

We met 11 stakeholders in Bengaluru across the Quick Commerce (QCom) ecosystem to assess the competitive intensity, nuances of operations across different players, and potential in tier-2/3 cities. Key takeaways: 1) Amazon and Flipkart are set to scale up materially, led by dark-store network expansion. 2) Tier-2/3 adoption is strong, with select cities now delivering better unit economics than tier-1. 3) Swiggy is driving efficiencies toward contribution-margin (CM) break-even (by Q1FY27), which could unlock the next leg of growth. 4) Zepto's order-volume share is built on low minimum order value (MOV) and heavy discounting. We remain constructive on QCom—TAM expansion into electronics, jewelry, and general merchandise, scale-up in tier-2/3 towns, and strong profitability in select cohorts (7-8% store-level CM). That said, the sector remains in a landgrab phase, and the entry of Amazon and Flipkart will keep competition elevated. In our view, QCom's rapid scale-up is capturing the TAM of large modern-retail chains (eg, DMART), compressing their growth runway. We maintain BUY on Eternal and Swiggy with TPs of Rs370 and Rs350, respectively, and SELL on DMART with a TP of Rs3,700.

Tier-2/3 adoption is strong; select cities now beat tier-1 on unit economics

The demand inflection has decisively moved beyond the metros, with strong demand and unit economics in tier-2/3 markets serving as a testament to QCom's pan-India product-market fit. The key finding is on the cost side: a subset of tier-2/3 cities is now delivering better store-level economics than metros. Despite lower average order value (AOV), tier-2 cities benefit from lower competitive discounting intensity and reduced operating costs across rent, labor and last-mile, thereby improving contribution per order. We believe execution in the tier-2/3 cities would be crucial for QCom players to achieve scale and long-term profitability.

Ecom giants scale up; competitive intensity to stay elevated

Rapid scale-up and category expansion of Blinkit, Zepto, and Swiggy have pushed incumbent e-commerce (Ecom) giants—Flipkart and Amazon—to intensify their focus on the QCom business. Following the initial scale-up of Flipkart Minutes, the company witnessed mixed results across metro and tier-2 cities, leading to a recalibration of strategy and plans for meaningful expansion of the dark store network by year-end. Meanwhile, Amazon Now has a smaller dark store network across the three metro cities where it was launched and is now expanding into other large cities.

Blinkit's QCom lead is unquestioned; Swiggy marching toward CM break-even

There is a consensus among ecosystem stakeholders that Blinkit maintains an undisputed leadership, which is a direct result of unmatched operational rigor, exceptional consistency in dark store execution, and superior supply-side planning. On the other hand, Swiggy has re-sequenced Instamart's strategy from growth to durable unit economics and remains on track to reach the targeted CM break-even by Q1FY27. Following this milestone, the company may look to accelerate expansion of its dark store network more aggressively. Zepto has successfully secured the #2 position in terms of order volume through a hyper-aggressive, growth-oriented strategy, supported by aggressive pricing and strong operational leverage.

Outlook: Heightened competitive intensity in the landgrab phase

As highlighted in our QCom sector report ([link](#)), we believe the QCom market exhibits strong product-market fit in India, with tier-2/3 cities also offering significant growth potential. In the landgrab phase, we expect competition to remain elevated, which may result in market share pressure for players focused on unit economics. However, we believe that a slowdown in market growth will drive industry consolidation with fewer players. The shift from the landgrab phase to a monetization phase would significantly improve earnings for large players in the industry. We maintain BUY on Eternal and Swiggy with TPs of Rs370 and Rs350, respectively, and SELL on DMART with a TP of Rs3,700.

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QCom grabbing the retail pie; no respite for modern chains anytime soon

The QCom space continues to surprise positively in terms of overall growth, TAM expansion (electronics, jewelry, general merchandise), scale-up in tier-2/3 towns, and success in private labels (such as Noice for Swiggy). The street has from time to time been apprehensive on these fronts, given the smaller size of dark stores, perceived lower use cases beyond metros and the lack of a touch-and-feel experience for private-label success. In our view, the exponential scale up of QCom is grabbing the TAM of large modern retail chains like DMART, thereby impacting the growth longevity for these players.

In addition to scalability, strong profitability trends in select large cohorts suggests that the Q-Com industry is also sustainable. Blinkit recently shared that some of its larger and mature cities (such as Delhi-NCR) enjoy healthy throughputs and 5-6% adjusted EBITDA margin. Our checks suggest a similar trend for Swiggy Instamart in select cohorts. We would like to highlight that QCom players operate at high asset turns of 5x-10x and the achievement of mid-single-digit EBITDA margins can help them deliver a strong ROIC profile.

Our interactions with multiple QCom experts suggest that Zepto and Amazon continue to see healthy double-digit growth (QoQ), while Blinkit and Instamart are consciously not participating in excessive discounting. Interestingly, Flipkart and Blinkit are doubling down on tier-2+ towns through rapid expansion, where the channel has seen strong acceptance—at times even higher than in tier-1 towns. Amazon, apparently, came up as a serious player across discussions, which builds upon an ambitious management outlook of ~1,000 dark stores by CY26 end (vs ~500 stores currently) shared across media interviews. The current focus of Amazon is to improve traction among Prime members, through a relentless focus on best-in-class quality and availability.

Product market fit resoundingly established: QCom enters the next phase

The QCom narrative has clearly leveled up, highlighted by the market leader demonstrating a visible path to profitability. Demand for instant delivery is essentially category-agnostic, with scaling now primarily constrained by supply-side execution. Strong demand and adoption in tier-2 and tier-3 markets serve as a testament to QCom's pan-India product-market fit. Skepticism regarding scalability beyond metros has largely subsided, as India's tier-3 and tier-4 cities exhibit Population Weighted Density (PWD) on par with, or exceeding, that of large global metropolises.

Blinkit's QCom lead is unquestioned by the competition currently

There is a broad consensus among ecosystem stakeholders that Blinkit maintains an undisputed and substantial lead as the market pioneer. Excluding the market leader, the competitive landscape can be systematically segregated into three distinct buckets: QCom Native Incumbents: Zepto, Swiggy Instamart, and BigBasket; Horizontal E-Commerce Entrants: Flipkart Minutes and Amazon Now; Modern Trade Retailers: JioMart and DMart Ready. Each category of competition is at different stages of QCom operational scale. While the native incumbents possess the longest operational track record, a divergence is emerging in their execution strategies. These differing approaches have not only dictated their current market standing but will fundamentally determine their terminal scale as they deploy capital to expand further.

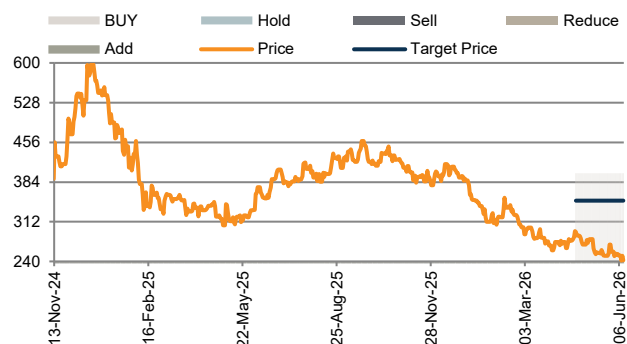
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SWIGGY RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (Rs)	TP (Rs)	Rating	Analyst
09-May-26	281	350	Buy	Pranav Kshatriya
23-Apr-26	293	350	Buy	Pranav Kshatriya

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



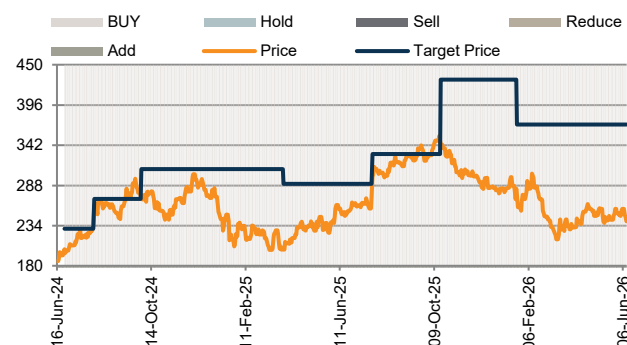
Source: Company, Bloomberg, Emkay Research

ETERNAL RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (Rs)	TP (Rs)	Rating	Analyst
29-Apr-26	254	370	Buy	Pranav Kshatriya
23-Apr-26	260	370	Buy	Pranav Kshatriya
22-Jan-26	276	370	Buy	Pranav Kshatriya
17-Oct-25	343	430	Buy	Pranav Kshatriya
12-Sep-25	321	330	Buy	Pranav Kshatriya
22-Jul-25	300	330	Buy	Pranav Kshatriya
02-May-25	234	290	Buy	Dipeshkumar Mehta
31-Mar-25	202	290	Buy	Dipeshkumar Mehta
20-Jan-25	240	310	Buy	Dipeshkumar Mehta
01-Jan-25	277	310	Buy	Dipeshkumar Mehta
23-Oct-24	264	310	Buy	Dipeshkumar Mehta
01-Oct-24	274	310	Buy	Dipeshkumar Mehta
22-Aug-24	258	270	Buy	Dipeshkumar Mehta
02-Aug-24	262	270	Buy	Dipeshkumar Mehta
01-Jul-24	204	230	Buy	Dipeshkumar Mehta
25-Jun-24	202	230	Buy	Dipeshkumar Mehta

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research

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ADD	5-15% upside
REDUCE	5% upside to 15% downside
SELL	>15% downside

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