

# Quick Commerce Strategic Overview

GOV is Easy, AOV is Strategy

Blinkit's Checkmate

July 2025

Private and Confidential

# India Quick Commerce: Executive Summary

## Quick Commerce: A Winner-Takes-Most Disruption

### ❑ **Disrupting Every Format — Including Discounters**

- ✓ QC has moved beyond convenience to challenge even value-led formats like DMart, reshaping how high-frequency categories are retailed across India's top cities.

### ❑ **High Break-Even = Winner-Takes-Most Model**

- ✓ With 3–4x higher breakeven sales per sqft, QC economics allow only a few players to succeed, creating a market where scale drives survival.

### ❑ **Scale the Pack or Scale the Basket to Fix Unit Economics**

- ✓ To dilute delivery costs and improve contribution margins, players must drive up AOV - by either scaling the pack size (bigger packs) or scaling the basket size (more assortment)

### ❑ **Density = Strategic Moat**

- ✓ Winning in QC means building hyperlocal density, which reduces cost per delivery, drives repeat use, and builds a defensible lead in store-level market share.

### ❑ **Blinkit is Pulling Ahead Where It Matters**

- ✓ Blinkit leads in store market share, not just revenue — a better indicator of long-term dominance in a business that's won pin code by pin code.

# Quick Commerce: At the Intersection of Retail USPs

## Traditional Format Limitations

### Convenience Stores

Proximity at the cost of range and pricing

- Limited SKUs, no discounts due to small scale

### Supermarkets

Range at cost of immediacy

- Limited Discounts + time investment for shopping trips

### E-commerce

Long-tail range at cost of immediacy

- 1-2 day delivery windows, poor for urgent needs

### Discount Retailers

Price advantage at cost of convenience

- Requires planned trips, often in non-residential locations

## How QC Delivers All Three USPs:

### Convenience

10-30 min delivery from hyperlocal dark stores

### Assortment

Dynamic seasonal and demand-driven 6,000-12,000 SKUs across categories

### Price

Brand funded discounts, dynamic pricing, subscriptions, loyalty programs

### Key Insight:

QC uniquely combines all three USPs that previously required trade-offs between different retail formats.

# Convenience to Price Disruption to Agnostic Platform

## EVOLUTION

Quick Commerce has evolved from a speed-based emergency solution to a genuine price competitor against traditional retail formats

### The Convenience Era

- Focused on emergency needs and top-ups
- Limited assortment of 2,000-3,000 SKUs
- Premium charged for instant delivery
- Customer base limited to time-starved urban affluent

### The Price Disruption Era

- Targeting full basket shops and planned purchases
- Expanded assortment of 4,000-5,000+ SKUs
- Brand-funded discounts to match offline prices
- Expanded appeal to value-conscious consumers

### The Category Agnostic Era

- Addresses all kinds of Buying (Emergency, Top-up, Full Basket, Planned Purchases)
- Significant Category Expansion with >10000 SKUs, Dynamic inventory gives a sense of much large assortment
- In some slower moving items delivery times can be extended to 30 mins
- Customers become agnostic to Delivery/Platform charges and start accepting it as a service fee
- Customers come back for the Service, Assortment and Fast Delivery

*"With the 'pipe' laid, QC appeals to both time-starved and value-driven consumers"*

# Mapping QC's Market Opportunity and Relative Positioning

## Quick Commerce services a wider market

Quick commerce began as a solution for last-minute essentials—now reshaping how consumers discover premium, everyday, and indulgent categories

## Quick Commerce thrives in high density areas

Given low margin and high operating costs, QC needs high throughput to become profitable. Model works only in high density localities.

## Product-market fit

As QC's 10-minute delivery promise creates product-market fit with emerging financial viability to seeks to address a large portion of modern retail in India.

Category	~USD billion (2023–24)	QC Positioning and Value Proposition
Food & Grocery	~660	Very Strong
Fresh Produce, Dairy & Meat	~230–264 (35–40% of Grocery)	8–10% of perishables in q-comm
Staples & Cooking Essentials	~396–429 (60–65% of Grocery)	44% of q-comm transactions; ~21% of kirana sales
Packaged Food & Beverages	~37 (FMCG FB subset)	~29% of online grocery; strong impulse purchase driver
Online Grocery	~11–12	
Personal Care & Beauty	~17–27	Very Strong; Purchased by 51% of users; beauty 5× growth YoY
Household & Home Care	~17–21	Strong; Private labels drive 8–40% of category sales
Health & Wellness	~7–18 (food + OTC)	Strong
Apparel & Footwear	~144	Weak, due high number of SKUs and Returns
Consumer Electronics	~96	Medium - Strong in mobile, weak in Large Appliances
<b>Total Retail</b>	<b>993–1,200</b>	<b>QC can address a significantly large share of the market</b>

**E-Commerce & QC Penetration:** E-Commerce has captured ~10% of the Total Retail market in the last two decades and ~25% of the total ex-grocery market. However, E-commerce struggled to penetrate the low-margin grocery segment due to delivery speed limitations.

# QC: What It Disrupts and What it Doesn't

## What QC Disrupts?

### Top 100 Cities with high Density

- Top 100 cities account for >50% of India's retail consumption

### AOV for Kirana Store

- For AOV >500 consumers will prefer QC given discounts

### Catchment Area For Discount Stores

- As QC matches the prices offered by Discount Stores, it will reduce its catchment as customers factor the time and cost of logistics.

### Fast Moving SKUs Within Categories For Ecommerce Platform

- Most categories within Ecommerce, Fast Moving SKUs.

## What's Left Undisrupted?

### Long-tail, low-frequency SKUs

Storage complexity; low turnover items reduce warehouse efficiency

### Fashion / Apparel

High return rates (up to 30–40%), size & fit complexity, perishability of trends

### Furniture & Big-ticket items

Delivery & reverse logistics challenges, customer need to "see & feel" before buying

### Highly localized artisanal goods

Not easily scalable in dark store model; lack of demand predictability

Competitive Position	Final Summary
With unit economics stabilizing, QC platforms can scale sustainably Retail Share Gain Potential: QC can take up to 15–20% share of urban grocery, personal care, and home essentials.	Quick Commerce is no longer just "fast" — it is evolving into a full-stack retail channel blending convenience, pricing, and range. Legacy platforms will retain edge in low-frequency, long-tail, or high-touch categories. However, for daily consumption needs across the top urban markets, QC is on track for significant disruption.

# The Illusion of Simplicity, The Reality of Complexity

*Throughput (GOV) ask rate is significantly higher in Quick Commerce v/s Traditional Format Retail Chains*

Particulars	Kirana (0% ROIC)	Kirana (30% ROIC)	Discount (0% ROIC)	Discount (30% ROIC)	QC (0% ROIC)	QC (30% ROIC)
Store Size (Sqft)	500	500	40,000	40,000	3,000	3,000
Capital Invested/Sqft	₹1,970	₹2,370	₹6,720	₹8,000	₹5,220	₹5,700
Revenue/Sqft	₹9,700	₹13,700	₹21,500	₹37,500	₹74,000	₹90,000
Gross Margins	18%	18%	15%	15%	18.4%	18.4%
% of Cost being Variable	0%	0%	10%	10%	55%	55%
EBITDA/Sqft	0	₹1,644	-₹3	₹2,397	-₹11	₹1,685
ROIC	0%	30%	0%	30%	0%	30%

*Note: Gross Margins in Quick Commerce is Total Revenues earned including Delivery and Advertisement = Take Rate. Variable Cost % is contingent on AOV'*

*Source: Axia Estimates*

*Quick Commerce Operates with High Fixed Cost and High Variable Cost Increasing Business Complexity Multifold*

## Strategic Insight:

Quick Commerce requires significant scale and efficiency to overcome these structural challenges. Players who build density, optimize operations, and create strong consumer recall will establish sustainable competitive advantages.

# Maximizing Revenue Streams To Become Viable

Revenue Stream	Kirana Stores	Discount Stores	Quick Commerce
Channel Trade Margins	✓	✓✓	✓✓
Brand Promotions	✓	✓✓✓	✓✓✓
Advertisement	-	✓	✓✓✓
Delivery Fees	-	-	✓✓
<b>Brand's Distribution and Marketing Spend Captured</b>	<b>~18-20%</b>	<b>~32-36%</b>	<b>~40-45%</b>

Source: Axia Estimates

## Brand Funded Discounts

Higher promotional spend allocation by brands to high-throughput channels due to superior conversion rates

## Listing /Promotional Fees / Marketing Dollars

Promotional schemes and marketing support fees become primary profit drivers in QC platforms

## Strategic Implications for Quick Commerce

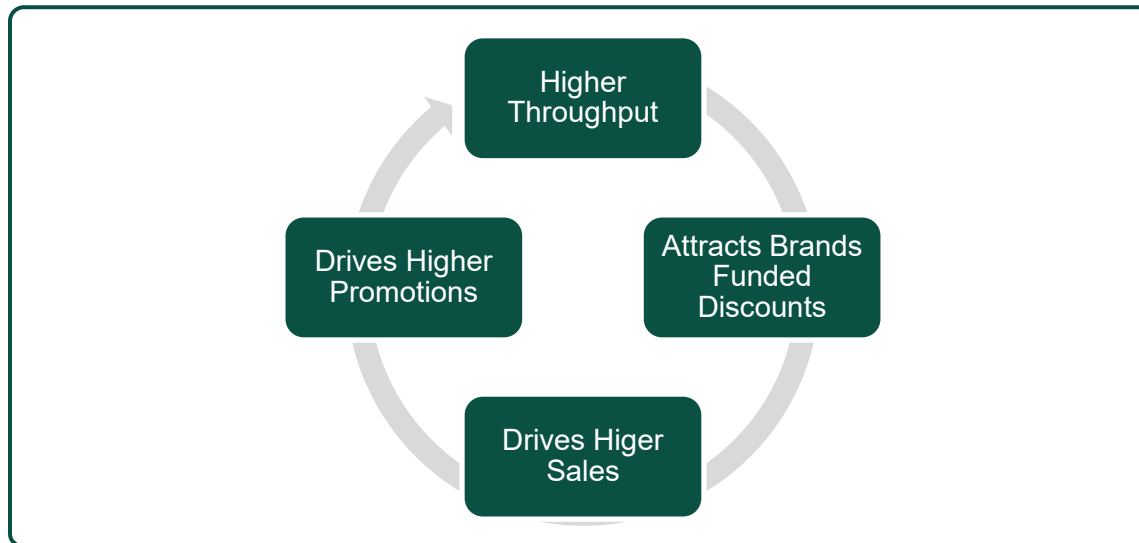
MRP constraints force retailers to innovate beyond traditional margin models. Quick Commerce platforms excel in this environment by offering brands multiple high-value touchpoints: precision targeting, real-time analytics, premium placement opportunities, and measurable ROI on promotional spending.

# Brand-Funded Promotions: The Virtuous Cycle of Throughput

## The Virtuous Cycle Between High Traffic and Brand Investment

### High Traffic Drives Brand Investment

Given high throughput (1,200+ orders/day/store) and targeted promotional capabilities, brands allocate 30-40% higher marketing budgets to QC vs traditional retail.



### Brand Funding Percentages

QC platforms are capturing a growing share of FMCG brands' ₹30,000 Cr annual trade marketing budget by offering superior targeting and ROI.

## Platformization of Trade Marketing

By providing data analytics and precision targeting, QC platforms become essential marketing channels for brands seeking efficient conversion.

## The Promotional Types Formula

Promotion Type	Funding Source	Details
Flat % Off (e.g., 10% Off)	Mostly Brand-Funded	From trade/marketing margin pool; negotiated by QC
BOGO (Buy One Get One)	Brand-Funded	Brand-driven; tied to inventory push or awareness
Multipack Savings	Brand-Funded	Boosts unit sales or increases basket size
Limited Period Offers	Shared	Co-funded during big sale days; QC may subsidize
Time-Slot Based Offers	QC-Funded	Smooths demand during lean hours; operational
App-Only Exclusives	QC-Funded or Shared	Acquisition lever or co-funded with select brands
Personalized Pricing	QC-Funded (via CRM)	Platform's AI/CRM tools; increases customer LTV

**Category-Specific Flash Sales** **Shared:** Brand tie-ups, QC contribution on high-volume days

## Brand-Funded Discounts: Discounter's Pioneered It & Quick Commerce Perfects It

# Why Quick Commerce Delivers Superior ROI for Brands

## Personalization & Targeting: The QC Advantage

### Traditional Retail Limitations

- Mass Promotions
- Limited targeting capabilities result in broad, unfocused promotional campaigns
- Higher Promotional Wastage
- 30-40% of promotional spending fails to drive intended customer behavior

### Quick Commerce Advantages

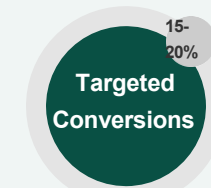
- Real-time User Segmentation
- Dynamic grouping based on purchase patterns, frequency, basket size, and time sensitivity
- Lower Promotional Wastage
- Only 15-20% wastage through precision targeting and behavioral optimization

### Traditional Promotion Visualization



30-40% Promotional Wastage

### Precision Targeting Visualization



15-20% Promotional Wastage

## 30-40% Higher Brand ROI vs Traditional Retail

### Strategic Conclusion

QC's personalization capabilities allow brands to optimize promotional spending with targeted interventions while maintaining MRP compliance. This creates a win-win: brands achieve higher conversion rates and ROI, while platforms benefit from increased throughput and ad revenue.

# Advertisement: QC Is Evolving Into Retail Media

Quick commerce advertising revenue cornered 20% of all e-commerce ad spend in India for 2024

## Hyper-Targeted Advertising

- QC platforms leverage real-time data on customer preferences, purchase history, and location to deliver precision-targeted ads that convert at significantly higher rates than traditional digital advertising.

## Enhanced Brand ROI

- Immediate Impact: Ads trigger purchases within minutes
- First-Party Data: Direct access to customer behavior

## Retail Media Growth

### Industry Benchmark for Ad Revenue (% of GMV)

Revenue Stream	% of GMV
Sponsored Listing/Search	3-5%
Category/Homepage Banners	1-2%
Checkout Cross-Sells	0.5-1%
Push Notifications	0.5-1.5%
Sampling/Product Inserts	0.2-0.5%
Retail Media Programmatic	0.5-1.5%
<b>Total Potential</b>	<b>6.5-8%</b>

Source: Exchange4Media Report 2024

### Amazon

\$47B ad revenue exceeds \$36B operating income

### Costco

Membership fees account for >50% of EBITDA

### Blinkit

Ad revenue estimated at ₹1,000 Cr for FY24-25

### Strategic Insight: Retail Business is Morphing into Retail Media Business capturing bigger share of distribution spends

Quick commerce platforms can operate core retail at breakeven while driving overall profitability through high-margin retail media. Zepto's ad engine, Jarvis, has already crossed ₹1,000 crore in ARR revenue in Q4FY25.

# Delivery Fees: A Strategic Necessity

Quick Commerce (QC) platforms are currently adopting two distinct strategies:

## Convenience-Focused

Exemplified by Blinkit, prioritizing speed and ease with consistent delivery fees.

- Fixed delivery fee structure (₹19-35)
- Emphasis on service reliability
- Building sustainable customer habits

## Discount-Led

Swiggy Instamart and Zepto, often offering free delivery above a certain order value.

- Free delivery on orders above thresholds
- Promotional free delivery periods
- Higher focus on price-sensitive customers

Customer Value > Discounts

Acquisition > Sustainability

## Financial Impact Analysis

Particulars (@1200 orders / day)	AOV: ₹500		AOV: ₹650		AOV: ₹750	
	With Fees	No Fees	With Fees	No Fees	With Fees	No Fees
<b>Trade Margins+Ads</b>	<b>16%</b>	<b>16%</b>	<b>16%</b>	<b>16%</b>	<b>16%</b>	<b>16%</b>
Delivery Charges	₹56	₹0	₹56	₹0	₹56	₹0
Total Take Rate	₹136	₹80	₹160	₹104	₹176	₹120
Cost/Order	₹56	₹56	₹56	₹56	₹56	₹56
Profit/Order	₹80	₹24	₹104	₹48	₹120	₹64
Monthly Contribution	₹28.8L	₹8.6L	₹37.4L	₹17.3L	₹43.2L	₹23.0L
Store Related Cost	₹17.0L	₹17.0L	₹17.0L	₹17.0L	₹17.0L	₹17.0L
Profit/Loss/Store/Month	₹11.8L	-₹8.4L	₹20.4L	₹0.3L	₹26.2L	₹6.0L

Source: Axia Estimates

# Unit Economics and Working Model Comparison

Particulars	Dmart	QC's (Current)	QC's (FY28E)	Comments
MRP / GOV	100	100	100	GOV as reported by QC's
Discounts Offered to Customers	25	21	24	Discounts given by Brands/Retail Chains/QC's to Customers
Platform Discounts	0	2	0	Discounts given by the Formats
Revenue/NOV	75	77	76	Revenue reported by Dmart and the NOV reported by QC's
Raw Material	66	67	65	As assortment moves towards Premium/High Margin products margins will improve for QC's
Trade Income	9	10	11	Absolute Income.
Trade Margins % of NOV	12%	13%	14.5%	Trade Margins on NOV as reported by Dmart
Trade Margins % of MRP	9.0%	10.0%	11.0%	Trade Margins on GOV as reported by QC
Advertisement Income	2%	3%	6%	Brands end up paying incrementally
Delivery Charged by QC's	0%	2%	4%	Delivery Cost is Charged by QC's
<b>Take Rates/Gross Margins</b>	<b>11%</b>	<b>15%</b>	<b>21%</b>	Product Margins + Promotional Spends+ Delivery Charges
Cost of Retailing	5%	14%	13%	Cost of Retailing should be more or less similar for both the Formats. QC's should incrementally incur Delivery Cost which should more or less be equal to Delivery Charges
<b>Contribution/EBITDA</b>	<b>6%</b>	<b>1%</b>	<b>8%</b>	Contribution for QC's/EBITDA for Dmart

Source: Axia Estimates

# GOV Is Right To Play, AOV Is Right To Win

## Average Order Value (AOV) Significantly Impacts Gross Profit Per Order

AOV is the most critical factor for order-level profitability in quick commerce. Companies need to adopt various strategies to drive Higher AOV

### Profitability Per Order Matrix (₹)

AOV/Take Rates	250	350	450	550	650	750	800
14%	-21	-7	7	21	35	49	56
15%	-19	-4	12	27	42	57	64
16%	-16	0	16	32	48	64	72
17%	-14	4	21	38	55	72	80
18%	-11	7	25	43	61	79	88
19%	-9	11	30	49	68	87	96

Source: Axia Estimates

### Unit Economics Example

Particulars	Units
AOV	650
Take Rates	18%
Revenues Earned by QC (AOV × 18%)	117
Less: Order Related Variable Cost	56
Delivery Cost Fixed Per Order (Rs. 44/Order)	44
Packing and Handling Costs	12
Gross Profit Per Order (117-44-12) Must be > 0 for viability	61

### Strategic Insight:

Balanced assortment across all product categories is essential for both AOV growth and margin improvement. A ₹100 AOV lift or 1pp take-rate gain improves unit economics >3× faster than throughput alone

# Scale the Pack or Scale the Basket

Increasing the Average Order Value is a strategic imperative in the QC business as it is the single most critical factor for order-level profitability in quick commerce.

## Scale the Pack

*Zepto and Swiggy's approach:*

- Higher discounts on bigger packs (Super Saver/Max Saver)
- Increases AOV through higher unit quantity
- May not increase take rates
- Discount-driven, potentially reduces margins

## Scale the Basket

*Blinkit's approach:*

- Assortment variety and premiumizing product basket
- Increases AOV through category diversity
- Improves take rates through premium products
- Creates sustainable growth without discounting

### AOV Drivers in Quick Commerce range across:



### Strategic Insight:

Balanced assortment across all four quadrants is essential for both AOV growth and margin improvement. Blinkit's strategy creates a sustainable path to profitability while competitors risk margin erosion through discount-driven pack scaling.

# Lower Breakeven Point; Driving Higher Store Level Profitability

## Store-Level Breakeven Analysis

Figures in Lakhs

AOV/Take Rates	250	350	450	550	650	750	800
14%	-25	-20	-14	-9	-4	1	3
15%	-24	-18	-13	-7	-2	3	6
16%	-23	-17	-11	-5	0	6	9
17%	-22	-16	-10	-4	3	9	12
18%	-21	-14	-8	-2	5	11	15
19%	-20	-13	-6	0	7	14	18
GOV/Day to BE@18% (lacs)	N/A	28.3	10.2	7.2	6	5.4	5.2

Source: Axia Estimates

## Unit Economics: Higher AOV drives profitability

<b>AOV</b>	750
	Defines business mix
<b>Take Rate</b>	18%
<b>Revenues Earned by QC (750*18%)</b>	135
<b>Delivery Cost (Fixed Per Order)</b>	44
<b>Packing and Handling Cost (Fixed)</b>	12
<b>Per Order Profitability (135-44-12)</b>	<b>79</b>
<b>Total Orders/Month (1,200/Day)</b>	36,000
<b>Fixed Costs (Rent, Staff)</b>	17,00,000
<b>Store Level Income ((36000*79)-17L)</b>	<b>11,44,000</b>

### Profit Threshold

Monthly profit of ₹11.44L possible with ₹750 AOV at 18% take rate, highlighting the power of balancing AOV with throughput.

### Conclusion:

AOV optimization and take rate improvement have 3× greater impact on profitability than throughput increases alone

# The Margin Between Success and Struggle

Small improvements in AOV and take rate drive disproportionately higher profits, while throughput alone is insufficient for profitability

## Margin Calculation Dynamics

Particulars	AOV: ₹650	AOV: ₹750	Change
Take Rate	18%	18%	-
Revenue/Order	₹117	₹135	+₹18
Delivery Cost	₹44	₹44	-
Packing and Handling Cost	₹12	₹12	-
Profit Per Order	₹61	₹79	+₹18

### AOV Impact Analysis

A ₹100 increase in AOV (from ₹650 to ₹750) with the same take rate adds ₹6.5L monthly profit at 1,200 orders/day.

### Take Rate Impact Analysis

Each 1% increase in take rate = +₹2.3L/month profit (at 1,200 orders/day with ₹650 AOV).

### Throughput Impact Analysis

Additional 100 orders/day = +₹1.8L/month profit (at ₹650 AOV with 18% take rate).

## The Tipping Point

Take Rate	AOV: ₹550	AOV: ₹650	AOV: ₹750
16%	-₹5L	₹0	+₹6L
17%	-₹4L	+₹3L	+₹9L
18%	-₹2L	+₹5L	+₹11L

Monthly profit/loss at store level (₹L) with 1,200 orders/day

### Orders Required to Break Even

Player	Current Orders/Day	BE Orders/Day
Blinkit	1,288	847
Instamart	1,029	2,486
Zepto	1,508	4,585

### Strategic Insight:

Focusing on AOV and Take Rate delivers 3× more profit than volume increases. Blinkit benefits from quality metrics (higher AOV, take rate) while competitors chase volume at the expense of profitability.

# Better Store Economics Attracts The Best Franchises & Locations



Comparative Indicators	Player 1	Player 2	Player 3
Investment by Franchise (Mn)	9	9	9
<b>Total Sales by Darkstore in a Month (Mn)</b>	<b>25.8</b>	<b>20.8</b>	<b>15.9</b>
Payment for Franchises @ 3% (Mn)	0.77	0.62	0.48
Total Cost for Franchise/Month (Mn)	0.55	0.55	0.55
Profit/Month for a Franchise (Mn)	<b>0.224</b>	<b>0.074</b>	<b>-0.073</b>
Total Profit for the Year (Mn)	<b>2.69</b>	<b>0.89</b>	<b>-0.87</b>
ROICs	<b>29.9%</b>	<b>9.9%</b>	<b>-9.7%</b>

## Higher AOV Attracts Franchise on Better Economics

QC players are increasingly exploring franchise models to accelerate expansion while maintaining consistent operations and quality standards.

### Lower capital intensity

Franchise partners fund location build-out

### Local market expertise

Partners bring location intelligence

### Operational excellence

Strong ownership incentive for performance

### Faster expansion

Enables rapid scaling in multiple markets

# Eternal Checkmate: Blinkit Strategic Analysis

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Strategic review of Blinkit's quick commerce leadership, competitive positioning, and financial dynamics.

June 2025

# QC War Standings: Benchmarking the Players

Higher AOV combined with higher take rates creates significantly lower breakeven thresholds, positioning Blinkit for market leadership.

Comparative Indicators (FY25)	Blinkit	Instamart	Zepto
AOV	₹668 <b>BEST</b>	₹515	₹460
Take Rate	<b>18.4% BEST</b>	15.3%	14.9%
Trade Margins	<b>12.2% BEST</b>	9.9%	11%
Advertisement	<b>4% BEST</b>	3.5%	2.5%
Delivery Fees	<b>2.2% BEST</b>	1.9%	1.3%
Revenue Per Order	₹123 <b>BEST</b>	₹79	₹68
Direct Cost Per Order	₹56	₹56	₹56
Contribution Per Order	₹66.9 <b>BEST</b>	₹22.8	₹12.4
Orders/Day/Store for Breakeven	<b>847 BEST</b>	2,486	4,585
<b>Current Performance Metrics</b>			
Current Orders Per Day Per Store	1,288	1,029	<b>1,508 BEST</b>
Revenue/Day Needed for Breakeven	₹565,000 <b>BEST</b>	₹1,280,252	₹2,109,182
<b>Financial Performance (FY25)</b>			
Total Orders (Cr.)	<b>42 BEST</b>	29	41 (Approx)
Store Level EBITDA (₹ Cr.)	<b>952 BEST</b>	-593	-900 to -1,000
Additional Orders to Breakeven (Cr.)	<b>4.7 BEST</b>	91.8	181.5

Source: Company Financials; Axia Estimates

## Strategic Insight:

Blinkit needs just 10% more orders to reach breakeven, while competitors require 4-5.5× their current volume - demonstrating Blinkit's clear path to profitability.

# Strategic Decision Comparison

Strategic Elements	Blinkit	Zepto	Instamart
Pricing Philosophy	Premium & Broad Assortment	Volume Incentives	Mix Approach
Delivery Fee Strategy	Maintained (₹16-35)	Waived (SuperSaver)	Complex Tiers + Fees
Coverage Strategy	Broad But Concentrated	Concentrated Coverage	Least Concentrated
Loyalty Program	None	Standalone Loyalty	Swiggy One Integration
Assortment Strategy	Premium & Broad AOV: ₹668	Bulk Promotions AOV: ₹450	Food Synergies AOV: ₹515
Strategic Focus	Sustainable Unit Economics, premium segments	Topline growth, order frequency	Topline Growth; Cross-platform synergies
Trade-offs	Priorities profitability over Revenue Growth	Revenue Growth over Margins	Revenue growth over margins

## Strategic Impact:

- Blinkit's premium strategy yields 48% higher AOV than Zepto, and delivery fees generate ₹16/order in extra revenue
- Zepto's volume incentives drive higher order count but at lower margins, requiring more orders to break even
- Instamart leverages Swiggy's ecosystem but complex fee structures and broader loyalty program impacts profitability

### Blinkit Approach

Premium positioning + maintained delivery fees = sustainable profitability

### Zepto Approach

Volume-driven discounts + waived fees = higher customer acquisition cost

### Instamart Approach

Ecosystem integration + tiered pricing = cross-platform value but complex UX

# Blinkit: Best Assortment Mix = Higher Frequency & Margins



Blinkit's strategic assortment drives higher frequency & margins

## Margins by Category

Category	Margin	Purchase Frequency
Premium Beauty & Personal Care	25-32%	High
Home Essentials	18-22%	Medium
Fresh Produce	12-16%	Very High
Electronics	22-28%	Low
Packaged Food	15-20%	High

## SKU/GMV/Margin Breakdown

Product Type	% of SKUs	% of GMV	Avg. Margin
Premium Products	28%	42%	24%
Everyday Essentials	42%	30%	18%
Fresh	15%	22%	14%
Impulse	15%	6%	22%

Source: Axia Estimates

## Strategic Category Mix Benefits

Overall AOV Lift:	22%
Improved Retention:	35%

### Key Assortment Strategy:

Premium products drive 42% of GMV while occupying only 28% of SKUs, creating higher-margin mix.

### Frequency Driver:

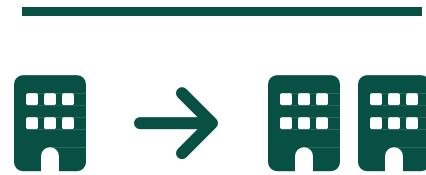
Fresh products create recurring purchases, while premium items drive margin expansion.

## Strategic Insight:

Blinkit's category mix optimization creates a virtuous cycle: higher-margin products fund customer acquisition, while high-frequency essentials drive retention and purchase regularity.

# Eternal Checkmate

## The Ladder to Success—Get the Density



Network and store density is the crucial enabler of growth, profitability, and sustainable competitive advantage in quick commerce.

# Current Store Density for QC's

City/Metro (March 25)	Blinkit	Instamart	Zepto
Delhi-NCR	460	220	225
Mumbai MMR	260	160	190
Bengaluru	153	126	125
Hyderabad	80	65	68
Chennai	68	55	58
Pune	60	43	50
Ahmedabad	40	25	30
Kolkata	45	33	33
<b>Sub Total</b>	<b>1,166</b>	<b>727</b>	<b>779</b>
Other Cities	135	296	182
<b>Total</b>	<b>1301</b>	<b>1021</b>	<b>961</b>
Total Number of Cities (approx)	80	~100	50

Source: Company Filings, Axia Estimates

**Blinkit's density advantage:** 90% of stores concentrated in Top 8 Cities for Blinkit, while it is 81% and 71% for Zepto and Swiggy respectively.

## Faster Delivery

Higher density enables sub-15 minute deliveries in core zones, improving customer experience.

## Lower Costs

Reduced travel distance lowers delivery costs by ₹5-7 per order in high-density areas.

## Rider Productivity

Shorter distances enable 3.2-3.8 orders per hour vs 2.5-2.8 in low-density areas.

## Ad Revenue

Higher store density creates more local ad inventory and improved targeting for brands.

## Strategic Insight:

*As the market matures, density becomes a sustainable competitive advantage that is difficult for new entrants to overcome.*

# Swiggy & Zepto: Calibrating Expansion, Burning Cash

Blinkit is expanding with positive unit economics; Swiggy Instamart and Zepto focus on expansion with high cash burn

## Competitors Constrained; Blinkit Gains Advantage

- Blinkit Holds 40% of stores and 46% of Total GOV
- Rivals face balance sheet constraints, likely to calibrate expansion
- Blinkit positioned for accelerated growth, we expect Blinkit to further accelerate store expansion.
- Leading to market share gains and sustained improvement in margins.

## Comparative Financial & Operational Metrics

Metric	Instamart	Zepto	Blinkit
Q4FY25 Cash Burn	₹732 Cr	₹1200 Cr	₹165 Cr
Store Count Growth (YoY)	38%	65%	42%
Time to Profitability	FY27-28	FY27-28	FY25-26
Current Cash Balance	₹6,695 Cr	~₹5,000 Cr	₹18,800 Cr (Parent)
Balance Sheet Risk	Medium-High	High	Low
No of Qtrs of Cash	8	4	Infinite

Source: Axia Estimates

Particulars	FY25	FY26 AE	FY27 AE	FY28AE
<b>Zomato (Rs. Crores) (Axia Estimates)</b>				
Adjusted EBITDA	1079	1614	4360	6697
Other Income	820	650	1150	1250
Capex	931	1200	1000	800
Working Capital Changes	1093	310	657	621
Net Cash	-125	754	3853	6526
Opening Cash	12015	18824	19578	23431
Closing Cash	18824	19578	23431	29957
<b>Swiggy (Rs. Crores) (Consensus)</b>				
Adjusted EBITDA	-1911	-1355	373	1900
Other Income	529	488	400	350
Capex	743	700	953	1179
Working Capital Changes	622	598	600	650
Net Cash	-2747	-2165	-780	421
Opening Cash	5370	6695	4530	3750
Closing Cash	6695	4530	3750	4171

# Opening Room for Blinkit To Build Market Density

## Density Impact on Performance

### Faster Delivery

Each 0.5km reduction in delivery radius saves ₹8-10/order while improving delivery times by 3-5 minutes, enhancing customer experience.

### Higher Orders Per Hour (OPH)

Denser network enables riders to complete 20-25% more deliveries per hour, reducing unit economics and improving fleet utilization.

### Best Franchise Partners

Superior economics (30% ROIC vs -10% for competitors) attracts premium franchise partners with operational excellence and local expertise.

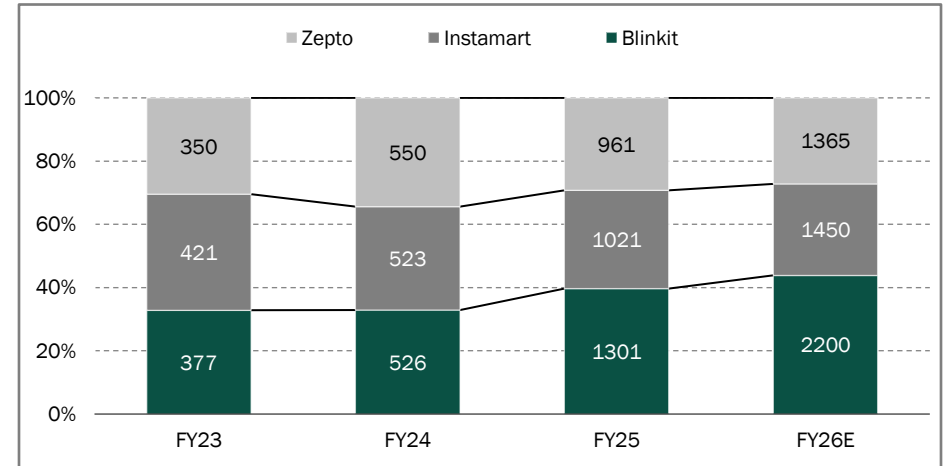
### Market Leadership Reinforcement

Network density creates a virtuous cycle: better economics → more locations → better service → higher frequency → more data → better targeting.

### Strategic Advantage:

Blinkit has a 12-18 month window to secure prime locations before competitors can match their financial capacity, creating a sustainable competitive moat.

## Projected Market Share Growth



## Operational Efficiency Gains

**-15%**

Lower delivery costs per order

**+12pts**

NPS improvement

**+22%**

Higher rider earnings

**+35%**

Improved order frequency

# Domino's Case Study - Fortressing Economics

Benefit Area	Fortressing Strategy Impact	Parallel to Quick Commerce
<b>Customer Experience</b>	6-8 minute reduction in average delivery time, 14% improvement in on-time delivery metrics	Consistent sub-15 minute delivery promise increases customer loyalty and frequency
<b>Revenue per Store</b>	8-12% increase in orders per hour with improved peak handling capacity	Higher density enables better surge management without compromising on delivery times
<b>Unit Cost per Order</b>	₹25-35 reduction in delivery cost per order due to shorter distances and higher driver utilization	Each 0.5km reduction in delivery radius saves ₹8-10 per order for QC players
<b>Store Economics</b>	15-20% higher EBITDA per store, 30% faster payback period on new locations	Dark stores with overlapping delivery radii reduce delivery times and costs while improving throughput
<b>Competitive Moat</b>	Creates significant barriers to entry as competitors struggle to match delivery times	First-mover advantage in securing prime real estate leaving no white spaces for competition creates lasting competitive edge

## Key Takeaways from Domino's Fortressing Strategy:

**Higher EBITDA per Store:** More efficient operations despite smaller delivery territories

**Faster Payback:** New locations reach profitability 30% quicker

**Improved Delivery Speed:** Consistent delivery times build customer trust

**Lower Logistics Costs:** Shorter distances reduce per-order delivery expenses

**Higher Order Throughput:** More deliveries per hour during peak periods

**Increased Market Share:** Creates defensible positions in key neighborhoods

# Market Density: Blinkit's Path to QC Leadership

Higher store density creates a virtuous cycle of improved unit economics, superior customer experience, and sustainable competitive advantage. Analysis of top QC players shows density as the key driver of profitability.

## Density Impact on Economics

**Order Delivery Cost** **-38%**

Reduction in last-mile costs with optimal density

**Avg. Delivery Time** **12** min

Vs. 22+ min in low-density areas

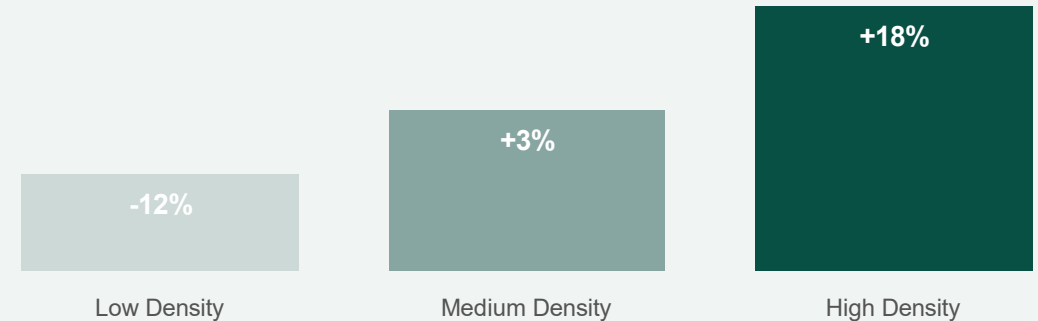
**Order Frequency** **+65%**

Higher repeat orders in high-density zones

**Inventory Turnover** **2.3x**

Faster turnover with network optimization

## Store Density: Profit Correlation



- High density clusters enable cross-store inventory balancing, reducing stockouts by 45%
- Consumer recall increases by 2.8x when stores are within 2.5km radius of residential areas
- Advertising efficiency improves 32% in high-density markets through improved targeting
- Dark store utilization rates reach 92% in high-density areas vs 74% in low-density

## Strategic Insight:

Market density is the strongest predictor of sustainable QC leadership. Blinkit's strategic focus on building dense clusters in key urban markets creates a structural cost advantage that is difficult for competitors to overcome. This density-based network creates a flywheel effect where improved economics attract better partners and customers, further enhancing density benefits.

# Inventory-Led Model: Creating a Margin Advantage

## Blinkit: Inventory-Led Model

- ✓ **Direct Sourcing**  
Full control over procurement channels with direct brand relationships
- ✓ **Higher Margins**  
1-2% margin improvement through procurement efficiency and brand partnerships
- ✓ **Lower Wastage**  
Superior inventory management with predictive replenishment systems
- ✓ **Assortment Control**  
Complete control over SKU mix, enabling premium and high-margin product focus

## Competitors: Marketplace Model

- ✗ **Indirect Sourcing**  
Reliance on third-party sellers and intermediaries for inventory
- ✗ **Lower Margins**  
Commissions from sellers limit revenue potential and negotiation power
- ✗ **Higher Wastage**  
Less control over inventory management across distributed sellers
- ✗ **Limited Assortment Control**  
Fragmented product mix dependent on seller participation

**Blinkit's inventory-led model delivers 1-2% higher gross margins compared to marketplace alternatives**

### Superior Economics

Higher inventory turnover and better unit economics through optimized warehouse operations

### Enhanced Customer Experience

Consistent product quality, reliable availability, and stronger quality control

### Higher Retention

Premium assortment and reliability drive customer loyalty and repeat purchase frequency

**Strategic Insight:** Blinkit's inventory-first approach creates a fundamental margin advantage that compounds through higher operational efficiency and customer retention. This advantage is difficult for marketplace-based competitors to replicate without significant business model changes.

# Blinkit's Competitive Moats - Sustainable Advantages

## Superior Unit Economics

- 5.4x better contribution per order (₹66.9)
- Highest AOV (₹668) in the quick commerce
- Best take rate (18.4%) driving revenue
- Lower breakeven threshold (847 orders/day)

## Revenue Diversification

- Highest ad revenue (4.0% of GMV)
- Consistent delivery fees adding ₹16/order
- Brand-funded promotions at scale
- Premium SKU mix driving higher basket

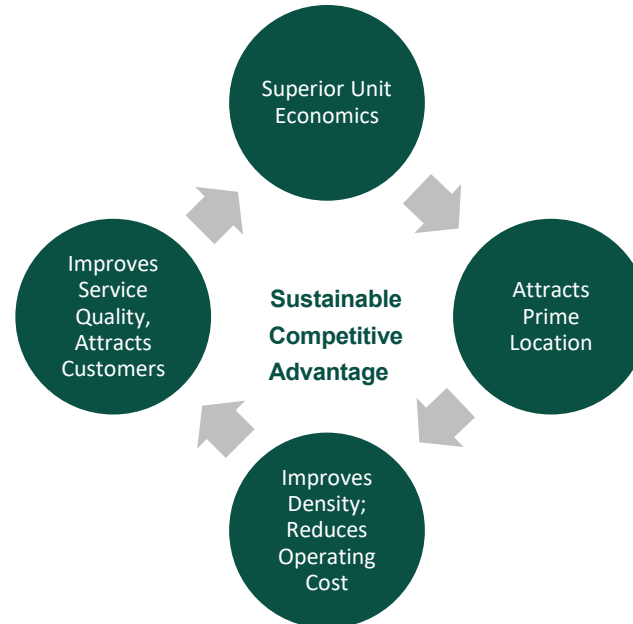
## Operational Excellence

- Industry-leading delivery efficiency
- Higher density network in key metros
- Superior inventory management
- Premium product mix with better margins

## Financial Strength

- Strongest cash position with positive unit economics
- Lower cash burn (₹60-80 Cr/month)
- Only 10% more orders needed for breakeven
- Ability to invest while maintaining quality

## Reinforcing Strategic Flywheel



### Strategic Insight:

Blinkit has created a self-reinforcing strategic flywheel where superior unit economics enable better real estate selection, which improves delivery metrics, which attracts more premium customers, which increases AOV - creating a virtuous cycle that widens its competitive moat over time.

# Thank You

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