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MARC Insights

The Rise of Quick Commerce in India

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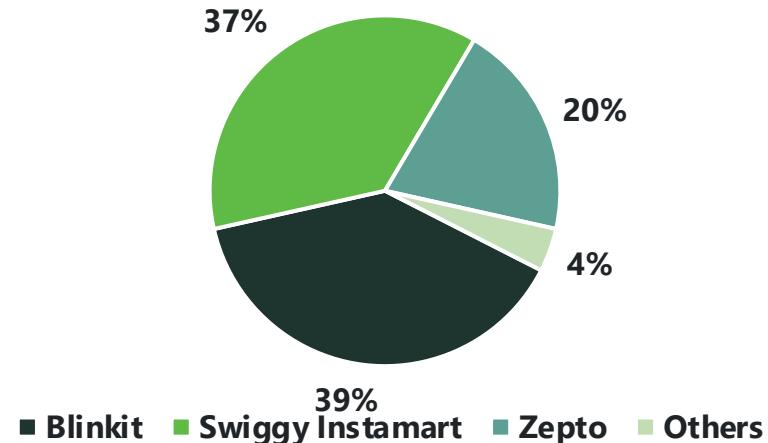
Quick Commerce Industry

'Quick Commerce' penetration as a percentage of online grocery is 13% in India vs China (7%), Europe (3%)

India Quick Commerce Industry Market Size
(in INR Crores)



Total Market Share of players in India



25 minutes

Average Delivery Time in India

1.8%

User Penetration Rate

INR 500

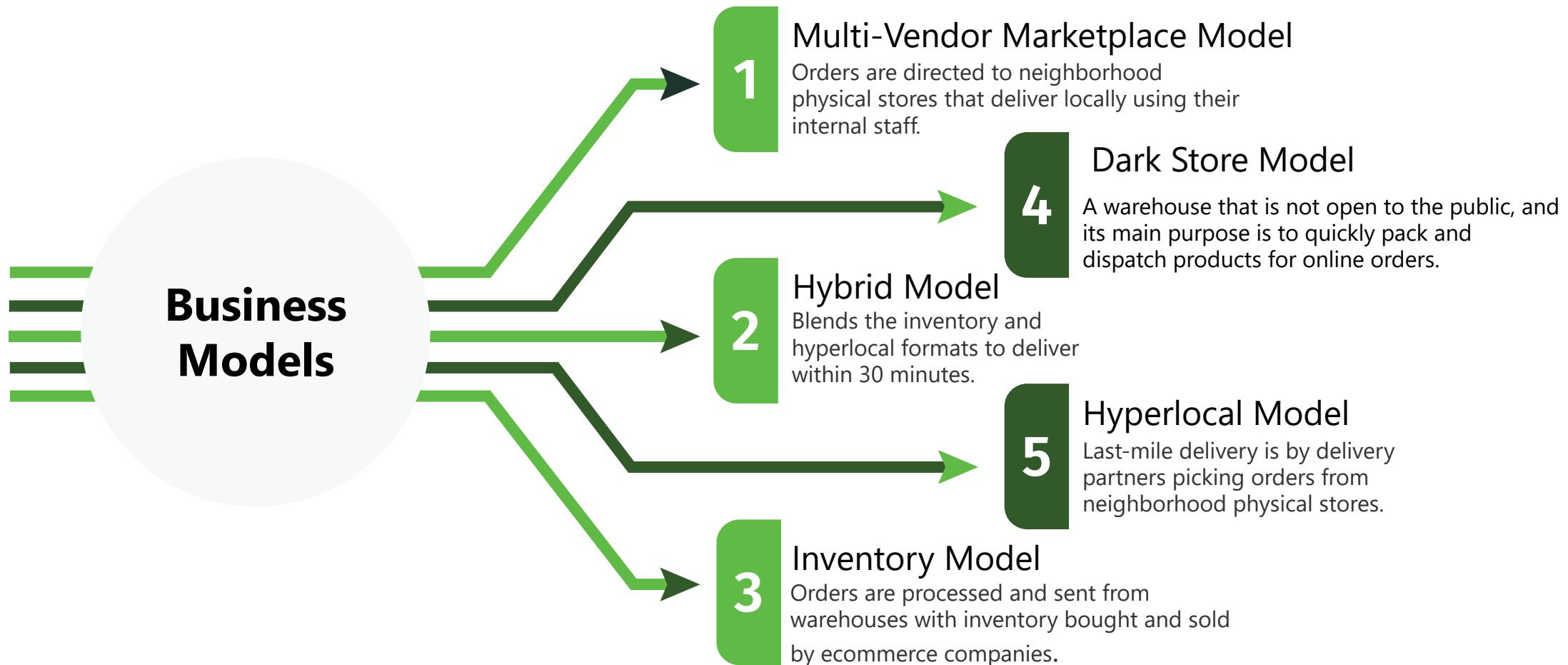
Average Order Value

3 per week

Order Frequency

Source: www.finshots.in, www.prnewswire.com, www.timesnownews.com

Business Models used by Quick Commerce Brands



Source: www.forbesindia.com

Top 5 Quick Commerce Brands in India

					
Business Tenure	10 Years	4 Years	3 Years	12 Years	3 Years
Delivery Time	10mins	15 – 30mins	8-10mins	10-20mins	16-20mins
Delivery Charges	INR 0-30	INR 15-35	INR 0-35	INR 0-25	INR 15
Presence	27 Cities in India	26 Cities in India	10 Cities in India	30 Cities in India	7 Cities in India
Revenue growth in FY23	207%	58%	1139%	5%	317%

Source: [India Today](#), [www.entrackr.com](#)

Strategies used by Quick Commerce Companies

Strategies of Players (I/II)

Strategies of Dunzo Daily

Operations through AI



Dunzo Daily uses artificial Intelligence with its platform for effectively forecasting demand, making better inventory decisions and smoothening supply chain operations.

Customer Centric Strategy



Dunzo Daily focuses on supply chain and exceptional customer experience. As of July 2023, they have been delivering 1-1.5 million monthly orders.

Faster Deliveries



Dunzo Daily prioritizes lightning-fast deliveries, aiming to get essentials to customers within minutes, especially in densely populated areas.

Strategies of Swiggy Instamart



Customer Satisfaction

Swiggy Instamart prioritizes consumer feedback and focuses on providing doorstep convenience and discounts. Collaborations with banks offer attractive discounts to incentivize grocery orders.



Inventory Efficiency

By analyzing its own customer data, Swiggy Instamart optimizes inventory to ensure popular items are always available, reduce waste, and improve efficiency leading to higher customer satisfaction.



Expansive Product Range

A variety of products are available on Swiggy Instamart like groceries, beverages, spices, hygiene, utilities, etc showcasing the platform's ability to cater to diverse customer needs.

Strategies of Players (II/II)

Strategies of Zepto

Strategic Positioning



Strategically positioned in high-demand areas, its micro-warehouses and dark stores maintain an average delivery distance of just **1.8 km**. This close proximity greatly reduces travel time, ensuring rapid and reliable deliveries.

Efficient Operations



Their operational efficiency allows for packing, bagging, and dispatching items within **58 seconds** after checkout is rooted in a sophisticated inventory management system.

Optimizing Algorithms



With its **10-minute** delivery pledge, Zepto is redefining convenience and efficiency in the digital era. From optimizing algorithms for fast delivery routes to precision-packing machines, every step is geared towards speed.

Strategies of Blinkit



Retail Partnership

Blinkit collaborates with major retailers to store and deliver items to customers. They ensure products are handed over to delivery partners within a 3–4-minute window.



Quality Assurance

Blinkit monitors the quality of all the grocery items procured in a warehouse. This helps them to efficiently manage its overall procedure.



Delivery Dynamics

Blinkit partners with local grocery stores, dispatching delivery personnel for customer orders. This mutually beneficial collaboration boosts orders for local stores and generates transaction revenue for Blinkit.

Conclusion

1. Challenges of Quick Commerce



Logistical issues, regulatory hurdles, intense competition and additionally the cost of hub operations and last-mile delivery are major challenges for companies in this space.

2. Convenience vs Cost



While Indian consumers appreciate the convenience provided by these service providers, they are often reluctant to pay delivery charges due to the typically small basket sizes, which mainly consist of groceries or impulse purchases. Therefore, even a nominal fee can appear troublesome to them.

3. Future of Q-Commerce



By 2030, about 65% of India's population will be between 15 and 59 years old, a prime age for consumption consisting of the working class having higher earning capacities and purchasing power. With rising incomes, around 110 million households are expected to join the middle class, driving demand for goods that quick commerce platforms are hurrying to provide.

4. Strategies for Q-Commerce



Success will depend on processing more orders, pushing the right assortment of products (Stock-Keeping Units (SKU)) with good margins to increase Average Order Values (AOV), ensuring efficient deliveries and offering unique value propositions that will encourage customers to top up their carts even after purchasing the required products.

Source: www.theeconomictimes.com, www.inc42.com



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