## Big Basket-

Big Basket is an Indian [online grocery](https://en.wikipedia.org/wiki/Online_grocer) delivery service. The company primarily delivers grocery goods found in [convenience stores](https://en.wikipedia.org/wiki/Convenience_store), home essentials and food supplies to its customers. Big Basket was founded in December 2011 and has its headquarters in [Bangalore](https://en.wikipedia.org/wiki/Bangalore), [India](https://en.wikipedia.org/wiki/India). It was founded by V S Sudhakar, Hari Menon, Vipul Parekh, Abhinay Choudhari and V S Ramesh in 2011. It operates in more than 30 cities in India. Big basket offers variety of products ranging from fresh fruits, vegetables, Food grains, oil, masala, packaged snacks, beverages, household supplies, and healthcare products. It has more than 20000 products and 1000 brands in its catalogue.

Customers order groceries through online website which will be delivered to their doorstep. Big basket has a valuation of 1.8 Billion dollars. It has reached unicorn status. The investors mainly include Alibaba Group, ICICI Venture, IFC Venture Capital Group, LionRock Capital, Paytm Mall, Sands Capital Management.

It has over 10 million customers. Its customers are working people, students, old people who have no time or energy to go to grocery stores, stand in line and buy the necessary products. Big basket helps these people to browse through a huge variety of quality grocery items. Customers can order the required products which will be delivered within 90 minutes for express delivery or next morning for slotted delivery.

• Slotted Delivery: Customers can pick a convenient slot when they want their purchase to be delivered

• Express Delivery: This service can be availed by customers in cities like Bangalore, Mumbai, Pune, Chennai, Kolkata, Hyderabad and Delhi-NCR. Delivery will be done within 90 minutes

• BB Specialty stores: Big basket has partnership with specialty stores like Karachi bakery. Customers can request a product from the store which will be delivered within 90 minutes.

## Business Model Analysis:

Big Basket has a hybrid model combining Inventory led and a hyper local strategy for procurement. They follow an inventory led wholesale approach for the high order fill rates and longer self-life products, while they also use a hyper local strategy, to get perishable products in just in time model to keep the quality at the top and cost at the bottom. They have a mobile app and a website, which generates about 70% of their revenue. The remaining part comes from the other businesses including hotels, restaurants as well as offline retail brands.

## Growth Model:

With the entry of Amazon fresh and Walmart into Indian market, it becomes tough time for Big Basket to sustain the competition. Along with Inventory-model, Big Basket is also adopting hyper local model to reduce the distance to reach the customer and is trying to improve the services offered. There was 70% reduction in expense when the order is delivered through a hyper local store. As there is no inventory and infrastructure requirement, it was beneficial for the business. But to sustain in the business, hyper local stores is difficult to manage and maintain the standards of Big Basket.

To ensure customer retention, Big Basket has a subscription program, BB Star, where a customer will pay a subscription fee to have various features for free. For a BB star customer, order above Rs.600 will be delivered without any delivery charges, priority for choosing delivery slots, etc., are offered. This will help the company to prevent the customers from shifting to competitors.

## Big Basket Pricing Strategy:

Big Basket is the first to venture into this sector and has many competitors currently. Even with all the competition, it continues to be the market leader and most popular amongst the customers. It tries to increase its margins by setting a nominal price of Rs.20 as a delivery charge for items ordered below Rs.1000. It also provides a nominal discount on the order of Rs.3000 or Rs.5000 and above to encourage households to buy their monthly groceries from Big Basket thus providing economies of scale. They mark up the prices of the groceries a little higher from the market prices so as to cover their high variable costs. High variable costs are incurred due to wastage of perishable items, cost of transportation, cost of labour, transportation damage, cost of storing inventory etc. Although there’s a mark-up in the price it still tries to keep the prices competitive with the other players in the market.

**Techniques of Marketing Analytics in Big Basket-**

The analytics team at big basket was set up in 2013 with the aim of increasing the customer base through the insights gathered. [Subramanian MS, is the Head of Analytics.](https://analyticsindiamag.com/interview-week-analytics-helped-us-increase-customer-base-drastically-subramanian-m-s-head-analytics-bigbasket/)

The idea behind customer analytics is customer retention and tracking the frequency and value of orders. The analytics team helps in identifying [marketing](http://analyticsindiamag.com/snapdeal-acquires-targetingmantra-predictive-marketing-technology-firm/)channels and the buying patterns of customers (**market basket analysis**). Big basket has managed to increase its customer base from 0 to 4 million in just over 5 years. There systematic expansion strategy coupled with analytics-based decision-making and constant innovation with a focus on the growing customer needs, customer retention through improved product quality, and customization based on their buying pattern is what has helped us along the way.

The Analytics team is focused on enhancing customer experience by delivering a variety of solutions –

a) Understanding our customers and enabling targeted customer engagement (offers, communications to/with customers)

b) Analysing their buying behaviour and designing their smart baskets using products they need immediately and products they usually buy; this reduces the time-to-buy for customers and allows them to discover products that they may need or not usually buy.

The analytics sector has seen many changes over the years. The primary challenge for any e-commerce business is to keep a [healthy pace](http://analyticsindiamag.com/healthcare-company-practo-acquires-enlightiks-analytics-provider-strengthen-enterprise/)and embrace the evolving trends to be successful in the industry. [Big data analysis](http://analyticsindiamag.com/day-analytics-stood-still-fictional-short-story/) and **customer segmentation** remain prominent issues.

To address these, the dedicated analytics team at big basket has developed a set of tools and machine learning models that analyse and break down the unstructured big data into understandable analytics which aid the company in making informed business decisions. This big data is generated through a series of customer buying pattern, preferences, their online behaviour, and transaction history.

The analytics team helps in capturing[real time data](http://analyticsindiamag.com/ipl-2017-big-data-is-at-crease-against-set-play-another-long-innings/)which was unthinkable and not possible 10 years ago. It also helps in customizing the needs of customers at a large scale. Often, customers get a lot of messages from different companies. However, to stand out, it is important to send only relevant and customised messages to the customer based on their buying pattern and preference and our analytics team helps us do just that.

## How does the firm make use of big data and analytics practices to ensure customer satisfaction?

## They deal with [big data](http://analyticsindiamag.com/paytm-invests-ai-big-data-based-online-healthcare-startup-qorql-boost-business/), which is generated using the online behaviour of the customer and by studying their transaction records. The Analytics team is focused on enhancing customer experience by delivering a variety of solutions. Customer [analytics](http://analyticsindiamag.com/inconvenient-truth-broken-promise-social-media-analytics/)contributes to larger sales and helps in understanding the correlation between the delivery matrix and customer loyalty.  Analytics is all about customer retention. It not only enables them to better understand why the customer is happy or unhappy about but also helps them manage and address complaints.

## They also analyse customer feedback which is unstructured data to understand the sentiment expressed by the customer and the areas on which they are providing feedback. There [big data environment](http://analyticsindiamag.com/5-ways-big-data-plays-major-role-media-entertainment-industry/) is helping them analyse structured and unstructured data to draw key insights and drive improvements in their customer experience.

## Big basket is leveraging analytics, big data, and machine learning in the online groceries segment. Can you describe how are these technologies integrated into big basket’s product ecosystem?

## Big basket has added features and tools to its website and mobile [application](http://analyticsindiamag.com/wired-wireless-big-data-application-wireless-communication/) that enable them in improving the overall shopping experience of the customers. Features like “Smart basket” help the customers with a list of frequently bought products thus enabling quicker shopping. Also, the mobile app customises and personalises the deals and discounts by means of high-end trends visualisation and analysis. The inbuilt analytics tools embedded in the website and mobile app help in tracking the customer preferences and buying pattern enabling the team to improve and constantly update the e-commerce business to suit customer preferences.

## [Smart Baske](https://www.bigbasket.com/choose-city/?next=/member/smart-basket/)t builds a customer profile based on the information from the customer’s previous searches and purchases. This allows us to get a step ahead of the customer, giving them what they like, and what they are looking for. The company’s aim is to populate a customer’s basket based on their most recent and frequent purchases, alert them if they have not added something they usually buy in case they have forgotten it, and inform them if an item they normally buy is about to run out. [Analytics](http://analyticsindiamag.com/analytics-can-lend-relevance-marketing/) helps us to predict what the customer’s next order is.