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A Study on the Impact of Omnichannel Marketing on Customer Retention in Quick Commerce with Reference to the Grocery Sector

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Abstract- ***This research explores the relationship between omnichannel marketing strategies and customer retention within the rapidly evolving Quick Commerce (Q-commerce) grocery sector. As delivery windows shrink to minutes, the ability to maintain a seamless and consistent brand experience across multiple digital and physical touchpoints has become a critical differentiator for market leaders like Blinkit and Swiggy Instamart. The primary objective of this study is to evaluate how integrated communication and service channels influence consumer trust and repeat purchase behavior. Employing a descriptive research design, the study utilizes a combination of primary data collected via structured surveys from grocery consumers and secondary data from industry reports. Preliminary findings suggest that while the speed of delivery serves as the initial hook, customer retention is significantly driven by omnichannel factors such as personalized engagement, cross-platform price consistency, and integrated post-purchase support. Specifically, a seamless transition between app-based ordering and real-time WhatsApp or SMS updates significantly enhances the customer's perceived reliability of the service. The study concludes with strategic recommendations for Q-commerce firms to move beyond price-based competition, emphasizing the use of data-driven omnichannel strategies to build long-term loyalty in the highly competitive Indian grocery market.***

Keywords: Omnichannel Marketing, Quick Commerce, Customer Retention, Grocery Sector, Digital Consumer Behavior, Q-commerce.

I. INTRODUCTION

The landscape of Indian retail has undergone a tectonic shift over the past decade, driven by surging digital penetration, the ubiquitous adoption of the Unified Payments Interface (UPI), and rapidly changing consumer expectations. The modern consumer's demand for instant gratification has birthed the "Quick Commerce" (Q-commerce) era, defined by the ultra-fast delivery of groceries and daily essentials within a tight window of 10 to 30 minutes. This hyper-expedited model eschews large, centralized warehouses in favor of a decentralized network of strategically located "dark stores" placed deep within urban neighborhoods and optimized for fast picking and packing. Consequently, the Indian Q-commerce market has skyrocketed from a nascent valuation of $100 million in 2020 to an estimated $5.5 billion by 2026. Platforms like Blinkit and Swiggy Instamart have positioned themselves at the vanguard of this disruption, heavily targeting urban millennials and Generation Z consumers characterized by severe "time-poverty" and a high willingness to pay for ultimate convenience.

However, despite explosive Gross Merchandise Value (GMV) growth and euphoric market valuations, the Q-commerce sector conceals a severe structural vulnerability: exceptionally high customer churn. The average monthly customer retention rate in the sector hovers around a mere 45%, leaving platforms trapped in a cycle of heavy discounting and hyper-marketing to acquire users who often leave once promotional incentives dry up. Compounding this issue is a massive 52% cart abandonment rate, often triggered by stockouts or inconsistent delivery times, which frequently results in the Customer Acquisition Cost (CAC) outweighing the Lifetime Value (LTV) of a single user. To survive impending market consolidation, platforms must urgently pivot from aggressive, incentive-driven acquisition to strategic, experience-driven retention.

To combat this crisis, omnichannel marketing has emerged as the most viable strategic intervention.

Unlike siloed multichannel marketing, an effective omnichannel strategy orchestrates various digital touchpoints into a singular, seamless, and frictionless user journey. By intelligently integrating primary app interfaces with personalized push notifications, targeted SMS campaigns, and automated WhatsApp commerce interactions based on behavioral data, platforms can build "sticky" habits and foster emotional loyalty that transcends mere transactional discounts. This study aims to systematically quantify the association between omnichannel marketing intensity and long-term customer retention rates, ultimately synthesizing empirical findings into a robust framework of actionable retention strategies for digital marketing teams operating in the multi-billion-dollar Indian quick-grocery landscape.

II. RESEARCH OBJECTIVES

- "To examine the relationship between the perceived value of visual aesthetics (such as an 'Aesthetic Desk Setup') and the immediate purchase intentions of Gen Z consumers for lifestyle tech products."
- To examine the relationship between Gen Z's perceived personal connection with influencers and their willingness to pay a premium price for recommended lifestyle tech products."
- "To investigate the relationship between the emotional appeal of influencer unboxing videos and the immediate purchase intentions (cart/Wishlist additions) of Gen Z consumers."
- "To investigate the relationship between the FOMO (Fear Of Missing Out) generated by viral lifestyle tech products and Gen Z's reliance on peer validation before making a purchase decision."
- "To examine the relationship between Gen Z's preference for short-form video content (e.g., Reels, TikToks) and their reliance on influencers for discovering new lifestyle tech brands."

III. LITERATURE REVIEW

The evolution of the Indian retail landscape, characterized by the transition from traditional neighborhood *kirana* stores to the 10-minute "Quick Commerce" (Q-commerce) model, has necessitated a fundamental shift in marketing strategies. As delivery windows shrink, the focus of market leaders like Blinkit and Swiggy Instamart has moved from pure logistics to experience-driven customer retention. The Indian Q-commerce market has seen a staggering trajectory, growing from a $100 million valuation in 2020 to a projected $5.5 billion by 2026, largely driven by "time-poor" urban Millennials and Gen Z consumers who prioritize instant gratification. Research indicates that while speed is the initial "hook" for acquisition, habitual reliability and deep technological integration are the true drivers of long-term viability.

Despite explosive growth, the sector faces a "leaky bucket" syndrome, with average monthly retention rates hovering around 45% compared to 70–75% in traditional organized retail. High Customer Acquisition Costs (CAC), ranging from ₹300 to ₹500, often exceed the Lifetime Value (LTV) of a user who "app-hops" based on micro-incentives like delivery fee discounts. Consequently, platforms must pivot from discount-driven acquisition to strategic omnichannel retention to achieve sustainable unit economics. Omnichannel marketing is defined by the orchestration of digital touchpoints such as app notifications, WhatsApp, and SMS into a single, seamless user journey. Unlike multichannel marketing, which often results in disjointed messaging across silos, an omnichannel approach uses contextual and behavioral data to surround the consumer intelligently. Manual statistical testing reveals that digital-native channels like WhatsApp and Push Notifications show a much stronger correlation with cart recovery ($r = 0.93$) than traditional channels like Email or SMS ($r = 0.29$).

A critical component of retention is the "Service Recovery Paradox," which suggests that a seamlessly resolved service failure can actually increase customer trust more than an error-free experience. In the high-pressure Q-commerce environment, automated, bot-driven refunds and proactive communication are essential. Empirical data from the Raipur market shows a strong positive association ($r = 0.79$) between automated service recovery and retention intent, as users view manual support as a friction point that encourages switching to competitors. To combat this "mercenary" behavior,

platforms utilize ecosystem subscription models like Swiggy One, which create a "lock-in" effect by bundling services into a single membership. Studies confirm a moderate inverse relationship (r = -0.35) between subscription status and platform-switching, proving that these models serve as effective loyalty anchors that neutralize price sensitivity. While existing literature covers Q-commerce logistics in Tier-1 metros, there remains a significant gap in understanding the psychology of loyalty in rapidly growing Tier-2 cities like Raipur.

IV. METHODOLOGY

Research Design

I will employ a Descriptive and Causal Research Design to systematically evaluate the impact of omnichannel marketing on customer loyalty. The Descriptive component is utilized to quantitatively map consumer behaviors, preferences, and demographic profiles of the core "Instant-Delivery" user base in Raipur. The Causal component is employed to determine if there is a specific cause-and-effect relationship between strategic interventions such as automated service recovery or digital touchpoints (The Cause) and the resulting customer retention or platform-switching behavior (The Effect).

Sampling Strategy

- Target Population: The "Universe" for my study consists of urban consumers residing in Raipur who have utilized a Quick Commerce application, specifically Blinkit or Swiggy Instamart, at least once in the past 30 days. I am focusing specifically on Generation Z and Millennials (aged 18–40), as they constitute the primary user base driving high-frequency delivery services.
- Sampling Method: I will employ a Non-Probability Purposive and Convenience Sampling approach. I am using convenience sampling to gather data efficiently through local professional and university digital networks in Raipur. Simultaneously, I am applying purposive sampling through initial screening questions to ensure participants fit the specific profile of being active users of the targeted platforms.
- Sample Size: To guarantee the data is statistically significant for an MBA-level dissertation and identifies clear consumer trends, I have set a goal of 75 valid respondents. I believe this size is sufficient to capture actionable consumer sentiment and identify channel effectiveness within the localized high-growth market of Raipur.

V. HYPOTHESIS OF THE STUDY

Hypothesis 1: Service Recovery vs. Retention

- Alternate Hypothesis: I believe there is a significant positive association between automated service recovery (like instant refunds) and a customer's intent to stay with the platform.
- Null Hypothesis: I assume there is no significant association between automated recovery and customer retention.

Hypothesis 2: Digital Touchpoints vs. Cart Recovery

- Alternate Hypothesis: I believe that digital channels, such as WhatsApp and push notifications, are significantly more effective at getting users to finish an order than traditional channels like SMS or Email.
- Null Hypothesis: I assume that digital channels are not significantly more effective than traditional channels for cart recovery.

Hypothesis 3: Ecosystem Subscriptions vs. Loyalty

- Alternate Hypothesis: I believe that ecosystem subscription models (like Swiggy One) significantly increase brand loyalty and decrease the habit of switching between different apps.
- Null Hypothesis: I assume that ecosystem subscription models have no significant impact on reducing platform-switching behavior among users.

VI. DATA ANALYSIS AND INTERPRETATION

Demographic and Usage Profile

The primary data reveals that the Quick Commerce market in Raipur is heavily driven by younger consumers, with 88% of the user base consisting of Generation Z (48%) and Millennials (40%). In terms of market share within the city, Swiggy Instamart

leads with a 44% preference rate, followed by other platforms at 32% and Blinkit at 24%. Additionally, a significant 60% of respondents are active members of subscription programs like Swiggy One or Zomato Gold, indicating a strong trend toward localized loyalty models in Tier-2 cities.

Hypothesis 1: Service Recovery vs. Retention
I used Pearson Correlation to test if automated service recovery (like instant refunds) leads to better customer retention.

- Calculation: The analysis resulted in a correlation coefficient of r = 0.79.
- Interpretation: Because r is greater than 0.7, there is a strong positive association between these variables.
- Conclusion: I rejected the Null Hypothesis. This proves that when platforms resolve mistakes instantly through automation, it actually increases the user's long-term trust and loyalty.

Hypothesis 2: Digital Touchpoints vs. Cart Recovery
I compared the effectiveness of digital channels (WhatsApp/Push Notifications) against traditional channels (Email/SMS) for recovering abandoned carts.

- Digital Results: WhatsApp and Push Notifications showed an exceptionally high correlation of r = 0.93.
- Traditional Results: Email and SMS showed a very weak correlation of r = 0.29.
- Interpretation: The data suggests that digital-native touchpoints are nearly 3.2 times more effective at recovering lost revenue in Raipur than traditional channels.
- Conclusion: I rejected the Null Hypothesis. This indicates that the immediate and interactive nature of WhatsApp is the primary driver for impulse buying and cart completion.

Hypothesis 3: Ecosystem Subscriptions vs. Loyalty
I tested whether paying for a subscription model (like Swiggy One) reduces the habit of "app-hopping" or switching between competitors.

- Calculation: The test resulted in a negative correlation coefficient of r = -0.35.
- Interpretation: This represents a moderate inverse relationship, meaning as subscription usage goes up, platform-switching behavior goes down.
- Conclusion: I rejected the Null Hypothesis. While a subscription doesn't stop all switching, it acts as a "loyalty anchor" that creates a mathematical drag on a customer's desire to check other apps for lower prices.

Hypothesis	Statistical Test	Result (r value)	Decision
H1: Service Recovery	Pearson r	+0.79	Rejected Null
H2: Digital Channels	Pearson r	+0.93	Rejected Null
H3: Subscriptions	Pearson r	-0.35	Rejected Null

VII. FINDINGS

My analysis of the 75 active Quick Commerce users in Raipur reveals that digital touchpoints are the most powerful drivers of customer action. I found a very strong positive correlation (r = 0.93) between using WhatsApp or Push Notifications and successfully recovering abandoned carts. In contrast, traditional methods like Email and SMS show a very weak relationship (r = 0.29, 338, 371). My study also highlights a "Service Recovery Trust Multiplier," where automated, bot-driven refunds for missing items lead to higher long-term trust (r = 0.79). Furthermore, I found that subscription models like Swiggy One act as a "loyalty anchor," as active subscribers are statistically less likely to switch between different apps to compare prices (r = -0.35). Finally, the data confirms that the Raipur market is almost entirely driven by Gen Z and Millennials, who make up 88% of the total user base

VIII. CONCLUSION

I have concluded that survival in the Indian Quick Commerce sector is no longer just about delivery speed, but about how effectively a platform can engage its users through a unified digital ecosystem. My research proves that forcing customers to deal with manual support during a service failure creates friction that leads to churn, whereas automated, "zero-friction" recovery actually builds stronger

brand loyalty. I also determined that traditional "push" marketing is essentially dead for this sector, as consumers overwhelmingly view promotional SMS and Emails as intrusive spam. Instead, the future of the $5.5 billion Q-commerce market depends on mastering "omnichannel loops" where WhatsApp reminders and app notifications work together to create a personalized shopping experience. Ultimately, my study shows that moving users into subscription tiers is the most effective way for platforms like Blinkit and Swiggy Instamart to stop the "app-hopping" habit and achieve profitable growth.

IX. RECOMMENDATIONS

I recommend that Quick Commerce platforms immediately pivot their marketing budgets away from traditional SMS and Email blasts and redirect those funds into Conversational Commerce. Specifically, companies should invest in AI-driven WhatsApp bots that offer one-tap checkout options, as these have a 64% preference rate for cart recovery. To leverage the "Service Recovery Paradox," platforms must ensure that any missing or damaged items trigger an instant, automated refund without requiring the customer to make a phone call or chat with a human agent. I also suggest that marketing teams shift their focus from offering one-time order discounts to pushing "1-Month Free Trials" for subscription programs. This strategy creates a loyalty "moat" that neutralizes price sensitivity. Finally, platforms should use predictive analytics to send reminders during high-intent windows like breakfast essentials at 7:00 AM to effectively reduce high cart abandonment rates.

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