



IIT Guwahati's

**Strategy Storm 2025**

# BLINKIT CUSTOMER CHURN ANALYSIS

Presented by Team Strats



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# BLINKIT IN A BLINK

### Current Position:

- BlinkIt, part of India's booming quick-commerce sector, holds a 46% market share as of 2024.
- Integration with Zomato (100M+ active users) has strengthened its customer base.
- Rapid delivery (15–20 minutes) and a high AOV of ₹635 make it stand out against competitors like Zepto, BigBasket, and Swiggy Instamart.

### Competitive Analysis

Feature	BlinkIt	Zepto	BigBasket	Instamart
Delivery Time	15–20 mins	10–15 mins	Same-day	15–30 mins
AOV	₹635	₹400-500	₹500	₹500
Dark Store Network	526 stores	220 stores	NA	NA
Product Range	Extensive (incl. electronics)	Groceries & essentials	Groceries & essentials	Groceries & essentials

### Key Challenges in the Market

#### Rising Competition:

- Players like Zepto and BigBasket have strong operational and financial backing.
- Market price wars and discounts strain profit margins.

#### Sustainability Concerns:

- The use of dark stores and last-mile delivery increases operational costs.
- High carbon emissions from quick commerce operations and single-use packaging.

#### Customer Retention and Satisfaction

- BlinkIt's promise of ultra-fast delivery is dependent on seamless logistics.
- Failures in delivery time can lead to churn in customers, as expectations are set very high.

#### Market Saturation:

- Expansion beyond Tier 1 cities into Tier 2/3 is challenging due to lower AOV and fewer dark stores.
- Dependence on existing high-demand urban markets limits growth.

### Financial Analysis

#### Revenue Streams:

- Warehousing Fees: ₹72/order
- Advertising Revenue: ₹21/order
- Customer Charges: ₹18/order
- Total Revenue/Order: ₹110

#### Cost Structure:

- Delivery Costs: ₹42/order
- Dark Store Costs: ₹39/order
- Packaging and Variable Costs: ₹12/order
- Customer Acquisition: ₹1.8/order
- Total Cost/Order: ₹94.8

**Net Margin/Order: ₹15**

### Marketing and Customer Acquisition Insights

#### Marketing Strategy:

- BlinkIt leverages data-driven insights for personalized promotions.
- Campaigns around high-demand items (iPhones, PS5s) drive visibility and AOV.

#### Customer Acquisition Costs:

- ₹1.8 per order spent on promotions and discounts.
- Heavy reliance on discounting strategies poses risks of unsustainable costs.

#### Digital Presence:

- Active on social media platforms like Instagram and YouTube.
- In-app ads boost revenue but can also create a cluttered user experience.

# FROM PAIN POINTS TO PROGRESS

## CUSTOMER DEMOGRAPHICS AND PAIN POINTS

### Customer Demographics:

- **Age Group:** Predominantly urban dwellers aged 20–45 years.
- **Occupation:** Professionals and homemakers form the largest user base.
- **Lifestyle:** Customers prioritize convenience, with high demand for quick delivery.

### Key Pain Points:

- **Delivery Failures or Delays:** During peak demand, Blinkit misses up to 30% of its 20-minute delivery windows due to a shortage of delivery executives.
- **Limited Availability of Niche Products:** Blinkit's availability in Tier 2 cities is inconsistent, with stock-outs occurring in approximately 20-25% of niche product categories, especially electronics.
- **High Delivery Charges:** For low AOV orders (under ₹500), delivery fees can constitute 20-30% of the order value, which deters 40-50% of users from making repeat purchases.
- **User Interface Overload:** Around 15-20% of users report difficulty navigating the app, particularly among the older and less tech-savvy demographics.



## ADDRESSING CUSTOMER PAIN POINTS

- **Enhance Delivery Efficiency:** By improving delivery management systems and optimizing routes, Blinkit can reduce missed delivery windows by **20-25%** and delivery time by up to **15%**.
- **Expand Product Availability:** Blinkit should work on increasing product availability in Tier 2 cities by **20-30%** to reduce inconsistencies and increase customer satisfaction.
- **Revise Delivery Charges:** Blinkit can implement tiered delivery fees, such as reducing fees for low AOV orders by **10-15%**, to encourage repeat purchases.
- **Simplify User Interface:** Redesigning the app interface for **10-15%** more user-friendly navigation could significantly reduce drop-off rates, particularly for less tech-savvy users.

## OPERATIONAL CHALLENGES

### Supply Chain & Logistics:

- **Last-Mile Delivery:**
  - Blinkit spends approximately ₹42 per order on delivery, making it the highest cost component of their business. During peak times, this cost can increase by 15-20% due to inefficiencies and delays.
  - On average, Blinkit faces a 25-30% increase in delivery time during peak hours.
- **Inventory Management:**
  - Dark stores store 4x more SKUs than neighborhood shops, requiring complex inventory forecasting. However, 15-18% of their products are either overstocked or understocked due to inaccurate demand forecasting.
- **Sustainability:**
  - Blinkit's carbon emissions from last-mile delivery, mostly motorbike-based, are estimated to be 3-5 tons of CO2 per month. Additionally, 60-70% of their packaging still consists of single-use plastic, raising concerns among environmentally-conscious customers.



## OPERATIONAL IMPROVEMENTS

- **Optimize Last-Mile Delivery:** Transitioning to electric bikes and other eco-friendly delivery methods could reduce delivery costs by 10-15% and cut down carbon emissions by 20-30%.
- **Implement Advanced Inventory Management:** With AI-driven forecasting, Blinkit could reduce overstocking and understocking by 10-15% and improve inventory turnover.
- **Adopt Sustainable Practices:** Transitioning to sustainable packaging could reduce packaging waste by 50-60%, potentially boosting customer satisfaction among environmentally-conscious buyers.



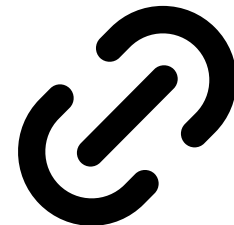
# STRATEGIES

Strategies	Problems	Solutions	Impact
Churn Crushers: Data-Driven Billing Solutions	Billing delays (Correlation: 0.57)	<ul style="list-style-type: none"><li>• <b>Smart Payment Nudges:</b> AI-powered reminders for timely payments.</li><li>• <b>Flex-Pay Options:</b> Installment plans or "pay-later" schemes.</li><li>• <b>Rewards for Punctuality:</b> Incentivize timely payments with discounts or points.</li></ul>	Reduce churn by 10-15%.
AI Assistants: Revolutionizing Customer Support	High support call frequency (Correlation: 0.31)	<ul style="list-style-type: none"><li>• <b>Chatbots 2.0:</b> Instant responses, speech-to-text, and multilingual capabilities.</li><li>• <b>Voice &amp; Language Sync:</b> Support native languages for regional customers.</li><li>• <b>Proactive Pings:</b> Alerts for order updates or potential issues.</li><li>• <b>Smart Escalation:</b> Complex queries automatically routed to agents.</li></ul>	Cut support calls by 25-30%, improving satisfaction.
First Impressions Matter: Engaging New Customers	Short-tenure churners (Correlation: 0.2)	<ul style="list-style-type: none"><li>• <b>Gamified Onboarding:</b> Reward first transactions and frequent use.</li><li>• <b>Welcome Kits:</b> Discounts and tutorials for a smooth start.</li><li>• <b>Push for Engagement:</b> Send personalized prompts within the first 90 days.</li></ul>	Retain new users, increasing CLV by 20-25%.
Stop the Shuffle: Prevent Order Modifications	Frequent order changes disrupting logistics	<ul style="list-style-type: none"><li>• <b>Crystal-Clear Cart Summaries:</b> Ensure order confirmation before checkout.</li><li>• <b>Window of Change:</b> Allow modifications only within 10 minutes.</li><li>• <b>Modification Fee:</b> Discourage impulsive changes with nominal charges.</li><li>• <b>Inventory Alerts:</b> Real-time stock status to prompt decisive purchases.</li></ul>	Reduced delivery delays and operational inefficiencies.
Recommender Rockets: Driving Engagement with AI	Low cross-selling and up-selling rates	<ul style="list-style-type: none"><li>• <b>Collaborative Filtering:</b> Suggest items based on user behavior (e.g., bread → butter).</li><li>• <b>Market Basket Insights:</b> Use association rules to identify frequent combinations.</li><li>• <b>Hybrid Recommendations:</b> Combine algorithms for precision.</li></ul>	Boost AOV by 20-25%, enhancing user satisfaction.
Beyond the Basics: Loyalty That Sticks	Low post-purchase engagement	<ul style="list-style-type: none"><li>• <b>Points for Purchases:</b> Reward frequent buyers with redeemable points.</li><li>• <b>Ad-Watching Perks:</b> Tokens for ad views, usable for discounts.</li><li>• <b>Tiered Rewards:</b> Unlock higher benefits for loyal customers.</li></ul>	Increase retention by 20% and AOV by 15%.
Green Gains: Aligning with Eco-Conscious Customers	Misalignment with sustainability values	<ul style="list-style-type: none"><li>• <b>Eco-Friendly Moves:</b> Use green packaging and promote EV-based deliveries.</li><li>• <b>Highlight the Green Impact:</b> Showcase initiatives to attract eco-conscious users.</li></ul>	Strengthen loyalty by 10-15%.
Delivery Dynamics: Optimizing the Last Mile	High logistics costs and delivery inefficiencies	<ul style="list-style-type: none"><li>• <b>AI-Powered Routes:</b> Optimize paths for faster deliveries.</li><li>• <b>Cluster Deliveries:</b> Group orders to reduce costs in dense areas.</li><li>• <b>Predictive Stocking:</b> Pre-position inventory based on demand forecasts.</li></ul>	Save 15-20% on delivery costs and improve on-time rates by 25%.
Predict and Prevent: Proactive Retention Tactics	High churn from dissatisfaction	<ul style="list-style-type: none"><li>• <b>Smart Churn Models:</b> Predict at-risk users and intervene early.</li><li>• <b>Retention Offers:</b> Personalized discounts for disengaged customers.</li><li>• <b>Pulse on Pain Points:</b> Quarterly surveys to refine services.</li></ul>	Cut churn by 10-12%, boosting overall satisfaction.

# APPENDIX



DOCUMENT: DETAILED ANALYSIS FROM DATASET INSIGHTS.



NOTEBOOK LINK : CONSISTS OF EXPLORATORY DATA ANALYSIS



DASHBOARD LINK: INTERACTIVE VISUALIZATIONS OF CHURN TRENDS AND STRATEGIES.





# THANK YOU

From Team Strats



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