

Zomato

Food Delivery Case Study

Strategic Analysis & OKR Framework

Comprehensive Cohort Analysis, Funnel Optimization & Retention Strategy

Executive Summary

Market Share

58%

Monthly Transacting Customers

22.4M

Daily Orders

650K

Cities Covered

800+

Current Performance Challenges:

- ▶ **Engagement:** 3.4 orders/month (5x potential)
- ▶ **Conversion:** 46% abandonment → ₹2800 Cr loss
- ▶ **Retention:** 38% at 90 days
- ▶ **Payment:** Only 78% success vs 92% benchmark

Root Causes:

1. Checkout friction (MOV, payment failures)
2. Weak personalization
3. Low habit formation (insufficient reorder nudges)

Zomato Official KPIs

Financial & Volume Metrics

KPI	Value	Period
Consolidated Revenue	₹4,799 Cr	Q2 FY25
Food Delivery GOV	₹13,384 Cr	Q2 FY25
Adjusted Revenue	₹2,657 Cr	Q1 FY26
Net Profit	₹176 Cr (+389% YoY)	Q2 FY25

User & Order Metrics

User & Order Metrics

KPI	Value
MTC	20.6M (+12%)
AOV	₹425–₹440
Order Growth	+13%

Operational Metrics

KPI	Value
Blinkit Stores	1,544 (+152)
Store Target	2,000 (2025)
Delivery Charges	₹1,334 Cr (+98%)

OKR Defined

Objective 1: Increase Frequency & Retain Users

KR 1.1 — WAU

30.7M → 35M

Weekly nudge + personalization

KR 1.2 — 7-day Repeat

30–35% → 42%

Improve habit loops

KR 1.3 — Inter-order Time

4–5 days → 3.5 days

Objective 1 (Continued)

Success Criteria

2+ Orders/week

40%

Monthly Churn

18%

Gold Pro

18%

Improving frequency directly lifts LTV and protects against Swiggy/Blinkit competition.

Objective 2: Frictionless Ordering

Core Problem

60–70% reach discovery but only 30–40% add-to-cart.

Targets

Metric	Target
Funnel Conversion	+5–7pp
Abandonment	50%
Payment Success	90%+

Objective 2 — Key Results

KR 2.1

ETA 22–25 → 18–20 min

KR 2.2

Checkout 70–75% → 90%

KR 2.3

Availability 85–88% → 95%

Supporting KPIs

User Engagement KPIs

KPI	Target	Why It Matters
Session Duration	5:34 → 6:30 mins	Longer sessions improve basket size
Pages per Visit	3.83 → 4.5	Signals healthy discovery
Add-to-Cart Rate	42% → 52%	Critical conversion stage
Search Success	73% → 82%	Reduces drop-offs
App DAU	12.4M → 14.5M	Key engagement indicator

Supporting KPIs (Continued)

Operational Efficiency KPIs

KPI	Target	Why It Matters
Orders per Rider	18 → 22/day	Improves cost efficiency and earnings
Restaurant Response Time	3.2 → 2.5 mins	Speeds up whole funnel
Peak Capacity	87% → 93%	Peak hours drive majority revenue
Failed Payments	8.2% → <5%	Reduces abandonment significantly

User Journey Funnel Analysis

Key Stages

App Open → Find food quickly

Homepage View → Personalized items

Search Initiated → Relevant options

Restaurant View → Quality decision

Menu Browsing → Choose items

Add to Cart → Commit intent

Checkout → Confirm order

Payment Initiated → Choose method

Payment Success → Order confirmed

Order Tracking → Real-time updates

Delivery Completed → Feedback

Funnel Analysis (Drop-offs & Hypotheses)

Drop-off Points

Stage	Drop-off	Why
Menu → Add to Cart	60–70%	High price sensitivity, unclear MOV
Add to Cart → Checkout	35–45%	Surprise fees
Search → Restaurant View	30–35%	Low relevance
Checkout → Payment	20–30%	Payment friction
App Open → Homepage	20–25%	Weak personalization

Hypotheses

Menu → Add to Cart

Hypothesis: MOV nudges lift conversion +15pp.

Intuition: Clear savings increase impulse ordering.

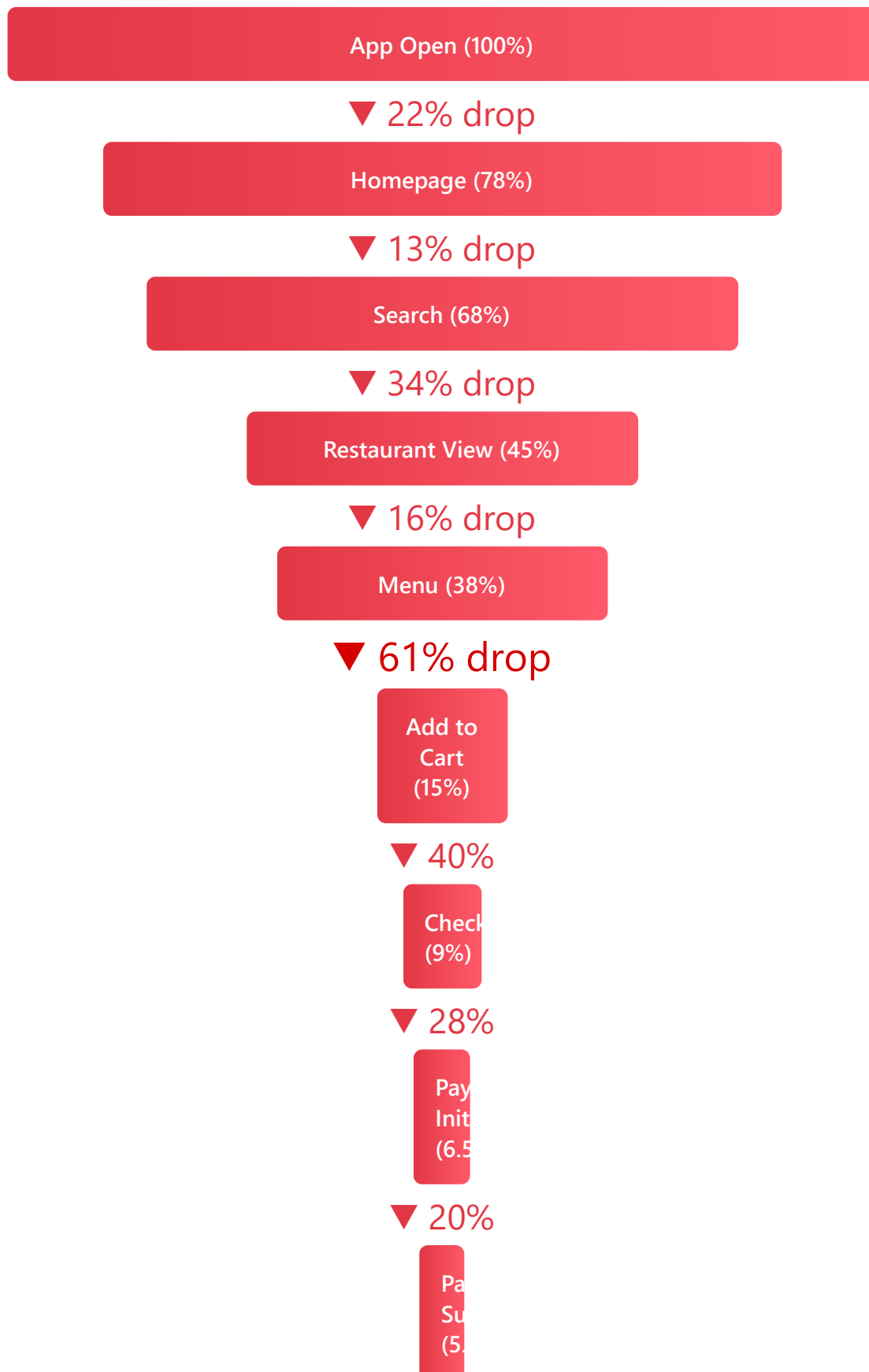
Checkout → Payment

Hypothesis: One-tap UPI retry increases payment initiations.

App Open → Homepage

Hypothesis: Personalized favorites reduce 22% drop.

Tier-1 Funnel Conversion Rates



Cohort Analysis Framework

Step-by-Step Cohort Setup

Step	Description	SQL Logic
Identify Sources	Tier-1 orders only	WHERE city IN (...)
First Order	Earliest order per user	MIN(order_date)
Clean Data	Remove test/fraud	HAVING order_value ≥ 150
Create Cohort	Week of first order	CONCAT(year,'_W',week)
Retention Week	Days → Week index	FLOOR(days/7)+1
Active Users	Count unique	COUNT(DISTINCT user_id)
Retention %	Active ÷ Cohort size	(active/cohort_size)*100
Heatmap	Pivot table	PIVOT
A/B Testing	Compare cohorts	segment by experiment_id

Cohort Segmentation Options

Weekly vs Monthly Cohorts

Aspect	Weekly	Monthly
Granularity	High (7-day)	Medium
Noise	High (events, weather)	Smoother
Testing	Fast A/B cycles	Slow
Best For	Product decisions	Strategic planning

Recommendation

Use BOTH: Weekly for PM tuning, Monthly for leadership dashboards.

Retention Metric Definitions

Weekly Active Retention (Primary Metric)

Definition: % of users in a cohort who place at least 1 order in Week N after their first order

Formula: $\text{Retention_WeekN} = (\text{Unique users placing } \geq 1 \text{ order in Week N} / \text{Cohort Size}) \times 100$

Why it matters: Week-to-week retention shows habit formation. Food delivery depends on frequent repeat orders.

Day-7 Retention (Second-Order Conversion)

% who place 2nd order within 7 days of first order

Industry Benchmarks

Good: 35-40%

Average: 25-30%

Poor: <20%

Strongest indicator of long-term customer value

Frequency Retention

Average number of orders per retained user in Week N

Shows depth of usage, not just active status.
Important for understanding super-users and high-LTV customers.

Example: Week 4 retention = 20%, but if these users order 2-3×/week, the cohort is high value

Retention Benchmarks (Food Delivery Tier-1)

Rating	Week 4 Retention	Week 12 Retention	What It Means
Excellent	>25%	>8%	Very strong value proposition, loyal user base, fast delivery & great personalization
Good	18-25%	4-8%	Healthy retention; some improvements needed
Needs Work	<18%	<4%	Weak early experience; high drop-offs due to pricing, delivery delays, or search quality
Critical	<12%	<3%	Severe retention issues; users churn after 1-2 orders. Needs immediate fixes

Actionable Product Decisions from Cohort Insights

Insight	Problem	Product Action	Expected Uplift	A/B Test
Week-2 Drop (38%→25%)	Users forget Zomato; no habit formed	Day-8 personalized push: "Welcome back! 20% off today" + SMS	+3pp Week-2	Control vs offer vs recommendation
Week-3 Decline	Competitors offer faster delivery	Lightning Delivery badge (<18 mins) + priority riders	+2pp Week-3	Ops + restaurant SLA tuning
Week-4 Plateau	Users stuck to 2-3 restaurants	"New Nearby" carousel + ML diversity engine	+1.5pp Week-4	Variety & basket growth
Week-8 Super Users (7-8%)	Strong loyal base with big LTV	Early Gold Pro unlock: free delivery, priority support	₹2,500 LTV/user	~80% convert to paid
Cohort Size Fluctuations	Paid channels bring low-quality users	Channel-wise: Organic > FB > IG → shift budget	Better ROI	Improve SEO + content
Bangalore > Delhi (20% vs 16%)	City preferences differ	Geo-personalized: BLR→South Indian; DEL→Mughlai	+1-2pp city-wise	Hyperlocal offers

PM Execution Framework

Monitoring Cadence

Daily (D1-D7 Focus)

- ▶ D1-D7 retention
- ▶ Payment failures
- ▶ ETA spikes
- ▶ New-user drop-off alerts

Weekly (W1-W4 Focus)

- ▶ Cohort performance by channel & city
- ▶ Drop-off diagnosis
- ▶ Impact of nudges & offers
- ▶ Experiment results (A/B)

Monthly (W1-W12 Focus)

- ▶ Long-term retention
- ▶ 90-day LTV
- ▶ Cohort LTV:CAC
- ▶ Quarterly OKR alignment

Alert Thresholds

Alert	Threshold	PM Action
D7 Retention	<35%	Fix 2nd-order journey, boost early-order incentives
D30 Retention	<16%	Improve homepage recommendations + delivery speed
D90 Retention	<4%	Launch reactivation campaigns
Avg ETA	>32 min	Improve rider allocation + restaurant batching

Next Steps After Actionable Cohort Insights

1. Fix the Biggest Leak: First → Second Order (D0-D7)

Why: 68% of users never return after 1st order — biggest retention drop

Next Steps:

- ▶ Launch automated 2nd order incentive flow (Day 1-6 nudges)
- ▶ A/B test offer strength: ₹60 vs ₹100 vs Free Delivery
- ▶ Add "Reorder in 10 seconds" smart card on homepage
- ▶ Improve delivery ETA accuracy for new users
- ▶ Build real-time Day-3 "Where did they drop?" diagnostics

Goal: D7 retention from 32% → 37-40%

2. Strengthen Habit Formation (D7-D30)

Why: D30 retention extremely low (17% vs 55% target)

Next Steps:

- ▶ Launch Weekend Ordering Campaigns (Friday 7 PM push)
- ▶ Personalized cuisine carousels based on order #2
- ▶ Add gamification ("Earn Gold Trial in 3 more orders")
- ▶ Introduce "Recommended for You Tonight" dynamic module
- ▶ Trigger referral reward after 3rd order

Goal: D30 retention from 17% → 27%

3. Build Long-Term Loyalty (D30-D90)

Why: Only 8% become high-LTV "Power Users"

Next Steps:

Next Steps (Continued) & Reflection

4. Shift Budget Based on Channel Quality (LTV:CAC)

Why: Paid channels delivering poor cohorts (12-15% retention)

- ▶ Increase Referral reward ₹200 → ₹300
- ▶ Push App Store organic through ASO
- ▶ Reduce Facebook/Instagram paid by 20-30%
- ▶ Double down on SEO + content creators

Goal: Organic mix 14% → 22%+

5. Launch City-Specific Optimization

Why: Bangalore (20%) outperforming Delhi (16%)

- ▶ BLR: Promote South Indian quick-service
- ▶ DEL: Boost North Indian/Mughlai, late-night
- ▶ Hyperlocal offers (rain, peak traffic)
- ▶ Supply expansion for <18-min delivery

Goal: Delhi W4 16% → 19%

North Star Metric Alignment

Week-4 Retention > 20%

This is the single most important metric because it:

- ▶ Predicts lifetime revenue
- ▶ Reduces acquisition dependency
- ▶ Strengthens delivery + search ecosystem
- ▶ Improves GMV per user
- ▶ Raises subscription adoption (Gold Pro)

Final Action Roadmap & Reflection

Final Action Roadmap

Next 2 Weeks

- D0-D7 incentive journey
- Homepage personalization
- Lightning Delivery experiment

Next 30 Days

- Gamification + diversity engine
- Rebuild search ranking
- City-wise content modules

Next 90 Days

- Gold Pro early unlock
- Premium support tier
- Referral revamp
- Channel budget optimization

Reflection

What insights surprised you during the analysis

Strong city-specific retention differences (Bangalore 20% vs Delhi 16%) underscored the critical role of hyper-localization. The identification of "super users" active at Week 8 (7-8%) revealed substantial latent monetization potential through subscription tiers. The disproportionate contribution of organic SEO channels over paid ads emphasized the power of content flywheels and long-term brand loyalty in high-competition markets.

Any challenges in defining the right KRs or KPIs

Defining the right KPIs was challenging due to the need to balance granularity with business impact. First-time user identification required rigorous deduplication to avoid false positives. Choosing weekly cohorts helped capture actionable A/B test insights but led to data noise issues. These complexities reflect the dynamic nature of the food delivery market and Zomato's strategic emphasis on data-driven personalization, operational efficiency, and market localization.

