

# Product and Problem Overview

## Company Mission

To deliver groceries,  
in **10 mins**

## Revenue Model

### Sales Based

Profit margin by  
selling products

### Subscription Based

Subscription and  
Membership  
Plans

### Advertisement Based

Different brands  
Advertisement

Note: All underlined items are clickable links



**5M**

Registered Users



**7K+**

Products



**20+**

Categories



**Rs 2024Cr**

Revenue FY23



**28%**

Market Share FY24



**10**

Major City presence



**200**

Dark Stores



**5L**

Daily orders



**Rs 430-470**

AOV FY24

zepto



**4.5**

Play Store Rating

## Purpose

To propose a **comprehensive strategy** aimed at **enhancing Zepto's Average Order Value (AOV)**, consequently increasing the **company's overall revenue**.

$$\text{Average Order Value (AOV)} = \frac{\text{Total Revenue from Product Sales}}{\text{Total Number of Orders}}$$

## Assumption

- Infinite Tech Bandwidth
- Solving for Mobile App Users

**Overview**



Need

The Users

Problem Framing

Solution

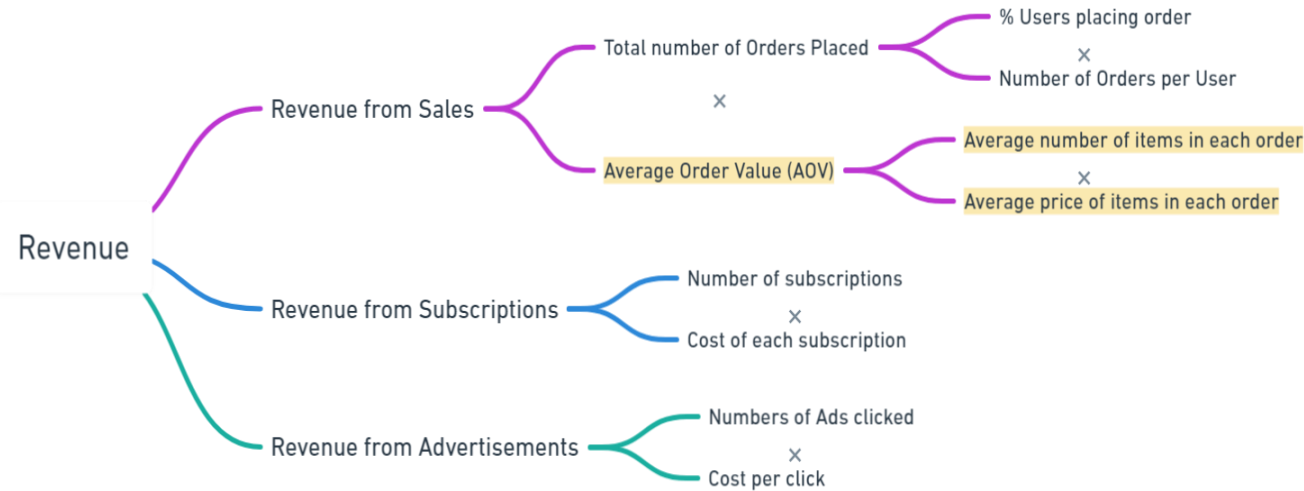
Design

Metrics

Challenges

# Understanding the Need to Solve

What is the need for Zepto to care about 'Average Order Value' ?

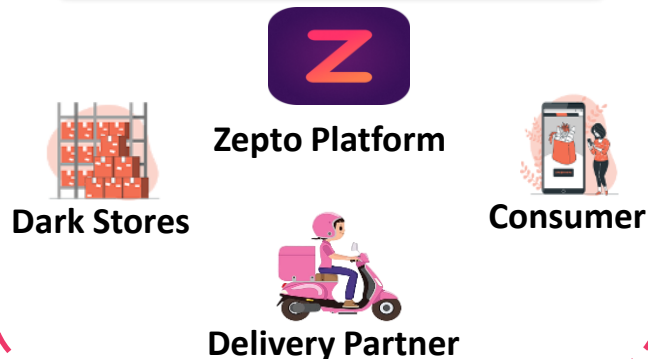


*"For the scope of this project only 'Revenue from Sales' has been expanded to the corresponding product outcomes"*

Clearly by impacting the Product Outcomes

- ✓ **No. of Items per Order** → **Need to be Increased**
  - ✗ **Price of each Items** → To outstay Market Competition **should not be increased**
- AOV** can be impacted which will directly enhance the Business Outcome i.e **Revenue**

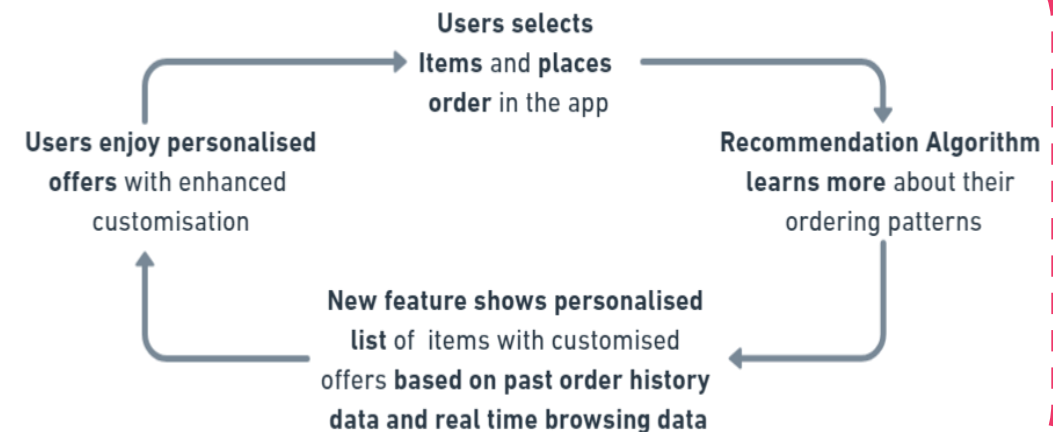
## Actors in the System



## Problem Hypothesis

**Limited product bundling choices and absence of personalized upselling strategies** often hinder larger orders, leading to **lower AOV**.

## Growth Loop



Overview

Need



The Users

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# Understanding the Users

## Let's See what our Users have to say



### User Survey

18

[View](#)



### User Interview

5

[View](#)



### User Journey

[View](#)

## Some Key Highlights

- 94.4%** people buy fresh foods, packaged food & beverages from these apps
- 66.7%** people's order get influenced by discounts & promotions
- 50%** people use these apps for speedy delivery
- 50%** people places 0-5 orders in a month
- 44.4%** people buy extra products to get free delivery
- 35.3%** people feel the need for personalized recommendations
- 33.3%** people prefer bundle offers for their items

## Meet Our Ideal Users

Young (20-35 years), Tech-Savvy individuals living in urban India, using Quick commerce apps atleast twice a month and looking for exclusive deals on various products

Anjali Sharma  
Marketing Manager  
Bangalore | 28 years



*"I keep forgetting items, so I end up placing multiple orders and paying extra for delivery charges"*

### NEEDS :

- Convenience & Time Savings
- Efficient Ordering process
- Access to Essentials

### PAIN POINTS :

Has to place multiple orders as she keeps missing out items while placing order

Rahul Khanna  
Software Engineer  
Mumbai | 32 years



*"I often feel like I'm overpaying because I can't compare prices across all apps for every delivery."*

### NEEDS :

- Efficiency & Exclusive Deals
- Time Efficiency
- Access to various product categories

### PAIN POINTS :

Unsatisfied with offers, often leaves out many items when ordering



# Framing The Problem



## What is the True Problem?

Though the platform offers various categories of items and deals, **most users don't find the offers appealing**. Majority of users only place order to meet the free delivery threshold or for essential items **resulting in lower order values**.

## Is it a Real Problem?

Survey and interviews reveal that during order placement, most users are dissatisfied with offers and item recommendations, **adversely affecting the customer experience** and resulting in **lower AOV**

## Why Solve it Now?

- In FY22, the company spent Rs 3.75 to earn a rupee, resulting in a **loss** of about **Rs 390 crore**. 
  - In April 2023 the **cash burn** was Rs 55 crore 
- Increasing cart size is crucial for the company's long-term growth, profitability, and sustainability.

## Jobs To Be Done

**When** I am shopping groceries and foods online  
**But** I struggle to find appealing deals and recommendations  
**Help** me find relevant offers and products  
**So** that I can have efficient and value for money purchase

## What are the values generated by solving it?

### For Business

Increased customer **satisfaction** and loyalty will drive **higher** average order values(AOV) and **revenue** for the business.

### For Delivery Partners

Increased order sizes will result in **higher earnings per trip** increasing overall **earnings** for delivery partners.

### For Users

Improved offers and **recommendations** tailored to users' purchase behavior will **enhance their shopping experience**, resulting in more **efficient and value-driven purchases**.



# How can it be Solved?

## Genie

### What is it?

A virtual shopping assistant which **provides real-time assistance to find best deals**. E.g. - Simply asking for 'Palak Paneer', it will **curate a basket** with all the essential ingredients, **with the best deals** available which can be **directly added to the cart** as is or **customized as needed**.

### How does it help users?

- **Curated baskets** with best priced ingredients
- **Time saving & Convenient** shopping experience

## DealCraft

### What is it?

**AI driven** recommendation engine which creates **custom product bundles** tailored to specific user preferences **based** on their **purchase history , browsing behaviour, current cart content**.

### How does it help users?

- **Personalize Shopping Experience** with exclusive personalized deals
- **Cost Effective shopping** eliminating individual buys

## FreshPoints

### What is it?

Provides exclusive **multi-tiered membership program** with various **exciting perks, discounts and rewards** unlocking at different levels. These different membership levels can be **reached by earning virtual coins** depending on **each order value**.

### How does it help users?

- **Exclusive perks** having Sale day, personalized offers
- **Early access** to new products & offers

Based on User Interviews the below priorities for the features have been determined for the initial update

### Priority : Medium

Despite **limited impact on cart additions**, it's a preferred choice for smooth, efficient shopping.

### Priority : High

Users **prefer personalized bundle offers** often leading to **increased cart value**

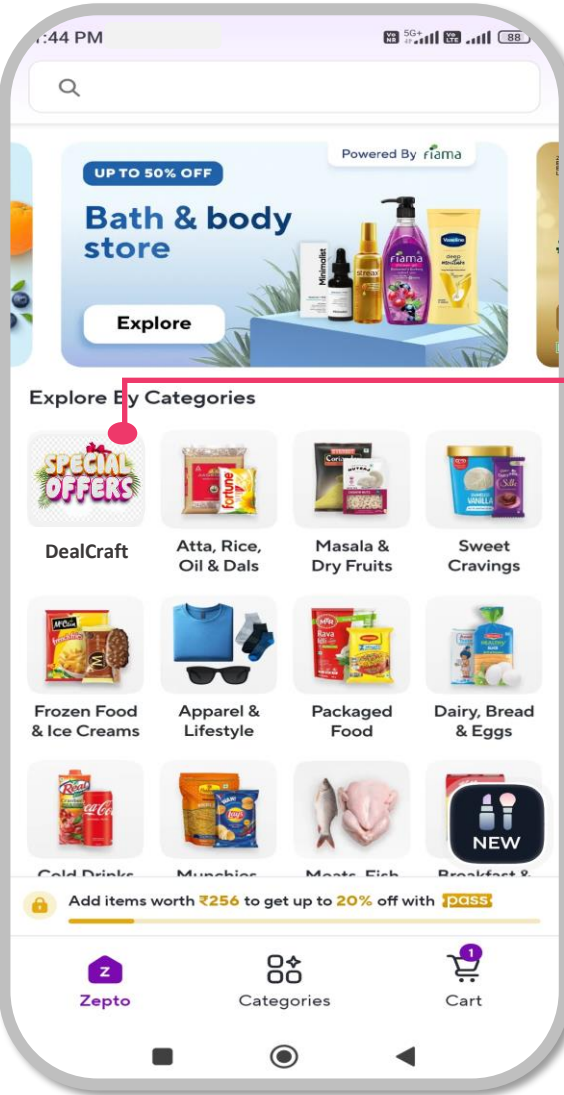
### Priority : Low

Users **prioritize immediate offers** over future rewards when making purchases.

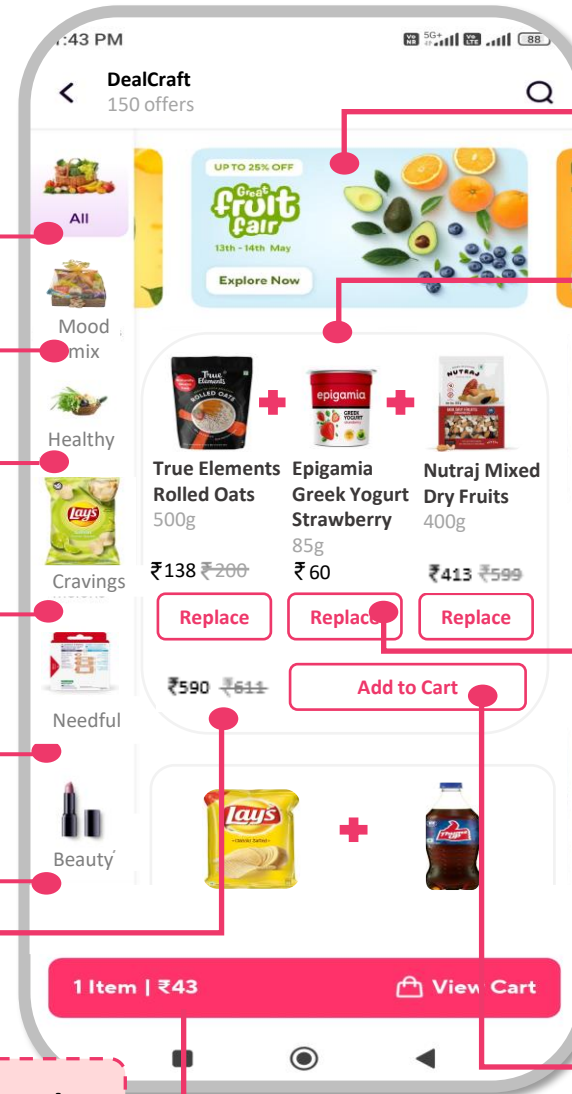


# What does the solution look like?

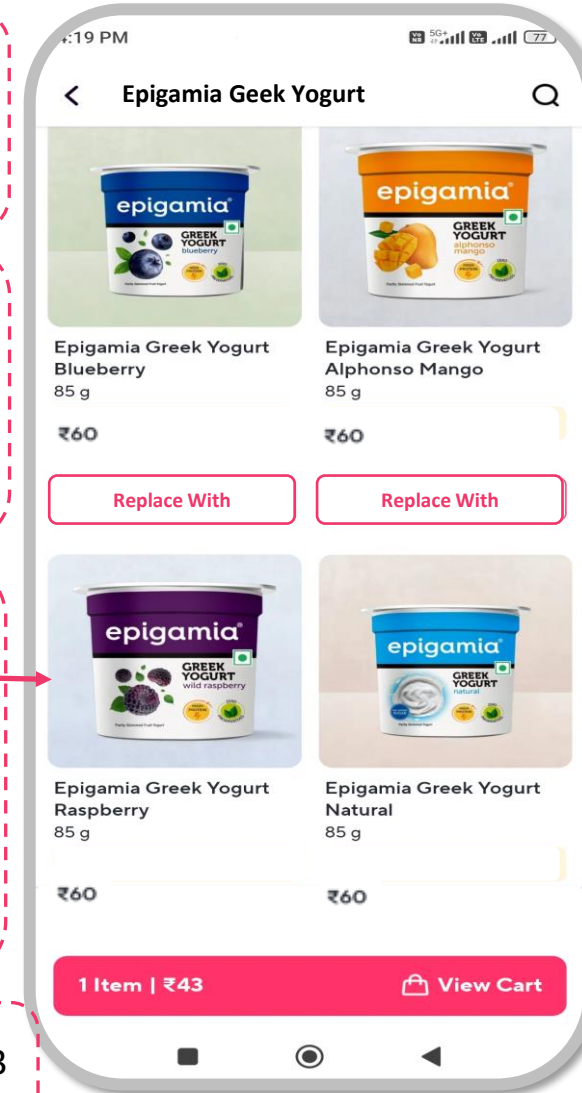
## Home Page



## DealCraft Feature Page



## Replaceable Item list Page



DealCraft, added in Categories, displays **tailored bundle offers** for each user

These **categories** will be created based on users' **purchase history and activity**.

This shows the **bundle discount** on top of individual item discount

Banners notifying users about **upcoming sales & offers**

This **AI-generated bundle offer** includes three items, each featuring standard discounts

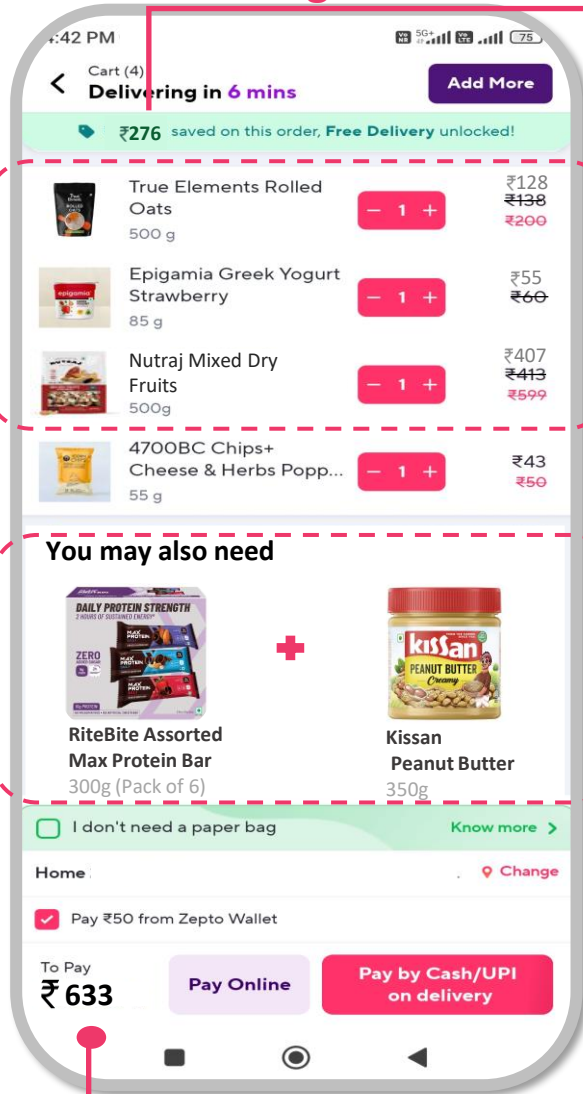
Items can be **replaced** within same category & brand, maintaining same **profit margin & user flexibility**. Clicking will show available options

Directly adds all the 3 items to the cart

Initial Order Value

# What does the solution look like?

## Cart Page



Displays saved amounts **boosting CSAT** and encouraging users to explore more bundle offers, **driving up order values**

All the 3 items gets added to cart showcasing the **bundle discount** on top of individual discounts. **Atleast 1 qty** of individual item in the bundle **should be kept to avail the bundle discount**. The quantity of the individual items **can be increased** and discounted price will be adjusted accordingly **boosting order Value**

At Checkout personalized bundle **recommendations** shown using **real-time data analysis**. Our AI suggests **similar offers based on present cart items**, enticing users to increase order value. Here breakfast bundle is added in cart, so AI recommends similar healthy snack bundle.

Final Order Value

## Why will the Solution work?

- DealCraft enables users to **effortlessly explore** diverse **item combinations** tailored to their **purchase preferences**.
- Users have the **flexibility** to seamlessly **replace any item within the suggested bundle** with their preferred choice.
- Uses **purchase and browsing history** to offer diverse item combinations tailored to **user preferences and activity, preventing missed items**
- Combinations and offers** are **constantly updated in real-time** via data analysis, providing users with the most current and relevant options.
- The bundled discount, in addition to individual discounts, **incentivizes users to order multiple items**, thereby **boosting the Average Order Value (AOV)**.








*"This new feature helps me save a lot of money & time while also preventing multiple orders"*

- Satisfied User



# How do we measure Success of the Solution?

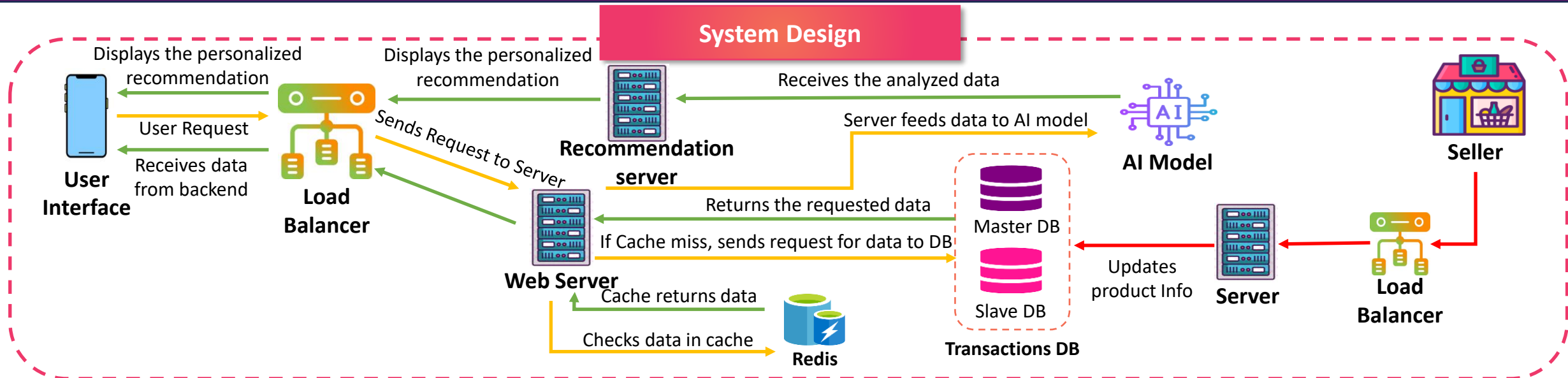
**North Star Metric** = %Increase on AOV post feature introduction

Type	Metric	Goal
Awareness	#Users <b>opening</b> the feature <b>at least once</b> after launch 	<ul style="list-style-type: none"><li>Indicates extend of DealCraft <b>feature visibility</b> to the users</li></ul>
Activation	#Users <b>placing order</b> from DealCraft <b>at least twice a month</b> 	<ul style="list-style-type: none"><li>Measures whether the <b>recommendations</b> of DealCraft are <b>aligned with user preferences</b></li></ul>
Adoption	#Orders having items <b>directly from the DealCraft</b> offers <b>in a week</b> 	<ul style="list-style-type: none"><li>Reflects the <b>efficacy</b> of the DealCraft feature</li></ul>
Engagement	% of Time <b>spent</b> in this <b>DealCraft Page</b> compared to <b>Total App Usage Time</b> 	<ul style="list-style-type: none"><li>Reflects the <b>engagement of the users</b> with the DealCraft feature</li></ul>
Retention	%Increase in <b>Active Users</b> (2+ orders/month) post-feature launch 	<ul style="list-style-type: none"><li>Indicates how many <b>users</b> are becoming <b>potentially active</b> on Zepto post DealCraft feature launch</li><li>Indicates <b>users not affected</b> by DealCraft feature introduction</li></ul>
	#Users <b>exiting without Placing Order</b> after browsing DealCraft 	
Revenue	%Increase on <b>Revenue</b> from Daily Sales of products 	<ul style="list-style-type: none"><li>Measures increase in <b>Daily Revenue of Zepto</b> from <b>Product Sales</b></li></ul>





# Pitfalls and Mitigation - What can go wrong?



## Pitfalls & Mitigations

### Pitfall

Users may worry about their **data privacy** for personalized recommendations

### Mitigation

**Strong data encryption** methods should be implemented along with **transparent privacy policies**, enabling users to manage their data and **opt-out when needed**

### Pitfall

AI algorithms may **exhibit bias**, leading to **unfair or discriminatory recommendations**

### Mitigation

AI algorithms should be **audited** at **regular intervals** to identify and address biases. **Diverse datasets** should be used **during training** to minimize bias

### Pitfall

**User skepticism** may **hinder** initial adoption of personalized recommendations, limiting comprehensive **AI algorithm training**

### Mitigation

Users should be **made aware** about **how the personalization feature works**, emphasizing the benefits of personalized bundles

