## Current Insdustrial State Of Quick Commerce Application

- The Quick Commerce market in India is forecasted to generate a revenue of **US$3,349.00m in 2024**.
- This market is expected to exhibit a compound annual growth rate (CAGR 2024-2029) of 24.33%, leading to a projected market volume of **US$9,951.00m by 2029**.
- By 2029, it is anticipated that the number of users in the Quick Commerce market in India will reach **60.6m users**.
- The user penetration rate, which currently stands at 1.8% in 2024, is projected to rise to **4.0% by 2029**.
- The average revenue per user (ARPU) is estimated to be **US$127.70**.
  **Reference: bit.ly/4bLgDYs**

## Current Financial State Of Blinkit

As per the regulatory filing Blinkit's revenue from operations for the financial year that ended in March 31, 2024, stood at Rs 2310 crore against Rs 806 crore in the last fiscal. Through improvements in customer acquisition costs and higher retention, Blinkit's contribution margin, as a percentage of gross order value (GOV), improved to 2.4% in the latest third quarter of FY24 from 1.3% in Q2 FY24. **Sequentially, however, Blinkit's average order value (AOV) softened to Rs 617 from Rs 635 in the December quarter.** Blinkit, which had 526 stores as of March 31, aims to have a total of 1,000 by the end of this fiscal.
**Read More: https://linkmix.co/23282728**

## Competitors Analysis

**Reference: https://linkmix.co/23192550**

| Categories | Instamart | Blinkit | Zepto | BigBasket |
|---|---|---|---|---|
| AOV | Rs 460 | Rs 617 | Rs 400-500 | Rs1300-1400 |
| Avg threshold price for free delivery | Swiggy One Users: Rs99 General Users: Rs 149 | Rs 199 | Zepto pass users:Rs99 General users: Rs199 | For orders Rs 251- 1000: Rs 30 delivery fee Orders above Rs1000: No delivery fee |
| Avg Delivery charge | Rs 15-35 Rs 5 for slots | Rs 20-40 | Rs 5-40 | Rs 30 |
| Avg Discount provided | 10-20% | 10% | 10-20% | 10-20% |
| Membership pricing | Rs 250-400 | NA | Rs 149-299 | NA |

According to our survey, which was conducted with 14 **working professionals**

- **34%** of users are **Blinkit Users**
- **70%** of users prefer ordering **Multiple times in a week**(Indicating ordering goods in small quantities), and **13%** of users prefer ordering **once in a month**(Indicating ordering goods in bulk quantity)
- **50%** of users prefer ordering **Based on needs**, and **50%** of users prefer placing **small orders of 1-3 items**
- **27%** of users prefer orders of **Rs 100-200**, **84%** prefer Rs **200-500**, and **20%** prefer **Rs 500-800**.
- **84%** of users place bulk orders due to **bundled products**, **77%** due to **higher discounts**, and **71%** due to a greater **variety of products** and **restocking multiple items for grocery shopping**.
- **85%** of users are willing to add more items to their cart to meet the minimum requirement criteria for free delivery

**Another Survey conducted with 6 working professionals gave us information like : -**

- **67%** of users prefer cooking on weekends and **15%** users prefer cooking when time available.
- Users prefer cooking **evening snacks or dinner** and they do not have enough knowledge about ingridients
- Users cooking experience mostly ranges between **1-3**(Low to moderate)
- Users mostly experience pain points like going out for **grocery shopping, time constraints, feeling overwhelmed with youtube reccomendations, lesser knowledge on what to cook**
- **67%** of users prefer ordering online food, **17%** users prefer mess subscription
- Users are mostly dissapointed with their current choices of food, if not cooking as it is **unhealthy and they are used to the taste**

**Survey Responses: bit.ly/3wHTxmG**

## What is Average Order Value ?

**Average Order Value (AOV)** refers to the average amount spent by each customer on their per transaction from the application.

**Calculation**:*Total revenue regenerated each quarter/ Total number of orders in that particular quarter*

## Why the AOV Of Blinkit is on the lower side ?

*According to **The Economics Times***

*Blinkit reported a gross order value (GOV) of Rs 4,027 crore in the March-quarter, up 97% year-on-year.*

*Sequentially, however, Blinkit's average order value (AOV) softened to **Rs 617 from Rs 635** in the December quarter.*

**Reference: bit.ly/3UQI1xD**

As per the user survey conducted and the articles which are present online, it can be deduced that the AOV of Blinkit has gone on the lower side because of the following reasons : -

- The threshold price for free delivery is **Rs 199**, which allows the users to order goods in **small quantities(2-3 times)**. Blinkit users often tend to just cross the threshold price in order to avail the free delivery. This also depicts Blinkit users habit of ordering goods **multiple times in a week**
- Average expenditure of Blinkit users on each order mostly varies from **Rs 100-200 or Rs 200-500**
- Blinkit does not have any premium membership plan because of which users tend to avoid placing bulk orders as the **discount % even on bulk orders are comparatively less**

## KPI Tree for Matching Business Outcome with Product Outcome
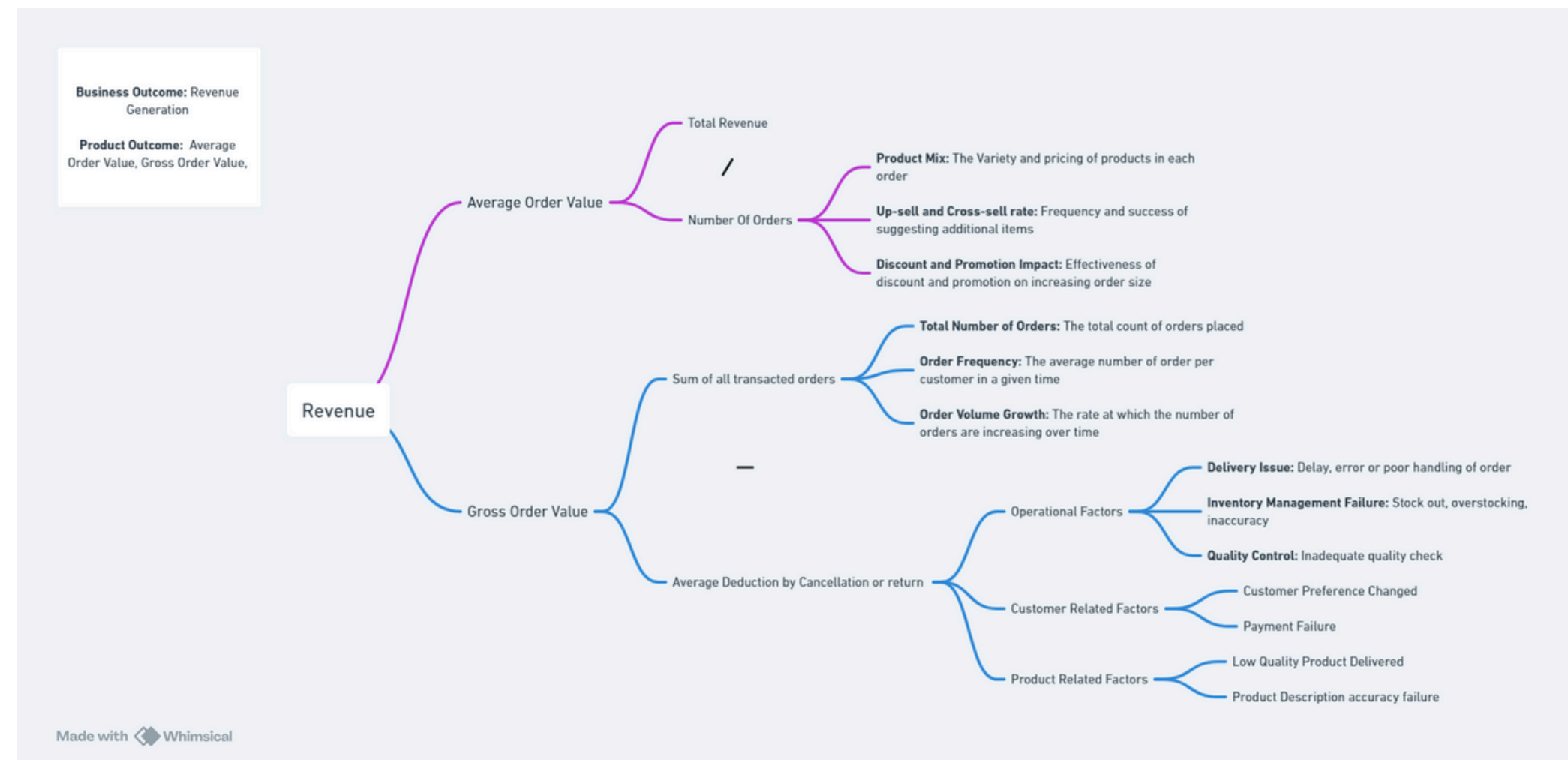


**Board Link: bit.ly/3K7Pza5**

## Actors Involved

**Target Audience:** *Working professionals* with a 9-5 job

**Motivation to order groceries from Blinkit :-**

- Easy to use User Friendly interface
- Availability of almost every category of product with proper categorization
- Availability of various varieties of products on the same category
- Availability of quick electronic products, household and decorative products
- Shop by store feature
- Quick and reliable delivery
- Less threshold price set for free delivery

**Pain Points :-**

- Less availability of bundled products which are essential household items and are required on daily basis
- Discount % on bulk orders are mostly less, varies from 5-10%
- Zomato Gold subscription does not include Blinkit
- The minimum threshold price for unlocking free gifts are on orders above Rs 300-500, which is very high
- Cooking habit essentially not formed because of hectic work life.On most of the days working professionals prefer not to cook, and order food from outside.

**Target User Persona**

**Anil Kumar**

**Male, 26, Pune, Developer**

Works for a 9-5 software company as a Developer, travels daily for 30 min to reach office, has to attend several meetings after office hours
Has a monthly subscription plan in a mess providing him evening snacks and dinner. Full meal of weekends

**Pain Points:** Disappointed with the food quality of the mess, wants to learn cooking but does not get much time to research, feels overwhelmed with youtube search recommendations. Also lack of confidence because of less experience in cooking and less knowledge about ingridrients. Availability of less bundled products and less discount % on bulk orders is also a major pain point

**Goals/Needs:** A curated list of home made recipies with instructions and information about ingridrients and a planner to track the meals. To be able to order more bundled products and avail more discount % on bulk orders

## Structured Analysis Of The Problem

**What is the True Problem ?(Problem Statement)**
Target users who are having a very busy work schedule and less experience in cooking are unable to decide what to cook for themselves and often feel very overwhelmed with youtube recommendations. This leads to users occasionally cooking for themselves and ordering groceries only when necessary in small quantities. Also availability of less bundled products and less discount % of bulk orders does not motivate users to order in large quantities. All of these factors are leading to decrement in **Unit Economics** and **Average Order Value**.

**Who are the customers facing the problem ?**

**Young Working Professionals**, with a 9-5 job having a very busy and hectic work schedule

**How do we know it's a real problem ?**
User research suggest that most of the users prefer ordering multiple times in a week, indicating small orders of 1-3 items or based on their needs and users are only willing to spend Rs 100-200 or Rs 200-500 per order

**What is the value generated by solving this problem ?**

**For Target Users**

Motivating Users to order items in bulk by implementing product solutions to solve the pain points of users

**For Business**

After the product solutions implemented, expected increment in Average Order Value (AOV) by **10%** over the next upcomming quarter as AOV is an important metric and has a direct impact on revenue

**Why should we solve this problem now ?**
As working professionals' schedules start getting more and more busier with days going by, it is a good time for us to implement certain product solutions which will help the users to easily cook meals, motivating them to order items in bulk which will in turn help in the increment of AOV, and with more competitors entering the quick commerce market, it is important to increase the AOV as it has a direct impact on revenue and will also help in improving user satisfaction.

- **Highlighting Trending Products:** Highlighting Items which are purchased most by users on that particular day or that particular week in a dedicated section at the top of the application

- **Personalized Shopping Experience:** Suggesting users more items after adding a certain item into the cart according to their **order history and purchase preferences**

- **Increase threshold price for free delivery:** Threshold price for free delivery at present is Rs 199 and for new customers it is Rs 99. Increasing the threshold price for General users to **Rs 250**

- **Increase the availability of bundled products:** More bundled products enables users to increase their cart value as they can order multiple products of the same category by paying a considerably lower price. Ex: If a single packet of masala cost Rs 80, then three packets of masala will cost Rs 230 instead of Rs 240 enabling **5%** of discount.

- **Blinkit Gold Membership Plan:** Implementing membership plan starting from Rs 199/month

- **Time sensitive offers:** Implementing time sensitive offers on a particular time of the day, mostly **evenings** and keep it valid for at least **2 hours**. Users placing bulk orders above **Rs 320** will be able to avail **free delivery** and a discount of **12%** on the total order value also availing a **free gift**.

- **My Cooking Assistant:** A section in the app where users will be able to access various home made recipes with instructions and ingridients to be used with a option to add to cart, a particular youtube video showcasing the exact recipe. A neutrients info of that reciep. Users will also be able to track their day to day meals with meal planner and a GPT to answer cooking related questions.

## Prioritization Table

| Solutions | Reach | Impact | Confidence | Effort | Score |
|-----------|-------|--------|------------|--------|-------|
| Solution 1 | 2 | 2 | 1 | 2 | 2 |
| Solution 2 | 2 | 2 | 2 | 3 | 3 |
| Solution 3 | 4 | 4 | 4 | 2 | 32 ⭐ |
| Solution 4 | 4 | 4 | 3 | 3 | 16 ⭐ |
| Solution 5 | 4 | 4 | 4 | 3 | 22 ⭐ |
| Solution 6 | 3 | 3 | 3 | 2 | 14 |
| Solution 7 | 4 | 4 | 4 | 3 | 22 ⭐ |

**Detailed Calculation**

- The prioritization table has been built based on the **RICE Framework**
- Each solution has been given separate scores on four different categories **Reach, Impact, Effort and Confidence**
- Solutions scoring 4,5 = High,3 = Moderate, 1,2=Low

## Proposed Solutions with Value Proposition

- **Increasing Threshold Price for free delivery:** At present Blinkit's minimum order value for free delivery is **Rs 199**. Increasing it to **Rs 250** will allow the users to add more items to their cart. Backed with user research, this product solution will help in motivating users to increase their **cart value** by reaching the minimum threshold price for free delivery.
- **Increase the availability of bundled products:** Users prefer ordering Bundled products as it helps them to save some money at the same time order multiple products. Backed with user research this product solution will motivate users to **increase their cart value** and will solve their **pain points**
- **Blinkit Gold Membership plan:** Users often prefer having higher discount % on bulk orders. The Gold membership plan will come at a fair price of **Rs 199/month** where users will be benefited with **higher discounts on bulk orders and lower threshold price for free delivery i.e Rs 120** solving users major pain points at the same time motivating them to order items at bulk
- **My Cooking Assistant:** Backed with user research this product solution will allow the users to cook easy, less time taking homemade recipes. The features will allow the users to easily get into the **habit of cooking**. Users who are able to cook at least 5 days out of 7 days will start ordering items in **bulk for weekly grocery shopping** thus increasing the **order value** and solving target users major pain points of eating **unhealthy food** on regular basis
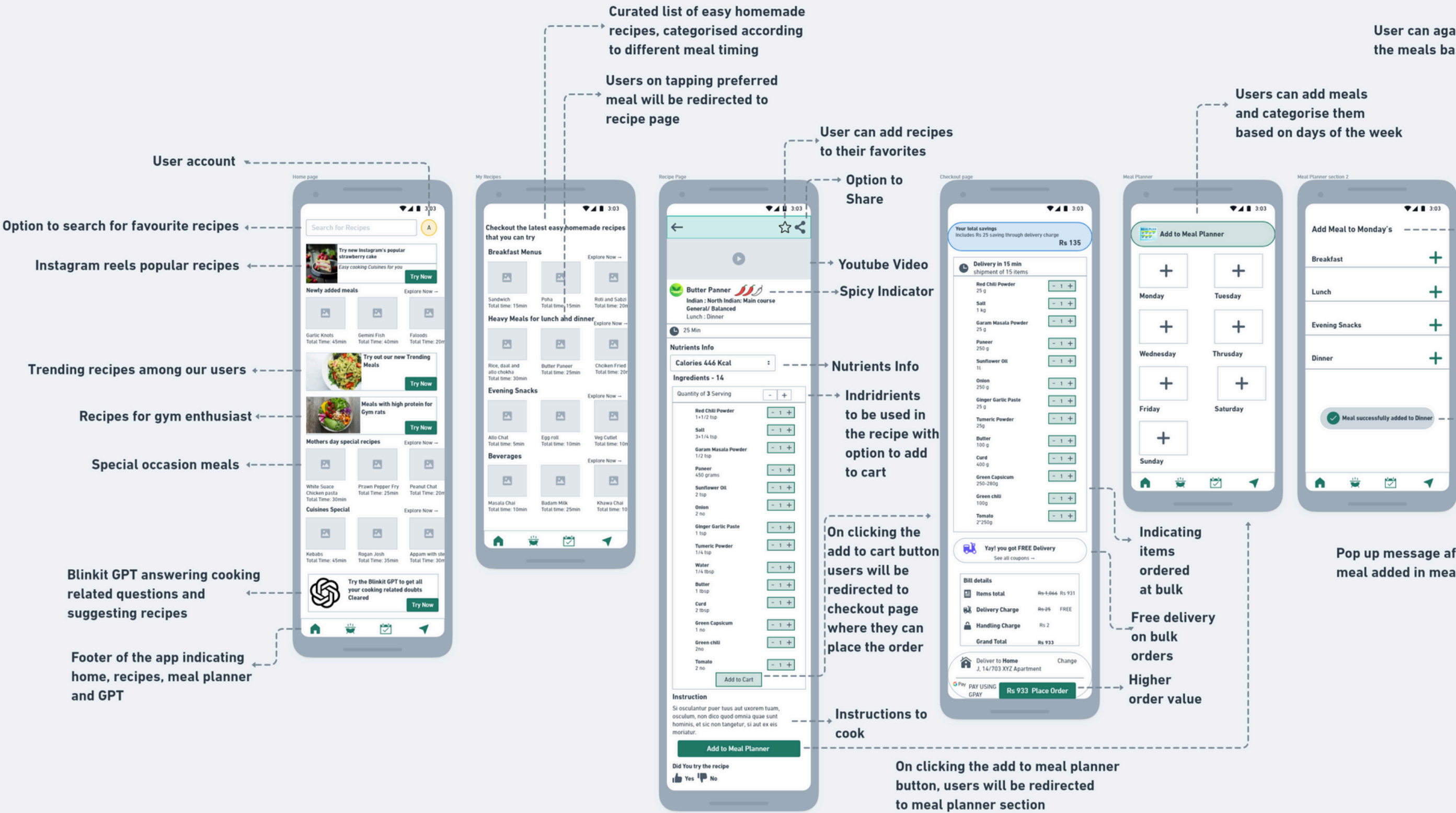
## Solution : My Cooking Assistant

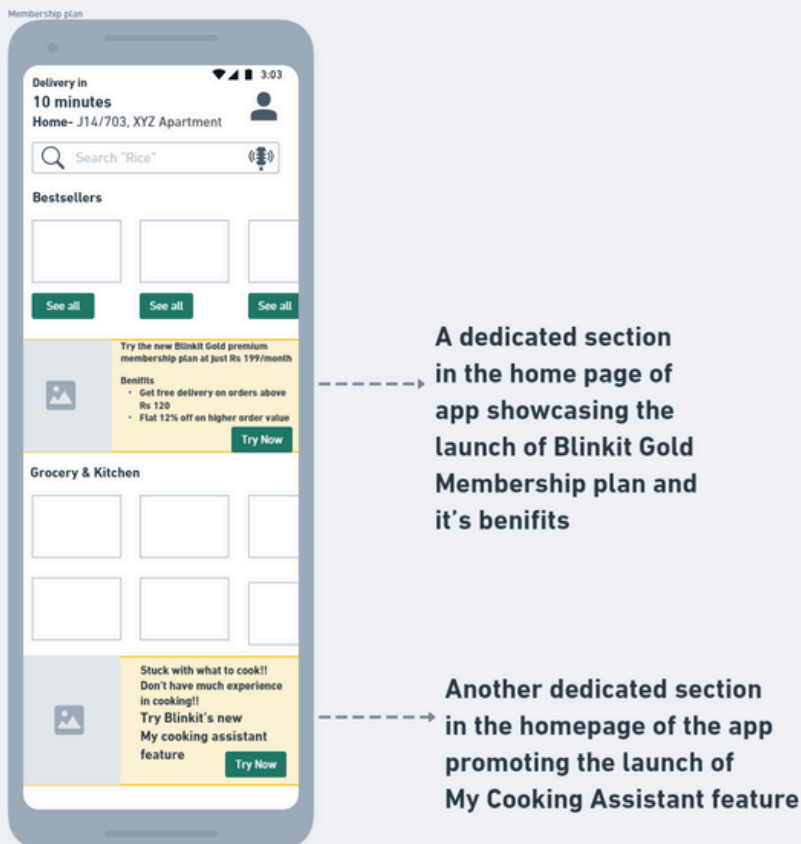Curated list of easy homemade recipes, categorised according to different meal timing

Users on tapping preferred meal will be redirected to recipe page

User account

Option to search for favourite recipes

Instagram reels popular recipes

Trending recipes among our users

Recipes for gym enthusiast

Special occasion meals

Blinkit GPT answering cooking related questions and suggesting recipes

Footer of the app indicating home, recipes, meal planner and GPT

User can add recipes to their favorites

→ Option to Share

→ Youtube Video

→ Spicy Indicator

→ Nutrients Info

→ Indridrients to be used in the recipe with option to add to cart

On clicking the add to cart button users will be redirected to checkout page where they can place the order

Instructions to cook

On clicking the add to meal planner button, users will be redirected to meal planner section

Indicating items ordered at bulk

Free delivery on bulk orders

Higher order value

Users can add meals and categorise them based on days of the week

Pop up message after successfully meal added in meal planner

User can again sub categorise the meals based on meal timings

## Solution : Blinkit Gold membership plan

A dedicated section in the home page of app showcasing the launch of Blinkit Gold Membership plan and it's benifits

Another dedicated section in the homepage of the app promoting the launch of My Cooking Assistant feature

Made with Whimsical

## Success Metrics

- **Average Order Value(AOV):** Total revenue/ number of orders

**Metrics to track the success of solution: Increase the threshold price for free delivery**

- **Cart Size Increase Minimum Threshold:** Track the number of orders that are just above the threshold price - Orders that are just below the threshold price
- **Cart Abandonment Rate:** Check if the cart abandonment rate has increased or decreased after the increment of threshold price.

**Metrics to track the success of the solution: Availability of more bundled products**

- **Sales of Bundled products:** Track the number of bundle products sold and revenue generated from it

**Metrics to track the success of Blinkit Gold Membership plan**

- **Members enrollment rate:** Track the number of users signing up for membership plan
- **Membership Retention Rate:** Track the number of users renewing their membership plan after the 1st month
- **Churn rate:** Track the number of users who cancel their membership plan after 1st month

**Metrics to track the success of My Cooking Assistant Feature**

- **DAU and MAU:** Daily Active users and Monthly active users to track user engagement of My Cooking Assistant feature
- **Session Duration:** Track the average time users spend on the app per session.
- **Recipe Click-Through Rate (CTR):** Track the percentage of users clicking on a recipe after viewing a list of curated recipes
- **Conversion Rate:** Measure the percentage of users who complete a purchase of ingredients after visiting the recipe page.
- **Retention Rate:** Track the percentage of users who return to the app feature after their first use over a time period of 7 days
- **Churn Rate:** Track the rate at which users stop using the app feature after their first use over a time period of 7 days.

## Risk Analysis

- The Initial motivation of the users to use the **My Cooking Assistant** to cook at least one meal in a day is a key factor for **good adoption rate** of this feature. This feature is designed in such a way that will help the working professionals to cook easy homemade meals for themselves, but the initial interaction is required from the users end

**Risk Mitigation**

1. Pop up notifications to regularly promote the app feature
2. Personalized whatsapp messages to target users
3. Promotion of this feature through social media marketing

- Initially the threshold price for free delivery was **Rs 199** and now this has been incremented to **Rs 250**. Users might get disappointed with this sudden increment leading to **user satisfaction going down**

**Risk Mitigation**

1. Implementing coupons like: Flat X% off on adding items worth of Rs Y