7 Quick Commerce in India: Transforming Traditional Retail through Digital Innovation

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DOI: 10.62823/MGM/2025/9789349468283/07

Abstract

By 2024, the quick commerce industry in India is valued at over $1.5 billion and is projected to expand to $5 billion by 2025, registering a compound annual growth rate (CAGR) exceeding 45% (RedSeer, 2023). The demand is predominantly concentrated in metro cities like Mumbai, Delhi, Bengaluru, and Hyderabad, where dense populations and higher disposable incomes drive adoption. Despite its rapid growth, the quick commerce model faces challenges such as achieving profitability, managing complex supply chains, maintaining efficient inventory systems, and ensuring environmental sustainability. Firms are increasingly leveraging advanced technologies, including artificial intelligence, to enhance operational efficiency and reduce delivery expenses.

Keywords: Quick Commerce, Digital Innovation, CAGR, Operational Efficiency, Environmental Sustainability.

Introduction

Quick Commerce, commonly referred to as Q-Commerce, signifies a significant advancement in the e-commerce landscape by enabling the delivery of essential items, particularly groceries, within a short time frame of 10 to 30 minutes. This emerging model emphasizes speed, convenience, and hyper-localized service, thereby transforming consumer expectations, especially in urban areas of India.The global prominence of quick commerce accelerated around the year 2020, largely influenced by the COVID-19 pandemic. During lockdowns, the heightened need for prompt home deliveries provided a fertile ground for the growth of this model. In India, major players such as Swiggy Instamart, Blinkit (previously Grofers), Zepto, and Dunzo rapidly adapted to this shift by establishing dark stores and optimizing last-mile delivery infrastructures. Notably, Swiggy allocated over $700 million to develop Instamart, while Zomato's acquisition of Blinkit for $568 million reflects the market’s growth potential and increasing competitiveness.

Looking ahead, the growth trajectory of quick commerce is expected to extend into tier-2 and tier-3 cities, supported by rising internet access and smartphone penetration.

Additionally, partnerships with local Kirana stores and the use of electric delivery vehicles are likely to improve scalability and cost-effectiveness.In essence, quick commerce in India epitomizes the convergence of technological innovation, urban development, and evolving consumer preferences, positioning itself as a transformative force in the future of retail.

Review of Literature

Brahmi and Shefigue (2022) emphasized that consumers' purchasing decisions on quick commerce (Q-commerce) platforms are significantly influenced by three critical variables—perceived convenience, security-related risk, and product pricing. Their study highlighted that consumer trust is a fundamental component that directly affects the likelihood of purchase in a Q-commerce setting.

Purcarea (2021) noted that while Q-commerce shares many features with traditional e-commerce, its standout characteristic is the speed of delivery. The rapid fulfilment of orders has emerged as a key driver for consumer adoption, setting Q-commerce apart in an otherwise saturated market.

According to Černikovaitė (2021) and Bhujbal (2022), the sustainability of Q-commerce ventures hinges on overcoming initial operational and logistical hurdles. These scholars argue that developing private label products and establishing an efficient warehouse infrastructure are essential strategies for long-term viability, as shortcuts in this domain are unlikely to yield lasting success.

Giampoldaki et al. (2021) addressed the skepticism surrounding the longevity of Q-commerce post-pandemic. Contrary to initial doubts, the model not only survived but thrived, as consumers became accustomed to its convenience. The ability to receive products within a matter of hours became deeply integrated into urban consumer lifestyles, reaffirming the demand for such rapid delivery services.

Chen, Wu, and Hsu (2019) observed a transformation in consumer behavior over the past decade. Modern consumers, unlike their earlier counterparts, are more informed and cautious. They now actively research brands, compare prices, and assess value across competing platforms before making purchase decisions, indicating a shift toward a more empowered and discerning buyer in the digital space.

According to Singhi and Jain (2018), the Fast-Moving Consumer Goods (FMCG) sector ranks among the most consistently high-performing industries, delivering strong returns in both the short and long term. Unlike many other sectors, the FMCG industry's growth demonstrates relatively low sensitivity to broader macroeconomic fluctuations, as indicated by the weak correlation between GDP growth and volume expansion within the sector. By the year 2025, approximately 22 million individuals in India are projected to experience an economic uplift, reaching an annual income level of around ₹10 lakhs. This upward shift in consumer purchasing power is expected to significantly contribute to the sector’s expansion. Furthermore, the FMCG industry is currently navigating a phase of substantial transformation, largely driven by demographic changes and increased digital media penetration. To capitalize on these evolving market dynamics, companies within the sector are urged to redesign and innovate their business operations to remain competitive and foster sustainable growth.

Leading Quick Commerce Companies in India: Business Overview

By 2025, India's quick commerce landscape has evolved significantly, with several companies emerging as frontrunners in this rapidly growing sector. These businesses have leveraged innovation, digital infrastructure, and changing consumer habits to establish a strong presence in urban markets.

Swiggy, headquartered in Bengaluru and established in 2014, initially focused on food delivery but has since diversified through Swiggy Instamart. This platform caters to the need for rapid grocery and essentials delivery, operating across over 580 cities in India. Despite facing operational cost challenges and stiff competition, Swiggy's quick commerce vertical has reported over 100% revenue growth in the fiscal quarter ending December 2024.

Zomato, launched in 2008 as a food discovery and delivery platform, entered the quick commerce arena by acquiring Blinkit (formerly Grofers). This acquisition marked a strategic move to expand into instant grocery delivery, leveraging Zomato’s extensive delivery logistics to improve customer reach and efficiency.

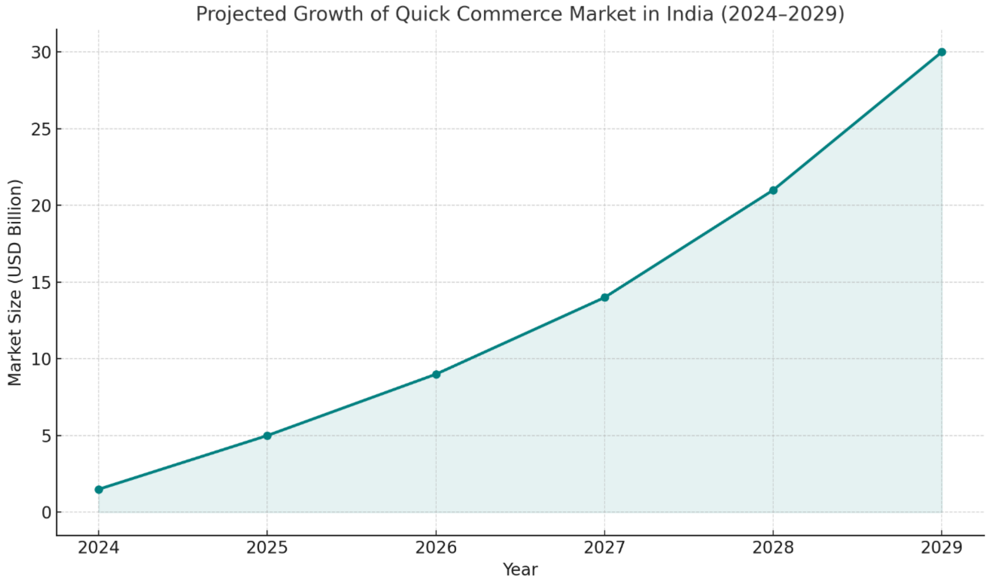
Zepto, a relatively new but fast-growing startup in the quick commerce space, has rapidly captured about 29% market share. The company is known for its ultra-fast delivery model, primarily targeting urban consumers seeking convenience. Zepto has garnered investor interest and is eyeing a potential IPO to fuel further expansion.

Blinkit, operating under Zomato since its acquisition, leads the Indian quick commerce market with a share of nearly 40%. Known for its strong backend operations and network of dark stores, Blinkit continues to innovate in delivery speed and inventory management to meet growing demand.

Dunzo, originally known for hyperlocal deliveries, pivoted to the quick commerce segment by offering 20-minute deliveries of groceries, medicines, and essentials. While it gained traction during the pandemic, the company has faced financial challenges in scaling its model. Nevertheless, Dunzo remains an important player in urban markets.

Together, these companies are transforming retail logistics in India, with the quick commerce market expected to reach $40 billion by 2030. Their focus on speed, convenience, and customer experience is shaping the future of urban consumption.

Future of Quick Commerce Market in India



(Source:https://redseer.com/newsletters/mena-q-com-a-6-bn-opportunity-in-2025-10-of-online-retail/)

Here is a graph showing the **projected growth of the Quick Commerce market in India from 2024 to 2029**. Based on current trends and a compound annual growth rate (CAGR) of approximately **45%**, the market is expected to expand from **$1.5 billion in 2024 to $30 billion by 2029**.

Strategic Dimensions of Quick Commerce in India

Features	Advantages
Ultra-fast delivery (10–30 minutes)	Instant access to daily essentials
Use of dark stores and micro-warehouses	Convenience for time-sensitive customers
App-based ordering and digital payments	Seamless digital shopping experience
Focus on groceries, essentials, and OTC products	High frequency of repeat purchases
AI-driven logistics and route optimization	Efficient delivery routes and lower turnaround time
Hyperlocal delivery personnel network	Employment generation and faster last-mile delivery
Competitive pricing and discounts	Attracts cost-sensitive urban consumers
24/7 service availability in major cities	Meets emergency and late-night requirements

The quick commerce model in India offers a range of innovative features that enhance consumer convenience and operational efficiency. Ultra-fast deliveries ensure immediate access to daily needs, supported by strategically located dark stores. Digital platforms make ordering seamless, especially for groceries and essentials, encouraging repeat purchases. Advanced logistics systems optimize delivery times and routes. Hyperlocal delivery networks not only boost employment but also ensure faster fulfillment. With competitive pricing and 24/7 availability, quick commerce effectively meets the demands of urban, cost-conscious, and time-sensitive consumers.

Challenges	Opportunities
High operational costs and thin profit margins	Expansion into tier-2 and tier-3 cities
Inventory and supply chain management complexities	Integration with local Kirana stores
Maintaining consistent delivery speed	Increased smartphone and internet penetration
Regulatory and legal concerns (e.g., consumer data, traffic rules)	Collaboration with D2C brands and local suppliers
Sustainability issues due to excessive packaging and fuel use	Adoption of electric vehicles and green packaging
Rider safety and workforce management	Investment in gig economy upskilling programs
Price wars affecting long-term sustainability	Development of private labels and differentiated product offerings
Limited scalability in low-density or rural areas	Innovations in cold-chain delivery and niche service segments (e.g., pharmacy)

Quick commerce in India faces several challenges, including high operational costs, supply chain inefficiencies, and concerns about sustainability and delivery consistency. Regulatory hurdles and workforce safety also pose significant barriers. However, the sector holds promising opportunities for expansion into tier-2 and tier-3 cities. Collaborations with Kirana stores and D2C brands can enhance reach and efficiency. Technological advancements, green logistics, and increased digital penetration further support scalability. Investments in innovation and private labels can help build long-term sustainability.

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