



# PRICING FRAMEWORK & OPERATIONAL DESIGN



## PRICING FORMULA:



The core payment varies by location density to ensure fair compensation for effort.

- Dense Urban: ₹10
- Semi-Urban / Rural: ₹13

Partners receive extra pay for specific tasks, such as a ₹1-₹2 COD Handling Fee and a ₹2-₹3 RTO Handling Fee for returned parcels.

- **Success Bonus:** Earn an extra 5% on weekly earnings for achieving a delivery success rate of over 98%.
- **Efficiency Bonus:** Extra incentives for regular on-time delivery and becoming trusted kiranas for VALMO.

Total Earnings

Urban : Rs. 10 - Rs. 14

Semi-Urban/Rural : Rs. 13 - Rs. 16

The base rate is calculated to provide a target hourly earning after covering a partner's time, effort, and operational costs like fuel and mobile data, while balancing the payout against local delivery density.



## BATCH RUNS :

- 2-3 runs/day; +₹(0.5 - 1) incentive for on-time delivery.
- High performers rewarded with extra parcel allocation.



## COD & TRUSTED VALMO FRIEND(TVF) :

- Kiranas collect COD with daily digital settlement.
- ₹5,000 refundable security deposit builds accountability.
- After 1,000 deliveries, kirana becomes Trusted Valmo Friend (deposit refunded + priority parcels).
- **Strike system:** deposit frozen if fraud/misbehavior is reported.

# TECHNOLOGY MODEL & RISK MITIGATION STRATEGY

## ORDER ASSIGNMENT:

- Triggered on Parcel arrival at Destination Sort Center.
- Delivery:** Prioritize kiranas by-  
Proximity (100-300m) → Performance → Load Balancing.



## TRACKING:

- Customer View:** Specific delivery time windows (e.g., "11 AM - 2 PM"), milestone updates.
- Kirana App:** Digital manifest of batch orders, scan-based updates (hub pickup, customer delivery).
- Valmo Ops:** Live dashboard, batch monitoring & exception alerts.



## PROOF OF DELIVERY (POD):

- COD Orders:** Customer-provided OTP for secure confirmation.
- Prepaid Home Delivery:** Kirana takes a Geo-tagged photo of package at doorstep including OTP method.



## RISK ANALYSIS

### 1. COD & Fraud: The risk of cash leakage or theft

### 2. Accountability: Being a secondary income source, kiranas can deprioritize deliveries

### 3. Reliability & Churn: If a kirana leaves VALMO suddenly, there could be a sudden logistic void.

## MITIGATION STRATEGY

- Security Deposit + Strike System:** Kiranas deposit ₹5K, fostering accountability; frozen on fraud.
- Strict Daily Digital Settlement:** Mandatory daily cash reconciliation via app.
- COD handling fee:** would be given, once a kirana becomes TVF.

- Performance-Linked Incentives:** Higher parcel allocation & bonuses for reliable kiranas.
- Defined Batch Runs:** Clear expectations for on-time delivery within fixed windows from the kiranas.

- Trusted Valmo Friend (TVF) Program:** Builds long-term commitment via status, deposit return, and perks.
- Automated Standby Partners:** Immediate re-routing to backup kiranas in case of unavailability.



# PILOT DESIGN AND IMPACT ON CPD & DSR



## BENGALURU:

- E-commerce Dominance:** Accounts for 14.12% of all Indian e-commerce orders, #1 market.
- Digital Adoption:** Top state for UPI volume; 70%+ digital transactions on mobile.



## PILOT SCOPE & DURATION

- Duration:** 16 weeks to analyze performance trends and partner learning curves.
- Scale:** 8 pin codes per city (5 dense urban, 3 semi-urban outskirts) to ensure a diverse dataset. Areas are selected based on Meesho's order data.
- Partner Onboarding:** Target operational density (e.g., 4-5 active partners per sq. km) in selected micro-zones within pin codes, identified via Meesho's order data.

## KANPUR:

- Kirana-Dominant Retail:** Represents the ~85-93% unorganized retail sector.
- High COD Preference:** Reflects Tier-2 trend for COD as preferred payment method. (54% of Tier-2 consumers)



- Customer Satisfaction (CSAT):** Gauge end-customer reception to the new delivery model.
- Target:** > 4.2 / 5.0

## PILOT

### KPI'S & TARGETS

- New Kirana On-boarding requests:** This would indicate that does this model attracts new kiranas towards our new VALMO model.

- On-Time Delivery Rate:** Ensure a high standard of service reliability.
- Target:** > 85%

- Partner Churn Rate:** Measure the model's attractiveness and sustainability for kirana partners.
- Target:** < 20% (over the 16-week pilot)

## COST-PER-DELIVERY:

- Cost Reduction:** Lowers cost-per-delivery by 20-50%.
- New Price Point:** Reduces the fee from the current ₹20 to a new range of ₹10-₹16 per delivery.



## DELIVERY SUCCESS RATE:

- Success Rate Boost:** First-attempt DSR is projected to increase from 75-80% to over 90%.
- Local Knowledge:** Kiranas' intimate knowledge of their neighborhoods improves address resolution.
- Community Trust:** As trusted local figures, kiranas increase delivery acceptance, especially for cash-on-delivery orders.

