

Internet

Quick Commerce: Competitive environment is toughening

[Media reports](#) suggest Tata-owned Bigbasket plans to pivot to an entirely quick commerce (QC) driven business model. While it already had an active QC arm BB Now – currently delivering over 50% of its total sales – the company now intends to move away from 2hrs to next day delivery service and offer only 10-30min delivery service. eCommerce platform Flipkart too recently launched its QC offering ‘Minutes’ in select pin-codes of Bengaluru, New Delhi and Mumbai. Earlier, Blinkit and Zepto had mentioned plans to double their dark store count over the next 1 year, while there exists a very high possibility of Jiomart (Reliance) and Amazon entering the fray. While growing competitive intensity could be intuitively concerning for investors, we note that there is also a conspicuous shift in consumer demand from traditional eCommerce and unorganised players to QC. Moreover, recent forays of QC players in lower tier cities (refer [link 1](#) & [link 2](#)) also indicate good traction for the channel. As a result, the addressable TAM for the QC channel itself could be much bigger than earlier envisaged, which in turn should ensure strong near-term growth for all active players, in our opinion. That said, we reiterate that consolidation is a must for the QC market to see long-term sustainable profit pools.

- **BigBasket’s strategic pivot to QC is not surprising:** BigBasket, essentially known for its slotted deliveries, is now shifting to an entirely QC-driven business model. The move does not surprise us, as slotted delivery platforms are visibly losing share to the QC channel due to consumer preference for speed, even in the case of non-grocery use cases. The Blinkit management had highlighted this phenomenon in its 1QFY25 post results shareholder letter. As per the BigBasket management, the company will move away from 2hrs to next day delivery slots and offer only 10-30min delivery services. The transition will take place over the next few weeks. The company’s QC arm ‘BB Now’, which was launched in Dec’21, currently accounts for over 50% of the total sales. As part of its strategy, the company will increase its dark store count to ~700+ stores (from current ~400-450 stores), while retaining its network of ~60 large warehouses, which will store a wide range of SKUs including high-value items. Additionally, BB Now will increase its assortment from current ~10k SKUs to ~25-30k SKUs.
- **Flipkart Minutes’ assortment indicates thinning of the line between eCommerce and QC:** Our channel checks suggest products available on ‘Minutes’ are spread across categories such as smartphones, laptops, other large electronics, gaming consoles, and car essentials, availability of which was typically limited to traditional eCommerce platforms till now. This likely indicates the company’s intention to offer a significantly wider choice to customers than that currently being offered by the incumbent players (Blinkit, Zepto, Instamart and BB Now). We, however, note that Flipkart Minutes’ differentiated assortment is active only in a few pin codes currently, but will likely be made available across all operational micro markets as the company scales up its operations. This could force incumbent players to follow suit and further invest in category and assortment expansion. These trends are thinning the line between eCommerce and QC platforms and enabling a conspicuous shift in consumer demand towards the latter.
- **QC TAM large enough to accommodate recent entrants:** While we believe the QC competitive environment could eventually narrow to 3-4 relevant players, in the near term we could see six to seven serious contenders. This is because there are tell-tale signs that Amazon and Jiomart (Reliance) could be contemplating starting their own version of QC. While Amazon is committing to deliver orders within a few hours, Jiomart intends to start ~30mins delivery service using its existing Reliance retail store network to deliver orders to customers ([media report](#)). The crowding of the space is partly attributable to the gradual disruption of both the traditional eCommerce as well as the unorganised channels. Moreover, recent forays of QC players in lower tier cities also indicate good traction for the channel. As a result, the addressable TAM for the QC channel itself could be much bigger than earlier envisaged, which in turn should ensure strong near term growth for all recent entrants, in our opinion.



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[Quick Commerce: We may live in more interesting times](#)

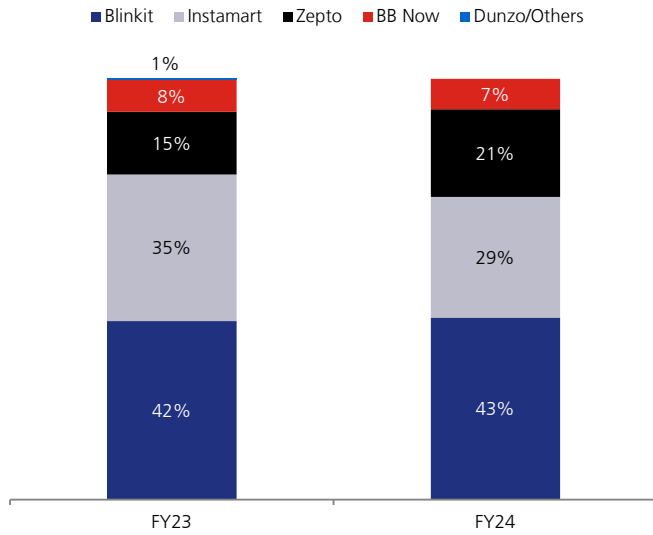


[Deep-Dive: Quick Commerce: It always seems impossible until it's done](#)

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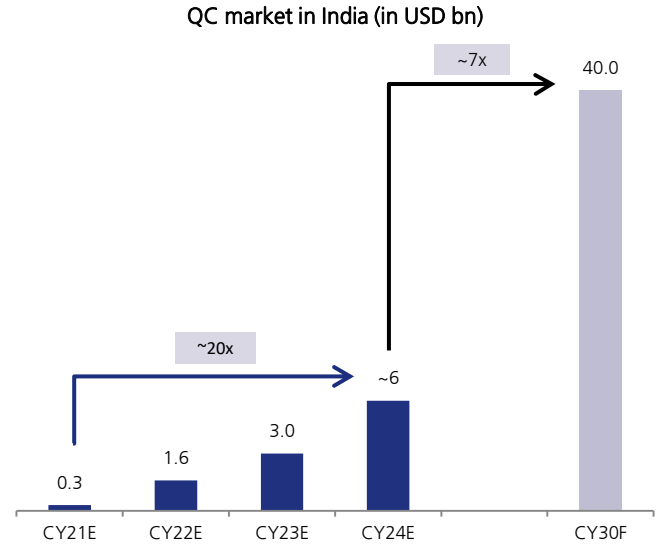
Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

Exhibit 1. Quick commerce: Market share trends



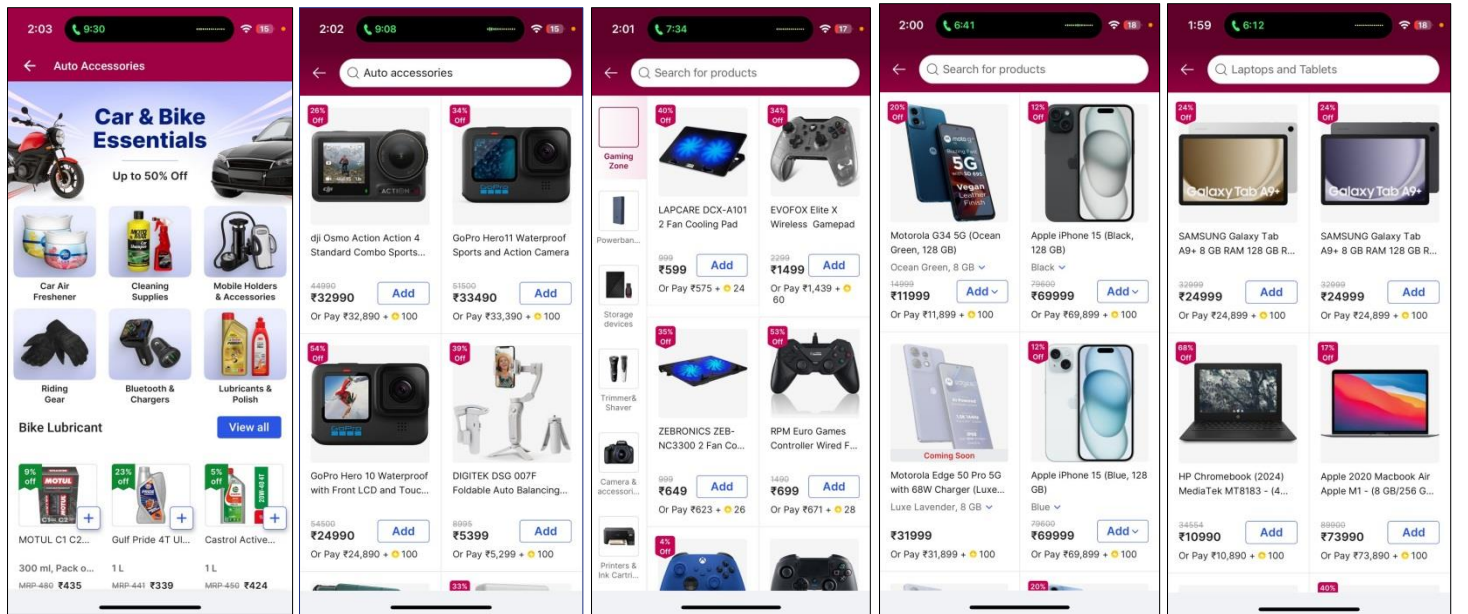
Source: JM Financial estimates

Exhibit 2. QC market in India – historical and future estimate



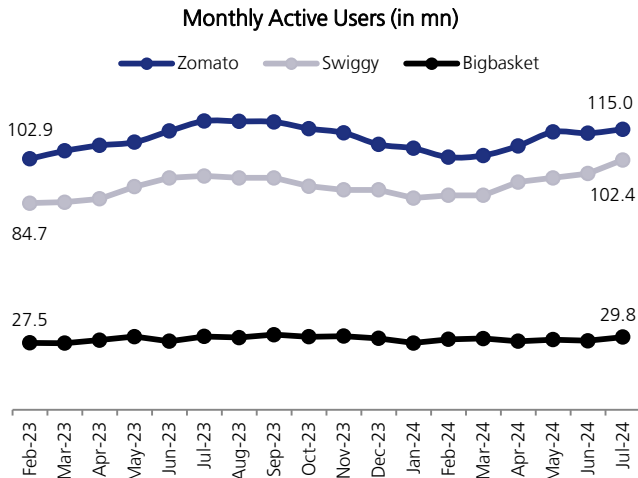
Source: JM Financial estimates basis discussions with industry experts, Deloitte forecasts

Exhibit 3. Flipkart Minutes' offerings across a wide range of categories such as high value electronics, car essentials, gaming console etc.



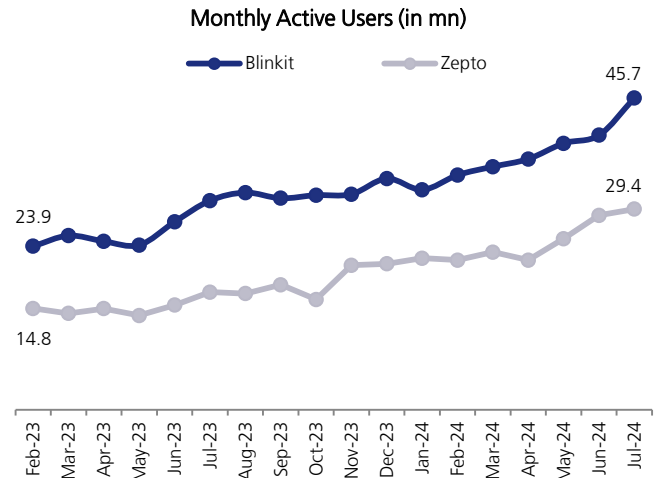
Source: Company App

Exhibit 4. Active users trend (mn)



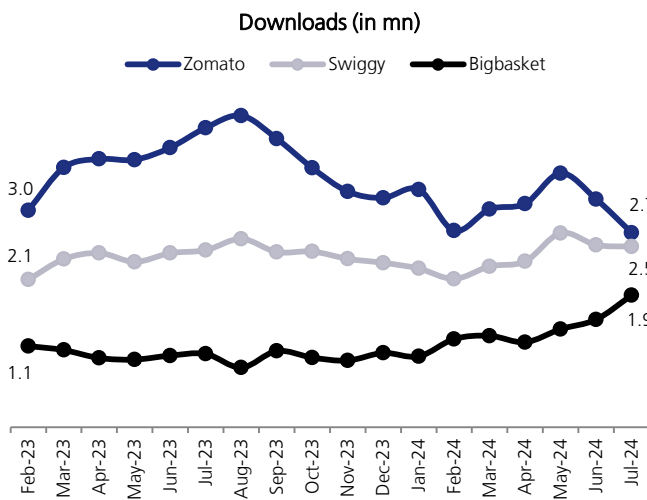
Source: Data.ai, JM Financial. Note: Above figures are aggregate of Android and ios users.

Exhibit 5. Active users trend (mn)



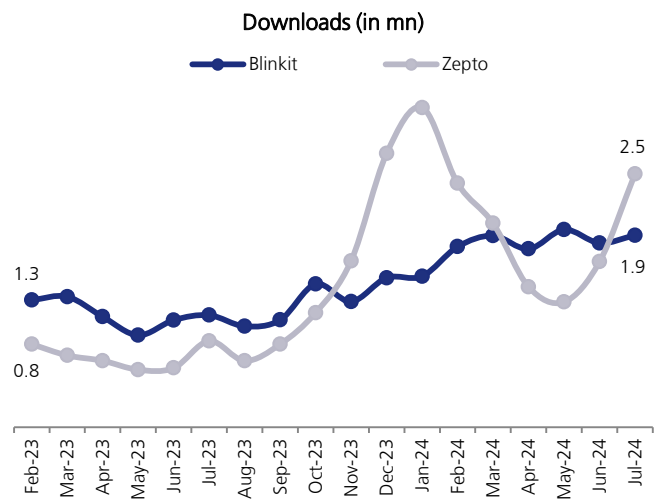
Source: Data.ai, JM Financial. Note: Above figures are aggregate of Android and ios users.

Exhibit 6. No. of app downloads (mn)



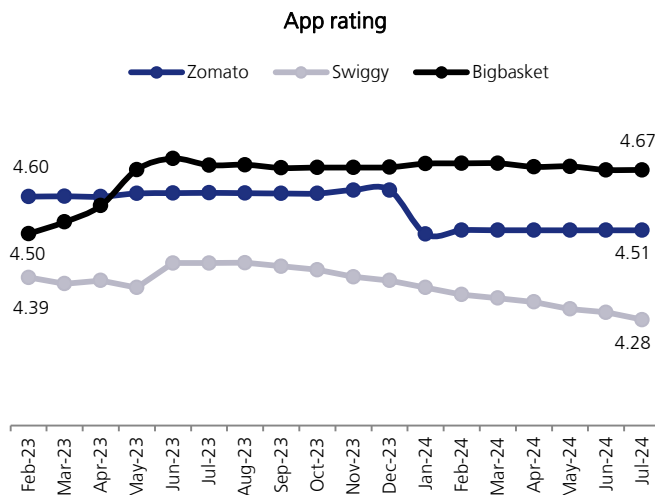
Source: Data.ai, JM Financial. Note: Above figures are aggregate of Android and ios users.

Exhibit 7. No. of app downloads (mn)



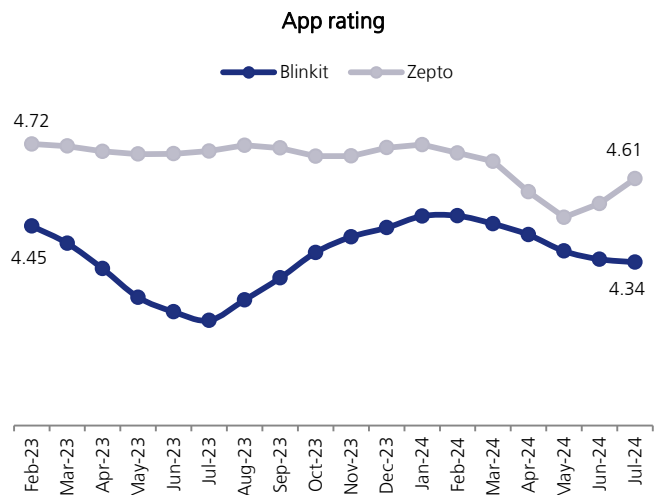
Source: Data.ai, JM Financial. Note: Above figures are aggregate of Android and ios users.

Exhibit 8. Cumulative app ratings



Source: Data.ai, JM Financial. Note: Above figures are aggregate of Android and ios users.

Exhibit 9. Cumulative app ratings



Source: Data.ai, JM Financial. Note: Above figures are aggregate of Android and ios users.

APPENDIX I

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