A STUDY ON PRICING AND PROFITABILITY STRATEGIES OF QUICK COMMERCE PLATFORMS

Dr. K. LATHA
Associate Professor in Department of Commerce, Shrimathi Devkunvar Nanalal Bhatt Vaishnav College for Women, Chennai 44

Abstract

In the digital retail industry Quick commerce is one of the fastest-growing segments, offering fast and convenient delivery services and satisfied the evolving lifestyles and expectations of modern consumers. The main aim of this study is to examine the pricing and profitability strategies adopted by quick commerce businesses in India. It also explores the demographic profile of consumers, the factors contributing to the success of quick commerce platforms, methods of revenue generation, and the distinction between revenue and profit. Both primary and secondary data was used to collect the sample. Primary data were collected through a structured questionnaire administered to a sample of 100 respondents. The collected data were analyzed using percentage analysis and SPSS statistical tools, including the Chi-square test and One-Way ANOVA. The findings reveal that young consumers constitute the majority of quick commerce users, with. The study concludes that for sustainable growth and long-term success, quick commerce businesses must effectively balance their pricing strategies with operational costs to achieve profitability in the future.

Keywords: *Quick Commerce, Pricing Strategies, Profitability, Customer Behaviour, Discounts, Delivery Charges.*

INTRODUCTION:

The rapid growth of digital technology has transformed the path of consumers purchase goods and services. In recent years, quick commerce has emerged as a new trend in the e-commerce industry. Quick commerce refers to the delivery of products within a very short time, usually within 10 to 30 minutes after placing an order through mobile applications or online platforms. Quick commerce platforms focus mainly on delivering daily essentials such as groceries, snacks, beverages, personal care products, and household items. In India Companies like Blinkit, Zepto, Swiggy Instamart, and BigBasket are popular examples of quick commerce platforms in India. For fast and convenient delivery services, these companies use technology, dark stores, and efficient delivery systems. The increasing demand for convenience, busy urban lifestyles, and the growth of smart phone usage have significantly contributed to the expansion of quick commerce platforms. Consumers today prefer faster delivery services that save time and effort. As a result, quick commerce companies are continuously developing strategies to attract customers and maintain their competitive position in the market.

Pricing strategy and profitability model are the most important aspects of quick commerce platforms. Even though these companies promise extremely fast delivery, they incur high operational costs such as logistics expenses, inventory management, and delivery infrastructure. To sustain their operations and achieve profitability, companies adopt various pricing strategies including dynamic pricing, promotional discounts, delivery charges, and subscription services. Pricing strategies play a crucial role in influencing customer purchasing decisions. Many customers are attracted by discounts, offers, and competitive pricing provided by quick commerce platforms. At the same time, companies must carefully balance pricing with operational costs in order to maintain profitability and long-term sustainability. In addition, profitability in quick commerce depends on factors such as order volume, delivery efficiency, customer retention, and cost management. Companies often invest heavily in technology, warehouse networks, and last-mile delivery systems to reduce costs and improve service efficiency. These strategies help companies increase customer satisfaction while also improving their revenue generation.

OBJECTIVES OF THE STUDY:

The main objectives of the study are:

1. To analyse the different demographic profile of the respondents.
2. To study the pricing strategies adopted by quick commerce platforms in India.
3. To analyse the profitability strategies followed by quick commerce companies.
4. To examine the reasons behind the success of quick commerce platforms in India.
5. To identify the major sources of revenue in quick commerce platforms.
6. To understand the difference between revenue and profit in quick commerce.

RESEARCH METHODOLOGY:

Research methodology refers to the systematic approach used to conduct the study and achieve its objectives. It provides a clear framework for analysing the pricing and profitability strategies of quick commerce platforms in a structured and scientific manner. The present study adopts a descriptive research design, as it focuses on examining the opinions, behaviour, and perceptions of users regarding quick commerce services.

STRUCTURE OF THE QUESTIONNAIRE:

The questionnaire was designed to collect primary data from respondents regarding their usage of quick commerce platforms and their opinions on pricing and profitability strategies. It includes both multiple-choice questions and Likert 5 point scale statements to capture accurate and measurable responses. The questionnaire is divided into five sections based on the objectives of the study.

Section A: Demographic Details, Section B: Pricing Strategies, Section C: Success of Quick Commerce Model In India, Section D: Profitability Strategies and Section E: Customer Behaviour and Buying Habits

DATA COLLECTION:

In the present study, data has been collected from both primary and secondary sources to analyse the pricing and profitability strategies of quick commerce platforms.

SAMPLE SIZE:

Sample size refers to the number of respondents selected for the study. In the present research, a total of 100 respondents were selected. Their responses provide valuable insights into customer perceptions regarding pricing and profitability strategies.

SAMPLING TECHNIQUE:

Convenience sampling method was to used to collect the responses from the respondents.

STATISTICAL TOOLS USED:

Statistical tools are used in research to analyse the collected data and interpret the results in a systematic and meaningful manner. In the present study, statistical techniques are Percentage Analysis, Chi-square and one way ANOVA applied to understand customer perceptions regarding pricing strategies and profitability of quick commerce platforms.

LIMITATIONS OF THE STUDY:

1. The study is based on a limited sample size of 100 respondents, which may not represent the opinions of all quick commerce users.
2. The data collected is based on respondents' personal opinions, which may vary from person to person.
3. The study is limited to selected respondents, so the findings may not reflect the behaviour of all customers.
4. The research is conducted within a limited time period, which may restrict a more detailed analysis.
5. Some respondents may not have complete knowledge about pricing strategies of quick commerce platforms.

Review of Literature

Rao, V.R. (2009) The main objective of this study was to analyse how pricing decisions influence demand, customer behaviour, and profitability. The sample size of this study was 500. The findings revealed that pricing is one of the most important drivers of profitability. It further showed that effective pricing improves margins. The study concluded that pricing plays a critical role in long-term business success. **Grewal et al. (2011)** The objective of the study was to analyse how digital tools and analytics influence pricing strategies. The findings revealed that personalised pricing and data-driven promotions significantly improve revenue and profitability. It was also observed that traditional discounting strategies are becoming less effective. The study highlighted the importance of customer-specific pricing.**Cachon, G.P. and Feldman, P. (2011)** The objective was to compare subscription-based pricing and per-use pricing strategies. The study used analytical modelling and simulation techniques. The findings revealed that subscription models provide stable revenue streams. It was also observed that per-use pricing maximises profit per transaction. The study highlighted the advantages of hybrid pricing models. It further showed that pricing flexibility improves revenue generation. The research emphasised the importance of pricing structure selection. **Saarijärvi, H. et al. (2014)** The objective was to analyse how digital pricing influences customer behaviour. Data were collected from over 200 customers and retail managers using surveys and interviews. The study examined personalised pricing effects. The findings revealed that personalised pricing increases customer retention and basket size. It was also observed that digital engagement improves customer loyalty. The study highlighted the importance of mobile platforms. It further showed that technology enhances pricing effectiveness.**Abhishek, V. et al. (2016)** It examined different pricing structures and the findings revealed that commission-based models improve profitability under competitive conditions and also observed that pricing structure influences revenue generation. The study highlighted the importance of channel strategies and further showed that pricing decisions affect platform performance. The research emphasised alignment with market conditions.

Analysis and Interpretation

PROFILE OF THE RESPONDENTS

A total sample of 100 respondents was surveyed, and their personal information such as gender, age, education, occupation, marital status, and monthly income were collected. The summarized details are presented in the table below:

Table 1
Profile of the respondents

Particulars	Classification	Number of respondents	Percentage
Gender	Male	68	68%
	Female	32	32%
Age (in years)	Below 20	30	30%
	20-30	42	42%
	30-40	24	24%
	Above 40	4	4%
Education	Up to School	10	10%
	Under Graduation	42	42%
	Post Graduation	18	18%
	Professional studies	20	20%
	Others	10	10%
Occupation	Student	52	52%
	Employee	28	28%
	Business	13	13%
	Others	7	7%
Marital Status	Married	70	70%
	Single	30	30%
Monthly Income (Rs.)	Below ₹20,000	47	47%
	₹20,000 – ₹40,000	26	26%
	₹40,000 – ₹60,000	10	10%
	Above ₹60,000	17	17%

Source: Primary data

The gender distribution of the participants is such that 68% are males, while 32% are females. This distribution seems to indicate a larger share of male participants in the study. In the age category, the age category of 20–30 years has the largest number of respondents (42%), and the smallest group consists of respondents Above 40 years old, accounting for 4%. In terms of education, a plurality of our respondents (42%) are undergraduates, and 18% hold postgraduate degrees. 20% possess professional studies, 10% school education, and 10% other education. Distribution of survey respondents based on occupation depicts that the largest percentage of the respondents (52 per cent) are students. Public sector employees make up 18.7% of the respondents, self-employed/business individuals account for 20.2%, and homemakers represent 16.2%. A mere 10.9% are from other occupational groups. Regarding marital status, the majority of participants (70%) are married, while 30% are single. In terms of monthly income, 47% earn upto Rs.20000 only.

Chi-Square Analysis:

H_0: There is no association between monthly income of the respondents and their payment of delivery charges.

H1: There is an association between monthly income of the respondents and their payment of delivery charges.

Table: 2 Showing the association between delivery charges payment and monthly income

MONTHLYINCOME * Usually Pay Delivery Charges While Ordering (Crosstabulation)			
Monthly Income	**Yes**	**No**	**Total**
Below ₹20,000	34	13	47
₹20,000-₹40,000	22	4	26
₹40,000-₹60,000	7	3	10
Above₹60,000	13	4	17
Total	**76**	**24**	**100**

Source: Primary data

Table : 3 Chi-Square Test:

Test	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	1.603	3	.659
Likelihood Ratio	1.691	3	.639
Linear-by-Linear	.071	1	.790
N of Cases	100		

Source: Computed data

INTERPRETATION:

The result shows Pearson chi-square value as 1.603. Since P value 0.659 > 0.05 (5% level of significance), the null hypothesis is accepted. Therefore, no association exists between the monthly income of the respondents and their payment of delivery charges.

Analysis of variance (ANOVA):

Analysis of Profitability Perception across Different Age Groups

H0: There is no significant relationship between age of the respondents and their perception of profitability of quick commerce platforms.

H1: There is a significant relationship between age of the respondents and their perception of profitability of quick commerce platforms.

Table: 4 showing the Analysis of Profitability Perception across Different Age Groups

		Sum of Squares	df	Mean Square	F	Sig.
Delivery charges help companies cover operational costs (Day to Day Expenses)	Between Groups	3.530	3	1.177	1.348	.264
	Within Groups	83.830	96	.873		
	Total	87.360	99			
Pricing strategies help companies generate revenue	Between Groups	.455	3	.152	.223	.880
	Within Groups	65.385	96	.681		

	Total	65.840	99			
Companies manage costs through efficient delivery systems	Between Groups	1.614	3	.538	.757	.521
	Within Groups	68.176	96	.710		
	Total	69.790	99			
Quick commerce platforms benefit from bulk order purchases	Between Groups	3.679	3	1.226	1.181	.321
	Within Groups	99.711	96	1.039		
	Total	103.390	99			
Profitability depends on frequent customer orders	Between Groups	2.779	3	.926	1.188	.318
	Within Groups	74.861	96	.780		
	Total	77.640	99			

Source: Computed data

The result shows P values for all the profitability factors are greater than 0.05 (5% level of significance) (ranging from 0.264 to 0.880), so the null hypothesis is accepted. Therefore, there is no significant relationship between age of the respondents and their perception of profitability of quick commerce platforms.

MAJOR FINDINGS

1. 42% of the respondents belong to the age group of 21–30, indicating that young adults are the primary users of quick commerce platforms.
2. 68% of the respondents are female, while 32% are male, showing that female respondents form the majority.
3. 52% of the respondents are students, followed by 28% employees, indicating that students are the major users.
4. 47% of the respondents earn below ₹20,000 per month, showing that most users belong to the lower-income group.
5. There exists an association between age and preferred platform ($p = 0.007$).
6. There is no significant relationship between age and pricing perception ($p > 0.05$).
7. Delivery charges are considered important for covering operational costs.
8. Efficient delivery systems and frequent orders contribute to profitability.
9. There is no significant relationship between age and profitability perception
   a. ($p > 0.05$).
10. The Chi-square test indicated that there is no association between monthly income of the respondents and their payment of delivery charges.
11. The ANOVA result indicated that there is no significant relationship between monthly income of the respondents and their customer behaviour towards quick commerce platforms

Conclusion:

The study focuses on analysing the pricing and profitability strategies of quick commerce platforms. The findings indicate that quick commerce platforms are widely used, especially among younger consumers, due to their convenience and fast delivery services. The study reveals that pricing strategies play a crucial role in attracting customers. Discounts and promotional offers also influence customer purchasing behaviour, highlighting the importance of pricing strategies in increasing customer engagement and usage. With respect to profitability, the study shows that delivery charges and product pricing act as major sources of revenue for quick commerce platforms. Frequent usage of these platforms contributes to increased order volume, which supports revenue generation. Overall, the study concludes that quick commerce platforms have successfully implemented effective pricing and profitability strategies to attract and retain customers. By offering competitive pricing, efficient delivery, and customer-oriented services, these platforms have transformed modern shopping habits. For future growth, companies should continue to focus on improving pricing strategies, operational efficiency, and customer satisfaction.

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