



How to Increase the Average Order Value (AOV) in
Blinkit App?

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1. Blinkit's Mission

Mission: “[instant commerce indistinguishable from magic.](#)”

2. Problem Statement

Grofers has recently re-branded themselves to Blinkit focusing majorly on quick commerce. The issue is how can Blinkit increase its revenue. Let's look at the equation for revenue.

$$\begin{array}{|c|} \hline \text{Revenue} \\ \hline \end{array} = \begin{array}{|c|} \hline \text{Number of} \\ \hline \text{Orders} \\ \hline \end{array} \times \begin{array}{|c|} \hline \text{Average Order} \\ \hline \text{Value} \\ \hline \end{array}$$

Now to narrow down our problem, for this PRD let's focus on how we can increase the **average order value (AOV)** in Blinkit.


3. Why this Problem

Blinkit should aim to increase AOV because of the following reasons:

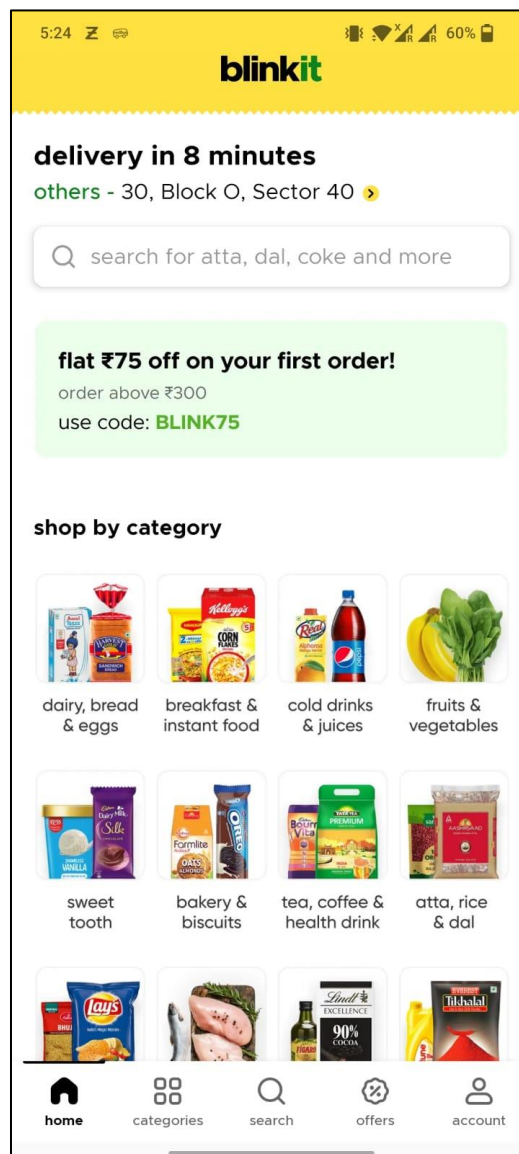
1. Blinkit's majority of the SKUs (Stock keeping units) are in the *lower end of the cost spectrum*, to increase the revenue one of the main levers Blinkit can use is to increase AOV
2. This will also increase the *LTV (Lifetime Value)* of users
3. Blinkit is still at a very early stage after rebranding, and they are only [operating in 12 cities](#) right now. *Learnings* from this will help them to start efficiently when expanding to new cities.

4. Current User Flow

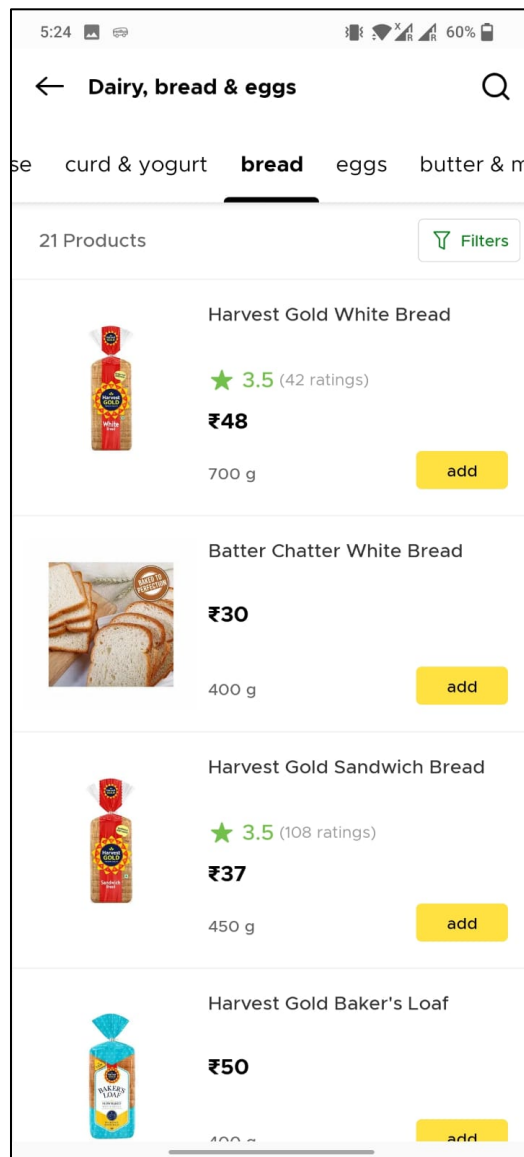
Let's think of a user persona to walk through the current flow:

User Persona	Identification	User Story
<p>Akshay</p> <p>Hi.</p> 	<ul style="list-style-type: none"> - Recently graduated and started working in EY - Lives in Sector 40, Gurgaon in a rented flat with his friends - 22 years old 	<p>Akshay lives in a rented flat along with his 2 other friends. He is usually the one who orders groceries for the house.</p> <p>He finds Blinkit very useful because of its 10 min delivery he doesn't need to pre-plan his grocery list and can do it whenever he needs the items.</p> <p>Here he is trying to buy bread for his breakfast.</p>

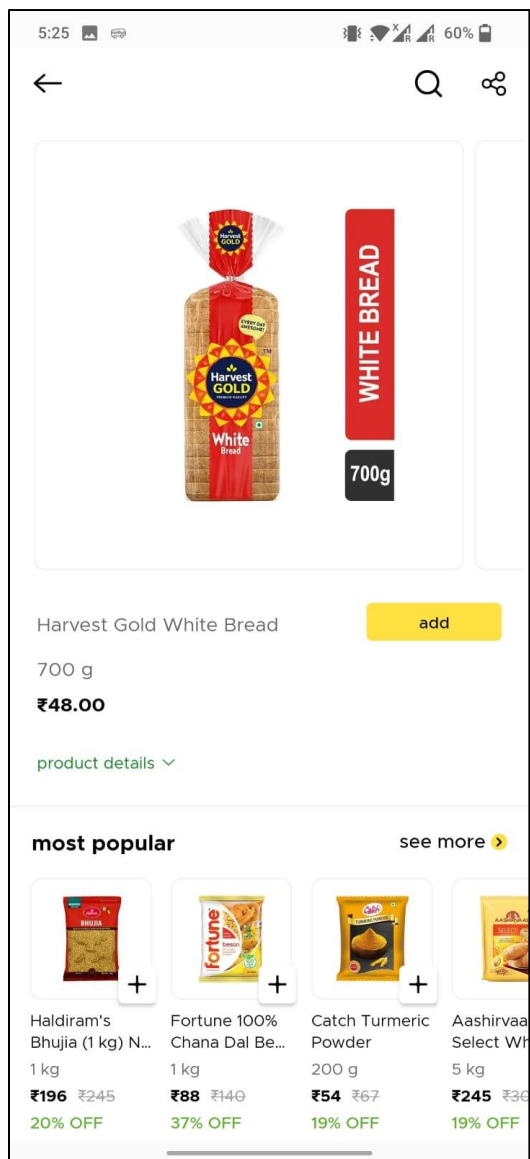
1. Akshay opens the Blinkit app and enters directly to the homepage



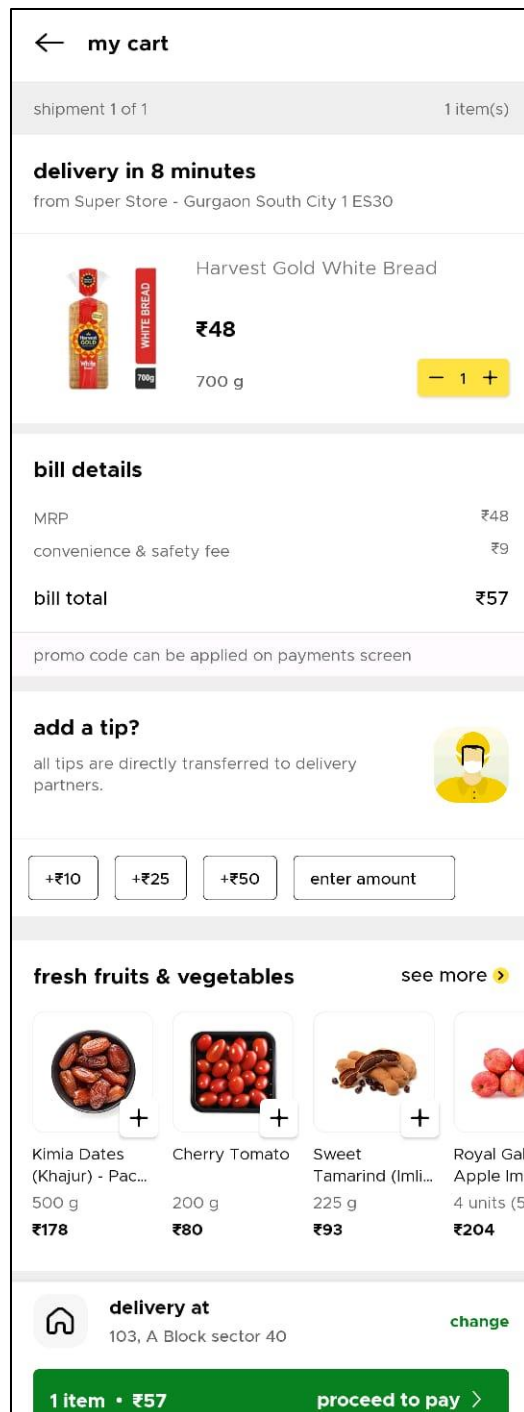
2. He directly sees the category of bread on the home page and opens it



3. He likes the first option itself and opens to see the further details and images. He finally decides to buy this only and adds this bread to the cart.

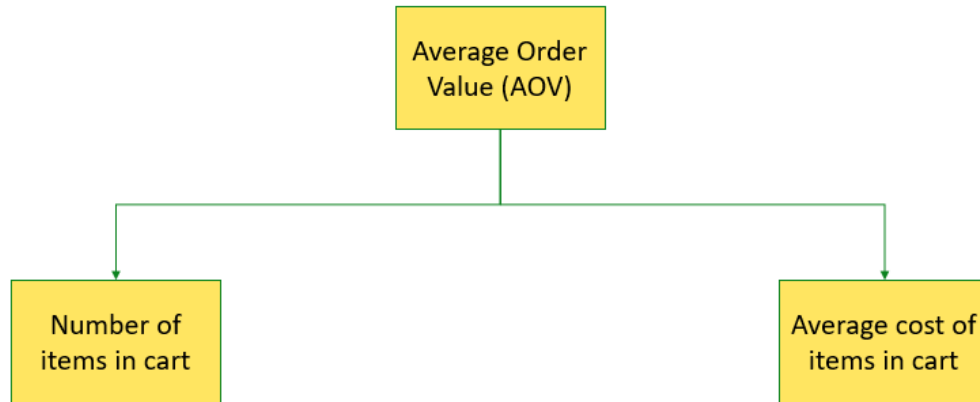


4. He goes to the cart and then pays for the order



5. Levers to increase AOV

Now there are 2 levers we can use to increase AOV. Both are respective per transaction. Let's look at them:



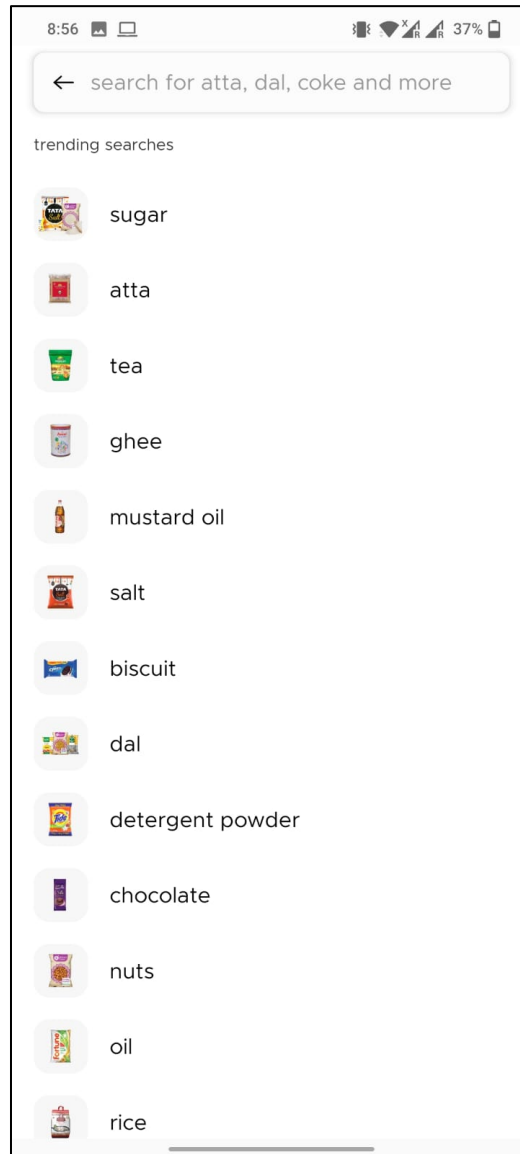
The number of items in the cart can be increased by enhancing the *discoverability* of items and the **average cost of items in the cart** can be increased by having *pricy* items per transaction.

6. User Pain Points

After combining the pain points (PP) using the play store, app store, and user interviews, the following top 4 stand-out :

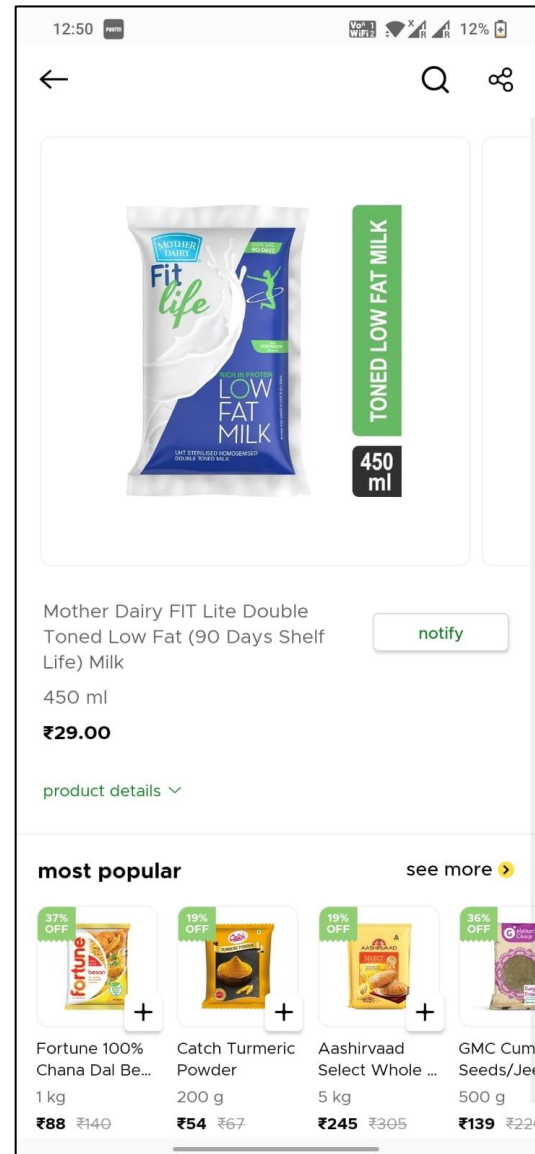
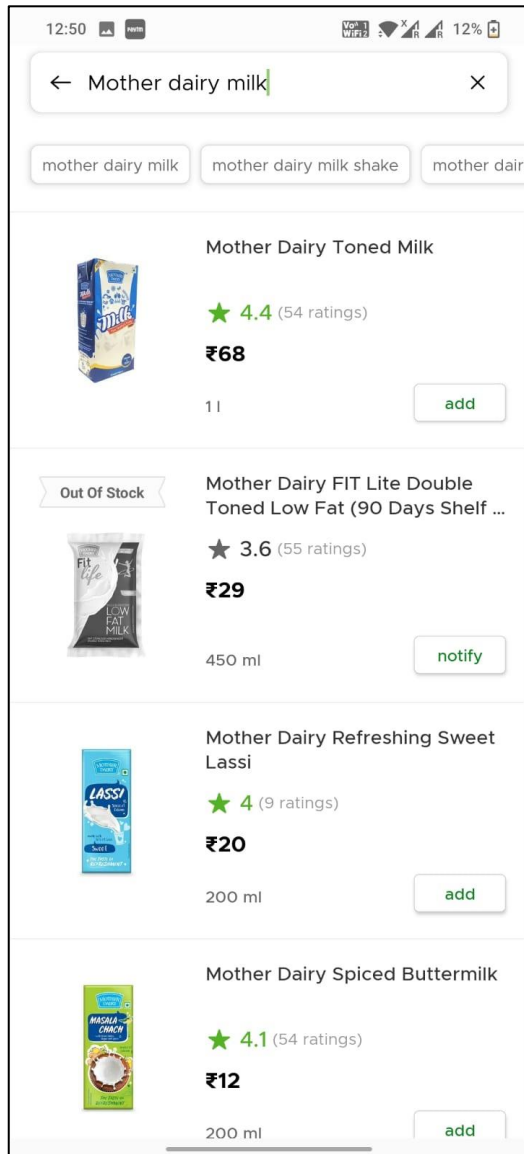
PP1: Visibility of trending items is super low

Explanation: For users who are more focused on finding items through current trends or users who have a latent need but don't realize until the items are more visible to them rely mostly on finding the things which are trending at the moment. The current situation/solution at Blinkit for trending items is very less visible, it is only visible once you click on search. Trending items being displayed only on the search page also test users' memory and users' are likely to forget the trending items once they are on any other PDP (Product Details Page).



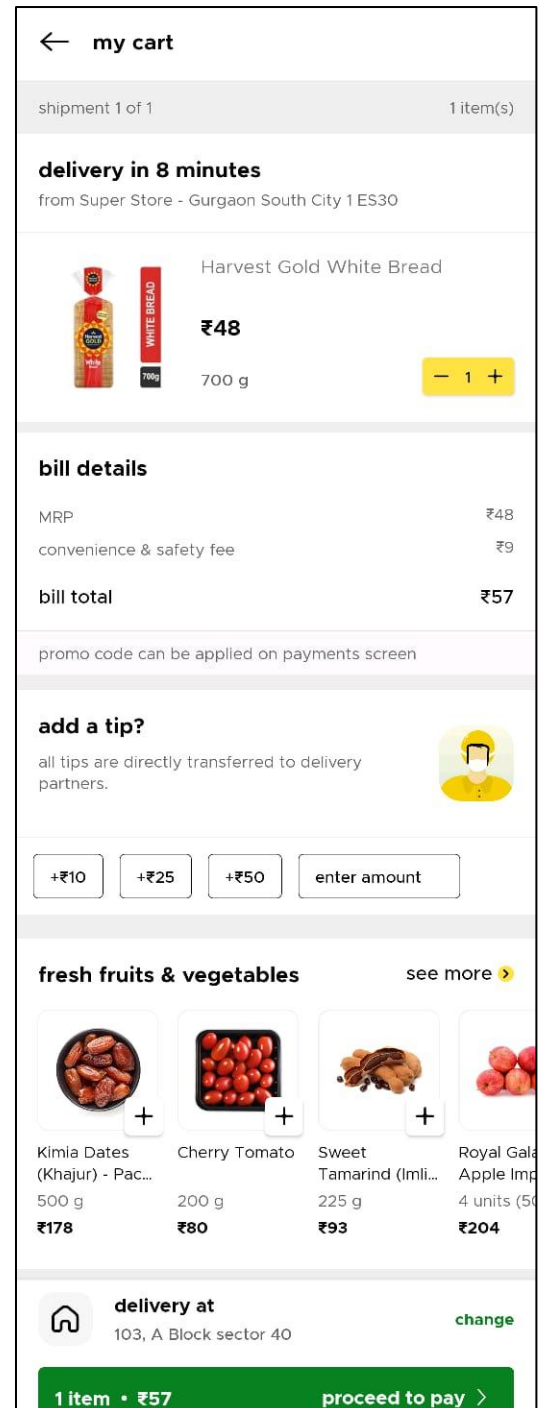
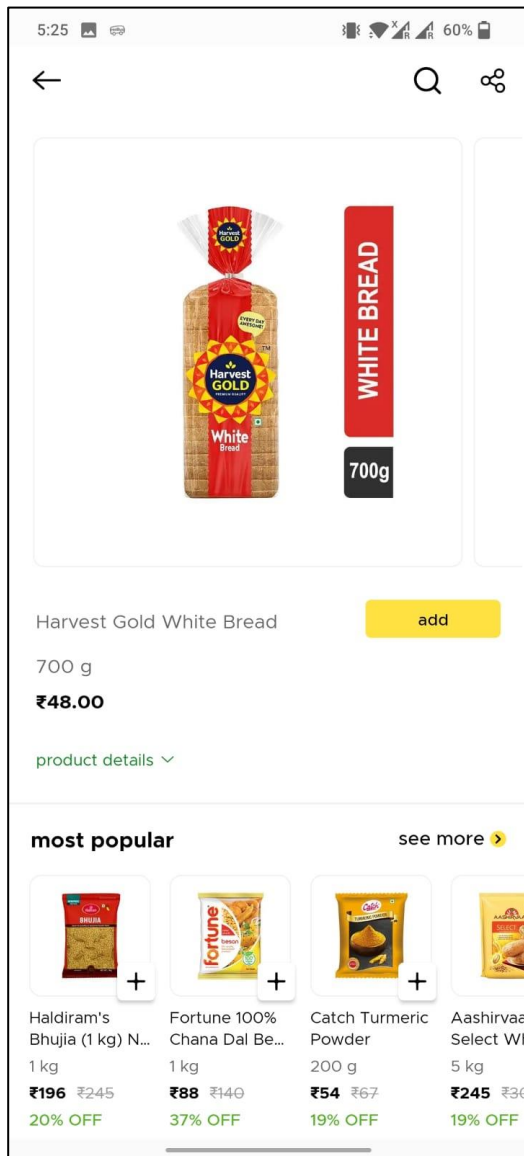
PP2: Users don't know about fast-selling products

Explanation: Currently there is no way to show the fast-selling products on Blinkit. Users are on the lookout for a particular item and by the time they are going to purchase the item, it has already gone out of stock.



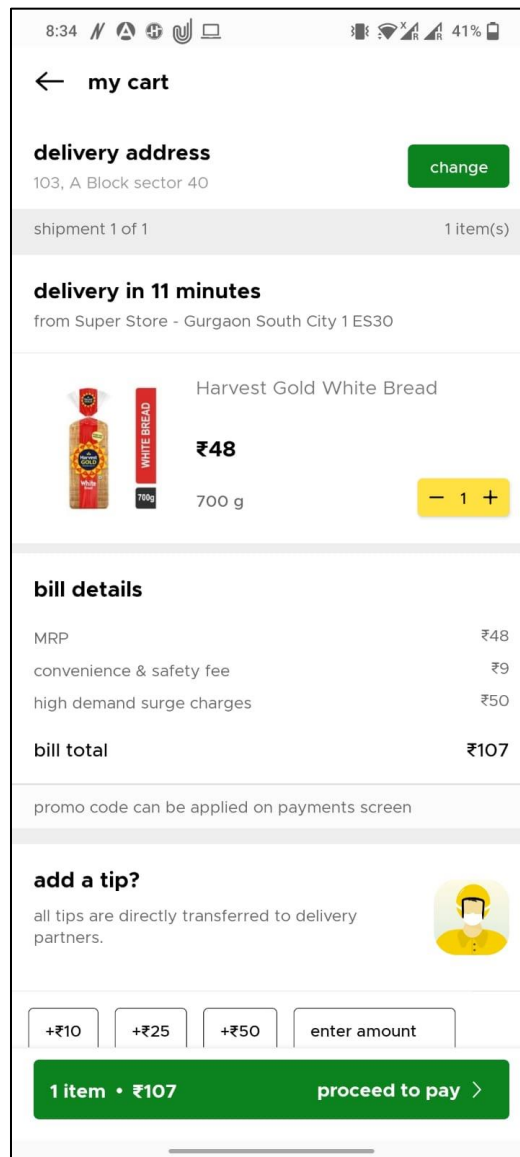
PP3: Can't find complementary or related items

Explanation: Users who are buying an item often tend to buy similar or complementary items. For example, Let's say a user is buying bread he is more likely to buy butter. Currently, there is no solution/feature at Blinkit to show this.



PP4: High demand surge charges

Explanation: Due to high demand, Blinkit charges users higher delivery charges known as 'high demand surcharges', this creates a barrier/friction for users, as the usual average cart price is on the lower end of the spectrum and then charging Rs. 50 seems way too much for the users. This can reduce the conversion and users might shift to Blinkit's competitors in such situations.



7. Solutions

Some of the solutions that **solve the pain points** of users and move either one or both the **levers** that can help in increasing the AOV.

7.1 Trending Items

A trending items carousel with a slider having small cards of different items will be shown to the users at the home page to attract attention of users.

What does it solve?

- PP1, i.e. more visibility of trending items for the users to increase the discoverability of items
- This will increase the number of items in the cart (first lever) for Blinkit

Impact:

- Improves satisfaction level for the customers by enabling ease of discoverability
- Helps users to realize their latent needs

7.2 Remaining inventory

Adding a one-liner in the product listing page and product details page to tell the remaining inventory will highlight the trending and fast-selling products. For example, on the Amul milk page, the caution displayed is “only 5 left.” According to [loss aversion](#) theory, a loss hurts more than an equal gain feels good.

What does it solve?

- PP2, i.e. more visibility of fast selling items
- This will increase the number of items in the cart (first lever) for Blinkit

Impact:

- Improves satisfaction level for the customers by enabling them to buy the product before it goes out of stock
- Increases the discoverability of fast selling items

7.3 Cross-selling (AKA You may also like)

One of the very important features to exist in e-commerce is based on cross-selling. Sections like 'You may also like' or 'People who bought this, also bought' are perfect examples of leveraging the user data to cross-sell items and increase the AOV. [Amazon - claims that up to 35% of its revenues come from cross-selling](#). For example, muesli, milk, dry fruits, chia seeds, etc. show up.

What does it solve?

- PP3, i.e. discoverability of complimentary items
- This can either increase the number of items in the cart or the average cost of items in the cart (both levers) for Blinkit

Impact:

- Increase the discoverability and purchase of complimentary items
- Increase the ease of navigation for the users

7.4 Combos

Combining similar/related items to create combos. The purpose of any combo offer is to catch users' attention so that a browsing session can be converted into real-time sales and hence they end up buying a higher-priced item. This is another use of leveraging the user data to create new product offerings. Combos can be offered with a little extra discount. For example, SKU with 1 Kg each of potatoes, onions, and tomatoes would be a combo for users' daily grocery needs.

What does it solve?

- PP3, i.e. availability and discoverability of related items
- This will increase the average cost of items in the cart (second lever) for Blinkit

Impact:

- Increases user satisfaction to find related items together
- Reduces the effort of adding combos' individual items in the cart

7.5 Minimum cart total

Having a minimum cart total to bring the surge charge from 50 to 0. This will directly increase the AOV. For example, if an order is above 300, there will be no surge charges.

What does it solve?

- PP4, i.e. the friction when ordering at surge timing
- This can either increase the number of items in the cart or the average cost of items in the cart (both levers) for Blinkit

Impact:

- Reduces the friction of conversion during surge hours

Note: There can be more solutions such as discounts, referrals, loyalty programs, freebies, etc but this PRD is refraining from those solutions as those solutions will reduce the profit %, and this PRD focuses on increasing AOV with minimum impact on profit %.

8. Prioritization

Sr. No.	Solutions	Impact with reason	Effort with reason
1	Trending items	Low – It will only help those users who are interested in buying trending items, which will be in less % of total users	High – This will require to keep checking and updating the items that are being bought most. Also, a new carousel needs to be added to the Home Page which will require a lot of UI changes
2	Remaining inventory	Medium – This will help users to see the remaining quantity of items so they can make a well-informed decision	Medium – The inventory of each product needs to be updated in real-time and displaced over each item

3	You may also like	High – Almost every e-commerce has this section. This solution is backed by a lot of user data which will help in understanding the purchasing behavior of old as well as new users on basis of their traits	Medium – Data would be required to see what items are generally bought with each product and that can be displayed on certain screens
4	Combos	Low – As this will only reduce the effort of adding individual items in the cart. Also, giving discounts on combos will reduce profit %	High – First data would be needed to see the items that can be clubbed into combos. Then different new products need to be listed on the backend and frontend. Maintaining the inventory of combos is also a big hassle
5	Minimum cart total	Low – Users might wait for the surge to end or they can choose other Blinkit's competitors	Low – This won't require much effort, just setting a minimum cart total to remove surge charge

We will prioritize solution 3 – ‘**You may also like**’ based on [Action Priority Matrix](#) (AKA Impact vs Effort matrix)

9. Implementation

The best way to implement the feature of ‘You may also like’ is to use the existing purchasing data of users to create appropriate suggestions for every product. The technical/industry term for this process is known as [Market Basket Analysis](#) which is even shared by [Amazon Brand Analytics](#). According to [McKinsey's research](#), the implementation of cross-selling and offers with complimentary products can increase sales by 20% and profits by 30%.

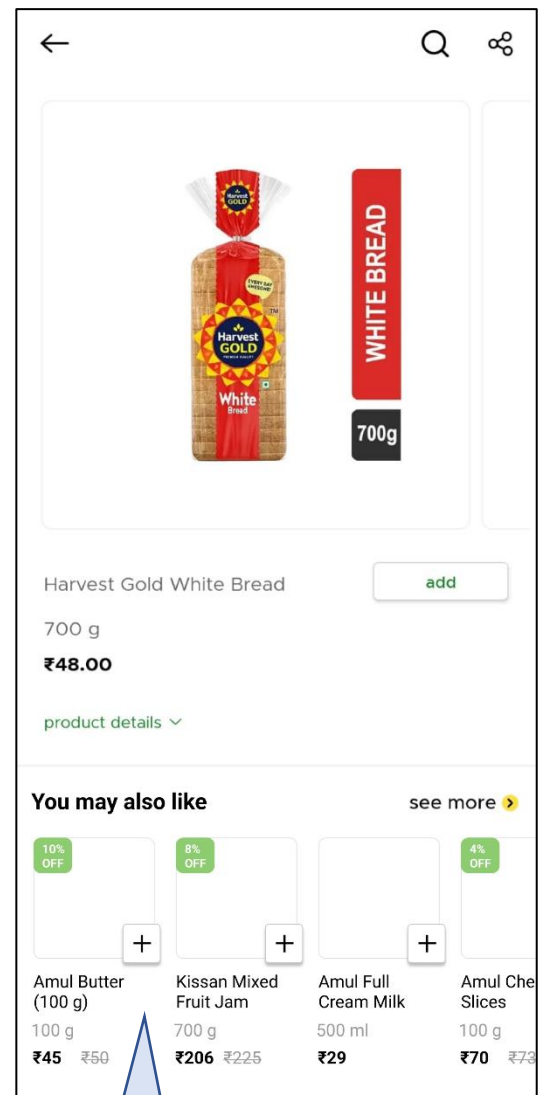
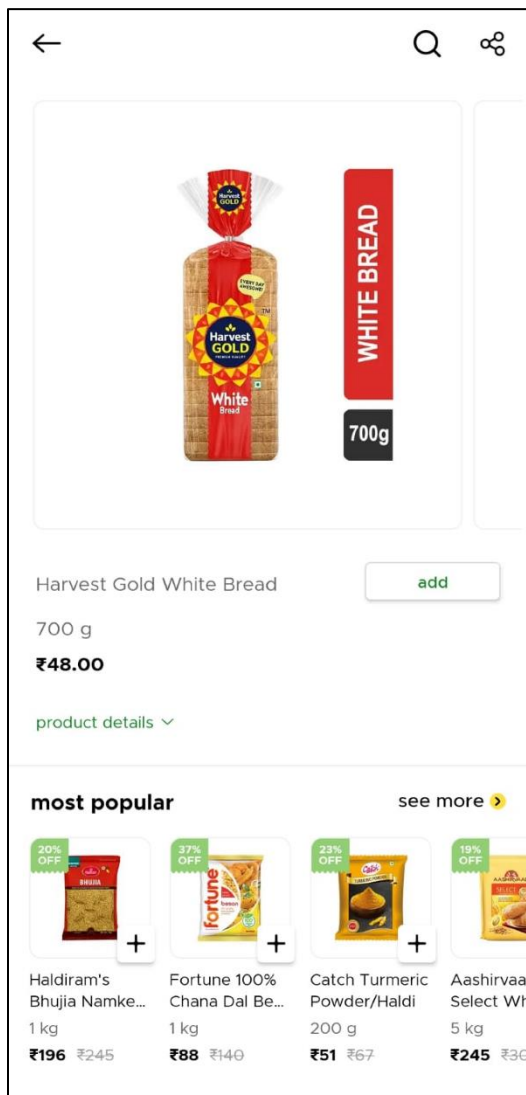
This PRD won't go into the nitty-gritty of implementation of market basket analysis. If you are interested to know how it works below are some of the references that can be explored:

1. <https://towardsdatascience.com/a-gentle-introduction-on-market-basket-analysis-association-rules-fa4b986a40ce>
2. <https://smartbridge.com/market-basket-analysis-101/>
3. <https://www.jigsawacademy.com/market-basket-analysis/>
4. <https://www.analyticsvidhya.com/blog/2021/10/a-comprehensive-guide-on-market-basket-analysis/>

10. Mockups

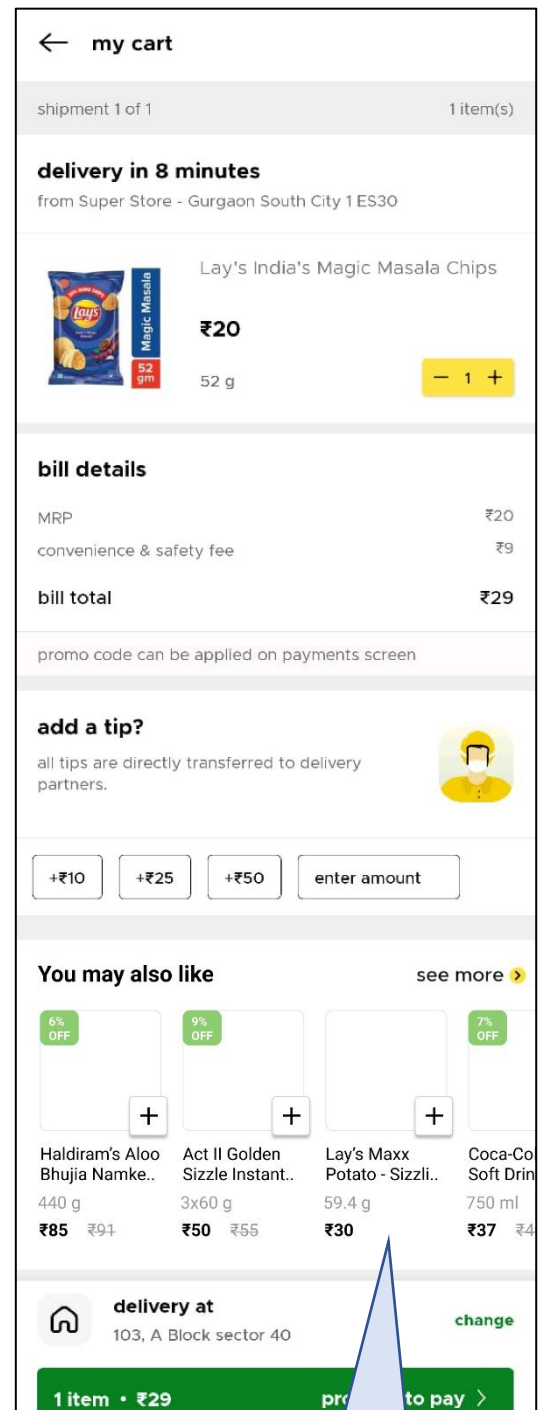
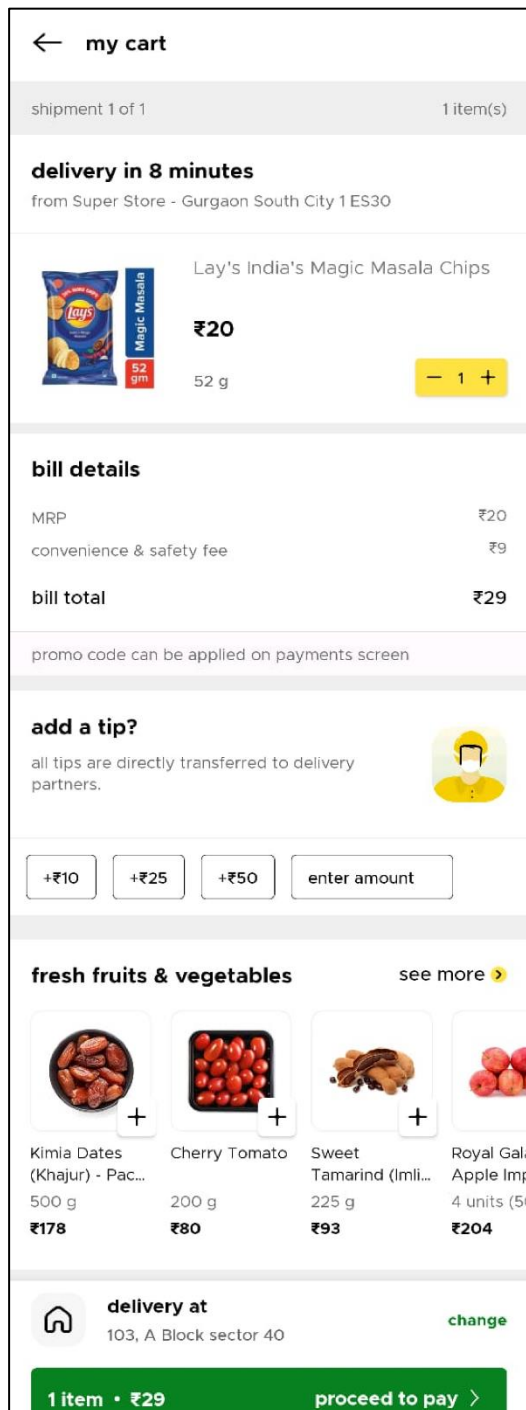
This section is about how the new screens would be different from the current screens after the implementation of the 'You may also like' feature. It will be available on 2 screens: PDP (Product Details Page) & Cart page.

1. PDP



Better suggestions
that are relevant and
backed by market
basket analysis

2. Cart page



Better suggestions
that are relevant and
backed by market
basket analysis

[Link to all wireframes](#)

11. Testing

Some of the **metrics** that can indicate the success of the '*You may also like*' feature:

Goal	Success Metric	Time frame
Revenue	- % contribution of Revenue due to products added from ' <i>You may also like</i> ' carousel - Increase in AOV	2 months
Conversion	- % of orders in which at least one item was added from ' <i>You may also like</i> ' carousel (Distribution of this across source - PDP and Cart page)	2 months
Clicks	- % of users clicking on card ' <i>You may also like</i> ' carousel (Distribution of this across source - PDP and Cart page)	2 months

12. Summary

This PRD is structured on exploring different pain points and solutions that can help Blinkit increase its revenue by increasing **Average Order Value (AOV)**.

This PRD first walks through the current user flow and what are some of the pain points of the users which can directly impact AOV. Then it shows different solutions that are built around solving those pain problems, and therefore, increasing the AOV.

Further, it talks about prioritization between different solutions by using impact vs effort matrix. '*You may also like*' solution/feature is the one that gets prioritized here. A short description for that could be a carousel having complementary items backed by Blinkit's users' purchase data.

It addresses how we can implement this feature using **Market Basket Analysis**. We first see how the screens will look different after the implementation of features and then how the success of the feature can be measured.