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# Performance of Q-Commerce Companies in India: A Post-Pandemic Review of Swiggy and Zomato

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## ABSTRACT

*Post pandemic India saw an upsurge in the business of E-Commerce companies in general and Q-Commerce companies in particular which made buying personal care products, medicines, gifts groceries, etc. easy for customers. Therefore a performance review of two leading Q-commerce becomes relevant in this juncture by the end of the financial year 2024. So this paper compares the performance of two leading Q-commerce companies namely SWIGGY and ZOMATO in India using secondary data for the past four years from 2021 to 2024.Performance indicators covered by this study include sales, costs, operational profit, net profit, and an array of cash flow parameters. Also, the standard deviation, basic arithmetic mean, and hypothesis testing are calculated using this data. These statistical tools have been utilized to draw inferences.*

***Keywords***: *Q-Commerce, Performance, Sales, Expenses, Cash Flow, Operating Profit.*

## Introduction

Q-commerce is a branch of e-commerce that caters to the needs of customers by providing them with goods and services at their doorsteps within a short period of time within an hour. Post-pandemic Q-commerce companies have made availability of goods and services quick and easy for consumers. Some of the major players in this industry are SWIGGY and ZOMATO. Along with many other small players, these Q-commerce companies have become major players in the services sector. Furthermore, this research paper analyses the performance of the previously mentioned companies in India.

## Literature Review

**(Nair, 2021)** Pointed out that the “Q” in quick commerce relates to delivering products to customers within half an hour. It all started with food and groceries in the beginning but has also extended to products like couriers, pharmacies, gifts, and others. But food delivery remains to be the major chunk of Q-commerce.

**(IBEF, July)** Q-commerce companies are constantly adding younger generations to their customer base. They are also adding a variety of products and services to their ambit and using regional festivities as an opportunity to push their services. Furthermore, these companies are using state-of-the-art technology like GPS, algorithms, and artificial intelligence to reach customers better.

**(Jameela, 2024)** Noticed that Zomato, Swiggy, Blinkit, Bigbasket, and Zepto are the major players in the quick commerce industry in India. The first two are the market leaders.

## Objectives of Study

- To study and compare the profitability of SWIGGY and ZOMATO in terms of sales recorded, expenses incurred, operating profit, and net profit made.
- To observe and analyze the cash flows of SWIGGY and ZOMATO.

## Hypotheses of the Study

**$H_0$** There is no significant difference between the performance of SWIGGY and ZOMATO

**$H_1$** There is a significant difference between the performance of SWIGGY and ZOMATO

## Methodology of the Study

- **Sources of Data:** Secondary data collected throughout four years, from 2021 to 2024, served as the study's foundation.
- **Plan of Analysis:** Sales, costs, operational profit, and net profits were used to examine the gathered data. Performance metrics also include cash flow from financing (CFF), investing (CFI), and operating (CFO) operations. The mean and CV have been used to examine this SWIGGY and ZOMATO data. Additionally, hypotheses are tested using a t-test, and conclusions are drawn using a p-value. Reduce the p-value because the two companies' performances differ significantly. In other words, P = 0.5 or higher is not significant, P = 0.2-0.5 is, and P = 0.00-0.2 is extremely significant.
- **Limitations of the Study :**Only the preceding four years and the aforementioned parameters are included in the study. The suggestions are based on p-value results derived from the above indicators.

## Profile of the Companies

- **SWIGGY:** Established in 2014, Swiggy, based in Bengaluru, is India's top on-demand delivery service that employs a technology-driven strategy for logistics and a solution-oriented method for addressing consumer needs. Operating in 500 cities throughout India, collaborating with hundreds of thousands of restaurants, employing over 5,000 people, and maintaining a fleet of independent delivery executives exceeding 200,000, Swiggy offers unmatched convenience through ongoing innovation. Leveraging strong ML technology and powered by terabytes of data processed daily, Swiggy provides a quick, smooth, and dependable delivery service for millions of users throughout India. As a hyperlocal food delivery business that has developed into a logistical center of excellence, Swiggy's capabilities enable both quick delivery for consumers and a fulfilling and effective work environment for its staff. With Swiggy's New Supply and the most recent launches of Swiggy Instamart, Swiggy Genie, and Health Hub, the company is consistently influencing the market.
- **ZOMATO:** Founded in 2010, the company's technology platform connects consumers, delivery partners, and restaurant partners, meeting their diverse needs. Our platform allows customers to search and locate eateries, read and write user-generated reviews, browse and upload images, order food delivery, book a table, and pay for their meals while dining out. Conversely, we offer restaurant partners tailored marketing resources that allow them to attract and retain customers to expand their operations while also delivering a dependable and effective last-mile delivery solution. We also run a comprehensive procurement service, Hyper Pure that provides premium ingredients and kitchen supplies to restaurant partners. We additionally offer our delivery partners clear and adaptable earning prospects.

## Results, Analysis, and Findings

- **Sales Recorded**

**Table 1: Sales made by the companies (Amount INR, 000)**

| Sales | 2021 | 2022 | 2023 | 2024 | Mean | SD | CV | t-test value | P value | Result |
|---|---|---|---|---|---|---|---|---|---|---|
| SWIGGY | 2,547 | 5,705 | 8,265 | 11,247 | 6941.00 | 3702.68 | 53.35 | 0.340 | 0.743 | L sig. |
| ZOMATO | 1,994 | 4,192 | 7,079 | 12,114 | 6344.75 | 4373.66 | 68.93 | | | |

(Source: Annual report from company website), (Table compiled by author)

It is noted from the above information that both companies have experienced a significant increase in sales during the given period. An observation CV shows that Zomato has a higher CV indicating variations in sales volume. The P value shows that the companies' sales do not differ significantly from one another.

**Conclusion:** Both companies need to increase their sales.

- **Expenses**

Table 02: Expenses incurred by the companies (Amount INR, 000)

| Expenses | 2021 | 2022 | 2023 | 2024 | Mean | SD | CV | t-test value | P value | Result |
|---|---|---|---|---|---|---|---|---|---|---|
| SWIGGY | 3,843 | 9,355 | 12,538 | 13,447 | 9795.75 | 4339.01 | 44.29 | 0.0371 | 0.972 | L Sig. |
| ZOMATO | 2,461 | 6,043 | 8,290 | 12,071 | 7216.25 | 4029.49 | 55.84 | | | |

(Source: Annual report from company website), (Table compiled by author)

Operating expenses indicate the major areas where the companies are paying for providing the services to their customers. The above table indicates that there is a steep increase in expenses from the years 2022 onwards, especially for SWIGGY. There is not much variation in the expenses. This is evident from the P value of 0.97, indicating a very low significant difference among the business expenses of the companies during the observation period.

**Conclusion:** Both companies are incurring the same amount of expenses.

- **Operating profit/ loss**

**Table 3: Operating profit/ loss generated by the companies(Amount INR, 000)**

| Operating Profit/Loss | 2021 | 2022 | 2023 | 2024 | Mean | SD | CV | t-test value | P value | Result |
|---|---|---|---|---|---|---|---|---|---|---|
| SWIGGY | (1,296) | (3,650) | (4,273) | (2,199) | (2854.50) | 1354.45 | (47.45) | 0.024 | 0.982 | L Sig. |
| ZOMATO | (467) | (1,851) | (1,211) | 43 | (871.50) | 831.59 | (95.42) | | | |

(Source: Annual report from company website), (Table compiled by author)

On a keen observation, it is observed that both companies have incurred operating losses. The volume of losses incurred by SWIGGY is higher than ZOMATO's, but the CV of ZOMATO is much higher, pointing to the volatility of profits, which may be due to high expenses. However, the overall picture is different, as the P value of 0.98 indicates that the losses experienced by the two firms do not differ much.

**Conclusion:** Both the firms are incurring losses

- **Net Profit/loss**

**Table 4: Net profit/ loss generated by the companies (Amount INR, 000)**

| Net profit/loss | 2021 | 2022 | 2023 | 2024 | Mean | SD | CV | t-test value | P value | Result |
|---|---|---|---|---|---|---|---|---|---|---|
| SWIGGY | (1,617) | (3,629) | (4,179) | (2,350) | (2943.75) | 1170.22 | (39.75) | 0.022 | 0.983 | L Sig. |
| ZOMATO | (816) | (1,222) | (971) | (351) | 664.50 | 697.36 | (104.95) | | | |

(Source: Annual report from company website), (Table compiled by author)

Both the firms have incurred losses in the observation period which is a result of operating losses. But the CV of ZOMATO is nearly three times of SWIGGY indicating a very high fluctuation in the volume of losses which is a matter of concern. In general there is no significant difference between the losses made by both the firms which is denoted by the P value of 0.98

**Conclusion:** The loss volatility of ZOMATO is higher than SWIGGY

- **Cash flow from operating activities**

**Table 5: Cash flow from operating activities (Amount INR, 000)**

| CFO | 2021 | 2022 | 2023 | 2024 | Mean | SD | CV | t-test value | P value | Result |
|---|---|---|---|---|---|---|---|---|---|---|
| SWIGGY | (1,175) | (3,900) | (4,060) | (1,313) | (2612) | 1581.98 | (60.57) | 0.060 | 0.954 | L Sig. |
| ZOMATO | (1,018) | (693) | (844) | 646 | (477.25) | 760.52 | (159.35) | | | |

(Source: Annual report from company website), (Table compiled by author)

The amount of liquid cash produced by the company from its hard-core business operations is shown by cash flow from operational activities. Both firms are unable to generate positive cash flow from their operating activities. Furthermore, ZOMATO is experiencing very high fluctuations, which is pointed out by a CV of 159.35 when compared to the CV of 60.57 of SWIGGY. However, the macro picture is that both firms are facing a deficit cash flow from operating activities without a significant difference between them, as pointed out by the P value of 0.954.

**Conclusion:** Both businesses are experiencing operating cash flow issues.

- **Cash flow from investing activities**

**Table 6: Cash flow from investing activities(Amount INR, 000)**

| CFI | 2021 | 2022 | 2023 | 2024 | Mean | SD | CV | t-test value | P value | Result |
|---|---|---|---|---|---|---|---|---|---|---|
| SWIGGY | 1,282 | (9,160) | 3,968 | 1,472 | (609.50) | 5830.24 | (956.56) | 0.205 | 0.843 | L Sig |
| ZOMATO | (5,245) | (7,971) | 797 | (348) | (3191.75) | 4125.29 | (129.25) | | | |

(Source: Annual report from company website), (Table compiled by author)

The cash flow from investing activities is the cash flow from purchasing assets and making securities investments. This indicates that the firms under observation are investing significant amounts in infrastructure necessary for their operating activities and in technology needed for business activities. SWIGGY has higher fluctuations in investing activities when compared to ZOMATO. Nevertheless, there is no significant difference between the cash inflows from the investing activities of the firms.

**Conclusion:** Both firms are spending on infrastructure development and on assets for the business.

- **Cash flow from financing activities**

**Table 7: Cash flow from financing activities (Amount INR, 000)**

| CFF | 2021 | 2022 | 2023 | 2024 | Mean | SD | CV | t-test value | P value | Result |
|---|---|---|---|---|---|---|---|---|---|---|
| SWIGGY | 14 | 13,634 | (172) | (123) | 3338.25 | 6864.28 | 205.63 | 0.884 | 0.406 | Sig. |
| ZOMATO | 6,402 | 8,750 | (127) | (207) | 3704.50 | 4572.15 | 123.42 | | | |

(Source: Annual report from company website), (Table compiled by author)

The cash flow from financing activities indicates the relationship between issuing equity and repaying debts. During the observation period, it was found that ZOMATO has a higher positive cash flow when compared to its counterpart which is also evident from a lower CV of 123.42. The companies may have been concentrating on paying off debts. The P value of 0.406 indicates a significant difference between cash flow from financing activities of the companies.

**Conclusion:** ZOMATO is better off in financing activities when compared to SWIGGY.

## Suggestions

- It is suggested that both companies have to continue their efforts to increase their sales.
- It is observed that the operating expenses are significantly high for the companies, and a thorough analysis of the major operating expenses is very essential.
- The major reasons for operating losses and net losses are the operating expenses; therefore, cost-cutting is very necessary for both companies.
- Negative cash flow from operations is accepted only if it is for growth, but if sales are on credit or post-paid services, then these companies have to take a second thought on these activities.
- It is suggested that the cash flow from financing activities needs to be monitored carefully, and funds have to be utilized for developing better infrastructure of the business.
- On a macro level, it was observed that the operating costs in Q-commerce are very high and the payback period is very long.
- Using the best technology at the lowest cost is the biggest challenge in this industry.

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