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Devina Mehra warns: Quick commerce's 10-minute delivery comes with a pricey long-term bill

Devina Mehra, **June 4, 2025**

The quick commerce segment is reshaping Indian retail, but at what cost?

Organised retail stores were the thin edge of the wedge. Once they arrived, at least in a few cities, consumers could do their monthly bulk shopping from the clean aisles of, say, a DMart or Reliance store, often at lower prices. While this impacted the kirana stores, the effects were not devastating as neither did every neighbourhood have such stores nor did every consumer have a vehicle to lug back their purchases.

That changed with the advent of quick commerce apps like Blinkit , Instamart , Zepto, and Dunzo. These delivery apps have fundamentally reshaped how consumers shop, and products are sold. Predictably, this transformation has led to expected and unforeseen consequences, both intended and unintended.

In October 2024, the All India Consumer Products Distributors Federation, an association of retailers and distributors, revealed that around 2 lakh kirana stores closed down in the country over the past year due to the rapid expansion of quick commerce. While the figure may be inflated, there's little doubt that kiranas have seen a sharp dip in revenue and profitability.

The '10-minute delivery' fever has altered purchasing patterns, especially among younger consumers. Quick commerce services provide them with the luxury of ordering groceries and ingredients after getting home in the evening.

This shift may have implications for employment as well. Kirana stores typically rely on family members or informal workers. While the net employment difference remains unclear, these roles may be vanishing quietly.

Meanwhile, though quick commerce companies fall under the organised sector, their delivery personnel are not classified as employees. Hence, they are left out of the safety net of provident funds and other benefits. That, however, is a separate discussion.

There are structural issues, too. For one, the quick commerce services are being provided at a loss and not just on account of fixed cost. This is evident when revenue growth at these companies often comes at the cost of higher losses.

Normally, this would be a restrictive trade practice as predatory pricing is being used to drive competitors, like kirana stores, out of business. However, under India's competition laws, a judgment on predatory pricing can be obtained only if the player has a dominant position in the market—a defence Reliance Jio used in its initial years when it had started providing many services for free arguing that it was not a dominant player then.

This is an easy loophole to exploit as no single delivery service app holds a dominant share yet. However, it may not be a good condition to apply.

It reminds me of the time when the National Dairy Development Board was being set up and many European nations offered food aid to India in the form of cheap or free dairy imports. Verghese Kurien, the Milkman of India, fought tooth and nail as he believed it would destroy India's nascent dairy industry. The dairy industries of Sri Lanka and many African nations would later prove that he was right.

On the other hand, India went on to become the largest milk producing nation globally. The lesson—allowing loss-making services changes the long-term structure of the industry, regardless of market share at the outset.

Then comes the social dimension. Many on social media mourn the loss of neighbourhood kirana stores that may have supplied to a family for generations. It is only apt to remember that human connections that go beyond family and friends—the autowala at the corner stand or the kirana store owner who knew what kind of vegetables or brand of milk your family liked—also contribute to well-being and longevity. This loss is not economic, but human.

Quick commerce is also reshaping supply chains. Around 25 years ago, we at First Global, analysed Indian FMCG companies and their overseas parents— Hindustan Unilever versus Unilever, Nestlé India versus Nestlé etc. In western markets, brand strength translated into higher margins for the parent companies. In India, it showed up as distribution leverage: local firms had negative working capital because distributors paid in advance. We had then predicted that as the Indian retail business became more organised, this leverage would diminish as the retailers' bargaining power would increase. We are beginning to see this trend unfolding now—and it's accelerating.

But not all changes are bad. On the positive side, online delivery apps have opened access for smaller producers. The limited shelf space of a kirana store is no longer a limitation. Specialised products catering to niche segments, whether they are offbeat baby products or nut milks, have better access to consumers.

Change is never simple, especially when one goes beyond the first-order effects.