

PAXCOM

Q
Commerce



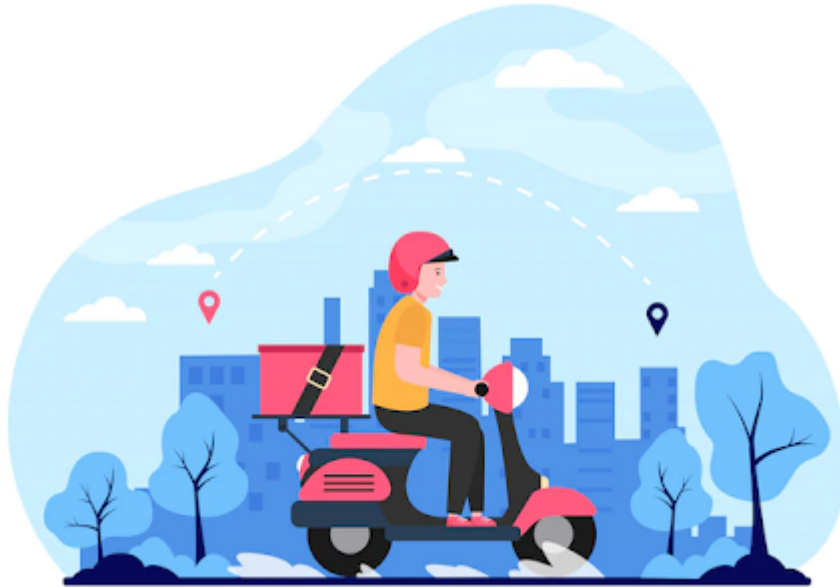
Your Guide to Qcommerce: Trends and Benefits

Description

One lovely morning your mother decides to make a chocolate cake but runs short of cocoa powder. She understands that baking chocolate cake without cocoa powder is neither possible nor appetizing. She asks you to go and get it, but you'd rather be watching your favorite series while wishing someone else could grab it for you.

Don't worry! Your family is about to receive assistance. And that too in a timely manner! Q-commerce is the next step in the evolution of e-commerce. It's about speed, as the name implies. Shoppers are able to get their products delivered within an hour of making an order with Q-commerce service providers. In a sense, Q-commerce is e-commerce with a faster delivery time!

What is Qcommerce?



Q-commerce – sometimes referred to as ‘quick commerce’ – is a modern, speedier version of e-commerce. There are advantages to both regular eCommerce and last-mile delivery, which are combined in this system. Quickly delivering products is made possible because of the internet’s global reach. One of the most important considerations is the timeliness of the delivery.

Because Q-commerce focuses more on modest orders than the broad selection offered by traditional retailers, this deadline may appear wildly unrealistic to some people. According to Redseer consulting’s research, the Q-commerce market opportunity in India is anticipated to be about \$0.3 billion in total GMV and is expected to reach \$ 5 billion by 2025. Rapid progress!

This ideal storm has been created by shifting consumer behaviors, social and cultural norms, and a fast-moving society. People nowadays are short on time.

The sprint companies who have entered this area are speedier than Q-commerce. New entrants such as Zepto have walked straight in as much as old bigwigs such as Swiggy, Dunzo, and [Big Basket](#), who are altering their colors and turning to Q-commerce. [Grofers](#) recently took it a step ahead, transforming its all-grocery marketing strategy into a quick-commerce one that includes a wide selection of other products. For good measure, they’ve changed their name to Blinkit.

Market share/growth of top players in quick commerce

There has been an increase in the amount of money raised by quick commerce startups in recent years. A slew of startups has raised huge amounts of money in the last two to three months, including Grofers, which rebranded as Blinkit. Zomato and Ola, among others, have made significant financial commitments to the industry.

Swiggy Instamart

Swiggy introduced Instamart in Gurugram and Bengaluru, and the company has since expanded it to 18 cities. Q-commerce is integrated into the Swiggy app and processes 1 million orders per week. The firm has added at minimum one seller-run dark store per day over the last three months.

Instamart hopes to reduce its delivery time to 15 minutes. For this, the company needs to increase the density of its dark store network. Swiggy is putting an additional \$700 million into its business in order to fund these and other expenditures.

BigBasket

The Tata Group's BB Now has already been operational in sections of Bangalore and other cities. It guarantees 20-minute delivery for specific PIN codes. Bigbasket intends to open 300 "dark stores." These locations will serve as drop-off points for BB Now delivery. Around 20 outlets have opened in Bengaluru. They currently have 42 outlets in India, across eight Tier I cities. This industry is expanding rapidly. They'll have 310 stores by April 2022.

Instacart

Instacart went from 30,000 stores to roughly 55,000 stores in North America between July 2020 and July 2021, making it available to more than 85% of US homes.

In North America, Instacart has collaborated with over 700 national, regional, and local businesses. As a result of these partnerships, [Instacart](#) now delivers from more than 65,000 locations throughout more than 5,500 cities in North America, including several well-known brand names. Over 85% of Americans and 90% of Canadians have access to the Instacart platform.

Panda Mart

Asia's largest cloud grocery store network has 200 Pandamart cloud stores in eight countries, including Singapore, Malaysia, Thailand, Taiwan, Hong Kong, Bangladesh, Pakistan, and the Philippines, and provides customers with easy, on-demand availability to grocery and household products, delivered within 25 minutes.

Blinkit

Blinkit presently offered over 400 dark stores in 20 cities and towns in India, generating over \$450 million in yearly gross merchandise value (GMV). Because of the increased level of market competition, the platform has undergone a rebranding. The new name, Blinkit, means quick delivery within the blink of an eye.

There is stiff competition for Grofers from Instamart, BigBasket, Dunzo, and Zepto. Compared to traditional food delivery, the number of orders sent through Instant Grocer might nearly triple.

Quick commerce mechanism

So, how exactly does the Q-commerce model function?

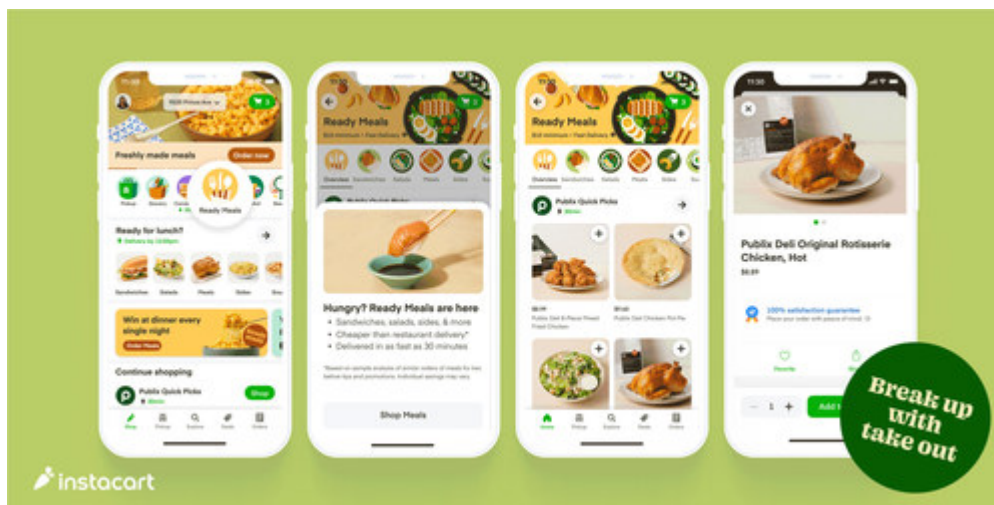
The disruptions caused by the Covid-19 outbreak gave rise to the formation of a new thread in the online grocery industry. The unique selling point of q-commerce was that it promised delivery within 10 to 30 minutes of ordering.

Most of these businesses aim to set up micro warehouses that are closer to the source of delivery and keep the stock at these “dark stores” to less than 2,000 high-demand items, instead of the traditional method of well-stocked warehouses on the edge of the city. Most of the time, third-party participants are hired to run the dark stores.

They usually work with a lot of different q-commerce companies. The company’s business software keeps track of the flow of goods in the dark shop inventory. This enables the company to manage refills and shape the supply and demand mechanism. The goods are delivered to the customer’s doorstep by company employees who manage the last-mile delivery.

What Industry Players are Upto?

- New Instacart app features allow customers to order hundreds of ready-to-eat meals from their favorite grocery store in as little as 30 minutes.



- MilkBasket, a Reliance Retail company, is increasing its warehousing capacity in the National Capital Region to 3,50,000 square feet in order to serve 150,000 orders per day, more than twice the current order volume.
- By March, Blinkit plans to increase the number of dark stores to 1,000. Blinkit now serves around 40 cities, and the company plans to open new offices in Eastern India’s Punjab, Bhopal, and Nashik in addition to other locations.
- Zomato has announced that it will invest \$400 million in developing a substantial presence in the hot quick commerce sector as it draws closer to profitability following an optimistic q3 in FY2022 (ending December 2021). Last year, it spent \$225 million on Blinkit (previously Grofers), Shiprocket, and Magicpin to expand its rapid commerce business in India.

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Players who are planning to enter quick commerce

RRVL, Reliance Industries' retail arm, recently bought a stake in Bengaluru-based Dunzo, a quick delivery service. This means that RRVL is now part of the quick delivery market. The deal will give Dunzo the money it needs to compete in the instant delivery space and grow beyond Bangalore.



Source- Dunzo

Amazon and Walmart are already testing drones, which offer many advantages over two-wheeled vehicles. They can fly in straight lines, improving coverage and reducing delivery times. They can also fly for more extended periods of time and are pocket friendly to maintain, generating significant economies of scale.

Manna, an Irish startup, is a European company that is making significant strides in this field. It aspires to transform its pilot scheme into a global drone delivery network optimized for large distribution.

Why should retailers adopt Q-commerce?

The first thing you need to do is be very strict with your business. When you run a business, you need to be efficient at all of the important things that happen, such as purchasing, stock refilling, running godowns, maintaining racks, stock management, and so on. This means you need a strong ERP to manage all of the steps that take place from the time a product comes into your store to when it arrives at your customer's home.

Benefits to retailers/customers

A strong selling point

Businesses can use Q-commerce to differentiate themselves from the competition by offering a fresh business model. Customers in a hurry are more likely to be open to experimenting with new brands and goods, as well as new retailers. Quick commerce's enhanced convenience allows online companies to compete with major international marketplaces like Amazon and brick-and-mortar stores.

Better consumer service

Consumer expectations for [online stores](#) are rising, and quick commerce can help online companies meet and even surpass them. As a result of this, customers will become more loyal to a brand.

The customer issues addressed by quick commerce are significant. There are times when it can save the day when food is running low during a celebration or when your mother runs out of cocoa powder.

High profits

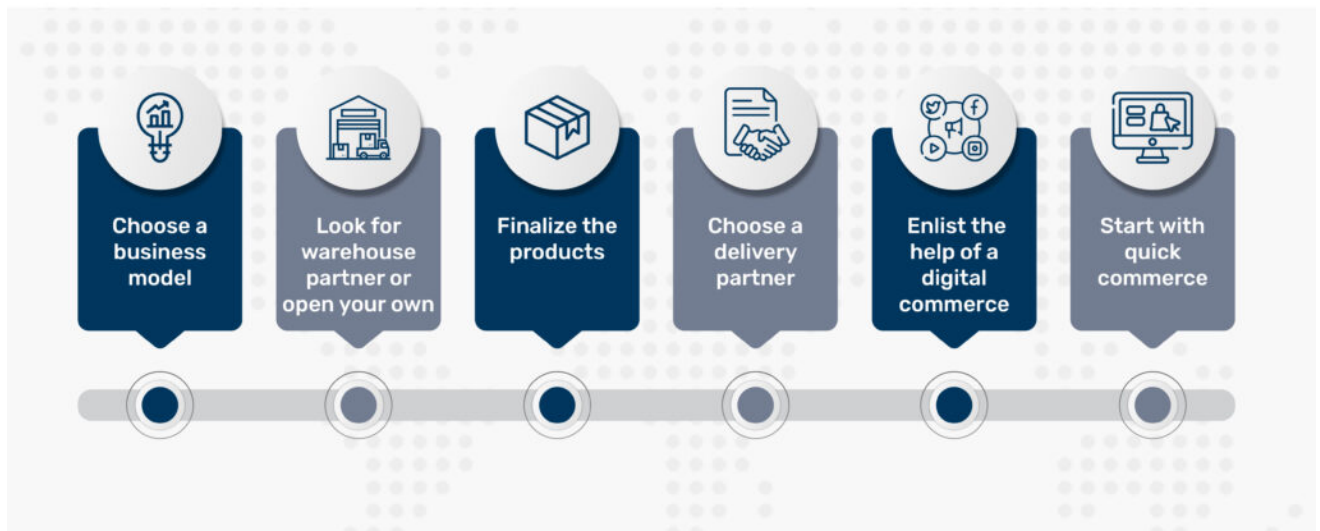
When it comes to quick commerce, there is a lot of opportunity for profit!

In times of emergency, people are likely to spend more money, and significant discounts can encourage them to buy more.

Stores can also take this chance to boost sales of their most popular product lines.

How to get started with quick commerce?

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Choose a business model—

Vertically integrated organizations and delivery platforms are two business models that enable quick commerce. The business requires small product warehouses like dark stores and personnel to complete orders on time. Lastly, deliveries are achievable using delivery operators, as third-party retail stores own the inventories. You can also use third-party delivery services to fulfill orders directly from dark stores. To start, you must decide which model best suits your business.

Look for a warehousing partner or open your own MFC-

You need a warehouse/dark store nearby to meet your sales target of delivering items quickly because fast delivery to customers is what counts most!

You can also set up your own micro fulfillment centers (MFCs) to expedite order fulfillment if your funds allow.

Finalize the products-

Retailers can study consumer preferences and behavior in order to fine-tune the products in MFCs. Quick commerce works well for essentials, such as last-minute purchases, and things that aren't part of a planned shopping trip, such as those needed daily or monthly.

Choose a delivery partner-

You should look for a delivery operator with smart infrastructure, the ability to adapt to changes in the market, and a high level of expertise that helps deal with unforeseen consumer demands.

Enlist the help of a digital commerce partner-

A [digital commerce](#) partner can help you digitize your whole store. You can work with them to expand your business capabilities.

Start with quick commerce

Decide whether to build an intelligent retail infrastructure from scratch or to add to an existing one the most recent digital tools and technology. Be clear about your goals and express your message to all of your partners and associates working with you. In order to keep up with the ever-changing needs of consumers, ensure that your in-house employees are in complete command of your quick commerce solutions.

What is next after Qcommerce?

Given that we've attained 15-30 minute delivery time, it's possible that firms have reached a point where efficiency improvements will generate decreasing returns. From this point forward, reducing extra minutes will become prohibitively expensive and difficult to scale, and will ultimately provide no more value to the final consumer. As a result, drone delivery will be the next disruptive technology.

Final thoughts

Digitalization has allowed retailers to offer exceptional value for customers. Quick commerce is one such approach that got popular overnight due to consumers' need for convenience. Including quick commerce into your business model will allow you to give excellent service to your customers.

Write us at info@paxcom.net

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