



EBOOK 2022

LOCUS

A Complete Guide to **Quick Commerce** **Fulfillment**



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Overview

One of the best things about ordering pizza, apart from the fact that it is pizza, is that it is delivered to your doorstep in no time. Now imagine that this super fast delivery was extended to other essential and non-essential products as well. Life would become much easier, wouldn't it? This is what quick commerce or q-commerce is all about. It is also the latest buzzword in the supply chain industry as an emerging business model that promises quick fulfillment, and, needless to say, enhanced customer satisfaction.

The rapid rise of quick commerce



Quick commerce is all about speed and aims to get to the customer in the fastest way possible. Sometimes referred to as on-demand delivery or e-grocery, q-commerce looks like the very future of e-commerce, put on the fast track by the global pandemic. Needless to say, q-commerce is set to transform the way businesses operate forever and the competition will get fiercer by the day.

COVID-19 shook the world, turning the hospitality and retail industries on their heads, forcing them to reevaluate their strategies and look for new ways to run their business. Customers were now tied to their homes and their expectations were higher than ever. Quick commerce emerged as the new generation of e-commerce, offering greater convenience and speedier home deliveries to customers.

This ebook will look at what quick commerce is all about, its key characteristics, how the fulfillment model works, and what it means for customers and brands. The book will also highlight the challenges that quick commerce businesses face and how [last-mile logistics](#) technology can help brands achieve excellence in quick commerce fulfillment, thereby enhancing the end customer experience.

What is quick commerce?

As the name suggests, q-commerce is quick commerce and is defined by speed. It is hyper-local, hyper-fast on demand delivery. Under this delivery model, customers can expect to receive the order not within hours but minutes. Speed is the golden rule of the quick commerce business model that must be adhered to. If implemented correctly, brands are able to fulfill orders within an hour; sometimes even under ten minutes. The model focuses on small orders, and convenience products such as groceries, stationeries, personal hygiene products, or over-the-counter medicines that are available locally to the customer.

Quick commerce: What customers order

Based on survey by LocalCircles (sample size: 9,000-10,000)

Last minute essentials

milk, egg, bread, curd, fruit, veg

37%

Indulgence items

Soft-drinks, desserts, chocolates, cigarettes

11%

Both last minute and indulgence items

23%

All groceries

29%

According to a 2021 [survey](#) in the US, one in two consumers would choose fast delivery if grocery products were priced well. Q-commerce brings the merits of conventional e-commerce with innovations in the last mile to bring the product to the customer in the blink of an eye. The reason retailers are able to meet these seemingly impossible timelines is because they focus on small orders that can be picked up from local warehouses and dark stores by delivery agents on two-wheelers.

What has made quick commerce so popular?



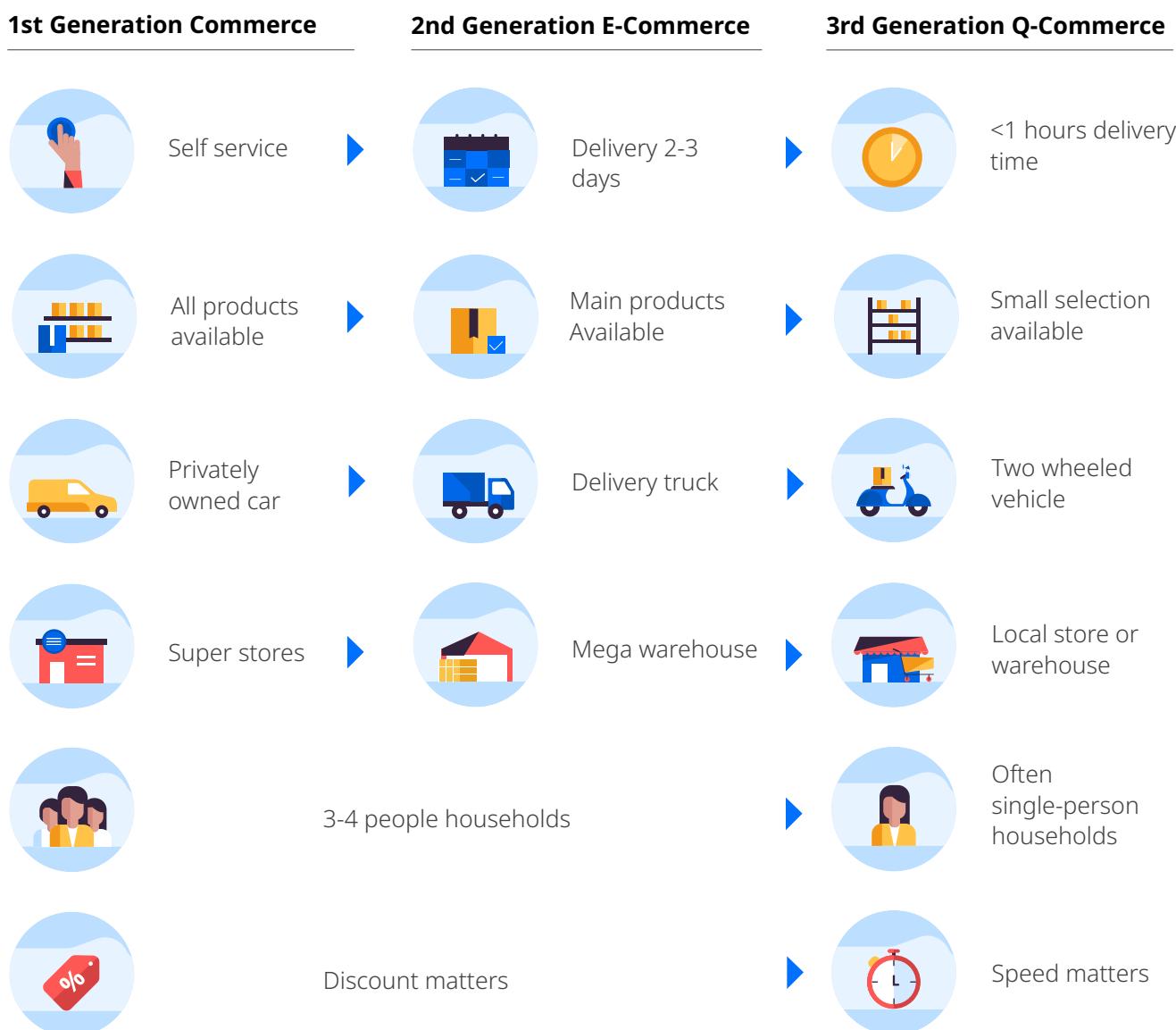
A one word answer to that question would be the pandemic. But q-commerce has piqued the interest of businesses since the boom of Amazon Prime delivery. [According to a report](#), in 2021 alone, consumers purchased \$11.2 billion worth of goods on Amazon during Prime Day, up 7.7% from \$10.4 billion in 2020. Prime put the consumer on top and steadily made same-day delivery the norm. Short delivery windows meant happy and loyal customers and businesses wanted to do everything in their power to retain them.

The pandemic acted as a catalyst. As store aisles were left empty and consumers were forced to spend all day at home, everything from potato chips to television sets was now home delivered. Businesses tightened their seatbelts and joined the race to deliver goods to customers in little or no time and quick commerce became the buzzword.

The kind of deliveries that restaurants have been carrying out for decades is now an expectation from retailers in 2022. Advancement in technology and local warehouses have made q-commerce a reality for many businesses.

Characteristics that define quick commerce

What makes quick commerce different from traditional e-commerce is that it draws inspiration from the food delivery model. While the focus of e-commerce is on pricing, q-commerce attends to customer demands such as speed, convenience and an overall streamlined experience. Here are some of the characteristics that define quick commerce.



Lightning fast delivery

Much like food delivery, q-commerce brands deliver goods at the customer's doorstep in 10-30 minutes of ordering. Sitting to watch movie but out of popcorn? Don't worry, it will reach you in no time.

Small selection of goods

Most e-commerce businesses focus on keeping a wide variety of goods available so as to appeal to a large customer base. Q-commerce businesses maintain their focus on a small, curated selection, to ensure stock availability and better service.

Two-wheeler friendly

Q-commerce businesses run with the help of delivery persons zipping through the traffic on a two wheeler to get to the customer in as little time as possible.

Makes use of local warehouses

Instead of opting for centralized warehouses, q-commerce businesses choose local warehouses, dark stores, micro-fulfilment centers and pop-up distribution centers to ensure product availability and increase the proximity to the customer.

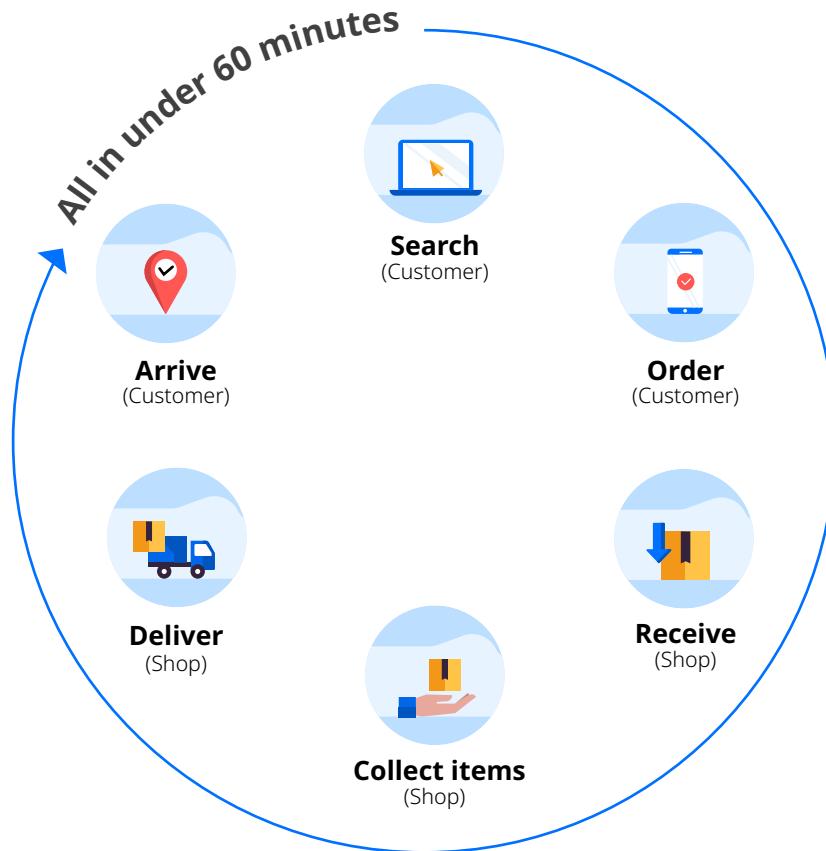
Fewer products, more frequent purchases

Q-commerce brands build customer loyalty by providing the right environment for repeat purchases. The product selection is small but orders are multiple and are placed repeatedly.

Why is quick commerce shopping a growing trend among customers?

Quick commerce fulfillment is a dream come true for customers, making commands out of customer's wishes and bringing deliveries magically to their doorsteps in the blink of an eye.

Quick Commerce: A race against time



It's quick

As the name suggests, q-commerce businesses are all about speed. They're also about keeping the promise to the customer. The key to maintaining a good relationship with the customer is by being clear about your delivery time and sending regular updates to keep them on the same page.

It's convenient

The biggest selling point of q-commerce is the sheer convenience of it. The customer need only place an order and, a few minutes later, it is made available to them. Q-commerce is also a lifesaver when it comes to delivering essential items.

It makes customers happy

When carried out efficiently, q-commerce brings the best of speed, convenience, and delivery experience to make customers happy. Happy customers mean repeat customers and repeat customers mean loyalty.

How do retailers benefit by embracing quick commerce?

While it may seem that only customers are benefitting from the speed and convenience that q-commerce brings with it, businesses have much to gain as well.

Greater profit margins

According to a research conducted by Adobe, in March 2021 the online retail spending in the United States accelerated with a 49% year on year growth. [Commerce Department data for 2021](#) shows a consumer spend of \$870.78 billion online, which was a big jump from \$762.68 billion in 2020. A [Deloitte study](#) found that half of online shoppers in the US were ready to spend more money for on-demand or pick-up options if it meant the order reached them in no time.

US ecommerce sales, in \$billions of USD

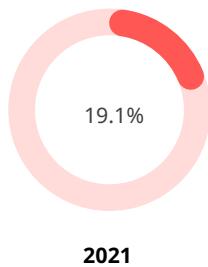
Ecommerce sales



Total retail sales*



Web penetration



Source: Digital commerce 360, U.S Department of Commerce retail data; February 2022

*Total retail figures exclude sales of items not normally purchased online such as spending at restaurants, bars, automobile dealers, gas stations and fuel dealers

Customer loyalty

An enhanced experience, with deliveries well-under one hour is the perfect recipe for gaining and retaining customers. As long as businesses deliver on their promise, they can ensure a higher lifetime value of a customer. These deliveries promote sustainability, as customers who tend to buy only what they need more frequently, rather than in bulk, [waste less food](#). Other than this, couriers make deliveries on small electric vehicles that save on fuel, serving as another reason for customer loyalty.

Better brand awareness

By providing a better value proposition and experience to customers, q-commerce businesses can stand out in a crowd. Retail is a competitive space and offering your customers the best in-line service can build brand awareness.

Better customer insight

According to a [PwC survey](#), 63% of US consumers said they were more likely to shell out personal information if they were provided with great service. Efficiency and convenience sit at the top in consumer expectations. Quick commerce is a great way for companies to gain additional information about consumers. This information can in turn shine light on consumer patterns to create an improved customer experience.

Factors to consider when implementing a q-commerce fulfillment model

As convenient as q-commerce looks, it creates a real challenge for retailers to implement effectively. Time is of essence and businesses must do everything in their power to deliver on their promise. These three factors are essential to making quick commerce successful for your business.

Finding out if quick commerce is right for you

The first question for businesses to answer is whether their brand can benefit from implementing q-commerce at all. If your company is into furniture delivery, it doesn't make sense to implement quick commerce as you deal with fragile goods that require proper installation. Even if you are in the [Fast-Moving Consumer Goods \(FMCG\)](#) industry, there are a select number of items that will be appropriate—think grocery items, toiletries, cosmetics and other small-sized products.

Staying tech-ready

Q-commerce is a speed race, and you can only fly if you stay on top of the latest technology. Internal communications, especially, must be faultless to ensure accurate operational timing and delivery resource availability. An efficient [Order Management System \(OMS\)](#) can help you with a single view of inventory, and provide the customer with the same kind of transparency. Last-mile logistics tech can help you plan daily dispatches, automate human-intensive processes and improve on-ground efficiencies.

Proximity to the customer

In order to make quick commerce fulfillment actually quick, it is important that you have access to local distribution centers, dark retail stores, warehouses and micro-fulfilment centers. The choice of vehicle is also vital, so consider investing in a dependable fleet of riders to fulfill the order.

Addressing the challenges in your quick commerce supply chain with logistics tech



In this era of instant gratification and convenience-induced shopping trends, quick commerce is a blessing for every customer. But as a business, the pressure to deliver on time and keep the promise can be extremely daunting.

You might often come across these real-world last-mile delivery challenges while operating a quick commerce delivery model:

- Dispatching hundreds of day-to-day orders
- Finding and assigning the right delivery partners for every order
- Ensuring on-time and in-full deliveries despite multiple on-ground restrictions and traffic constraints
- Accommodating on-demand orders along with scheduled orders effectively
- Tackling on-ground delays or errors with limited visibility

Choosing an efficient OMS can bridge the gaps between your logistics planning and execution with accurate dispatching, order scheduling, resource allocation and real-time tracking of orders. accounting, processing, order entry and tracking warehouse operations. Locus' OMS is a one stop solution for planning and executing your quick commerce deliveries effectively.

Automated order planning and execution

The biggest concern with quick commerce is attending to the sheer volume of orders that flow in everyday. Who do you allocate the task to, what is the best route to take to get to the customer the fastest way? With the help of Locus' AI-driven logistics planning, you can manage your day-to-day dispatches with ease.

DispatchIQ ensures timely order scheduling, resource allocation and route optimization. It manages the day-to-day dispatching of hundreds of orders, making last-mile planning fast and efficient.

Finding convenient time slots

Locus' time-slot management system allows your logistics managers to plan last-mile operations more systematically. It also allows your customers to pick the most convenient time slots for their deliveries or home service requests. This way, the customer gets to determine his delivery experience in the last mile.

Real-time tracking of orders

Time is of essence in q-commerce and Locus' live visibility tool helps in tracking orders in real-time and providing live status updates to customers, improving supply chain visibility and keeping customers satisfied. Live updates and predictive alerts keep logistics managers on the top of ongoing deliveries and help avoid unexpected delays.

Personalizing customer experience

With Locus' advanced data analytics and insights, you can offer customers better, more personalized delivery services. It also allows decision-makers to stay on top of market trends.

Quick-commerce is bringing about a seismic shift in the e-commerce industry and businesses will need to be up to the task to keep up with market demands. Using an OMS solution to optimize your last mile deliveries can help you ace the quick commerce game and stay ahead of the curve.



Do you wish to optimize your quick commerce deliveries with AI-powered logistics tech?

Get in touch with our experts for a quick tour of our solutions

References

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What is Q-commerce? A Retailer Guide to Quick Commerce - Gofrugal



Locus is a deep-tech SaaS platform that uses machine learning and proprietary algorithms to automate supply chain decisions. Its smart logistics solutions enable enterprises to enhance operational efficiency, reign in costs, streamline the customer experience, and provide end-to-end visibility.

\$150

MILLION

Logistics costs reduced

17 M+KGs

REDUCTIONS

In GHG emissions

70 M+KMs

REDUCTIONS

In distance traveled

Power-charge your logistics now!

KNOW MORE