

C-14

Crashing Supply Chain- A Case of Grofers

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An IIT Delhi alumnus -Dhindsa from 2005, relocated to the United States in 2010 to work at Cambridge Systematic. While working there, he met a person named Kumar, who was also an IIT Delhi alumnus. However, in the latter part of 2012, Dhindsa returned to India to work as the head of operations for Zomato.com (Zomato). Dhindsa maintained contact with Kumar after leaving the United States.

While working at Zomato between 2012 and 2013, Dhindsa noticed that logistics and delivery service providers lacked an extensive supply-chain network. On June 13, 2019, Grofers, an

online grocery delivery service in India, raised US\$ 220 million from Japan's SoftBank Corporation (SoftBank). Grofers was expected to increase its market valuation from US\$310 million dollars in 2018 to US\$800 million in 2019, making it India's next Unicorn.

GROFERS OPERATIONS:

Grofers began operations in the hyperlocal marketplace in Delhi (NCR) in 2014. In the very same year, Grofers published its mobile friendly application. Grofers collaborate with Kiranawalas or retailers to deliver groceries to customers' doors. The company's unique selling proposition (USP) was its 90-minute delivery, which distinguished it from competitors such as Grocshop and PepperTap.

This is harsh but true that startups usually have a difficult time to flourish amidst the tough competition. Grofers managed being investors favourite since inception and managed to raise funds from various funding rounds and series.

March 16, 2022	\$150 Million	Debt Financing	Zomato
March 11, 2022	\$100 Million	-	Zomato
September 29, 2021	\$16.7 Million	-	KTB Ventures
August 17, 2021	\$100 Million	-	Zomato
November 13, 2020	\$55 Million	Venture Round	SoftBank Vision Fund (SVF) and other existing investors
December 31, 2019	-	-	-

November 18, 2019	\$43.04 Million	Corporate Round	Grofers International Pte Ltd
October 29, 2019	\$18.83 Million	Series F	Bennett Coleman and Co Ltd
August 19, 2019	\$70 Million	Series F	Softbank Vision Fund
July 15, 2019	\$10 Million	Series F	Abu Dhabi Capital Group
May 15, 2019	\$220 Million	Series F	Softbank Vision Fund
May 16, 2018	\$53.81 Million	Series E	Softbank Vision Fund
October 25, 2017	\$12.91 Million	Series D	Grofers International
September 1, 2017	\$839K	Debt Financing	Trifecta Capital Advisors
Nov-15	\$120 Million	Series D	Cyriac Roeding – Roeding Ventures, Softbank, Sequoia Capital and Tiger Global
Apr-15	\$35 Million	Series C	Sequoia Capital
Feb-15	\$10 Million	Series B	Sequoia Capital

			and Tiger Global
Dec-14	\$500k	Seed Round/Series A	Sequoia Capital, Deepinder Goyal

In April this year, Grofers ran a sale. The delivery start-up was still app-only, and the temptation of getting daily household essentials at cheap rates made droves of new customers come online and order.

THE PROBLEM:

The app broke. Grofers had bitten off much more than it could chew. Logistics were broken, long packaging times angered customers, shops ran out of stuff to sell, and it was mayhem all around. Tiger Global and Sequoia Capital-backed Grofers competes with Bangalore-based Bigbasket, but believes in an inventory-light, aggregator model.

As we started scaling up, the merchants were struggling with demand. Then we had to start making a lot of supply chain investment, which is actually something we were trying to avoid when we started initially. "One of the things we did not know was how much supply-chain involvement would be required from our end," Albinder Dhindsa, co-founder and CEO of the Gurgaon-based company, said.

That is, until April, when the Grofer team realised they needed to bring around some serious changes if the company were to get anywhere. After the April awakening, Grofers made a ton of changes to how it handles business. So it fired about 10 per cent of its workforce, rolled back expansion, and stopped spending money on adverts. But more importantly, it started investing in a back-end supply chain. Albinder says the cost-cutting moves now help him

save \$4 million a month as compared to same time last year. After raising \$120 million, one of the first things we did was shut down six cities," Albinder says.

QUESTIONS:

1. What went wrong with the company despite being investors' favorites?
2. What could be done to sense the deficiencies in the supply chain to tackle them at an advanced stage?
3. What measures would you suggest to make it sustainable?