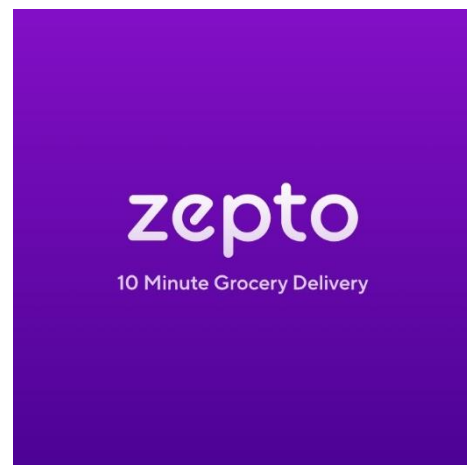


12/4/2023

ZEPTO

LIVE PROJECT REPORT



SUBMITTED TO



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MASTER OF BUSINESS ADMINISTRATION
BANGLORE UNIVERSITY

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ABOUT FOUNDERS OF ZEPTO:

If you want to become a successful entrepreneur and own a start-up, you must take risks. In 2020, Aadit Palicha and Kaivalya Vohra from Mumbai managed to do that when they decided to drop out of Stanford University and launch a Zepto Company. They had no idea that they'll become successful in no time. They were just 19 years old when they took that decision.

Aadit Palicha and Kaivalya Vohra were quick enough to understand the market and realized that there was a high demand for groceries and other everyday utility products following the rise in Covid-19 cases and the pandemic.

During the second wave of the pandemic, Aadit Palicha and Kaivalya Vohra decided to start an online grocery delivery app. They started as KiranaKart and tied up with grocery stores to deliver products to people.

The two entrepreneurs managed to acquire \$60 million in fundraising under the name Zepto in November 2021. Zepto promised delivery of groceries in 10 minutes. It eventually received an additional \$100 million in fundraising. This raised Zepto's valuation to \$570 million.

In May 2022, the company got \$200 million in finance which further increased its value to \$900 million.



Aadit Palicha - CEO and Co-Founder, Zepto

Aadit Palicha is the Chief Executive Officer and Co-Founder of Zepto. He was also the founder and CEO of KiranaKart. After completing an IB diploma from GEMS Education in

Mathematics and Computer Science, Palicha then went for a Bachelor's degree in Computer Science from Stanford University. However, he quit the program in the middle to launch his firm. Aadit then completed Y Combinator Grade: W21 and started with PryvaSee as a Project Lead. Aadit Palicha then founded GoPool, his first startup, when he was just 17. He left the same in April 2020 and founded KiranaKart and then Zepto.



Kaivalya Vohra - CTO and Co-Founder, Zepto

Kaivalya Vohra, Zepto's chief technology officer, also went to Stanford University to pursue a degree in computer engineering, but just like Aadit Palich, he also realized his potential and decided to start Zepto. The two made it to the Hurun India's Future Unicorn Index 2022 list.

Aadit Palicha and Kaivalya Vohra's net worth:

As per the 2022 IIFL Wealth Hurun India Rich List, Aadit Palicha has a net worth of about Rs 1,200 crore. Kaivalya Vohra, on the other hand, has a net worth of Rs 1,000 crore.

This case discusses the working of Zepto, an e-commerce company founded in April 2021 in Bandra, Mumbai by two 19-year-old Stanford dropouts Aadit Palicha and Kaivalya Vohra. Well, they are not newbies in the start-up world, this is their third start-up after GoPool and Kiranakart. They came with this ground-breaking idea while sitting in their homes and waiting for their groceries to be delivered in 2-3 days. Zepto belongs to those start-up subgroups that experienced meteoric development in the post- Covid period. This case explains the development process of how the company is making it possible to deliver items in 10 minutes. Zepto has raised \$360 million in funding with the lead investors being the American start up

accelerator company Y Combinator and the American growth equity firm Glade Brook Capital Partners. Currently, the company has a valuation of \$900 million. So, the possibility that Zepto will soon turn into a unicorn is not a daft idea. However, there is a major concern surrounding Zepto's business model as they have still not made the business profitable. Zepto is also facing tough competition from its rival Blinkit (formerly known as Grofers) who was founded in December 2013.

About Zepto Company:



Zepto is a quick e-commerce company that started its operations in 2021. The company started its operations in Bandra, Mumbai and has subsequently extended its delivery areas to Pune, Delhi, Gurgaon, Noida, Ghaziabad, Bangalore, Chennai, Hyderabad and Kolkata. On October 31, 2021, total of 8 investors, led by Glade Brook Capital Partners, invested in them \$60 million after which more investors began to notice them. Later, they raised additional funding through their series C and series D rounds. Y Combinator Continuity Fund became the major investor in both of these rounds.

The Series C and D rounds were held on December 20, 2021 and May 2, 2022 and raised \$100 million and \$200 million respectively But Zepto is not the only quick commerce start-up that is backed by strong funding, it is up against fierce competition in India from Blinkit. Blinkit has received backing from 24 investors and has gone through a total of 19 fundraising rounds.

Blinkit is currently valued at \$1 billion. And then there is also Dunzo which is backed by Google.



A dark store operated by Zepto

Zepto's tagline is "Groceries delivered in 10 minutes". They do this with the help of Dark stores. They are nothing but warehouses that are not open to the public and are located in such area in the neighbourhood where demand is high. Only commonly requested commodities are kept in these warehouses, preventing the loss of unsold stock. Zepto's dark stores are designed in a way so that orders are filled as rapidly as possible, effectively and efficiently reducing time. Currently, Zepto is delivering 2500+ goods, including food and drink, personal care products, fresh produce, home cleaning supplies, and snacks and beverages, from its 100+ dark stores. As stated by the CEO of Zepto Aadit Palicha, the average delivery time taken by Zepto is 8 minutes and 47 seconds.

To make this happen, they employ technology. The company uses artificial intelligence (AI) to enhance the effectiveness of its delivery network by taking into account variables like weather, traffic patterns, population, geography, and the availability of last-mile supplies.

The co-founders have managed to make the roots of the company strong by getting the best talent out there to work for them when they first started building a team. They were successful in persuading a number of high-profile executives from Dream 11, Amazon, Uber, Pharmeasy, and Flipkart.

These qualified executives have assisted Zepto in achieving unit economics and capital efficiency. They are what have allowed Zepto to carve out a place for itself in the grocery's delivery market.

About sectors:

Delhi	Chennai	Gurgaon	Bangalore
Rohini Sector 3	Annanagar	Sector 27	Richmond Town
Sector 12 Dwarka	Mylapore	Udyog Vihar	Rr Nagar
Shakti Nagar	Pallikaranai	Ardee City	Shivaji Nagar
South Extension	Sholinganallur	Sector 12	Singasandra
Uttam Nagar	Adyar	Sector 39	Sonnenahalli
Vasant Kunj	Ambattur	Sector 63	Vijayanagar Watertank
Vikaspuri	Gerugambakkam	Sector 69	Indiranagar
Wazirpur	Kelambakkam	Sector 66	JP Nagar
	K. K. Nagar		Koramangala
Mumbai		Hyderabad	
Kandivali (W)	Medavakkam	Miyapur	Sarjapur
MarolAndheri (E)	Mogappair	Begumpet	Malleswaram
Andheri (W)	Mudichur	Bachupally	Whitefield
Bandra (W)	Nandambakkam	Bowenpally	Yelahanka New Town
Belapur	Navalur	Chandanagar	Yeshwantpur
Bhandup	Otteri	Dammaiguda	BTM Layout
Bhayender	Pammal	Ecil	
BKC	Perambur	Gachibowli	Kolkata
Dombivali (W)	Perumbakkam	Himayath Nagar	Behala
Ghatkopar (W)	T Nagar	Jublee Hills	Bhawanipore
Goregaon (E)	Vandalur	Kothapet	Jadavpur
Kandivali (E)	Tambaram	Kukatpally	Lake Town
Kharghar	Thoraipakkam	Manikonda	New Town
Koparkhairne	Velachery	Mehdipatnam	Phoolbagan
Kothari Compound	Nungambakkam	Moosapet	Rajarhat
Majiwada	Nanganallur	Musheerabad	
	Madambakkam		Ghaziabad

Matunga		Nallagandla	Gaur City
Mira Road		Nizampet	Indirapuram
Mumbai Central		Ramanthapur	Raj Nagar
Palava		RC Puram	Rajnagar
Panvel		Sainikpuri	
Parel			
Powai			
Santacruz			
Vashi			
Sector 19a			
Waghbil			
Waghle Estate			
Lower Parel			
Chembur			

About Industry:

As per IMARC Group's analysis, the **Indian online grocery market** attained a value of \$6.8 billion in 2022. Looking ahead, the market is anticipated to experience substantial growth and is **projected to reach \$37.0 billion by 2028**. This growth trajectory indicates a remarkable compound annual growth rate (CAGR) of 31.3% during the period from 2023 to 2028.

The sector has expanded in prevalence in the past few years as a result of evolving customer habits, growing urbanization, and a tech-savvy generation that prefers to make online purchases.

As per RedSeer, India's quick commerce market is set for impressive growth, projected to expand by 10–15 times by 2025 and reach a market size of nearly \$5.5 billion. This substantial growth is expected to surpass other markets, including China, in terms of quick commerce adoption.

As their standard of living increases and their daily schedules get tighter, consumers are flocking to customized and convenient internet platforms for grocery shopping instead of walking down to the local shops.

Following the COVID-19 pandemic, the popularity of online grocery delivery became increasingly evident. As a consequence of social distancing constraints, consumers are converting to online grocery shopping, which is not only convenient but also safer.

About Product:

Zepto is a grocery delivery startup that delivers over 5,000 products to Indian homes in 10 minutes. Some of the products that Zepto delivers include:

Groceries

Fruits and vegetables

Dairy

Health and hygiene products

Chips

Ice cream

Soft drinks

Juice

Salads

Organic food

Cigarettes.

Zepto offered a wide range of products, including fresh produce, daily essentials, health products, dairy products, meats, pantry staples, snacks, beverages, household items and more, which catered to the diverse needs and preferences of customers. Most ordered items being milk, cooking oil, sugar, curd, rice, bread, onion, cakes, atta, and potato chips.



Zepto is a quickly-growing grocery delivery platform in India. It promises to deliver groceries to your doorsteps

within 10 minutes. Other companies offer delivery within 30 minutes. But Zepto delivers the daily essentials within 10 minutes.

All orders from Zepto come with free shipping. The promotion does not require a minimum order value. Meat and eggs, Beverages, Munchies, Cooking Essentials, Fruits and vegetables, are among the categories available for purchase.

Innovations:

Zepto introduced an intelligent, AI-driven logistics platform that seamlessly integrated with e-commerce websites. Here's how it worked:

Smart Routing Algorithms: Zepto's platform used advanced algorithms to optimize delivery routes, reducing delivery times and costs.

Real-time Tracking: Customers could track their orders in real time, providing transparency and reducing anxiety.

Predictive Analytics: Zepto analysed data to predict peak delivery times and optimize staffing and resources.

Sustainability Initiatives: Zepto embraced sustainability, offering eco-friendly delivery options that resonated with environmentally conscious consumers.

Results

Zepto's impact was transformative: E-commerce businesses that adopted the platform experienced:

30% Reduction in Delivery Times: Faster deliveries delighted customers and boosted sales.

20% Cost Savings: Optimized routes and resource allocation reduced operational costs.

Improved Customer Loyalty: Real-time tracking and sustainable options enhanced customer satisfaction and loyalty.

Market Expansion: Zepto's success led to rapid expansion, capturing new markets and industries.

Key Takeaways

Innovation is Key: Zepto's commitment to innovation in logistics technology set it apart from competitors and drove its success.

Customer-Centric Approach: Understanding and addressing customer pain points is crucial for startups looking to disrupt established industries.

Sustainability Matters: In today's environmentally conscious world, sustainability initiatives can be a significant differentiator.

“They originally launched with a different model, swiftly pivoted to quick commerce in August 2021 and are now adding 100,000 new customers every week, 60% of them women. Their attention to detail on the logistics experience is unparalleled and this has enabled them to scale to most major metros in just 5 months. Simply put, we’re confident Zepto will win in this space over the long-term,” said Anu Hariharan, a partner at Y Combinator, in a statement.

Other Innovation: -

Hyperlocal delivery: Zepto delivers groceries and other essentials within 10-30 minutes of placing an order. This is made possible by its network of dark stores, which are small warehouses located in densely populated areas.

AI-powered demand forecasting: Zepto uses artificial intelligence to predict customer demand, which helps it to optimize its inventory and staffing levels. This helps to reduce waste and ensure that customers always have the products they need.

Zero-surge pricing: Zepto does not charge surge pricing during peak hours, which makes its service more affordable for customers. This is a departure from the traditional quick commerce model, which often charges higher prices during times of high demand.

Focus on fresh produce: Zepto sources its fresh produce from local farmers and markets, which helps to ensure that its products are of the highest quality. The company also has its own team of farmers who grow produce specifically for Zepto.

Technology-driven operations: Zepto uses a number of proprietary technologies to optimize its operations, including its own delivery management system and warehouse management system. These technologies help the company to improve efficiency and reduce costs.

These innovations have helped Zepto to differentiate itself from its competitors and attract a large customer base. The company is now expanding rapidly across India and is well-positioned for continued growth.

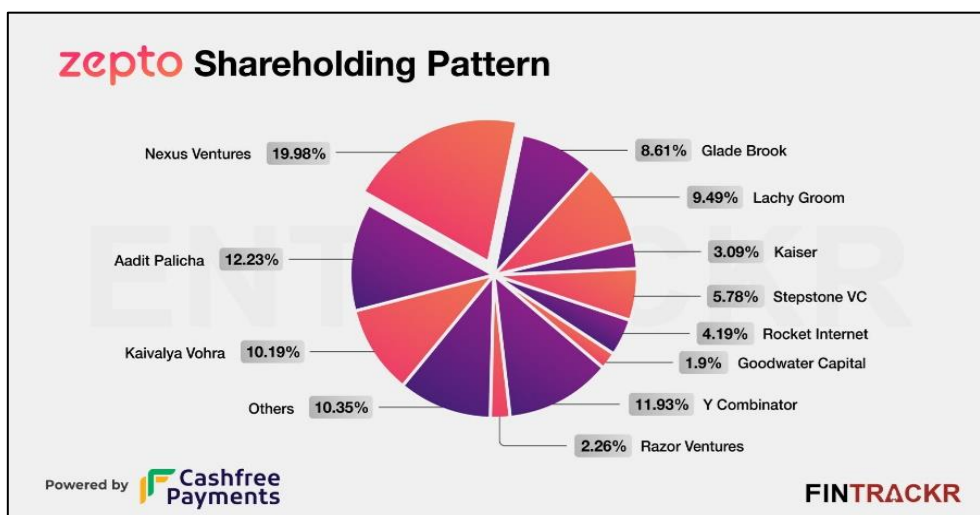
Market Presence:

The startup, led by Aadit Palicha and Kaivalya Vohra, has been in operation for just over two and a half years, present in seven cities, operating over 250 dark stores, maintaining over 6,690 stock-keeping units, and doubling its daily delivery capacity to 350,000 orders in just over a year. In August, it ended an 11-month unicorn drought in India by raising \$200 million at a valuation of \$1.4 billion.

Zepto had previously stated its plans to achieve profitability by the end of FY24 and seek an IPO listing by 2025. The immediate focus will be to become Ebitda (earnings before interest, taxes, depreciation, and amortization)-positive in 12-15 months, as Aadit Palicha had mentioned in August. Last-mile logistics, dark store operations, perishable goods losses, and low margins in the grocery sector have led many analysts to consider the quick commerce business as unsustainable with high cash burn. Zepto competes with the likes of Zomato's Blinkit, Swiggy's Instamart, and Tata BigBasket's BBNOW and BBDaily. Some, like BBNOW, have steered clear from promising quick deliveries in the 10–15-minute range, instead choosing to bet on 20–30-minute deliveries. However, Zepto has insisted that it would continue to focus on quicker delivery median time, in order to drive customer stickiness and loyalty.

Market Share and Growth:

Zepto's market share has been steadily increasing since its inception, and it is currently estimated to hold around 24-25% of the online grocery delivery market in India. The company is rapidly expanding its reach, venturing into new cities and expanding its network of micro warehouses.



The company's co-founder and CEO Aadit Palicha and the other co-founder Kaivalya Vohra along with their family collectively hold over 22.4% of the company. Zepto is one of the few Indian startups where the founding team controls more than 20% stake even after the Series E stage

Zepto has rapidly established itself as a leading player in India's burgeoning online grocery delivery market, captivating consumers with its groundbreaking 10-minute delivery promise. By strategically positioning a network of micro-warehouses, Zepto has revolutionized the grocery delivery landscape, setting a new standard for convenience and speed.

As per FY23 Zepto is loss-making, a majority of its so-called dark stores - densely located warehouses - generate cash and the company aims to be profitable in 12-15 months. The company will consider expanding to new cities after a year.

Zepto, the latest Indian startup to enter the unicorn club, saw its net loss surge 3.35X during the year ended March 31, 2023. The quick commerce startup reported a net loss of INR 1,272.4 Cr in the financial year 2022-23 (FY23), an increase of 226% from INR 390.3 Cr in the last financial year.

Meanwhile, revenue from operations ballooned 14.3X to INR 2,024.3 Cr in FY23 from INR 140.7 Cr in FY22. Total income, including other income, jumped to INR 2,077.6 Cr from INR 142.3 Cr in the last fiscal year.

The Nexus Venture Partners-backed startup, founded by Stanford dropouts Aadit Palicha and Kaivalya Vohra in 2021, is the only Indian startup to enter the unicorn club in 2023 so far amid the ongoing funding winter.

Zooming Into Zepto's Expenses

Total expenses rose 529% during the year under review. The Mumbai-based startup's expenses stood at INR 3,350 Cr in FY23, an increase of 6.3X from INR 532.7 Cr in the previous fiscal year.

Purchase Of Stock-In-Trade Surges: Zepto spent INR 1,804.6 Cr for procurement of grocery items in FY23, a jump of 1,125.9% from INR 147.2 Cr in the previous fiscal year. This is a clear indication that the startup has increased its presence across India.

Employee Benefit Expenses Rise: Zepto's employee cost increased 419% to INR 263.4 Cr during the year under review from INR 50.7 Cr in FY22. The startup currently has an employee headcount of 3,833.

Reasons for success

Zepto to provide customers with ultra-fast grocery delivery.

Specializing in delivering groceries before the turn of a year is what Zepto is hailed for. It has worked with 86+ dark store owners in thirteen different areas in 2021, generating over one million deliveries. To fulfill orders promptly, Zepto employs its network of 'cloud shops' or micro-warehouses.

Zepto's secret of the trade lies in its capacity to routinely offer an extensive range of goods for delivery in under ten minutes. It's at the heart of everything the company does, and it's why they've been able to grow so quickly while maintaining incredible client loyalty.

Zepto operates in multiple cities with a 1000+ strong workforce and delivers 5000+ products, including fresh produce, daily essentials, health products, and more, within 10 minutes. Utilizing advanced technology and optimized delivery centers, the company is transforming the Indian grocery segment. With rapid commerce on the rise, Zepto's innovative approach positions it as a leader in the grocery delivery sector, capitalizing on the growing demand for faster delivery services in India.

Zepto's success can be attributed to its lightweight nature, optimized for mobile performance. Its focus on essential features, compatibility with jQuery syntax, and efficient DOM manipulation make it a preferred choice for mobile web development. The library's simplicity, coupled with a small file size, contributes to faster loading times and improved user experiences. Additionally, Zepto has gained popularity due to its active community support and adaptability within the mobile development ecosystem. processing of orders in a delivery app, leading to a smoother user experience for both customers and delivery personnel.

- **Efficient Order Processing:** Zepto's fast performance ensures quick and efficient processing of orders in a delivery app, leading to a smoother user experience for both customers and delivery personnel.
- **Mobile Optimization for Delivery:** Zepto's focus on mobile optimization aligns well with the needs of a delivery app, where users typically access services on their mobile devices. This optimization contributes to faster load times and responsiveness.

- **Reduced Data Usage:** The small file size of Zepto is advantageous for a delivery app, as it helps minimize data usage. This is crucial for users who may have limited data plans, ensuring a cost-effective and accessible service.
- **Real-time Updates:** Zepto's fast DOM manipulation capabilities facilitate real-time updates in the app, providing users with accurate information on order status, delivery tracking, and other crucial details.
- **Simplified User Interface:** Zepto's simplicity in syntax and design aligns well with the need for a user-friendly interface in a delivery app. A straightforward user experience contributes to increased customer satisfaction and engagement.
- **Compatibility with Existing Code:** If the delivery app is built using Query or a similar syntax, Zepto's compatibility ensures a smooth transition and easy integration, reducing development time and effort.

The potential failure of a Zepto-based delivery app could be attributed to several factors:

- **Limited Functionality:** If the delivery app requires complex features beyond Zepto's scope, the library's focus on simplicity might lead to limitations in meeting the app's requirements, resulting in functionality gaps.
- **Insufficient Community Support:** If there's a lack of active community support for Zepto in the context of delivery app development, developers may face challenges in finding solutions to specific issues or adapting the library to evolving industry standards.
- **Incompatibility with Specific Requirements:** If the delivery app has unique technical or business requirements that are not well-supported by Zepto, it may lead to compatibility issues or necessitate workarounds, impacting the app's reliability.
- **Heavy Reliance on External Dependencies:** If the delivery app heavily relies on external plugins or dependencies that are not well-maintained or compatible with Zepto, it could result in instability, security vulnerabilities, or performance issues.
- **Security Concerns:** Zepto, being a lightweight library, might lack certain security features compared to more robust alternatives. In a delivery app handling sensitive user data, security vulnerabilities could lead to a loss of trust and compromise user information.

- **Challenges:** If the delivery app experiences rapid growth and requires scalability beyond Zepto's capabilities, it may struggle to handle increased traffic, leading to performance bottlenecks and a poor user experience.
- **Limited Updates or Maintenance:** If Zepto is not actively maintained or updated to address new challenges, it may become outdated, posing risks in terms of security, compatibility with newer devices, and adherence to evolving industry standards.
- **Mismatch with Development Team Expertise:** If the development team lacks expertise in Zepto or encounters difficulties in adapting to its unique syntax, it could lead to code inefficiencies, bugs, and challenges in maintaining the app over time.

Marketing Strategy of Zepto



Zepto's marketing strategy has played a crucial role in growing its business to this extent. A lot of innovative steps have been taken by the company to support and boost its business growth. Here is the detailed overview you must read.

10-Mins Delivery Strategy

The idea of online grocery delivery is not new. Startups like Dunzo and Blinkit are already providing these services. The fact that distinguishes Zepto from all its competitors is its 10-minute delivery of groceries and other products. You might have heard about Zomato Instant, which provides food delivery within 10 minutes, but Zepto is the first player in the grocery delivery segment to offer a 10-minute grocery delivery service.

The idea of 10-minute grocery delivery is unique, but it was not that easy to implement. Zepto, to fulfill its promise to deliver groceries in the specified time, introduced the concept of the dark store model. The dark store is like a fulfillment center for Zepto that is not accessible to the public but is efficient enough to fulfill orders rapidly.

Artificial intelligence is used by Zepto to pick, pack, and transport orders in leaps and bounds. Whenever any customer places an order, a person with a tablet is already assigned to pick up and pack the order within 60 seconds. It means that at the time you make the payment, someone is already preparing your order for dispatch. The company claims that 8 minutes and 40 seconds is the average delivery time they have achieved.

Zepto operates its dark store delivery within a 3 km radius, and it doesn't penalize its delivery boy for late delivery. 10-min delivery is the USP of Zepto, which helps them compete with highly funded quick commerce giants like Swiggy Instamart and Blinkit.

Discounts are a way to attract customers, but as a new player in the segment, offering huge discounts was not a sustainable option for Zepto. Hence, the 10-minute delivery strategy comes out to be a panacea for Zepto.

Advertising and Branding Strategy

There is not only one thing responsible for the success of Zepto, but an incredible advertising strategy has also played an important role in the success. L&K Saatchi and Saatchi is an advertising agency that was assigned to advertise Zepto and build a strong brand image in front of consumers. The main theme of all the ads is to emphasize the 10-minute delivery of Zepto.

Zepto's ads are attention-grabbing ads that suddenly capture the focus, and this is what every brand wants. When a boy suddenly wakes up and runs toward the door, it creates a question in the minds of viewers about why he is running. The twist and excitement of the ad make it capable of grabbing the attention of viewers.

If I try to summarize the above ad in a single sentence, then it is like this: From the time you wake up until the time you sleep, every essential product will get delivered to your doorstep within 10 minutes

Each ad that was created is meant to make the consumer feel how Zepto is capable of changing their daily grocery shopping habit. Since advertising is the best way to market the product and build a strong brand image, Zepto has fully utilized the benefits of marketing.

Advertising was not only done on social media channels, but it also planted its hoardings in the streets of cities in which the services of Zepto are operational.

Social Media Meme Marketing

In today's generation of technology and innovation, we cannot ignore the power of social media. There is a huge chance you'll find your target audience on the social media platform. Hence, every brand is focusing on social media marketing. Zepto is also not behind the race; it leverages the social platform to engage its audience through meme marketing.

For the recently released movie 'Avatar: The Way of Water', Zepto created a meme to grab the consumer's attention by following the ongoing trend. It's just one example but if you visit the social media page of Zepto, you'll find plenty of such memes.

The meme marketing strategy of Zepto has gained a lot of positive feedback from customers. Along with meme marketing, they sometimes collaborate with famous social media influencers to make videos for them. This tactic helps to create a loyal fanbase and also to flourish the brand image.

Customer Acquisition and Retention Strategy

Players in the quick commerce industry like Dunzo, Swiggy Instamart, and Blinkit are well-funded and established. These big giants have already acquired a huge market share in the segment by offering huge discounts and other offers. So, it was not easy for Zepto to acquire customers and retain them.

Discounts are not the only things that attract consumers. Consumers are always hungry for something new, and exactly here, Zepto played its game. Acquisition of customers and retaining customers are two different things. Other players in the segment have easily acquired customers but struggled to retain them.

Marketing Campaign of Zepto

A marketing campaign is an integral part of any brand's effort to increase its visibility and create brand awareness. The same is true for Zepto. In the IPL 2022, Zepto created and ran a marketing campaign that truly had a new approach.

Most of the time, we have faced the issue of time stretching in different places like airports, hospitals, and restaurants. Because we usually wait for a long time in these places, it became quite common for us, but Zepto addressed this issue and showcased it in its campaign in such a way that at the same time, it also represented the 10-minute delivery promise of Zepto.

In this campaign, three famous singers—Shankar Mahadevan, Usha Uthup, and Kailash Kher—have given their incredible voices. Three ads have been created for this campaign with the voices of these three singers. They have stretched the time with their voices in such a way

that it shows our habit of waiting. At the same time, Zepto implements its tagline of 10-minute delivery.

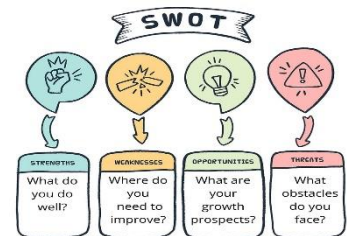
L&K Saatchi and Saatchi created this campaign very beautifully, and the whole marketing campaign turned out to be a huge success for Zepto.

The top competitors of ZEPTO include Alteryx, QlikTech, Palantir, Zoho and Domo. ZEPTO has 745 active competitors.

SWOT Analysis

Strengths

- **Excellent usage of technology:** With the assistance of www.locus.sh Zepto records its customers' geographical data, traffic dynamics, delivery time, and so on. They gather and evaluate this data to determine whether more dark establishments are needed in the region to meet the 10-minute objective.
- **Competent Workforce:** The effective management of Zepto is in the hands of highly skilled and experienced professionals. They are Zepto's most valuable resource since they are well informed about the market. Palicha and Vohra, the co-founders, did a fantastic job in creating their teams
- **Strong financial support:** Zepto is well-funded, which allows it to expand and grow into a market leader. They currently have a total funding of \$360 million.
- **Being true to their objective:** Zepto ensures that their customers' expectations are met by delivering goods in 10 minutes. Zepto achieves their aim 90% of the time, which contributes to brand loyalty.



Weakness

- **Net Income:** Zepto's operational costs are high. They need to grow their sales while decreasing some of their expenditures to make their business profitable.
- **Reliance on retailers:** Zepto's business strategy is primarily dependent on other businesses and their inventory. When a retailer's stock is unavailable, customers may be forced to select a higher-priced substitution or go without buying that item from them.

- **Nothing Unique:** Zepto's business strategy is not very unique, and any company may enter this market and replicate it.
- **Fluctuating customer base:** To keep their clientele, Zepto must find a balance between their discount strategy and keeping their delivery time under 10 minutes

Opportunity

- **Infiltrating further into existing locations and entering fresh cities:** One way they can outperform their competitors is to grow their business as quickly as possible.
- **Various Business Ventures:** Zepto has developed a brand identity for itself, which they can now utilize to enter into other sectors and diversify their revenue stream.

Threats

- **Heavy competition:** Zepto is in a league with big names. Customers swing from one app to the next like a pendulum. Because there is little consumer loyalty, Zepto must continually stay on top of their game.
- **Exploitation of delivery boys:** There are several sceptics of the quick commerce industry. Delivery boys are exploited in the name of quick delivery and are subjected to extreme strain, increasing the likelihood of an accident.

Conclusion

Zepto is a detail-oriented and intense business with strong technical and operating discipline that allows them to pull off the 10-minute delivery. Zepto is looking to offer its service to more countries. This company is planning to cover about 100 pin codes. The fastest delivery is a fresh idea. The delivery platform brings fast delivery to customers through the dark store concept.

FINANCIAL STATUS OF ZEPTO

Zepto has 17 Institutional Investors, Mainly Y Combinator, Goodwater Capital and Glade Brook Capital. Lachy Groom and 2 Others are Angel Investors in Zepto

MUMBAI -based company quick commerce platform Zepto incurred a loss of INR 390.3 Cr on a standalone basis in its first year of operations in financial year 2021-22 (FY22). The Nexus Venture Partners-backed startup's total revenue stood at INR 142.3 Cr in FY22. Zepto, which began operations in April 2021, had total expenses of INR 532.7 Cr in FY22. In FY22, the startup's revenue from operations stood at INR 140.7 Cr.

Zepto also earned INR 1.6 Cr through other income, which mostly comprises interest earned on investment. In FY22, Zepto's EBITDA margin was -259.39%

On the expenses front, the startup spent aggressively on marketing during its first year of operations. Its advertising and promotional expenses stood at INR 175.5 Cr during the year, nearly 33% of its total expenses.

Apart from this, the startup spent INR 213.2 Cr for purchases of stock-in-trade in FY22. Supply chain expenses stood at INR 74 Cr, while employee benefit expenses were at INR 50.3 Cr.

Zepto Generates Income in 2 ways

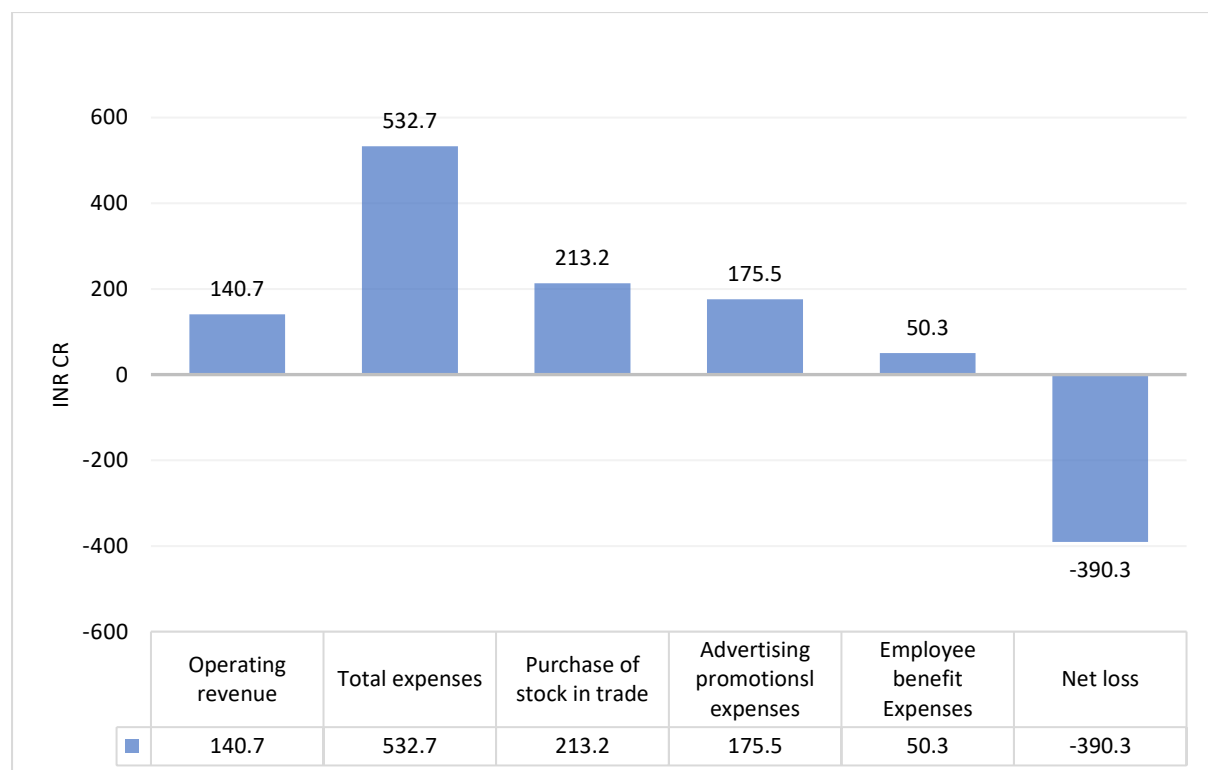
Zepto delivers 6000 products across groceries, fruits, and vegetables in 7 cities Delhi, Mumbai, Bengaluru, Kolkata, Hyderabad, Pune and Chennai

It first negotiates a profit margin with the companies based on how much of their product is kept in the warehouse

Second, they make money by charging companies for ad space and the top search results.

So, it's Total Revenue is 142.3 Cr, Total Expenses 532.7 Cr Therefore it shows the Loss of 390.3 Cr (532.7-142.3)

ZEPTO Posts INR 390 Cr Of Loss In First Year Of Operations (FY 2022)



https://cdn.inc42.com/wp-content/uploads/2022/11/Zepto-Financials_GRAPH-1-1024x739.jpg

Current status

On August 26, Zepto became the first Indian unicorn of the year 2023 after it raised \$200 million at a \$1.4 billion valuation from the likes of StepStone Group (a limited partner in existing investor Nexus Venture Partners) and Goodwater Capital, amid a funding winter for growth-and late-stage companies.

Zepto's revenue grew over 14 times to Rs 2,024 crore for the financial year ended March 2023, as opposed to Rs 142.4 crore a year earlier. However, the Mumbai-based company incurred a loss of Rs 1,272 crore in FY23, over three times wider than the Rs 390.4 crore posted in the previous year.

FUNDING TIMELINES

The startup first turned heads when it raised \$60 Mn in its series A round in October last year from Glade Brook Capital, Nexus and YC Combinator, along with a couple of Angel Investor

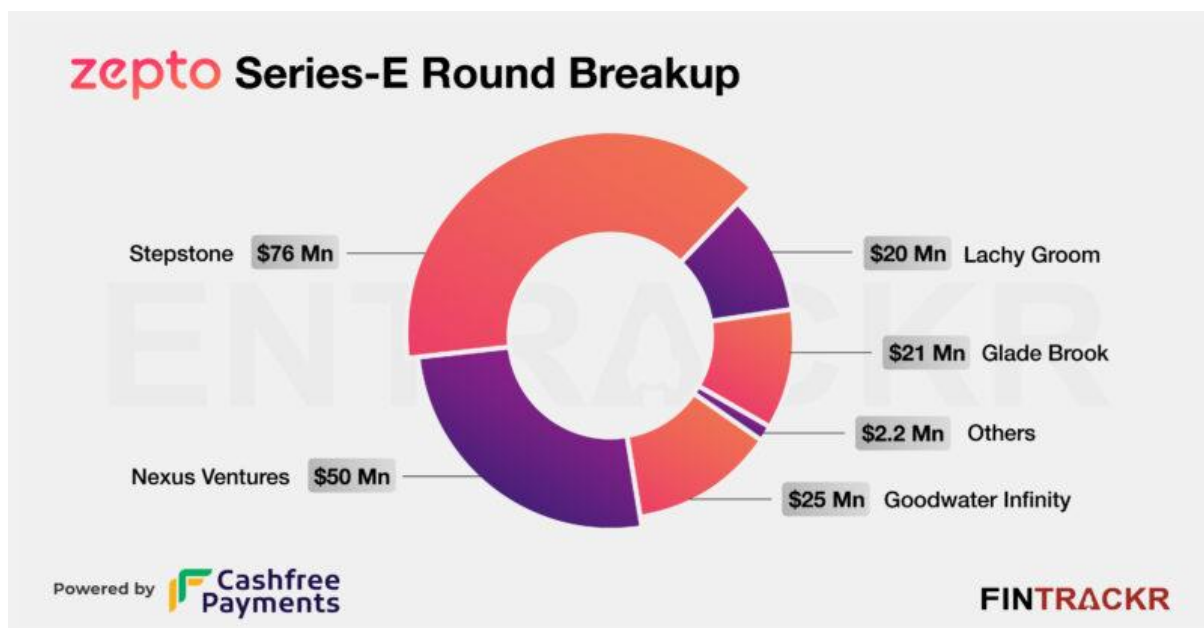


Two months after Zepto bagged \$100 Mn at a valuation of over \$500 Mn from Glade Brook, Nexus, Breyer Capital, Lachy Groom, Global founders Capital, Contrary Capital and others. This year, the startup raised \$200 Mn in its Series C round led by Y Combinator continuity fund.

As of Series D round, Nexus Ventures was the Largest stake holder with Zepto with 20.07% holding while Palicha and Kaivalya Vohra (along with their relatives) collectively owned nearly 28%. With its \$200 million round, the company is likely to dilute around 14% from its Existing cap table as per the estimation.

After it raised \$200 million at a \$1.4 billion valuation from the likes of StepStone Group (a limited partner in existing investor Nexus Venture Partners) and Goodwater Capital, amid a funding winter for growth-and late-stage companies.

Series E Round Breakup (stake holds of investors)



Learnings from Zepto

➤ **Tagline**

Sometimes people might not know the meaning of the word you have used in your brand's name. Therefore, a tagline explaining what you do is a must.

For instance, Zepto's tagline is "**Groceries delivered in 10 minutes**", which clearly shows people what they will get if they use Zepto's service.

Thus, you should try to create attractive taglines that clearly state what benefits people will get if they use your delivery service.

➤ **Involve Technology**

[Zepto's](#) business model also includes an app called Locus, an artificial intelligence application employing Google API (Application Programming Interface). This app shows all relevant information on Zepto's dashboard.

Thus, incorporating technology in your business model will let you get all the necessary data on your devices as soon as possible and help you make deliveries quickly.

➤ **Dark Stores**

Dark stores are distribution centers that are unavailable to everyone except retail enterprises. Adding dark stores to your business model is advisable if you want to deliver groceries quickly. These warehouses quickly handle orders and provide customers with tools and alternatives such as online buying, in-store pickup, and same-day delivery.

➤ **Enticements**

Zepto entices new customers by offering a bunch of things to new users. Suppose you are using Zepto delivery for the first time. In this case, it promises a delivery period of 7 to 10 minutes based on your location.

They also offer their new users a discount of around 25 to 30% or up to 50% besides free delivery.

Unlike its rivals, it does cash burn only once or twice.

It shows that you must develop new ideas and programs to attain and retain customers.

➤ **Advertisement/ Marketing**

Advertising your brand is necessary as it helps you make more people know about your organization. You can have advertisements run on TV, erect hoardings, make catchy jingles, or engage in online marketing to generate your brand awareness. Also, you can set up social media accounts where you post interesting content to grab views and convert people into loyal customers.

If you talk about the Zepto app, you can see how they are conscious of their marketing strategy.

Conclusion

Zepto is a young startup, and it has achieved this success in a short period of time because of its incredible marketing strategy. Above are a few insights into Zepto's marketing strategy that gives you an overview of how a business can build a strong market presence and increase its visibility. Since its start in April 2021, Zepto has grown organically to become one of India's most valuable and promising start-ups. Zepto has everything a successful firm requires: a talented and dedicated workforce, solid funding, and the use of technology to operate rapidly. However, they cannot handle huge sales volume since the dark stores they utilise for speedy delivery are not built to support large scale operations. They keep a limited number of fresh items in hand because if they are not sold, they will suffer losses as the items stale. As a result, there is a possibility that the consumer use competitor's app since the things they want are out of stock. On the face of it, if Blinkit exists & grows, it is difficult for Zepto to be the market leader. Both have a nearly identical business model, and Blinkit's delivery time is also less than 10 minutes so actually they both don't have anything unique that sets them apart. The only thing that can help Zepto to compete with Blinkit and become a stable business firm is expanding into more cities and having a wider range of products to pick from. Zepto along with other apps is effectively breaking the mould of traditional purchasing and establishing an e-consumerism habit. There is no doubt that Zepto is now expanding faster than anybody else in this sector. They are detail-oriented and employ AI-based technologies well. Zepto is expected to become a unicorn in 2023. However, being a unicorn does not imply that the firm is profitable. In the FY22 their revenue was considerable, as seen by the number of orders they received each day, but their operational costs were high and hence they suffered losses. If they want to become a profitable firm, they must expand into newer cities while adhering to their basic principles and finding methods to reduce their operational expenses.

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