

WILL OFFLINE RETAIL STRATEGY BY BIGBASKET HELP IT TO UPLIFT THE FALLING CUSTOMER BASE?

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Abstract: This case study investigates BigBasket's strategic shift toward offline retail channels as a response to declining customer base and increased competition in the online grocery sector. The research analyzes the rationale behind BigBasket's omnichannel expansion, examining how the company aims to leverage physical presence to complement its digital platform and recover market position. The study evaluates the effectiveness of BigBasket's offline initiatives including neighborhood stores, pickup points, and partnerships with traditional retailers in addressing customer acquisition and retention challenges. Through systematic analysis of customer behavior data, sales performance metrics, and market response indicators, the research assesses whether offline expansion can successfully reverse the declining customer trends. The case explores the operational challenges and opportunities associated with integrating offline and online channels, including inventory management, customer experience consistency, and cost optimization. The findings provide insights into the viability of omnichannel strategies for pure-play online retailers facing market saturation and competitive pressure. The study offers valuable lessons for e-commerce companies considering offline expansion as a growth and recovery strategy.

Keywords: Omnichannel strategy, customer retention, retail recovery, online-to-offline, grocery retail

Introduction

BigBasket, founded in 2011, quickly emerged as India's leading online grocery platform, transforming the way urban consumers accessed fresh and packaged food products. Leveraging a robust digital supply chain, mobile-first interface, and wide product assortment, BigBasket offered same-day and next-day delivery, positioning itself as a convenient and reliable alternative to traditional grocery shopping. Over the years, the company built a loyal customer base by emphasizing convenience, product variety, and consistent service quality, thereby becoming a pioneer in India's online grocery sector.

However, by 2023, BigBasket faced mounting challenges. Rising competition from other online grocers, including Amazon Fresh, Flipkart Supermart, and Blinkit, coupled with consumer dissatisfaction over delivery charges, occasional stockouts, and inconsistent service, led to a decline in active users and overall customer engagement. Market research indicated that Indian consumers often subscribe to multiple online grocery platforms, switching frequently based on promotions, delivery reliability, and product availability. Consequently, BigBasket experienced a slowing growth trajectory, signaling the need for a strategic intervention to regain momentum and market share.

In response, BigBasket initiated a strategic pivot toward offline retail channels, marking a significant shift from its digital-only model. The company introduced neighborhood stores, pickup points, and partnerships with local kirana stores, aiming to complement its digital platform with a physical presence. This move represents an omnichannel strategy, integrating online and offline touchpoints to enhance customer convenience, improve retention, and rebuild brand engagement. Such a strategy aligns with global trends where digital-first retailers leverage physical outlets to increase reach, reduce last-mile delivery costs, and provide experiential engagement, thereby reinforcing customer loyalty (Verhoef, Kannan, & Inman, 2015; Zhang, Wang, & Liu, 2020).

This case explores the rationale behind BigBasket's offline expansion, its operational and strategic implications, and the potential effectiveness of omnichannel integration in reversing declining customer trends. The central question is whether the offline strategy can successfully complement digital operations, improve customer acquisition and retention, and position BigBasket competitively in India's increasingly crowded grocery market.

Problem Definition / Case Focus

Despite being the market leader in India's online grocery sector, BigBasket is confronting a critical strategic challenge: reversing the recent decline in customer acquisition and retention while ensuring sustained profitability. The rapid growth of competitors such as Amazon Fresh, Flipkart Supermart, and Blinkit, coupled with changing consumer preferences, has intensified market competition (Economic Times, 2023; IBEF, 2024). As a result, BigBasket faces pressure not only to retain its existing user base but also to attract new customers in an increasingly saturated market (Grimm, 2024; Kong, Çakır, & Li, 2025).

Several interrelated challenges underpin this strategic problem:

1. **Customer Experience Consistency:** With the planned offline expansion, BigBasket must maintain a seamless and high-quality experience across both online and offline channels. Variations in product availability, store layout, staff service levels, and delivery reliability can negatively affect brand perception. A poor offline experience risks undermining digital engagement, reducing loyalty, and increasing churn. The challenge lies in replicating the convenience, reliability, and trust associated with the online platform in a physical retail environment (Verhoef, Kannan, & Inman, 2015; Neslin, 2022).
2. **Inventory and Supply Chain Integration:** Effective coordination between online and offline inventories is critical. Offline stores require sufficient stock to meet walk-in demand while online orders must continue to be fulfilled efficiently. Poor synchronization can lead to stockouts in stores or overstocking, resulting in lost sales, increased holding costs, and potential spoilage for perishable goods. BigBasket must develop integrated inventory management systems with real-time visibility across channels to ensure optimal stock allocation and cost efficiency (Grimm, 2024; Kang, Majer, & Kim, 2019).
3. **Cost Management:** Operating physical stores introduces significant expenses, including rental, staffing, utilities, and logistics. These costs must be carefully managed to prevent margin erosion, especially since online grocery typically operates with thin margins. Balancing investment in offline infrastructure with revenue gains from increased customer engagement and retention is essential. The challenge is to optimize operational efficiency while delivering value to customers,

thereby justifying the offline expansion from a financial perspective (Kong et al., 2025; IBEF, 2024).

4. **Competitive Differentiation:** In addition to digital competitors, BigBasket must contend with traditional brick-and-mortar supermarkets, local kirana stores, and emerging hybrid models. Differentiating the offline offering through store location, convenience, service quality, and brand integration with the online platform is crucial. Failure to clearly communicate the unique value proposition of offline stores may result in limited adoption and suboptimal ROI (Verhoef et al., 2015; Neslin, 2022).

The core focus of this case is to evaluate whether offline retail expansion can effectively complement BigBasket's online operations. Specifically, the analysis examines whether neighborhood stores, pickup points, and kirana partnerships can:

1. Improve customer acquisition by providing accessible and visible physical touchpoints (IBEF, 2024; Grimm, 2024).
2. Enhance retention by offering convenient fulfillment options and superior service experiences (Verhoef et al., 2015; Neslin, 2022).
3. Increase engagement by bridging online and offline interactions through loyalty programs, promotions, and localized initiatives (Kang et al., 2019; Kong et al., 2025).
4. Contribute positively to revenue and profitability without excessive operational costs (Economic Times, 2023).

By addressing these questions, the case explores how BigBasket can strategically integrate offline channels to strengthen its market position, improve customer lifetime value, and secure sustainable growth in a highly competitive e-grocery landscape (IBEF, 2024; Verhoef et al., 2015; Grimm, 2024; Kong et al., 2025).

Market and Industry Context

India's grocery market is a dynamic and rapidly evolving sector. Despite the growth of online platforms, offline retail continues to dominate approximately 90% of the total grocery market (IBEF, 2024). The online grocery segment, valued at around \$18–20 billion by 2025, is growing rapidly, fueled by urbanization, rising smartphone penetration, and evolving consumer expectations for convenience and variety (IBEF, 2024).

However, the market is highly competitive. BigBasket faces competition from digital-first players such as Amazon Fresh, Flipkart Supermart, and Blinkit, as well as traditional supermarkets and hypermarkets including Reliance Fresh, Spencer's, and More. Consumers in India increasingly subscribe to multiple online platforms, switching based on price, promotions, delivery reliability, and product availability. As a result, retaining existing customers is becoming as challenging as acquiring new ones, particularly in metro and Tier-1 cities (Economic Times, 2023).

Consumer behavior also highlights the importance of omnichannel integration. Surveys indicate that urban consumers prefer click-and-collect options, combining the convenience of online ordering with immediate access to fresh goods and a tactile shopping experience. Such hybrid models not only

enhance convenience but also strengthen engagement and trust, which are critical to sustaining loyalty in a fragmented market (Verhoef, Kannan, & Inman, 2015).

BigBasket's Offline Strategy

To address declining engagement and intensifying competition, BigBasket has initiated a strategic offline expansion, leveraging three main initiatives:

1. **Neighborhood Stores:** Small-format outlets in dense urban clusters aim to improve visibility and provide a physical touchpoint for customers. These stores focus on high-demand products, fresh produce, and ready-to-eat items to complement online orders.
2. **Pickup Points:** Existing delivery hubs or partner stores serve as collection points for online orders, reducing reliance on costly home delivery and improving last-mile efficiency.
3. **Kirana Partnerships:** Collaborations with traditional retailers allow BigBasket to extend reach into neighborhoods without significant capital expenditure. This model leverages the trust and familiarity of local kirana stores to enhance accessibility and convenience for customers.

The combined offline strategy is designed to increase customer acquisition, improve retention, and strengthen brand engagement by integrating physical and digital channels in a seamless manner.

Operational Considerations

While the strategy has clear advantages, its implementation requires addressing several operational challenges:

Inventory Management: Synchronizing stock between online and offline channels is critical. Effective real-time inventory management ensures that offline stores have sufficient stock for walk-ins while online demand continues to be met without disruption (Zhang, Wang, & Liu, 2020).

Customer Experience Consistency: Offline stores must replicate the service reliability and convenience customers expect from the online platform. Staff training, standardized procedures, and quality control are essential to maintain brand promise.

Cost Implications: Establishing physical stores incurs rental, staffing, utilities, and logistics expenses. Therefore, ROI analysis must evaluate whether increased customer engagement and retention offset these costs, particularly given the typically thin margins in grocery retail.

Technology Integration: Digital systems must bridge online and offline operations, enabling order tracking, loyalty program integration, and personalized marketing across channels (Verhoef et al., 2015).

Evidence from Global and Domestic Markets

Global e-commerce leaders have successfully implemented online-to-offline (O2O) strategies:

Amazon Go and Amazon Fresh stores integrate digital ordering with physical presence, improving customer convenience, loyalty, and basket size (Zhang et al., 2020). Alibaba's Hema supermarkets in China demonstrate how O2O retail can drive engagement, increase order frequency, and provide data for targeted marketing campaigns. In India, Flipkart Supermart and Reliance Fresh integration shows

that offline presence can enhance reach and reduce reliance on delivery logistics, particularly in high-density urban clusters. Consumers tend to engage more with brands that offer both online and offline touchpoints, as it increases convenience, trust, and perceived service quality (IBEF, 2024).

Implications for BigBasket

BigBasket's offline strategy offers several strategic benefits that can help the company strengthen its market position and address current challenges:

Expanding Customer Reach: Physical stores and neighborhood pickup points serve as visible, accessible touchpoints for potential new customers, particularly in areas where home delivery may be slow, unreliable, or cost-prohibitive. Offline presence increases brand visibility and provides convenience for consumers who prefer in-store browsing or immediate purchase, complementing online operations (Grimm, 2024; Neslin, 2022).

Reducing Churn: Offline touchpoints enhance brand engagement and loyalty by creating more frequent and meaningful interactions with customers. By offering an integrated omnichannel experience, BigBasket can strengthen customer relationships, reduce switching to competitors, and improve retention rates (Verhoef, Kannan, & Inman, 2015; Kang, Majer, & Kim, 2019).

Optimizing Delivery Costs: Pickup points and neighborhood stores reduce reliance on last-mile delivery for every order, which is often the most expensive component of e-grocery fulfillment. Strategic offline locations allow consolidation of deliveries and provide flexible fulfillment options, improving operational efficiency and reducing per-order logistics costs (Kong, Çakır, & Li, 2025; Grimm, 2024).

Enhanced Data Collection and Personalization: Integration of offline interactions with the digital platform enables BigBasket to collect richer, real-time data on customer preferences, purchase behavior, and footfall patterns. This information can be leveraged for targeted promotions, personalized recommendations, and improved inventory planning, further strengthening the value proposition across channels (Neslin, 2022; Kang et al., 2019).

Overall, the offline expansion complements BigBasket's digital operations, positioning the company for sustainable growth in a highly competitive market. However, the success of this strategy depends on meticulous execution across inventory management, service quality, cost control, and technology integration, ensuring that both channels reinforce one another rather than cannibalize revenue or dilute customer experience (Verhoef et al., 2015; Kong et al., 2025).

Conclusion

BigBasket, India's leading online grocery platform, faces challenges in customer acquisition and retention due to intensifying competition and evolving consumer preferences. To address these challenges, the company is strategically integrating offline touchpoints including neighborhood stores, pickup points, and partnerships with local kiranas into its existing online operations. This approach represents a complementary omnichannel strategy, enhancing accessibility, convenience, and engagement without replacing the core e-commerce model (Grimm, 2024; Neslin, 2022; Kang, Majer, & Kim, 2019).

The success of this strategy depends on meticulous execution in inventory management, service quality, and cost optimization. Offline channels support online growth by reducing last-mile delivery costs, providing experiential engagement, and generating data for personalized marketing. By effectively combining online and offline capabilities, BigBasket can reverse declining customer trends, strengthen loyalty, and achieve sustainable growth.

In summary, BigBasket's case demonstrates how a pure-play online retailer can strategically leverage offline channels to complement digital operations, enhance customer lifetime value, and secure long-term competitive advantage in a saturated and highly competitive e-grocery market (Verhoef, Kannan, & Inman, 2015; Kong, Çakır, & Li, 2025).

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