

Flipkart



WIRED 8.0

Campus case **challenge**

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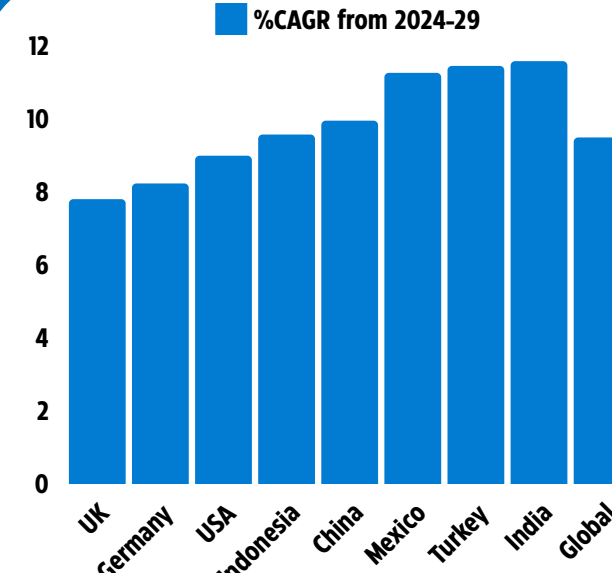
*Ideas That
Empower
Dreams*

GLOBAL E-COMMERCE



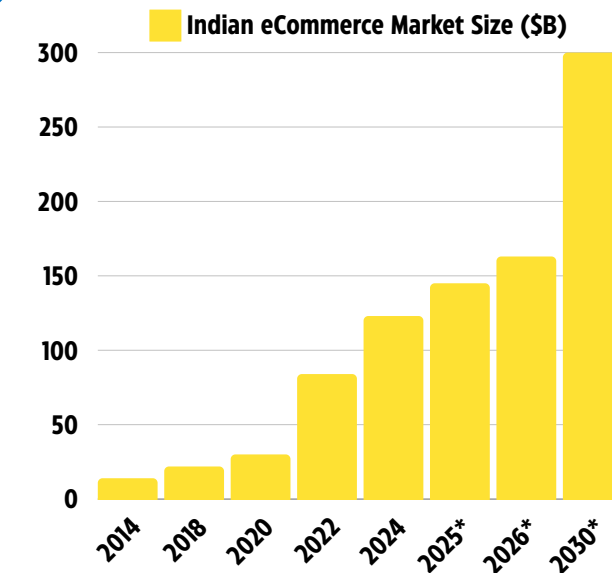
GLOBAL MARKET SIZE & CAGR

- The global eCommerce industry, currently valued at **\$5.78 Trillion in retail sales** as of FY23, is expected to **grow to \$8Trillion** by 2027.
- The industry is expected to have a **CAGR of 9.49% globally** from 24-29, with **India** expected to have a **higher CAGR of 11.58%** as compared to other emerging markets such as **Indonesia**.



ZOOMING IN ON INDIA

- The Indian eCommerce market, currently valued at **~\$123B**, is expected to grow to **\$300B+** by the year **2030**.
- Smartphones** are the **biggest market segment** as of '23, valued at **\$35B**, followed by **fashion** and **electronics** valued at **\$23B** each.
- 70%** of eCommerce transactions payments are **cash-on-delivery**.



CUSTOMER TRENDS



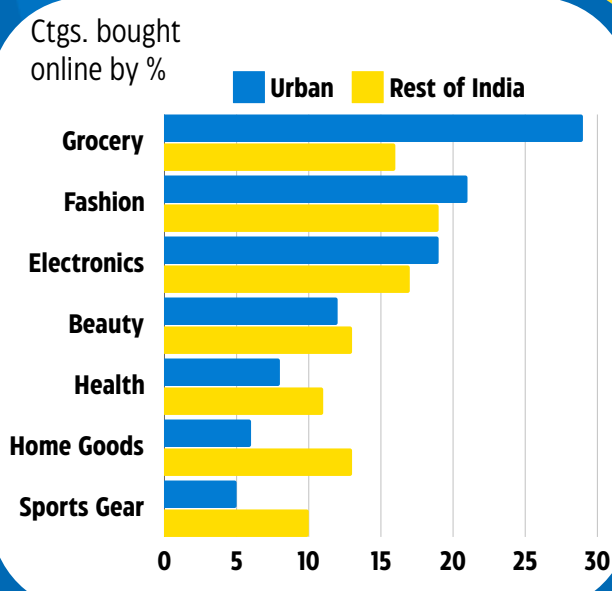
THE NEED FOR SPEED

- Globally, **consumer expectations** for **delivery times** are **dropping**, with **faster delivery** being the **most common** shopper demand.
- Consumer **expectations** for **delivery time vary by category**, with **grocery** having the **highest demand** for **<2hr** delivery, notably followed by **health & pharma** as well as **luxury, tech products**, and **clothing & fashion**.

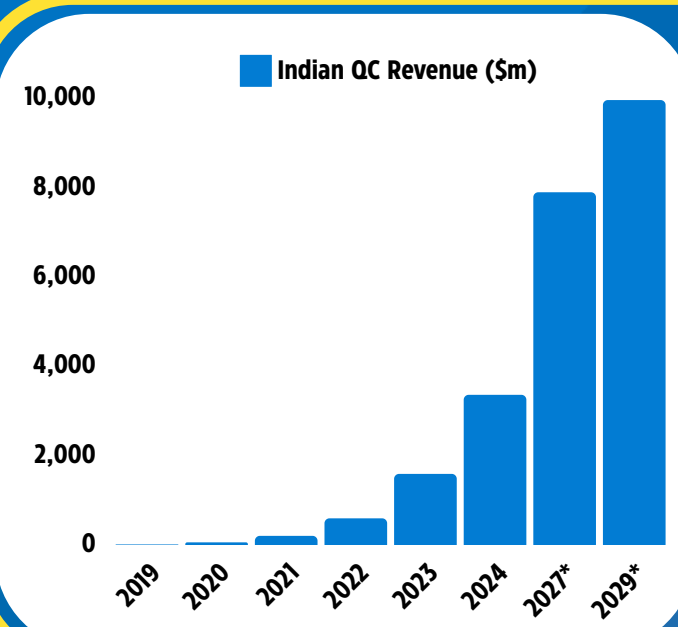


TWO INDIAS

- Urban consumers** differ from the **rest of India** in the **categories they prefer to purchase online**.
- Tier 2 & Tier 3** cities make up for a **majority of eCommerce transactions** (60% of orders), however AOV is slightly smaller than Tier-1 cities.

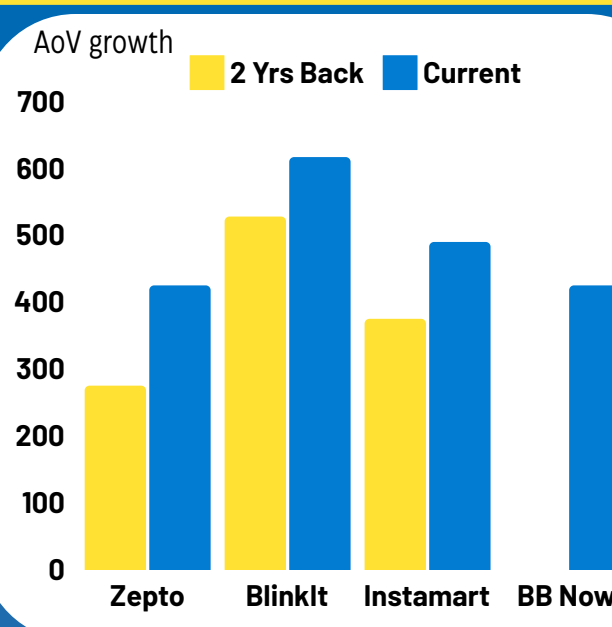


INDIAN QUICK COMMERCE



QUICK COMMERCE EXPLODING

- The Indian Q.C market has experienced **rapid growth** which has **persisted post Covid**, with market leader **Blinkit** reaching a value of **\$13B** thus **surpassing Zomato's food biz**.
- Average order value**, a key metric for eventual **profitability** is **trending upwards** for **all major players**.
- D2C brands** are increasingly using Q.C. as a **key channel** that **bypasses supply chain woes** & enables **premiumization**.

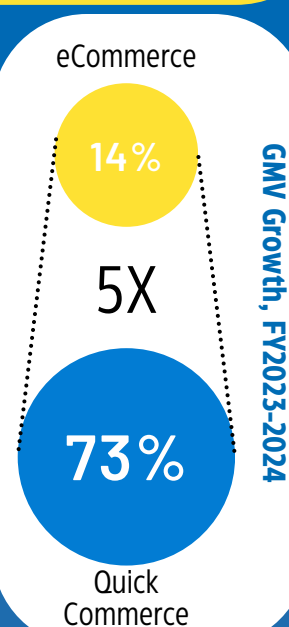


REASONS FOR SUCCESS

- Low labor costs**, high **density** urban areas making **smaller AoVs profitable** than in other countries. Traditional **small retail can't compete on prices**.
- High **product-channel fit** for certain categories, such as **healthy ice-creams** and **emergency beauty**, creating **markets** for **QC first brands**.

CHALLENGES

- Metros** & tier-1 cities **majority of business**. Infra issues, **high CAC** while entering new cities.
- Dark store location** selection, **SKU mix** both complex problems. **High packaging costs** ↓ margins.



gopuff TIMELINE

2013 Founded in **2013** as an on-demand Hookah Delivery startup, later pivoting to grocery delivery.

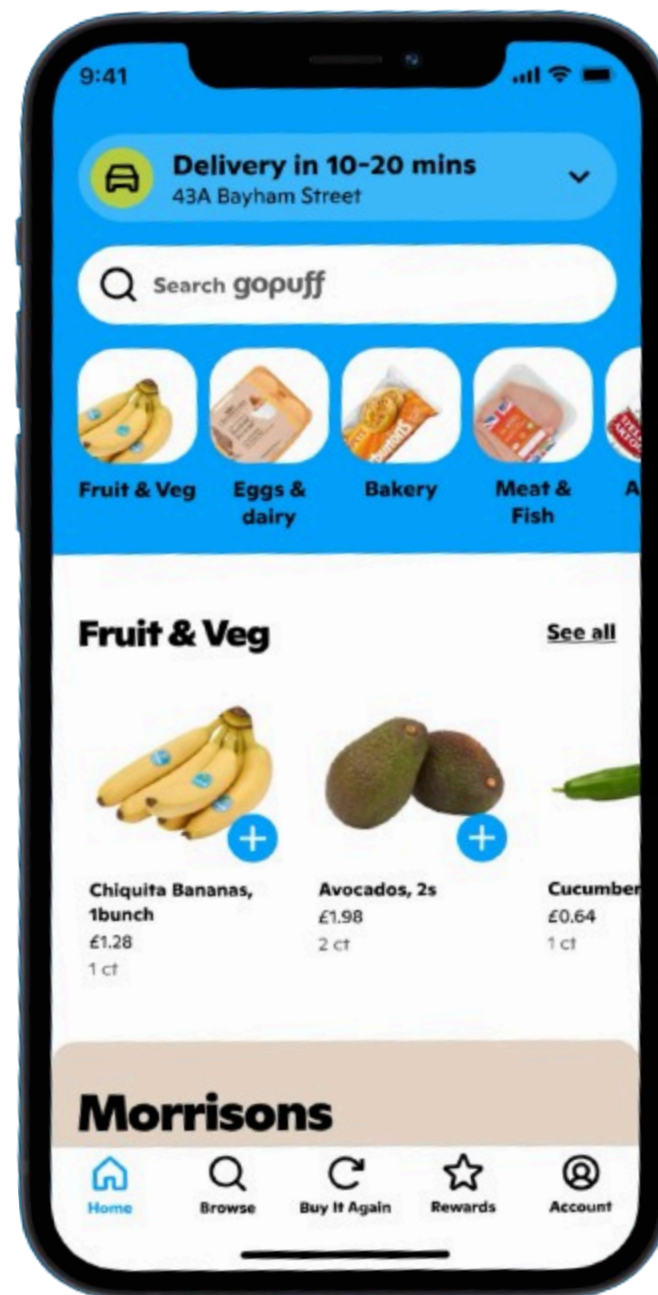
2016 Entered alcohol delivery, expanded to additional cities, raised **\$5m in Series A Funding** in **2016**.

2019 Further expanded US footprint, raising **\$108.5m in Series B & \$750m in Series C** funding in **2019**.

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2020 Raised a further \$350 million in funding at a **\$3.9 Billion valuation** in **2020**, acquired BevMo! for \$350m.

2021 Expanded to the **UK** with the acquisition of Fancy, raised a further \$1.15B at a **\$15B valuation**.



GLOBAL QUICK COMMERCE PLAYER: gopuff

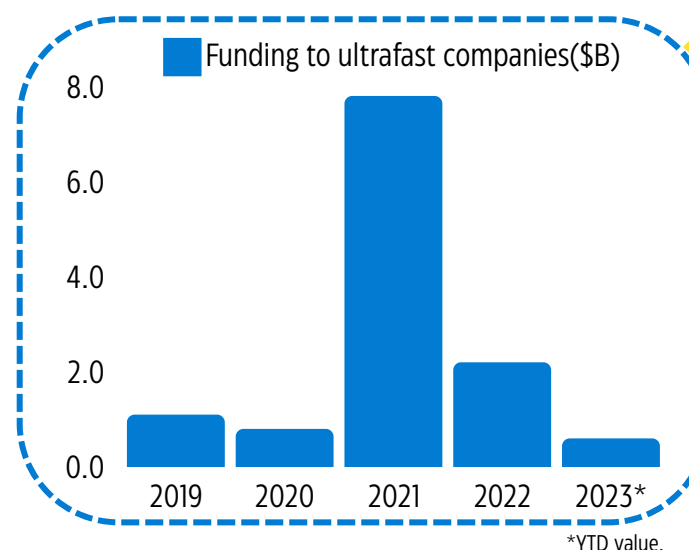
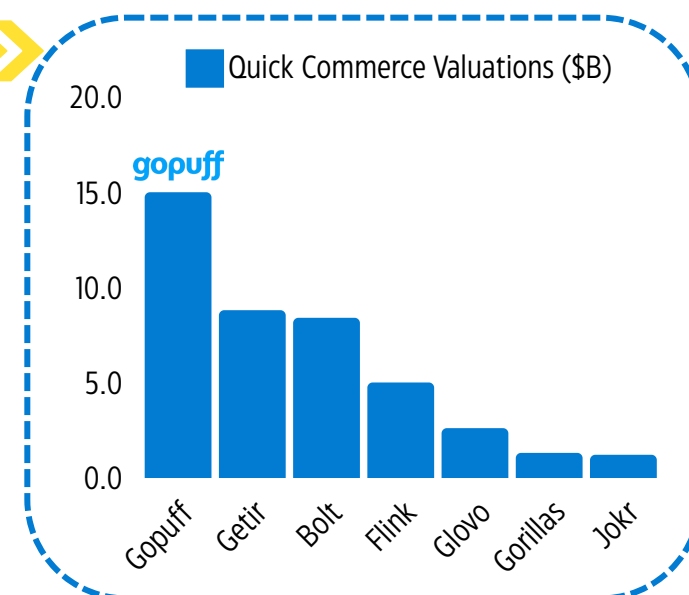
TOGETHER,
WE DARE
TO MAXIMIZE.

BUSINESS MODEL

GoPuff is an **American** on-demand delivery service that operates its own micro-fulfillment centers (**dark stores**) stocked with **everyday essentials**, delivering items directly to customers **within 30 minutes**. The company generates revenue through **product markups**, delivery fees, and **subscription services**, leveraging its **vertically integrated model** to optimize operations and potentially **achieve better margins** than traditional delivery services.

KEY INVESTORS

SEQUOIA, D1 CAPITAL PARTNERS, SoftBank, Fidelity INVESTMENTS, Accel, Blackstone



CHALLENGES FACED

01

High Labour Costs & Labour Shortages
• GoPuff faces **much higher labour costs** than EU & Asian contemporaries.
• Currently facing **shortage of delivery partners**, with 4% of **orders forced to be fulfilled through Uber Eats**.

02

Regulatory Issues
• GoPuff has faced **continuous regulatory challenges** since inception, esp. for their **alcohol delivery vertical**.
• **Banned** from delivering alcohol in the **state of Massachusetts** in 2023.

03

Waning Demand Post Covid
• Demand for grocery delivery **fell ~11%** one year after the Covid-19 pandemic.
• Demand amongst **young families fell ~9%**, & Urbanite demand dropped ~7%.

04

Funding Winter for QC Companies
• **Funding** to companies classified as ultrafast delivery (<30 minutes) **fell sharply**, following a funding frenzy during Covid, prompting **layoffs & warehouse closures** for GoPuff.

05

Dark Store Crackdowns
• Recently, cities around the world have started **cracking down on dark stores**, fearing a decrease in physical retail space available to consumers.

KEY SUCCESS FACTORS

Powered by GoPuff

- B2B offering** allowing D2C brands to **leverage GoPuff's delivery infra** & allow QC on their own storefronts.
- Shopify template** allowing easy **white-labelling** of GoPuff's QC platform backend.
- Used by **major brands** such as **Unilever**, Mondelez International, and **Nestlé** in **key geographies**.

AI Powered Ad Platform

- In-house** ad platform with AI models utilising **1000+ variables & 10+ years** of customer data.
- Features such as **objective based ad buying & bid optimization**, alongside robust and **predictive targeting**.
- Out of app** marketing suite, including product **sampling**, and **non-endemic advertising**.

Vertical Integration

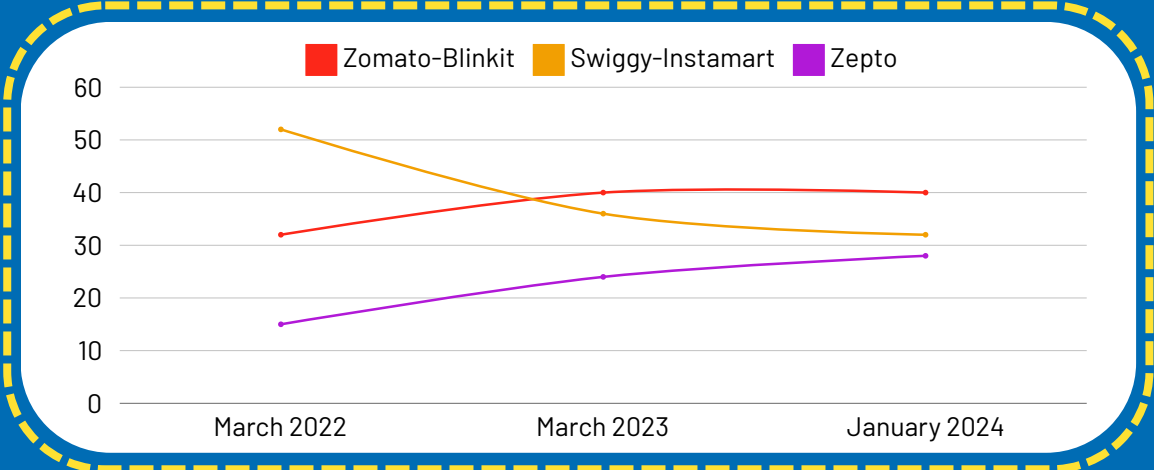
- 100% ownership** of all **inventory** as well as **fulfillment centers**, allowing margins to be built into prices, **reducing the need for extra fees**.
- Frequent restocks** with inventory ownership enabling a **WYSIWYG** experience for customers, a **key improvement** over **Instacart's & Shipt's** model.

Diverse Products

- GoPuff Kitchen** offering **hot food** & cafe items **in one order** alongside grocery items.
- Alcohol delivery** in select geographies through the **Bevmo!** acquisition, as well as GoBeer.
- Private label** brands **Basically & Basically Premium** offering **unique, quirky products** tailored to the GoPuff userbase's needs.

COMPETITOR ANALYSIS

MARKET SHARE



EMERGING COMPETITORS



INDIRECT COMPETITORS

Kirana Stores
Offer same-day **delivery** for orders placed over phone calls & **WhatsApp**

"Slow" E-Commerce
Offer **<2 day shipping** on large no. of SKUs, have **larger catalogues**.

Vending Machines, 24/7 Kiosks
Easy access to **impulse goods** at all hours.

Slotted Delivery
Scheduled **next day home delivery** of household staples & groceries.

Pharmacy Apps
Deliver **meds & other goods** in ~2 hours in select cities.

"DIY" Quick Commerce
Enable customers to get **quick delivery from any shop**.

	blinkit	SWIGGY instamart	zepto	b now
Market Share	~40%	~32%	~28%	~7%
Cities operating in	36	26	10	35
No. of Dark Stores	619	500	360	400
AOV	Rs. 617	Rs. 490	Rs. 425	Rs. 425
Order Volume per Day	620K	600K	520K	625K
Revenue	Rs. 23B	Rs. 20B+*	~Rs. 20B	Rs. 1.7B(FY'23)
Monthly Subscription	✗	<ul style="list-style-type: none"> Unlimited free delivery > ₹199, no surge pricing. Includes benefits for food delivery & dine-out. Lite tier available. 	<ul style="list-style-type: none"> Free Delivery > ₹100, no surge pricing. Up to 20% extra discount on certain products. 	✗ (BBstar only has benefits for slotted deliveries.)
Fees	Delivery: Rs. 16 or Rs. 30 Handling: Rs. 4 High Demand Surge: Rs. 30	Delivery: Rs. 16 or Rs. 30 Handling: Rs. 7 High Demand Surge: Rs. 30	Delivery: Rs. 25 Small Cart: Rs. 35(< cart Rs 99) Handling: Rs. 5.49 High Demand Surge: Rs. 30	Delivery: Rs. 9 or Rs. 25 Handling: Rs. 6
Customer Satisfaction	CSAT: 2.4/10 Delivery Partner Interaction: 1.2/10 App Store Rating: 4.5/5	CSAT: 0.5/10 Delivery Partner Interaction: 0.7/10 App Store Rating: 4.3/5	CSAT: 1.5/10 Delivery Partner Interaction: 5.7/10 App Store Rating: 4.7/5	Data not available
Key Differentiator	1. Print Store offering document & photo prints. 2.Simplified Household app allowing domestic help and the elderly to add items to cart. 3.Allows shopping from multiple darkstores in one cart , allowing infrequently bought SKUs to be sold <i>without out of stock issues</i> . 4. CPI based ad bidding (vs CPC).	1. Integrated food & QC offerings in 1 app, with subscription offering benefits across three categories . 2. Swiggy Mall offerings sold through InstaMart, allowing independent retailers to leverage delivery infra . 3. Co-branded HDFC bank credit card offering 10% cashback on food as well as QC purchases.	1. Zepto Café offering simple snack items in <10 minutes. 2. Private label brands such as Relish offering higher margins (20-25%). 3. Fastest median delivery times 4. All electric fleet (more cost efficient) 5. Large majority of dark stores profitable on contribution basis.	1.Dark stores NOT franchised , allowing for consistent experience . 2.Deep integration with Tata Neu ecosystem , Neu coins offered as cashbacks on orders, redeemable across 10+ Tata group offerings. 3.Piloted instant doorstep returns .
Key Call Outs	Venturing into at-home handyman services .	1.Upcoming IPO valued at Rs. 37B 2. Amazon reportedly in talks to buy the Instamart vertical.	Raised \$665M funding at \$3.6 valuation in Jun'24	Synergy with other Tata group companies - Croma, Tanishq

*35% Swiggy's revenue - extrapolated form 2022

THANK YOU!

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