Role of On- Demand Logistics Model in Building Profitable Business Venture: With special reference to Blinkit.

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ABSTRACT:

With the due course of time, India has become a land of many unicorn start-ups. The big business magnets are seeing start-ups as a best opportunity for investments. These start-ups are adapting a particular business model which can bring better functioning and growth to their businesses. One of the most significant types of business model, which is being adapted by many quick commerce start-ups, is On-Demand business model. This model primarily based upon speed, customer needs and accessibility. On- demand business model is a type of model which majorly prioritizes on the factors like consumer needs, demands, on- time technology, speed and consumer acknowledgement. It works according to the customer preferences and the biggest example to this on- demand style of model is blinkit which is a quick-commerce type of business model and works to provide customers demands on-time and giving them a sense of satisfaction from online shopping. Under this project, a research will be conducted to focus upon the benefits of applying on-demand type model as a business building strategy and how it affects the customer relations and business growth with special focus upon an example of quick commerce type business i.e. Blinkit. The data on the aforementioned area will be collected from the secondary sources such as Internet, Magazines, Articles and Books and will be presented in detail with the help of tables and graphs. The research will be majorly highlighting the role of real- time delivery, technological up gradation, customer- driven concepts in building businesses and the impact of promises made by the companies to their customers and strengthening the loyalty of the customers towards the concerned brand. The brand which has been focused in this research is blinkit. The strategies, rebranding and the constructive decisions of this grocery app has been accentuated in this research. Precisely, the particular model that has been applied in the case of blinkit grocery app is On- Demand Logistics delivery model. At the end of the research a proper explanation will be given in the conclusion area to focus on the application of this logistics model and the impact it created in the business development and revenue building of blinkit.

KEYWORDS: Start-Ups, On- Demand model, Strategies, Quick Commerce, Instant delivery.

INTRODUCTION:

Till the period of 1990's, India was mostly seen as a country of unemployment and slow economic growth. But the beginning of 1991, the globalisation took the Indian economy to an extraordinary level with the new employment opportunities and marketing strategies. With the process of time and growing businesses the start up culture has given a new flavour to the Indian economic growth. Now new generation people are more interested in bringing their ideas to life rather just working for some MNC. The big business magnets are also visualising them as promising body of future growth instead of a layman or novice. Gradually, these start

ups are making their position in the market and some of them have become an important name within the span of 9-10 years. These start-ups usually work according to the business models. They adapt a particular type of business model and base their company as per that model. The business model which will be discussed under this project is On-demand Business model and it will be analysed with the relation to the start-up Blinkit.

GROFERS: A BRIEF BACKGROUND

The world has become busy and fast place and it needs things on blink of a second. These kinds of demand has paved the way for many new companies who are interested in serving to the customers' needs and building new opportunities for their growth. One of the trending start-up in this field is Blinkit. Albinder Dhindsa and Saurabh Kumar, two IIT graduates, took the idea of customer needs fulfilment seriously and started working upon it. They launched Grofers, a grocery delivery application in the year 2013, after realising the fact that 90% of people are interested in buying groceries online instead of anything else. Grofers sales had out spaced other delivery apps such as MyGreen Box and Town Rush and acquired them in the year 2015. GROFERS COMPETITORS:

After the IIT duo decided to launch this application and targeted the quick commerce section they had to face their biggest competitors in this field. Such as: Amazon, Big Basket & several others. Amongst all of them Grofers considered big basket as its most significant competitor. Big basket launched in the year 2011 and soon became a prominent face in the field of quick commerce. Since the time of the launch of both the parties are having a close encounter with each other on several grounds. Such as Grofers at that time was operating in 17 cities where as Big Basket was on 18 cities. This clarifies the close competition between both the parties.

GROFERS BUSINESS MODEL:

With due course of time, Grofers realised the thick competition and decided to adapt a business model which can build their profits and escalate their sales and growth. Grofers worked on their delivering area and applied an on- demand logistics model. They focused on the instant delivering mechanism and customers' satisfaction level. With the growing intensity of people to buy their daily use products in online basis, the platforms like Grofers realises the importance of the factors like: speed, technology and seamless delivery. On- demand logistics model is the most appropriate kind of model for these platforms who are targeting on customers demand and needs fulfilment in real time. It primarily focuses upon the quick logistics delivery, large customer base, pricing, customers' demands, need, speed, time and decreases the infrastructural costs. Over the period of time, many new developments have been added to this model like self –service delivery where people can now change their locations according to their availability and have their product on the time & location of their choice, another feature is tracking the delivery executive so that customers can see the current live location of the delivery executive who is carrying their products.

GROFERS REBRANDING:

After realising the importance of seamless delivery and speed, grofers decided to improve its delivery process and make it more instant and quick. It introduced the concept of 10 minutes instant delivery and implanted an idea in the minds of the customers that they can have any product within just a blink of a second. Grofers made a smart move by deciding to rebrand themselves and choosing a name which could make their idea of instant delivery even more promising and assertive into the minds of their customers. The name which depicts which has given a new surge to their brand is "BLINKIT". Grofers took a bold decision by changing its brand name. It characterised the important concept of availability for 24x7.

STRATEGIES TAKEN BY BLINKIT FOR BRAND POLISHING:

Grofers selected several strategies to make its brand a prominent name in the quick commerce market. Some of them are being stated below:

STRATEGY 1:

Rebranding: Grofers took a bold decision to rebrand their brand name as Blinkit. This decision was taken to target the idea of making things available within Blink of a Second. This strategy attracted many customers and was a strong contribution in building their profits and sales hike.

STRATEGY 2:

Beyond just Groceries: Grofers after changing their brand name to blinkit decided to look beyond just grocery supplies and started expanding towards other items. Such as basic medicines, clothes, Kitchen Appliances, Etc. This made customers realise that blinkit can be a one stop solution for their daily requirements.

STRATEGY 3:

Technology: Blinkit worked upon their technology and tried to make it up to date and focused on the concepts of fine- tuned delivery services, live tracking system, mini strategically located warehouses, shortcut routes, etc. It also connected with many local stores so that they could have the product demanded by the customers without much hassle.

STRATEGY 4:

Important Events: Blinkit have started keeping an eye on all the important events like Indian festivities, celebration days and other occasions, when people are in dire need to order daily essentials. This hikes their sales as double as compared to the sales on the non- occasion dates and customers are also satisfied with their delivery processes.

STRATEGY 5:

Customers Satisfaction: Now-a-days, people usually don't get time for offline shopping or they are reluctant to go out and struggle every day to buy their daily essentials. In this case, customers look for online applications which could become a one –stop solution to their problems. Blinkit understood this problem and promised to provide all the essentials in a real time and creating a sense of satisfaction in the minds of the customers that they could look for all their essentials in just one app.

STRATEGY 6:

Cost Reduction: By applying the cost reduction strategy blinkit has attracted a huge number of customers towards their app. People have started considering it a perfect place to acquire their essentials at a much lesser price as compared to other apps. For example, if 1kg of a rice packet costs 100 Rs then blinkit is offering it at 80 Rs per kg. This strategy also developed a mindset of saving and cost-effective into the minds of the customers.

STRATEGY 7:

Better Offers and subscriptions: An important strategy of blinkit is to give better offers and flexibility as compared to its other competitors. It allows people to take subscriptions of the products at a lesser rate and on the selected date their product will get delivered even they forget to reorder. This makes customers free from keeping a constant reminisce about the delivery of the daily required things.

REVENUE GENERATION:

Today blinkit has become a significant player in the field of online delivery app and giving a close competition to other strong players in this field like Big Basket, Amazon and Swiggy Instamart. An application of constant revamping mechanism of the operation and the strategies has contributed in the sales hike and build it into a profitable venture. Few data sets have been taken from the respective sites to show the revenue generation of blinkit for the financial year (2017-2023) and financial year (2024).
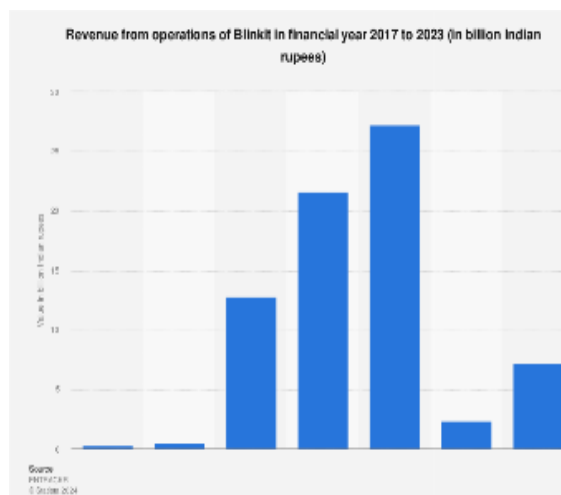
How Blinkit's Operations Grew Over FY24

	Q4 FY24	Q4 FY23	YoY Change
Orders	65.3 Mn	39.2 Mn	66% Growth
Average Order Value	INR 617	INR 522	18% Growth
Monthly Transacting Customers	6.4 Mn	3.9 Mn	65% Growth
Monthly Active Riders	89,000	43,000	106% Growth
GOV Per Day, Per Store	INR 920	INR 625	47% Growth
No. Of Stores	526	377	40% Growth

Source: Zomato

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(2021 -2023) A Major Turning Point of Blinkit:

The year (2021-2023) proved to be a turning point for Blinkit. With the advent of covid-19 pandemic in the world a phase of lockdown was announced and people were not allowed to go outside their homes to buy their basic essentials. In this case, it became difficult for every individual to live without their basic essentials which are usually required on daily basis. During this difficult phase the apps like Blinkit has proven to be their only hope of getting their stuff online without going out. Blinkit saw this phase as their best opportunity to out space their competitors and decided to deliver almost everything apart from just groceries in just blink of a second. The strategy of emotional marketing has not only just hiked their sales but also created a brand loyalty amongst the customers. Now most of the customers consider blinkit as their primary choice for daily shopping. The above given graphs clearly shows the operating revenue generated of blinkit for the financial year 2022 was 236.1 and financial year 2033 was 724.2. Though it also generated losses in the financial year 2033 with -1078.9 due to the rise in the expenses with 1826.9 but still a strong surge is seen in their operating revenue. According to the data taken from the Graph 1, blinkit has seen a stronger rise in its revenue generation from the financial year 2017 to 2023. But the financial year 2021, was an important milestone for this brand as their revenue generation surged up to (27.25). This was the year of pandemic when blinkit saw its major success. The data given on the Graph 2 shows the range of orders and other operations of blinkit. The range of orders in the financial year 2024 was 65.3mn which marks 66% growth. Overall analysis of the graphs and data taken from various sources shows the growth and revenue hike of blinkit over the period of time but the pandemic period has proven to be a blessing for this brand as it was the year when blinkit has generated its maximum revenue and brand value.

CONCLUSION:

With the growing years a digital landscape has been developed in the whole world. Now people want everything on instant basis. The upcoming business start ups who are willing to make profits are ready to apply different strategies and business models to hike their operational revenue. This research project has tried to focus on multiple aspects which are necessary for a successful business. Such as business model, Strategies, Opportunities and future prospects.

The business model which has been discussed in this research is On- Demand logistics model. This model primarily focuses on the factors like speed, technology, Transportation and flexibility. It basically talks about the flexibility of delivering logistics whenever it is demanded without any long-term contracts or difficult schedules. To understand this model better a typical example of a brand named Blinkit has been taken and its strategies, business model applicability and business decisions has been highlighted properly. Blinkit has applied the model of On-demand logistics and focused on the customer satisfaction and tried to make their application flexible and accessible for the customers where they can enjoy buying their daily essentials online without much hassle. From rebranding to providing items beyond just groceries have proved that blinkit has left no stone unturned to make their profits sky-high. Blinkit has seen pandemic period as a prominent time where its strategic move has given its revenue an immense boost. During this period, people were failed to provide their basic needs because of the lockdown & they were in a dire need of a solution to their daily requirements. In this crucial situation blinkit became their one- stop solution for all the daily essentials. It attracted the customers with their alluring offers and subscriptions and also build a strong loyalty amongst them regarding the brand. Now blinkit become a top name in the field of quick commerce and a strong competition to the other players in the market. On the overall basis this research article has tried to highlight the benefits of applying an on- demand logistics model with special reference to blinkit as its example & also accentuating its growth rate over the period of time.

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