BCG + DTDC

The Emergence of Rapid Commerce in India

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With a robust network spanning domestic and international markets, DTDC plays a pivotal role in streamlining supply chains and ensuring timely, reliable deliveries. The company continuously invests in digital innovation to enhance customer experience across the logistics lifecycle.

As one of the largest entrepreneurial organizations in the sector, DTDC collaborates with E-commerce platforms, small businesses, and global partners to deliver value through scalable logistics infrastructure and agile service models. Its focus on operational excellence and customer-centricity supports the evolving needs of modern commerce, reinforcing DTDC's position as a trusted partner in the global delivery ecosystem.

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Executive Summary

India's Commerce is Speeding Up

India's E-commerce market is accelerating rapidly, with GMV surpassing ~$80 Bn and growing at ~20% annually, driven by digital adoption and rising consumer affluence. The shift to faster fulfillment is transforming consumer expectations—60+% of online consumers now say they would pay a premium for same-day delivery. India's same-day delivery (SDD) market is expected to grow at 20–25% CAGR, reaching over $15 Bn by 2030 by 2028. Faster commerce (quick and rapid delivery models) is growing around 45+% annually, over twice the rate forecasted in China. Quick commerce services have scaled to 40+ cities across India, reflecting strong nationwide adoption and positioning the country as a fast-evolving market for "need-it-sooner" retail.

India's Structural Advantage: Why Faster Commerce Works Here

Faster commerce has faced profitability hurdles in Europe due to high costs and in Southeast Asia due to lower willingness to pay. India, similar to China, benefits from favorable cost structures, very high population densities, and growing consumer willingness to pay for speed. India's urban density, low labor costs, convenience-led consumer culture, rising purchasing power, and fragmented offline retail base create ideal conditions for scaling faster commerce. India's demand base is further broadening with Tier 2 and 3 cities now accounting for over 40% of online retail spending, with faster growth than metros.

Rapid Commerce Emerging as a Scalable Middle Ground

The growth of non-grocery items within quick commerce GMV from ~20% to ~30% in just six months is reflecting a behavioural shift towards expecting faster delivery across everyday categories. Rapid commerce (~4–6 hour delivery) is emerging as a scalable model that balances speed, assortment, and operational viability, addressing consumer demand for convenience without the high costs of ultrafast fulfillment. Categories like skincare, supplements, electronics accessories, gifting, and auto parts are especially well-suited to rapid commerce—where urgency matters, but sub-hour delivery isn't essential. Same-day delivery improves conversion rates and brand stickiness, offering D2C and omnichannel players a strategic edge while maintaining healthier unit economics.

Batching, Dark Stores Unlock Scale

Shared dark stores operated by 3PLs and stocked by multiple brands offer a capital-efficient way to enable rapid delivery without building proprietary infrastructure. By pooling demand, these hubs allow fixed costs to be shared across clients, converting capex into variable cost-per-order and improving unit economics. Batched delivery from shared locations significantly reduces last-mile costs, often by 20–30%, while maintaining service levels across dense and low-density areas. Achieving operational viability requires order density, which shared models support by consolidating volume across brands. This format is particularly suited to scaling rapid commerce into Tier 2/3 markets, leveraging existing 3PL networks to extend reach without sacrificing efficiency.

The $20+ Bn Opportunity: Winning the Race for Speed at Scale

Brands can partner with 3PLs and aggregators to reach local order density, enable rapid delivery, and gain better visibility into customer demand. Logistics providers are expected to focus on modular infrastructure and optimized routing to support reliable same-day delivery across metro and Tier 2/3 markets. Government support through simplified licensing and faster dark store approvals can ease rollout and improve ease of doing business.

Multiple fulfillment models are likely to coexist with rapid commerce addressing a strategic middle ground between quick commerce and traditional E-commerce. The market potential is significant: rapid commerce is projected to become a $20+ Bn GMV opportunity by 2030, offering brands a scalable, high-frequency channel for growth and consumer loyalty. For logistics providers, this also represents a $2+ Bn opportunity, driven by investments in dark store networks, last-mile fleet capacity, and tech infrastructure required to support speed at scale. Consumers too will benefit—with faster access, greater convenience, and more consistent service across both metros and Tier 2/3 cities.

CHAPTER 1

From Days to Hours: India's Commerce is Speeding Up

India's E-commerce landscape is shifting faster than ever—blink, and it's already moved forward.

A combination of rising incomes, digital penetration, and a growing appetite for convenience is reshaping how Indians discover, decide, and shop. This isn't just a wave of growth, it's a transformation in consumer behaviour, expectations, and value perception. Understanding this shift is essential to unlocking the next phase of opportunity in India's retail economy.

The Indian Consumer is Changing

India is currently the world's fastest-growing major economy, with a projected ~7% annual GDP growth rate—far above the around 2.5+% world average. This robust economic momentum is fueling consumer spending and confidence. Recent tax cuts are also expected to inject

around $10–11 Bn more into consumers' hands, further amplifying disposable income and demand. Discretionary purchasing power is on the rise; for example, premium products now account for over 25% of FMCG sales in India, signaling a premiumization trend as consumers willingly trade up for quality and convenience.

This consumption boom is underpinned by an ongoing digital revolution. UPI, India's instant payments system, handles over 18 Bn transactions per month, a volume that exceeds that of the US, EU, and China combined. UPI's ubiquity has not only transformed payments but also habituated consumers to digital-first interactions. E-commerce has ridden this wave—India's online retail GMV has crossed $70+ Bn and continues to grow around 20+% annually (see Exhibit 1 for a summary of these growth drivers).

E-commerce in India was already on an upward trajectory, but COVID-19 served as an inflection point that accelerated online retail by 3–4 years in advance of prior projections. The country's online shopper base—about 85 Mn in 2016—has surged dramatically to 220–250 Mn today and is now projected to reach 550–600 Mn by 2030. This leap underscores how pandemic-era lockdowns and habit shifts pulled forward E-commerce adoption. The result is a much larger digital consumer base today than would have existed otherwise, with 2020–2021 effectively compressing years of growth into months.

Equally important, the profile of India's online shoppers has broadened beyond the major metros. What was once largely a metro-centric phenomenon is now a pan-India trend. The number of online shoppers in Tier 2, 3 and 4 cities is growing nearly twice as fast as in Tier-1 metros, and these smaller cities already account for over 40% of online retail spending (see Exhibit 2). Online retailers today deliver to almost all pin codes across the country, reaching into far-flung regions that were previously underserved. Fueled by these shifts, along with a rising economy and growing consumer affluence, India's online retail spend will exceed $220 Bn by 2030 and the digitally influenced retail market is on track to surpass $1.5 Tn by 2030.

EXHIBIT 1

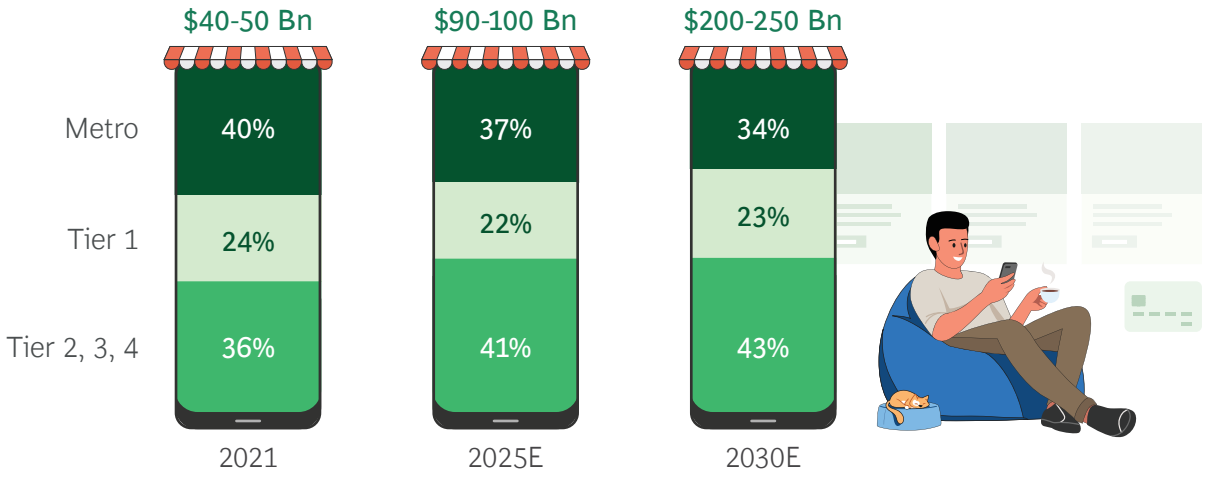
India's Macro Tailwinds for Faster Commerce

World's fastest growing major economy…	…with rapidly growing consumption…	…with growing premiumization…	…and an ongoing digital revolution
~7% projected GDP growth rate vs world average of **~2.7%**	Recent tax cuts expected to put **~1L Cr (~$11 Bn)** more in the hands of consumers	Premium products now account for **25+%** of FMCG sales	**18+ Bn** UPI transactions monthly **$70+ Bn** E-commerce GMV growing at a ~20% CAGR

Source: Expert interviews, BCG Analysis

EXHIBIT 2

Share of Online Retail Spending (2021–2030)



Source: BCG Analysis

The Rise of Faster Commerce

The next evolution of online retail is being defined by speed. Notably, 60+% of online consumers say they'd pay a premium for same-day delivery. Convenience is becoming a key purchase driver, and many shoppers now select platforms based on delivery speed options. This willingness to pay for speed has fueled rapid growth in the same-day delivery segment: India's SDD market is projected to grow about 20-25% CAGR, surpassing $15 Bn by 2030.

As shown in Exhibit 3, this shift in consumer expectations is translating into significant momentum for the category. Faster commerce in India is expected to grow at around 45+% annually—more than twice the ~20% CAGR projected for China's quick commerce market between 2025 and 2030 (which had grown at 40–45% CAGR during 2019–2025 in its peak phase).

To support this faster commerce boom, investments in logistics are rising. Express logistics spend (covering e-commerce parcels, including quick and rapid deliveries) is expected to jump from about $5–6 Bn in 2024 to $15–20 Bn by 2030, a 20–25% CAGR expansion. This reflects substantial build-out of supply chain capacity, from urban fulfillment centers to last-mile delivery fleets, to meet consumers' "need-it-sooner" expectations. Already, quick commerce services have expanded to 40+ Indian cities (outpacing China, which has ~30–40 cities with such services). The proliferation of 15-minute grocery delivery across not just metros but also many Tier-2 cities exemplifies how faster commerce is becoming mainstream in India, with a growing market opportunity for rapid and same-day delivery models (see Exhibit 4).

Thus, three powerful forces are converging—soaring digital consumption, rising demand for convenience, and a rapidly evolving logistics ecosystem. Together, they're making faster delivery not just viable, but essential, as retailers race to meet the expectations of India's consumer base.

EXHIBIT 3

Key Indicators Supporting the Rise of Faster Commerce in India

60+%

Online consumers are willing to pay extra for SDD stating that it increases likelihood of shopping online

45%

CAGR of instant retail in India as opposed to 20% in China

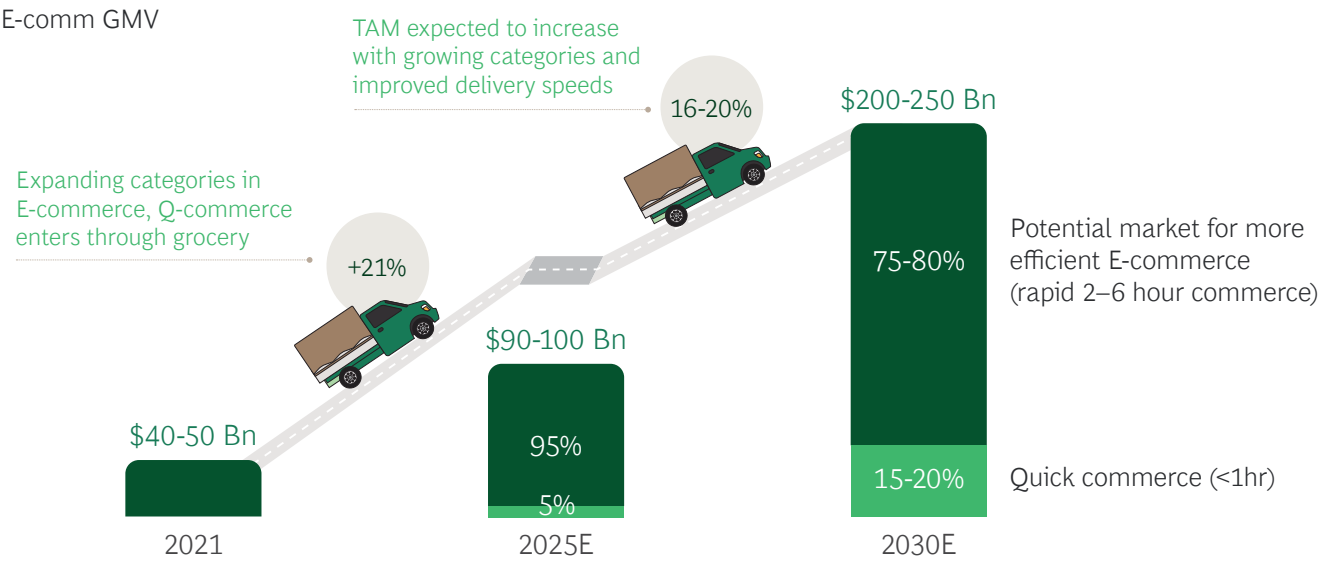
40+

Cities that instant retail has already penetrated in India

Source: Expert interviews, BCG Analysis

EXHIBIT 4

Projected Growth of Faster Commerce and the Expanding Market Opportunity



Source: Euromonitor, RedSeer, BofA Global Research

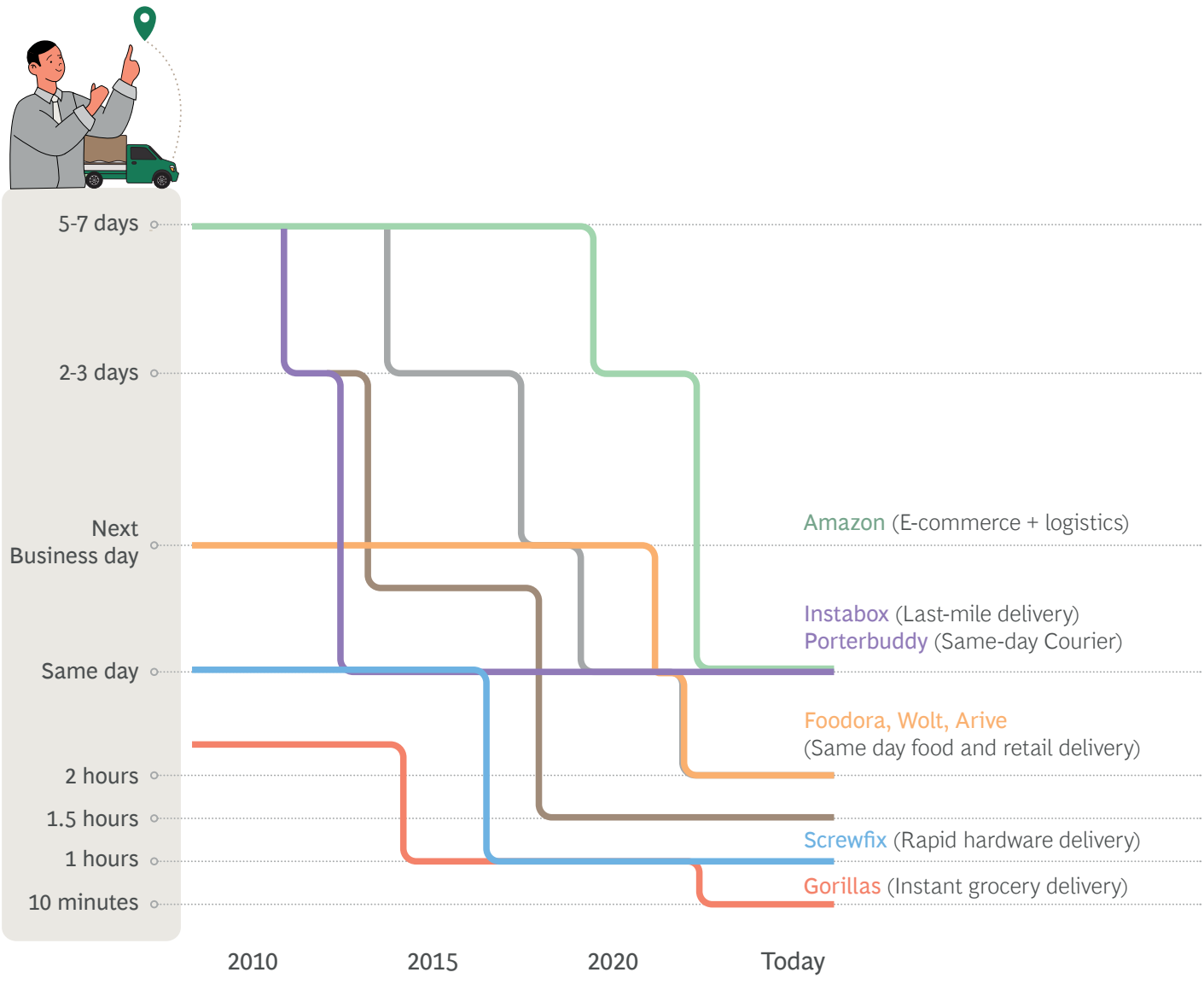
Global Perspectives: Lessons from Europe, SEA, and China

The rising demand for faster delivery isn't limited to India—faster commerce has been tested in several global markets, with mixed results due to structural and economic challenges. Across Europe and beyond, delivery models have steadily evolved from days to hours and even minutes, as shown in Exhibit 5.

It becomes critical to understand what are the key factors that drove success or the lack of it globally to better chart the future of faster commerce in India.

EXHIBIT 5

Global Shift Towards Faster Commerce

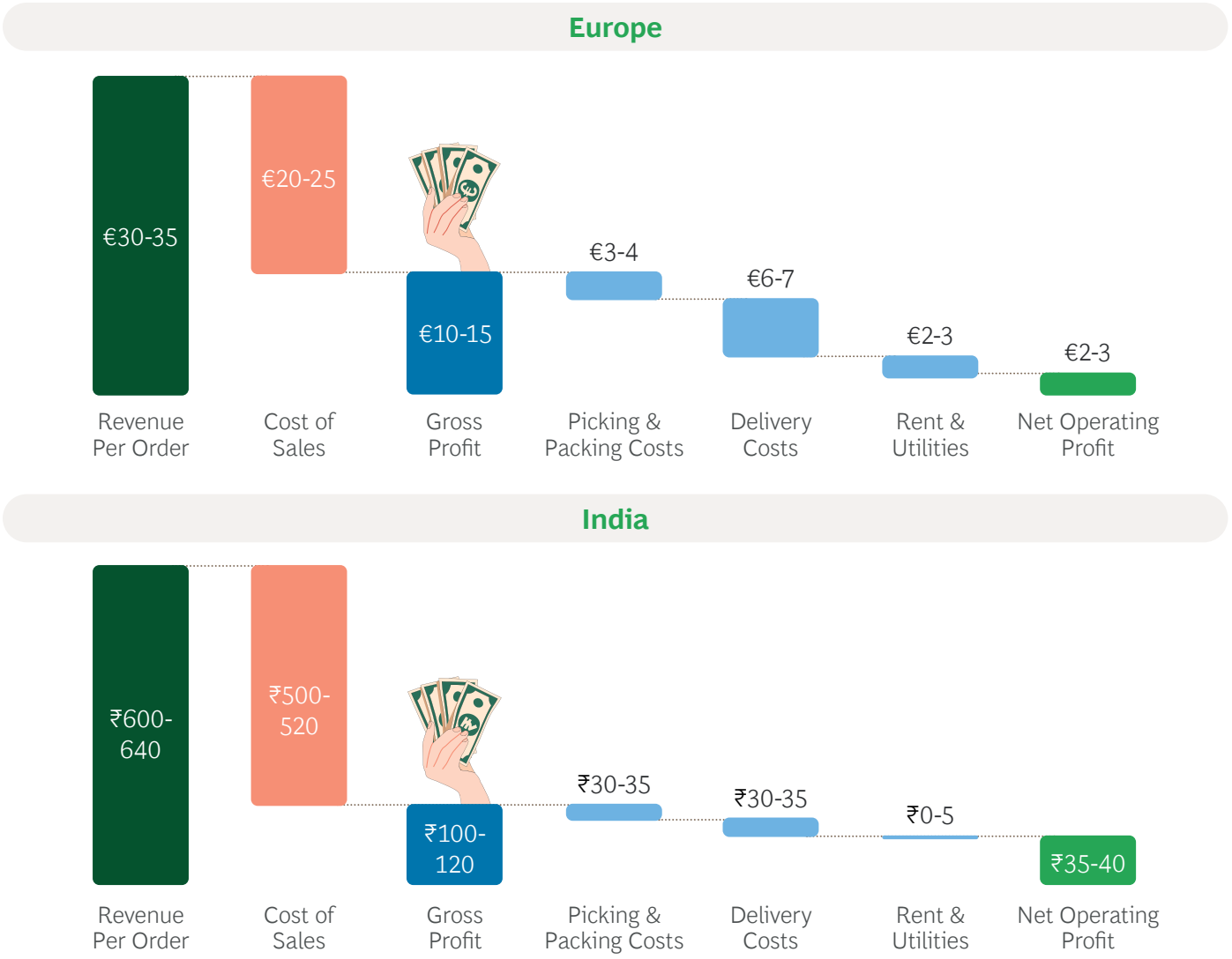


Note: For illustrative purposes—estimated delivery speeds based on news articles and company reports across Europe (Germany, Spain, UK)

- **Europe:** Exhibit 6 shows a breakdown of the cost structures across Europe and India and highlights the key differences that explain why faster commerce has struggled with profitability in Western markets like the UK. Picking, packing, and delivery costs alone account for over 30% of the order value in Europe, compared to less than 12% in India. Higher labor costs, comprehensive employment regulations, and lower population density drive up expenses, while fixed overheads like rent and utilities (~7%) add strain. Low order density and large service areas make unit economics difficult. Recent regulatory moves like reclassifying gig workers and restricting dark store locations have added to the cost burden, making faster commerce a tough proposition in many mature European markets.

EXHIBIT 6

Comparative Order Level Unit Economics for Faster Commerce in Europe and India



Picking, packing & delivery costs account for ~30% of the order value as opposed to <12% in India

Rent & utilities account for 7% of order value in UK, roughly 7X India's 1%

Overheads and marketing costs are high and are not covered by profits due to low order density

Source: Expert interviews, BCG Analysis

- **Southeast Asia:** In SEA markets, the challenge for quick commerce lies less in labor costs and more in consumer economics and intense competition. High price sensitivity and low average order values make it hard to justify the cost of 1-hour delivery.

- **China:** China's quick commerce market is the world's largest, exceeding $150 Bn in GMV with services active in 30–40 cities. The dominant "ship-from-store" model leverages local retail inventory, enabled by highly digitized supermarkets and chains to fulfill orders in under 30 minutes, without relying on dark stores. Over 85% of Q-commerce GMV comes from food and beverages, highlighting strong category concentration. Non-food segments are growing, but remain smaller. Meanwhile, China's traditional E-commerce is already optimized, with same-day or next-day delivery standard across most cities for non-perishables.

In summary, global examples show that faster commerce thrives where fundamental enablers are in place: Manageable operating costs, market whitespace with less entrenched competition, high order density, low delivery and fulfillment costs, and genuine consumer willingness to pay for speed.

Despite structural challenges, the model has seen real traction in select use cases, especially in food and beverages. China has scaled this segment to over $150 Bn in GMV, with 85% of quick commerce driven by F&B categories, and Europe has seen solid uptake in grocery delivery, even if broader profitability remains difficult.

These successes prove that when the category–cost–density equation works, faster commerce can deliver both scale and value. The key for India will be to learn from these global patterns and apply them selectively—leaning into segments and models that align with its unique consumer behaviour, infrastructure, and cost advantages.

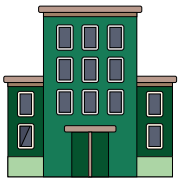
India has the DNA for Faster Commerce Models

India presents a unique combination of conditions that are highly conducive to the success of faster commerce. In effect, the country stands to benefit from global model learnings, while many of the challenges faced overseas are offset by India's structural advantages. Exhibit 7 presents the key market conditions that differentiate India from global peers in enabling faster commerce.

India's faster commerce momentum is being driven by a combination of favorable elements: Dense urban clusters with high order density and shorter delivery distances not only in metros but also in Tier 1 & 2 towns, low labor costs enabling cost-effective last-mile operations, rising

EXHIBIT 7

Structural Enablers Supporting the Growth of Faster Commerce in India



Dense Urban Clusters

High order density
& shorter delivery distances

Low Labor Costs

Cost effective last mile
staffing & faster turnaround

Growing Purchasing Power Meets Convenience

Middle-class growth is accelerating convenience-driven, spontaneous purchases

Large Unorganized Market

Large unorganized retail market with limited digital capabilities

Source: Expert interviews, BCG Analysis

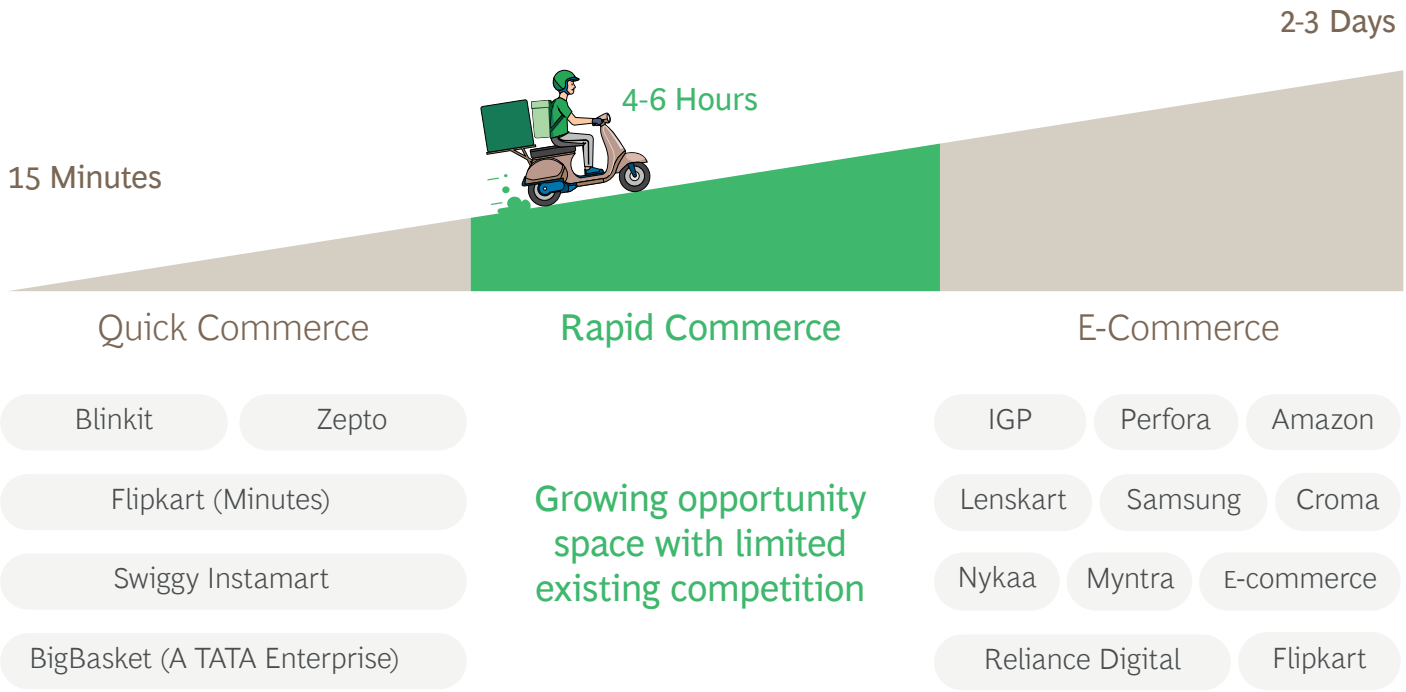
purchasing power fueling convenience-led consumption, and a large unorganized retail market with limited digital capabilities. While challenges remain, such as scaling to smaller towns, ensuring service consistency, and maintaining profitability amid rising competition, the underlying fundamentals suggest that faster commerce models in India are likely to be more than a short-term phenomenon. Rather than a passing trend, the shift toward faster fulfillment appears to be an emerging evolution in how retail is transacted in India, with the potential for long-term relevance.

As consumers get more and more comfortable with E-commerce, their expectations on delivery times are shortening, giving rise to new fulfillment models. Three distinct service models have now emerged in India's retail logistics.

- **Traditional E-Commerce:** The standard model of online retail, which typically offers delivery lead times of 2–3 days for most orders. This remains the baseline offering of large E-commerce platforms, suitable for planned non-urgent purchases.
- **Rapid Commerce:** A new same-day delivery model that fulfills orders within a 4–6 hour window. This model is an emerging whitespace—an opportunity between instant and traditional delivery—with relatively limited competition so far. Rapid commerce is being explored for categories beyond just groceries, promising faster fulfillment without the ultra-tight timing of quick commerce. This mid-speed zone remains relatively underpenetrated compared to the 15-minute and 2–3 day models (as shown in Exhibit 8).
- **Quick Commerce (Q-commerce):** The hyper-fast model, which can get orders to customers in as little as 15–30 minutes (generally under 1 hour). Quick commerce relies on dense networks of "dark stores" and delivery riders to achieve its 10–30 minute promise, initially focused on grocery and daily essentials, but now experimenting with expansion to many more categories—garments, sporting goods, personal care, beauty, etc.

EXHIBIT 8

India's Fulfillment Speed Landscape—Emerging Whitespace in Rapid Commerce



Source: BCG Analysis

CHAPTER 2

Rapid Commerce:

The Scalable Middle Ground in India's Delivery Evolution

Whilst the majority of Q-commerce penetration has been seen in grocery and related industries, there is a growing opportunity for other categories such as personal care, electronics accessories, small home goods, and beauty. These segments are increasingly being pulled into the faster commerce fold as consumers seek convenience across a broader set of needs.

From Skincare to Spare Parts: Convenience Rules the Cart

As faster commerce becomes mainstream, consumer expectations around speed are rapidly evolving, extending well beyond groceries. What began as a convenience for daily essentials is now reshaping how shoppers engage with categories like personal care, consumer electronics, home essentials, and seasonal goods.

This shift isn't just about what's available online—it's about how fast it gets to the doorstep. Whether it's a face serum, a phone charger, or a kitchen organizer, today's consumers increasingly expect delivery within hours, not days. Delivery speed has emerged as a defining element of service quality, often shaping how customers perceive the overall value of their experience. This shift is prompting both digital-first and traditional brands to rethink how they fulfill demand in a time-sensitive, competitive environment.

Everyday Emergencies, Instant Solutions

This change is reflected in the numbers. In just six months, non-grocery items have grown from approximately 20% to 30% of quick commerce GMV, signaling a tangible shift in how consumers are using faster commerce platforms.

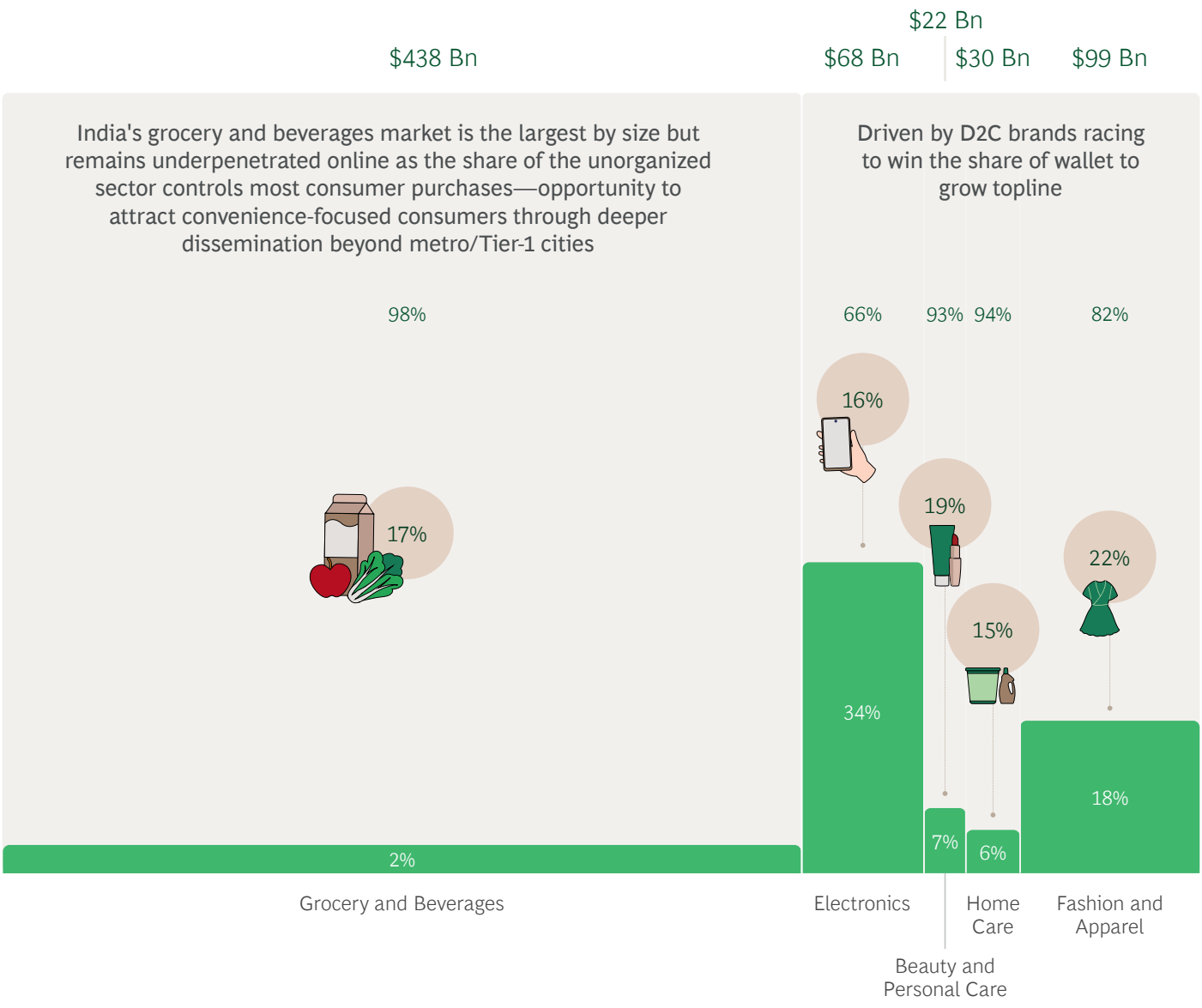
This expansion reflects more than just higher basket values—it marks a broader behavioral shift. Consumers are no longer reserving fast delivery for urgent purchases; they're beginning to expect speed across categories, from self-care routines to gifting to daily conveniences (see Exhibit 9). These early signals confirm that faster commerce is no longer limited to grocery—it's evolving into a cross-category model that's redefining how and where consumers shop.

> Our entire product portfolio benefits from faster delivery models, be it quick or rapid commerce
>
> **RAVI RAMACHANDRAN**
> **Co-Founder & CEO, Nua consumers shop**

EXHIBIT 9

Faster Commerce Penetration and E-commerce Growth Across Categories in India

Global retail market size in India, with splits between offline and online (%)



Source: Euromonitor, BCG Analysis

> Luggage was something that was always considered as a planned purchase, but now because of faster delivery players customers want their luggage right away. Whilst earlier delivery timelines of 2–3 days are still fine for some people, people have also started expecting delivery within half a day

ABHISHEK DAGA
Founder & Chairman of Nasher Miles

Rapid Commerce: Middle Ground Alternative

But this behavioural shift comes with a caveat. Q-commerce models promising delivery in 10 to 30 minutes rely on dense dark store networks, high rider availability, and operational intensity—all of which come at a significant cost. While currently supported by venture funding, these models are unlikely to be perpetually subsidized. As Q-commerce matures, a natural evolution is expected. Operating dark stores and maintaining sub-hour SLAs is both capital and space-intensive, and over time, players will face constraints around real estate, delivery efficiency, and unit economics. This will likely lead to sharper assortment strategies—with Q-commerce networks focusing more narrowly on products that justify the speed and cost of fulfillment in terms of customer convenience and value and hence willingness to pay. Rather than an all-purpose channel, Q-commerce may increasingly specialize in categories best suited for ultrafast delivery.

Rapid commerce, typically operating in a 4–6 hour window, is emerging as the scalable middle ground, balancing operational feasibility with the convenience consumers increasingly demand.

The 4–6 hour delivery window is proving especially well-suited to certain categories that balance value with slightly lower urgency. Rapid commerce is seeing growing traction in categories that are typically driven by planned purchases—where the need for immediacy is present, but not urgent. In these cases, a 4–6 hour delivery window offers a meaningful upgrade over standard E-commerce, without requiring the high operational over head of 10-minute drop-offs.

These categories include products like cosmetics and skincare, where consumers tend to reorder before running out; nutritional supplements, which are often restocked routinely; and personal electronics or accessories, such as phone chargers, earbuds, or grooming devices, which are useful to receive quickly but rarely demanded on-the-spot. Fashion and gifting items also fall into this segment—shoppers value same-day delivery for an event or occasion, but typically don't require sub-hour fulfillment. Likewise, automotive accessories or replacement parts are frequently needed the same day (to complete a repair or resume usage), but not within minutes.

Not just across categories, rapid commerce also offers a clear advantage in scaling across geographies, including Tier 2 and 3 cities, where quick commerce models often struggle with density and cost.

In all these cases, rapid commerce hits a sweet spot: fast enough to feel convenient and match customer needs, but more operationally viable than ultrafast models. These products also often carry higher margins, lower perishability, and more predictable replenishment cycles, making them better suited for sustainable fulfillment. The takeaway is clear—speed still matters, but "fast enough" is often better than "fastest", especially when paired with broader assortment and healthier unit economics.

Rapid Commerce: The "Goldilocks Zone" of Delivery

Rapid commerce is increasingly proving to be a scalable and sustainable model in the evolving fulfillment landscape. By operating within a 4–6 hour delivery window, it offers strong economic advantages through a reduced number of dark stores, broader service coverage, and the ability to batch multiple orders into a single route. This structure lowers per-order fulfillment costs and makes operations easier to replicate across cities and categories. At the same time, rapid commerce addresses a clear behavioural trend: Brands are seeing that faster delivery, measured in hours rather than days, significantly reduces drop-offs in digital sales funnels. Customers are more likely to complete a purchase when they know it will arrive soon, and more likely to return when the experience is reliable. In this way, rapid fulfillment builds trust, improves customer retention, and increases lifetime value. In a competitive environment where product and price are often similar, fast and dependable service becomes a strategic lever for differentiation. Rapid commerce delivers on that promise —fast enough to satisfy, and designed to scale.

“For faster commerce to work, every intersection of demand-supply has to make economic sense, which is possible only at massive scale.

For brands, It is best to ride on the infra that the aggregators are building.”

ANKUR WARIKO
Founder of WebVeda

“The ability to batch orders can help significantly reduce delivery costs reducing the premium required for faster deliveries.”

ABHISHEK CHAKRABORTY
CEO of DTDC

“Not every product requires 10 min delivery, I believe that rapid commerce can help fill the gap and also help optimize the cost.”

SAMEER RAJANI
Founder & CEO of DeoDap

CHAPTER 3

Designing for Delivery:

What Makes Rapid Commerce Work

While rapid commerce offers a compelling middle ground by balancing speed, assortment, and operational viability, its success still depends on careful design. To scale effectively, delivery infrastructure and fulfillment models need to be thoughtfully configured. From dark store formats to inventory sharing and last-mile routing, each component must be optimized for cost-efficiency, reliability, and service quality.

Dark Store Infrastructure is Helping Meet Scale, Diversity, and Speed Requirements

Two archetypes of dark stores originally proliferated during the quick commerce wave:

- **Dedicated Small Dark Stores (<2,000 sq ft):** Compact fulfillment centers serving a hyper-local ~2–3 km radius. These stores carry a limited SKU assortment of fast-moving goods and are optimized for faster deliveries in dense neighborhoods.

- **Dedicated Medium Dark Stores (2,000–5,000 sq ft):** Midsized fulfillment centers covering a 5–7 km radius. These facilities stock a broader assortment, including higher-value or less common items, alongside the core fast movers.

However, dedicated dark stores have typically been viable only for brands or marketplaces with significant order density across multiple cities and localities. A ~500 sq ft dark store, for instance, would require 150–200 daily orders to achieve operational profitability, while a ~2000 sq ft dark store would require around 700 daily orders to achieve operational profitability.

Batch, Share, Scale: The New Logistics Playbook for Bharat

While dedicated dark stores played a critical role in the early phases of quick commerce, their viability often depends on high order volumes and dense, urban demand. For many brands, especially outside major metros, this model is difficult to justify. As a result, new formats built around shared infrastructure are emerging as a more scalable and capital-efficient path forward

Shared "Dark Store as a Service"

In this model, a logistics provider or 3PL operates the dark store and delivery fleet, while multiple brands plug in by stocking inventory. This reduces capex for brands, who pay per order or a service fee instead. By pooling demand from many clients, a shared dark store can reach the volumes needed to run efficient batched delivery routes and justify investment in infrastructure (like cold chains) that single smaller brands cannot afford.

Shared models illustrate a broader theme: Rapid commerce doesn't have to mean owning the entire fulfillment network. By piggybacking on shared infrastructure, brands can offer faster delivery with far less upfront investment and risk. These formats are ideal for direct-to-consumer (D2C) brands, niche vertical retailers, and even B2B suppliers that want to match the convenience of marketplaces and quick commerce platforms. The operational trade-off is coordination complexity—brands are expected to integrate their systems with the provider's and ensure stock levels are synced—but the benefit of faster time-to-market and low capital outlay often outweighs these concerns.

Optimizing Last-Mile: Point-to-Point vs. Batched Deliveries

Speed to the customer is not just about the store's location —it also hinges on the last-mile delivery model. Rapid commerce players have innovated on delivery routing to improve efficiency while meeting service time promises. There are two principal models to contrast:

- **Point-to-Point Delivery:** This is the classic "one order, one rider, straight to customer" approach. It is used for ultra-fast deliveries (10–30 minute) commitments, as there is no time to make multiple stops. Quick commerce services' 15-minute delivery rely on point-to-point routing—as soon as an order is ready, a dedicated rider zips directly to the drop-off. The advantage is minimized transit time per order, but the drawback is low asset utilization: each rider may carry only one order at a time, leading to more riders required and higher cost per order. Point-to-point can be more costly on a per delivery basis—estimates put 15-min grocery delivery costs (within 1–2 kms) at ~₹35–40 or more per order in India's metro conditions. It's essentially an express courier model optimized for speed over efficiency.

- **Batched Routing (Milk Runs):** In this model, a driver carries multiple orders in one trip, delivering them in sequence along an optimized route. Batched deliveries are typical for slightly longer promise times (e.g. 4-hour or same-day delivery), as they require waiting to accumulate orders and planning a route. Many rapid commerce operations (4–6 hour deliveries) use batched routing—for example, a van or biker may do a round delivering 5–10 orders within a locality instead of rushing one order at a time. The clear benefit is higher vehicle utilization: fewer riders or vehicles can handle the same volume of orders, drastically bringing down the cost per drop (delivery). The trade-off is slightly longer delivery times for the customer (you might get your order at the end of a 4-hour window rather than in 15 minutes).

Crucially, batched delivery works best when order density is high and pick-up points are consolidated. This is where shared dark stores amplify the benefit of batched routing. If multiple brands share a single fulfillment location in a neighborhood, a delivery partner can collect a batch of orders (even from different brands) from that one hub and deliver them in one run. In essence, layering a batched delivery model on a multi-brand dark store network yields a powerful combination: The shared stores ensure each location has a critical mass of orders across brands, and batched routing ensures drivers are fully loaded on each trip, driving down costs for all parties. For example, a rider serving a shared dark store can carry Brand A's, Brand B's, and Brand C's orders together to the same apartment complex, instead of three separate riders from different stores. The result is fewer total trips, lower delivery cost per order, and often the ability to pass savings back to brands or customers (or to improve margins) or simply make the model viable.

Scaling the Model

Rapid commerce at scale depends on batched deliveries to balance speed with cost efficiency. As players expand into categories with heavier or bulkier items, where immediate delivery is less critical, routing efficiency becomes even more important.

Tech-enabled optimization tools will play a growing role in maximizing vehicle loads and improving last-mile economics. When layered onto shared dark store networks

and consolidated order volumes, these capabilities make rapid commerce both scalable and financially sustainable across a broader range of categories and markets.

To enable scale within and across cities, logistics players must work closely with brands to identify demand-rich pockets, areas where volume justifies shared capacity. Providers can further enhance throughput by cross-selling locations to additional brands and filling available capacity within shared hubs. Strategic collaboration and smart network design will be essential to maximizing asset efficiency and driving sustainable unit economics.

Velocity with Vision

A final pillar of designing rapid commerce for success is strategic segmentation of service speed and assortment. Simply put, not every product needs to be delivered in minutes, and offering uniform ultra-fast service for all SKUs can be a costly mistake. Leading brands and platforms are increasingly aligning fulfillment speed with the value proposition of the item and the customer's true need.

- **Segmenting by Speed Tier:** Most mature omnichannel retailers now offer multiple delivery options—for example: Under 4 hours, same-day, and standard 2–3 day delivery. The key is to allocate products to the appropriate speed. Urgent, high-frequency items (like fresh groceries, meal ingredients, medicines) might go into the 15 min to 2 hour bucket, often fulfiled via dark stores in-city. Mid-range items (toys, mid-priced electronics, beauty products) that customers appreciate same-day convenience for, but don't need immediately, may be offered in a 4–6 hour or end-of-day delivery slot —possibly from a slightly farther warehouse or a larger dark store with more range. Meanwhile, long-tail or bulky items (furniture, specialty electronics) can be kept on a 1–2 day fulfillment cycle from regional warehouses. By segmenting in this way, companies avoid over-burdening the delivery network with items that could be delivered a bit later without hurting customer satisfaction.

- **Protecting Margins and Infrastructure:** This strategic throttle on speed has big financial and operational benefits. Faster delivery comes at higher cost, so reserving the fastest lanes for the SKUs that justify it (either due to high margins, high urgency, or high likelihood of increasing basket size) helps sustain profitability. If a low-margin, low-urgency item is sent via a 15-minute courier, the delivery cost could wipe out the profit on that item. By calibrating speed to what customers value for that category, companies can both delight the customer and maintain healthier margins.

In summary, designing rapid commerce delivery is a strategic balancing act. The winners in this space are those who design their dark store network for both reach and efficiency (mixing small and large formats, exploring hybrid/share models) and who optimize their delivery fleet usage (batched routes where possible) while thoughtfully segmenting service levels. Rapid commerce can only work at scale if each component—store format, inventory assortment, delivery method—is chosen with an eye to structural advantage and operational trade-offs.

Scaling the Model: Extending Rapid Commerce Beyond the Metros

As rapid commerce networks mature, the next frontier lies in scaling beyond India's top metro and Tier 1 cities—into the rapidly growing Tier 2 and Tier 3 markets. However, these regions come with a different set of structural constraints. Lower order densities, dispersed demand, and cost-sensitive operations make traditional fulfillment models—such as large warehouses or brand-owned dark stores—economically unviable. As a result, extended delivery timelines remain common, and customer expectations often go unmet.

Rapid commerce offers a scalable way to bring same-day delivery to Tier 2 and 3 cities, where traditional fulfillment models often struggle to operate efficiently at such speeds. By using smaller, shared hubs and batching orders, it can enable cost-effective service in low-density areas—extending reach without heavy infrastructure investment.

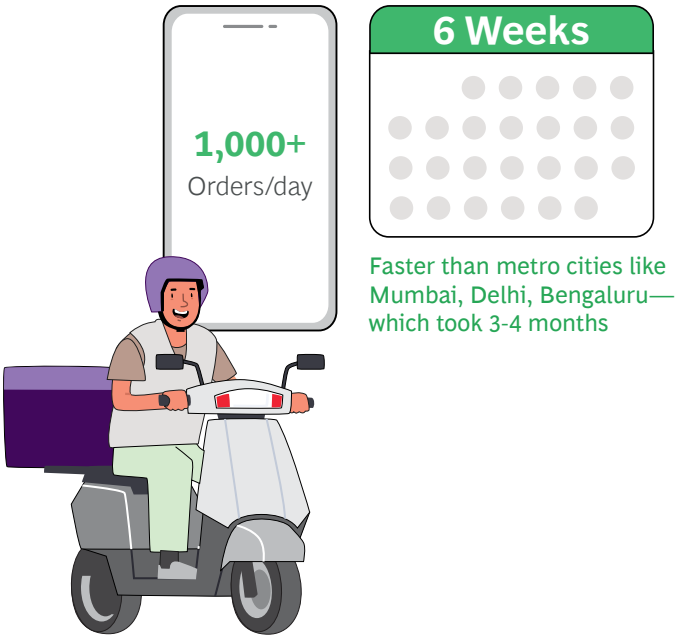
This is where 3PLs and express logistics incumbents have a strategic edge. Their existing delivery networks, built from years of servicing both B2B and B2C segments, offer a pre-established foundation of branches, rider fleets, and service infrastructure across urban and semi-urban India. These players are often better positioned to activate fulfillment capacity in smaller cities—without needing to build from scratch—enabling rapid commerce models to scale more seamlessly across geographies.

Importantly, this model not only aligns with the economics of Tier 2 and 3 markets, but also with the rising customer expectation for speed in these geographies. Demand from smaller towns is accelerating faster than in metros, and digital-first shoppers are increasingly unwilling to wait multiple days for fulfillment (see Exhibit 10). Here too, the ability of established 3PLs to coordinate centrally while operating across a distributed footprint becomes a critical enabler, allowing rapid commerce to deliver on its promise without overextending operational complexity. When designed with shared assets, intelligent routing, and category-fit inventory—enabled by partners who already have nationwide reach—rapid commerce becomes a viable middle ground: Fast enough to satisfy, lean enough to scale.

EXHIBIT 10

Quick Commerce Adoption is Accelerating in Tier 2 and 3 Cities

Nashik faster than Metros for Zepto



Big basket also burgeoning in Tier 2/3 cities

Source: Economic times and datum intelligence

Navigating the Operational Challenges

While rapid commerce presents a compelling path forward, its successful execution depends on overcoming a set of operational and regulatory complexities.

Players are likely to face many of the same challenges faced by quick commerce players—particularly around dark store operations and deliveries. These challenges are summarized in Exhibit 11.

Real estate remains a key constraint. Suitable locations that meet operational needs are limited and increasingly competitive, particularly in high-density urban zones. Dark stores can also draw community friction—due to rider congestion, illegal parking, loitering, and increased traffic, which often prompts pushback from local authorities or residents.

SKU and brand mix optimization is critical. Oversized or slow-moving items reduce space efficiency and strain picking operations. In multi-brand environments, balancing SKU diversity with velocity is key to maintaining utilization and ensuring shared infrastructure runs smoothly.

Store setup is time-intensive. Depending on infrastructure readiness and regulatory approvals, establishing a new dark store can take 25 to 50 days, slowing rollout in high-priority catchments. Compliance adds further complexity, with each site requiring multiple licenses and permits.

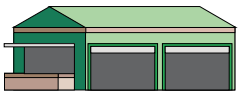
Inventory management is another pressure point. In-warding, SKU placement, and fulfillment can be inefficient without strong systems and trained staff. Mistakes in handling and forecasting can lead to stockouts, wastage, pilferage or poor pick rates, especially in high-volume and fast moving categories.

From an economic standpoint, dark store profitability hinges on reaching high order density. Without sufficient throughput, even well-placed locations may struggle to remain viable.

In summary, the scalability of rapid commerce hinges not just on demand, but on operational precision. The challenges are real, but they are solvable through better planning, stronger processes, and closer alignment with local stakeholders. Execution will separate the early movers from the sustainable winners.

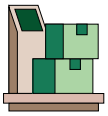
EXHIBIT 11

Key Operational Challenges in Scaling Rapid Commerce



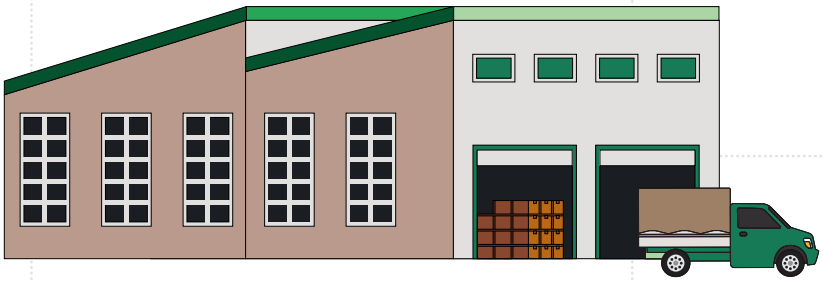
1 **Infrastructure & Real Estate**

Challenges around finding, launching, and integrating physical dark store locations



2 **Assortment Design & Space Utilization**

Operational friction from SKU misalignment and limited physical space



3 **Store Setup & Regulatory Hurdles**

Time Intensive Setup Cycles and long lead time in obtaining permissions

5 **Economics & Order Density**

The core profitability challenge—getting enough volume per store

4 **Inventory Management & Loss Prevention**

Systemic inefficiencies in handling, forecasting, and securing inventory

Source: Expert interviews, BCG Analysis

CHAPTER 4

Building for Speed:

Unlocking Efficiency Through the Right Fulfillment Model

Scaling rapid commerce in India will require concerted action across the value chain. Brands, logistics providers, and government regulators each have a pivotal role in enabling rapid commerce to grow effectively and sustainably. Success will hinge on embracing new partnerships, building shared infrastructure, and updating policies.

Brands: Partnerships and a Multi-Speed Strategy

- **Embracing a Multi-Speed Fulfillment Strategy:** For consumer brands and retailers, rapid commerce brings operational complexities and cost challenges that are difficult to tackle alone. Delivering within hours requires specialized capabilities—from managing hyper-local inventory to orchestrating swift last-mile delivery—which most brands have not traditionally developed. Many have found that simply opening a dark store is easy, but operating it efficiently is a far more complex challenge; each product category demands its own playbook for stocking, picking, and dispatch. The delivery costs for such speed can be high, and maintaining the required last-mile fleet and micro-warehousing infrastructure is expensive without sufficient scale. Because individual brand websites often lack enough order volume to viably run local dark stores, the unit economics are daunting. As discussed in the previous chapter, a realistic

multi-speed strategy is essential. Not everything needs to arrive in 15 minutes—brands must align delivery promises with what consumers actually expect, not just what sounds fastest.

- **Partnering to Scale and Unlock Value:** Partnerships are therefore imperative—not just to enable same-day delivery, but to unlock strategic control and long-term value. Rather than building their own rapid delivery networks from scratch, brands can collaborate with 3PL providers offering "dark store-as-a-service" infrastructure. These partnerships also enable brands to adopt more realistic, multi-speed fulfillment strategies—as discussed in the previous chapter.

Crucially, by operating through their own digital channels in a shared fulfillment setup, brands also gain more direct visibility into customer behaviour and demand data—insights that are often limited when relying solely on third-party platforms. This deeper visibility can inform assortment planning, pricing, marketing, and supply chain decisions—unlocking both operational and strategic value.

Logistics Providers: Shared and Tech-Enabled Infrastructure

If brands are the demand side of rapid commerce, logistics providers are the supply side—and providers must step up with shared, intelligent infrastructure to make rapid commerce scalable. Traditional delivery networks are not yet optimized for the hyperlocal, high-throughput requirements of rapid commerce. To serve this emerging space, 3PLs, express companies, and new-age fulfillment startups will need to evolve their operating models in several ways:

- **Shared "Networked" Capacity:** Rather than dedicated single-player facilities, providers should build multi-brand, modular fulfillment networks. This approach is inherently modular and scalable—providers can open small 500–2000 sq. ft. sites in each target neighborhood and expand capacity as local demand grows. It also enables expansion into Tier-2 cities and beyond, where even the best current E-commerce delivery speeds are relatively slow. In short, infrastructure must shift from siloed to shared, so that rapid commerce isn't limited to only the few players who can afford dedicated facilities.

- **Building Trust and Operational Credibility:** As more brands plug into shared infrastructure, logistics providers will also need to establish strong trust with their clients—ensuring transparency, reliability, and fairness in order handling, service levels, and cost structures. The ability to consistently deliver on SLAs, maintain real-time visibility, and fairly allocate resources across multiple brands will be essential to building long-term relationships and unlocking scale

- **Tech-enabled Operations:** Speed at scale will only be possible with significant technology investment by providers. Real-time order allocation, dynamic routing, and fulfillment optimization tools are crucial for meeting tight service levels consistently. Providers are deploying proprietary apps for live planning, driver routing, and inventory monitoring to shrink turnaround times. For instance, algorithms can batch nearby orders, optimize rider routes, and prioritize time-sensitive items—reducing the cost per delivery while preserving promised SLAs.

  In the dark store itself, intelligent, Warehouse Management System (WMS) led operations might be crucial to maximize throughput in compact footprints. This includes deploying a centralized WMS capable of managing multi-brand inventory and enabling real-time stock visibility across zones. Features like planogram-based product slotting (placing high-frequency SKUs for faster picking), guided picker workflows through handhelds or voice-pick systems, and support for inventory logic like FIFO/LIFO help streamline fulfillment. Barcode further accelerate pick-pack and minimize error. Leading quick commerce players already design their dark stores with high space and process efficiency, storing thousands of SKUs in just a few thousand square feet and achieving pick-pack in under five minutes through optimized layouts and tech-driven staff training.

Logistics providers entering rapid commerce should replicate these best practices. They can also leverage existing delivery fleets and hubs—for example, using downtime of existing riders for hyperlocal runs, or converting underutilized sections of larger distribution centers into forward stock locations during peak hours. By intelligently integrating tech across both in-store and last-mile operations, providers ensure speed does not come at the expense of efficiency.

Government: Creating an Enabling Environment

While industry players build partnerships and infrastructure, the government's role is to facilitate rapid commerce through supportive policies and infrastructure investments. Rapid and quick commerce are new models that often don't fit neatly into existing regulatory frameworks. To scale these services across India, regulators at both central and state levels may need to modernize certain rules and streamline approval processes. Three areas stand out:

- **Simplify and Unify Licensing Requirements:** Launching dark stores often requires navigating multiple regulatory layers—from registering each site as an Additional Place of Business (APOB) under GST to complying with local shop and establishment norms. While necessary for governance, these processes are often repetitive and time-consuming at scale. To enable

faster expansion without compromising oversight, policymakers could explore solutions such as single-window clearances, unified registration frameworks, or streamlined digital portals for bulk site approvals.

- **Encouraging Regulatory Standardization Across Geographies:** Current requirements can vary significantly between states and even between cities within the same state. A more consistent regulatory approach—across states, across cities, and across city jurisdictions, would help reduce friction in multi-location expansion. Aligning rules around licensing, operational norms, and reporting would provide greater clarity and predictability for businesses operating nationwide.
- **Establishing Proportionate and Efficient Audit Mechanisms:** As rapid commerce grows, maintaining compliance will remain important. Implementing audit processes that are effective yet not operationally intensive can support both regulatory oversight and business continuity. This could include digitized compliance checks, centralized reporting, and risk-based review systems designed to be scalable and practical for all stakeholders.

CHAPTER 5

The Road Ahead: Coexistence, Collaboration and a Large Prize

Multiple Models, Distinct Roles

As India's fulfillment landscape continues to evolve, multiple delivery models will coexist, each addressing distinct customer needs and product categories. Rapid commerce will not replace traditional or ultra-fast formats but will complement them—occupying a strategic middle ground between 2–3 day standard E-commerce and 10–15 minute quick commerce. While traditional models remain effective for long-tail products and nationwide reach, and quick commerce serves urgent, high-frequency needs in dense metro markets, rapid commerce offers same-day delivery at scale, balancing speed, assortment flexibility, and operational efficiency. This blended approach allows brands to optimize for cost, reach, and customer experience simultaneously, tailoring delivery promises based on geography, urgency, and product mix.

Collaboration and Technology: Critical Enablers

Achieving speed at scale will require deep collaboration and robust technology enablement. While tools like inventory mapping, demand prediction, and rider optimization will play a critical role, no single player can succeed alone. Partnerships across brands, logistics providers, platforms, and regulators will be essential to overcoming operational and infrastructure bottlenecks.

Shared dark-store networks and 3PL partnerships enable smaller brands to participate in rapid commerce without needing to justify full-stack infrastructure on their own. Companies that invest early in modular, adaptable infrastructure and collaborative go-to-market models will be best positioned to scale effectively.

The Prize Ahead

The prize is massive—and up for grabs. India's "rapid commerce" segment (deliveries in ~4–6 hours) is poised to become a $20+ Bn GMV market by 2030. This growth will be fueled by accelerated digital adoption, rising consumer expectations for faster service, and a race among retailers to deliver speed at scale (e.g. leading players plan hundreds of new dark stores in the next few years).

Brands that crack the rapid-fulfilment model stand to gain direct, high-frequency access to consumers—owning the customer data, experience, and loyalty that marketplaces typically control today. In a landscape where speed, trust, and visibility are becoming critical differentiators, those who move early to build these capabilities will likely lead India's next big wave of consumer commerce.

In parallel, a $2+ Bn logistics opportunity is expected to emerge, as fulfillment providers build the dark store infrastructure, fleet capacity, and tech capabilities required to support faster service at scale.

But it's not just brands and logistic providers who stand to gain, the biggest winners will be the end consumers. As rapid commerce scales, shoppers across India will enjoy a wider selection, faster access, and more consistent service—not just in metros, but in Tier 2 and 3 cities too. In this race for speed and convenience, the consumer is the one setting the pace, and ultimately, coming out on top.

Notes

Notes

About the Authors

Alpesh Shah is a Managing Director and Senior Partner in BCG's Mumbai office. You may contact him by email at **Shah.Alpesh@bcg.com**

Akaash Chatterjee is a Managing Director and Partner in BCG's Mumbai office. You may contact him by email at **Chatterjee.Akaash@bcg.com**

Rahul Sanghvi is a Managing Director and Partner in BCG's Mumbai office. You may contact him by email at **Sanghvi.Rahul@bcg.com**

Lavneesh Arora is a Principal in the BCG's New Delhi office. You may contact him by email at **Arora.Lavneesh@bcg.com**

Akshay Puri is a Project Leader in BCG's New Delhi office. You may contact him by email at **Puri.Akshay@bcg.com**

For Further Contact

If you would like to discuss this report, please contact the authors.

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