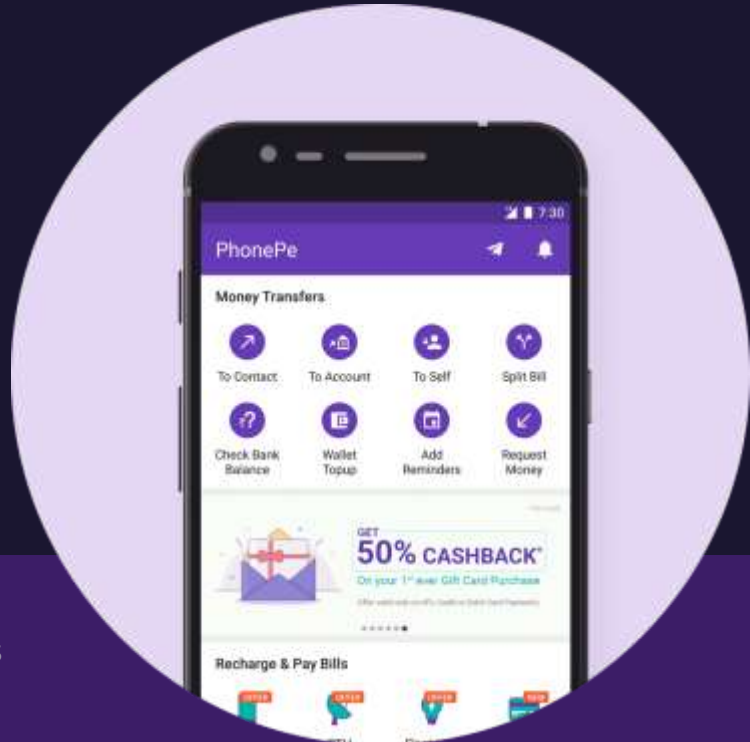




PhonePe Marketplace

CASE STUDY

Category strategy, query analysis, and marketplace taxonomy
based on 941 real user search queries



11 categories **55** subcategories **110** commercial queries

About The Case :

PhonePe, India's leading digital payments platform with 500M+ users, wants to launch a product marketplace inside its app.

Our task:

- Analyze 941 user search queries to identify purchase intent
- Filter commercially viable queries (products, not services or info)
- Build a structured Category > Subcategory taxonomy
- Recommend which categories PhonePe should launch first

Key constraint: Only physical goods that can be listed, shipped, and sold. No services, no financial products, no digital content.

Constraints & Approach

Constraints

Physical goods only

No services, apps, or digital

Marketplace fit

Must be listable, shippable, sellable

India-specific

Queries reflect Indian consumer behavior

Demand-driven

Categories justified by real query signals

PhonePe ecosystem

Must leverage payments, not compete with Flipkart head-on

3-step classification

1

Product keyword match

Does the query contain a product noun (smartphone, mattress, yoga mat) or buying

2

Informational exclusion

Remove queries that are purely on (how-to, recipes, tips) despite containing such words

3

Marketplace fit check

Can the product realistically be listed and sold on PhonePe's marketplace?

Query Analysis: The Funnel

941

Total queries analyzed

88.3%

Non-commercial (filtered out)

110

Commercial (product intent)

11 / 55

Categories / Subcategories

What we excluded (and why)

Excluded category	Queries	Exclusion reason
Recipes / cooking how-tos	~80	Informational, no product purchase signal
Travel / tourism	~100	Separate vertical; not physical goods
Finance / investing	~70	Existing PhonePe vertical (Wealth, Insurance)
Jobs / careers	~60	Employment queries, not goods
Entertainment / media	~50	Digital content, streaming
Education / exams	~40	Informational; EdTech domain
Health info / diets	~60	Medical queries, not product buying
Real estate / civic	~65	High-value or govt services

Category Architecture: 3-Phase Rollout

PHASE 1 — LAUNCH

50 queries (45%)

Electronics

19q

Smartphones, Laptops, Wearables, Headphones, Gaming, Tablets, Cameras, TVs, Security

Home & Kitchen

20q

Air Purifiers, Appliances, Cookware, Furniture, Washing Machines, ACs, Pressure Cookers, Refrigerators, Tools, Security

Beauty & Care

11q

Skincare, Makeup, Natural Beauty, Hair Care, Men's Grooming, Hygiene

PHASE 2 — GROWTH

37 queries (34%)

Fashion & Apparel

10q

Footwear, Activewear, Sustainable, Jewelry, Women's Clothing

Grocery & Food

9q

Subscription Boxes, Online Grocery, Food Delivery

Pet Supplies

9q

Pet Accessories, Cat Food, Dog Food, Pet Health

Baby & Kids

9q

Toys & Games, Children's Books, Baby Gear, Baby Food

PHASE 3 — EXPAND

23 queries (21%)

Sports & Outdoors

9q

Telescopes, Luggage, Cricket, Sports Equip, Camping

Books & Hobbies

7q

Musical Instruments, Bookstores, Art Supplies

Health & Wellness

4q

Supplements, Ayurvedic, Fitness Equipment

Gifting

3q

Personalized Gifts, Party Supplies

Monetization Framework

HIGH

18 subcategories | 42 queries | Margin: 15-30%

High AOV, strong repeat purchase patterns, or premium brand loyalty. Priority for seller acquisition.

Smartphones, Skincare, Makeup, Air Purifiers, Laptops, Gaming, Subscription Boxes, Supplements, Baby Gear, Furniture, Washing Machines, ACs, Refrigerators, TVs, Home Security, Ethical Jewelry, Pet Health, Cookware

MEDIUM

28 subcategories | 52 queries | Margin: 8-15%

Moderate AOV with growth potential. Build volume first, then optimize margins.

Footwear, Activewear, Fitness Trackers, Headphones, Cat Food, Dog Food, Pet Accessories, Telescopes, Luggage, Cookware, Musical Instruments, Natural Beauty, Hair Care, Men's Grooming, Baby Food, Toys, Tablets, Security Cameras, Cricket, Sports Equip, Camping, Pressure Cookers, Personalized Gifts, Ayurvedic, Women's Clothing, Online Grocery

LOW

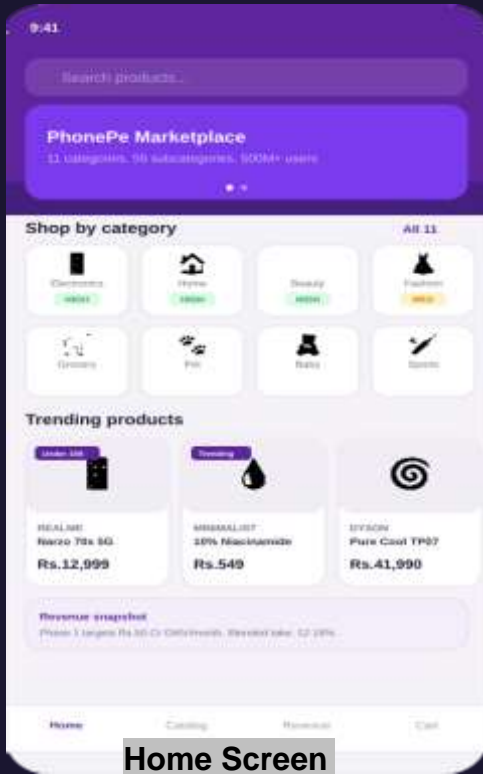
9 subcategories | 16 queries | Margin: 3-8%

Low AOV, niche, or commoditized. Useful for catalog breadth and traffic generation.

Home Tools, Office Supplies, Cleaning Products, Software, Sustainable Fashion, Children's Books, Art Supplies, Fitness Equipment, Party Supplies, Food Delivery, Bookstores

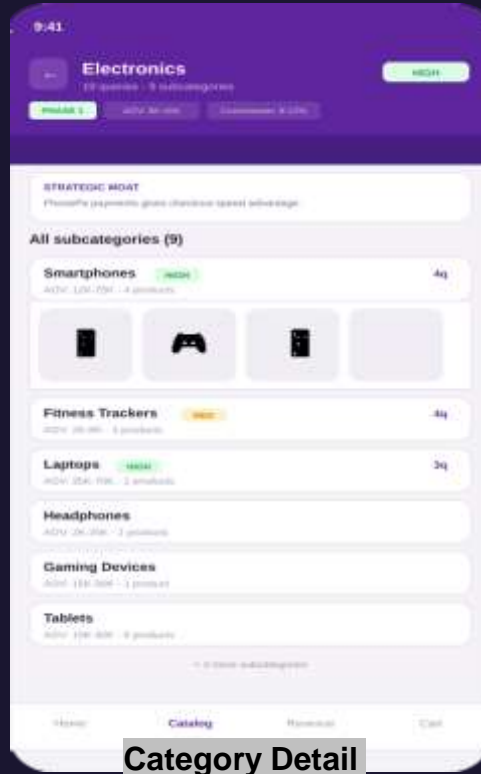
Prototype : Wireframes

Mobile prototype with all 11 categories, 55 subcategories, monetization tiers, and sample products



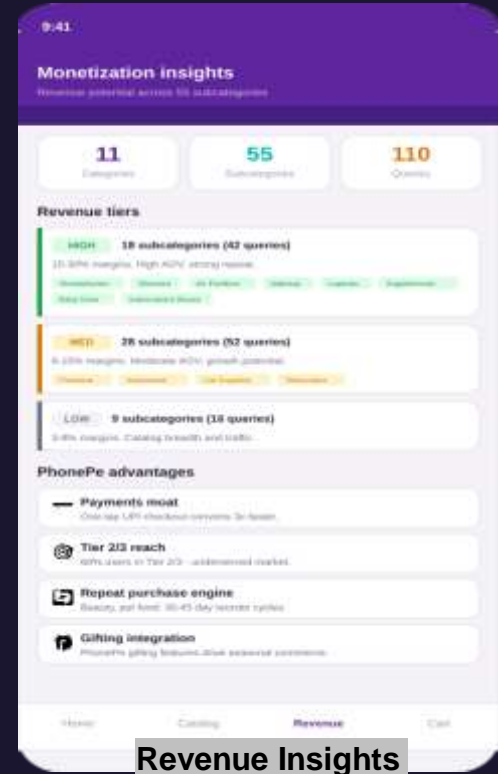
Home Screen

Category grid with monetization badges



Category Detail

All 9 subcategories with expand/collapse



Revenue Insights

High/Medium/Low tiers with PhonePe advantages

Prototype Features

Working prototype: [Click Here](#) [Source](#) to see prototype

4 navigable screens

Home, Full Catalog, Category Detail, Revenue Insights — connected via bottom nav

All 55 subcategories listed

Every subcategory shows query count, AOV range, monetization tier, sample query, and product cards

Monetization badges everywhere

High/Medium/Low badges on every category and subcategory with color-coded visual system

Phase & revenue filters

Filter categories by Phase 1/2/3 and by monetization tier (High/Medium/Low)

Strategic moat per category

Each category card shows PhonePe-specific competitive rationale

Seller onboarding states

Subcategories without products show 'demand detected — acquiring sellers' empty states

Go-to-Market Recommendation

Phase 1: Launch with 3 anchor categories

Electronics

Budget smartphones are the #1 signal. Aligns with Tier 2/3 users. High AOV (8K-45K).

Home & Kitchen

Highest volume (20q). Air purifiers, pressure cookers are India essentials.

Beauty & Care

Highest margins (18-30%). D2C brands need distribution. 30-day repeat.

Phase 1 targets

GMV	Rs.50 Cr/mo
Conversion	2.5%
Catalog coverage	60%
Repeat rate	15%
Sellers	500+
NPS	40+

Why PhonePe wins

UPI

One-tap checkout converts 3x faster than redirect flows

T2/3

60% of 500M users in underserved Tier 2/3 cities

DATA

Transaction history enables day-1 personalized recommendations

LOOP

Payments > marketplace > engagement > more payments

Thank you

PhonePe Marketplace Case Study

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