

# WA6: Case Study Report on Startup Failure Analysis

## Startup: Doodhwala

### 1. Introduction

Doodhwala was a Bangalore-based hyperlocal milk and grocery delivery startup, founded in 2015 by Aakash Agarwal and Ebrahim Akbari. The platform allowed users to subscribe and receive fresh milk and daily essentials delivered early in the morning through an app-based model.

It operated across major cities like Bangalore, Hyderabad, and Pune, and was among the early players in India's daily delivery ecosystem—competing with brands like Supr Daily and Milkbasket.

At its peak, Doodhwala was processing over 35,000 daily orders and had raised around \$2.2 million in funding from Omnivore Partners and other investors.

### 2. Vision and Business Model

#### Vision:

To simplify urban life by ensuring the timely, hassle-free delivery of fresh milk and groceries directly to consumers' doorsteps.

#### Business Model:

- **Subscription-Based:** Users preloaded wallets for recurring daily deliveries.
- **Partnerships:** Collaborated with local milk dairies, bakeries, and grocers.
- **Revenue Streams:**
  1. Commission from vendors.
  2. Subscription convenience fees.
  3. Delivery charges on select orders.

The model combined **convenience, reliability, and early-morning delivery**, which attracted busy urban professionals and families.

### 3. Reasons for Failure

Despite strong initial traction and investor interest, Doodhwala **shut down in 2020**. Several internal and external factors led to its downfall:

#### **a. High Operational Costs**

Milk delivery required daily logistics, refrigerated storage, and time-bound delivery windows. The cost of maintaining fleets, delivery personnel, and distribution centers was extremely high compared to revenue per order.

#### **b. Cash Flow Challenges**

Even with recurring customers, Doodhwala struggled with negative margins due to discounts, low delivery fees, and credit settlements with vendors. As investor funding dried up, sustaining operations became impossible.

#### **c. Strong Competition**

The entry of Swiggy, BigBasket, Supr Daily, and Dunzo into the same segment increased customer expectations and marketing expenses. Larger players had deeper pockets and better supply chain integration.

#### **d. Difficulty in Scaling**

The subscription model worked in smaller areas but scaling across multiple cities created inefficiencies. Managing local vendor tie-ups and timely deliveries became complex.

#### **e. Funding and Acquisition Issues**

In 2020, Doodhwala attempted to raise another funding round but failed. It was eventually acquired by FreshToHome in a distress deal, effectively ending its independent operations.

### **4. Key Lessons Learned**

From Doodhwala's failure, entrepreneurs can learn the following:

1. **Unit Economics Matter** – Growth without profitability is unsustainable.
2. **Efficient Logistics is Key** – In hyperlocal delivery, cost control and optimization are crucial.
3. **Adaptability** – Startups must pivot quickly when market conditions change.
4. **Strong Cash Flow Management** – Dependence on investor money alone can be risky.
5. **Competition Awareness** – Differentiation and customer retention strategies are essential.

### **5. Conclusion**

Doodhwala's story is a classic example of a startup that grew fast but burned out faster. While the concept was strong and addressed a real urban problem, the execution challenges and financial instability led to its collapse.

The case emphasizes that in India's startup ecosystem, especially in logistics-heavy models, success depends on a balance between growth, operational efficiency, and financial sustainability.

Doodhwala's journey serves as a reminder that even with demand and innovation, discipline in cost control and long-term planning is vital for survival.