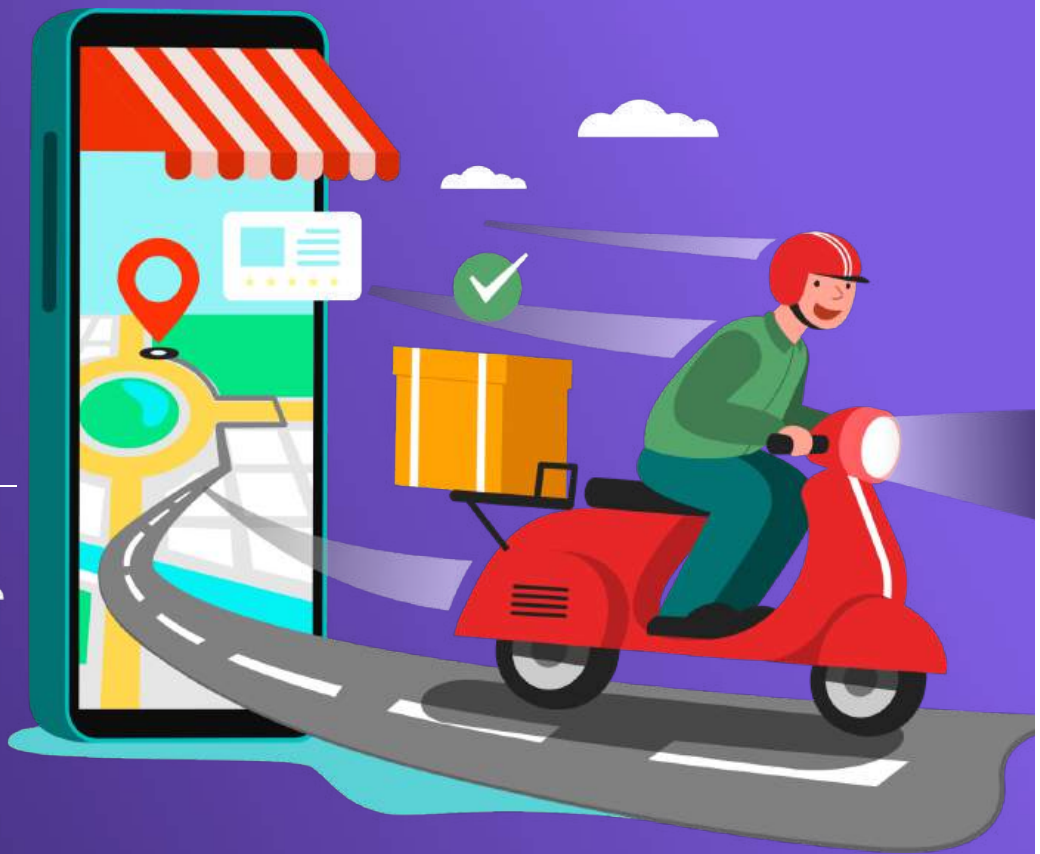
State of Quick Commerce Market, 2024

Impact on Kirana Stores



About This Report

As the retail landscape in India undergoes a rapid transformation, the rise of quick commerce platforms has been a topic of much discussion and concern, particularly regarding its impact on traditional Kirana stores. In this report, we delve into the effects of this digital disruption on these small businesses that have long been the backbone of local communities across the country.

Our primary objective behind this report was to shed light on the significant challenges faced by Kirana stores in the wake of the rapid rise of quick commerce platforms.

Our aim in compiling this report was not only to raise awareness about pressing issues but also to encourage collaboration and dialogue among all parties involved—from Kirana store owners and quick commerce platforms to consumers and policymakers.

Table of Content

Executive Summary

- Quick commerce **mimics** the purchase behavior of Indian consumer on Kirana stores
- Quick commerce offers **better pricing** than traditional retail by removing multiple intermediaries between FMCG companies and the buyer
- Blinkit and other quick commerce players are growing faster than modern grocery retailers
- Quick commerce **preferred** method for buying groceries online
  - 10-Minute delivery preferred choice for buying grocery compared to scheduled delivery
  - Quick commerce platforms are **cheaper** than Kirana store across categories
- Quick commerce is **no longer limited to top-up** and unplanned purchases
  - **75%** online grocery buyers saw a jump in unplanned purchase in the last six months
  - Nearly 53% of buyers place more than 5 orders monthly on quick commerce
  - Nearly 67% of buyers have an average order value of more than ₹400 on quick commerce
- **Impact on kirana stores**
  - 46% quick commerce buyers reduced buying from kirana shops
  - Over 82% of buyers have moved at least 25% of kirana purchases to quick commerce
  - 5% respondent stopped buying from kirana Shops
  - $1.28 Billion of kirana sales expected to move to quick commerce in 2024
  - This accounts for 21% of sales on quick commerce platforms in 2024

Research Methodology

Online Consumer Survey

- **Research Objective**: To understand the buying behaviour of online grocery buyers with a focus on quick commerce
- Duration: October, 2024
- Online survey conducted 3,000 online adults across 10 cities in India in the festive month
- Cities Covered - Delhi-NCR (Delhi, Gurgaon, Noida), Mumbai, Bangalore, Hyderabad, Ahmedabad, Chennai, Kolkata, Pune

Expert Interviews

In-depth interviews with industry stakeholders and experts including quick commerce players, FMCG brands, logistics, payments, modern retail partners and industry associations

Kirana Shop Owners

- Target Audience: Kirana shop owners who sell grocery, fruits and vegetables and general merchandise
- N= 300 kirana shop owners in 10 cities
- Duration: October, 2024
- **Cities Covered** - Delhi-NCR (Delhi, Gurgaon, Noida), Mumbai, Bangalore, Hyderabad, Ahmedabad, Chennai, Kolkata, Pune

Market Data

Market Data by Datum for Indian eCommerce and Quick Commerce market, company filings, broker reports and media reports

Datum
forecast

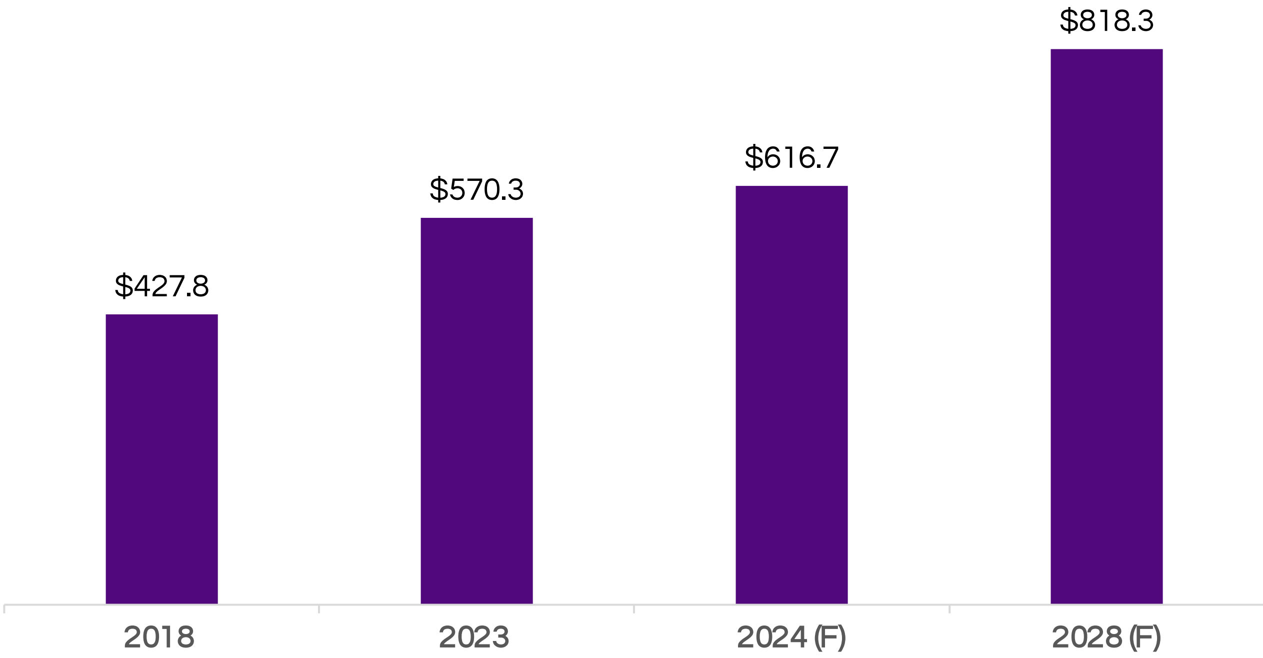
State of India Grocery Market, 2024

Section 1

www.datumintell.com

Grocery Sales to Reach $818.3 Billion by 2028 from $570.3 Billion in 2023

India Grocery Market By Sales 2023-28
(in $ billion)



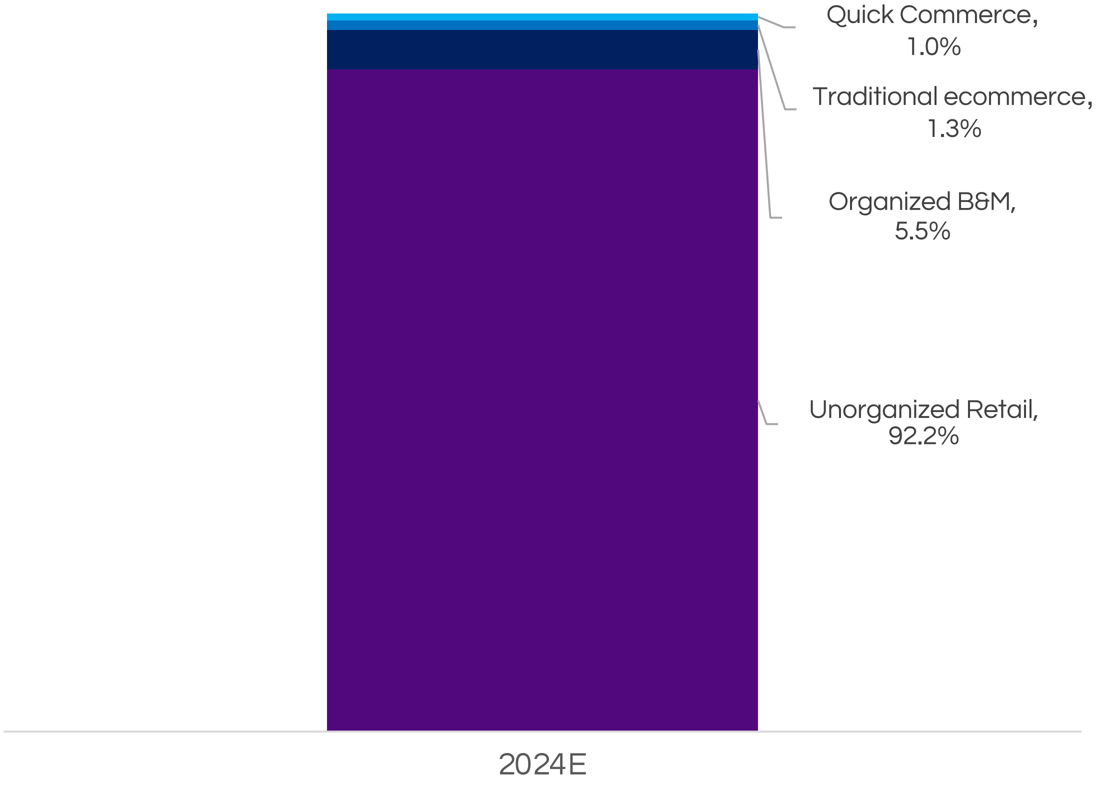
Key Insights

- Grocery largest category in Indian retail market
- Population growth, urbanization, and rising disposable incomes are driving the expansion of India's grocery sector
- Grocery market is expected to grow at a CAGR of 7.5% between 2024-28 adding ~$250 billion in sales

Source: Datum Analysis

Kirana Leading Sales Channel Followed by Organized Retailers

Grocery Market By Sales Channels, 2023
(in %)



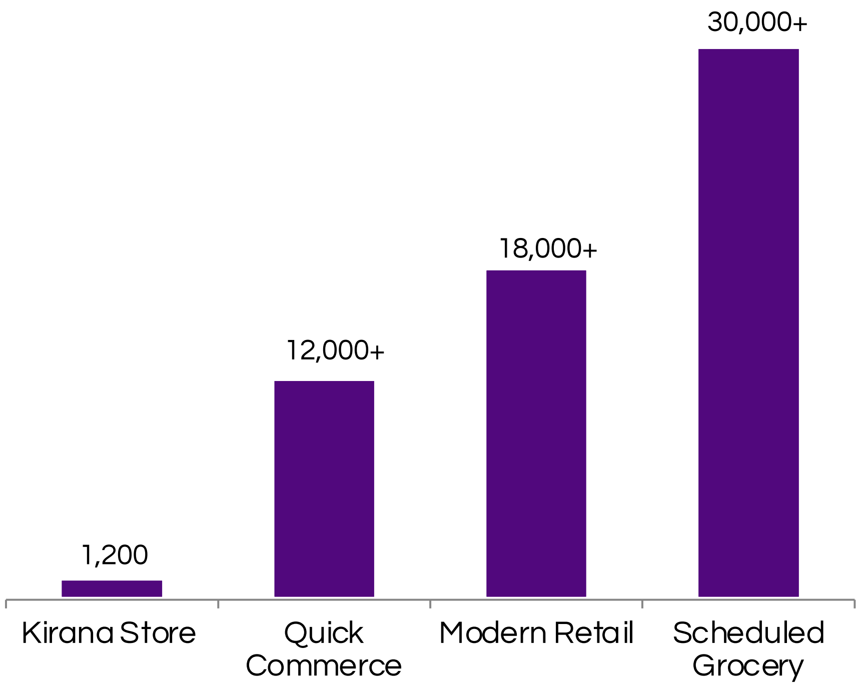
Key Insights

- As of CY2024, India's grocery market is predominantly controlled by unorganized retail, which holds an impressive 92% market share
- Despite the rapid growth of organized retail and e-commerce, Kirana store remains a crucial component of India's retail sector
- Quick commerce is expected to increase the channel shift from Kirana to online grocery

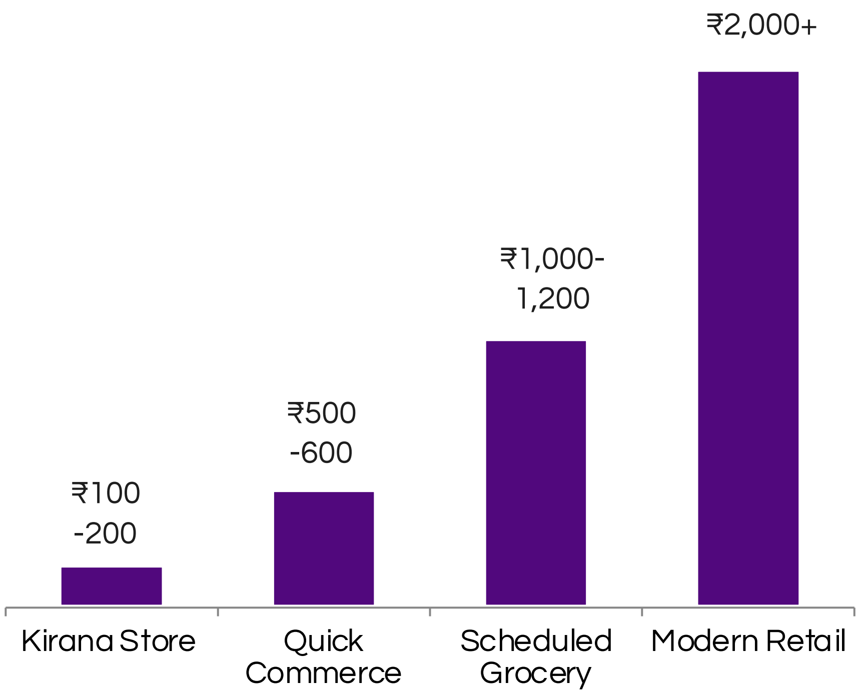
Source: Datum Analysis

SKU Count by Retail Channels

SKU Assortment by Retail Channels
(%)



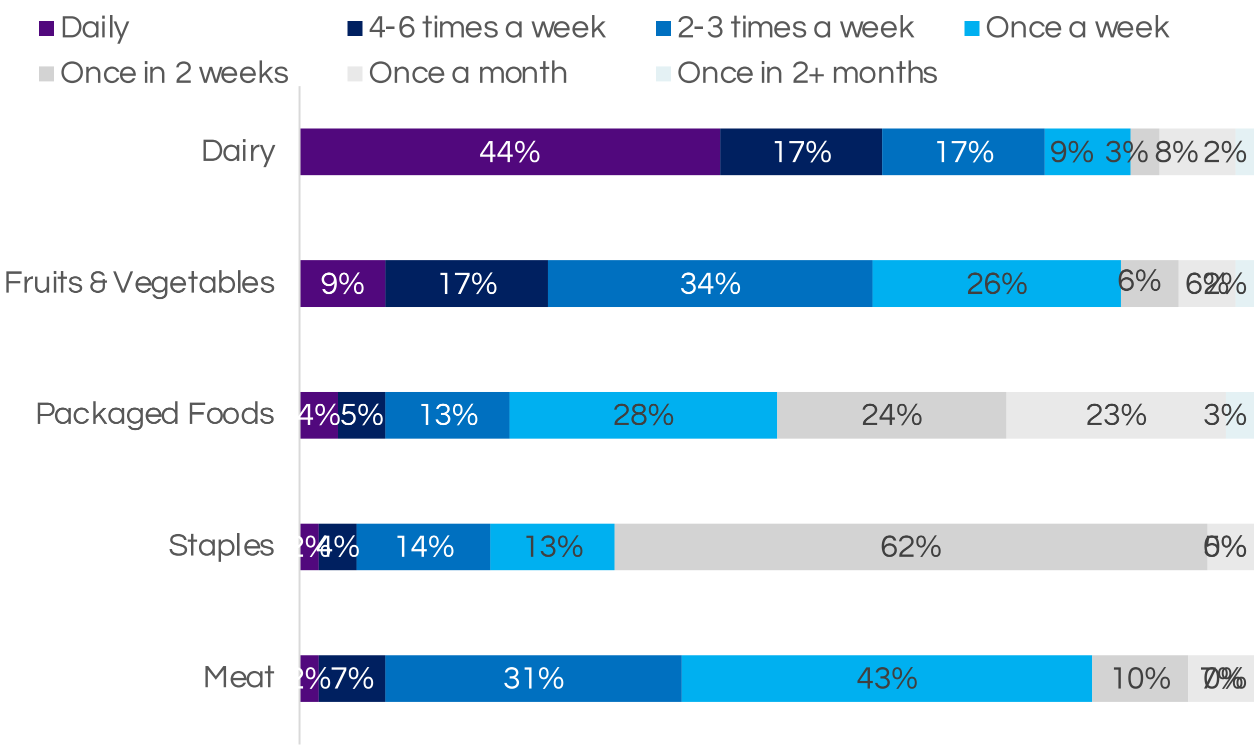
Average Order Value by Retail Channels
(%)



Source: Datum Analysis

Shopping Habits of Indian Consumer Suitable for Quick Commerce

Frequency of Purchase
(in %)



Key Insights

- India's grocery market is characterized by small-ticket, high-frequency purchases, fueling quick commerce's growth as a preferred channel over modern retail for everyday essentials.
- Limited kitchen space and high SKU variety drive frequent top-up purchases in Indian grocery market

Source: Datum Analysis, Zepto, HSBC Research

Emergence of Quick Commerce

Section 2

www.datumintell.com

What is Quick Commerce

Quick commerce refers to deliver of grocery items in 10-20 minutes

Simple User Experience

10,000 SKUs curated by category; typically, bestselling items/brands in each category

Dark stores managed by the platform for seamless logistics and optimized delivery time

Baskets typically includes

5-10 items per order

Last minute purchases, fresh and items of daily consumption

Source: Datum Analysis, Prosus Investor Relations

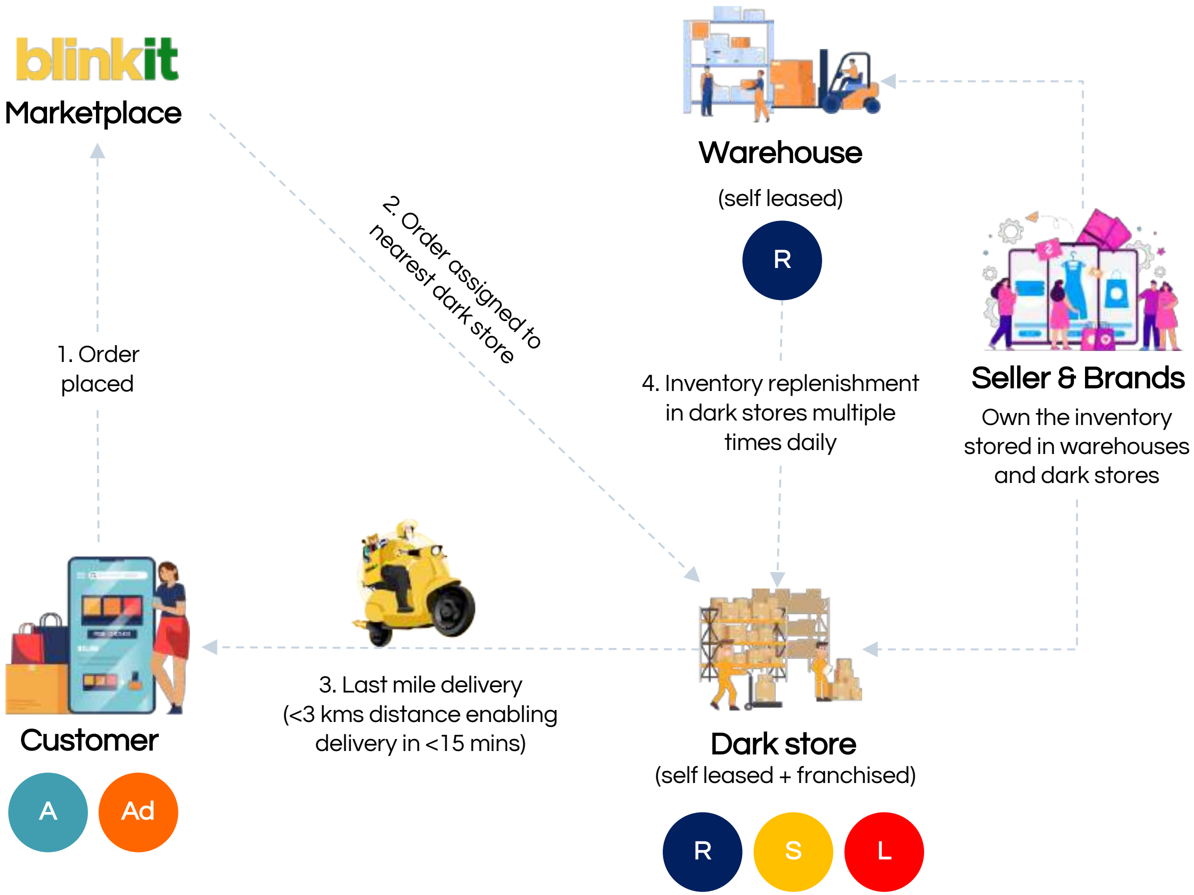
Quick Commerce Landscape

	blinkit	Swiggy instamart	zepto	bb now	Flipkart MINUTES
Start of Operations	Jan -22	Aug-20	Apr-21	Dec-21	Aug-24
Number of Cities	40	43	10+	35	3
# of Dark Stores	791	557	350	400	40
# of Daily orders	10,00,000	800,000-10,00,000	700,000-750,000	400,000	50,000
Avg order Value (₹)	₹660	₹487	₹470	₹400-500	₹300-400
# of SKU's	7,000+	12,000+	10,000+	6,000+	7,000-10,000
Area of Dark Store (sqft)	2,000-3,000 sq.ft.	2,500-4000	4,000 sq.ft.	2,500-3,000 sq.ft.	1,800-2,000
Loyalty Program	NA	Swiggy One	Zepto Pass	NA	NA
Platform fee/Handling Charges (₹)	₹4	₹5	₹2, ₹5	₹6	₹5

Source: Zomato Investor Relations. Press, Prosus Investor Relations, Swiggy IPO Prospectus, Datum Analysis

How It Works – Blinkit Quick Commerce Operations

#1 Supply chain design

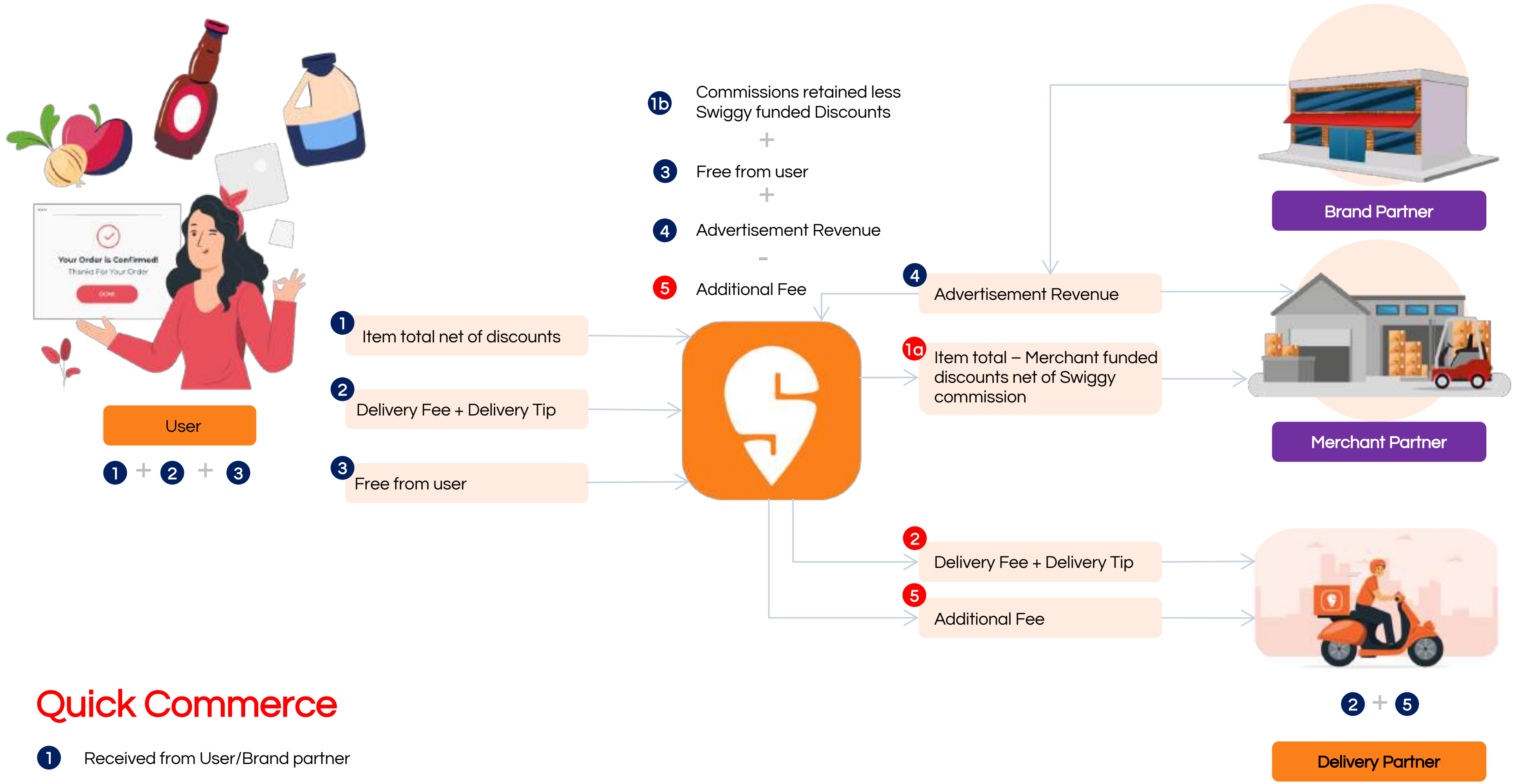


#2 End-to-end proprietary technology

- R — **Replenishment design –** Assimilate purchase patterns to optimize product stocking quantities and replenishment cycles in stores
- S — **Store tech –** Products packed in under two minutes through smart pick-path optimization in dark stores
- L — **Location intelligence –** Optimizing store locations for shortest delivery times
- A — **Assortment science –** Neighborhood level data on product searches and purchase patterns drives relevance and localization of assortment in dark stores
- Ad — **Ad-tech –** Self-serve platform for brands to access demand patterns to enable highly targeted advertising

Source: Zomato Investor Relations.

How it Works – Swiggy Instamart Quick Commerce Operations



Quick Commerce

1 Received from User/Brand partner

2 Paid to Merchant/Delivery partner

Source: Swiggy Investor Relations.

Why is Quick Commerce Working?

1

- Frequent and timely top-up purchases for immediate needs
- Mirrors offline purchase behaviour of local kirana store

2

- High fill rate and quick delivery time
- Zomato – Fill rate 99%+, Average delivery time of 12.5 Minutes for 75% + orders

3

- Meets diverse customer demands across categories
- From food and electronics to beauty, general merchandise, and festive essentials

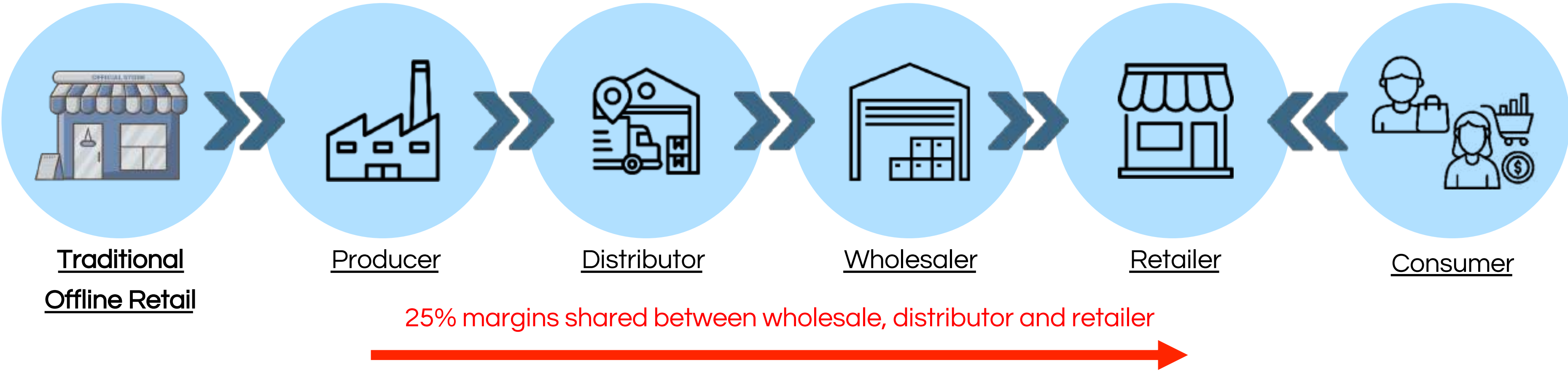
Source: Zomato Investor Relations. Datum Analysis

Visible Path to Profitability

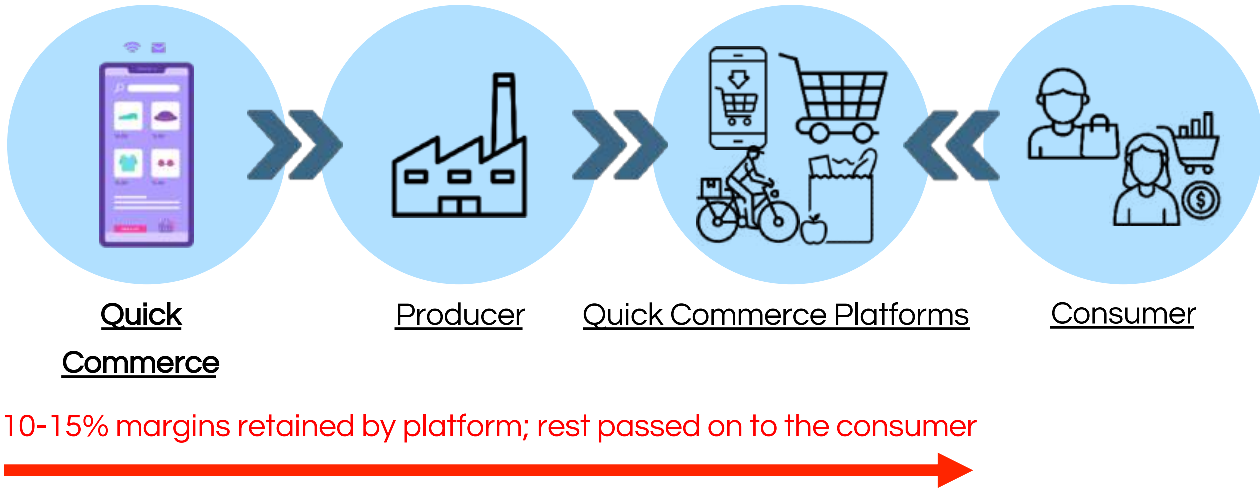
Increasing Average Order Value (AOV)	Decreasing Cost of Goods Sold (COGS)	New Revenue Streams	Efficient Operations Using Dark Stores	Low Last Mile Delivery Cost
• Increase AOV via category expansion, product upselling, minimum order values and optimizing & localizing selection	• Sourcing relationships with FMCG producers and retailers	• Delivery Fees, Platform Fees and Advertising Revenue	• Optimize store layout and location to achieve store efficiency and superior fulfilment rates	• Low delivery drop rates, and optimisation of route planning due to small radius of delivery
• Zomato's AOV grew by 25% from INR 528 in Q1 FY23 to INR 660 in Q2 FY25	• Quick commerce offsets traditional retail's high channel costs by removing layers and substituting it with delivery costs	• Customers are willing to pay delivery and platform fees for convenience	• Dark stores operations are optimised for high throughput per sq. ft with 10-12,000 SKUs	• Platforms engage a combination of motor-bike, electric mobility vehicle or bicycle rider partners to fulfil orders
	• FMCG companies optimizing stocks between Kirana, Quick Commerce and Modern trade	• Ad spend on quick commerce platform reached to 3-4% of gross order value (GOV) in the last two years		

Source: Prosus Investor Relations. Datum Analysis

Quick Commerce Offers Better Pricing Than Traditional Retail



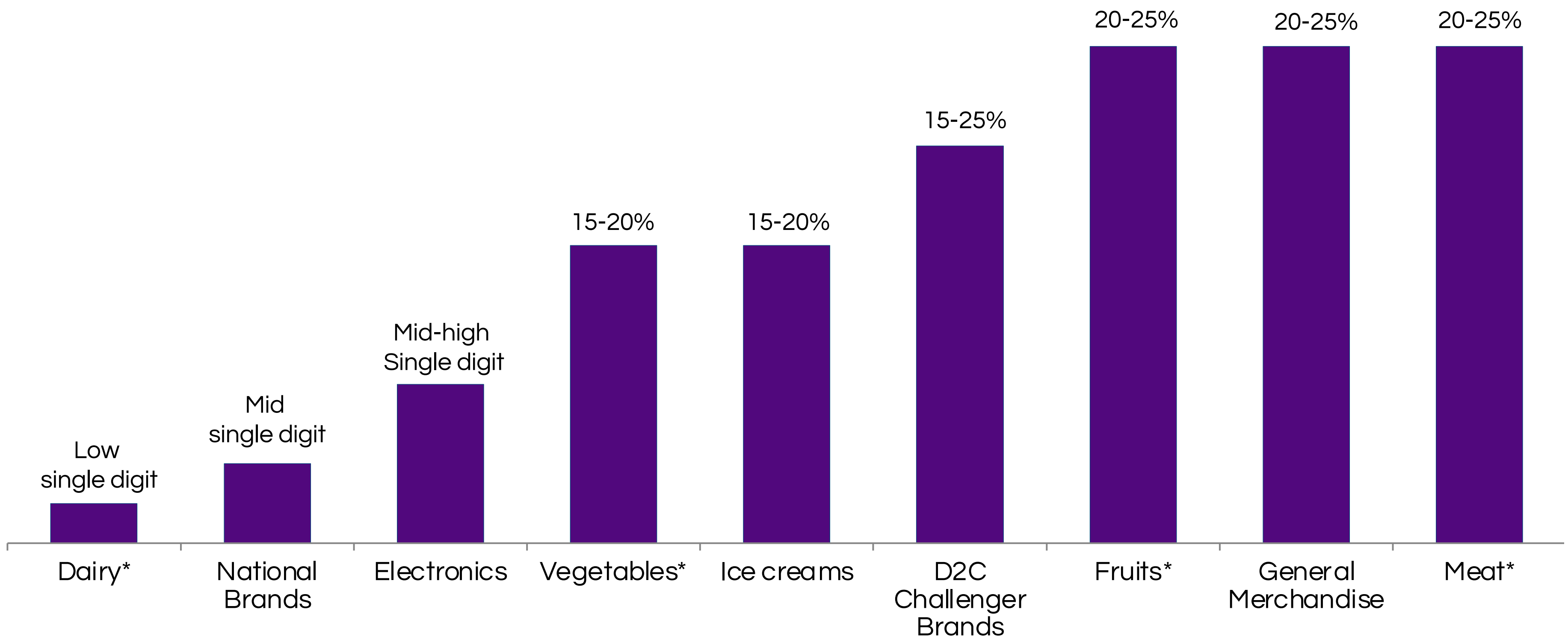
Quick commerce offsets traditional retail's high channel costs by removing layers and substituting it with delivery costs. As long as delivery costs are lower than savings from the channel consolidation, quick commerce can offer prices lower than traditional retail.



Source: Goldman Sachs, Datum Analysis

Quick Commerce Offers Platforms Better Negotiating Capability

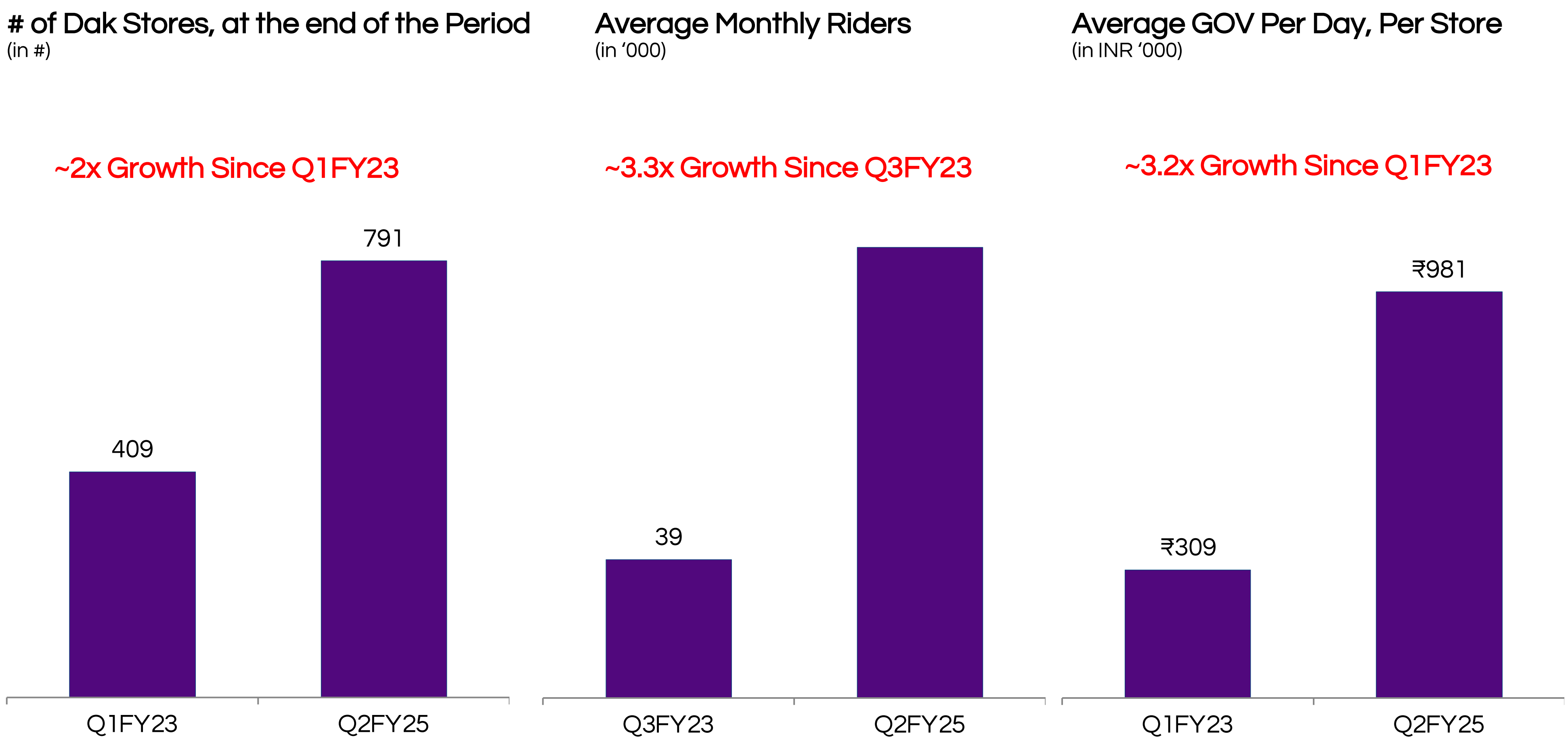
Product Margin Available to Quick Commerce Platforms
(in %)



* Note: For these categories, product margins are after considering wastage.

Source: JM Financials

Blinkit is Adding Dark Stores and Monthly Riders At A Rapid Pace

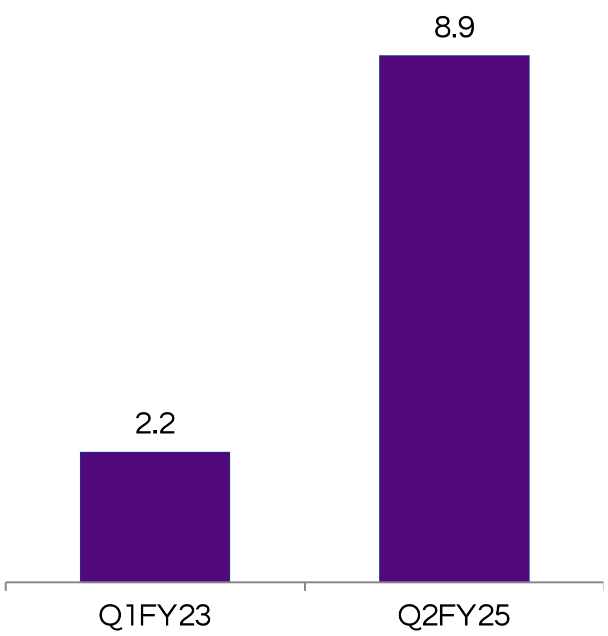


Source: Zomato Investor Relations. Datum Analysis

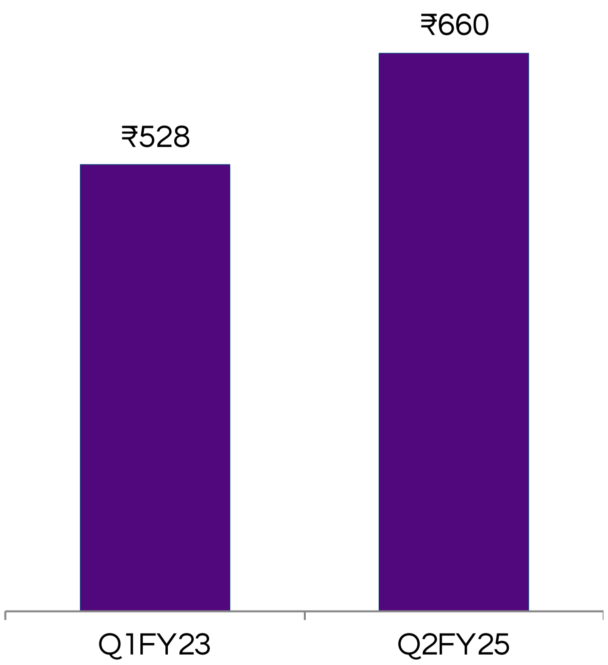
Blinkit is Expecting to Witness a Growth of 60% YoY

Average monthly transacting customers
(in millions)

~4x Growth Since Q1FY23

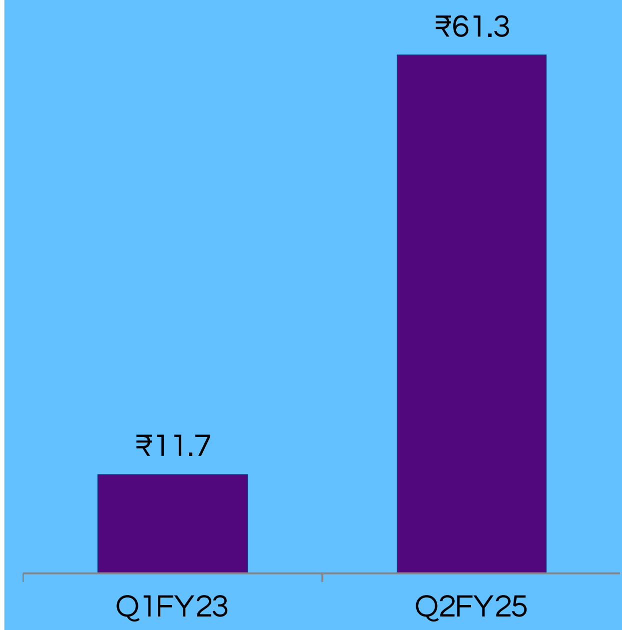


Average Order Value
(in INR billions)

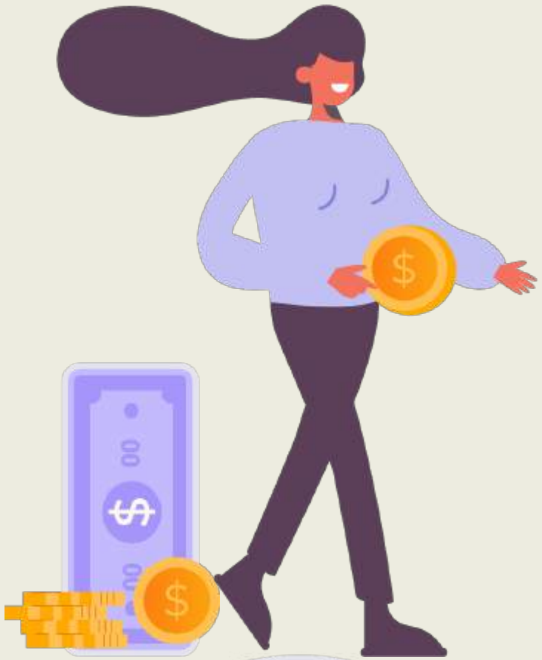


Gross Order Value
(in INR billions)

~5.2x Growth Since Q1FY23



Source: Zomato Investor Relations. Datum Analysis



Quick Commerce Impact on Grocery Retail

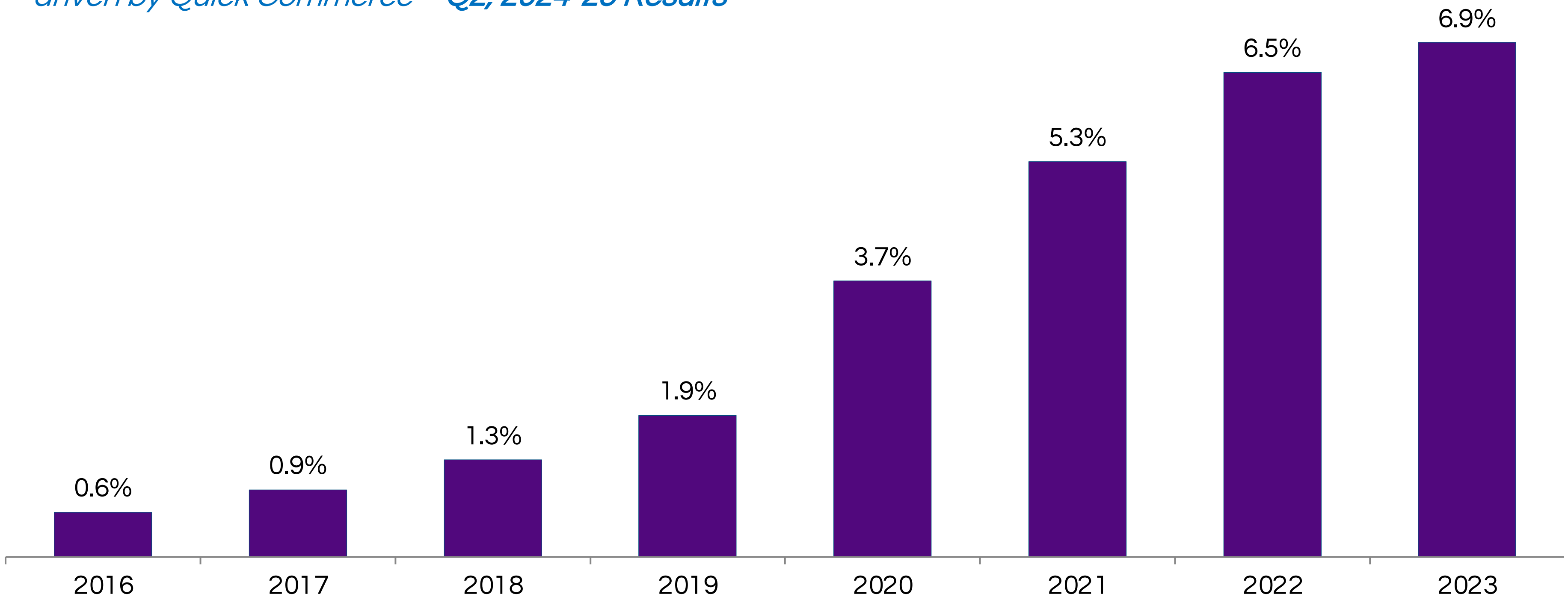
Section 3

www.datumintell.com

Nestlé India's Growing E-commerce Channel Share

eCommerce Share in Nestle India Sales
(in %)

*Continued accelerated growth by almost 38%, primarily driven by Quick Commerce – **Q2, 2024-25 Results***



Source: Nestle Investor Relations. Datum Analysis

Commentary from FMCG Companies (1/2)

Company	Period	Management Commentary
Dabur	Oct-22	Management noted that for beverages revenue contribution from the quick commerce channel has gone up to 30-32% (vs 15% about a year ago).
	Sep-23	"E-commerce and modern trade is assuming huge importance. Within the e-commerce space, quick commerce's contribution is expected to be 25-30 per cent in two years." - Mohit Malhotra, CEO
HUL	Apr-24	Ecommerce is the fastest growing channel (c.7% of sales); quick commerce i.e. about 25-30% of ecommerce sales and growing faster. HUL mentioned that they are growing very high margin portfolio in quick commerce channel
Nestle India	Oct-23	Within ecommerce, quick commerce has been the fastest growing channel, with 50% contribution (of the ecommerce business) from this channel
Tata Consumer Products	Jul-23	28% growth in e-commerce with quick commerce growing stronger than the average; management remains focused on growing that channel
Parle Products	Sep-23	"E-commerce now contributes 5 per cent to our sales and of this about 1.5 per cent comes from quick commerce platforms alone. Consumers are opting for quick commerce platforms for impulse purchases such as chocolates, salty snacks and ice-creams. But they are also shopping for more planned purchases such as bulk packs of packaged atta from quick-commerce platforms." - Krishnarao Buddha, Senior Category Head, Parle Products
Heritage Foods	2QFY24	"We have added or we have invested significantly in growing the distribution through grocery channel and many other emerging channels such as e-commerce and quick commerce and all of that in the last several quarters. So, whether it is in terms of adding of distributors, which has -- today, we have close to about 50,000 outlets reach in the grocery channel". - Srideep Kesavan, CEO
Britannia	May-23	"If I have to put it in very, very simple terms, it's quick commerce that's leading, followed by ecommerce". "There is a clear uptick that's happening on the quick commerce side. And very much so in certain categories." - Rajneet Kohli, CEO

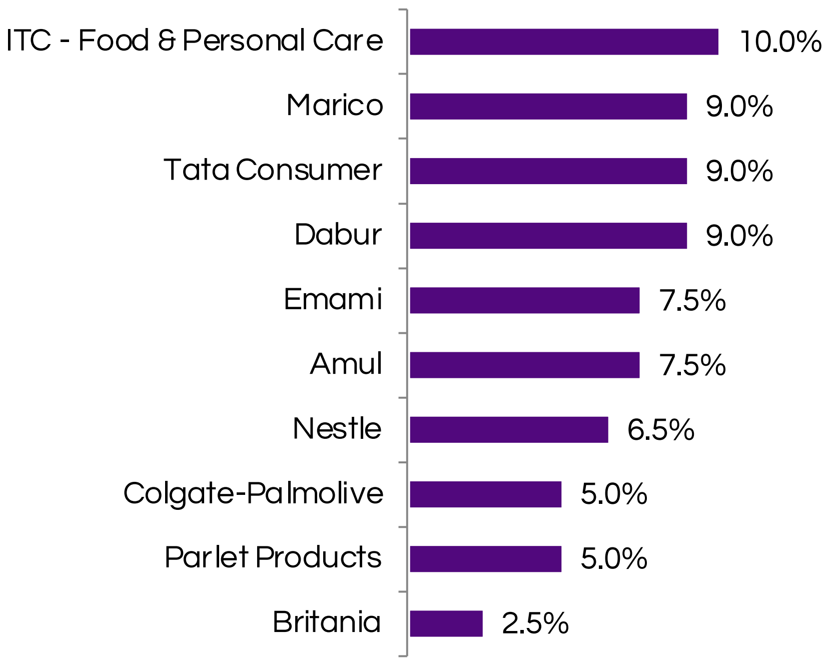
Commentary from FMCG Companies (1/2)

Company	Period	Management Commentary
Bagrrys	Oct-24	Within online, quick commerce has been really disruptive. Compared to a year ago, when ecommerce sales accounted for a fifth of our sales, the channel now contributes nearly a third, on a par with general trade and modern trade. There has been consolidation of modern trade stores as well as they focus more on return on investment and profitability," - Aditya Bagri, director at Bagrrys
Emami	Oct-24	FMCG major is expecting 4-5 fold growth in sales through quick commerce in the next 2 years – Harsha V Agarwal, Vice Chairman & MD, Emami
Adani Wilmar	Oct-24	Nearly half of our sales are now from organised trade led by quick commerce in large markets like the National Capital Region, Bengaluru and Pune as compared to 25-30% a year ago. -Managing Director Angshu Mallick
Zydus Wellness	Oct-24	Moving to quick commerce is an industrywide phenomenon, and sales to distributors are billed as per sales – Tarun Aroro, CEO
Marico	Feb-24	We are surprised the way large packs of staples have taken off in quick commerce, which is growing 100%QoQ for us." On the other hand, growth in kirana grocery stores is about 10%, though on a larger base. - Ayush Gupta, head - domestic market
KRBL	Feb-24	We are surprised the way large packs of staples have taken off in quick commerce, which is growing 100%QoQ for us." On the other hand, growth in kirana grocery stores is about 10%, though on a larger base. - Ayush Gupta, head - domestic market
Procter & Gamble Hygiene and Health Care	Sep-23	E-commerce is already contributing in double digits to our overall revenues but of course differs by category and the choice a business makes on the channels for each segment. In fact, we are also learning and seeing early wins on specific formats like quick commerce. - Gautam Kamath
Zed Black Agarbattis	Apr-24	General trade constitutes 95% of the company's sales, but that doesn't mean the brand won't sell through quick-commerce platforms. -Ankit Agrawal, Managing Partner

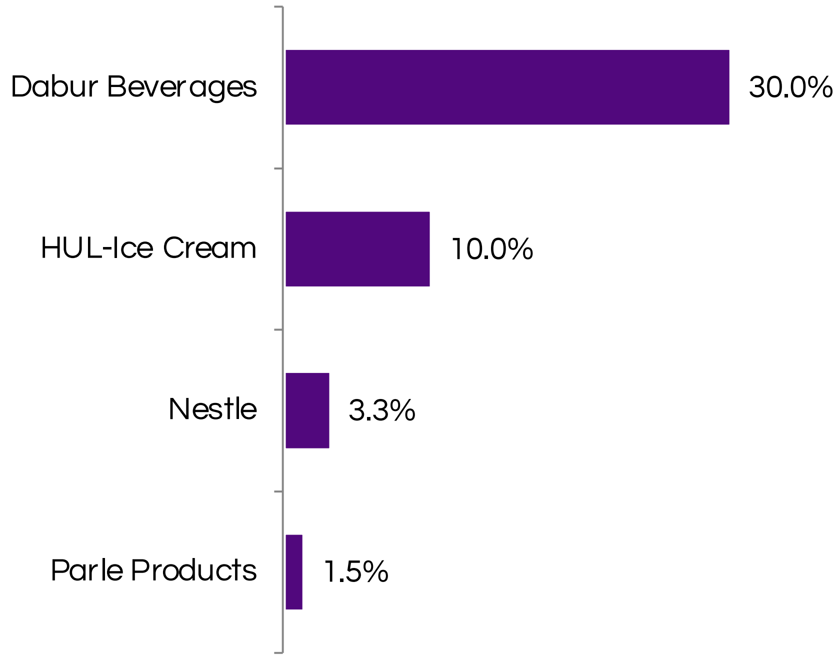
Source: Press, Earnings call

Revenue Share of Quick Commerce For FMCG Companies

Revenue contribution by E Commerce Channel
(%)



Revenue contribution by Quick Commerce Channel
(%)



Source: Company, Media, JM Financial

Blinkit Growing Faster Than Modern Grocery Retailers

Blinkit Vs Modern Retailers Growth Rates

(%)

QoQ Growth (%)	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25
Blinkit	**26%**	**18%**	**17%**	**5%**	**29%**	**28%**	**14%**	**23%**	**25%**
Reliance Retail	11%	4%	2%	1%	10%	8%	(8%)	(1%)	1%
Dmart	6%	9%	(8%)	12%	6%	8%	(6%)	11%	3%
Spencer Retail	5%	(2%)	(15%)	5%	1%	14%	(16%)	(1%)	NA

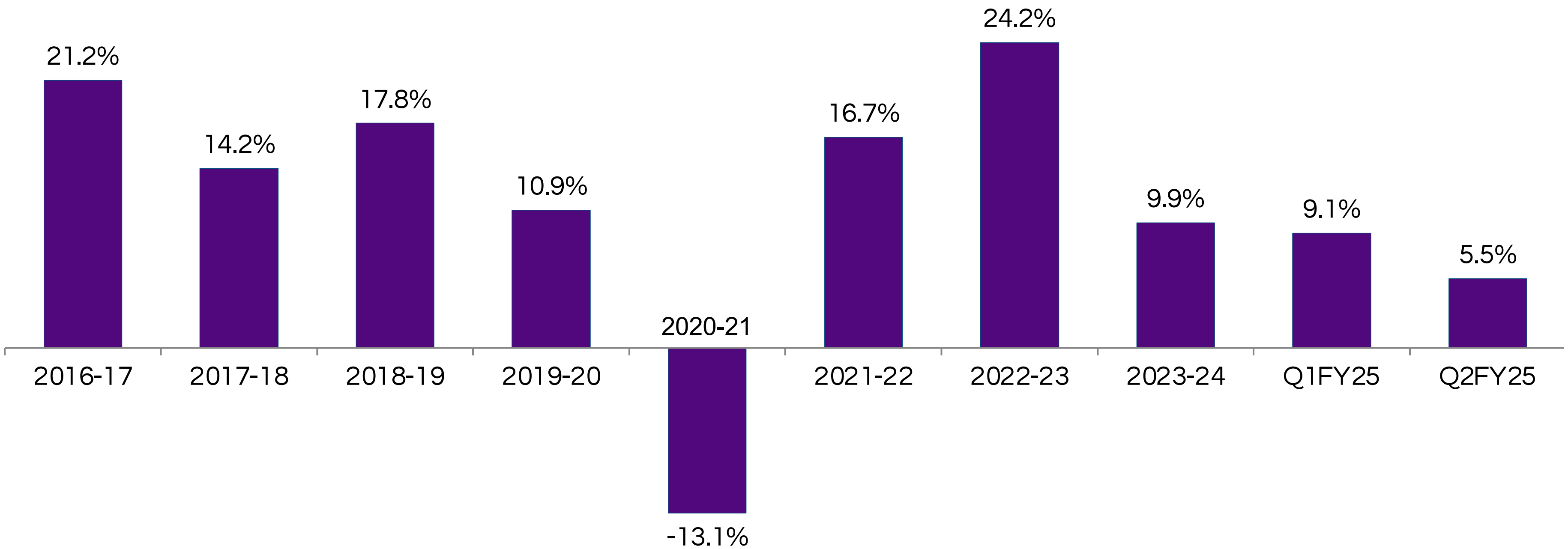
YoY Growth (%)	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25
Blinkit			**125%**	**80%**	**86%**	**103%**	**97%**	**130%**	**122%**
Reliance Retail	38%	75%	52%	19%	19%	23%	11%	8%	(1%)
Dmart	37%	26%	21%	18%	19%	17%	20%	19%	14%
Spencer Retail	12%	2%	0%	(8%)	(12%)	2%	1%	(4%)	NA

Source: Investor Relations. Datum Analysis

Declining Same Store Sales Growth For Dmart

Like for Like Sales Growth for Dmart
(in %)

*We don't intend to do any quick commerce. I think our model is pretty robust and the learnings have been to try and get more and more revenue in the large towns / cities. - **Neville Noronha, CEO, July 30,2024***



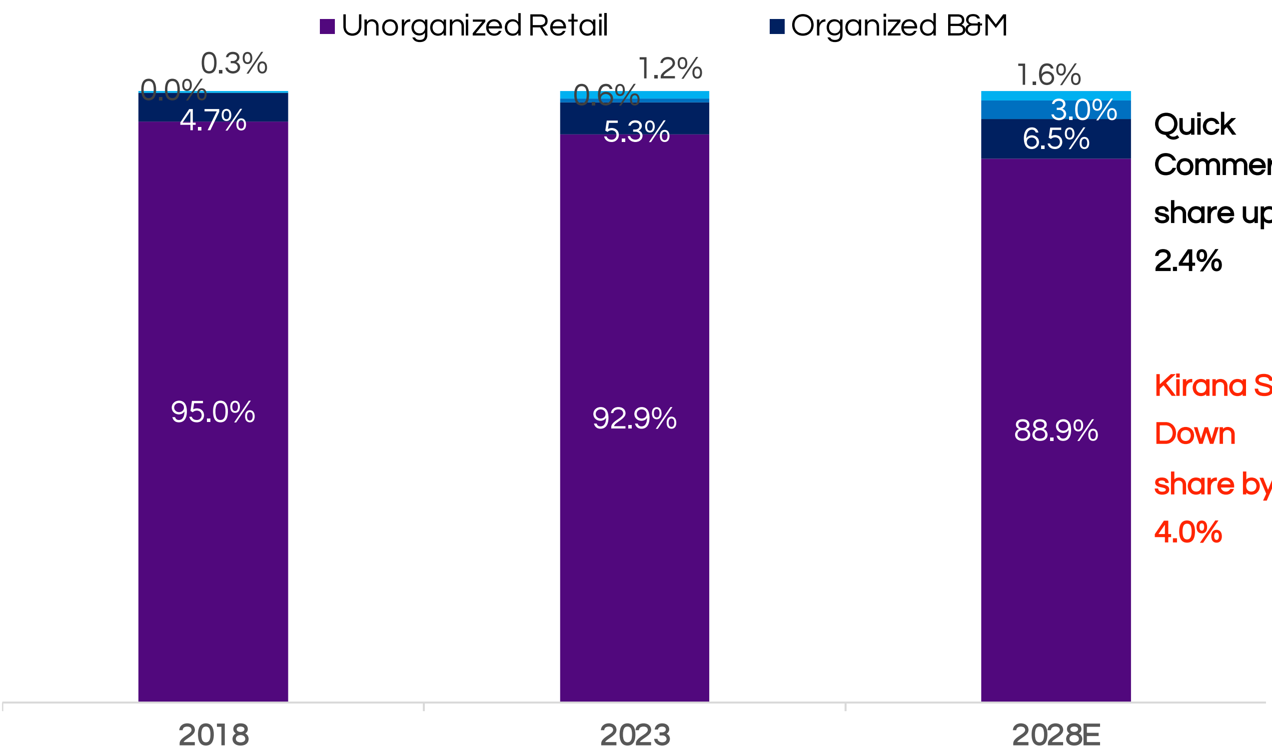
*We clearly see the impact of online grocery formats including DMart Ready in large metro DMart stores which operate at a very high turnover per square feet of revenue. DMart Ready business grew by 21.8% in H1 FY 2025 - **Neville Noronha, CEO, October 14, 2024***

Note: Like for Like growth means growth in revenue from sales of same stores which have been operational for at least 24 months at the end of th reporting period

Source: Dmart Investor Relations. Datum Analysis

Share of Kirana to Decline in Indian Grocery Market

By Sales Channels, 2023-28
(in %)



Quick Commerce share up 2.4%

Kirana Share Down share by 4.0%

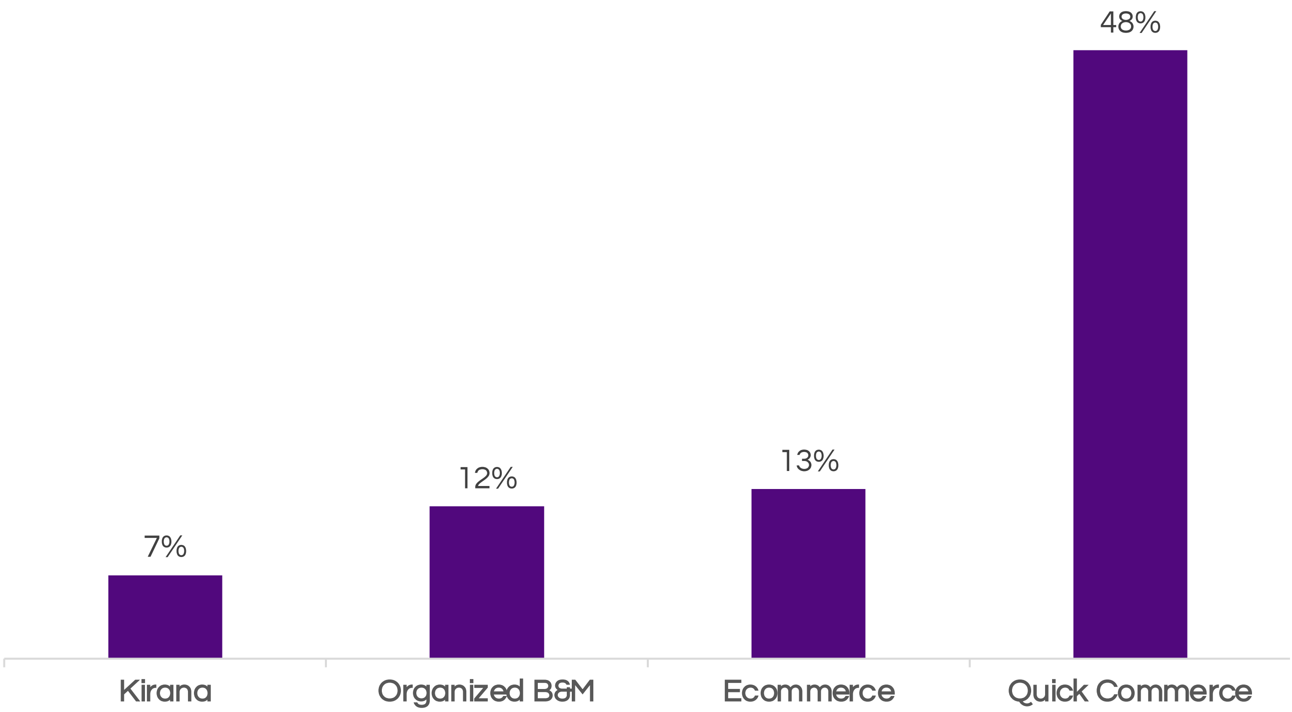
Key Insights

- As of CY2023, India's grocery market is predominantly controlled by unorganized retail, which holds an impressive 93% market share
- Despite the rapid growth of organized retail and e-commerce, Kirana store remains a crucial component of India's retail sector
- Quick commerce is expected to increase the channel shift from Kirana to online grocery

Source: Datum Analysis

Quick Commerce Fastest Growing Channel for Grocery

Grocery Market By Sales Channels, 2023-28
(in %)

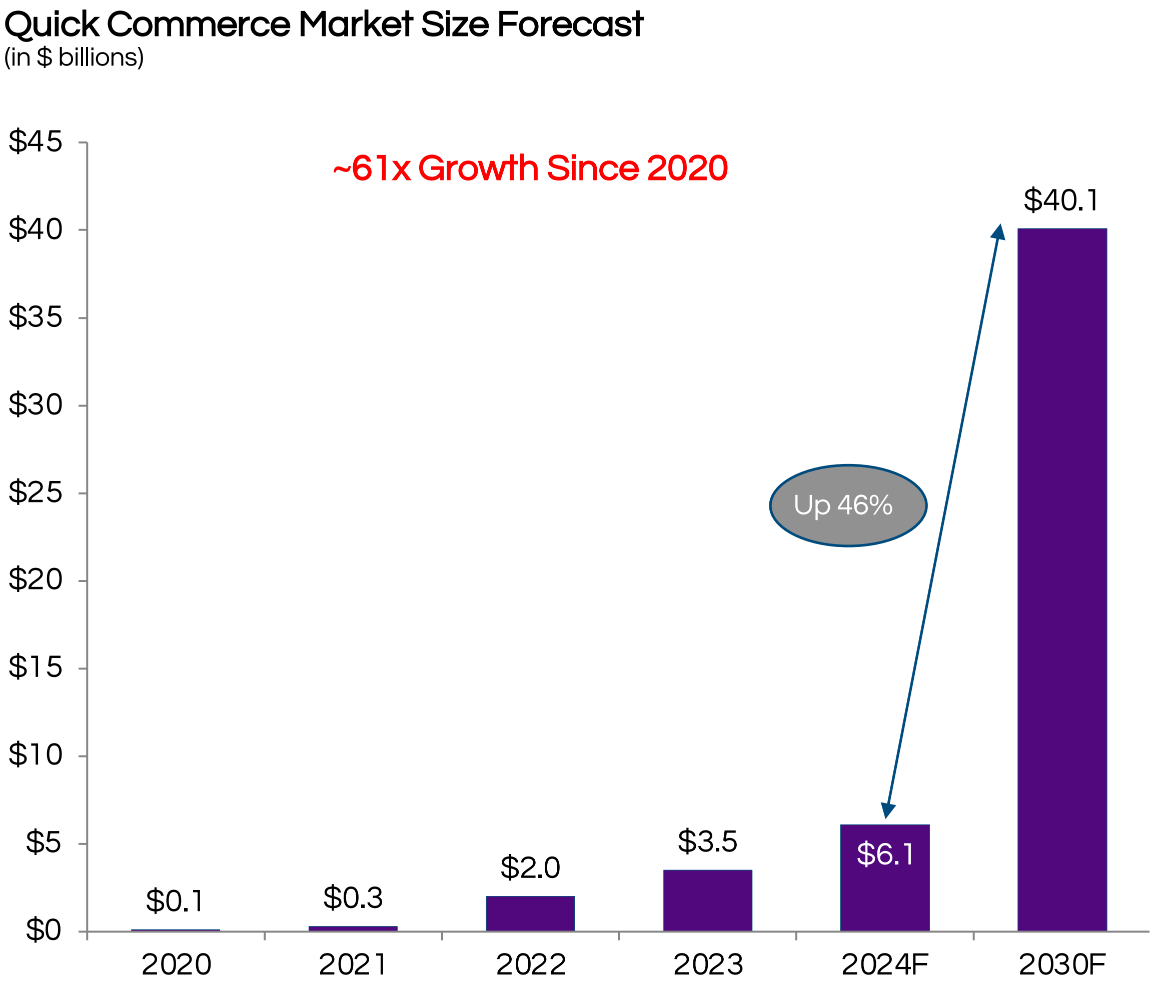


Key Insights

- Quick commerce has witnessed an unprecedented pace of adoption, significantly influencing consumer behaviors across the retail ecosystem
- Quick commerce is projected to experience a 74% growth in 2024, positioning it as the fastest-growing channel during the 2023-28 forecast period with a 48% compound annual growth rate

Source: Datum Analysis

Quick Commerce to Reach ~$40 Billion by 2030



Source:. Datum Analysis

Key Insights

- Quick commerce is expected to reach $40 billion by 2030
- The swift acceptance of quick commerce among consumers demonstrates a clear willingness to pay for the convenience of immediate, on-demand purchases.
- Rapidly evolving consumer preferences are positioning quick commerce as the primary online retail channel for brands, swiftly replacing traditional e-commerce platforms, kirana stores and modern retail stores.

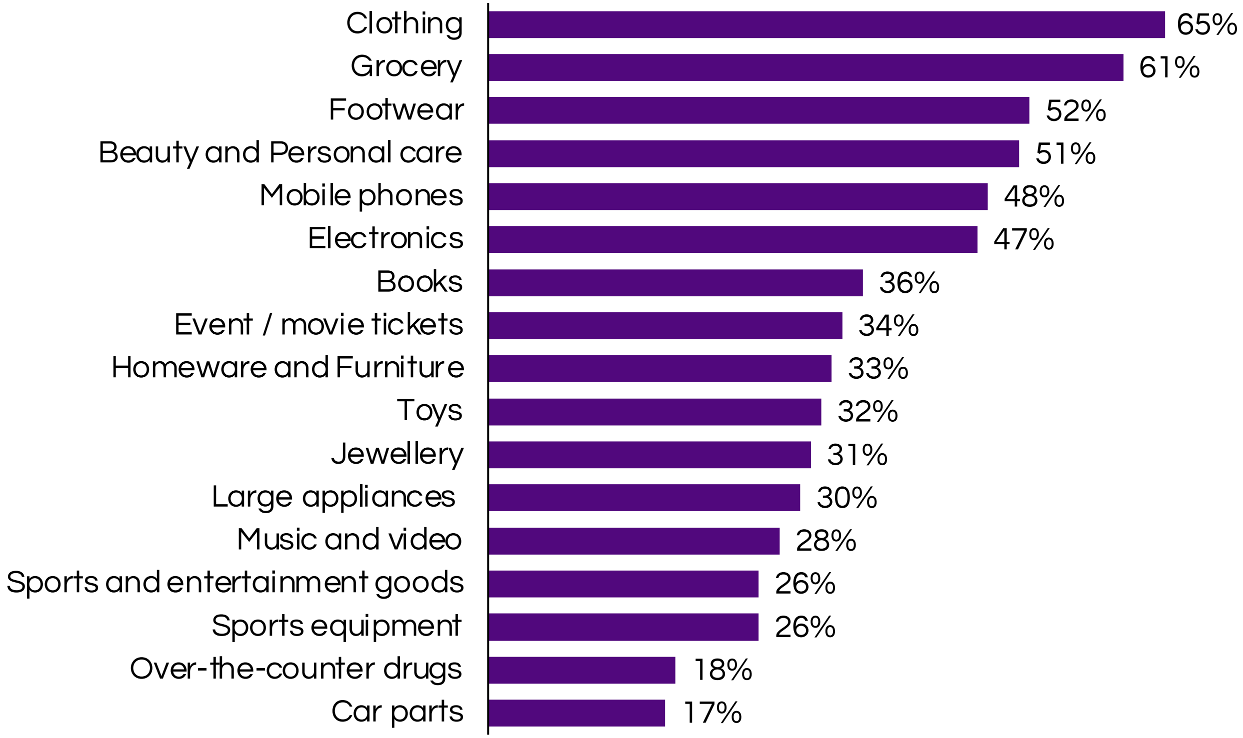
Insights from Consumer Survey

Section 3

www.datumintell.com

Grocery Second Largest Category Purchase Online After Clothing

Which categories have you purchased online in the past six months?
(%)



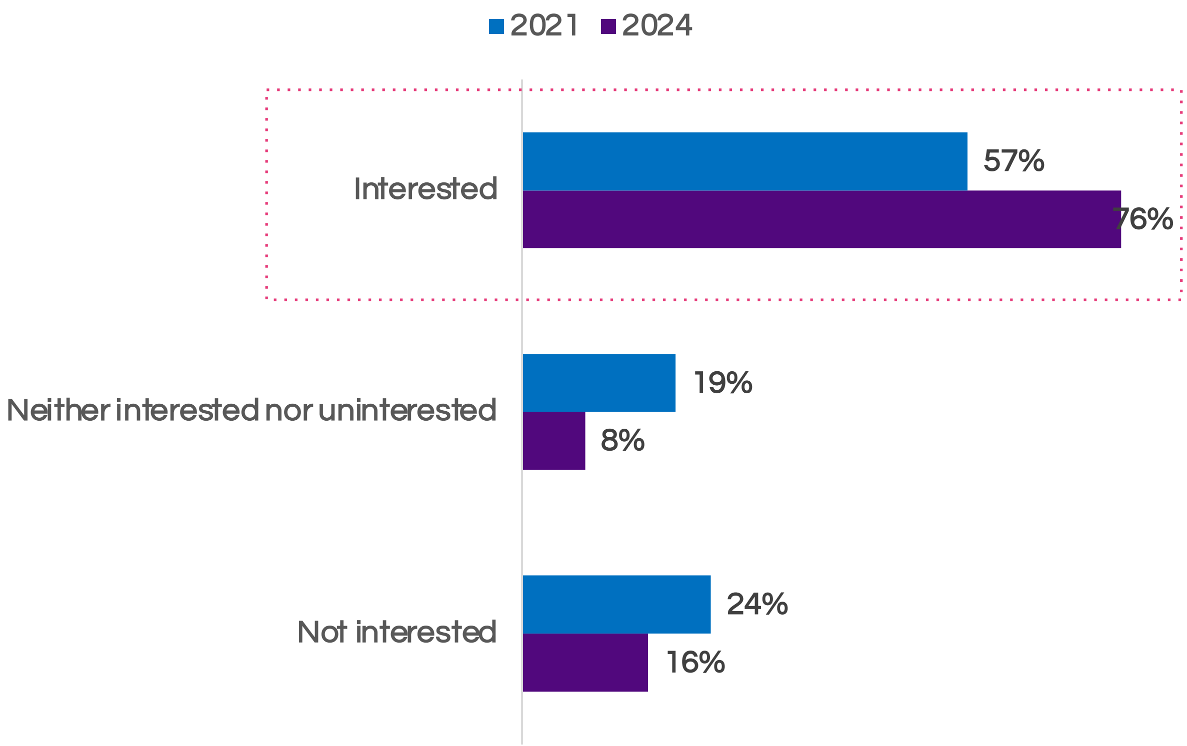
Key Insights

- Online grocery shopping platforms are gaining popularity, as shoppers embrace digital channels for their everyday needs in the top 10 cities
- Quick commerce's focus on speed and convenience aligns with consumers' needs for efficient, on-demand grocery shopping experiences plays a major role in adoption of online grocery

Source: Datum Online Grocery Study 2024, (n=3,032 online grocery buyers in10 cities)

More People Are Interested in 10-minute Grocery Delivery

How interested or uninterested are you in using 10-minute grocery delivery?
(in %)



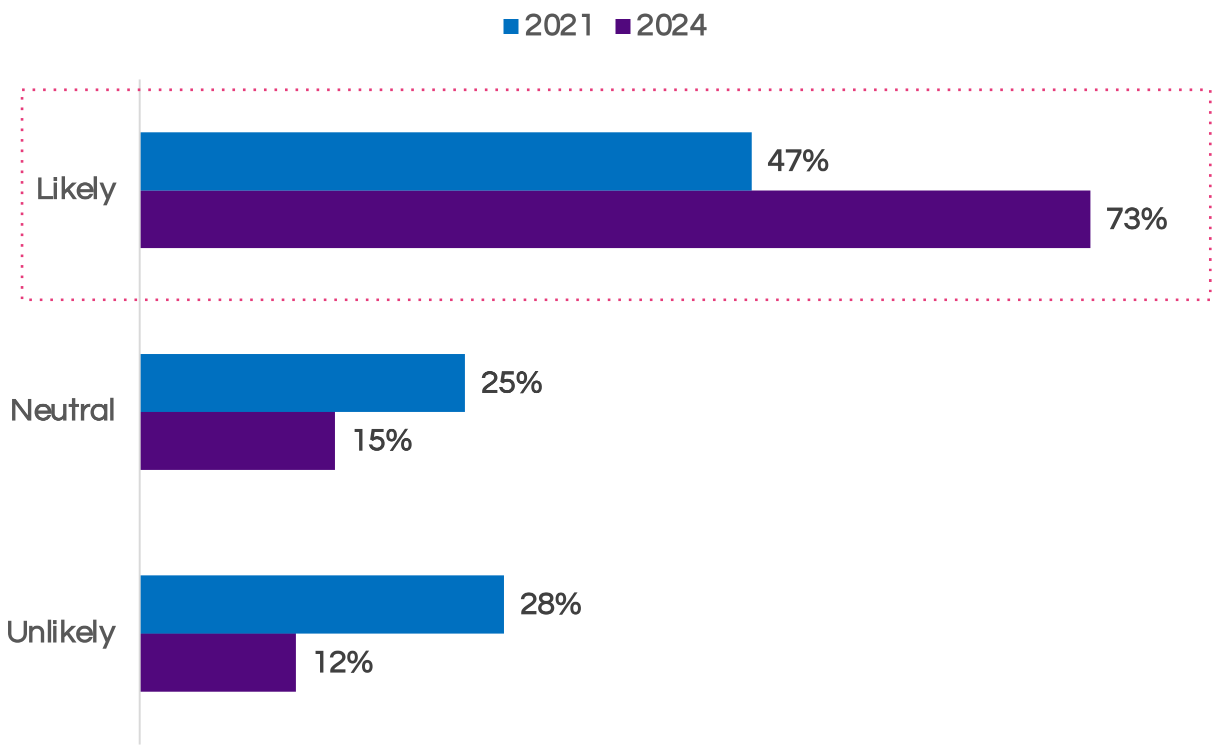
Source: Datum Analysis

Key Insights

- Modern consumers increasingly prioritize convenience and speed
- 76% online adults are interested in 10-minute grocery delivery in 2024, up from 57% in 2021
- Covid-19 compelled consumers to explore online grocery shopping, establishing new habits and preferences for online channels.
- Quick commerce platforms capitalized on these established behaviours, offering efficient delivery options to attract a wider customer base.

Customers Are Willing to Pay Extra for 10-minute Grocery Delivery

How likely are you to pay extra for 10-minute grocery delivery?
(in %)



Key Insights

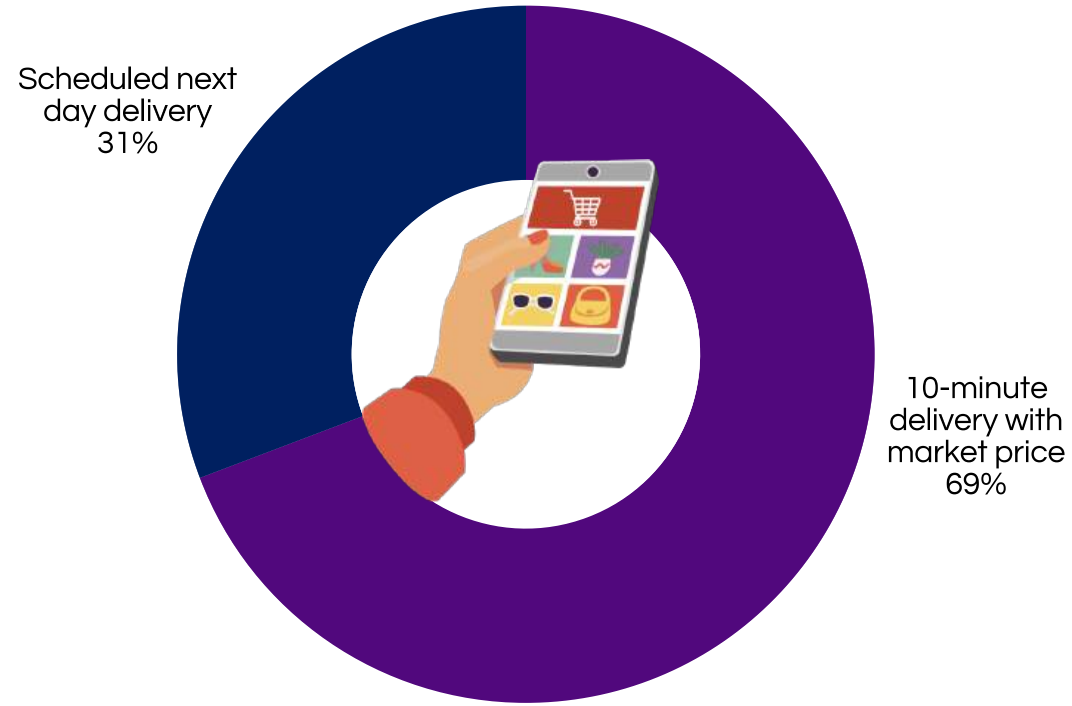
- Customers are increasingly prioritizing convenience and are willing to pay a premium for services that make their lives easier
- 73% online adults are likely to pay extra for 10-minute grocery delivery in 2024, up from 47% in 2021
- The increasing consumer willingness to pay for convenience, combined with additional revenue streams, strengthens the business case for quick commerce viability.

Source: Datum Analysis

10-Minute Delivery Preferred Choice for Buying Grocery Online

What is the preferred type of online grocery platform?

(%)



Key Insights

- High fulfilment rates and faster delivery makes 10-minute delivery the preferred option for buying grocery
- The majority of customers (69%) favours 10-minute grocery delivery services over scheduled next-day options (31%)
- The strong preference for 10-minute grocery delivery is prompting mature online grocery shoppers to switch to quick commerce platforms

Source: Datum Online Grocery Study 2024, (n=3,032 online grocery buyers in10 cities)

Fast Delivery And Discounts Key Drivers for Quick Commerce

What is the key motivation behind buying from quick commerce players during the festive period?
(%)

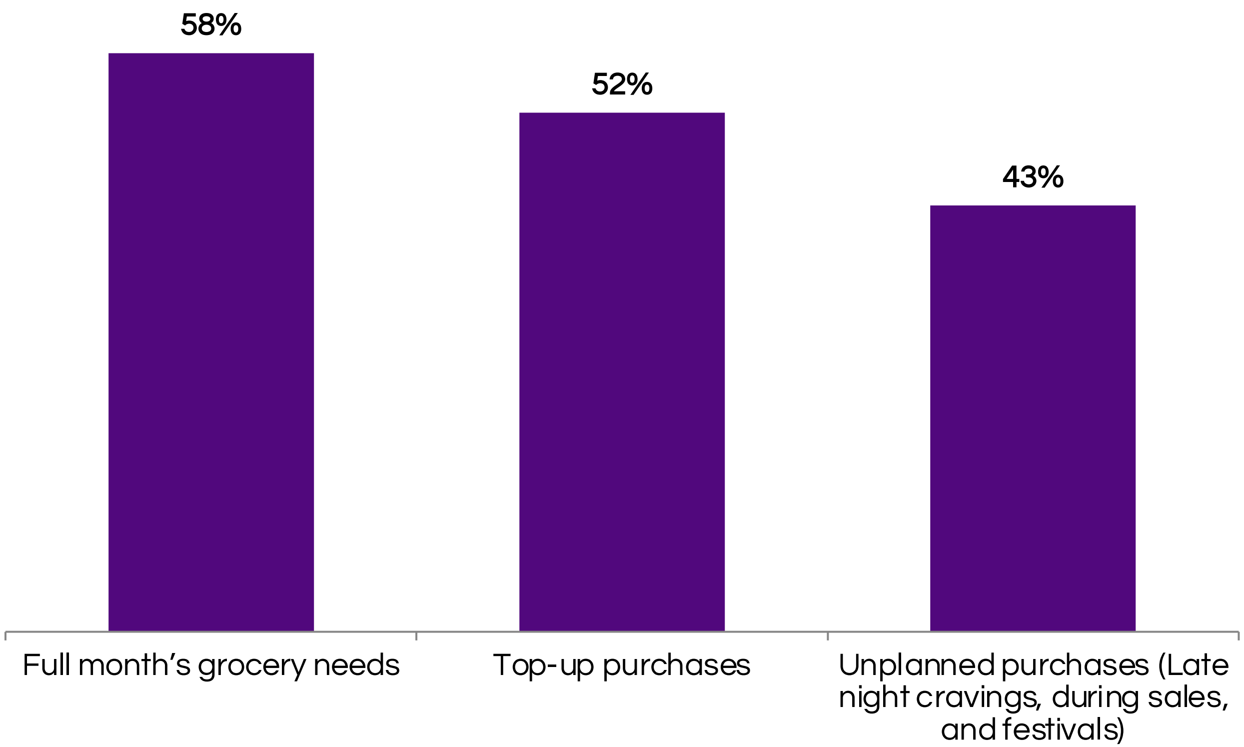
Key Insights

- For the early adopters of quick commerce, fast delivery emerges as the primary motivating factor, emphasizing convenience as a priority over discounts
- Discounts and pricing remains critical for customers and play a significant role in wider adoption of quick commerce especially in Tier 2 and 3 cities

Source: Datum Consumer Sentiment Study 2024, (n=2,000 online adults)

Quick Commerce is No Longer Limited to Top-Up and Unplanned Purchases

When do you generally purchase products on quick commerce apps?
(%)



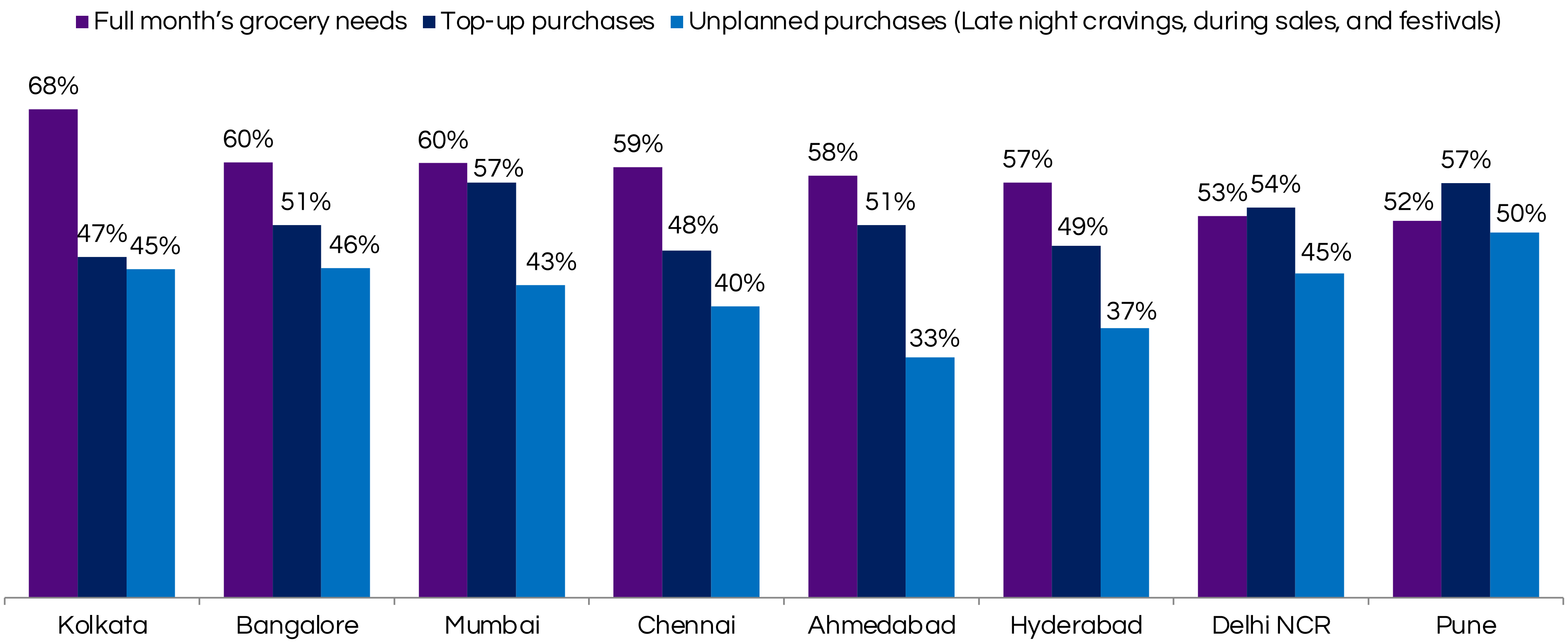
Key Insights

- Quick commerce has witnessed a transformation from being primarily associated with impulsive top-up purchases to full month's grocery needs
- 58% customers use quick commerce for full month's grocery needs followed by 52% for top up purchases and 43% for unplanned purchases
- This is evident in the continuous rise in average order value on quick commerce platforms
- Category expansion by quick commerce platforms is heling this shift from top-up purchases to monthly grocery needs

Source: Datum Online Grocery Study 2024, (n=3,032 online grocery buyers in10 cities)

Quick Commerce Evolves Beyond Top-Up and Unplanned Purchases

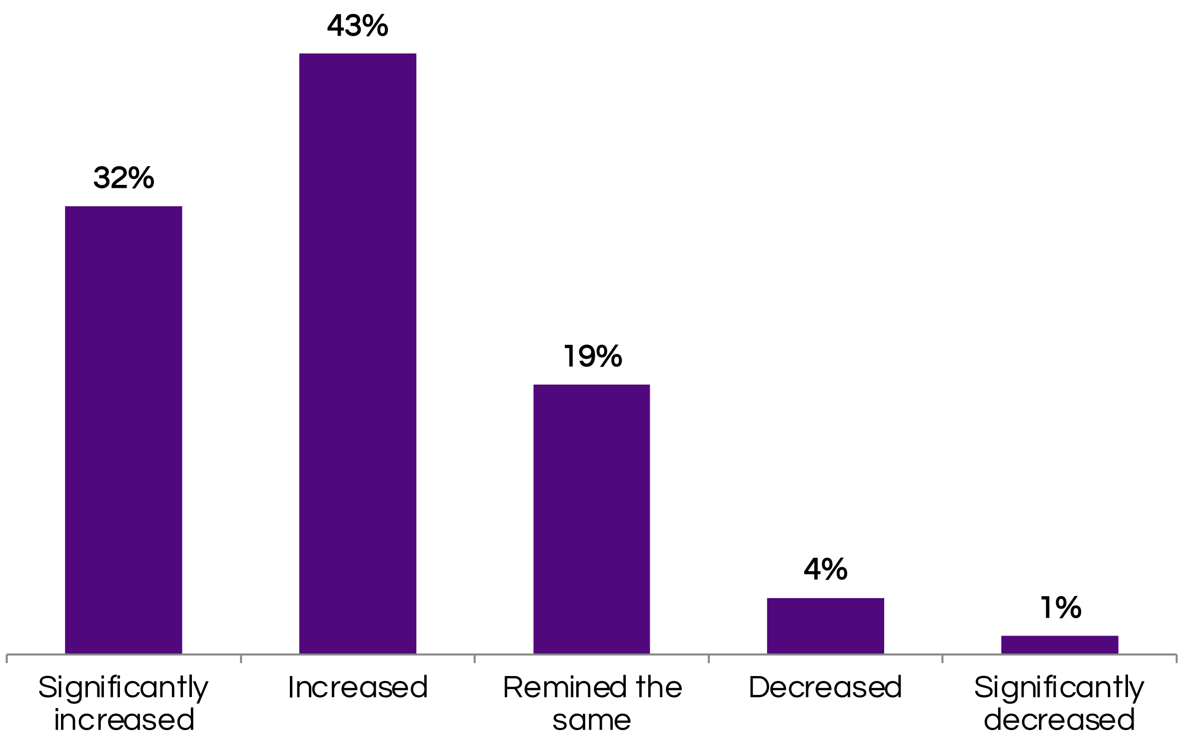
When do you generally purchase products on quick commerce apps?
(%)



Source: Datum Online Grocery Study 2024, (n=3,032 online grocery buyers in10 cities)

Unplanned Purchases on the Rise Among Online Buyers

How were your unplanned grocery purchases changed in the last six months?
(%)



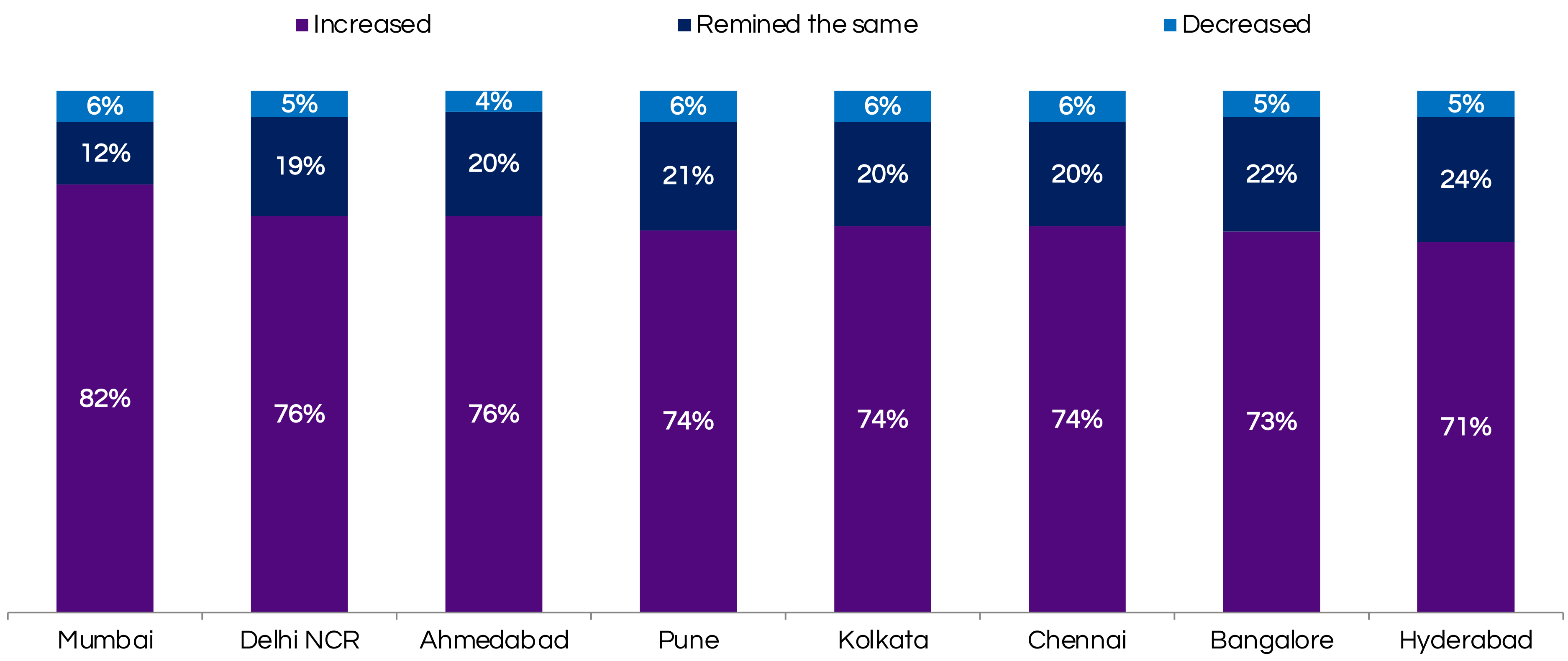
Key Insights

- 75% of online shoppers reported a notable jump in unplanned purchases during the past six months
- The increased confidence in receiving grocery items within 10 minutes through quick commerce platforms has led to a surge in unplanned purchases
- This is in line with the way Indian customers purchase grocery i.e. in multiple orders distributed throughout the week

Source: Datum Online Grocery Study 2024, (n=3,032 online grocery buyers in10 cities)

Mumbai at the Forefront of India's Unplanned Grocery Purchase Surge

How were your unplanned grocery purchases changed in the last six months?
(%)

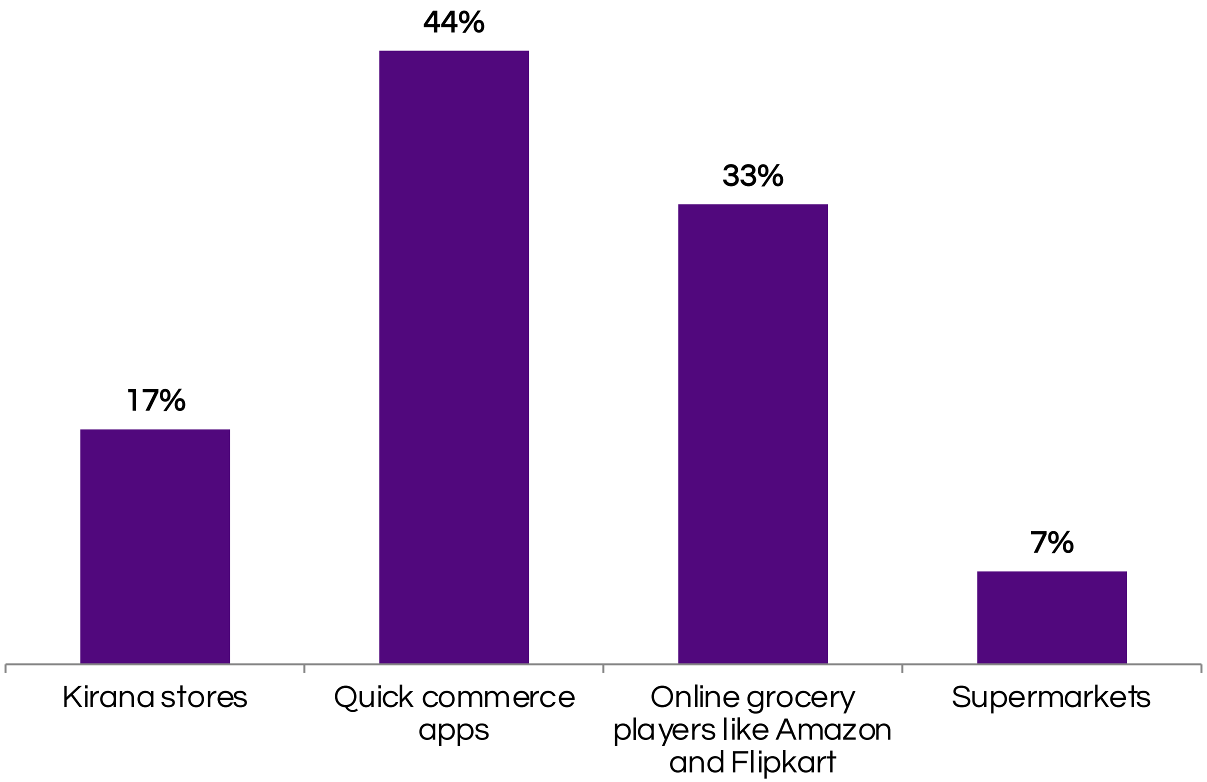


Source: Datum Online Grocery Study 2024, (n=3,032 online grocery buyers in10 cities)

Quick Commerce Platforms Became the Preferred Choice for Unplanned Purchases

Where do you get most of your unplanned purchases from?

(%)



Key Insights

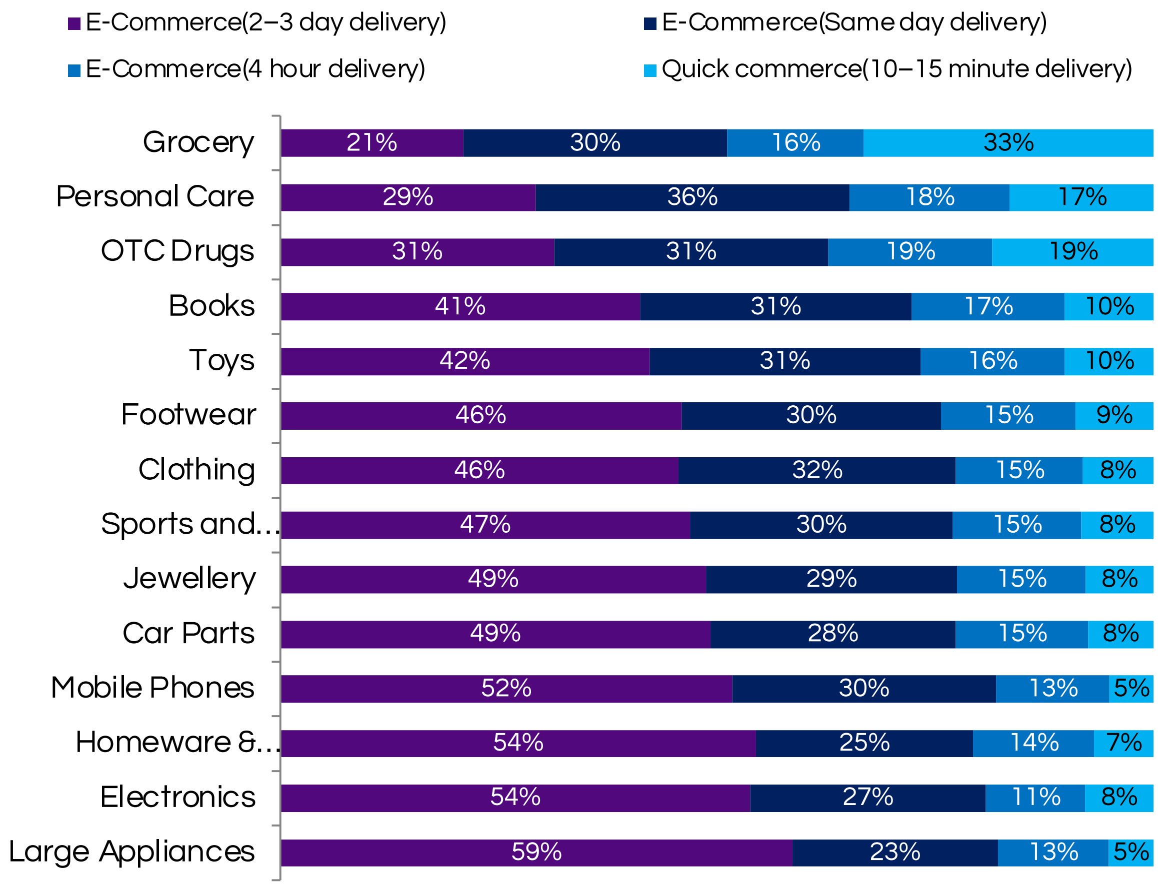
- The ability of quick commerce to deliver essential items within minutes has positioned them as the preferred choice for consumers seeking instant gratification and convenience.
- 44% online buyers use quick commerce platform for unplanned purchase followed by scheduled online grocery players at 33% and Kirana stores at 17%
- Prior to the advent of quick commerce, Kirana stores were the primary destination for unplanned grocery purchases due to their convenient locations and flexible operating hours.

Source: Datum Online Grocery Study 2024, (n=3,032 online grocery buyers in10 cities)

Quick Commerce Preferred Method for Buying Groceries Online

What is your preferred mode of buying these items for the following categories

(%)



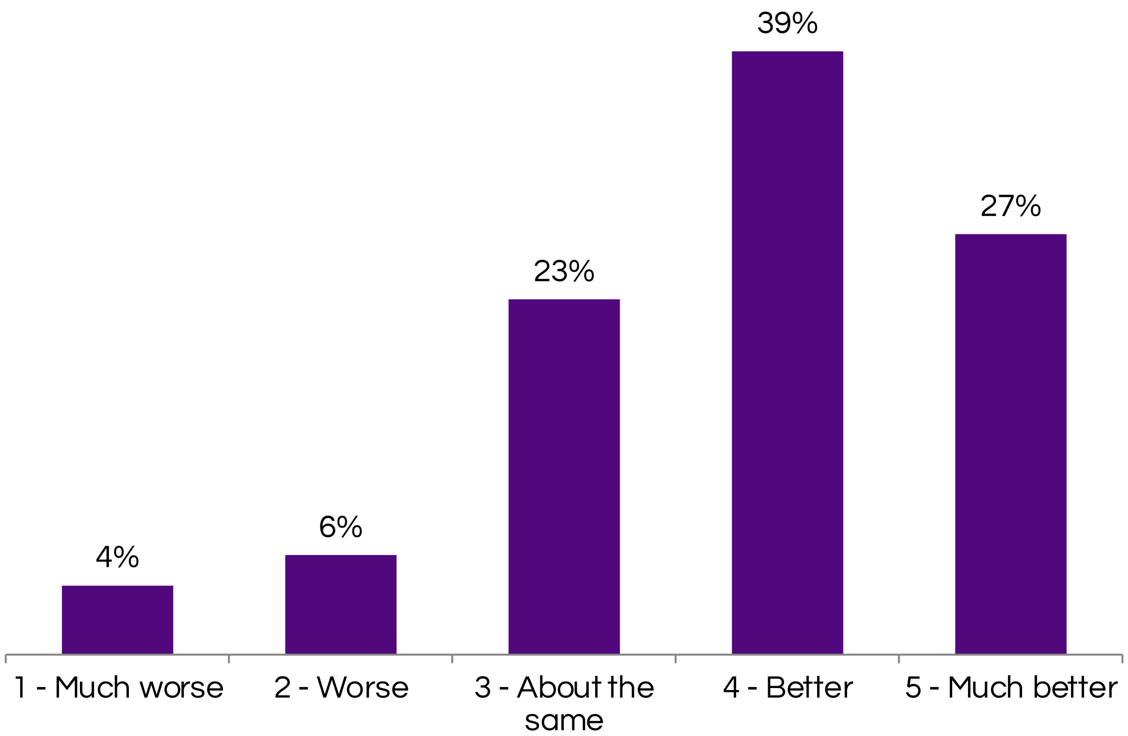
Source: Datum Online Grocery Study 2024, (n=3,032 online grocery buyers in10 cities)

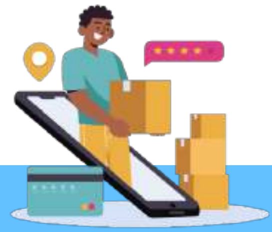
Key Insights

- With its emphasis on speed, convenience, and reliability, quick commerce has become the preferred method for buying groceries online
- Personal care and OTC drugs are the next categories rated high for quick commerce
- For categories with high average selling price like appliance, electronics, homeware and mobile phone pricing and no cost EMIs plays a bigger role than the speed of delivery

66% Customers Find Better Value For Money On Quick Commerce as Compared to Kirana Stores

On a scale from 1 to 5, how would you rate the value for money provided by your preferred quick commerce platform compared to Kirana stores?
(%)





Key Insights

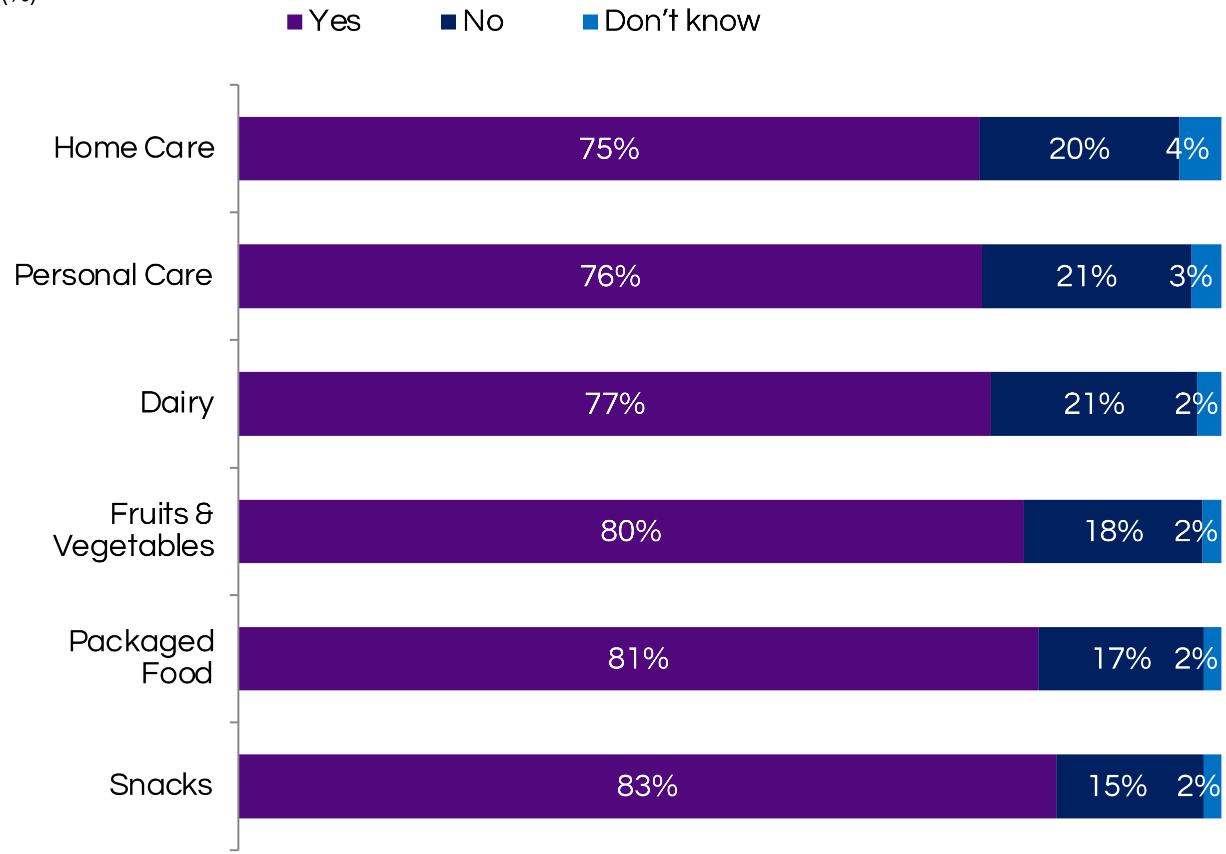
- A significant majority (66%) of customers perceive better value for money when using quick commerce platforms compared to traditional Kirana stores
- Beyond competitive pricing, these platforms often provide exclusive deals, discounts, and a wider selection of products, making them more appealing than Kirana stores
- The perceived value offered by quick commerce platforms can indeed lead to customer switching from Kirana stores

Source: Datum Online Grocery Study 2024, (n=3,032 online grocery buyers in10 cities)

Quick Commerce Platforms are Cheaper than Kirana Store Across Categories

Do you find quick commerce platforms to be generally cheaper than your local Kirana store for the following categories

(%)



Key Insights

- Quick commerce platform are considered cheaper than Kirana stores
- This along with the convenience of getting products in 10 minutes makes quick commerce a superior product offering as compared to Kirana stores

Source: Datum Online Grocery Study 2024, (n=3,032 online grocery buyers in10 cities)

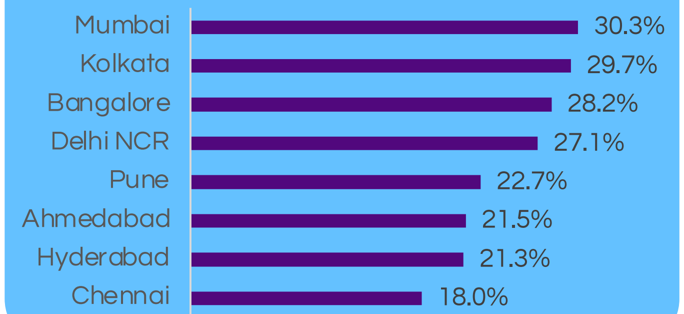
Nearly 53% of Buyers Place More than 5 Orders Monthly On Quick Commerce

As a household how many orders are you placing each month on Quick Commerce Apps?
(%)

Key Insights

- As customers increasingly rely on quick commerce platforms for their full month's grocery needs, the average number of orders placed per user is on the rise
- 53% of buyers place more than 5 orders monthly while 26% places more than 10 orders monthly
- Mumbai and Kolkata leads in customers placing more than 10 orders per month on quick commerce

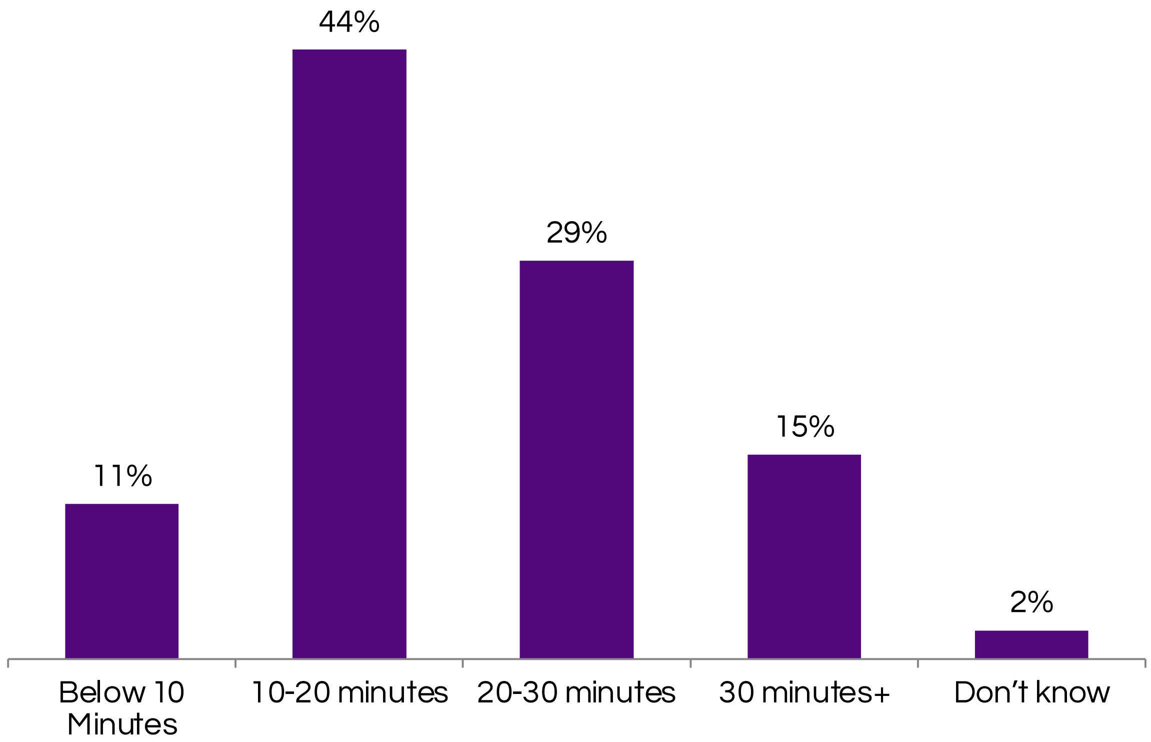
More than 10 orders per month



Source: Datum Online Grocery Study 2024, (n=3,032 online grocery buyers in10 cities)

10-30 Minutes is the Average Delivery Time for ~72% Buyers

What is average delivery time on quick commerce platforms (Zepto, Blinkit, Swiggy Instamart) for your orders?
(%)



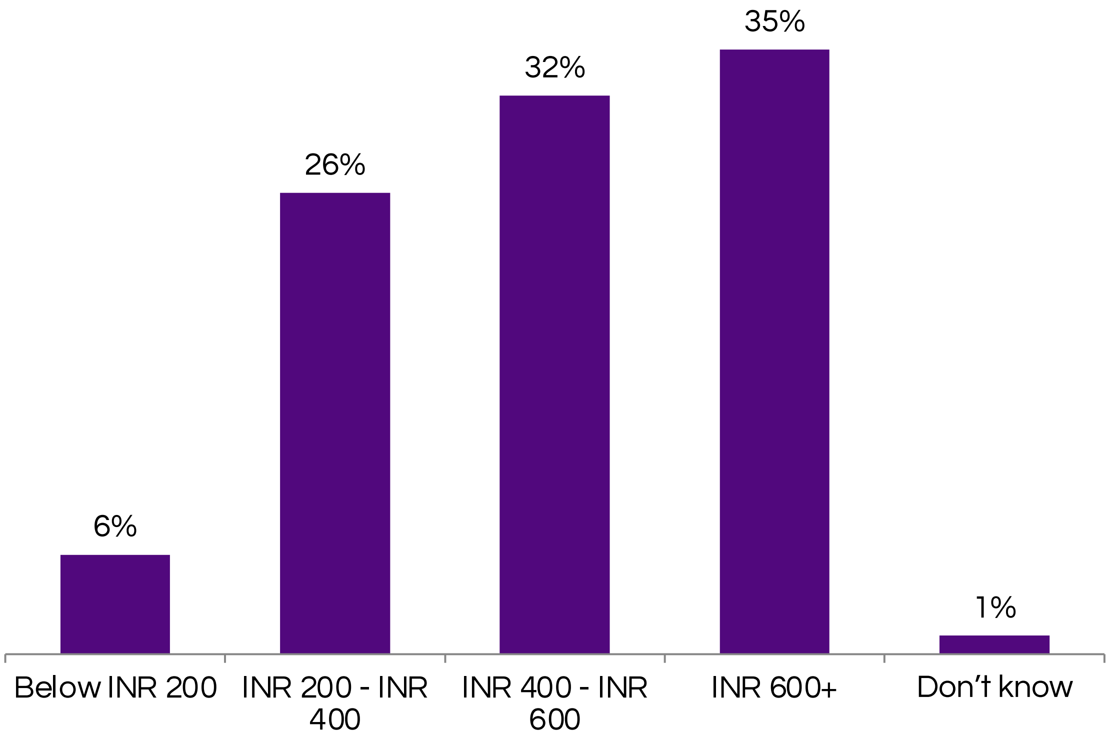
Key Insights

- For nearly three-quarters (72%) of online buyers, quick commerce platforms live up to their name by delivering orders within a speedy 10-30 minutes
- 55% of orders are delivered within 20-minutes which is critical for customers to rely on quick commerce platforms for unplanned and last-minute purchases

Source: Datum Online Grocery Study 2024, (n=3,032 online grocery buyers in10 cities)

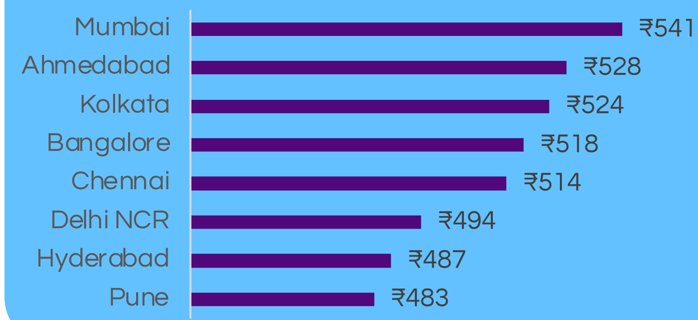
Nearly 67% of Buyers Have an Average Order Value of More than ₹400 on Quick Commerce

What is your average order value on quick commerce platforms (Zepto, Blinkit, Swiggy Instamart)?
(%)



Key Insights

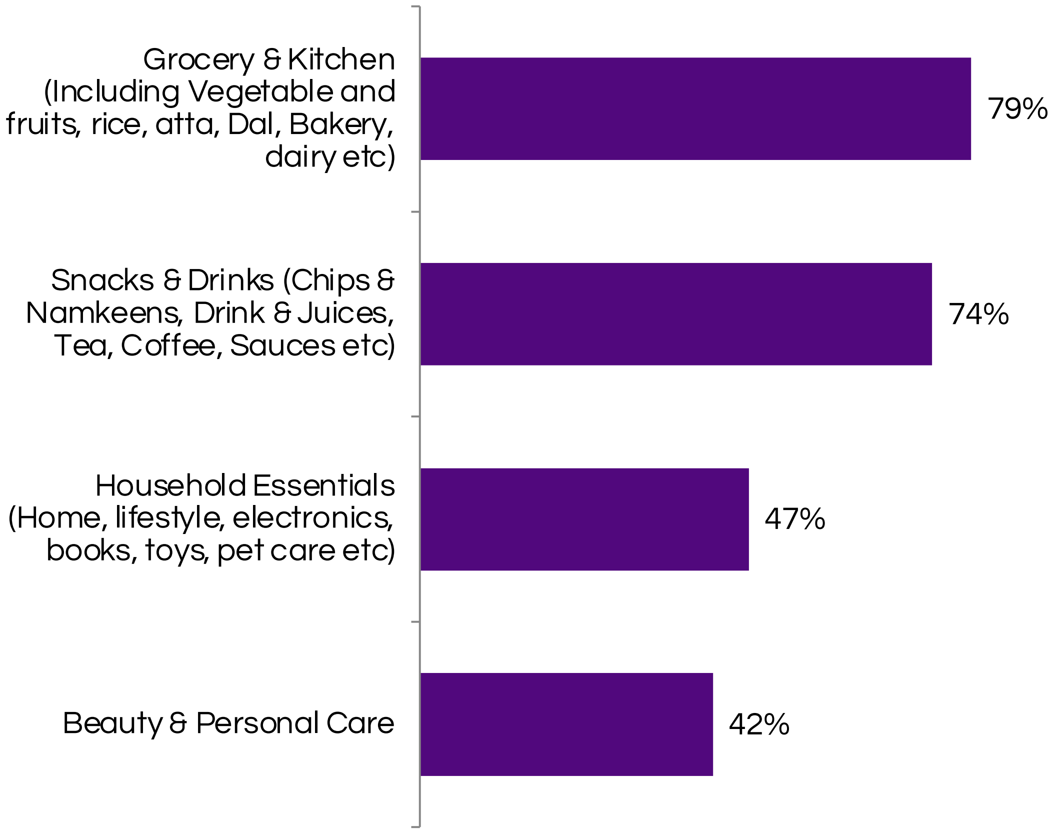
- The average order value (AOV) in quick commerce has been steadily increasing and is anticipated to continue its upward trajectory, driven by customers' growing propensity to purchase from a broader range of product categories
- Mumbai leads in average order value at ₹541 followed by Ahmedabad and Kolkata

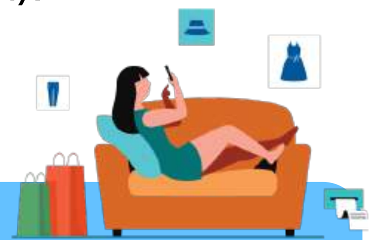


Source: Datum Online Grocery Study 2024, (n=3,032 online grocery buyers in 10 cities)

Grocery Items Leads in Categories Purchased on Quick Commerce

Which categories are you buying from quick commerce players (Zepto, Blinkit, Swiggy Instamart)?
(%)





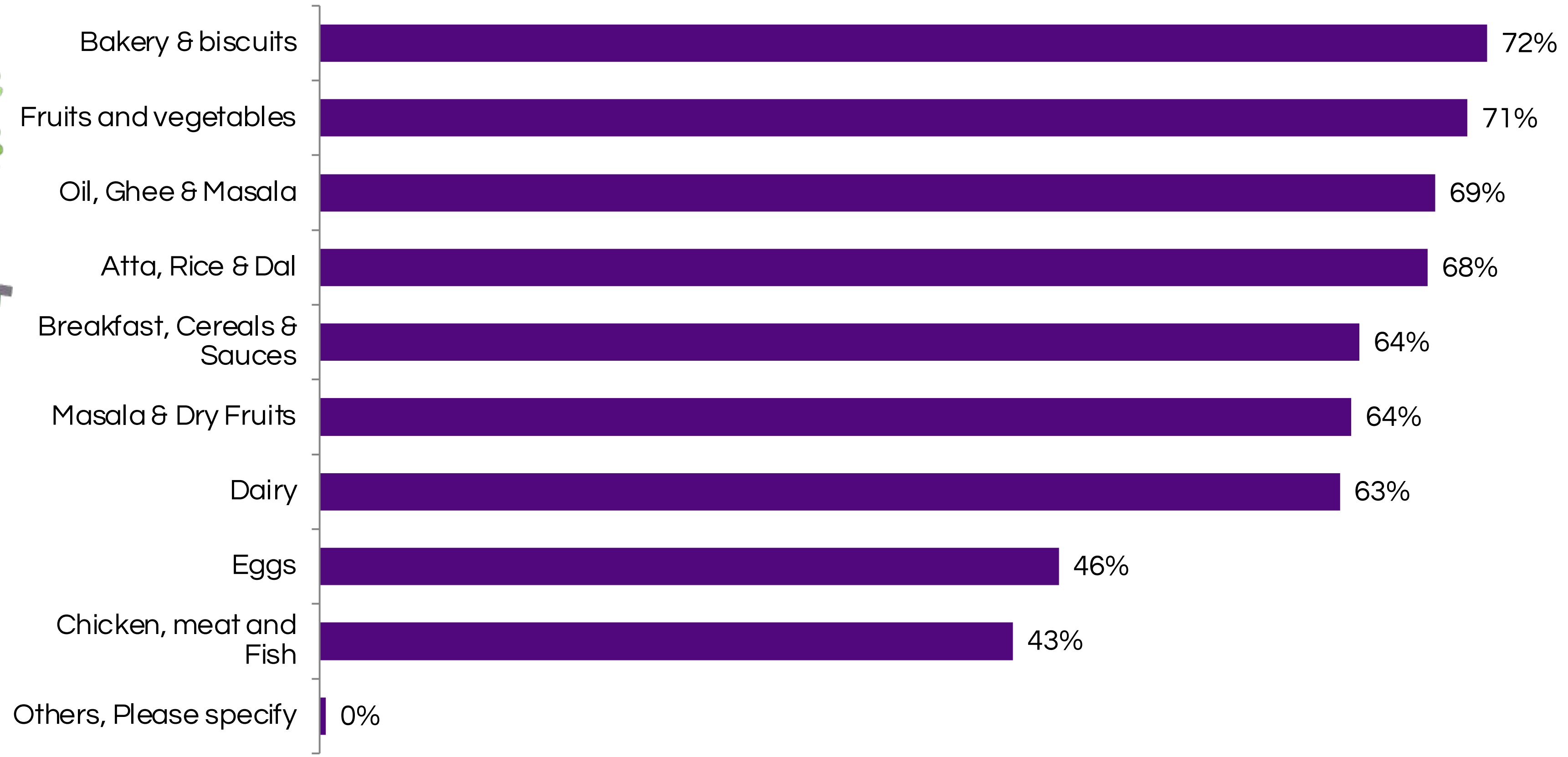
Key Insights

- 79% buyers purchase grocery and kitchen items from quick commerce platforms followed by snacks & drinks at 74%
- This is driven by the fact that customers value the convenience of having essential, daily-use items delivered rapidly to their doorstep
- Household essentials comes third at 47% followed by beauty & personal care at 42%
- Quick commerce is taking demand from Kirana stores for beauty & personal care

Source: Datum Online Grocery Study 2024, (n=3,032 online grocery buyers in10 cities)

Bakery & Biscuits Preferred items Followed by Fruits & Vegetables

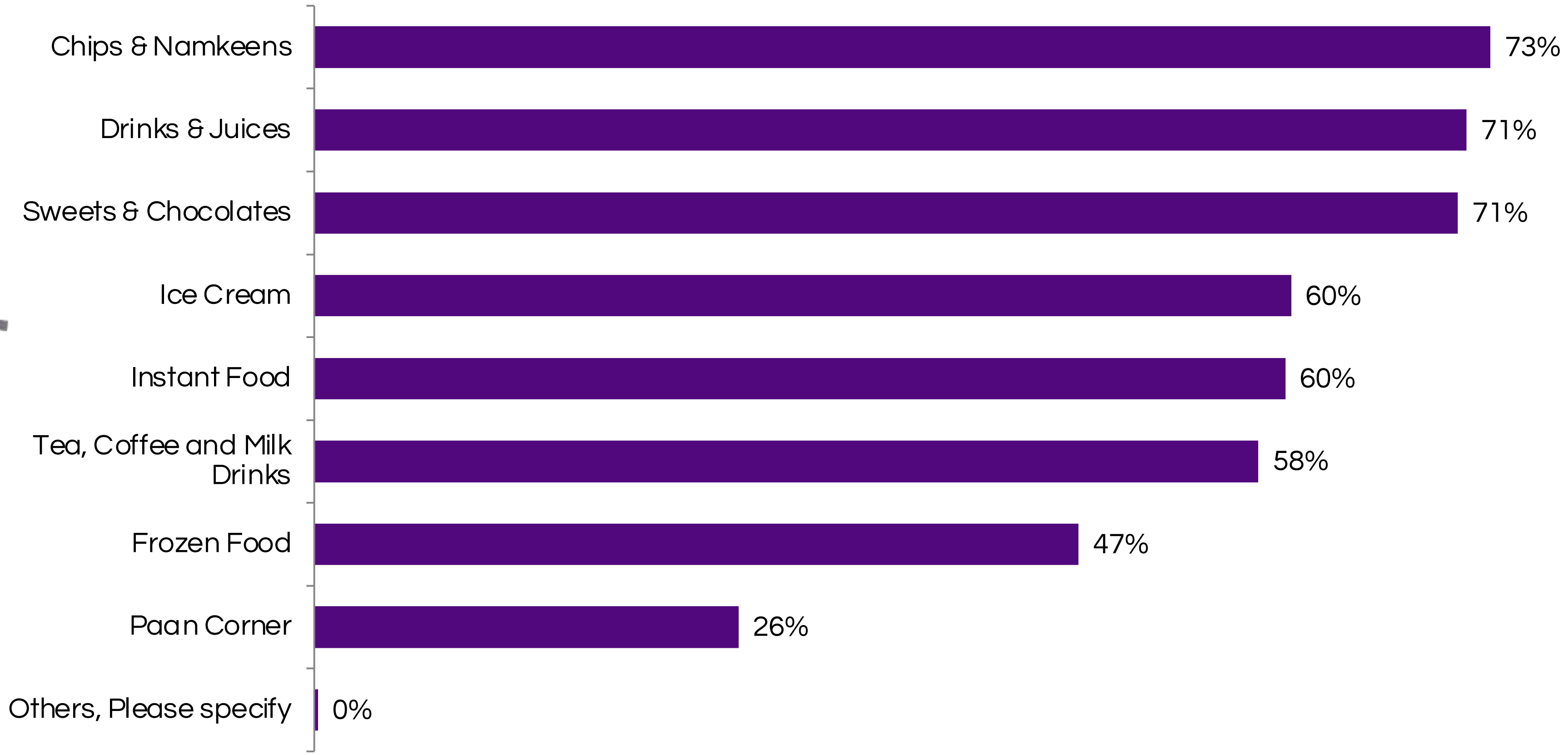
What grocery and kitchen items did you purchase on QUICK COMMERCE during last three months?
(%)



Source: Datum Online Grocery Study 2024, (n=2,402 online adults buying grocery on quick commerce apps)

Chips & Namkeens Preferred Snack items Followed by Drinks & Juices

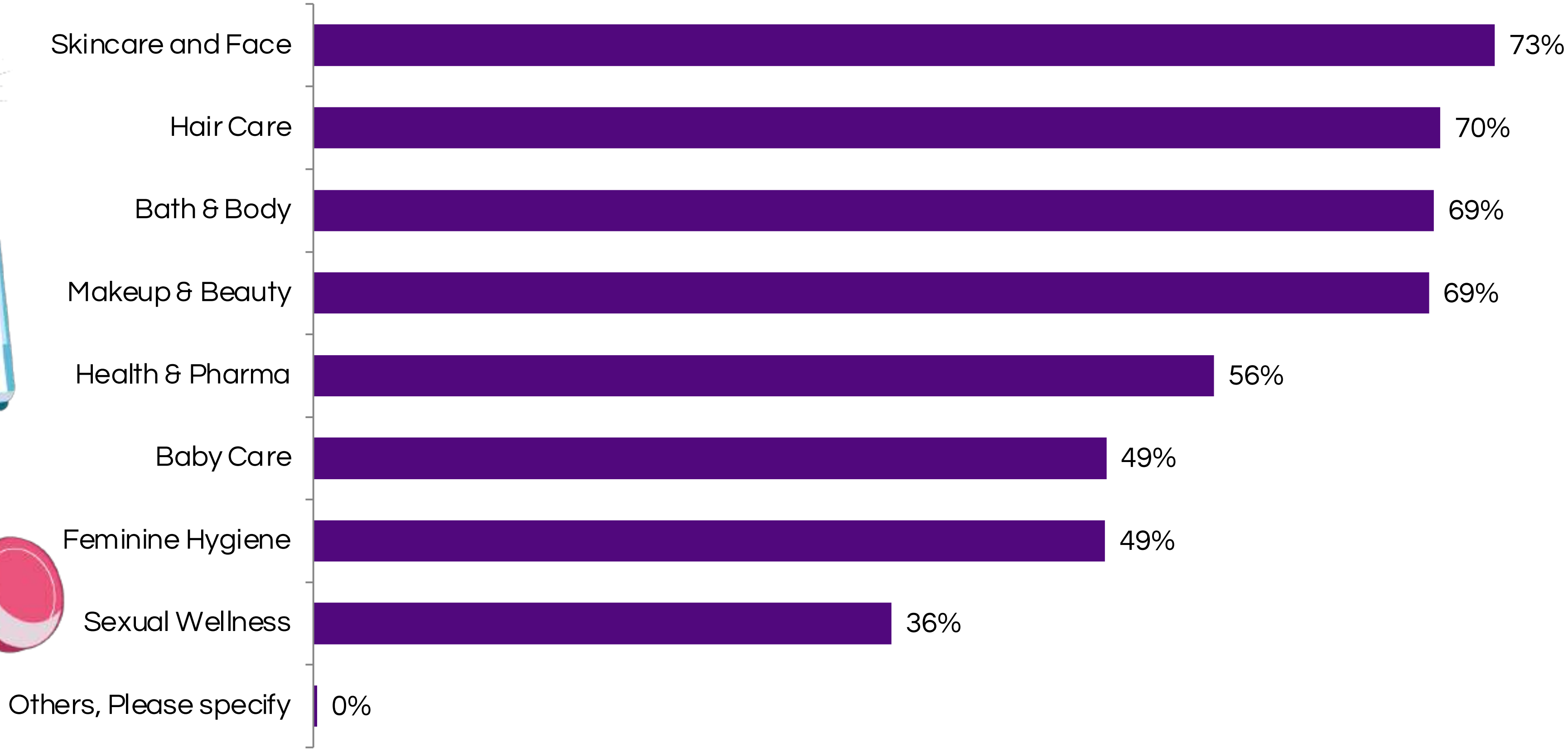
What snacks and drinks items did you purchase on QUICK COMMERCE during last three months?
(%)



Source: Datum Online Grocery Study 2024, (n=2,232 online adults buying snacks and drinks on quick commerce apps)

Skincare and Face Products Leads in Beauty & Personal Care

What Beauty & Personal Care items did you purchase on QUICK COMMERCE during last three months?
(%)

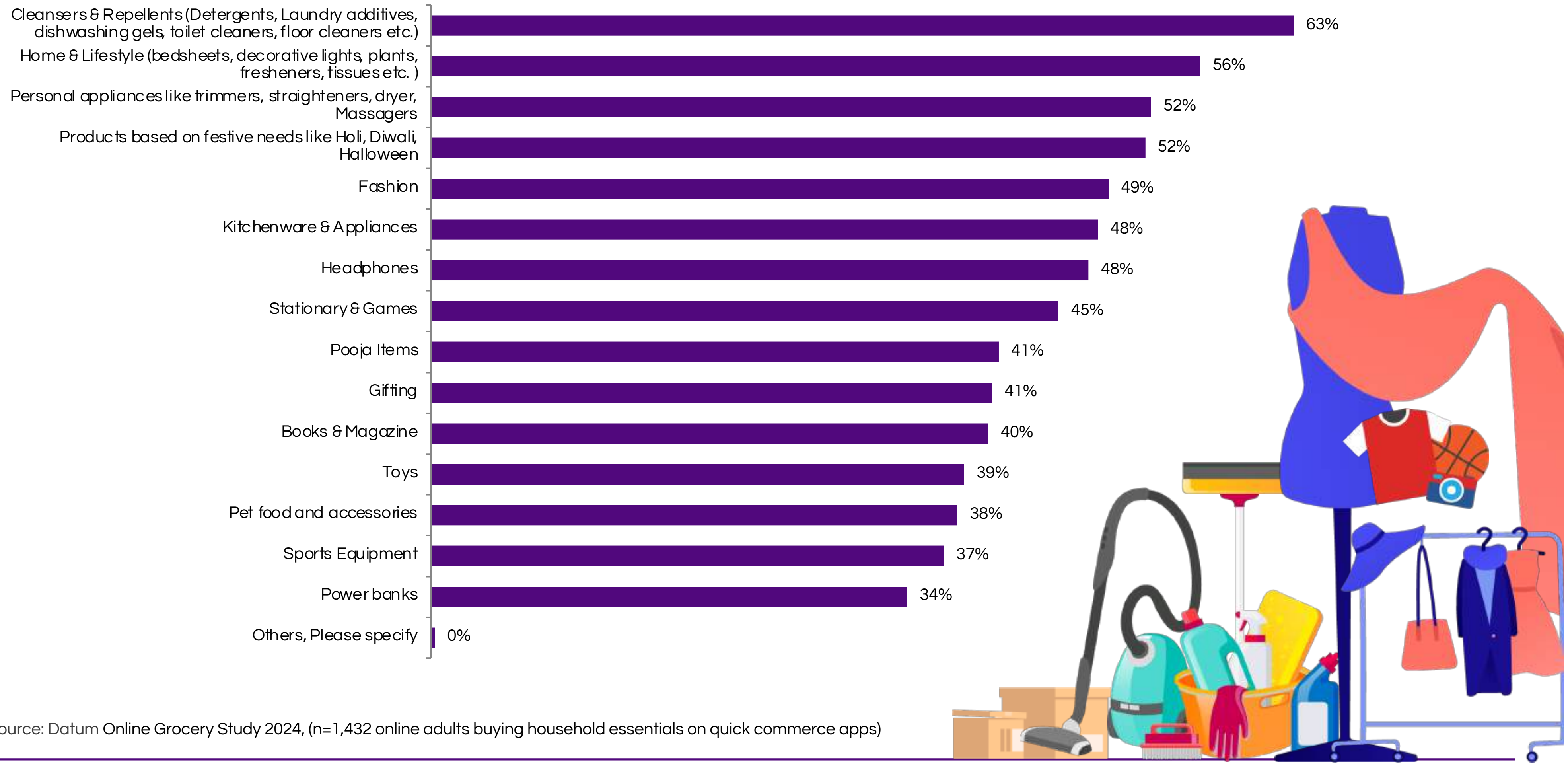


Source: Datum Online Grocery Study 2024, (n=1,276 online adults buying beauty and personal care on quick commerce apps)

Cleaners & Repellents Leads in Household Essentials

What Household Essentials items did you purchase on QUICK COMMERCE during last three months?

(%)

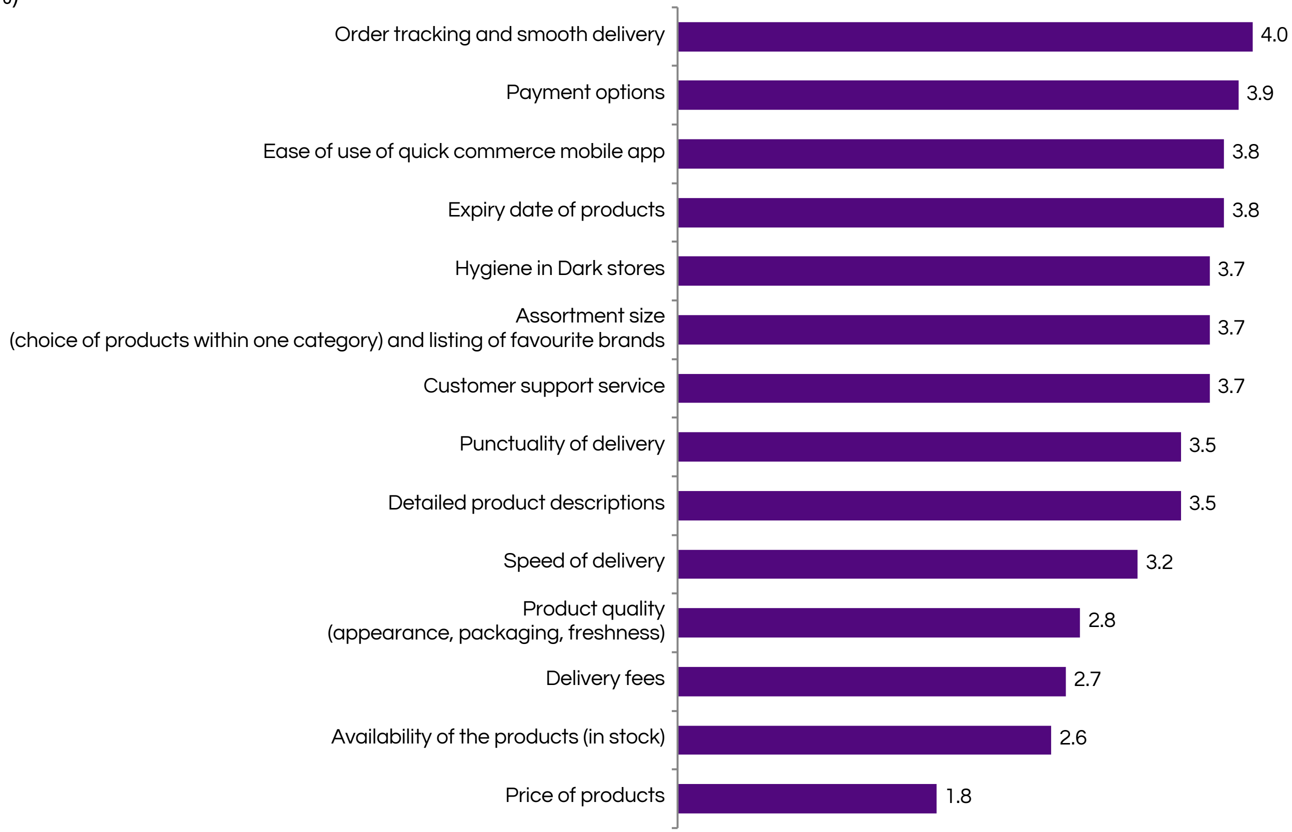


Source: Datum Online Grocery Study 2024, (n=1,432 online adults buying household essentials on quick commerce apps)

Role of Price is Limited as Customers Looking for Convenience

Please rank the following aspects of q-commerce based on their importance to you as a customer, with 1 being the most important and 5 being the least important?

(%)



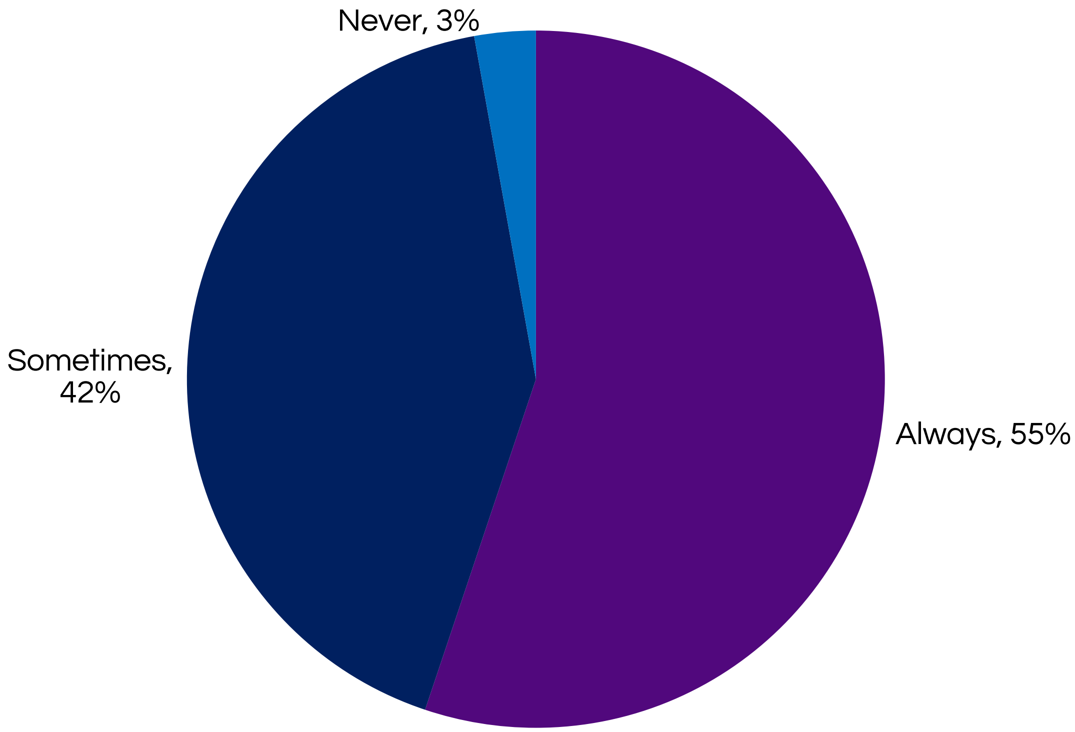
Key Insights

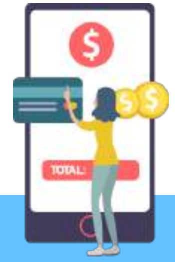
- As the majority of quick commerce purchases center around groceries and BPC products, price sensitivity is currently less pronounced in this sector
- This phenomenon can be attributed to the convenience-driven nature of these purchases, where customers value rapid delivery over potential cost savings
- Pricing will become more important as the quick commerce market evolves and diversifies

Source: Datum Online Grocery Study 2024, (n=3,032 online grocery buyers in10 cities)

Price Comparison Remains Relevant Despite Convenience-Driven Purchases

Do you compare prices with various quick commerce platforms before making purchase?
(%)

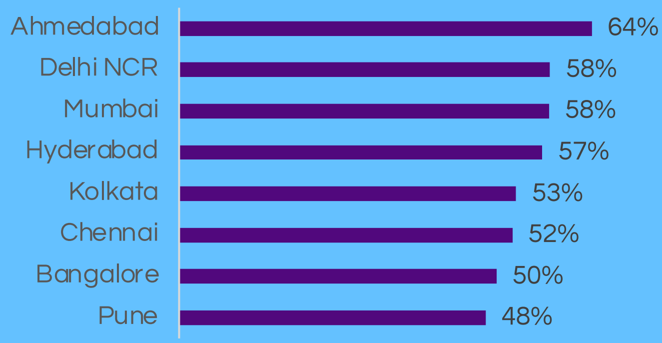




Key Insights

- 55% of quick commerce buyers check prices
- Despite the focus on convenience and speed, shoppers still want to keep a check on pricing, highlighting the importance of competitive pricing strategies for quick commerce platforms

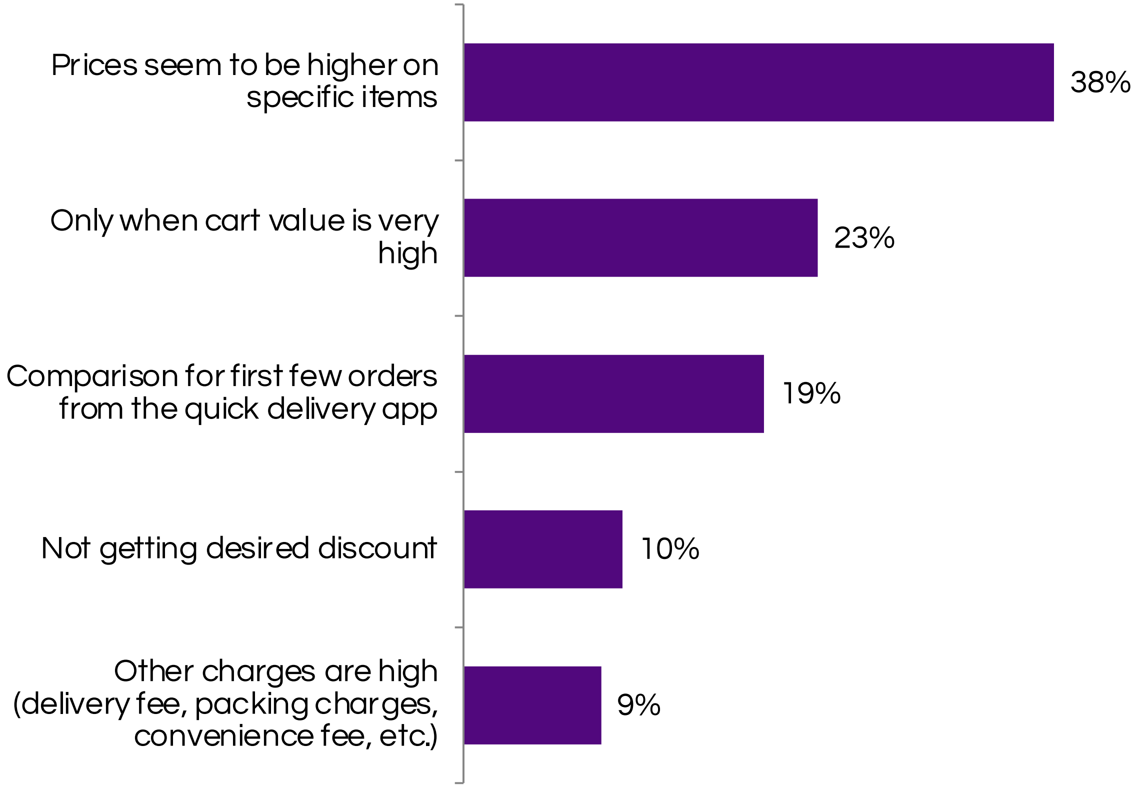
Always Checks Price



Source: Datum Online Grocery Study 2024, (n=3,032 online grocery buyers in10 cities)

38% Buyers Compare Price of Specific Items on Quick Commerce

In which of the following situations do you generally compare prices with other quick delivery platforms / apps before making the purchase?
(%)



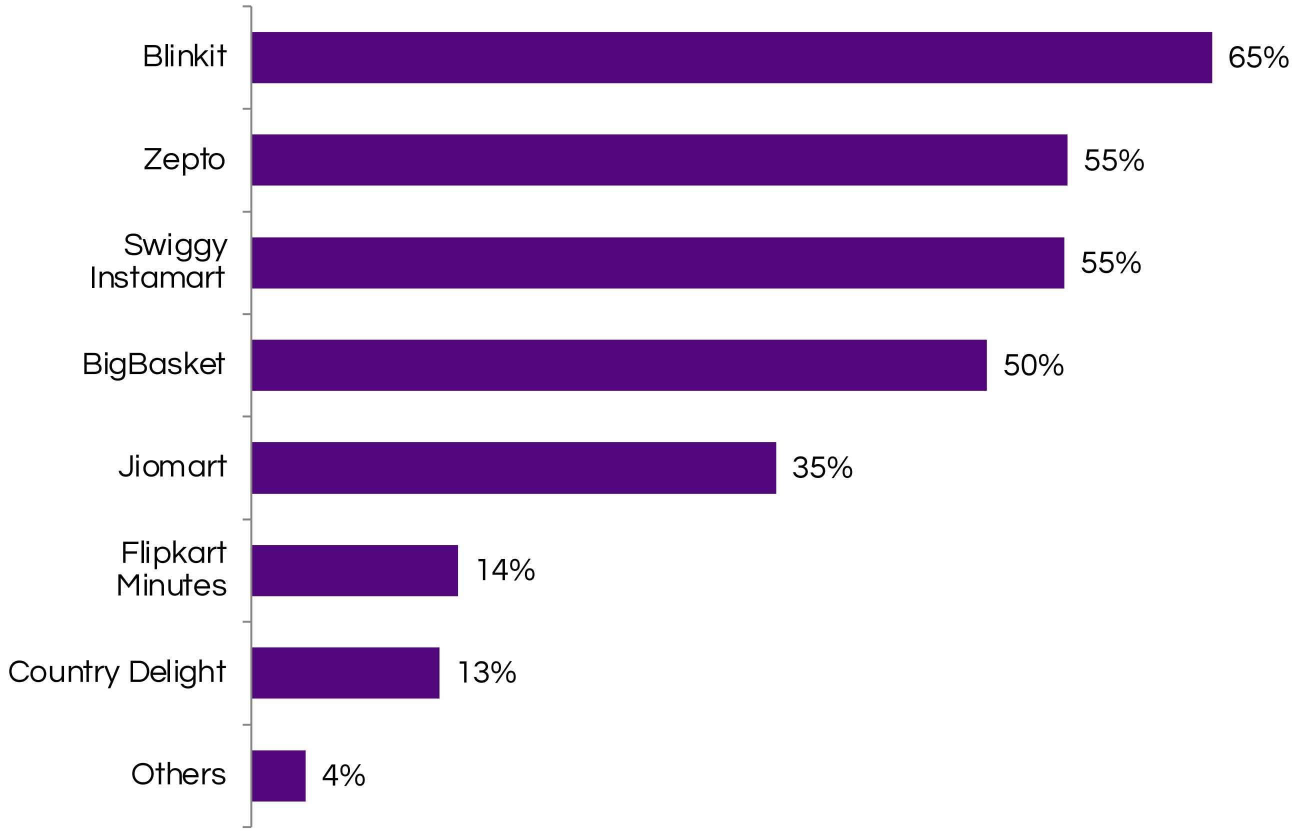
Key Insights

- A significant portion (38%) of online buyers actively compare the prices of specific items across quick commerce platforms, seeking the best deals and value for their purchases
- Due to the complexity of comparing prices across different grocery items and platforms, only 19% of buyers engage in price comparisons for their initial orders
- Once trust is established, customers are more likely to continue using the platform without the need for constant price comparisons, prioritizing convenience and reliability over potential price differences.

Source: Datum Online Grocery Study 2024, (n=3,032 online grocery buyers in10 cities)

Blinkit Preferred Followed by Zepto and Swiggy Instamart

Which of the following quick commerce retailer (s) have you bought?
(%)



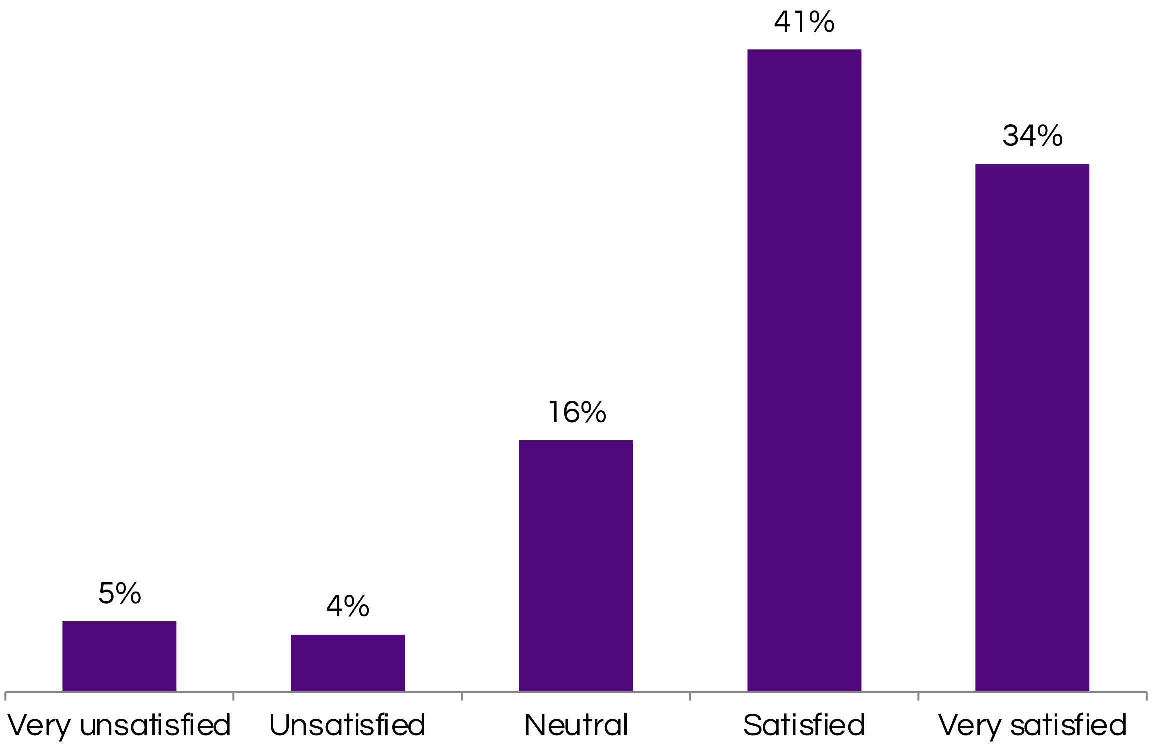
Key Insights

- Blinkit preferred platform followed by Zepto and Swiggy Instamart
- Blinkit's popularity can be attributed to its effective blend of rapid delivery, wide product assortment, and user-friendly interface
- Blinkit most popular in Delhi NCR while Swiggy Instamart leads in other cities closely followed by Blinkit and Zepto

Source: Datum Online Grocery Study 2024, (n=3,032 online grocery buyers in10 cities)

76% Customers Are Satisfied with the interface and Experience of Quick Commerce App

How satisfied are you with the user interface and experience of your preferred quick commerce app?
(%)



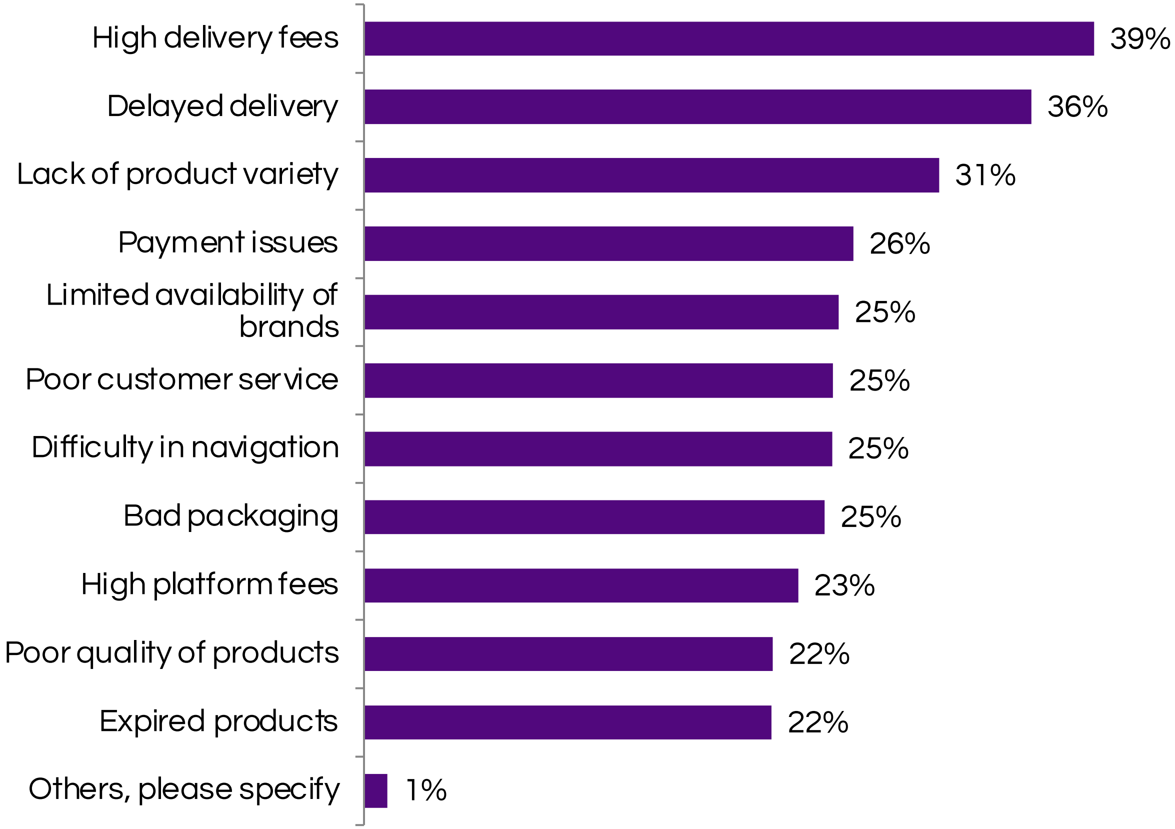
Key Insights

- The slow adoption of online grocery shopping can be attributed to a combination of factors, including poor user interfaces, unsatisfactory app experiences, and extended delivery times
- Quick commerce platforms made apps easier to use, provided better shopping experiences, and sped up delivery times

Source: Datum Online Grocery Study 2024, (n=3,032 online grocery buyers in10 cities)

High Delivery Fees and Late Delivery Key Challenges

What challenges or frustrations do you often face when using quick commerce platforms?
(%)



Key Insights

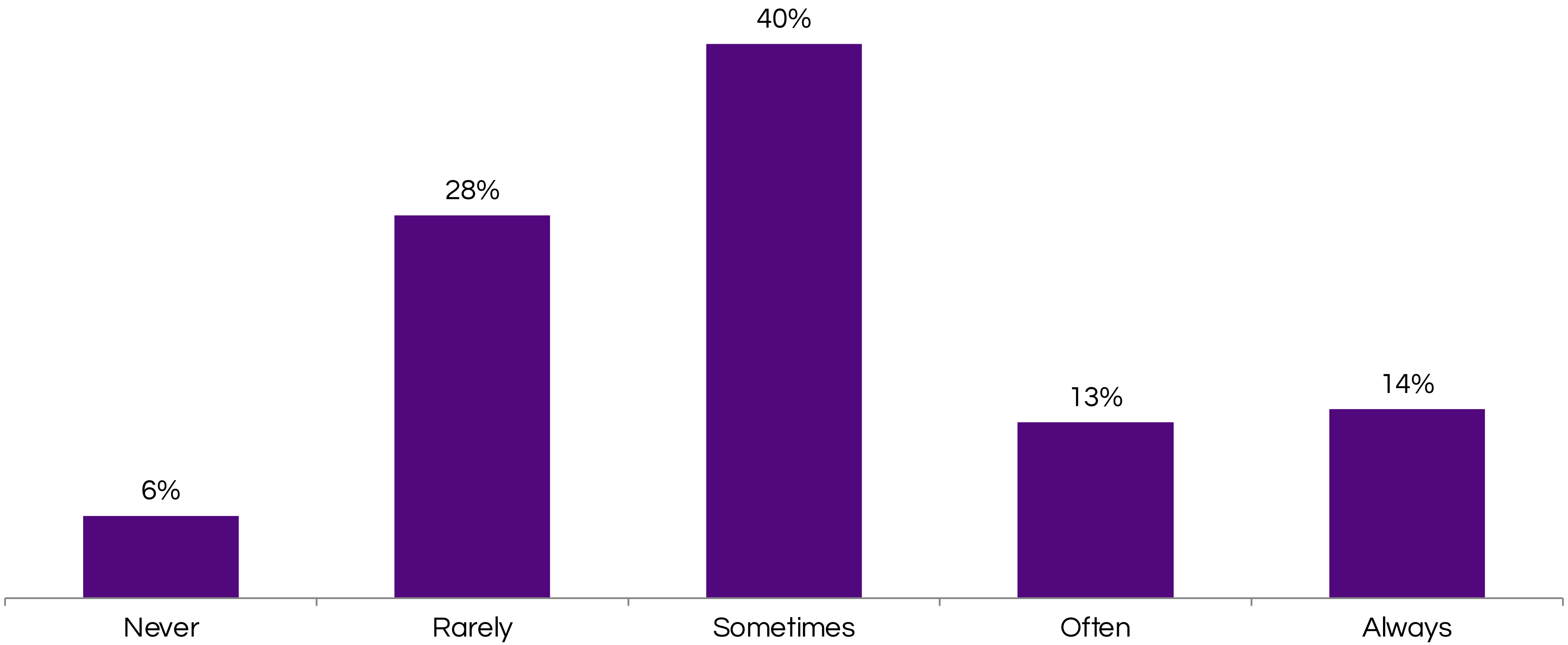
- High delivery fees and delayed delivery are the key areas where customers feel frustrated with quick commerce platforms
- Late deliveries not only undermine the primary value proposition of quick commerce but also erode trust in the platforms' reliability and efficiency
- A significant proportion of buyers (31% and 25%, respectively) express concerns regarding the limited variety of brands and products available on quick commerce platforms.

Source: Datum Online Grocery Study 2024, (n=3,032 online grocery buyers in 10 cities)

66% Buyers Experience Delivery Delays on Quick Commerce

How often do you experience delivery delays when using quick commerce platforms?

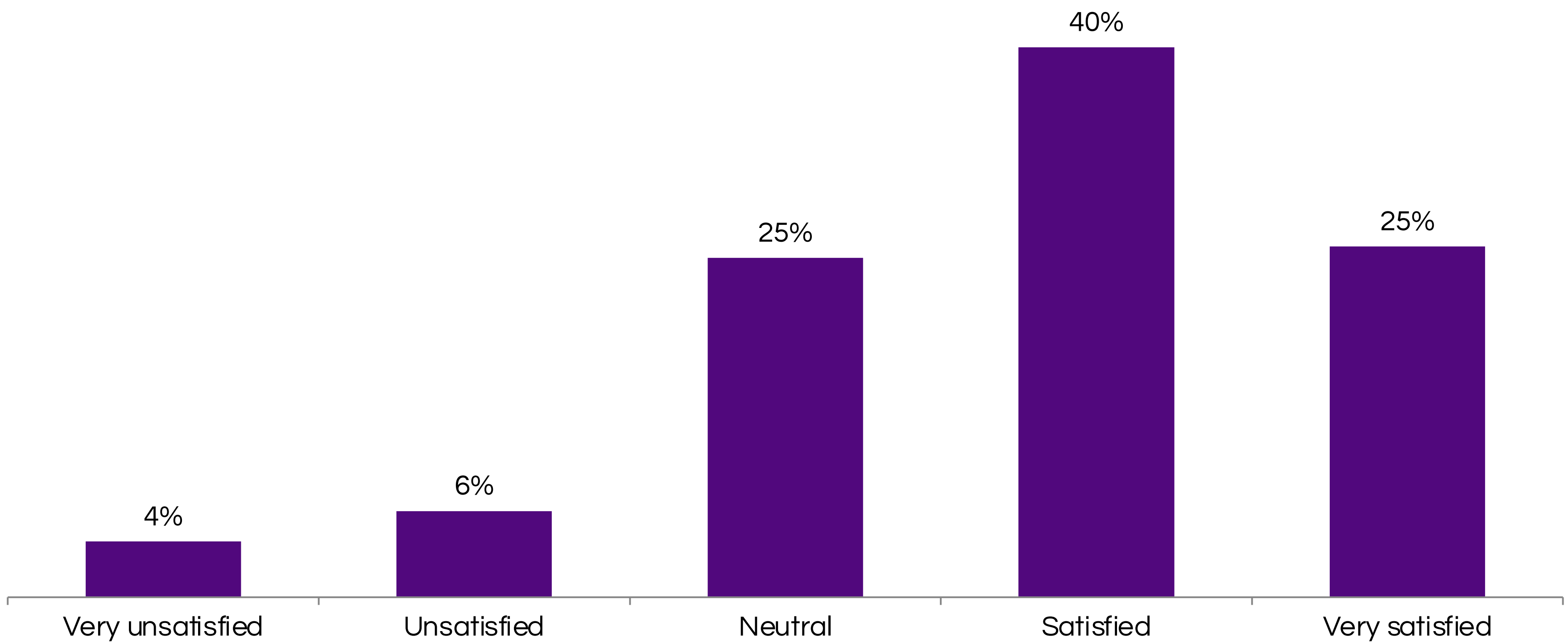
(%)



Source: Datum Online Grocery Study 2024, (n=3,032 online grocery buyers in10 cities)

65% Customers are Satisfied by the Customer Support Provided on Quick Commerce

How satisfied are you with the quality of customer support provided after a purchase on quick commerce platforms?
(%)

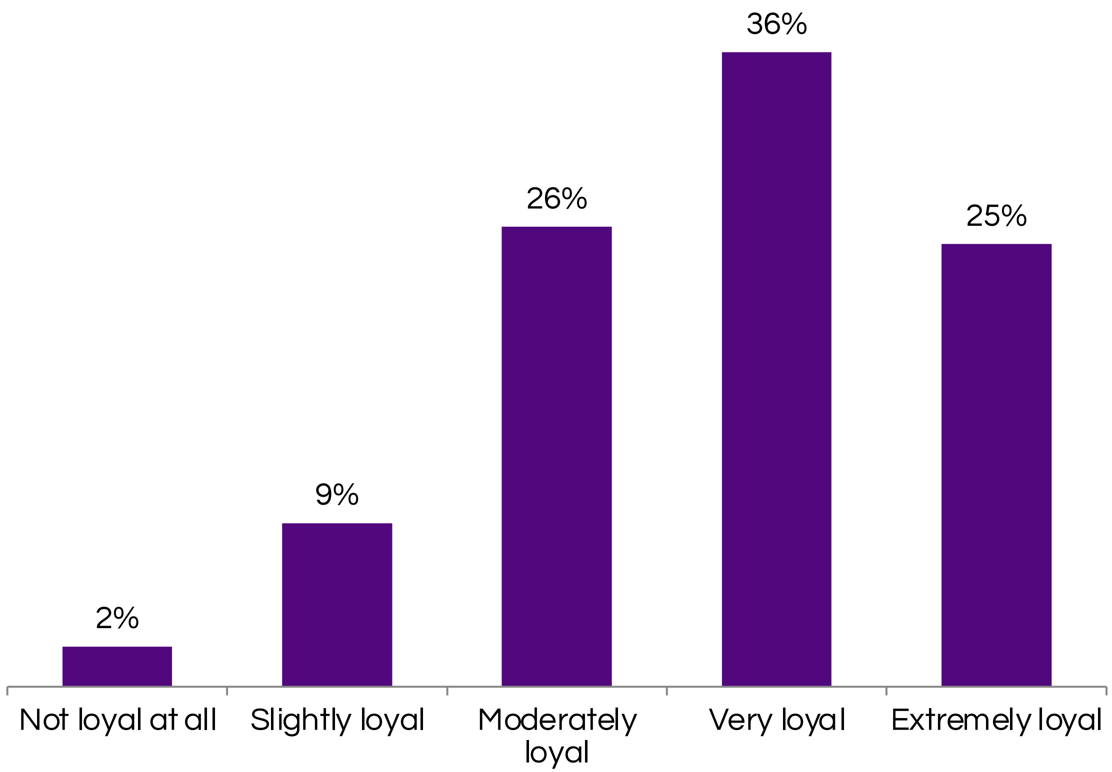


Source: Datum Online Grocery Study 2024, (n=3,032 online grocery buyers in10 cities)

62% Customers are Very Loyal to Quick Commerce Platform

How loyal do you consider yourself to be to your current quick commerce platform?

(%)



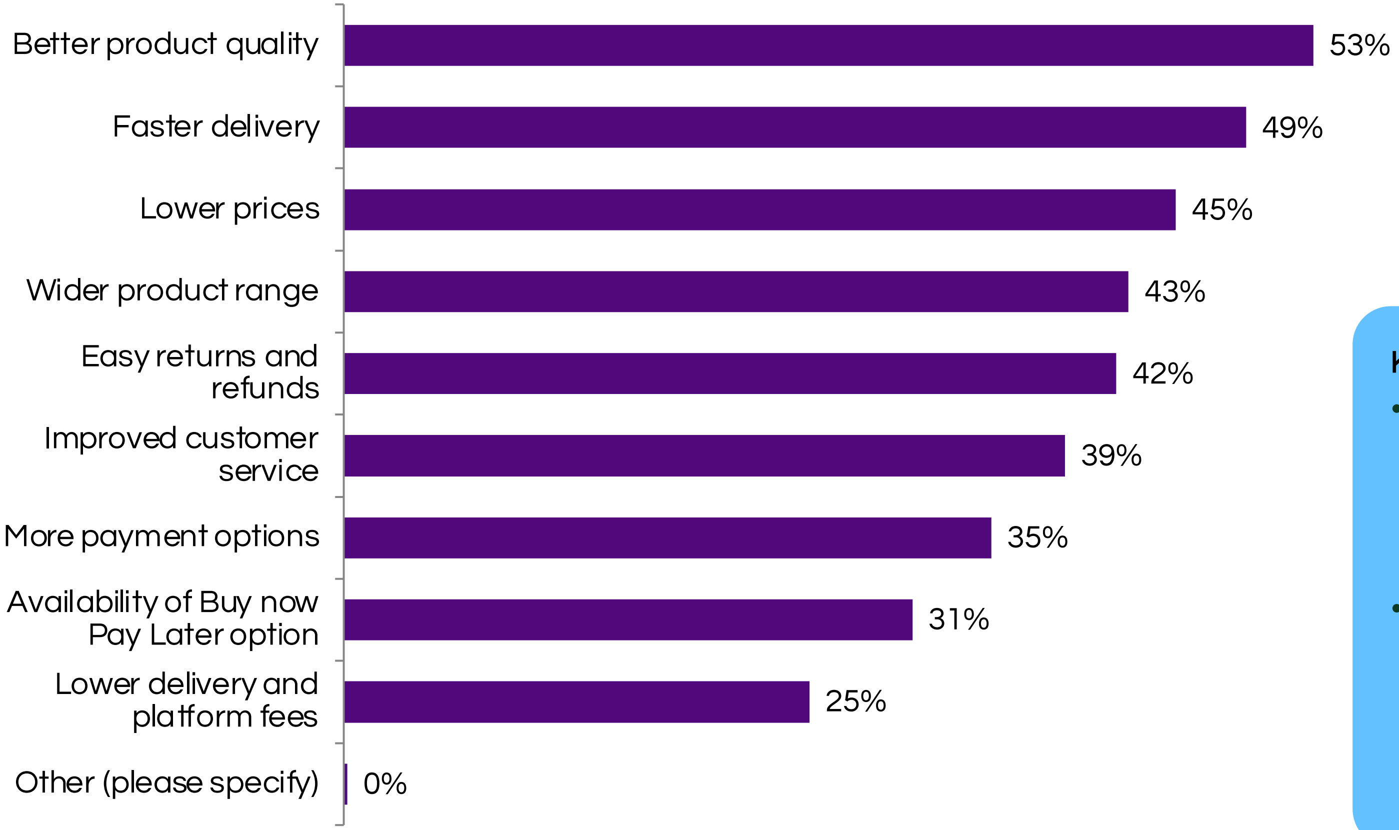
Key Insights

- When it comes to buying groceries, customers generally exhibit a strong inclination to stick with their preferred stores, often without considering alternatives
- 62% of customers exhibit strong loyalty to their chosen quick commerce platform, suggesting that these services have successfully fostered customer retention and repeat business
- This level of loyalty is likely driven by factors such as convenience, speed, reliability, and overall satisfaction with the platform's offerings and user experience.

Source: Datum Online Grocery Study 2024, (n=3,032 online grocery buyers in10 cities)

Product Quality, Fast Delivery and Lower Prices Key Motivation to Switch

What would make you switch from your current quick commerce platform to a new one?
(%)



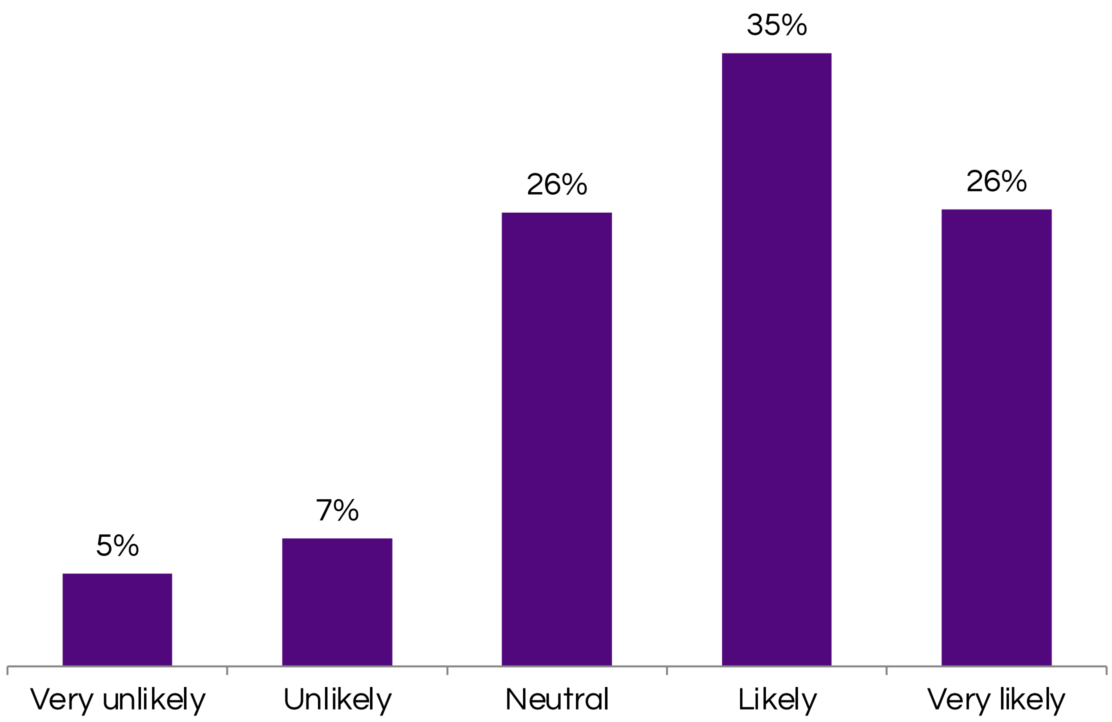
Key Insights

- Customers considering a switch in quick commerce platforms are primarily motivated by three factors: product quality, fast delivery, and lower prices
- 43% of buyers consider wider product range as key motivation of switching making quick commerce platform to add more brands and categories

Source: Datum Online Grocery Study 2024, (n=3,032 online grocery buyers in10 cities)

10% Increase in Price Can make 62% Customers to Switch

If prices were to increase by 10% on your preferred quick commerce platform, how likely would you be to switch to another platform or go back to shopping at Kirana stores?
(%)



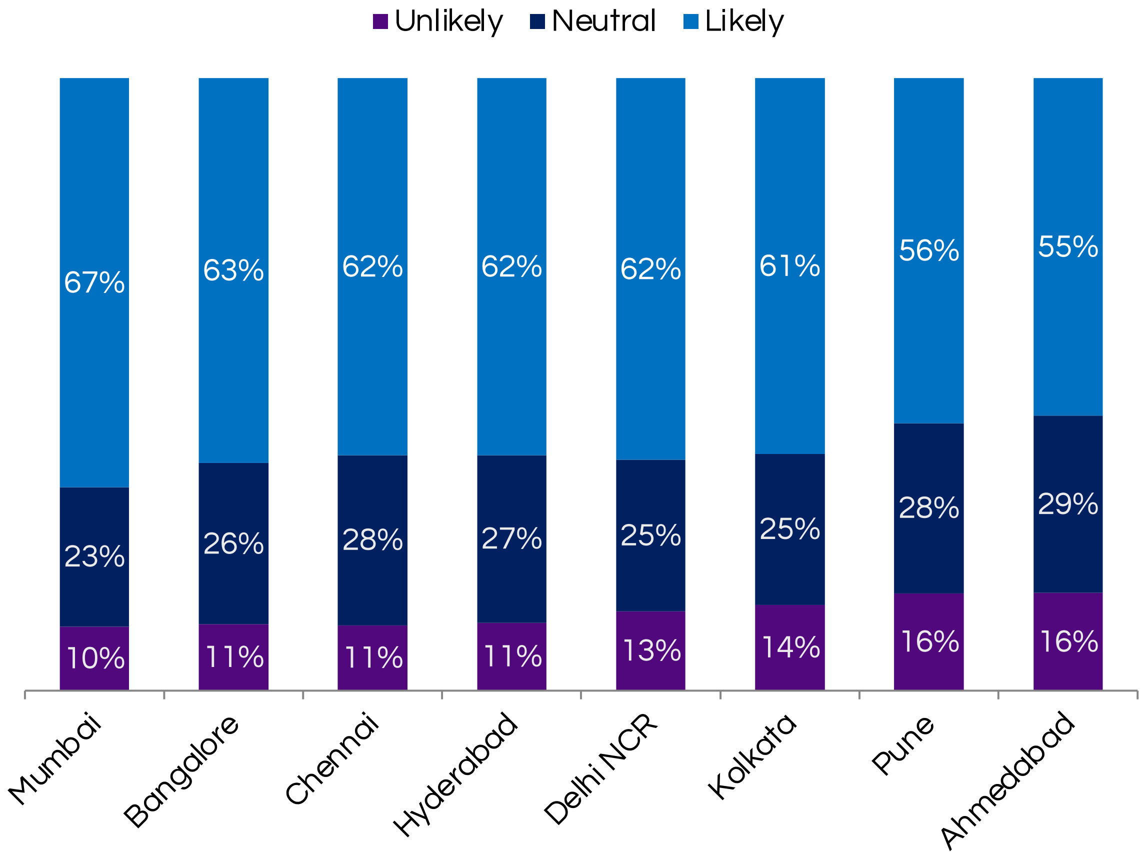
Key Insights

- Despite the overall loyalty to their preferred quick commerce platforms, 62% of customers indicate that a 10% price increase could drive them to explore alternative services.
- While customers value convenience and speed, they are also price-sensitive and may revaluate their choices if the cost of using a platform becomes too high
- When shopping on quick commerce platforms, customers tend to be selective in their price checking habits, focusing primarily on specific products rather than comparing prices across the board

Source: Datum Online Grocery Study 2024, (n=3,032 online grocery buyers in10 cities)

Mumbai and Bangalore Buyers Are More Likely to Switch Due to Increase in Pricing

If prices were to increase by 10% on your preferred quick commerce platform, how likely would you be to switch to another platform or go back to shopping at Kirana stores?
(%)



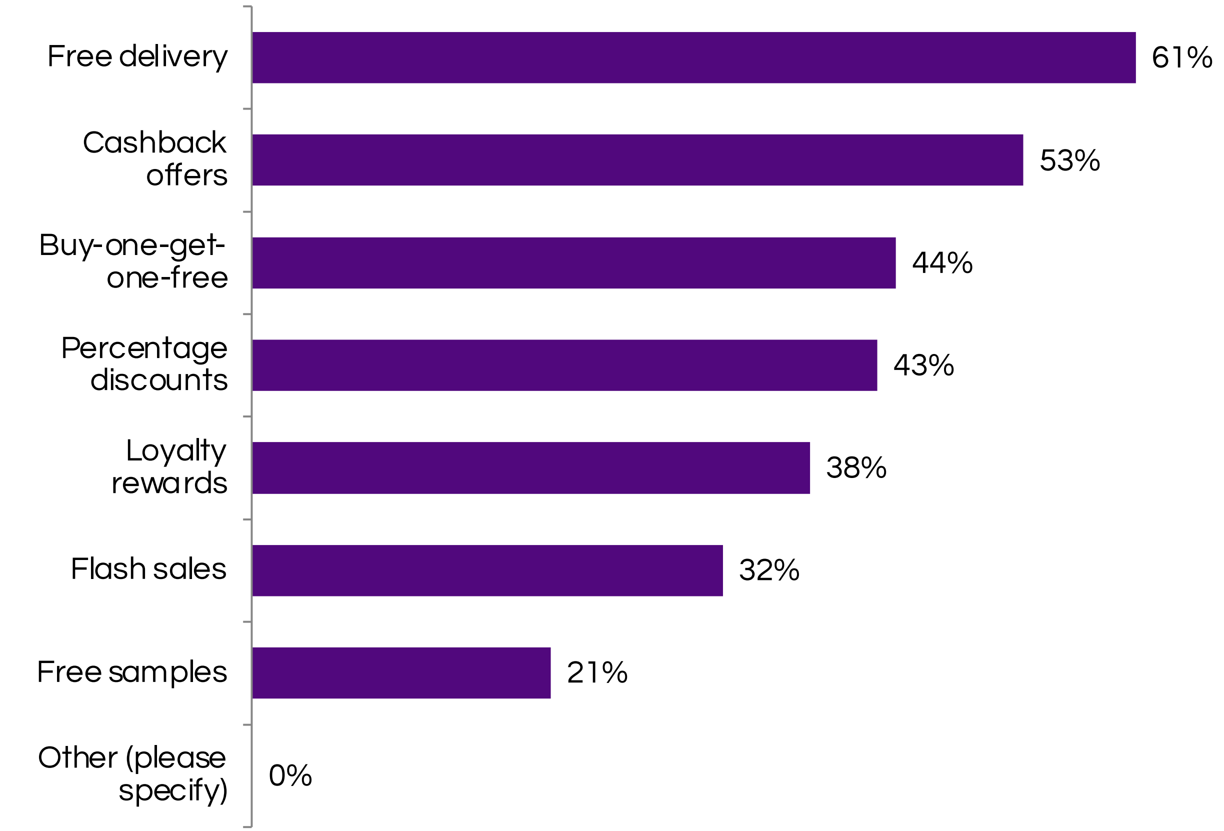
Key Insights

- Quick commerce buyers in Mumbai and Bangalore are demonstrating increased likelihood of switching quick commerce platforms in response to price increases, highlighting the importance of competitive pricing in these markets
- These cities are also home to a large population of tech-savvy, well-informed consumers who are adept at using digital platforms to compare prices, find deals, and switch providers as needed
- The quick commerce market in these cities is more competitive where multiple players are aggressively focus on discounts and cashbacks to acquire customers

Source: Datum Online Grocery Study 2024, (n=3,032 online grocery buyers in10 cities)

Free Delivery Most Compelling Promotion followed By Cashback

Which type of promotions do you find most compelling?
(%)



Key Insights

- Free delivery stands out as the most compelling offer for customers, closely followed by cashback incentives
- Quick commerce platforms are increasingly launching monthly subscription passes to tackle customer concerns regarding high delivery fees
- Quick commerce players are likely to employ flash sales as a strategic tool to drive demand during month-end periods and promote specific products, particularly those in higher selling price categories

Source: Datum Online Grocery Study 2024, (n=3,032 online grocery buyers in 10 cities)

Datum forecast

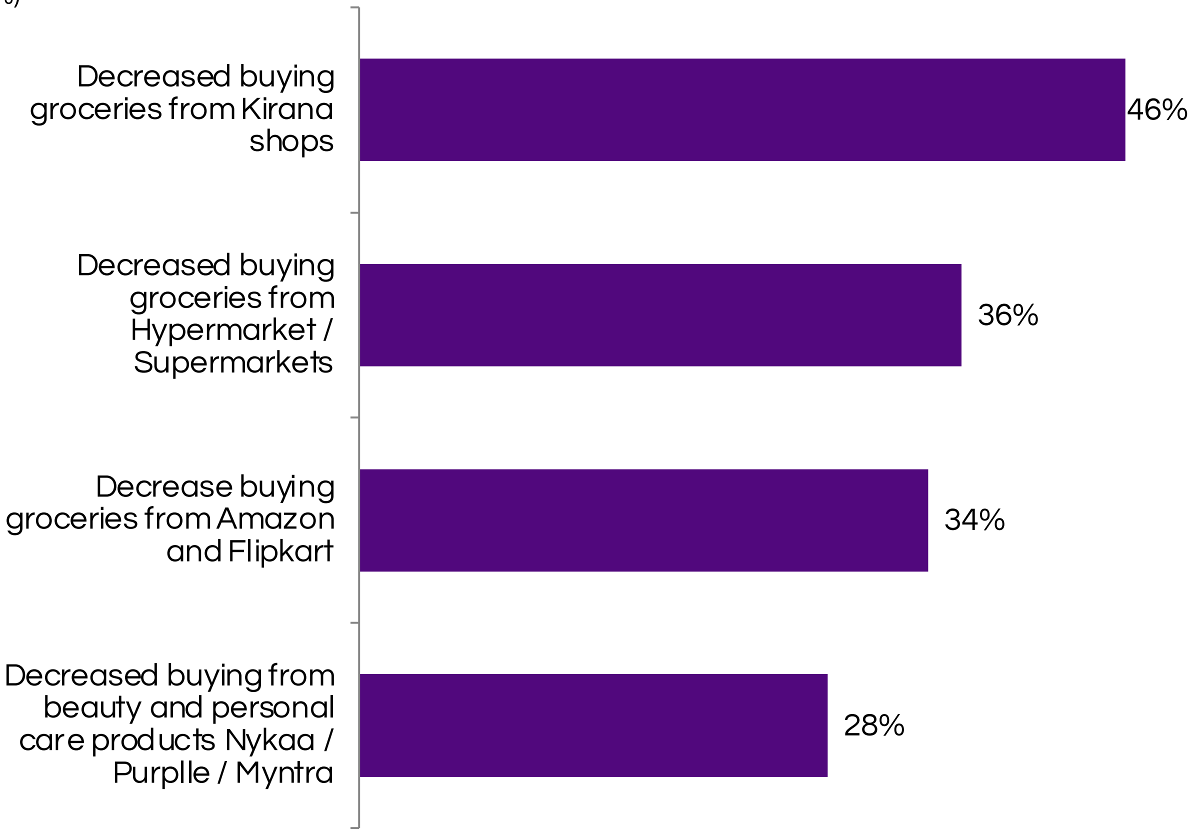
Impact of Quick Commerce on Kirana Stores

Section 4

www.datumintell.com

Kirana Shops Experience Customer Shift to Quick Commerce

With respect to online shopping for Groceries how do you estimate your spend have changed after you started buying on quick commerce?
(%)

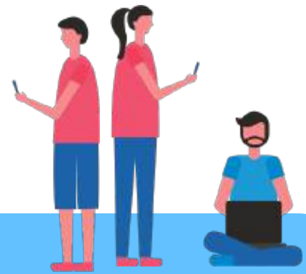


Key Insights

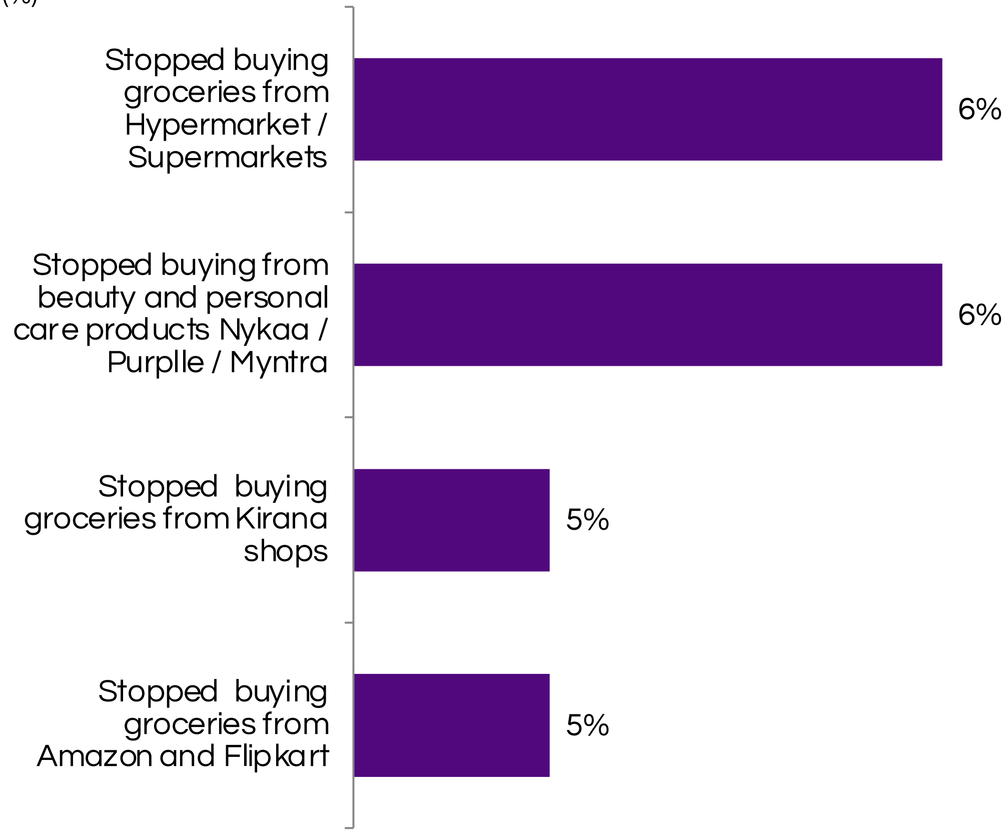
- Nearly half (46%) of respondent's report reduced spending at Kirana shops, indicating a shift in customer behavior towards quick commerce platforms
- Quick commerce platforms have significantly altered customer shopping behavior, resulting in decreased patronage of hypermarkets (36%) and scheduled grocery services (34%
- Expect reduction in buying from beauty specific retailers

Source: Datum Online Grocery Study 2024, (n=3,032 online grocery buyers in10 cities)

Kirana Shops Face Customer Erosion Due to Quick Commerce



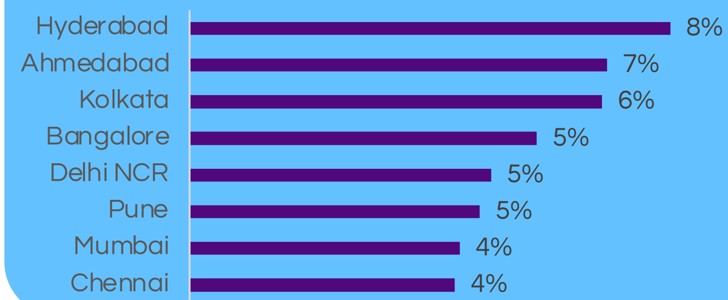
With respect to online shopping for Groceries and beauty & personal care how do you estimate your spend have changed after you started buying on quick commerce?
(%)



Key Insights

- Nearly 5% customers indicated that they stopped shopping grocery from traditional channels including hypermarkets, kirana shops and scheduled online grocery players
- Kirana stores often operate on thin margins and lack the resources to invest in technology or logistics infrastructure, making it challenging for them to match the speed and convenience offered by quick commerce
- Hyderabad and Ahmedabad leads in customers stopping buying from kirana shops

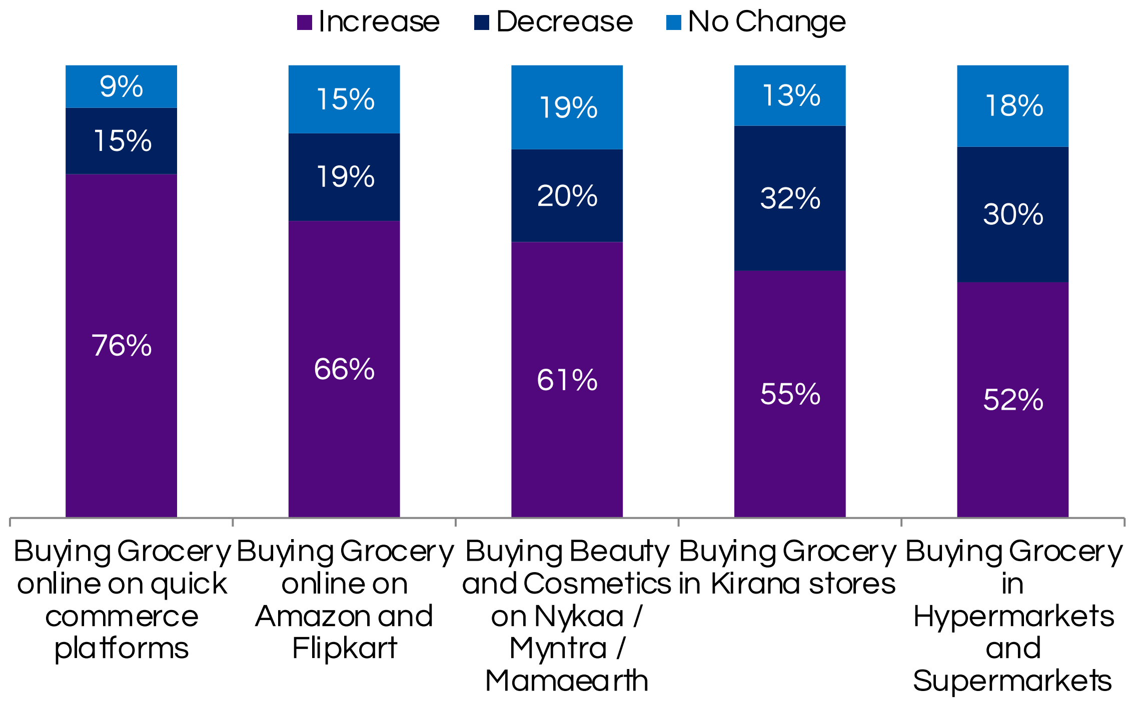
Stopped buying groceries from Kirana shops



Source: Datum Online Grocery Study 2024, (n=3,032 online grocery buyers in 10 cities)

76% Buyers Will Increase Buying Grocery on Quick Commerce; Kirana Stores to See Maximum Reduction

Looking ahead to the next six months, how do you think your consumer behaviour will change across the following activities
(%)



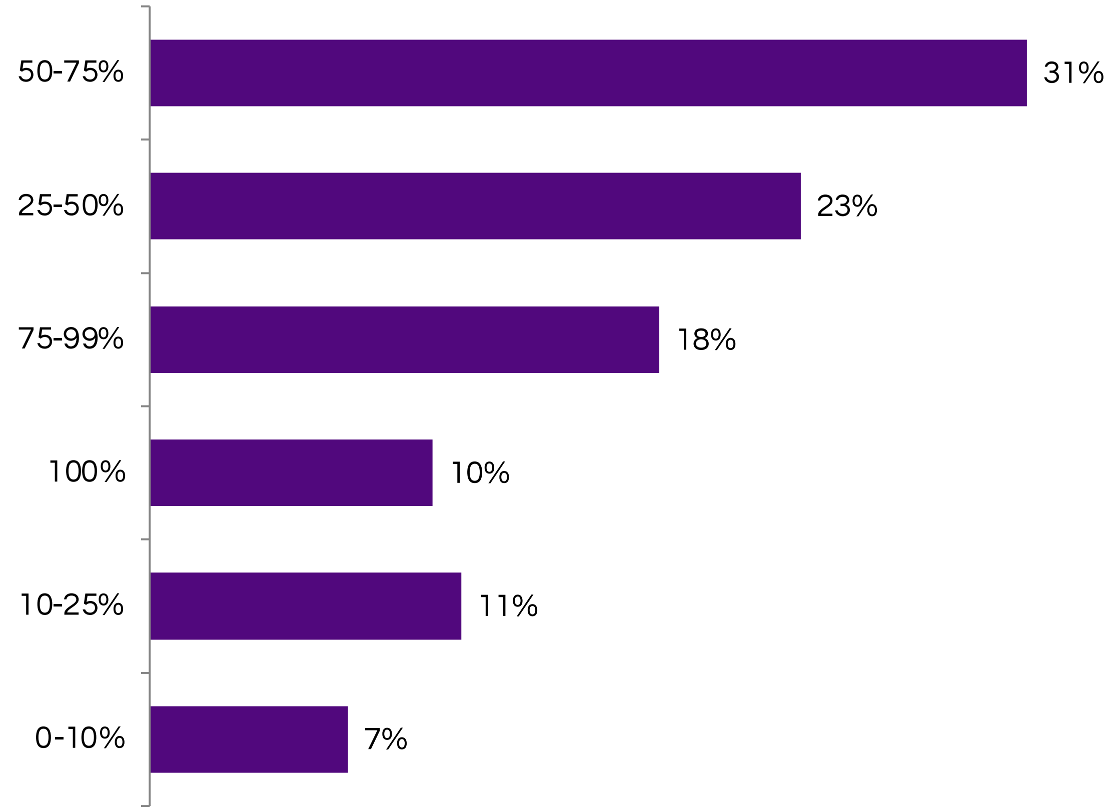
Key Insights

- 76% of buyers expressing their intention to increase grocery purchases on quick commerce platforms
- Kirana stores are expected to experience the greatest reduction in sales as customers shift their shopping habits towards more convenient and faster options

Source: Datum Online Grocery Study 2024, (n=3,032 online grocery buyers in10 cities)

Over 82% of Buyers Have Moved At least 25% of Kirana Purchases to Quick Commerce

What percentage of your shopping from Kirana shops has been moved to Quick Commerce?
(%)



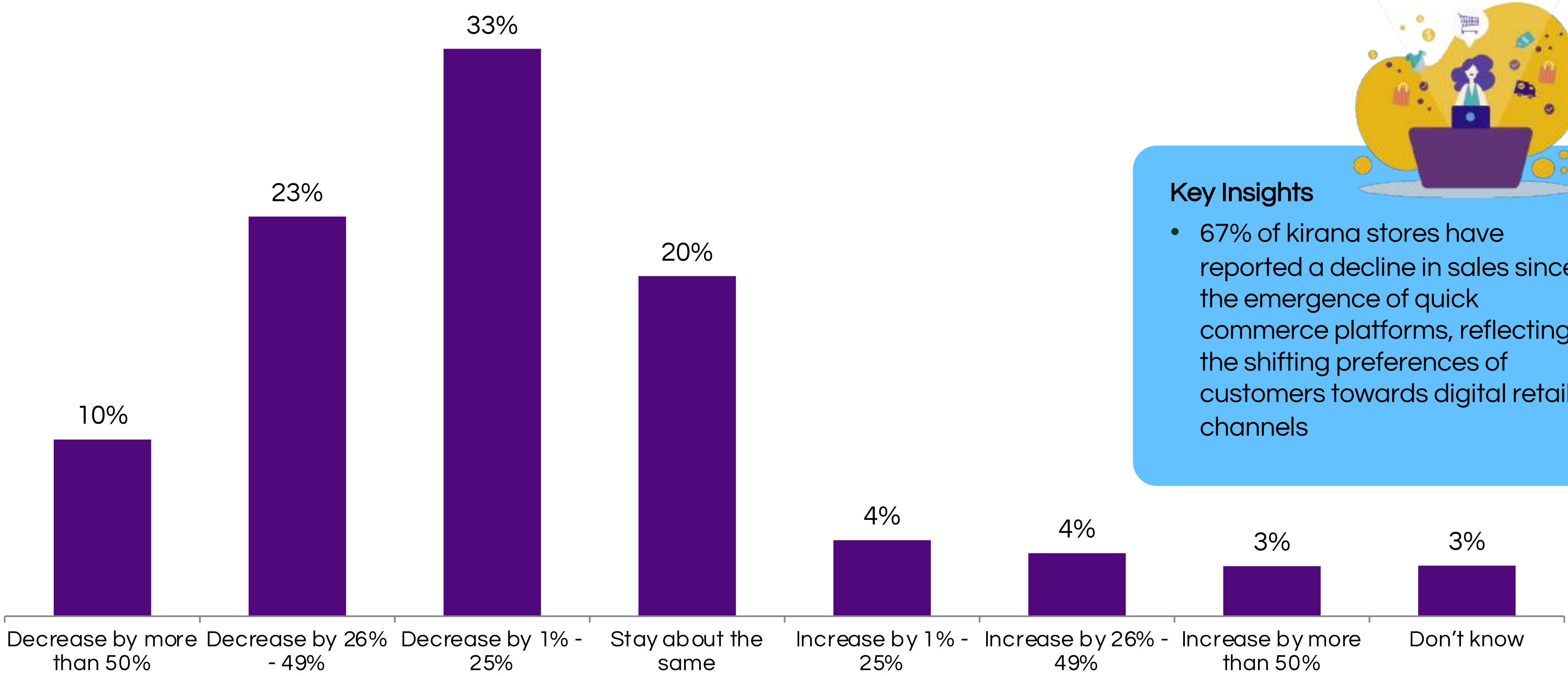
Key Insights

- 82% of buyers moving at least 25% of their Kirana store purchases to quick commerce platforms
- 31% have moved more than 50% of shopping from Kirana shops to quick commerce
- Customers are increasingly prioritizing speed and ease of access
- Kirana stores are indeed struggling to keep up with quick commerce platforms due to the latter's competitive pricing and superior convenience

Source: Datum Online Grocery Study 2024, (n=3,032 online grocery buyers in10 cities)

67% Kirana Stores Saw Decline in Sales After the Emergence of Quick Commerce

What is the impact on sales from your store after the emergence of Quick Commerce?
(%)



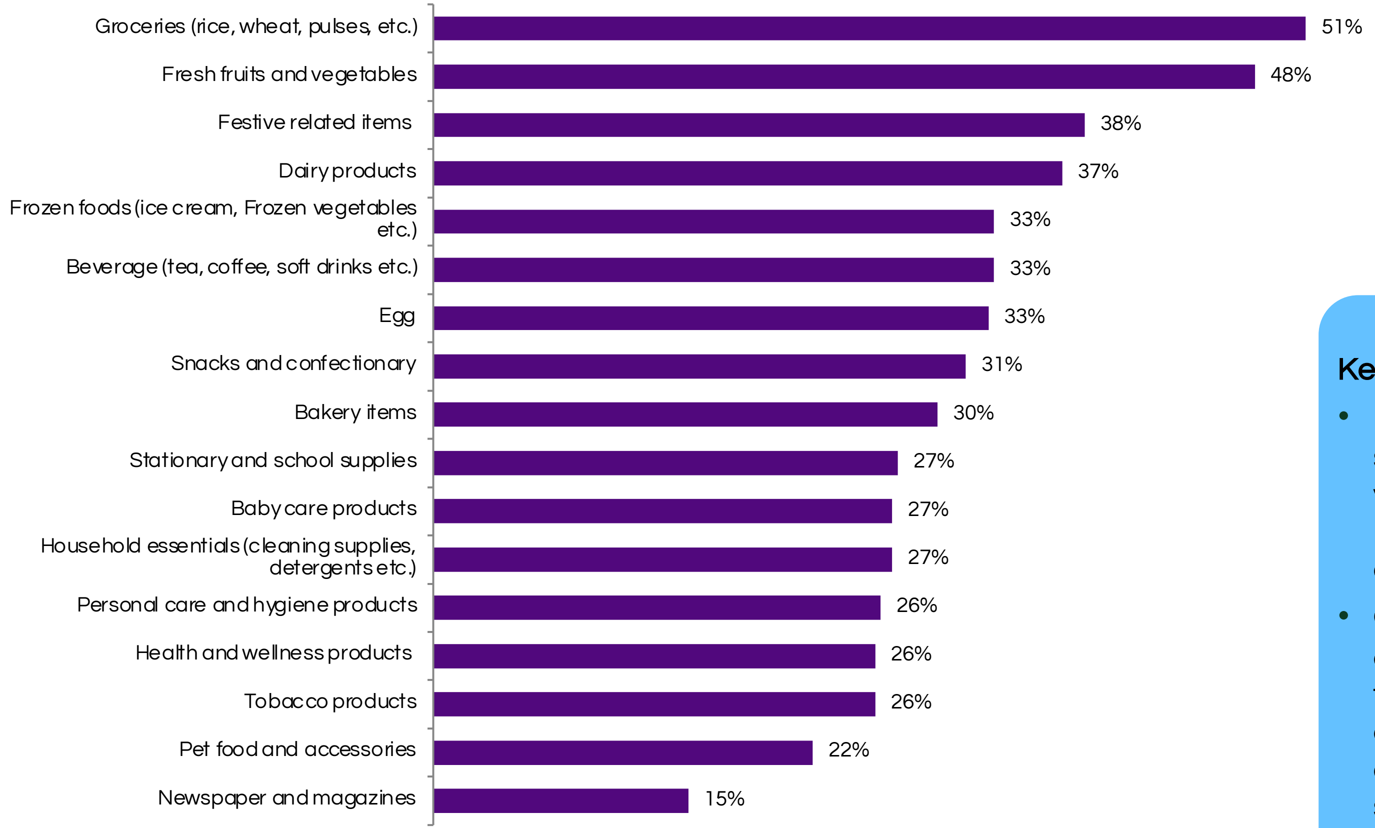
Key Insights

- 67% of kirana stores have reported a decline in sales since the emergence of quick commerce platforms, reflecting the shifting preferences of customers towards digital retail channels

Source: Datum Online Grocery Study 2024, (n=300 Kirana stores)

Groceries and Fruits and Vegetable Sales from Kirana Stores Most Impacted by Quick Commerce

According to you which of the following category is most impacted by quick commerce?
(%)



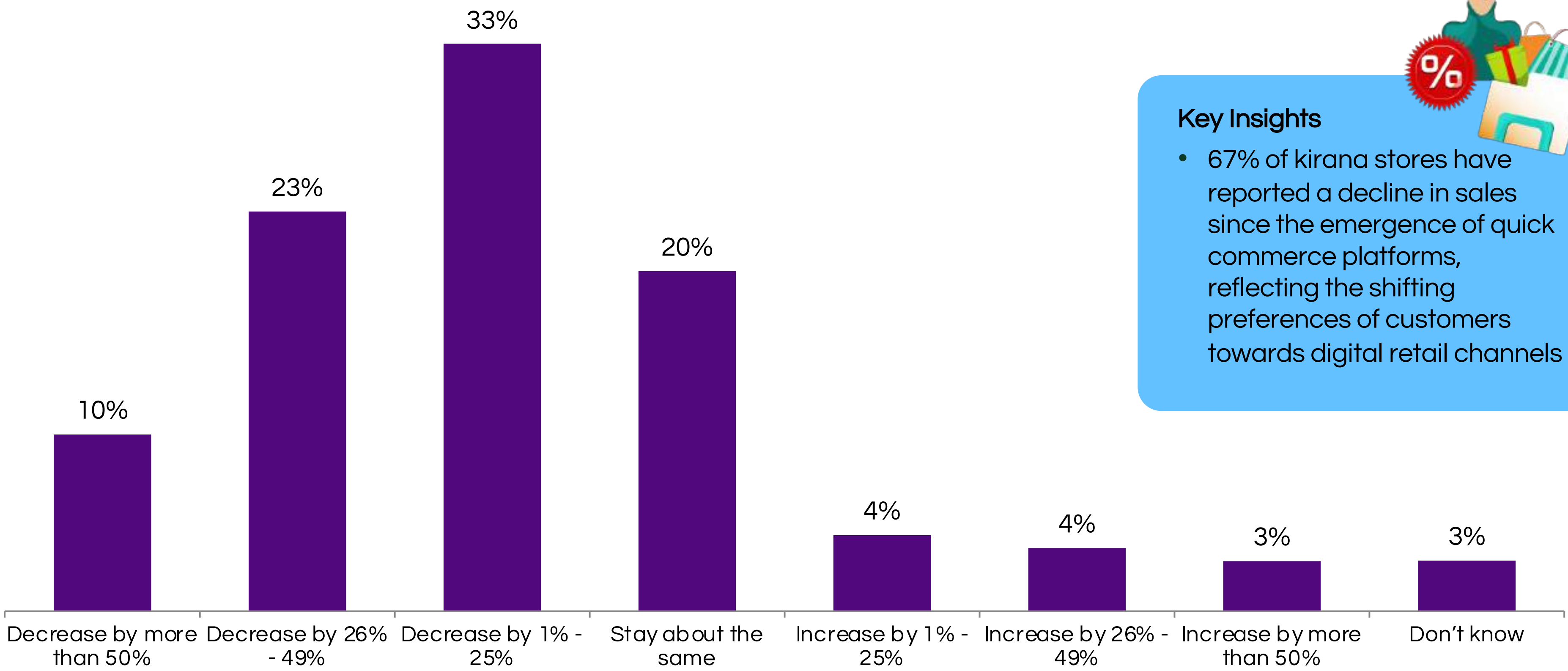
Key Insights

- Product categories sold by kirana stores, groceries and fruits & vegetables have been the most heavily impacted by the rise of quick commerce platforms
- Quick commerce platforms have emerged as a popular choice for festive-related purchases, challenging the traditional dominance of kirana stores in this segment

Source: Datum Online Grocery Study 2024, (n=3,032 online grocery buyers in 10 cities)

67% Kirana Stores Saw Decline in Sales After the Emergence of Quick Commerce

What is the impact on sales from your store after the emergence of Quick Commerce?
(%)



Key Insights

- 67% of kirana stores have reported a decline in sales since the emergence of quick commerce platforms, reflecting the shifting preferences of customers towards digital retail channels

Source: Datum Online Grocery Study 2024, (n=300 Kirana stores)

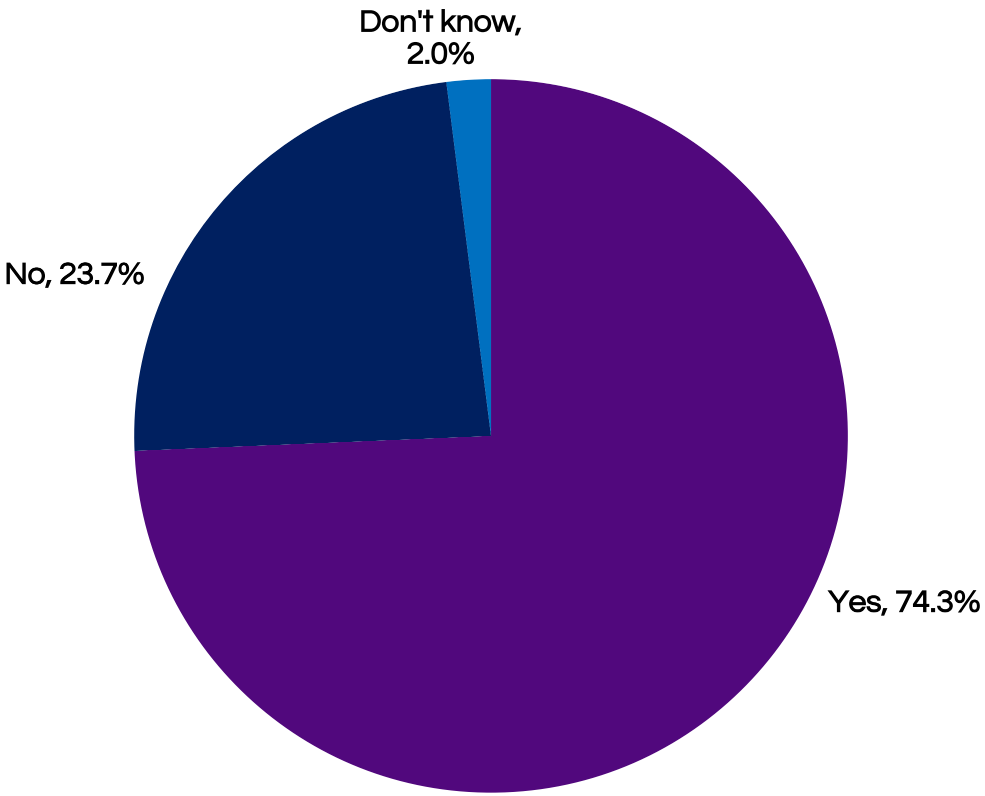
Commentary on Impact

Name	Period	Commentary
All India Consumer Products Distributors Federation (AICPDF),	Oct-24	All India Consumer Products Distributors Federation (AICPDF), a body that represents FMCG distributors in the country, has claimed that an estimated 2 lakh Kirana stores have shut down in the last year, due to the rapid expansion of quick commerce along with the economic slowdown. The industry body said that Kirana stores in metros have seen the most impact. Nearly 45 per cent of the 2 lakh Kirana stores that have shut down are in metro cities, followed by Tier 1 cities (30 per cent) and Tier 2/3 cities (25 per cent). The body claimed that about 90,000 Kirana stores in metro cities, 60,000 in Tier 1, and 50,000 in Tier 2/3 cities have had to shut shop.
Elara Capital	Oct-24	The expansion of quick commerce platforms could give a bigger blow to kirana stores and impact their businesses, as per a report by brokerage firm Elara Capital. The firm had highlighted in a previous report that quick commerce platforms could wipe off around 25-30 per cent of kirana stores.
Kirana Store Owner in Chennai	Oct-24	We've noticed a 20-25% in the number of customers visiting our store since the rise of quick commerce platforms
Kirana Store Owner in Bengaluru	Oct-24	To keep up with the trend, we've started listing our products on online platforms and offering home delivery services, but it's a challenge to compete with the deep discounts offered by quick commerce players.
Kirana Store Owner in Delhi	Oct-24	Customers are comparing prices with quick commerce apps and asking for discounts, which is very difficult for us to offer.
Kirana Store Owner in Kolkata	Oct-24	The offer of free delivery and credit is also not good enough to retain the customers as quick commerce players are also offering the same along with fast delivery.

Source: Press Release, Interviews

Kirana Stores Perceive Quick Commerce as a Persistent Challenge

Do you feel that quick commerce poses a long-term threat to the viability of traditional kirana stores?
(%)



Key Insights

- 74% of kirana store owners view quick commerce as a long-term threat to their businesses, indicating a deep sense of uncertainty and anxiety within the traditional retail sector
- As quick commerce continues to gain traction, kirana store owners are increasingly concerned about their ability to compete with the advanced technology, aggressive pricing strategies, and efficient logistics of digital retail platforms

Source: Datum Online Grocery Study 2024, (n=300 Kirana stores)

$1.28 Billion of Kirana Sales Expected to Move to Quick Commerce

46%
respondent reduced buying from Kirana shops

67%
Kirana stores saw decline in sales after the emergence of quick commerce

5%
respondent stopped buying from Kirana shops

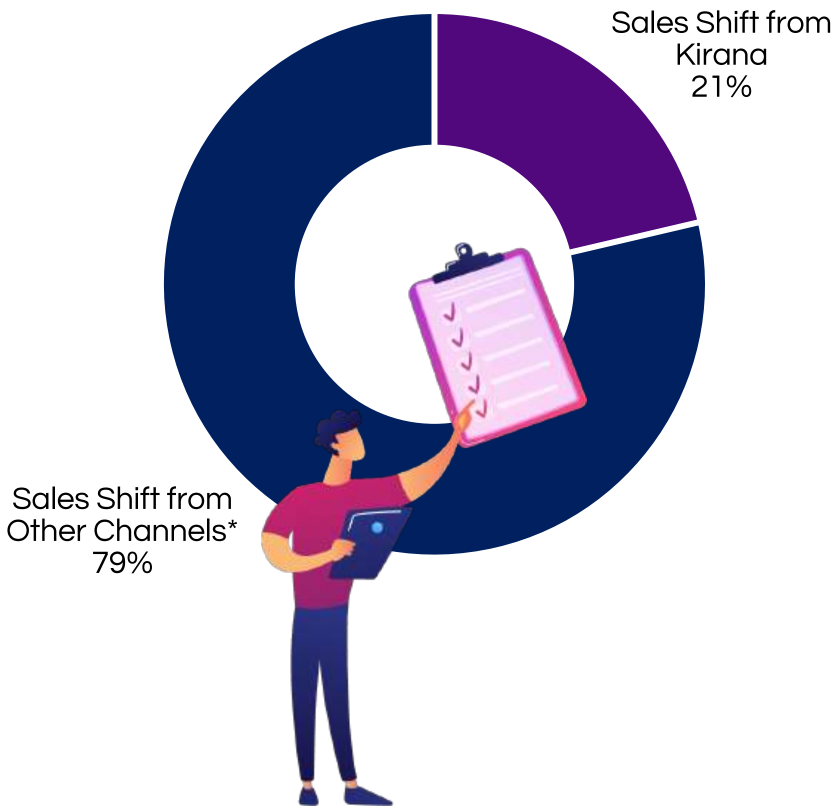
82%
of buyers have moved at least **25%** of Kirana purchases to quick commerce

$1.28 Billion
of Kirana sales are expected to move to quick commerce in 2024

Total Kirana Stores – 13 Million

- Kirana Stores in Metros – 1.7 Million
- Kirana Stores in Tier 1 Cities – 1.3 Million
- Average Monthly Sales of Kirana Stores - ₹303,000
- Quick Commerce estimated market 2024 - $6.01 billion

Shift of Kirana Store Sales to Quick Commerce
(%)



Notes: * Includes incremental sales generated by quick commerce platform

Source: Datum Online Grocery Study 2024, (n=3,032 online grocery buyers in10 cities), Datum Analysis

Key Definitions

- **Retail Sales.** Retail involves selling consumer goods, excluding travel, cars, prescription drugs, restaurant sales, and gasoline sales.

- **Online Retail Sales.** Online retail refers to the process of purchasing goods and services through the Internet, where customers make financial commitments, typically via credit cards or other digital payment methods. This definition includes transactions made on mobile devices, web-enabled kiosks, and point-of-sale systems, with delivery options either at home or in-store. In-store pickup, where the purchase and payment are completed online, is also considered an online sale within the context of online retail.

- **Online Buyers.** Online buyers are defined as people who have completed at least one online purchase within the past 12 months.

- **Online Retail Sales Via Mobile.** Online retail sales by mobile refer to purchases made through mobile devices, such as smartphones and tablets, where customers browse, select, and pay for products or services via mobile applications or mobile-optimized websites.

Category Definitions (1/2)

Category Name	Definitions
Computer Hardware and Software	**Computer Hardware.** includes desktop computers, laptops, netbooks, and tablet PCs, but also a wide variety of peripheral devices such as keyboards, monitors, printers, cartridges, computer cables, and parts. **Software.** Includes software packages such as operating systems, anti virus software, languages, video game software. Includes digital downloads
Consumer Electronics	**Mobile.** Smartphones and featurephones **Video.** including TVs, home entertainment systems, DVD players, and recorders, game consoles, static audio (such as hi-fi systems, CD players, and turntables), portable audio, car audio, and home communications equipment (such as telephones and other terminal equipment). **Wearables.** AR VR devices , smart glasses , smart rings etc.
Personal Care	Includes toiletries such as shaving cream, razors, oral care products, bath and shower gel, deodorants, baby and childcare products, depilatories, and sanitary products. This category also encompasses Haircare products like shampoo, colorants, mousses, etc., as well as Fragrances such as perfumes, aftershave, and scented oils. Color Cosmetics like lip- and eyeliners, powders, foundations, nail polish, mascaras, and lipstick are also included in this segment.
Books and stationery	**Books.** Hardback and paperback books, audiobooks, eBooks, and magazines. **Stationary**
Music and Video	CDs, digital downloads, streaming services, VHS, and DVDs. Includes digital downloads.
Clothing	All clothing, including men's, women's, kids', and teens'. Includes sportswear
Footwear, Luggage, Jewellery and Accessories	**Footwear.** Includes athletic, leather, non-rubber. Includes men's, women's, kids', and teens'. **Jewellery.** Fine jewelry, imitation jewelry, watches. **Luggage**

Category Definitions (1/2)

Category Name	Definitions
Appliances (personal and home)	**Small Appliances.** Kitchen electrical (blenders, toasters, and food processors), home environment (humidifiers, dehumidifiers, air purifiers), floor care (vacuums), dinnerware, beverageware, cookware, bakeware, cutlery, flatware, linens, draperies, and window dressings **Big household appliances** (or white goods) such as refrigerators, ovens, and vacuum cleaners, television **Personal appliances.** Includes hair care appliances, body shavers, electric facial cleansers, oral care appliances and other personal care appliances.
Homeware and furniture	**Household furniture and décor** such as textiles such as curtains, carpets, and cushions. **Homeware.** Plasticware; glassware; dinnerware, ceramics; porcelain; cutlery; metalware; and woodware. **Outdoor.** BBQ's, garden sheds and outdoor furniture **Lighting** sources and light fixtures Does not include live animal sales or vet services.
Toys	Traditional toys, not including video games.
Grocery	Food and beverage sales, including canned goods, produce, etc. Does not include restaurant sales.
Movie Tickets	Movie tickets (box office)
Event Tickets	Event tickets
Sports and entertainment goods	All sporting goods equipment, including sporting products and fitness equipment. Does not include apparel and footwear.
Pets	Pet food, supplies, and over-the-counter medicine. Does not include live animal sales or vet services.
Personal Luxury Goods	Luxury apparel, leather goods, footwear, Jewellery, watches, cosmetics and accessories

Datum

hello@datumintell.com

Subscribe now for daily new insightful analysis and trends related to consumer behavior.