



Quick Commerce & Kirana Stores: An Analysis



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Quick Commerce vs. Kirana Stores: An Analysis

The Indian retail landscape is undergoing a paradigm shift with the rapid rise of quick commerce (q-commerce) platforms, directly challenging the dominance of traditional kirana stores. While both cater to the burgeoning demand for convenience, their approaches, strategies, and growth trajectories are shaping consumer behavior in distinct ways.

The widespread accessibility of mobile internet, rising e-commerce penetration, and omnichannel distribution have driven the expansion of the e-commerce industry. However, the COVID-19 pandemic and subsequent control measures such as lock-downs and social distancing disrupted the sector (Mandloi et al., 2021). These disruptions significantly influenced consumer behavior, leading to a surge in online purchases of perishables and groceries. A portion of this shift resulted from the reallocation of spending from clothing and lifestyle products to household essentials (Nahata, 2022).

Notably, online grocery purchases grew by 80% in 2020, reaching USD 2.66 billion (Patil et al., 2021, p.2). This surge in demand was accompanied by rising consumer expectations for instant delivery, fostering the emergence of the quick commerce sector. The industry is projected to grow at a CAGR of 27.9% between FY 2022 and FY 2027 (Pratik and Arora, 2022). Today, several players operate in the quick commerce space, including new entrants like Zepto and Pickily, as well as extensions of established brands such as Swiggy Instamart, Blinkit, Dunzo Daily, Country Delight, and Big Basket Daily. These companies employ varied business models tailored to market dynamics and consumer demands, ensuring efficiency and accuracy in order fulfillment. Warehousing plays a crucial role in the quick commerce supply chain, making it imperative to examine emerging trends and business models within the industry.

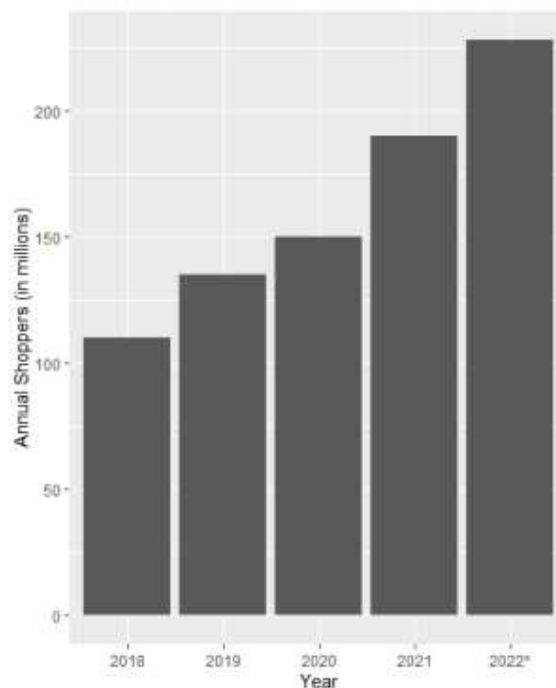


Figure depicts the number of Annual Shoppers in India from 2018 to 2022

To understand quick commerce, it is essential to first explore the broader Indian e-commerce landscape. The rise of platform-based markets in the early 21st century, facilitated by advanced technology and internet services, revolutionized commerce in India. E-commerce has reshaped

consumer behavior and streamlined business processes, minimizing the need for physical store visits by offering a wide range of products through digital platforms. The Indian e-commerce market, valued at USD 52.57 billion in 2020, is projected to reach USD 200 billion by 2026 and USD 350 billion by 2030 (E-commerce Industry Report, 2022).

Several factors have contributed to this rapid growth:

- **Increased smartphone and internet penetration** – According to the World Bank, 43% of India's population now has internet access, and IAMAI & Kantar Research predict this will rise to 900 million by 2025. Nearly half of all transactions are conducted via mobile applications.
- **Liberalized FDI regulations** – The Indian government permits 100% FDI through the automatic route in B2B e-commerce. In the B2C marketplace model, 100% FDI is also allowed under the automatic route.
- **Supportive Government policies** – Initiatives such as UPI and Rupay have facilitated digital payments, while the FY22 budget introduced incentives for digital payment gateways. The BharatNet initiative aims to enhance broadband penetration, expanding e-commerce access to rural areas. Additionally, the Open Network for Digital Commerce (ONDC) seeks to integrate smaller vendors into the online marketplace, providing them with a level playing field.
- **Marketing and visibility** – Platforms like YouTube, Facebook, WhatsApp, and Instagram serve as key advertising channels, encouraging consumers to shop online.

These factors continue to drive online shopping growth, with the online grocery sector emerging as a significant by-product of the broader e-commerce boom.

Understanding the Evolution of the Quick Commerce Landscape in India

The rapid expansion of quick commerce (Q-commerce) in India has transformed the retail ecosystem, significantly impacting traditional kirana stores. The All India Consumer Products Distributors Federation (AICPDF) reports that around 200,000 kirana stores have shut down in the past year due to aggressive competition from Q-commerce platforms. Metro cities have witnessed the highest impact, with 90,000 store closures. Pricing strategies and convenience of home delivery in nuclear families have contributed to the same. Like all market disruptors there have been job creation along with job disruption, by Q Commerce. Platforms like Blinkit, Swiggy Instamart, and Zepto have redefined consumer expectations, offering deliveries within minutes. While traditional kirana stores struggle, some are adapting by integrating with digital platforms like JioMart.

Despite concerns over the decline of small retailers, Q-commerce has also created employment opportunities in delivery services, warehousing, and logistics. The Open Network for Digital Commerce (ONDC) was intended to level the playing field for small businesses, but it has struggled due to adoption challenges and consumer experience gaps.

Beyond groceries, Q-commerce is expanding into new segments, including fashion and electronics. Myntra is pioneering quick commerce for fashion, while Amazon, Flipkart, BigBasket, and Nykaa are also entering the space. Startups like Slikk and Swish are innovating in fashion and food delivery.

While Q-commerce is projected to become a \$100 billion industry in India, its sustainability remains uncertain. The market may reach saturation, forcing businesses to adapt to evolving consumer expectations. Ultimately, Q-commerce is not just a disruptor but a force reshaping retail, with both challenges and opportunities for traditional and digital-first businesses alike.

We had conducted a small sample survey to check whether the rapid spread of Quick commerce in India had intimidated the kirana store owners in India. But, surprisingly found that it was not so.

Survey Insights: Kirana Stores vs. Quick Commerce

A recent survey conducted by the Indian Chamber of Commerce (ICC) among kirana store owners revealed key insights into why they do not feel threatened by q-commerce. The survey found that:

- **100%** of respondents stated that they have a loyal customer base that relies on credit facilities, which q-commerce does not offer.
- **87%** of store owners mentioned that their ability to stock a variety of small sachets and budget-friendly products gives them a competitive advantage over quick commerce platforms.
- **73%** reported that they do not face direct competition because their customers prefer in-person interactions and personalized service.
- **67%** stated that their strong supply chain relationships with wholesalers enable them to offer flexible pricing and discounts that q-commerce platforms cannot match.

Below are two graphical representations of these findings:

Chart 1: Key Reasons Why Kirana Stores Do Not Feel Pressured by Q-Commerce

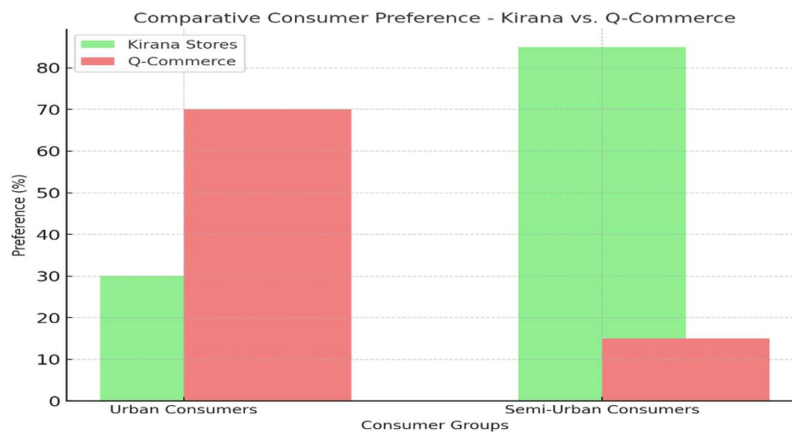
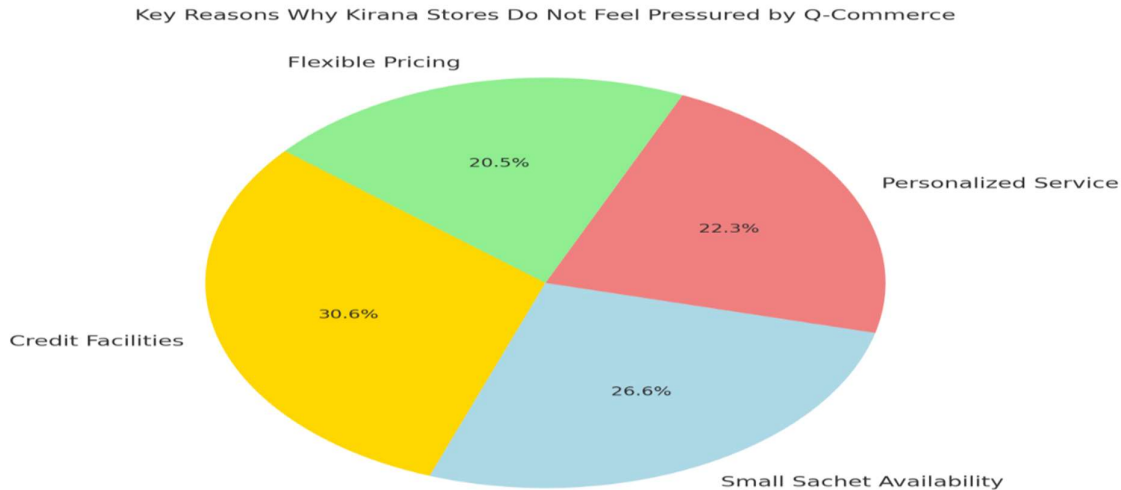


Chart 2: Comparative Consumer Preference - Kirana vs. Q-Commerce



Quick Commerce: Speeding Ahead

Quick commerce, characterized by ultra-fast deliveries (as fast as 10-30 minutes), has revolutionized urban consumption. Platforms like Blinkit, Zepto, and Swiggy Instamart are leveraging technology, data analytics, and hyperlocal distribution networks to attract young, tech-savvy consumers.

Growth Metrics: India's quick commerce market grew by over 25% in 2023 and is projected to reach \$5.5 billion by 2025, driven by rising smartphone penetration, dual-income households, and the increasing need for convenience.

Consumer Appeal: Q-commerce caters to immediate needs such as groceries, personal care, and over-the-counter medicine. Urban millennials and Gen Z, accustomed to speed and convenience, form the core customer base.

Challenges: Operational costs, reliance on heavy discounts, and logistical efficiency remain bottlenecks. Sustainability of the 10-minute delivery model is also under scrutiny. Furthermore, predatory pricing strategies are emerging as a significant challenge. To quickly capture market share, there are complaints that many q-commerce players are offering steep discounts, subsidizing delivery charges, and selling below cost. This predatory pricing puts pressure on profitability and raises concerns about the long-term viability of these platforms. An antitrust complaint filed by the All India Consumer Products Distributors Federation (AICPDF) that these companies engage in deep discounting and predatory pricing practices, creating unfair competition for traditional brick-and-mortar retailers.

Kirana Stores: The Timeless Backbone

For decades, kirana stores have been the backbone of Indian retail. Their neighborhood presence, personal relationships, and deep market penetration—especially in semi-urban and rural areas—have created a loyal customer base.

Strengths:

Local Knowledge: Kiranas understand regional preferences and are deeply integrated into the community, offering credit, personalized services, and customized solutions for daily needs.

Preference: Without the overhead costs of delivery fees or digital infrastructure, they remain highly price-competitive, making them the preferred choice for many. One can buy items without a headache of minimum quantity purchase.

Modernization: Many kiranas are digitizing operations, adopting platforms like Udaan, JioMart, and Paytm to integrate online ordering and digital payments, improving service and expanding reach.

Challenges and Opportunities for Kirana Stores

While q-commerce presents significant challenges, it also offers avenues for modernization:

- **Adoption of Digital Payments:** Many kirana stores are yet to integrate platforms like UPI, Paytm, and JioMart.
- **Hybrid Business Models:** Some kiranas are partnering with q-commerce platforms for last-mile deliveries.
- **Tech Adaptation:** By leveraging digital solutions, kirana stores can enhance service efficiency and retain customers.

However, there are some major challenges, that are observed in our study that still remains are:

- **Pricing** by Q-commerce players erode kirana store margins.
- **Changing consumer habits**, particularly among younger demographics, lean towards digital convenience over traditional shopping.

The Role of Regulation and ONDC

The AICPDF has called for regulatory intervention to curb predatory pricing and ensure fair competition. The **Open Network for Digital Commerce (ONDC)** was introduced as a potential solution to support small retailers and democratize e-commerce. However, adoption has been slow due to **awareness gaps, logistical constraints, and technological barriers** that kirana store owners face.

Employment and Economic Impact of Q-Commerce

Despite its disruptive nature, Q-commerce has generated employment in various sectors, including:

- **Delivery Workforce Expansion:** Thousands of gig workers have benefited from increased job opportunities.
- **Growth in Warehousing and Logistics:** The rise of micro-fulfillment centers has created demand for infrastructure development.

Future Outlook: Can Kiranas and Q-Commerce Coexist?

Despite q-commerce's rapid growth, **kirana stores still hold over 85% of India's grocery market**, especially in smaller cities and rural areas. A hybrid model is emerging where both q-commerce and kiranas can coexist:

- **Kirana stores can leverage digital tools** to improve service delivery and efficiency.
- **Q-commerce companies can collaborate with kiranas** for hyperlocal supply chains.
- **Consumers benefit from a balanced ecosystem** that offers both convenience and personalized service.

Quick commerce (Q-commerce) is significantly transforming India's retail landscape by leveraging capital strength, advanced logistics, and digital payment systems to deliver speed and convenience. However, traditional Kirana stores continue to maintain a stronghold, particularly in semi-urban and rural areas, due to their personalized service, community trust, and local market insight. The future of Indian retail is poised to be a hybrid ecosystem—where technology empowers Kiranas to modernize, and Q-commerce platforms adopt more sustainable, ethical, and inclusive practices. To realize this synergy, strategic adaptation, thoughtful regulation, and long-term stakeholder collaboration will be essential.

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