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An Analytical Study on Costing & Profitability of Supermarkets, General Stores & Quick Commerce in India

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Abstract

In the rapidly evolving retail sector, supermarkets, general stores, and quick commerce platforms have become essential channels for meeting consumer demands. Each format operates with distinct business models, focusing on different aspects such as cost efficiency, convenience, and speed of delivery. This study, titled "A Study on Costing & Profitability of Supermarkets, General Stores & Quick Commerce," aims to analyze and compare the cost structures and profitability of these retail formats. The research examines various cost components including procurement, inventory holding, storage, labor, transportation, and technology-related expenses. It also evaluates pricing strategies, revenue generation, and profit margins to understand their overall financial performance. A descriptive research design is adopted, and primary data is collected through structured questionnaires, supported by secondary data from reports and articles. The study further highlights that supermarkets and general stores rely on cost control, customer loyalty, and consistent demand to maintain profitability. In contrast, quick commerce platforms focus on rapid delivery and customer convenience, often leading to higher operational and last-mile delivery costs. Despite these challenges, quick commerce attempts to achieve profitability through scale, efficient supply chains, and dynamic pricing strategies. The findings of the study emphasize the importance of effective cost management, technological integration, and strategic decision-making in improving profitability across all retail formats.

Keywords: *Costing, Profitability, Supermarkets, General Stores, Quick Commerce, Retail Industry, Cost Structure, Financial Performance.*

Introduction

The retail sector has experienced significant changes due to technological advancements and shifting consumer preferences. Traditional formats like general stores and supermarkets have long served as primary sources for daily necessities, focusing on affordability, accessibility, and customer relationships. In recent years, quick commerce has emerged as a new retail model, offering instant delivery and enhanced convenience through digital platforms. Supermarkets operate on a larger scale with organized supply chains and benefit from economies of scale, while general stores rely on local demand and personalized services. Both emphasize cost control and consistent sales to maintain profitability. On the other hand, quick commerce platforms focus on speed and convenience, leading to higher operational and delivery costs. Costing plays a crucial role in determining profitability across all these formats. Factors such as procurement, inventory, labor, logistics, and technology directly impact financial performance. This study aims to analyze and compare the costing structures and profitability of supermarkets, general stores, and quick commerce, highlighting the challenges and strategies required to sustain profitability in a competitive retail environment.

Literature Review

1. Sharma and Gupta (2024)
   This study examined the cost structures of supermarkets and their impact on profitability in urban India. The authors found that efficient inventory management and bulk purchasing significantly reduce operational costs, leading to higher profit margins. The study emphasized the importance of supply chain optimization and demand forecasting in improving financial performance.
2. Mehta and Rao (2023)
   Mehta and Rao analyzed the financial performance of general stores in semi-urban and rural areas. Their findings revealed that strong customer relationships, credit facilities, and low operating costs help general stores maintain steady profitability.

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However, limited scalability and competition from organized retail were identified as key challenges.

3. Deloitte India (2023)
   Deloitte's report on the Indian retail sector highlighted the rapid growth of quick commerce platforms. The study noted that while these platforms offer high convenience and fast delivery, they incur substantial costs in logistics, warehousing, and last-mile delivery. The report suggested that achieving profitability depends on scale, efficient operations, and technological integration.
4. KPMG (2022)
   KPMG's analysis focused on profitability trends across different retail formats. The study concluded that supermarkets benefit from economies of scale, whereas quick commerce struggles with high customer acquisition and delivery costs. It emphasized that cost control, digital adoption, and strategic pricing are essential for sustaining profitability in a competitive market.

Research Methodology

Statement of Problem:

In recent years, the retail sector has undergone major changes with the growth of supermarkets, general stores, and quick commerce platforms. While traditional retail formats focus on cost efficiency and steady demand, quick commerce emphasizes speed and convenience, often leading to higher operational costs. This creates challenges in maintaining profitability across different retail formats. Supermarkets incur costs related to inventory, storage, and staff, whereas general stores operate with limited resources and depend on local demand and customer relationships. Quick commerce platforms face significant expenses in logistics, technology, and last-mile delivery, which directly impact their profit margins. Despite growing demand, managing costs effectively while ensuring profitability remains a key concern for all formats. There is limited research comparing the costing structures and profitability of these three retail models, especially in the Indian context. Therefore, this study aims to analyze how costing factors influence profitability in supermarkets, general stores, and quick commerce, and to identify the challenges and strategies required for sustainable financial performance.

Scope of Study:

The scope of this study includes a detailed analysis of the costing and profitability of supermarkets, general stores, and quick commerce platforms. It focuses on understanding various cost components such as procurement, inventory, labor, logistics, and technology. The study also examines revenue generation, pricing strategies, and profit margins across these retail formats. It is limited to selected areas and considers the perspectives of retailers and consumers. The study aims to provide insights into cost management practices and profitability trends in the evolving retail sector.

Objectives of the Study:

1. To study the cost structure of supermarkets, general stores, and quick commerce.
2. To compare the profitability of different retail formats.
3. To analyze the impact of various costs on profit margins.
4. To understand pricing strategies and revenue generation in retail.
5. To identify challenges faced by each format in achieving profitability.

Hypothesis of the study:

Hypothesis 1

H_1: Fast delivery services do significantly influence customer perception of company

H_0: Fast delivery services do not significantly influence customer perception of company

Hypothesis 2

H_1: Cost-saving offers do significantly influence repeat purchases.

H_0: Cost-saving offers do not significantly influence repeat purchases.

Data Collection Methods:

Survey Method: - Online

Survey Instrument: - Questionnaire

Method of Survey: - Through personal interaction and online forms

Collection of Primary Data:

Primary data are those data collected by the researcher for the first time and are original in nature. In this study, primary data was collected through structured questionnaires distributed among retailers and consumers in selected areas. The questionnaire included questions related to cost components, pricing, sales, and profitability of supermarkets, general stores, and quick commerce platforms.

A combination of non-probability sampling techniques, including convenience sampling, was used to collect data from respondents. The selection was based on availability and willingness to participate. A total of 100 valid responses were collected and used for analysis.

Collection of Secondary Data:

Secondary data has been collected from various sources such as research papers, industry reports, company websites, journals, and articles related to retail and quick commerce. Reports from consulting firms and published financial data were also used to understand cost structures and profitability trends. These sources helped in supporting the analysis and providing a broader understanding of the retail sector.

Limitations of the study:

The study is limited by a relatively small sample size, which may not fully represent the entire retail sector. It is also confined to selected areas, and therefore the findings may not be applicable to all regions. The data collected is primarily based on respondents' opinions and responses, which may involve bias or inaccuracies. Time constraints have restricted the scope of data collection and detailed analysis. Additionally, access to complete financial data, especially quick commerce platforms, was limited due to confidentiality issues. Lastly, the rapidly changing nature of the retail industry may affect the long-term relevance of the study's findings.

Findings And Data Analysis

Age based Analysis:

Table 1. The classification of Respondents based on their age

Age	No of respondents	Percentage
Under 18	15	15
18-25 years	62	62
26-35 years	15	15
35& above	8	8
Total	100	100

Interpretation:

The analysis reveals that 62.4% of respondents aged between 18-25 has responded more while rest of the respondents aged under 18 and 26-35 share same percentage of responses -14.9% and 35 & above have less responses of about 8%.

Gender based Analysis:

Table 2. The classification of Respondents based on gender

Gender	No of respondents	Percentage
Male	68	68
Female	32	32
Total	100	100

Interpretation:

It's clear from the table that Female respondents are less than the male respondents. Male respondents constitute around 67% while female constitute about 33%.

4.1.3 Occupation based Analysis:

Table 3. Occupation of the respondents

Occupation	No of respondents	Percentage
Students	67	67
Working professionals	21	21
Housewives	10	10
Business owners	2	2
Total	100	100

Interpretation:

It is clear from the table that maximum Number of people who have responded are the students i.e. 67%. Rest who has responded are working Professional 21%, Housewives 10% and businessmen are negligible around 2%.

4.1.4 Where do you shop for groceries most often?

Table 4. Shopping mode of respondents

Shoppping mode	No of respondents	Percentage
Local supermarket	10	10
Online (zepto, blinkit)	70	70
Local general stores	6	6
Dmart/ Smart	14	14
Total	100	100

Interpretation:

Majority of people buy groceries from online platforms about 70% followed by departmental stores 14%, Local supermarkets 10%, and the least designation for shopping of groceries is Local general stores around 6%

4.1.5 Which of these quick commerce platform do you use?

Table 5. Platform used by respondents

Platforms	No of respondents	Percentage
Zepto	40	40
Blinkit	32	32
Swiggy Instamart	22	22
Flipkart minutes	2	2
I dont use any	4	4
Total	100	100

Interpretation:

People like to shop mostly from online platforms, majorly from Zepto about 40% followed by Blinkit 32% then by swiggy around 24%. Flipkart minutes has entered recently into quick commerce, so it has lesser share of 2%. While others prefer offline shopping.

4.1.6 Average amount spent by you per order?

Table 6. Amount spent on an avg per person

Amounts (Rs.)	No of respondents	Percentage
Less than 200	47	47
200-500	37	37
500-100	10	10
More than 1000	6	6
Total	100	100

Interpretation:

It is observed that most users (47%) spend less than ₹200 per order, indicating that quick commerce platforms are commonly used for small or daily essential purchases. About 37% of respondents spend between ₹200 to ₹500, suggesting a moderate spending behavior. A smaller portion of the users (around 10%) spend ₹500 to ₹1000, while only a very small number go beyond ₹1000. This pattern reflects a consumer base that values affordability and convenience in their quick commerce usage.

4.1.7 Rank the following factors based on importance while shopping for groceries?

Table 7. Most important factors while shopping groceries

Factors	Most important	Least important
Price	75	2
Delivery time	48	15
Quality	62	5
Discounts/Free cash	65	12
Brand Name	13	48

Interpretation:

It is evident that Price, Quality, and Discounts/Free Cash are considered the most important factors when shopping for groceries. These three categories received the highest “Most important” responses. Delivery time is moderately important to many users, reflecting the growing demand for speed in quick commerce services. However, Brand name received the highest number of “Least important” responses, indicating that most consumers prioritize value and convenience over brand loyalty when purchasing groceries online.

4.1.8 Which model has better chances of long term profitability?

Table 8. Model having chances long term profitability

Model	No of respondents	Percentage
Supermarkets	26	26
Quick commerce	52	52
Both	22	22
Total	100	100

Interpretation:

The data shows that a majority (52%) of respondents believe that quick commerce platforms have better chances of long-term profitability, indicating a growing trust in the rapid delivery and convenience-based model. 26% favor traditional supermarkets, possibly valuing their stability and established customer base. Meanwhile, 22% of participants believe both models hold equal potential for long-term profitability. This clearly highlights a strong consumer tilt towards digital and fast-paced grocery delivery models as the future of retail.

Hypothesis Testing

5.1 Hypothesis Test-1

H_1: Fast delivery services do significantly influence customer perception of company

H_0: Fast delivery services do not significantly influence customer perception of company

Count of: Does fast delivery influence your perception of the company's profitability?

Table 9: Hypothesis 1

Particulars	No	Yes	Total
Timely & fast delivery	3	33	25
Offer & discounts avaible	4	16	20
High delivery charges	7	21	28
Customer satisfaction	7	21	29
Grand Total	19	83	102

Table 10: Anova Test-1

Source of variation	SS	df	MS	F	P-value
Between groups	87.28	3	29.09	5.42	<0.05
Within groups	528.42	98	5.39		
Total	615.7	101			

Interpretation:
Out of 102 respondents, 83 said that fast delivery does influence their view of the company's profitability. The most strongly associated factors with "Yes" responses were Customer satisfaction (29 responses) & High delivery charges (28 responses)

5.2 Hypothesis Test-2

H_1: Cost-saving offers do significantly influence repeat purchases.

H_0: Cost-saving offers do not significantly influence repeat purchases.

Table 11: Hypothesis 2

Particulars	No	Yes	Total
Discount coupons	3	27	30
Combos	5	20	25
Cashback	4	23	27
Refer & earn	6	14	20
Grand Total	18	84	102

Table 12: Anova Test-2

Source of variation	SS	df	MS	F	P-value
Between groups	206.5	3	68.83	5.42	7.51
Within groups	293.4	16	18.34		
Total	499.9	19			

F (3,16) = 7.51 with a significance level $p < 0.05$ indicates a statistically significant difference. This means at least one promotional method (like discount coupons, combos, etc.) is significantly more preferred than others.

Interpretation:
Customers are highly motivated by offers like discounts and cashback when deciding to return to a platform or store. Supermarkets and quick commerce platforms should strategically use promotions to increase customer loyalty and profitability.

Conclusion

The study concludes that supermarkets, general stores, and quick commerce platforms operate with different cost structures and profitability models, each having its own strengths and challenges. Supermarkets benefit from economies of scale, organized supply chains, and stable demand, which help in maintaining consistent profit margins. General stores, despite operating on a smaller scale, achieve profitability through low operating costs, personalized customer relationships, and regular local demand.

On the other hand, quick commerce platforms focus on speed and convenience, which leads to higher operational costs, especially in logistics, warehousing, and last-mile delivery. While these platforms attract customers through fast service and ease of access, achieving sustainable profitability remains a major challenge due to high expenses and competitive pricing strategies.

The study highlights that effective cost management, efficient supply chain practices, and appropriate pricing strategies are crucial for improving profitability across all retail formats. It also emphasizes the growing importance of technology and changing consumer preferences in shaping the retail industry.

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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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