

Quote by Nilaya Varma, Group CEO & Co-Founder, Primus Partners

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Runaway growth: Instamart now revisits dark-store bet

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It paused expansion efforts to improve utilisation, possibly allowing Blinkit to widen its lead

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After a year of steroid-fuelled dark-store expansion to outpace rivals, Instamart is staring at leaner carts. Its orders per dark store per day have fallen 22% over the past nine months, from a peak of 1,260 recorded during the second quarter of 2024-25 to 985 by the first quarter of 2025-26.

Part of the dip could be the ramp-up lag—new stores take months to optimize inventory, layout and demand. However, the quick-commerce player's recent averages falling short suggest deeper structural overcapacity, not just early-stage teething troubles, because mature dark stores in similar models tend to stabilize at higher order volume, warned Nilaya Varma, co-founder of management consulting firm Primus Partners.

Instamart's productivity, measured in terms of gross order value (GoV) per sq. ft peaked at ₹17,359 in September quarter before falling 32% to ₹11,762 in March quarter—possibly due to dark-store area expansion. Though the GOV—total value of all orders, before discounts, cancellations, refunds, or delivery fees—rebounded 12% to ₹13,163 in Q1, it's still 24% below the peak. After posting a loss of ₹896 crore in the quarter ended 30 June, it hit a pause on expansion to focus on boosting utilization—a breather that would widen rival Blinkit's lead even further.

Eternal's quick-commerce unit, which is in growth mode, plans to reach 2,000 stores by December. Food-delivery giant Swiggy's quick-commerce arm added 498 dark stores in FY25—just 25 fewer than it had opened in the first years since its 2020 launch.

With 1,021 stores, warehouse space



The firm's average orders per dark store per day fell 22% in nine months to just 985, signalling overcapacity concerns. REUTERS

ballooned 2.6X to 4 million sq.ft, signalling a shift towards larger-format facilities for the firm, either through the opening of new, bigger stores, or the expansion of older ones.

It also added 44 megapods, spanning 10,000-12,000 sq. ft with 50,000 stock

the same city, they start overlapping," explained Varma.

Instamart has the smallest share of the quick-commerce market among the top three, which means fewer orders to support the extra infrastructure, said Satish Meena, co-founder of

will depend on sustained consumer adoption of larger carts, something other quick-commerce players have struggled to maintain," added Varma.

It is also playing catch-up operationally. "They're now opening dark stores in high-density pockets where Blinkit or Zepto are already present—areas they know have demand. That's the first step: match the coverage, for which Swiggy is offering significant discounts, but it will hurt margins," added Meena. The next step is harder—converting customers to your app. And that's where Blinkit has a clear edge in customer acquisition and retention. "Most users tend to juggle two apps, typically Blinkit and either Zepto or Instamart, but Blinkit is often the common denominator (being the oldest among the three), reflecting stronger brand loyalty," said Meena.

For an extended version of the story go to livemint.com

EXPANSION BLUES

INSTAMART'S gross merchandise value fell 32%, rebounding to ₹13,163 in Q1—still 24% below its peak

THE co's warehouse space grew 2.6 times to 4 million sq. ft, signalling a shift toward larger stores

THE firm also added 44 megapods to serve 25% of users, but the move has driven up its costs

INSTAMART has the smallest share of the quick-commerce market among the top three

keeping units (SKUs) capacity in metro cities, accounting for about 10% of its total dark-store area, and serving 25% of its customer base. "Filling space on the map is easy; filling it profitably is another story. There is almost certainly a sweet spot for dark-store density. As you keep opening more dark stores in

data platform Datum Intelligence.

Larger-format stores and megapods can boost assortment and raise average order value—the average amount customer spends each time—but they also come with higher rent and staffing cost.

"Whether Swiggy's uplift covers the extra monthly lease and build-out costs