CUSTOMER ACQUISITION AND PROFITABILITY IN QUICK COMMERCE

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ABSTRACT

Quick commerce has emerged as a dominant model in the retail landscape, characterized by the promise of ultra-fast delivery of essential goods. While this model offers significant convenience and meets the immediate needs of consumers, it also presents substantial challenges related to customer acquisition costs and their impact on overall profitability.

This study aims to examine the dynamics between customer acquisition strategies and profitability within the quick commerce sector, with particular emphasis on whether aggressive growth tactics are sustainable or detrimental to financial health. The research adopts a descriptive research design and utilizes both primary and secondary data. Primary data were collected through a structured questionnaire administered to 127 respondents during the period from October to December 2025, while secondary data were obtained from journals, research articles, and published reports.

The study seeks to assess the effectiveness of various acquisition channels, the associated costs, and their direct influence on the profitability metrics of quick commerce firms. The findings are expected to offer valuable insights into how companies can optimize their growth strategies to achieve a sustainable balance between market expansion and financial viability.

Keywords: Quick Commerce, Customer Acquisition, Profitability, Customer Lifetime Value, Growth Strategy

1. INTRODUCTION

Quick commerce has rapidly emerged as a transformative force in the retail sector, propelled by advancements in digital infrastructure and a fundamental shift in consumer expectations toward instant gratification. Its initial iteration prioritized speed above all else, leveraging hyper-localized delivery networks and dense clusters of dark stores to serve urban centres. Early growth was fuelled by aggressive customer acquisition strategies, primarily deep discounts and targeted digital marketing, to on-board the first wave of convenience-seeking users. These foundational practices established logistics supremacy and immediate reach as non-negotiable pillars of the model, even as questions regarding its unit economics and long-term profitability were strategically deferred.

THE COST OF SPEED: ACQUISITION AND UNIT ECONOMICS

The operational model of quick commerce is fundamentally defined by two interconnected pillars: the imperative to acquire customers rapidly and the challenge of doing so profitably. In its initial phase, the industry prioritized growth above all else, leveraging substantial venture capital to subsidize prices and offer aggressive promotions. This "blitzscaling" approach was designed to build market share, establish brand recognition, and achieve the network density necessary for operational efficiency. Early metrics of success were overwhelmingly top-line: Gross Merchandise Value (GMV), app downloads, and order volume, with profitability deferred as a future concern.

SHIFT FROM GROWTH AT ALL COSTS TO PROFITABILITY PRESSURE

As the sector matured and funding environments tightened, the focus underwent a critical transition. Investors and stakeholders began demanding a clear path to profitability, shifting key performance indicators from pure growth to unit economics. This period saw intense scrutiny of the Customer Acquisition Cost (CAC) to Customer Lifetime Value (LTV) ratio. Companies were forced to move beyond blanket discounts to more sophisticated, data-driven acquisition strategies such as targeted digital marketing, strategic partnerships, and loyalty programs aimed at attracting higher-value, repeat customers rather than one-time, promotion-driven users.

CONTEMPORARY STRATEGIES: BALANCING SCALE AND SUSTAINABILITY

In the current competitive landscape, leading quick commerce players are navigating the dual mandate of scaling efficiently and improving margins. Contemporary strategies involve optimizing the entire value chain: refining delivery logistics to lower last-mile costs, expanding product categories to increase average order value, and leveraging first-party data for personalized retention marketing to improve repeat rates. The dominant challenge is no longer merely proving demand but demonstrating a sustainable business model where the revenue from a customer reliably exceeds the total cost of serving and acquiring them.

RELEVANCE TO THE CURRENT STUDY

This strategic pivot from growth-centric to profit-aware models underscores the central dilemma of the quick commerce industry. The initial customer acquisition strategy now directly dictates the financial viability of the enterprise. The present study builds upon this critical juncture by dissecting the components of acquisition cost, analyzing the levers of customer lifetime value, and evaluating the strategies employed to bridge the gap between them. By examining this balance within its recent historical context, the study aims to provide a framework for assessing which

acquisition approaches are likely to lead to sustainable profitability in a high-velocity, low-margin business.

2. LITERATURE OF THE MAIN CONTENTS

2.1 OBJECTIVES OF THE STUDY

➢ To analyze the strategies and challenges associated with customer acquisition and assess their impact on the profitability of the quick commerce business model.
➢ To assess the level of consumer awareness and perceptions regarding quick commerce services
➢ To propose strategic recommendations for improving customer acquisition efficiency while enhancing profitability.

2.2 SCOPE OF THE STUDY

➢ This study is confined to the Indian quick commerce industry, with a specific focus on grocery delivery.
➢ It encompasses an analysis of customer acquisition strategies and channels.
➢ It is an examination of consumer behavior and preferences, and the formulation of strategic recommendations aimed at fostering sustainable growth.

2.3 STATEMENT OF PROBLEM

In the hyper-competitive quick commerce sector, companies increasingly rely on aggressive customer acquisition strategies such as deep discounts, referral incentives, and promotional marketing to rapidly build market share and user bases. While such practices aim to drive growth and establish brand presence, they also raise significant concerns regarding high customer acquisition costs and long-term profitability. Therefore, there is a need to examine the relationship between customer acquisition strategies and profitability in quick commerce to understand whether such growth tactics represent a viable market entry strategy or a structural threat to financial sustainability.

2.4 RESEARCH METHODOLOGY

The study is descriptive in nature and is based on both primary and secondary data. Primary data were collected through a structured questionnaire distributed using Google Forms to 127 respondents during October to December 2025. Simple descriptive analysis using percentages and tables was employed to interpret the data.

2.5 COLLECTION OF DATA

➢ The study is based on both primary and secondary data.

- The data was collected from respondents across varied demographic backgrounds through digital platforms, without any geographical limitation.
- Convenience sampling was used to select respondents for the study.

3. INTERPRETATION

Table 3.1: Age of the Respondents

S.No	Age Group	Respondents	Percentage (%)
1	18-24	68	53.5%
2	25-40	41	32.3%
3	41-54	12	9.4%
4	55+	6	4.8%
	Total	**127**	**100%**

Interpretation: The data shows the majority of respondents (53.5%) are young adults aged 18-24, indicating quick commerce has strongest adoption among a digitally-native, convenience-seeking demographic.

Table 3.2: Gender of the Respondents

S.No	Gender	Respondents	Percentage (%)
1	Male	55	44.3%
2	Female	69	54.6%
3	Others	3	1.1%
4	Prefer not to say	0	0%
	Total	**127**	**100%**

Interpretation: A slightly higher proportion of female respondents (54.6%) use quick commerce services, though adoption is fairly balanced across genders, suggesting the model appeals broadly to all urban consumers.

Table 3.3: Educational Qualification

S.No	Educational Qualification	Respondents	Percentage (%)
1	School level	15	11.8%
2	Undergraduate	78	61.4%
3	Postgraduate	26	20.5%
4	Professional Qualification	8	6.3%
	Total	**127**	**100%**

Interpretation: Most users are undergraduates (61.4%), highlighting that quick commerce resonates strongly with a young, educated audience that is comfortable with app-based services.

Table 3.4: Occupation of the Respondents

S.No	Occupation	Respondents	Percentage (%)
1	Student	56	44.1%
2	Self Employed/Business	18	14.2%
3	Salaried Employee	42	33.1%
4	Homemaker	7	5.5%
5	Other	4	3.1%
	Total	**127**	**100%**

Interpretation: Students (44.1%) and salaried employees (33.1%) are the majority of users, reflecting the service's alignment with busy lifestyles and time-poor segments of urban populations.

Table 3.5: Monthly Household Income

S.No	Monthly Household Income	Respondents	Percentage (%)
1	Below ₹29,999	56	44.1%
2	₹30,000 - ₹59,999	18	14.2%
3	₹60,000 - ₹99,999	42	33.1%
4	Above ₹1 Lakh	7	5.5%
5	Other	4	3.1%
	Total	**127**	**100%**

Interpretation: The largest user segment earns between ₹30,000–₹59,999 (37.8%), positioning quick commerce as a service for middle-income households who balance value with the premium for convenience.

Table 3.6: City of Residence of Respondents

S.No	City	Respondents	Percentage (%)
1	Bangalore	45	35.4%
2	Coimbatore	32	25.2%
3	Mumbai	18	14.2%
4	Chennai	15	11.8%

5	Hyderabad	12	9.4%
6	Other	5	3.9%
	Total	**127**	**100%**

Interpretation: Bangalore (35.4%) and Coimbatore (25.2%) are the most represented cities, confirming that quick commerce has achieved significant penetration in both metropolitan and key tier-1 urban centers.

Table 3.7: Family Size of Respondents

S.No	Family Size	Respondents	Percentage (%)
1	1-2 Members	18	14.2%
2	3-4 Members	72	56.7%
3	5-6 Members	28	22.0%
4	More than 6 Members	9	7.1%
	Total	**127**	**100%**

Interpretation: Over half of respondents (56.7%) belong to nuclear families of 3-4 members, which typically drive frequent, small-basket purchases for daily essentials.

Table 3.8: Awareness of Quick Commerce Platforms (Multiple Response)

S.No	Platform	Respondents	Percentage(%)
1	Blinkit	98	77.2%
2	Zepto	84	66.1%
3	BigBasket	76	59.8%
4	Instamart	92	72.4%
5	Not aware	6	4.7%

Interpretation: Blinkit (77.2%) and Instamart (72.4%) have the highest brand recognition, while only 4.7% are unaware of any platform, demonstrating high market saturation and competitive awareness among consumers.

Table 3.9: First Source of Awareness for Most Used Platform

S.No	Source	Respondents	Percentage (%)
1	Social Media Advertisements	52	40.9%
2	Referrals from friends or family	38	29.9%
3	TV/Radio advertisements	12	9.4%
4	Online banners/Google Ads	18	14.2%
5	In-app notifications from food delivery apps	7	5.5%
	Total	**127**	**100%**

Interpretation: Social media ads (40.9%) are the top acquisition channel, closely followed by personal referrals (29.9%), underscoring the critical role of digital marketing and word-of-mouth in initial customer acquisition.

Table 3.10: Primary Motivation for First Trial

S.No	Motivation	Respondents	Percentage
1	Urgent need for groceries	41	32.3%
2	Attractive discounts or offers	56	44.1%
3	Curiosity about quick delivery	12	9.4%
4	Recommendation from someone	10	7.9%
5	Convenience over traditional	8	6.3%
	Total	**127**	**100%**

Interpretation: Attractive discounts (44.1%) are the leading motivator, followed by urgent needs (32.3%), revealing that promotional incentives are the primary hook for converting firsttime users.

Table 3.11: Promotional Strategies Prompting Purchase (Multiple Response)

S.No	Strategy	Respondents	Percentage(%)
1	First order discount	102	80.3%
2	Free delivery on first order	78	61.4%
3	Cashback offers	64	50.4%
4	Combo offers	45	35.4%
5	Festive/sale discounts	58	45.7%
6	Subscription models	32	25.2%

Interpretation: First-order discounts (80.3%) and free delivery (61.4%) are the most effective tactics, showing that customers are highly sensitive to upfront cost savings during their initial transaction.

Table 3.12: Most Compelling Acquisition Strategy

S.No	Strategy	Respondents	Percentage(%)
1	Deep discounts on first order	54	42.5%
2	Consistent/Moderate discounts	32	25.2%
3	Superior service quality	18	14.2%
4	Fastest delivery time	12	9.4%
5	Wider product selection	6	4.7%

6	Brand reputation/trust	5	3.9%
	Total	**127**	**100%**

Interpretation: Deep first-order discounts (42.5%) are considered the most compelling, indicating that price-based incentives currently overshadow service quality and brand trust in the customer acquisition phase

Table 3.13: Effectiveness of Strategies in Driving Repeat Purchases

S.No	Response	Respondents	Percentage(%)
1	Very effective	28	22.0%
2	Effective	52	40.9%
3	Neutral	30	23.6%
4	Ineffective	12	9.5%
5	Very ineffective	5	3.9%
	Total	**127**	**100%**

Interpretation: A majority (62.9%) find these strategies effective, but a significant neutral segment (23.6%) suggests that retention requires more than just promotional offers to build longterm loyalty.56.5% agree that personalized marketing helps in decision-making.

Table 3.14: Frequency of Quick Commerce Platform Usage

S.No	Rating	Respondents	Percentage(%)
1	Daily	18	14.2%
2	2–3 times a week	42	33.1%
3	Once a month	22	17.3%
4	2–3 times a month	30	23.6%
5	Rarely	12	9.4%
6	Never	3	2.4%
	Total	**127**	**100%**

Interpretation: Most users (33.1%) engage 2–3 times a week, demonstrating that quick commerce has successfully integrated into the regular shopping routines of a core user base.

Table 3.15: Typical Order Value

S.No	Order Value Range	Respondents	Percentage (%)
1	Below ₹199	24	18.9%
2	₹200–₹499	68	53.5%
3	₹500–₹999	28	22.0%
4	Above ₹1000	7	5.5%
	Total	**127**	**100%**

Interpretation: Over half (53.5%) spend ₹200–₹499 per order, confirming the small-basket, top-up shopping behavior that presents a margin challenge due to low average transaction values.

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Table 3.16: Most Frequently Purchased Categories (Multiple Response)

S.No	Category	Respondents	Percentage (%)
1	Fruits and vegetables	98	77.2%
2	Dairy and bakery	102	80.3%
3	Snacks and beverages	84	66.1%
4	Household essentials	76	59.8%
5	Personal care products	58	45.7%

Interpretation: Dairy/bakery (80.3%) and fruits/vegetables (77.2%) are top categories, emphasizing that quick commerce is heavily relied upon for daily perishable needs, requiring robust supply chains.

Table 3.17: Challenges Faced (Multiple Response)

S.No	Challenge	Respondents	Percentage (%)
1	Incomplete/Damaged orders	42	33.1%
2	Delayed delivery time	68	53.5%
3	High prices	38	29.9%
4	Minimum order value restrictions	56	44.1%
5	Delivery charges	72	56.7%
6	Poor customer service	18	14.2%
	None, satisfied overall	22	17.3%

Interpretation: Delivery charges (56.7%) and delays (53.5%) are the most common pain points, directly impacting customer satisfaction and highlighting key operational hurdles to profitability.

Table 3.18: Impact of Challenges on Platform Usage

S.No	Impact	Respondents	Percentage (%)
1	Yes, temporarily stopped	48	37.8%
2	Yes, permanently switched	22	17.3%
3	No, continued despite challenges	42	33.1%
4	Haven't faced such challenges	15	11.8%
	Total	**127**	**100%**

Interpretation: Over half (55.1%) have altered their usage due to problems, with 17.3% switching platforms permanently, proving that service failures directly threaten customer retention and lifetime value.

Table 3.19: Factors Influencing Platform Choice (Multiple Response)

S.No	Factor	Respondents	Percentage (%)
1	Delivery speed	112	88.2%
2	Product quality/Freshness	98	77.2%
3	Price/Discount	92	72.4%
4	Product availability	76	59.8%
5	App/User experience	54	42.5%
6	Past experience	68	53.5%

Interpretation: Delivery speed (88.2%) is the key differentiator, though product quality (77.2%) and price (72.4%) remain critical, showing that winning requires a balance of operational excellence and value.

Table 3.20: Likelihood to Recommend

S.No	Rating (1-5)	Respondents	Percentage (%)
1	1	6	4.7%
2	2	12	9.5%
3	3	38	29.9%
4	4	45	35.4%
5	5	26	20.5%
	Total	**127**	**100%**

Interpretation: A majority (55.9%) are promoters (rating 4 or 5), indicating reasonably strong customer satisfaction and positive word-of-mouth potential for leading platforms.

Table 3.21: Reduction in Traditional Store Visits

S.No	Response	Respondents	Percentage (%)
1	Yes	72	56.7%
2	No	38	29.9%
3	Maybe	17	13.4%
	Total	**127**	**100%**

Interpretation: More than half (56.7%) have reduced trips to traditional stores, signaling a substantive behavioral shift where quick commerce is displacing a significant portion of offline retail.

Table 3.22: Conditions for Complete Shift (Multiple Response)

S.No	Condition	Respondents	Percentage (%)
1	Same price as traditional	102	80.3%
2	Zero delivery charge	98	77.2%
3	Freshness/Quality guarantee	88	69.3%
4	Credit facilities	32	25.2%
5	Wider regional coverage	45	35.4%
6	Wider product selection	58	45.7%
7	Better packaging	42	33.1%
8	Consistent on-time delivery	76	59.8%

Interpretation: Price parity (80.3%) and zero delivery charges (77.2%) are the top conditions, revealing that cost remains the primary barrier to quick commerce fully replacing traditional retail.

Table 3.23: Traditional Store Features Missed (Multiple Response)

S.No	Feature Missed	Respondents	Percentage (%)
1	Personal interaction	58	45.7%
2	Immediate exchange	72	56.7%
3	Ability to select produce	102	80.3%
4	Small quantity purchases	68	53.5%
5	Credit system	32	25.2%
6	Window-shopping	28	22.0%
7	None, needs met	18	14.2%

Interpretation: The inability to select fresh produce (80.3%) is the most missed feature, pointing to a significant experiential gap that quick commerce has yet to bridge.

Table 3.24: Sustainability of Deep Discounts

S.No	Perception	Respondents	Percentage (%)

1	Yes	22	17.3%
2	No	78	61.4%
3	Maybe	27	21.3%
	Total	**127**	**100%**

Interpretation A strong majority (61.4%) believe deep discounts are unsustainable, showing consumer skepticism about the long-term viability of the current discount-driven customer acquisition model.

Table 3.25: View on Subscription Models

S.No	View	Respondents	Percentage (%)
1	Willing to subscribe	38	29.9%
2	Prefer pay per order	52	40.9%
3	Would consider if value clear	32	25.2%
4	Not interested	5	3.9%
	Total	**127**	**100%**

Interpretation: Most (40.9%) prefer pay-per-order over subscriptions, indicating significant resistance to subscription models unless their value proposition is made exceptionally clear.

Table 3.26: Pricing vs. Convenience Importance

S.No	Preference	Respondents	Percentage (%)
1	Pricing is more important	38	29.9%
2	Convenience is worth paying extra	32	25.2%
3	Balance of both is important	48	37.8%
4	Depends on urgency/need	9	7.1%
	Total	**127**	**100%**

Interpretation: The largest segment (37.8%) seeks a balance of both, revealing that the core customer is value-conscious and will not pay a unlimited premium for convenience alone.

Table 3.28: Valued Additional Service Categories

S.No	Category	Respondents	Percentage (%)
1	Medicine	72	56.7%

2	Electronics	18	14.2%
3	Fashion and apparel	22	17.3%
4	Books and stationery	8	6.3%
5	Home decor	7	5.5%
	Total	**127**	**100%**

Interpretation: Medicines (56.7%) are the most desired additional category, presenting a major cross-selling opportunity to increase order frequency and basket size.

4. SUGGESTIONS:

➢ **Focus on Retention** over Pure Acquisition: Companies should shift marketing spend from blanket new-user discounts to loyalty programs and personalized retention offers for existing customers to improve Lifetime Value.

➢ **Optimize for Unit Economics**: Before scaling into new areas, firms must ensure that the average order value in a delivery zone exceeds the total cost of delivery and acquisition for that zone.

➢ **Diversify Acquisition Channels**: Reduce reliance on paid digital ads by building partnerships with residential societies, office complexes, and leveraging organic social media engagement.

➢ **Implement Dynamic Pricing Models**: Introduce slight premiums for ultra-fast delivery slots to customers who value speed over price, thereby improving margin per order.

➢ **Enhance Data Analytics** for CAC Efficiency: Use advanced analytics to identify the most profitable customer segments and tailor acquisition spending to target those demographics specifically.

5. CONCLUSION:

The study concludes that while aggressive customer acquisition is a necessary catalyst for growth in the capital-intensive quick commerce sector, it poses a significant threat to profitability if not managed with rigorous unit economics in mind. The findings indicate that consumers, while highly appreciative of the convenience and speed, are also promotion-sensitive, creating a cycle of discount dependency. The path to sustainable profitability lies in strategically transitioning from a growth-at-all-costs mentality to a balanced focus on efficient acquisition, strong retention mechanics, and operational excellence.

Companies that successfully align their customer acquisition costs with the long-term value of their customers will be better positioned to achieve financial sustainability and win in the consolidating quick commerce market.

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