

A Study on Emergence of Quick Commerce

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ABSTRACT

As the global landscape of commerce undergoes unprecedented transformations, Quick Commerce (Q-commerce) has emerged as a disruptive force, redefining the traditional retail paradigm. This research paper delves into the intricate facets of Quick Commerce within the context of the burgeoning Indian market.

The study aims to provide a comprehensive analysis of the Quick Commerce ecosystem, Its evolution, growth , key players, the challenges faced by retailers , grocers and e-commerce companies. Exploring the consumer's behavior in shaping the success of Quick Commerce platforms.

Furthermore, the paper examines the regulatory landscape and policy implications surrounding Quick Commerce, shedding light on the potential regulatory challenges and the need for a balanced regulatory framework to foster sustainable growth.

In conclusion, this research contributes valuable insights into the transformative power of Quick Commerce in India, offering stakeholders, policymakers, and industry players a nuanced understanding of the challenges and opportunities that accompany the rapid evolution of this dynamic sector. As India navigates the uncharted waters of Q-commerce, this research serves as a roadmap for strategic decision-making and policy formulation, paving the way for a more resilient and inclusive retail ecosystem in the digital age.

Chapter 1

INTRODUCTION

1.1 LITERATURE REVIEW

1. **Emerald insight Avil Saldanha , 8 August 2023** : Zepto faces backlash for its controversial 10-minute instant delivery service, criticized by influential figures and customers for potential risks to delivery partners' lives.
2. **The Seybold report, Anand Pawar** : Recent internet advances drive the surge in online food and grocery services, revolutionizing the industry through accessible online ordering. Despite Asia's sixth-largest grocery market, platforms like Swiggy, Zepto and Big Basket hold only 5-8% market share, as technology disrupts traditional mom-and-pop shops and attracts consumers with ease and convenience.
3. **Safer , Exploratory study, Mr Venkatesh Ganapathy1, Dr Chithambar Gupta ,19th September 2023** : Quick commerce delivery, marked by convenience and fast service, holds significant potential. Simplifying complexities and creative strategies can create a sustainable competitive advantage. Expansion of delivery times allows bundling orders for improved profitability. As the sector matures, market consolidation will empower key players, influencing quick commerce grocery delivery. Establishing strategic ties with traditional kirana stores can be beneficial for both. Learning from kirana stores, building customer trust is crucial for a positive experience

4. **Research gate, Mohammad Affan Akhtar and Md. Rashid Farooqi, October 2022** : In recent years, the convergence of technology and the COVID-19 pandemic has driven a significant shift in consumer behavior towards app-based grocery shopping. Factors such as technology awareness, widespread smartphone and computer usage, and the need for convenience amid the pandemic have propelled the global e-commerce industry's remarkable growth. Online shopping, once limited, now offers diverse products, doorstep delivery, and various payment options, fostering consumer trust. The pandemic further accelerated the preference for online grocery shopping, emphasizing convenience, time-saving, and safety.
5. **IIM Ahmedabad, Gauri Ranjekar Debjit Roy, March 2023**: In the past decade, e-commerce has surged in India due to changing consumer behavior and widespread internet access. The COVID-19 pandemic accelerated this trend, particularly in online grocery shopping. The quick commerce industry's growth reflects its dynamic nature. This paper reviews the industry's operating model, diverse business approaches, and emphasizes the importance of automating dark stores for efficiency. Challenges include long-term sustainability, calling for innovative models aligning with economic, social, and environmental goals. The industry's positive outlook requires optimizing the supply chain for agility and automation.
6. **IJRise Journals, Dr. P Madhan Kumar¹, Jeswanth , Joseph Vishwah , Dhanush Babu , Jinal Manani , November 2022**: Customers show a positive response to quick commerce, adapting to purchasing groceries through online applications. The study emphasizes the value of reviews and sentiment analysis for deriving business advantages. Quick commerce companies are advised to develop strategies aligned with customer needs to gain a competitive edge and secure market share.
7. **LOCUS** : Quick commerce faces challenges in fulfilling on-demand orders, selecting suitable delivery partners, ensuring timely deliveries within 60 minutes, and managing on-ground dynamics. Solutions involve logistics tech: automated order planning, efficient time slot management, cost-effective delivery routes, on-demand rider duties allocation, and real-time order tracking.
8. **Store.AI** : The escalating competition in ultrafast Q-commerce, spearheaded by companies poses a threat to traditional grocers. With rivals promising deliveries within 10-15 minutes, there's a risk of losing 40-50% of grocery trips. Grocers must adapt by leveraging technologies like MFCs, evolving processes, and enhancing efficiency. The challenge lies in balancing speed, profitability, and customer expectations. Strategies include keeping delivery fees low, adjusting product pricing, and adopting new technologies for efficiency and personalization. To prevent profit loss and consolidation in an oversaturated market, grocers must become independent, investing in automation, last-mile fulfillment, and innovative inventory strategies.
9. **Innovating on Inventory, Chitra Narayan, Meenakshi Verma Ambwani, 27th November 2023** : Zepto achieved its highest order volume on the World Cup final day, delivering 4-5 lakh orders. Quick-commerce platforms, like Blinkit, strategically adjust inventory for festivals, boosting sales for small D2C brands. Major FMCG firms, including MTR, Nestle, and Dabur, report significant growth in quick-commerce, with Blinkit being as crucial as Amazon for Nestle. Humanify's research reveals a shift towards delivery apps for gifting during festivals, indicating the rising prominence of instant commerce in India.
10. **MORDOR Intelligence** : The Q-Commerce market in India is categorized based on product type , company type , and region . The report provides market size and forecasts in USD Million for each segment within the Q-Commerce industry in India.

11. **Store Hippo Apr 05, 2022** : India's disruptive Quick Commerce companies, including Zepto, BlinkIt, Dunzo Daily, Swiggy Instamart, and BigBasket, showcase successful strategies and robust ROI through the rapid delivery business model.
12. **12.Forbes , Komal Nanwani Ankit Raj, Ganesh N Prabhu, December 26,2022**:Quick-commerce leaders like Zepto prioritize 10-minute delivery from dark stores, utilizing technology for efficient operations. Challenges include customer expectations and usability, suggesting the need for continuous innovation.
13. **Business Line, Meenakshi Verma Ambwani, September 25 , 2023**: FMCG companies, including Dabur and Nestle, are heavily investing in quick commerce channels like Blinkit, Zepto, and Swiggy Instamart. Anticipating 25-30% e-commerce sales from quick commerce platforms by FY 25, companies note evolving consumer habits favoring instant online shopping for both impulse and planned purchases.
14. **LinkedIn, Atharv Singh,, October 3, 2023**: India's Quick Commerce Market is set to grow at a 67% CAGR (2023-28). The report by MarkNtel Advisors covers market dynamics, size, segmentation, and key players like Swiggy Instamart and Zepto. Instant delivery is driving market growth.

1.2 OBJECTIVES OF THE STUDY

- To study the emergence of Quick commerce in India.
- To study the challenges faced by Quick commerce.
- To study the challenges faced by the local grocers.



1.3 RESEARCH METHODOLOGY

The research in this particular project was done to collect information on how grocers, Quick commerce are facing challenges in India and the emergence of Q-Commerce in India.

Research is a methodical and organized approach to collecting, documenting, and examining information with the aim of supporting business decision-making. It encompasses a patient and scientific exploration, where the researcher meticulously scrutinizes data to uncover comprehensive insights on the subject.

Secondary information refers to pre-existing data that is not generated by the conducting organization. This type of data is gathered by an entity unrelated to the current research but collected for a different purpose in the past. When a researcher utilizes such pre-existing information, it transforms into secondary

data for the present investigation. This practice not only conserves time, effort, and resources but also enhances the overall value of the research.

The **Primary information** is taken by an interview of 10 Local Grocers and the responses are recorded on the basis of the problems and their effective solutions used by the grocers.

1.4 LIMITATIONS OF THE STUDY

The following limitations were imposed during the study.

1. Secondary data included herein has been taken from the World Wide Web. Since such information is not considered 100% accurate, biasness or inaccuracy in the particular website may result in faulty conclusions.
2. The extensive scope of the project, coupled with time constraints, has limited the in-depth exploration of the topic.

However, I have tried to take all possible measures to ensure that these limitations do not become a hindrance in bringing out the true meaning of the concerned topic. The study has been performed with due acknowledgement to all the limitations, the avoidance of which was beyond my control.

Chapter 2

CONCEPTUAL FRAMEWORK

2.1 INTRODUCTION

In recent times, the convergence of technological advancements, the global impact of the COVID-19 pandemic, and the resultant paradigm shift in consumer behavior have played a pivotal role in steering individuals towards purchasing groceries through app-based platforms offered by retailers and stores. The surge in online grocery shopping can be attributed to heightened technological awareness, increased accessibility to high-speed internet, and the profound influence of the COVID-19 pandemic. As a consequence, customers have transitioned from traditional offline or retail store shopping to the convenience of online app-based procurement for their everyday necessities, particularly groceries.

Factors contributing to this shift include the widespread availability of smartphones and personal computers, a strategic emphasis by grocery retailers on digital channels to expand market share, and a growing consumer preference for convenience and time-saving solutions. The acceleration of the e-commerce industry can be attributed not only to the rapid spread of the COVID-19 virus but also to the evolution of mobile Internet technology and the accelerated acceptance of online shopping technologies by consumers (Hossain et al., 2020).

Previously, online shopping was confined to specific market segments, limited product categories, and a select clientele. However, contemporary online shopping platforms now offer a comprehensive range of products delivered to customers' doorsteps. The adoption of online payment methods, such as debit cards, credit cards, and UPI payments, gained momentum, facilitated by the demonetization initiative in India. App-based companies further solidified consumer trust by offering incentives such as cashback and exclusive offers for online transactions, and many continue to provide the option of Cash on Delivery (COD) (Atkins et al., 2016).

The dynamics of online grocery shopping underwent a significant transformation during the COVID-19 pandemic and subsequent lockdowns. With consumers avoiding physical stores due to safety concerns and stringent government regulations, online grocery shopping experienced a substantial surge in demand. Even after the lockdowns were lifted, consumers retained their preference for the convenience, time

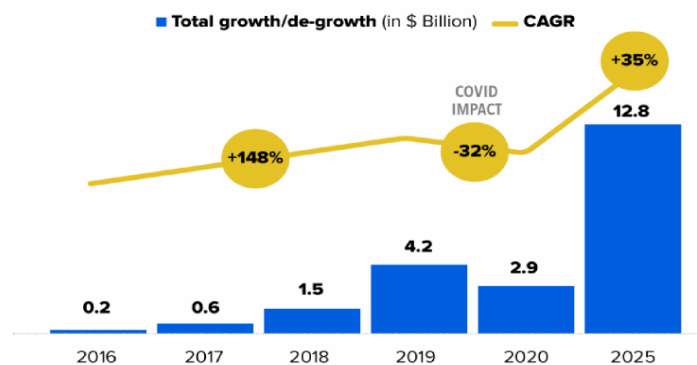
savings, and safety offered by online or app-based grocery shopping. This shift was particularly notable in locations where online grocery services were available.

Advancements in internet technology have further propelled the growth of online food and grocery services. Consumers now have the capability to effortlessly search for, compare, and access these services online. The food industry, in particular, has witnessed a revolution through online ordering, transforming the traditional restaurant business and providing unparalleled convenience globally. The advent of technologically advanced online meal ordering systems has altered the culture of restaurants, offering a new level of comfort and efficiency.

The ease of ordering meals and groceries through smartphone applications has led to a notable shift in market share from traditional "kirana" or mom-and-pop shops to organized online platforms like Swiggy, Blink It, Zepto, and Big Basket. Despite the significant growth observed in the online food and grocery sector, it currently represents only a modest percentage (5-8 percent) of the overall market share in the food and grocery industry.

The rapid evolution of e-commerce, driven by emerging technologies, has been a key contributor to the growth of online grocery and food ordering services. This trend has been evident not only during the pandemic but also in the years leading up to it. The proliferation of advanced mobile applications has played a pivotal role in enhancing the ease and accessibility of online ordering and delivery of groceries and food items.

Graph showing the total Income estimated to be earned by the Delivering Industry



Source: www.Redseer.com

According to data from Statista, the financial impact of online grocery and food ordering in the U.S. is substantial, with an estimated value of about 4.8 billion U.S. dollars. This figure is projected to increase to 9.7 billion dollars by the fiscal year 2025, largely driven by the enduring effects of the COVID-19 pandemic.

In summary, the confluence of technological advancements, the COVID-19 pandemic, and changing consumer preferences has propelled the online grocery and food industry to unprecedented heights. The convenience, safety, and efficiency offered by app-based platforms have reshaped the landscape of traditional shopping, with a significant impact on both consumer behavior and the overall market dynamics.

2.2 QUICK COMMERCE IN INDIA

India's fast-moving consumer goods (FMCG) market is experiencing significant growth driven by various factors:

- 1. Emergence of Start-ups:** New businesses are entering the market, backed by substantial investments, intensifying the competition in the industry.
- 2. Urbanization and Busy Lifestyles:** The rapid urbanization of societies and increasingly hectic lifestyles contribute to the surge in demand for quick commerce solutions.
- 3. Digital Transformation:** The growth of internet accessibility, affordable data plans, and advancements in smartphone technology are fostering the digital evolution, facilitating the expansion of quick commerce.
- 4. Increased Discretionary Spending:** Middle and higher-income groups are witnessing a rise in discretionary spending, further boosting the demand for convenient and time-saving shopping options.
- 5. Consumer Convenience:** There is a growing consumer preference for the convenience of ordering groceries from the comfort of their homes, with doorstep delivery becoming a key expectation.

The Mc Kinsey Report of 2022 highlights India's remarkable digital progress, with half a billion internet subscribers enhancing information access. Online grocery services offer benefits such as customized product assortments, price comparisons across platforms, and the convenience of doorstep deliveries.

The choices provided by online grocery services significantly influence consumer behavior and interactions with brands. Globally, the online grocery market witnessed a 37% increase in 2022. In India, the grocery market, valued at \$620 billion, exhibits a divide between urban and rural areas, with potential for expansion into Tier 2 and 3 cities, towns, and villages.

Red Seer Consultancy estimates that kirana stores in India constitute 95% of the grocery market, while supermarkets hold a mere 4%. Quick commerce businesses have seen substantial growth, impacting traditional kirana stores, raising concerns from a societal standpoint. The estimated addressable market size for quick commerce is around \$49 billion globally, with the Indian market projected to reach \$5 billion by 2025, up from \$0.3 billion in 2021 (as per a 2022 Red Seer Consulting Report).

The Indian grocery sector attracted approximately 70% of global investments in 2020, excluding mergers and acquisitions. Notable developments include Flipkart's acquisition of Walmart India Wholesale and Reliance's acquisition of the subscription-based micro-delivery platform Milk Basket. Reliance Retail, with Jio Mart and the Kirana ecosystem, has strengthened its Direct to Customer offerings, while D Mart Ready by D Mart allows for online shopping and home delivery, complemented by specific pick-up points.

2.3 CONSUMER BEHAVIOUR TOWARDS Q-COMMERCE IN INDIA

IIM-Bangalore initiated a survey to assess customer sentiments regarding Quick Commerce (Q-commerce) and understand their expectations. While customers expressed enthusiasm for swift deliveries, the impact of delivery charges influenced their purchasing decisions. In a Bangalore survey focusing on consumers' responses to Q-commerce, the results indicated that 58% preferred Swiggy Instamart, 17% favored Blink It, 14% chose Zepto, and 11% opted for Big Basket. Users emphasized the importance of a smooth, quick, logical, and secure Q-commerce process, along with a desire for real-time progress updates and precise tracking information.

Local Circles conducted a survey in India, revealing the following insights:

1. The majority of Indian consumers purchasing groceries online prioritize convenience over speed. They are willing to wait for a few hours or even a day for delivery but are reluctant to pay additional delivery charges.
2. Only a minimal 3% of household consumers are willing to pay a delivery fee for groceries to be delivered within half an hour, indicating a strong aversion to such charges.

3. In the last two years, India witnessed the rise of various Q-commerce platforms like Swiggy Instamart, Blinkit, Dunzo, Big Basket Now, and Zepto. These platforms have gained prominence by promising grocery deliveries within an average 30-minute timeframe. However, despite their success, the Q-commerce delivery model is acknowledged as a work in progress, suggesting ongoing refinements and improvements in the industry.

2.4 Q-COMMERCE APPLICATIONS IN INDIA

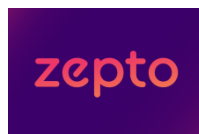
Quick Commerce (Q-commerce) applications have transformed the e-commerce landscape, as outlined in the Forbes report titled "Quick Commerce: An Ever-Changing E-Commerce Prospect" by Amit Samsukha, Director & CTO at EmizenTech, an adept e-commerce consultant specializing in IT infrastructure enhancement. The leading players in the Q-commerce realm include:

a. Blinkit



(formerly Grofers): Blinkit, formerly known as Grofers, redefines online shopping by providing instant access to essential items, ensuring customers receive what they need before even lacing up their shoes. Blink Commerce Private Limited operates Blinkit, distinct from GROFFR.COM, a real estate services company. The focus is on freeing consumers from daily necessities, allowing them to concentrate on more significant goals.

b. Zepto:



Zepto, named after the smallest unit of observable time in physics, prioritizes speed. Whether surprising clients with 10-minute deliveries or expanding nationwide, Zepto challenges preconceived notions and introduces novel concepts in the pursuit of efficiency.

c. Swiggy Instamart:



Swiggy Instamart, branded as "INSTAMART - Instant Grocery Delivery," is a Swiggy-powered service providing groceries to homes within 15 to 30 minutes. Catering to midweek runs, last-minute needs, and midnight desires, Swiggy Instamart covers a wide range of products from snacks and beverages to fruits, vegetables, and household essentials.

d. Big Basket:

Bigbasket.com simplifies grocery shopping, offering a laid-back approach to browsing and purchasing food. It allows users to shop for all their food and grocery needs conveniently from home or office, eliminating the hassles of traffic, parking, and waiting in lines. With a diverse range of items available online, Big Basket ensures a seamless shopping experience.

e. Dunzo:

Dunzo transforms the urban lifestyle by providing a platform to buy, move items, and access the city efficiently. The app connects users with the nearest delivery partner who can handle purchases, pick up items from restaurants or stores, and deliver them promptly. In a city where time is limited, Dunzo simplifies tasks like shopping and deliveries, making them more accessible even in the midst of a busy schedule.

2.5 FUTURE OF Q-COMMERCE STARTUPS IN INDIA.

As the fervor for secure and ultra-fast grocery delivery has subsided significantly, there's speculation about the fate of the quick commerce (Q-commerce) bubble in 2024. However, retail experts argue that the demand for instant home delivery, born out of the convenience it offers, will persist, preventing the complete disappearance of the Q-commerce market. Factors such as India's shifting demographics and the subsequent increase in income levels may alleviate the cost constraints that have hindered the sector's growth.

With most of the India's population falling within the crucial 15-59 age group until 2030, the surge in income is expected to propel millions of households into middle-class consumption, a target for Q-commerce platforms. In this context, industry players might find it feasible to introduce packaging and delivery charges, reducing discounts and freebies to strike a balance between costs and earnings.

To enhance viability and attractiveness, Q-commerce platforms are exploring various strategies. Ad monetization has become a focus, with platforms promoting numerous brands to captive audiences for optimal results. Blinkit's CEO, Albinder Dhindsa, is steering business growth through service diversification, venturing into at-home handyman services akin to Urban Company, starting with electricians, plumbers, and AC repair specialists.

Despite the challenges posed by crowded metros and the inherent low gross margins and high delivery costs of Q-commerce, the exponential growth in online shopping and digital payments has propelled the sector forward. Research firms predict robust growth, with a Deloitte report estimating a \$40 billion

market by 2030, up from \$2 billion in 2022, and MarkNtel projecting a Compound Annual Growth Rate (CAGR) of around 67% for Indian Q-commerce during 2023-28.

For sustained success, industry players must focus on processing more orders, optimizing product assortment, ensuring efficient deliveries, and offering unique value propositions that encourage customers to continue shopping. Lessons from the challenges faced by Dunzo and Instamart serve as valuable insights, emphasizing the importance of navigating scalability issues and avoiding pitfalls. Additionally, quick commerce players in the grocery delivery space will face strong competition from ONDC (Open Network for Digital Commerce), providing a formidable alternative as kirana stores and retailers of all sizes can join the network to offer direct delivery services to their customers.

Chapter 3

ANALYSIS

3.1 CHALLENGES FACED BY LOCAL GROCERS AND THEIR SOLUTIONS

1. Intensified Competition in Quick Commerce:

The landscape of quick commerce is witnessing a surge in competition from both traditional grocers and emerging rapid delivery companies. Notably, a new wave of entities is adopting dark store models, operating in compact spaces in urban centers, ensuring delivery within a remarkable 10-minute timeframe. This trend poses a potential threat to traditional grocers, pledging deliveries within 10-15 minutes. Retailers are now engaged in a fierce competition to offer swifter services, improved selections, and competitive pricing.

The challenge for grocers lies in evolving their technology and processes to adapt to changing consumer needs, utilizing Micro-Fulfillment Centers (MFCs), and implementing strategies to enhance efficiency, increase average order value, and boost revenue.

2. Profitability Challenges in the Race for Cheap and Fast Q-commerce:

As grocers strive to dominate the ultra-fast grocery delivery space, they face a race-to-the-bottom pricing model that may lead smaller retailers towards bankruptcy. The competitive landscape, marked by daily challenges, puts a strain on profitability. Notably, a significant portion of grocery CEOs, prioritize achieving profitability in e-commerce. Meeting customer expectations while ensuring profitability is a monumental challenge in digital grocery, given its higher costs compared to traditional store visits. To navigate this, strategies include keeping delivery fees low, marking up select products, and exploring alternative methods for profitability. This approach challenges the conventional notion of customers being "price-sensitive" and encourages grocers to reconsider price parity across channels.

Grocers need to leverage technology, like the e-commerce and fulfillment solution provided by the upcoming and established artificial intelligence, to optimize fulfillment processes, increase basket values, enhance customer satisfaction, and improve overall profitability. Various pricing strategies, such as premium rate deliveries, low or no delivery fees, batch deliveries, rewarding larger basket sizes, subscription models, and flexible payment options, should be explored to cater to diverse customer groups.

3. Building a Sustainable Business Model in Quick Commerce:

While the quick commerce trend is enticing, it is crucial for grocers to formulate a long-term strategy to avoid pitfalls. The market is currently saturated with players, expanding to over thousands of cities and acquiring additional delivery companies. The oversaturation in the market, coupled with profit challenges, suggests an inevitable industry consolidation. Quick-commerce firms might transition from no or low delivery fees to more "reasonable" fees to ensure profitability.

Grocers must carefully consider outsourcing in a low-margin environment and invest in automation for picking, last-mile fulfillment partnerships, and efficient route-based delivery. Rethinking inventory and distribution strategies, such as utilizing hub stores, balancing inventory across stores, and aligning demand planning with digital orders, is essential. Retailers are advised to build their own rapid solutions, emphasizing independence and thoughtful consideration of existing digital channels. Ultimately, a strategic and independent approach is vital for grocers to navigate the dynamic landscape of quick commerce, preventing profit loss and potential consolidation.

3.2 CHALLENGES FACED BY QUICK COMMERCE

1. Fulfillment Challenges:

Meeting the demand for hundreds of on-demand orders poses a significant challenge in the quick commerce landscape, requiring efficient processes, scalable infrastructure, and strategic fulfillment solutions to ensure customer satisfaction.

2. Delivery Partner Selection:

Selecting the right delivery partners is a critical aspect of quick commerce success. The process involves meticulous evaluation to ensure reliability, speed, and alignment with the brand's commitment to timely and efficient deliveries.

3. Punctual Deliveries within 60 Minutes:

Ensuring on-time deliveries within the 60-minute timeframe is a key challenge in quick commerce. Meeting this stringent deadline demands precision in logistics, route optimization, and coordination, emphasizing the need for streamlined and agile operational processes.

4. Managing On-Ground Dynamics:

Tackling on-ground dynamics, including traffic, weather, and unforeseen obstacles, is an inherent challenge in quick commerce. Successful navigation of these variables requires strategic planning, real-time monitoring, and adaptive solutions to maintain the promised delivery timelines.

3.3 HOW TO OVERCOME CHALLENGES FACED BY Q-COMMERCE

1. Automated Order Planning and Execution:

Utilize logistics technology to automate order planning and execution, streamlining the supply chain. This enhances efficiency, reduces errors, and ensures a seamless flow from order placement to fulfillment in quick commerce operations.

2. Convenient Time Slot Management:

Implement logistics tech for convenient time slot management, allowing customers to choose optimal delivery windows. This enhances customer satisfaction, optimizes resource allocation, and improves overall operational efficiency in the quick commerce supply chain.

3. Smart and Cost-Effective Delivery Route Planning:

Employ logistics technology for intelligent and cost-effective delivery route planning. This minimizes transit times, reduces fuel costs, and enhances overall logistics efficiency in the quick commerce supply chain, ensuring timely and economical deliveries.

4. On-Demand Allocation of Duties to Riders:

Use logistics tech to dynamically allocate duties to riders based on demand, optimizing workforce utilization in real-time. This flexible approach improves response times, manages peak demand efficiently, and adapts to changing conditions in the quick commerce supply chain.

5. Real-Time Tracking of Orders:

Integrate real-time order tracking through logistics technology. This feature enhances visibility, allowing for proactive monitoring, quick issue resolution, and improved communication with customers, ensuring transparency and reliability in the quick commerce supply chain.

3.4 PRIMARY RESEARCH

Interview questions and their answers by the local grocers. (10 of the local grocers were interviewed in the DELHI NCR Region)

1. How would you rate the level of competition in the quick commerce for your grocery business, considering both traditional grocers and emerging rapid delivery companies?

The competition in the quick commerce sector has intensified with both traditional grocers and emerging rapid delivery companies. It's a challenge to keep up, but holding ground with personalized service and understanding of local preferences.

6 of the grocers stated that they face extreme levels of competition from super stores and the Q-Commerce applications while 4 of them had no effect of Q-Commerce on them.

2. In the race for cheap and fast Q-commerce, how challenging do you find it to maintain profitability?

Striking a balance between affordability and speed is indeed a challenge. Strive to maintain profitability by optimizing the supply chain, negotiating with suppliers, and focusing on high-demand items that resonate with customers.

7 of them face quite a lot of challenges in maintaining profitability, they have minimal profit margins.

3. Are you currently utilizing dark store models or considering adopting them to compete in the quick commerce sector, ensuring delivery within a 10-minute timeframe?

Evaluating the feasibility of adopting dark store models to enhance delivery capabilities. While ensuring a 10-minute delivery timeframe is ambitious, aiming to adapt to changing customer expectations without compromising quality.

None of the local grocers interviewed adopted any such model.

4. What strategies do you employ to balance meeting customer expectations and ensuring profitability?

The strategy involves closely listening to customers, tailoring product selection to their needs, and optimizing operations for efficiency. Believing that a satisfied customer is a repeat customer, contributing to long-term profitability.

Almost 9 of the grocers are trying to engage customers by offering them delivery services and tailoring products to their needs.

5. How do you perceive the role of technology, such as e-commerce and solutions powered by artificial intelligence, in increasing overall profitability?

Embracing technology is crucial for survival. Exploring e-commerce solutions and AI-powered tools to streamline inventory management and enhance the overall customer experience, which believe will contribute to increased profitability over time.

6. Are you exploring alternative pricing strategies, such as premium rate deliveries, low or no delivery fees, subscription models, and flexible payment options, to diverse customer groups?

Yes, exploring various pricing strategies. From premium rate deliveries for urgent orders to subscription models for loyal customers, open to adapting pricing to cater to diverse customer groups while ensuring sustainability.

All 10 of the grocers are using flexible payment methods , UPI Transactions, Cash etc.. While 9 of them offer free delivery.

7. How do you plan to meet potential challenges related to profit loss?

Meeting profit challenges requires agility and adaptation. Diversifying product offerings, exploring partnerships, and continually reassessing operational efficiency to stay ahead of potential profit losses.

8. How actively are you investing in automation for picking and efficient route-based delivery?

Automation is a significant focus. Investing in automated picking processes and efficient route planning is essential to keep up with the pace of quick commerce. It not only improves speed but also helps in reducing operational costs in the long run.

3 of the local grocers have the dedicated delivery person who is very efficient in terms of timely and efficient delivery.

9. How are you rethinking inventory and distribution strategies to align with the demands of digital orders, including the use of hub stores and balancing inventory across different locations?

Rethinking inventory and distribution are an ongoing process. Considering hub stores to optimize delivery routes and are working on balancing inventory strategically across different locations to cater to the rising demand for digital orders.

10. Do you prefer building your own rapid solutions, choosing independence, or considering outsourcing in a low-margin environment?

While building own rapid solutions aligns with independence, open to strategic partnerships and outsourcing in certain areas where it makes sense. It's a delicate balance, and exploring options that will help navigate the challenges of a low-margin environment.

Chapter 4

RECOMMENDATIONS

1. Automated Order Planning and Execution:

Objective: Improve efficiency, minimize errors, and ensure seamless quick commerce fulfillment.

Benefits: Streamlining the order process, reducing the likelihood of mistakes, and enhancing the overall fulfillment process through automation.

2. Convenient Time Slot Management:

Objective: Elevate customer satisfaction, optimize the allocation of resources, and enhance operational efficiency.

Benefits: Allowing customers to choose convenient delivery time slots, optimizing the use of resources, and improving overall operational effectiveness.

3. Smart and Cost-Effective Delivery Route Planning:

Objective: Minimize transit times, reduce fuel costs, and ensure economical deliveries.

Benefits: Optimizing delivery routes to reduce the time taken for deliveries, lowering fuel costs, and ensuring cost-effective and efficient order shipments.

4. On-Demand Allocation of Duties to Riders:

Objective: Optimize the workforce in real-time, improve response times, and adapt to changing conditions.

Benefits: Dynamically assigning tasks to riders based on real-time demands, enhancing response times, and efficiently managing the workforce in a flexible manner.

5. Real-Time Tracking of Orders:

Objective: Ensure transparency, proactive monitoring, quick issue resolution, and improved communication.

Benefits: Providing real-time visibility into order status, facilitating proactive issue resolution, and improving overall communication between all stakeholders involved in the delivery process.

Chapter 5

CONCLUSION

1. **Optimizing Complexity:** Simplifying operations and adopting creative strategies to manage complexities is key.
2. **Strategic Consolidation:** Market consolidation is anticipated, favoring a select few in the quick commerce grocery delivery space.
3. **Sustainable Profitability:** In the low-margin grocery business, a sustainable and profitable model is imperative for positive cash flows.
4. **Strategic Collaborations:** Navigating competition with kirana stores requires establishing strategic ties for a mutually beneficial outcome.
5. **Customer-Centric Approach:** Learning from kirana stores, quick commerce providers should prioritize building enduring customer relationships based on trust.
6. **Mitigating Cannibalization Concerns:** While concerns about cannibalization exist, the situational nature of quick commerce diminishes this possibility.
7. **Market-Specific Strategies:** Success in India's diverse market demands understanding unique demographics and significant investments in technology and inventory.
8. **Key Success Factors:** Precise pricing, location-dependent operations, and judicious investments are pivotal for triumph in quick commerce grocery retail.

Chapter 6

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