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Evolution of Digital Commerce in India: From E-Commerce to Q-Commerce (Quick Commerce)

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Abstract

India's digital commerce journey has progressed from early online service transactions to an advanced retail environment enabled by technology and platform-based ecosystems. In its initial years, online commerce remained restricted due to limited internet reach, low consumer confidence, and inadequate electronic payment systems. The next phase, particularly during 2010–2016, witnessed accelerated growth as major marketplaces expanded product assortment, strengthened distribution networks, and introduced trust-enhancing mechanisms such as cash-on-delivery. Since 2017, the landscape has further diversified with the rise of mobile-led shopping, UPI-driven digital payments, improved data analytics, and greater participation by SMEs and direct-to-consumer brands. The pandemic period also reinforced online buying for essential goods and routine consumption. The latest shift in this evolution is Quick Commerce (Q-commerce), which focuses on delivering daily essentials within a short time window, typically 10 to 30 minutes, by using neighbourhood dark stores and micro-fulfilment systems. This paper traces the transition from conventional e-commerce to Q-commerce in India and discusses the operational logic, competitive structure, growth catalysts, and emerging consumer trends driving this segment. It also evaluates the key benefits such as speed, convenience, and higher purchase frequency, while outlining challenges related to unit economics, cost-intensive logistics, workforce concerns, and sustainability issues. The paper concludes that Q-commerce can remain a strong growth engine only if platforms achieve operational efficiency, responsible governance, and long-term profitability.

Keywords: *Digital Commerce, E-commerce, Quick Commerce, Dark Stores, Instant Delivery*

Introduction

Digital commerce has emerged as one of the most influential forces reshaping India's retail and service sectors. With wider smartphone penetration, affordable internet access, UPI-based payments, and rising consumer awareness, online buying has gradually become a routine part of everyday consumption. In the beginning, India's digital commerce was mainly service-oriented, including railway ticketing and travel bookings, while product-based transactions remained limited due to low trust and infrastructure constraints.

Over time, the sector expanded beyond traditional online shopping into a broader value chain involving logistics, warehousing, fintech solutions, consumer analytics, and platform-based marketplaces. More recently, the demand for faster fulfilment and instant access to essentials has led to the rapid growth of Quick Commerce (Q-commerce). Unlike conventional e-commerce models, Q-commerce focuses on hyper-local fulfilment using dark stores and micro-distribution networks to deliver essentials within minutes.

Studying this shift is important because Q-commerce is not only altering consumer expectations but also transforming retail operations, last-mile delivery systems, and competitive strategies in urban India.

Objectives of the Study:

1. To examine the evolution of digital commerce in India with special reference to the emergence of Quick Commerce (Q-commerce).
2. To analyse the concept, features, and business models of Q-commerce in the Indian retail sector.
3. To study the market growth, competitive landscape, and key drivers of Q-commerce in India.
4. To identify the advantages and challenges associated with Q-commerce platforms.
5. To assess the future prospects and policy implications of Q-commerce for sustainable digital retail growth in India.

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Research Methodology

This paper is based on secondary sources of information. Data were compiled from published industry reports, market intelligence documents, academic research articles, policy publications, and official websites relevant to India's e-commerce and quick commerce sectors. Reports and datasets from sources such as Mordor Intelligence, IMARC Group, Bain & Company, RedSeer, IBEF, Statista, and Unicommerce were referred for market size, growth projections, and competitive insights.

The study adopts a descriptive and interpretative approach to examine the stages of digital commerce development, the emergence of Q-commerce, and the operational and strategic factors influencing its growth. Comparative tables and trend-based analysis have been used to present market dynamics, identify opportunities, and evaluate key challenges affecting long-term sustainability.

Evolution of E-Commerce in India

1. Early Stage of E-Commerce

The initial phase of e-commerce in India began in the late 1990s and early 2000s. During this period, limited internet access, low digital literacy, and lack of secure online payment systems restricted growth. E-commerce activities were largely confined to business-to-business transactions and services such as railway ticket booking and travel reservations. Consumer trust in online transactions was relatively low.

2. Growth and Expansion Phase

The period between 2010 and 2016 marked a turning point for Indian e-commerce. The launch and expansion of major platforms such as Flipkart and Amazon India significantly improved product variety, pricing transparency, and delivery reach. The introduction of cash-on-delivery as a payment option helped overcome trust barriers and encouraged online shopping. Investment in logistics and warehousing infrastructure further strengthened the sector.

3. Digital Transformation and Market Diversification

From 2017 onwards, e-commerce in India diversified into multiple categories such as fashion, electronics, groceries, and household goods. The adoption of mobile-first strategies, digital wallets, and unified payment systems accelerated growth. Small and medium enterprises, along with direct-to-consumer brands, increasingly used digital platforms to reach wider markets. The COVID-19 pandemic further reinforced online shopping habits, especially for essential goods.

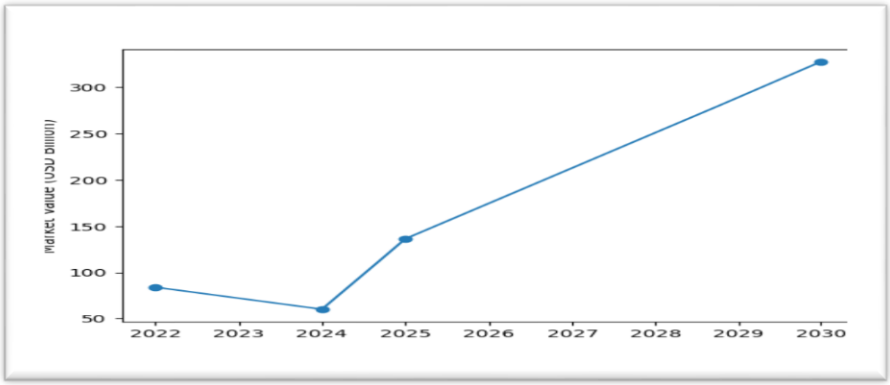
4. **E-Commerce Market Size & Projection:** The table below presents key data on the Indian e-commerce market:

Table 1: Growth of E-Commerce Market Size in India (USD)

Year	Market Value (USD)	Notes
2022	84 billion	Early growth phase
2024	60 billion	Second largest online shopper base globally (Bain)
2025	136.43 billion	Estimated market size (Mordor Intelligence)
2030*	327.38 billion	Projected growth at 19% CAGR (Mordor Intelligence)

Sources: Compiled from reports by Mordor Intelligence and Bain.

Figure 1: Growth of E-Commerce Market Size in India (USD)



Analysis and Interpretation:

The table 1 and figure 1 indicate that India's e-commerce market experienced strong growth, increasing from USD 84 billion in 2022 to an estimated USD 136.43 billion in 2025. Despite a temporary moderation in 2024, the market is projected to expand rapidly, reaching USD 327.38 billion by 2030 at around 19 per cent CAGR. These figures highlight the robust long-term growth potential of India's digital retail sector, driven by rising online shoppers and technological adoption.

Emergence of Quick Commerce (Q-Commerce)

1. **Concept and Features of Q-Commerce**

Quick Commerce, commonly known as Q-commerce, refers to the ultra-fast delivery of goods, typically within 10 to 30 minutes of order placement. Unlike traditional e-commerce, which relies on centralized warehouses, Q-commerce operates through micro-fulfilment centres or dark stores located close to consumers. A **dark store** is a small, warehouse-like retail facility designed exclusively for online order fulfilment and quick delivery, with no access for walk-in customers. The focus is primarily on daily essentials such as groceries, personal care products, and household items.

2. **Market Size and Growth Trends**

Multiple research reports show strong growth trajectories for India's Q-commerce market:

Table 2: Q-Commerce Market Size in India (USD)

Period	Market Value (USD)	Growth Outlook / Interpretation
2024–2025	3.49–7 billion	Indicates rapid early-stage expansion of the Q-commerce market in India
By 2030	4.35 billion	Moderate but steady growth as projected by conservative estimates
By 2033	106.2 billion	High-growth scenario with 45.6 per cent CAGR, reflecting strong long-term potential
Overall View	—	Confirms Q-commerce as one of the fastest-growing segments in India's digital retail ecosystem

Source: Compiled from reports by Mordor Intelligence (2025), IMARC Group (2025), CARE Ratings (2024), and Unicommerce (2025).

Analysis and Interpretation:

The table 2 shows that India's Q-commerce market was valued between USD 3.49 billion and USD 7 billion during 2024–2025, indicating rapid early-stage expansion. Projections vary by methodology, but estimates suggest growth to USD 4.35 billion by 2030 and even USD 106.2 billion by 2033 with a high 45.6 per cent CAGR, reflecting strong future potential. Overall, the numerical projections confirm that Q-commerce is one of the fastest-growing segments within India's digital retail ecosystem.

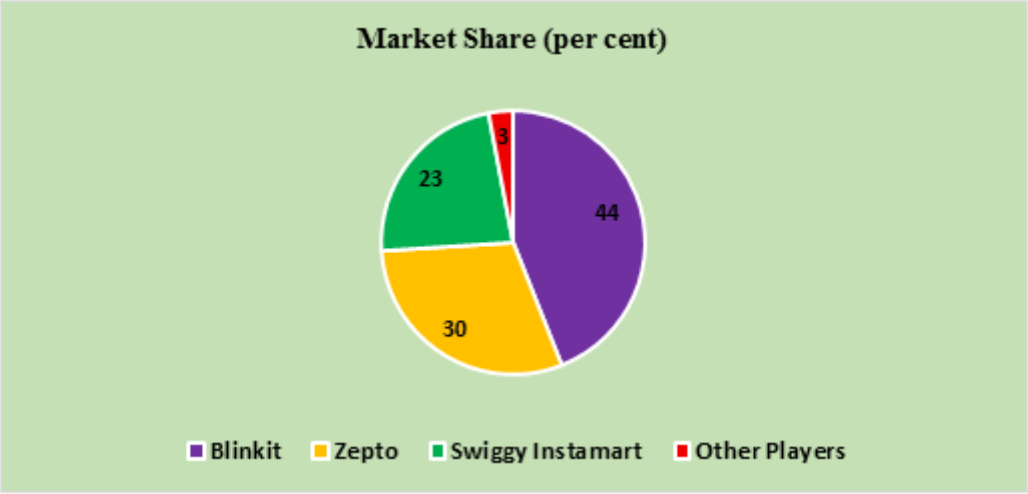
3. **Market Share**

Leading players in India's Q-commerce segment include Blinkit, Zepto, and Swiggy Instamart among others. Recent market share data shows:

Table 3: Q-Commerce Market Share (% of Gross Order Value)

Platform	Market Share (per cent)
Blinkit	44
Zepto	30
Swiggy Instamart	23
Other Players	3

Source: https://www.indiratrade.com/



The table 3 and figure 2 , show Blinkit holds approximately 44 per cent of the market share**,** making it the clear leader among rapid delivery platforms. Zepto follows with around 30 per cent**,** while Swiggy Instamart accounts for about 23 per cent, and other smaller players together hold the

remaining share**.** This distribution shows that the Q-commerce market in India is concentrated among a few major players competing for volume and customer loyalty

Quick Commerce (Q-commerce) is a delivery-oriented retail model designed to fulfil small, frequent orders in a short duration, generally within 10 to 30 minutes. The model primarily caters to time-sensitive purchases such as groceries, beverages, personal care items, and household essentials. Instead of depending on large, central warehouses, Q-commerce platforms operate through nearby micro-fulfilment hubs, often referred to as dark stores.

Dark stores function as compact inventory points meant only for online order processing and rapid dispatch, rather than walk-in shopping. Their close proximity to residential areas reduces delivery distance and supports faster order completion. The effectiveness of Q-commerce is also supported by real-time inventory control, app-based ordering systems, and route optimisation technologies that help manage high-frequency transactions efficiently.

Drivers of Q-Commerce Growth in India

The expansion of Q-commerce in India is supported by multiple market and technology factors. Urban consumers increasingly prefer time-saving shopping formats due to changing lifestyles, long working hours, and demand for instant convenience. High population density in metropolitan areas has also made hyper-local delivery models economically feasible.

At the operational level, advancements in supply chain systems, app-based tracking, predictive demand planning, and improved last-mile delivery capabilities have made rapid fulfilment more practical. Moreover, strong investments by startups and established platforms have supported the expansion of dark-store networks, enabling Q-commerce players to scale quickly across major cities.

Business Models and Operational Structure of Q-Commerce

Q-commerce platforms operate on a high-frequency, low-order-value model. The core components of this model include strategically located dark stores, technology-enabled order management systems, and a dedicated last-mile delivery workforce. Revenue generation is supported through delivery fees, subscription models, platform commissions, and private-label products.

However, maintaining profitability remains a challenge due to high operational costs, including inventory holding, delivery expenses, and workforce management. As a result, many platforms focus on optimising supply chains, increasing average order value, and leveraging data analytics to improve efficiency.

Advantages and Challenges of Q-Commerce

1. **Advantages**

- Q-commerce offers exceptional convenience by enabling consumers to receive essential goods within a very short time, significantly reducing waiting periods.
- It saves valuable time for urban consumers with busy lifestyles, making daily shopping more efficient and hassle-free.
- Q-commerce increases purchase frequency by catering to immediate and unplanned needs, thereby strengthening customer engagement.
- The model enhances customer loyalty through reliable, fast, and consistent service experiences.
- Businesses benefit from access to real-time consumer data, which supports personalised marketing and targeted promotions.
- Q-commerce enables better demand forecasting and inventory optimisation through advanced analytics and digital tracking systems.
- It supports hyper-local retail by utilising dark stores and micro-fulfillment centres located close to consumers.
- The model creates employment opportunities in last-mile delivery, warehousing, and technology-driven operations.
- Q-commerce improves supply chain efficiency by reducing storage time and enabling faster inventory turnover.
- It encourages digital payment adoption and strengthens the overall digital commerce ecosystem in India.

2. **Challenges**

- Q-commerce involves high operating costs due to expenses related to dark stores, rapid delivery logistics, and workforce management.
- Scalability beyond urban and metropolitan areas is limited because of lower population density and higher delivery costs.
- Intense competition and heavy discounting create pressure on profit margins, affecting long-term sustainability.
- Increased delivery frequency contributes to traffic congestion in urban areas.
- Excessive use of packaging materials leads to environmental concerns and waste management issues.
- Labour-related challenges include fair wages, job security, and working conditions for delivery personnel.
- Data protection and privacy issues arise due to extensive use of consumer data and digital tracking systems.
- Lack of comprehensive regulatory frameworks regarding pricing practices and fair competition requires policy intervention.

Suggestions:

1. Q-commerce platforms should enhance operational efficiency by using advanced data analytics, accurate demand forecasting, and route optimisation to reduce delivery and inventory costs.
2. Profitability should be improved by reducing excessive discounting and adopting diversified revenue models such as subscription services, private-label products, and digital advertising.
3. Environmental sustainability must be promoted through the use of eco-friendly packaging and

electric vehicles for last-mile delivery to reduce carbon emissions.
4. Expansion beyond metropolitan areas can be achieved through hybrid models that integrate local kirana stores, thereby lowering infrastructure costs and supporting small retailers.
5. Labour welfare should be prioritised by ensuring fair wages, social security benefits, and safe working conditions for delivery personnel.
6. Policymakers should develop clear regulatory frameworks to ensure data protection, pricing transparency, and fair competition within the Q-commerce sector.
7. Continuous research and innovation should be encouraged to support evidence-based policymaking and ensure the long-term sustainability of the Q-commerce ecosystem in India.

Conclusion

India's digital commerce has moved from early online transactions to an advanced retail ecosystem powered by technology, digital payments, and platform-led business models. The rise of Q-commerce represents the latest transformation, driven by the consumer preference for instant fulfilment and hyper-local delivery services. By using dark stores, micro-fulfilment systems, and data-enabled logistics, Q-commerce platforms have redefined speed, convenience, and purchase frequency in urban retail.

However, the sustainability of this segment will depend on improving unit economics, reducing cost pressures, and adopting greener delivery and packaging practices. The sector must also address labour welfare, data privacy, and fair competition concerns through stronger governance and policy support. In the long run, Q-commerce can become a scalable and resilient model for India's digital economy if it balances rapid service with profitability, responsible practices, and inclusive retail integration.

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Conflicts of Interest

The authors declare that there are no conflicts of interest regarding the publication of this paper.

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