

EXPLAINING QUICK COMMERCE

PROBLEM STATEMENT

Blinkit faces the challenge of increasing Gross Order Value (GOV) per store to improve profitability in the competitive quick commerce market. Despite offering ultra-fast deliveries, high operational costs and small order sizes affect its profits. The company must address these issues while competing with players like Zepto and Swiggy Instamart.

Some Stats

3.3B
Revenue in
2024(USD)

1.8%
Penetration
in 2024

10B
Proj. revenue
in 2029(USD)

4%
Proj. penetration
in 2029

What is Quick Commerce?

Quick commerce is the fast delivery of essential goods within 10-30 minutes, utilizing local fulfillment centers. It caters to urban consumers seeking convenience and immediate access to groceries and household items

ACTORS INVOLVED

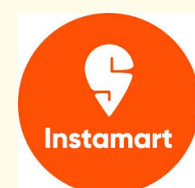
CUSTOMER

DARK STORE STAFF

DELIVERY PARTNER

SUPPLIERS

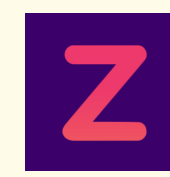
COMPETITORS



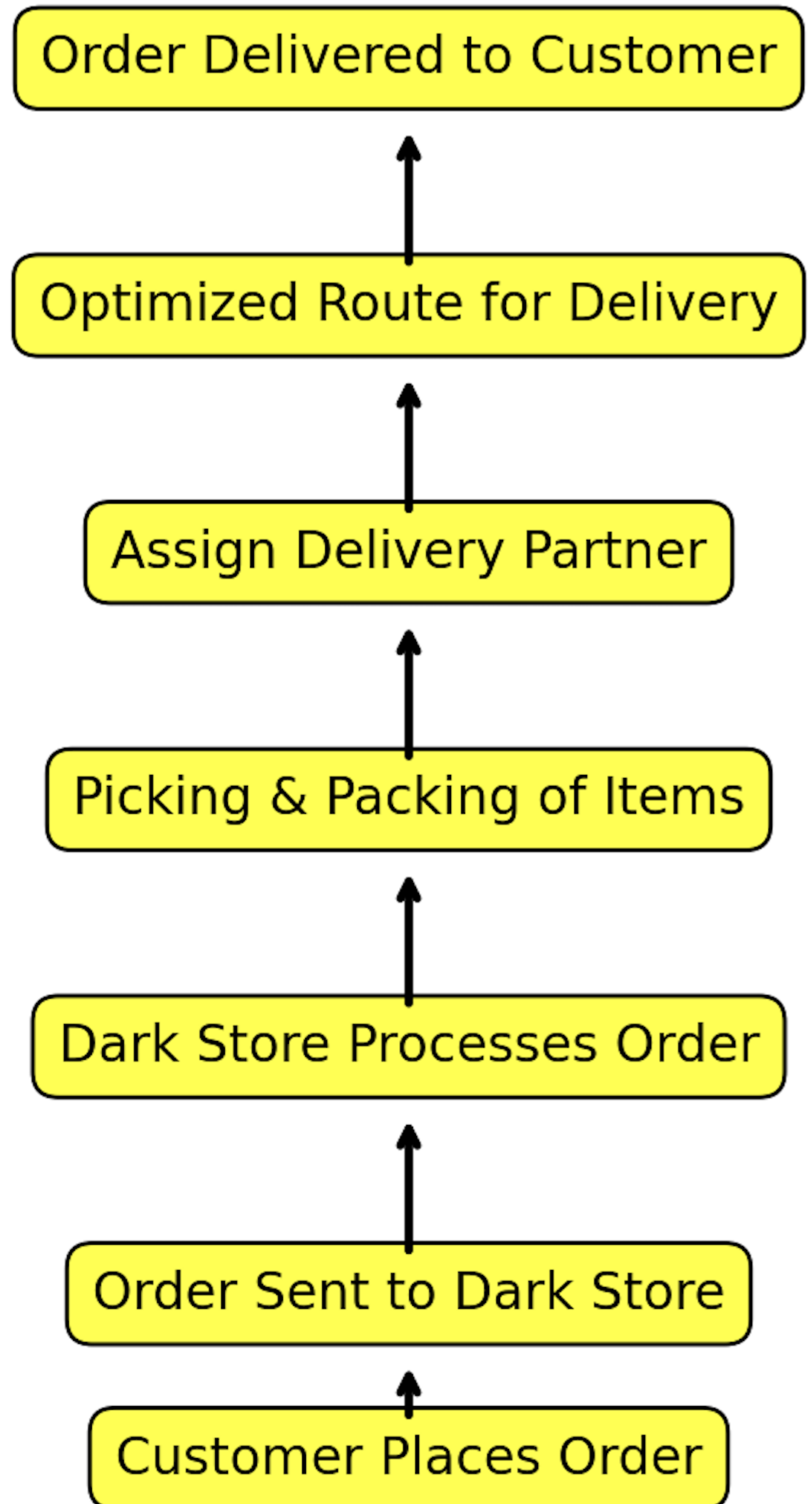
Swiggy Instamart



Dunzo



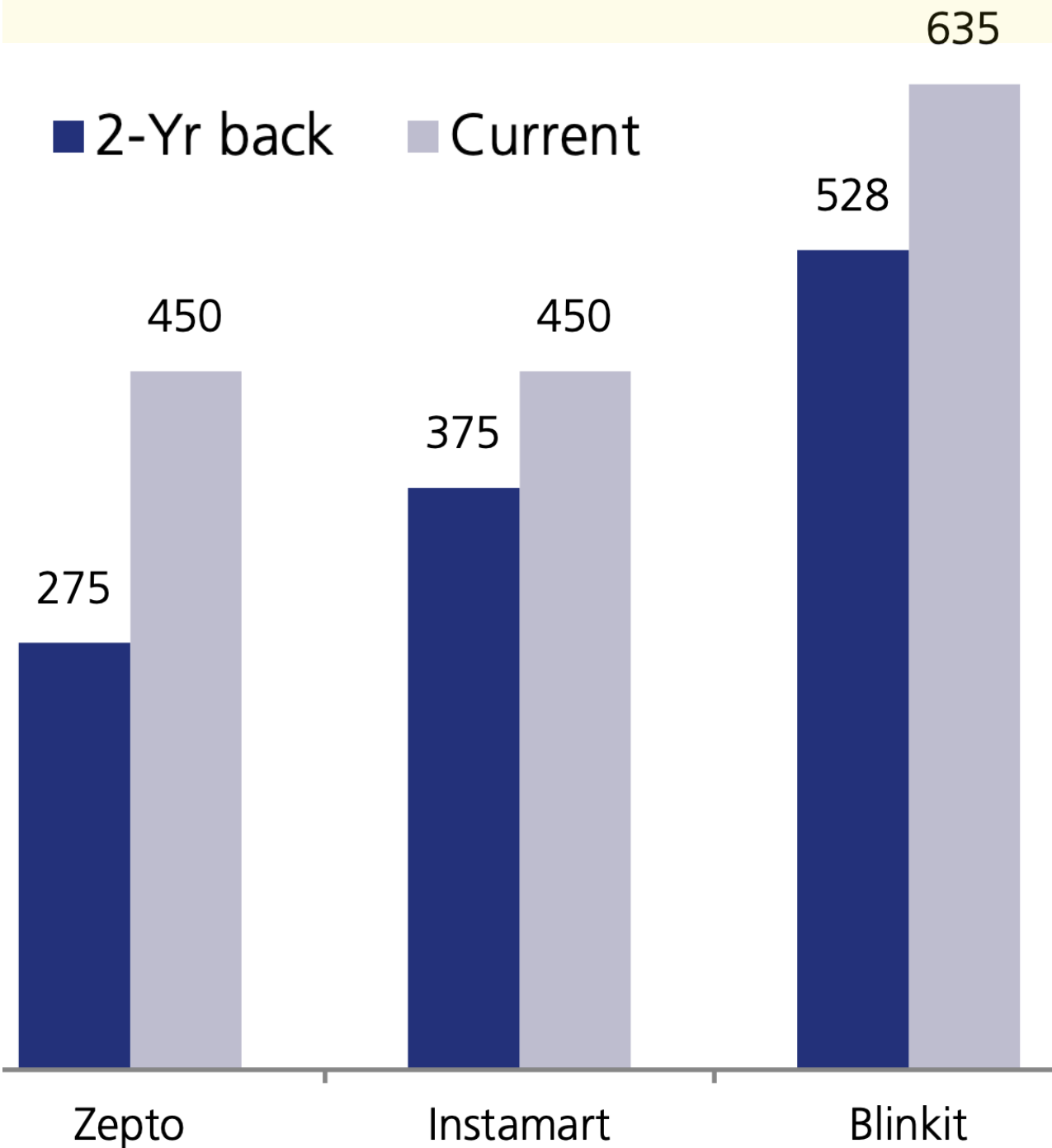
Zepto



COMPETITIVE LANDSCAPE

MARKET OF BLINKIT

- Goldman Sachs value Blinkit at 13B USD in 2024. The revenue increased by 22% quarter-on-quarter, reaching Rs 942 crore
- The Gross Order Value (GOV) rose by 130% year-on-year and 22% quarter-on-quarter to Rs 4,923 crore
- Blinkit's average GOV throughput per store has increased from ₹6 lakh per day (with 383 stores a year ago) to ₹10 lakh today across 639 stores



AOV Comparison

Zepto:



- Zepto operates around 300 dark stores. Its GOV throughput per store is approximately Rs 7 lakh per day. The company focuses heavily on fast deliveries, aiming to complete orders within 10-20 minutes.

Swiggy Instamart:

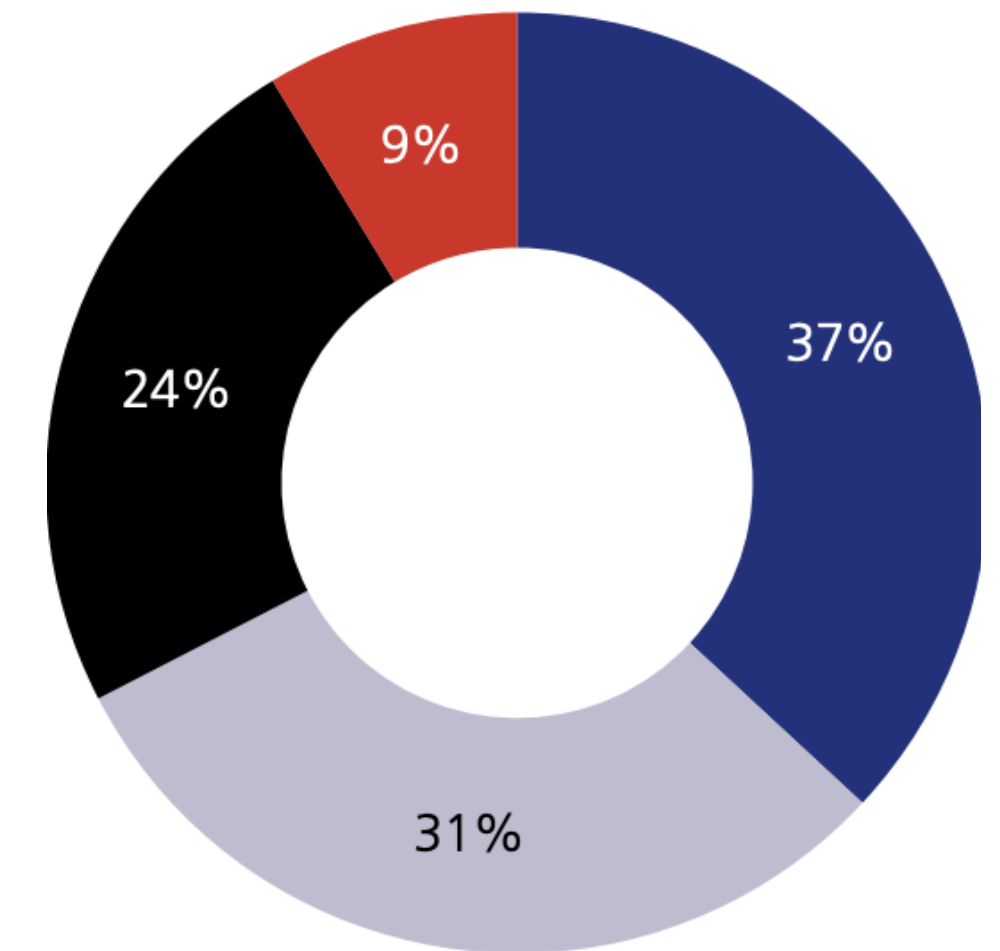


- Swiggy Instamart runs 700 dark stores across various cities, leveraging its established food delivery network. Its GOV throughput per store is around Rs 10 lakh per day, aided by Swiggy's large-scale operations and brand loyalty.

Dunzo:



- Dunzo operates with 75 dark stores. However, its GOV throughput per store is relatively lower at around Rs 4 lakh per day, focusing on a wider range of deliveries beyond just groceries, which affects its efficiency and delivery times.



■ Blinkit ■ Instamart ■ Zepto ■ BB Now

Market share comparison

“There is a huge scope of increasing revenue and the market share of Blinkit”

**Source:JM
Financial**

UNDERSTANDING OBJECTIVES

GOV throughput per store per day = (AOV + avg Delivery Charge) * #orders/day



AOV

- Variety Of products
- Good pricing and offers
- Product recommendations
- Low delivery charges
- Good app experience

Providing a **variety of products** with **good pricing** with **low delivery charges** increases the AOV. Great **product recommendations** and **app experience** also impacts AOV

Delivery Charges

- Efficient delivery batching
- Distance
- AOV

Efficient delivery batching reduces charges and a **high AOV** reduces delivery charges. As **distance** between dark store and household increases these charges also increase

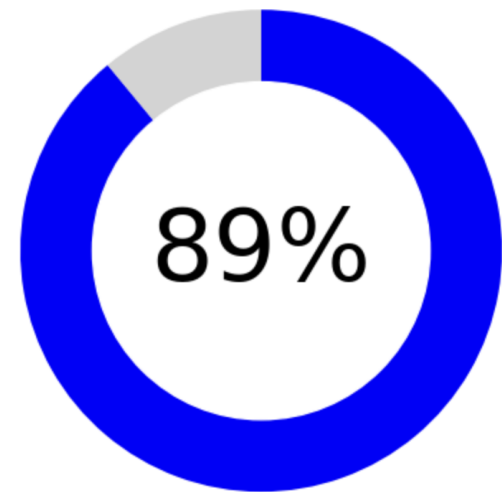
Orders per day

- #existing users
- #new users
- Customer Loyalty

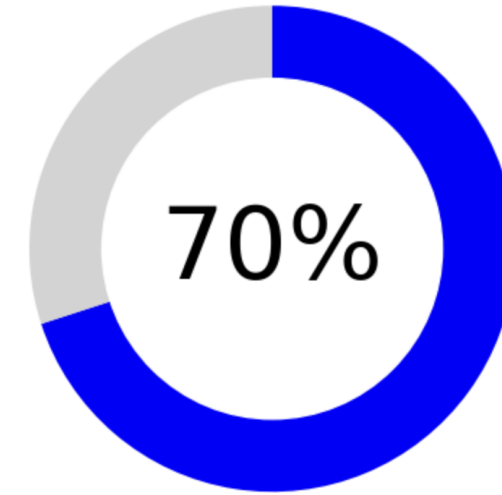
As **number of existing and new users** increases orders per day increases. **Customer loyalty** also plays an important role

IDENTIFYING PROBLEMS

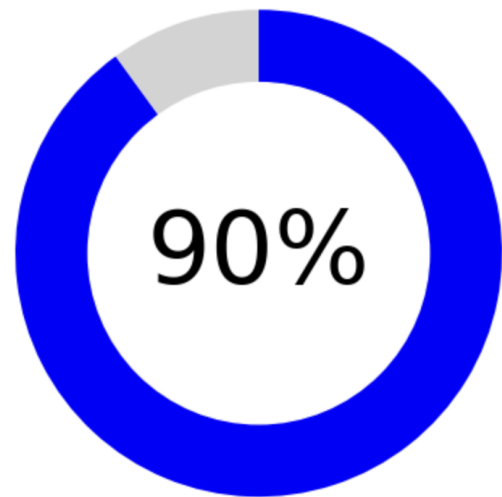
INSIGHTS FROM SURVEY & INTERVIEWS



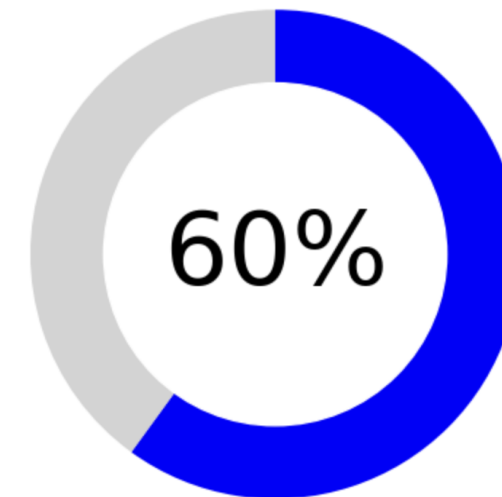
Respondents have used Blinkit in last 30 days



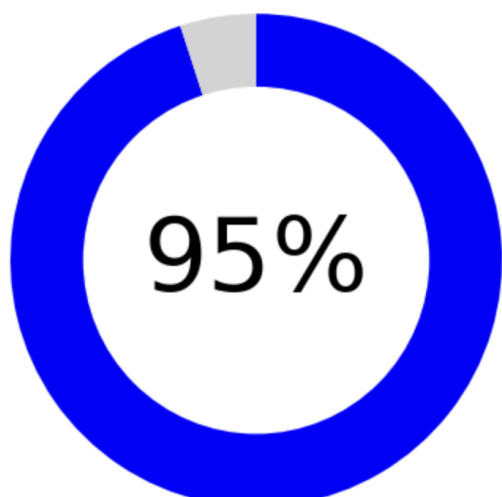
Respondents are between the age of 18-24



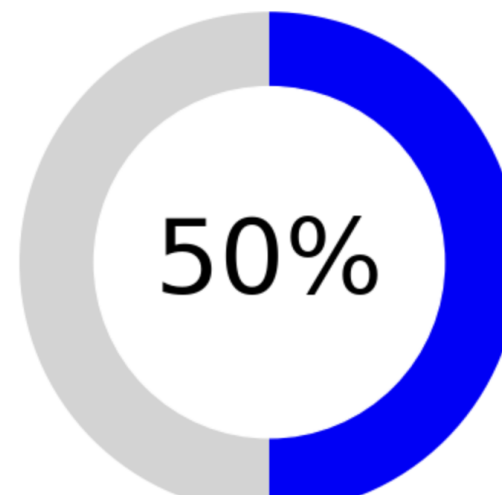
Users are satisfied with the delivery time



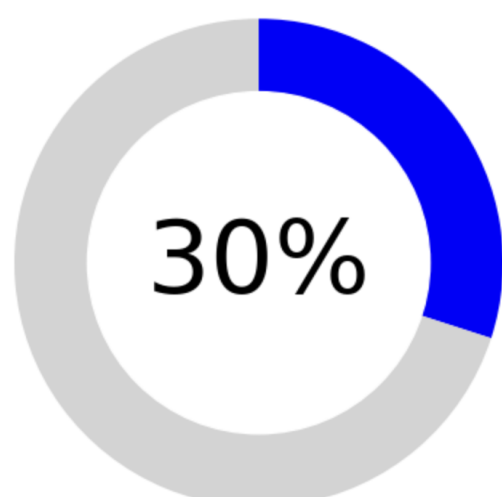
Users have faced stock outs for the products in many occasions



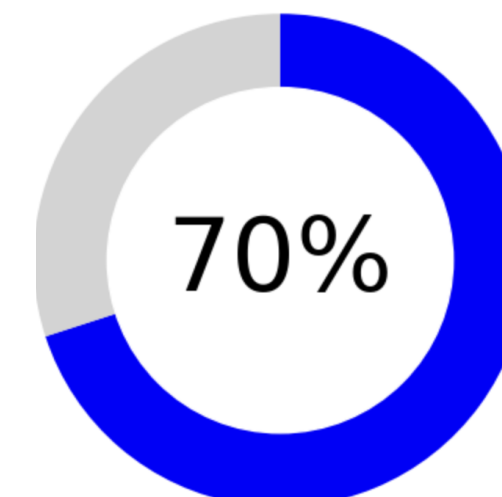
Users will switch to different app if prices are better somewhere else



Users are happy with the variety of products Blinkit offers



Users prefer high delivery speeds over lower prices



Users prefer lower prices over delivery speeds

[Click here for survey results](#)

BRAINSTORMING ALL POSSIBLE ISSUES

1. Customers Specific

- **Price Sensitivity:** Likely to switch to competitors for better deals.
- **Small Basket Sizes:** Impacts profitability with fewer items per order.
- **Low Loyalty:** Customers often switch platforms for better offers.

2. By Dark Store Staff

- **Limited Space:** Constrains product variety, especially during high demand.
- **Operational Efficiency:** Delays in picking/packing affect delivery.
- **Demand Fluctuations:** Can cause stockouts or overstocking.

3. By Delivery Partners (Riders)

- **Tight Delivery Windows:** Pressure to meet 10-20 minute timelines.
- **High Costs:** Fuel and vehicle maintenance reduce earnings.
- **Order Batching:** Fewer orders reduce delivery efficiency.

4. By Suppliers

- **Inventory Turnover:** Misalignment leads to wastage or stockouts.
- **Lead Times:** Delays in replenishing stock.
- **Dependence on Forecasting:** Inaccurate forecasts affect stock levels and operations.

USER STORIES



Meet Ashish, a 22 years old gentleman working as a Business Analyst at Flipkart, Bangalore
He earns well and enjoys to spend time with his friends when he is not busy

On a Saturday night, he invites his friends over to his house for a small drinks party. He soon discovers that he has no soft drinks or snacks to serve at the party. It's now midnight, and the nearby shops are closed. He unlocks his phone and opens the Blinkit app.

HINDRANCES HE FACED

Not able to find all party essential items in one place

Many Items he searched for are out of stock

As its late night Blinkit is charging him a surge amount

He finally decided to use other Swiggy Instamart which had all items he wanted bundled together



Meet Anushka , a 20 years old student currently interning as a accountant in a finance firm.As she lives far from her house she has to cook the food herself which is also her hobby.

It's 4 PM, and Anushka is at her office working when she remembers that she is out of groceries, which are essential for cooking her dinner later. She considers buying groceries from a nearby shop on her way home, but feeling quite tired, she decides to open the Blinkit app instead.

HINDRANCES SHE FACED

She can't find the option to schedule the delivery while at the office

Many Items she searched for are out of stock

She doesn't receive a discount on her purchase, unlike at the nearby store

As she didn't wanted the delivery to be instant she decided to buy groceries with the nearby stores itself

DEFINING THE PROBLEM

WHAT IS THE TRUE PROBLEM AND HOW DO WE KNOW THAT IT IS REAL ?

Customers face significant challenges in their ordering journey due to **product stockouts, high delivery fees, lack of discounts, and no option to schedule deliveries**. These issues lead to customer frustration and missed opportunities. Customers often switch to competitors or buy products from nearby stores .

We know that the problem is real due to-
Customer Survey: Complaints and reviews highlighting dissatisfaction with stockouts, delivery fees, and lack of scheduling options.

Market Research: Data showing that customers prioritize discounts, availability, and scheduling flexibility when choosing a platform.

Competitor Growth: Competitors gaining market share by addressing these unmet customer needs more effectively.

WHY SHOULD THE PROBLEM BE SOLVED NOW?

Rising Competition: Quick commerce is competitive; solving these issues will help retain customers and prevent them from switching.

First-Mover Advantage: Acting now can differentiate the company, build customer loyalty, and increase market share.

FOR WHOM EXACTLY ARE WE SOLVING THE PROMLEM FOR?

We are targetting young working professionals living in metros and tier 1 cities . They may or may not earn well .

WHAT IS THE VALUE GENERATED ?



ENHANCED CUSTOMER EXPERIENCE



INCREASED PROFITABILITY

SOLUTION IDEATION & PRIORITISATION

INVEN-GENIE

It is a AI-driven inventory management feature which uses machine learning to forecast demand, optimize stock levels, and automate restocking. It prevents stockouts, reduces overstock, and enhances efficiency by analyzing real-time data. This system ensures seamless operations, real-time alerts, and smarter inventory decisions for better customer satisfaction and profitability.

Boost AOV and improve store efficiency

WAIT & GAIN

Its a delayed delivery batching feature allowing users to choose a slightly delayed delivery, enabling orders to be grouped with others. In return, users receive a discount for their next order as a reward for saving on delivery costs. It's a win-win solution for both efficiency and savings.

Reduce operational cost giving discount to user

SMART-BUNDLE

The bundling solution offers customers discounts when they add complementary items to their order. By suggesting related products during checkout, it encourages larger orders, boosting the average order value (AOV). This approach provides convenience and savings for customers while driving higher revenue through smart product recommendations.

Improves customer experience by easing ordering journey

	REACH	IMPACT	EFFORT	PRIORITY (I*R/E)
INVEN-GENIE	HIGH Impacts all customers by ensuring better product availability	MEDIUM Prevents stockouts, improves order fulfillment, and boosts revenue	VERY HIGH Requires complex AI models and integration with existing systems	LOW
WAIT & GAIN	HIGH Targets all customers willing to accept delayed deliveries	HIGH Encourages batching, reduces delivery costs	MEDIUM Needs backend scheduling and discount system integration	VERY HIGH
SMART BUNDLE	HIGH Affects all customers during checkout with product recommendations	HIGH Increases AOV and enhances customer experience	HIGH Requires complex AI models and integration with existing systems	HIGH

FINAL SOLUTION: WAIT & GAIN

SYSTEM DESIGN

The Wait & Gain feature allows customers to choose a slightly delayed delivery option instead of immediate delivery. In return, they receive a discount on their next order as a reward for opting into a delayed delivery. This delay enables Blinkit to batch multiple orders together, optimizing delivery routes, and reducing delivery costs

CUSTOMER GETS :BETTER DISCOUNTS ,FLEXIBILITY

Benefits of Wait & Gain:

1. Optimized Delivery Costs:

- Batching multiple orders reduces delivery costs per order. For example, delivering 5 orders together significantly lowers costs compared to individual deliveries.

2. Encourages Higher AOV:

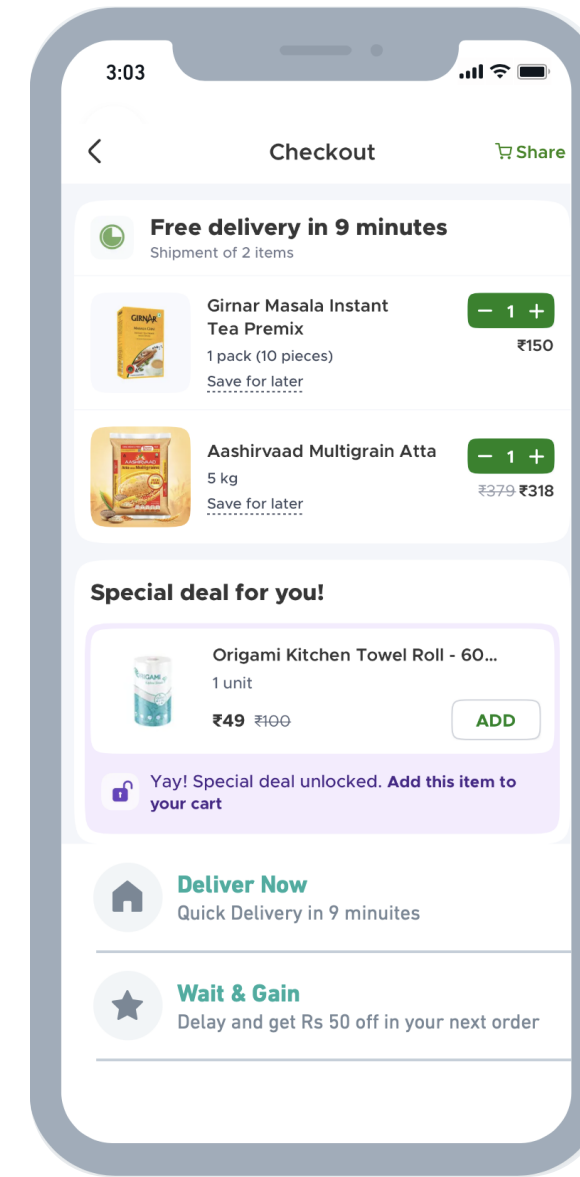
- Customers may increase their order size to qualify for discounts.

3. Improves Operational Efficiency:

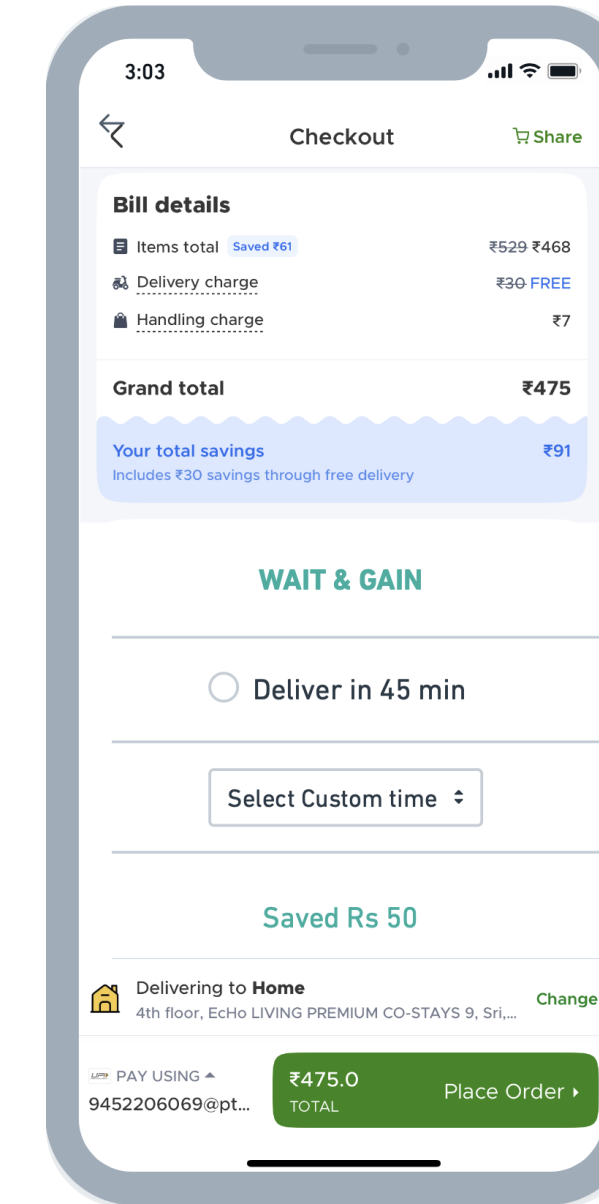
- Fewer deliveries reduce fuel, labor, and vehicle maintenance costs.

4. Increased Customer Repeat Rate:

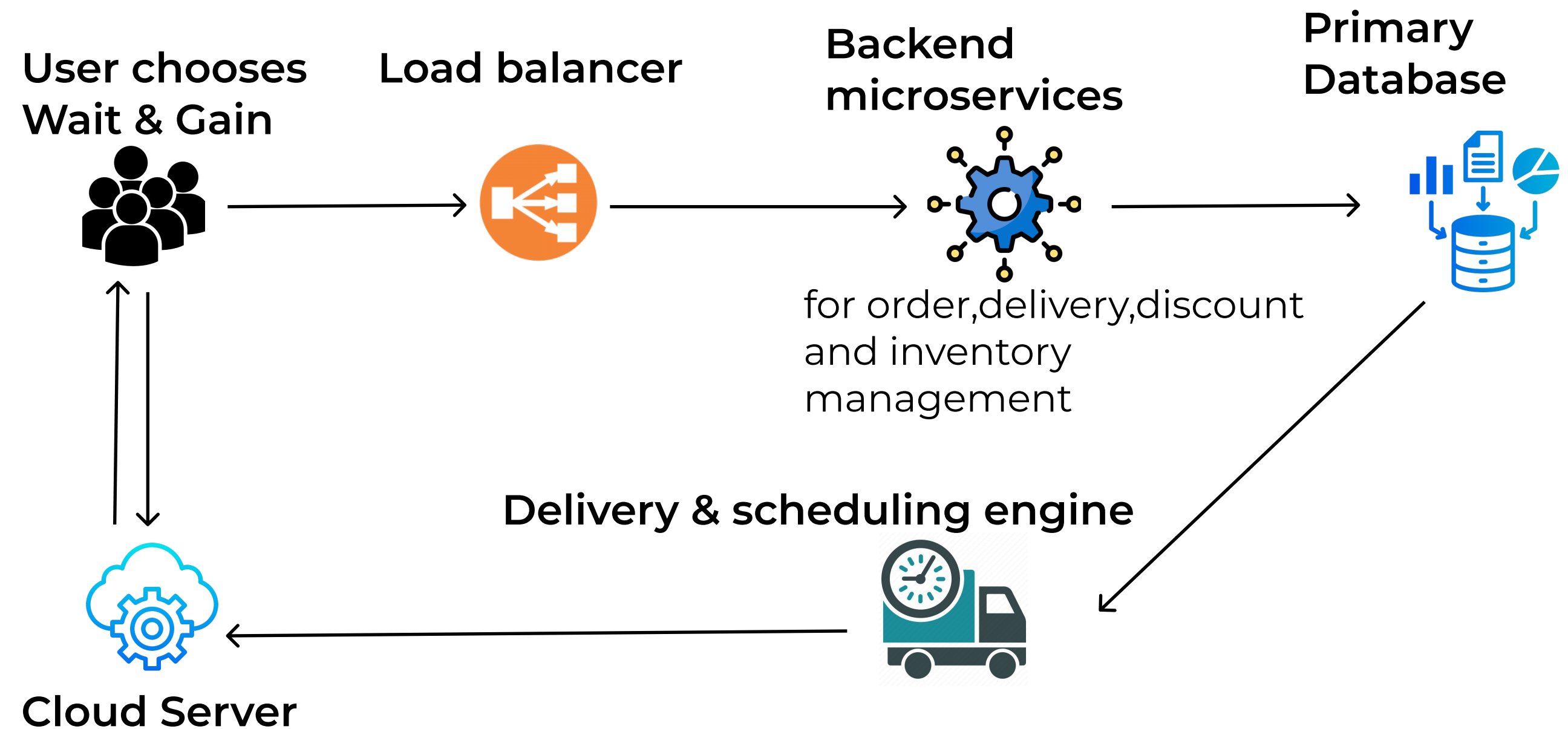
- Discounts are redeemable only on the next purchase, motivating customers to place repeat orders and enhancing loyalty.



In the checkout page users will see the options for both regular delivery and Wait & Gain



If user chooses Wait & Gain they will be asked to select a delivery slot or to deliver under 45 minutes. They will also see their reward amount



KEY METRICS & PITFALLS/MITIGATIONS

SUCCESS METRICS



Average Order Value of Wait & Gain users (AOV):

- Definition: The average amount spent per order by customers.
- Why It Matters: Higher AOV indicates that customers are spending more per transaction, which directly boosts revenue and profitability.
- Goal: Increase AOV through the Wait & Gain feature by encouraging customers to add more items to their cart.
- Why AOV is North Star: It directly measures the increase in customer spending per order, which drives revenue growth and profitability, aligning with the core goal of the Wait & Gain feature.

Wait & Gain Adoption Rate:

- Definition: The percentage of customers choosing the Wait & Gain delivery option out of all eligible customers during checkout.
- Why It Matters: Reflects how well the feature is resonating with users and influencing their delivery choices.
- Goal: Achieve a high adoption rate, indicating customer willingness to opt for delayed delivery in exchange for discounts.

Discount Utilization Rate:

- Definition: The percentage of customers who redeem the discount earned through Wait & Gain in their next purchase.
- Why It Matters: Indicates the effectiveness of the discount in driving repeat purchases and customer retention.
- Goal: Maximize utilization, showing that discounts are compelling customers to place repeat orders.

PITFALLS & MITIGATIONS

1. Low Adoption Rate-

Customers may not see the value in the feature, leading to low adoption and underutilization.

- Educational Campaigns: Use notifications and emails to highlight benefits.
- Incentivize Adoption: Offer higher initial discounts or loyalty points.
- A/B Testing: Optimize messages and discount offers for better promotion.

2. Negative Impact on Customer Experience

Customers may feel dissatisfied if the delayed delivery option is poorly communicated or leads to unexpected delays, causing frustration and negative reviews.

- Clear Communication: Highlight expected delivery time and benefits clearly.
- Set Expectations: Use visual cues on the checkout page.
- Flexible Options: Allow users to switch back to standard delivery if needed.

3. Potential Revenue Loss Due to Discounts

Offering discounts for delayed delivery may reduce profit margins if not balanced with cost savings.

- Dynamic Discounting: Adjust discounts based on order size and timing.
- Analyze Cost Savings: Ensure savings from batching offset discounts.
- Caps on Discounts: Set minimum order values or conditions to prevent abuse.