

# InstaSmart: Crafting Carts with Art

Nextleap

To drive profitability for Instamart by maximizing average order values

Full Problem Statement

## 1 About Swiggy Instamart

Swiggy Instamart is a **fast and convenient grocery delivery service**. It offers a wide range of products, from fresh produce to household essentials, delivered to your doorstep in minutes. With a user-friendly app and Swiggy's reliable delivery network, **Instamart makes grocery shopping quick and easy for busy urban lifestyles.**

## 2 Business Model

Commission-Based



Commission-Based

Volume-Based Pricing



Subscription Services



Advertising & Promotions

Data Monetization



Delivery Fees

₹250.3 billion



Market size of Indian quick commerce



Instamart Stats

32%  
Instamart's market share

₹460.  
Current Average Order Value

20%  
AOV revenue increase for FY24



## 4 Why its Important?

### Business Perspective

Higher Margins  
Increased Revenue  
Customer Loyalty  
Competitive Edge  
Efficiency  
Targeted Marketing

### Customer Perspective

Better Deals  
Convenience  
Personalized Shopping  
Loyalty Rewards  
Availability  
Lower Delivery Costs

Enhancing product offerings & pricing aligns with Volume-based pricing

## Product Outcome

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### Increase Profitability

Link to KPI

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### Mapping Business to Product Outcome

Enhance Product Offerings and Pricing Strategies

Optimize Pricing Strategies

Expand Product Selection

No. of Products per Order (Higher is better)

Ratio of High-Margin Products Sold (Higher is better)

Avg Discount Percentage per Order (Lower is better)

% of Orders with Bundle Deals (Higher is better)

Customer Satisfaction Score related to Order Size (Higher is better)

Avg Time Spent per Order (Lower is better)

Repeat Purchase Rate for High-Spending Customers (Higher is better)

% of High-Spending Customers Enrolled in Loyalty Programs (Higher is better)

Enhance Customer Satisfaction and Loyalty

Foster Customer Loyalty

Enhance Customer Satisfaction

## 7 Actors and Constraints



Desire convenience and competitive prices, buy only what they need.

### Users

Needs to increase revenue per order while maintaining a positive customer experience.



### Delivery Partners

Time constraints might limit the number of items they can handle per order.



**Instamart**

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## Key Findings from Competitive Analysis for Instamart

- **Improve delivery speed** to enhance customer satisfaction and repeat purchases.
- Expand variety to encourage more purchases
- **Create attractive bundle deals** to boost multiple item purchases.
- Offer **better bulk purchase discounts** to drive higher order values.
- Use **personalized promotions** to encourage higher spending.

## 8 Competitive Analysis

Aspect	SWIGGY	blinkit	zepto	bigbasket	DUNZO
<b>Delivery Speed</b>	15-30 mins	10-15 mins	10 mins	Longer	30-60 mins
<b>Product Range</b>	Wide	Wide	Focused	Extensive	Focused
<b>Volume-Based Discounts</b>	Competitive	Excellent	Needs improvement	Competitive	Limited
<b>Bundling Offers</b>	Needs improvement	Leading	Needs improvement	Competitive	Limited
<b>Promotions</b>	Frequent	Aggressive	Tech promotions	Membership	Versatile
<b>Customer Focus</b>	Variety Enhancing	Fast delivery	Tech optimization	Quality	Quick delivery
<b>Key Weakness</b>	Limited coverage	High costs	Limited to metros	Long delivery	Scalability

**47% & 41%**

are majority of online grocery shoppers from the **age group** of **25-34** and **18-24** respectively.

**53%**

of people use online grocery delivery services on a **weekly basis**.

**52%**

of people have an average order value of **less than ₹250**

**47%**

of users **spend 5-10 minutes** time on the app while ordering groceries

**40%**

of people are willing to **abandon their cart** after adding everything if they **find better prices** elsewhere.



**61%**

would purchase **more items** if close to **earning discounts**, especially if those items are recommended based on past purchases.

## Demographics

**Age:** 18-24 (Students), 25-35 (Working Professionals)

**Location:** Tier 1 and Tier 2 cities

**Accommodation:** Home, PG, Hostel

## Behavior and Preferences

**Lifestyle:** Busy schedules, limited time for grocery shopping

**Shopping Preference:** Online grocery delivery

**Convenience:** High preference for home delivery

**Tech-Savvy:** Comfortable with mobile apps

## Challenges

**Time Constraints:** Limited time to visit physical stores

**Instant Needs:** Frequent need for quick grocery delivery

## User Segment



## Needs and Preferences

**Speed:** Fast delivery options

**Variety:** Wide range of products

**Ease of Use:** User-friendly app

**Promotions:** Attractive discounts

**Reliability:** Consistent and reliable service

## Why This Segment

**High Demand:** Strong need for convenience and quick delivery.

**Growth Potential:** Growing demographic in urban areas.

**Spending Power:** Willing to spend on convenience.

**Tech-Savvy:** Likely to engage with digital platforms.

**Repeat Orders:** Regular grocery needs ensure frequent purchases.



## Siddharth

28 years old,  
Software Engineer,  
Lives in Bangalore

Siddharth is a young professional working in the tech industry. He leads a busy lifestyle and values convenience in his daily routine. He uses online grocery delivery services twice a week to save time.

### Pain Points

- **Quality of fresh grocery items** like vegetables and fruits needs improvement.
- Bulk quantity requirement for cheaper rates, **lacks options for small quantities suitable for bachelors.**

### Expectations/Needs

- High-quality fresh produce.
- Option to buy groceries in smaller quantities at reasonable prices.
- Smooth user experience and discounts through membership.

### Motivation

- Save time and effort in grocery shopping.
- Minimize food wastage by buying in small quantities.
- Leverage discounts to maximize value.

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## User Personas



## Anjali

26 years old,  
Marketing Executive  
Lives in Mumbai

Anjali is a busy marketing professional who orders groceries online once a week. She is price-conscious and often compares prices across different platforms to get the best deals.

### Pain Points

- **Takes time to find the same groceries** repeatedly on the interface.
- Longer **delivery times of 15-30 minutes** compared to other platforms.
- Bulk purchase requirements for cheaper rates, lacks options for small quantities.

### Expectations/Needs

- Efficient filtering options to quickly find desired products.
- Faster delivery times.
- Options to buy groceries in smaller quantities at reasonable prices.

### Motivation

- Save money by finding the best deals.
- Minimize food wastage by purchasing in smaller quantities.
- Efficient shopping experience with quick delivery.

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## My hypothesis

Improving fresh **produce quality**, **reducing delivery times to 10-15 minutes**, and offering **smaller quantity options bundled with multiple items**, will **boost average order value (AOV)** among young professionals and students aged 18-35 in tier 1 and tier 2 cities, who value quick delivery and convenient purchasing quantities.

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## Insights from User interviews



Interview Responses

- **Freshness concerns** among all users.
- High demand for smaller quantity options, particularly among bachelors.
- **Offering smaller quantity options bundled with multiple items may motivate them to buy more items.**
- **Delivery times are longer** compared to competitor services, leading to dissatisfaction.
- Discounts, promotions, membership benefits are strong motivators.
- User interface improvements, such as **easier navigation and better filtering options**, are necessary to enhance user experience.

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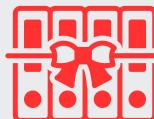
## Structured analysis of the problem

True Problem?	How do we know it is a real problem ?	What is the value generated by solving this problem?		
Customers <b>experience delays in delivery times</b> and <b>lack options for purchasing groceries in small quantities</b> , leading to higher costs and food wastage.	Research indicates that users, especially bachelors and working professionals in tier 1 and tier 2 cities, prefer quick grocery deliveries and smaller portion options. <b>Current delivery times are around 20-30 minutes, and bulk purchasing options do not cater to individual needs.</b>	<b>For Target Customers:</b> Enhanced convenience, reduced food wastage, and <b>improved satisfaction</b> . Providing options for purchasing groceries <b>in small quantities</b> will <b>motivate them to buy more items</b> .		
Customers Facing the Problem				
Why Solve Now?				
 Growing Competition	 User Demand	 Customer Retention	 Market Trends	 Profitability

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## JTBD Statement

**WHEN** I want to order groceries quickly and efficiently,  
**BUT** I face long delivery times and have to buy items in bulk, which leads to food waste and higher costs.  
**PLEASE** help me get fresh, high-quality groceries delivered within 10-15 minutes, in small, affordable quantities suitable for a bachelor,  
**SO** I can manage my grocery needs conveniently without compromising on quality or overspending.

**What ?****How?****Benefits****Smart Bundling**

Offers smaller quantity **options bundled with multiple items** to reduce food waste and meet budget needs.

Users can **select smaller quantities of various items**, which are then **bundled into a single order**.

**Customers:** Bachelors, young professionals seeking variety and reduced waste.  
**Instamart:** Increases AOV by offering more items per order.

**Customizable UI Filters**

Enhances the user interface with filters for easier product search and selection.

Users can **filter products** by categories, preferences, and past purchases, streamlining the shopping process.

**Customers:** All users looking for a smoother, quicker shopping experience.  
**Instamart:** Improves user satisfaction and potentially increases AOV.

**Express Delivery**

Reduces delivery times to 10-15 minutes for improved convenience.

**Enhances logistics and technology** to ensure faster delivery within the targeted timeframe.

**Customers:** Time-sensitive shoppers who need quick deliveries.  
**Instamart:** Attracts more users and boosts AOV through better service.

**Prioritization of Solution**

	Reach	Impact	Confidence	Effort	Calculation	RICE Score	
<b>Smart Bundling</b>	8	8	7	5	$(8 * 8 * 7) / 5$	<b>89.6</b>	
<b>Customizable UI Filters</b>	7	7	8	6	$(7 * 7 * 8) / 6$	<b>65.33</b>	
<b>Express Delivery</b>	8	9	7	7	$(8 * 9 * 7) / 7$	<b>72</b>	



Detail orientation

## System Flow

User searches for products and views smart bundle recommendations.



Retrieves user-specific data for personalized recommendations.



Passes user preferences to generate optimized bundles.



Queries product details to form bundles.



Returns product data to finalize bundle options.



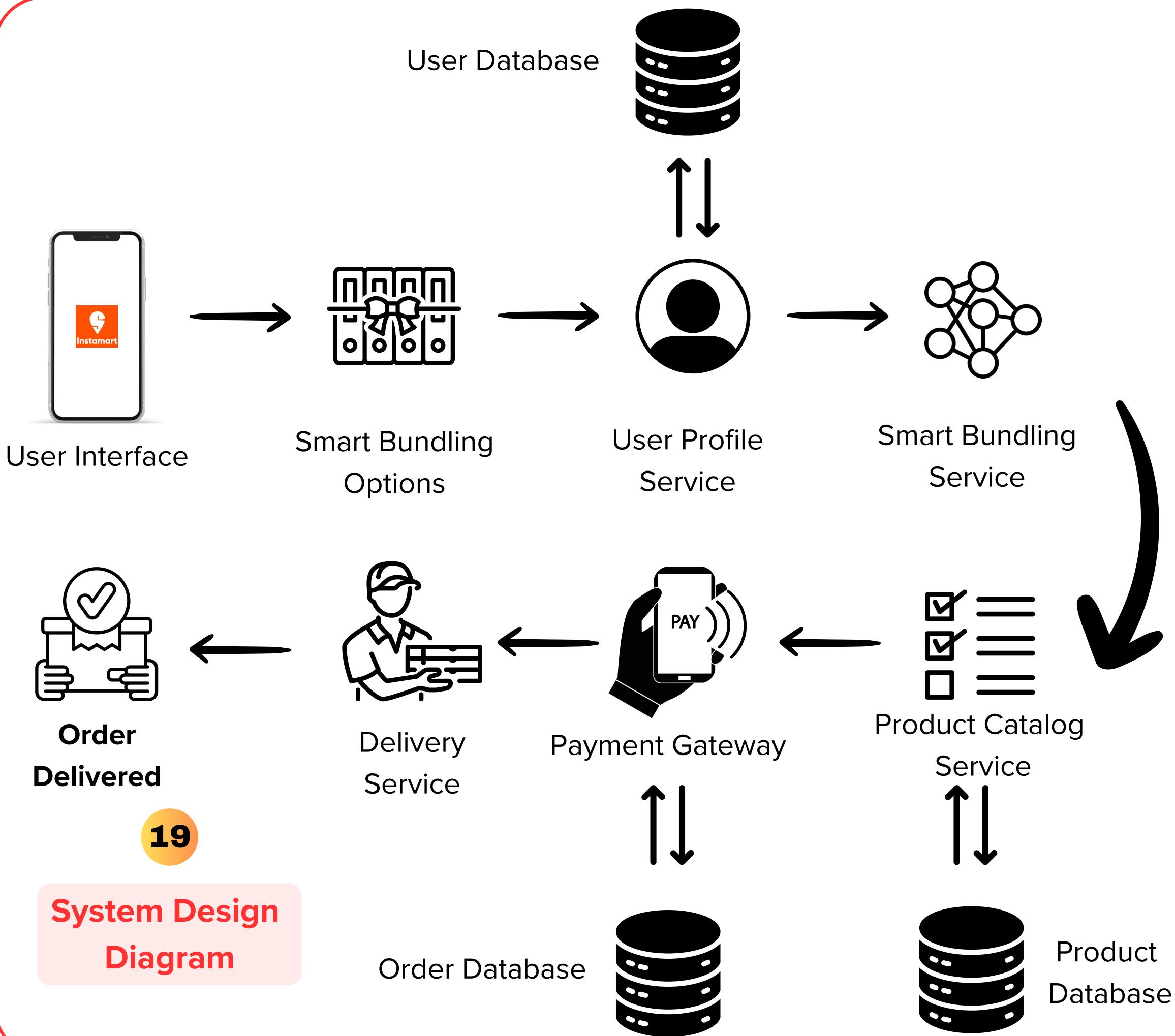
User finalizes the bundle and places the order.



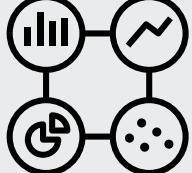
Processes payment and updates order status.



Coordinates packing and delivery, providing real-time tracking.





Metric Category	Metric Name	Description
North Star Metric (NSM) 	Average Order Value (AOV)	Total revenue generated per order, reflecting the success of the bundling strategy.
Primary / Goal Metrics 	Conversion Rate Repeat Purchase Rate Bundle Adoption Rate	Percentage of users who purchase after viewing a bundle. Frequency of customers returning to make additional purchases. Percentage of orders that include a smart bundle.
Supporting Metrics 	User Engagement with Bundles Customer Satisfaction Score Time to Purchase Churn Rate Inventory Turnover Rate	Number of views, clicks, and customizations of bundles by users. Customer satisfaction with the bundles through survey feedback. Average time taken to complete a purchase after viewing a bundle. Percentage of users who stop using the platform. Speed at which bundled products are sold, indicating inventory movement efficiency

**Risk**

### Overwhelming Customers with Too Many Options

**Description**

Customers may feel overwhelmed by the variety, leading to indecision and abandonment of the purchase process.

By offering a **limited number of curated bundles** and **leveraging personalization algorithms**, we can simplify the decision-making process for customers. Regular **feedback will help keep the offerings relevant** and manageable.



### Stock Management Issues

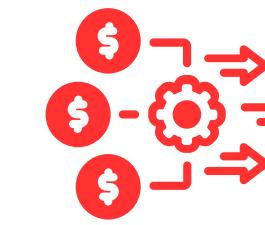


Poor stock management could result in stockouts, damaging customer trust and satisfaction.

**Advanced forecasting models and real-time updates** ensure that inventory levels are accurately tracked and managed. **Dynamic bundling** ensures that **only available items are promoted**, maintaining customer satisfaction.



### Increased Operational Costs



Higher operational costs could erode profit margins, making the bundling strategy less viable.

**Regular cost-benefit analyses** will help ensure that the benefits of bundling outweigh the costs. Streamlining operations and **implementing scalable solutions** will help manage increased demand without significantly raising costs.

