Case Study: Leveraging Analytics for Zepto's Quick Commerce Success

Introduction

Zepto, a prominent player in the quick commerce space, has disrupted the grocery delivery market with its promise of delivering essentials within 10 minutes. Operating in a highly competitive environment, Zepto relies heavily on advanced analytics to optimize its operations, enhance customer satisfaction, and drive business growth. This case study explores how Zepto uses analytics to stay ahead in the fast-growing quick commerce industry.

Problem Statement

The quick commerce model comes with unique challenges, including:

1. Ensuring inventory availability for a wide range of products.
2. Optimizing delivery times within stringent deadlines.
3. Managing logistics and rider efficiency.
4. Reducing customer churn and increasing loyalty.
5. Balancing operational costs with competitive pricing.

Objectives

1. Utilize analytics to optimize inventory and reduce stockouts.
2. Enhance delivery efficiency and meet the 10-minute promise.
3. Understand customer behavior to improve retention and loyalty.
4. Optimize marketing campaigns for better reach and ROI.
5. Reduce operational costs through predictive insights.

Approach

Zepto adopted a data-driven approach, leveraging analytics across various functions:

1. Inventory Management

Zepto uses predictive analytics to forecast demand based on:

- Historical purchase data.
- Seasonal trends and local preferences.
- Real-time sales data to replenish stock dynamically. This ensures optimal inventory levels, reducing both stockouts and overstocking.

2. Delivery Optimization

To fulfill its 10-minute delivery promise, Zepto:

- Implements route optimization algorithms for delivery riders.
- Uses geospatial analytics to position dark stores strategically near high-demand areas.
- Monitors real-time traffic data to adapt delivery routes.

3. Customer Insights and Personalization

Zepto analyzes customer data to:

- Provide personalized product recommendations.
- Design targeted promotions and discounts based on purchase behavior.
- Offer subscription plans tailored to customer needs.

4. Operational Efficiency

Zepto uses analytics to:

- Optimize workforce scheduling for peak and off-peak hours.
- Monitor rider performance and improve efficiency through incentives.
- Reduce last-mile delivery costs using real-time tracking and analytics.

5. Marketing Analytics

Zepto tracks key marketing metrics like customer acquisition cost (CAC) and conversion rates. By analyzing campaign performance, the company:

- Identifies high-performing channels for customer acquisition.
- Refines audience targeting for higher engagement.
- Allocates budgets to maximize ROI.

The dataset contains the following columns, which describe various aspects of customer transactions on Amazon:

1. **Customer_ID**: A unique identifier for each customer (e.g., CUST_0001).
2. **Gender**: Customer's gender, including Male, Female, and Non-Binary.
3. **Age**: Customer's age, ranging from 18 to 69 years, with a mean age of approximately 43.6 years.
4. **City**: The city where the customer resides (e.g., Phoenix, Chicago).
5. **Product_Category**: Category of the product purchased, such as Electronics, Clothing, or Groceries.
6. **Product_ID**: Unique identifier for each product.
7. **Price**: Total price of the product purchased, ranging from ₹13.13 to ₹4999.25.
8. **Quantity**: Number of units purchased, ranging from 1 to 9, with an average of ~5.
9. **Purchase_Date**: The date of purchase, covering the entire year 2023.
10. **Payment_Method**: Payment mode used, such as Credit Card, Debit Card, or UPI.

11. **Browsing_Time_mins**: Time (in minutes) spent browsing, ranging from 5 to 200 minutes.
12. **Cart_Abandonment_Flag**: Indicates whether the cart was abandoned (1) or completed (0).
13. **Discount_Applied**: Monetary value of the discount, with a maximum of ₹498.41 and a mean of ₹244.98.
14. **Loyalty_Points_Earned**: Points earned during the purchase, ranging from 0 to 999.
15. **Browsing_History**: Recent browsing activities (e.g., Checked Groceries, Explored Appliances).
16. **Competitor_Price**: Price of the product at competing platforms, ranging from ₹10.29 to ₹5999.41.
17. **Alexa_Shopping_Interaction**: Binary flag (1/0) for purchases made via Alexa.
18. **Ad_Click_Through_Rate**: Ratio of ad clicks to impressions, ranging from 0.01 to 1.00, with a mean of 0.51.
19. **Lifetime_Value**: Estimated value of the customer's total purchases, averaging ~₹5001.
20. **Voice_Search_Count**: Number of voice searches performed, ranging from 0 to 19.
21. **Visual_Search_Count**: Number of visual searches conducted, ranging from 0 to 14.

Your Deliverables

1. **Detailed GTM Strategy :** Covering product positioning, pricing, and marketing strategies.
2. **Analytics Dashboard:** Showcasing insights and metrics derived from the dataset.
3. **Presentation:** Summarizing your findings and recommendations.

Evaluation Criteria

1. **Data-Driven Analysis :** Depth of insights derived from the dataset.
2. **Strategic Recommendations:** Feasibility and impact of proposed strategies.
3. **Creativity and Innovation:** Novel ideas in product positioning and marketing.
4. **Presentation and Clarity:** Clear communication of insights and actionable plans.

Instructions

- Use the dataset to back your analysis with **data-driven evidence**.
- Include **visualizations** wherever applicable to support your recommendations.
- Submit your findings in the form of a **presentation (PPT)**

Good luck!