

# Zomato acquires Blinkit

Zomato's year-long pursuit of Blinkit (formerly Grofers)

# Zomato

The memmer buyer

Zomato is a foodservice platform founded by Deepinder Goyal and Pankaj Chaddah in 2008. It has 4 major business segments, namely, food delivery, dining out, hyperpure (this is an interesting POV) and Zomato Pro. Zomato started acquiring in 2014 and hasn't stopped for once since.

---

# Blinkit

The seller

Blinkit, formerly known as Grofers, is an instant delivery service founded by Albinder Dhindsa, Saurabh Kumar in 2013. It has average delivery time of 15 minutes as compared to 30 minutes for Zomato. Founder formerly worked in Zomato until their start-up. Zomato owned 9.3% stakes of the company.

---

# The need

What Zomato is looking out for?

- With more such services backed by great investors, Zomato faces strict competition with Swiggy, which is also developing the quick e-commerce service.
  - Zomato has tried and failed in similar pilot called Zomato Instant in Gurugram.
  - Has been shaky with the grocery service part as it was on and off over the years.
  - Quick commerce is a strategic priority as they have stated.
  - Zomato is adventurous.
-

# Acquire or build organic

## Past experiences

Zomato has attempted to build organically twice which didn't do wonders and they tracked the delivery time but since on road is not the major time factor as Zomato founder states.

## Acquisitions

Zomato has made tens of acquisition in its venture and has been continuing to do them, means they have an expertise as well as familiarity with them. Higher expectancy of this working out well.

## Chasing

Zomato has been looking out for this M&A for over an year now, since last June they bought 9.3% stakes of the company. Acquisition valuation has been cut to half to its actual value.

# Synergies

## Quick commerce

### **The future e-com**

The delivery time and service is similar to what Zomato has been offering and experiences same tech-based start-up, it is all green flags in this context.

## Dark Stores

### **Secret of quick delivery**

Blinkit has been using dark stores which are stores around the customer's residence which help in quick delivery as they are in radius of 2-3 kms.

## Hyperpure

### **Raw material Supply**

Zomato supplies the ingredients to the restaurants from farms and Blinkit also has a market in groceries. Zomato is acquiring warehouses and ancillary as well

# Why all stock deal

Let's see if it was more convenient

All-stock deals are favourable as Zomato had significant amount of share, it makes the acquisition more convenient and Zomato doesn't have to compromise its cash reserve as it is a big amount to afford and they evidently didn't want to seek help by borrowing. However this poses a great risk on Zomato, but at the end of the day it is Zomato, the warrior.

---

# What next?

Collegiality and post acquisition  
Scenarios

- Both the apps will function separately, therefore they won't lose their originality but will make the best of their synergies.
  - Zomato will no more require to develop grocery delivering to compete around.
  - They are still loss-making businesses and will take a long time to reach the profitability margin
-





Thank You