are willing to pay a bit more for services that save them time, are easy to

use, and are hassle-free, highlighting the growing importance of convenience in their purchasing decisions.

4. **Young Adults as Primary Users:** The majority of responses came from individuals aged 18 to 25. This tech-savvy demographic is open to using new apps and seeks quick solutions, making them the most active users of on-demand services due to their lifestyle and comfort with technology.
5. **Job Creation by On-Demand Platforms:** An important observation is that these platforms have generated new employment opportunities, particularly in areas like delivery, driving, and home services. This has provided income for many, including students and homemakers, suggesting a positive impact on reducing unemployment to some extent.
6. **Shifting Urban Lifestyles:** The use of on-demand services is transitioning from occasional use to a regular part of daily life in cities. People are increasingly opting to order food, book rides, and use apps for various needs, indicating a significant change in urban living facilitated by these startups.

SUGGESTIONS

1. **Enhance Customer Support Responsiveness:** To build trust and resolve issues like late deliveries or incorrect orders, companies should invest in faster and more helpful customer support through various channels such as chat, calls, or in-app assistance.
2. **Improve Training for Gig Workers:** Delivery partners, drivers, and service professionals represent the company. Better training in customer service, safety procedures, and basic problem-solving can significantly improve the overall customer experience.
3. **Improve Working Conditions for Gig Workers:** Addressing the lack of job security and benefits for many gig workers is crucial. Startups should consider offering fair wages, safety equipment, and potentially benefits or rewards to support their well-being.
4. **Expand Services to Smaller Markets:** While currently focused on big cities, on-demand services should explore opportunities in smaller, rapidly developing towns where digital service adoption is growing, thus reaching a wider customer base.
5. **Ensure Transparent Pricing:** To avoid customer dissatisfaction due to unexpected price increases or hidden fees, companies should maintain fair and clearly displayed pricing within their apps.
6. **Strengthen User Data Protection:** Given the online nature of these services, protecting users' personal information, like addresses, phone numbers, and payment details is paramount for maintaining trust and loyalty. Robust data security measures are essential.
7. **Leverage Smart Technology for Efficiency:** Implementing AI and automation can optimize operations by improving delivery planning, providing quick customer support, and predicting user needs, ultimately leading to a smoother and more personalized experience.

CONCLUSION:

This study highlights the growing significance of on-demand services in shaping urban consumer behavior in India. The findings suggest a clear preference for these platforms, driven by convenience, time-saving features, and the seamless integration of technology into everyday life. Among urban youth, especially, the use of digital platforms has become deeply ingrained, marking a shift away from traditional service models.

The role of technology stands out as a central enabler of this transformation. Features such as mobile applications, real-time tracking, and digital payments have not only improved service quality but also built

consumer trust. The integration of these tools has enhanced user experience and contributed to the widespread adoption of on-demand platforms.

Additionally, the research indicates that these services have made a noticeable impact on employment, particularly through gig and freelance opportunities. However, concerns remain about the long-term sustainability of such roles, with issues such as job security, income stability, and benefits yet to be fully addressed. These findings highlight the need for thoughtful policy interventions and business strategies that support both innovation and worker welfare.

In conclusion, on-demand services are not just reshaping consumer preferences—they are redefining how urban India functions. As technology continues to evolve and consumer expectations rise, these platforms are likely to remain central to the urban economy. Their future, however, will depend on balancing growth with ethical employment practices and equitable access.

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