



STRATEGIC BUSINESS REPORT: BLINKIT OPERATIONS AUDIT

To: Blinkit Executive Leadership Team

From: Krishna Varshney, Lead Data Analyst

Date: December 10, 2025

Subject: Operational Efficiency & Unit Economics Optimization Strategy

1. EXECUTIVE SUMMARY

The Bottom Line: Blinkit has achieved product-market fit with stable transaction volumes, but the business has hit a "Maturity Plateau." Our analysis of FY 2023-2025 data reveals that top-line revenue growth has flattened due to critical inefficiencies in Customer Retention and Inventory Management.

While daily order volume is consistent, we are experiencing significant revenue leakage:

1. High Churn: We lose 86% of new users after their first month.
2. Operational Friction: A consistent 10:00 AM bottleneck is driving negative customer experiences.
3. Capital Lock: Approximately ₹24.4 Lakhs of working capital is trapped in overstocked perishable inventory.

Strategic Opportunity: By shifting focus from "Acquisition" to "Activation" and optimizing warehouse rostering for peak hours, we project a 15-20%

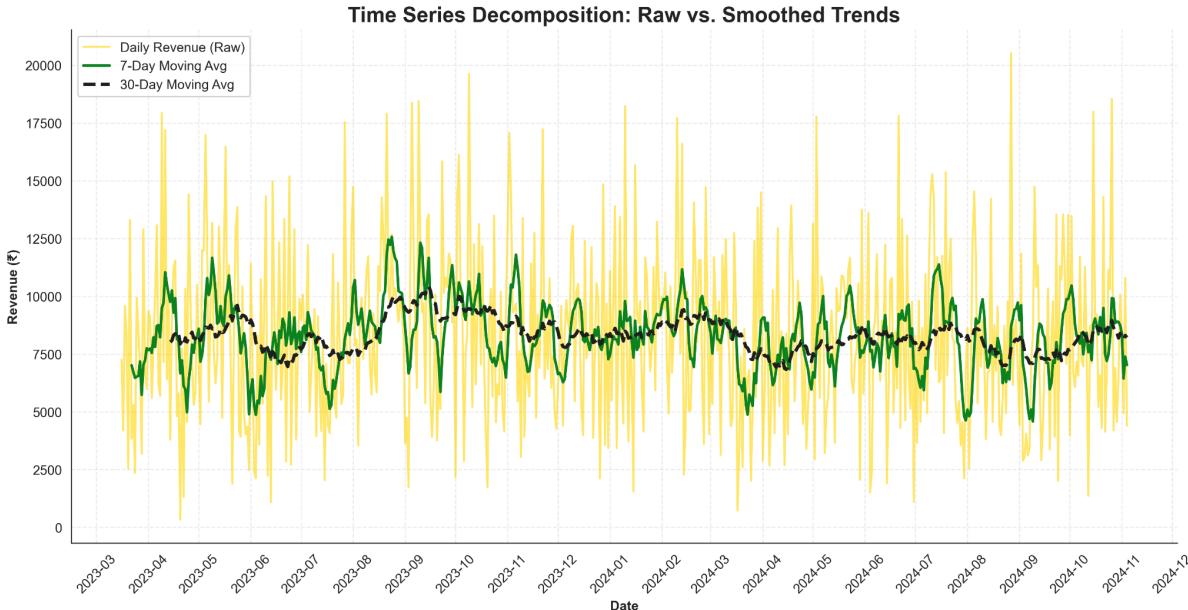
improvement in Net Margin and a 3x increase in Customer Lifetime Value (LTV) over the next fiscal year.

2. DIAGNOSTIC: THE "STAGNATION" DIAGNOSIS

Macro-Trend Analysis (Time Series)

Observation: The business is demonstrating High Volatility but Low Growth.

- Revenue Trend: Daily revenue fluctuates wildly (Peaks of ₹20k vs. Troughs of ₹1.2k), driven largely by "Event Days" (Weekends/Holidays) rather than consistent daily habits.
- Profit Plateau: The Gross Profit trend line is parallel to Revenue. We are not seeing margin expansion, indicating that we are simply fulfilling existing demand without optimizing the product mix.
- Operational Crashes: We identified specific days with revenue <₹3,000, pointing to recurring systemic failures (e.g., App Downtime or Rider Strikes).



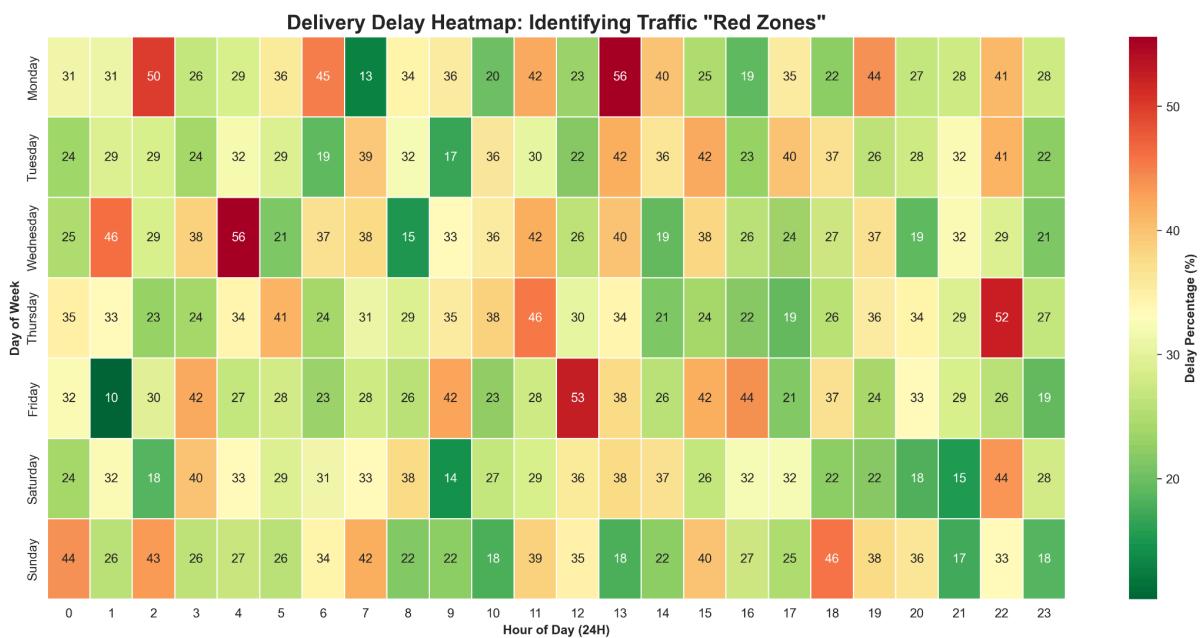
3. OPERATIONAL EFFICIENCY AUDIT

The "Capacity Paradox"

Myth: "We are late because we are overwhelmed by too many orders." **Fact:** There is zero correlation (-0.11) between Order Volume and Delay Rates. The system fails just as often during low-volume hours as high-volume hours.

The Real Bottleneck: 10:00 AM Rush

- Temporal Hotspots: Heatmap analysis pinpoints a severe congestion window between 10:00 AM – 11:00 AM, particularly on Mondays (Weekly Restock) and Saturdays (Weekend Start).
- The "Distance Fallacy": Delays are not caused by long-distance trips. A 5km delivery is just as likely to be on time as a 1km delivery. The friction is occurring *inside the store* (Picking/Packing) during the breakfast rush.

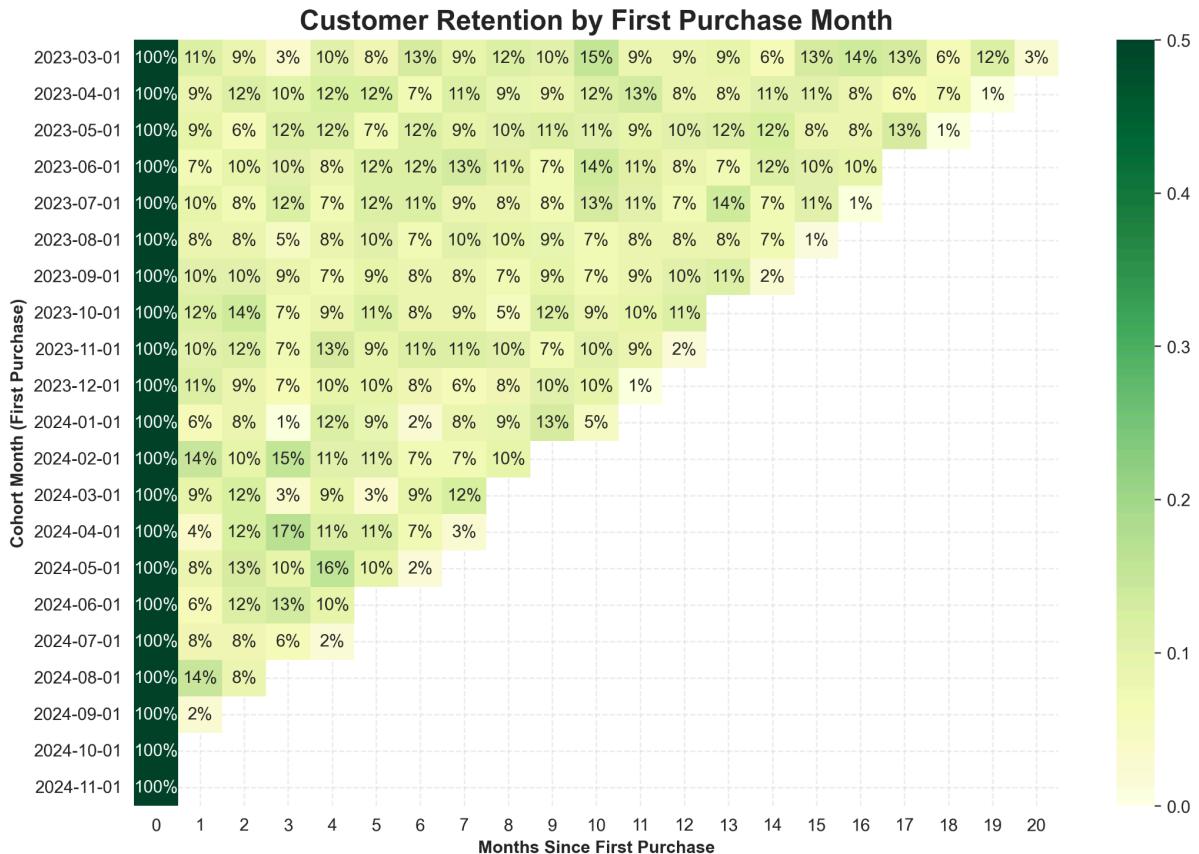


4. CUSTOMER INTELLIGENCE: THE "LEAKY BUCKET"

The "One-and-Done" Crisis

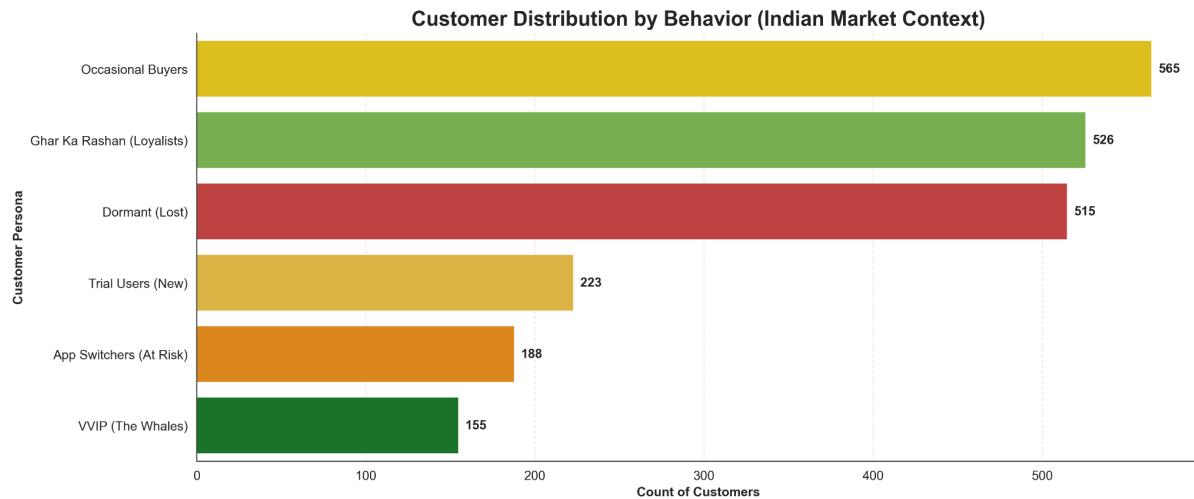
- Retention Rate: Our Cohort Analysis reveals a retention peak of only 14% in Month 1. This means 86 out of 100 new users churn immediately after their first experience.
- The Valuation Gap:

- New User Value: ₹853
- Long-Term User Value: ₹2,362
- Insight: A user who stays beyond 90 days is worth 3x more than a churned user. The current strategy is over-indexed on Acquisition (filling the bucket) while ignoring Activation (plugging the hole).



Segmentation Profile (RFM)

- Dominant Segment: "Occasional Buyers" (26%) and "Dormant Users" (24%) make up half the base.
- Risk: The "Dormant" segment (515 users) is nearly as large as the "Loyalist" segment (526 users), indicating a high burn rate of acquired customers.

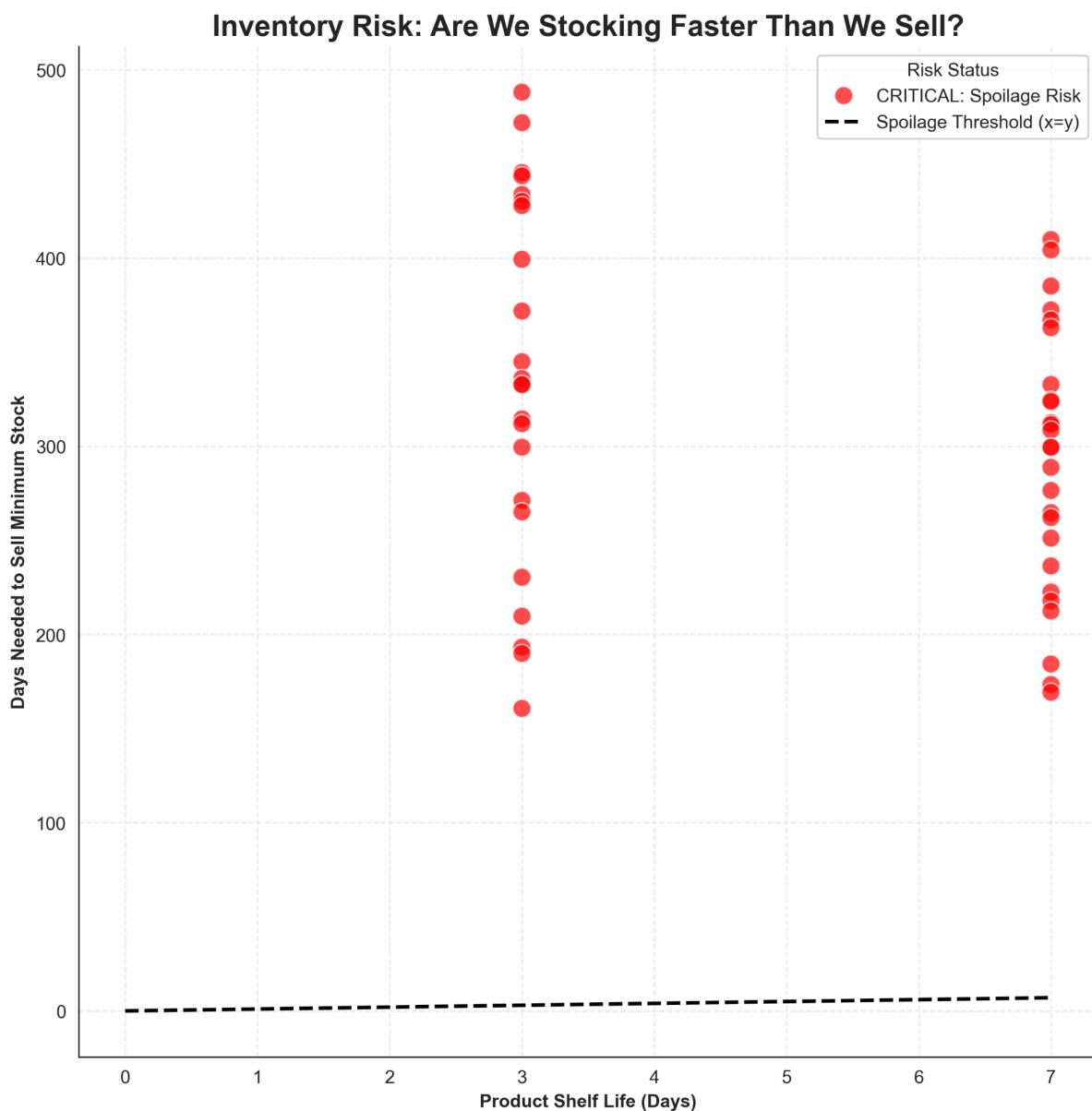


5. INVENTORY & COMMERCIAL HEALTH

The "Perishable Risk" (Supply Chain Failure)

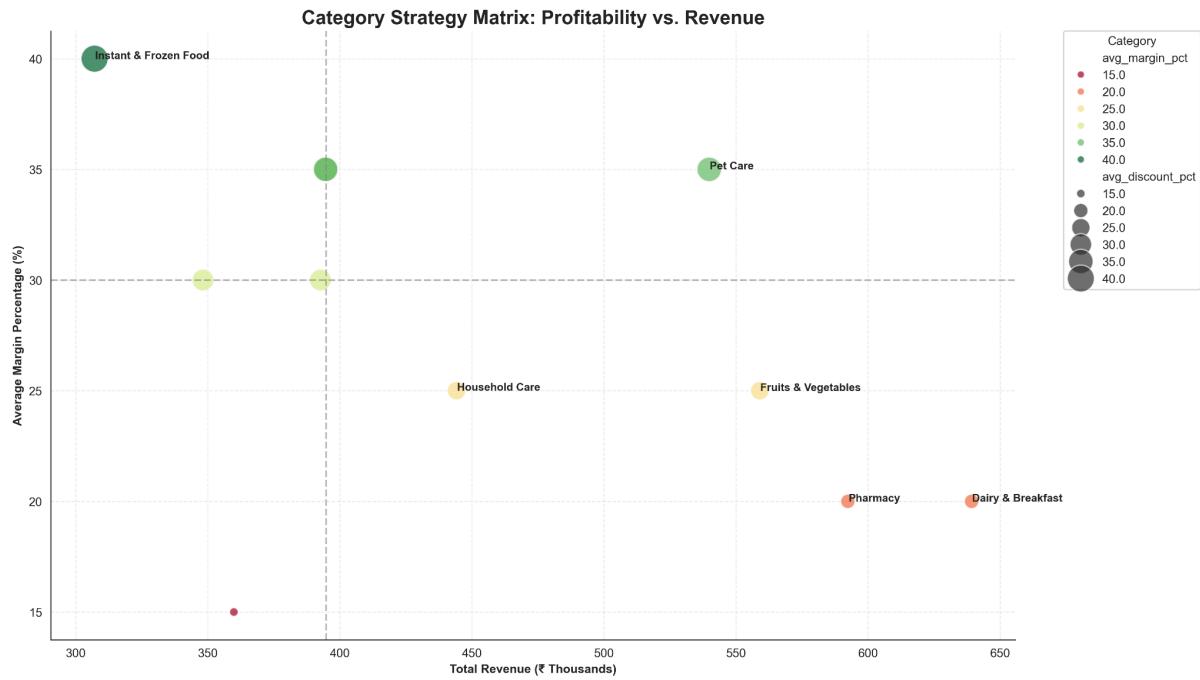
We identified a critical misalignment between Procurement and Demand.

- The Onion Case Study: We are holding 1,244 days (over 3 years) of stock coverage for Onions, a product with a shelf life of 3-5 days.
- Capital Lock: The top two categories hoarding cash are Dairy & Breakfast (₹13.08L) and Fruits & Vegetables (₹11.38L).
- Impact: Holding ₹24L in perishable stock guarantees high spoilage costs and write-offs, directly eroding the Net Profit documented in the Time Series analysis.



Product Strategy (BCG Matrix)

- Star Category: Pet Care commands high revenue and high margins (35%+). It is an under-utilized growth engine.
- Cash Cows: Dairy & Breakfast drives volume (Traffic Builder) but has thin margins.
- Power Partners: Karnik Plc is our most strategic brand partner, driving the highest revenue at a superior 40% margin.



6. STRATEGIC RECOMMENDATIONS (THE ACTION PLAN)

We propose a 3-Pillar Strategy to transition Blinkit from "Stagnation" to "Profitable Growth."

Pillar 1: Operational Excellence (Fixing the 10 AM Rush)

- Action: Implement "Dynamic Rostering" for warehouse staff. Shift packer schedules to overlap specifically during the 9:30 AM – 11:30 AM window.
- Goal: Reduce peak-hour delay rates by 15%, directly improving the "First Order Experience" to reduce early churn.

Pillar 2: Retention Engineering (Plugging the Leak)

- Action: Shift 20% of the Acquisition Budget to Activation.
- Tactic: Launch a "Streak Challenge" (Gamification).
 - Offer: "Place 3 orders in your first month to unlock Blinkit Gold."
 - Logic: Incentivizing the 2nd and 3rd order bridges the gap to the "Long-Term" segment (₹2,362 LTV).

Pillar 3: Working Capital Optimization (Unlocking Cash)

- Action: Hard-code a procurement rule in the ERP system for "Fresh" categories.
 - Rule: Max Stock Level \leq 2x Average Daily Sales.
- Goal: Immediately stop the over-ordering of Onions/Dairy. This will free up ~₹12 Lakhs in working capital within 30 days and reduce spoilage write-offs.

7. PROJECTED FINANCIAL IMPACT

Implementing these measures is estimated to deliver the following impact in FY 2026:

Metric	Current State	Projected State	Revenue Impact
Month 1 Retention	14%	20%	+1.5M Annualized
Working Capital	₹24.4L Locked	₹12L Locked	+₹12L Cash Flow
Peak Delays	31%	20%	Reduced Churn
Net Margin	Stagnant	+2-3%	Profitability

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