Research Report: Indian Quickcommerce sector

*Generated on: 2025-03-03 08:55:19*

# Table of Contents

**1. Overview of the Indian Quick Commerce Sector**

**2. Growth Trends in Indian Quick Commerce**

# Overview of the Indian Quick Commerce Sector

Quick commerce in India is reshaping the e-commerce landscape with ultra-fast deliveries (10-30 minutes) for essential items. The market is projected to grow to US$5 billion by 2025 and US$9.94 billion by 2029. Key players include Zepto, Zomato’s Blinkit, and Swiggy’s Instamart, with Blinkit capturing a 45% market share, followed by Instamart (27%) and Zepto (21%). Companies leverage dark stores for logistics, with around 1,200 operating in major cities, and rental rates for these stores ranging from INR 35 to INR 250 per sq. ft. Growth drivers include changing consumer expectations, technological advancements, and the impact of the pandemic. Despite challenges such as high operating costs, the sector's outlook remains positive as it adapts and innovates.Title: The Rise of Quick Commerce in India: Revolutionising Retail and Last-Mile Delivery   
  
Key Insights:   
- Overview: Quick commerce is reshaping India's e-commerce landscape, delivering a range of products including groceries, with ultra-fast deliveries.   
- Growth Statistics: The gross merchandise value (GMV) reached US$ 2.3 billion in 2023, projected to reach US$ 5.5 billion by 2025, growing at a CAGR of 27.9% from FY22 to FY27.   
- Market Shift: Transition from traditional warehouses to micro-warehouses/dark stores, enhancing delivery efficiency within a two-kilometer radius.   
- Platforms: Major players include Zomato's Blinkit, Swiggy Instamart, Dunzo Daily, and new entrants like Zepto.   
- Consumer Demographics: Primarily driven by Millennials and Generation Z in metro areas.   
- Impact of COVID-19: Accelerated adoption of quick commerce due to changes in consumer buying patterns during the pandemic.   
- Technology Role: Utilizes algorithms, data analytics, route optimization, and automation to streamline operations and enhance customer experience.   
- Competitive Advantages for Retailers: Enhanced customer loyalty, valuable data insights, and differentiation through expedited delivery services.   
- Government Initiatives Supporting Growth: Initiatives such as Digital India, Start-up India, Skill India, UPI, BharatNet, and ONDC have fostered growth.   
- Future Directions: Focus on urban expansion, sustainability, pricing strategies, and new revenue streams while addressing challenges in a price-sensitive market.Revenue in the Quick Commerce market in India is projected to reach US$5.38 billion in 2025, with an expected CAGR of 16.60% leading to US$9.95 billion by 2029. The user count is expected to grow to 60.6 million by 2029, with user penetration at 2.7% in 2025, rising to 4.0% by 2029. The average revenue per user (ARPU) is projected at US$137.20. The Quick Commerce market includes online grocery delivery services with delivery times advertised under 3 hours, encapsulating B2C services and excluding traditional supermarkets, meal kits, and ready-to-eat meal delivery services. The rapid growth in India is attributed to increased demand for convenience and speed, smartphone penetration, and competition among local and international players, although infrastructure and regulatory challenges remain significant obstacles.Title: Rise of Quick Commerce in India: Business Models and Infrastructure Requirements   
Authors: Gauri Ranjekar, Debjit Roy   
Date: March 2023   
Source: Indian Institute of Management Ahmedabad   
   
Overview:   
The growth of quick commerce in India has accelerated due to the COVID-19 pandemic, which changed consumer behavior towards instant deliveries, especially in perishables and groceries. The quick commerce market is projected to grow at a CAGR of 27.9% from FY 2022 to FY 2027, with firms like Zepto, Swiggy Instamart, and Blinkit leading the charge.   
   
Key Points:   
- E-commerce Growth Factors: Increased mobile internet access, relaxation of FDI norms, and favorable government policies. India’s e-commerce market is expected to reach USD 350 billion by 2030.   
- Consumer Behavior: Shifts towards online grocery shopping showcase three purchasing strategies: stock up, top-up, and unplanned purchases, emphasizing convenience and instant delivery preferences.   
- Quick Commerce Definition: Represents a category of e-commerce focusing on instant deliveries (within minutes) across a variety of products, enabled by technology and local warehouses (dark stores).   
- Business Models: Common models include inventory models (company-owned stock), hyper-local models (connecting local stores), and multi-vendor platforms (varied products from multiple vendors).   
- Infrastructure Needs: Focus on efficient order management systems, layout optimization, and automation in dark stores to enhance fulfillment speed.   
- Sustainability Challenges: Quick commerce faces economic (deep discounts impacting profitability), social (worker safety), and environmental (carbon footprint) challenges that need addressing for long-term viability.   
- Future Prospects: The industry is expected to grow persistently, demanding further innovation in business models and infrastructure to meet increasing consumer expectations.Quick Commerce Sector in India:   
- Expected to grow 75% YoY in 2025.   
- Expansion into new categories and cities, focusing on tier-2 and smaller cities.   
- Reports indicate significant growth in D2C brands on quick commerce platforms.   
- Quick commerce is gaining ground due to proximity, competitive pricing, and wide product selection, estimated at a $250 billion grocery market.   
- FMCG online sales growth driven by quick commerce, with top brands seeing over 20% growth in sales.   
- Quick commerce expected to redefine shopping habits in India by offering convenience and accessibility.Overview of the Indian Quick Commerce Sector: Quick commerce in India is characterized by a rapid evolution in the retail sector, driven by consumer demand for speed and convenience, aiming for deliveries within 10-30 minutes. Major platforms include Blinkit, Swiggy Instamart, and Zepto.  
  
Market Growth: The Indian Q-commerce market is projected to grow at a CAGR of 67% from 2023 to 2028, reaching $5.5 billion by 2025.  
  
User Statistics: The number of users is expected to reach 60.6 million by 2029, with an average revenue per user (ARPU) of $137.20. Current user penetration stands at 2.7%, projected to increase to 4.0% by 2029.  
  
Challenges: Key challenges include consumer loyalty, regulatory hurdles, profitability issues, logistical complexities, and high operational costs.  
  
Key Players: Major companies in the Q-commerce space include Blinkit, Zepto, Swiggy Instamart, and Dunzo Daily, which utilize strategies such as dark stores and technology to improve delivery efficiency.  
  
Business Models: These companies employ various business models including inventory, hyper-local, multi-vendor, revenue channels, and omnichannel approaches.  
  
Dark Stores: Approximately 2,200 dark stores are operated by leading Q-commerce platforms to support fast deliveries.  
  
Strategic Solutions: Companies are utilizing dark stores, enhancing logistics through technology, building partnerships with local vendors, and improving customer engagement to tackle fulfillment challenges.  
  
Future Outlook: The sector displays promising growth potential, provided that companies can effectively address existing challenges.Quick Commerce Industry Overview   
- The quick commerce market in India has a penetration rate of 7% and a Total Addressable Market (TAM) of $45 billion.   
- Estimated market size: $3.34 billion in 2024, expected to reach $9.95 billion by 2029 (CAGR: >4.5%).   
  
Market Growth   
- Quick commerce Gross Merchandise Value (GMV): FY20 ($0.1B), FY21 ($0.1B), FY22 ($0.5B), FY23 ($1.9B), FY24 projected ($3.34B).   
- 73% Year-over-Year (YoY) growth forecasted from FY23 to FY24.   
  
Supply Chain Innovations   
- Platforms partner directly with manufacturers to streamline sourcing.   
- Technology enhances logistics forecasting, inventory management, and reduces wastage.   
  
Dark Stores   
- Typical size: 2500-4000 sq. ft., fulfilling orders within a 2-3 km radius.   
- Save up to 23% in delivery costs and time.   
- Large warehouses support 30-40 dark stores, enabling efficient operations.   
  
Logistics Entry into Quick Commerce   
- Major logistics players like Delhivery and Xpressbees are entering quick commerce to offer specialized services and manage warehouses.   
  
Key Players   
- Blinkit: Operated by Zomato, focuses on 7,000 products within a 2 km delivery radius. Anticipates 60% YoY growth, targeting 2,000 dark stores by 2026.   
- Swiggy Instamart: Grew Gross Order Value (GOV) by 58% YoY, plans to expand from 27 to 43 cities with 1,000 dark stores.   
- Zepto: Launched as KiranaKart in 2021, expected revenue growth from ₹140 crore (FY22) to ~₹5000 crore (FY24), planning to expand to 700 dark stores by 2025.   
- BigBasket (BB Now): Plans to pivot entirely to quick commerce, expanding from 400 to 700 dark stores, offering diverse product ranges.   
  
Key Metrics   
- Blinkit: GOV ~INR 12,469 crore, revenue of 2,301 crore, 5.10 million Monthly Transacting Users (MTUs). Average order value (AOV): ₹625.   
- Swiggy Instamart: GOV ~INR 8,100 crore, revenue increase of 120%, AOV: ₹460.   
- Zepto: GOV ~INR 6,275 crore, revenue of ~₹5000 crore.   
- BigBasket aims for 65%-70% revenue from quick commerce by FY25, with a growth rate expected at 20%-25% QoQ.   
  
Funding & Growth   
- Zepto's valuation reached $5 billion after a $340 million funding round.   
- BigBasket raised $200 million in 2022 and plans further fundraising of $80-100 million.The Indian Quick Commerce Sector is experiencing substantial growth, driven by increasing consumer demand for fast and convenient delivery services. Key players in this market include companies such as Zomato, Swiggy, and Dunzo, which leverage technology and logistics innovations to enhance user experience. The sector's expansion is supported by the rise of e-commerce and shifting consumer preferences towards instant gratification. Additionally, regulatory frameworks and investment in infrastructure are critical to sustaining this momentum and addressing challenges related to delivery speed, cost-effectiveness, and customer satisfaction.

## Sources

* https://www.india-briefing.com/news/quick-commerce-market-in-india-and-key-players-35348.html/
* https://www.ibef.org/blogs/the-rise-of-quick-commerce-in-india-revolutionising-retail-and-last-mile-delivery
* https://www.statista.com/outlook/emo/online-food-delivery/grocery-delivery/quick-commerce/india
* https://binmile.com/blog/quick-commerce-companies-and-business-model/
* https://www.iima.ac.in/sites/default/files/2023-06/Q-com%20-%20Ranjekar%20%26%20Roy\_0.pdf
* https://m.economictimes.com/tech/technology/quick-commerce-to-expand-into-new-categories-and-cities-in-2025-smaller-cities-embrace-the-model-bernstein-report/articleshow/117009974.cms
* https://unicommerce.com/blog/quick-commerce-india-business-models-challenges-strategies/
* https://www.chryseum.in/wp-content/uploads/2024/09/Quick-Commerce-Industry.pdf
* https://tenovia.com/blog/quick-commerce-in-india/

# Growth Trends in Indian Quick Commerce

Revenue in the Quick Commerce market in India is projected to reach US$5.38 billion in 2025, with an annual growth rate (CAGR 2025-2029) of 16.60%, resulting in a projected market volume of US$9.95 billion by 2029. The number of users is expected to reach 60.6 million by 2029, with user penetration increasing from 2.7% in 2025 to 4.0% by 2029. The average revenue per user (ARPU) is expected to be US$137.20. In comparison, China is projected to generate the most revenue at US$92.68 billion in 2025, with a user penetration rate of 23.9%. The Quick Commerce market encompasses online grocery delivery services focused on fast delivery, typically under 3 hours, with notable players including Instacart, Gorillas, Getir, and Glovo.Quick commerce is rapidly transforming the Indian e-commerce sector, offering delivery times of 10-30 minutes for essential goods. The market is projected to reach $5 billion by 2025 and $9.94 billion by 2029, driven by changing consumer preferences and increased e-commerce adoption. Key players include Zepto, Zomato's Blinkit, and Swiggy's Instamart, with Blinkit leading in market share at 45% and Zepto in app downloads at nearly 11 million.  
  
Dark stores, which are specialized fulfillment centers for online orders, are critical to the quick commerce model, with around 1,200 operating across major Indian cities. Rental rates for dark stores vary, with Delhi being the highest at INR 150-250 per square foot.  
  
The industry's Gross Merchandise Value rose from $500 million in FY 2021-22 to $3.34 billion in FY 2023-24, with sales growing over 280% in two years. Key growth drivers include technological advancements, changing consumer expectations for instant service, and the impact of COVID-19, which accelerated demand for online shopping.  
  
Despite growth, challenges remain around profitability, high operating costs, and competition. The outlook for quick commerce in India looks promising with opportunities for expansion into high-value categories and untapped markets.Quick commerce in India is projected to grow 75-100% year-on-year, surpassing traditional retail. By 2025, it aims to capture a significant share of the $250 billion grocery market in the top 40-50 cities, driven by consumer demand and leading FMCG companies. A report by Bernstein highlights quick commerce's advantages in proximity, pricing, and product selection, predicting it will dominate e-commerce sales, accounting for about half of e-commerce in FY 2024. Major players include Zomato, Big Basket, Zepto, Blinkit, and Swiggy Instamart.Title: Quick Commerce in India: Trends, Business Models & Challenges & Their Solutions   
Published By: Team Unicommerce   
Date: Dec 18, 2024   
   
Overview:   
Quick commerce (Q-commerce) in India involves ultra-fast delivery services, typically within 10-30 minutes, driven by consumer preferences for speed and convenience. Key players include Blinkit, Swiggy Instamart, and Zepto. The industry is advancing thanks to evolving consumer expectations and market dynamics, despite facing challenges in logistics, costs, and supply chain management.   
   
Market Trends:   
- The Indian Q-commerce market is projected to grow at a CAGR of about 67% from 2023 to 2028, reaching an estimated $5.5 billion by 2025.   
- Expected revenue in the Q-commerce sector is $5,384 million in 2025 and $9,771 million by 2029.   
- User base anticipated to reach 60.6 million by 2029, with an average revenue per user of $137.20.   
   
Business Models:   
1. Inventory model   
2. Hyper-local model   
3. Multi-vendor platform model   
4. Revenue channels model   
5. Omnichannel model   
   
Key Players and Dark Stores:   
Top Q-commerce companies include:   
- Blinkit (1,007 dark stores)   
- Swiggy Instamart (609 dark stores)   
- Zepto (470 dark stores)   
- BigBasket (400 dark stores)   
- Flipkart Minutes (40 dark stores)   
   
Challenges Facing Quick Commerce:   
1. Consumer loyalty amid market saturation.   
2. Regulatory hurdles.   
3. Profitability challenges due to high operational costs.   
4. Complex logistics and supply chain vulnerabilities.   
   
Successful Examples:   
- Blinkit: Delivers within 10-20 minutes across 14 cities.   
- Swiggy Instamart: Grocery delivery in 45 minutes with over 1 million orders processed weekly.   
- Zepto: Known for rapid 10-minute deliveries.   
- Dunzo Daily: Offers groceries and home essentials within 35-40 minutes.   
   
Future Outlook:   
The anticipated growth in Q-commerce will be driven by technology, increasing consumer engagement, and expansion into non-food products. Addressing challenges related to service speed, operational efficiency, and customer experience will be essential for future success.The Rise of Quick Commerce in India: Revolutionising Retail and Last-Mile Delivery  
  
1. Quick commerce is transforming India's retail landscape through rapid deliveries and convenience, driven by mobile internet and e-commerce growth.  
  
2. In 2023, the Gross Merchandise Value (GMV) for quick commerce in India reached $2.3 billion, with a projected growth rate of 27.9% CAGR from FY22 to FY27.  
  
3. Key players include established platforms like Zomato's Blinkit and newer entrants like Zepto.  
  
4. Technology facilitates quick commerce by enhancing demand prediction, inventory management, route optimization, and automation, improving delivery speeds and customer experiences.  
  
5. The industry has diversified to include groceries, medicines, and electronics, influenced by changing consumer habits post-pandemic.  
  
6. Quick commerce platforms are creating networks of micro-warehouses to enable 10-20 minute delivery services.  
  
7. The contribution of quick commerce to online grocery transactions is expected to surge from 10% to about 45% by 2025.  
  
8. Government initiatives such as Digital India and Start-up India, alongside infrastructure improvements, bolster the quick commerce ecosystem.  
  
9. Growth drivers include new user adoption, promotional event days, and diversification of product categories.  
  
10. Future success will hinge on effective delivery infrastructure, innovative technology application, and meeting the needs of a price-sensitive market.Quick Commerce Sector Insights   
- Expected growth of 75% YoY in 2025, with expansion beyond groceries into new categories and cities, particularly tier-2 and smaller cities.   
- The top 40-50 cities represent a $250 billion grocery market.   
- Quick commerce is emerging as a disruptive force, offering advantages in proximity, competitive pricing, and product diversity.   
- D2C (Direct-to-Consumer) brands are experiencing significant growth, comprising over 30% of brand mixes on quick commerce platforms.   
- Online sales for FMCG brands are increasing by over 20% due to quick commerce adoption.Quick commerce (Q-commerce) is transforming the Indian retail market, offering delivery within 10–30 minutes for groceries and essentials. Urbanization, smartphone adoption, and changing consumer behaviors are driving this growth. Q-commerce focuses on hyper-local fulfillment using dark stores, which differentiates it from traditional e-commerce. Major growth drivers include urbanization, instant gratification consumer behavior, technological advancements in AI and automation, and local fulfillment strategies. By 2025, expansion is expected beyond metropolitan to Tier 2 and Tier 3 cities, with new product categories and subscription models emerging. Challenges include high operational costs, logistical complexities, and increasing regulatory scrutiny. Key players in this sector are Blinkit, Zepto, Swiggy Instamart, Amazon, and Flipkart. Sustainability practices, such as using electric vehicles and local sourcing, are anticipated to be prioritized. Quick commerce is projected to become a $5 billion industry by 2025, with a compound annual growth rate (CAGR) of over 25%.

## Sources

* https://www.statista.com/outlook/emo/online-food-delivery/grocery-delivery/quick-commerce/india
* https://www.india-briefing.com/news/quick-commerce-market-in-india-and-key-players-35348.html/
* https://brandequity.economictimes.indiatimes.com/news/business-of-brands/indias-quick-commerce-to-grow-75-100-yoy-will-outpace-traditional-retail-bernstein-report/118475453
* https://unicommerce.com/blog/quick-commerce-india-business-models-challenges-strategies/
* https://www.ibef.org/blogs/the-rise-of-quick-commerce-in-india-revolutionising-retail-and-last-mile-delivery
* https://m.economictimes.com/tech/technology/quick-commerce-to-expand-into-new-categories-and-cities-in-2025-smaller-cities-embrace-the-model-bernstein-report/articleshow/117009974.cms
* https://www.linkedin.com/pulse/quick-commerce-india-fast-track-retails-future-2025-rastogi--0kbgf