



## **A brief overview of Indian Q-commerce industry, A niche of e-commerce**

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### **Abstract:**

Now-a-days people find little or no time for shopping due to the hectic life styles. Availability of a little free time has prompted the people to transform their buying or shopping habits and thereby preferring online shopping to offline shopping. E-commerce facilitated the consumers to shop any goods, at any time, from anywhere with just a few clicks and eliminating the need to visit the physical stores and thereby saving the travelling costs and the time. The outburst of recent pandemic Covid-19 has a drastic influence on individual's buying behaviour and their inclination towards online buying. There is a growing consumer preference for convenience-driven shopping i.e., ordering the goods from the comfort of their homes, without stepping outside and getting the doorstep delivery. As the customer's requirements and choices are varying with time, new and innovative business models or solutions are getting evolved to meet the changing requirements and expectations of the customers. In this process q-commerce has evolved out as a model which meets the increasing consumers demand for immediacy, convenience and instant gratification of needs. Q-commerce, also known as Quick Commerce, is a relatively new concept in the e-commerce and retail space. The sustainability of this business model will depend on the benefits or the level of satisfaction it provides to the customers. This paper provides a detailed picture of the current state of Indian q-commerce, growth drivers, top q-commerce players, challenges being faced by the q-commerce industry and potential solutions. This study aims to provide a comprehensive outlook of evolution & growth of q-commerce, driving forces behind its growth and the challenges involved.

**Keywords: Online buying, e-commerce, q-commerce, Convenience-driven shopping, Home Delivery.**

## Introduction

**What is Q-commerce?** Q-commerce can be considered as a niche within the broader landscape of e-commerce. Electronic commerce or e-commerce refers to the buying and selling of all goods and services through electronic media with delivery period ranging from 1 to 7 days, while the Q-commerce focuses on ultra-fast delivery of limited range of goods typically within a timeframe of 30 to 60 minutes. Q-commerce involves the rapid delivery of products, usually within a short time frame (usually within 30 to 60 minutes), directly to the doorsteps of the customers. It focuses on smaller, high-demand items like groceries, over-the-counter medicines etc.,.

Q-Commerce is the off-shoot of e-commerce that combines the benefits of e-commerce with the speed home delivery. Customers preference for convenience and speed has lead to the rise of Quick Commerce business. Quick Commerce (Q-Commerce) has exerted a great impact on retail ecosystem and rapidly changed the global as well as Indian retail scene by providing extremely quick delivery services addressing the contemporary consumer's need for speed and convenience. In recent times Indian Quick Commerce industry has been experiencing a continuous surge with the entry of new players into the field and with the expansion of q-commerce services beyond the traditional food delivery to the delivery of groceries, medicines, and other essential items. customers are now more accustomed to use mobile apps to order and receive goods within a short period.

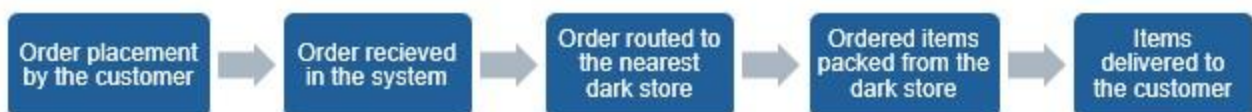
### Objectives of the study:

- To study the emergence of Quick commerce in India.
- To identify the factors that accelerated the growth of q-commerce and its implications
- To study the challenges being faced by Quick commerce.
- To identify the measures that can contribute for the sustainment of q-commerce.

### Methodology:

This study is purely based on the secondary data collected from various articles and websites.

#### Process flow of Quick-commerce business model (Dark store):





### Features of q-commerce:

- **Speed:** Q-commerce focuses on fast delivery, often within 30-60 minutes
- **Proximity:** Q-commerce platforms maintain dark stores or sometimes typically partner with local stores to ensure proximity to customers and thereby to minimise the delivery time.
- **Convenience:** Q-commerce offers customers the convenience of ordering the last minute needed goods through online and receiving them within a very less time.
- **24x7 operations:** Q-commerce platforms are open for business 24/7 and assures for round the clock availability of necessities
- **Technology serves as the backbone of quick-commerce platforms, enabling them to fulfil the promise of ultra-fast deliveries and unique customer experiences.**

**Advantages of q-commerce:** Some of the benefits of q-commerce can be illustrated as follows.

- **Increased convenience:** Q-commerce offers the convenience of ordering last minute required goods through online and receive them instantly.
- **Improved customer satisfaction:** Fast delivery of urgently required goods provides higher satisfaction to the customers and thereby enhancing their loyalty towards q-commerce.
- **Competitive advantage:** Q-commerce is serving as an effective business positioning proposition for e-commerce operators and thus a business that offering the q-commerce services can differentiate itself from competitors.
- **Ease in shopping:** The very fundamental and enticing value proposition that is available to the time-scarce customers through q-commerce is ease in getting the required goods with no need to compromise with their busy work schedule.
- **Job Creation:** Q-Commerce industry has emerged as a major job creator by offering Lakhs of jobs with minimum educational qualifications (such as delivery drivers, warehouse associates, Dark stores staff, Packaging workers etc.). Further, with the advancement and progress of the industry, opportunities for skilled personnel may arise in the areas of technological development, data analytics, logistics management and other ancillary services.

### Q-Commerce in India- Growth driving factors

India is being considered as a burgeoning market for Q-Commerce activities, because of its huge young, tech-savvy population and increasing smartphone penetration. The various factors that have led for the rise and growth of q-commerce in India are:

- **Penetration of Internet:** The increasing connectivity of internet through the length and breadth of the country, affordable data plans and increased habituation of people to the usage of smartphones and internet lead to the burgeoning growth of e-commerce as well as q-commerce.



- **Migration to urban areas and Shift in Lifestyles:** Continuous Urbanisation due to the migration of rural population to urban areas and the resultant changes in their buying behaviour have fuelled the growth of online shopping. Urban consumers, especially millennials and Gen Z who expect more convenience and instant gratification contributed to the surge in demand for quick commerce services.
- **Availability of advanced technologies:** The on-line commerce companies have started to adopt new technological advancements at all possible stages throughout the process. Innovations in delivery technologies, data analytics, and route optimization are enabling the q-commerce companies to provide the service in faster and more efficient manner and thus attracting the customers towards the q-commerce model.
- **Changes in purchase patterns:** The growing nuclear family culture has intensified the demand for last minute, smaller, and frequent purchases. with the rise in working population that too working women population, dependency on the online commerce platforms has increased.
- **Pandemic-Induced Shift in Consumer Behaviour:** The COVID-19 pandemic brought a paradigm shift in the buying behaviour /preferences of consumers. During the pandemic period people from all walks of life have shifted to online buying as a safe practice. Accelerated adoption of digital platforms drove the demand for Q-Commerce.
- **Favourable Government Initiatives:** Central government initiatives such as Start-up India, Stand-up India initiated the budding entrepreneurs to come out with new innovative ideas and apps. Meanwhile the Digital India initiative which always encouraged the adoption of digital payment systems like UPI, online transfers have directly or indirectly played a role in the flourishing of q-commerce.

### **Challenges faced by Quick-Commerce:**

**Despite its rapid growth, the q-commerce industry in India faces several challenges, such as**

- **Lack of sophisticated Logistic infrastructure:** In India many cities suffer from lack of proper and planned road network coupled with heavy & irregular traffic. Moreover unavailability of effective cold chain logistic infrastructure hinders the consistent and timely delivery of perishable goods.
  - **Higher costs:** Customer acquisition and retention pose great challenges to the quick commerce operators and they need to spend significant amounts on advertising, marketing and promotional activities. This fast delivery model associates with higher costs as it demands for maintenance of micro-warehouses, more delivery personnel etc.,. All these lead to high operational costs and ultimately these costs need to be borne by the customers only. On the other side all companies have not been able to turn a profit yet due to the high operational costs.
  - **Quality Issues:** In q-commerce, speed delivery being the first priority, ensuring for the product quality can be a challenge.
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- **Problems due to heterogeneity of market:** Managing supplies and inventory to ensure swift delivery is a difficult and challenging task in India due to the diversity in the consumer requirements, which vary significantly by religious beliefs, regional and locational disparities.
- **Fulfillment Challenges:** Attending hundreds of on-demand orders within a short period poses a significant challenge to the quick commerce operators and they require efficient processes, scalable infrastructure, and AI assisted technologies to turn the received order into a successful delivery.
- **Delivery Partner Selection:** Selecting the right delivery partners or maintaining one's own fleet of vehicles with human resources is one of the key factors that exert influence in the success of quick commerce business. Scrupulous evaluation is to be carried out to choose the right delivery partner so as to ensure reliability, speed and steadiness in the delivery process.
- **Sustainability Issues:** Concerns with regard to Sustainability of q-commerce has been raising gradually with the rise in the scale of q-commerce activities. With the rise in demand for fast deliveries, environmental concerns over the packaging waste, extent of carbon footprints (fulfilment of numerous small orders without having a concern for environment or optimal utilisation of resources) and safety issues of delivery personnel are becoming more pronounced.
- **Competition:** The q-commerce space is becoming crowded, with the entry of multiple operators as well as the large e-commerce giants. Therefore the competition among the several players is getting intensified.
- **Restricted Product Offering:** Q-commerce businesses usually rely on small, localised dark stores for stock keeping which can hardly accommodate around 2,000 products. Availability of limited assortment of products in q-commerce model reduces the possibility for increase in the sales volume and scale of operations.
- **Operational Hazards:** q-commerce faces many hazards such as inaccurate GPS location, Traffic congestions, riding risks on the narrow roads which are beyond the control of the q-commerce operators.
- **Limited Scope for expansion:** Q-Commerce model works better in Urban areas where population is dense and demand for instant goods (groceries, medicines, etc.) is high. Hence, the scope for expansion of q-commerce activities beyond the major cities and tier I cities is very much limited.
- **Big threat to traditional Kirana stores:** Development of q-commerce is posing threat to the survival of traditional brick and mortar kirana stores. But as a via media, q-commerce businesses may consider partnering with local stores instead of maintaining their own dark stores. This via-media approach is capable of changing the economic outlook for both the sectors by helping



the q-commerce businesses on one side to reduce the costs and to balance profitability and customer expectations and on the other side protecting the traditional retail set up from extinction.

### **Status of Indian Q-commerce Sector:**

India has witnessed an explosive growth in the q-commerce sector over the past few years and it is evidenced by the fact that q-commerce services accounted nearly two thirds of all e-grocery orders in 2024. As per the Mordor Intelligence Report, the value of Indian q-commerce in the year 2024 is approximately \$ 3.34 Billion and is projected to reach \$ 9.95 Billion by 2029. According to Redseer report, Indian Q-commerce market has grown at a lightening pace of 74% during 2024, which is of five times of e-commerce growth (registered as 14%). Some of the factors behind this impressive growth are:

- In the year 2024 average monthly transacting users (MTU) grew by 40% in F.Y 2024
- Monthly ordering frequency of users has risen to nearly 6 times in F.Y 2024 from 4.4 in F.Y 2021.

Redseer projected a 75-85% growth in q-commerce market in the F.Y 2025. A detailed look of the top five Indian q-commerce players is as follows:

#### **Blinkit:**

Blinkit, which is formerly familiar as Grofers was founded in 2013 has become pioneer in express grocery delivery and currently operates in over 30 Indian cities. In 2022 it was acquired by food delivery giant Zomato. Blinkit owns the largest share i.e., 45-46% in India's q-commerce market during the F.Y 2024.

#### **Zepto:**

Zepto, a young and fast growing q-commerce start up which was founded in the year 2021 has turned up as one of the top quick commerce players within a short span of time. It has managed to capture nearly 25-30% of share in India's quick-commerce market.

#### **Swiggy Instamart:**

Swiggy, India's largest food delivery platform has launched Swiggy Instamart in the year 2020 to provide q-commerce services. As of 2024, Instamart managed to secure 25-27% of q-commerce market and thus placing it among the top three q-commerce players in India. Swiggy Instamart has become a formidable player in Indian q-commerce arena because of the leverage of Swiggy's extensive delivery fleet and expertise.

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### **BB Now:**

Big Basket an online grocery store has extended its purview of operations to quick-commerce segment through BB Now. BB Now which has Tata's backing has extended its services to over 40 cities across India. By blending the convenience of instant delivery with broad goods catalogue, BB Now has consolidated its position as one of the top quick-commerce companies in India with a notable market share of 7%.

### **Dunzo Daily:**

Dunzo was founded in 2014 as an e-commerce company to deliver goods as well as services. In 2021 it expanded into quick-commerce with the name Dunzo Daily to deliver essentials and household items within 19 minutes. Dunzo got shut down in January, 2025 due to financial mismanagement, Intense competition and operational challenges.

Competition in the Indian q-commerce industry will get intensify with the entry of e-commerce giants Amazon with Amazon Tez and Walmart owned Flipkart with Flipkart-minutes into q-commerce segment. The entry of these two giant e-commerce operators which were backed with significant financial and technological resources , established customer bases, massive distribution network is sending alarm signals to the existing pure q-commerce players in the market, which are not yet profitable.

### **Q-Commerce Statistics**

<b>Metric</b>	<b>Blinkit</b>	<b>Zepto</b>	<b>Swiggy Instamart</b>	<b>BB Now</b>	<b>Dunzo Daily</b>
<b>Founding Year</b>	2021	2021	2014	2011	2015
<b>Shut Down Tear</b>	---	---	---	---	2025
<b>Market Share %</b>	45-46	25-30	25-27	<10	<10
<b>No. of Dark stores</b>	526	350	200	150	100
<b>Average Daily orders</b>	250000	150000	200000	<80000	100000
<b>No. of cities</b>	26	12	18	<40	15

**Source: Mordor Intelligence**



## Potential Solutions

- **Streamlining Operations:** Striking a balance between the delivery time and delivery costs is very much needed for sustainability of q-commerce services. For the long-term sustainability the q-commerce companies need to contemplate over the cost implications too along with commitment to deliver fast. They have to focus on reducing the delivery costs by optimising the delivery routes, consolidating a few micro orders etc.,.
- **Adoption of advanced Technology:** Adoption and application of advanced technology is very much needed in the fields of demand forecasting, processing of orders and safe payment systems. Artificial Intelligence services may be utilised to predict the stock requirement and thus over or under maintenance of stock can be avoided.
- **Initiating welfare measures for work-force:** Ensuring Just pay structure, flexible delivery schedules, Incentives on reaching targets, providing insurance coverage for riders etc., will have enormous impact on the morale of the gig-economy workers and it ultimately helps to reduce the worker turnout ratio.
- **Focus towards sustainable pricing models:** Due to heavy competition q-commerce companies are now trying to consolidate the customer base by offering heavy discounts, free delivery service etc.,. For the survival and continuance of q-commerce operations, adoption of sustainable practices such as providing free deliveries only to subscribed customers and linking the discounts to the size of the order etc., is very much needed. Adopting Predatory pricing strategies should be shunned.

## Conclusion:

Even though Quick Commerce has revolutionized the Indian retail space by becoming an indispensable and valid means for urban consumers, particularly to tech-savvy millennials and Gen Z people, it can only be viewed as a complimentary solution but not as an outright replacement of traditional brick and mortar retail system, as of now. In spite of challenges such as no or low profitability, inadequate logistical support, intense competition being faced by the q-commerce industry, it has vast potential for huge growth with the availability of untapped markets to venture into. Projections by various agencies also indicate the possibility for vast growth in the coming years. The decline of Q-commerce in the U.S. demonstrated that Only companies with adaptable business models rather than relying solely on rapid delivery have managed to survive, while pure Q-commerce players have largely faded out. Therefore, from the U.S. experience, Indian q-commerce players have to understand the various operational dynamics such as speed, profitability, reliability, employee welfare etc., and have to strike a balance among all the factors to succeed in this evolving industry. With the exit of Dunzo Daily, India's booming quick-



commerce sector, registered a major casualty. This unforeseen happening can be considered as a sign of alarm to all the stakeholders of q-commerce business, which is mainly thriving on investor funding and cheap labour. Ultimately, Success of q-commerce business may rest on gaining insights of customer needs and behaviour, managing inventory accordingly, optimising the operations, wisdom in choosing the sustainable business model which can strike a balance between the operational viability in terms of profitability and delivery speed.

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Quick Commerce Market In India Size, Share, Trends & Industry Outlook - 2030

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