Flipkart

WIRED 8.0

Campus case challenge

BIZ BANG THEORY

Ideas that Empower Dreams

MEET THE TEAM

Shipika Arora

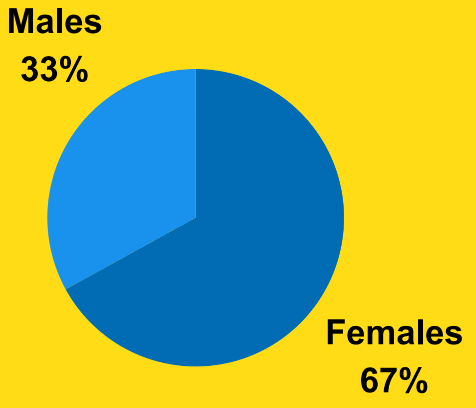
Sidhant Bishnoi

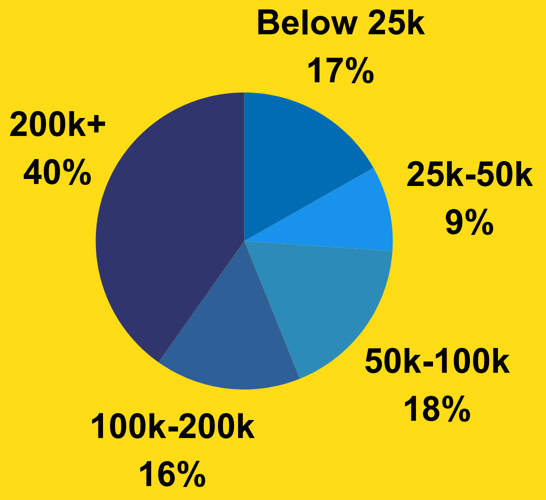
Mahiya Poddar

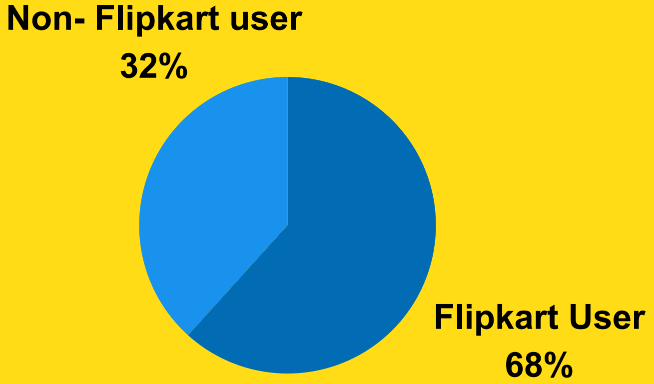
SURVEY & FOCUSED INTERVIEWS

Demographics

- Survey of 100+ individuals
- 70% females & 30% males
- Age 18-60 yrs
- Tier 1 & Tier 2 cities
- Students, professionals & homemakers
- Monthly income 15-20 LPA







Social Listening

Swiggy Instamart	4.4	blinkit	4.6	bigbasket	4.8
DUNZO	4.7	zepto	4.8	Flipkart	4.6

INSIGHTS

Freshness and authenticity are non-negotiable for users: The demand for fresh & authentic items, particularly in grocery & perishable categories, is a key driver for choosing a platform. Users prioritize platforms that guarantee that quality of products.

Offers, discounts and delivery charges drive purchase decisions: Users are highly sensitive to offers, discounts, and delivery charges when choosing between different Q-commerce platforms. Platforms that offer better-priced items, perhaps through memberships, tend to retain users more effectively.

Convenience and speed are crucial: Users heavily rely on quick commerce for daily needs, appreciating convenience & speed. There's a demand for balancing speed with competitive pricing, suggesting that companies must offer value-driven solutions, such as tiered pricing or bundling options to enhance stickiness.

BARRIERS

Price sensitivity and high delivery charges: Users are deterred by high costs in quick commerce, especially when delivery charges are added to already steep prices. This price sensitivity often leads them to increase order sizes to avoid extra fees.

Distrust in product authenticity: Distrust in product authenticity, particularly with electronics, is a significant barrier for platforms like Flipkart. This skepticism makes users hesitant to buy high-value items online, as they prefer to test and feel the products before purchasing.

Limited availability of premium and niche products: It frustrates users, often driving them to explore alternative platforms When users can't find specific high-quality items or brands, they are more likely to seek out platforms that offer a broader selection and faster access to the products they want.

TOGETHER, WE DARE TO MAXIMIZE.

USER PERSONAS

for SEGMENTATION, TARGETING & POSITIONING

Survey of 24 people

Users of Flipkart's Q-commerce 'Minutes'

Kritika Sharma

- 27 years
- Bengaluru
- Product Designer

- Uses all Q-commerce apps 3-4 times a week
- Uses Amazon, Myntra, Nykaa, H&M, Insta apps once a week
- Keeping availability constant, price & discount matters
- There should be personalised recommendations

Maitreyi Parashar

- 21 years
- Bengaluru
- Student

- Uses Amazon E-commerce once a week
- Uses BlinkIt for Q-commerce purposes
- Has frequent issues with delivery of fresh foods
- Switches apps on the basis of price
- Uses Flipkart on BB Day sale for heavy appliances due to low prices

Users of Flipkart App but not 'Minutes'

Chaitanya Narang

- 22 years
- Gurugram
- Events Specialist

- Uses BlinkIt 3-4 times a week near her office as it's fast and convenient.
- Uses Flipkart for all her electronics needs as she finds it reliable and has been ordering for the entire family.
- Has a Zepto pass to get essentials at a cheaper rate near her home

Sheetal Arora

- 50 years
- Delhi
- Homemaker

- Uses Amazon Fresh everyday, BlinkIt x2 a week
- Stopped using Otipy due to bad quality of veggies
- Compelled to add products to reduce delivery charges
- Some apps have high priced items, Flipkart is good
- Offers, referral codes & insider gifts lead to stickiness
- Cancellation feature is crucial

Users of other E-commerce & Q-commerce apps

Aayushi Rana

- 25 years
- Delhi
- HR & Admin

- Uses all Q-commerce apps daily
- Uses Amazon, Myntra, Nykaa, H&M, Insta apps once in 2 weeks
- Keeping availability constant, fast delivery matters
- Don't use Flipkart due to poor UI
- No bundling of products

Indu Bishnoi

- 51 years
- Chandigarh
- Homemaker

- Uses BlinkIt every alternate day for groceries and amazon for shopping once in two weeks
- Unhappy with the time taken by BlinkIt to deliver groceries
- Has to travel to shopping complex to get her items as low variety of products

STICKINESS FACTORS OF QUICK COMMERCE APPS

Financial Incentives:

- App wallet with stored money
- Better offers and discounts
- Lower delivery charges

Customer Experience:

- Faster delivery times
- Wider product and brand availability
- Extended operating hours

Personalization's:

- Tailored recommendations
- User-friendly interface (UI)

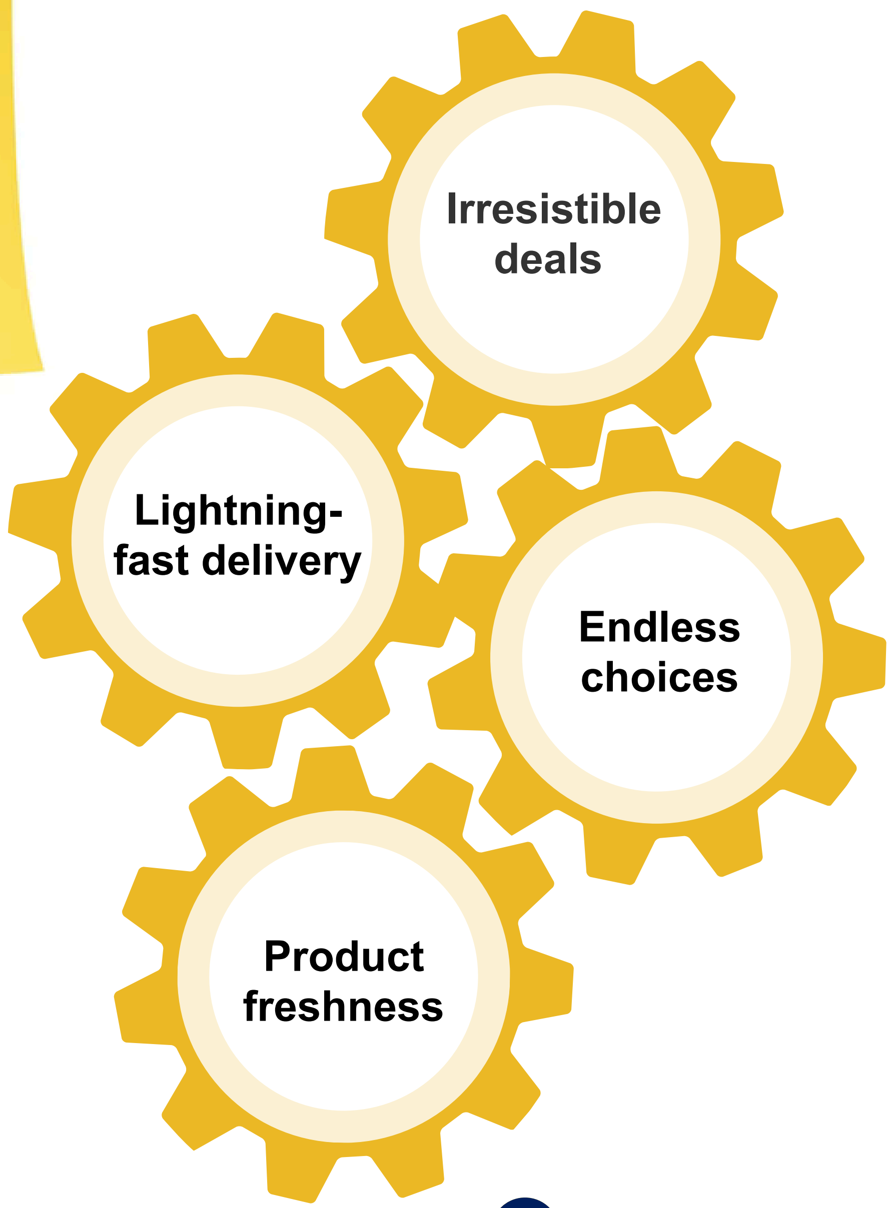
Retention Programs:

- Membership options
- Loyalty programs

Customer Loyalty:

- Cultivating a base of loyal customers

DRIVERS TO SWITCH



COMPETITOR ANALYSIS

	Delivery Fee	Delivery Time	Dark Stores	No. of Cities	Market Share	Small Cart Fee	Geography
SWIGGY instamart The Pantry Partner	₹ 16-30	10 mins	450	25	27%	₹ 15	Major cities across India
zepto The Speed Demon	₹ 23	10-20 mins	330	10	21%	₹ 35	10 major cities
blinkit The Quick Fixer	₹ 25	15-30 mins	451	27	46%	NA	20+ cities across India
bigbasket The Fresh Specialist	₹ 9-25	15-30 mins	350	35	7%	NA	Major cities across India

PURCHASE FUNNEL

Drop-offs are the most common in quick commerce at the interest and action stages. Customers lose interest if the product range is not vast, or the app isn't user-friendly. During Action, drop-offs occur due to high price points of products or high delivery charges. These stages directly affect the speed and convenience that quick commerce promises.

AWARENESS

Social media ads, word of mouth and onboarding offers

SEARCH

Organic search on app store, social media apps & Google search; pay-per-click

REPUTATION

Testimonials, word of mouth, influencer recommendations, blogs & articles

CONVERSION

Free delivery, referral codes & discounts

EXPERIENCE

Reviews, social sharing, customer support, purchase satisfaction

CUSTOMER JOURNEY

3RD TIME'S A CHARM

FLIPKART'S INNOVATIVE IDEAS

Flipkart

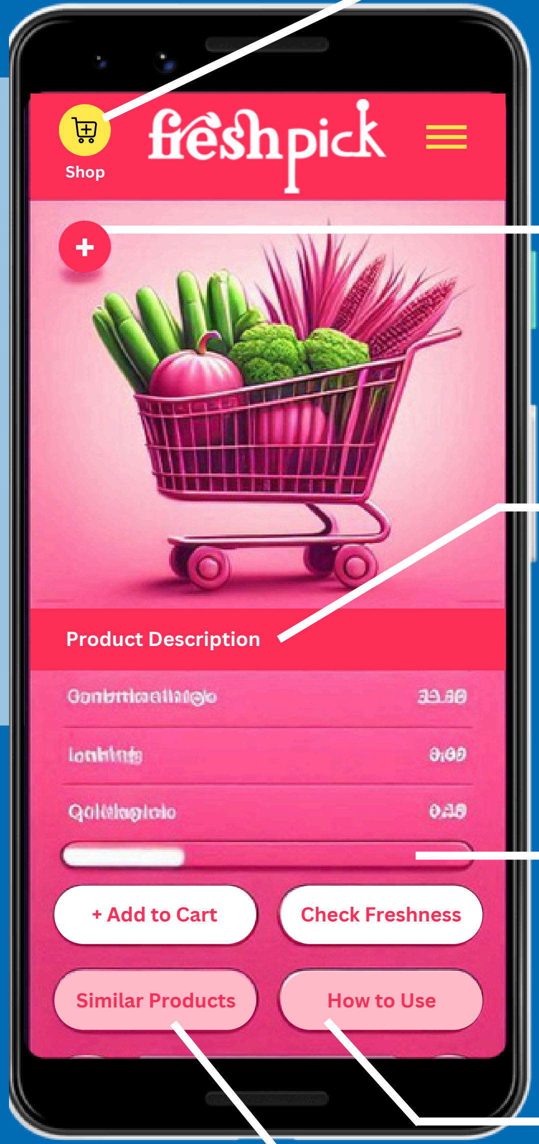
- Region specific language on the app
- Leverage Flipkart's E-commerce customer base & cross-sell on the app
- Loyalty programs, gifts and referral codes
- Focus on product freshness and quality
- Personalised recommendations using user data
- Order modification feature
- Have a diverse of products and brands
- Increase the number of dark stores based on user density

MOONSHOT IDEA

Flipkart freshpick

CONCEPT:

- **Flipkart Fresh** is a sub-section inside **Minutes** to create a grocery shopping experience that is personalised and focuses on **product freshness**.
- By leveraging advanced data analytics, flexible order management and region-specific languages, the platform aims to build deep **customer loyalty**, making Flipkart the go-to platform for all their needs.



Shop for more products from Freshpick

Add to Favourites button on the Product Details page

Product Description section having details of the product, weight etc.

Perishability Meter showing the number of days the product remains fresh

How to Use button that shows a video on how the product can be used

Check similar products of different brands

KEY FEATURES:

- **Vacuum Packaging:** Packaging is done beforehand & batches of vegetables are created. It improves the shelf life of products by 75%. Products will be untouched by hands, pre-washed & dried, packed using hygiene standards & vacuum packaged to prevent any contamination.
- **Order Modification:** It offers customers the flexibility to make 1 order modification within a minute after placing it. It enhances customer satisfaction & reduces the need for returns or cancellations.
- **Region-Specific Language**: To cater to the diverse linguistic landscape, it should allow users to access the app in their preferred local language. This provides a personalized shopping experience.
- **Personalized Recommendations**: Based on user data on what is being ordered when; there should be personalised recommendations based on customer preferences & past purchases.
- **Flash Loyalty Programs & Gifts**: Offer a loyalty program where customers get free delivery, access to 'Flash Deals' & free gifts for every 3rd order. This ensures customer retention.

FLIPKART- THE HOMEGROWN GIANT

ENTRY

- **Gradual Rollout of Minutes app in Tier 1 and Tier 2 cities**
- **Foundation Building by increasing dark stores and adding more products**

Locations: Focus on top-tier cities (Bangalore, Mumbai, Delhi).
Products: Start with essentials (groceries, personal care, electronics).
Testing: Pilot in select neighborhoods.

Campaign: Localized digital marketing via social media, influencers, and targeted ads.
Offers: Free delivery for first 5 orders or discounts on popular items.

Fleet: Recruit and train efficient delivery personnel.
Hubs: Open a motherhub and 2 dark stores within 12 km for faster delivery.

STABILIZATION

- **Address operational challenges and improve product quality**
- **Enhance customer loyalty & prepare for Big Billion Days**

Feedback: Collect and act on customer feedback to fix issues.
Supply Chain: Strengthen supplier relationships to reduce stockouts.

Products: Gradually add new categories like ready-to-eat meals and pet supplies.
Service Hours: Extend service hours in metro cities.

Loyalty: Launch loyalty programs to boost retention.
Big Billion Days: Prepare early with stock planning and promotional teasers.

App: Add wishlist reminders, personalized recommendations, and cross-sell through Flipkart.

EXPANSION

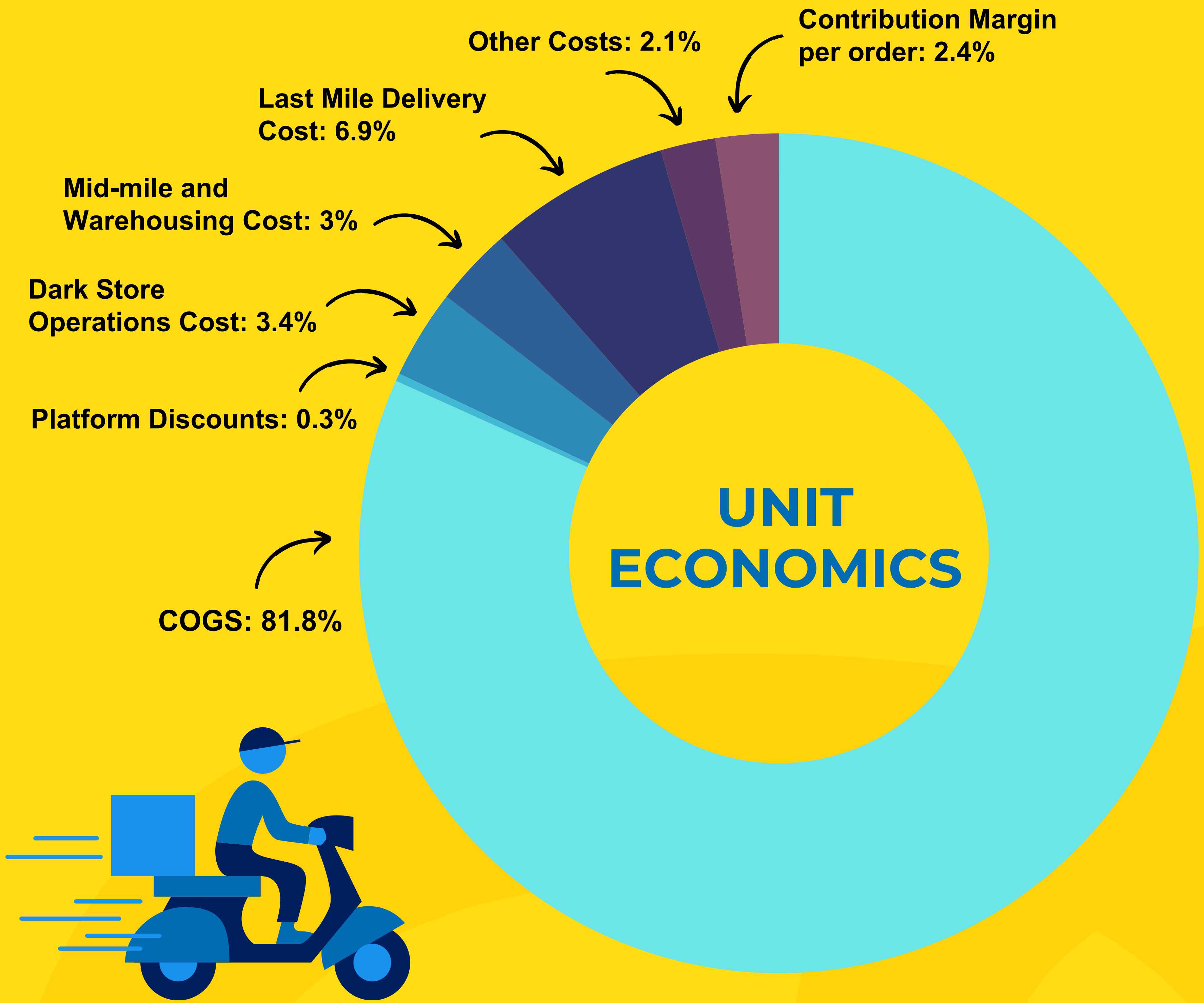
- **Expand into new markets and capitalize on the momentum from Big Billion Days**
- **Scale operations sustainably and explore new revenue streams**

City Rollout: Expand to additional Tier 2 cities replicating successful strategies from initial launches.
Regional Focus: Customize product offerings and promotions based on local preferences.

Exclusive Offers: Introduce exclusive deals and products to position Flipkart Freshpick as the top choice for last-minute grocery purchases.
Scale Readiness: Ensure app and logistics can handle peak demand, with potential staffing boosts & extended delivery hours.

Customer Retention: Convert customers into loyal users with targeted offers & loyalty programs.
Operational Efficiency: Focus on cost reduction through better route planning and inventory management.

FINANCIALS AND VIABILITY



ORDER MODIFICATION

Modification	Number
Assume 100 orders	100
AOV	400
Total Value	40,000
% modification in total order	60%
Modified Orders	60
Average increase in Order Value	50
Total increase in value	3,000
% Increase in Revenue	7.50%

REPLACEMENT VS REFUND

Replacement	Scenario II
Cost of veggies	25
Logistics	20
Total Additional cost	45
Revised Profit	35

Refund	Scenario I
Total refund	50
Revised Profit	30

Flipkart

WIRED 8.0

Campus case challenge

THANK YOU

Ideas that Empower Dreams

ANNEXURE 1.1- Primary Research Survey

Survey Purpose:

1. Collect customer opinions and preferences on quick commerce services.
2. Customize service offerings to better meet customer expectations.

Survey Instructions:

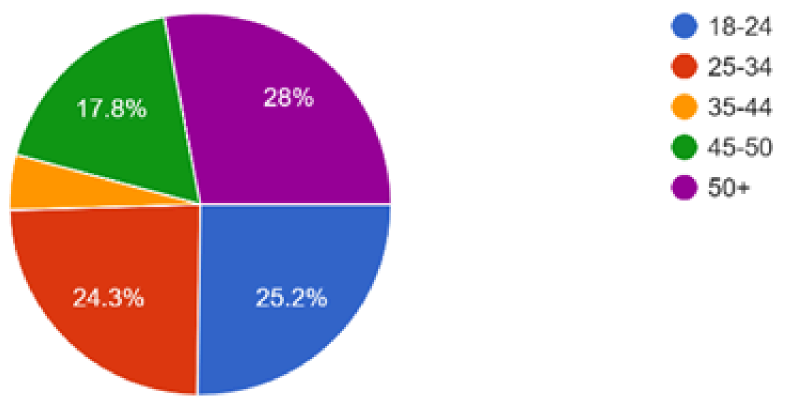
1. Carefully read each question and select the option that best represents your experience.
2. There are no right or wrong answers; honest feedback is crucial.
3. Estimated completion time: 5 minutes.
4. Participation is voluntary and greatly appreciated.

Survey Questionnaire

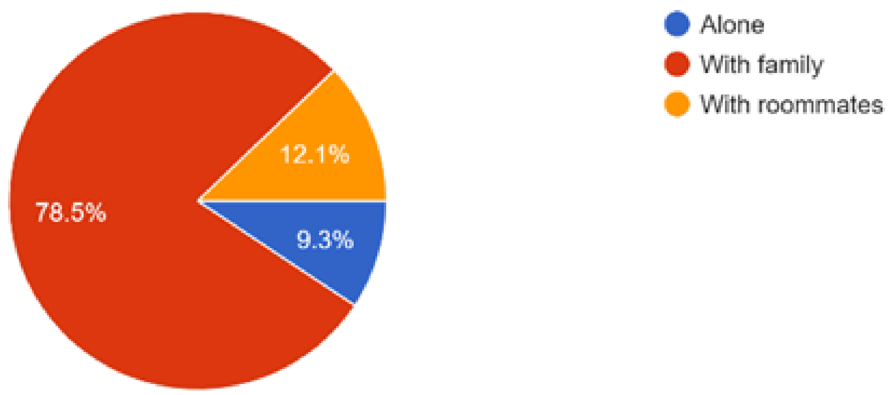
1. What is your age group?
2. What is your gender?
3. What is your current employment status?
4. Which city or region do you currently live in?
5. What is your monthly household income?
6. Who do you live with?
7. How often do you use quick commerce services?
8. Which of the following quick commerce platforms do you use most frequently?
9. What motivates you to choose a quick commerce service?
10. What is the maximum time you are willing to wait for a quick commerce order?
11. How important are discounts and offers in influencing your decision to order from a quick commerce service?
12. Do you have/use the Flipkart app on your phone?
13. What are the factors that will make you switch to Flipkart from other quick commerce apps?
14. Any other suggestions/problems that you have faced while using QuickCommerce?

ANNEXURE 1.2- Primary Research Survey

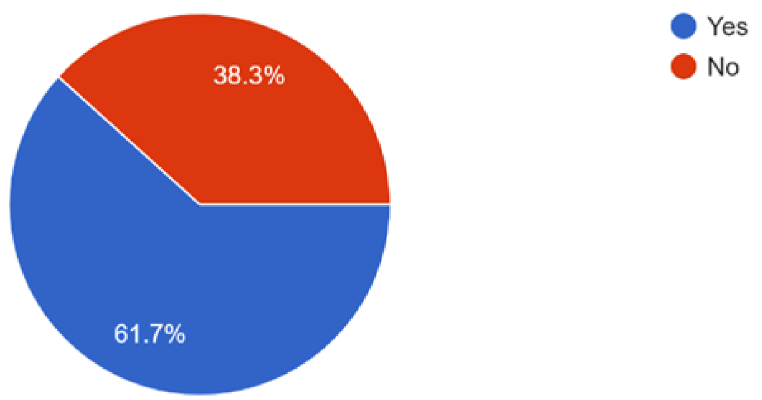
What is your age group?
107 responses



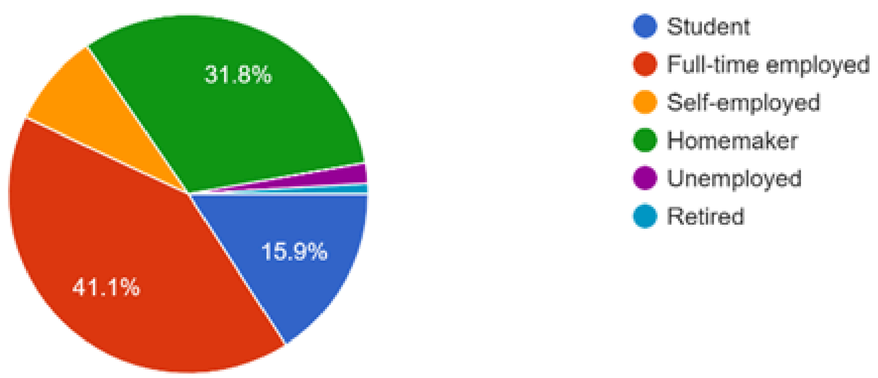
Who do you live with?
107 responses



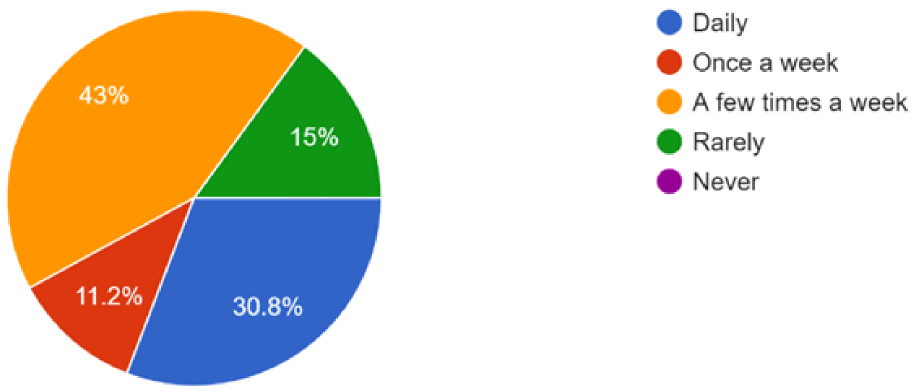
Do you have/use Flipkart app on your phone?
107 responses



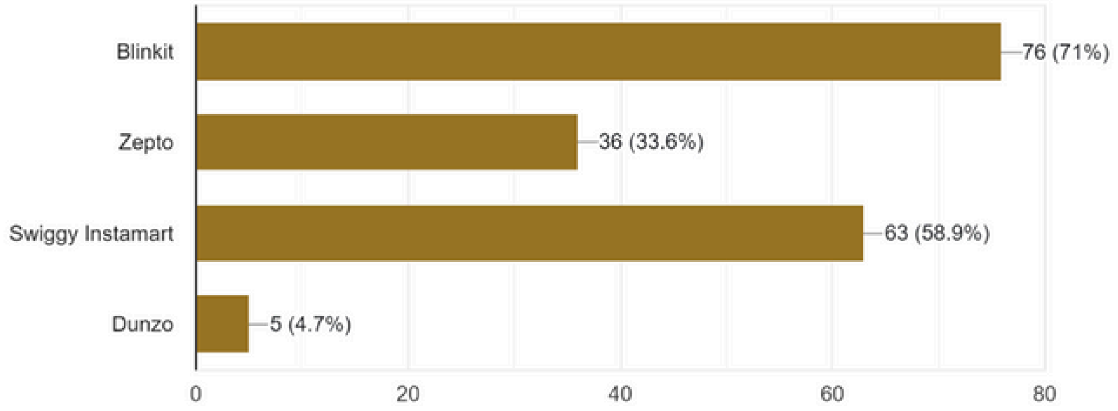
What is your current employment status?
107 responses



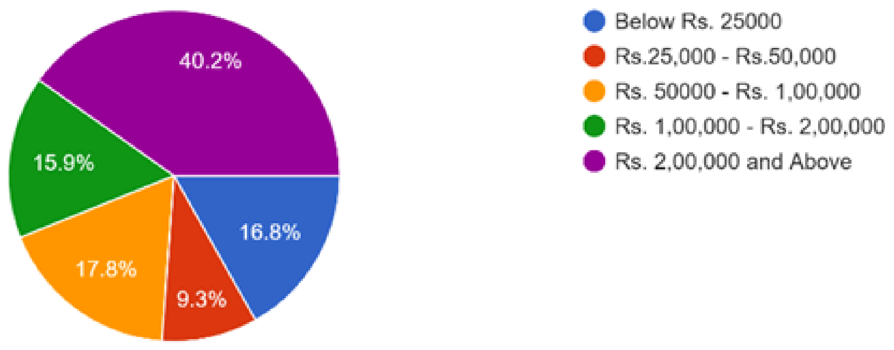
How often do you use quick commerce services?
107 responses



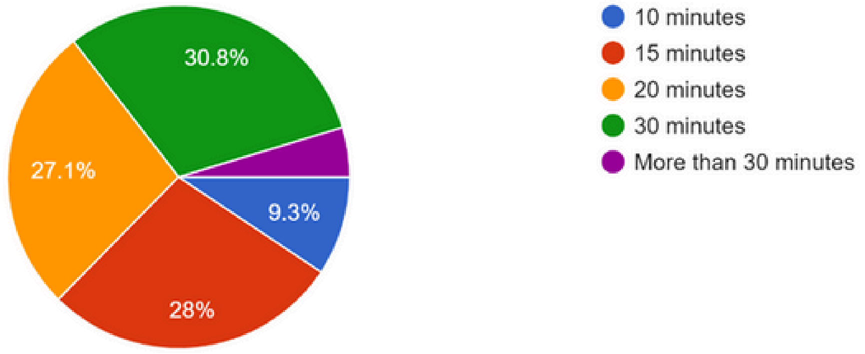
Which of the following quick commerce platforms do you use most frequently?
107 responses



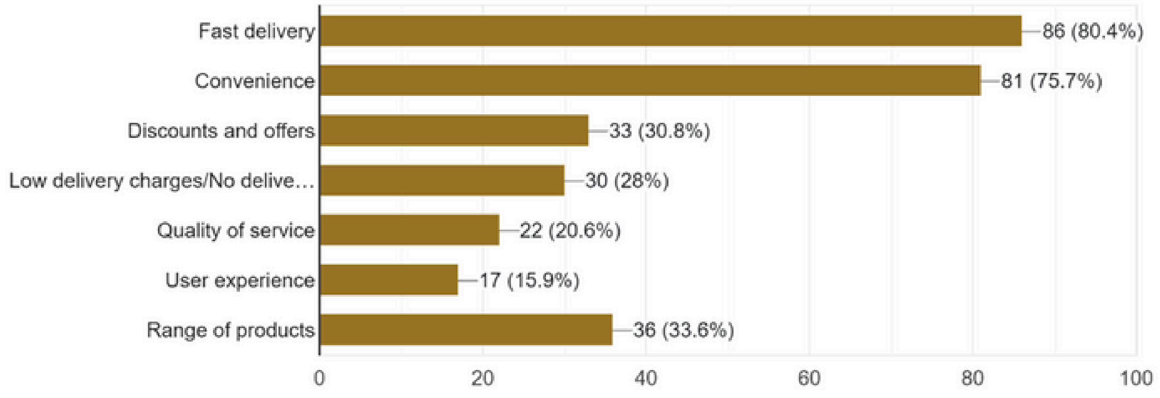
What is your monthly household income?
107 responses



What is the maximum time you are willing to wait for a quick commerce order?
107 responses

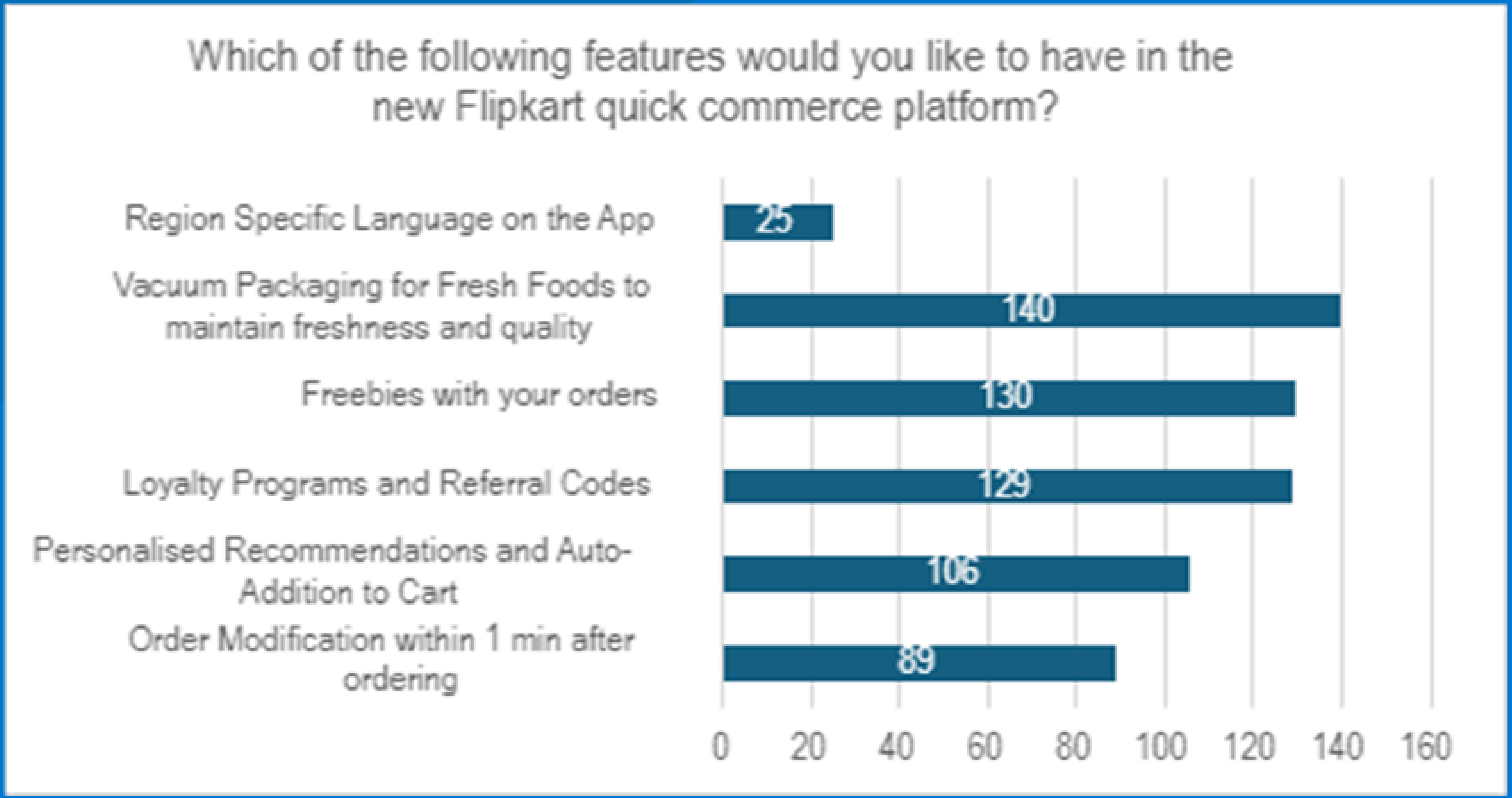


What motivates you to choose a quick commerce service?
107 responses

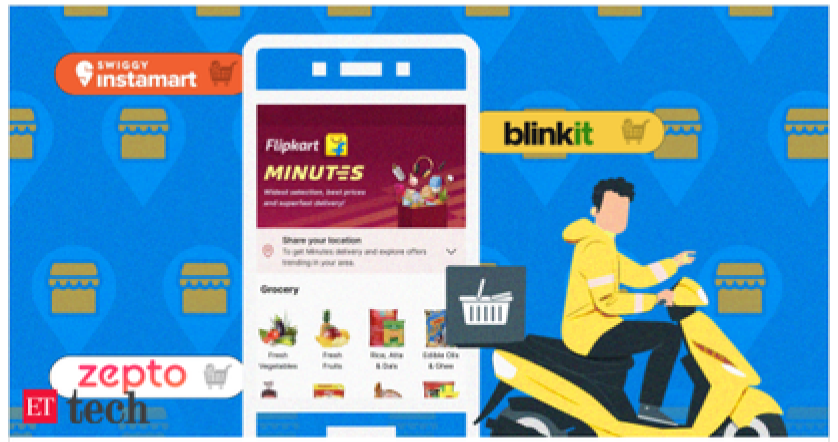


ANNEXURE 2- Primary Research Survey 2

Survey to gain insights on ideas generated



ANNEXURE 3- Secondary Research



At zero dark 100, Flipkart to fire up quick commerce in festive season

Flipkart is set to open 100 dark stores before the Big Billion Days sale, entering the quick commerce arena. Competition with Zepto, Blinkit, and Swiggy Instamart intensifies during the festive season. Quick commerc...

Economic Times

https://economictimes.indiatimes.com/tech/technology/at-zero-dark-100-flipkart-in-quick-commerce-fest/articleshow/111736596.cms?from=mdr

The Investor's Toolkit: How factor analysis can boost your investment game

In a series of explainer videos, Vaibhav Jain of Share.Market, the online broking platform by PhonePe, gives a crash course in factor analysis, breaking down each common factor, one example at a time.

Economic Times

https://economictimes.indiatimes.com/wealth/invest/headline-the-investors-toolkit-how-factor-analysis-can-boost-your-investment-game/articleshow/112137713.cms

Why Flipkart is Betting on Quick Commerce with the Launch of Flipkart Minutes

Flipkart Minutes is delivering items including groceries and electronics in areas such as Belandur and HSR in Bengaluru.

Outlook Business / Aug 7

https://www.outlookbusiness.com/start-up/explainers/why-flipkart-is-betting-on-quick-commerce-with-the-launch-of-flipkart-minutes

The Quick Road to Success

By 2028, India's Quick Commerce market expects its total users to reach 56.4mn. Advertising revenue could be their key to sustainable growth.

Impactonnet / Jun 17

https://www.impactonnet.com/cover-story/the-quick-road-to-success-8564.html

Flipkart Partners With Axis Bank To Hop Onto UPI Bandwagon

With this launch, the company will compete against Amazon's payment vertical Amazon Pay as well as Paytm, PhonePe and Google Pay

Inc42 Media / Mar 6

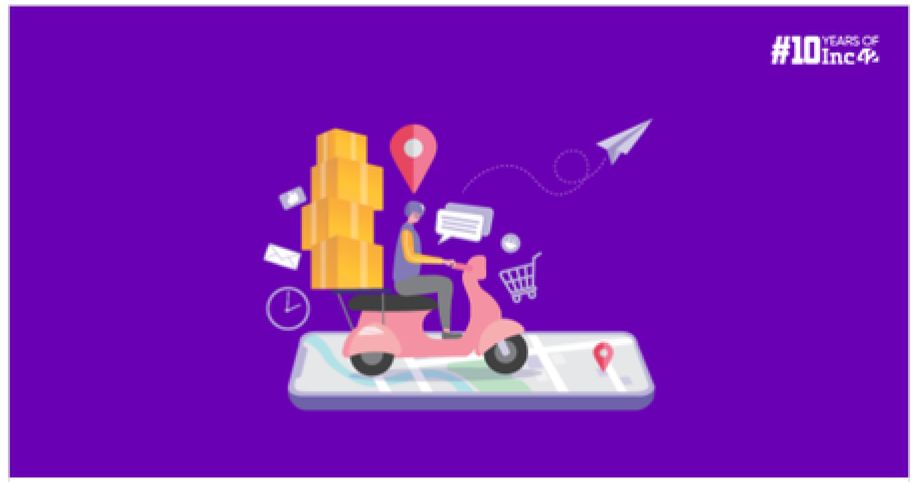
https://inc42.com/buzz/flipkart-partners-with-axis-bank-to-hop-onto-upi-bandwagon/

Flipkart's Quick Commerce Do-Over

Can Flipkart get third-time lucky with grocery deliveries and quick commerce?

Inc42 Media / Mar 9

https://inc42.com/features/flipkart-quick-commerce-do-over/?login=1



Here's Everything You Need To Know About Quick Commerce

Quick commerce is a type of ecommerce that prioritises super-fast deliveries, typically getting goods to customers within an hour or less

Inc42 Media / Jun 7

https://economictimes.indiatimes.com/tech/technology/at-zero-dark-100-flipkart-in-quick-commerce-fest/articleshow/111736596.cms?from=mdr

ANNEXURE 4- Unit Economics

Unit Economics (Average Order Value = 400)	400	
Component	**Amount (₹)**	**% of GMV**
Revenue per Order		
- Warehousing Services + Marketplace Commissions	46.8	11.70%
- Ad Income	14	3.50%
- Customer Fees (Delivery fees, Handling fees)	12	3.00%
Total Revenue per Order	**72.8**	**18.20%**
Costs per Order		
- Platform Discounts/Incentives	1.2	0.30%
- Dark Store Operations Cost	13.6	3.40%
- Mid-mile and Warehousing Cost	12	3.00%
- Last Mile Delivery Cost	27.6	6.90%
- Other Costs (Packaging, Wastage, etc.)	8.4	2.10%
Total Costs per Order	**62.8**	**15.70%**
Contribution Margin per Order	9.6	2.40%

ANNEXURE 5- Financials

No. of dark stores required						
Sr No	City	Populatiuon Estimate (mn)	Per sq. km.	Area (Sq. km.)	Dark stores if delivery radius = 6kms	Dark stores if delivery radius= 2kms
1	Delhi NCR	31.2	13307	2344	114	341
2	Mumbai, MH	25.2	24073	1046	50	152
3	Bangalore, KA	21.7	16085	1352	84	253

Estimated CAPEX per store	
Lease	1,500,000
Storage Costs	2,500,000
Refigerator / Freezers etc	1,200,000
Inventory management System	800,000
Misc. Costs	2,000,000
CAPEX per Store	**8,000,000**
Estimated Number of Dark stores in a month	
100	
Total Investment Required	800,000,000
Systems Costs	50,000,000
Total CAPEX	850,000,000

Taking Blink it as reference	INR
Total average orders in a day per dark store	1400
Total Dark stores	451
Total orders	631400
Market Share by Volume	37%
Total orders in day across platforms	1706400
Estimated % of order from Del/Blr/Mumbai	80%
Total orders from the 3 places	1365120
If Flipkart wants to capture 25% market share	341280
by volume, no of orders to be processed	
Estimated no. of dark stores in a year	400
Estimated no. of orders to process in one dark store	**854**
(Assuming a lower share by volume because of the availability of high ticket sized items on the platform	