Blinkit: Crafting Carts with Art

Boosting Gross Order Value (GOV) Throughput for Improved Unit Economics

Nextleap

About Blinkit : The Chosen Product

Blinkit and formerly Grofers, is an Indian instant delivery service.

Unique Value Proposition: Blinkit's pledge to deliver groceries within minutes set it apart, creating a unique value proposition that resonated with time-strapped consumers.

Robust Supply Chain: By establishing micro-fulfillment centers and leveraging data analytics for inventory management, Blinkit optimized its logistics network.

Revenue FY24: >2300Cr

Cities Operated: 26

Founded: December 2013

Blinkit Stats

Expansion goal: Reach 1,000 stores by the end of FY25

Active Users: Over 20 million monthly

Keyword Searches: More than 116 million

Total Stores: 526

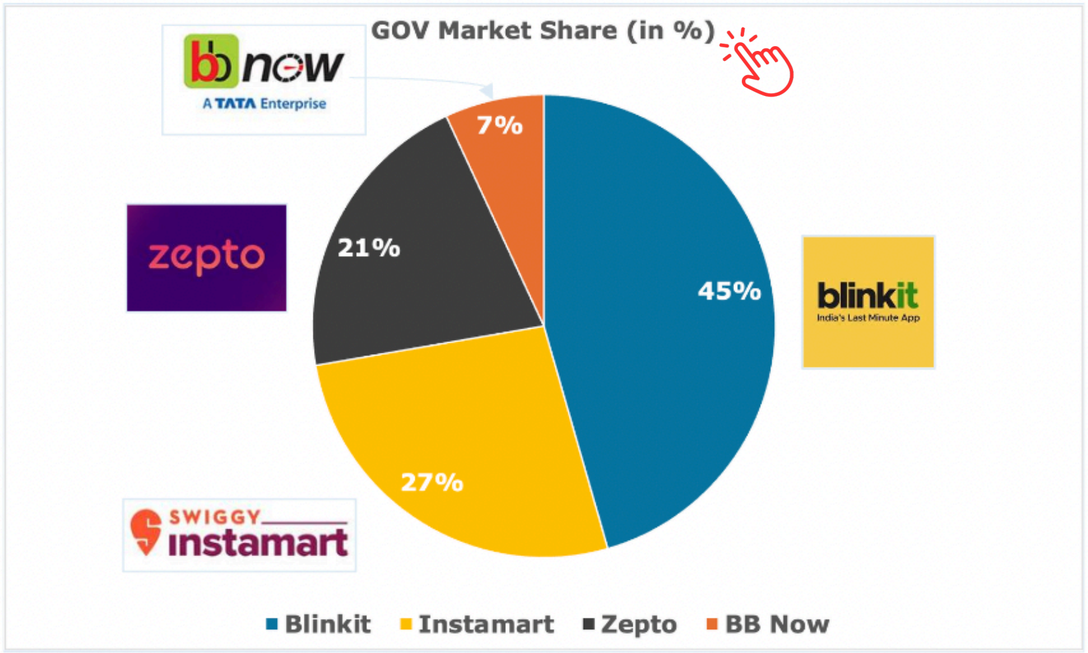
Quick Commerce Market in India

Major Players: Blinkit, Swiggy Instamart, Zepto, BB Now

Market Size CY 23: USD 3 Billion (Quick Commerce GOV)

Blinkit is market leader as per GOV

Revenue Model: Commission Based Sales, Selling a Service, Charge Based on Usage (Warehousing), Advertising Based



Quick Commerce's positioning is evolving with expansion to non-grocery categories like Electronics, Beauty, etc., & shift in user purchasing preferences towards instant gratification

Quick Commerce – Competitor Analysis

Aspect	SWIGGY	blinkit	zepto	bigbasket	DUNZO
Delivery Speed	15-30 mins	10-15 mins	10 mins	Longer	30-60 mins
Product Range	Wide	Wide	Focused	Extensive	Focused
Volume-Based Discounts	Competitive	Excellent	Needs improvement	Competitive	Limited
Bundling Offers	Needs improvement	Leading	Needs improvement	Competitive	Limited
Promotions	Frequent	Aggressive	Tech promotions	Membership	Versatile
Customer Focus	Variety Enhancing	Fast delivery	Tech optimization	Quality	Quick delivery
Key Weakness	Limited coverage	High costs	Limited to metros	Long delivery	Scalability

Goals and Rules of the System

Context:

Solve for **GOV** as Blinkit's PM

Goals:

To **increase** GOV Throughput per store to bring in better unit economics

Scope:

-Top Up/Unplanned Purchases
-Existing Monthly Active Users
-Improving Inventory and Logistics

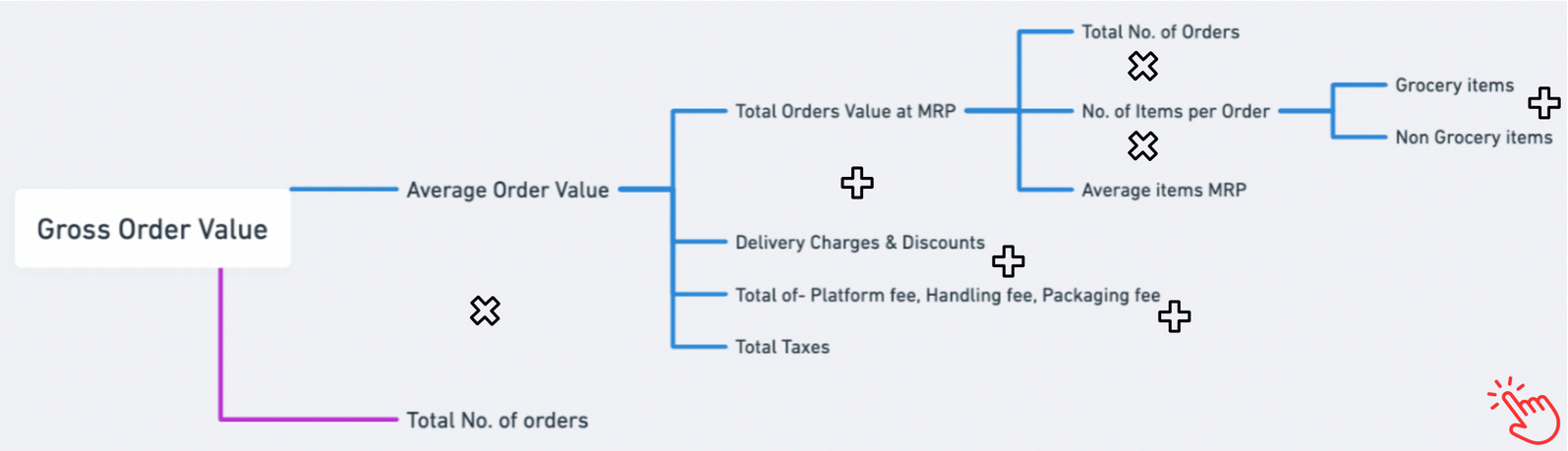
Constraints:

-Delivery Constraint
(Bike based deliveries)
-Time Constraint
(Need to be super quick)
-Space Constraint
(Smaller Dark Stores, Utilized for max output)

Actors involved:

Customers, Delivery Partner, Dark Store Team, Suppliers, Blinkit Corporate Team

Mapping Business Outcomes to Product Outcomes



MY Hypothesis

Increase in number of **grocery items per order** (Since grocery is frequently purchased non-discretionary category). Idea is to make users use blinkit for more grocery purchases, instead of local shops.

User Segmentation

Targeted User Segment

Demographics	Age	Upto 21	21-40	40+
	Employment Status	Student	Working	Working
	Income Level	-	Mid to High	Mid to High
	Geographic Location	Metro/tier-1	Metro/tier-1	Metro/tier-1
Behaviour	Time Constraint	Low	High	Medium - High
	Convenience Centric	High	High	Medium
	Spending & Consumption	Medium	High	Medium - High
	Tech Savvy	High	High	Medium
	Online Order Frequency	Medium	High	Medium

User Pain-Points

- **Lack of personalized reminders:** Users forget to reorder essentials and end up going for local grocery and fruits-vegetables shop.
- **Overwhelmed by product selection:** Users feel frustrated scrolling through endless options, leading to abandoned carts or fewer items per order.

Job to be done Statement

When *I'm managing my grocery shopping,* ***but*** *often forget to restock essentials,* ***help me*** *receive personalized reminders and streamlined suggestions* ***so that*** *I can avoid unnecessary trips to local stores and order everything conveniently from blinkit in one go.*

User Research

Click to see form

- **50%** of users frequently **forget to restock** essentials, relying on local stores.
- **55% prefer local stores** when they miss reordering.
- **45%** struggle to track **when to reorder** groceries.
- **40%** feel **overwhelmed** by product options on Blinkit.
- **60%** would **order more** with personalized restock reminders.

Validation

Implementing personalized restock reminders and streamlined product suggestions can reduce overwhelm, boosting Blinkit's user convenience, retention, and order volume.

User Persona

Rohit, 27
IT Professional, Mumbai
Works from home 3 of 5 days in week

Need: Rohit often forgets to restock essentials due to his busy schedule. He wants personalized reminders and quick shopping options to avoid trips to local stores.
Pain Point: Overwhelmed by too many online product options, leading to incomplete orders.

Priya, 24
Marketing, Bangalore
Packed with work during the week

Need: Priya needs a convenient way to manage regular grocery shopping without endlessly scrolling, as she prefers efficient, fast ordering.
Pain Point: Frequently forgets to reorder, causing last-minute trips to local grocery stores for fruits and vegetables.

Impact Estimation

Click to see calculation

By increasing the number of grocery items per order by just 1 item, the Gross Order Value (GOV) for grocery increases by 32.85%. This substantial rise directly boosts unit economics and order value per store, leading to better business performance.

Why should we solve this problem now?

- -ve INR 37 Cr Blinkit EBITDA for Q4FY24
- Increasing CM for scaled up stores is pressing issue
- Highly Competitive Space so delivering the products at optimum price can act as an important growth lever in order to improve retention and acquire more customers

What is the Real Problem

Many users **perceive** the app as a convenient tool for managing **their regular grocery needs**, but often **forget** essential items. End up going to local grocery shops for purchases.

• Many users usually place orders on Blinkit that are **unplanned** and at the last moments/emergency situations/occasions.

• **Ordering weekly/monthly groceries in bulk** means
browsing products > selecting quantities & variants > adding to cart,
which is a **repetitive and time-consuming task**. Due to this, users sometimes forget to add a few items that he/she wanted to order in the first place but got stuck in the repetitive task

Problem Breakdown

'Blinkit – **10 Minute Grocery Delivery'** Users perceive the application just as **Blinkit markets itself** – a quick 10-minute delivery solution for last-minute/emergency/occasional orders	⇨	• Last minute orders are **unplanned orders** which means **checking out with fewer items.** • This becomes a **regular user behaviour**	⇨ Checking out with fewer items: Going for local grocery shopping leads to **Lower Gross Order Value**
Users who buy weekly/monthly groceries place **large orders** but must go through a **repetitive & time-consuming** process: browse product > select quantity > add to cart > repeat	⇨	• Leads to **extensive search** by user • Increases **cognitive load** on user. • **Frustration cycle** arises that also leads to **forgetting** to add few items and later placing small orders for leftover products	⇨ Engagement and retention of large order users goes down • Monthly Active Users decline Results in **Lower Gross Order Value**

Possible Solutions

1.Time to Restock Feature
- Automatically notify users when essentials run low.
- Reminders for specific items at customizable intervals.
- Simplifies reordering, reducing unplanned purchases.

2.AI-Powered Weekly/Monthly Grocery List Generator
- Auto-create shopping lists based on past behavior.
- Suggest frequently purchased items with easy add-to-cart.
- Reduces cognitive load, ensuring complete orders.

3.Personalized Product Recommendations
- Suggest items based on browsing and purchase history.
- Highlight complementary products to increase order size.
- Drives users to add more items effortlessly.

4.Subscription Model for Recurring Essentials
- Pre-schedule deliveries for weekly/monthly staples.
- Automated replenishment for items in high demand.
- Enhances retention with predictable, larger orders.

5.One-Click Reorder for Frequent Items
- Quick reorder option for past purchases.
- Reduces time spent searching for the same products.
- Ensures users checkout with larger, preplanned orders.

Level 1 Prioritization: Via Product Risks

Feature	Value	Usability	Feasibility	Viability
Time to Restock Feature	Yes	Yes	Yes	Yes
AI-Powered Weekly Grocery List	Yes	Yes	Yes	Yes
Personalized Product Recommendations	Yes	Yes	Yes	Yes
One-Click Reorder for Frequent Items	No	Yes	Yes	Yes
Subscription Model for Essentials	No	Yes	Yes	Yes

Click to see reasoning

Level 2 Prioritization: Via Product Score

Features Impact Calculation, Impact(I) & Confidence (C) Scale

Feature	I Score	C Score	Rationale for Confidence Score	Product Score (I×C)
Time to Restock Feature	5	0.4	Validated the issue through user research; high usability; alignment with stakeholders might be complex but feasible.	2
AI-Powered Weekly Grocery List	4	0.3	Offers great value but depends heavily on the user adapting to it; uncertainty around adoption rates.	1.2
Personalized Product Recommendations	4	0.35	Relevant for increasing order value, but the effect on overall user retention is still unclear.	1.4

Click to see reasoning

Final Proposed Feature: "Time to Restock List (TR)"

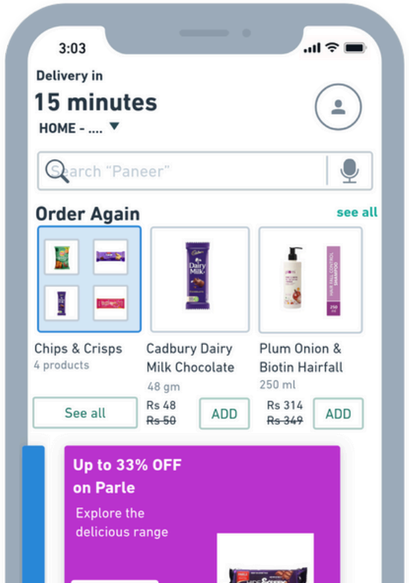
Solution Detailing

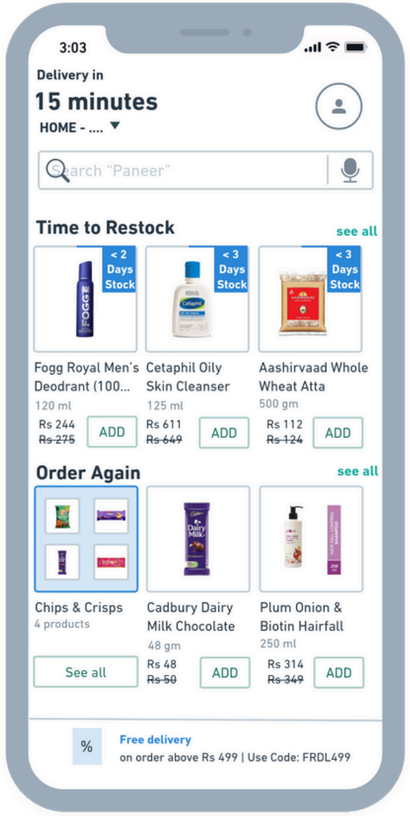
Topmost section at Home

"< 2 days Tag": Consumer has less than 2 days of stock left for Fogg deo

Personalized recommendations for Consumables likely to be restocked by consumers

Home Page - Old



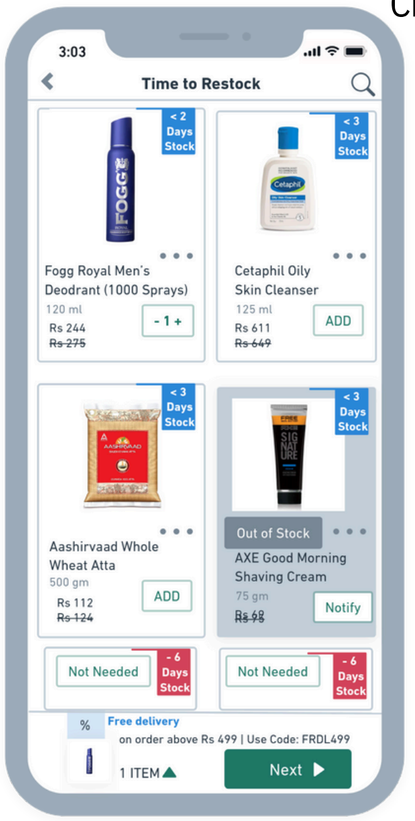


Home Page - New

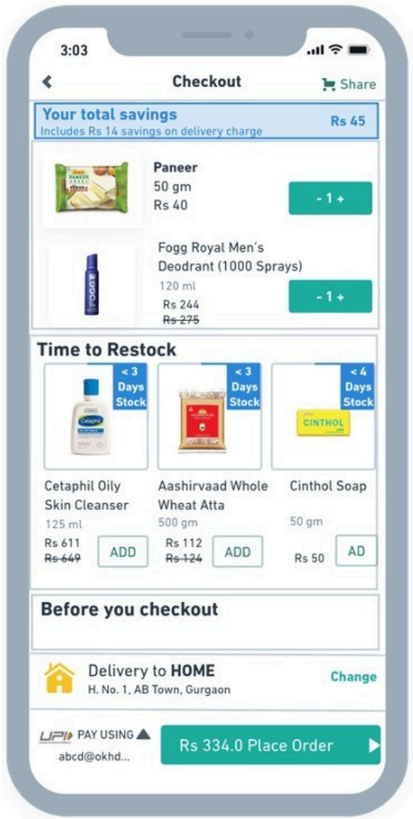
Highlights –Time to Restock

-Items likely to be restocked in next 4 days or having missed the estimated restock date by 7 days are showcased. -Items purchased are removed from TR -"Not Needed Button": Visible on items that have missed expected restock date & not yet purchased. Item automatically removed from list in 7 days or can be manually removed through "Not Needed" button

Time to Restock (TR)



Checkout Page



New Checkout Page

Highlights –New Checkout

-"TR" also at checkout. Unlike home page, here it does not contain items expected to be restocked but unavailable

-Items selected from home page TR are moved out of checkout TR

-Items showcased in TR are moved out of Before you Checkout section

Highlights – Time to Restock

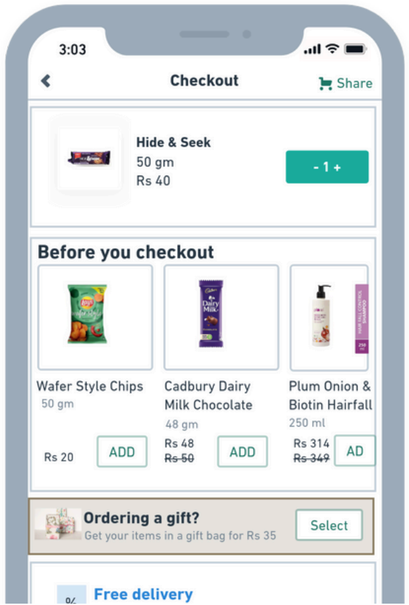
-AI/ML algorithms engine estimate upcoming 4 days requirements using Consumers' past buying behaviour (frequency, quantity, etc.) and expected daily usage of item.

-Items from "Order Again" that overlap with the "Time to Restock" are moved to the "see all" section of Order Again

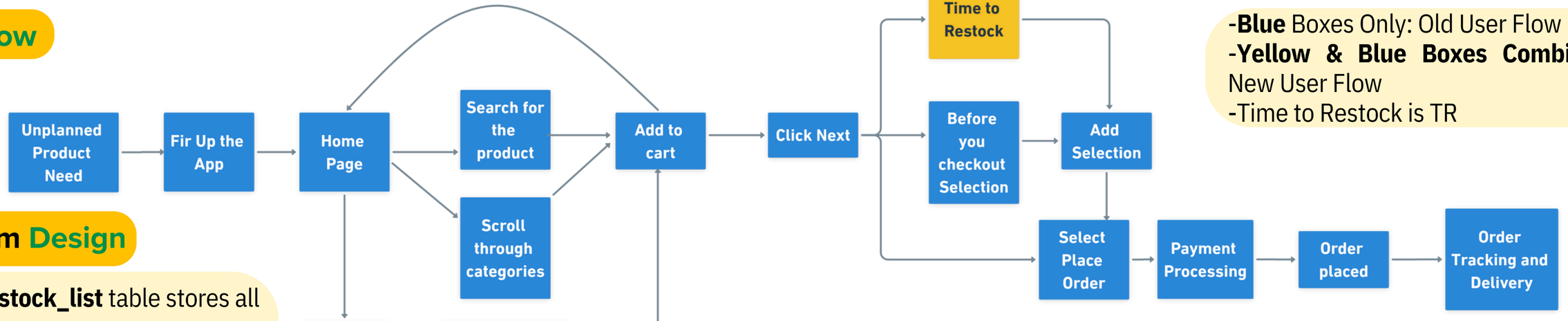
User's Reliable Reminder List: Items which are out of stock and fall in the list to be restocked are also showcased to serve as a reliable reminder list to User.

"- 6 days" means Consumer needed restock 6 days back. Mark "Not Needed" – Remove item from TR

Old Checkout Page



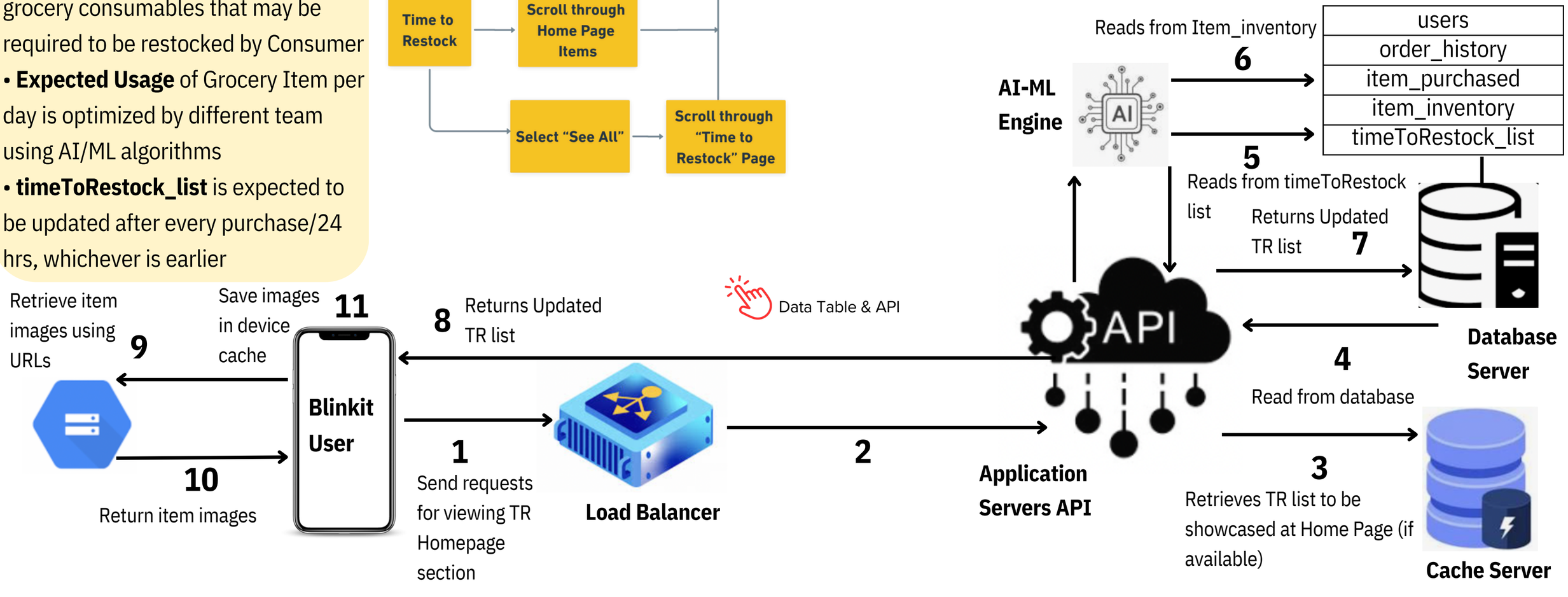
User Flow



-Blue Boxes Only: Old User Flow
-Yellow & Blue Boxes Combined: New User Flow
-Time to Restock is TR

System Design

- **timeToRestock_list** table stores all grocery consumables that may be required to be restocked by Consumer
- **Expected Usage** of Grocery Item per day is optimized by different team using AI/ML algorithms
- **timeToRestock_list** is expected to be updated after every purchase/24 hrs, whichever is earlier



Key Metrics

North Star Metric:

Gross Order Value (GOV): Total revenue from grocery orders, aimed at increasing overall order size and reducing reliance on local stores.

-Assumption: Feature rolled out by Sept'24 & outcomes measured for Q3 FY 25 (Oct-Dec'24), (Lagging)

Product Outcomes Metrics:

1. **Items per order:** Average items added after using "Time to Restock.
2. **Conversion Rate of Restock Recommendations:** % of users adding items from the restock list.
3. **Orders using Time to Restock:** Frequency of orders made with the feature.
4. **Time Spent on Restock List:** Engagement with restock suggestions.

Feature Outcomes Metrics:

1. **Reminder Engagement:** % of users interacting with personalized reminders.
2. **Drop-off Rate:** Users abandoning carts after interacting with the feature.
3. **Reduction in Cognitive Load:** Less time searching for products.
4. **Reorder Frequency:** How often users reorder after restock reminders.

Business Outcomes Metrics:

1. **GOV per user per month:** Revenue generated per user engaging with the feature.
2. **Increase in Retained Users:** % of users consistently using the feature.
3. **Average Revenue Per User (ARPU):** Revenue per user using restock.
4. **Churn Rate of Large Order Users:** % decrease in churn of large order users.

Why Might Solution fail?

Reason 1: Time to Restock (TR) recommendations may not align with user needs, potentially causing dissatisfaction and negatively affecting the Net Promoter Score and user loyalty to the platform.
Mitigation 1: Enhance the AI/ML model by incorporating feedback loops to improve recommendation accuracy.

Reason 2: The Time to Restock (TR) list may reduce total orders by encouraging order bundling, potentially lowering GOV as users might skip adding random items to meet delivery minimums.
Mitigation 2: A management decision may be needed on continuing the feature. Profitability remains key, so exploring new ways to boost GOV and order volume can be prioritized.

Reason 3: Users perceive the TR list as less valuable compared to the Order Again list.
Mitigation 3: Conduct qualitative user research to understand the reasons behind this perception and adjust the feature accordingly.