

## Marketing in the Contemporary Business World – Pseudo-Organizations and Platform Workers<sup>1</sup>

*“Blinkit betrayed us, but WhatsApp really helped,” quipped a 26-year-old man, working at the Zomato-owned quick commerce firm Blinkit. He is one of the thousands of workers who are protesting a new payout policy that they claim will cut their monthly income in half and render their positions untenable. Even with hundreds of outlets closing due to a labour shortage and others operating at a fraction of their capacity on the fifth day of the protests, Blinkit is unlikely to reverse the adjustment.*



Due to the delivery worker strikes, more than half of the 200 dark storefronts operated by Zomato-owned rapid commerce platform Blinkit in Delhi, Gurugram, Faridabad, Ghaziabad, Noida, and Greater Noida have been closed for the past three days. Delivery managers are opposing the change in their compensation plan because they believe it would result in lower pay for them. Nearly all of Gurugram's 50–60 stores have closed, and further locations are

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<sup>1</sup> This is not an original article and is merely a compilation of publicly available news reports, intended to be used only for academic discussion.

closing in Noida and Delhi as the new charge structure is implemented, according to a source with knowledge of the situation. Customers in the area have also been unable to place orders at offline retailers since the Blinkit app lists these locations as "temporarily unavailable" due to business maintenance. Many people are raising the matter on social media sites. According to reports, the corporation will proceed with its plan to expand the use of the modified payout structure across more locations, despite the delivery executives' plans to continue their protests throughout the Delhi-National Capital Region over the next few days.

“The company had anticipated disruption prior to the rollout of the new structure from Monday but it is trying to educate the delivery executives about the benefits. Blinkit executives have been on the field talking to protesting workers,” a company executive told a newspaper. According to sources, Blinkit has 400 dark storefronts across the nation in 20 cities, with half of them located in Delhi-NCR. Blinkit reported an average gross order value (GOV) per dark store per day of Rs 5.24 lakh during the October-December 2022 quarter, up from Rs 4.22 lakh during the July-September 2022 quarter. Blinkit recorded a GOV of Rs 1,749 crore for the December quarter, while its sales were Rs 301 crore. Zomato did not reply to an email addressed to them with a question. In a statement on Wednesday, a Blinkit spokesperson had said that the company believed this to be “a positive step for our partner ecosystem, as it is fair to them and our customers”. Parallely, attempts to discredit the protests continued with Zomato claiming that most stores had already resumed operations. In a regulatory filing that sent its stocks rising by 5%, it said that the disruptions have had no material impact on its operational and financial performance. A customer comment on a website that carried this news read, “Faridabad store is still not open...jhooth failana to startups ko acche se aata hai...yehi faila ke to itni valuation pe bechi hai inhone company” (Startups know very well how to spread falsehood; This is how they have sold the business at such a good valuation).

According to several delivery executives who spoke with reporters, they joined up with Blinkit last year when the charge per order was Rs 50. However, last year it was decreased to Rs 25 per order, and this year it has been further reduced to Rs 15 with the addition of a distance-based fee component. Delivery executives voiced concern that their earnings will be restricted due to the distance-based component in the new structure since Blinkit dark stores only function within a 2-3 km radius. The service radius for riders may expand in areas where the density of the company's dark establishments is lower.



Quick commerce firms like Blinkit and Zepto have specialised delivery executives tethered to particular stores for which they signed on with, unlike food-delivery platforms. This is done to make sure that there are always people on hand to complete orders quickly. Rahul Gupta, a store manager at a Delhi-based dark store said that because of the protests, the store's owner has asked the shutters to be kept down. If deliveries are not being made, there is no use in keeping the store open. If the store is open and orders continue to come in, we risk being penalised by the business for failing to fill them. Therefore, it would be best to close the store until the delivery personnel returned, according to Gupta. "The shop managers have informed us that the new compensation mechanism will improve earnings as the dark store services a bigger area and delivery distances grow, but in our experience, orders that are more than 2 km in distance are relatively infrequent. We might not reach the necessary Rs 15 per delivery target, according to Mohammed Zakir, one of the protesting Blinkit delivery partners who works out of a store in east Delhi, even with all of the delivery executives attached to this store being on duty. Ganesh Kumar, a 28-year-old delivery partner from Noida, complained about unfavourable working circumstances at his establishment. "For the past six months, I have been

delivering for Blinkit. Despite us paying Rs 1,600–1,700 as an onboarding charge, drivers who signed up at this location after August haven't received a bag or a raincoat from the company, he continued. Additionally, Kumar said that he typically works 13 to 14 hours a day, completing 30 to 40 orders. "Under the previous payout structure, this amounted to approximately Rs 1,500–1,600 per day with bonuses. Our daily food costs range from Rs 100 to Rs 150, and our daily fuel costs are Rs 300. Additionally, we lose 10% or so on orders with cash on delivery. The earnings would decrease by 250–300 in the new distribution, which would result in even less savings, he claimed.

According to Kumar, Blinkit only permits delivery executives to hold up to Rs 500 in cash for orders with cash on delivery. "Once you have Rs 500, you must use the app to deposit the funds to Blinkit. We need to deposit the funds first because we don't always have the necessary amount in our bank accounts to do that. We can't keep going to the bank branch for this, so instead we send the cash to a store owner nearby who transfers the money online into our accounts. For every 100 rupees we receive in our accounts, the shop owner will charge us Rs. 10, he claimed. Swiggy, a significant rival of Zomato, also saw protests from delivery staff in places including Delhi, Mumbai, Bengaluru, and Chennai last year when it implemented a changed compensation structure. Delivery executives were also asking for the new fee system to be withdrawn at that time. There have been rumours that Swiggy has had delivery worker strikes in major cities because of the inadequate pay and absence of a social safety net in the sector.

Compiled from:

1. <https://economictimes.indiatimes.com/tech/technology/delivery-workers-strike-shuts-more-than-100-blinkit-dark-stores-in-delhi-ncr/articleshow/99474721.cms?from=mdr>
2. <https://indianexpress.com/article/business/companies/anatomy-of-a-strike-in-workers-protest-against-zomato-owned-blinkit-a-new-flashpoint-in-gig-works-dismal-reality-8558544/>
3. <https://timesofindia.indiatimes.com/business/india-business/zomato-says-most-blinkit-stores-reopened-after-wage-protests/articleshow/99603211.cms?from=mdr>
4. <https://theprint.in/opinion/standard-deviation/blinkit-like-approach-to-reduce-cost-hurting-economy-and-workers-innovate-increase-revenue/1524686/>

Assignment Questions:

1. What are the business issues that you identify from this situation? Which marketing solutions can be offered for the identified issues?
2. What are the customer implications of this imbroglio for Blinkit? What should the firm do to address them at this stage?