

# The Impact of Quick Commerce



**REPORT BY SACHIN SINGH RAUTELA**

# KEY ANALYSIS

- QUICK COMMERCE AS ENABLERS
- QUICK COMMERCE AS BARRIERS
- EFFECT OF INFLATION
- CONSUMER BEHAVIOR SHIFT
- URBAN PREFERENCE FOR VALUE
- RURAL GROWTH OUTPACING URBAN
- GOVERNMENT INITIATIVES IN RURAL AREAS
- URBAN MARKET CHALLENGES
- LESSONS FOR URBAN MARKETS
- INNOVATION TO COMBAT INFLATION





## QUICK COMMERCE AS ENABLER AND BARRIERS FOR FMCG

Quick commerce platforms like Blinkit, Zepto, and Swiggy Instamart have redefined how premium FMCG products are purchased in tier-1 cities. These platforms focus on meeting consumer demands for speed and convenience through the following:

- **Increased Accessibility:** Quick commerce platforms enable premium brands to reach urban consumers effectively by offering diverse catalogs with 10–30-minute delivery windows. This convenience aligns with the preferences of busy, time-sensitive buyers.
- **Data Insights and Targeting:** These platforms use advanced analytics to provide brands with valuable data on consumer spending habits. This allows premium brands to fine-tune their marketing strategies and improve conversion rates by targeting the right audience at the right time.

**Impulsive Purchases:** The ease of browsing and ordering encourages impulse buying, especially for indulgent premium products like chocolates, beverages, and personal care items. Notably, 60% of quick commerce orders in urban India fall within discretionary spending categories, where premium products dominate.



**Despite their benefits, quick commerce platforms also present challenges to premium FMCG sales:**

- **Discounting Practices:** Aggressive pricing and frequent discounts used to attract buyers dilute the exclusivity of premium brands. Consumers start associating these high-end products with affordability, which erodes their premium image and long-term equity.
- **Brand Positioning Challenges:** Premium products rely on exclusivity, quality perception, and reputation. Being overly visible in "budget-friendly" categories undermines these values, potentially leading consumers to view them as ordinary products rather than luxury items.

## Conclusion

**Quick commerce platforms offer convenience and accessibility, fueling impulsive buying. However, heavy discounting can erode brand equity. FMCG brands should counter this by emphasizing curated collections, strategic product positioning, and brand storytelling while minimizing reliance on discounts.**



# How Does Inflation Impact Consumer Behavior Toward Premium FMCG Products?

## Shift in Priorities:

**Increased Accessibility:** Quick commerce platforms enable premium brands to reach urban consumers effectively by offering diverse catalogs with 10–30-minute delivery windows. This



## Private Label Growth:

Inflation has spurred the rise of private-label brands that offer comparable quality at lower prices. These are often favored over premium products, especially on quick commerce platforms.



## Selective Spending:

Premium FMCG items are increasingly viewed as occasional purchases. A Nielsen report from 2023 highlights that 72% of urban households buy premium products during festive seasons or promotional offers rather than for regular use.





## ANALYTICAL INSIGHTS THROUGH REPORTS AND DATA.

**Essentials Take Priority:**  
Middle-income households are redirecting their budgets toward essential expenses such as groceries, fuel, and housing. NielsenIQ data from 2024 reveals that 85% of urban households have reduced discretionary spending.



Offering deep discounts on quick commerce platforms boosts short-term sales but reduces the perceived exclusivity of premium brands. Luxury personal care brands often see sales spikes during promotions but suffer a 30% drop in repeat purchases at full price, indicating decreased brand loyalty.



- Dabur reported weaker urban demand in Q2 2024 due to inflation, reflecting the reduced purchasing power of urban consumers.
- Urban FMCG growth slowed to 2.8% in 2023, illustrating the pressure on discretionary spending as inflation persists.

## Quick Commerce Competitors in India's Tier 2 Cities



## A NATIONAL Review

PRESENCE OF QUICK COMMERCE IN REGION  
ALONG WITH SEVERAL NEW AGE START  
(COMPETITON).

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## KEY STATISTICS

In the fiscal year 2024, quick commerce's contribution to online FMCG sales surged to

**35%**

nearly doubling from 15-18% in FY23.

Blinkit, a subsidiary of Zomato, holds a

**46%**

market share in India's quick commerce sector.

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## KEY STATISTICS

**60%**

of quick commerce orders in urban India are for discretionary FMCG, highlighting its role in impulsive and indulgent purchases.

Nielsen reports that

**72%**

of urban households use quick commerce platforms for purchasing FMCG products, particularly during festivals or promotional events.

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# **DRIVING FMCG GROWTH**



**WITH LOCATION  
INTELLIGENCE**

**LEVERAGING LOCATION  
INTELLIGENCE IS KEY TO  
OPTIMIZING OPERATIONS  
AND STAYING  
COMPETITIVE IN INDIA'S  
EVOLVING MARKET,  
PROJECTED TO REACH  
\$220 BILLION BY 2025.**



India's FMCG sector is witnessing rapid growth driven by a booming population of 1.45 billion and rising affluence, which are collectively fueling increased consumer demand. The e-commerce segment plays a pivotal role in this expansion, contributing 10-12% of FMCG sales, with quick commerce accounting for nearly one-third of these transactions. In this dynamic landscape, leveraging location intelligence has emerged as a strategic tool for businesses to unlock growth and maintain a competitive edge.

### **Market Dynamics and Strategic Value of Location Data:**

Location data has become indispensable in crafting precise growth strategies. It enables businesses to identify ideal sites for expansion and develop targeted market planning. By integrating **Geographic Information Systems (GIS)**, companies can combine demographic, lifestyle, and spending data to create effective customer segmentation strategies, allowing them to cater to diverse consumer needs across regions. Additionally, location intelligence enhances operational efficiency by optimizing distribution networks, ensuring timely deliveries, and supporting localized marketing efforts tailored to specific regions.

### **Recommendations for Sustained Growth:**

To fully harness the potential of location intelligence, businesses should invest in advanced GIS tools to enable data-driven decision-making at every level of operation. Strengthening e-commerce and quick commerce capabilities is critical to tapping into the growing online consumer base. Furthermore, a focused regional analysis can help businesses uncover opportunities in underserved local markets, ensuring a balanced and inclusive growth trajectory. By adopting these strategies, FMCG companies can not only optimize their operations but also position themselves as leaders in India's evolving market landscape.



#### **ANALYSIS:**

Location intelligence is vital for unlocking growth in India's FMCG sector. Companies adopting this approach can enhance efficiency, target customers effectively, and seize emerging opportunities.





## ***Why Are Rural Markets Growing Faster Despite Perceived Affordability Challenges?***

Rural markets are experiencing faster growth than urban markets due to several factors:

- **Improved Distribution:** FMCG companies have enhanced their rural supply chains and introduced smaller pack sizes and affordable variants, making premium products accessible.
- **Higher Rural Incomes:** A favorable monsoon in 2023 led to increased agricultural income, boosting rural spending power.





- **Aspirational Buying:** Rural consumers are increasingly purchasing premium products, driven by aspirational buying behavior and the availability of “bridge” products that offer an entry point into premium categories.
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## Lessons for Urban Markets:

- **Localized Strategies:** Urban markets can adopt rural approaches, such as introducing premium products in smaller, more affordable pack sizes.

- **Value-Oriented Communication:** Highlighting tangible benefits such as health or long-term value can help urban consumers justify spending on premium items despite inflation.

- **Target Emerging Middle Classes:** Focus on aspirational consumers in urban areas by offering premium “lite” variants that are priced slightly lower.



## **CONCLUSION:**

- **Quick commerce platforms are reshaping the premium FMCG market by enhancing accessibility and convenience, driving impulsive buying, and utilizing data-driven targeting. However, challenges like discount-driven brand dilution and inflationary pressures have hindered consistent growth in urban premium segments. Meanwhile, rural markets are thriving due to strategic distribution, rising incomes, and aspirational demand, offering valuable insights for urban markets.**
- **To optimize growth, FMCG brands must balance affordability and exclusivity, focusing on strategic positioning, curated offerings, and engaging storytelling to strengthen their appeal in both urban and rural markets.**



# The Impact of Quick Commerce and Inflation on Premium FMCG Sales in Tier-1 Indian Cities



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