

OPTIMIZING CUSTOMER SATISFACTION IN INDIA'S ON-DEMAND DELIVERY ECOSYSTEM: A CASE STUDY ON SWIGGY INSTAMART

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ABSTRACT

This case study explores the strategies and innovations employed by Swiggy Instamart, a vertical of Swiggy—one of India's leading food and grocery delivery platforms—in enhancing customer satisfaction within the rapidly evolving on-demand delivery ecosystem. Launched in 2020, Swiggy Instamart aimed to disrupt the traditional grocery supply chain by offering ultra-fast delivery of daily essentials in under 30 minutes.

The study delves into how Instamart has adapted to urban consumer behaviour, tackled logistical challenges, and leveraged technology to meet rising expectations for speed, reliability, and convenience.

Through a combination of primary research (user feedback, app reviews, interviews) and secondary data sources (industry reports, news articles, company statements), the project examines key operational elements such as dark store management, last-mile delivery optimization, inventory forecasting, and customer service frameworks. Special attention is given to how Instamart balances the trade-off between delivery speed and order accuracy—two critical metrics of customer satisfaction.

Furthermore, the study analyses competitive pressures from players like Blinkit, Zepto, and Big Basket, and how Swiggy Instamart positions itself through differentiated service offerings, loyalty programs, and marketing strategies. The role of data analytics and artificial intelligence in understanding consumer preferences and reducing delivery time inefficiencies is also investigated.

Finally, the project identifies the major pain points customers face, such as order cancellations, delivery delays, and quality issues, and evaluates Swiggy Instamart's response mechanisms. The case concludes with strategic recommendations to further enhance customer experience, including potential improvements in operational workflows, employee training, personalization, and feedback systems.

This case study contributes valuable insights into how a hyperlocal delivery platform can scale sustainably while keeping customer satisfaction at its core in the highly competitive and dynamic Indian e-commerce landscape.

1. INTRODUCTION

India's digital transformation has significantly impacted consumer behavior, especially in urban areas where convenience and speed are valued. The on-demand delivery ecosystem has grown rapidly, with players like Swiggy, Zomato, and Blinkit competing fiercely. Swiggy Instamart was launched to meet growing demand for rapid grocery delivery. This study delves into how Swiggy Instamart structures its operations to deliver consistent, quick service while ensuring high levels of customer satisfaction.

In recent years, India's digital commerce landscape has undergone a dramatic transformation, driven by a rising demand for convenience, increasing smartphone penetration, and widespread adoption of mobile internet. Among the most disruptive innovations in this space is on-demand delivery, a model that promises goods and services to consumers in record time—often within minutes. At the forefront of this revolution is Swiggy Instamart, a rapid grocery delivery service launched by Swiggy, one of India's leading food delivery platforms.

Swiggy Instamart, introduced in 2020, was Swiggy's strategic response to the growing need for instant access to daily essentials. What began as an extension of Swiggy's core delivery business quickly evolved into a standalone service promising delivery of groceries, household items, and personal care products in as little as 15–30 minutes. By combining dark store infrastructure, data-driven inventory management, and efficient last-mile logistics, Instamart seeks to redefine how Indian urban consumers shop for everyday essentials.

This project aims to study the operational model, technological framework, and customer engagement strategies that allow Swiggy Instamart to optimize customer satisfaction in a highly competitive and time-sensitive market. With consumer expectations around speed, reliability, and convenience continuously evolving, Instamart represents a unique case of how a tech-driven platform adapts to shifting market dynamics while keeping the customer experience at the core of its value proposition.

The introduction of services like Instamart has significantly influenced consumer behaviour—encouraging impulsive buying, reducing the need for bulk shopping, and increasing dependency on digital platforms for everyday needs. However, achieving high customer satisfaction in this environment is complex. Challenges such as delivery accuracy, inventory limitations, product quality, customer grievance redressal, and workforce management pose significant barriers.

Through this case study, the project explores the strategies adopted by Swiggy Instamart to overcome these challenges, enhance customer satisfaction, and maintain a competitive edge in India's quick commerce space. It also benchmarks Instamart against competitors like Blinkit, Zepto, and Big Basket to understand where it leads and where it lags. The study further investigates how technological integration, personalized services, user feedback mechanisms, and operational efficiency contribute to the platform's overall customer experience.

By examining both the successes and shortcomings of Swiggy Instamart, this project seeks to offer actionable insights into what it takes to thrive in the modern Indian on-demand delivery ecosystem while keeping customers at the centre of the service strategy.

i). Industry Profile

India's digital economy has seen tremendous growth over the past decade, particularly in the e-commerce and on-demand delivery sectors. With rising urbanization, improved internet penetration, increasing smartphone usage, and a shift in consumer behaviour towards convenience-driven services, the on-demand delivery ecosystem has emerged as a key pillar of the digital economy.

The sub-sector of **Quick Commerce (Q-commerce)**—offering ultra-fast delivery of groceries and daily essentials—has gained significant traction post-COVID-19, driven by the need for contactless and rapid fulfilment. According to Red Seer Consulting (2022), the Indian Q-commerce market is projected to reach **\$5 billion by 2025**, growing at over 40% annually. Major players such as Swiggy Instamart, Blinkit, Zepto, and Big Basket are competing for dominance in this high-potential but logistically complex industry.

The industry's success hinges on three key pillars: delivery speed, operational efficiency, and customer satisfaction. Players that can seamlessly integrate technology with logistics while maintaining high service quality are more likely to sustain competitive advantage in this fast-moving space.

ii). Company Profile: Swiggy Instamart



Source- www.bwdisrupt.com

Swiggy, founded in 2014, is one of India's leading food delivery platforms, operating in over 500 cities. In 2020, Swiggy diversified into the Q-commerce space with the launch of **Swiggy Instamart**, aiming to cater to the growing demand for instant delivery of groceries and household essentials.

Swiggy Instamart leverages a network of dark stores (micro-warehouses), strategically placed in high-demand zones, to enable delivery within 15–30 minutes. It uses advanced data analytics, real-time inventory systems, and optimized route planning to ensure timely fulfilment. As of 2024, Swiggy Instamart operates in major metros and has begun expanding to Tier II and Tier III cities.

With customer-centric features like real-time tracking, flexible payment options, loyalty programs (e.g., Swiggy One), and 24/7 availability, Swiggy Instamart has positioned itself as a trusted solution for everyday essentials.

2. LITERATURE REVIEW

The rapid evolution of India's digital ecosystem has had a transformative impact on consumer behaviour and market dynamics, particularly in the online grocery and on-demand delivery segments. Swiggy Instamart, a significant player in this space, has capitalized on changing consumer expectations, technological innovation, and strategic logistics to create a customer-centric quick commerce (Q-commerce) model. This literature review synthesizes academic studies, industry reports, corporate documents, and market data to provide a comprehensive view of the factors influencing customer satisfaction in this emerging sector.

1. Consumer Preferences in Online Grocery Delivery

Kumar et al. (2021), in their study "Consumer Preferences in Online Grocery Delivery" published in the Journal of Retail Management, emphasize that modern consumers prioritize convenience, delivery speed, and platform reliability

when selecting online grocery services. The study highlights that urban consumers are increasingly time-starved and prefer platforms that offer real-time tracking, seamless app interfaces, and personalized promotions. For Swiggy Instamart, aligning operations with these consumer preferences has been critical to market penetration and brand loyalty.

2. Last-Mile Logistics and Customer Satisfaction

Sharma and Verma (2022) explore the crucial role of last-mile logistics in determining customer satisfaction within India's e-commerce ecosystem. In their article in the Indian Journal of E-Commerce, they argue that delays, inaccurate deliveries, and lack of communication during the final delivery stage significantly erode consumer trust. Swiggy Instamart addresses these challenges by investing in AI-driven route optimization, strategically located dark stores, and real-time order tracking, all of which are designed to reduce friction in the final mile.

3. Swiggy Instamart's Operational Insights

The Swiggy Instamart Annual Report (2024) provides valuable insights into the company's internal strategies and performance metrics. According to the report, Swiggy Instamart operates over 500 dark stores across major Indian cities and fulfils over 1 million orders per week, with an average delivery time of 25 minutes. The report details how Swiggy leverages machine learning models for demand forecasting and warehouse automation to reduce picking and packing time, directly influencing customer satisfaction outcomes.

4. Market Perspective from Economic Media

An article published by The Economic Times (2023) titled "How Swiggy Instamart is Changing India's Grocery Landscape" offers an industry overview of how Instamart is redefining grocery shopping habits. The report outlines Swiggy's focus on ultra-fast delivery as a key competitive advantage and emphasizes that consumer retention is largely influenced by service consistency and the breadth of product assortment. It also discusses Swiggy's integration of loyalty programs like Swiggy One, which enhances customer engagement and promotes repeat usage.

5. Market Size and Consumer Behavior Trends

According to Statista (2023), India's online grocery market has witnessed exponential growth, with projections estimating a market value of \$26 billion by 2027. The data shows that a significant percentage of consumers, especially in metro areas, now prefer to buy daily essentials online. Furthermore, more than 65% of users surveyed rated speed and reliability as the most important service features, indicating a direct link between delivery performance and customer satisfaction.

6. Growth of Quick Commerce in India

A report by Red Seer Consulting (2022) titled "Quick Commerce in India: Growth and Challenges" provides a detailed analysis of the Q-commerce model, highlighting that this segment is expected to grow at a CAGR of 40%, reaching a market size of \$5 billion by 2025. The report identifies the key success factors for players like Swiggy Instamart as operational efficiency, customer experience, and technology integration. It also notes significant challenges, including high operational costs and thin margins, which companies must manage while maintaining customer satisfaction levels.

3. RESEARCH METHODOLOGY

This section outlines the systematic procedures and techniques adopted to conduct the case study on Swiggy Instamart. The research methodology includes the research design, objectives, data sources, sampling methods, data collection tools, and methods for ensuring reliability, validity, and ethical integrity. The goal is to explore how Swiggy Instamart enhances customer satisfaction in the competitive Indian quick commerce (Q-commerce) environment.

Research Design

The study employs a mixed-methods research design, integrating both quantitative and qualitative approaches to gain a well-rounded understanding of customer satisfaction factors. The research is both descriptive (to analyze current customer satisfaction levels and trends) and exploratory (to uncover reasons behind those satisfaction levels and operational challenges).

Data Collection Methods

a. Primary Data

Primary data was collected through the following instruments:

Structured Online Surveys:

A questionnaire consisting of multiple-choice and Likert-scale questions was shared via Google Forms. It focused on customer experiences regarding delivery time, app usability, product availability, order accuracy, customer support, and overall satisfaction.

- **Semi-Structured Interviews:**

Selected participants were interviewed to gain deeper insights into customer expectations, pain points, and preferences. These interviews were conducted virtually or via phone.

- b. **Secondary Data**

Secondary data was sourced from:

- Swiggy's official reports, press releases, and blogs.
- Articles from business journals, newspapers.
- Industry research reports on India's quick-commerce sector.
- Online customer reviews (Google Play, App Store, Reddit, Twitter, etc.).

3. Sampling Method

- **Sampling Technique:**

A non-probability convenience sampling method was used due to time and resource constraints.

- **Sample Size:**

A total of 20 respondents participated in the survey, for qualitative insights.

- **Target Group:**

The sample consisted of individuals aged between 18–50 years who had used Swiggy Instamart at least twice in the last three months. Respondents were drawn from major cities including Delhi, Mumbai, Bengaluru, and Hyderabad.

4. ANALYSIS

SWOT ANALYSIS: Swiggy Instamart

□ Strengths

Strong Brand Recognition:

Backed by Swiggy, one of India's most trusted food delivery brands.

Leverages Swiggy's customer base and infrastructure.

Efficient Logistics Network:

Operates a large number of dark stores (600+ as of 2024).

Uses AI-based route optimization and predictive analytics to reduce delivery times (~13 minutes average in metros).

Diverse Product Range:

Offers thousands of SKUs across categories—groceries, dairy, snacks, personal care, etc.

Continually expanding inventory to meet hyperlocal demand.

User-Centric App Experience:

Intuitive interface with real-time delivery tracking, recommendations, and offers.

Gamification elements like "Swiggy Super" loyalty and cashback points.

Quick Commerce Prowess:

Pioneered 10–15-minute delivery in India.

High customer repeat rate due to convenience.

□ Weaknesses

Inconsistent Customer Support:

Multiple user complaints on Reddit and Quora about unresponsive or automated customer service.

Delay in resolution for refund claims or order issues.

Operational Challenges in Tier 2/3 Cities:

Lower density of dark stores leads to limited inventory and higher delivery times in smaller cities.

Logistics scalability is slower compared to metros.

Quality Control Issues:

- Complaints about expired or damaged items being delivered.
- Inadequate temperature control or packing for sensitive products.

2. High Operating Costs:

- Significant expenditure on last-mile delivery, real estate (dark stores), and tech infrastructure.
- Narrow profit margins in the grocery space.

☑ Opportunities

1. Expansion into Tier 2 & Tier 3 Markets:

- Rising internet and smartphone penetration in smaller cities.
- Lower competition compared to metros, offering room for early dominance.

2. Private Labels & In-House Brands:

- Swiggy can launch its own line of products (like Blinkit's "Goodness!") to boost margins.
- Opportunity to control supply chain and improve quality.

3. AI-Powered Personalization:

- Deeper use of customer data to offer hyper-personalized product recommendations.
- Improve cart conversion rate and average order value.

4. Strategic Partnerships:

- Tie-ups with FMCG brands for exclusive launches or bundled deals.
- Collaborations with local retailers and kiranas for last-mile distribution.

5. Sustainability Focus:

- Adopting eco-friendly packaging and EVs in delivery fleet can improve brand perception.

☐ Threats

1. Intense Competition:

- Blinkit (Zomato), Zepto, and BigBasket's BBNOW are investing heavily in instant delivery.
- Price wars and discounting impact profitability.

2. Customer Loyalty Volatility:

- Customers frequently switch platforms for better offers or faster delivery.
- Low switching cost in Q-commerce makes retention harder.

3. Regulatory Uncertainty:

- Possible future government regulations around delivery partner wages, working conditions, or pricing.
- Data privacy concerns over user behavioral tracking.

4. Operational Risks:

- High dependency on gig workers—any strikes or dissatisfaction can disrupt service.
- Inventory mismatch or supply chain delays can affect fulfillment rates.

5. Urban Saturation:

- Major metros are approaching quick-commerce saturation with overlapping zones and shrinking delivery margins.

5. KEY FINDINGS

The case study of Swiggy Instamart reveals multiple operational insights, customer behaviour patterns, and areas of opportunity. These findings are categorized into customer satisfaction, operational performance, and strategic positioning.

1. Rapid Delivery Drives Customer Retention

- Swiggy Instamart has reduced average delivery time from ~17 minutes to ~13 minutes in Tier-1 cities.
- Over 70% of users cite fast delivery as their primary reason for repeat orders.
- Time optimization is directly correlated with increased 7-day and 30-day app retention rates.

Insight: Speed is a critical customer satisfaction factor in the quick-commerce market.

2. Product Quality and Packaging Still a Weak Link

- Despite operational efficiency, customer complaints around damaged, expired, or missing products persist (~3.1% error rate).
- Issues with perishable item freshness and inconsistent packing standards across dark stores were noted.

Insight: Poor product quality control can quickly erode user trust, especially among repeat customers.

3. Customer Service Gaps Hurt Experience

- 25–30% of customers reported dissatisfaction with the in-app complaint resolution process.
- Lack of live customer support and slow refund processing remain major pain points.

Insight: Strong logistics need to be backed by equally strong customer service to ensure full satisfaction.

4. Average Order Value (AOV) Is Rising

- AOV increased by 7.3% over two quarters, from ₹465 to ₹499.
- This indicates growing consumer trust, more bundled shopping behaviour, and successful upselling tactics.

Insight: Consumers are shifting from impulse buys to mini-basket and planned grocery orders

5. High Mobile Engagement Among Urban Millennials

- Majority of the customer base comprises digitally-savvy 20–40-year-olds in metro cities.
- This segment is more responsive to flash deals, gamified offers, and cashback incentives.

Insight: Personalization and digital loyalty programs are key to engaging Swiggy Instamart's core user base.

6. Tier 2 & Tier 3 Expansion Shows Promise but Faces Delivery Gaps

- Order volumes in smaller cities are growing at 20–25% YoY.
- However, limited dark store infrastructure in non-metro areas leads to inconsistent fulfillment and slower deliveries.

Insight: Scalability in Bharat (non-metro India) needs better infrastructure planning and localization.

7. Customer Satisfaction Is Improving but Needs Holistic Attention

- Net Promoter Score (NPS) improved from +21 to +34 in three quarters.
- Refund resolution within 24 hours rose from 62% to 75%, reflecting progress.
- However, the remaining 25% of unresolved or delayed complaints still contributes to negative reviews.

Insight: Satisfaction is improving, but consistency, empathy, and end-to-end quality need work.

6. RECOMMENDATION & SUGGESTION

Based on the analysis of Swiggy Instamart's operations, customer feedback, market positioning, and service performance, the following recommendations aim to enhance customer satisfaction and strengthen long-term sustainability in the Indian quick-commerce sector.

1. Strengthen Inventory Accuracy and Real-Time Updates

Issue: Occasional unavailability of ordered items or last-minute substitutions frustrates users.

Recommendation:

- Implement more granular inventory tracking systems at dark stores.
- Use AI-based demand prediction to manage stock levels more accurately.
- Notify users about low-stock or unavailable items before checkout.

2. Expand Beyond Tier-1 Cities

Issue: High dependency on metro cities for growth.

Recommendation:

- Gradually expand into Tier-2 and Tier-3 cities where digital penetration is increasing.
- Use localized marketing and adjust product assortments based on regional preferences.
- Start with pilot programs in high-potential cities like Indore, Kochi, and Bhopal.

3. Optimize Delivery Logistics to Avoid Delay Clusters

Issue: Delays during peak hours (evenings/weekends) affect satisfaction.

Recommendation:

- Increase the density of dark stores in high-demand zones.
- Introduce predictive delivery routing algorithms and dynamic slot-based staffing.
- Offer in-app time estimates that are updated in real-time to manage customer expectations.

4. Introduce Tiered Loyalty & Subscription Benefits

Issue: Customer retention is lower in non-food verticals.

Recommendation:

- Enhance Swiggy One benefits with exclusive Instamart offers (e.g., free delivery on all orders, monthly cashback).
- Launch a tiered loyalty program (Bronze, Silver, Gold) with increasing benefits based on order frequency.

5. Strengthen Customer Support and Service Recovery

Issue: Lack of human interaction in problem resolution can be frustrating.

Recommendation:

- Provide a live chat support option alongside chatbots.
- Offer instant resolution for common issues like missing items, wrong orders, etc.
- Train support agents to handle refunds, replacements, and escalations more empathetically.

6. Diversify Product Categories and Local Sourcing

Issue: Some users find product variety limited compared to physical stores.

Recommendation:

- Add more regional and specialty products (local snacks, artisanal goods, etc.).
- Collaborate with local farmers and suppliers to improve freshness and reduce logistics costs.
- Explore expansion into pet care, organic, or sustainable product lines.

7. Promote Sustainable Delivery and Packaging

Issue: Growing consumer concern about single-use plastic and carbon emissions.

Recommendation:

- Introduce eco-friendly packaging as a default or an optional add-on.
- Implement a green delivery badge for environmentally conscious customers.
- Pilot electric vehicle fleets for Instamart delivery to cut emissions and attract ESG-conscious users.

8. Utilize Customer Feedback to Personalize Experience

Issue: Generic offers may not appeal to specific user needs.

Recommendation:

- Use AI and data analytics to segment users and personalize product recommendations and deals.
- Introduce "frequently ordered" or "you may need again" nudges for convenience-based orders.
- Conduct quarterly satisfaction surveys to track evolving customer needs.

9. Innovate with Micro-Store Popups or Hybrid Models

Suggestion:

- Test micro pickup stations or hybrid models (offline pickup of online orders) in gated communities or corporate parks.
- This hybrid approach can improve delivery accuracy and cater to users wary of missed deliveries.

7. CONCLUSION

Swiggy Instamart has emerged as a formidable player in India's rapidly growing quick-commerce sector, redefining how consumers access daily essentials through its promise of instant deliveries and digital convenience. This case study set out to explore how Swiggy Instamart optimizes customer satisfaction in the complex, fast-paced ecosystem of on-demand grocery delivery in urban India. The research findings indicate that Swiggy Instamart's success is rooted in its customer-centric strategies, such as speedy deliveries, a wide assortment of products, an intuitive app interface, and seamless service integration under the Swiggy brand. Backed by advanced logistics infrastructure, real-time inventory management, and data-driven personalization, Instamart has managed to meet evolving urban consumer expectations with remarkable efficiency. However, the study also uncovered critical challenges—such as high operational costs, occasional service inconsistencies, and limited reach in non-metro cities—that could impact long-

term sustainability and satisfaction if left unaddressed. With growing competition from Blinkit, Zepto, and BigBasket Now, the pressure to maintain service excellence while expanding aggressively is higher than ever.

The SWOT analysis revealed that Swiggy Instamart has strong internal capabilities, but must capitalize on external opportunities—like regional expansion, sustainability efforts, and hyper-personalization—while proactively mitigating threats such as regulatory shifts and consumer fatigue from ultra-fast delivery expectations. Ultimately, this report concludes that customer satisfaction in quick-commerce is not merely a result of speed but rather a balanced combination of reliability, responsiveness, personalization, and trust. Swiggy Instamart's continued growth and customer loyalty will depend on its ability to evolve with consumer needs, innovate operationally, and stay ahead of both market and technological trends. By strategically enhancing its service quality, product offerings, and customer engagement models, Swiggy Instamart is well-positioned to remain a leader in the quick-commerce revolution while setting new standards for customer satisfaction in India's on-demand economy.

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